

Are the Counties Planning for their Workforce Future?
The State of Workforce and Succession Planning in North Carolina Counties

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Executive Summary

North Carolina counties are facing a brain drain. A large percent of the Baby Boomer generation will be eligible to retire within a few years and there will not be enough of Generation X and Y employees, especially those in public service, to fill these positions. The solution to this problem is workforce and succession planning. This paper seeks to understand if and how workforce and succession planning are being used by North Carolina counties. The Capstone finds that a small minority of counties engage in workforce and succession planning. Further it offers several practical recommendations to ease the transition between the Baby Boomer and younger generations.

Introduction

Interest in workforce and succession planning has gained significant attention with many researchers and scholars noting that the American workforce is rapidly approaching a “pipeline problem” and “brain drain.” (Benest, 2005; Kiyonaga, 2004). The Baby Boomer generation is aging, and as the number of workers reaching retirement age is increasing, the proportion of younger workers available to take their place is substantially smaller. This is not just a game of numbers, as Baby Boomers retire, the organization loses not just a worker but also a substantial amount of experience, knowledge, and wisdom that cannot be replaced immediately by a new employee. This crisis has highlighted the need for employers to plan for their future human resource needs. Workforce and succession planning is a practical way that local governments can respond to the crisis and be prepared for a smoother workforce transition (Kiyonaga, 2004). In the future, local governments still operating under the reactive recruitment and hiring policies of the past will struggle to be competitive with more proactive employers will have already developed talent from within, recruited talent from outside, and lured talent away.

A 2004 study found that workforce and succession planning are not common practices in local government organizations (Brown, 2004). Despite the work of Brown research in this area is limited, especially within North Carolina. A 2005 study began to fill this gap by examining North Carolina municipalities and found that only a minority engaged in workforce or succession planning (Ritchie, 2005). This Capstone builds upon this earlier effort and researches the state of workforce and succession planning in North Carolina counties. The primary research question is: *What is the state of workforce and succession planning in North Carolina counties?* This research includes an investigation into which parts, components, and elements of the planning process exist at the county level. Further, the research enables a holistic view of local government through the use of municipal data as a comparative reference.

Workforce and Succession Planning

The main goal of workforce planning is to accurately project the organization’s future workforce needs, and devise effective and practical strategies to fulfill those needs (Anderson, 2004). Although there are a variety of models available, models commonly incorporate the following four steps:

1. Supply analysis
2. Demand analysis
3. Gap analysis
4. Solution analysis

The first step, supply analysis, looks at the current staff competencies, skills, knowledge, and abilities then uses trend data to forecast how turnover will impact the organization. Demand analysis looks at the organization’s future needs, including what competencies are needed to compete in a changing environment or for future strategic initiatives. The third step, gap analysis, combines the supply and demand analysis to compare current organizational human resources with future needs. The fourth step, solution analysis, identifies solutions or strategies to close the gap between current human capital and human capital needed in the future. Common strategies include recruitment, training, re-training, and leadership development. Lastly, workforce planning efforts, like all major planning initiatives, should be monitored and evaluated for improvements.

Local governments can get an idea of what their future slice of the “brain drain” will look like through a supply analysis tool known as attrition forecasting. An attrition forecast adds the number of forecasted resignations, the number of future planned transfers, and the number of potential retirements, then divides that total by the number of employees (Anderson, 2004). An attrition forecast can be focused on the upper level management of a jurisdiction. From this point, the human resource professionals with the management team can plan how to replace the competencies and knowledge that will be leaving. The

higher the forecasted attrition rate for a group of upper level managers in a jurisdiction, the harder human resource professionals will have to work to recruit externally and develop internally to replace these positions and competencies.

Succession planning, a sub-set of workforce planning, focuses planning efforts specifically on management, leadership, and critical positions (Ibarra, 2005). Succession planning moves organizations such as local governments from reactively filling management and leadership vacancies to proactively predicting and preparing for vacancies. The steps to succession planning are very similar to workforce planning. The first step to succession planning is to forecast the organization's management and leadership attrition rate to determine which positions are at risk and which positions lack clearly qualified internal successors. Steps in succession planning include: accessing future service needs, identifying critical positions, identifying high-potential employees, identifying competencies of leadership positions, completing a gap analysis, selecting training and development activities, conducting management training for high-potential employees, implementing career development strategies, and monitoring and evaluating the succession plans.¹

Methodology

A survey was administered to all North Carolina counties (N=100) to understand the state of workforce and succession planning, and to find out what if any tools are being used to plan for the future. The survey was administered as an email attachment to the human resource director of each county, or the county manager when no human resource director existed.

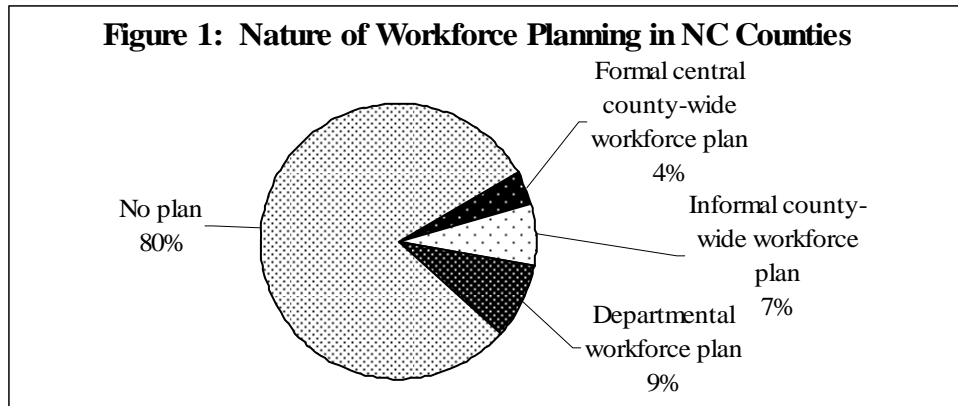
The survey instrument included sixteen closed and open-ended questions. Questions originated from the review of workforce and succession planning literature, and a 2001 Maxwell School of Citizenship and Public Affairs "Government Performance Project" survey. A 2005 survey of North Carolina municipalities used a similar instrument. Minor additions and revisions were made to the 2005 instrument. Forty-seven counties responded resulting in a 47% response rate. A copy of the survey can be found in Appendix B. To ensure population was not causing a sample bias an Independent Samples T Test was performed. The test found no statistically significant difference in responses by counties of different size populations. Further, the population of the county did not correlate with whether or not they engaged in workforce or succession planning, only if they were engaged in performance measurement of human resource outcomes.

Survey Results

The findings report on the use of workforce and succession planning, if planning has been identified as a need, and when counties will begin planning. Further, the findings outline how counties measure their human resource performance. Next, the findings outline which components of workforce data, planning activities, and development activities counties collect. Lastly, the barriers to workforce and succession planning are reported. The findings use municipal data collected from the 35 largest municipalities as a comparative reference and to give a holistic view of local government planning efforts (Ritchie, 2005).

Counties Current and Projected Use of Workforce and Succession Planning

The survey asked respondents to describe the nature of workforce and succession planning within their county government. Only 4% of counties reported having a formal county-wide workforce plan used by the central Human Resources office, while 16% reported having an informal or departmental workforce plan. Exactly 80% of counties reported having no central workforce planning (See figure 1). For comparison, in 2005 10% of municipalities conducted formal municipal-wide workforce plans, 30% of municipalities conducted informal or departmental workforce plans, while 60% of municipalities did not conduct any workforce planning.



The state of county succession planning is similar to the state of workforce planning. Only 4% of counties reported having a formal succession plan used by the central Human Resources office, while 6% reported having an informal or departmental succession plan. The majority of counties (89%) do not conduct central succession planning. These findings are similar to municipal results which found that 83% of municipalities lacked central succession planning while 17% reported informal or departmental based succession planning. When county and municipal results are examined together, it appears that North Carolina local government workforce and succession planning efforts are behind other public sector organizations (Brown, 2004).

While an overwhelming majority of counties do not conduct workforce or succession planning, only half of those counties identified workforce planning as a need, where 54% identified succession planning as a need. A small majority of counties intend to develop both workforce (55%) and succession plans (60%) within the next three years. However, 30% of counties indicate no intention to develop workforce plans while 25% indicate no intention to develop succession plans. Barriers and obstacles identified by counties to workforce and succession planning that may influence why counties do not intend to engage in either type of planning are outlined in a subsequent section.

Do Counties Measure their Human Resources Performance?

A complementary subsection of strategic human resource management to workforce and succession planning is measuring the performance and outcomes of the human resource department. Only 21% of counties reported that the human resource department engaged in performance measurement, while 11% reported that a human resource performance measurement system was currently being developed.

A look at the components of Workforce Planning

While very few North Carolina counties have a formal workforce or succession plan in place, they may be conducting components of the planning, including data collection, analysis activities, and development strategies.

Workforce Data Collection: Accurate data about an organization’s human resources is needed to complete a supply analysis. Overall the majority of counties reported that they collected demographics (76%), average years of service of current workforce (59%), employee performance levels (60%), and turnover rates (51%). Many data vital to accurate workforce planning were not collected by the majority of North Carolina counties: age distribution of current workforce (49%), skills of current workforce (14%), competencies of current workforce (18%), and labor market skill availability. Further, many of the data not collected were not identified as a need by 33-46% of North Carolina counties (Appendix A, Table 4).

Workforce Planning and Analysis: Workforce planning activities allow organizations to conduct the demand and gap analysis steps. The survey listed 13 workforce planning and analysis activities from retirement projections to workforce gap analysis and asked if counties engage in those activities, are developing those activities, and if not – if those activities were identified as a need. For counties, of the 13 activities listed, none were identified by a majority of counties as currently being done. The most common responses were competitiveness of compensation strategies (46%), identification of key positions within the county (40%), and recruiting plans (37%). The least common responses were key activities essential for workforce planning: identification of high potential employees (14%), long-term staffing needs (15%), and workforce gap analysis (2%). If not currently a practice, few counties indicated an intent to develop. The majority of North Carolina counties are not engaging in the analysis activities needed for workforce and succession planning (Appendix A, Table 5).

Training and Development: Solution analysis or closing the gap between the supply and demand analysis often involves training and development activities. Of the fourteen training and development activities listed in the survey, a majority of counties only engaged in two: supervisory training (72%) and providing money for external training (76%). Employee development activities pivotal to succession planning were only done by a small minority of counties: formal mentoring (11%), leadership development programs (29%), management development programs (20%), individual development plans (30%), individual development gap analysis (4%), formal coaching (13%), and shadowing upper level managers (0%). Most counties surveyed do not engage in an adequate number of development activities to prepare their high-potential employees to successfully move quickly into upper level positions in an interim or permanent capacity when the need arrives. What is most surprising is the number of counties that indicated that the following development activities were not identified as a need: rotational work assignments (69%), identification of organizational competencies (51%), 360 degree evaluations (73%), shadowing upper level managers (59%), and task force and problem team assignments (53%) (See Appendix A, Table 6).

What are the Barriers to Workforce and Succession Planning?

Survey respondents identified barriers to planning efforts. The majority of respondents identified insufficient human resources to manage program (67%), insufficient financial resources (61%), inadequate rewards for initiative/risk (59%), and insufficient time to participate (54%) as the main barriers to workforce planning. These findings were mirrored for the barriers to succession planning: insufficient human resources to manage the program (67%), and insufficient financial resources (58%).

Table 8: Identified Barriers to Workforce Planning	
	(n=46)
	Counties Identifying (Percentage)
Insufficient human resources to manage program	67%
Low priority given by senior management	30%
Low priority given by elected officials	30%
Inadequate rewards for initiative/risk	59%
Lack of mobility of employees	24%
Insufficient financial resources	61%
Insufficient time to participate	54%
Lack of role models	13%
Organizational culture	40%

Overall, open-ended write-in response echoed the above findings citing that the human resource departments lacked the funding and staffing to engage in workforce and succession planning. Other write-in responses included a lack of understanding by elected officials of the seriousness of the crises, lack of financial support from elected officials, desire of citizen groups to downsize local government, and a prevalent attitude of “deal with it when the need arrives.” The barriers suggest that many county human resource departments lack the resources to engage in workforce and succession planning, and many county human resource departments do not have a seat at the strategic planning table.

Conclusions

Survey findings establish that a clear majority of North Carolina counties do not engage in workforce or succession planning, and do not engage in the majority of the planning activities. An International Public Management Association for Human Resources survey of its members in 2004 found that 21% engaged in workforce planning, and that 39% engaged in succession planning (64% of the respondents for this survey were cities and counties). This study finds that North Carolina counties fall short of those averages, with only 4% of counties engaging in formal workforce and succession planning and 16% engaging in informal planning. On the brighter side, around half of the counties surveyed have identified workforce and succession planning as a need and just over half intend to develop these plans within the next year.

Recommendations

In light of the results of this research, which reflects the small percent of counties involved in workforce and succession planning, the following recommendations are provided:

Raise awareness of workforce and succession planning with county managers and elected boards

The key to overcoming funding and staffing difficulties is to make workforce and succession planning a priority for local governments. Only 36% of human resources directors reported having a role within the county-wide strategic planning process. To overcome the lack of involvement, education could be an appropriate strategy, particularly for county managers and elected officials. Literature indicates top level support is crucial for planning success.

Need for training, case-studies, and tools for workforce and succession planning

Survey responses suggest that a significant number of counties are not aware of the need for workforce and succession planning and open-ended responses suggest many counties are not aware of what exactly workforce and succession planning entails. Survey responses to the question of what kind of resources or assistance does your county need to implement workforce and succession planning include: publication of materials and work sessions, classes, training, list-serves, case-studies, examples of other jurisdictions plans, and a North Carolina benchmark organization.

Start with practical components

Most counties surveyed should start by first collecting the workforce data outlined in the survey. This data would enable counties to calculate their attrition rate, and therefore better understand the upcoming problem they are facing. This simple first step would also identify critical, management, and leadership positions that may undergo turnover relatively soon, and allow human resources to begin succession planning through developing internal candidates or designing recruitment strategies.

¹ Holinsworth found that one local government county in Virginia, Henrico County, provided an excellent example of succession planning (Holinsworth, 2004). Henrico County’s plan is to develop all middle managers constantly and continually to ensure that a qualified source of internal candidates could step into vacancies.

Annotated Bibliography

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