

# ADDRESSING LOW ENGAGEMENT AND MORALE IN STATE AND LOCAL GOVERNMENT WORKFORCES

## INTRODUCTION

Amid a multitude of budgetary and economic woes, reduced engagement and low morale are the most detrimental to state and local government agencies' capacity to function.

As the recession continues—and economic uncertainty becomes the new normal—state and local governments face growing, debilitating workforce issues. Budget shortfalls and hiring freezes have made “do more with less” the new imperative, and as record number of Baby Boomers reach retirement age, agencies will face the silver tsunami, the mass retirement of thousands of learned, skilled employees. To make matters more dire, according to a 2012 study by the Partnership for Public Service, only 6 percent of surveyed college graduates plan to work in government after graduation. All of these factors point to a potential tremendous loss of vital, skilled talent over the next few years.

Yet this impending loss of talent isn't the most critical issue facing state and local agencies today. A more pressing concern is one that's difficult to quantify and even more trying to solve. While budget cuts, furloughs, and retirements threaten to reduce workforces to ineffective levels, it's *reduced engagement and low morale* among government employees that present the most dire threat to agencies' capacity and longevity.

Reduced engagement and low morale, whether manifested via apathy or attrition, has a notable impact on the organization as a whole. Just as engaged employees are more likely to demonstrate higher levels of performance, commitment, and loyalty—factors for organizational success—disengaged employees demonstrate lower levels of the same characteristics.

Yet while turnover, absences, and poor communication are serious consequences, these are rated as less severe in a recent survey of the results of disengagement. The real damage results from disengaged employees' *continued* presence and interaction in the workplace: from *staying* in their jobs and performing poorly, refusing to go beyond the job description, and creating dysfunctional relationships,<sup>1</sup> all patterns of behavior that threaten the very core of any organization.

State and local governments have a tremendous amount to lose from the effects of disengagement. Smaller budgets mean doing more with less, and as such it's even more important that every employee pulls their own weight. Without an engaged, committed workforce, government's manifesto to care for the people is threatened—from the disorganized, ineffective distribution of services to even the loss of the capacity to provide the services themselves.

<sup>1</sup>Control, Opportunity & Leadership: A Study of Employee Engagement in the Canadian Workplace. Psychometrics Canada Ltd. Accessed at [http://www.psychometrics.com/docs/engagement\\_study.pdf](http://www.psychometrics.com/docs/engagement_study.pdf), p. 10.

## PRIMARY FACTORS IN LOW ENGAGEMENT AND MORALE

**Is there any good news?** Fortunately, yes, and it's twofold. First, the challenge of low morale is on government agencies' radar. In a 2011 survey conducted by the Center for State and Local Government Excellence, almost 80 percent of respondents considered morale "very important." Morale ranked higher than retaining staff needed for core services and reducing employee healthcare costs.<sup>2</sup> Second, by looking at the causes of low engagement and morale in state and local government workplaces, agencies can begin to address the issue in a comprehensive and effective manner.

*So how did low engagement become the issue it is today?* While engagement is a popular buzzword in both the public and the private sectors, state and local government agencies have been perhaps hardest hit by the recession and resulting budget cuts. Low engagement today is the result of several significant factors:

- **Lower pay than the federal and private sector.** Ongoing poor compensation is often cited as a main reason for high turnover in government positions. For most state and local government agencies, wages are lower than both federal and private sector wages.<sup>3</sup> In Arizona, state employee wages are from 3 to 13.6 percent lower than private sector wages. Federal government employees working within Arizona receive 50 percent higher wages and 74 percent higher compensation overall.<sup>4</sup> In Texas, state employee pay is on average 15 to 20 percent lower than what public and private employers pay for the same work.
- **Pay freezes.** According to a survey conducted by the Center for State and Local Government Excellence, more than 60 percent of agencies have implemented pay freezes to deal with the current economic climate.<sup>5</sup> These pay freezes reduce the potential to adequately reward high performance employees. As compensation is often cited as a significant tool for engagement, pay freezes decimate any nascent pay-for-performance initiatives.
- **Reduced job stability.** While federal aid through the American Recovery and Reinvestment Act safeguarded some state and local positions, fewer funds are available today. The Great Recession that began in 2008 reduced job stability and availability for thousands of state and local government workers. In 2010 alone, state and local governments lost 203,321 jobs compared to 2009.<sup>6</sup> Without the promise of job certainty, employees are reluctant to commit and engage.
- **Overworked, understaffed, and having to do more with less.** Shrinking budgets, mandatory furloughs, and the increasing retirements of Boomers mean there are fewer skilled employees to fill critical roles. Yet the jobs must still get done. This dearth of skills—and employees—will place a tremendous burden on the employees who remain. According to an ADP/IMPA-HR governing issue brief, the second most pressing concern (28 percent) in managing employee engagement was increased workload. Only budget cuts ranked higher (29 percent).<sup>7</sup>

The coming silver tsunami alone will create a large deficit, without accounting for furloughs and layoffs; according to research by Dr. Sally Selden of Lynchburg College, "approximately 30 percent of state government employees are eligible to retire within the next five years." This wave of retirements puts existing employees in the position of performing jobs for which they may not be trained or skilled.

<sup>2</sup>Survey Findings State and Local Government Workforce: 2011 Realities, Center for State & Local Government Excellence, May 2011, [http://slge.org/wp-content/uploads/2011/12/S-L-Govt-Workforce\\_2011-Realities\\_11-220.pdf](http://slge.org/wp-content/uploads/2011/12/S-L-Govt-Workforce_2011-Realities_11-220.pdf), p. 4.

<sup>3</sup>Arizona State Employee Pay Summary: An Overview of the 2010 Arizona State Employee Pay and Economic Impacts Study, Arizona Highway Patrol Association, [http://www.ahpa.com/wp-content/uploads/Arizona\\_State\\_Employee\\_Pay\\_Summary-print-protected.pdf](http://www.ahpa.com/wp-content/uploads/Arizona_State_Employee_Pay_Summary-print-protected.pdf), page 2.

<sup>4</sup>Ibid, page 3.

<sup>5</sup>Survey Findings State and Local Government Workforce: 2011 Realities, Center for State & Local Government Excellence, May 2011, [http://slge.org/wp-content/uploads/2011/12/S-L-Govt-Workforce\\_2011-Realities\\_11-220.pdf](http://slge.org/wp-content/uploads/2011/12/S-L-Govt-Workforce_2011-Realities_11-220.pdf), p. 2.

<sup>6</sup><http://www.census.gov/newsroom/releases/archives/governments/cb11-146.html>

<sup>7</sup>Driving Successful Employee Engagement: A Major Opportunity to Keep Public Sector Employees Connected and Committed, ADP/International Public Management Association for Human Resources (IPMA-HR). Accessed at [http://www.multibriefs.com/briefs/ipmahr/Employee\\_Engagement\\_Issue\\_Brief.pdf](http://www.multibriefs.com/briefs/ipmahr/Employee_Engagement_Issue_Brief.pdf), p. 2.

## CASE STUDIES: NORTH CAROLINA, TENNESSEE, LOUISIANA

Lack of job certainty, reduced pay, and chronic understaffing can cause employee morale to slip to abysmal lows. Yet some government agencies are making headway, relying on integrated talent management strategies—supported by the latest technology—to mitigate the factors of an uncertain economic climate and keep employees engaged and motivated.

### STATE OF NORTH CAROLINA

Tenth in population in the United States, the State of North Carolina has nearly 9.3 million residents. The state operates 33 agencies and employs nearly 89,000. Previously, the state lacked a singular enterprise-wide learning management system (LMS) to address learning and development initiatives, monitor and report on those activities, and hold individuals and entities accountable. Only 31 percent of employees had access to an LMS, and the systems weren't integrated, which prevented the quick and efficient sharing of training records.

Cognizant that education is a known factor in stimulating engagement and improving morale, today the state is re-aligning human resources to improve employee development across all agencies. A key component in this realignment is the implementation of an integrated, single platform learning management system accessible to all employees across all agencies.

The new system will allow the state to deliver highly-targeted, customized training via face-to-face and virtual environments. Training will work in tandem with career development goals to provide employees with mappable futures. The state will also be able to improve engagement through LMS social collaboration capabilities by building interactive communities. "We know that ongoing, blended learning is critical to ensuring our employees are both competent and motivated," said Neal Alexander, Director, North Carolina Office of State Personnel. "Our new LMS allows us to more efficiently address skill gaps and tie learning to both personal and organizational goals."

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North Carolina Office of State Personnel

### STATE OF TENNESSEE

The State of Tennessee has 43,500 employees serving 6.5 million residents. Twenty-two agencies under the direct purview of the governor are responsible for driving the state's mission. To better address an antiquated hiring system plagued with issues in the areas of engagement, competency, and succession planning, the state recently implemented the Tennessee Excellence and Accountability in Management (TEAM) Act. Designed to overhaul the hiring, employee classification, and appeals system, the TEAM Act empowers managers and department heads to make performance-based HR decisions.

Part of the TEAM initiative involves building workforce engagement – and improving morale – through a new focus on both performance management and professional skills development initiatives. The state has developed an integrated talent management framework to engage employees through continuous feedback, comprehensive and cohesive on-boarding strategies and high impact experiential learning and development opportunities - all designed to connect with, support and engage employees at the individual, team and organizational levels.

"Our ability to **provide leadership development and meaningful feedback** on a consistent basis through talent management has helped Tennessee to engage employees more than ever before."

–Rebecca Hunter, Commissioner,  
Tennessee Department of Human  
Resources

In order to increase workforce involvement, it is crucial for employees to not only understand the mission and vision of their organization but also be able to connect their role function to the mission from a value add perspective, thus directly impacting the desired performance results. This type of alignment generates a higher level of engagement as employees are able to see how they contribute to the success of the organization.

Tennessee's continual improvement approach has a far-reaching impact on the workforce members at all levels. Fundamentally, the state of Tennessee is creating a talent management strategy that addresses the most urgent challenges facing its workforce to include a heightened competition for the best talent, loss of experience and intellectual property, leadership gaps, and skill shortages in key roles. The state has begun educating leaders on how effective talent management drives organizational results when leaders use the right data to align business and people strategies.

The key to success for the state was to create a framework in which agency leaders can develop the needed core skills for their workforce, attract and retain the needed talents and ensure that a leadership bench strength was developed to address the issue of a shrinking workforce. Striving for performance excellence for Tennessee means building a current pool of qualified and motivated employees ready to step in and assume key leadership roles necessary to sustain the future success of the agencies and the citizens they serve.

## STATE OF LOUISIANA

The State of Louisiana's recently reduced budget included no funding for HR initiatives or 4 percent merit pay raises, a factor in the state's low employee engagement. Numerous layoffs and negative perceptions of government employees also contributed to retention and employee morale issues. The issue of morale affected all departments and had an impact on the state's 88,000 employees.

In 2011, the state Civil Service Commission approved a new job performance evaluation system for State employees. Employees are now rated consistently on three possible ratings: exceptional, successful, and unsuccessful. The Civil Service Commission also authorized performance adjustment raises and created a requirement that supervisors' evaluations are reviewed by a second layer of supervisors in an attempt to reduce subjectivity. These efforts have helped the state build an environment of consistency and meaningful feedback, elements crucial to regaining the trust of employees.

The state also implemented a talent management system designed to reduce paperwork, increase accountability, and help employees engage through the entire lifecycle. The use of the system has resulted in about \$100,000 in savings. In addition, learning and development opportunities are immediately accessible online, and competencies are more easily tracked and evaluated. "Our talent management system and new performance evaluation system has helped us mitigate the effects of budgets cuts by allowing us to transform and streamline hiring practices, layoff procedures, and job-classifications," said Shannon Templet, Director, Louisiana Department of State Civil Service. "Our employees are now guided through onboarding, ongoing training and development, and succession planning opportunities, all key to engaging and retaining a well-qualified workforce."

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**-Shannon Templet, Director, Louisiana Department of State Civil Service**

## SOLUTIONS

North Carolina, Tennessee, and Louisiana are working to increase engagement and boost morale—without the benefit of budget increases— through reexamination of their talent management strategies. All three states have turned to innovative use of technology to reimagine talent management in an era of fewer resources. How then can other state and local government agencies begin to address their own engagement and morale issues?

### 1. Establish a baseline by surveying engagement levels among employees.

Conducting periodic, anonymous surveys of engagement creates a baseline for an agency's current level of employee engagement. Surveys can be conducted inexpensively through online services or vendors, and results can be evaluated by leadership and HR teams. Keep in mind, however, that making the decision to survey implies a willingness to act on the results. Failing to follow through on survey results can actually reduce engagement.<sup>8</sup>

### 2. Develop better communication skills that function vertically and horizontally.

Post survey, working to improve communication skills ensures future measures addressing engagement are both heard and registered. Equal dialogue strengthens the psychological contract and creates value for both parties.<sup>9</sup> Communication should also be designed to inculcate an agency's brand—that perception of the agency's culture, values, purpose—and share the agency's goals and objectives.<sup>10</sup> Communication is also critical in establishing a culture of transparency, key to obtaining employee buy in.

### 3. Implement an integrated talent management strategy and system.

Studies show organizations with integrated talent management strategies are more successful. According to Bersin & Associates, companies with fully integrated talent management strategies processes and systems:

- have half the rate of turnover and twice the rate of promotions
- are 92 percent better at creating a pipeline of successors
- have 71 percent higher scores on creating employee engagement.<sup>11</sup>

Further, integrated talent management strategies address engagement throughout the entire employee lifecycle, from selection to succession. Research firm BlessingWhite's *Employee Engagement Research Update January 2013* states that key drivers for engagement include:

- clarity on the agency's priorities
- receiving feedback
- the chance to employ skills
- career development.<sup>12</sup>

Integrated talent management systems—technology designed to help businesses get the most ROI on their human capital—help businesses more effectively and efficiently deliver meaningful feedback, drive ongoing learning and development, and promote career paths that align with both employee and organizational goals.

<sup>8</sup>*Driving Successful Employee Engagement: A Major Opportunity to Keep Public Sector Employees Connected and Committed*, ADP/IMMAHR, [http://www.multibriefs.com/briefs/ipmahr/Employee\\_Engagement\\_Issue\\_Brief.pdf](http://www.multibriefs.com/briefs/ipmahr/Employee_Engagement_Issue_Brief.pdf), p. 2

<sup>9</sup><http://www.cipd.co.uk/hr-resources/factsheets/employee-communication.aspx>

<sup>10</sup><http://employeeengagement.com/communication-the-cornerstone-of-an-engaged-workforce-culture/>

<sup>11</sup>*Talent Management: Benchmarks, Trends, & Best Practices*. Bersin and Associates. June 2010. Accessed on May 28, 2013, at <http://www.hreonline.com/pdfs/TalentMgmtBenchmarks06162010.pdf>.

<sup>12</sup>*Employee Engagement Research Update January 2013, Beyond the Numbers: A Practical Approach for Individuals, Managers, and Executives*. BlessingWhite Research and GP Strategies, p. 2.

## CONCLUSION

While growing employee disengagement and low morale threaten to derail state and local governments' ability to effectively deliver critical services, some vanguard agencies have discovered a cost-effective, efficient solution to mitigate the damaging effects of furloughs, budget cuts, and increasingly critical public perception. Integrated talent management—and accompanying talent management technology—gives organizations a foundation and structure for connecting with, developing, and engaging employees at any stage—in less time and with fewer resources. Recruiting, training, and succession strategies work together over the entire employee lifecycle to create employees invested in attaining organizational and personal goals amid an uncertain economic future. This has tremendous implications for state and local governments' ongoing ability to maintain a committed, skilled workforce and to fulfill their directive to provide and care for citizens and communities nationwide.

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