

# “From strategic weapon to underperformer”—leader perceptions on human resource management in Finnish municipalities

Jenni Kantola, Kirsi Lehto and Riitta Viitala  
*School of Management, University of Vaasa, Vaasa, Finland*

## Abstract

**Purpose** – This study explores municipal leaders’ perceptions on strategic human resource management in their local government organization. Previous studies on companies demonstrate that the top manager’s perceptions of the importance of human resource management (HRM) for the organization are reflected in the quality of human resource management and its strategic role. The authors are interested in how leaders in municipalities perceive HRM.

**Design/methodology/approach** – The authors interviewed 30 leaders of Finnish municipalities for this qualitative study focused on municipal leaders’ perceptions of HRM. The authors applied a discourse analytical approach in the analysis.

**Findings** – The authors recognized four discourses that frame perceptions of HRM: HRM as a strategic weapon, HRM as an underperformer, HRM as a matter of formality and HRM as a cost generator. In addition, the authors recognized that the discourses reflected leaders’ self-positioning in relation to the power to impact issues related to HRM. Shifting between distinct roles demonstrated that municipal leaders’ emphasis on HRM and its strategic alignment reflects the power relations in the municipality and the attitudes to the importance of HRM.

**Originality/value** – This study contributes to the academic discussions on HRM in municipalities and provides views on the municipal leader’s role and impact on valuing and investing in HRM. From a practical point of view, the study will increase municipal leaders’ knowledge of HRM’s impact on the performance of the organization and also of the possible means of HRM.

**Keywords** Strategic human resources, Leadership, Municipal leader, Perceptions, Discourse analysis

**Paper type** Research paper

## Introduction

Municipalities have been challenged to improve strategic human resource management (SHRM) to meet challenges generated by constantly changing environments (Brunetto and Biattie, 2020; Jacobsson and Sowa, 2015; Knies *et al.*, 2018; Lindström and Vanhala, 2013). Several developments, such as health and social services reform, digitalization, an aging workforce and general population and cost-efficiency pressures challenge Finnish municipalities to proactively and systematically develop human resources and human resource management (HRM).



HRM is strategic if it intentionally supports an organization in achieving its strategic goals (Boselie, 2014; Boselie *et al.*, 2021). This requires management decisions related to policies and practices that outline the necessary competencies, numbers, and staff structure and how they can be aligned with the target status (Boselie, 2014). Prior research in the private sector highlights the impact of CEO and his/her perceptions on HRM. CEOs' views on HRM seem to impact largely on power and influence of HR function (Glaister, 2014), thus explaining an important (and overlooked) factor in shaping HRM's effectiveness (Arthur *et al.*, 2016). CEOs influence the development, exploitation and quality of the organization's HRM practices, albeit sometimes unknowingly (Arthur *et al.*, 2016). Their personal values and beliefs may have implicit and explicit implications on how organizations invest in HRM and the overall HRM philosophy of the organization. Their knowledge and perceptions reflect how different issues are prioritized and resourced in the organization's decision-making, as well as whether HR is treated as a strategic business partner (Thite *et al.*, 2014).

Some accordant indications have been received from previous research in the public sector as well. Jacobson and Sowa (2015) investigated SHRM in 253 municipalities in the United States. Their survey shows that in the municipalities where the leaders view HRM and its associated functions to be important, SHRM practices were broadly adopted. Lindström and Vanhala's (2011) research on HR managers in Finnish municipalities demonstrated that top management has a profound influence on the role and success of the HR function. If the executive leaves HR issues entirely to HR professionals (who may lack authority), the role of the HR function can be diminished. However, more research is needed to understand the municipal leaders' perceptions of HRM if we are to understand their uneven support for SHRM in the public sector context.

#### *The context of the study*

The empirical study was conducted in Finland, where local authorities have the autonomy to organize the municipal administration, including HRM functions. In Finland, municipalities hold wide self-government while having extensive delivery and funding responsibilities of centrally regulated public welfare services (Valkama and Oulasvirta, 2021). This article focuses on the CEOs' perceptions of HRM in municipalities. Later we refer to them as municipal leaders. They have a key role in managing municipal organization administration, finance and operations (Association of Finnish Municipalities, 2023). They are also responsible for producing decision alternatives for the municipality's political decision-makers and lead the implementation of the decisions. The politicians decide the municipal strategy and budget allocation, which set the framework for municipal operations. In the legal framework, the council is the strategic leader of the municipality, but in the actual strategy work, the professional leaders play a significant role, namely the municipal leader is at the forefront with HR. Therefore, a municipal leader cannot be defined as a "pure" professional director who merely carries out the will of politicians as he or she can exercise a wide range of freedom of movement operating at a political interface. CEOs have many qualifications associated with leadership and strategic management, and political decision-makers often interfere with operational questions and details (e.g. Parkkinen *et al.*, 2017).

The study aims to reveal the diverse ways of seeing HRM and its strategic importance among municipal leaders. It is based on interview material using a discourse-based approach. The following specific question interests us: How do municipal leaders perceive SHRM in their organizations?

This paper addresses the perceptions of municipal leaders regarding the state and the importance of HRM in municipalities. We explore leader perceptions on SHRM, contributing to the call for research on the relationship between top management level and HRM (Arthur *et al.*, 2016; Boada-Cuerva *et al.*, 2019) that has been largely absent both in HRM literature but

specifically in the context of public organizations. This study contributes to the broader academic discussion of leadership and the agency of leaders (Boada-Cuerva *et al.*, 2019), drawing on literature (Brandl and Pohler, 2010; Hambrick and Mason, 1984) that highlights the influence of perceptions and values of leaders on organizational processes and outcomes and overall impact on creating organizational HRM climate (Aldrich *et al.*, 2015; Glaister, 2014). After a theoretical exploration of the literature on HRM and the importance of leaders in prioritizing people management and adapting strategic approach to HRM in the context of public organizations, we present the data and discuss the findings. Finally, we conclude by outlining suggestions for future research on SHRM in a public-sector context and implications for practice.

## Theoretical framework

### *SHRM in the public sector*

The cornerstone of SHRM is the idea of HRM as a value-generating process (Paauwe and Boselie, 2003). SHRM covers the HR strategies adopted by different units and measures their impacts on performance (Lengnick-Hall *et al.*, 2011). More specifically, SHRM seeks to maintain the level of human resources required by the organization. That involves ensuring it has access to the right personnel in terms of quantity, structure, competence and motivation. SHRM also encompasses the personnel practices required to deliver the desired HR goals and the management system that supports the task (Boxall and Purcell, 2022).

SHRM is not a separate field of work in HRM but provides a framework for consistent HRM that aligns with the organization's strategy while enabling dynamic HR management structures and practices (Salaman *et al.*, 2005). From a practical point of view, it involves decisions related to policies and practices that ensure the necessary workforce and shape the organization's actions and culture to deliver joint goals. There is a broad consensus that the more aligned the HR strategy is with the organization's operational strategy, the stronger the positive influence of HRM will be on the implementation of the organization's operational strategy (Wang and Shyu, 2008; Christiansen and Higgs, 2008). Tzafirir (2006) conducted a longitudinal study demonstrating that those organizations that made a strategic choice to treat staff as an asset and invested in their abilities and involved them in decision-making were more successful than those that did not. Researchers have addressed the various HR strategies observed in organizations by applying a theory separating hard and soft versions of HRM (Truss *et al.*, 1997). Roughly classified, a hard form of HRM would see employees treated primarily as a cost-generating resource, and accordingly, the focus is on quantitative aspects such as numbers of people, input allocation and performance measurement. In contrast, a soft form of HRM focuses on behavioral aspects of people such as motivation, participation, learning and commitment because employees are considered a key to renewing and achieving superior performance for the organization. Truss *et al.* (1997) conducted an empirical study and concluded that pure examples of hard and soft HRM do not exist; however, organizations often produced rhetoric about soft HRM and implemented a form of hard HRM.

Research shows that the development, coverage, and versatility of personnel practices are related to employee capability and motivation (Fey *et al.*, 2009). Other research has established connections with job satisfaction and commitment (Nishii *et al.*, 2008), attitudes (Katou and Budhwar, 2010), atmosphere and employee mutual assistance (Chuang and Liao, 2010), individual and group-level productivity (Kroumova and Lazarova, 2009; Guest, 2011), performance (Moideenkutty *et al.*, 2011) and organizational success (Subramony, 2009) and innovation (Li *et al.*, 2006). Empirical studies have also revealed that employee well-being and motivation are connected to organizational customer satisfaction performance (Vanhala and Tuomi, 2006; Nishii *et al.*, 2008; Marescaux *et al.*, 2013).

Studies on HRM in the public sector have increased markedly in recent decades (Boselie *et al.*, 2021). In general, the public sector has adopted practices in HRM developed in private companies (Boselie *et al.*, 2021; Kravariti and Johnston, 2020) and developed a more strategic role in developing human capital across the government organization; however, there is still considerable variation in the sophistication of personnel management and its strategic alignments (Lindström and Vanhala, 2013; Jacobson *et al.*, 2014; Jacobson and Sowa, 2015; Vanhala and Stavrou, 2013). Along with the public sector modernization, public-sector HRM has evolved from an administrative focus (e.g. record keeping, payroll, education, training) to a soft skills-focused approach (Battaglio, 2020), which, instead of hard skills, concentrates on impacting organizational behavior and overall well-being.

### *Role of leader perceptions*

Studies in private companies have revealed that the top management's emphasis on SHRM is a significant antecedent to the overall HRM philosophy that companies adopt. We draw on studies on upper echelon theory that argue the importance of the beliefs and values of top management decision-makers (Brandl and Pohler, 2010; Hambrick and Mason, 1984). This is taking part in a discussion about the agency of a leader and both his or her direct and indirect influence on organizations and their development (Arthur *et al.*, 2016; Boada-Cuerva *et al.*, 2019). Top management's beliefs are defined as "cause-effect beliefs" because they are shown to impact on the overall approach that the organization adopts to HRM and its value to firm performance (Arthur *et al.*, 2016). Leaders' views have been found to impact on the development of HR systems (Chadwick *et al.*, 2015), the quality of SHRM, and, for example, the strategic approach of HR directors (Jacobson *et al.*, 2014). Leader perceptions are thus reflecting the beliefs about factors that they consider strategically important but also views on how they see the causal relationship to organizational performance. This again impacts on how HRM visions are implemented, interpreted and acted upon in the whole organization, especially the impact on building and establishing HR programs and communicating the importance to lower managerial levels (Arthur *et al.*, 2016).

HRM is often claimed to lack a strategic perspective, or its role is limited to technical functions (Lo *et al.*, 2015). However, previous studies on leader perceptions show that they may affect the role HR professionals are given in strategic decision-making (Glaister, 2014) but also views on overall role of the HR as a function. To support the HR department's strategic role, leaders should have a wide understanding of HRM policies and practices; additionally, they should be willing to share and give power to HR to take over the responsibilities (Brandl and Pohler, 2010).

Despite upper echelon theory having concentrated on private sector, the situation in public organizations seems to be similar. Jacobson and Sowa (2015) investigated SHRM in 253 municipalities in the USA via a survey. They found that leaders' views play a significant role in SHRM in a municipality. If leaders consider human resources and thus the HRM function, processes and practices to be important, they expect and permit HR professionals to accept a strategic role. Moreover, their support manifests itself in advanced SHRM practices. Especially in the Finnish context, the HR function is argued to desperately seek top management's commitment to HR issues in municipalities, often failing to acquire the authority needed to advance strategic alignment (Lindström and Vanhala, 2011).

Overall, implementing SHRM will require the municipal leader to value HR management and the development of its practices and be ready to assign the HR function a strategic role (Jacobson and Sowa, 2015). As previous studies stress the influential role of municipal leaders, drawing from studies in the private sector and the latest studies in the public sector, we want to delve deeper into municipal leaders' perceptions and views of HRM and how they position themselves in relation to employees in terms of HRM.

**Method***Data collection*

The current study is based on qualitative material garnered from 30 interviews focused on municipal leaders' perceptions of HRM and its strategic perspectives in their municipalities. Despite the fact that our research did not examine the relationship or connections between the size or characteristics of municipal leaders, we present here the background of informants to describe the diversity of participants. The selected group of municipal leaders included both men (22) and women (8), leaders of large and small municipalities, leaders of municipalities across Finland, leaders with different educational backgrounds, and municipal leaders of different ages. The 30 municipalities varied in size—from 5,000 inhabitants in small municipalities to over 100,000 inhabitants in cities—and in number of employees. Most of the informants were leaders of a middle-sized municipality (10,000–20,000 inhabitants). If we look at the number of employees in the municipalities, we found wide variation from a municipality with less than 300 employees to a large city with more than 10,000 employees. Most of the municipal leaders represented the municipality that employed between 1,000–3,000 employees in different sectors and units (Table 1).

The municipal leaders were interviewed individually, either in person (12 interviews) or by telephone (18 interviews). All interviews were carried out in 2017. The research is part of a larger project addressing the state of HRM in municipalities (Viitala *et al.*, 2018). The interview format occupied the middle ground between a structured form interview and an open interview. The municipal leaders were asked to share their views on the current situation, and future development needs in different areas of HRM: human resources in the municipality, HR strategy work, the HRM function, HRM processes and practices and future developments influencing HRM. The interviews also provided the municipal leaders with an opportunity to talk freely about personnel management issues.

The average duration of an interview was one hour. The interviews were recorded with the permission of the interviewees and transcribed verbatim. Each interviewee was promised anonymity in published reports and articles. The interviewees who participated in the study were aware that the interview material would be utilized not only in the municipality-specific report for each municipality but also in the project results report and in scientific publications deepening various themes as part of the project. We followed the guidelines of the Finnish Advisory Board on Research Integrity (2012) on good scientific principles, such as honest communication, and proper handling of research data.

*Data analysis*

We applied a discourse analytical approach to interpreting the interview data (see Hardy, 2001). We define discourse according to Van Dijk (1997) as a form of language use that

The number of personnel in the municipality	The number of municipalities and leader codes in citations
Small under 300–500	10 municipalities ML 3, ML 5, ML 6, ML 7, ML 8 ML 9, ML 12, ML 21, ML 22, ML 23
Medium 501–3,000	13 municipalities ML 4, ML 10, ML 13, ML 14, ML 16, ML 17, ML 18, ML 20, ML 24, ML 25, ML 26, ML 28, ML 30
Large 3,001 – over 10,000	7 municipalities ML 1, ML 2, ML 11, ML 15, ML 19, ML 27, ML 29

**Table 1.**  
The interviewees

**Source(s):** Table by authors

embodies functional aspects as people use language to communicate their ideas or beliefs. We apply discourse analysis here to “bring out the hidden meanings in the text” (Denzin and Lincoln, 1998, p. 43) as we see the municipal leaders in a role that impacts on different levels of municipal organization and lean on the idea that their perceptions and beliefs reveal how they value and understand HRM and its role in their organizations. We approached data by identifying thematic structures, repetitive patterns and concepts to discover underlying levels of form, meaning and action (Van Dijk, 1997). Coding was an iterative process as the three coauthors examined first separately and then together how leaders talked about HRM and its role in their organization. We strengthened the analysis by leaning on the idea of researcher triangulation, thus each author participated in both coding and classification processes (Puusa and Julkunen, 2020). After rounds of reading, listing the themes, and sharing our notions with each other, we concluded distinctive patterns in municipal leaders’ perceptions of the HRM and identified four discourses: *HRM as a strategic weapon*, *HRM as an underperformer*, *HRM as a matter of formality*, and *HR as a cost generator*. Discourses reflect the views on the state and future of HRM in leaders’ organizations but also how leaders position their role as leaders of HRM.

### Presentation of discourses

In this study, we interviewed 30 municipal leaders (later ML) in Finnish municipalities about their perceptions of HRM in their municipalities. We recognized four discursive ways to understand and approach SHRM: HRM as a strategic weapon, HRM as an underperformer, HRM as a matter of formality, and HR as a cost generator (Table 2).

Discourse	Current state	Approach to (S)HRM
HRM as a strategic weapon	<ul style="list-style-type: none"> <li>Personnel is seen as a key resource for renewing and achieving superior performance in the municipality</li> <li>HRM plays a significant role in strategy-making</li> </ul>	HR strategy is a real roadmap for the future
HRM as an underperformer	<ul style="list-style-type: none"> <li>Personnel is seen as a valuable resource, but HRM is not capable of getting a strategic grip</li> <li>HRM is defined as unambitious, narrow, traditional, or separate</li> </ul>	HRM should be developed to take a strategic role
HRM as a matter of formality	<ul style="list-style-type: none"> <li>Personnel is seen as a resource among others, and HRM is the “machine” that handles that resource</li> <li>HRM is about adaptation to the influence of local politicians</li> <li>HR strategy is an official document, among many others</li> </ul>	HRM should be done right: following laws, collective agreements, governance rules, and other procedures is essential
HRM as a cost generator	<ul style="list-style-type: none"> <li>Personnel is a major cost factor</li> <li>HRM plays a significant role in increasing productivity in the municipality</li> <li>Reductions in headcount and other savings in personnel costs are the main means</li> </ul>	HR strategy is a plan for managing costs

Source(s): Table by authors

**Table 2.** Discourses on perceptions of HRM in the municipality

The discourses reflected attitudes to SHRM but also limitations the leaders perceived affected their overall responsibility for HRM. Each municipal leader in our sample participated in most of the discourses described above. However, their concentration varied considerably. When talking about human resources and HRM in their municipality, the municipal leaders revealed a wide variety of perceptions on the strategic perspective. Table 2 is a summary of the strategic allusions in the four predominant discourses. Before that, we explore each discourse.

#### *HRM as a strategic weapon*

The first predominant discourse creates an image of HRM as an enabler of municipalities' current and future service tasks. In this discourse, the personnel comprise the most valuable resource for municipalities, which makes HRM a critical function. Municipal leaders using this discourse assign HRM a significant role in building the municipality's capability to renew itself and address emerging challenges in the labor market, which are complex. HRM is key to meeting the demands for new knowledge and skills (e.g. digitalization) needed in continually changing environments. Moreover, HRM is responsible for building a capable workforce and developing an employer's reputation to attract sufficient numbers of skilled staff in a tightening labor market. In addition, it has a key role in guaranteeing the satisfaction of the municipality's residents, which is shown in the next excerpt:

We have a couple of important priorities in the strategy. This is the case with the development of competence and a long-term plan, the willingness to [provide a] service, and the development and increase of service-mindedness. These are all the values that make a municipality successful (ML3).

This discourse presents HRM as a powerful means for managing the municipality successfully in the future and as a strategic weapon. Accordingly, the discourse paints HRM as a crucial part of municipal management. One of the leaders stated:

The personnel are the most valuable resource in the municipality, and this is how it really should be seen. By no means can you achieve the goals of municipal management and service function without good personnel management (ML 6).

Some of the leaders emphasized the crucial role of the HR manager in ensuring the successful management of tasks and services in the municipalities.

"In this situation where the municipalities are now, it can be said that the competent HR manager is the "real right hand" of the municipal leader. However, the amount of work in personnel management will only increase" (ML 11).

#### *HRM as an underperformer*

The second predominant discourse includes criticism of the role of the HRM function in the municipality. Municipal leaders portray HRM as an underperformer in municipality management. This discourse views human resources as important, but blames HRM for being invisible or obscure and thus wasting its potential benefits. In other words, HRM does not nurture municipal human resources as it could and should. Accordingly, this discourse constructs HRM as an important factor that has the potential to enhance the performance of a municipality, but that does not deliver in practice in the way it could. As one interviewee stated:

A feature of personnel management typical of old organizations is the handling of problems. That may have been avoided here as well. There are such burdensome employees here as well that they have been allowed to behave badly here for years or even decades; that is what I want to change (ML13).

The discourse contains speculation on the potential of HRM and explains why HRM does not exert the optimal influence or does not properly perform the task that it should fulfill. Municipal leaders presented several internal and external reasons for the shortcomings they flagged. For example, scarce resources in the HR function, old-fashioned management culture, and political decision-making were mentioned. One CEO remarked, “Our CFO (Chief Financial Officer) is the HR director at the same time. I could say that the CFO and one secretary form the HR department in our municipality. That is barely enough in an organization of five hundred people right now” (ML 3).

Moreover, inflexible legislation and collective bargaining were also said to weaken the impact of HRM. As one sample of this discourse, one of the interviewees mentioned old-fashioned management culture as hindering the development of HRM, as follows:

The municipality is an old-fashioned organization, and we also have old-fashioned ways of working. We should modernize the way we work. We have no model for making and developing a municipal strategy. One should really look for novel solutions to this and look at it as part of our HR strategy as well. We are working to a nineteenth-century model here (ML 4).

Challenges were identified, especially in personnel planning and human resource development. In addition, performance management and rewards were presented as important tasks that had not been implemented successfully. Reflections on these shortcomings hinted at a feeling of powerlessness. For example, the controversial political climate in the municipality was identified as a factor that is reflected in recruitment and is negatively reflected in the employer image:

“Our political atmosphere has become very tense. The staff are not valued or trusted . . . And in that sense, when you don’t appreciate the work of civil servants, then you don’t want to give anything to them either. And their freedom of action is limited and restricted in a way” (ML 29).

### *HRM as a formal discipline*

The third predominant discourse portrays HRM as one administrative field among others in municipal government. It is described as part of the administrative machinery with power structures and regulations and a raft of procedures, protocols and processes. In this discourse, leaders, for example, explain what HR work roles they have in a municipality and how the responsibilities are shared between different officials.

This discourse does not contain judgment or evaluations, but describes the rules that govern HRM practice in a municipality. Municipal leaders mentioned several determinants of HRM, such as municipal law, civil service law, the municipal collective agreement and the governance rules of the municipality. Moreover, some newer tools borrowed from private-sector business organizations were presented as essential for HRM, such as the balanced scorecard tool and strategic planning procedures. It emphasizes the official requirements of HRM and “doing HRM right,” also in relation to strategic planning. The next excerpts are examples of this discourse:

We have one strategy book, so there is no separate strategy according to different themes, but it is one whole. The revised municipal law also requires that the city’s target space be grouped into one strategic target space. . . . The strategy includes a personnel policy perspective and objectives (ML1).

Moreover, this discourse paints a picture of HRM as a complex and demanding administrative area of expertise that must be strictly managed. Some leaders presented it as all the more challenging because it deals with people and the accordant issues of recruitment problems or insufficient knowledge and skills. A need for a clearly derived HRM is shown, for example, in the next account:

This (municipal HRM) requires a strong employer policy. Stricter rules of the game. That does not mean that if there is a rigid employer policy, it cannot be people-friendly or smart. . . . In general, as the size of an organization grows, so do such systems, i.e. management systems and management architecture. And they are needed (ML 2).

Nevertheless, frustration with the administrative “machinery” flashes up in this discourse. This quotation shows that formal HRM tasks are not necessarily seen as just a useful tool, but sometimes as revolving around pointless paperwork:

We have a little too many strategies and guidelines like this. My activities focus on city-wide goals. And the fact that we have a dozen different program strategies and so on. In my eyes, they are little dead letters (ML13).

### *HRM as a cost generator*

The fourth predominant discourse approaches HRM as an area of management where a great deal of money circulates and is thus a significant component in the municipal economy. Personnel are a major cost factor, so HRM plays a significant role as a cost generator and controller.

The next excerpts exemplify the discourse in question:

Personnel expenditure is a significant part of the expenditure structure of municipalities and cities, so through it, personnel management has a hard profitable effect (ML 6).

Duplicate posts have been cut. Savings have been made . . . Holiday pay was also cut a bit. These (staff costs) must be looked at constantly because the economic situation is tight. Money goes into salaries. No stone will be left unturned (ML 24).

In this discourse, HRM activities and successes are described through financial perspectives: poor HRM is reflected in poorly forecasted and high personnel costs, and HRM succeeds if staffing costs are adequately projected and minimized. In short, in this discourse, human resources are seen primarily in terms of money. Cuts to the workforce and savings in personnel costs are central topics, as demonstrated by the following statement:

We operate with a very trimmed administration because the financial situation of the municipalities has been bad for a long time. The first mantra is to downsize staff and administration. It's always been that way. Money is taken from the backs of the administration's people (ML 18).

### *Municipal leaders' self-positioning*

In addition to the discourses mentioned above, we recognized discourses constructed through self-positioning. Positions are conceptualized as grounded in discourses and address explicit and implicit patterns of reasoning that are realized in the way people act (Harré *et al.*, 2009) and what roles and duties they perceive (Katila and Eriksson, 2013). Here, municipal leaders' self-positioning contributes to the creation of role identity in terms of leading HRM and its strategic perspectives. Municipal leaders' discursive positioning shifted between *activating*, *neglecting* and *distancing* depending on their perception of the ability to act and take responsibility for HRM-related issues in the context of municipal leadership.

When activating, municipal leaders either presented themselves as active participants or described their interest in HRM's role in the municipality. They often used the term *we* when discussing their municipality's HRM development and related activities:

“I would say that even though our small municipality has scarcity and small resources, we have a good HR team here. They (HR team members) have several degrees and enough know-how. We wouldn't be in this situation as a municipality if we didn't have a little more expertise than other municipalities of the same size” (ML 22).

The active role was reflected in their level of knowledge too, which may affect their approach to and perceptions of the meaningfulness of the strategic role of HRM in the municipality. Municipal leaders with good HR knowledge felt that personnel management was important, and it was visible from their detailed narration about ongoing human resources actions and processes. The level of understanding creates a link with the perceptions of the meaningfulness of HRM to the organization. Influencing positively to HRM philosophy requires a continuous and active approach raising the importance of the role of HRM and need for HRM development (Renkema *et al.*, 2017).

When distancing, leaders presented themselves as willing to become involved with HR-related issues but positioned themselves as removed from HRM decision-making because they felt powerless in the face of the requirements and expectations of the personnel and organization. The role of personnel work seemed unclear, especially between political management, municipal leaders, and personnel professionals. As one informant stated, “We will start the strategy work when the administrative rules, cost analysis, and budget are made. Let’s start the whole city’s strategy work first. I really hope that we will have a personnel strategy under it, so the management team can reflect on the strategy, whether we are doing the right things, and whether it is strategic. I have worked in three municipalities (in a leader position) and nowhere has been strategy-driven management work. So, I really hope that here (in this city organization) could somehow get to that” (ML 11).

Many municipal leaders emphasized the role of human resource professionals as HRM leaders. Some of them were even helpless because they felt pressure from political decision-makers to cut personnel costs and felt the demands and criticisms unfair.

Discursive neglecting refers to individuals voluntarily positioning themselves away from HRM-related issues. This shift was a passive role and did not emphasize strengthening the role of HRM in the municipality. HRM was viewed as the sole preserve of HRM professionals, or HRM was seen as a very narrow area dominated by budget restrictions. Accordingly, the leader’s position resembles that of a bystander with no interest in making an impact or opportunity to do so, which is reflected in the attitude of one interviewee:

“Well, let’s just say that I’m not a big fan of strategies and documents. Of course, it is good to have some basic principles recorded. I’m not entirely convinced that we need a personnel strategy as a written instruction as our guideline” (ML 8).

As strong knowledge of HRM reflected the perception of the meaningfulness of HRM, the bystanders’ lower level of knowledge and understanding of HRM reflected the weaker emphasis or underestimation of HRM.

## Conclusion

Previous studies state that organizations that make a strategic choice to treat personnel as an asset are more successful (Tzafirir, 2006); however, as in every organization, a municipality’s HR function will need its top management’s commitment to managing HR issues (Lindström and Vanhala, 2011). Unfortunately, HR is often left without the authority needed to conduct strategic alignment, which is crucial in providing a framework consistent with the organization’s strategy while enabling dynamic HR management structures and practices (Salaman *et al.*, 2005). Although previous studies indicate that leaders deliberately or unknowingly influence HRM practices (Arthur *et al.*, 2016) and their perceptions affect overall decision-making in an organization (Hodgkinson and Sparrow, 2002; Narayanan *et al.*, 2011), the understanding of municipal leaders’ views remains incomplete.

We approached leader perceptions as a version of top-management communication that reflects leaders’ value-based beliefs and explains how important or overlooked HRM is in their views. This view, adopted from upper echelon theory, emphasizes the agency of the

leader and the influence of perceptions on organizational outcomes (Brandl and Pohler, 2010). Following this, we studied municipal leaders' perceptions on the state and the future of HRM and recognized four discursive ways to understand and approach SHRM: HRM as a strategic weapon, HRM as an underperformer, HRM as a matter of formality and HRM as a cost generator.

In the findings, the conflict between the strategic approach and costs emerged clearly. The old-fashioned view of HRM as a cost-generating resource, also labeled the hard approach (Truss *et al.*, 1997), seems to remain alive among Finnish municipal leaders. Despite later studies show stronger signs of soft approaches in the public sector (Battaglio, 2020), which value employee well-being over cost accounting (Beer *et al.*, 2015), challenges with respect to engaging municipal leaders' attention and commitment to advance development of HRM issues still remain (Lindström and Vanhala, 2011). This came to light as we recognized that discourses were constructed through self-positioning (Harré *et al.*, 2009) reflecting the role leaders situated themselves in relation to leading HRM and its strategic perspectives. Municipal leaders' discursive positioning shifted between activating, neglecting and distancing, depending on their perception of the ability to act and take responsibility for HR-related issues in the context of municipal leadership. Shifting between distinct roles demonstrated that municipal leaders' emphasis on HRM and its strategic alignment reflects the power relations in the municipality and the attitudes to the importance of HRM. If the professional management of a municipality does not have a strong appreciation of personnel management, it should not be assumed that it will drive personnel policies when determining municipal strategy and visions (see Laine *et al.*, 2017). This notion aligns with studies showing that leaders' views and attitudes reflect the whole organization's decision-making (e.g. Arthur *et al.*, 2016; Jacobson *et al.*, 2014).

From the practical perspective, it is important to acknowledge the significant role of municipal leaders in managing the administration and operations of municipal organizations. That role could be accentuated by increasing the information flow to municipal leaders on the content areas, methods and effects of HRM and providing more tools to support the systematic processing of it in the municipality. To support the HR department's strategic role, leaders should have enough understanding, education and experience on the causal relationship between HRM and organizational outcomes (Arthur *et al.*, 2016). Knowledge regarding HRM policies and practices creates a basis for the adoption of a strong HRM climate in an organization (Brandl and Pohler, 2010). However, leader agency does not occur in a vacuum but is enabled and constrained by a wide array of contextual factors; thus, understanding leader sensemaking under multiple expectations (institutional, political, organizational) is important. Therefore, future research should devote greater attention to understanding the relationship between HRM actors and municipal leaders and explore how their relationship could be enhanced and how it could further improve the overall knowledge transfer about HRM implementation and effects and, ultimately, stimulate the appreciation and strategic alignment of HRM.

While SHRM research has been dominated by studies in the private sector (Apascaritei and Elvira, 2022), public-sector studies have slowly begun to adopt these approaches (Jacobsen and Knies, 2021; Knies *et al.*, 2018; Ospina, 2017). While considering the contextual differences, future research should strive to address the cross-fertilization between public and private leadership and SHRM studies.

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### Corresponding author

Kirsi Lehto can be contacted at: [kirsi.lehto@uwasa.fi](mailto:kirsi.lehto@uwasa.fi)

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