



HUMAN RESOURCES

In Human Resources, the Commission finds a commendable effort by the County Administrator to create a less hierarchical, more open, accountable and high-performing workplace culture. He is to be credited, for example, for providing quality leadership training to high-potential managers and creating employee involvement committees. We believe his efforts – and the effectiveness of County government overall – could be enhanced by implementing a merit pay system (whereby people are rewarded on the basis of their performance); ensuring all employees are paid equitable and competitive salaries, and are provided with appropriate incentives to achieve excellence; and eliminating unnecessary layers of management.

At the same time, we are concerned about the impact of an increasing rate of retirements among the County's aging workforce, coupled with a growing demand for skilled workers resulting from business expansion in the region. Thus, we are recommending a comprehensive talent management program to recruit and retain top-quality people, as well as aggressive steps to ensure access by minorities and women to jobs where these groups are currently underutilized.

MISSION

The Human Resources Subcommittee determined that its mission would be to assess employee morale, identify meritorious practices, and recommend areas requiring further study or improvement. To gather data, the subcommittee held a series of interviews with the County's Human Resources (HR) Director and the County Administrator; reviewed documents and information supplied by HR staff and other County employees; and drew upon information that had been generated through an employee survey and focus groups with managers that were organized by the MAP Commission.

OVERVIEW

Charleston County government employs approximately 2,300 people. Their salaries and benefits account for about 64 percent of the County's operating (i.e., General Fund) budget, or \$100 million out of \$155.8 million. The Human Resources Department oversees the day-to-day functions involved in supporting employees, including recruitment and selection, compensation and benefits, performance appraisal, employee relations and training and development.

Several functions have been outsourced, including maintenance of the affirmative action program and a leadership development program for high potential managers. Outsourcing has resulted in a reduction of three staff positions.

The HR Director, Stan Currie, has been with the County nearly three years, following an extensive career in private industry. This is his first assignment in the government sector. He has observed that “budgets and budgeting” seem to drive the county’s business; budgeting is a “long and continuous process” with much emphasis on cost control and headcount.

Traditionally, the workplace culture in the County has been hierarchical in nature, oriented toward following the “chain of command.” The County Administrator and the HR Director would like to see a climate of more open communication, with employees feeling freer to share ideas and concerns and participating in problem solving.

However, the structure of County government makes systemic change difficult. About half the County’s employees report to department heads who are directly responsible to the Administrator. The other half report to elected or appointed officials, who may or may not support change initiatives.

To enhance credibility and trust and to build partnerships with internal “customers,” the HR Director has restructured his department, providing for a modified matrix with functional specialists along with independent work teams that serve as generalists to the “line.” Generalists establish relationships directly with departments, get to know and understand their “business,” and bring in specialists as needed. The HR Director anticipates that this structure will have a positive impact over time, as HR staff members become more acclimated to their new roles.

To foster a more open workplace environment, the County has created a series of employee involvement committees, which have been looking at pay-for-performance, grievance procedures, wellness, training, recognition and safety issues. These committees are empowered to study issues and make recommendations for programs and for change.

In addition, the HR Department is revising personnel policies and procedures, with an eye toward giving employees more choices in the steps they can take to address personal concerns. The new employee handbook is expected to be released later in 2005.

RECOMMENDATIONS

Recommendation 1: The County should conduct a study to determine how a merit pay system can be instituted for employees to bring the County into alignment with a pay-for-performance philosophy. This study should include a thorough critique of the effectiveness of various current compensation/incentive programs, as well as an explicit, realistic plan for implementation of a new system.

Background: The employee survey demonstrated significant support for a merit pay system, with almost three out of four employees indicating that a merit pay system would improve recruitment, retention and morale. The existing compensation program includes an array of initiatives, not all of which are used consistently and effectively.

Three incentive programs (more fully described in Appendix 8) available to County employees are:

- A retention/longevity program that provides a three percent pay increase for employees who have been with the County for five and 10 years; and a six percent increase for five year increments beyond that.
- A skill/competency-based pay increase program that provides three percent pay increases for employees who develop additional job-related skills/competencies within their current position.
- A bonus program (Strive to Achieve Rewards or STAR) for achieving something measurable through creativity or innovation that is over and above everyday job requirements. The achievement must be consistent with department/County missions, and substantially improve quality, increase productivity, save money, etc. Rewards range from \$500 to \$2,000.

It is understood that obstacles to instituting change in this area abound, not the least of which are managers who prefer to use longevity - or job tenure - as the major basis for determining salary increases. Nevertheless, a merit system should be considered an essential ingredient to fostering individual accountability and a high-performance workplace.

Recommendation 2: The County should budget for a comprehensive salary and job classification study.

Background: Good management practice requires that organizations conduct periodic salary studies to ensure employees are being paid competitively and equitably, and that pay matches job responsibilities. The County conducted the last such study more than five years ago, and is currently experiencing considerable salary compression issues, which can have a negative effect on morale. Adding urgency to the need for a study is increasing competition in the marketplace resulting from a resurgence of economic development activity in the area. For example, a number of employees have resigned recently to join Verizon, which has opened a major service center in North Charleston.

Recommendation 3: The County should assess staffing patterns in operating departments to identify opportunities to eliminate unnecessary layers of management. At the same time, those in bona fide supervisory positions need to be adequately trained to perform their duties and should be held accountable for the performance of their subordinates.

Background: In those offices under the direct jurisdiction of the County Administrator, the average number of employees reporting to a supervisor is 5.4, which suggests a fairly narrow span of control. Theoretically, this number could double. Some County departments have assistant director positions or other supervisory positions that would appear to be redundant, especially in some smaller offices. Employees themselves commented on these extra costly layers in the employee survey. Eliminating such positions would not only save money; it would also assist in opening lines of communication and push decision making downward. In addition, effectively trained managers would help ensure the success of a merit system.

Recommendation 4: The County should pursue efforts to foster diversity among employee and management ranks by promoting awareness; implementing diversity training and interview training; holding managers accountable for addressing problem areas; and including Human Resources as a consultant to departments in the selection process.

Background: The County's Affirmative Action Plan notes specific areas of "underutilization" or "adverse impact" affecting females and/or minorities in certain job groups of Officials/Administrators, Professionals, Technicians, Skilled Crafts, and Administrative employees (see Appendix 9). In response, it has undertaken a systematic and comprehensive effort to address problem areas through a combination of awareness building, training, evaluation and enhancement of recruitment and promotion strategies, and consultation by the Human Resources staff.

Recommendation 5: The County should undertake a formal talent management program to ensure ongoing recruitment and retention of top-quality people. Such a program needs to include a formal succession plan, targeting high-potential employees, high-level management positions and other key jobs where incumbents are expected to retire within the next three to five years. In addition, the County should consider greatly expanding its college internships as a way of identifying and attracting a continuous stream of talented young people into government service.

Background: It is commonly recognized that the aging baby boomer generation will begin a surge of retirements during this decade. According to the Human Resources Department, five department heads are expected to retire in the next few years. In addition, a minimum of 30 employees are expected to retire *every year* "for the foreseeable future." The County Administrator and HR Director believe this number will be even higher.

It should be noted that the County has been able to fill half its job vacancies from within. While lower-level managers might be considered a natural source to fill many of the higher-level or key jobs that are vacated, such a strategy may not be sufficient. In fact, in some cases, the County may want or need to look externally to fill a high-level or key position, perhaps because of new or unique competencies that the job may require.

To its credit, the County has been offering a 14-month Leadership Training Program (see Appendix 10) to high-potential managers through the University of South Carolina. Selection of participants is made by the County Administrator, who reviews nominations from his department heads.

The Administrator indicates that he intends to continue this program. This is certainly a good start. However, a formal succession plan – including an assessment of projected needs for key positions and specific development plans for individuals – would help ensure adequate "bench strength" and minimize disruptions caused by unexpected OR planned job vacancies.

Recommendation 6: The County should pursue plans to reinstate exit interviews and should track employee turnover systematically.

Background: Exit interviews can be a rich source of information about an organization's effectiveness – i.e., why employees leave and how they feel about the work environment. The HR Department has started to track turnover. (See Appendix 11) While theoretically the rate is low (under 10 percent), it is too early yet to assess what that means.

Exit interviews were conducted at one time, but, according to HR staff, they were abandoned several years ago, because elected officials did not want to participate and deputy directors wanted to conduct their own exit interviews. HR staff members perceive that most people do not leave because of pay, but for another job, retirement or returning to school, and that they are generally satisfied with their County experience, including pay and benefits. Nevertheless, it is understood that exit interviews have been reinstated recently on a limited basis, although not enough data is available yet to draw any valid conclusions. The HR department is encouraged to continue and expand this effort as a way of validating perceptions, as well as uncovering problems that need to be addressed.

Recommendation 7: County departments should establish customer service goals, employees should receive ongoing training in customer service, and performance appraisals should reflect accountabilities for customer service skills and behavior.

Background: The MAP Commission Public Opinion Survey drew numerous critical comments about various aspects of customer service provided by county employees: courtesy, timeliness, responsiveness, respect and knowledge. It is understood that customer service training has been provided to County employees in the past. What is suggested, however, is a more comprehensive, systemic approach that begins with recognizing the need to change the culture; includes service goals tailored to each department that are measured and tracked over time; and is supported through a performance management system that includes training, coaching, and appropriate rewards and recognition for outstanding service behavior and accomplishments.

Recommendation 8: The County should expand the use of flexible scheduling among departments.

Background: Department heads currently have the authority to arrange for flexible scheduling. It serves two valuable purposes. First, it improves customer service if it permits offices to extend the hours they are open to the public beyond 8:30 am to 5 pm (assuming there is public demand). Second, it is a boon to employee morale, especially for employees struggling to balance the demands of their workplace and caring for a family or meeting other obligations.

The County Administrator should encourage all department heads to consult with their staff members about flexible scheduling and to provide a rationale if they feel it is inappropriate in their area. It is understood that an internal leadership group has been studying this issue.

Recommendation 9: The County should follow up on the results of the employee survey conducted by the MAP Commission. It also should consider conducting an employee survey every year to track trends, take the collective pulse of the workforce, determine which initiatives are working effectively, and identify opportunities for improvement.

Background: An employee survey conducted by the MAP Commission proved very helpful to the work of the entire group. The results indicated that overall employee morale is quite good. About 90 percent of employees said they were pleased with their decision to work for the County, were clear as to what is expected of them in their job, and understand the mission of their department.

At the same time, three out of every four employees said they could see areas for improvement in their department or in County government, and they offered many suggestions in their written comments. They expressed numerous concerns relating to pay, interdepartmental communications, customer service, management practices, staffing and performance evaluations.

Recommendation 10: The County should continue its excellent, pro-active initiatives for analyzing workmen’s compensation data and identifying ways to reduce workmen’s compensation claims and concomitant costs.

Background: In recent years, an emphasis on safety training has resulted in a significant reduction of injuries on the job, which has earned the County regional and national recognition and awards. For example, mandatory training was provided to 1,800 employees to prevent back injuries, which had been a major cause of claims. Just this year, another initiative was undertaken to reduce the incidence of falls. The statistics below track the frequency of claims reported by the County in recent years, the impact of the safety initiatives (which began in 2003), and the estimated “end cost,” as determined by actuaries.

Workmen’s Compensation Claims and Costs

Year	Number of Claims	Estimated End Cost
1999-2000	366	\$1,321,935
2000-2001	413	\$1,932,883
2001-2002	418	\$2,151,196
2002-2003	301	\$1,543,232
2003-2004	314	\$1,496,763

The rate, which determines the cost, is reviewed every three years to make any necessary adjustments. The County anticipates that a review next year should result in a positive rate adjustment, which should further lower costs in this area.

It should be noted that the results of the County’s initiatives have been so impressive that the approach has been adopted statewide.