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A STRATEGIC IMPERATIVE THE ROLE OF HR MANAGEMENT IN ITALIAN PSOs

Human resource management in the public sector plays a critical role in organizational effectiveness and value creation. Despite calls for more strategic human resource management, public sector organizations often prioritize administrative functions over strategic contributions. This article examines the state of HRM in the Italian public sector, focusing on staff allocation, activities, integration with organizational strategy, and managerial priorities. Findings suggest a need for greater strategic focus, improved integration, and proactive approaches to address evolving workforce dynamics and organizational needs.

HUMAN RESOURCE MANAGEMENT (HRM)//PUBLIC ADMINISTRATION//PERSONNEL POLICIES//STRATEGIC INTEGRATION//HR MANAGER



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Nowadays, the role of human resource management in the public sector is widely acknowledged as critical for effectiveness and value generation in this context. In OECD countries, the share of GDP devoted to salaries of state employees ranges from 5.1% in Japan to 14.9% in Norway, while in Italy it is 9.7% (OECD, 2023). Public sector personnel accounted for as much as 29.2% of the workforce in Norway in 2021, compared to 14.5% in Italy (OECD, 2023).

Unlike human resource management in firms or non-profit organizations, public sector organizations (PSOs) have to deal with the dyadic nature of public personnel policies. On the one hand, they must abide by rules, standards and strategies arbitrarily defined at the national level; on the other hand, they must craft their

personnel strategies as strategically autonomous organizations. The persistent calls for more strategic human resource management in the public sector testify to the fact that the first element of the dyad has prevailed in practice, leaving HR managers to perform a primarily administrative function, with no room for autonomy in setting priorities and contributing to organizational strategy as full-fledged actors.

The Italian public sector has indeed been a striking example in this regard. For many years, most Italian PSOs defined their personnel needs through static staffing plans that associated each organizational unit with a specific amount and quality of personnel. Only in 2017 did a new policy introduce a three-year plan for staffing needs, allowing organizations to define their needs more easily and rapidly, disregarding historical allocations. Yet public administrations still lack a medium- and long-term view when planning their human resources policies.

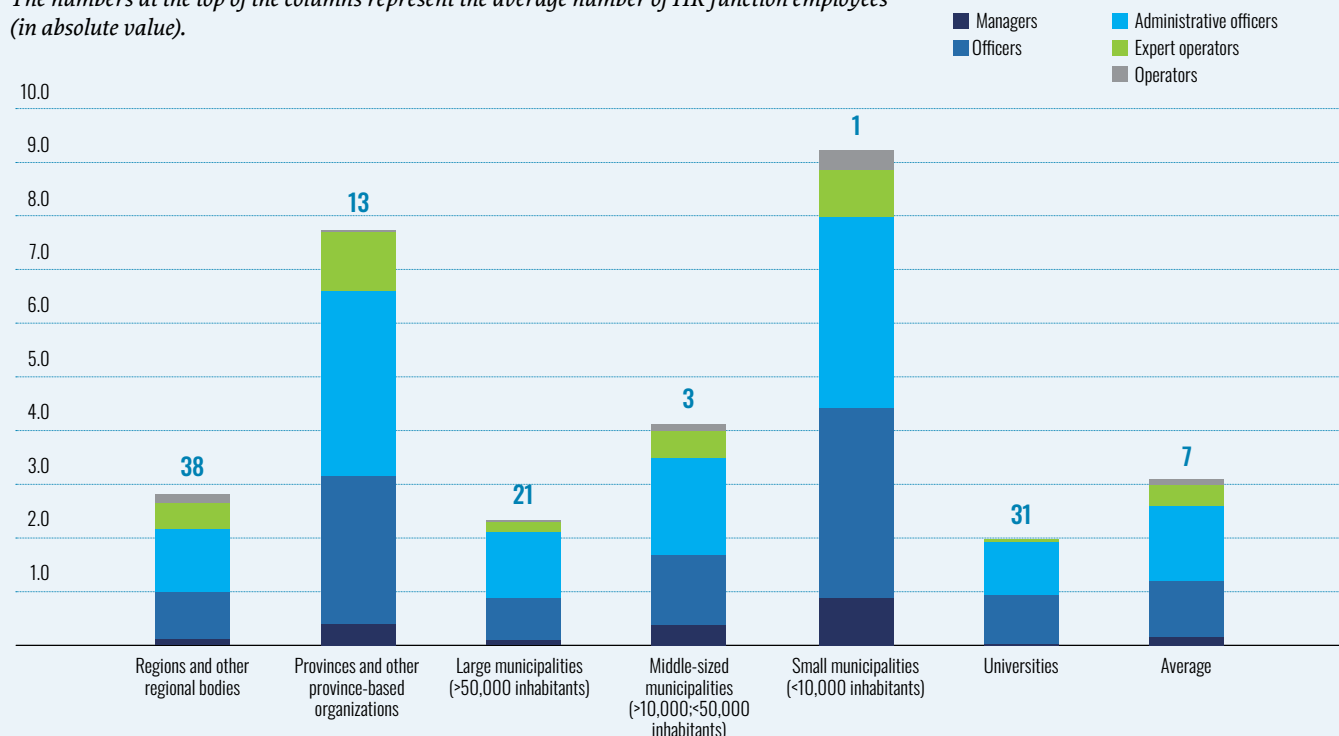
In this article we will discuss the perspectives of the HRM function in Italian PSOs. First, we will highlight the average number of employees devoted to HR offices and how they spend their time. Second, we will underscore the degree of integration between HRM and the rest of the organization. We will then investigate the priorities of HR managers, also in terms of their background and experience, and finally discuss the implications for management.

HRM STAFF AND THEIR ACTIVITIES

We begin by quantifying the share of personnel dedicated to the HRM function in PSOs. In the sample we analyzed, on average, 3.1 employees per hundred are devoted to HRM. However, this value varies considerably across different types of institutions. Smaller municipalities (with less than 10,000 inhabitants) and provinces have relatively

FIGURE 1. HRM EMPLOYEES PER 100 EMPLOYEES BY TYPE OF EMPLOYEE AND ORGANIZATION

The numbers at the top of the columns represent the average number of HR function employees (in absolute value).



larger HR offices, while such functions are smallest in larger municipalities (with over 50,000 residents), regions and universities. It is interesting to note that, on average, around 16% of personnel serve in blue-collar occupations (formerly known in Italy as “A” and “B” categories); these jobs do not require a high school diploma. Most personnel (around 45%) belong to the category of administrative officers, who are normally high school graduates. The reliance on personnel with no or low qualifications suggests that HR offices in Italian public administrations deal mostly with the standardized activities that these employees can carry out.

These data reflect a situation that is unsatisfactory, according to most managers: only 11% of them define HR as fairly or fully adequate. The worst results emerge in small municipalities and provinces, which show high employment levels

in relative terms but have very few employees in absolute terms.

On a brighter note, in the year prior to the survey, only 11% of managers saw a reduction in their HRM staff, while a quarter benefitted from an increase. In any case, we should interpret these data in light of changes in public personnel national policies, which have shifted from a cost-cutting trend to a more expansive one.

As we noted earlier, the quantity and quality of HR staff might reflect repetitive activities with a low added value. In our questionnaire, an average of 40.1% of HRM time is dedicated to personnel administration, which includes dealing with salaries and legal matters pertaining to staff, for instance, issues regarding contracts, leave, and other employee rights. Another 20.5% of time is spent on recruitment and selection, and a further 12.2% on union relations and negotiations.

FIGURE 2. ADEQUACY OF HRM STAFFING LEVELS

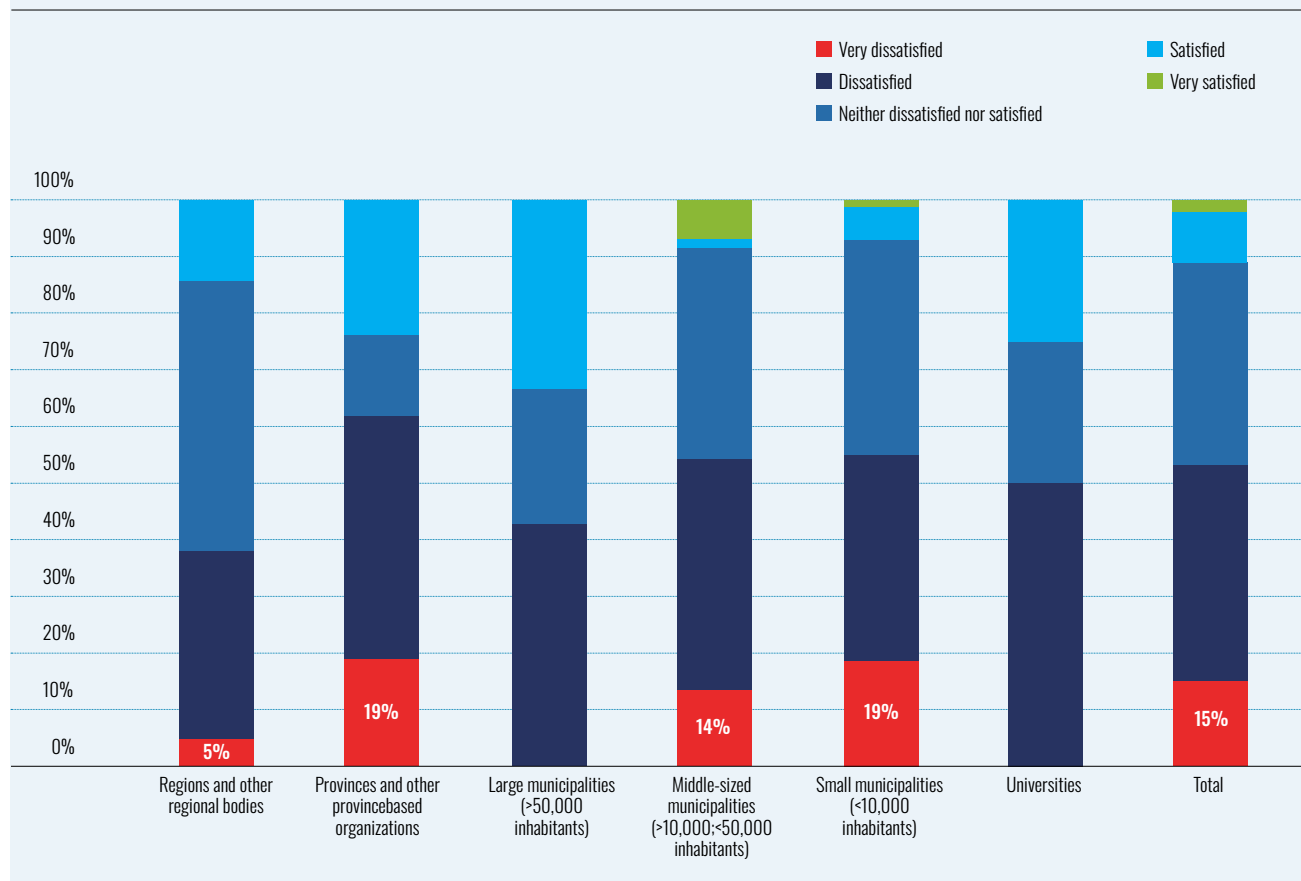
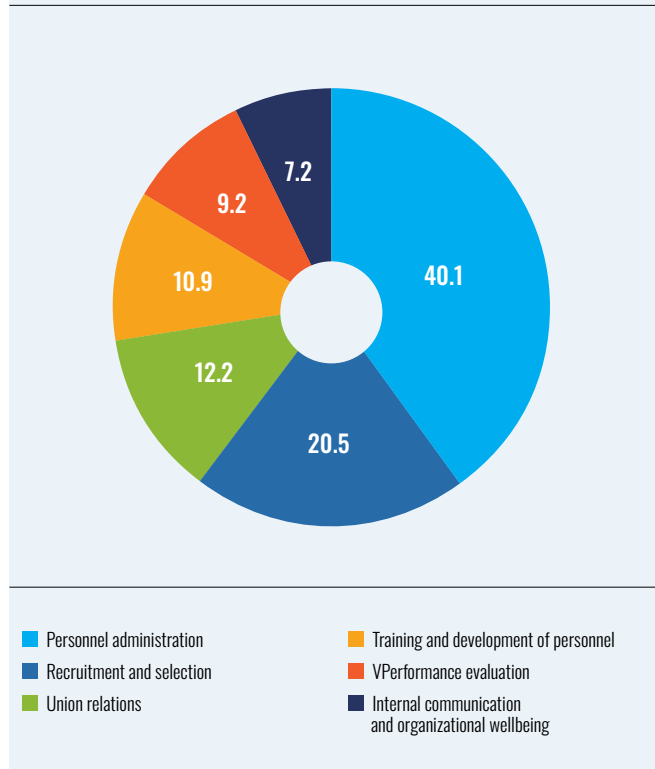


FIGURE 3. AVERAGE TIME DEDICATED TO HRM ACTIVITIES IN 2023

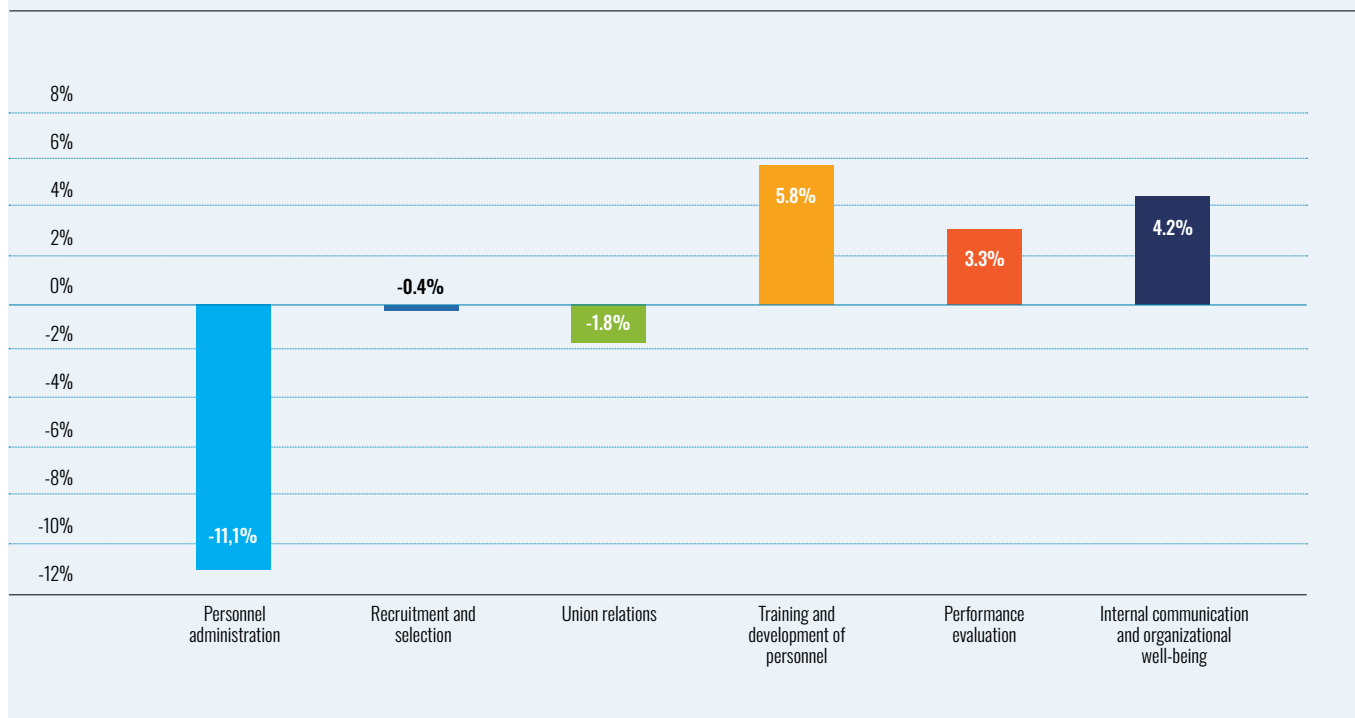


Critical aspects such as training and development, performance evaluation, internal communication, and organizational well-being account for just over a quarter of total working time.

When comparing the actual values with what HR managers would like to do, we can see a remarkable decrease in the time they would allot to personnel administration (-11 percentage points) and union relations (-1.8), while they say they dedicate the right amount of time on recruiting activities. HR should focus more on staff training and development (+5.8), internal communication and organizational well-being (+4.1), and performance evaluation (+3.2).

We now seek to compare the actual and desired values of 2023 with the results of a similar questionnaire from 2019. What we see is a positive trend. In 2019, on average, 52% of their time was spent on administrative matters, while HR managers were aiming for 41%; in 2023, on average, 40.1% of their time was spent this way, but they aimed for an even lower 29%. This apparent pattern is reassuring as it shows an orientation

FIGURE 4. DIFFERENCE IN TIME DEDICATED TO HRM ACTIVITIES COMPARING REALITY AND HR MANAGERS' DESIRES IN 2023



towards a less administrative HR function. If we look to recruitment and selection, in 2019 reality was in line with what HR managers wanted (17% of their actual time versus 18% deemed desirable). By 2023, however, the desired time value rose. This finding is consistent with substantial evidence of a tighter labor market and new preferences and needs that employers should address when looking for prospective employees. This shift might be evidence of a rather reactive evolution, as found in prior literature (Jacobson & Sowa, 2016).

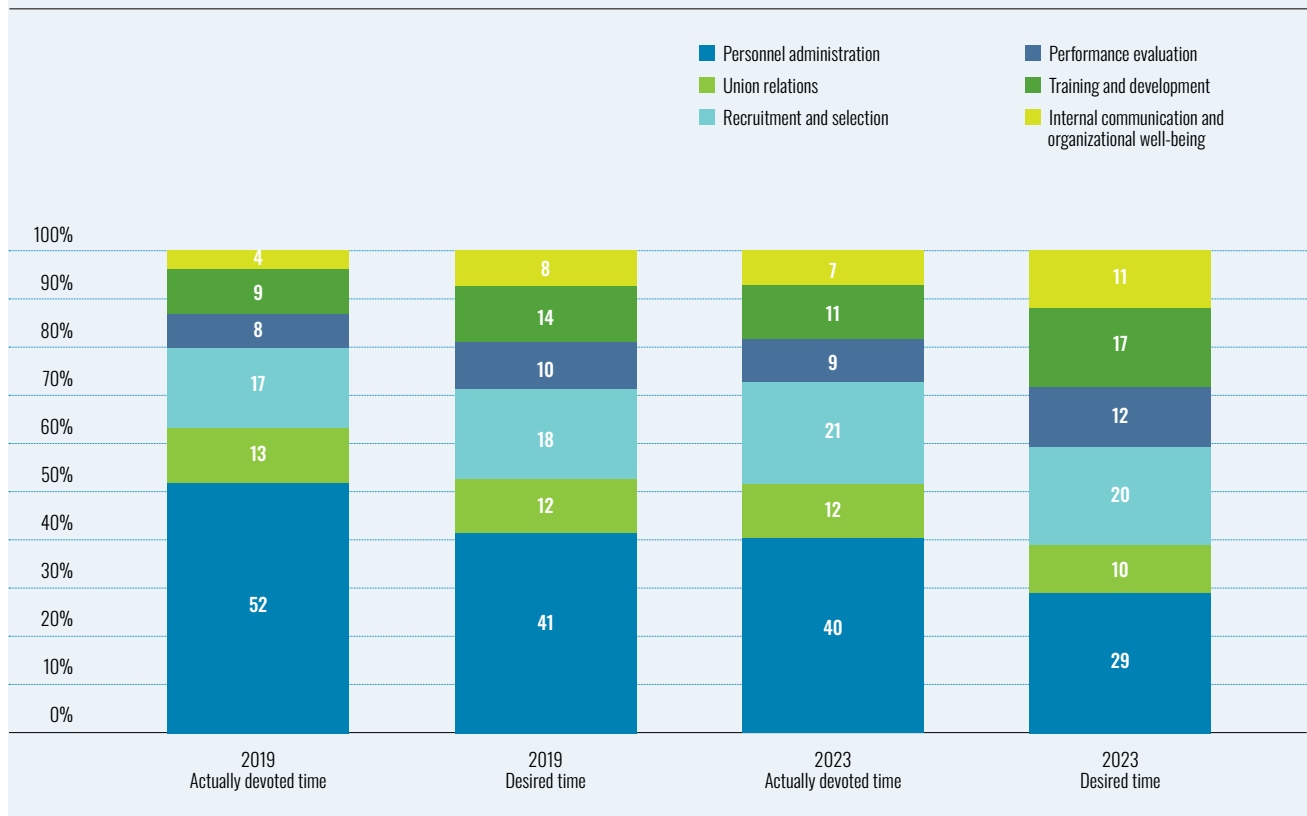
To summarize, HRM personnel is only a tiny fraction of the total staff in public administrations, and managers believe they need more staff to respond to current challenges. Furthermore, administrative tasks still account for a relative majority of the activities performed in 2023, even if PSOs started a transition towards a more strategic orientation.

INTEGRATING THE HRM FUNCTION

After describing and discussing the composition of HR personnel in Italian public administrations and the time dedicated to different activities, we want to investigate the relationship between the HR function and other organizational units.

We analyzed a set of strategic activities, namely those described in the previous section, that require some form of collaboration with other organizational departments. HR managers rate the involvement of other managers as 4 or 5 on a Likert scale in a minority of cases. The most integrated activity is the definition of employee needs, with slightly more than 40% of respondents selecting higher value answers. On the other hand, when looking at internal communication and organizational wellbeing, only 15% of HR managers believe that the involvement of other managers can be rated as high as 4 or 5.

FIGURE 5. AVERAGE TIME DEDICATED TO HRM ACTIVITIES COMPARING REALITY AND HR MANAGERS' DESIRES IN 2019 AND 2023



Yet, when asked more generally about HRM relationships and the support provided to the rest of the organization, HR managers are less dire in their descriptions. For instance, 54% believe that HR supports other managers in exercising their own HR responsibilities (4 or 5 on the Likert scale), and 47% state that HR makes an effort to cooperate with other managers. Nonetheless, such a weak integration between HR managers and strategy is also reflected in the fact that only 36% agree that the top management takes HR information into account when defining the organization's strategic focus. Overall, these data show that there is room for greater integration between HRM and other organizational units.

HRM PRIORITIES

After delving into the current status of HRM, our research focused on its future prospects. When asked about their priorities for HRM within their organizations, HR managers cited personnel costs as the most pressing issue (50% of respondents identified it as one of their top three priorities).

Since 2009, the Italian public administration has been targeted with cost-cutting measures and strict hiring limits. Yet just before the Covid-19 pandemic, these policies were relaxed or completely suspended. The resulting upsurge in new hires, coupled with the subsequent economic troubles of Italian public administrations (e.g., inflation, and even more critical, high energy costs), might have stretched available resources. The second and third most relevant themes are retaining and motivating personnel, together with requalifying and improving professions and competencies within the organization (both at 27%). These are followed by the need to increase organizational flexibility (22%), facilitate organizational innovations (18%), and boost personnel productivity (17%). Few HR managers mention attracting talent or developing new competencies as their priority. Notably, the least chosen alternatives are related to personnel turnover and managing risk. Regarding the former, it is worth pointing out that the Italian public administration has sustained a historic rate of retirements in recent years (*Ragioneria Generale dello Stato*, 2021).

The questionnaire also asked what changes

FIGURE 6. EVALUATION OF THE INVOLVEMENT OF OTHER MANAGERS IN HR ACTIVITIES

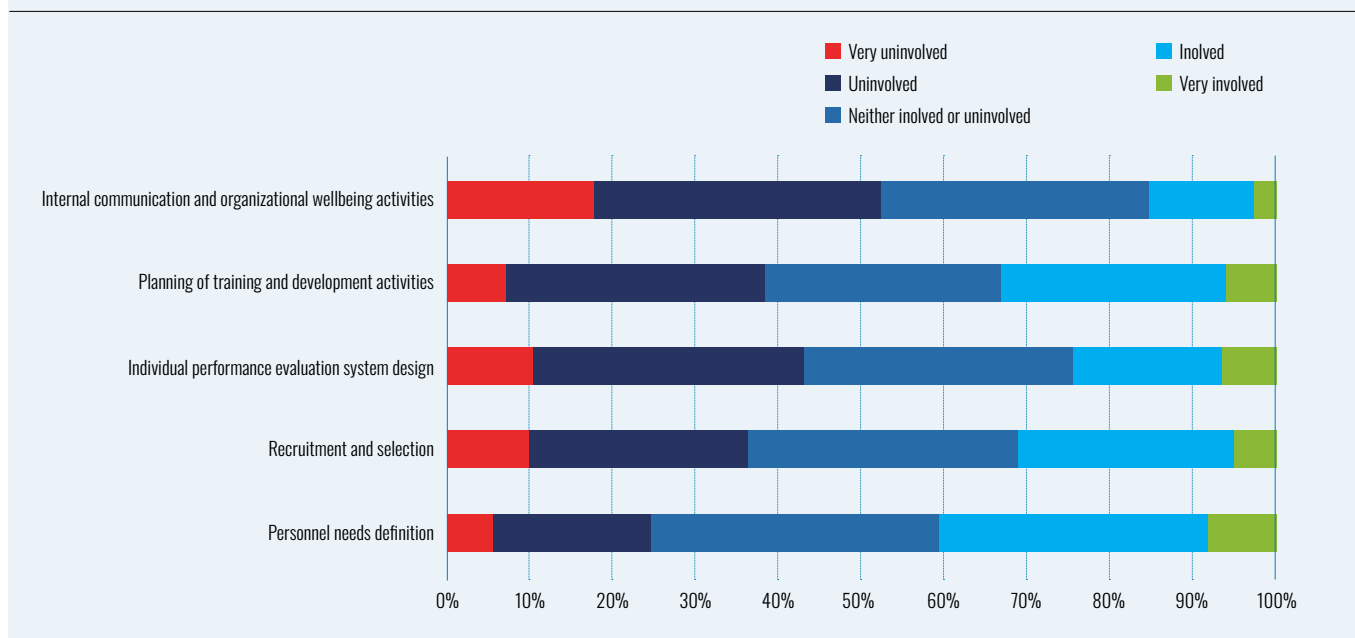


FIGURE 7. PRIORITIES FOR HR MANAGERS

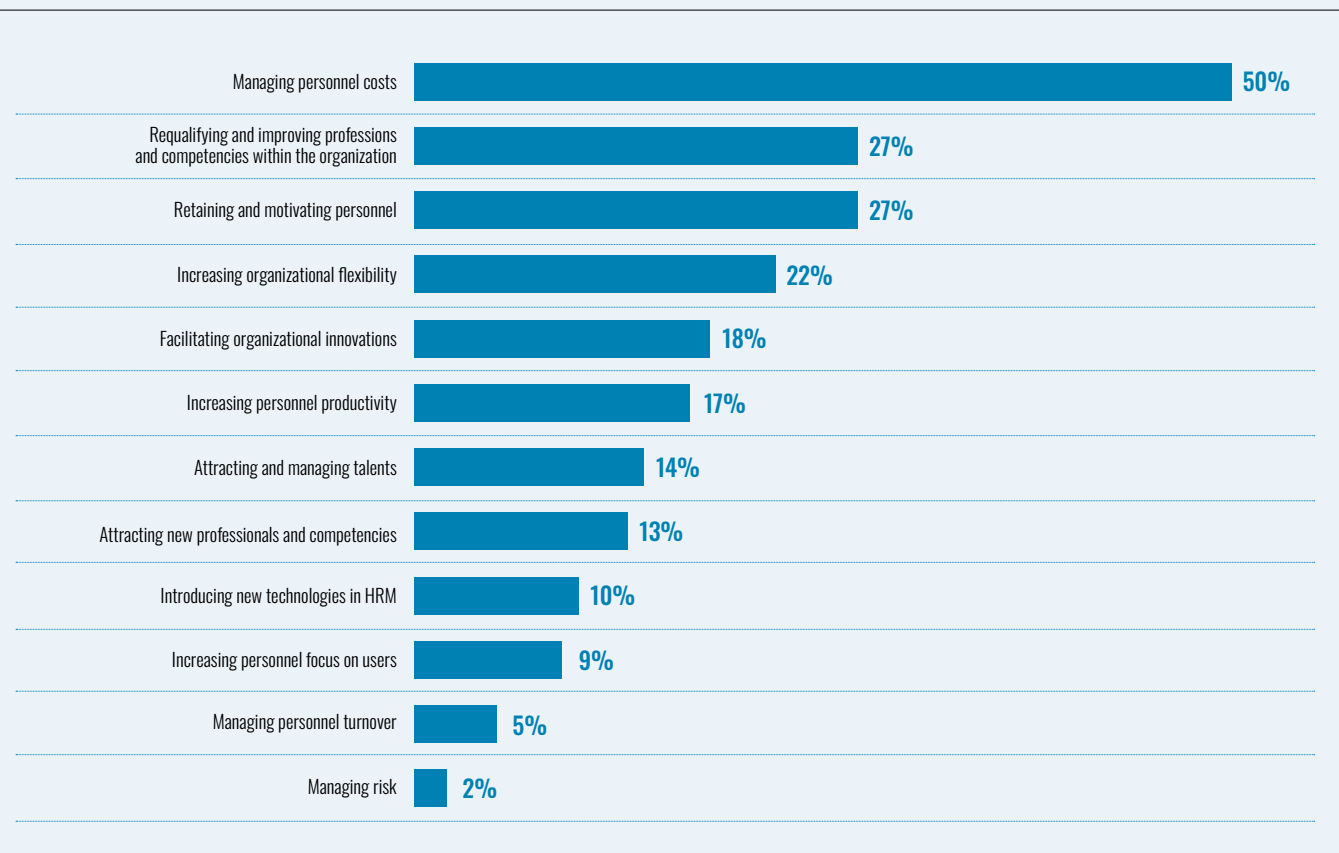
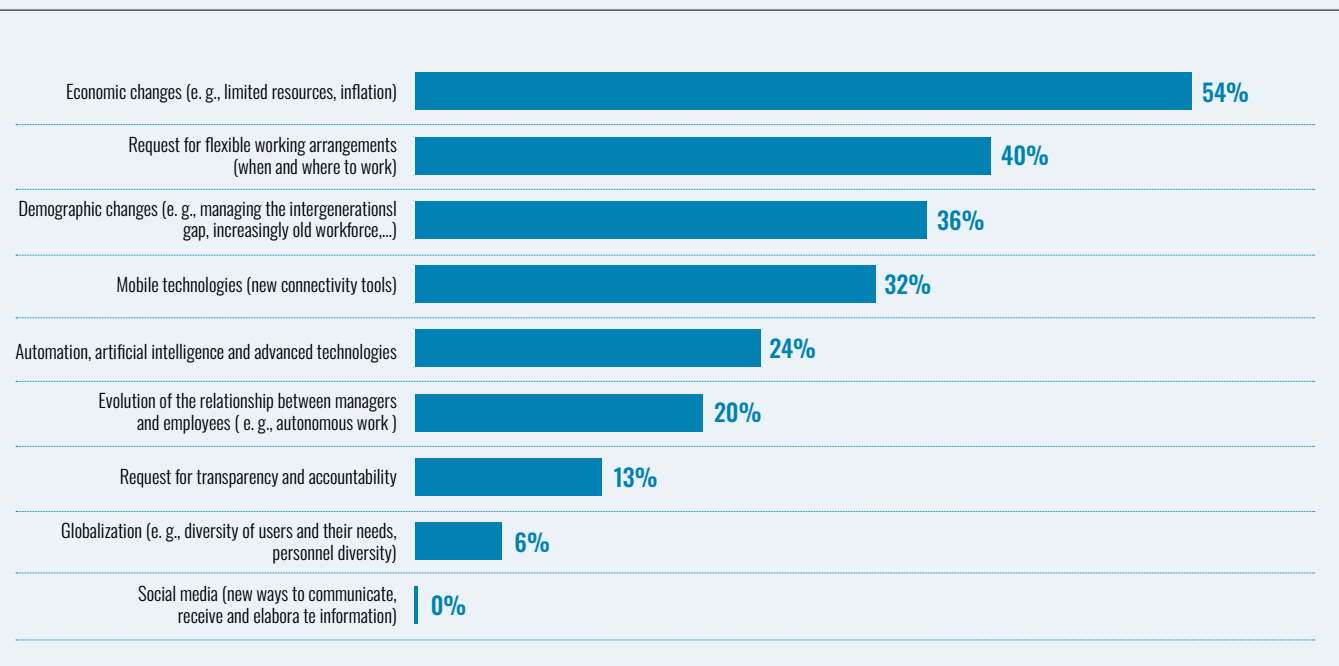


FIGURE 8. CHANGES THAT WILL AFFECT HRM



are likely to affect HRM practices. Unsurprisingly, given the high priority of cost management, most respondents (54%) identified economic changes. The need for greater flexibility (40%) comes, highlights the diverging priorities *vis-à-vis* trends that are likely to affect HR. In other words, while HR managers recognize that flexible work arrangements are here to stay and that HR practices must accommodate them, this does not seem to be a priority. Similarly, the aging workforce and other demographic trends do not seem to be a primary concern for Italian public administrations, even though their impact must be considered.

In this case, larger bodies, such as populous municipalities and regions, identify demographic, economic, and flexibility trends as having the greatest impact on the way they operate. In comparison, bodies of different sizes, such as small and medium-sized municipalities, also rank new technologies higher as a relevant trend.

Cost management and economic factors still represent a top concern for HR managers, and HRM is indeed more and more interested in finding solutions to these issues. HR managers are keen to come up with practices that can upgrade workforce capability to produce value while keeping costs

low. This is further evidence of HRM transitioning towards more strategic approaches.

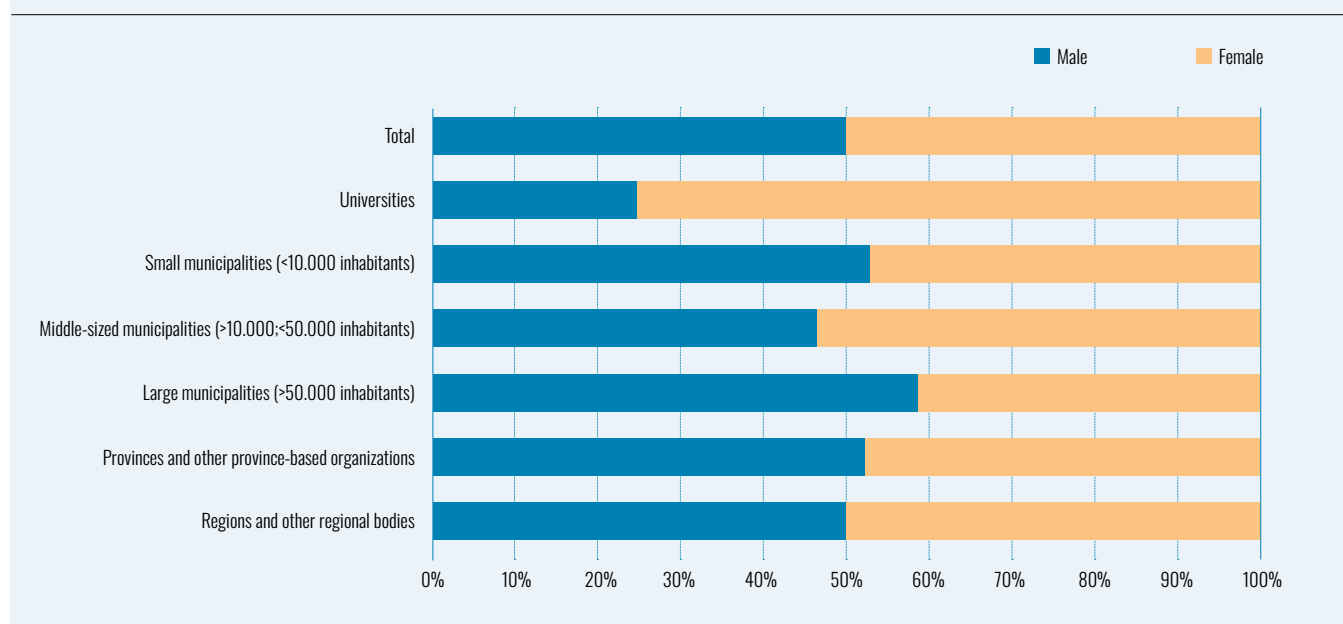
THE TYPICAL HR MANAGER

The last part of the research focuses on the HR managers themselves, attempting to portray the prototype of the HR manager in Italian public administrations. Firstly, a slight majority (of one observation in our sample) is female. This finding should be interpreted in comparison to the Italian public sector management, which is still predominantly male, despite the fact that most public sector employees are women.

On average, in terms of education, HR managers have at least a university degree. This is no surprise, given that an undergraduate degree is now a prerequisite for becoming a public sector manager. Nonetheless, smaller and more peripheral bodies, such as small and medium-sized municipalities, have a larger share of high school and university graduates. In contrast, larger organizations have a higher proportion of managers with a post-graduate education or PhDs.

Among those with a bachelor's degree, 51.3%

FIGURE 9. MANAGERS BY GENDER AND TYPE OF ORGANISATION



of managers have a legal background, while 33% studied economics and management, and 8% political science. The Italian public sector is one of the biggest employers of law graduates, as reflected in our data, which is consistent across different types of organizations.

Another crucial aspect in defining HR managers is their experience. In this regard, we observe several interesting facts. First, two-thirds of HR managers have a decade or more of experience in the public sector, which is not surprising given Italy's career-based system. Yet, notably, they have developed their expertise in their current organization, an indication of low mobility rates in the public sector. Indeed, at least some of the managers have gained most or all of their HR experience in one organization. These data describe HR managers who learn by doing, as their background is not necessarily related to HR studies; in other words, they have been trained directly on the job. In addition, 16.3% have less than one year of HRM experience.

Finally, the questionnaire asked whether these

managers had experience outside the public sector. On average, 38% had worked in the private sector, but only 12% had held HR positions in this context. The larger the organization, the more likely it was to have a manager with specific HR experience.

In summary, HR managers are more likely to be women than other managers, and about one in four has some post-graduate education. They have developed their expertise in the public sector and generally in a small number of organizations, while HRM expertise is not very common. A minority of managers have experience in the private sector.

CONCLUSIONS

In this article, we discussed the perspectives of the HRM function in Italian PSOs. First, we framed the average number of employees devoted to HR offices and how they spend their time. Second, we investigated the degree of integration between HRM and the rest of the organization. Finally, we highlighted the priorities of HR managers and their

FIGURE 10. HR MANAGERS BY EDUCATION LEVEL AND TYPE OF ORGANISATION

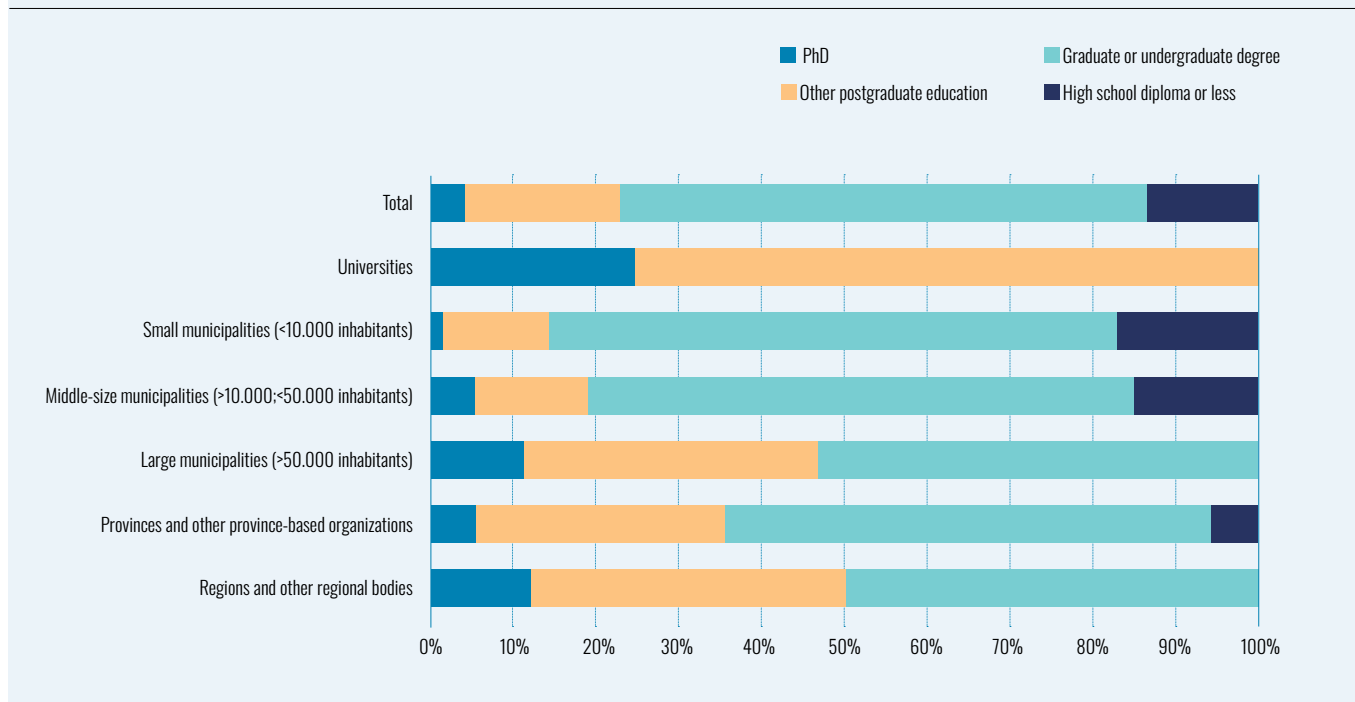


FIGURE 11. EXPERIENCE OF HR MANAGERS BY TYPE AND NUMBER OF YEARS

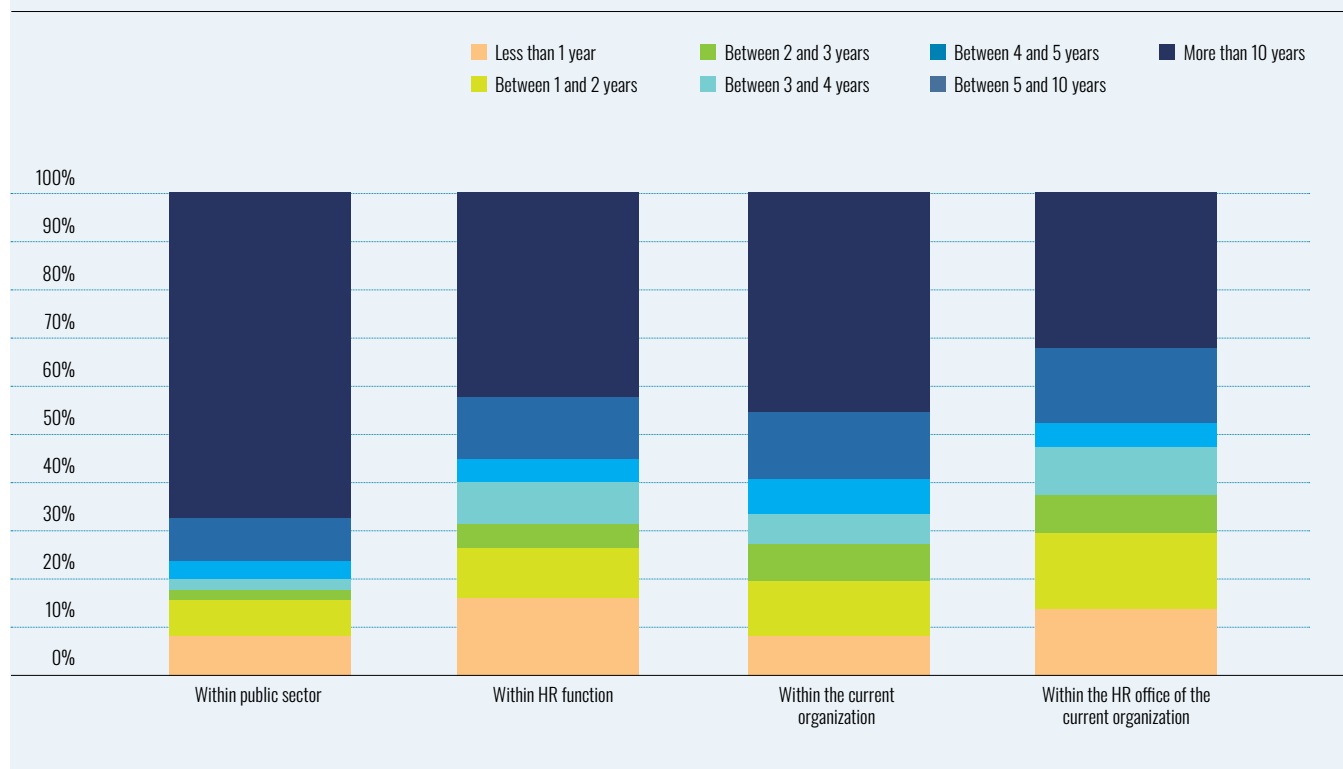
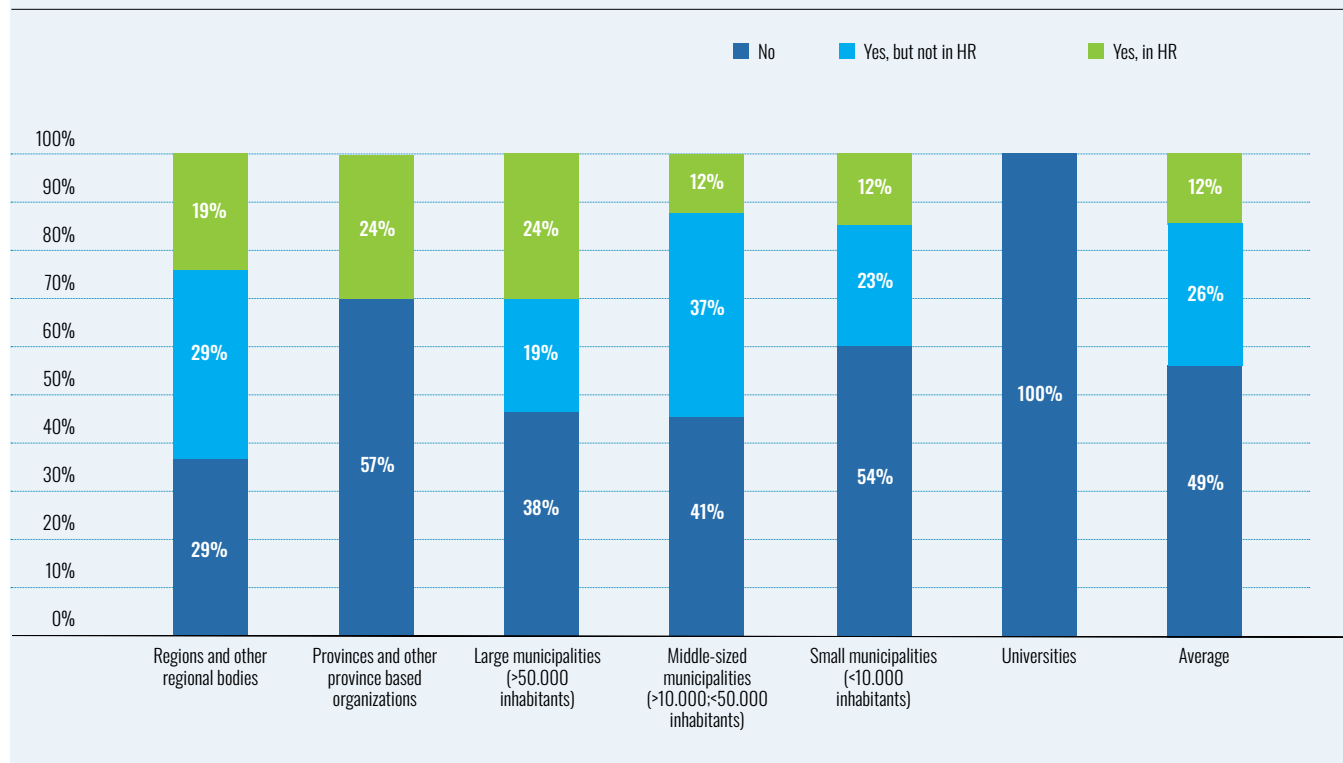


FIGURE 12. EXPERIENCE OF HR MANAGERS IN THE PRIVATE SECTOR BY TYPE AND TYPE OF ORGANISATION



background and experience.

Italian PSOs have responded to hiring freezes and other cost-cutting policies by reducing the number of employees with high and low qualifications, while maintaining the level of the middle category, represented mostly by high school graduates (Buongiorno Sottoriva & Cinelli, 2022). Such a policy might allow PSOs to keep pace with existing volumes of activity. Nonetheless, a relative reduction in the number of highly qualified officers with university degrees may diminish the capacity to deal with changing priorities and new organizational needs. When this capacity is lacking, HR offices do not have the appropriate resources to rapidly change their practices. Instead, they are obliged to retain large numbers of mid-level personnel to guarantee the existing services, creating a vicious cycle of missed opportunities for innovation and overall under-qualification of HRM employees.

We suggest at least two different factors that might worsen this cycle. First, Italian public policies in some sectors, such as healthcare, already introduced hiring limits and cost-containment measures. Therefore, the opportunity window that opened with the National Recovery and Resilience Plan investments might close rapidly, without major changes in HR units. Furthermore, in times of cost-cutting, HR managers might again opt for a higher headcount, by exploiting the payment differentials between high school graduates and university graduates, rather than having fewer employees with higher qualifications. Secondly, a tighter labor market and subsequent higher turnover might make it harder to generate competencies and the capacity to improve HRM practices.

Thanks to the HR managers in our study, we also map out a path toward more effective HRM. On the one hand, PSOs should invest time, resources, and organizational focus in initiatives that foster human capital development and individual wellbeing. HR managers identify requalification as a priority, and they acknowledge the difficulties with internal communication and wellbeing

of personnel. On the other hand, HR practices should be innovated to be more productive, also by introducing new technologies. This is not just a business-minded need: changing practices will reduce the amount of time dedicated to repetitive and administrative tasks, contributing to increasing motivation, sense-making and wellbeing among employees.

This process can and must build on the (positive) changes generated in part by Covid-19, such as greater work flexibility. However, these changes cannot be effectively carried out without adequate involvement of the other departments of the organization. Consequently, integration should be a top priority for HR managers: vertically, since the overall strategy should also be the result of HR perspectives; horizontally, since other managers share part of the responsibility for managing human resources in their offices. Literature has shown that integration might entail unintended negative consequences (Bennett et al., 1998), therefore this process should be managed and driven consciously.

We have indeed come back to our point of departure. We need a more strategic HR function, and public sector managers should have a clear idea of their needs, design a process to realize their goals and allow for adequate resources to sustain change. To quote Sowa (2020, p. 335): “It can be hard to be strategic when you are starving for resources. [...] HR decisions are often made based on stress and scarcity versus strategy and foresight. Saving money through not filling open positions has cascading effects across a government unit. [...] Good HRM requires the capacity to plan, to do actual performance reviews, to examine current practices, and to create new practices. But this doesn’t work without well-trained HR managers who have the time and the ability to actually manage people (vs. just checking the appropriate boxes). Scholars and practitioners of public HRM have advocated for and demonstrated the centrality of what we do for government performance. We need to continue to amplify this truth and look for all opportunities to keep reinforcing the message

that HRM is the best kind of management.”

Larger organizations already have highly qualified HR management that is more experienced. Smaller organizations must find tools and spaces to cooperate, for instance, by jointly exercising

their HR responsibilities, to attract more qualified HR managers and employees, and to generate and exploit economies of scale, reducing the stress on organizational structures to maintain the current volume of activities.

TABLE 1. SUMMARY OF MAIN FINDINGS

HRM personnel and its activities	HRM integration within organizations	HRM priorities and transformation trends	HR manager profile
- On average, 3.1 employees per hundred are assigned to HRM. However, this value widely varies across different types of institutions. These data are unsatisfactory for most managers, and only 11% see HR as fairly or fully adequate. - Relatively speaking, administrative tasks still account for most of the activities performed in 2023 (40,1%), even if PAs started to transition toward a more strategic orientation. Another 20.5% of the time is earmarked for recruitment and selection processes, and a further 12.2% spent in union relations and negotiations.	- Data show room to maneuver to achieve a higher degree of integration between HRM and other organizational units. - The most integrated activity pertains to defining staffing needs, where higher-value answers are chosen by slightly more than 40% of respondents. On the other hand, only 15% of HR managers believe that the involvement of other managers can be rated high in terms of internal communication and organizational wellbeing as well as training.	- While cost management and economic factors still represent top concerns for HR managers, HRM is increasingly interested in solutions to these issues. HR managers want to come up with practices that can boost workforce capability to produce value while keeping costs low. - Most respondents (54%) identify economic changes as a top priority, followed by greater flexibility (40%): While HR managers do recognize that flexible working arrangements are “here to stay” and HR practices must accommodate them, this doesn’t seem to be the critical priority, given the widespread, unprecedented flexibility experienced during the pandemic.	- HR managers are more likely to be women than other managers, and around one out of four has some post-graduate education. - They gained their expertise in the public sector and generally in a few organizations, while HRM expertise is less common. Private sector experience still characterizes a minority of managers.



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