

HUMAN RESOURCE PRACTICES OF NORTH CAROLINA MUNICIPAL & COUNTY GOVERNMENTS



EXECUTIVE SUMMARY

In 2014 the Public Policy Institute (PPI) at Western Carolina University (WCU) conducted a human resources survey of North Carolina city and county managers and human resource officers concerning recruitment and retention trends in local government.

The survey found several points of interest to local government practitioners:

- Over 1/3rd (39%) of local government respondents said it was more difficult to recruit employees today than five years ago.
- Government web pages, word of mouth and personal contacts were seen as the most effective way to recruit new staff.
- Almost half of the respondents (48%) indicated that their staff is more productive now than five years ago.
- Almost half (49%) of respondents indicated that the ability to retain employees has not changed significantly in the past five years, while 38% said it is harder to retain employees and about 13% indicated that retention efforts had become easier.
- Most (65%) reported that when staff leave, it is for another job, as opposed to leaving the workforce altogether, retiring, or being fired.
- When they do leave for other positions, most respondents (62%) reported that employees leave for other local government positions, as opposed to the private sector, state government, or federal government.
- The most effective means of retaining employees included longevity pay increases, adjustments from market pay analyses, and professional development opportunities.
- A plurality of respondents (33%) said that 1% to 5% of their employees would be eligible for retirement in the next five years, although many indicated a higher number might be leaving due to retirement in the near future.

*Recruitment,
Retention,
and Other
Personnel
Issues in
N.C. Local
Governments*

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SURVEY METHODS

As part of the Annual Local Government Survey (*LoGoS*) conducted by the Public Policy Institute, we contacted all North Carolina city managers, county managers, and human resource representatives by email or mail. We obtained the city officers' contact information from the North Carolina League of Municipalities. County information was received from web pages and listservs. We received 103 usable responses from county and city managers and 97 usable responses from HR representatives (or those who are generally tasked with HR related duties) for an overall response rate of 25%. The respondents represent local governments from 77 counties across the state.

We asked a series of both open-ended and multiple choice questions to elicit information regarding what practices each government used to hire and retain employees. In addition to what practices were used, we asked questions concerning the usefulness of hiring and retention practices, potential causes of employee turnover, retirement, and possible barriers in personnel issues.

Demographic questions such as position, city/county population, and the county the participant served were included. We received responses from all regions of the state and from governments of various sizes. The median size of the population served by our respondents was about 8,200 residents, with a range of one town of just over 100 residents to one metropolitan county of over one million residents. As to the number of employees for our government-respondents, the median number of employees working in our respondents' organizations was 95, with a range of one employee to a larger government with about 2,900 employees.

It should be noted that the survey captures the perspective of only managers and human resource officers. In the survey, we asked questions concerning retention from upper administrators' perspective, including assessments of why staff chose to leave the organization. Therefore, we recognize that this survey does not capture the attitudes and opinions of those staff members who actually left. Also, perceptions within individual departments and sub-units may differ. Given this limitation, however, we believe that the aggregate information provided is still useful and that the data capture general trends and challenges facing local governments in the state.

SURVEY RESULTS

I. Recruitment and Hiring

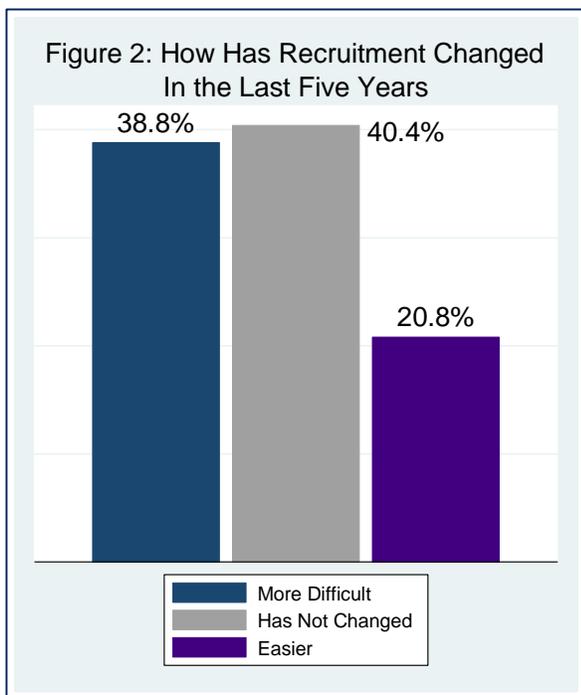
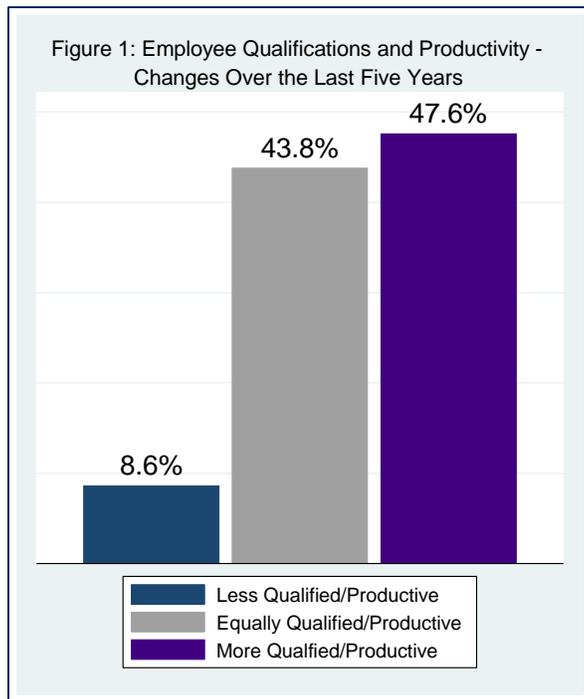
Staff and employees of North Carolina local governments are more qualified and productive than in the previous five years, but local governments may be having a more difficult time finding them. As seen in Figure 1, many respondents (47.6%) stated that employees are more qualified and productive than five years ago, with only 8.6% saying that employee qualifications and productivity has decreased. However, as depicted in Figure 2, many respondents (38.8%) indicated that hiring/recruiting new employees is more difficult now than five years ago. Even given the availability of electronic resources, only about one-fifth (20.8%) said that hiring was easier today than five years ago.

When asked what the largest barriers to recruitment and retention were, most responses brought up salary and benefits. As one respondent from the Piedmont stated:

Competition with the private sector (they still pay higher than we can). Ability to keep talented employees (especially younger employees) from leaving for more urban areas. We still demand our employees to wear many hats, yet I find more and more that the recruiting pool seems to be made up of very specialized talents.

Despite the overall trends, others did mention the lack of qualified applicants for the positions the government is trying to fill as a problem. Concerns surrounding this vary, from the time and resources necessary to train these applicants, to the ability of the applicant to successfully perform their duties. In the open comments, this was a particular concern for more rural areas that had more trouble drawing applicants.

Participants were also asked if they had a written recruitment policy; 43% of respondents answered yes. The Piedmont area seems to lead in this practice, with 51% of their participants claiming to have a recruitment policy, where the Eastern region following at 40%, and the Western region with only 36%.

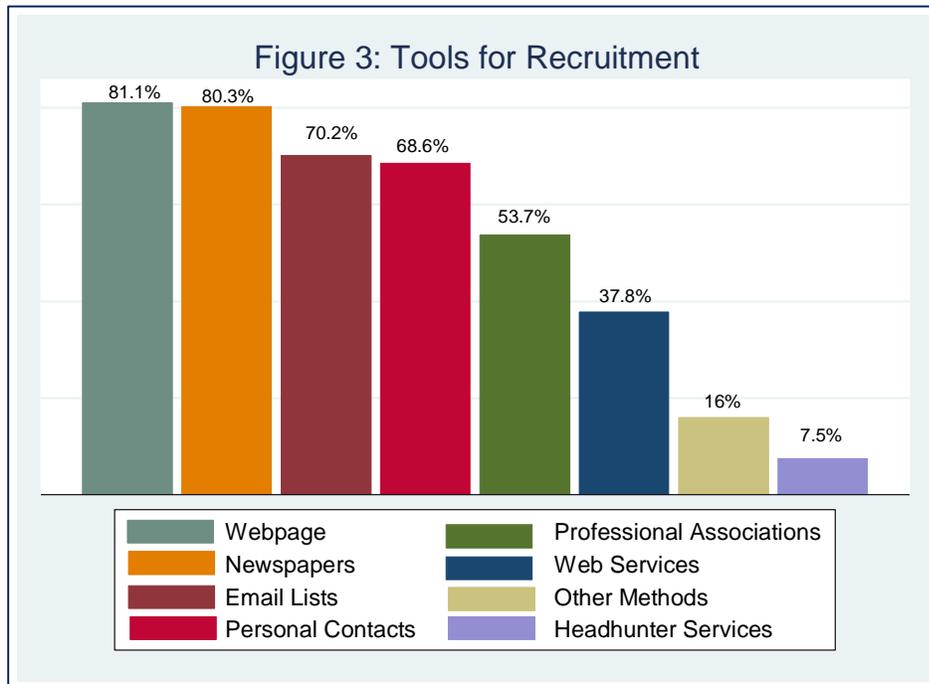


The last set of questions pertaining to hiring and recruiting dealt with the tools local governments are using to find and hire their employees. We first asked what the participants used for recruitment out of the following: private “headhunter” services, job listing sites (such as Monster, Indeed, etc.), formal professional associations such as the ICMA or NCCMA, word of mouth or personal contacts, local government email lists (“listservs”), newspapers, their organization’s webpage, or some other tool. Respondents were asked to state whether they used each of these recruitment tools.

As displayed in Figure 3 below, the government’s own web page was the most common tool used for recruitment, with over 81% of our respondents indicating that they advertised employment openings on their web pages. Newspapers were also highly used as indicated by over 80% of our respondents,

as well as local government email listservs (70.2%). Personal contacts and word of mouth (68.6%) and networking through professional associations such as ICMA and/or NCCCMA (53.7%) were also used by more than half of our respondents. Web services (such as “Indeed” or “Monster.com”) and private headhunter services were used less frequently, as displayed in Figure 3.

We then asked which *one* of these tools seemed to be the most effective in the respondent’s experience. The most useful tools for recruiting, as indicated by our respondents, were word of mouth or personal contacts (28.8%), the local government’s web page (26%), and newspaper announcements or ads (19.6%). Less useful, as noted by our respondents, were listservs (9.8%), contacts through formal professional associations (7.6%), web-based programs (4.9%), and private headhunter services (2%).



Interestingly, while personal contacts and word of mouth are suggested to be the most effective means of recruiting, it was only the fourth most commonly-used recruitment tool. Most of the respondents who answered “other” explained that the Employment Security Commission has been another valuable resource for them.

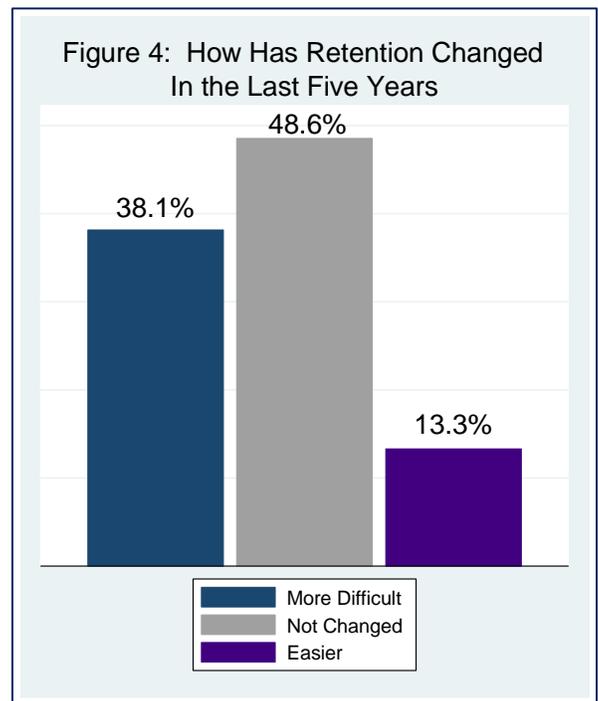
II. Retention

The clear trend across the state from our respondents indicates that it has not become easier to retain staff and employees in local government positions (see Figure 4). Over one-third (38.1%) of our government-respondents stated it was more difficult now to retain employees than it was five years ago. Almost half (48.6%) stated retention was about the same, and only about 13% indicated that retention efforts were easier today than five years ago.

We also asked respondents what they thought was the “biggest reason” why turnover occurred in their organizations. The leading cause for turnover among local governments by far is staff voluntarily leaving to work at another job, as indicated by nearly two-thirds (65%) of our respondents. The next highest response in this question was retirements, as indicated by 24% of our respondents. Very few respondents (5.7%) reported that firing was a big reason for turnover, and even less (2.3%) indicated that their employees were leaving the workforce altogether.

Building on these findings that leaving for other work is the main cause of turnover, we also asked a question to find out what types of jobs employees were taking when they left the respondent's organization voluntarily for another position. One of our motivations in asking this question was to see if local government employees were being lured to positions in the private sector or to state or federal government positions.

What we found, however, according to more than half the respondents (62.3%), is that most of these employees are taking other positions in local governments. About one-third of the respondents (34.7%) indicated that employees generally leave for the private sector and only 3% said that employees generally leave for state or federal government positions. As indicated by many respondents in the open-ended comments, this may be due employees initially taking jobs in smaller towns in order to gain experience and the moving to positions in larger and potentially better paying jurisdictions. As two participants noted:



We compete with neighboring large cities while we are a small town. We pay for training and they use the training to move elsewhere and get larger salaries.

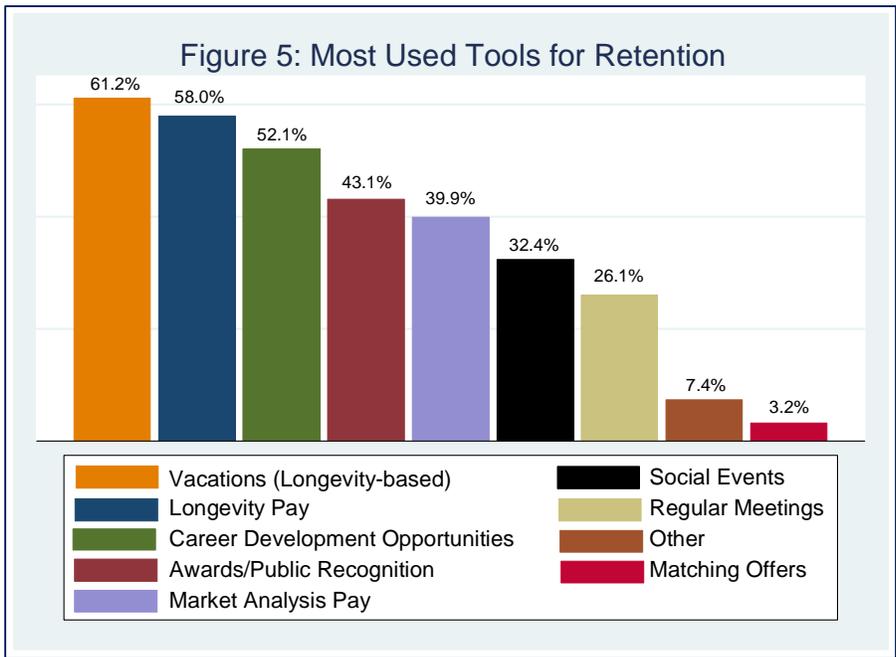
Being a small town, we can't offer as many "perks" and higher salary as larger municipalities can, therefore; it is difficult to find qualified candidates that will stay - not just use us as a stepping stone.

Some don't necessarily see this as a problem, though. As one respondent suggested:

Most local governments don't have a retention problem. I would rather see high-performance, self-motivated performers come and go than those who will stay forever as simply an average or below-average employee.

Similar to our questions about recruitment, we also asked about the practices or programs used to retain employees. These included such things as increased vacation time for longevity, regular meetings for employees to voice concerns, matching pay for staff that receive outside offers, career development opportunities, awards or other public recognition, longevity pay, social activities for staff and employees, market pay analyses, or other respondent-noted recruitment tools. Here again, respondents were asked to check the boxes for each policy in our listed retention tools and were given the opportunity to include practices not on our list. We followed by asking respondents what *one* tool, in her/his opinion, was the most effective at retaining employees.

As noted in Figure 5, increased benefits for longevity, such as increased vacation time and pay increases, were the most commonly used tools for retention.



Career development opportunities for advancement in local government were also used by more than half (52.1%) of our respondents (see table 1). Many respondents also noted their use of awards or other public recognition of employees (43.1%), the use of market analysis pay adjustments (39.9%), social events for employees and staff (32.4%), and regular meetings to address employee concerns (26.1%) to improve retention.

Fewer respondents (3.2%) indicated that they used matching pay for staff that receive outside offers, and some (7.4%) said that they used methods that were not included on our list.

Of these other means suggested by respondents, the most often mentioned in open-ended comments included other benefits such as health insurance or retirement savings contributions.

We then asked which *one method* our respondents thought was the *most* effective tool for retaining current employees. As one might expect, those tools that deal directly with salaries were seen by respondents as the most effective tools to keep employees in local government. **The highest two responses to this question included pay increases for longevity (28.8%) and salary adjustments based on market pay analyses (26.4%).**

Career development activities (12.9%) were the only other retention tool that was seen as the most effective by a relatively large number of our respondents. Many (14.1%) also again noted things not included on our list, such as health benefits, retirement and 401K plans, and flexible working schedules. The responses to all categories are listed in Table 1 below. As one participant noted,

Health Insurance benefits have been the most effective program to retain our staff/employees, especially the adoption of Retiree Health Insurance (percentage paid based on years of service).

We also asked how often per year department heads or mid-level personnel were required to participate in professional development activities. Almost half (49%) said that these were not required, with about 45% saying that these were required less than three times per year, and only about 6% saying that these activities were required four or more times per year. The Piedmont region led the state in this area, demanding more development attendance more frequently than either the Eastern or Western Regions. We found that while the Eastern region participants tended to have these requirements less than the Piedmont or Western regions, Eastern region entities who

do require professional development tended to expect more frequent attendance than in other regions.

Table 1: Most Effective Retention Tool	
Tool	Percent Indicating Most Effective
Longevity Pay	28.8%
Market Analysis Pay Adjustments	26.4%
Other	14.1%
Professional Development Activities	12.9%
Longevity Vacation	7.4%
Regular Meetings for Employee Concerns	5.5%
Awards/Public Recognition	3.1%
Matching Pay for Outside Offers	1.2%
Employee Social Activities	0.6%

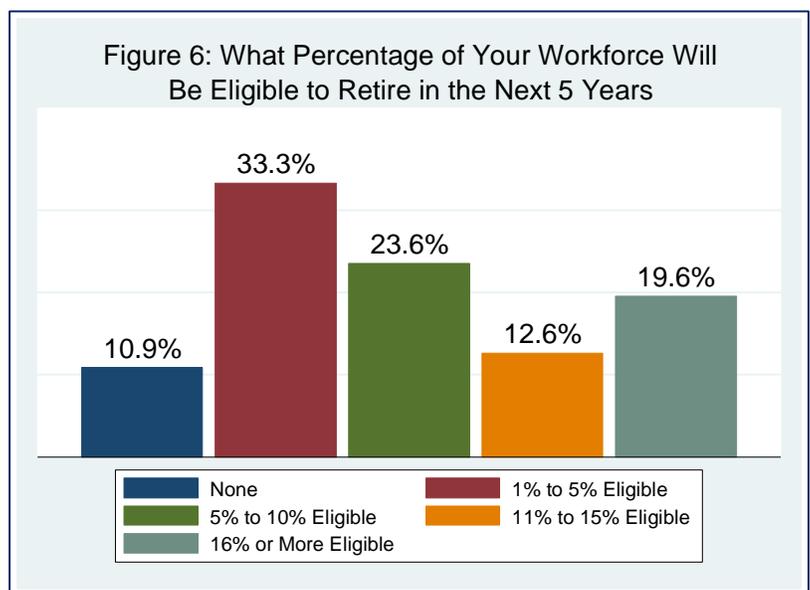
III. Retirement

We also asked respondents questions about their planning for turnover and retirement. **The vast majority (91%) of respondents had no succession planning in place.**

As well as those leaving for other jobs, we wanted to know about potential retirements within the respondent’s organization. Potential retirements may be a concern for some, but certainly not all of the governments included in our survey.

When asked to estimate what percentage of their city or county’s workforce would be eligible for retirement in the next five years, nearly 1 out of 5 respondents said that 16% or more of their administrative staff would be eligible to retire.

For others, retirement is not as significant in personnel decisions, as over half of the respondents said that only least 5% could retire in the next five years. The responses are displayed in Figure 6.



SUMMARY AND RECOMMENDATIONS FROM KEY FINDINGS

Local government leaders in North Carolina appear willing to use many methods to recruit, hire, and retain their employees. However, not all of these methods are as useful or influential on personnel decisions. In assessing our data, the Public Policy Institute provides the following specific recommendations (which may or may not be already happening in your county/municipality):

- 1. Assess the effectiveness of current recruiting and retention techniques.** While local government leaders utilize a large array of techniques for recruiting and retaining employees, not all of them seem to be very effective. This is not to say that what is effective in one area will necessarily be effective in another; rather, those in charge of these decisions seem to be utilizing many techniques where perhaps one or two are what truly work for them. Taking the time to determine what is working and what isn't in these areas should help to save time, resources, and frustration when trying to find new employees, or keep those you have.
- 2. Prepare for a retiring administration.** Many respondents suggested that in just five years a large portion of those currently working in local government administration will be retiring, which means more focus will turn to recruiting new administrators. Preparing for this shift now may help local governments handle the transition with stability, where ignoring this trend threatens to leave some organizations brittle and stretched even thinner than they already are. One helpful tool may be a succession plan, which could include targeting current employees as candidates to fill potential future openings.
- 3. Consider more professional development opportunities.** Related to succession planning and retirements, professional development activities may help develop the next generation of administrators from within the organization. Much like anything else in local government, personnel issues are constantly changing and evolving. Sending someone to do a job without the proper tools is a self-defeating practice; by offering our local leaders more opportunities to learn as the field transforms, we, in turn, are offering our local governments a better chance to thrive when facing new challenges.
- 4. Address compensation & retention.** While suggesting that local governments begin offering higher salaries may sound good, it may not be practical. An interesting finding is that it is not necessarily the lure of the private sector that is causing turnover. As seen from the respondents, the biggest competitor is likely other local governments. This appeared particularly true for smaller and rural areas that lose good staff to larger, urban areas. Local governments, particularly those in rural areas, may need to be more creative to retain quality staff members. By offering more vacation time, flexible working schedules, regular meetings to address employee concerns, career development opportunities, and matching pay to staff who receive outside offers (when possible), it seems local governments can have better success when appealing to both new and current employees.

ACKNOWLEDGEMENTS

We would like to thank all of the county and municipal officials that participated in this project. We encourage you to participate in future activities conducted through the Public Policy Institute at Western Carolina University. The Local Government Survey (LoGoS) is generally distributed annually. Our past survey results are available on our web page:

<http://www.wcu.edu/about-wcu/centers-institutes-affiliates/public-policy-institute/local-government-survey-logos.asp>

We would also like to thank the North Carolina League of Municipalities, a valuable resource for many in city government, and Western Carolina University for the resources needed to complete and distribute this survey. This project was largely completed by graduate students in the Master of Public Affairs program at WCU, without which this project would not have been possible.