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# The Incidence and Impact of Strategic Human Resource Management in Canadian Municipalities

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**THE INCIDENCE AND IMPACT OF STRATEGIC  
HUMAN RESOURCE MANAGEMENT IN  
CANADIAN MUNICIPALITIES**

MPA RESEARCH REPORT  
ADVISOR: PROFESSOR C. AGOCS

Submitted to

The Local Government Program  
Department of Political Science  
The University of Western Ontario

August 1995

Cheryl Smith

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## Abstract

Strategic Human Resource Management as a strategy has received considerable attention at a conceptual level in the past decade, however until recently there has been little empirical testing between the approach and the impact on organizational performance. Recent studies have shown that SHRM through its capitalizing on the human resources and organizational capabilities and fitting HR practices to organizational strategy can assist private sector organizations to gain competitive advantage.

Although one usually thinks of private sector when talking about competitive advantage as it has been described as “customer perceived value” (Ulrich, 1991), it follows that focusing on increasing customers’s perceived value is also the essence of public sector organizations including governments.

Although government organizations have been included in some SHRM studies to the best of my knowledge there have been none devoted specifically to Canadian local governments. The objective of this research is to fill this gap.

The emphasis of the research is primarily exploratory to determine the incidence of SHRM in operation in Canadian cities and towns. Where it does exist, analysis of the impact on organization effectiveness was conducted to see if there was support for the primary hypothesis that SHRM increases organizational effectiveness and therefore increased customer perceived value. As well , a number of other related hypothesis were analyzed.

Results for the primary hypothesis were unable to be statistically proven while they were mixed for the other hypothesis. In some completely opposite results were found while in others no relationship was found to exist. Implications for future research are also addressed.

The rapidly changing economic environment surrounding western society in the past decade or so, with its switch from growth to performance, and from a manufacturing and resource extrapolation to a high-technology, service-based focus has had a profound effect on organizational functioning. This has in turn resulted in a renewed emphasis on human resources management. This renewed emphasis comes with the realization that a company's human resources and organizational capabilities are one of its primary sources of competitive advantage. Out of this awareness, the strategic human resources management approach has evolved.

The basic premise of strategic human resources management is that organizations incorporate human resource considerations into strategic decision-making, establish a corporate human resource philosophy and develop human resource strategies and practices that complement business strategy and maximize human resources utilization (Downie, 1994, Guest, 1987, Fombrun, Tichy, and DeVanna, 1984, Kochan, Katz and McKersie, 1994, and Butler, Ferris and Napier, 1991, Wright and McMahan, 1992). This approach capitalizes on the capabilities of both the individual employee and collective organizational resources to provide this competitive advantage.

Although one doesn't usually think in terms of competitive advantage in association with the public sector, when it is viewed as "customer-perceived value" as it has been described by Porter (Ulrich, 1991, p.130) the phenomenon very much relates to the essence of public sector management, including governments. Citizens have been voicing increased demand for programs and services while at the same time not supporting taxation increases and expect-

ing greater accountability for effectiveness in all government operations. In conjunction with this impact governments are being faced with the same economic, technological, demographic and social changes as the private sector, without the flexibility to respond in the same fashion. In fact Drucker (cited by Clemmer, 1990, p.29) views these environmental changes as having an even greater threat to public institutions but at the same time an even greater opportunity to respond to the challenges.

This is not to suggest that public institutions do not have their own unique set of issues which differentiate their functioning from the private sector. It merely reflects what has been demonstrated over the years that many of the same management techniques with the corresponding results do apply, particularly in terms of management of human resources. A significant difference which could be a barrier to the implementation of a strategic human resource management approach in government organizations is the tie-in to the strategic planning process. The at times conflicting goals, mandates and overlapping functions which are commonly evident in public institutions, as well as the inherent political constraints, introduce an additional challenge to be overcome in the strategic planning process, which is the foundation for this concept (Heffron, 1989).

Local governments, also impacted by the same environmental changes, have even less flexibility than more senior governments. They are restricted in their ability to generate revenue, formally by the Constitution, and informally through the demand to hold property taxes at the current level, while concurrently being impacted by the fiscal down-loading of both senior government

levels.

As strategic human resources management is a relatively new concept, empirical studies on the impact of the approach on organizational effectiveness have only recently begun to show up in the literature. Although government organizations have been included in some of these studies, there appear to be none which are devoted specifically to Canadian local government organizations. Filling this void is the basis for this research project.

The study will be broad-based and primarily exploratory in nature to provide a base-line for more precise investigation in the future. It is geared to determining; the incidence and longevity of strategic planning in municipal organizations, the extent of involvement of the Human Resource function in the process, the impact of organizational characteristics on the process, the specific human resource practices which are tied to the strategic process, and where strategic human resource management has been implemented, the impact it has had on both the Human Resource function and organizational effectiveness.

## **LITERATURE REVIEW**

### **Evolution of Strategic Human Resource Management**

The emergence of scientific management in the early 1900's had a substantial influence on the field of human resource management as the focus changed from a craft oriented society to one of mass production. With the emphasis of this era on efficiency, scientific methods, and rules and pro-



cedures, employees were called upon to fulfill simple, narrowly defined positions under close supervision. During the early stages of this era, line managers and supervisors were responsible for all activities related to employees. With the increased production demands associated with the advent of the first world war, the personnel department emerged in large organizations to take over employee matters such as recruitment, health and safety, and training. In smaller organizations, if a personnel department existed, it served primarily as a record keeping, operational role to support the activities associated with scientific management (Butler, Ferris and Napier, 1991, Downie, 1994 and Fombrun, Tichy and DeVanna, 1984).

The mid 1920's saw a shift in organizations towards emphasizing workers' needs, an aspect which was virtually ignored in the thrust for efficiency in the scientific management approach. Thus the emergence of a focus on improving employee/employer relationships through the human relations movement. It was at this time that productivity gains first began to be linked, as a result of the Hawthorne studies, to employee satisfaction and morale. This era also saw an increase in unionization of employees and implementation of legislation mandating fair and just practices, both of which were geared to addressing employee needs and both of which had a major influence on the ongoing evolution of the personnel function. They were called upon to develop programs and policies to counter the union drives and where that failed, personnel departments assumed responsibility for bargaining and administration of collective agreements (Ibid).

The activities involved in human resource management continued to

evolve in the mid-60's, with the widespread implementation of more formal practices such as employment testing, performance appraisal, and job evaluation processes. In many organizations the human resource activities such as hiring, disciplining, administering wages and benefits administration were either centralized in the personnel function or subject to strict rules and procedures which were formulated and implemented by personnel. The focus of the personnel function at this time is described by Fombrun, Tichy and DeVanna, p.13, as "managerial" with a maintenance and administrative focus.

As the recognition of the value of an organizations' human resources has increased through ongoing research studies and increased awareness of the relationships between motivation, satisfaction, morale and commitment with performance, so has the status of the personnel function, who through their involvement in developing practices which incorporate the concepts, contribute to the outcomes in a meaningful way. This was in many instances formally acknowledged through the change in the function title from Personnel to Human Resources in the mid to late 70's.

At the same time, or shortly thereafter, organizations became increasingly interested in adapting strategic planning as a management process to assist them in identifying and responding to their external environment which was beginning to change dramatically. As these organizations realized that the success or failure of this process was dependent upon how successful the implementation of the strategy was, and that implementation rested almost entirely on their human resources, they began to recognize that human resource considerations were an essential component of the process. Thus the

dawning of strategic human resource management and the change in the role of the Human Resource function to a strategic one.

As with most management practices, the early application of this approach was in the private sector. Application of the concept began appearing in public human resource administration literature in the early 90's. Klingner in a 1993 article in *Public Personnel Management* described strategic human resource management as "the purposeful resolution of human resource administration and policy issues so as to enhance a public agency's effectiveness". He further stated that it involved understanding how human resource functions interrelate in context, recognition of their importance, and commitment by Human Resource managers, line managers, employees and political leaders to work together for change.

### Strategic Human Resource Management

There are many definitions of strategic human resource management in the vast literary sources available on this topic, all identifying the basic concept of aligning human resource practices and activities to the strategic management process. Guest (1989) suggests that strategic human resource management is concerned with ensuring that "human resources management is fully integrated into strategic planning; that human resource policies cohere both across policy areas and across hierarchies and that human resource practices are accepted and used by line managers as part of their everyday work" while Wright and McMahan (1992) define it as "the pattern of human resource deployments and activities intended to enable an organization to

achieve its goals". Guest,1990, further suggests that "it is the integration of behavioural science and business strategy to provide a distinctive human resource management path to competitive advantage".

They also summarize the difference between human resource management and strategic human resource management as presented by a number of authors (Ibid). The difference is two-fold. First, it vertically entails linking of human resource management practices with the strategic management process of the organization,. Second, it emphasizes the coordination or congruence among the various human resource management practices through a pattern of planned action. It therefore focuses on a macro orientation and replaces the more isolated functional human resource strategic foci such as strategic selection.

The strategic management process consists of two phases. The first, the planning stage where the strengths and weaknesses of the organization are considered in conjunction with the threats and opportunities associated with the environment and then formulating relevant strategies to counter the threats or capitalize on the opportunities. Traditionally, the emphasis in this phase has been on impact of the external environment. The second stage is the implementation phase, where the organizational strategy is operationalized through the individual business or departmental units (Bryson,1988).

Although, as previously noted, additional challenges may be involved in the strategic management process in public organizations, Bryson identifies a number of ways in which strategic planning can benefit an organization

including help with; thinking strategically and developing effective strategies, clarifying future direction, making decisions across levels and functions, and solving organizational problems, all of which have the potential to improve organizational performance through dealing effectively with rapidly changing circumstances (Ibid).

Butler, Ferris and Napier (1991) describe three different levels of interface between the human resource management and strategy link on the basis of the involvement of the Human Resource function in the different phases of the strategic management process. Each of the linkages represents an increase in the level and significance of the contribution. The first level, "accommodation", minimizes the potential of the human resource contribution, as it excludes them from the strategy formulation stage, while expecting optimal implementation support through practices and programs.

The second phase is referred to as "interactive", denoting the two-way communication process between the planning and Human Resource groups. This reflects an evolution in the interface however the communication is informal, providing Human Resources with the opportunity to share data, information, concerns etc, yet this stage continues to exclude them from the formal process.

The third level, "fully integrated", includes representation from the Human Resources function as active participants in both phases of the process. It is noted that development of the interface to a fully-integrated level is rare. It is at this level of integration where the potential to maximize

the human resource contribution through full partnerships with line functions exists, as the interactions are numerous and mutually interactive and usually extend beyond the formal requirements, thereby having a more direct impact on the strategy of the firm. Angle, Manz and Van de Ven (1985) also describe levels of involvement, although they identified four different stages. They suggest at the fully integrated stage that the orientation of HR becomes proactive and they begin to operate from the perspective of the organization as a whole and are given co-equal status with economic and technical factors.

### **Evidence of the Impact of Strategic Human Resource Management**

Prior to proceeding any further it will be helpful to clarify abbreviations and specific human resource designations. Strategic human resource management may be referred to as SHRM. Second, reference to human resource management or human resources, without any capital letters is referencing the collective group of employees in an organization. The human resource function will be referred as Human Resources with the first letter of each of the words in upper case, or simply HR.

Although evidence of the predicted effects of SHRM has been minimal, a number of recent studies have demonstrated some positive results, as well as gathered data on the incidence of certain aspects of the process. These will be summarized here.

Recent studies have shown evidence of SHRM in action, whereby firms with different strategies use different HR practices (Schuler, Jackson and

Rivero, 1989, Leckie, 1994, and Huselid, 1993).

Leckie, in a 1994 Canadian study found differences in the types of HR practices in use in larger organizations, who are more likely to put a higher priority on human resources in general and unionized organizations who tended to prefer the use of participative as opposed to compensation based HR models. Yeung et al reported that in a sample of 40 "best managed" companies in the U.S., Japan and Europe, human resource tactics were invariably integrated around strategic themes (1994).

Downie and Coates 1994 Canadian study on trends in managing human resources study found that there has been more integration of HR into the business strategies of the organization, more line involvement and greater integration of some HR policies and practices. They also found that HR had taken on less importance in unionized organizations although there had been some movement.

Betcherman et al, in a 1994 study on Canadian organizations in four different private sectors found that 49 percent of the respondents had integrated Hr into the planning process. They also reported that firms that tapped their human resources tended to be larger and unionized.

A study on American municipalities found that 63 percent utilized strategic planning. They also found there was a direct correlation with size and location, with the northeastern area of the country having the lowest utilization (Poister and Streib, 1994)

Another American study demonstrated a positive relationship between SHRM and larger establishments and more union coverage (Huselid, 1993).

Wagar, in a recent study of Atlantic Canada organizations, including some public institutions found that; progressive human resource practices were not confined to non-union organizations, a number of HR practices are more common in larger organizations, and modest evidence that overall employee satisfaction tends to be higher as the number of team-based programs are increased and lastly, they found that employer -employee relations are better in organizations with a greater number of human resource practices (1994).

Carroll reported on a number of American studies which demonstrated a strong relationship between effective HR practices and organizational performance, such as hiring practices and productivity, reward systems and absenteeism, and general practices on turnover and increased productivity (1991). In a small study of nine companies using SHRM, only one had fully integrated the HR function while four were at the interactive level and four at the accommodation level.

In an extensive study on retrenchment, Luce reported that successful retrenchment planning was achieved in companies with an ongoing integration of human resource management issues into overall corporate strategies, and a clearly developed philosophy of human resource management (1983).

Jackson, Schuler, and Rivero, 1989, in their study on the impact of organizational characteristics as predictors of HR practices, found their weakest association with size, and essentially no lack of human resource prac-



tices in place in unionized settings.

Cappelli and Singh, 1992, report findings that firms where HR is more integrated into the process of strategy formation, have higher levels of performance and that construction firms with higher levels of strategic planning also have higher levels of performance.

### **RESEARCH HYPOTHESIS**

A number of theoretical models have been advanced to explain the determinants of decisions about human resource practices, besides strategy. Wright and McMahan identify five other models (1992, p.299) which in their view have a bearing on the type of HR practices which organizations select to influence organizational performance. They are; cybernetic, transaction/agency cost model, behavioural model, resource dependence, and institutional model in addition to the resource based view of the firm which they equate the strategy model to. While not discounting any of the impacts these models have on determining HR practices, there are in my estimation two key ones which explain the SHRM approach. These are the resource-based and behavioural models.

Wright and McMahan in, their description of the resource-based view refer strictly to the capital pool of human resources whereas others who describe this theory incorporate organizational resources such as culture and relationships as well (Barney, 1991, Connor, 1991, Ulrich, 1991, Grant, 1991, and Fiol, 1991). This more inclusive view of the resource based perspective would therefore capture a number of the other models, as the effect of political

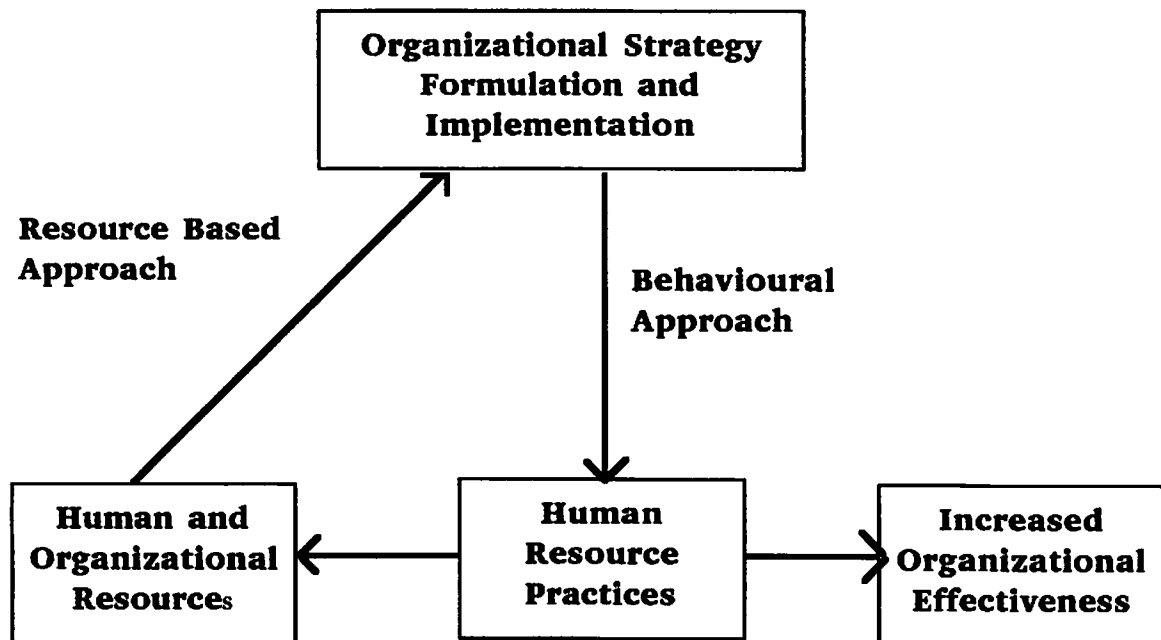
and institutional forces impact organizational resources as does the agency/-transaction cost model.

The basic thrust of the resource-based view is that each organization is comprised of a unique group of individuals, with skills and abilities which have been developed through individual activities as well as through the HR practices which are in place in the organization, and a collective group of employees who through their working relationships and living the organizational culture create a unique set of organizational resources. In other words this approach differs from the traditional strategic management emphasis on the external environment.

It is the combination of these resources which have the potential to create competitive advantage. Barney, 1991 describes a competitive advantage as “when a firm is implementing a value creating strategy not simultaneously being implemented by a competitor”. It is the unique combination of individual and collective skills which can not be replicated that provides this competitive advantage. The assessment of these resources and their potential impact on the selection of strategies is the key contribution of HR to the formulation stage of the strategic planning process. The objective is to capitalize on these resources when determining organizational strategy. As Mintzberg says “every failure of implementation is also a failure of formulation” (1994, p.25). As a result the capacity to act must be taken into consideration in the formulation stage.

It is the behavioural perspective which guides the determination of HR

practices to be adopted in the implementation phase. Wright and McMahan note that the theory focuses on employee behaviour as the mediator between strategy and firm performance. They further indicate that the premise of this model is that the strategy leads to HR practices that will elicit the behaviours that will lead to successful strategy implementation and a resulting number of benefits to the firm (1992, p.303). The model is depicted in the following diagram.



The primary question that the research will address is; does the adoption of SHRM result in improved organizational effectiveness? The research will also determine the incidence of strategic planning and SHRM in Canadian cities and towns, and the impact of SHRM on the HR function. In addition to the hypothesis to answer the primary question, a number of hypotheses have been developed to examine different components of the SHRM process.

### Hypothesis 1

There will be a direct association between the utilization of strategic planning and size of the municipality as measured by population.

### Hypothesis 2

There will be a direct relationship between the size of the organization and the existence of strategic human resource management.

### Hypothesis 3

Both the degree of unionization of the workforce and the number of separate bargaining units in place will be negatively correlated with the existence of strategic human resource management.

### Hypothesis 4

Both the degree of unionization and the number of bargaining units will be negatively correlated with the number of human resource practices in operation.

### Hypothesis 5

The structure of the Human Resource function is positively correlated with organizational effectiveness.

### Hypothesis 6

There is a positive relationship between strategic human resource management and organizational effectiveness.

#### Hypothesis 7

The level of involvement of Human Resources in the strategic management process is directly related to organizational effectiveness.

#### Hypothesis 8

Both the length of time HR has been involved in the strategic management process and the number of HR practices in place will have a positive relationship with organizational effectiveness.

## RESEARCH DESIGN

### Survey Population

The data collected for this study was based on survey responses from Canadian cities and towns with populations in excess of 38,500. The project therefore involved the population rather than only a sample (Appendix A). As a result of the population criteria, neither Prince Edward Island nor the Yukon or Northwest Territories were eligible for participation. The population was identified from census data provided in the 1995 Corpus Almanac & Sourcebook. While in some instances individual provincial census information was derived from different sources and different years, as the information provided by Ontario's 1994 Municipal Directory was consistent with that of the 1991 census, I made the assumption that the other provincial directories

would likewise be consistent. Furthermore, in the event there were discrepancies in the census data between the documents, the growth in cities and towns in the two to three years differentiation time period involved, would in all likelihood be insufficient to have a major impact on the size of a municipality.

The population cutoff was selected on the basis that the numbers of cities and towns involved were sufficient to ensure valid conclusions could be drawn, in the event of a poor response rate. Also considered in determining the number to be surveyed is the potential number of employees in each municipality. This survey is premised on the existence of an identified Human Resource department comprised of one or more employees. On the assumption that the larger the population, the greater the number of employees overall, and on recent American information which indicated an average of one Human Resource employee per one hundred and one other employees in public sector organizations (King & Bishop, 1994), the likelihood that this criteria will be met.

#### Procedure

A covering letter (Appendix B) outlining the purpose of the study, along with a request for either cooperating by providing the requested data or passing the questionnaire along to the individual in the best position to answer it, was enclosed with each copy of the five - page survey questionnaire (Appendix C) and mailed to the 100 relevant municipalities. To increase the response rate a number of steps were taken. Each survey was addressed specifically to the most senior Human Resource department official, the name and

title having been ascertained by telephone call; a self-addressed (in care of the University) postage-paid return envelope was enclosed; and respondents were promised an executive summary of the results of the study, and assured that individual responses would be kept confidential and reported only in the aggregate.

Prior to this a pretest was conducted with five Human Resource professionals in varying industries. This activity identified a small number of reliability or operational concerns with the survey instrument. The questionnaire was then modified accordingly, and distributed as outlined above.

Municipalities who had not responded by one week following the identified deadline were sent a follow-up letter with similar content to the initial correspondence (Appendix D) as well as another copy of the questionnaire and a self-addressed envelope.

The survey instrument which consisted of five major sections, was designed to examine the nature, extent and impact of strategic human resources management in the selected local government organizations across Canada. The questionnaire focused on organizational structure, organizational characteristics, the existence and level of strategic human resources management and associated practices and programs, and the impact of strategic human resources management on both the Human Resource function and organizational effectiveness.

## Design

This research project consists of four main components: first, it determines the presence or absence of strategic human resource management and where the practice exists, it then looks at its relationship with organizational characteristics; second, the relationship between the level of involvement of HR in the process, the degree of unionization and the number of separate bargaining units and the specific human resource practices which are in place is investigated; third, the relationship between strategic human resource management and the Human Resource function is examined; and fourth the relationship between strategic human resource management and organizational effectiveness. The unit of analysis for the study is the organization. This section will present and briefly discuss the variables which have been selected to operationalize each of the four components of the study.

### Relationship Between Organizational Characteristics and SHRM

The five variables in this section have been designed to encourage the respondent to get involved in the survey and take the necessary time to complete the questionnaire. With that in mind the first variable is one which identifies where the HR function fits in the overall organization structure with regards to its reporting and participation in decision-making venues. As Human Resources is only recently beginning to enjoy an enhanced status in many organizations, it was felt that this would be a question which would draw the Senior HR official into completing or at least ensuring the completion of the survey.



The second measure is comprised of questions which identify three base-line organizational characteristics to which answers would be readily available.

These are; size in accordance to number of regular employees, both full and part-time, the percentage of the workforce which is unionized, and the number of separate bargaining units in existence. Two additional organization characteristic variables identified by the researcher, will be measured; first, location, as determined by the province in which the respondent municipality resides and second, municipality population.

The third variable identifies whether or not formal strategic planning occurs in a municipality. As part of SHRM involves "fitting" Human Resources strategies to the organization strategy, a strategic planning process which includes strategy formulation, implementation, ongoing monitoring, and regular review, must be in place.

The fourth variable determines whether or not Human Resources is involved in the strategic management process described above. Strategic human resource management exists when the Human Resource function participates in the associated activities, in any capacity.

The length of time that Human Resources has been involved in the process and how that time frame compares to the length of time strategic planning has been in existence in the organization, is the fifth and final variable to be measured in this section. The period of time involved may have a bearing on the impact, particularly if there are major organizational structural and cultural changes associated with the adoption of specific strategies and

associated human resource practices. A gap between the initiation of strategic planning and the inclusion of the HR function could signify a change in the status level HR holds.

Questionnaire items in relation to this first component of the study were drawn from the following sources; Bryson, 1988, Fombrun, Tichy and DeVanna, 1984, and Heffron, 1989.

#### Relationship Between Organizational Characteristics and the Specific Human Resource Practices That are Adopted.

Three measures are used to obtain the information which will allow for an analysis of the variables; the level of HR involvement, degree of unionization and the number of bargaining units which comprise the second component of the study. Although as identified previously, strategic human resource management exists whenever the HR function is a participant, the literature identifies three levels of participation dependent upon at which stage of the process the participation occurs and what is the focus of the participation. The first measure identifies this level by asking the respondents to check the description which best fits their level of involvement in the process. Every attempt was made to clearly delineate the levels. The underlying rationale is that the more integrated Human Resources is in the process, the more effective will be the human resource management of the organization.

The second and third variables measure the degree of unionization and number of bargaining units in place in the respondent organizations where strategic human resource management exists. Studies have shown that organi-

zation characteristics may be determinants of human resource practices.

Survey respondents were asked to identify, from a list of human resource practices, six associated with the strategy formulation phase and a further ten which are related to the implementation phase of the strategic management process, by placing a check mark beside those which had been adopted by their organization. The identified practices included those associated with the primary areas of HR responsibility in most organizations, such as selection, performance management and reward systems, training and development, and human resource planning.

Two primary sources were utilized in the drafting of questions to get at these measures; Fombrun, Tichy and Devanna, 1984, and Jackson, Schuler and Rivero, 1989. Other sources included; Gunnigle, 1991, Guest, 1990, Butler, Ferris and Napier, 1991, Meals and Rogers, 1986, Schuler and Macmillan, 1984 and Schuler and Jackson, 1987.

### **Relationship Between SHRM and the Human Resource Function**

The SHRM literature identifies a number of impacts on the Human Resource function that are associated with the adoption of a strategic human resource management approach. These impacts usually involve the role, structure, required knowledge and skill level of the HR personnel, and in many instances the staffing and budget ratios for the function.

Survey participants used a – five point frequency measure ranging from always to never, to identify the regularity with which the seven described HR

function impacts were applicable in their organization. These impacts were drawn from a number of sources which described the modifications to the HR function to allow better alignment with the changing focus of their organizational contribution.

Questions regarding the impact of the adoption of SHRM on the HR function's staffing and budget ratios were also asked. Participants were asked to identify with a check in the appropriate box whether or not there had been a change in these figures. Where there had been changes they were asked to indicate whether it was a decrease or increase. Actual numbers or dollars involved were not requested.

The sources that were consulted in drafting the measures for this section of the survey included Gunnigle, 1991, Bonnano, 1994, Brewster, 1990, and Yeung et al, 1994.

#### **Relationship Between SHRM and Organizational Effectiveness**

The final component of the survey involves drafting questions to elicit data with regards to organizational performance. As some literature has identified the hesitancy of some organizations to provide actual figures, the questionnaire was designed to elicit both the most recent annual statistics and as well the participants' perception or actual knowledge regarding whether or not there had been an overall increase, decrease or no change in the specific measures since the implementation of strategic human resource management in their organization.

Information on twelve different measures was requested. The bulk of the measures reflect outcomes of employee behaviour associated with their morale, satisfaction and commitment to the organization, all of which are impacted by motivation. These include grievance, disciplinary action, turnover, accident, and absenteeism rates. As the focus of the study was on the organization, questions regarding employee morale, satisfaction and commitment had to be framed in terms of the results obtained through attitude surveys, and therefore only applied to respondent municipalities which had adopted their use.

Employee assistance program utilization in organizations where it exists, was included as a measure. Increases in this rate may reflect a change in employee-employer relations or high levels of organizational stress with a resulting untoward impact on organizational effectiveness. Another measure designed to elicit performance data is the rate at which vacancies are filled internally. An increase in this rate is likely to signify an organizational view that considers human resources a valuable resource and therefore willing to invest in their development in relation to future staffing needs. The potential increased career opportunities impact positively on self-esteem and hence motivation and commitment with a resulting performance improvement benefit to the organization.

The final organization effectiveness measure to be recorded in terms of the change, if any in the organizational perspective of citizen satisfaction as reflected in the number of complaints. Improved organizational effectiveness should have a bearing on this measure as customer-perceived value is a current

focus of governments.

The final measure has to do with economic performance in relation to changes in productivity. Increases in productivity also would be considered as evidence of increased performance. While the questionnaire sought information on the strategy through which these gains were achieved, it did not, unfortunately, ask questions to ascertain whether those who had not achieved productivity increases, had remained stable or had in fact lowered their productivity.

The organizational effectiveness measures were drawn from a variety of sources including; Guest, 1987 and 1989, Betcherman et al, 1994, Wagar, 1994, Heffron, 1989, Dessler and Turner, 1992, Schuler and McMillan, 1984, Lawler III, 1986, and Kernaghan, 1990.

## **Results**

The response rate to the survey, with one follow-up letter, was 70%. Two respondents indicated their inability to provide data at this time. As a result, the analysis is based on 68 samples, with eight of the eleven Canadian provinces and territories included. An outline of the general characteristics of the respondents as well as a descriptive overview of the results under the four main components identified in the measures section, will be presented here. Other statistics which may be of interest to local governments were derived from the survey, and will also be shared. Results in terms of hypotheses testing in relation to the same four components, where applicable, will be pre-

MPA Research Report: PA 931: Rating

Professor Carol Agocs (advisor)

Date: 9/95

Student: Cheryl Smith

Recommended mark \_\_\_\_\_

Report title: *The Incidence and Impact of Strategic Human Resource Management in Canadian Municipalities*

The recommended mark is the total of the scores for each of the seven grade factors listed below, multiplied by the weight each factor represents. The maximum rating is 100 and the maximum score on each factor is 10. The scores for the separate grade factors provide a profile of what were judged to be the strengths and weaknesses of the report.

	<u>Weight</u>	<u>Score</u>	<u>Rating</u>
1. <b>Statement of the topic: sharpness of focus, clarity of the objectives of the report and of the project:</b>	1	8	
2. <b>Style and skill in presentation: grammatical and spelling accuracy, English usage, use of correct referencing procedures, clarity, eloquence:</b>	1	6.5	
3. <b>Structure and organization of the report: logical development of the presentation</b>	2	8	
4. <b>Adequacy of evidence and argument used to support specific points: is the analysis convincing?</b>	1		
5. <b>Conclusion: clarity of statement of what was accomplished and implications</b>	1		
6. <b>Adequacy and relevance of source base for the project, and evidence that sources were used appropriately</b>	2	9.5	
7. <b>Substantive adequacy, creativity, and insight apparent in the analysis, interpretation and arguments presented</b>	2		

Overall rating:

sented and discussed in the section to follow.

### Characteristics of Respondents

Descriptive statistics of the respondents are provided in Table 1. The average population of the respondent municipalities is 154,900. However, there is substantial variation in size with the range including cities and towns with populations from a low of 38,600 to a high of 1,018,000. Likewise, considerable variation exists in the number of employees. The mean is 1,518 within the range of 200 to 10,885. The requested number of employees included all those considered full-time or non-seasonal, part-time employees. Employee data from samples which provided only full-time equivalent information were excluded.

**Table 1 Characteristics of Respondents**

<b>Characteristic</b>		<b>Number</b>	<b>Percent</b>
Mean Population		154,900	
Mean Number of Employees		1,518	
Percent Unionized			77
Mean # Bargaining Units		4.77	
<b>Most Senior Human Resource Administrator</b>			
1. Report Directly to Top Executive	Yes	58	85
	No	10	15
2. Regularly Attend Council Meeting	Yes	32	48
	No	34	52
3. Member Senior Executive Decision Making Group	Yes	52	79
	No	14	21
Strategic Plan	Yes	37	54
	No	31	46
Human Resources Involved in Strategic Planning	Yes	32	86
	No	5	14
Mean Length of Time Human Resources		4	



The information in relation to unionization is also widely distributed over the respondent organizations. All respondents had unionized employees. The average percentage was 77 with a variation from 10 to 100 percent of the employees being unionized. 26 percent of the municipalities recorded unionization rates of 90 percent or greater, while only two percent had a less than 40 percent rate. As might be expected, there was also significant variation in the number of bargaining units in existence. This variation however, was not always directly related to the percentage of unionization, with 33 percent of municipalities with 90 percent or more unionization, having four or fewer separate bargaining units.

The data regarding the organizational structure in relation to the most senior Human Resource Administrator is reasonably consistent on two variables with a significant difference in the third. Fewer than half of the senior Human Resource officials regularly attended council meetings. As indicated in the literature review, the importance that an organization attributes to its human resources is reflected in many ways, including the reporting and administrative structure in relation to the Human Resource function. Inclusion of the Senior Human Resource individual at council meetings on a routine basis would add to the suggestion that the human resources are viewed equally as important as the financial and capital resources, both of which are represented at council by the senior administrators who are responsible for their effective utilization. Based on this position, a three-stage index of importance was derived and will be used to assess this variable in relation to other aspects of

strategic human resource management.

A slight majority (54 percent) of respondent municipalities are engaged in formal strategic planning processes. These results are somewhat lower than those recorded in the recent study of use of strategic planning in American municipalities. This could reflect either or both of the following factors. First, there is often a lag between American and Canadian adoption of management practices, and second, the environment surrounding Canadian municipalities has on the whole, been more stable than the one in the United States, at least until recently.

Both size and province will have an impact on the environment in which a municipality is situated; size, in relation to the variety and severity of the issues, as well as more flexibility and capability in terms of financial and time resources, and province in relation to specific economic, social, legislative and governmental issues. Tables 2 and 3, respectively, display these breakdowns and generally support this position.

**Table 2 Incidence of Strategic Planning by Municipality Size**

Strategic Planning	Population (x1000)			Total
	38.5-75	75-125	125-175	
Yes	17 [46%]	7 [64%]	2 [33%]	
No	20 [54%]	4 [36%]	4 [66%]	
	175-250	250-500	>500	Total
	3 [75%]	4 [100%]	4 [67%]	37 [54%]
	1 [25%]	0 [0%]	2 [33%]	31 [46%]

**Table 3 Incidence of Strategic Planning by Province**

Strategic Planning	Province				Total
	B.C.	Alta	Sask	Man	
Yes	5 [71%]	4 [100%]	2 [100%]	1 [50%]	
No	2 [29%]	0 [0%]	0 [0%]	1 [50%]	
	Ont	Que	N.B	N.S.	
	19 [61%]	4 [22%]	1 [50%]	1 [50%]	37 [54%]
	12 [39%]	14 [78%]	1 [50%]	1 [50%]	31 [46%]

In terms of size, a majority of the most populous cities and towns do strategic planning, while less than half of the respondents in the smallest municipalities are involved. The lowest percentage however is recorded for respondents in the mid range of the lowest quartile, as opposed to those in the lowest portion of this quartile. The breakdown by province reflects the expected differences in utilization, although with the impact of societal issues which are country-wide such as global competition, fiscal down-loading, and technological, citizen and workforce changes in conjunction with the stated benefits, a higher percentage of those engaged in strategic planning would have been anticipated in all provinces.

Human Resources are involved to some extent in 86 percent of respondent cities and towns who are involved in strategic planning. On average, this involvement has been ongoing for four years, the same as the average for strategic planning in these organizations, thereby indicating that Human Resources has been involved right from the beginning. Thus strategic human resource management is practiced in the majority of represented cities and

towns who are actively involved in organizational strategic planning. The remainder of the analysis will focus on the 32 cities and towns in which strategic human resource management is practiced.

### Between Organizational Characteristics and Strategic Human Resource Management

This section will focus on the impact of organizational characteristics such as size, unionization, diversity of unionization as reflected in the number of bargaining units in existence, and the importance of human resources to the organization as suggested by the administrative structure, on strategic human resource management. Table 4 illustrates these assessments.

**Table 4 Organizational Characteristics in Relation to Strategic Human Resources Management**

Characteristic	Number	Percent
<b>Number Employees</b>		
110 — 3500	29	91
3501 — 7000	1	3
7001 or more	2	6
<b>Percent Unionized</b>		
0 — 33	1	3
34 — 67	6	19
68 — 100	25	78
<b>Number Bargaining Units</b>		
0 — 4	19	63
5 — 9	7	23
10 or more	4	13
no data	2	
<b>Importance of Human Resources to Organization.</b>		
Low	2	6
Moderate	4	13
High	25	81
No Data	1	

As strategic human resource management deals with an organization's human resources and their capabilities, the relevant measure of size is the number of employees rather than the population. As individual municipalities can either provide their services directly, contract them out or arrange a combination thereof, population is not necessarily a reflection of size in terms of number of employees. That being said, for information purposes, strategic human resource management is in place in 100 percent of cities and towns with populations ranging from 75,000 to 250,000, 88 percent in those who are smaller, and 75 and 50 percent respectively in the two largest population groups. This result is consistent with the existence of strategic human resource management in relation to the number of employees, where the smallest percentage is in the respondents with the largest number of employees.

As the average percentage unionization across all respondents is 77, it is not surprising that the majority of organizations which have strategic human resources management would fall in the category which contains this number, that is between 68 and 100 percent unionized. A different result occurs with the number of bargaining units. As expected, in relation to the increased complexity and time consuming nature of this approach the greater the number of individual groups involved, strategic human resources management is most prevalent in organizations with four or less bargaining units, the lowest category. This is in comparison to the overall mean of 4.77, which when rounded becomes 5.

A three-level index was created to measure the importance of an organization's human resources as suggested by the administrative structure sur-

rounding the senior Human Resource official. Positive responses to one or none of the parameters was characterized as low importance, while positive responses to two and three parameters were classified respectively, as moderate and high levels of importance. This assessment suggests that a significant majority of the respondent organizations who have implemented strategic human resource management, view their human resources as an essential component. When viewed from the perspective of the relationship between the importance of human resources and the adoption of strategic human resource management, the findings are illustrated in Table 5. In contrast to the above findings, only a slight majority of all survey respondents who indicate a high level of importance on the basis of the selected scale, have adopted strategic human resource management. Thirty five percent indicate a high level of importance yet have not adopted a strategic human resource management approach. This suggests only a very weak association between the two variables.

**Table 5 Incidence of SHRM by Level of HR Importance to Organization**

HR Involvement	Low	Medium	High	Total
Yes	4 (13%)	10 (32%)	17 (55%)	31
No	14 (38%)	10 (27%)	13 (35%)	37

A fifth organizational characteristic in relationship to strategic human resource management is province. Table 6 captures this relationship. In 50 percent (4) of the provinces, all of the cities and towns who strategic plan include Human Resources in the process, while in another three provinces, Human Resources are involved in 75 to 89 percent of the sample, and in

**Table 6 Human Resource Involvement in Strategic Planning by Province**

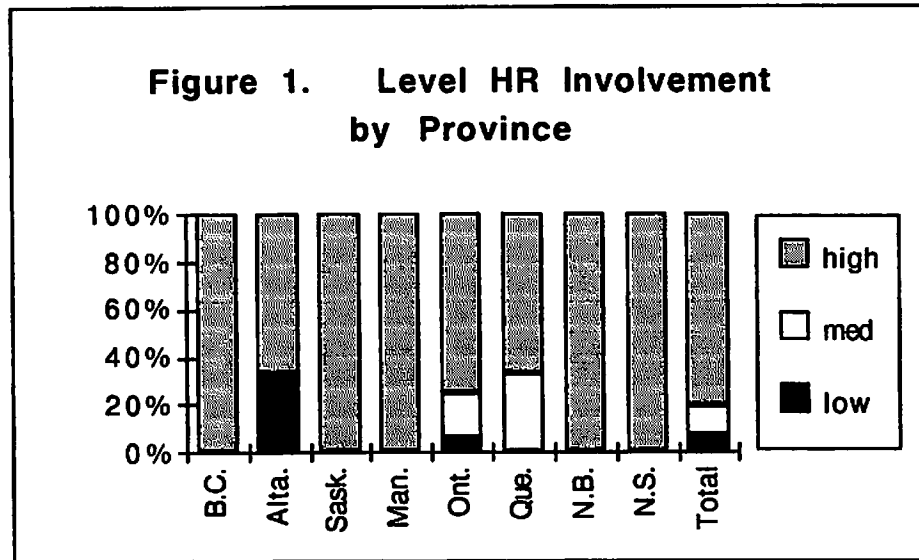
HR Involved	Province					Total
	B.C.	Alta	Sask	Man	Ont	
Yes	5 [100%]	3 [75%]	1 [50%]	1 [100%]	17 [89%]	
No	0 [0%]	1 [25%]	1 [50%]	0 [0%]	2 [11%]	
			Que	N.B.	N.S.	
			3 [75%]	1 [100%]	1 [100%]	32 [86%]
			1 [25%]	0 [0%]	0 [0%]	5 [14%]

include Human Resources in the process, while in another three provinces, Human Resources are involved in 75 to 89 percent of the sample, and in one province, a 50 percent Human Resource involvement. The overall findings are that Human Resources is involved in 86 percent of the respondents who utilize strategic planning. This bodes well for the increased organizational effectiveness of these cities and towns on the basis of the theory surrounding this study.

#### Relationship Between the Level of Involvement of Human Resources, the Degree of Unionization and the Number of Bargaining units on the Specific HR Practices in Place

Figure 1 displays the level of Human Resources involvement in the strategic human resource management process. Respondent municipalities in five of the eight provinces have a high level of involvement (full integration) from the Human Resource function in the strategic management process, whereas Human Resources in 33 and 6 percent of respondent cities and towns from Alberta and Ontario respectively, are integrated at the low or accommodation

level. Both Ontario and Quebec recorded municipalities with moderate levels of Human Resources integration, 25 and 18 percent respectively. However, even in provinces where there are some local governments with less than full integration, the overwhelming majority (80 percent) of Human Resources departments are fully integrated into the strategic management process.



The variety and incidence of Human Resource practices in both the formulation and implementation phases of strategic human resources management which are in place in respondent municipalities are illustrated in Table 7. There is no identified practice which is not being presently utilized in at least one or more organizations. The findings suggest a relationship between length of time and number of practices in place with those who have had strategic human resource management in place for eight to ten years recording use of 11 - 14 of the 16 identified practices. On the other hand, three respondents with only one year's experience with this approach had 9 -11 practices in place. This would suggest that these organizations had been utilizing a number of similar human resource practices prior to the linkage with the stra-



**Table 7 Specific Practices in Place which relate Directly to the Strategic Planning Process**

Practice	Number	Percent
<b>Implementation Phase</b>		
Matching Executives to Strategic Plans	9	31
Identifying Required Managerial Characteristics for the Long term	21	72
Identifying Attributes of Key Technical and Professional Personnel to Implement the Plan	13	45
Matching Selection Criteria to Necessary Employee Characteristics for Success Implementation	13	45
Focusing Appraisal System Measurement on Performance in Relation to Strategic Goals	21	72
Modifying Managers Reward System to Drive Toward Strategic Plans	12	41
Changing Staffing Patterns to Help Implement Strategies	15	52
Appraising Personnel Potential to Carry Out Strategic Goals	12	41
Conducting Staff Development Programs to Support Strategic Changes	25	86
Career Planning on Basis of Organization Strategy	6	21
No Data available for 3 respondents		
<b>Formulation Phase</b>		
External Human Resource Studies	16	57
Other External HR Changes and Developments Which May Impact the Organization	17	61
Inventory of Managerial Talents	18	29
Forecasts of Future Talent	4	14
Inventory of Technical/Professional Talent	4	14
Succession Plans For Management	9	32
No Data available for 4 respondents ∴ 28		

tegric plan. There does appear to be a connection between location, length of time involved and the number of programs in place with the four most populous provinces of Ontario, British Columbia, Quebec and Alberta utilizing this approach for a combined average of 4 years and 8 programs, while the remaining four provinces record a combined average of 3 years and 5 practices.

In the strategy formulation stage, the mode practice is the one which involves considering the impact of external HR changes and developments other than studies regarding supply of human resources, which is the second most frequently used practice. 61 and 57 percent of respondents respectively, utilize the information collected from these practices when considering possible strategies. This finding is consistent with the traditional external emphasis of strategic planning exercises. It also may be indicative of the need to respond to the recent trend of increased interventionist stance of legislation which applies to employers.

Developing an inventory of managerial talents and creating succession plans for management are practices which are utilized in only 29 and 32 percent of organizations respectively. The least frequent practices are those which assess the technical and professional talent which exists currently in the workplace and the assessment of future talent in the workplace, both with an incidence of 14 percent. These figures suggest that a majority of Canadian local government organizations are not formally aware of either the knowledge and skills possessed by their employees today, or their ongoing activities to further develop these skills, nor are they focusing on succession plans at the

managerial level. The implications of the low incidence of these practices are that strategies could be adopted for which the human resources would be ill-equipped to implement. It also reflects the likelihood that these resources are not being utilized to their maximum potential.

Of note is that five of the respondents who indicated that Human Resources were fully integrated into the strategic management process and therefore full participants in the strategy formulating stage were not utilizing any of the identified practices associated with this phase. This would suggest that the individuals involved are not capitalizing on the opportunity that has been awarded. As indicated in some of the literature, this could reflect that the Senior Human Resource administrator does not have the required capabilities to participate effectively in this relatively new arena, or it could reflect significant barriers in the organization, hindering their full participation.

Conducting staff development programs designed to support strategic changes is the mode practice in the implementation stage with 86 percent of respondents utilizing this practice. This is not unexpected as ongoing learning of any description is usually viewed positively by most employees and their representatives alike. There would as a result be minimal, if any, negative impacts to employees associated with this change. It also is feasible that a number of these municipalities were previously focusing on staff development with the only change involving tying it specifically to the organization strategy. The second two most frequent practices were identifying the required managerial characteristics for the long-term and focusing the appraisal system measurement on performance in relation to strategic goals, both with 72

percent of the respondents indicating they had adopted these practices. This also is not surprising. There has been an increased emphasis on the impact of leadership on outcomes and a corresponding focus on management development in both the public and private sectors. As well management by objectives or other similar approaches to measuring workplace achievements have often been associated with the degree of success in fulfilling professional goals. Again, the major difference for many with strategic human resource management may be the coordination of departmental, where applicable, as well as individual performance objectives with the chosen organizational strategy.

The least frequent practice in operation is career planning on the basis of organizational strategy with only six of 29 or 21 percent of respondents indicating adoption. It would be expected that the incidence of this practice would increase as evidence continues to mount that an organization's human resources can provide a source of considerable operational advantage, regardless of the specific strategy selected.

#### **Relationship Between Strategic Human Resource Management and the Human Resource Function**

As this is a relatively recent phenomenon in the management literature, particularly public sector management, one would expect to see a variety of impacts on the role, organization structure, staffing patterns and the associated knowledge and skills with the different stages of transition related to the length of time the approach has been in operation in individual municipalities, or even in relation to a specific jurisdiction. As indicated earlier, the strategic

human resource management approach emphasizes a “value-added” theme to all its aspects, including the HR function. Table 8 displays the diversity of these impacts.

**Table 8 Impact of SHRM on Human Resource Function**

		Always	Sometimes	Occasionally	Rarely	Never
1. Role						
	Advisory	52%	48%			
	Change Agent	21%	69%	10%		
	Traditional Functions Decentralized		28%	52%	17%	3%
	Partners With Line Managers		34%	48%	14%	3%
2. Organization Structure						
	More Integration Within Department	22%	39%	22%	4%	13%
	Matrix	7%	7%	4%	18%	64%
3. Knowledge and Skills						
	Increased Emphasis on Business Knowledge and Skills	25%	54%	14%	7%	
		Number		Percent		
4. Staffing Patterns						
	Change	Yes	18		62%	
		No	11		38%	
	How Changed	Increased	9		53%	
		Decreased	8		47%	
		No Data	1			
5. Budget Changes						
	Change	Yes	15		54%	
		No	13		46%	
		No Data	1			
	How Changed	Increased	8		53%	

Slightly over half of the respondents indicated that HR always functioned in a consultative role with slightly less than half reporting that they

function in this capacity at least some of the time. Only 21 percent of municipalities noted that HR always fulfilled the role of change agent. As the thrust of this approach involves modifying HR practices to fit with the agreed upon organizational strategy, which no doubt will need to be changed on a regular basis to effectively address the surrounding environment, and in all likelihood will involve different practices for different units, it is essential that the HR function both be allowed to and able to fulfill this role.

As well, a central thrust of the approach is that the most effective utilization of an organization's human resources occurs when responsibility for some of the more traditional HR duties, particularly administrative control functions, are decentralized to the line functions and HR functions more as partners with line managers. As there is a relationship between these two roles, the responses appear incongruent with 34 percent indicating they always function as partners with the line yet have not consistently decentralized functions allowing this to happen. The results for the changes in roles suggest that, there is a significant amount of movement to stronger partnerships indicated to fully capitalize on human resources utilization.

A surprising finding is that there has not been a stronger integration within the departments comprising the HR function, with only 22 percent indicating this always occurs and another 39 percent stating it occasionally occurs. Again, one of the tenets of strategic human resource management is that HR practices cohere across functional specialties, often with accompanying amalgamation of specialties and more emphasis on generalist skills. On the other hand a response that is not a surprise, is the findings regarding the

matrix structure, on the basis of its' rather jaded history. As has been noted, it however has potential with this emphasis on partnership and gearing many practices to the specific operational unit strategies which ultimately tie in to the organizational strategy. Even where a practice is to be implemented organization-wide, the broader knowledge of the potential impacts on line departments which would be gained through the closer association of a matrix arrangement, would be beneficial.

In relation to the impact on knowledge and skills, Human Resource practitioners, to fulfill the performance requirements associated with strategic human resource management must have the same level of awareness of business skills as line functions are expected to. It appears that this is not yet the case in the respondent municipalities as only 25 percent indicated this was always the case with a further 54 percent noting that it was sometimes an emphasis.

No significant association was identified between provinces and the length of time Human Resources has been involved in the strategic management process with the number of desirable changes to the HR function. Six of the eight provinces had a mean of one function change that was always made, while one had an average of two and another three, whereas five of the eight provinces had a mean length of time involved in the process of 4 years while two were at three and one was at five.

Staffing pattern change results were mixed with 62 percent reporting changes, however approximately half cited increases with the other half indicating decreases. This may very well be a reflection of the particular organizational

strategy that was selected. In all but 8 percent of the cases where an HR staffing increase transpired, it was accompanied by an increase in budget. In two cases (29 percent) where an HR budget was decreased, respondents also noted that there sometimes was a decentralization of traditional functions to the line. There could be a connection between these two outcomes. In other words changes in staffing do not necessarily equate to a change in the level of emphasis an organization places on its human resources.

### Relationship Between Strategic Human Resource Management and Organizational Effectiveness

This relationship will be measured on the basis of the change in the identified outcomes, following the implementation of strategic human resource management. A three-level index (Appendix E) based on an additive scale, was derived to allow for a more thorough analysis of the data. The index categories included improved, no change or worsened. The responses in this section were disappointingly, quite spotty. Considering these

were the organizations with strategic human resource management in place, I would have anticipated that the majority of the information would have been readily available. The fact that the response rates were higher for the measure of change aspect leads me to believe that there was some hesitancy to provide actual figures. This has been noted in the literature. Table 9 outlines these findings.

The record indicates that there is no consistency among the responses. In some instances the majority saw an increase, in others a decrease, while in others the figures remained the same. This diversity is reflective of the unique nature of individual organizations. The majority of respondents who experienced



an increase in their voluntary turnover rate included a note of explanation for the result. In 67 percent of cases, the increase was related to retirement incentive programs.

**Table 9 Impact of SHRM on Organizational Effectiveness**

Variable	Mean Number	Number Responses	% Respondents			
			Increased	Decreased	Same	Number
Grievances	38	20	39%	32%	29%	28
Disciplinary Action	11	18	22%	22%	56%	27
Accidents	132	13	14%	57%	29%	21
Sick Days per Employee	8	17	31%	33%	35%	26
<b>Mean Percentage</b>						
Utilization Employee Assistance Program	17%	14	50%	0	50%	0
Voluntary Turnover Rate	6%	15	41%	9%	50%	22
Employee Morale			17%	50%	33%	6
Employee Commitment			0%	67%	33%	6
Employee Satisfaction			0%	33%	67%	6
Citizen Satisfaction			24%	29%	48%	21
		<b>Number</b>	<b>Percent</b>			
Productivity Gain						
	Yes	19	86%			
	No	3	14%			
How Gained						
	Increase Services with Same Staff	5	26%			
	Same Services with Fewer Staff	11	58%			
	Combination	3	16%			

It was not a surprise that the overwhelming majority indicated produc-

tivity increases, with the trend towards increased citizen demands in conjunction with fiscal down-loading and a reluctance on behalf of citizens to pay more for the services they receive. It is unfortunate that the design of the questionnaire did not take into account whether those organizations who did not see a productivity increase, saw a decrease or no change. Also not surprising is the fact that in the majority of cases, the gains were accomplished by providing the same services with fewer staff. Governments at all levels have been reducing positions for cost-reduction purposes, through attrition and voluntary retirement incentive programs in the recent past.

Utilizing the index, 13 organizations saw an improvement in their overall effectiveness, 13 a worsening, while 4 remained unchanged. The mean organizational effectiveness score out of a maximum of 11 for improved and -11 for worsened was 2.3 and -2.1 respectively. Both the improved and worsened scales ranged from 1 to 6. In the improved category, 31 percent had a rating of 1, 46 percent a rating of 2, with the remaining 23 percent at 5 and 6.

In the worsened category, 39 percent had a score of -1, 39 percent a score of -2 and 22 percent below -2. These scores indicate that the gains or decreases in organizational effectiveness were small in the majority of instances, with a few experiencing modest gains or losses and none seeing dramatic movement in either direction.

Of potential interest to Human Resource administrators in local governments is the frequency rate for the provision of employee assistance programs and the regular utilization of employee attitude surveys. It is important to note that this data includes only those organizations who practice strategic

human resource management , 47 percent of the total respondents. Table 10 summarizes this information. *(LOCATED IMMEDIATELY FOLLOWING CONCLUSION)*

The vast majority of respondents provide an employee assistance program, while only a minority utilize employee attitude surveys. This was a surprising result given that an assessment of the internal organizational environment from an employee perspective can provide valuable information to assist in ensuring the maximum utilization of an organization's human resources. It is however conceivable that this information is gleaned from another method. The survey unfortunately did not ascertain this possibility;

## HYPOTHESIS TESTING

This section includes the findings of the statistical analysis and a discussion of the associated implications. As in the previous two sections, the results will be presented under the four main components of the study. Although the design included the plan to use chi square as the measure of association and test of significance for nominal and ordinal data, the responses were such that many cells had figures of 5 or less, thereby eliminating this statistical tool as a choice in most instances. Yule's Q and gamma were the alternate selections where chi square was not suitable.

### Relationship Between Organizational Characteristics and Strategic Human Resource Management

#### Hypothesis 1

There will be a direct association between the utilization of strategic

planning and size of the municipality as measured by population.

Figure 2 captures the distribution of respondents who practice strategic planning, in relation to municipality size. The median population was used for this assessment as there is considerable skewing at the upper end of the range. The chi square result of 2.9 demonstrates a direct relationship, albeit a weak one. As the significant chi square result at the 95 percent confidence level is 3.84, the result demonstrated in this survey is not significant. The finding does not allow for the rejection of the null hypothesis but rather supports the rejection of the research hypothesis. Likewise, the phi coefficient shows only a weak positive relationship.

**Figure 2 Relationship Between Municipality Size and Strategic Planning**

		Municipality Size			
		Large	Small		
Strategic Planning	Yes	22	15	Chi square	2.9
	No	12	19	Phi coefficient	0.2
				N	68

This result is inconsistent with the previously identified literature results.

## Hypothesis 2

There will be a direct relationship between the size of the organization and the existence of strategic human resource management.

The number of employees has been selected as the measure of size for this variable, as strategic human resource management focuses on employees and as previously discussed there is not necessarily a direct relationship between the number of employees and the size of a municipality.

The distribution of the responses is displayed in Figure 3. As in the previous example, the median number of employees was used as opposed to the mean, because of the upper end skewing. Applying the Yule's Q calculation demonstrates a relatively strong negative association between these two variables. In other words, the relationship is indirect and completely opposite to the hypothesized relationship. On this basis the null hypothesis is accepted and the research hypothesis rejected.

**Figure 3 Relationship Between Size (Number of Employees) and Strategic Human Resource Management**

		Size		Yule's Q	- .63
		Large	Small		
Strategic Human Resource Management	Yes	17	15	N	37
	No	5	0		

This result is also inconsistent with the literature result previously identified.

### Hypothesis 3

Both the degree of unionization of the workforce and the number of separate bargaining units in place will be negatively correlated with the existence of strategic human resource management.

Figures 4 and 5 depict the relevant distributions and assessments. The assessment of the measure of association for the degree unionization and the presence of strategic human resource management demonstrates a very weak indirect association only. This result is such that it does not allow the rejection of the null hypothesis. Rejecting the research hypothesis is required to avoid making a Type I error.

**Figure 4.**

**Relationship Between Degree  
Unionization and Strategic Human Resource  
Degree Unionization**

		Degree Unionization		
		High	Low	
<b>Strategic Human Resource Management</b>	Yes	23	8	<b>Yule's Q</b> -0.16
	No	4	1	<b>N</b> 36

**Figure 5 Relationship Between Number Bargaining Units and Strategic Human Resource Management**

		Number Bargaining Units			
		Large	Small		
Strategic Human Resource Management	Yes	12	19	Yule's Q	-0.4
	No	3	2	N	36

Likewise, the results of the statistical analysis of the relationship between the number of bargaining units and the implementation of strategic human resource management show a negative correlation. Although at  $-0.4$  the relationship is considerably stronger than that associated with the degree of unionization, it still is insufficient to comfortably reject the null hypothesis. So in this situation as well, the research hypothesis is rejected.

#### Relationship Between Level of Involvement, Degree of Unionization, and Number of Bargaining Units on the Specific HR Practices in Place

The aspects of this component such as level of involvement which did not lend themselves to statistical analysis were addressed in the descriptive section. There are two hypotheses to be tested in this section, however as they are based on the same predicted outcome, they will be assessed together.

#### Hypothesis 4

Both the degree of unionization and the number of bargaining units will be negatively correlated with the number of human resource practices in operation.

Figure 6 displays the correlations of these relationships. The results demonstrate weak negative correlations, although the relationship between the number of bargaining units and number of programs is somewhat less weak. A correlation of either strength however, is insufficient to permit the null hypothesis to be rejected. Therefore in both these instances, the research hypothesis is rejected.

**Figure 6**                      **Correlations Between the Percentage of Unionization and Number of Bargaining Units on the Number of Human Resource Practices in Place**

	# Programs	% Unionization	# Barg. Units
# Programs	1		
% Unionization	-0.1166888	1	
# Bargaining Units	-0.3657359	0.37864118	1

This survey did not attempt to identify the breakdown of the application of the different practices to different groups of unionized and non-



unionized employees. It is quite possible that a different result would have transpired in this instance.

### **Relationship Between Strategic Human Resource Management and the Human Resource Function and the Resulting Impact on Organizational Effectiveness**

This section measured the impact of the strategic human resource management approach on the role, organization structure and knowledge and skill requirements of the Human Resource function. A lengthy discussion of this relationship was provided in the descriptive overview of the findings. The variables were measured on a five-level scale ranging from always to never, which depicts the frequency with which the specific variable applied. In order to statistically analyze the impact of the HR function on organizational effectiveness, an additive scale (Appendix F), with values ranging from +2 to -2 was developed. A frequency rating of always scored +2, while a rating of never was worth -2. The higher the total on the additive scale out of a possible plus or minus 14, the greater the frequency of the desired organization structure variable. The following hypothesis was derived to test the correlation of the relationship.

#### **Hypothesis 5**

The structure of the Human Resource function is positively correlated with organizational effectiveness.

Figures 8& 9 illustrates the correlation and regression results between these two variables. The correlation shows that the relationship is indirect, the

opposite to that which was predicted. The research hypothesis is therefore rejected.

Although the Multiple R factor is the same figure as in the correlation, it demonstrates the opposite result and in fact confirms a weak positive relationship, too weak to allow acceptance of the research hypothesis. I assume this is a function of our computer package.

The R square result of 0.019 shows that only a small percentage of the variation between and within squares is explained.

### **Relationship Between Strategic Human Resource Management and Organizational Effectiveness**

There are four separate hypotheses to be tested regarding this relationship. The first hypothesis considers the overall impact of strategic human resource management while the remaining three address relationships between specific aspects of the approach and organizational effectiveness.

#### **Hypothesis 6**

There is a positive relationship between strategic human resource management and organizational effectiveness.

Strategic human resource management is categorical or nominal data which indicates the only way to test the relationship is to compare organizational effectiveness measures between organizations which have implemented strategic human resource management and those which have not.

Unfortunately, as the emphasis of this project was to look at the impact on organizations that had implemented this approach, the survey design did not take this into account. On this basis it is impossible to test this hypothesis. A descriptive overview of the relationship was provided in the previous section.

### Hypothesis 7

The level of involvement of Human Resources in the strategic management process is directly related to organizational effectiveness.

Figure 7 displays the distribution of these variable indices and the resulting statistical analysis. As chi square could not be utilized, gamma became the analytical tool of choice. The gamma result of .26 reflects a weak,

**Figure 7 Relationship Between Level of Human Resources Involvement and Organizational Effectiveness**

		Level of HR Involvement			Gamma .26
		Low	Mod	High	
Organizational Effectiveness	Worsened	1	0	12	N 30
	No Change	1	0	3	
	Improved	0	4	9	

direct relationship. As in so many of the previous hypotheses, the relationship is not of sufficient strength to allow the null hypothesis to be rejected. In order not to commit a Type I error, the research hypothesis is rejected.

### Hypothesis 8

There are two remaining hypotheses to be addressed. As the predicted direction of the relationship and the dependent variable are identical they will be considered together.

Both the length of time HR has been involved in the strategic management process and the number of HR practices in place will have a positive relationship with organizational effectiveness.

Figures 8 and 9 respectively depict the correlations and regressions of the variables. The results demonstrate that the length of time Human Resources has been involved in the strategic management process is negatively correlated to organizational effectiveness although the relationship is extremely weak. This finding would necessitate the rejection of the research hypothesis on the basis that we could not say with confidence that the null hypothesis doesn't hold. This finding is consistent with that resulting from regression analysis (Figure 9) at a 95 percent confidence level with a multiple r factor of 0.058. (I was unable to clarify the difference between r and multiple r in any of my statistical or computer resources so have reached the assumption they are one and the same). The r squared result of 0.003 shows that only an extremely small percentage of the variation between and within squares is

explained.

**Figure 8 Correlations in Relation to Organizational Effectiveness**

Variable	Correlation
HR Function	-0.137
Length of Time HR Involved	-0.058
Number of Programs	0.078

**Figure 9 Regression Analysis Organizational Effectiveness**

Variable	Multiple R	R Square
Hr Function	0.137	0.019
Length of Time HR Involved	0.058	0.003
Number of Programs	0.076	0.005

The findings show that the correlation between the number of programs and organizational effectiveness is positive at 0.078, albeit an extremely weak relationship. The  $r$  result of 0.076 at a 95 percent confidence level, confirms this relationship. As the result is so weak, it is possible that the results could have been thrown up by a sample error or sample size. On that basis, the research hypothesis is rejected and the nul hypothesis accepted.

## CONCLUSION

This project will conclude with a brief discussion on whether or not the research objectives identified in the introduction were met, as well as a discussion regarding implications for future research.

Strategic planning is being practiced in a slight majority of Canadian municipalities and has been for as little time as two months to 15 years in one instance. Strategic human resource management has existed for an equivalent length of time in a total of 86 percent of those organizations involved in strategic planning. The majority of organizations with SHRM have fully integrated their Human Resources function with the strategic planning process. This clearly suggests that there is significant potential for improvement in organizational effectiveness in these organizations.

The results showed that all of the Human Resource practices that were listed were in use in one or more of the respondent organizations although no one municipality was near to exhausting all the possibilities. Gearing staff development activities to the strategic plan was clearly the most frequent practice in operation with performance management and identification of required management characteristics tied for the second most frequent practice.

The Human Resource function has not adopted to any great extent, the changes in their function that are identified in the literature. This could hinder the impact on organizational effectiveness. On paper, as fully integrated participants in the strategic planning process, the opportunity is there to

maximize their contribution.

The primary question this research was designed to answer could only be commented on descriptively. As an equal number of organizations improved and worsened, there was no clear answer to be inferred.

Likewise with all hypothesized relationships, any associations that existed were too weak to infer anything other than the possibility of a sample error.

Although there was little that could be concluded from the analysis, the objective was to provide base-line data from which to compare in the future and from that perspective the goal has been met. Based on these results there are a number of implications for future research.

First, in order to research the impact of SHRM, it will be necessary to compare changes in organizational effectiveness between municipalities with SHRM and those without, while controlling for other factors which could impact the results.

It would be both informative to and useful for local governments to identify the variety of strategies which have been utilized, as well as the associated HR practices developed to implement the strategy. Determining whether or not the same programs were applied to all employee groups in a municipality would also provide for a more thorough analysis.

This survey did not incorporate any questions to elicit to what extent

organizational resources are considered in conjunction with human resources in the formulation stage.

The final area of interest for future is to look at whether there are barriers to the role, structure and knowledge and skill level of the HR function which could be preventing them from maximizing their contribution.



**Table 10 Organization Characteristics of  
Municipalities with SHRM**

	Number	Program
Provide Employee Assistance Program	26	81
Conduct Employee Attitude Survey	10	31

**Appendix A****SURVEY POPULATION**

ALL CITIES AND TOWNS IN CANADA WITH POPULATIONS GREATER THAN 38,500

PROVINCE	CITY/TOWN	POPULATION
<b>British Columbia</b>	Burnaby	158,858
	Coquitlam	84,021
	Kamloops	67,057
	Kelowna	75,950
	Nanaimo	60,129
	New Westminster	43,585
	Prince George	69,653
	Richmond	126,624
	Surrey	245,173
	Vancouver	473,214
Victoria	71,228	
<b>Alberta</b>	Calgary	727,719
	Edmonton	626,999
	Lethbridge	63,390
	Medicine Hat	43,807
	Red Deer	59,826
	St. Albert	44,195
<b>Saskatchewan</b>	Regina	179,183
	Saskatoon	186,067

<b>Manitoba</b>	Brandon	38,573
	Winnipeg	616,790
<b>Ontario</b>	Ajax	54,542
	Barrie	60,870
	Brampton	217,892
	Brantford	77,713
	Burlington	125,260
	Cambridge	89,953
	Chatham	42,800
	Clarington	47,262
	Cornwall	46,619
	East York	97,250
	Etobicoke	295,915
	Gloucester	99,277
	Guelph	85,625
	Hamilton	316,892
	Kingston	60,930
	Kitchener	163,923
	London	310,698
	Markham	145,325
	Mississauga	434,093
	Nepean	105,582
Newmarket	42,932	
Niagara Falls	74,633	
North Bay	54,611	
North York	541,796	
Oakville	109,718	
Oshawa	123,681	

Ottawa	308,366
Peterborough	67,823
Pickering	64,946
Richmond Hill	74,007
Sarnia	72,684
Scarborough	485,240
St. Catherines	124,689
Stoney Creek	49,204
Sudbury	90,402
Thunder Bay	110,289
Timmins	46,697
Toronto	598,939
Vaughan	106,460
Waterloo	72,062
Welland	47,525
Whitby	59,152
Windsor	190,954
York	132,290
Quebec	
Beau Port	69,158
Brossard	64,793
Charlesbourg	70,788
Chateauguay	39,833
Chicoutimi	62,670
Dollard-des-Ormeaux	46,922
Drummondville	43,171
Gatineau	78,100
Granby	42,804
Jonquière	57,933

	Lasalle	73,804
	Laval	314,398
	Lévis	39,417
	Longueil	129,874
	Montreal	1,017,837
	Montreal-Nord	85,516
	Pierrefonds	48,735
	Quebec	167,517
	Repentigny	49,630
	Sherbrooke	76,429
	St. Hubert	74,021
	St. Laurent	72,402
	St. Leonard	73,120
	Ste.-Foy	71,133
	Terrebonne	39,678
	Trois-Rivière	49,426
	Verdun	61,307
New Brunswick	Fredericton	47,016
	Moncton	57,010
	Saint John	74,949
Nova Scotia	Dartmouth	67,798
	Halifax	114,455
Newfoundland	St. John's	103,502
	<b>Total</b>	<b>100</b>

**Appendix B**

c/o Master of Public Administration Program  
 Dept. of Political Science  
 University of Western Ontario  
 London, Ontario  
 N6A 5C2

Addressee  
 Title  
 Town/City of ...  
 Street  
 City  
 Province  
 Postal Code

Dear ...

As a student in the Master of Public Administration program at the University of Western Ontario in London, Ontario, with previous Human Resource Management experience, I am examining the incidence of a Strategic Human Resource Management approach in Canadian local governments and the impact it has on organizational effectiveness.

As a human resource executive, you would probably agree that the contribution of the Human Resource function has become increasingly critical to organizations as we near the end of the 20th century. It has also become essential that we demonstrate the relationship between Human Resource Management and organizational performance.

While your participation is voluntary, to achieve the study objectives, I am asking you to take fifteen to twenty minutes of your time to complete this questionnaire, or forward it to the individual in the best position to answer it. The survey was designed to get at data that are relevant as well as readily accessible in most organizations.

The data will form the basis of my written research report, a requirement of the Master of Public Administration program. This report is kept in the Local Government library in the Political Science department and is accessible for review by students and faculty.

If you have any questions regarding the completion of the questionnaire, please call me collect at (519) 232-4220 or fax me at (519) 661-3865.

Thank you for taking the time to support this important study on the effect of Strategic Human Resource Management on organizational effectiveness. In appreciation of your contribution to this research project, I will forward a summary of the study results in the fall of this year.

Yours sincerely,

Cheryl Smith  
 1995 MPA candidate

# Impact of Strategic Human Resource Management on Organizational Effectiveness

## Survey Questionnaire

The objectives of the survey are (1) to determine the incidence of a strategic human resource management approach in Canadian local government organizations in larger municipalities; and (2) to investigate its impact on organizational effectiveness. The basic premise of strategic human resource management is that human resource management is integrated with the strategy of the organization in order to enable it to achieve its goals.

I appreciate your taking the 15—20 minutes required to complete this questionnaire. If you have any questions please contact Cheryl Smith (collect) at (519) 232—4220.

**Please return the completed questionnaire by  
June 25, 1995  
(a stamped envelope is attached)**

### Section 1

This section asks you to identify structural aspects of your organization in relation to Human Resource Administration. Please place a check mark in the appropriate box.

1. Does your most senior Human Resource administrator report directly to the top executive in your municipality?
 

<input type="checkbox"/> Yes	<input type="checkbox"/> No
------------------------------	-----------------------------
2. Does your most senior Human Resource administrator regularly attend council meetings?
 

<input type="checkbox"/> Yes	<input type="checkbox"/> No
------------------------------	-----------------------------
3. Is your most senior Human Resource administrator a member of the senior executive decision-making group?
 

<input type="checkbox"/> Yes	<input type="checkbox"/> No.
------------------------------	------------------------------

### Section 2

This section of the questionnaire asks you about characteristics of your municipal organization and its environment. Please provide the specific numbers, as of Jan. 1, 1995, in the spaces provided.

4. What is the total number of permanent full and part-time employees employed by your organization and served by the municipality's Human Resources department? (Please exclude seasonal and contract employees) \_\_\_\_\_
5. What percentage of this workforce is unionized? \_\_\_\_\_
6. If there are unionized employees in your organization, how many separate bargaining units exist? \_\_\_\_\_

### Section 3

This section asks you to identify the existence of strategic human resource management in your organization and specific approaches which have been adopted.

7. Does your organization undertake formal strategic planning activities?

Yes  No

*If you answered No, the remainder of the questionnaire is not applicable to your municipality. Please return the questionnaire in the enclosed envelope. Thank you for completing the survey. Your data will assist in ensuring a sufficient sample to allow valid conclusions to be drawn.*

8. How long has strategic planning been in use your organization? \_\_\_\_\_

9. Is the Human Resource function involved in any way in the strategic planning process?

Yes  No

10. In what year did Human Resources commence this involvement? \_\_\_\_\_

11. To what extent is Human Resources involved in strategic planning activities? Please place a check mark beside the alternative which best describes this involvement. (Please choose one only)

\_\_\_\_\_ (a) Asked to design programs which facilitate the implementation of the strategy formulated by the planning group.

\_\_\_\_\_ (b) Asked to provide input to, but not involved in the direct development of the strategic plan in addition to (a).

\_\_\_\_\_ (c) Top Human Resources individual is a member of the strategic planning team and involved from the outset.

12. The following is a list of human resource programs. Please place a check mark beside those which are undertaken in your organization.

\_\_\_\_\_ (a) Matching executives to strategic plans.

\_\_\_\_\_ (b) Identifying managerial characteristics needed to run the organization in the long term (3—5 years).

\_\_\_\_\_ (c) Identifying attributes of key technical and professional personnel necessary to implement the strategic plan.

\_\_\_\_\_ (d) Matching selection criteria to employee characteristics identified as being necessary for successful implementation of the strategic plan.

\_\_\_\_\_ (e) Focusing the appraisal system on measurement of performance in relation to strategic goals.



\_\_\_\_\_ (f) Modifying the reward system to drive managers toward strategic plans. 65

\_\_\_\_\_ (g) Changing staffing patterns to help implement strategies.

\_\_\_\_\_ (h) Appraising personnel for their potential to carry out strategic goals.

\_\_\_\_\_ (i) Conducting staff development programs designed to support strategic changes.

\_\_\_\_\_ (j) Conducting career planning using organization strategy as a basis for developing key personnel plans.

*If you checked (b) or (c) in question 11 above, please answer question 13.  
If you checked (a) in question 11, please proceed to Section 4.*

13. The following is a list of Human Resource data which may be used to impact strategy formulation. Please place a check beside those which are used as a basis for strategic decision making in your organization.

\_\_\_\_\_ 1. External human resource studies

\_\_\_\_\_ 2. Other external HR changes and developments which may impact the organization

\_\_\_\_\_ 3. Inventory of managerial talents

\_\_\_\_\_ 4. Forecasts of future talent

\_\_\_\_\_ 5. Inventory of technical/professional talent

\_\_\_\_\_ 6. Succession plans for management

#### Section 4

This section identifies a variety of impacts strategic human resource management has had on the roles, staffing patterns and required knowledge and skills of human resource department staff. In question 14 please indicate the degree to which each applies to your human resource function by circling the appropriate letter.

14. Always Sometimes Occasionally Rarely Never  
A S O R N

A S O R N (a) Human Resource staff play an advisory, enabling, consultative role.

A S O R N (b) Human Resource staff function as change agents.

A S O R N (c) Traditional Human Resource activities are decentralized to line management.

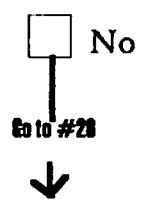
- A S O R N (d) Human Resource managers function as partners with line managers, sharing human resource management responsibilities.
- S O R N (e) Human resource subunits are more integrated within the Human Resource department.
- A S O R N (f) Human resource staff decentralized and assigned to specific units in a matrix organizational structure.
- A S O R N (g) Increased emphasis on business knowledge and skills for human resource staff.
- A S O R N (h) Other (Please specify) \_\_\_\_\_

- 15. Has there been any change in the ratio of human resources operating budget to total operating budget of the organization since strategic human resource management was implemented?  Yes  No
- 16. How did this ratio change?  Increased  Decreased
- 17. Has there been any change in the ratio of human resource personnel to total employees?  Yes  No
- 18. How did this ratio change?  Increased  Decreased

**Section 5**

This section of the questionnaire asks you to provide data on measures of organizational effectiveness. Please (1) provide data for the 1994 calendar year in the space provided and (2) also indicate whether this figure represents an increase or decrease annually since strategic human resource management was introduced in your organization.

- 19. \_\_\_\_\_ What was the number of employee grievances initiated from both union and non-union personnel?  Increase  Decrease  Same
- 20. \_\_\_\_\_ What was the number of formal disciplinary actions taken?  Increase  Decrease  Same
- 21 Does your organization provide an employee assistance program?  Yes  No
- 22. \_\_\_\_\_ What percentage of employees utilized the employee assistance program?  Increase  Decrease  Same
- 23. Does your organization routinely conduct employee attitude surveys?  Yes  No
- 24. \_\_\_\_\_ In what year was your most recent survey conducted?



25. Please indicate the change identified in these surveys after implementation of strategic human resource management:

67

- |                               | Increase                 | Decrease                 | Same                     |
|-------------------------------|--------------------------|--------------------------|--------------------------|
| (a) Employee morale.          | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| (b) Employee commitment       | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| (c) Employee job satisfaction | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

26. \_\_\_\_\_ What was the voluntary employee turnover rate?

- Increased       Decreased       Same

27. \_\_\_\_\_ How many workplace accidents occurred?

- Increased       Decreased       Same

28. \_\_\_\_\_ What was the average number of days absent due to sickness or non-workplace accident per employee?

- Increased       Decreased       Same

29. \_\_\_\_\_ Where the option existed within policy, what percentage of vacant positions were filled internally?

- Increased       Decreased       Same

30. What has been the impact of strategic human resource management on the level of citizen satisfaction as evidenced by the number of complaints submitted or information gleaned from surveys?

- Increased       Decreased       Same

31. Has your organization realized productivity gains since strategic human resource management was introduced?

- Yes       No

32. How were these gains achieved?

- Increase in quantity of services with same number of staff       Same quantity of service with fewer staff

**Thank you for completing the survey. Your data will assist in ensuring a sufficient sample to allow valid conclusions to be drawn.**

## Appendix D

Master of Public Administration Program  
Dept. of Political Science  
University of Western Ontario  
London, Ontario  
N6A 5C2

Jan. 21, 1995  
Organization  
City  
Province  
Postal Code

Dear

I recently forwarded information to you regarding a study I am undertaking as an academic requirement. At it appears you may have not received the information, I will start afresh.

As a student in the Master of Public Administration program at the University of Western Ontario in London, Ontario, I am examining the effects of the organizational structure of human resource departments on organizational effectiveness.

As a human resource executive, I believe you would concur that the contribution of the HR function has become increasingly critical to organizations, considering the conditions they face as we near the end of the 20th century. It is therefore also increasingly important that we are clearly able to demonstrate this relationship.

It is with this objective in mind that I request your assistance in taking 10-15 minutes of your time to complete this questionnaire or passing it on to someone else in your organization to complete. The questionnaire was designed to both get at relevant data and data which was expected to be readily accessible in most organizations.

Thank you for taking the time to support this important study on the effect of human resources organization structure on organizational effectiveness. If you are interested in reviewing the results, they will be accessible through the Masters of Public Administration Program at the University of Western Ontario in the fall of this year.

Yours sincerely,

**Appendix E**

**Organization Performance Index**

Variable	Measures		
	Increased (Worsened)	Decreased (Improved)	Same (No Change)
Value	-1	1	0
Employee Grievances			
Disciplinary Actions			
Employee Assistance Program Utilization			
Voluntary Turnover			
Workplace Accidents			
Absenteeism			
Citizen Satisfaction	Increased (Improved)	Decreased (Worsened)	Same (No change)
Value	1	-1	0
Employee Morale			
Employee Commitment			
Employee Job Satisfaction			
Vacancies Filled Internally			
Total	_____	_____	_____
Overall Total (Sum of the three separate totals)	_____		

**Appendix F**

**Human Resource Function Index**

Measures

Value	2	Always
	1	Sometimes
	0	Occasionally
	-1	Rarely
	-2	None

Advisory, consultative role

Change agent role

Traditional HR activities decentralized

HR managers partners with line managers

HR subunits more integrated

HR staff decentralized in matrix structure

Increased emphasis on business knowledge and skills

Total \_\_\_\_\_

Overall Total (Sum of the Five Separate Totals)

\_\_\_\_\_

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