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DETERMINANTS OF HUMAN RESOURCES MANAGEMENT PERFORMANCE
ON COUNTY EFFICIENCIES: A STUDY OF FLORIDA COUNTIES

by

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A dissertation submitted in partial fulfillment of the requirements
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ABSTRACT

Performance measurement has been adopted and implemented in the private sector as a tool to measure and improve performance. Performance measurement is relatively new to the public sector, yet counties could benefit from establishing performance measures.

This study uses the 67 Florida counties to compare Human Resource performance measures to county efficiency measures through path analysis to assess the contribution compensation and recruitment practices have on county efficiency measures of fiscal, process and technical efficiencies. It includes county contextual variables in the models.

The data was collected via professional publications and organizations, survey and personal contacts and entered into a SPSS data set. Six path analyses were established 1) three for HR variables with the three county efficiency variables and 2) three for HR variables plus contextual variables with the three county efficiency variables.

The compensation variable, annual salary adjustment, was statistically significant to county fiscal efficiency, in the HR to county fiscal efficiency and HR / contextual variables to county fiscal efficiency. None of the variables were statistically significant in the process efficiency models. Health costs were statistically significant in the county technical efficiency path analysis. When the county contextual variables were added, health costs, percentage of benefit to salary, county size and county wealth were statistically significant. The HR compensation variables impact county efficiency, either fiscal or technical.

TABLE OF CONTENTS

LIST OF FIGURES	x
LIST OF TABLES	xi
LIST OF GRAPHS	xiv
CHAPTER ONE: INTRODUCTION.....	1
Performance Measurement in Human Resources	6
Florida Counties and Fiscal Changes.....	7
Need for the Study	12
Organization of the Study	15
CHAPTER TWO: LITERATURE REVIEW.....	16
Introduction.....	16
Performance Management	16
Theoretical Framework.....	17
History of Performance Measurement	19
Relationship to Government	23
Fiscal and Non-Fiscal Performance Measures.....	24
Human Resources	27
Measurement Not Solutions.....	28
Concerns	29
Types of Performance Measures.....	31
Outputs and Outcomes.....	31
Efficiency Verses Effectiveness	34

Performance Measurement Models	37
Lynch and Cross's Performance Hybrid.....	38
Fitzgerald's Results and Determinants Matrix	39
Kaplan and Norton's the Balanced Score-Card (BSC).....	41
Otley, 1999.....	43
Kennerley and Neely's Performance Prism.....	44
Relationship to Public Sector.....	47
Human Resource Performance Measurement.....	48
Compensation Metrics	53
Health Costs	54
Average Salary Adjustment	55
Percentage of Benefit to Salary Dollars.....	56
Compensation Benchmarks	58
Pay Philosophy.....	59
Variable Pay Approaches.....	63
Pay for Performance	65
Skill Based Pay	70
Pay Improves Performance	72
Recruitment Metrics.....	73
Days to Fill.....	74
Turnover Rates and Costs	77
Recruitment Benchmarks.....	78
Decentralized Hiring.....	79

On-Line Application	81
Aggressive Recruitment.....	83
Faster Applicant Screening	84
Workforce Planning	86
County Efficiency Measures	89
Fiscal Efficiency Measure.....	89
Process Efficiency Measure.....	90
Technical Efficiency Measure	91
County Context	92
County Size	92
Why Small Counties are Different.....	95
County Wealth	96
Charter Counties	97
Contribution of the Study.....	99
Knowns, Unknowns, and Limitations.....	100
CHAPTER THREE: METHODOLOGY	103
Conceptual Framework.....	103
Research Questions.....	104
The Context Measure: County Government Role and Responsibility.....	105
Contextual Variables.....	106
The Design Measure	107
The Efficiency Measure.....	108
Definition of Terms; HR Metrics and Benchmarks	110

Methodology	112
Data Collection	115
The Survey	116
Research Population.....	116
Data Treatment.....	117
Summary	119
CHAPTER 4: RESULTS	120
Introduction.....	120
Summary of Findings.....	120
Missing Data	121
The Data Set.....	123
Contextual Variables.....	124
Size and Wealth	129
Design / Strategy Variables	131
Benchmark versus Non-Benchmark Counties	131
Recruitment Variables	133
Recruitment Benchmark versus Non-Benchmark Counties	138
Compensation Variables	141
Compensation Benchmark versus Non-Benchmark Counties.....	145
County Efficiency Variables.....	148
Fiscal Efficiency	148
Process Efficiency.....	149
Technical Efficiency	152

Human Resource Measures to County Efficiency	155
Fiscal Efficiency	155
Process Efficiency.....	158
Technical Efficiency	160
Contextual Variables to County Efficiency	162
Fiscal Efficiency	163
Process Efficiency.....	164
Technical Efficiency	166
Summary	169
CHAPTER 5: IMPLICATIONS AND FUTURE RESEARCH.....	171
Summary of Results.....	171
Implications.....	173
Benchmark Counties.....	174
Charter Counties	176
Selected Measures.....	177
Output versus Outcome.....	177
Efficiencies	178
Missing Data	180
Compensation	180
Human Resources	181
Generalizability.....	181
Conclusion	182
APPENDIX A: QUESTIONNAIRE/SURVEY	183

APPENDIX B: FLORIDA COUNTIES HUMAN RESOURCE CONTACTS.....	185
APPENDIX C: 2006 DIGITAL COUNTIES SURVEY	193
APPENDIX D: GOODNESS OF FIT / CMIN VALUES	195
APPENDIX E: INSTITUTIONAL REVIEW BOARD LETTER	196
REFERENCES	197

LIST OF FIGURES

Figure 1: Framework of the Evolution of Organizational Effectiveness and Performance Measurement Models.....	18
Figure 2: Performance Accountability and the Expanded Systems Model	34
Figure 3: Lynch and Cross’s Performance Pyramid	38
Figure 4: Fitzgerald’s Results and Determinants Matrix	40
Figure 5: Kaplan and Norton’s Balanced Score Card (BSC)	42
Figure 6: Kennerley and Neely’s Performance Prism	45
Figure 7: State Population Growth, Percentage Change 1990 – 2000.....	55
Figure 8: Conceptual Model of the Study.....	104
Figure 9: SHRM HR Metrics, IPMA-HR Benchmarks and County Government Performance	108
Figure 10: Conceptual Model of the Study.....	113
Figure 11: Florida Charter Counties	117
Figure 12: Conceptual Model of the Study.....	121
Figure 13: The U.S. Census Map of Florida Population Centers	128
Figure 14: Organization Design Factors as Predictors of Fiscal Efficiency	156
Figure 15: Organization Design Factors as Predictors of Process Efficiency	159
Figure 16: Organization Design Factors as Predictors of Technical Efficiency.....	161
Figure 17: Organization Design and Contextual Factors as Predictors of Fiscal Efficiency	163
Figure 18: Organization Design and Context Factors as Predictors of Process Efficiency	165
Figure 19: Organization Design and Contextual Factors as Predictors of Technical Efficiency	167

LIST OF TABLES

Table 1: Florida Industries Gaining the Most New Jobs	11
Table 2: Comparison of the Performance Measurement Models	46
Table 3: HR Metrics and HR Benchmarks	50
Table 4: Federal Employers vs. Private Employer Benefits	57
Table 5: Relative Importance of Employer Costs for Employee Compensation, June 2005	58
Table 6: Summary of Salary Adjustments - Types and Benefits of Each	71
Table 7: Average Days to Hire	76
Table 8: Florida Counties Ranked by Population Size	93
Table 9: Florida Charter Counties.....	98
Table 10: Design (Recruitment and Compensation) Variables; Comparing SHRM-HR Metrics with IPMA-HR Benchmarks	113
Table 11: Data Collection Sources	115
Table 12: Counties Unresponsive to the Survey and Their Respective Populations and Budgets	122
Table 13: Data Set Variables and Associated Descriptive Statistics	123
Table 14: Charter, Recruitment and Compensation Benchmark Counties	124
Table 15: Poorest and Wealthiest Counties	126
Table 16: Correlation of Income and Wealth	130
Table 17: Descriptive Statistics of Florida Counties Populations: Charter and Non- Charter.....	131
Table 18: Recruitment and Compensation Benchmark Counties	132
Table 19: Frequencies of Benchmark Measures.....	133
Table 20: Frequency of Days to fill open positions.....	134

Table 21: Descriptive Statistics for Days to Fill Open Positions.....	135
Table 22: Turnover Rate Statistics and Frequencies.....	136
Table 23: Recruitment Benchmark Counties and Corresponding Data on Recruitment Variables	139
Table 24: Non-Benchmark Counties Turnover Rate and Days to Fill Open Positions ..	139
Table 25: Correlations of Benchmark Counties, Turnover Rate and Days to Fill Open Positions.....	140
Table 26: Descriptive Statistics of Health Costs.....	142
Table 27: Average Salary Adjustment Statistics	143
Table 28: Percentage Benefit to Salary Statistics	145
Table 29: Compensation Benchmark Counties and Corresponding Data on Compensation Benchmark Variables.....	146
Table 30: Statistics on Non-Benchmark Counties on Compensation Benchmark Variables	146
Table 31: Correlation of Compensation Variables	147
Table 32: FY06 Budget per capita.....	148
Table 33: Building permit - # of days.....	150
Table 34: Building permit - # of Days Frequency	151
Table 35: Technical Score Frequencies	153
Table 36: Technical Score Statistics.....	153
Table 37: Technical Score Distribution	154
Table 38: Regression Weights and Level of Significance: Fiscal	156
Table 39: Regression Weights and Level of Significance: Process.....	159
Table 40: Regression Weights and Level of Significance: Technical	161
Table 41: Regression Weights and Level of Significance for Design and Contextual Variables: County Fiscal Efficiency	164

Table 42: Regression Weights and Level of Significance for Design and Contextual Variables: County Process Efficiency	166
Table 43: Regression Weights and Level of Significance for Design and Contextual Variables: County Technical Efficiency	168
Table 44: Summary of HR Design Factors to County Efficiency Variables	168
Table 45: Summary of HR Design Factors and Contextual Variables to County Efficiency Variables	169

LIST OF GRAPHS

Graph 1: Trust in the Federal Government to Do the Right Thing.....	21
Graph 2: Personal Income Per Capita; Florida Counties	125
Graph 3: Histogram of Personal Income per Capita	127
Graph 4: Histogram of Florida Population	129
Graph 5: Histogram of Days to Fills Open Positions	135
Graph 6: Histogram of Turnover Rate	138
Graph 7: Histogram of Health Costs.....	142
Graph 8: Histogram of Average Salary Adjustment.....	144
Graph 9: Histogram of % Benefit to Salary	145
Graph 10: Histogram of FY06 Budget Per Capita.....	149
Graph 11: Histogram of Building Permit; # of Days	151
Graph 12: Histogram of Technical Score	154

CHAPTER ONE: INTRODUCTION

Human Resources practices should have a significant impact on its organization's operation. Organizations willing to pay large salaries and invest in their employees in the form of benefits are better positioned to attract highly skilled, successful employees. Similarly, Human Resource departments that aggressively recruit will fill open positions more quickly, minimize the impact of turnover and hire candidates that will be successful in the job and organization. The success of organizations is in part due to having the right people in the right jobs to get the work done. Despite Human Resources role in the hiring and retention of employees, and the impact on the "bottom line", few organizations have established HR performance measurement. The measurement of the integrity of Human Resources practices and its connection to overall organizational performance provides information to improve overall efficiencies.

The purpose of this study is two-fold; first, to test the established Human Resources (HR) performance measurements in the area of compensation and recruitment specifically testing the measures and benchmarks identified by HR professionals. In this study, the 67 Florida county governments were selected to establish and analyze HR performance measures in the public sector. Second, the study will analyze the integrity or validity of HR practices through these performance measures to the Florida county government's performance. Performance measurement should be used to track outcomes in a timely manner, thereby allowing real-time adjustment and, hence productivity improvement. Advocates also suggest that it would allow comparisons with other jurisdictions (Berman,

2002). Performance measurement can be used in one of two ways; 1) to provide comparison internally over time, show year over year improvement or 2) to allow real-time comparison with other entities. This study will compare entities, county governments.

Purpose of the Study

County governments, like all public agencies, fall under the scrutiny of their constituents. The county must be able to deliver services to its citizens without excessive taxation. The largest expense any county incurs is that of personnel costs. Establishing the relationship between HR performance management and the counties performance will allow county administrators to effectively and efficiently use tax payer dollars in the delivery of services and programs.

Measurement of Human Resources services can be used as an internal gauge of performance to help public agencies evaluate performance of not only Human Resource activities but how those activities affect the organization's effectiveness. But more importantly it helps public administrators understand and better manage how the majority of its resources are being expended. Government performance depends on the performance of the person on the front line because they deliver the service, interact with the public and are how citizens ultimately evaluate their government. Recruiting people into public service careers, figuring out how to provide them with regular meaningful

feedback about performance and maintaining positive labor relations are critical to government's ability to deliver services (Walters, 2000).

Recruitment for public sector employees typically is the responsibility of the Human Resource department.¹ Human Resource's objective is to provide competent job applicants to the hiring manager that will be successful in the job they perform for the organization. They achieve this by identifying appropriate recruitment sources such as universities or professional organizations and then screen applicants for the appropriate qualifications. Organizations benefit when they hire someone that will stay long-term by eventually gaining institutional knowledge and job expertise. Retention or turnover is a part of recruitment. Organizations that hire candidates that will be successful in their jobs but are unable to retain those employees experience an ongoing cycle of recruitment, training, and lack of continuity of operations. Successful management of Human Resources includes active recruitment,² as well as retention strategies.

One retention strategy is competitive compensation plans. Compensation packages in the form of salary or pay plus benefits, such as insurance and paid leave policies, need to be competitive with other local employers, public and private, to compete in the labor market for qualified job applicants. Although money is only one factor in a candidate's job decision, lack of what is perceived appropriate compensation can be a disincentive and the candidate may choose not to apply if the salary is too low.

¹ While the trend of Human Resource departments has been downsizing or outsourcing in areas such as benefits or training for the past decades, certain functions such as recruitment, compensation and employee records remain as core HR functions.

² The primary factor of aggressive recruitment is dedicated HR recruiters, but also includes how quickly open positions are filled.

The expectancy theory (Vroom, 1964) states employees will act in ways to maximize their rewards, such as compensation, benefits, or desirable work and minimize their costs, such as low pay, or lack of advancement. The combination of rewards verses costs are considered jointly to determine if an employee stays in the job. For example, an employee may stay in an undesirable job if the salary / compensation are well above market for that position, meaning the job is over-compensated and that employee would have to take a salary cut to perform a similar position in another organization. Likewise, an employee that is underpaid, below market, may choose to stay in a job that has a generous insurance and paid leave policy or prestigious job title. Individuals have unique needs and will individually determine if those needs are met. If their organization fails to reward at the level of the employee's perceived worth, the employee will leave the organization.

However, as long as individuals in the organization perceive their rewards have a greater value than the contribution they are asked to make, employees will continue their participation. Once the perceived balance of the employee's contribution becomes greater than the rewards received, they will attempt to correct the imbalance by requesting additional rewards, diminishing the contribution they make and / or leaving the organization for a job / position with the perceived appropriate balance. Rewards vary amongst employees, with public sector employees having slightly different "wants" than private sector employees. Within public organizations in particular, financial incentives rarely come first amongst sources of motivation, in comparison to the private sector (Emery, 2004). Private sector workers place the highest value on good wages,

while public sector workers value interesting work the most (Karl and Sutton, 1998).

Likewise, Jurkiewicz and Massey (2001) determined the top five job satisfaction factors for municipal employees were 1) a stable and secure future, 2) chance to learn new things, 3) chance to use special abilities, 4) high salary and 5) opportunity for advancement. Presumably if these wants are met, employees will continue to be motivated and participate.

Employee decisions to join organizations are varied and individual. Human Resource departments must develop recruitment strategies to compete for these resources. Since compensation and benefits are linked to retention of employees, Human Resources must also develop compensation strategies that will be competitive. Human Resource Management of recruitment and retention, as well as compensation and benefits, should provide the organization a stable, competitive workforce.

One way to assess if public sector agencies Human Resource departments are efficiently using their resources while effectively meeting their objectives is to implement performance measurement of HR programs. Private sector organizations have defined, implemented and used performance measurement for years; yet government, particularly at the local level, has been slow to incorporate performance measurement into practice despite the benefits of doing so. Most of what is known about the operation of performance standards and incentives came from studies of private, for profit organizations (Heinrich, 1999). The private sector HRM practices are more progressive than the public sector. For instance they are more proactive developing relationships with

universities, establishing internship programs and having full-time recruiters on staff. This study intends to use private sector measures in the area of recruitment and compensation on the counties in Florida to first determine the relationship of the HR metrics to HR benchmarks and then evaluate Human Resource Management performance to the county's performance / efficiencies.

Performance Measurement in Human Resources

Performance measurement in Human Resources is even rarer. There is solid evidence that most levels of government don't invest much in recruitment, don't generally conduct systematic workforce planning, and give training and development low priority (GPP Final Report 2003, cited in Donald C. Stone Lecture, 2005). The successful management of Human Resources is probably one of the most overlooked key management functions in local government (Fountaine, 2005). Local government, particularly county governments have multiple responsibilities including public safety, road construction and maintenance, water management, garbage collection, all within a limited budget. With the exception of budgeting for the annual salary adjustments or recruiting for high level positions, Human Resources gets little attention from the elected officials since their attention is on county operations verses on how those operations are carried out.

Specifically Human Resource performance measurement of recruitment / retention and compensation / benefits should correlate HR practices to overall county efficiencies with poor recruitment / low compensation negatively impacting county efficiency and

aggressive recruitment / higher compensation having a positive impact. Getting open positions filled quickly, keeping them filled, and compensating employees equitably as part of HRM should ultimately positively impact the organization.

Florida Counties and Fiscal Changes

County governments are in the undesirable position of having limited ability to generate revenue,³ yet must respond to unfunded state mandates as well as meet increasing residents' needs. In March 2005, the Washington based National Association of Counties (NACo), released a survey that had asked counties to estimate direct costs from federal mandates in fiscal years 2003, 2004, and 2005. NACo found that of the thirty counties highlighted in the study, the average three-year total of unfunded mandates for each was \$1.5 billion (American City & County, 2005). Until the past few years of increased property taxes, Florida experienced unprecedented budget woes that developed over time, fuelled by increasing populations (Faucett and Kleiner, 1994). Florida continues to be one of the faster growing states as the percentage of population increase year over year. Much of this growth occurs in the unincorporated areas that are served by county governments. While gradual increases in population do not necessarily warrant increases in county budget or headcount as current resources normally accommodate some additional volume demands, sustained year over year, growth does. As populations grow, service demands increase and legitimately additional resources are needed to sustain service levels. Eventually as rural areas develop, they need additional fire stations,

³ Florida county revenue is generated from a portion of sales tax, property tax, mileage rates and impact fees, all of which are limited by the state or voter referendum. While charter counties have some flexibility to raise mileage rates without voter approval, the mileage rates are capped.

garbage pick up and other infrastructure provided by county government. With additional funds today, elected officials express concerns over spending or committing monies that may not be available in the future.

The current property tax reform effectively reduces revenues to Florida counties. The Tampa Bay Business Journal, date June 18, 2007, reported that Gov. Charlie Crist signed two property tax bills -- one that will go before voters in January, 2008 -- that are expected to total \$30 billion in savings over the next five years. One of the two new laws rolls back 2007 property taxes for all primary, secondary and vacation home owners, or commercial property owners to last year's level, as well as providing 5 to 10 percent cuts based on each local municipalities' past tax increases. It also limits future property tax growth to the change in personal income.

Through this legislation, the average taxpayer can expect to save about \$200 this year, and all taxpayers could save \$15 billion over the next five years, excluding school taxes, according to the governor's office.

The second law calls for a Jan. 29 special election on a super homestead exemption to begin in 2008. The proposed state Constitutional amendment at minimum would double the standard \$25,000 homestead exemption and replace the existing 3 percent Save Our Homes tax cap with 75 percent of the first \$200,000 of the home's value, and 15 percent of the home value's next \$300,000.

Stated by the June 15, 2007 *Florida Today*, the new law cuts taxes by \$15.6 billion, reduces local government revenues anywhere from 3 percent to 9 percent and limits future growth to population plus household income.

Service demands and limited funding intensify at the county level.⁴ Citizens have revolted at proposals to pay increased taxes but they have consistently requested more and better services from their local governments. The anti-government political movement of the past two decades has resulted in pressure for governments to become smaller and more efficient, as well as to make government a less attractive career choice. Starting in the 1980's, economic decline triggered reform in most states. The objective was two-fold: to cut budgets and to improve the efficiency and effectiveness of government bureaucracy (Thiel and Leeuw, 2001).

Public evaluations of the U.S. government have grown increasingly negative in recent decades. Responsibility for changes in trust in government has been attributed to a variety of causal factors. These factors can typically be classified as economic, social-cultural, or political. First, trust in government is influenced by the performance of the economy and citizens' evaluations of the economy, as negative perceptions of the economy promote greater distrust. Other changes in trust in government have been linked to numerous political factors, including citizens' evaluations of incumbents and institutions, an increasing number of political scandals and increased media focus on political corruption and scandal (Chaney, Rudolph and Rahb, 2000). Public administrators at the local level

⁴ As populations increase, service demands increase based on volume, such as need for roads, garbage collection, fire stations, etc. yet increased taxes are not normally levied and approved to meet these needs.

have felt the pressure to improve the quality and efficiency of government in response to these lower evaluations.

County governments have some unique challenges. Although counties receive more funding from the state and federal government than cities, they also incur more demands in the form of unfunded mandates. As state and federal governments have pulled back in areas such as health care, aid to the poor and criminal justice, it is counties – much more than states and cities – that are obligated to move in and fill the gap (Barrett, Greene, and Mariani, 2002). One way to address increase citizen demand with decreasing resources is to become more efficient. Performance measurement is a means of providing accountability to county residents (Berman and Wang, 2000).

Yet performance measurement is not widely practiced in county government and even less in Human Resources. There is surprisingly little research that actually connects Human Resource Management practices with the performance of the organization overall (Roos, Fernstrom and Pike, 2004). The assumption is that Human Resources through their practices of recruitment, retention, training, compensation and benefits are an integral part of any organization's operation. The assumption is largely untested in the public sector.

County human resource departments are faced with future challenges of providing compensation packages and recruitment practices that will allow for a productive stable workforce in a time of diminishing applicant pools. Millions of jobs are going unfilled in the United States today. That number will increase in future years. According to the United States Department of Labor, Bureau of Labor Statistics, the annual growth rate of

the labor force peaked at 2.6 percent during the 1970-80 period due to baby-boomers entering the market and significant acceleration of women in the workforce. The growth of the labor force declined since that time with 1.3 percent in 1990-2000 and slowing up to .9 percent from 2000-2005. The rate is projected to be .6 percent over the 2000-2050 time-frame due to baby-boomers leaving the labor force and stabilization of women participation rate in the workforce. In Florida local government the number of new jobs in the next eight years is projected to grow by over 14,000 (Florida Department of Labor, 2006).

Table 1: Florida Industries Gaining the Most New Jobs*

Rank	Code	Industry Title	Employment		Annual Change	
			2006	2014	Total	Percent
1	561	Administrative and Support Services	837,898	1,101,428	32,941	3.93
2	930	Local Government	747,349	860,567	14,152	1.89
3	722	Food Services and Drinking Places	572,252	673,737	12,686	2.22
4	540	Professional, Scientific, and Technical Services	439,621	534,618	11,875	2.70
5	621	Ambulatory Health Care Services	344,446	437,951	11,688	3.39
6	238	Specialty Trade Contractors	394,104	469,441	9,417	2.39
7	610	Educational Services	128,308	164,187	4,485	3.50
8	623	Nursing and Residential Care Facilities	155,761	190,101	4,292	2.76
9	622	Hospitals	239,595	271,497	3,988	1.66
10	452	General Merchandise Stores	180,497	211,768	3,909	2.17
11	813	Membership Associations and Organizations	172,346	203,127	3,848	2.23
12	522	Credit Intermediation and Related Activities	185,489	214,772	3,660	1.97
13	920	State Government	212,132	239,629	3,437	1.62
14	624	Social Assistance	101,756	129,052	3,412	3.35
15	713	Amusement, Gambling, and Recreation Industries	138,450	165,156	3,338	2.41
16	423	Merchant Wholesalers, Durable Goods	184,019	208,819	3,100	1.68
17	721	Accommodation	158,858	179,083	2,528	1.59
18	441	Motor Vehicle and Parts Dealers	134,672	153,869	2,400	1.78
19	524	Insurance Carriers and Related Activities	135,156	154,019	2,358	1.74
20	236	Construction of Buildings	127,518	145,823	2,288	1.79

*Projections from Florida Department of Labor; Florida Research and Economic Data Base

Personnel costs of local governments fall somewhere between 50-to-80 percent of total budget (Fountaine, 2005) and estimates of costs to add or replace personnel run from 50% to several hundred percent of their salaries (Galbreath, 2002). County HR departments will need a proactive approach to address compensation and recruitment challenges. According to Society for Human Resources Management, SHRM, turnover costs are the separation, vacancy, replacement and training costs resulting from employee turnover. As turnover increases and more positions need to be filled, recruitment becomes a key organizational focus and can slow everything else down.

Need for the Study

The ability of counties to cope with increasingly challenging duties of governance is heavily dependant on the adequacy of personnel management systems (Steele and Lourich, 1996). Human Resources not only has the daunting responsibility of getting positions filled so people can perform the necessary jobs but of assessing the staffing needs of the organization. Intuitively good HR practices and performance should positively impact overall organization performance. Yet there is no published research supporting a relationship between typical HR performance benchmarks⁵ and ultimate firm performance (Becker and Huselin, 2003).

While some practices apply to both private and public sectors, performance measurement for the public sector may be unique. One of the major differences is the lack of

⁵ Benchmarking is an improvement tool whereby an organization measures its performance or process against other organizations best practices to determine how those organizations achieve their performance level and uses the information to improve its performance (Six Sigma).

competition in the public environment (Ingraham and Moynihan, 2001). Unlike private companies where performance can be measured by the “bottom-line”, county government’s performance is more intangible. Counties do not compete with one another, are structured somewhat differently, may provide different services such as beach patrol and are of varying sizes and wealth. These factors make comparison of counties to one another difficult. In addition, the lack of application of private sector measurements such as profit and loss as a fiscal measurement of performance restricts those types of comparisons.

Comparable measurements of HRM are SHRM metrics and IPMA-HR benchmarking. Benchmarking is a comparison of similar processes within organizations to identify best practices to improve organizational performance (IPMA Benchmarking project, 2001). Benchmark counties are the ones that have adopted the benchmark measurers. For this study, benchmarks are the measures identified by the International Public Management Association – Human Resources (IPMA-HR), identified in Chapter 3. Counties that are benchmark counties are deemed high performing. Metrics are performance measurements that can be applied for comparison, either internally such as over time or externally with another entity. The Society for Human Resource Management, SHRM, metrics were selected. Expected findings include the following:

- Counties that practice the benchmarks of developing a pay philosophy, utilizing variable pay approaches and have a belief that higher pay improves performance will provide a higher percentage of health costs, salary adjustments and benefits to their employees.

- Counties that practice decentralized hiring, provide on-line applications, faster applicant screening and more aggressive recruitment in the form of dedicated recruiters will have fewer days to fill positions, lower turnover costs and lower turnover rates.

Establishing such a link between practices and performance would provide HR professionals and public administrators' options and choices in facing common current and future challenges in compensation, recruitment and retention.

Of all issues facing Human Resource professionals, the number one concern was recruiting and retaining talent as the top challenges in 2005 (SHRM, 2005), followed by managing health care costs, workforce planning and using HR technology. To remain competitive, HR managers must be cognizant of similarities and differences between their department and other HR departments found in similar organizations (Kirchhoff, 2005). For example, a turnover rate of 25% is considered high or low based on some external standard. Knowledge of these comparisons allow the HR professional the ability to identify areas to improve and know where they are successful. Over the upcoming years, emphasis will be on measuring quality of hire and improving sourcing, recruitment and selection processes with an increase in HR metrics to track progress (SHRM 2005 Trends Report). Similarly, the impacts of turnover, retention and job burnout from filling in for open positions have an impact on the county's ability to provide services to citizens. If recruitment is done poorly, with either inappropriate candidates selected or the process is too lengthy, the organization is affected by the continued ongoing process

and its impact on the existing workforce. Successful recruitment, the timely hiring of qualified candidates, is the first step in workforce development.

Organization of the Study

This dissertation consists of 5 chapters. Chapter one introduces the topic, and importance of the study. Chapter two reviews the related theory and literature on the subject. Chapter three discusses the methods used, including the research population, instruments used and data collection. Chapter four discusses findings and results and chapter five addresses conclusions and implications for future research.

CHAPTER TWO: LITERATURE REVIEW

Introduction

This study looks at 1) the relationship prescribed metrics of Human Resource Management to the established HRM benchmarks, 2) the relationship of the HRM metrics and benchmarks to overall county efficiencies, and 3) the context of county government to HR metrics and county efficiencies. This chapter provides an extensive literature review of each of these components.

Performance Management

The first section reviews performance measurement, the benefits and challenges of implementing performance measurement in the public sector and the importance of a human resource component in performance measurement models. An explanation of the types of performance measurement: output, outcome, efficiency and effectiveness is included in this section.

Performance measurement models (Lynch & Cross, Fitzgerald, Kaplin & Norton, Otley and Kennerly & Neely) are compared and contrasted. The models have evolved to become more “balanced”, including financial and non-financial measures. The inclusion of private sector measures and lack of human resources measures are discussed.

The following section addresses the human resource performance measurement for compensation and recruitment. The literature on the selected compensation metrics and benchmarks, followed by the recruitment metrics and benchmarks is reviewed.

This study evaluates the impact of Human Resource management practices in compensation and recruitment on county efficiencies. The next section addresses county efficiency measurement of fiscal, process and technical measures.

While the study and the model are addressing the relationship of Human Resource performance measurements to overall county efficiency, it includes the county context. County context undoubtedly affect county HRM practices and county efficiencies and their relationship and contribution is considered. The contextual variables of county size, county wealth and whether or not it is a charter county are reviewed in this section.

The literature review concludes with a section addressing the contribution this study will make and identifies what is known and unknown, as well as any limitations of the study based on the literature review.

Theoretical Framework

Organizational effectiveness has been one of the most extensively researched issues since the early development of organizational theory (Rojas, 2000). Organizational effectiveness or performance as defined in organizational theory reflects a construct

perspective. The relationship of the organizational theory to performance measurement, developed by Henri, 2004, is shown in the figure below.

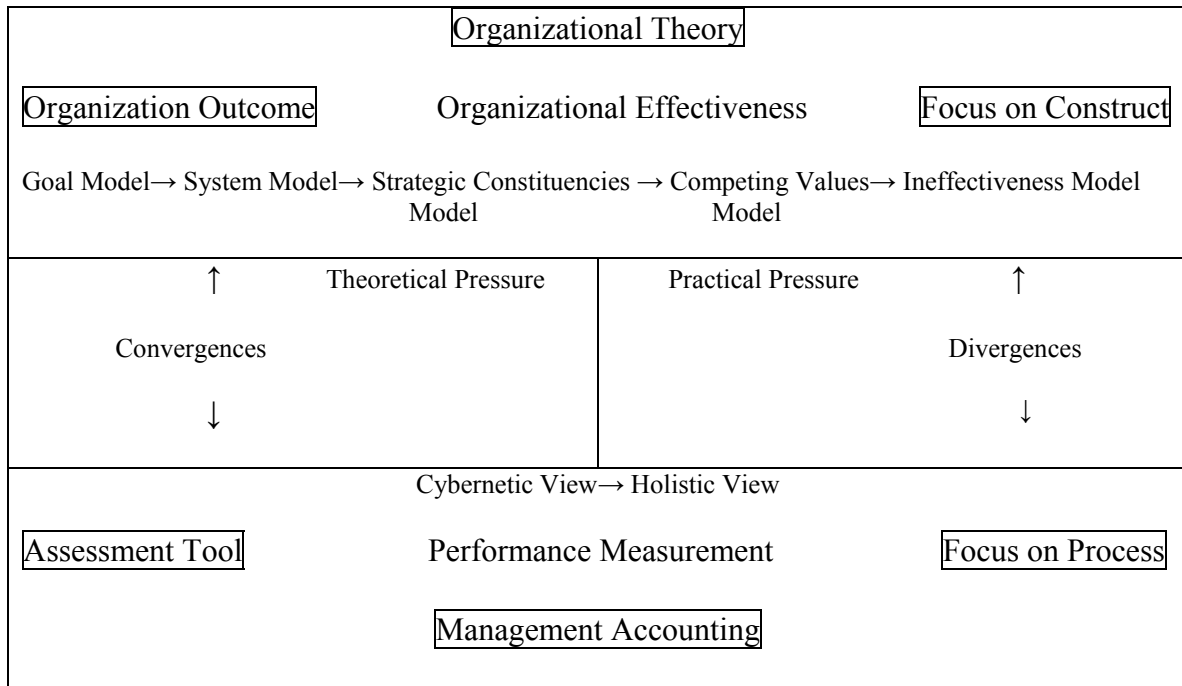


Figure 1: Framework of the Evolution of Organizational Effectiveness and Performance Measurement Models
(Henri, 2004)

Organizational theory reflects a construct perspective, while performance measurement embodies a process perspective. Neely, Gregory and Platts (1995) state the process perspective focus is on the internal process of quantifying the effectiveness or the efficiency with a set of metrics. Henri used the analogy of two brothers raised similarly but who progress differently. The older brother (organizational theory) exerts influence on the younger brother (performance measurement theory). In essence, organizational effectiveness represents the outcome of organizational activities while performance measurement consists of an assessment tool to measure effectiveness. According to

Henri, 2004, in his explanation of the model, organizational theory initially focused on the achievement of goals (goal model), then gradually considered the resources and processes necessary to obtain the goals (system model), the organizational constituencies (strategic constituencies model), the values on which the effectiveness evaluation is made (competing values model) to factors such as source of effectiveness or ineffectiveness (the ineffective model). In contrast, performance measurement endorses a process perspective and represents management and control systems that produce information to be shared with internal and external users.

The influence of organizational theory on the management accounting literature is included in the presence of convergences and divergences forces. The performance measurement model is based on a stakeholder / constituency approach in that an organization must satisfy the demands of different interest groups in order to survive and grow (Henri, 2004).

History of Performance Measurement

This section will discuss the history of performance measurement and the movement toward applying performance measures in government. In addition, the evolution of performance measurement models to include non-financial measures is addressed, including a section on Human Resources. The conclusion addresses concerns of using performance measurement.

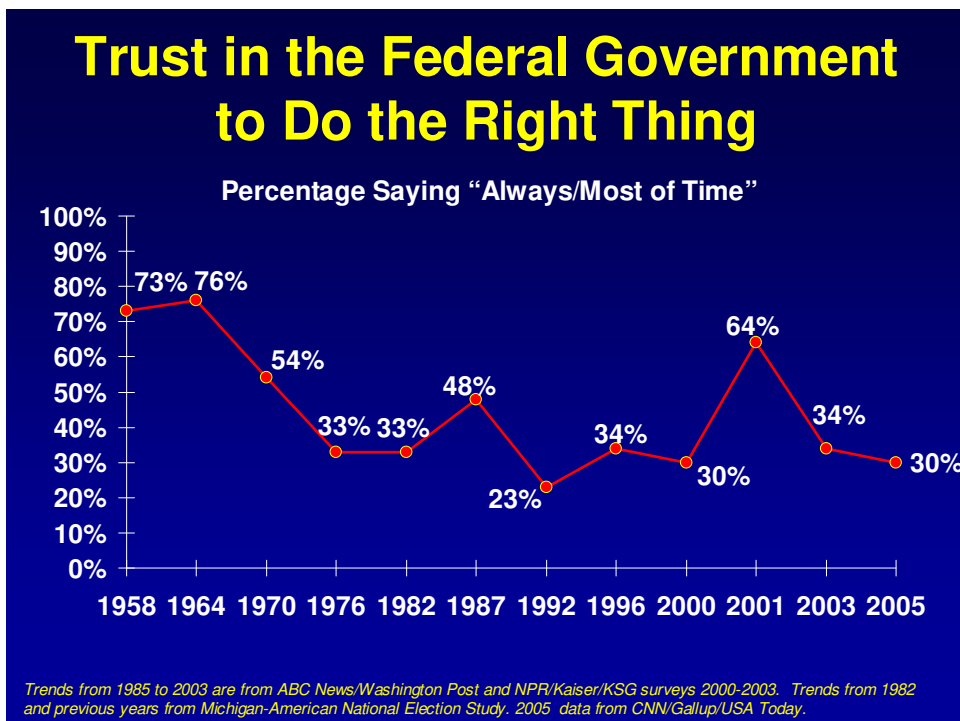
According to Neely, Gregory, and Platts, (1995) a performance measurement standard is the expected level of performance associated with a particular performance indicator for a particular period and funding level. Performance Measurement provides information primarily about the past. Budgeting, strategic planning, and policy analysis are primarily about the future. Performance data provide a baseline for decisions that will affect future performance. These future oriented processes require estimation and judgment skills that performance measurement systems cannot provide by themselves (Hatry, 1999).

Performance measurement, therefore, provides information to be combined with other factors in making decisions regarding the county's future direction, in addition to providing an assessment of current effectiveness, as a starting point.

As stated by Heinrich, 1999; Van Thiel and Leeus, 2002; Kim, (2004) performance measurement standards have existed in private, for-profit organizations,⁶ where organizational goals typically center on profit maximization. Different performance measurement models have been developed over time and have been used primarily in the private sector. Applying performance measurement models to the public sector proves difficult (Henrich, 1999; Hatry, 2002; Thiel & Neeuw, 2002; Kim, 2004), yet will provide valuable information to public administrators and elected officials (Hatry, 2002; Heinrich, 2002; Neely, 2002). This information includes measuring current performance as a base-line for goal setting (Hatry, 2002), improving public management of programs (Heinrich, 2002), or comparing an agency / organization to itself, a standard or another agency (Behn, 2003).

⁶ The private sector world of profit and loss, market share and current asset ratios lends itself to objective, quantifiable measurement and these measures can be used to compare one firm's performance or fiscal health with another.

Faucett and Kleiner, (1999); Berman and Wang, (2000); Behn, (2003)) state performance measurement in government is basic to good management and accountability. Accountability for being answerable to the public as good stewards of their tax dollars, has become increasingly important over time, resulting from economic volatility, growing distrust of government, and increasing demands. The level of trust has been shrinking significantly and increasing public sector performance and levels of trust has been important to elected officials and public administrators for the last two decades (Bouckaert, 2001), as evidenced by the graph below. Providing objective, quantifiable data in the form of program performance measurement that demonstrates effective use of tax dollars will aid in regaining public trust of public services and programs.



Graph 1: Trust in the Federal Government to Do the Right Thing

The National Tax Reform of 1993 encouraged government agencies to find more effective means of doing business and as a result, within the past decade, there have been initiatives to improve local government (Bovaird and Loffler, 2002). As cited by Thiel and Leeuw, 2001, the initiatives are a result of evaluating or measuring service performance and putting goals or milestones in place to improve. The objective is two-fold: to reduce budgets and to improve efficiency and effectiveness of government bureaucracy.

Performance measurement data provide an important starting point for projecting future results of the public agencies efficiency or effectiveness. Hatry, 2002, states numerous factors over which public agencies have at best limited influence will always affect these future results. Factors such as economic conditions, shifts in population demographics or even natural disasters can be anticipated but are unpredictable.

Performance measurement provides information to support basic expenditures or political judgments. A major purpose of performance measurement is to identify areas that need attention. It seldom, if ever, provides answers by itself as to what should be done (Hatry, 1999). There are two types of performance measures most useful to the public manager; efficiency or outputs and effectiveness or outcomes. Depending on the overall objectives of performance measurement; one may be better suited and selected over the other and will be discussed in a later section.

Relationship to Government

While performance measurement has been widely used in the private sector, its applicability to government entities may provide public managers a tool they need to increase productivity. According to Gianakis, (2002), the use of performance measurement to connect the resources consumed by public sector programs with the results achieved has the approval of numerous professional public organizations.⁷ Yet with all the stated endorsements, it is estimated that the vast majority of local governments are not using performance measurements (Berman, 2002).

As stated by Behn (2003), identification of the appropriate measures can provide public managers information on what programs are meeting their stated goals and which ones are not. Public managers may learn which programs are not meeting their goals and then they have three choices. They can reallocate money and people from this nonperforming activity to services of a higher priority or they can request funds to improve the existing process. Finally they can improve the workflow or process to meet the stated goals. Heinrich (1999), Walters (2000), Berman (2002), Hatry (2002), Theil and Leeuw (2002) and Behn (2003) agree that performance measurement's key purpose is to improve productivity and performance. Annually, counties participate in a budgeting process where managers justify budget requests to their Board of County Commissioners (BoCC). While counties must adopt a balanced budget, one where expenditures do not

⁷ These include the American Society for Public Mangers, the Urban Institute, the National Academy of Public Administration, the Government Finance Officers Association through its Distinguished Budget Award Program, and the National Advisory Council on State and Local Budgeting

exceed revenues, successful programs can justify current budget allotment (Lu and Facer, 2004).

Fiscal and Non-Fiscal Performance Measures

Historically, performance measures were budgetary in nature. Modell (2004) states the development of performance measures for controlling public sector organizations in the 1980s and 90s was typically characterized by growing concerns with fiscal probity and accountability, often epitomized by the three Es: economy, efficiency and effectiveness. According to Henri (2004) performance measurement models have moved from a perspective whereby performance measurement was based mainly on financial measures e.g. cost per citizen served, to a broader view that also includes multiple non-financial measures. Finances are only one factor of why a cost is at a certain level and focusing on finance alone may misrepresent the organization's goals achievement. The reliance on financial and other types of efficiency based performance measures largely failed to improve the provision of public services (Modell, 2004). Financial measures and other types of efficiency measures such as per capita ratios are one type of performance measure that indicates how well the county spends its revenue, tax payers' dollars. Neely, Gregory, and Platts, (1995); Melkers and Willoughby, (2005) agree that counties can be very efficient fiscally, yet be very bureaucratic with its processes and not effective with the outcome and combining financial and non-financial measures provides more complete data. The concept of the strategic or organizational performance measurement was developed in response to the criticisms that traditional performance measurement

systems were solely financial driven and historically focused (Hudson, Smart, and Bourne, 2001). As stated by Lingle and Schiemann, (1996); Atkinson, Waterhouse and Wells, (1997); and Henri, (2004), financial measures are more meaningful when combined with other performance measures to address multiple aspects of performance. Other measures that address processes and effectiveness combines with efficiencies give a better overall performance measurement. Organizational performance measurement is intended to provide information to assess the effectiveness of current practices and make changes for future improvement.

Another benefit to implementing performance measurements is to minimize uncertainty. Any manager, public or private, grapples with uncertainty, future unknowns, yet must make business decisions without perfect information. Performance measurement provides two key pieces of information to a manager. First it tells the manager the current level of performance of whatever it is they are measuring or a current assessment of a program. Secondly, it provides a comparison of their organization to other similar organizations to determine if they are doing as well or better in a program area. Information such as current program status and comparison to other entities enables public administrators to analyze the impacts and options for program changes thus reducing uncertainty.

What public managers can predict is there will be uncertainty and change. The realistic expectations regarding the promise of performance measurement systems center on the nature of change (Gianakis, 2002) by acknowledging change is inevitable and controlling

for it when possible. Performance measurement will not eliminate uncertainty but rather help public managers prepare for what they know is inevitable. For instance, labor markets change over time and organizations would like to know not only current market trends but what other organizations are doing or have done to adapt to the current market condition. By having the data or information available, the public manager can assess what needs to change based on a number of factors including their current position, what others are doing, and where they would like to be⁸. By providing and measuring information on critical uncertainties, top managers help focus organizational attention and efforts toward those uncertainties (Henri, 2004) by analyzing the information and determining the reasons for differences in performance. In the current environment of proposed property tax reform and subsequent budget reductions, performance measurement would aid the manager in assessing appropriate cuts.

Uncertainties such as unknown future revenues and service demands have substantial implications for performance measurement. They make it very difficult for elected officials and the public to truly hold public managers accountable for results. According to Hatry (2002), this also means that public managers need to deal continually with uncertainty and plan for contingencies such as prioritizing and identifying programs that can be cut, delayed or funded based on future revenues and needs. Performance measurement is a tool to assess the current situation, compare to others and make adjustments if necessary, thereby reducing uncertainty.

⁸ For example, if a county with low turnover deemed it to be due to its compensation philosophy of paying market wages with annual merit adjustments and aggressive recruitment to hire the best job applicants, other counties may wish to adopt similar practices.

Human Resources

The lack of a human resource component in performance measurement has been criticized in the literature; specifically Medori noted the Dixon performance measurement questionnaire as “it also fails to provide an explicit process for developing the PM system, and it is inadequate with respect to the Human Resource dimension” (Hudson, Smart, and Bourne, 2001).

Of the performance measurement models discussed in the next section; Lynch and Cross (1989), Fitzgerald (1991), Kaplan and Norton (1992), Otley (1999) and Kennerley and Neely (2000), none had included an HR component.

Although performance measurement models have evolved to include non-financial measurement, one non-financial measure that hasn't been included is human resources. Public managers must manage a fixed number of dollars and personnel slots. Personnel slots or number of positions / employees a county has is normally requested through a budget process, approved by the Board of County Commissioners and generally is justified by increase in service demand, new programs, grant or dedicated funding. Boards tend to be conservative in granting new positions because they can be costly and have a cumulative effect, compounding year over year⁹. In attempting to maximize the productivity of the two constrained resources, budget dollars and people, managers need to budget their people by identifying the appropriate number of employees and

⁹ Most counties have responded to the uncertainty of the proposed 2007 property tax reform by implementing some sort of hiring freeze.

compensation and benefits. According to SHRM and IPMA-HR, performance measurement and benchmarking provides useful information to public managers for managing resources.

Measurement Not Solutions

As cited by Poister and Streib, (1999) and Behn, (2003), all of the reliable and valid data about performance is of little use to public managers if they lack a clear idea about how to use them or if the data are not appropriate. If the measures are used for comparative purposes, organizational performance or individual programs can be ranked and evaluated. However, if a program ranks lower than other programs or similar programs in other organizations, other factors such as program resources need to be evaluated. The performance measures can reveal that an organization is performing well or poorly, but they don't necessarily reveal why (Behn, 2003; Neely, Adams and Kennerley, 2002). Performance measurement alone does not indicate if the budget of a program that fails to meet its goals should be cut or if funding should be increased. The performance measure itself indicates higher or lower comparative performance. The measures identify areas for further analysis and are not prescriptive in what action should be taken. A low performing program may need more resources to be successful or may need to be cut because it isn't working. The performance measure identifies anomalies for the manager's attention, review and analysis for decision making,

Behn (2003) states performance measurement is the starting point, an assessment of the health of an organization as it compares to other organizations. Public managers need to be knowledgeable in what to measure, how to interpret the measurement and what action plans need to be implemented to improve performance. According to Neely (2002), once performance measures are established, follow up and further analysis need to occur to validate or explain results.

Concerns

As stated by Behn (2003) three critical areas to successful use of performance measurement are 1) correctly identifying the performance measures, 2) collecting accurate, timely, comparable measurements and 3) appropriately interpreting and analyzing the results. The first step in improvement is to assess performance and that means having to measure key indicators. First, what is selected to be measured is important. What is measured gets attention and public managers may be motivated to select measurements that will ultimately justify pet program expenditures at the expense of other programs (Walters, 1994; Heinrich, 2002; Behn, 2003). Secondly, who is measuring also has a bearing on outcomes. Accurate, consistent measures allow for agency comparisons. Negative or unfavorable outcomes may motivate those measuring to measure in a slightly different or more favorable manner such as altering time frames or manipulating variables. Politicians may not be enthusiastic about courting bad numbers and bad news (Walters, 1994, Heinrich, 2002). Finally, how the data used is also a factor. Public managers and elected officials may use the data to make policy

decisions. Most public policy decisions have a political influence about them and performance measurement could be used or misused to support a political position.

According to Walters (1994), public sector agencies are not so easily and objectively evaluated. There are four harsh truths about government activity and public sector budgeting. The first is that some outcomes are not easily measured such as return on investment of training costs. Some government activities defy precise gauging and may be of a long-term nature. The second is that cause and effect may not be directly linked. The underlying problem in evaluating a program is to know the precise relationship between a government program and its contribution to a result. The third problem is that in any system based on quantifiable measurement or statistical accountability, agency heads and managers may be motivated to try to substitute one more flattering set of measurers for another. It is necessary to recognize the shortcomings of applying performance measurement to public sector agencies to determine methods to overcome them. Other most commonly cited problems about the use of performance measurement systems in public agencies are ineffective, top down administration, conflicting organizational goals, political influences, shrewd management behavior, and high administration and monitoring costs (Heinrich, 1999; Radin, 1998; Theurer, 1998). Public sector departments or divisions are often established along the logic of funding sources, creating silos and often times competition for resources between them. Some funds are flusher, more visible to the public such as roads or fire / rescue, and more popular with public administrators and elected officials, creating built in obstacles to county-wide performance measures.

Types of Performance Measures

This section discusses the types of performance measures, specifically outputs verses outcomes, efficiency verses effectiveness and the relationship between the two types of measures.

There are few, uniform performance measurements defined for county government services, primarily due to the variability of services (Clay County Budget Book, 2006). However, four types of measures are commonly used; output, outcome, efficiency, and effectiveness. Outputs and outcomes attempt to quantify results either by workload statistics (output) or activity / goal measurement (outcome). Efficiency is closely related to outputs, essentially assigning a cost to an output.

County budget per capita is an efficiency measure. The budget (output) divided by the county population indicates how many dollars are budgeted per citizen and allows for comparison across counties. Likewise, effectiveness is related to outcomes. Outcomes and effectiveness quantify the extent to which goals are attained, needs are met or desired effects are achieved (Imperial, 2004).

Outputs and Outcomes

The first two performance measurements are outputs and outcomes. In Melkers and Willoughby's research, they defined outcomes and outputs as follows:

Outputs – Measures of the quantity of services provided or the quantity of services that meets a certain quality requirement. (For example, the number of lane miles of road repaired or the number of serious crimes reported).

Outcomes – Measures of the results that occur, at least in part, because of services provided. This may include initial, intermediate, or long-term outcomes. (For example, the percentage of lane miles of roads maintained in excellent, good or fair condition (long-term) or the clearance rate for serious crime (intermediate), or the percentage of residents rating their neighborhood as safe or very safe(initial).

Simply stated, output measures the quantity of a program, while outcomes measures its quality (Hatry, 1999; Behn, 2003).

Wang (2002) states public officials favor outcomes measures, although output measures are more likely to be used in government. Given the difficulty of determining appropriate measures that will allow provide meaningful information and allow for agencies comparisons, it is reasonable that output measures are more commonly used performance measurement (Neely, 2002). Output measures provide consistent, compatible and common measures to allow for comparison across organizations.

Outcome measures are better used for internal performance to assess goal accomplishment, program success and allows for comparisons year over year.

Outcome measures require objectively identifying a program's success, are often more difficult to measure and are not necessarily comparable across organizations.

Performance measurement efforts have had more success in measuring activities and outputs than outcomes (Berman, 2002). Two studies from the 1990's, Bhargava, Dubelar, and Ramaswami (1994) and Sheth and Sisodia (1995), indicate that true productivity measures should be output measures (Neely, 2002). Additionally, output measures tend to be straight forward, unlike outcome measures that can have multiple explanations for results. Because of the limited influence of public agencies over many outcomes – especially end outcomes – full accountability for outcomes is rarely possible.

Accountability for outcomes is usually shared with other agencies, with other levels of government, with private organizations, and with the customers themselves. For instance, county government can contract out services, participate in inter-local agreements, or establish special districts to meet service demands. When counties do share the responsibility in these relationships, the county's control and authority lessens over outcomes. Organizational performance is difficult to measure in the public sector.¹⁰

Outcomes and outputs are performance measurements that attempt to quantify either program objectives or service deliverables. Outputs are related to efficiency, quantity of service deliverables. If a county delivers more services with the same amount of resources, it is more efficient. Outcomes are tied to effectiveness, quality of service delivered. If the program or service is deemed high quality by some measure, then it is deemed effective. Often there is a trade off between efficiency and effectiveness.

¹⁰ Public sector does not lend itself to more objective measures such as profit and loss or market share but rather more subjective measures such as citizen satisfaction.

Efficiency Verses Effectiveness

In the IBM / Robert H. Smith School of Business, University of Maryland, November 2002 study, 51% of the survey respondents of state and local government, indicated that improving organizational efficiency and organizational effectiveness were their top goals. The related dimension to output and outcomes in performance measurement is efficiency and effectiveness and the trade off between the two needs to be considered.

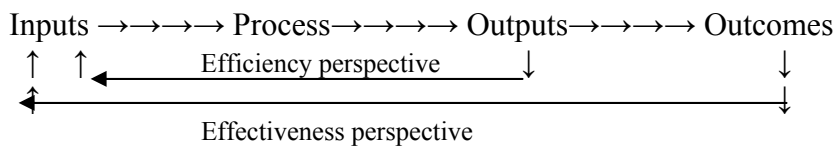


Figure 2: Performance Accountability and the Expanded Systems Model

Source: Martin (2002)

According to the Martin model, counties can be both efficient and effective but may also achieve one perspective and not necessarily both. A program could be very effective, every customer service encounter exceeds expectations but it requires additional staffing, training and resources so it is not efficient. Or a program could be efficient, with limited staffing and funding, but customers have to wait and may not receive an acceptable level of service so it is not very effective. The balance and trade off between the two measures creates the challenge of finding the optimal level of good service delivery with the appropriate amount of dedicated resources. Efficiency, in Drucker's (1974) definition, is "doing things right", while effectiveness is "doing the right things" to meet the organization's objectives (Neely, 2004). Efficiency and productivity have traditionally

related costs to outputs (Hatry, 1999) while effectiveness relates to program or service delivery.

While county administrators strive to produce the highest service levels with the least amount of resources, achieving the optimum level can be challenging. Government has been viewed as bureaucratic and inefficient due in part to public sector practices. It seems irrational to give employees job security that prevents managers from firing poor performers or to recruit widely and solicit applications for months when the hiring manager already knows who he or she will hire. These often-inefficient practices were conceived to provide public access, hold government accountable for spending tax dollars carefully, ensure fairness and merit, and maintain the balance of power in a pluralist political system (Hays & Kearney, 2003). Private companies have more liberty regarding internal policy or spending since the decision maker is normally a Chief Executive Officer (CEO) and reports to a board of directors. As long as the company is profitable, the business decisions make sense, and are legal; the CEO has latitude in running the organization. In county government, the CEO equivalent is the county manager who reports to the Board of County Commissioners. The elected officials and county manager in Florida operate “in the sunshine”, meaning they cannot meet privately to discuss county business, county records including emails are public record and they can be under the constant scrutiny of the citizens. They are motivated therefore to use tax dollars efficiently and operate in an open manner. In order to make “good” decisions, often this requires a careful, calculated and conservative approach to issues. At times, the process

is slow since many decisions must be made publicly at a scheduled board meeting, and those delays appear inefficient.

Counties have competing requests for limited resources and attempt to assess the success of programs or activities to evaluate which ones should receive continued or increased funding and which ones should be decreased or cut. According to Henri (2004), organizational effectiveness represents the outcome of organizational activities while performance measurement consists of an assessment tool to measure effectiveness. The measurement itself, however, does not indicate whether funding should be increased or decreased. A failing program may need additional funding to be effective.

With outcome measures the public managers can answer the effectiveness question: Did the agency achieve the results it set out to produce? Then, dividing by some input measures, they can ask the efficiency question: Did the agency produce these results in a cost-effective way? (Behn, 2003). Both output (effectiveness) and outcome (efficiency) measures would be included in any measurement model to gain a complete picture of the organization / program's performance (Neely, Gregory, and Platts, 1995; Wang, 2002; Melkers and Willoughby, 2005).

Performance measurement models started out as models that would measure cost effectiveness in the private sector (Heinrich, 1999; Wang, 2002; Henri, 2004). Public sector attempts to adapt these models have inherent problems. The first is that the public

sector business is not as quantifiable as the private sector.¹¹ Secondly, there was not a standard developed that would provide a basis for comparison. Those benchmarks and standards are still being developed and debated today (Florida Benchmark Consortium, 2007). Levels of expertise, knowledge and sophistication of models vary greatly amongst public sector entities. Despite the difficulties in adapting performance measurement to the public sector, government does produce and what they produce should be accounted for and evaluated, not just the production but the desirability of that production (Wang, 2002).

Performance Measurement Models

This section examines the following performance measurement models; Lynch & Cross's Performance Pyramid, Fitzgerald's Results and determinants Matrix, Kaplan and Norton's Balanced Score Card, Otley, Kennerly and Neely's Performance Prism. It concludes by contrasting and comparing the models and discussing their relationship to the public sector.

Several performance measurement models have developed over time beginning in the 1990's. These new models have several similarities. The most important similarity and one reason for the development of new models is the use of both financial and non-financial performance measures. Additionally the new models include external (customer) and internal measures. With the exception of one model, the models all link performance measures to corporate strategies or goals. Subsequent models attempted to

¹¹ The private sector lends itself to performance measurement in that they have more quantifiable measures such as market share or profit and loss.

correct deficiencies of previous models while maintaining the integrity of the performance measurement system.

Lynch and Cross's Performance Hybrid

As stated by Lynch and Cross (1989), the model has four levels of a pyramid which are corporate vision, accountability or the business units, competitive dimensions for business operating systems and specific operational criteria. Clarifying mission, vision, and critical success factors set the context for evaluating, designing and establishing metrics, accountabilities and responsibilities. It essentially establishes a goal deployment system to ensure alignment between top management strategies and objectives and the accountabilities of the frontline within the organizations. The measures at the lowest level of the model are at the department / worker level to support the corporate vision.

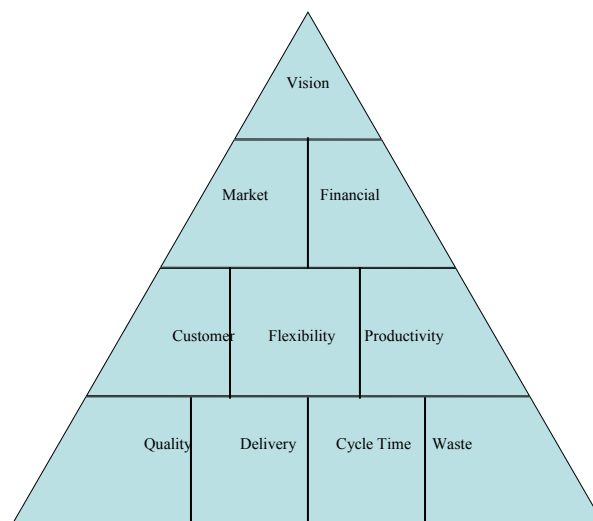


Figure 3: Lynch and Cross's Performance Pyramid

Each of the measures has more specific measures associated with them such as;
Market: market share, cumulative average growth rate, share growth rate, relative price indices, new product revenue as % of total revenue, R & D spending, total number of customers served, and number of new accounts. The Lynch and Cross model ties individual / department goals to overall organizational objectives. Organizational objectives are accomplished by assigning accountability at lower levels.

Fitzgerald's Results and Determinants Matrix

The Fitzgerald (1991) approach, like Lynch and Cross, builds on the notion of causality (Rouse and Putterill, 2003) with measures relating to results and measures that relate to causes (quality, resource utilization, flexibility). This model identifies two types of measures; determinants and results, with determinants being the drivers to achieve results. This also acknowledged that some performance is not financial and not measured within a fiscal year.

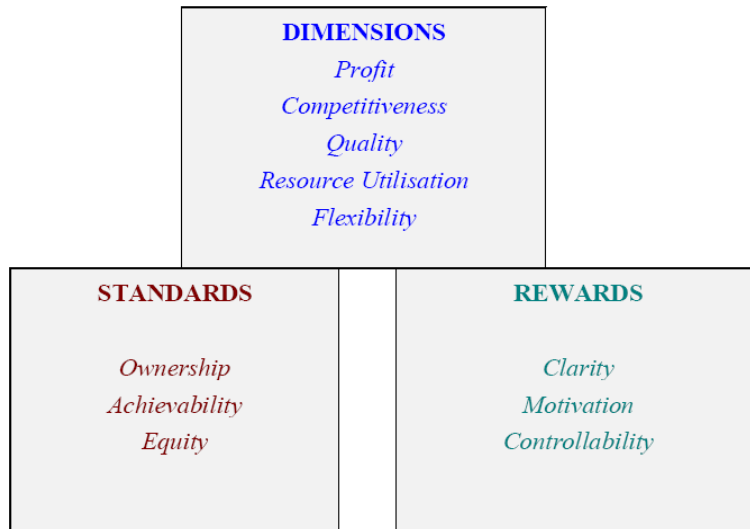


Figure 4: Fitzgerald's Results and Determinants Matrix

From the dimension box, the determinants are Quality (reliability, courtesy, availability), Resource Utilization (productivity, efficiency) and Flexibility (volume, delivery speed, specification). The results are Profit (profitability, liquidity, capital structure) and Competitiveness (market share). The top box, Dimensions represents the measurement component of the model and the bottom two boxes, Standards and Rewards represent the management component of the model.

While this model, like Lynch and Cross is hierarchical in nature, it also stresses the importance of including non-financial goals in performance management measurers.

Kaplan and Norton's the Balanced Score-Card (BSC)

The BSC is probably the best known performance measurement model. It incorporates a strong stakeholder perspective but like its predecessors, it was developed and is best applied to private sector organizations (Hudson, Smart, and Bourne, 2001; Johnsen, 2001). The Balanced Score Card derives its name from "balancing" performance over multiple measures. It corrected the weaknesses of the previous models by linking the measurements to one another. However, like the Fitzgerald model, it distinguishes between results and determinants or in this model, drivers.

As stated by Kaplan and Norton (1992) Balanced Score Card (BSC), tailored four perspectives oriented toward stakeholders as follows: financial, customer, internal business and learning & growth. The balanced scorecard methodology builds on some key concepts of previous management ideas such as Total Quality Management (TQM), including customer-defined quality, continuous improvement, employee empowerment, and primarily measurement-based management and feedback.

In traditional industrial activity, "quality control" and "zero defects" were the watchwords. In order to shield the customer from receiving poor quality products, aggressive efforts were focused on inspection and testing at the end of the production line. The problem with this approach -- as pointed out by Deming (1982) -- is that the true causes of defects could never be identified, and there would always be inefficiencies due to the rejection of defects. The balanced scorecard incorporates feedback around internal business process *outputs*, as in TQM, but also adds a feedback loop around the

outcomes of business strategies. This creates a "double-loop feedback" process in the balanced scorecard.

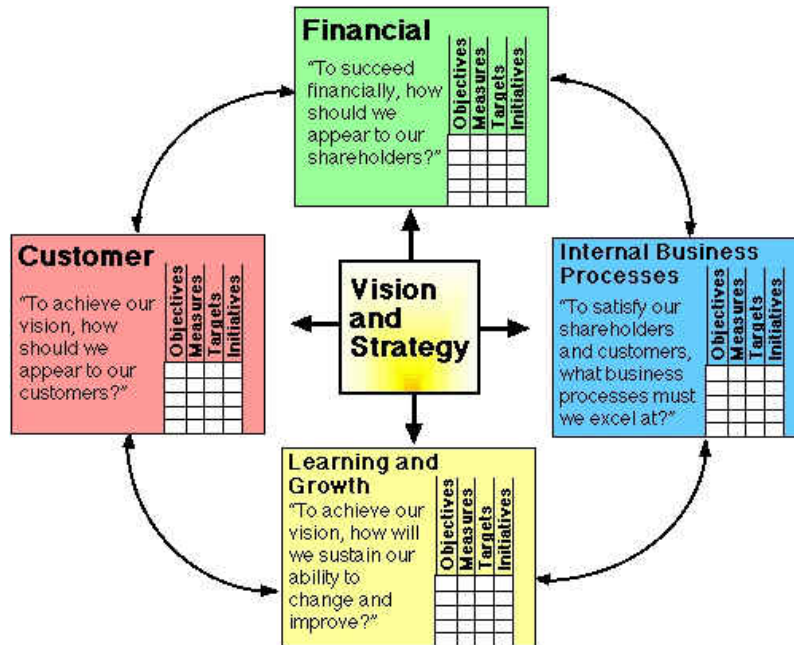


Figure 5: Kaplan and Norton's Balanced Score Card (BSC)

The weaknesses of the BSC include narrowly defined dimensions and lacking some measures such as competitiveness or HR. However, it does include non-financial performance measures and acknowledges the multiple relationships of the different dimensions, moving away from a hierarchical structure.

Otley (1999) proposed a framework with a strong emphasis on management control and reintroduced rewards (from the Fitzgerald model). The model's identified five sets of issues of management control as follows:

1. Organizational objectives
2. Strategies and plans, implementation and appraisal
3. Performance targets
4. Incentive arrangements
5. Information and knowledge management

Otley states performance is multi-dimensional with no overall single measure and different stakeholders need to be addressed. In this model, the performance measures are developed by answering the following five questions:

1. What are the critical success factors for each area of activity?
2. What are suitable performance measures for these?
3. What are the appropriate standards and targets that will indicate good performance?
4. How are individual (and group) rewards connected with the achievement of these targets?
5. What information is needed to monitor and control performance?

Otley's model provides flexibility in selecting performance measures, acknowledging that different organizations may have different priorities and goals.

Kennerley and Neely's Performance Prism

As stated by Kennerley and Neely (2000), the performance prism is developed around five distinct perspectives. Noting weakness of the BSC of lack of competition and supplier dimensions and no specific dimension of performance that define success, they developed a model with the following:

1. Stakeholder satisfaction
2. Strategies
3. Processes
4. Capabilities and
5. Stakeholder contributions

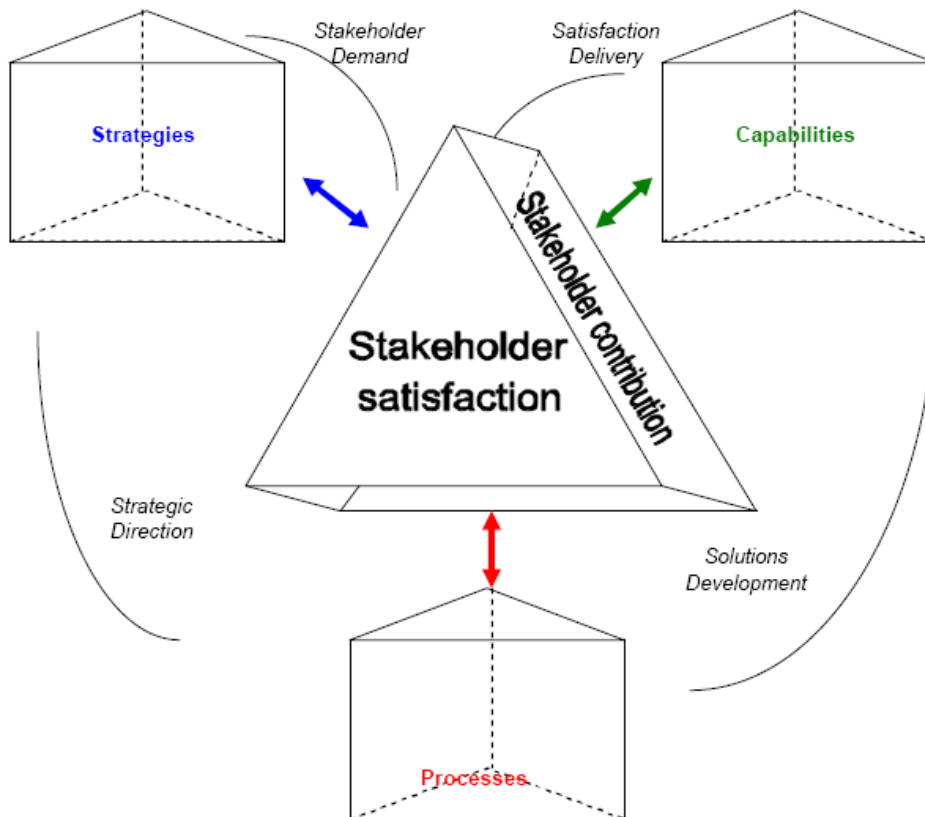


Figure 6: Kennerley and Neely's Performance Prism

Asking the following questions and linking it to the performance prism (above), explains an organization's performance results (Kennerley and Neely, 2002).

- Who are the stakeholders and what do they need?
- What strategies do we have in place to satisfy those needs?
- What critical processes do we need to operate to enhance those strategies?
- What capabilities do we need to operate to enhance these processes?
- What contributions do we require from our stakeholders if we are to maintain and develop these capabilities?

This model emphasizes stakeholder requirements (and contributions) and derives its measures from them verses from strategic management, like the other models. The performance prism incorporates relationships between dimensions, flexibility in performance measures and establishes goals from a stakeholder perspective rather than a strategic plan like the other models.

Table 2: Comparison of the Performance Measurement Models

Performance Model	Rewards	Hierarchical or relational	Driver	Flexibility in Performance Measures
Lynch & Cross Performance Pyramid	No	H	Strategic Plan	No
Fitzgerald Results and Determinants	Yes	H	Strategic Plan	No
Kaplin & Norton Balanced Scorecard (BSC)	No	R	Strategic Plan	Yes
Otley	Yes	R	Strategic Plan	Yes
Kennerly & Neely Performance Prism	No	R	Stakeholder	Yes

Relationship to Public Sector

Brignall and Modell (2000) reviewed the applicability of performance measurement models to the public sector, finding that these models can apply but there are some concerns, specifically 1) stakeholders differ and 2) public sector is not competitive with one another so those associated measures¹² are irrelevant.

Performance measurement models suggest that all organizations should have the same criteria to measure performance such as measurement of turnover rates or per capita spending. Otherwise comparison between two organizations would not be meaningful. The aforementioned models all contain components associated with private, for profit businesses which are more objective and quantifiable. It appears that the accounting literature proposes a more objective process for identification of performance measures (Henri, 2004) but still more applicable to the private sector such as profit and loss, product growth and margins or earning per share – measures that do not exist on the public sector side. While it is not feasible that a standard set or subset of performance measures can be developed that will meet every public organization's needs; it is possible that certain performance measures may be meaningful to all public sector entities. County governments have a great deal of variability such as urban versus rural areas or county size and wealth. Those factors help identify and determine what services the county provides to its citizens.

¹² Measures such as market share, product revenues or growth rates are used in private sector competitive markets but are not applicable to public sector since the “market” is the area they solely service and the “product” is typically service.

It is of particular interest that none of the models contained a Human Resource component. Certain measures such as human resource measurements of compensation and recruitment are germane to all counties. Identifying those common, relevant measures is the first step to providing meaningful information.

Human Resource Performance Measurement

This section defines benchmarks and then discusses 1) compensation metrics, 2) compensation benchmarks, 3) recruitment metrics, and 4) recruitment benchmarks. It concludes with a review of workforce planning, the control variable in the model.

Two professional organizations in Human Resources have provided some preliminary research on performance measurement in Human Resources. The two organizations are the Society for Human Resource Management (SHRM) and the International Public Management Association for Human Resource (IPMA – HR). SHRM has developed metrics for measuring Human Resource activities and IPMA – HR has identified the Human Resource benchmarks.

Human Resources, similar to most disciplines, has its set of metrics that are relevant to the profession and effectively measures HR activities. While HR metrics are of value, linking the metrics to established benchmarks gives assurance that HR professionals agree on what gets measured. The Society for Human Resource Management (SHRM) establishes generic HR metrics. SHRM metrics are factors that can be measured to show

how Human Resources contribute to the organization.¹³ SHRM developed metrics for compensation, recruitment, training & development and diversity. However, training costs would be difficult, if not impossible, to capture in the county government since normally only a portion of the county-wide training is through the Human Resources department.

County Human Resources are structured differently. In some counties the department is called Personnel or Employee Relations. In a few panhandle counties, the Human Resource function is under the Clerk of the Court. Also within Florida counties, the duties and responsibilities that fall under the Human Resource function vary. Most departments have recruitment, compensation, benefits, employee relations, training and employee records. Some have employee programs, HRIS, safety, risk management, and wellness.

Counties also vary amongst how much autonomy HR has over program areas. Since counties vary greatly in organizational structure and level of HR responsibility in various program areas, comparison between counties can be difficult and unreliable.

The two program areas that consistently fall under Human Resources are recruitment and compensation and therefore allow for comparison between counties. The two key challenges for HR managers in the public and private sector remain compensation and recruitment.

¹³ While Human Resources is one department within an organization, their practices have organizational-wide effects, impacting turnover rates and costs, and salary and benefit plans.

This study will compare the SHRM metric to the IPMA-HR benchmarks on both compensation and recruitment for Florida counties and that impact to county performance as indicated in the table below:

Table 3: HR Metrics and HR Benchmarks

HR METRICS DEFINED BY SHRM	HR BENCHMARKS DEFINED BY IPMA-HR
Compensation <ul style="list-style-type: none"> • Health Costs • Average Salary Adjustment • % of Benefits 	Compensation <ul style="list-style-type: none"> • Pay Philosophy • Variable Pay Approaches • Pay Improves Performance
Recruitment <ul style="list-style-type: none"> • Days to Fill • Turnover Rate 	Recruitment <ul style="list-style-type: none"> • Decentralized hiring • On-line Application • Faster Applicant Screening • Aggressive Recruitment

The SHRM metrics for Compensation and Recruitment are as follows:

Compensation

- Health costs: Total cost of health care ÷ # of employees
- Prorating salary increase: average annual salary adjustment per employee (merit, COLA and / or any other adjustments)
- Percent of benefits to compensation

Recruitment

- Days to fill: $\text{Total days elapsed to fill requisition} \div \# \text{ of hires}$
- Turnover rate: $\text{Number of separations} \div \text{Number of employees}$

Performance measurement in the form of SHRM metrics provides valid internal information. In order to assess if HR is performing well, there must be criteria of good performance, such as comparisons with other entities based on the International Public Management Association for Human Resources (IPMA-HR) benchmarks.

The benchmarking / best practices initiative of the International Personnel Management Association (IPMA) highlights innovative practices in federal, state and local government that show that public sector organizations are reforming their HRM systems.

The definition of benchmarking posted by Six Sigma at [sixsigma@www.sixsigma.com/dictionary](http://www.sixsigma.com/dictionary) is:

Benchmarking: The process of improving performance by continuously identifying, understanding, and adapting outstanding practices and processes found inside and outside the organization.

Many Fortune 500 companies and other large organizations have embraced benchmarking as an important, systematic methodology for achieving the organization's strategic objectives. Benchmarking is reflected in the Malcolm Baldrige National Quality

Award criteria more extensively than any other management concept.

Benchmarking focuses on how to improve any given business process by exploiting "best practices" rather than merely measuring the best performance. Best practices are the cause of best performance. Studying best practices provides the greatest opportunity for gaining a strategic, operational, and financial advantage.

The 2005 IPMA-HR benchmarking report identifies best practices in the area of Compensation and Recruitment as follows:

Compensation

- The organization has a defined pay philosophy
- The organization utilizes variable pay approaches such as pay for performance, skill based pay, competencies based pay, etc. and
- Variable pay has helped improve performance

Recruitment / Timely hiring

- Decentralized hiring
- On-line continuous application
- Shorter application process – immediate hiring
- Aggressive recruitment – web-usage, full time recruiter(s), email / fax job postings

IPMA-HR Benchmarking Committee's criteria for selecting best practices

1. Successful over time
2. Quantitative and/or qualitative results
3. Recognized or recognizable positive outcomes
 - customer satisfaction
 - positive impact
4. Innovative

5. Replicable

- transferable with modifications
- portable
- adds value by improving service, quality and/or productivity

6. Meaningful to Users of the Benchmarking Site

The HR benchmarking committee concedes that it is rare that a program or solution can be seamlessly transferred to other organizations; however benchmarking provides opportunities for HR professionals to learn new approaches and determine whether to adapt a practice into their own organization. Benchmarking could be counterproductive by failing to consider HR's contributions and strategies related to their unique organizational successes such as trying to implement programs that are successful in a wealthy urban county to a poorer rural county. Unique demographics need to be considered. According to Becker and Huselid (2003), HR professionals should judge their performance relative to their organization's own strategy rather than the HR efficiency of other organizations.

Compensation Metrics

Metrics: The SHRM metrics for compensation are 1) health costs, 2) average salary adjustment and 3) the percentage of benefits to salary dollars. Presumably the more the county invests in its employees in the form of compensation and benefits, the higher the employee contribution to the county.

Health Costs

According to the National Coalition on HealthCare, health care spending continues to rise at the fastest rate in history and summarizes employer health care statistics as follows:

- Premiums for employer-based health insurance rose by 7.7 percent in 2006.
- The annual premium that a health insurer charges an employer for a health plan covering a family of four averaged \$11,500 in 2006.
- Since 2000, employment-based health insurance premiums have increased 87 percent, compared to cumulative inflation of 18 percent and cumulative wage growth of 20 percent during the same period.
- Health insurance expenses are the fastest growing cost component for employers. Unless something changes, health insurance costs will overtake profits by 2008.
- According to the Kaiser Family Foundation and the Health Research and Educational Trust, premiums for employer-sponsored health insurance in the United States have been rising four times faster on average than workers' earnings since 2000 and Florida is one of the fastest growing states in population and increases.



Figure 7: State Population Growth, Percentage Change 1990 – 2000
(MapStats)

Because health care costs have had substantial increases over the last few years, employees' actual disposable income, even with salary adjustments, may decline unless the employer subsidizes or pays the health care cost increase.

The counties that have adapted benchmark practices in compensation of developing a pay philosophy, implementing variable pay approaches and believe that pay improves performance should have higher health costs, higher annual salary adjustments and higher percentage of benefits to salary dollars, indicative of investment in the employee.

Average Salary Adjustment

The second metric identified is average salary adjustment which is the percentage of salary increase that is budgeted for all employees. According to the 2006 / 2007 *U. S.*

Compensation Planning Survey, from Mercer Human Resource Consultants, U. S. employers planned to grant average pay increase of 3.7 percent in 2006, just slightly more than they granted in 2005 (3.6 percent). Pay increases are projected to remain constant at 3.7 percent in 2007 (Miller, 2006). Salary adjustments can be tied to a cost-of-living index, typically to the consumer price index. A cost-of-living adjustment adjusts salaries based on changes in a cost-of-living index. Salaries are typically adjusted annually. Cost-of-living adjustment is often abbreviated "COLA". In the public sector, salary adjustments normally have a COLA and some type of merit adjustment. Cost of living is directly linked to pay and benefits levels; as prices go up, so do labor costs (Kearney, 2003). COLAs were intended to keep salaries "equal" with current economic conditions.

Benchmark counties are counties that have a pay philosophy, use variable pay approaches and believe that pay improves performance. As such, benchmark counties will most likely allocate a higher percentage increase for annual employee salary adjustments.

Percentage of Benefit to Salary Dollars

The distribution of compensation and benefit dollars differs by employer type with federal, state and local governments receiving the largest percentage of benefits, primarily in insurance and retirement. Certain benefits, including social security, unemployment compensation, workers' compensation, Medicare, and unpaid family and medical leave are mandated by federal law for all employers above a designated size. Traditionally government employers have also offered their workers some sort of pension

or retirement plan, health insurance, life insurance, disability insurance, and a number of paid days off for holidays, sick leave and vacation (Kearny, 2003).

Considering individual benefits, (retirement, health insurance, sick leave & disability, and holiday and vacation), the following table shows that federal employers offer benefits with a higher value than many private-sector retirement plans offer. The federal system also appears to offer better vacation, holiday, disability, and retiree health benefits than the private-sector firms.

Table 4: Federal Employers vs. Private Employer Benefits

Age (Years)		25	35	55	60	50
Service (Years)		2	10	20	20	25
Salary (Dollars)		25,000	45,000	75,000	45,000	50,000
<hr/>						
Total						
	FERS	6,522	14,596	33,979	22,286	22,409
	Private sector	6,026	12,282	29,157	19,789	18,803
Benefits as a Percentage of Pay						
	FERS	26.1	32.4	45.3	49.5	44.8
	Private sector	24.1	27.3	38.9	44.0	37.6
Difference as a Percentage of Pay						
	FERS	2.0	5.1	6.4	5.5	7.2

SOURCE: Congressional Budget Office using data from Watson Wyatt & Company.

FERS = Federal Employees Retirement System.

Similarly, at the state and local level, the percentage of benefits to pay was higher for public sector employees. Employer costs, based on the National Compensation Survey, measures employer costs for wages, salaries, and employee benefits for non farm, private and state and local government workers (U. S. Bureau of Labor Statistics, 2005).

Table 5: Relative Importance of Employer Costs for Employee Compensation, June 2005

Compensation Component	Civilian Workers*	State and Local Government	Private Industry
Wages and Salaries	70.4%	68.2%	71.0%
Benefits	29.6	31.8	29.0
Paid Leave	6.6	7.6	6.3
Supplemental pay	2.5	0.9	2.9
Insurance	7.9	10.7	7.3
Health benefits	7.5	10.3	6.7
Retirement Savings	4.2	6.6	3.6
Defined benefit	2.6	5.9	1.8
Defined contribution	1.6	0.7	1.8
Legally required	8.2	5.9	8.7
Other benefits	0.1	0.1	0.1

* Civilian Workers are workers not in state or local government or not employed by private corporations such as teachers or employees of not-for-profits.

Within public organizations, financial incentives rarely come first amongst sources of motivation, in comparison to the private sector (Emery, 2004). The motivational impact of financial reward schemes has always been varied, particularly in public services (Bouckaert, 2001; Emery, 2004). A higher percentage of the benefits to compensation for public sector employees have been the norm. Historically, low public salaries have been partially offset by benefits (Karl and Sutton, 1998). Public sector employees appear willing to give up some compensation for more benefits (Evergreen Solutions, 2006).

Compensation Benchmarks

The benchmarks for compensation were developed by the International Public Management Association for Human Resources (IPMA-HR) and include 1) Pay philosophy, 2) variable pay approaches and 3) pay improves performance.

Pay Philosophy

According to Walters, 2000, government service is a people-driven, labor intensive business. As public and private sector employers are becoming more competitive for employment talent, compensation practices must be addressed. In search of improved performance, public administration agencies implement different strategies that allow them to increase efficiency and effectiveness.

According to IPMA-HR, a pay philosophy is a county's commitment to how it values employees. The goal of a pay philosophy is to attract, retain, and motivate employees. For the public sector, this means a well-rounded philosophy, with a focus on benefits and work life.

For example, a county's pay philosophy might be to offer salaries that are competitive in the market, or it might favor pay that is structured to attract employees rather than pay that helps to retain them. But few counties can afford to attract, motivate, and retain via generous compensation. The challenge is to create a pay program that acknowledges pay objectives without exhausting resources.

Another type of pay philosophy rewards employee proficiency and ties skills to market value. Some pay philosophies track the development of skills that lead to proficiency in a job. The more proficient an employee becomes, the closer to market value he or she gets. This is a way of paying according to a market based on the value of skills.

Paying for employee proficiency is in contrast to paying for longevity, which has fallen out of favor in many industries but prevails nevertheless. The formula for employee proficiency involves calculating a compa-ratio - the employee's salary over market, defined as the median or some other control point (Lawther, 1989). For example, if an employee earns \$45,000 and the median for that job is \$50,000, the employee has a compa-ratio of 90 percent (Siegel, 1992).

An employee who has lingered at a compa-ratio of 90 percent is at risk of leaving the job. If the company is interested in retaining the employee, it won't cost much to bring him or her up to market. If there is a reason the company doesn't want to pay 100 percent of market for this job, for example if the employee is not yet fully proficient in the job, it might still make sense to pay the employee 98 percent of market..¹⁴ As stated in the 2004 Report by the Human Resource Management panel of the National Academy of Public Administration, “Traditional systems generally have faced criticism from public and private experts and practitioners, starting with Dr. Edward Lawler’s Strategic Pay, published in 1990. Lawler argued that traditional job evaluation practices were bureaucratic and an impediment to change. His points were discussed in greater depth in the recent Academy report, *Broadband Pay Experience in the Private Sector*. The shift to broadbanding coincides with and is part of the dramatic ongoing changes in how work is organized and managed. Broadbanding is compatible with the new paradigm and overcomes or mitigates the problems cited by Lawler. As a result, salary programs outside the federal sector now are very different from the model of a decade ago.”

¹⁴ Evergreen Solutions, 2006, compensation study uses compa-ratio and comparisons to other public entities as the basis of establishing “market” rate.

“Studies of companies' reported pay-level policies indicate that most employers attempt to pay at least "at market." A study of 1,400 organizations, not identified as public or private, showed their established pay policies for professional/exempt employees to be as follows: above market, 20 percent; at market, 76 percent; below market, 3 percent.” (Hestwood, 1992).

Within the federal government, the salary management philosophy that has been adopted or proposed is based on the broadband concept. Within the bands, pay for performance is the basis for managing salaries (Wyatt, 2007). This policy has been a universal practice for white-collar employees in non-government sectors but represents a radical and difficult change for public agencies. (Risher, 2005) In some high paying organizations, when labor costs are too high, they are forced to introduce staff reductions and pay freezes and other actions to preserve their bottom line. However, low-paying organizations are perpetually replacing employees who leave because they are inadequately paid (Hestwood, 1992).

There are several advantages of the pay-for-proficiency method. Because pay is tied to the market value of a job, employees could be granted merit increases of only a few percentage points a year, which manages salary dollars while remaining competitive. Because the market value of a job is tied to skills, supply and demand, and economic factors, compensation is based on objective measurers. An assessment of how the employee compares on each of a number of measures of proficiency and skill, in part

determines the value of the job. As employees become proficient in their jobs, it is important to keep them moving to the next level. Otherwise their pay will stagnate and they may become unmotivated or look elsewhere for a new challenge. Proficiency is not the same thing as performance. Someone who is not yet proficient at a job may still be learning some of the basic skills, especially after a promotion. Yet the employee's performance may exceed expectations. Poor performers do not deliver on the expectations of the job, and companies do not typically retain these employees for long. A public sector employee is protected by "due process". An employer must give an employee notice of the reason for being discharged, the opportunity of a hearing to contest the discharge, with a decision rendered by an impartial third party decision maker. (Bruce, 2004).

Most county employees are civil service or career status, meaning counties have specific disciplinary action prior to termination. While this makes the process more cumbersome, it is still possible to terminate poor performing career status employees. Reform at the state level occurred in 2001 with "Service First" intended to modernize the civil service by moving it from protection to performance (Williams, 2007). As stated by Williams, Its most contentious feature was the transfer of more than 16,000 supervisory and confidential personnel-people who occupy linchpin roles between rank-and-file civil service workers and high political appointees-from career to exempt service, thereby abolishing job security.

By law¹⁵, pay practices must be consistent, must not discriminate, and must not be arbitrary. Yet a pay philosophy may include different approaches for different types of employees. For example, a company might decide to pay a competitive rate for most jobs and an aggressive rate for jobs that are especially difficult to fill and important to the bottom line. Such a company might pay its executives and its sales personnel at the 75th percentile and the rest of its employees at the 50th percentile.

A county can determine its pay philosophies to be that they pay at competitive market rates, for proficiencies, for longevity or a combination. The county needs to determine what it values in its workforce and implement a philosophy that reinforces and rewards those values.

Variable Pay Approaches

Variable pay is a significant element of the direct compensation package of a growing number of organizations.¹⁶ The trend is towards more use of variable pay, expanded eligibility and increasing prominence of variable pay in the total direct compensation package. Green (2003) states variable pay is defined as “direct compensation that does not become a permanent part of base pay/salary and which may vary in amount from period to period.” Other names for variable pay include: incentive compensation, incentives, bonuses, commissions, cash awards and lump sums.

¹⁵ The two main federal regulations affecting employment and pay are Equal Employment Opportunity Commission (EEOC) and Fair Labor Standards Act (FLSA)

¹⁶ *The Public Manager White Paper; A Fresh Start for Federal Pay: The Case for Modernization.*

According to John Mullen, 1994, variable pay links employees' earnings to the performance, good or bad, of an organization, department or unit/section. In a successful period the potential to earn more could be substantive. However, if performance is poor the workforce has to take some responsibility for this and ultimately be prepared to face a financial penalty. The potential to be rewarded well can make variable pay attractive to employees. Employers are also attracted to the concept because of its ability to promote a common interest for improved performance between staff and management.

According to Mitchell, 1993, new approaches to pay more closely tie to performance, rather than tenure and entitlement. Variable pay helps organizations promote long-term employment security by providing for pay reductions during economic downturns. When companies are profitable, employees receive higher salary adjustments. During downturns, pay may be decreased accordingly reducing the need for lay-offs. Employees understand newly acquired skills or responsibilities receive additional compensation.

IPMA-HR states there are two variable pay approaches; individual programs and group programs. Among individual performance based systems are the following:

- Performance evaluations
- Skill based pay
- Competency based systems
- Spot awards

Group-based programs are not as popular as individual programs especially in government but rewards groups on the achievement of established goals.

The most common method of variable pay that can be applied to local government is team pay. Team pay is a method of linking the pay of employees to the level of performance that they have achieved in a team. By reinforcing group performance by recognising teamwork, the collective potential of employees can be harnessed. It is claimed that this should lead to improvement in service delivery areas.

According to the pay experts, Brown and Armstrong, in their publication 'Paying for Contribution: real performance related strategies', team pay can be:

- applied on the basis of how well employees have performed across the whole organisation or it can be split up on the basis of geographical location, department or smaller unit/section
- awarded on the basis of performance linked to a cash bonus or a basic pay increase
- awarded in return for improvements in operational outputs, financial performance or both. (Gross, 1999).

Pay for Performance

According to Milkovich and Wigdor, 1991 , the research most directly related to questions about the impact of pay for performance plans on individual and organization performance comes from theory and empirical study of work motivation. The social sciences have produced many theories to explain how making pay increases contingent

on performance might motivate employees to expend more effort and to direct that effort toward achieving organizational performance goals. Expectancy theory (Vroom, 1964) has been the most extensively tested, and there appears to be a general consensus that it provides a convincing (if simplistic) psychological rationale for why pay for performance plans can enhance employee efforts, and an understanding of the general conditions under which the plans work best (Lawler, 1971; Campbell and Pritchard, 1976; Dyer and Schwab, 1982; Pinder, 1984; Kanfer, 1990).

According to Emery (2004), recent changes in Human Resource Management include the introduction of performance related pay systems. New compensation approaches in the public sector over the last several years included pay for performance, skill based pay, and competency based pay. Pay for performance is rooted in the long standing private sector practice of merit pay. Often performance appraisal ratings are used along with the employee's pay grade, position in grade, and the company's increase budget to determine the payout each employee will receive, meaning sometimes the highest performer does not receive the largest increase due to other factors¹⁷. The Hay Group, Inc. (1989) reports the average payout offered by a merit plan is typically less than that offered by other types of plans such as cost of living adjustments or step plans and is typically provided annually. Merit pay increases do, however, compound from one year to the next—over time, outstanding performers will reach a significantly higher pay level than average performers, assuming the increases are not part of variable pay plans. Merit plans are used across the spectrum of employee groups, from hourly and clerical to high-level

¹⁷ For instance a high performing employee that is new to the organization and compensated above market could receive a salary adjustment less than an average performing employee that has several years tenure and is below market.

managers. Consistently those employees contributing the most to the organization through higher productivity are likewise compensated in the form of salary adjustment at a higher level.

According to Zenger's research, empirical examinations of these pay schemes confirm rather weak links between pay and performance (Meyer, Kay, and French, 1965; Lawler, 1971; Medoff and Abraham, 1980). The primary reason is that the merit pay adjustment has to be large enough to significantly reward performance. Secondary factors confounding the link between pay and performance include salary adjustments based on tenure or pay grade and hire-in salaries at or above top performers' salaries in comparable jobs. Teel (1986) argues the relationship between pay approaches and performance is untested, especially considering varying pay approaches. Varying pay approaches have been identified as a benchmark practice. Individual pay programs such as merit (pay for performance) or cost of living adjustments motivate employees in different ways.

There are several reasons why, historically, public sector employers have not embraced pay-for-performance systems as readily as their private sector counterparts. For example, in the public sector it is more difficult to quantify or measure output. In the private sector, pay-for-performance rewards are often tied to profit/loss criteria, as well as easily measurable production outputs. These types of measurable benchmarks are not always plausible in the public sector, especially in human services agencies (Magid and Susseles, 2005)

Pay for performance has two factors that need to be considered. First, performance evaluations have subjectivity associated with them. The problem with pay-for-performance is how to measure performance. Performance goals are vague (Bellinger, 1995). To the extent assessments of performance are perceived as equitable or fair, with the same standards applied to everyone, the pay for performance strategy may effectively and ultimately improve performance, individually and organizationally.

A second factor to consider in pay for performance plans is funding. Private sector organizations have had the advantage of tying performance to specific goals, usually tied to sales or profits, allowing quantifiable dollars allocated to goal achievement. Public sector must work within budget allocations and constraints. The problem for many organizations is that the budget for pay increases is small--on average 3.5 percent, according to research by Hewitt Associates. That leaves little room to differentiate pay between top performers and mid-level performers--much less bottom performers. And that's not an effective way to spur performance (Wells, 2005). Additionally if the whole program is under funded, the difference in salary adjustments between high performers and average performers may be so insignificant as to minimize any motivational impact. Generally wealthier jurisdictions with high tax bases, revenues, and employment levels are more generous with their employees' pay than are poorer jurisdictions (Kearney, 2003). Labor market costs are related to fiscal capacity and local unemployment rates. Wealthier counties, therefore, can better differentiate and reward higher level performing employees over lower level performers.

As stated by Magid and Susseles, most organizations have adopted a general increase mentality. Every employee receives approximately the same size increase, be it 3 percent or 4 percent. This does not truly consider performance and sends two distinct and clear messages:

- The message to the outstanding performers is that their efforts are not valued and they should either perform at an “average” level or find an employer who is willing to pay for their skills.
- The message to the marginal employee is that their performance is acceptable and no significant increase in performance is required.

Organizations find their salary costs rise each year without offsetting productivity improvements. According to Danker, Dohrmann, Killefer, and Mendonca, 2006, productivity growth since 2000 has averaged 3.1 percent, while average salary increases for the same time period has been 4.1 percent, (U.S. Dept. of Labor, Bureau of Labor Statistics, 2007). As most organizations have difficulty in raising prices in this competitive economy, funding for salary increases has to come from other areas and the truly outstanding employees are overlooked and not rewarded appropriately for their contributions. Many organizations have decided that they no longer want to pay for mediocrity and tenure. They are moving to programs where employees are rewarded for their value to the organization (Clive, 2004).

Research for Management Employee database used by Hay Consulting Group reflects employees’ skepticism about performance appraisals and the actual merit that is involved

in merit increases. Fewer than half the managers and even lower percentages in other employee groups feel their organization has a fair performance appraisal system. Few employees feel better performers get better raises (the Hay Report, 1989).

According to Zenger, 1992, the two most frequently cited benefits of performance-based pay are its tendency to induce effort (Lawler, 1971; Leventhal, 1976) and its tendency to attract top talent (Landau and Leventhal, 1976; Levinthal, 1988; Mitchell, Lewin, and Lawler, 1990; Zenger, 1992). High-ability individuals migrate to performance-contingent pay, while low-ability individuals migrate to nonperformance-contingent pay. Over time this pay approach should positively impact the organization's efficiency by retaining and rewarding high performers.

Skill Based Pay

As stated by Shaw, et al., (2005), skill-based pay (SBP) plans entail a fundamental departure from traditional job-based pay to a person-based approach that rewards employees for acquiring new skills (Gupta, Jenkins, & Curington, 1986; Jenkins, Ledford, Gupta, & Doty, 1992). Under SBP plans, employees are given a pay increase for learning and demonstrating proficiency in a new skill. The pay increase is granted regardless of whether employees actually use the skill in the course of their typical duties at the time of skill acquisition.

Skill based and competency based pay programs are intended to reward employee development. Both provide additional compensation when an employee demonstrates an expertise of a desired skill or competency. For instance, administrative personnel may receive a salary adjustment for learning and using new computer software. This pay program requires that the organization defines those skills and competencies that are of value to it and identify the associated value of those new requirements. These programs work best in conjunction with other pay delivery systems as one of the variable programs. Each organization needs to analyze pay approaches and assess which pay systems will work well for them.

Table 6: Summary of Salary Adjustments - Types and Benefits of Each

Variable Pay Incentive / bonus	Rewards goal achievement Can be linked to team goal
Merit Pay for performance	Pays for job value Rewards best employees
COLA	Adjust salary for inflation
Skill based pay	Increases learning new skill

Pressure on county governments to develop and implement pay programs to address market competition, internal and external equity issues and reward performance are great. Since employees' compensation represents the majority of the county's budget, even minor changes can have a significant and long term dollar impact. Different counties try

different approaches with varying levels of success. As competition for human resources grows, the compensation philosophy will become a significant management tool. Pivotal to the employment relationship, compensation decisions can further fulfillment of individual goals as well as the organization's goals. At a minimum, counties need to stay competitive with local cities and adjacent counties. To attract the best, they need to offer more, either in salary or benefits. As suggested by the IPMA-HR benchmark counties that have developed a pay philosophy and adopted variable pay approaches to support that philosophy are better positioned to retain employees.

Pay Improves Performance

The counties pay philosophy and pay approaches are developed because there is a belief that pay improves performance. Stated differently, pay is a “dissatisfier” in Herzberg's Motivation – Hygiene Theory. The theory established motivators; achievement, recognition, the work itself, and responsibility and dissatisfiers or hygiene factors; supervision, salary, interpersonal relationships and working conditions. If employees viewed pay as inadequate for the work performed, it became a dissatisfier and performance declines. The recognition by Public Administrators of the relationship of pay to performance is identified by IPMA-HR as one of the benchmarks.

According to Magid and Susseles (2005), the likelihood of pay improving performance happens when the following conditions are met:

1. Employees understand the plan performance goals and view them as "doable" given their own abilities, skills, and the restrictions posed by task structure and other aspects of organization context;
2. There is a clear link between performance and pay increases that is consistently communicated and followed through; and
3. Employees value pay increases and view the pay increases associated with a plan as meaningful (that is, large enough to justify the effort required to achieve plan performance goals).

Pay for performance plans can improve performance by directing employee efforts toward organizationally defined goals, and by increasing the likelihood that those goals will be achieved, given that conditions such as doable goals, specific goals, acceptable goals, meaningful increases, consistent communication and feedback are met.

Recruitment Metrics

Human Resources will be faced with challenges over the next decade. Millions of jobs are going unfilled in the United States. "Deloitte Consulting says that skills and experience will start to disappear from the job market as soon as 2008, and the Future of Work organization estimates that there will be a shortfall of about 10 million U.S. knowledge workers by 2010" (Kaplan-Leiserson, 2005). "Demographics, including the aging workforce and declining birth rates, combined with ever intensifying demand for more skills and better education, are set to converge with an economic recovery and a

rebound in the labor markets. The result may be an unprecedented talent and skills shortage. Organizations must prepare on all fronts for a climate in which recruitment and retention requires ongoing intensive and strategic efforts in areas of technology, flexible HR policies, and workforce planning” (Human Capital Institute, 2007). In addition to the declining labor force, non-traditional job options such as telecommuting or home businesses, draw potential applicants away from public sector employment. Counties must develop turnover reduction strategies if they expect to prosper by delivering the desired and expected services to their citizens.

SHRM identified the recruitment metrics as 1) days to fill, 2) turnover costs and 3) turnover rate.

Days to Fill

One measure of the recruitment effort is calculating the average number of days to fill open positions. For public sector agencies, recruitment has historically been a reactive effort. As job vacancies arose, jobs were posted and agencies waited for job applicants to apply. Often this application process put the onus on the applicant, requiring the job seeker to fill out an application in person at the personnel office. This worked well when job applicants exceeded job openings and public sector positions were considered desirable (Thigpen & Phillips, 2005). Today qualified applicants refuse to participate in what can be a lengthy and frustrating process. Moreover, after decades of “government

bashing”, the public sector is no longer the career choice for most job seekers (Hayes and Kearney, 2003).

Days to fill is the number of days from which the job requisition was approved to the new hire start date, calculated by the total number of days elapsed to fill requisitions divided by the number hired. The number of days to hire may increase due to different factors such as reposting the position due to lack of qualified candidates, extra steps in the hiring process such as written exams or internal processes such as multiple interviews. Days to fill is reduced by dedicated recruitment, Human Resources screening and forwarding applications and decentralized hiring, meaning the hiring manager can make the hiring decision.

The following chart (IPMA-HR, 2006) indicates 44-57 days to fill positions, in both the public and private sector. Generally the higher the position level or position with more job requirements, the longer it takes to fill the position.

Table 7: Average Days to Hire

Hiring Step	Jobs in General	Prof.	Official	Clerical	Public Safety	Labor	IT
Human Resources asked to recruit	12	13	13	10	12	11	12
Vacancy announced	8	8	9	7	9	7	8
Application deadline	17	21	24	15	25	16	21
Testing evaluation begins	12	11	12	11	14	11	10
Testing evaluation complete	12	12	14	12	19	11	11
Hiring manager receives list	11	10	10	13	13	11	10
Hiring manager receives list (existing list)	5	5	5	5	6	4	4
Hiring manager receives list (no candidate list)	16	15	16	15	20	14	15
Time to begin interviews	9	9	9	8	10	8	8
Hiring manager offers job	8	8	9	7	13	7	8
New hire reports to work	15	18	20	14	18	14	16
Notification of vacancy until reports to work	49	51	54	45	57	44	48

The above table represents the mean number of days it takes to perform each task.

Steps to fill positions may vary amongst HR departments. Depending on the county's hiring policy, there may be no test evaluation or there may be extensive testing prior to hiring, which would decrease or increase hiring time respectively.

The IPMA-HR benchmarks if adopted should decrease the number of days to fill open positions. The first three benchmarks; decentralized hiring, on-line applications and faster applicant screening expedites the process. The fourth benchmark, aggressive recruitment, likewise, should lower the number of days to fill by having committed resources to manage the recruitment process.

Turnover Rates and Costs

Turnover is very costly to any organization and can be devastating to one with limited resources. When an employee leaves an organization, it usually experiences substantial costs. Costs to the organization may include decreased productivity, costs of hiring a new employee, increased training time, and other indirect costs. Other turnover consequences relate to the smoothness and continuity of the organizational operations, employee morale, and the difficulty of replacing the departed employee (SHRM White Paper, 2002). Estimates of the cost to replace supervisory, technical and management personnel run from 50% to several hundred percent of their salaries (Galbreath, 2002). Recruiting costs will inevitably increase as organizations rebound from the economic recession with pent-up demand to rebuild themselves with talent (Smith, 2005).

Stated by Abbasi, et al, (2000) excessive turnover often engenders far reaching consequences and, at the extreme, may lead to jeopardy of the organization's objectives. There may be a brain drain that negatively affects innovation and causes major delays in the delivery of services and the introduction of new programs. The smartest and most talented employees are the most mobile and the ones who are disproportionately more likely to leave. For some departments and agencies of government entities, the loss of key employees may negatively impact the quality and innovation of services delivered. As a result, it may adversely affect the satisfaction of citizens/customers. Hence governmental units are becoming increasingly concerned about keeping loyal and dedicated workers, reducing turnover, and increasing the duration of employment.

As the applicant pool has diminished and public sector positions have lost some desirability, recruitment approaches have had to adjust.¹⁸ It is a truism that to be productive and successful, organizations must attract and retain competent employees (Kearney, 2003). Competitive counties will have to initiate a more proactive approach of seeking job applicants through advertisement, job fairs and other employees, as well as, establish a more timely recruitment process.

Recruitment Benchmarks

According to Thigpen, 2005, many public sector entities have begun to look at recruitment practices. Four possible trends were identified to be prevalent within Recruitment Departments among the public sector.

1. Decentralization
2. Making the hiring process more timely
3. Making the recruitment more proactive / aggressive
4. Tracking and monitoring recruitment methods

These trends support the IPMA-HR benchmarks of 1) decentralized hiring, 2) on-line applications and 3) faster applicant screening and 4) aggressive recruitment.

¹⁸ Civil service was a desirable career choice for baby-boomers who desired job security and stability. The Generation X and Generation Y employees desire challenging work and flexibility, but not necessarily stable careers. (Lewis, 2002).

Over the coming years emphasis will be on measuring quality of hire and improving the sourcing, recruitment and selection processes with an increase in the use of HR metrics to track progress (SHRM Special Expertise Panels 2005 Trends Report).

Decentralized Hiring

In the past few years, there has been a shift toward more decentralization of HR functions, particularly in recruitment activities. In December 1990, the Office of Personnel Management submitted a final report to the president that included recommendations to reduce the number and complexity of forms and implement decentralized hiring. The Office of Personnel Management continues to have decentralized hiring as one of its top priorities and delegates direct hire authority to federal agencies. Decentralized hiring constitutes 75 percent of all competitive hires in the federal civil service (Newman, 1991). Pfeffer (1998) identified decentralized hiring as one of the practices of successful organizations. Studies of private organizations identified decentralized hiring as one of the changes that contributed to the company's success (Denton, 1997; Gilbert, 2002). While HR still typically posts and advertises job openings and screens the applicants, they may or may not participate in the interview and hiring decision but rather assist the hiring manager in the recruitment / hiring process. As stated by Sheldon (2005) in her recent study of the changing role in Human Resource Management, an important policy and management issue is who has primary responsibility or authority for selection. The study found that while Human Resources still maintains responsibility for testing, application maintenance and certifications, the

interviewing and employee selection are now typically responsibilities decentralized to the hiring department.

According to IPMA-HR (2003), some organizations have improved hiring speed by decentralizing hiring activity and authority. Instead of the central HR office performing hiring tasks, operating agencies do this work and they do it faster. For example, in Arizona the central HR office creates statewide policies and maintains the state's applicant tracking system, but agencies generate their own lists and screen candidates. Similarly, the City of Charlotte's HR department collects résumés and applications, but then forwards them to the hiring manager. In Nebraska, the HR department screens for minimum qualifications, and then refers all qualified candidates to the hiring agency.

According to the 1999 U. S. Merit Systems Protection Board Report, an important aspect of the Government's hiring system was modified when in 1996, the Office of Personnel Management (OPM) delegated to agencies the authority to examine applicants for virtually every position in the competitive civil service. This decentralization of examining authority reflected an Administration and Congressional desire to make the process for hiring new employees faster and less bureaucratic. As a result of the decentralization, activities related to the competitive hiring of new employees are now generally performed by agency personnel employees working in the Government's approximately 650 delegated examining units.

Decentralized hiring has had success at the federal level, and some at the state and city level. Counties HR departments have been slower to delegate recruitment to the hiring departments.

On-Line Application

Organizations are amending civil services laws to make them more flexible, expanding recruiting, developing more user-friendly alternatives to written civil service exams and using technology to improve system access and efficiency. Government organizations are now hiring full time recruiters, expanding market efforts and even going head to head with private sector employers (Hayes and Kearney, 2003).

One way to expedite the recruitment process is through technology, such as accepting applications electronically or on-line. One measure of timely hiring is the average number of days to fill an open position, which has been identified as a performance metric. Applicants that are qualified and actively seeking employment will not remain available for those employers that delay the hiring process. Once a certain time period has passed, the applicants that are left in the pool are the ones other employers did not select.

As cited by Bingham, Llg and Davidson (2002), the Winter 2000 issue of Public Personnel Management entitled, "The Quest for the Qualified Job Surfer: It's Time the Public Sector Catches the Wave," stated:

“The reasons behind the continued and growing popularity of the Internet as a recruiting tool can be attributed to several key advantages. Specifically, there are at least five reasons why it is prudent for organizations to place a heavy emphasis on their own employment Web page.

1. Effective use of an employment web page is a low-cost alternative to traditional recruiting strategies for both organizations and applicants.
2. Job boards generally provide job-relevant information in a generic format, which does not document the unique qualities of an organization.
3. An organization’s employment page provides a first impression to potential applicants, which is important for those applicants’ intentions to pursue a job.
4. Through a corporate web page, information can be presented that highlights unique aspects of a corporate culture that may attract individuals whom would fit especially well within an organization.
5. Organizations can allow individuals to apply online within the web site using features designed specifically for the needs of the organization.”

Bingham, Ilg, & Davidson, (2002) highlight the benefits of on-line recruitment for the State of Washington, specifically reduction in the recruitment cycle time from approximately 12 weeks in 1995 to 5 weeks in 2001 and significant savings in time spent in routine database updating, telephone calls and other correspondence, postage, printing, and application storage expenses.

Aggressive Recruitment

To many, government hiring is associated with lengthy written exams, followed by lengthy waiting periods while candidates are scored and given a numerical rank.¹⁹ Now, however, many public jurisdictions are using faster ways to screen candidates. The City of Sarasota, FL, for example, requires applicants to submit résumés, just like the city's private sector competitors. The city HR staff then conducts telephone interviews to assess qualifications and identify the best qualified.

Aggressive recruitment can refer to a number of activities, such as no residency requirement or flexible certifications but generally means any proactive steps in the hiring process. For instance, some counties may have a continuous recruitment for hard to fill or high volume jobs whether or not there is a current vacancy. Successful organizations recruit for hard-to-fill and high-volume vacancies by allowing candidates to apply at any time, without any deadlines. This continuous application approach allows these jurisdictions to recruit and accept applications without the restrictions of deadlines. Some may have a sign-on bonus of specific positions to better attract candidates. Also attendance at job fairs or universities to market the county and its opportunities could be deemed pro-active. The primary commitment that counties make to recruitment is to hire full time recruiters, responsible for filling the county's open positions (Thigpen & Phillips, 2005; SHRM 2005; Galbreath, 2002).

¹⁹ While written exams are not as pervasive today as they have been in the past, many counties still have some form of examination requirement for employment (Bohannon 2001).

IPMA-HR Recruitment and Selection Benchmarking survey results showed that respondents get more applicants (46 percent) and hires (36 percent) from their agency or jurisdiction's Website than from newspapers (27.2 percent for applicants and 23.7 percent for hires) or Internet job boards (11.1 percent for applicants and only 5.7 percent for hires). Trade journals, radio advertisements, job fairs, referrals and other sources of applicants were far behind the top three mentioned above. However, 5.7 percent of respondents reported receiving hires from referrals.

Faster Applicant Screening

According to the 2003 IPMA-HR Benchmarking Report, another approach to speed-up hiring is to shorten application periods or, in some cases, immediately interview candidates and make job offers. Two jurisdictions – the City of Charlotte, NC and the State of Washington – often accept applications only for one week. Qualified candidates are then referred immediately to hiring managers. Of course, this approach does not work for all vacancies (e.g., it is probably not appropriate for national searches) but can be a very timely approach for local recruitments. Several jurisdictions – including Wisconsin – have implemented immediate job offer processes for some hard-to-fill jobs. HR and hiring managers work together to develop quick screening processes they administer at job fairs, on campus, etc. Hiring managers then conduct immediate interviews of qualified candidates, and can make immediate job offers (or at least contingent job offers) to the best-qualified candidates.

It is important to get open positions filled quickly with the applicant that is going to be successful in the job. In the past, in an effort to ensure that the public was given the widest possible access to government job opportunities, jurisdiction often used application periods of up to two months. While this does provide wide access for potential applicants, this practice can also slow down the hiring process. Well-qualified candidates with job options may accept other jobs by the time the application period ends.

The GPP Final Report 2003, states most levels of government don't invest much in recruitment as far as hiring dedicated recruiters and participation in job fairs / campus recruitments to create applicant pools. Yet as the labor market shrinks and turnover increase, counties will save money in the long run by investing and strategizing about recruitment and retention today. The ability to actively recruit, and more importantly retain employees provides stability while protecting institutional knowledge of the seasoned employee.

Whether public or private, current literature suggest that successful recruitment must be timely and considered a priority by the hiring organization, Bingham, Llg, & Davidson (2002); Sheldon (2002); and Gilbert (2002) address decentralized hiring, on-line applications and faster applicants screenings as means of expediting the hiring process. Denton (1997) and Pfeffer (1998) discuss aggressive recruitment in the form of on staff recruiters indicates a recruitment priority.

Workforce Planning

While Workforce planning is related to recruitment, it is not specifically identified by SHRM or IPMA-HR as one of the recruitment metrics or benchmarks. A workforce plan provides counties with longer term hiring needs by analyzing turnover rates, projecting retirements and considering growth. Progressive counties will develop a workforce plan to anticipate and prepare for future hiring demands. Therefore, workforce planning is included in the study as a control variable. Counties with a workforce plan in place are likely to also be counties that are benchmark counties.

“Workforce planning is the road map to ensure that the right people with the right skills are in the right places at the right times. Ideally, workforce planning will produce new policies, approaches, and processes in all HR areas. These components must link together, as a system, to build the workforce and competencies critical to long-term success” (Lavigna, 2005). Workforce planning is the strategic approach to answering which pay plans and benefits are appropriate for the county’s strategies and culture, as well as aid in developing a proactive recruitment strategy by projecting hiring needs into the future.

In workforce planning, an organization conducts a systematic assessment of workforce content and composition issues and determines what actions must be taken to respond to future needs. The actions to be taken may depend on external factors (e.g. skill availability) as well as internal factors (e.g. age of the workforce). These factors may

determine whether future skill needs will be met by recruiting, by training, or by outsourcing the work (Ripley, 1996).

Workforce planning involves anticipating or forecasting supply and demand demographics – developing expertise in environmental scanning as it relates to workforce trends, with special focus on competitors for key human capital assets and an ability to understand the volatility of the job market as it relates to a specific industry (SHRM Special Expertise Panels 2005 Trends Report). A workforce plan looks at all the elements, makes a comprehensive analysis to project future needs. Strategic workforce planning is still a relatively new concept / practice for many organizations, with 63% of the respondents indicating they do not have a workforce planning process in place (IPMA-HR study, 2004).

Workforce planning is another proactive approach that can be considered aggressive recruitment. However, it is more than that. Workforce planning, like strategic planning, is forward looking, preparing for future needs. Performance measurement tells the organization where it is today, which is a good starting point for moving into the future. There is a need to have competent, proud and motivated people in civil service (Bouckaet, 2001). Workforce planning is one method of identifying and addressing future demands on the county's workforce. Counties that anticipate not only retirements but regular turnover and are proactively recruiting to fill those future vacancies are better positioned to maintain current service levels, avoid employee burnout and minimize disruption in the workforce.

The composition of the workforce is also important. For example, a high number of projected retirees creates an imminent hiring need, or a very young workforce creates training needs, or a workforce not representative of the population of the area creates a diversity need; all situations that create different HR responses to workforce needs. As replacements are needed, will it is necessary to develop special recruiting programs to seek out applicants (Ripley, 1996).

Human Resources, similar to the counties in which they operate, are expected to efficiently manage resources while meeting the county's human resource needs. Currently in both the public and private sector, a popular complaint among HR executives is that organizations demand greater results from their HR departments yet allocate fewer resources to them (Kirckhoff, 2005).

According to Steel and Lourich, (1996) and Hayes and Kearney, (2003)) the ability of counties to cope with the increasingly challenging duties of governance in a period of systematic devolution of government responsibilities is heavily dependent on the adequacy of the personnel management system in place. At every level of government, personnel / HRM systems are being criticized as inflexible, unresponsive, slow, rule-bound, and user *unfriendly* (Steel and Lovrich, 1996: Frank and Lewis, 2002; Hayes and Kearney, 2003). However, there is great momentum across the nation for innovation and change in government and human resource systems.

County Efficiency Measures

This section discusses the county efficiency measures selected for the study. The three measures are fiscal, process and technical and each is addressed separately.

This study attempts to assess the impact of Human Resource practices on county government efficiencies. County government efficiency can be measured by multiple means and in accordance with the performance measurement models previously discussed should have some measures other than a financial one. The challenge is to select measures that apply to all county governments and that are meaningful. The findings from the IBM / Robert H. Smith School of Business, University of Maryland study identified three categories affecting efficiencies for local government leaders as 1) organizational, 2) process and 3) technology. For this model the organizational measure is a fiscal measure and a process and technology measure were also included.

Fiscal Efficiency Measure

State constitutions and statutes dictate the revenue sources counties may use. Taxes continue to be the number one revenue generating source for counties. According to the 2001 NACo Study *County Revenue Patterns: A Survey of Authority Practices* and as was evident in the *1998 Preliminary Investigative Report*, property taxes accounted for the single most important revenue source for counties, reporting 30.6% of general revenue

funds. The sales tax was the second most significant revenue source for counties, with counties reporting collecting 14% of the general fund from this tax.

Counties reported that other taxes represent 13.6% of their general fund revenues. These taxes include motor vehicle taxes, real estate transfer taxes, cable television franchise taxes and hotel/motel taxes.

The United States Census Bureau reports that county expenditures are generally spent on the following areas: education services, social services and income maintenance, transportation, public safety, environment and housing, and general governmental administration and that in 2000-01, counties spent 14% of revenues on education services; 11% on social services and income maintenance; and 6% on public safety.

According to Generally Accepted Accounting Principles (GAAP), county governments must balance their budgets, therefore expenses cannot exceed revenues. That means that if demand for services in one area increases, either revenue must increase or funding for services in another area must decrease. The Federal Office of Management and Budget (OMB) calculates both debt and revenue on a per capita basis to allow year over year comparisons regardless of population trends.

Process Efficiency Measure

One area of responsibility that every county has in common is issuing building permits for new construction and specified renovations.

According to the National Builders Association a building permit is a document that grants legal permission to allow a building project to begin and is required to protect the health, safety and well being of citizens and the community by ensuring that all construction aligns with minimum safety and community standards.

The simplest permit to issue is the one to a homeowner, single family dwelling and is a routine procedure for county building and / or zoning departments. Yet the amount of time it takes to receive a building permit for a homeowner varies, primarily on the process and procedures put in place by the issuing county.

Technical Efficiency Measure

According to the Center for Digital Government, public institutions across the country are cutting budgets so county governments are investing in digital technology to enhance service delivery to their citizens and businesses. The first national Digital Counties Survey, conducted by the Center for Digital Government, the National Association of Counties (NACo), and *Government Technology* magazine, provides a baseline snapshot of how counties are using technology to stretch tight resources while improving services and enhancing their delivery.

The fiscal, process and technology efficiency measurements provide a construct to evaluate county efficiency and can be used as a basis for comparison between counties.

County Context

This section discusses the three county contextual variables of county size, county wealth and whether or not the county is a charter county. It includes data regarding the effect of these variables on county operations.

This study will apply the defined Human Resource performance measures to the 67 Florida county governments to determine if the recommended Human Resource practices contribute to the efficiency of county operations. However, the context in which counties operate must be considered. The size, wealth or whether or not the county is a charter county will also impact county efficiency and Human Resource management strategies. This section will discuss the three contextual variables; size, wealth and charter.

County Size

The most current census for Florida county population is based on 2001 data. The top seven counties account for more than half of the state's population. With the exception of a few counties, Florida counties continue to grow and the most populated generally are growing at a faster rate.

Table 8: Florida Counties Ranked by Population Size

Florida Counties Ranked by Population Size: July 1, 2001						
Within State Rank	County	State	July 1, 2001 Estimate	April 1, 2000 Population Estimates Base	April 1, 2000 to July 1, 2001 Numeric Population Change	April 1, 2000 to July 1, 2001 Percent Population Change
		Florida	16,396,515	15,982,378	414,137	2.6
1	Miami-Dade County	Florida	2,289,683	2,253,362	36,321	1.6
2	Broward	Florida	1,668,560	1,623,018	45,542	2.8
3	Palm Beach	Florida	1,165,049	1,131,184	33,865	3.0
4	Hillsborough	Florida	1,027,318	998,948	28,370	2.8
5	Pinellas	Florida	924,610	921,482	3,128	0.3
6	Orange	Florida	923,311	896,344	26,967	3.0
7	Duval	Florida	792,434	778,879	13,555	1.7
8	Polk	Florida	492,751	483,924	8,827	1.8
9	Brevard	Florida	489,522	476,230	13,292	2.8
10	Lee	Florida	462,455	440,888	21,567	4.9
11	Volusia	Florida	454,581	443,343	11,238	2.5
12	Seminole	Florida	374,334	365,196	9,138	2.5
13	Pasco	Florida	362,658	344,765	17,893	5.2
14	Sarasota	Florida	335,323	325,957	9,366	2.9
15	Escambia	Florida	293,205	294,410	-1,205	-0.4
16	Manatee	Florida	274,523	264,002	10,521	4.0
17	Marion	Florida	267,889	258,916	8,973	3.5
18	Collier	Florida	265,769	251,377	14,392	5.7
19	Leon	Florida	239,376	239,452	-76	0.0
20	Lake	Florida	227,598	210,528	17,070	8.1
21	Alachua	Florida	218,795	217,955	840	0.4
22	Saint Lucie	Florida	200,018	192,695	7,323	3.8
23	Osceola	Florida	181,932	172,493	9,439	5.5
24	Okaloosa	Florida	173,065	170,498	2,567	1.5
25	Bay	Florida	150,316	148,217	2,099	1.4
26	Clay	Florida	147,542	140,814	6,728	4.8
27	Charlotte	Florida	147,009	141,627	5,382	3.8
28	Hernando	Florida	135,751	130,802	4,949	3.8
29	Saint Johns	Florida	131,684	123,135	8,549	6.9
30	Martin	Florida	130,313	126,731	3,582	2.8
31	Santa Rosa	Florida	123,101	117,743	5,358	4.6
32	Citrus	Florida	122,470	118,085	4,385	3.7
33	Indian River	Florida	116,488	112,947	3,541	3.1
34	Highlands	Florida	88,972	87,366	1,606	1.8

Within State Rank	County	State	July 1, 2001 Estimate	April 1, 2000 Population Estimates Base	April 1, 2000 to July 1, 2001 Numeric Change	April 1, 2000 to July 1, 2001 Percent Change
35	Monroe	Florida	78,556	79,589	-1,033	-1.3
36	Putnam	Florida	70,880	70,423	457	0.6
37	Nassau	Florida	59,830	57,663	2,167	3.8
38	Columbia	Florida	57,841	56,513	1,328	2.3
39	Flagler	Florida	54,964	49,832	5,132	10.3
40	Sumter	Florida	54,504	53,345	1,159	2.2
41	Jackson	Florida	46,751	46,755	-4	0.0
42	Gadsden	Florida	45,321	45,087	234	0.5
43	Walton	Florida	42,644	40,601	2,043	5.0
44	Hendry	Florida	36,562	36,210	352	1.0
45	Okeechobee	Florida	36,385	35,910	475	1.3
46	Suwannee	Florida	35,668	34,844	824	2.4
47	Levy	Florida	35,520	34,450	1,070	3.1
48	De Soto	Florida	32,438	32,209	229	0.7
49	Hardee	Florida	26,759	26,938	-179	-0.7
50	Bradford	Florida	26,423	26,088	335	1.3
51	Wakulla	Florida	24,761	22,863	1,898	8.3
52	Baker	Florida	22,707	22,259	448	2.0
53	Washington	Florida	21,192	20,973	219	1.0
54	Taylor	Florida	19,231	19,256	-25	-0.1
55	Holmes	Florida	18,811	18,564	247	1.3
56	Madison	Florida	18,718	18,733	-15	-0.1
57	Gilchrist	Florida	14,829	14,437	392	2.7
58	Dixie	Florida	13,992	13,827	165	1.2
59	Union	Florida	13,672	13,442	230	1.7
60	Hamilton	Florida	13,504	13,327	177	1.3
61	Gulf	Florida	13,417	13,332	85	0.6
62	Calhoun	Florida	13,020	13,017	3	0.0
63	Jefferson	Florida	12,946	12,902	44	0.3
64	Franklin	Florida	11,202	11,057	145	1.3
65	Glades	Florida	10,750	10,576	174	1.6
66	Lafayette	Florida	7,245	7,022	223	3.2
67	Liberty	Florida	7,067	7,021	46	0.7

Table CO-EST2001-06-12 - Florida Counties Ranked by Population Size: July 1, 2001
Source: Population Division, U.S. Census Bureau

International Public Management Association (IPMA), National Association of Counties (NACo) and Florida Association of Counties (FAC) agree that smaller counties have

challenges that the larger counties do not, such as less revenue, limited means to increase revenue and often times are more rural and poorer. As part of the recent debate on property tax reform in Florida, FAC published the following:

Why Small Counties are Different

- Florida has 32 small counties with populations under 75,000 (27 rural and 5 beachfront).
- The 2004 median income of residents in small rural counties was \$18,908, and in small beachfront counties was \$19,701. This compares to medium income of \$28,838 in large counties.
- Small rural counties have more residents living below the federal poverty level; more households receiving public assistance; fewer residents who have completed high school; more residents living in mobile homes; and more residing in unincorporated areas.
- In small rural counties, residential properties comprised just 32.5 percent of the market value of property in 2004; this compares with 60.4 percent in large counties.
- Small counties have a much higher percentage of their market value of land in agricultural use, which is taxed at a lower rate. Statewide, 4.1 percent of the market value of land was agricultural use in 2004. In small rural counties, 38.7 percent of the market value of land was agricultural, and one—Jefferson County—had 71.8 percent of its market value of land in agricultural use.

Larger counties are able to enjoy an economics of scale and therefore some efficiency that smaller counties cannot. Potentially with more population there are more needs, however those are offset by increased revenue.

County Wealth

County wealth, measured by personal per capita income, varies amongst Florida counties, with Palm Beach County averaging \$44,050 and Hamilton County lowest with \$13,932 (BEBR, 2005). The National Association of Counties (NACo) describes counties ability to generate revenue as follows:

State constitutions and statutes dictate the revenue sources counties may use. Barely half the states allow counties to impose a sales tax. Only in Indiana and Maryland is a tax on income a significant county revenue source.

Nonetheless, taxes continue to be the number one revenue generating source for counties, contributing nearly 35% of funds to general revenue fund. For fiscal year 2000-01, property taxes accounted for 23% of the revenues and sales tax equaled roughly 7.5%. Both of these figures represent decreases for county revenues.

Counties with wealthier citizens, in more expensive homes, generate more revenue in the form of property taxes which is a primary revenue source. Florida does not have an income tax and county government relies on property tax and sales tax as primary

funding sources. Affluent counties are able generate more revenue in the form of these taxes.

In addition to differences in population and wealth, Florida counties may also choose to be a charter county as set out in the state constitution.

Charter Counties

According to the Florida Association of Counties (FAC), in 1968, the electors of Florida granted local voters the power to adopt charters to govern their counties. Charters are formal written documents that confer powers, duties, or privileges on the county. They resemble state or federal constitutions and they must be approved, along with any amendments, by the voters of a county.

According to several Florida constitutional scholars, the establishment of charter government was designed to remove the resolution of local problems from the state legislature's busy agenda and to grant the county electorate greater control over their regional affairs.

To date, there are 19 charter counties in Florida. Collectively these counties are home to more than 75 percent of Florida's residents.

Table 9: Florida Charter Counties

	Year Charter Adopted	No. of Municipalities	2006 Population
Alachua	1987	9	240,764
Brevard	1994	15	531,970
Broward	1975	31	1, 740,987
Charlotte	1986	1	154,030
Clay	1991	4	169,623
Columbia	2002	2	61,466
Duval	1968	5	861,150
Hillsborough	1983	3	1,131,546
Lee	1996	5	549,442
Leon	2002	1	271,111
Miami-Dade	1957	34	2,422,075
Orange	1987	13	1,043,437
Osceola	1992	2	235,156
Palm Beach	1985	37	1,265,900
Pinellas	1980	24	947,744
Polk	1998	17	541,840
Sarasota	1971	4	367,867
Seminole	1989	7	411,744
Volusia	1971	16	494,649

From Florida Association of Counties, <http://www.fl-counties.com/aboutflco/chartercounties>

In spite of the need and desire of counties to exercise broader powers of self-rule, they are much less likely to do so than cities (Benton, 2002). For example, charter counties by statute must develop and maintain an Administrative Code. The Administrative Code defines the organization structure and establishes procedures to protect the public interest. While this gives home rule charter counties flexibility and latitude in county operations, it is developed by committee which is tedious and oft times political.

In Florida, Home Rule Charter status gives counties much more latitude in monetary matters than is the case for counties governed by the traditional commission model. For

instance, the board of county commissioners (the legislative branch), in charter counties is able to adopt a host of different kinds of taxes (such as franchise, utility and telecommunications taxes) typically available only to municipalities. Without home rule status, the only option available to counties to expand their revenue-raising capabilities would be the enactment of special legislation on their behalf by the state legislature (Benton, 2003). Granting of home rule charter makes it possible for counties to become full service governments (Benton, 2002).

Counties with Home Rule Charter have more flexibility to change and flexibility in programs provided. Charter counties are free to alter their structure, functions, personnel, and finances within the parameters established by the state and their approved charter (Martin and Nyhan, 1994).

Contribution of the Study

This final section addresses the importance of the study and discusses what is known, unknown and the limitations of the model. Performance measurement does three things. It provides accountability – to the state and federal government for funding, to the citizens and to the employees. It will provide a greater understanding of HR compensation and recruitment practices within the county. And it will provide information for county management and commissioners for policy changes and decision making to improve performance.

Metrics help keep the focus on important issues, clarify expectations (for example tying compensation to performance) and align the HR department with the county's business. There is not existing research linking HR performance to organizational performance. This study will provide that research and link at the county level.

Knowns, Unknowns, and Limitations

The Society for Human Resource Management (SHRM) has defined appropriate universal human resources performance metrics. While these are recommended, they generally have not been applied to human resource departments in county governments. Likewise, the International Public Management Association for Human Resources (IPMA-HR) had determined the best HR practices. Similarly, if county governments have adopted these practices, the result is largely unknown.

Public sector employees have different motivation and needs at work than do private sector employees. The effects of changing HR practices with regards to compensation and recruitment are relatively unknown except on a case by case basis.

The primary purpose of this research is to assess counties HR metrics to HR best practices and the relationship of HR performance to county performance. While it would be expected that these correlations exist, it is untested.

The study is limited to the 67 Florida counties. While counties have similarities in operations and services provided, there are differences as well. For instance, some

Florida counties are rural and less populated, some are coastal, and some are wealthier. Even within Florida counties, organizational structures differ, which can increase or decrease HR role and responsibilities. To the extent these differences are identified, they can be controlled in the study. However, there may be distinctions that are not considered that would affect results. Likewise, a study of the Florida counties HR metrics and benchmarks may not necessarily be generalizable to Florida cities or other state county governments. Differences between city governments and other states county governments would need to be considered prior to implementing metrics or drawing conclusions.

Compensation (including benefits) and recruitment are two key responsibilities for Human Resources. However, HR is also responsible for training and development, employee relations, employee programs such as awards and recognition and Human Resources Information Systems (HRIS). These other areas of responsibility work in concert with compensation and recruitment. Exclusion of other HR functions may overlook their influence and impact. The lack of performance measurement experience in the public sector and specifically human resources is one reason the study is needed. However, absent previous studies or data in this area leaves interpretation of findings and ultimate conclusions more speculative.

Ultimately implementation of metrics and changes in HR practices could result in unintended consequences. While it may be desirable to fill open positions quickly, it is not effective if the applicants are less qualified and may result in increased turnover,

recruitment and training costs. County performance is based on a composite efficiency measure comprised of fiscal, technological and process (outputs) without including effectiveness measures (outcomes). There may be an indirect relationship between efficiencies and effectiveness that this study does not address.

CHAPTER THREE: METHODOLOGY

Conceptual Framework

In this study the context of county government must also be considered.²⁰ The model will include the context of county government, design of HRM practices and performance of the county efficiency. Human Resource Management (HRM) refers to the policies, systems, and practices that influence employees' behaviors, attitudes and performance, and subsequently the performance of the organization. (Selden & Jacobson, 2003). Performance measurement of HRM would increase HR's accountability to the organization and employees, enhance the understanding of HR programs, practices and policies and provide information for decision making.

The framework of the model must consider HRM within the environment or context (public sector county government) and its contribution to an output measure (efficiencies). This framework of context → design (HRM) → performance is consistent with the healthcare framework suggested by Wan (2002). The use of the contingency strategic adaptation framework has identified causal factors that are amenable to change or control so that managerial interventions can achieve better outcomes and organizational performance (Wan, 1995).

²⁰ While counties roles and responsibilities are largely determined by the state, counties vary greatly on several factors. Counties vary in size, wealth, rural verses non-rural, beach verses in-land, all of which affect service demand and delivery. County governments are administrative arms of the state and have only powers expressly given to them by the state. They serve the unincorporated areas within the state.

Each dimension of context, HRM and county performance has measurement variables associated with it, which were selected based on the literature review of public sector human resource management. The model assumes linear relationships between the dimensions and the variables follow a temporal sequence across those dimensions. The county's contextual variables may influence the HRM design variables and county efficiency measures. The structure or context of government also impacts efficiencies regardless of Human Resources practices / programs so that link is also considered.

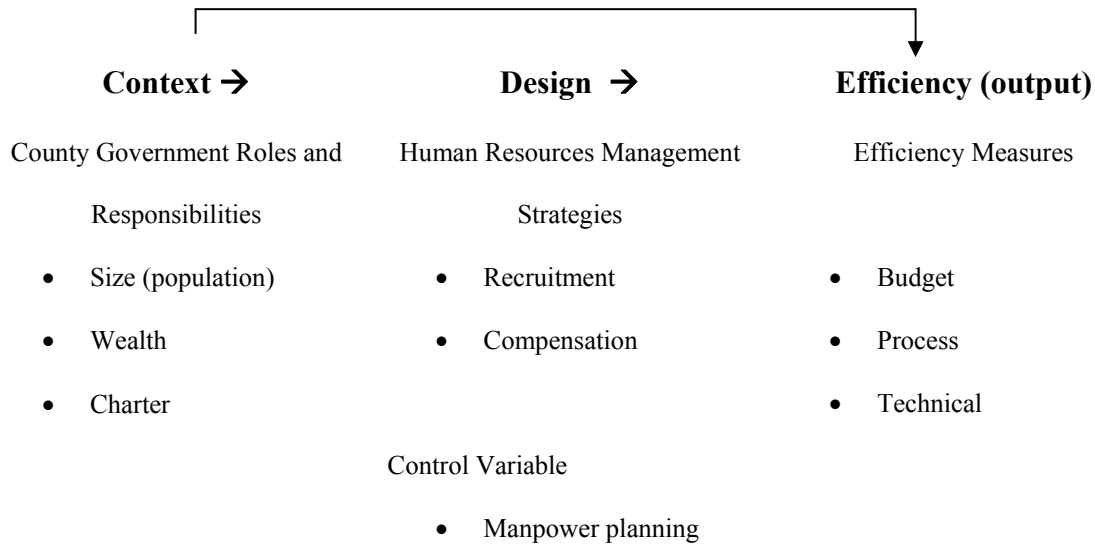


Figure 8: Conceptual Model of the Study

Research Questions

1. How does the size and wealth of a county affect the Human Resource management strategies?

2. What impact does Human Resource recruitment and compensation management practices have on overall county efficiencies?
3. What is the impact of county size and wealth on overall county efficiencies?

Hypothesis

1. Larger, wealthier counties will have higher paid employees and less turnover.
2. Counties that adapt the SHRM HR management benchmarks will produce more efficient county outputs.
3. Larger, wealthier counties will be more efficient than those counties with limited resources due to economies of scale.

The Context Measure: County Government Role and Responsibility

This study analyzes the contribution of Human Resource Management strategies (the design measure of the model) to overall county efficiency (the efficiency or output measure of the model). However, the relationship of HR management strategies to overall county efficiency may be affected by other factors such as a county's size, wealth or whether or not they are a charter county. These three variables are defined as the contextual variables in the model.

Contextual Variables

The contextual variables are wealth (per capita income), size (population) and charter verses non-charter counties. The descriptive statistics of each variable will be discussed as well as their relationship to one another.

The wealth of a county in this model is defined as per capita income as state by Bureau of Economic and Business Research. Counties with wealthier constituents collect more taxes per capita in property tax, sales tax, mileage rates and impact fees, assuming higher home values and higher consumption.

The size of the county can be defined by either population or square miles. While larger areas may need more resources than smaller counties; population provides a better estimate of demand for services and was selected as the variable for size. Size in area is not correlated to population. Some larger counties in land mass have the lowest populations, such as Taylor, Lafayette and Liberty. Some smaller counties, likewise, have larger populations such as Lee, Sarasota and Seminole. The citizens or population, not the land mass, determines the needs on county services.

The third contextual variable is charter verses non-charter county. There are nineteen charter counties and forty-eight non-charter counties in the state of Florida. Charter counties have adopted a mini-constitution and should be better positioned to address the needs of its citizens due to some autonomy from state legislation.

The Design Measure

There are two types of Human Resource measures used in this study. The first measure assesses whether or not a Florida county practices HR benchmarks based on the defined IPMA-Hr benchmarks for compensation or recruitment. The Florida counties that have implemented the best practices should be better positioned to be proactive and competitive in facing future challenges. Benchmark counties should be better positioned to contribute to the county's overall efficiency.

The second measure is metrics identified by SHRM for compensation and recruitment and represent the independent variables in the model. Benchmark measures are dichotomous, yes or no, concerning individual practices. The defined metrics are continuous variables, lending them to more robust statistical analysis.

This model represents the relationship of 1) HR metrics in compensation to compensation benchmarks, 2) HR metrics in recruitment to recruitment benchmarks and 3) HR integrity measures to overall county performance measures. These two components represent the design and efficiency (output) constructs of the conceptual model.

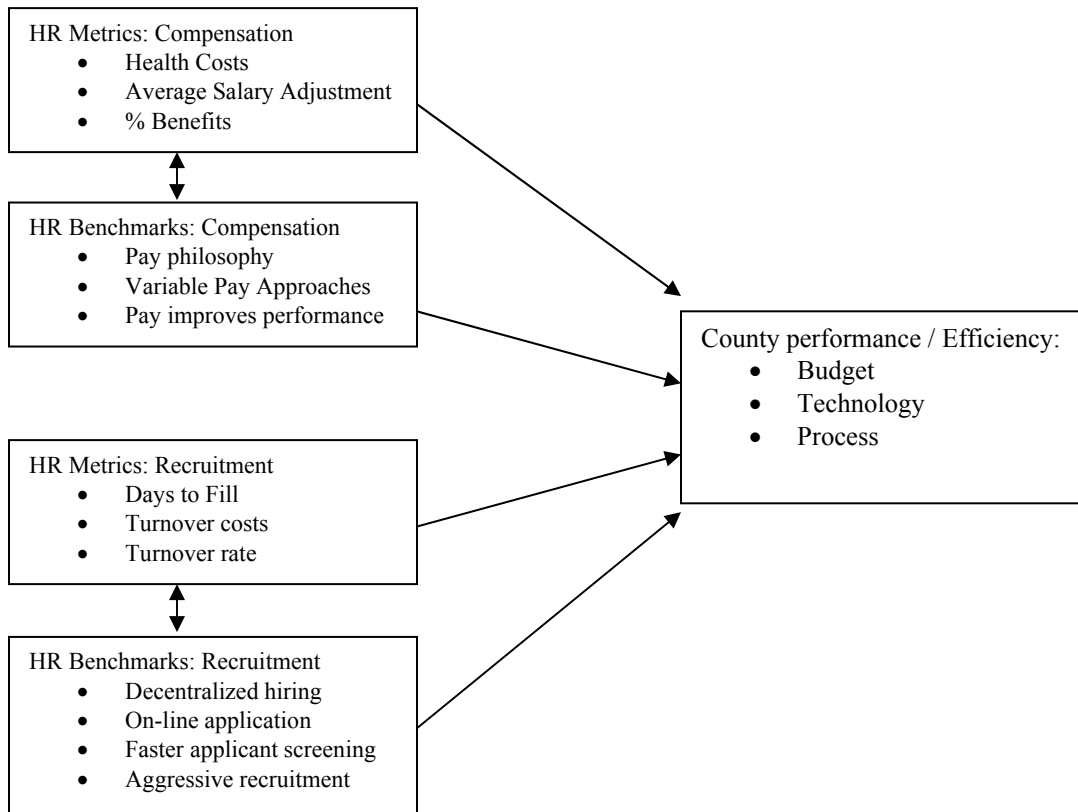


Figure 9: SHRM HR Metrics, IPMA-HR Benchmarks and County Government Performance

The selected HR Management Control variable is:

- Manpower planning verses no workforce planning

The Efficiency Measure

The measurement of county performance will be a composite of efficiency measures based on budget, technology and process. The budget measure is defined as total annual county budget divided by number of citizens living in the county. A lower per capita

budget indicates lower county expenses on a per citizen basis and can be indicative of efficiencies. Technological efficiency is determined by using a subset of the assessment instrument developed by the National Association of Counties, NACo (Appendix C). The three question survey was selected for its objectivity, simplicity and application to county government. The questions are as follows:

1. Are the meetings of the county governing body available electronically to the public?
2. Does the county have a Web site?
3. Does the county have on-line calendars, schedules, or directories?

A total score will be calculated based on either an assessment of the county's web page or on the responses to the questions. The responses have an associated numeric score attached to them. The three questions are totaled to assign a total numeric score, ranging from 0 to 11.

Process efficiency is average number of days to obtain a building permit for a homeowner. This particular measurement is common to all Florida counties. Since different counties have different levels of commercial development, the lowest common denominator or simplest building permit, that for a homeowner was selected.

Homebuilders Weekly has surveyed counties on the building permit process, including number of days to obtain a permit. The number of days varies depending on county and in part is due to personnel, policy and process.

Definition of Terms; HR Metrics and Benchmarks

Health costs: Health costs are the per capita cost of employee benefits. $\text{Total cost of health care} \div \text{Total employees}$

Average Salary Adjustment: Budgeted salary increase percentage

% Benefits: Cost of benefits (FRS, health insurance, leaves including any paid time off, FICA, EAP and tuition reimbursement) paid by the county divided by total salaries.

Days to Fill: Days to fill are the number of days from which a job requisition was approved to the new hire start date calculated by total days elapsed to fill requisitions divided by number hired.

Turnover rate: Turnover rate measures the rate at which employees leave a company, calculated by dividing the total number of separations with the total number of employees annually.

Pay philosophy: The organization has a defined pay philosophy linked to organizational goals / strategy / mission.

Variable pay approaches: The organization utilizes variable pay approaches such as pay for performance, skilled based pay, or competency-based pay for example. Approaches

are non-traditional and innovative (not the same old merit system). Pay is variable; everyone does not get the same amount and distinctions are made.

Pay improves performance: Benchmark organizations believe variable pay has helped improve performance; the compensation system creates incentives for employees to perform better and produce better organizational performance.

Decentralized recruitment: The Human Resource department collects resumes and applications, may screen for minimum qualifications and refers candidates to the hiring managers. The hiring managers / departments have authority and responsibility for hiring.

On-line Continuous Application: Some counties use on-line applications to provide more timely, user friendly hiring systems. Some allow applicants to apply for multiple positions or update their on-line application for employment.

Faster Ways to Screen Applications: Progressive, benchmark organizations respond to the recruitment process proactively. Instead of waiting for positions “to close”, HR professionals screen applications as they are received.

County Size – County size can be measured by square miles or citizen population. Since both are factors of demand on county services, county size will be measured by population density.

Charter verse non charter: Florida authorized Charter County Home Rule in 1968 but each county must then draft and seek citizen approval for the charter or mini-constitution. Charter counties are free to alter their structure, functions, personnel, and finances within parameters established by the state and the approved charter (Martin and Nyhan, 1994). Nineteen Florida counties operate under home rule charter.

Manpower planning verses no workforce planning: Workforce planning involves anticipating or forecasting supply and demand demographics – developing expertise in environmental scanning as it relates to workforce trends, with special focus on competitors for human capital assets and the ability to understand the volatility of the job market as it relates to a specific industry (SHRM 2005 Trends Report).

Methodology

The model identified twenty variables and examines the relationship between context, design and efficiency variables as well as the relationship of recruitment metrics to recruitment benchmarks and compensation metrics to compensation benchmarks.

The population is the 67 Florida counties and information for each variable was required for each county. This section will discuss the data collection, the research population, and the data treatment of this study.

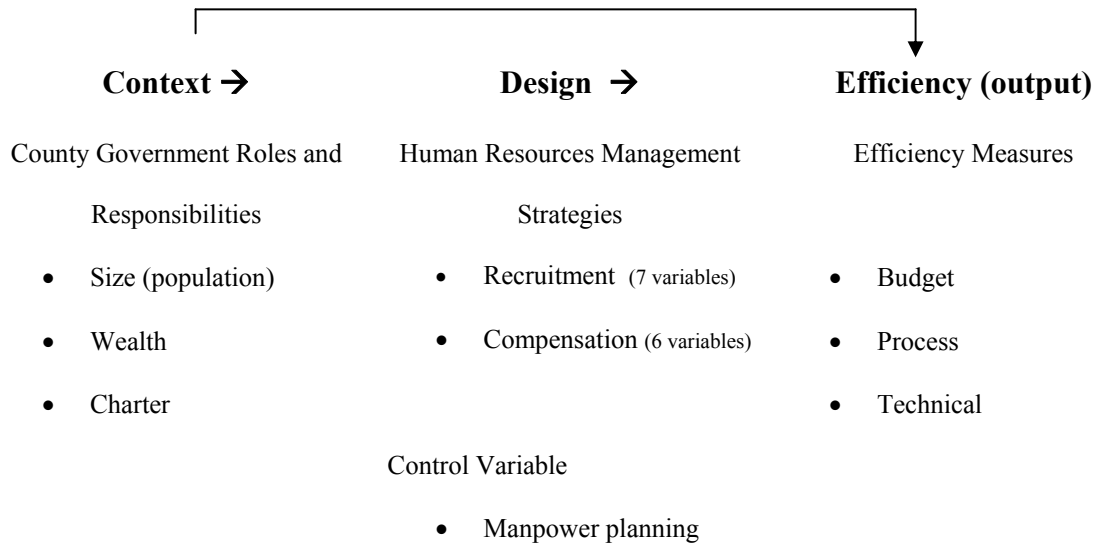


Figure 10: Conceptual Model of the Study

The design variables are further defined in the table below.

Table 10: Design (Recruitment and Compensation) Variables; Comparing SHRM-HR Metrics with IPMA-HR Benchmarks

	Metrics	Best Practice Benchmarks
Compensation	Health costs	Pay philosophy
	Average salary adjustment	Variable pay approaches
	% Benefits	Pay improves performance
Recruitment	Days to fill	Decentralized hiring
	Turnover rate	On-line continuous application
		Faster screening of applications
		Aggressive recruitment

The model is assessing whether Florida county Human Resources departments that engage in “best practices” as defined by IPMA-HR and their corresponding relationship

with the SHRM metrics are statistically significant. Presumably those counties that have developed a pay philosophy, utilize variable pay approaches, and believe pay improves performance will have invested in their workforce in the form of health care, benefits, and salary adjustments.

Likewise, counties with a concerted effort to expedite hiring by decentralizing the hiring process/ decision, automating the application process, providing quick applicant screening and practicing aggressive recruitment have prioritized recruitment and consequently should expect lower turnover rates and costs and minimum days to fill open positions.

The model also tests HR performance integrity to county efficiencies; a composite of budget (county budget per capita), process (number of days for a building permit) and technology (Web page score).

The following control variable will also be tested:

- Manpower planning verses no workforce planning

The following contextual variables are included:

- County size in population
- County wealth
- Charter verses non-charter form of government

This study is a macro-organizational design that will explore the relationship of HR compensation and recruitment toward predicting county efficiency through path analysis.

Additionally, it will review county demographics, size, wealth, form of government, to assess the effects of contextual variables toward the defined county efficiency (output) measures.

Data Collection

The specific information needed was obtained in multiple ways. Data regarding the 67 Florida counties, their Human Resource practices and statistics was collected using multiple means outlined in the table below:

Table 11: Data Collection Sources

Variable	Data Collection Method
Context <ul style="list-style-type: none"> • Size • Wealth • Charter verses Non-Charter 	National Association of Counties (NACo)* Bureau of Economic and Business Research National Association of Counties (NACo)*
Design <ul style="list-style-type: none"> • Compensation • Recruitment • Manpower Planning 	Survey / county website** / Phone call
Efficiency <ul style="list-style-type: none"> • Budget • Process • Technical 	County website** or phone call Homebuilder's Association (HBA) 2006 Digital County Survey / county website**

* 2005 data

** Three counties do not have a website. They are Lafayette, Suwannee and Taylor counties. County websites are identified in Appendix B with contact names and phone numbers.

The Survey

The county human resource directors (appendix B) received an email and mailed hard copy questionnaire regarding their practices and statistics, commencing March, 2007. At the same time, data from the county's web page was compiled. After the initial collection and assessment, counties with missing data received a follow up phone call, email and / or letter. In some cases the specific data was not be readily available and in those instances different information was used to extrapolate. For instance, if a county did not provide a turnover rate, a follow up phone call to obtain the number of open positions and total employee population provided sufficient information to calculate turnover rate. Additionally missing information was sometimes available through another department such as the budget office and that was determined through follow up phone calls. The series of mailing surveys, emails, and follow p phone calls began in March 2007 and concluded in July 2007.

The county performance measure of budget per capita was obtained via the Web for 1) county population and 2) county budget dollars for fiscal year 2006/07. If the county web page did not have budget information, the Fiscal Services, Budget director or in a few cases, the Clerk of the Court was contacted via phone or email for the information.

Research Population

The research population is the 67 Florida counties. Among other things, Florida's 67 counties are quite diverse and their growth is occurring unevenly. Between 1980 and

1990, Florida's population increased 33 percent, with new residents mostly in unincorporated areas (Benton and Menzel, 1991). Florida counties range in population from 2,253,362 (Miami-Dade) to 7,021 (Liberty) and in size with Palm Beach the large at 2,034 square miles and Union the smallest with 240 square miles. Of the 67 Florida counties, 19 are charter counties, which allows more flexibility in rate increases and changes to the county's administrative code but requires voter referendum and periodic charter reviews. The following map identifies the Florida charter counties.



Figure 11: Florida Charter Counties

Data Treatment

The study is concerned with Human Resource practices and measures so the counties Human Resource departments were targeted for data collection. The primary instrument

was the questionnaire / survey (appendix A) that was emailed and hard copied mailed to the Human Resource Director or equivalent of each of the Florida County Governments.

The two criteria in developing the questionnaire were 1) it needed to measure the specified HR benchmarks and metrics and 2) it needed to be simple enough for the respective HR departments to be able to complete it. Additionally, follow up phone calls and emails completed the missing data, commencing in March 2007 through July 2007.

A secondary source of data was each counties web-page, which confirmed responses to the mailed surveys, but also contributed information not included in the survey. This data is related to the control variables specifically 1) county size, 2) charter verses non-charter government and 3) wealth of the county, measured in median household income.

The data was entered into an SPSS data set. Due to the number of variables, twenty, and small sample size, 67 counties, the statistical analysis is Path Analysis since it can provides the statistical regression analysis on the limited data set. As described by Wan, 2002, path analysis uses a structural equation model to specify the causal relationships among a set of variables, through path diagrams. A path diagram is a pictorial representation of a system of simultaneous equations. The main advantage of the path diagram is that it presents a picture of the relationships that are assumed to exist between the study variables.

Summary

Based on the model of best HR practices and HR metrics, this study will measure whether Florida counties that adopted best practices perform better than counties that did not by evaluating HR metrics with overall county performance and how HR performance contributes to overall county efficiencies.

The study looks at several relationships as follows:

- Florida counties that are determined to be benchmark counties in compensation and recruitment to the compensation and recruitment performance metrics.
- Human Resource performance metrics to county efficiency (construct of fiscal, process and technical measures).
- County context to both HR performance measures and county efficiency.

Performance measurement in the public sector is relatively rare and even rarer in Human Resources yet HR practices have a profound impact on organizational operations. This study can help identify practices that counties can adopt that will help them compete for their most important resource, their employees.

CHAPTER 4: RESULTS

Introduction

Summary of Findings

There are several components to the model including county context, design / strategy of human resource performance measurements and county efficiency measures. Within the HRM design / strategy component, counties were identified as compensation and / or recruitment benchmark counties. Benchmark counties, those that implemented benchmark practices as defined by IPMA-HR, were expected to 1) contribute more to county efficiency and 2) differ from non-benchmark counties on the HR compensation and recruitment metrics. Benchmark and non-benchmark counties did not differ on either county efficiency or HR metrics. Also expected but not realized was the role of charter counties. Charter counties were expected to have higher county efficiency and HR performance but were not significantly different than non-charter counties. However the identified HR metrics and two contextual variables of size and wealth were statistically significant at the >05% level in the path analysis model to county efficiencies.

In this chapter each component of the model with its statistical analysis and results will be discussed individually, as well a review and interpretation of the path analysis model. The conceptual model is depicted in figure 12, below.

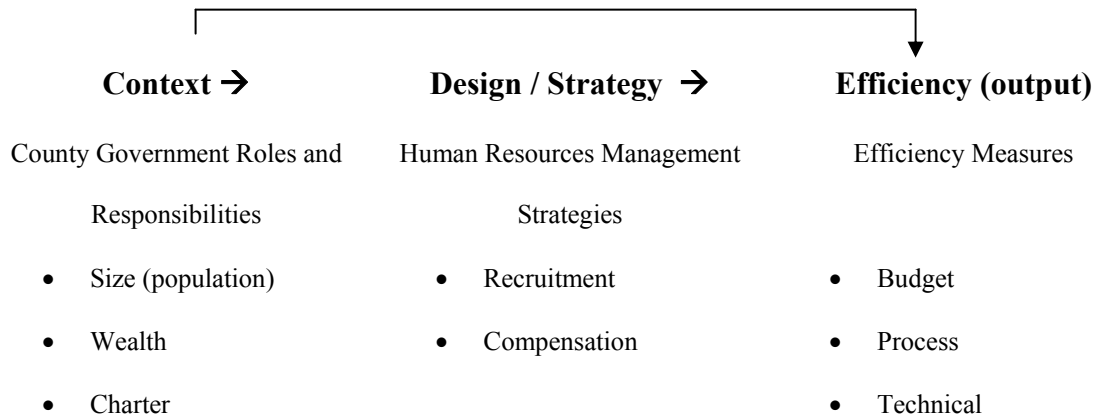


Figure 12: Conceptual Model of the Study

The analysis looks at the following:

1. independent analysis of each component of the model
2. the relationship of HR benchmarks to HR performance measures,
3. the impact of HR performance measures to the county efficiency measures and
4. the impact of county contextual variables on the county efficiencies measures.

Missing Data

The data set, built in SPSS, was complete for all variables identified as county contextual variables of wealth (income per capita), size (population), and charter verses non-charter counties. Likewise all variables for county efficiency measures were complete including measures for fiscal (budget per capita), technology (technology score from the technology survey – Appendix C), and process (number of days to obtain a homeowner building permit). There was missing data for some of the Human Resource measures

(and not always the same measures), primarily the smaller, poorer panhandle counties as follows:

Table 12: Counties Unresponsive to the Survey and Their Respective Populations and Budgets

County	Total Population	Total Budget
Walton	50,324	77,461,217
Washington	22,299	39,300,203
Jackson	48,985	20,000,085
Liberty	7,773	11,659,500
Franklin	10,177	49,657,755
Madison	19,092	8,398,188
Taylor	19,622	19,798,794
Hamilton	13,983	25,043,692
Lafayette	7953	12,431,731
Baker	24,569	21,867,884
Bradford	28,118	31,974,383
Levy	37,998	74,154,236
Putnam	73,568	121,655,723
Total	364,461	468,711,391
% of Total Florida Counties	.0205	.0208

All of these counties were contacted numerous times through multiple means.

Ultimately, through phone conversations with an appropriate representative, it was determined that those counties do not track nor have the data requested. The missing variables were identified and coded as such in the SPSS data set.

The Data Set

The contextual variables include county size called “FY 06 population” and wealth called “personal income per capita”. The design variables are 1) recruitment; “days to fill open positions” and “retention rate” and 2) compensation; “health costs”, “average salary adjustment” and “% benefit to salary”.

The efficiency variables are comprised of 1) “FY 06 budget per capita”, 2) “Building permit - # of days” and 3) “Technical score”. The table below includes the variables in the data set, response rates and the variable ranges, means, and standard deviations of each.

Table 13: Data Set Variables and Associated Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
FY 06 Population	67	7773	2376014	265371.10	428672.167
Personal Income per capita	67	13932	44050	24866.21	7307.776
Days to fill open positions	51	8	88	40.67	18.338
Turnover rate	51	2.00	30.00	10.2145	6.14459
Health Costs	51	1962.31	14200.00	6451.3218	2202.52666
Average Salary adjustment	50	2.5	9.5	4.554	1.4623
% Benefit to Salary	50	8.69	56.00	31.7746	7.66829
FY06 Budget per capita	67	408.29	6300.67	1891.5667	1112.63127
Building permit - # of days	67	1	35	12.67	9.126
Technical score	67	1	11	4.28	2.673
Valid N (listwise)	49				

* N varies due to incomplete data sets for some variables

Additionally, there are three dichotomous variables of Charter County, recruitment benchmark counties, and compensation benchmark counties as follows:

Table 14: Charter, Recruitment and Compensation Benchmark Counties

Variable	“Yes” response	“No” response
Charter	19	48
Recruitment Benchmark	8	59
Compensation Benchmark	11	56

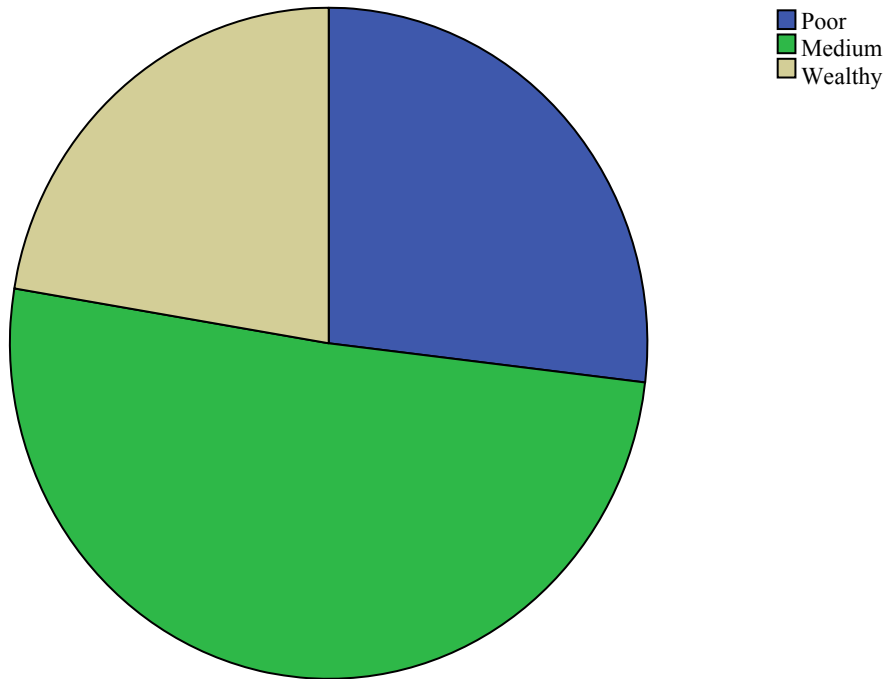
Of the 19 charter counties, 14 were not benchmark counties in either recruitment or compensation as follows: Alachua, Brevard, Broward, Charlotte, Clay, Columbia, Hillsborough, Leon, Miami-Dade, Osceola, Palm Beach, Pinellas, Polk and Sarasota. Of the remaining 5, Volusia was a benchmark county for recruitment and the remaining four, Duval, Lee, Orange, and Seminole were benchmark counties for both recruitment and compensation.

Contextual Variables

The first contextual variable is wealth, defined as per capita income by county²¹. The poorest county, Hamilton, has a per capita income of \$13,932 while the wealthiest county, Palm Beach, has a per capita income of \$44,050. If poor counties are further defined as counties with per capita income under \$20,000 and wealthy counties are ones

²¹ From Bureau of Economic and Business Research Warrington College of Business, University of Florida (BEBR), 2005 data.

with per capita income over \$30,000, then the majority of Florida counties, 34 counties or 50.7% fall in the medium range of \$20,000 to \$30,000 as demonstrated in the pie chart below.



Graph 2: Personal Income Per Capita; Florida Counties

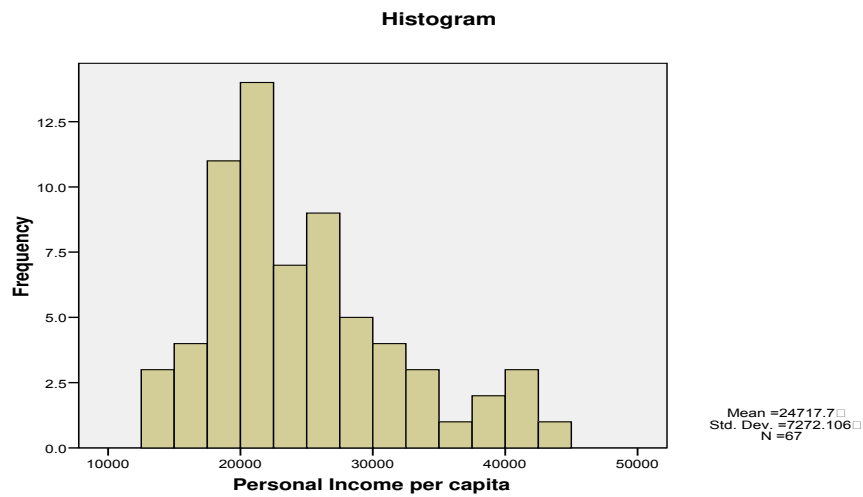
Further analysis of the poorest and wealthiest counties indicate that wealthier counties are more likely to be charter counties and all are coastal with the exception of Seminole County as indicated in the table below.

Table 15: Poorest and Wealthiest Counties

Poorest Counties	Wealthiest Counties
Calhoun	Broward*
Columbia*	Collier
DeSoto	Duval*
Dixie	Indian River
Glades	Manatee
Hamilton	Martin
Hardee	Monroe
Hendry	Nassau
Holmes	Okaloosa
Lafayette	Palm Beach*
Levy	Pinellas*
Liberty	Sarasota*
Madison	Seminole*
Okeechobee	St. John
Sumter	
Taylor	
Union	
Washington	

*Charter Counties

There are four counties with per capita incomes of over \$40,000; Collier, Martin, Palm Beach, and Sarasota and those counties slightly skew the distribution to the right as demonstrated on the histogram below.



Graph 3: Histogram of Personal Income per Capita

Skewness is a measure of the asymmetry of a distribution. A normal distribution is symmetric and has a skewness value of 0. A distribution with a significant positive skewness has a longer right tail. A distribution with a significant negative skewness has a longer left tail. As a guideline, a skewness value more than twice its standard error is taken to indicate a departure from symmetry (SPSS).

The standard error of skewness for “Wealth” for the 67 Florida counties is .293, positively skewed and is just outside the -2 to +2 range for a normal distribution, due to the four wealthiest counties.

The second contextual variable is size, defined by population. The total population for the state of Florida in 2006 was 17.8 million. The five most populated counties and the only ones with over a million residents are Orange, Hillsborough, Palm Beach, Broward, and Miami-Dade, which had combined populations of 7,577,355 or 42.6% of the population of the state. Because a few large counties are also the most populous, the distribution of the population variable is also skewed.

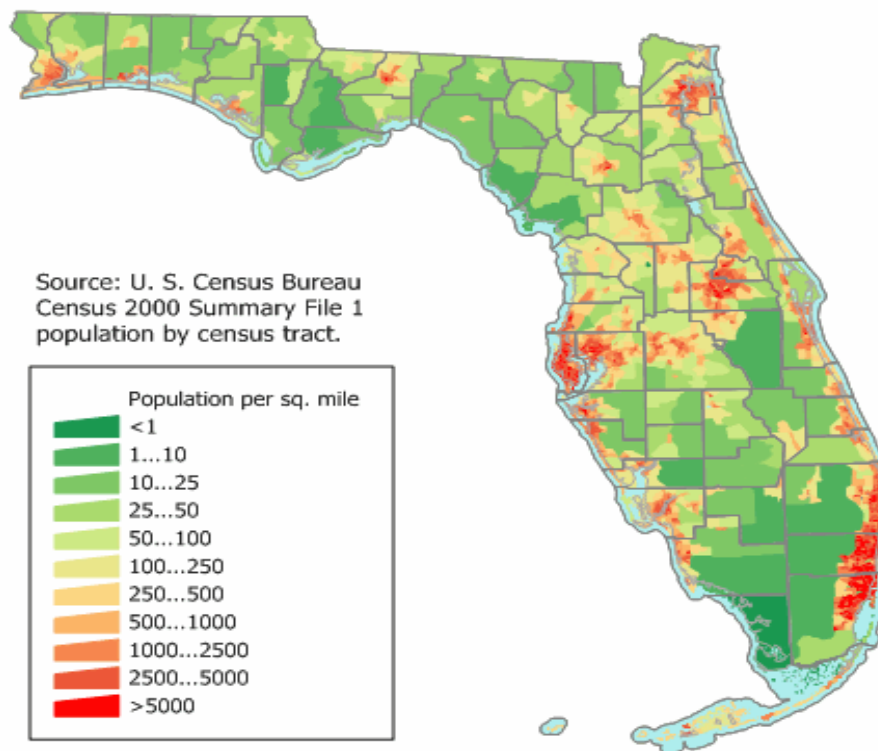
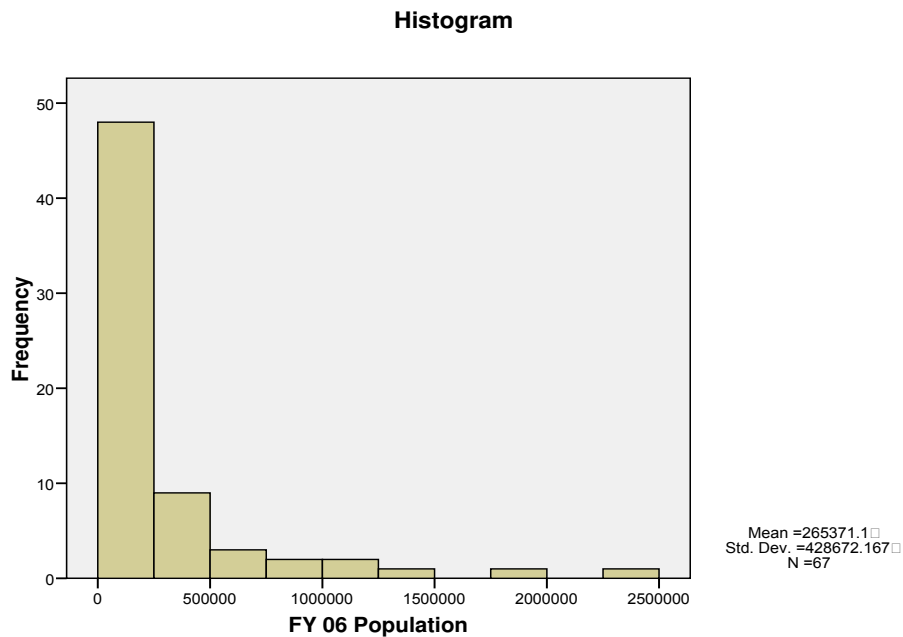


Figure 13: The U.S. Census Map of Florida Population Centers

Plotting the Florida population on a histogram indicates that the majority of counties (34) have populations under 100,000 and 44 counties have populations under 200,000.



Graph 4: Histogram of Florida Population

Size and Wealth

The contextual variables of size, wealth and charter verses non-charter counties are compared to one another to determine their relationships and any colinearity.

Collinearity (or multicollinearity) is the undesirable situation when one independent variable is a linear function of other independent variables.

Size (population) and wealth (per capita income) are correlated at a $> .05$ level (see table 16 below). The Pearson's correlation coefficient measure how variables are related but assumes linear association. While there appears to be a relationship between county population and per capita income, this statistic can be misleading due to the distribution of the population data since population and per capita income are not normally distributed but slightly skewed. Logically population centers would have more industry or job opportunities and potentially more income per capita. Likewise during downturns, they would have more unemployment and jobless, thus less income per capita. Arguably there is a correlation between population and per capita income; the strength of that relationship is disputable.

Table 16: Correlation of Income and Wealth

		Personal Income per capita	FY 06 Population
Personal Income per capita	Pearson Correlation	1	.448(**)
	Sig. (2-tailed)		.000
	N	67	67
FY 06 Population	Pearson Correlation	.448(**)	1
	Sig. (2-tailed)	.000	
	N	67	67

** Correlation is statistically significant at the 0.01 level (2-tailed).

The third contextual variable is charter verse non-charter county and as mentioned in the previous per capita income discussion, it is not a predictor of per capita income and per

capita income is not a predictor of whether or not a county will elect to be a charter county. Regarding population and charter counties, it does appear that the larger counties are more likely to be charter counties.

The 19 charter counties have a total population of 13,302,550 for 74.8% of Florida's population and an average population of 700,134 per county. The 48 non-charter counties have a total population of 4,477,341 and average county populations of 93,277. The least populated county is a non-charter county, Liberty and the most populated is Miami-Dade, a charter county.

Table 17: Descriptive Statistics of Florida Counties Populations: Charter and Non-Charter

	N	Minimum	Maximum	Mean	Std. Deviation
FY 06 Population	67	7773	2376014	265371.10	428672.167
Charter Population	19	64040	2376014	700134.21	605774.523
Non-charter Population	48	7773	429065	93277.38	104156.018

Design / Strategy Variables

Benchmark versus Non-Benchmark Counties

The design / strategy variables were selected using SHRM-HR metrics and IPMA-HR benchmarks. The counties identified as recruitment benchmark counties practiced benchmark measures of decentralized hiring, on-line application, faster screening, and

aggressive recruitment. Counties identified as compensation benchmark counties practiced compensation measures of having an established pay philosophy and using variable pay approaches. To be included as a benchmark county, the county had to have responded “yes” to every benchmark measure. The following table indicates the eight recruitment benchmark counties, the eleven (11) compensation benchmark counties and the six benchmark counties in both recruitment and compensation.

Benchmark counties were coded as “1” and non-benchmark counties were coded as “0”. Recruitment benchmark counties were compared with non-recruitment benchmark counties on the variables of days to fill and turnover rate.

Table 18: Recruitment and Compensation Benchmark Counties

County	Recruitment Benchmark	Compensation Benchmark	Recruitment and Compensation
Collier	√	√	√
Duval*	√	√	√
Flagler	√	√	√
Gulf		√	
Lake	√		
Lee*	√	√	√
Martin		√	
Monroe		√	
Okaloosa		√	
Orange*	√	√	√
Seminole*	√	√	√
Suwannee		√	
Volusia*	√		
% of Total	12%	16%	9%

* Signifies Charter County

Relatively few counties practice recruitment and / or compensation benchmarks as identified by IPMA-HR and those that do were not significantly correlated to charter counties. Some counties practiced some benchmark measures but not all and therefore were not included as a benchmark county. Benchmark counties likely had developed a strategy to address recruitment or compensation challenges and could justify resources or practices to support the strategy. For instance in recruitment, counties needed to have an on-line application process which involves technical capability and support.

Additionally, they needed to have staff dedicated to recruitment, aggressive recruitment, and many counties have HR specialists / professionals that are responsible for multiple functions. Likewise in compensation, most counties have not developed a pay philosophy and may not have variable pay approaches but rather one method of providing salary adjustments.

Table 19: Frequencies of Benchmark Measures

	Variable Pay Approaches	Pay Philosophy	On Line Application	Faster Screening	Aggressive Recruitment	Decentralized Hiring
No	45	54	45	44	58	50
Yes	22	13	22	23	9	17

Recruitment Variables

In addition to the benchmark variables, there are design / strategy metrics / variables related to recruitment; days (days to fill open positions) and turnover (turnover rate) and

compensation; health (cost of health care spent on employee per year), salary (annual budgeted salary adjustment) and benefits (%benefits to total salary). The design / strategy variables are analyzed based on two separate relationships as follows:

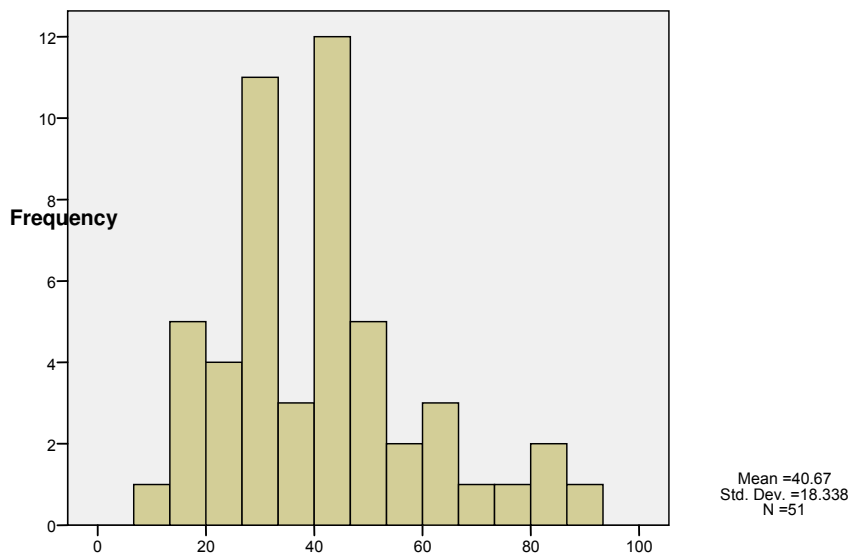
- Comparison of the recruitment variables to one another and the compensation variables to one another and
- Comparison of those variables between benchmark and non-benchmark counties.

The first recruitment variable is days to fill. Bay County reported the lowest number of days to fill with an average of 8 days to fill open positions. Three counties exceeded 80 days to fill positions. They were Orange (81), Okaloosa (83) and Leon (88). The mean and median was 40 days to fill, although 30 days was the most frequent answer.

Table 20: Frequency of Days to fill open positions

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	8	1	1.5	2.0	2.0
	14	3	4.5	5.9	7.8
	15	1	1.5	2.0	9.8
	20	1	1.5	2.0	11.8
	21	3	4.5	5.9	17.6
	25	1	1.5	2.0	19.6
	30	10	14.9	19.6	39.2
	31	1	1.5	2.0	41.2
	35	3	4.5	5.9	47.1
	40	2	3.0	3.9	51.0
	41	1	1.5	2.0	52.9
	45	9	13.4	17.6	70.6
	50	3	4.5	5.9	76.5
	52	2	3.0	3.9	80.4
	55	2	3.0	3.9	84.3
	60	3	4.5	5.9	90.2
	69	1	1.5	2.0	92.2
	74	1	1.5	2.0	94.1
	81	1	1.5	2.0	96.1
	83	1	1.5	2.0	98.0
	88	1	1.5	2.0	100.0
	Total	51	76.1	100.0	
Missing	System	16	23.9		
Total		67	100.0		

The following histogram indicates a normal distribution with mean and medium nearly identical. The two highest responses of days to fill were 30 days and 45 days and there appears to be a slight gap in between those two responses. The five responses of over sixty days positively skewed the distribution.



Graph 5: Histogram of Days to Fills Open Positions

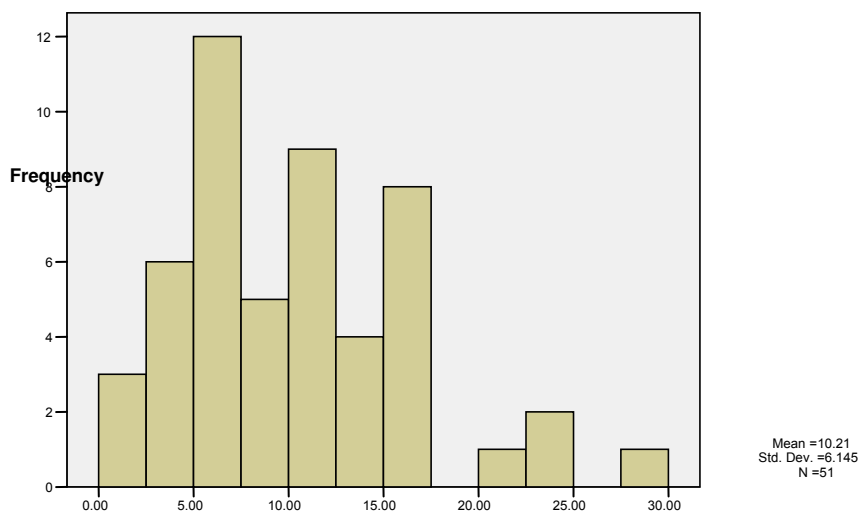
Table 21: Descriptive Statistics for Days to Fill Open Positions

N	Valid	51
	Missing	16
Mean		40.67
Median		40.00
Std. Deviation		18.338
Minimum		8
Maximum		88

The second design / strategy variable for recruitment was turnover rate. Three counties reported a 2% turnover rate. They were Dixie, Gilchrist, and Gulf; small north Florida counties. Wakulla reported the highest turnover rate of 30%. Wakulla is also a small north Florida county. However the other top turnover rate counties were Hillsborough (20%), Manatee (24%) and Pinellas (23.90%), all large counties.

Table 22: Turnover Rate Statistics and Frequencies

N		Valid	51
		Missing	16
Mean			10.2145
Median			9.3000
Std. Deviation			6.14459
Minimum			2.00
Maximum			30.00
</			



Graph 6: Histogram of Turnover Rate

Turnover rate is not normally distributed, due to the few counties with higher turnover rates and spikes at the 10% and 15% levels. With a larger sample turnover rates would be expected to normalize. Generally smaller counties have lower turnover rates. The smallest counties are more rural with fewer job opportunities. It is likely employees have fewer job options and stay in their current job with the county.

Recruitment Benchmark versus Non-Benchmark Counties

The recruitment benchmark counties were those counties that had on-line applications, applicant screening, decentralized hiring and aggressive recruitment.

The counties listed below are the recruitment benchmark counties with the corresponding responses to the recruitment measures of days to fill and turnover information.

Table 23: Recruitment Benchmark Counties and Corresponding Data on Recruitment Variables

Recruitment Benchmark County	Days to Fill	Turnover
Collier	52	8.63
Duval	45	6.00
Flagler	21	5.00
Lake	35	13.00
Lee	69	13.13
Orange	81	16.00
Seminole	41	12.00
Volusia	25	4.00
Mean	46.125	9.72

The benchmark counties had comparable means on turnover rate to non-benchmark counties, 9.72 to 10.3065 and slightly higher means than the other counties on days to fill open positions, 46.125 days to 39.65. There were nine non-benchmark counties with less than 30 days to fill.²² All nine counties, except Bay County have county populations under 75,000 and possibly post and fill positions without advertising or other types of recruitment that would extend the number of days to fill a position.

Table 24: Non-Benchmark Counties Turnover Rate and Days to Fill Open Positions

	Turnover rate	Days to fill open positions
N Valid	43	43
Missing	16	16
Mean	10.3065	39.65

²² The nine counties with under 30 days to fill were Sumter (8), Bay (14), Calhoun (14), Glades (14), Union (15), Desoto (20), Dixie (21), Flagler (21), and Hardee (21).

There was no statistically significant difference between benchmark and non-benchmark counties when correlated on turnover rate and days to fill open positions. The recruitment benchmarks of aggressive recruitment, decentralized hiring, on-line applications and faster screening should lessen the number of days to fill open positions and perhaps lower turnover rate, assuming good hires but that was not the result. Further when recruitment benchmark counties are correlated to non-benchmark counties, the correlation is not statistically significant at the $<.05$ level.

Table 25: Correlations of Benchmark Counties, Turnover Rate and Days to Fill Open Positions

		Recruitment Benchmark	Turnover rate	Days to fill open positions
Recruitment Benchmark	Pearson Correlation	1	-.035	.130
	Sig. (2-tailed)		.807	.364
	N	67	51	51
Turnover rate	Pearson Correlation	-.035	1	.149
	Sig. (2-tailed)	.807		.298
	N	51	51	51
Days to fill open positions	Pearson Correlation	.130	.149	1
	Sig. (2-tailed)	.364	.298	
	N	51	51	51

The benchmark practices should lower days to fill and possibly turnover rates but did not. Possible explanations include 1) benchmarks had not been practiced long enough to obtain positive results or 2) there are other competing factors such as labor markets or local economy that influence the variables. Understandably, it would take some time to gain positive results in the form of fewer days to fill positions or lower turnover rates once new recruitment practices are established. Also both days to fill open positions and

turnover rates are contingent upon the number of available applicants, other competing job opportunities, and perhaps internal factors such as a change in elected officials / new management or retirements.

Another possible explanation is that even though eight counties were determined to be benchmark counties, many counties practices some benchmark measures as follows; decentralized hiring – 16, on-line application – 21, faster screening of applications – 22. Aggressive recruitment was the least practiced benchmark with only the eight benchmark counties reporting dedicated recruiters. Counties without dedicated recruiters may have staff that is responsible for recruitment but have other responsibilities as well.

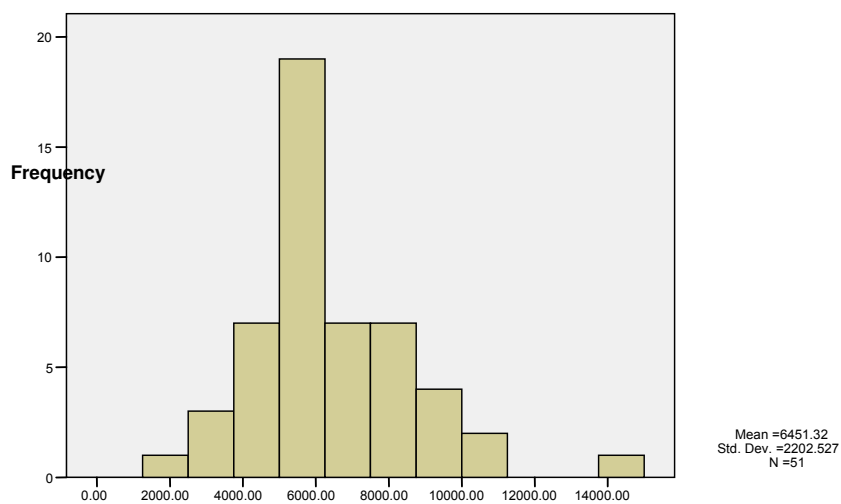
Compensation Variables

The design / strategy variables for compensation, in addition to the benchmark variables of pay philosophy and variable pay approaches, were health (the amount of money the county spends on an employee per year for health insurance), salary (the budgeted salary adjustment) and benefits (the percentage of benefits to total salary dollars).

The first variable, Health, ranged from \$1,962.31 per employee per year for health insurance for Clay County to \$14,200.00 for St. Lucie County. The second highest county in health care costs for employees was Lake County at \$10,925.00 so St. Lucie is an outlier as shown on the histogram below.

Table 26: Descriptive Statistics of Health Costs

N	Valid	51
	Missing	16
Mean		6451.3218
Median		6000.0000
Std. Deviation		2202.5266
Minimum		1962.31
Maximum		14200.00



Graph 7: Histogram of Health Costs

Health costs are normally distributed with the one mentioned outlier and a spike at the \$5000 to \$6000 range, the typical range of what counties pay for health care costs to their employees.

The second variable, salary, ranges from an annual budgeted 2.5% salary adjustment to 9.5%, with a mean of slightly over 4.5. Three counties, Charlotte, Collier and Okeechobee had budgeted adjustments over 7%; 7.8%, 9.0% and 9.5% respectively and

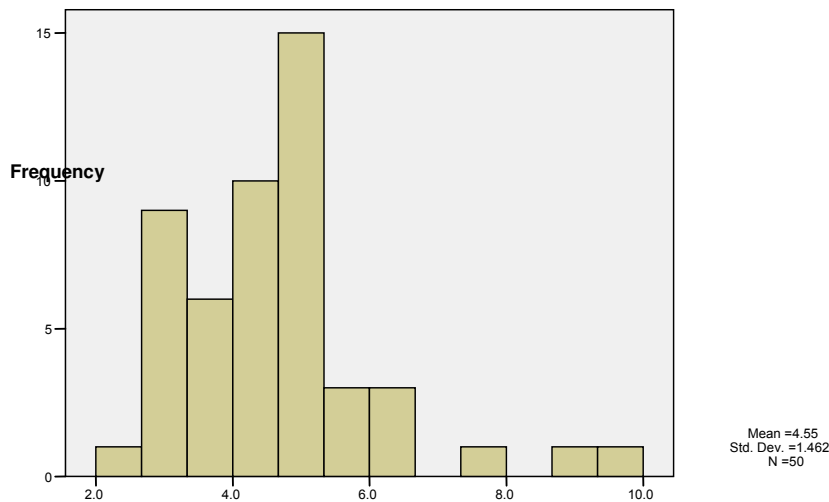
appear to be outliers as indicated in the following histogram. The lowest county was Hillsborough with a 2.5% budgeted salary adjustment.²³ These percentages are for salary adjustments only and do not include any benefits. However, this does not imply that a single employee receives a 7.8 or 9.0% increase; rather those are average budgeted amounts. In the cases of counties with higher budgeted amounts, they most likely budgeted dollars to address inequities or where employees had fallen behind market rates for their particular positions. In those counties some employees may receive a 2.5% annual salary adjustment and some may receive a 18% annual adjustment based on current salary surveys and the salary administration guidelines for that county but would average to the budgeted percentage.

Reported salary adjustments can be misleading depending on the question asked. For this study the question asked the percentage of budgeted salary adjustments for the year (FY06). It included any and all anticipated salary adjustments. A county could budget to correct inequities identified in a recent compensation study and would therefore report a higher percentage of annual salary adjustment for the year.

Table 27: Average Salary Adjustment Statistics

N	Valid	50
	Missing	17
Mean		4.554
Median		4.250
Std. Deviation		1.4623
Minimum		2.5
Maximum		9.5

²³ The budgeted salary adjustment refers to the percentage that was included in the approved county budget for all salary adjustments including merits, promotions, and special adjustments. Employees receive varying adjustment amounts depending on their county's salary administration guidelines.



Graph 8: Histogram of Average Salary Adjustment

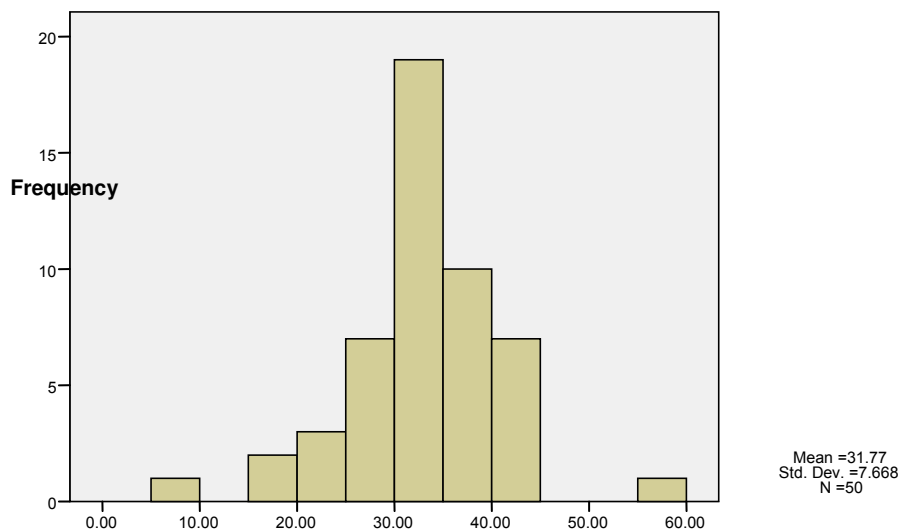
The majority of counties budgeted between 4-5% for salary adjustments in FY 06 / 07.

The distribution indicates there were a few outliers at the top end, as mentioned and also sixteen counties that budgeted less than 4%. Of those budgeting under 4% salary adjustments, half were large and half were small; they ranged in between \$17,000 to \$37,000 in per capita wealth, and varied in budget per capita. Other factors not included in this data collection may have affected budgeted salary adjustments.

The last compensation variable is benefits, which is calculated as the percentage of benefits to salary dollars. There are outliers at both the lowest and highest data points, with Monroe County reporting 8.69% benefits to salary dollars and Santa Rosa reporting a 56.0% benefits to salary dollars. The majority of counties, 68% or 34 out of 50 reporting, are in the 30 to 40% range.

Table 28: Percentage Benefit to Salary Statistics

N	Valid	50
	Missing	17
Mean		31.7746
Median		33.0000
Std. Deviation		7.66829
Minimum		8.69
Maximum		56.00



Graph 9: Histogram of % Benefit to Salary

Compensation Benchmark versus Non-Benchmark Counties

Compensation benchmark counties had an established pay philosophy and used variable pay approaches. The table below indicates those counties responses on health insurance, salary adjustments and percentage of benefits to salary dollars. The benchmark counties

did not differ significantly from the other counties. They were slightly higher on health insurance costs for employees, about the same on annual salary adjustments and slightly lower on the percentage of benefits to salary, 29.29 % to 32.47 %.

Table 29: Compensation Benchmark Counties and Corresponding Data on Compensation Benchmark Variables

Benchmark County	Health Costs	Average Salary Adjustment	% Benefit to Salary
Collier	5200.00	9.0	30.00
Duval	4247.00	4.0	27.00
Flagler	5400.00	3.0	40.30
Gulf	7070.00	4.0	35.00
Lee	7336.72	4.0	41.24
Martin	8688.00	5.5	25.00
Monroe	9480.00	3.4	8.69
Okaloosa	6176.00	5.7	35.00
Orange	7985.00	3.5	17.00
Seminole	5484.00	5.0	31.00
Suwannee	4177.08	3.0	32.00
Mean	6476.71	4.5	29.29

Table 30: Statistics on Non-Benchmark Counties on Compensation Benchmark Variables

	Health Costs	Average Salary adjustment	Percentage Benefit to Salary
Valid	40	39	39
Missing	16	17	17
Mean	6444.3403	4.554	32.4744

Testing the relationship of the compensation variables to one another indicates they are not statistically significantly correlated to one another at the $>.05$ level.

Table 31: Correlation of Compensation Variables

		Average Salary adjustment	Health Costs	Percentage Benefit to Salary
Average Salary adjustment	Pearson Correlation	1	-.066	.065
	Sig. (2-tailed)		.648	.654
	N	50	50	50
Health Costs	Pearson Correlation	-.066	1	-.005
	Sig. (2-tailed)	.648		.971
	N	50	51	50
Percentage Benefit to Salary	Pearson Correlation	.065	-.005	1
	Sig. (2-tailed)	.654	.971	
	N	50	50	50

Counties that practice compensation benchmarks should differ in compensation metrics from counties that do not. However, the benchmark counties did not statistically significantly differ from non-benchmark counties on budgeted annual salary adjustments, health costs or percentage of benefits to salaries. There are likely mitigating factors that influence what counties budget for salary increases such as the local labor market, current salaries (below market or competitive), and available budget dollars.

Likewise with health costs, other factors such as experience rates, insurance carriers and contracts affect the amount the county pays. Percentage of benefits to salary includes a number of variables such as FICA²⁴ which is the same for all employers and paid leaves which vary by county. The benefit's package may differ with different components counted by counties as part of their package.

²⁴ FICA, Federal Insurance Contributions Tax, is used to pay social security.

County Efficiency Variables

County Efficiency measures are 1) the fiscal measure (budget per capita), 2) the technology measure (the score from the technology questionnaire – Appendix C) and 3) the process measure of number of days to get a homeowner building permit into one variable.²⁵ Since efficiencies can be measured by fiscal measures, process measures or technological measures, all three measures are considered. The three efficiency measures are not highly correlated and are considered separately in the analysis.

Fiscal Efficiency

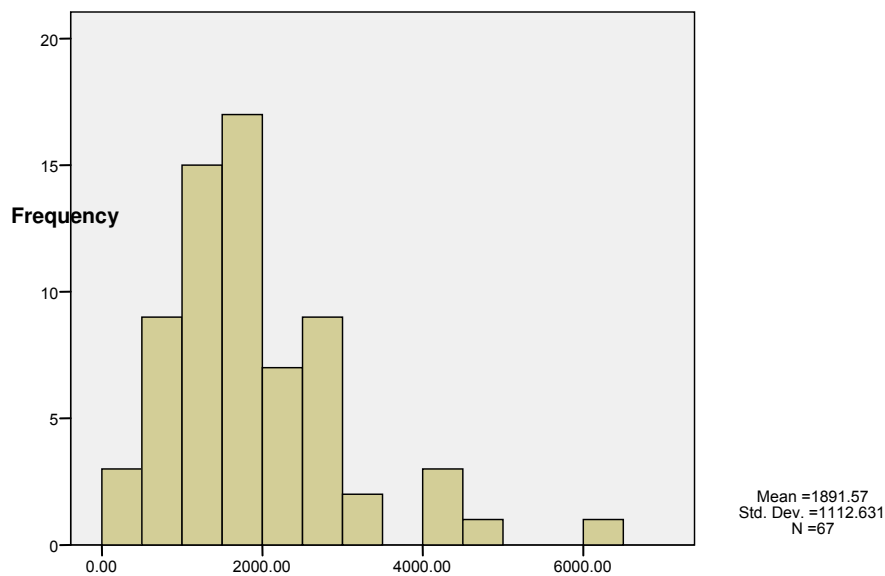
The first measure of fiscal or budget²⁶ per capita has a mean for the 67 Florida counties of \$1,891.57, a low for Jackson County of \$408.29 and highs for Lee County (\$4,153.97), Monroe County (\$4,204.17), Collier County (\$4,383.06), Franklin County (\$4,879.41) and Charlotte County (\$6,300.67) that are outliers on the histogram below.

Table 32: FY06 Budget per capita

N	Valid	67
	Missing	0
Mean		1891.5667
Median		1753.4700
Std. Deviation		1112.63127
Minimum		408.29
Maximum		6300.67

²⁵ The three construct variables were selected to represent county efficiency at the budget / financial level, technological level and process level with the lower numbers representing greater county efficiency. Therefore the technology score had to be inverted with a score of one (1) being most technological and eleven (11) being least technological to represent technological efficiency.

²⁶ The budget used was the FY 06 operating budgeted dollars.



Graph 10: Histogram of FY06 Budget Per Capita

Presumably counties with lower budget per capita are more efficient. The per capita budget measure does not consider the quality or level of service, just the fiscal measure of cost per citizen of county expenses.

Process Efficiency

The second county efficiency variable that was used was the number of days it takes to obtain a building permit for a homeowner. The simplest building permit is that of a homeowner making renovations to an existing structure, such as adding a swimming pool, so that was the permit measure used. There are six counties that will issue that type

of building permit the same day. They are Highlands, Clay, Marion, Seminole, Polk, and Orange. One county, Pasco takes 35 days for a homeowner building permit. The most frequent response was two weeks or 10 business days, followed by a response of one week or 5 business days. In reality, this is probably a standard response and the actual time it takes to obtain the building permit most likely varies. The standard response however, created some spikes in the data as indicated in graph 11. The irregular frequency would become more normally distributed with a larger sample size.

The process to get a building permit is identical for counties; this is a good measure to determine efficiencies since the length of time it takes a homeowner to obtain a building permit is determined by the county's building permitting process. The more quickly a homeowner can obtain a building permit the more efficient the process.

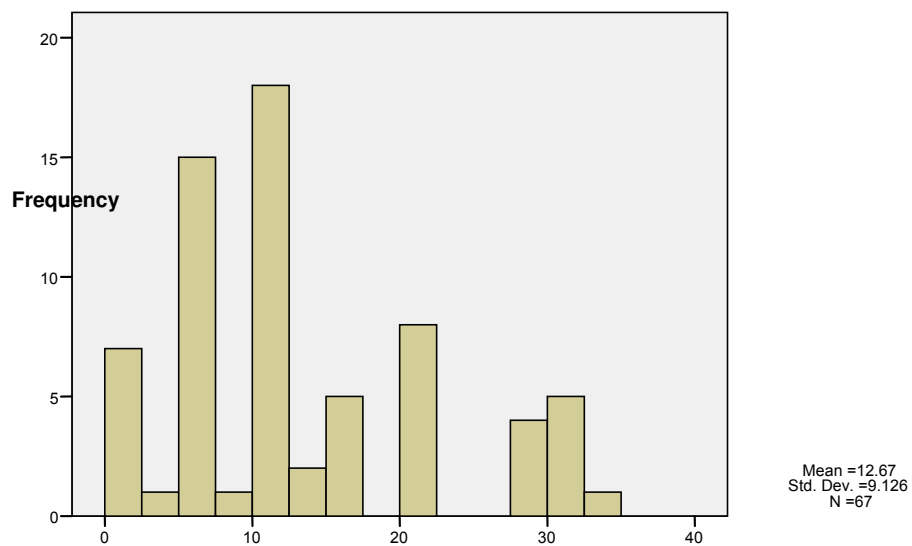
Table 33: Building permit - # of days

N	Valid	67
	Missing	0
Mean		12.67
Median		10.00
Std. Deviation		9.126
Minimum		1
Maximum		35

The following table indicates the distribution of responses, followed by the histogram that graphs the same distribution.

Table 34: Building permit - # of Days Frequency

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 1	6	9.0	9.0	9.0
2	1	1.5	1.5	10.4
3	1	1.5	1.5	11.9
5	12	17.9	17.9	29.9
7	3	4.5	4.5	34.3
9	1	1.5	1.5	35.8
10	18	26.9	26.9	62.7
14	2	3.0	3.0	65.7
15	5	7.5	7.5	73.1
20	1	1.5	1.5	74.6
21	6	9.0	9.0	83.6
22	1	1.5	1.5	85.1
28	4	6.0	6.0	91.0
30	5	7.5	7.5	98.5
35	1	1.5	1.5	100.0
Total	67	100.0	100.0	



Graph 11: Histogram of Building Permit; # of Days

The distribution is negatively skewed toward the left or low end scores, meaning most counties take fewer days yet there are a few counties that are in the 30+ day range, compromising the normal distribution of the data. The distribution is affected by the smaller sample size and the frequency of a standard response discussed above.

Technical Efficiency

The last variable in County efficiency was technology efficiency. This variable should not be confused with a technology efficiency variable, DEA, Data Envelopment Analysis, that used iota scores to test technology performance measurement. The county efficiency technology variable was created from the score from the Digital County Survey and was unique to this study.

The scores ranged from 1 to 11 and based on the survey, 11 was highest (best). Since lower fiscal dollars and lower days to get a building permit are more efficient, the technical scores were inverted with 11 becoming 1, etc. to remain consistent in weighing the variables. The technical scores can only be 1 through 11 and twelve counties received the best score of 1.

Table 35: Technical Score Frequencies

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	12	17.9	17.9	17.9
	2	3	4.5	4.5	22.4
	3	16	23.9	23.9	46.3
	4	14	20.9	20.9	67.2
	5	2	3.0	3.0	70.1
	6	8	11.9	11.9	82.1
	7	2	3.0	3.0	85.1
	8	2	3.0	3.0	88.1
	9	4	6.0	6.0	94.0
	10	3	4.5	4.5	98.5
	11	1	1.5	1.5	100.0
Total		67	100.0	100.0	

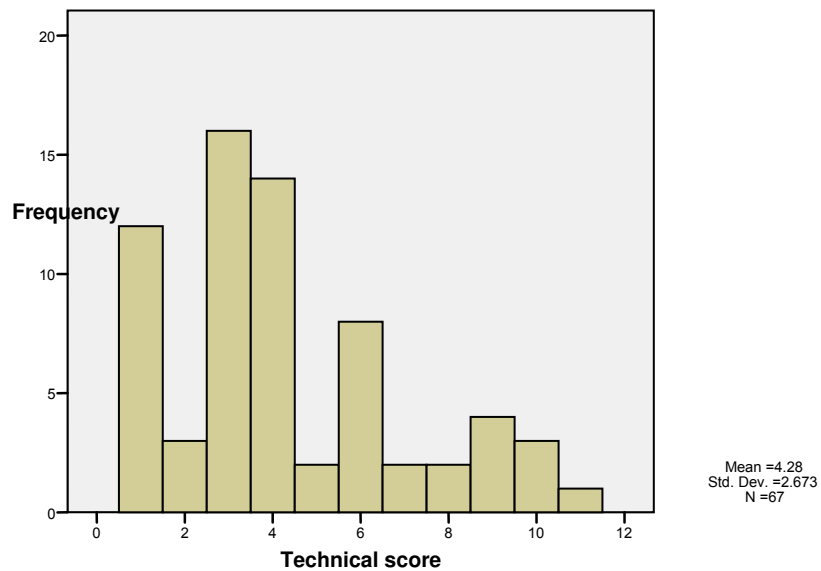
Table 36: Technical Score Statistics

N	Valid	67
	Missing	0
Mean		4.28
Median		4.00
Std. Deviation		2.673
Minimum		1
Maximum		11

The distribution is negatively skewed with more counties having lower numbers, indicating that counties use technology to communicate with citizens. Larger, more urban counties had better technology scores; while smaller, more rural counties scored worse.

Table 37: Technical Score Distribution

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 1	12	17.9	17.9	17.9
2	3	4.5	4.5	22.4
3	16	23.9	23.9	46.3
4	14	20.9	20.9	67.2
5	2	3.0	3.0	70.1
6	8	11.9	11.9	82.1
7	2	3.0	3.0	85.1
8	2	3.0	3.0	88.1
9	4	6.0	6.0	94.0
10	3	4.5	4.5	98.5
11	1	1.5	1.5	100.0
Total	67	100.0	100.0	



Graph 12: Histogram of Technical Score

Human Resource Measures to County Efficiency

Fiscal Efficiency

The path analysis diagram indicates the five human resource compensation and recruitment measures to the county efficiency fiscal measure indicates that only “salary”, was a statistically significant predictor of county fiscal efficiency. The variable, days to fill was correlated to health care costs and that relationship is indicated in the model.

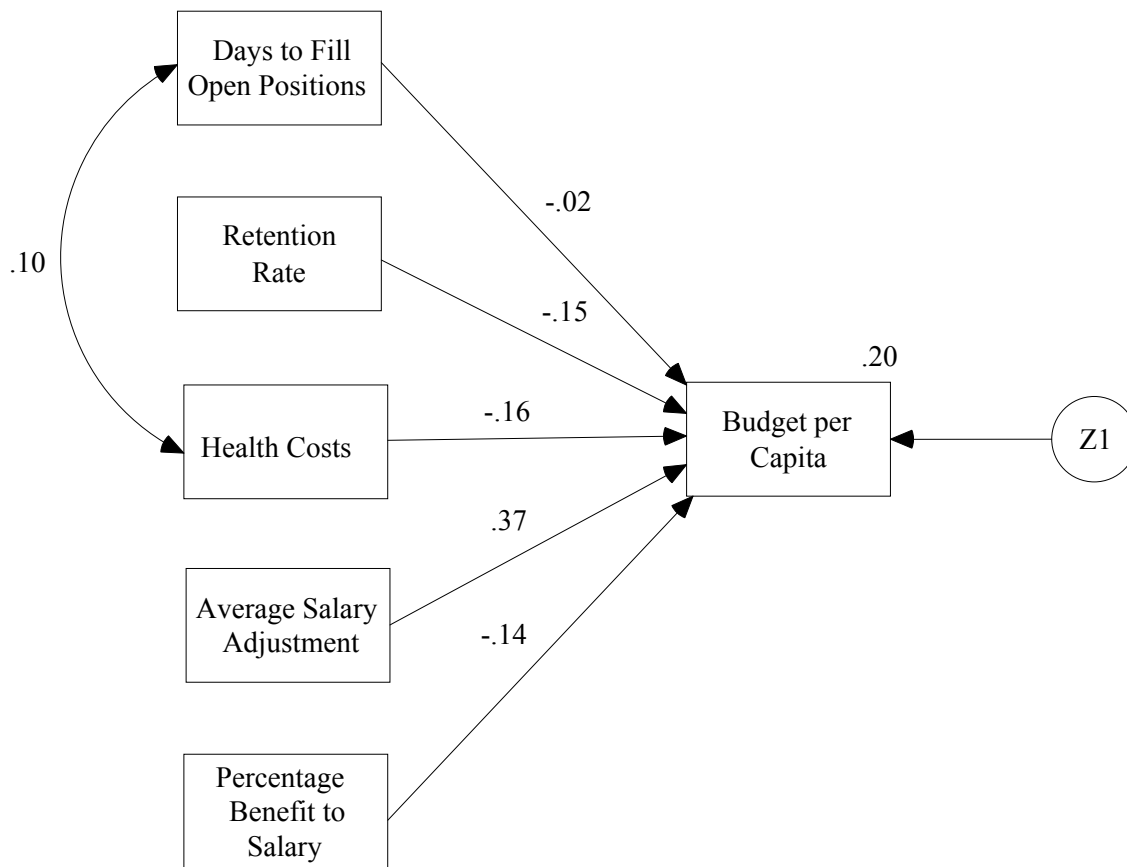


Figure 14: Organization Design Factors as Predictors of Fiscal Efficiency

Table 38: Regression Weights and Level of Significance: Fiscal

	Standardized Regression Weights	Unstandardized Regression Weights	Level of Significance P
Fiscal <--- Days	-.022	-.168	.862
Fiscal <--- Retention	-.147	-26.854	.244
Fiscal <--- Health	-.164	-.061	.147
Fiscal <--- Salary	.365	281.901	.003
Fiscal <--- Benefits	-.138	-20.312	.275

P is the level of significance for the regression weights

The CMIN independent model was not significant, indicating goodness of fit.

The standardized regression weight is the regression coefficient is if the model is fitted to standardized data by subtracting each observation from the mean and dividing by the standard deviation. Unstandardized regression weights are calculated using raw data. The interpretation of the model is generally the same whether standardized or unstandardized regression coefficients are calculated. With the standardized coefficient, the contribution percentage is more easily determined.

In addition, goodness of fit measures provided with the model include Model Chi-square called CMIN in AMOS software output²⁷, Hoelter's critical N used for sample sizes over 200, FMIN used as an alternative to CMIN, Root mean square error of approximation (RMSEA), AIC or Akaike Information Criterion used for more complex models, and the expected cross-validation index, ECVI. The chi-squared or CMIN value should not be significant if there is a good fit model, meaning the degree to which the model fits the observed data. For organizational design factors to county fiscal efficiency, the CMIN was not significant for the independent model. See Appendix D for CMIN values.

The percentage counties budgeted for annual salary adjustments have an impact on the county's budget per capita. Salaries or labor costs are typically the county's single largest expense and keeping salary adjustments to a minimum is more fiscally efficient. Longer term, however, this strategy may not be effective as salaries fall behind market rates, thereby increasing turnover.

²⁷ AMOS is the software package used to run the Path Analysis models.

The recruitment metrics, days to fill and retention rate were not statistically significant to county fiscal efficiency and are indirectly related to the county's budget per capita.

Ultimately, too many days to fill or low retention rates affect the bottom line but that is generally over time.

Surprisingly, the other two compensation variables, health costs and percentage benefit to salary were not statistically significant. Both health insurance costs and county provided benefits can become significant costs to the county and the taxpayers. Since most counties were in the same ranges on insurance and benefits, there may not have been enough variability to affect overall county efficiency.

Process Efficiency

The second county efficiency was process efficiency or the number of days it took an average homeowner to obtain a building permit. Since the regulations are state wide the process is the same for all counties and the difference in days to obtain the permit is a direct reflection of the counties process.

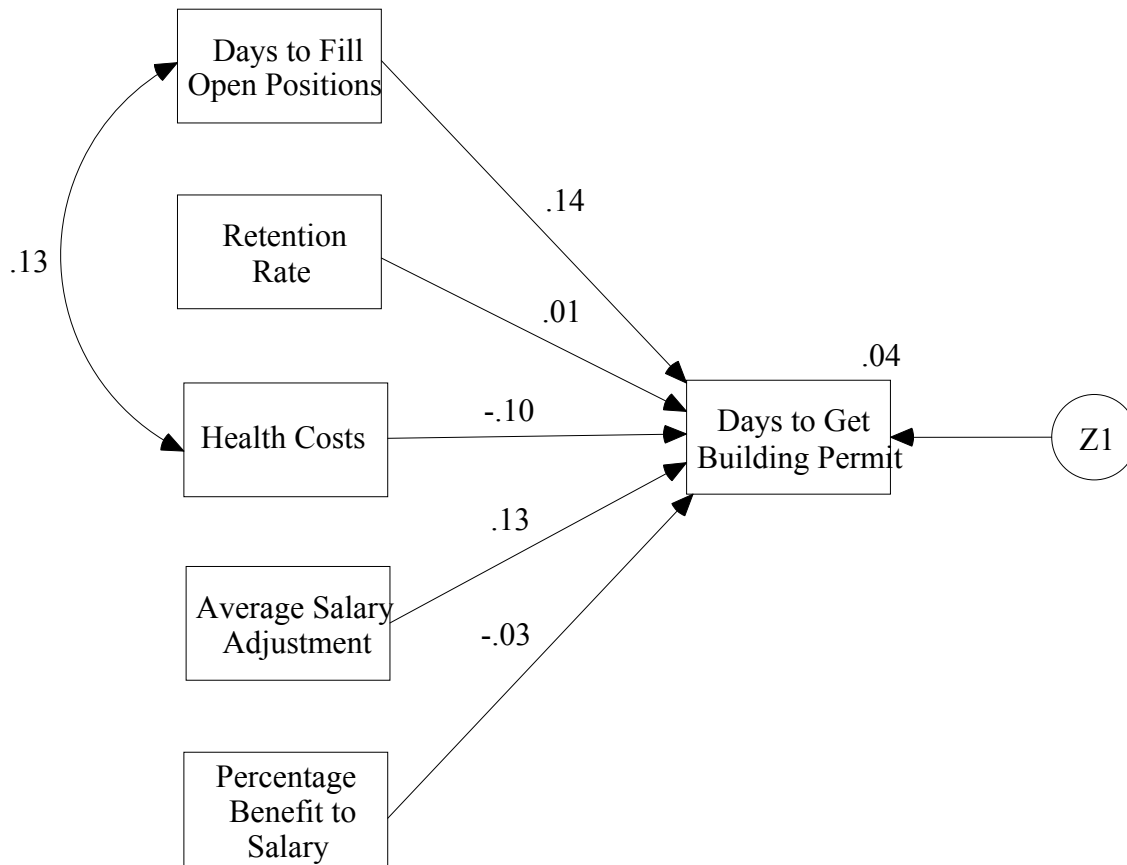


Figure 15: Organization Design Factors as Predictors of Process Efficiency

Table 39: Regression Weights and Level of Significance: Process

	Standardized Regression Weights	Unstandardized Regression Weights	Level of Significance P
Permit<--- Days	.136	.008	.322
Permit<--- Retention	.006	.010	.963
Permit<--- Health	-.103	.000	.400
Permit<--- Salary	.133	.835	.337
Permit<--- Benefits	-.034	-.040	.809

P is the level of significance for the regression weights

The CMIN independent model was not significant, indicating goodness of fit.

With regard to the county process efficiency measure, none of the human resource variables were statistically significant. While the building permit process is a good process measure, there are multiple factors that could affect the process such as number of people dedicated to the workload, the county's building department policies and building permit demands.

HR practices could indirectly affect the building permitting process by hiring the employees and rewarding them at an appropriate level, they did not directly impact the number of days to obtain a building permit.

Technical Efficiency

The last county efficiency measure is technical efficiency measured by how the county scored on the 2006 Digital County Survey. Counties were measured based on three questions, Appendix C, and scored based on those responses. The scores ranged from 1 to 11, with 1 being the most technologically advanced.

Technology would certainly help county recruitment in the form of on-line applications; however, the recruitment measures were not statistically significant at the .05 level as indicated in the model and table below.

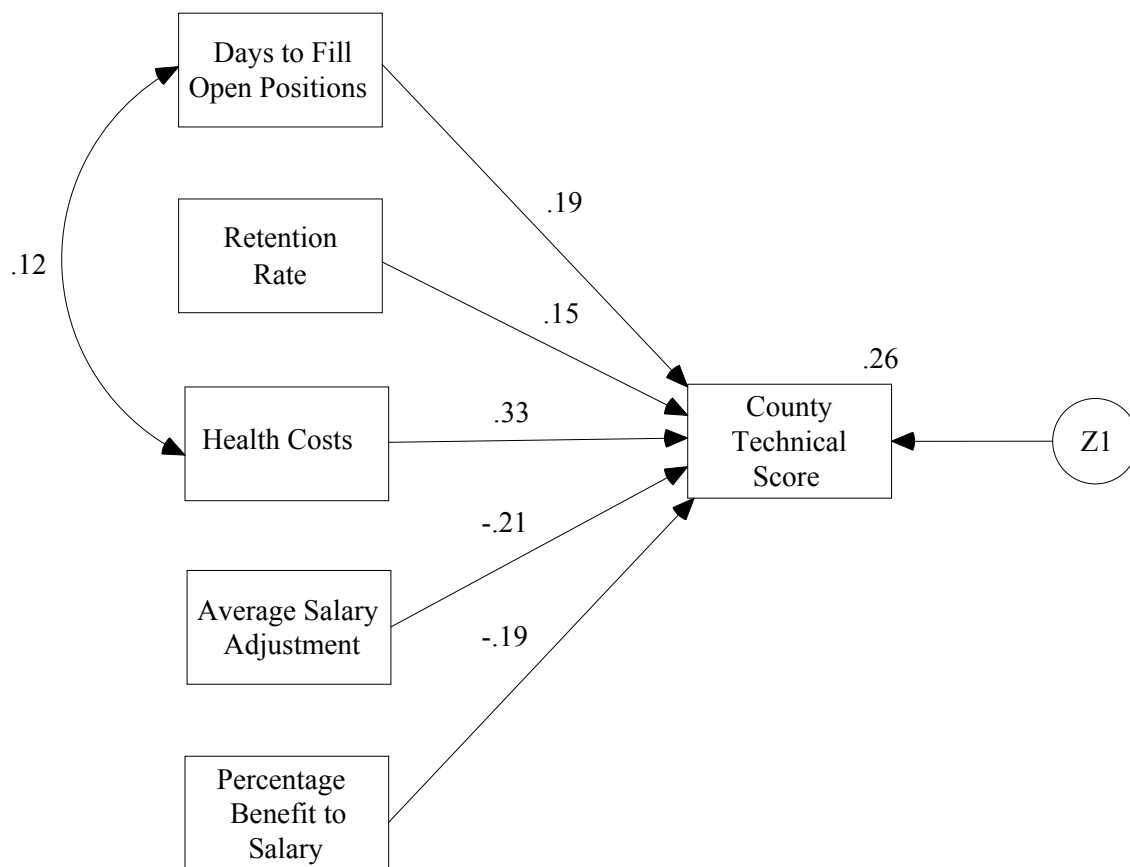


Figure 16: Organization Design Factors as Predictors of Technical Efficiency

Table 40: Regression Weights and Level of Significance: Technical

	Standardized Regression Weights	Unstandardized Regression Weights	Level of Significance P
Technical<--- Days	.189	.003	.116
Technical<--- Retention	.148	.065	.221
Technical<--- Health	.328	.000	.003
Technical<--- Salary	-.207	-.379	.088
Technical<--- Benefits	-.186	-.065	.126

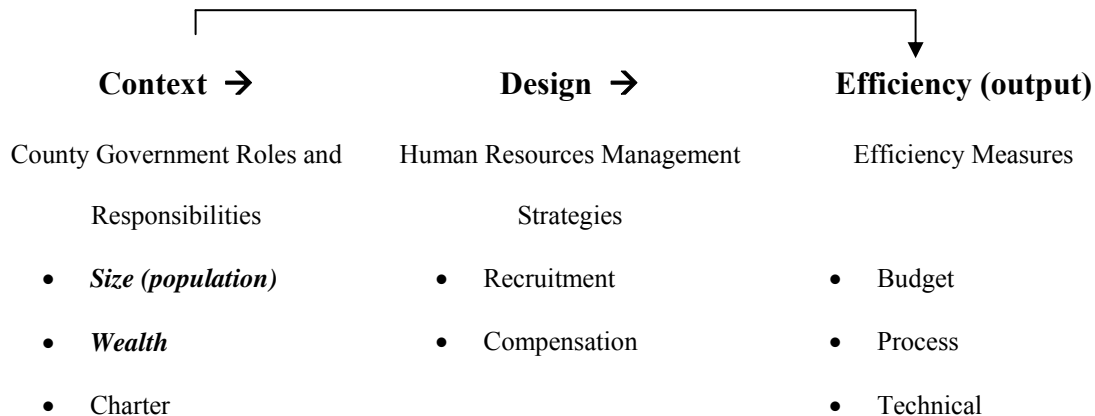
P is the level of significance for the regression weights

The CMIN independent model was not significant, indicating goodness of fit.

Health insurance was statistically significant in the model. While the technology score was limited to a fixed range, health insurance is the amount the county pays for the employees medical insurance and had a great deal of variability. Larger counties would have the resources to implement technological advances and would also have the critical mass to enjoy economies of scale regarding their health insurance costs. There may be a third factor or variable such as employee population that correlates to the two variables.

Contextual Variables to County Efficiency

As indicated in the original model, other factors such as the county's size and / or wealth (the contextual variables), could not only affect the human resources practices but the county's overall efficiency.



The two contextual / control variables of wealth / personal income per capita and size / population are added to the three county efficiency path analyst models, starting with fiscal efficiency.

Fiscal Efficiency

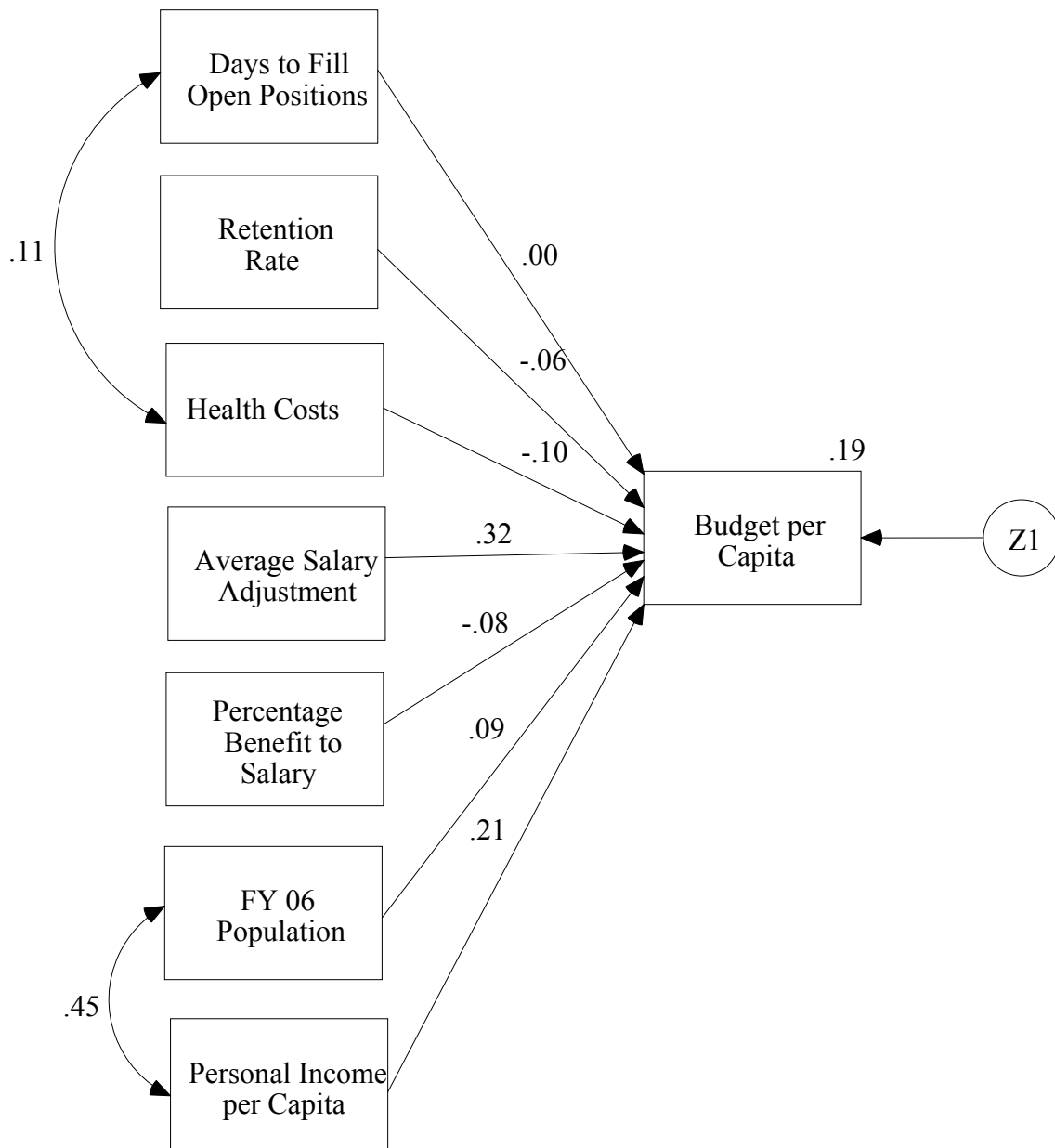


Figure 17: Organization Design and Contextual Factors as Predictors of Fiscal Efficiency

Table 41: Regression Weights and Level of Significance for Design and Contextual Variables: County Fiscal Efficiency

	Standardized Regression Weights	Unstandardized Regression Weights	Level of Significance P
Fiscal <--- Days	.001	.009	.993
Fiscal <--- Retention	-.058	-10.389	.646
Fiscal <--- Health	-.097	-.035	.394
Fiscal <--- Salary	.316	236.527	.012
Fiscal <--- Benefits	-.078	-11.167	.541
Fiscal <--- Size	.094	.000	.456
Fiscal <--- Wealth	.205	.031	.103

P is the level of significance for the regression weights

The CMIN independent model was significant, indicating poor goodness of fit.

Adding the contextual variables to the model for fiscal efficiency did not change the model significantly from the previous model with just the HR design variables, figure 38.

The HR variables accounted for 20% of the county fiscal efficiency and salary was the only significant variable. In this model with the contextual variables, the variables account for 19% of county fiscal efficiency and again salary is the only statistically significant variable.

Process Efficiency

The model was rerun using the second county efficiency measure of process efficiency, measured by number of days to obtain a building permit and included the contextual / control variables of size and wealth.

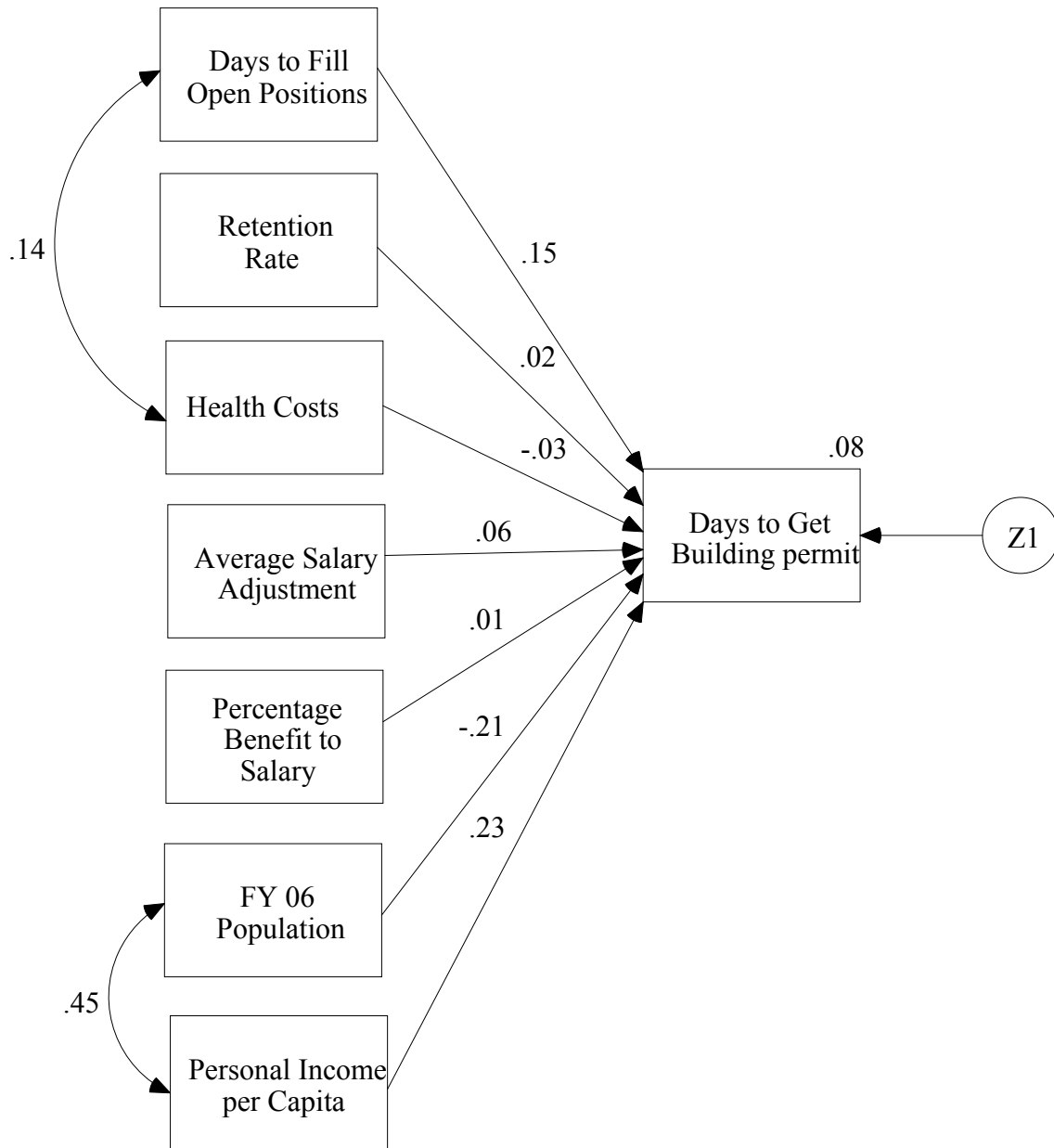


Figure 18: Organization Design and Context Factors as Predictors of Process Efficiency

As before, with just the HR design variables, none of the variables were statistically significant. However the combined variables contribution to predicting process efficiency increased from .04% to .08%, with personal income as the largest predictor.

Table 42: Regression Weights and Level of Significance for Design and Contextual Variables: County Process Efficiency

	Standardized Regression Weights	Unstandardized Regression Weights	Level of Significance P
Permit<--- Days	.148	.009	.273
Permit<--- Retention	.016	.024	.905
Permit<--- Health	-.034	.000	.775
Permit<--- Salary	.061	.383	.653
Permit<--- Benefits	.008	.009	.956
Permit<--- Size	-.214	.000	.107
Permit<--- Wealth	.234	.000	.077

P is the level of significance for the regression weights

The CMIN independent model was significant, indicating poor goodness of fit.

Technical Efficiency

The final efficiency measure, technical efficiency, path analysis model was rerun with the contextual variables as well. The HR design variable, Health, remained, benefits became statistically significant and both county contextual variables, size and wealth are statistically significant. The variables account for 46% of the county's technical efficiency.

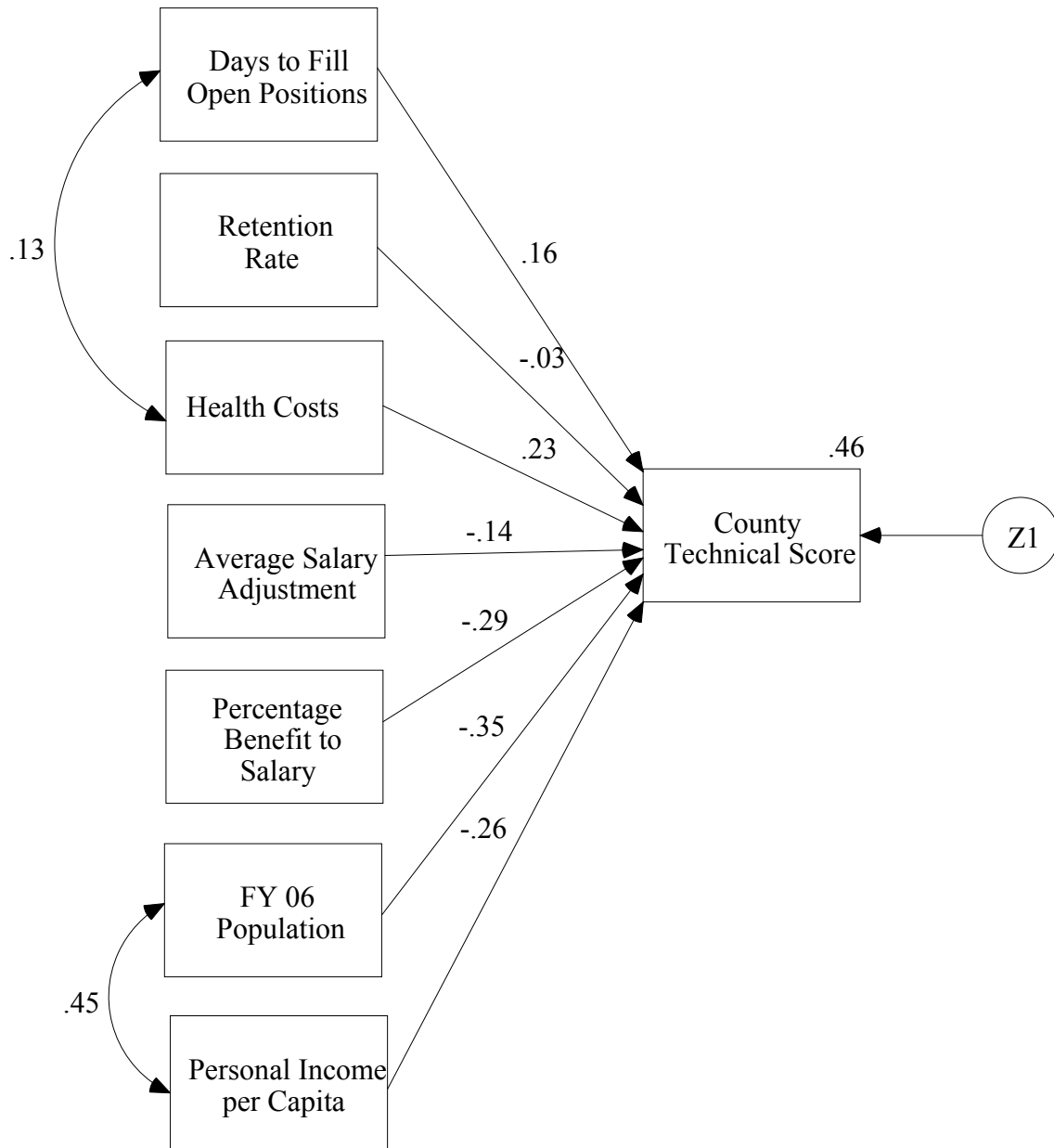


Figure 19: Organization Design and Contextual Factors as Predictors of Technical Efficiency

Table 43: Regression Weights and Level of Significance for Design and Contextual Variables: County Technical Efficiency

	Standardized Regression Weights	Unstandardized Regression Weights	Level of Significance P
Technical<--- Days	.157	.002	.128
Technical<--- Retention	-.029	.045	.783
Technical<--- Health	.228	.000	.014
Technical<--- Salary	-.142	.189	.172
Technical<--- Benefits	-.289	.035	.005
Technical<--- Size	-.353	.000	***
Technical<--- Wealth	-.260	.000	.012

The CMIN independent model was significant, indicating poor goodness of fit

P is the level of significance for the regression weights

*** Statistically significant at the .001 level

Larger, wealthier counties can afford to implement technological efficiencies.

The following table summarizes the findings of the path analysis models with HR variables to the county efficiency variables:

Table 44: Summary of HR Design Factors to County Efficiency Variables

	Standardized Regression Weight		
	Fiscal	Process	Technical
Days to Fill	-.022	.136	.189
Retention Rate	-.147	.006	.148
Health Costs	-.164	-.103	.328*
Average Salary Adj.	.365*	.133	-.207
% Benefit to Salary	-.138	-.034	-.186
Overall Contribution	.20	.04	.26

* Statistically significant at the >.05 level

The next table summarizes the findings of the path analysis models with HR variables and contextual variables to the county efficiency variables:

Table 45: Summary of HR Design Factors and Contextual Variables to County Efficiency Variables

	Standardized Regression Weight		
	Fiscal	Process	Technical
Days to Fill	.001	.148	.157
Retention Rate	-.058	.016	-.029
Health Costs	-.097	-.034	.228*
Average Salary Adj.	.316*	.061	-.142
% Benefit to Salary	-.078	.008	-.289*
Size	.094	-.214	-.353*
Wealth	.205	.234	-.260*
Overall Contribution	.19	.08	.46

* Statistically significant at the >.05 level

Summary

A review of the tables indicates that only average salary adjustment was statistically significant in predicting fiscal efficiencies, whether the model included the contextual variables of size and wealth or not. Salaries tend to be the biggest single expense for counties so it is reasonable that the salary adjustment would have an impact on the budget per capita measure. While health costs and percentage of benefits to salary represent

fiscal measures, they were not statistically significant in the model, perhaps because there was not enough variability between counties. Days to fill and retention rate, the recruitment variables, also were not statistically significant and only indirectly impact the counties fiscal efficiency. Adding size and wealth to the model had little effect; salary remained statistically significant and size and wealth were not statistically significant.

The measure for process efficiency was number of days it takes to get a building permit for the average homeowner. None of the variables, HR design variables or county contextual variables was statistically significant and the combined total of contribution to county process efficiency was less than 10%. There is perhaps a better process variable than building permits to test process efficiency. Building permits were selected since they are common to every county and governed by the same state statutes. However, the HR relationship and even the county contextual relationships are weak.

The last efficiency measure, technology, was predictable with health costs in the first model with just the HR design variables. Once the county contextual variables were added, benefits also became statistically significant and both size and wealth were statistically significant. Larger, wealthier counties are more likely able to afford and utilize technology. The combination of HR variables and county contextual variables contributed 46% in predicting the technology score.

CHAPTER 5: IMPLICATIONS AND FUTURE RESEARCH

Performance measurement in county government is new. Counties are still debating and determining what to measure.²⁸ Even after establishing performance measurements, data collection can be problematic. Florida counties differ from one another in a multitude of ways and these differences can affect performance measurement. For example, coastal counties may have more seasonal employees such as life guards, beach patrols, etc. and these employees, in turn, affect turnover rates. Some counties are better equipped to track their performance, collect data and report information.²⁹ Smaller, poorer, more rural counties will have difficulty in establishing and maintaining performance measurement tracking and reporting, either because they do not have systems, personnel or expertise to support the effort.

Summary of Results

The results of this study indicate the amount of money budgeted for annual salary adjustments impacts the county's fiscal efficiency in the form of annual county budget per capita. Percent benefit to salary along with health costs and the county's size and wealth affect the county's technology efficiency. None of the variables, HR design variables or the county contextual variables were statistically significantly correlated to the county's process efficiency.

²⁸ The Florida Benchmarking Consortium was established in 2004 and much work and discussion has ensued on what should be measured benchmarks. Currently there are eleven areas included for performance measurement, including HR.

²⁹ Larger, more technologically evolved counties have systems and processes available to track key performance measures.

The compensation variables did affect county efficiency, either fiscal or technical. The recruitment variables were not statistically correlated to county efficiencies. However, county efficiency were output measures. It is possible the recruitment variables of the number of days it takes to fill an open position and the retention / turnover rate could be related to county effectiveness measures which were not included in this study. Further, HR variables and county contextual variables of size and wealth were unrelated to the process efficiency measure of number of days to obtain a building permit. Perhaps a different process variable would have different results or process efficiencies are not directly impacted by HR practices or county demographics.

Charter counties and benchmark counties did not fare better or worse than non-charter, non-benchmark counties. In particular benchmark counties did not differ on the HR metric measures, despite adopting benchmark practices. Three possible explanations are 1) the benchmark practices have not been in place long enough to make a difference or 2) non-benchmark counties practice some benchmark practices, mitigating the results or 3) benchmark counties have improved their metrics but metrics for this study was at oone point in time.

The key areas of this study that contributes to county efficiency are salary adjustments, percentage of benefits to salary dollars, and health care costs. Salary and benefits are a major portion of a county expense and determining how best to compensate employee and contain costs can contribute to overall efficiency.

Implications

While counties don't directly control their size in population or wealth in per capita income, they do have some discretion over their employees' salaries, salary adjustments and benefit packages, including health care costs. Knowing current measures, comparing to other counties and establishing appropriate practices for the future increases Human Resources's contribution to the county's efficiency.

While performance measurement allows for comparison amongst counties, it has not been a priority for some counties. As counties react to property tax reform; balancing their budgets with diminished revenues and meeting current or increasing service demands, tracking and collecting data to measure performance may seem an extravagant use of resources. Performance measurement would help counties prioritize and determine best use of resources, yet initializing and implementing measurements may seem a daunting task in today's fiscal environment.

Florida counties Human Resource departments need to identify and measure activities to be able to assess their performance either over time or with other counties. Practices that reduce turnover / increase retention or reduce the number of days it takes to fill a position, create efficiencies for the Human Resource department and ultimately the organization overall. Likewise, measures to control health care costs, salaries and benefits should contribute to county efficiency. The establishment of good Human Resource practices and the measurement of those practices should contribute to the

county's overall efficiencies. As counties meet the challenge of balancing budgets after property tax reform, the Human Resource department can be a contributing factor.

There was a great deal of variability in turnover rates, the number of days it takes to fill positions, the amount of money counties spend on health care and the percentage of benefits to total of total salary dollars. Counties need to measure and analyze their specific practices, compare to one another and determine if better practices would be more efficient. Since counties do not compete with one another, sharing best practices can help all counties.

Benchmark Counties

The study anticipated that benchmark counties, those that adopted established HR benchmark practices, would significantly impact both HR metrics and county efficiencies. Benchmark counties fared no better or worse than non-benchmark counties in either HR metrics or county efficiency. Adopting and practicing benchmarks is relatively new for public sector agencies and results from these practices may not have had time to demonstrate positive results such as lower turnover or fewer days to fill positions. The survey did not query the length of time counties had been practicing benchmarks and future research on assessing the value of benchmark practices should include this question.

Additionally there are numerous factors that affect counties compensation and recruitment factors such as county budgets, labor markets, competing industries, etc. affecting the results of impact of benchmark counties on HR metrics and county efficiency. Counties that have variable pay approaches and have a pay philosophy may be improving on compensation metrics of percentage benefits to salary or managing health insurance costs and salary adjustments. Counties that have dedicated recruiters decentralized hiring, on-line applications and faster applicant screening may show improvement in turnover rates and days to fill open positions. This study did not measure the variables before and after implementation of benchmark practices to determine the effect of those practices for the county but rather compared benchmark counties to non-benchmark counties. The missing data for true comparison is base line information; the county's metrics prior to adopting benchmark practices.

Benchmark measures were identified as a yes or no answer to the benchmark questions and counties that were deemed benchmark counties had to answer yes to all the benchmark questions. Many counties had answered yes to one or more questions but not all. County practices with recruitment and compensation may be more alike than different. A county could have decentralized hiring, faster applicant screening and on-line job applications but not a dedicated recruiter. In that case, that county would not be coded as a benchmark county. However, the three benchmark practices undoubtedly have an impact on days to fill open positions and likely on turnover rates. Converting the benchmark practices into a scale, such as 75% for the example above, may have provided different results.

This study identified counties as benchmark or non-benchmark counties but didn't identify or measure any improvement from establishing benchmark practices or distinguish between counties with no benchmark practices, some benchmark practices or all benchmark practices.

Even though benchmark counties were not statistically different than non-benchmark counties in this study, the practices have been identified and established by IPMA-HR and should be considered by county HR departments as recommended practices.

Charter Counties

Whether or not a county is a charter county was included in the model as a context / control variable. Becoming a charter county requires that the county maintain an Administrative Code and conduct a charter review on a regular basis. In return, charter counties have more autonomy from the state on issues such as structure, functions, personnel and finances. While charter counties tend to be larger, wealthier counties, correlated to the other two county contextual variables, they were not more efficient than non-charter counties.

Selected Measures

Output versus Outcome

This study was concerned with efficiency, how well the county uses its human resources. Effectiveness measures that would indicate the success of programs or measurement of outcomes was not included.

In addition to problems of establishing and tracking performance measures for all counties, another concern is establishing the appropriate performance measures. This study used Human Resource output measures for compensation and recruitment.

Likewise, the measures for county contextual ; size (population) and wealth (household mean income) and the measures for county efficiency; budget per capita, technology score and average number of days to obtain a building permit are all output measures. Output measures are of value for comparisons. Output measures are generally more objective and quantifiable than outcome measures and linked to efficiency. Outcome measures provide more information on the effectiveness of a program.

The Martin model (page 42) indicates that efficiency can be at the expense of effectiveness. Days to fill open positions can be a very low number if the organization is not concerned with the quality of the candidate.

Outcomes or effectiveness measures are more difficult to measure because it requires some subjective decisions, such as what is a “good” hire. As efficiency measures are established, it is important to consider the effectiveness trade off. A more robust model would include efficiency and effectiveness measures.

Efficiencies

Output measures quantity and is more of an efficiency measure. Efficiency measures are valuable for comparison purposes, particularly when coupled with other factors such as cost per mile to pave a road or number of days to obtain a building permit. The output or efficiency measure does not indicate quality. Roads may be paved inexpensively but if they need repaving within a few years, the cheapest is not necessarily the most cost effective. The county that issues building permits quickly must also be compliant to the state building code standards and hopefully provide informative, courteous customer service. The number of days to obtain a building permit does not address the quality, only the quantity and timing, of that interaction.

Outcomes measure the results but may require subjective measures such as the quality of the road paved or the customer service interaction. Subjective quality measures will have more variability across organizations because those subjective assessments can be individual. There are multiple factors that affect outcome measures, starting with how they are selected and established, rater bias, subjectivity, political influences, shared responsibilities, etc. Outcome measures should provide valuable information on the

success or effectiveness of a program, service or project. They can be useful in prioritizing programs and their effectiveness and are appropriate to use within an organization for program evolution and comparisons of programs.

Outputs are easier measurements, allow for comparisons across organizations and are tied to efficiency. Outcomes are more difficult to establish measurements due to subjectivity, are appropriate for internal comparisons, and are tied to effectiveness.

The main issue with selecting one measurement type, output over outcomes, is that there is a trade off between the two. Organizations may be very efficient at the expense of being effective. This means that county's that pay lower salary adjustments are more efficient in the form of county budget per capita. And counties with lower health costs and percentage of benefits to salary are more technologically efficient. Intuitively that makes sense. When less is spent on employees, less is budgeted and therefore more efficient. Counties large enough to enjoy lower health costs due to larger employee population and wealthy enough to offer larger salaries, thereby reducing benefits to salary percentage, most likely are wealthy enough to afford advanced technology.

In this study the HR output measure of budgeted salary adjustment contributed to county fiscal efficiency and health costs and percentage of benefits to salary contributed to the county's technology efficiencies.

What is not considered is subsequent long-term results of lower salary adjustments, lower health costs and percentage of benefits. Ultimately the quality of hire with below market salaries (ones that are not increased to remain competitive) combined with a lower health / benefit package, will suffer. The results of this study are based on output measures and are considered in the short-term.

Missing Data

The missing data primarily represented the smaller, more rural, poorer counties. While they represent a small percentage of the population and wealth in Florida, data from these counties may have an impact or effect on overall results.

Future research in HR performance benchmarks may want to establish the measurement / benchmark initially, aid the counties in tracking it and assure all counties are included.

Compensation

The model compared two components of Human Resource Management (HRM), compensation and recruitment. The compensation performance measurements of 1) annual dollar amount of health benefit per employee, 2) average budgeted salary increases and 3) percentage of benefits to total salary dollars are good output measures. Efficiencies in compensation practices that reduce annual salary adjustments or minimize

benefits, including health care coverage, may impact effectiveness. Including outcome or effectiveness measure in the model may provide a balance or consideration between efficiency and effectiveness.

Human Resources

Human Resource departments have multiple responsibilities. Recruitment and compensation are two areas generally under Human Resources but most departments are also responsible for other areas such as training and development. Human Resource programs and practices work in concert with one another and other human resource responsibilities should be considered in future research and models. Good training programs and positive employee relations affect retention. The extent to which other HR programs affect overall county efficiency or recruitment and compensation were not included in this study. Further research that includes all aspects of HRM may provide additional relationships and findings of HR's contribution to the county's efficiency.

Generalizability

This study used the population of the 67 Florida counties. There are unique features to Florida counties such as Home Rule, lack of state income tax as a source of revenue, etc. that may impact its generalizability to other state counties. Likewise, characteristics unique to cities would need to be identified and taken into account prior to duplicating this study.

Conclusion

Future research could expand this model to include effectiveness measures or other HR programs and responsibilities. Additionally if measures and measurements are established prior to soliciting information, the likelihood of missing data is diminished. Generalizing this study to counties in other states or to cities must consider the unique factors of Florida counties.

This study does analyze the relationship between Florida counties that practice HR benchmarks in the areas of recruitment and compensation to ones that do not. Interestingly benchmark counties did not fare better than non-benchmark counties. Likewise, it did not make a difference if a county was a charter county or not on the HR measures. Human Resource compensation variables of healthcare costs, annual salary adjustments, percent of benefits to salary, as well as the county's size and wealth were all contributing factors to the county's fiscal or technological efficiencies.

APPENDIX A: QUESTIONNAIRE/SURVEY

Compensation

Do you have a written pay philosophy?

Which pay approaches apply to your county? (check all that apply)

- ☐ Pay for performance / merit
- ☐ Across the Board adjustment / Cost of Living Adjustment (COLA)
- ☐ Skill based pay
- ☐ Competency based pay
- ☐ Lump sum bonuses
- ☐ Hire-in / referral bonuses
- ☐ Other, please specify: _____

Range of salary adjustment: _____

Average budget salary adjustment FY 05/06: _____

Does the pay approach improve performance?

- ☐ Not Related
- ☐ Moderately
- ☐ Great
- ☐ Very great

Quality of hire: Poor Good Very Good Excellent

Benefits

Health care cost per employee (total cost of health care ÷ total number of employees): _____

% of benefits to compensation: _____

Recruitment

Do you have (check all that apply)

- ☐ on-line application
if so, % of applications received on-line: _____
- ☐ decentralized hiring
- ☐ written employment exams
- ☐ restrictions on number of candidates to be interviewed
if so, maximum number: _____
- ☐ in-house recruiters
if so, how many: _____

How do you advertise? (check all that apply)

- ☐ Web
- ☐ Newspaper
- ☐ Radio
- ☐ Professional Organizations
- ☐ Job fairs
- ☐ Other, please specify: _____

Whom ultimately makes the hiring decision? _____

Does HR screen applications? _____

Does HR conduct or participate in the interviews? _____

Do you conduct exit interviews? _____ frequency? _____

What do you do with the data? _____

Do you have a workforce plan? _____ If so, how long? _____

APPENDIX B: FLORIDA COUNTIES HUMAN RESOURCE CONTACTS

Charter	County	HR Director /Web Page
√	Alachua	Kim Baldry 12 S. E. 1 st Street, 3 rd floor, Gainesville (352) 374-5219 kbb@alachua.fl.us www.co.alachua.fl
	Baker	Cathy Williams 55 N. 3 rd Street, Macclenny 32063 (904) 259-3613 cathyw@bakercountyfl.org www.bakercountyfl.org
	Bay	Alice J. Martin 810 West 11 th St., Panama City, 32401 (850)784-4055 Human.resource@co.bay.fl.us www.co.bay.fl.us
	Bradford	Post Office Drawer B Starke, 32091 www.bradford.co.fl.a.org
√	Brevard	Carol Sheffield 2725 Judge Fran Jammieson Way, Bldg. B, Viera 32940 (321) 633-2031 Carol.sheffield@brevardcounty.us Countygovt.brevard.fl.us
√	Broward	Jim Acton 115 S. Andrews Ave. Rm. 508, Ft. Lauderdale 33301 (954) 357-6001 www.broward.org
	Calhoun	Ruth Attaway, clerk of the Courts 20859 Central Avenue East, county Courthouse Bloutstown, 32424
√	Charlotte	Cathy Kiesel 18500 Murdock Circle, Port Charlotte 33948 (941) 743-1260 Cathy.Kiesel@charlottefl.com

		www.charlottecounty.fl.com
	Citrus	Richard (Randy) R. Pettitt 3600 W. Sovereign Path Suite 283, Lecanto 34461 (352) 527-5370 RPettitt@bocc.citrus.fl.us
√	Clay	Rick O'Connell 477 Houston Street 4 th floor (282) 269-4719 Green Core Spring 32043 (904) 278-4719 www.claycountygov.com
	Collier	Jean Merritt 3301 E. Tamiami Trail, Naples 34112 (239) 774-8460 jeanmerritt@colliergov.net www.colliergov.net
√	Columbia	Michele Crummitt P.O.Box 1529, Lake City 32056 (386) 758-2123 Michele_Crummitt@columbiacountyfla.com www.columbiacountyfla.com
	DeSoto	Paul Erickson 201 East Oak Street, Suite 202, Arcadia 34266 (863)993-4808 paul@co.desoto.fl.us www.desoto.fl.us
	Dixie	L. Arthur Bellot, County Coordinator 410 N. Cedar Street, Cross City, 32628 (352) 498-1426 abell@inetw.net Dixie.fl.gov
√	Duval	Rebecca Salter City Hall, St. James 117 West Duvall Street. Suite 100 Jacksonville, 32202 (904) 630-1287
	Escambia	Rod L. Powell, SPHR 221 Palafox Place, Suite 200, Pensacola, 32502

		<p>(850) 595-4680</p> <p>roderick-powell@co.escambia.fl.us</p> <p>www.co.escambia.fl.us</p>
	Flagler	<p>Joe Mayer</p> <p>1769 East Moody Blvd. Suite 310, Burnell 32110</p> <p>(386) 313-4007</p> <p>jmayer@flaglercounty.org</p> <p>www.flaglercounty.org</p>
	Franklin	<p>33 Market Street, county Courthouse, Apalachicola, 32320</p>
	Gadsden	<p>Arthur Lawson, Mgmt. Svcs.</p> <p>5 B East Jefferson Street, Quincy 32353</p> <p>(850) 875-8660</p> <p>Lawson@gadsdengov.net</p> <p>www.gadsdengov.net</p>
	Gilchrist	<p>P.O. Box 37, county Courthouse, Trenton, 32693</p> <p>Gilchrist.fl.us</p>
	Glades	<p>Mary Ann Dotson</p> <p>P. O. Box 10, County Courthouse, Moore Haven, 33471</p> <p>(863) 946-6000</p> <p>mdotson@MyGlades.com</p>
	Gulf	<p>Denise Manuel</p> <p>1000 Cecil G. Costin Sr. Blvd., Port St. Joe, 32456</p> <p>(850) 229-5335</p> <p>gulfhr@gt.com.net</p> <p>www.gulfcountygovernment.com</p>
	Hamilton	<p>Bobby E. Poor, Co. Coord.</p> <p>1153 U.S. Hwy. 41 NW, Suite 2, Jasper 32052</p> <p>(386) 792-6639</p> <p>hamiltoncountv@alltel.net</p> <p>www.hamiltoncountyflorida.com</p>
	Hardee	<p>Laticia Wilkins</p> <p>205 Hanchey Road, Wauchula, 33873</p> <p>(863) 773-2161</p> <p>www.hardeecounty.net</p>
	Hendry	<p>Ellen Hughes-Strickland</p> <p>165 S. Hickpochee Ave., LaBelle, 33975</p> <p>(863) 675-5352</p>

		estrickland@hendryfla.net www.hendryfla.net
	Hernando	Barbara Dupree 20 N. Main Street, Room 364, Brookville, 34601 barbarad@co.hernando.fl.us www.co.hernando.fl.us
	Highlands	John A. Minor 600 S. Commerce Ave., Sebrina 33871 (863) 402- 6510 or 6509 jminor@hcbcc.org www.hcbcc.net
√	Hillsborough	George Williams 601 E. Kennedy Blvd., 17 th Floor Center, Tampa, 33602 (813) 272-5130 www.hillsboroughcounty.org
	Holmes	201 North Oklahoma Street, County Courthouse, Bonifay, 32425 (850) 547-1119 www.myholmescounty.com
	Indian River	James Sexton 1840 25 th Street, Vero Beach, 32960 (772) 567-8000 x1402 Indian_river.fl.us
	Jackson	Lennetta Loman-Greene 2864 Madison Street, Marianna, 32448 (850) 482-9633 x227 greenel@co.jackson.fl.us
	Jefferson	Kirk Reams, Clerk of the Court (850) 342-0218 Courthouse, Monticello 32344 kirkbradleyreams@gmail.com www.co.jefferson.fl.us
	Lafayette	P. O. Box 88, County Courthouse, Mayo, 32066 (386) 294-1600
	Lake	Employee Services P. O. Box 7800, Tavares, 32778 (352) 343-9596
√	Lee	Dinah Lewis

		2115 Second Street, Ft. Myers, 33901 (239) 335-2887 dllewis@leegov.com www.lee-county.com
√	Leon	Lillian Bennett Leon County Courthouse, Suite 108, Tallahassee, 32301 (850) 606-2400 Bennett@leoncountyfl.gov www.co.leon.fl.us
	Levy	Jacquelin Martin P. O. Box, Bronson, 32621 355 S. Court Street, Bronson, 32621 (352) 486-5219 levybocc@circuit8.org
	Liberty	P. O. Box 399, County Courthouse, Bristol, 32321
	Madison	Allen Cherry, County Coordaintor 229 South West Pinckney, Suite 219, Madison, 32341 (850) 973-3179 Madisdveonbocc@earthlinl.net
	Manatee	Garry Dye 1112 Manatee Ave. W., Suite 863, Bradenton, 34205 (941) 749-4501 x3520 or X3865 garry.dye@co.manatee.fl.us www.manatee.fl.us
	Marion	Drew Adams 601 SE 25 th Ave., Ocala, 34471 (352) 438-2345 www.marioncountyfl.org
	Martin	Taryn Kryzda / jim Sherman 2401 SE Monterey Rd., Administrative Center, 4 th Floor Stuart, 34996 (772) 298-5939
√	Miami-Dade	Employee Relations 140 W. Flagler Street, Suite 105, Miami, 33130 (305) 375-3774 www.co.miami-dade.fl.us
	Monroe	Teresa Aquiar, Employee Services

		1100 Simonton Street, Key West, 33040 (305) 292-4537 <u>aquiar-teresa@monroecounty-fl</u> <u>www.monroecounty-fl.gov</u>
	Nassau	Nassau County Human Resource Department 213 Nassau Place, Yulee, 32097 (904) 321-5908 <u>www.nassauclerk.org</u>
	Okaloosa	Kay Godwin 601-B North Pearl Street, Crestview, 32536 (850) 689-5870 <u>hrinfo@okaloosa.fl.us</u> <u>www.co.okaloosa.fl.us</u>
	Okeechobee	Gene Long, County Administrator 304 North West 2nd Street, room 109, Okeechobee, 34972 <u>www.co.okeechobee.fl.us</u>
√	Orange	Orange County Human Resources P.O. Box 1393, Orlando, 32802 <u>www.orangecountyfl.net</u>
√	Osceola	3 Courthouse Square, First Floor, Kissimmee, 34741 (407) 343-2800 <u>www.osceola.org</u>
√	Palm Beach	Janis Brunell 50 S. Military Trail, West Palm Beach, 33415 (561) 616-6888 <u>www.co.palm-beach.fl.us</u>
	Pasco	Barbara De Simone, Personnel 7530 Little Road, Suite 330, New Port Richey, 34654 (727) 847-8103 <u>bdesimone@pascocountyfl.net</u> <u>www.pascocountyfl.net</u>
√	Pinellas	400 South Fort Harrison Ave., Clearwater, 33756 (727) 464-3367 <u>www.pinellascounty.org</u>
√	Polk	Percy Harden, Personnel 330 West Church Street, Bartow, 33831 (863) 534-6030

		www.polk-county.net
	Putnam	Ken McClinton 514 St. Johns Avenue, Palatka, 32178 (386) 329-0220 Ken.Mcclinton@putnam-fl.com Www.putnam-fl.com
	St. Johns	Personnel 4020 Lewis Speedway, Room 1115, St. Augustine, 32084 (904) 209-0635 humres@co.st-john.fl.us www.co.st-johns.fl.us
	St. Lucie	2300 Virginia Avenue, Fort Pierce, 34982 (772) 462-1546 www.stlucieco.gov
	Santa Rosa	6495 Caroline Street, Suite H, Milton, 32570 (850) 983-1948 HR@co.santa-rosa.fl.us www.santarosa.fl.gov
√	Sarasota	1660 Ringling Blvd., Sarasota, 34236 (941) 861-5261 asktpm@scgov.net www.scgov.net
√	Seminole	Janet Davis 1101 East First Street, Sanford, 32771 (407) 665-7940 jdavis@seminolecountyfl.gov www.seminolecountyfl.gov
	Sumter	Kitty Fields 209 N. Florida Street, Room 220, Busnell, 33513 (352) 793-0200 Kitty.Fields@sumtercountyfl.gov www.sumtercountyfl.gov
	Suwannee	220 Pine Avenue, County Courthouse, Live Oak, 32064 (386) 362-0500 or (386) 364-3450 www.suwclerk.org
	Taylor	Laura Johnson 587 E. Hwy. 27, Perry, 32347

		(850) 838-2097 humanresources@taylocountygov.com www.tcfl-libinfo.com
	Union	15 Norhteast First Street, County Courthouse, Lake Butler, 32054 (386) 496-4241
√	Volusia	Ruth Moorman, Interim Director 230 N. Woodland Blvd., Sutie 262, Deland, 32720 (386) 736-5951 personnel@co.volusia.fl.us www.volusia.org
	Wakulla	Parrish Barwick, County Administrator 3093 Crawfordville Hwy., Crawfordville, 32327 (850) 926-0919 pbarwick@mywakulla.com www.wakullacounty.org
	Walton	Gary Mattison 117 Montgomery Circle, DeFuniak Springs, 32435 matgary@co.walton.fl.us
	Washington	Peter Herbert 1331 S. Blvd., Chipley, 32428 (850) 638-6200 www.washingtonfl.com

APPENDIX C: 2006 DIGITAL COUNTIES SURVEY

April – May 2006

The National Association of Counties (NACo), the Center for Digital Government (Center) and *Government Technology* magazine conducted its fourth annual Digital County Survey during the summer of 2006. The purpose of the survey is to identify how counties deploy technology and to recognize counties that use technology to provide a high level of service to their citizens.

The following questions are a subset of questions from the original survey. These questions were selected based on the following criteria: 1) they can be objectively scored, 2) they apply to all counties and 3) an outside user can visit the county's webpage and respond to the survey.

QUESTIONS

1. Are the meetings of the county governing body available electronically to the public?

- a. No, not at this time.
- b. Meetings of the county governing body are televised.
- c. County governing body meeting agenda or minutes are available online.
- d. County governing body meeting minutes are available online, archived and searchable.

2. Does the county have a Web site?

- a. The county does not have a Web site.
- b. The county is developing a Web site.
- c. The county has a Web site that links to all agencies and departments.
- d. The county has a Web site that links to all agencies and departments and through which the public can conduct online services and transactions.

3. Does the county have online calendars, schedules, or directories?

- a. No, not at this time.
- b. Implementation is scheduled by December 31, 2006.
- c. One or two calendars/schedules/directories are now available online.
- d. Three or more calendars/schedules/directories are now available online.

APPENDIX D: GOODNESS OF FIT / CMIN VALUES

MODEL FIT SUMMARY / CMIN VALUES

Path Analysis Model	Default Model	Independence Model
	P values Should be $>.05$	
Fiscal Efficiency	.028	.387
Fiscal Efficiency with Contextual Variables	.000	.001
Process Efficiency	.018	.816
Process Efficiency with Contextual Variables	.000	.004
Technical Efficiency	.042	.132
Technical Efficiency with Contextual Variables	.000	.000

CMIN is the AMOS output of Chi-Squared, the most common fit test. The chi-squared value should not be significant if there is a good model fit.

The default model value is calculated using the model data and the independence model data assumes the observed variables are uncorrelated.

APPENDIX E: INSTITUTIONAL REVIEW BOARD LETTER



Office of Research & Commercialization

April 10, 2008

TO: Janet Davis

Dear Ms. Davis,

RE: Public Affairs dissertation, "Determinants of Human Resource Management Performance on County Efficiencies: A Study of Florida Counties"

Thank you for submitting the information regarding your Doctoral dissertation, as requested by the IRB office. As you know, the IRB cannot approve your research because it was already completed prior to IRB review.

However, Dr. Tracy Dietz, IRB Chair, reviewed the material and determined that if this proposal had been submitted to the IRB prior to conducting the research, it would have met the criteria for expedited review and likely would have been approved.

Most of the data collected did not meet the definition of human subjects research, but there were two items that did and thus the study should have been reviewed and approved prior to data collection. You may not use the data collected for purposes other than for the submission of your dissertation at UCF. You cannot use the data for scholarly publications or presentations outside UCF.

If you have questions, please phone the IRB office at 407-823-2901.

Cordially,


Joanne Muratori
Institutional Review Board (IRB)

Copy: IRB files – student permission

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