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### Human Capital

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#### Human Capital Management: A New Approach for Districts

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***Developing human capital – strengthening the talent level of the teaching workforce – will require districts to transform the way they recruit, hire, train, evaluate, and pay teachers.***

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Research over the past twenty years has generated widespread agreement that among all the school-related factors that can influence student achievement, teachers matter most (Education Trust 2001). At the same time, research shows that in the American public education system, effective teachers are among the most inequitably distributed resources we have (School Communities that Work 2002). Thus, it is no surprise that there has been much discussion about how to recruit and retain high-quality teachers — especially in schools serving the most disadvantaged students.

Much of this discussion has, understandably, focused on the inadequacy of district human resources departments in addressing the situation or on the success stories of very limited numbers of schools in overcoming it. But this is simply too narrow. To truly understand how school districts can have the highest impact on teacher quality and to make sure that quality is distributed equitably within their

schools, we need to examine the much more comprehensive idea of human capital management — how it extends beyond traditional human resources and just who, exactly, is responsible for it.<sup>1</sup>

So, what is human capital? In the private sector, *human capital* is generally defined as the accumulated value of an individual’s intellect, knowledge, experience, competencies, and commitment that contributes to the achievement of an organization’s vision and business objectives (OECD 2001). When we apply this idea to K-12 education, we realize that our “business objective,” or bottom line, is student achievement. In public education, human capital refers to the knowledge and skill sets of our teachers that directly result in increased levels of learning for students. In short, we are talking about what teachers know and are able to do — their talent level.

Given this definition, *human capital management* refers to how an organization tries to acquire, increase, and sustain that talent level over time. More specifically, it refers to the entire continuum of activities and policies that affect teachers over their work life at a given school district. These activities range from recruitment and selection, to hiring and induction, to deployment and redeployment, to training and support, to evaluation, career advancement, compensation, and the termination of ineffective teachers (see Figure 1). While many of these activities are within the traditional purview of a district’s human resources department, some of the most important are not. When we acknowledge this, we realize that we cannot just look at human resources departments for answers, or continue viewing things like recruitment strategy, compensation, and evaluation in isolation. We must take the more comprehensive view of how we attract, manage, and keep talent in our schools that the human capital management idea suggests.

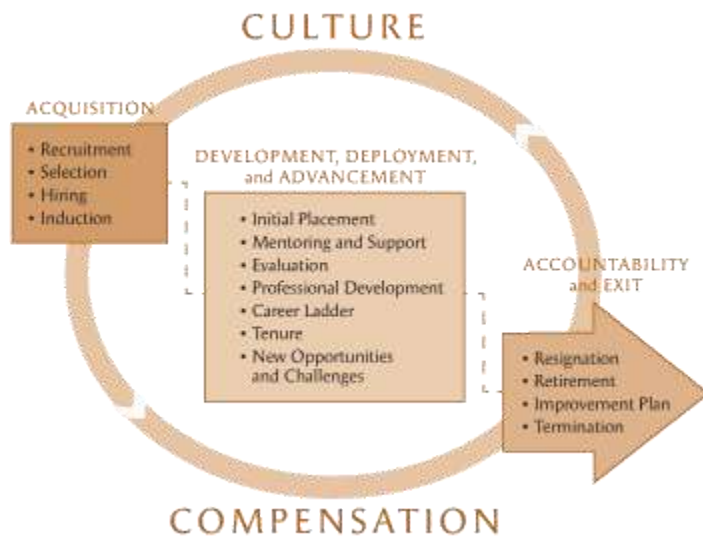


Figure 1. Human capital management continuum

Some might argue that if school districts are failing in this effort, then managerial and budgetary autonomy at the school level is the best way to improve teaching quality. Let good principals spend their resources as they want in order to get, keep, and develop the teachers they need. But even under the best of circumstances, this is only a partial solution. And while economy of scale is a compelling reason to claim that districts should handle things like professional development and

recruitment, the most compelling reason for a strong district role in human capital management is *equity*.

Twinned with results, equity is a central focus for school districts. A smart district tailors and distributes resources — teaching talent key among them — to fit the specific needs and assets of each school's students, staff, and community. Managing human capital effectively means, among other things, developing teachers with the specific knowledge and skills to serve *all* students in a district well. And often, it means ensuring that the most effective teachers work in the most challenging schools.

So what else does focusing on effective human capital management and its continuum of components mean for how school districts operate? Essentially, it means that school districts have to make important changes in how they approach the work of managing human capital. Ranging from how human capital management is prioritized, to how central offices are organized, to how districts work with external partners, these changes are essential for districts committed to results and equity.

### ***Not Just Another Department***

The simple fact is that school districts must prioritize human capital management as a key function of their central offices. While many districts would claim that managing human capital is already a key function, few actually operate in that way. The implications of recognizing human capital management as a key function of district central offices are far-reaching, with an impact on central office structure, staffing, and leadership.

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Currently, human resources departments in most districts are just that — functional departments that report to a chief operations officer rather than to a chief academic officer and, therefore, lack the essential connection to instruction that human capital management requires. In fact, elevating human capital management to one of a select few key district functions suggests that someone responsible for the coordination of human capital management activities should have a cabinet-level position.

In most cases, though, this person should not be a chief academic officer or a chief operations officer. Because these officials have so many responsibilities in their portfolios already, adding human capital management means that it could easily be marginalized. In most cases, we are talking about a position devoted solely to thinking about human capital management strategy. Districts must respect the reality that good strategy in this area requires yearround focus. They must also recognize that prioritizing human capital management strategy means that they can no longer view themselves as victims of regional labor markets or local union contracts, rather than shapers of the education workforce their communities deserve.

In addition to changing how they *prioritize* human capital management, districts need to rethink how they *approach the work* of human capital management. Perhaps the most important aspect of this idea is that it forces us to see the interconnectedness of each of the continuum components and encourages us to think critically about their cause-and-effect relationships. Effective human capital management requires attention to all components of the continuum and strategic decisions about which to prioritize in a given district at any given time.

What's more, districts must sustain a concerted effort to coordinate these components, continuously, in complementary ways. In districts where the focus is on human resources alone or on the continuum components in isolation, the district's potential to impact teacher quality is severely limited.

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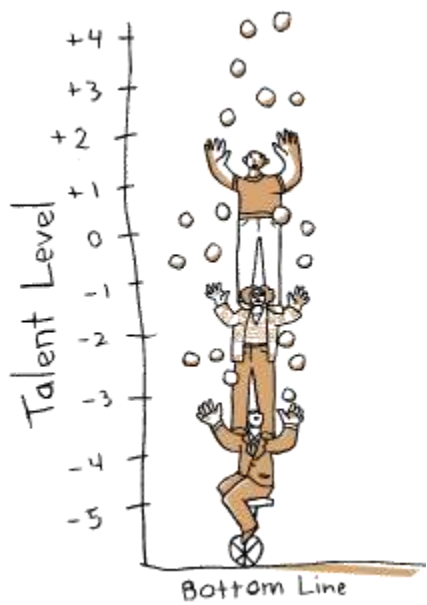
**Key human capital management functions such as professional development, evaluation, collective bargaining, and policy development many times fall outside of human resources. These external functions are not coordinated with human resources. When this happens, the results are invariably bad for teacher quality.**

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Currently, in most school district central offices, when anything that has to do with teachers or teacher quality arises, people look to the human resources department. This makes some sense, given that many activities such as teacher recruitment, hiring, compensation, and transfers are handled in the typical school district's human resources department.

What is often overlooked, however, is that key human capital management functions such as professional development, evaluation, collective bargaining, and policy development many times fall outside of human resources. More often than not, these external functions are not coordinated with efforts coming from within the human resources department. When this happens, the results are invariably bad for teacher quality. In short, it means that the average school district starts out at a disadvantage when it comes to human capital development because of the way its central office is organized.

Consider a situation present in many mid- to large-sized urban districts today. A district has an excellent recruitment and marketing campaign in human resources, paired with a high level of customer service for applicants and new hires. At the same time, this district's office of professional development has inconsistent and poor-quality mentoring and a lack of quality professional development options for teachers. The result for our imaginary school system, just as it is for most school systems with similar circumstances, is predictable: high turnover. Today's high-quality new hires quickly become tomorrow's attrition statistics.



Or, in another instance, a district could have an effective office of professional development that coordinates high-quality skill-building and training options, but that has no connection to the district's teacher evaluation process. In this case, while

evaluations may identify areas for growth, there is no guarantee that teachers will be connected to the district resources that might help them in those areas and, therefore, an opportunity to improve teacher quality and the level of instruction in the district is missed.

Yet another example might be a district that has no problem recruiting elementary teachers, but cannot attract enough middle school subject teachers to meet its needs. This same district has human resources doing recruitment, while the office of teaching and learning handles teacher training and relationships with local teacher education programs. A district like this *must* work with those teacher preparation programs to address the lack of middle school teachers, either by encouraging current and incoming teacher candidates to consider coursework for a middle school certificate or by creating streamlined coursework options for current district elementary teachers to become certified in middle school subjects. Both of these options should be coordinated with incentives that the superintendent, teachers union, and budget office would need to approve. What in fact happens in many districts is that middle school classrooms go without teachers or are filled with uncertified staff.

### ***Divide and Conquer***

The coordination issue that these examples highlight is only compounded by the fact that many districts have the wrong people working on human capital management strategy. In many central office human resources departments, tasks such as providing good induction programs for new teachers and ensuring a quality pool of teacher candidates are handled by the same personnel charged with processing leave-of-absence requests, handling staffing compliance, improving business processes, and executing typical human resources transactions for teachers in schools.

These two sets of activities are fundamentally different, and assigning the same staff to handle both often means that neither is done effectively. One set is much more rote and process oriented and requires mastery of a relatively static knowledge base. The other is dynamic and strategic and requires creativity and constant flexibility. Doing either set of activities well is its own full-time job that requires a specific set of professional strengths that does not necessarily lend itself to the effective accomplishment of the other.

As the examples illustrate, developing a comprehensive human capital management strategy and then prioritizing and coordinating the different components is complicated. It can get even more difficult and require adaptation when new circumstances arise such as changes in federal regulations, or when internal data reveal a potential problem such as a trend of retiring secondary teachers. It demands highlevel understanding across a number of areas and close coordination of many complex activities. At the same time, getting people paid on time, processing requests for leave, and ensuring that schools abide by state or federal staffing-plan requirements are tasks that require efficiency, attention to detail, smooth business processes, and technical knowledge of human resources policy. Each set of activities suggests a different kind of staff member.

### ***New Structure for a New Approach***

The examples above show how the connections between the components of the human capital management continuum call for changes to how we approach the work of human capital management. Only when the individuals responsible for each of these components are working together, informing each other and coordinating their efforts regularly, can a district develop and implement a comprehensive strategy for maximizing its talent level and the impact that has on student achievement. While there is no one picture of what this should look like, the changes are concerned mainly with organizational structure and division of labor.

Foremost, school districts need to coordinate all components of the continuum. Synchronizing the work of many mid-level district staff working on related, but very different, human capital management activities is a formidable challenge and, more than likely, it means rethinking most traditional organizational charts.

One possibility is actually creating a dedicated office of human capital management. Effective coordination is most likely to happen when those responsible for the different components are working closely together, both substantively and physically. Actually housing activities such as teacher recruitment, evaluation, professional development, staffing, and collective bargaining in one office could, potentially, be the best way to coordinate them.

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**Districts need to separate the strategic aspect of managing human capital management from the transaction and compliance aspects of human resources and central office work.**

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However, this potential solution does not mean simply expanding the purview of a human resources department; the second area of change deals with division of labor. Districts need to separate the strategic aspect of managing human capital management from the transaction and compliance aspects of human resources and central office work. Different personnel need to handle each of these sorts of activities. And, while business transactions and the everyday processes handled in human resources are critical to effectively run a central office and a school system, *strategy* needs to drive the overall efforts around human capital management, rather than compliance or process. Staff working on how to best manage human capital to impact student achievement should figure out what *should* be done. Business process, transaction, and compliance staff should figure out how to *implement* that strategy. While these changes may seem intuitive or even obvious, they would represent major shifts for many of the country's largest school districts.

### ***A Task for Many Hands***

While we argue that the district's role in human capital management is central, it is equally important to recognize that districts can't do it alone. When it comes to human capital management, the interconnectedness of the components on the continuum means that a comprehensive strategy must deal effectively with each one or run the risk of undermining itself. Yet, most mid- to large-sized districts today lack the capacity to effectively handle all components of the continuum on their own. A

district serious about managing human capital effectively must seek outside sources of expertise and build or augment key partnerships to help them fill in the gaps.

Every district has different strengths and weaknesses. When a district lacks capacity and expertise in an area of human capital management, it must look to external entities such as fee-for-service educational consulting companies, reform support organizations, and foundations and other nonprofits to provide it. A district adept at managing human capital concentrates its internal efforts and resources on the components of the continuum it does well and partners with outside expertise to provide the rest. Many large districts are already becoming more hybrid and diverse organizations that balance the direct management of schools and provision of services with outsourcing to various service providers, community-based nonprofits, and even educational management organizations. There is no reason to exempt aspects of human capital management from this approach, and every reason to consider the possibility.

Also critical to a district's ability to effectively manage human capital are solid partnerships with existing stakeholder groups. These partnerships must distribute responsibility for and leadership of human capital management to provide the best chance for success. Perhaps the most common example of such a partnership — one that is too often ineffective — is that between a district administration and the local teachers union. As the membership organization for teachers, unions must become, as *United Mind Workers* puts it, "the guarantors of quality standards [for teaching] and the processes that cause them to come about" (Kerchner, Koppich & Weeres 1997, p 60).

Districts, on the other hand, must start treating unions as if *that* is what they should be. This means looking at ways to meaningfully partner with unions around important human capital management activities like evaluation, coaching, and professional development where districts can normally use extra capacity and expertise. Moreover, it means working with unions to effectively deploy human capital in a way that promotes equity.

### ***One of Six Key Functions***

The Annenberg Institute's School Communities that Work Task Force (2002) and, more recently, a variety of research activities undertaken to describe the practices of districts that are improving their effectiveness, have led us to identify six key function and practice areas for "smart districts": lead for results and equity; focus on instruction; manage human capital; use data for accountability; build partnerships and community investment; and align infrastructure with vision. While there are numerous examples of school systems making improvements in equity and results, all six areas present huge challenges — and "managing human capital" may be the most underdeveloped practice of all.

Yet, if school systems are to be successful at their core mission of providing *all* students with an excellent education, then good teaching must move from idiosyncratic to pervasive. The simple fact is that this is not possible unless school districts understand human capital management, elevate it to a central system function, and begin to make the difficult structural, organizational, and cultural changes required to realize their new vision.

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## FOOTNOTES

<sup>1</sup> In the context of public education, *human capital* refers not only to teachers, but also to principals, aides, other licensed service providers, etc. For the purposes of this article, we discuss human capital only as it relates to teachers.

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