Employee Disengagement in the Office of Controller

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Background

The South Carolina Department of Health & Human Services is the state's Medicaid agency. Our mission is to purchase the most health for our citizens in need at the least possible cost to the taxpayer. At nearly an $8 billion budget and over 1 million beneficiaries, we serve approximately 1 in 5 South Carolinians, cover about 60% of the state's births, and hold the second largest state general fund budget.

As the Deputy Director of Finance and CFO of the agency, I am responsible for the agency's Office of Controller, Office of Planning & Budgets, Division of Audits, and Division of Reimbursement Methodology and Policy. As the executive leader over these areas, I understand the importance of employee retention and engagement and the impact low engagement has on fulfilling the agency's mission. The Office of Controller is one area in particular where I feel employee engagement needs to be addressed.

Problem Statement

Employee engagement is low in the Office of Controller (OOC) with only 14% of employees currently considered "engaged," based on the 2017 employee engagement survey (13% in the 2016 survey) while our agency goal is between 65-70%. Factors attributing to employee disengagement based on the engagement survey and management conversations are as follows:

1. Perceived negative culture in the OOC
2. Employees' concerns of fairness in decision making of management
3. Managers not having the necessary training to screen and select the ideal candidates for positions and therefore, employees are hired into positions that are not the right fit.

As an agency, we are aware that as employees become less engaged in their work, their productivity declines. Turnover also increases with negativity in the workforce, which costs time and money and interrupts the department workflow.

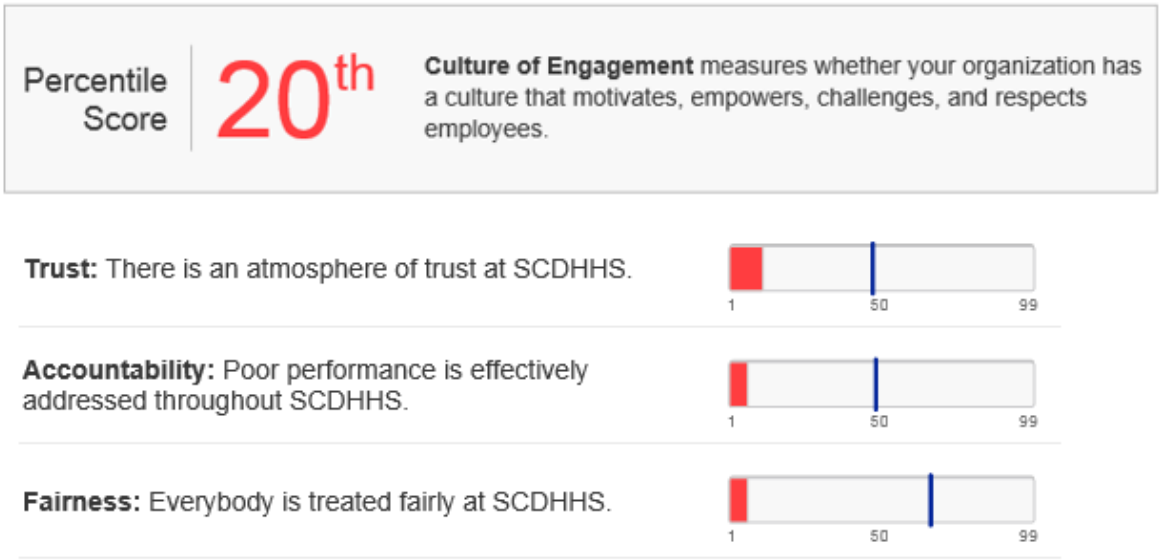
Data Collection and Analysis

Data used in this project includes data pulled from our annual agency-wide engagement survey, data pulled from our Human Resources Department (HR) that shows longevity by pay band in the OOC compared to the rest of the agency as well as statewide, and discussions with staff-level employees in the employee forum meeting held monthly. I also interviewed managers to determine their process for hiring positions including what information they use to post vacant positions and how well that information explains the job itself, how they determine which applicants to interview, and how they screen applicants during the interview. In reviewing and analyzing this data, my goal was to determine the root causes of employee disengagement in the OOC and to determine whether the employee disengagement manifests through higher turnover in the OOC.

Annually, employees of SCDHHS participate in an employee engagement survey. This survey allows employees to rate their manager and the executive leadership of the agency numerically and allows for comments to be made regarding the score. I examined the 2016 and 2017 engagement surveys to gain a better understanding of the "problem areas" in the OOC as perceived by employees, whether there was similar feedback in both years, and whether any areas improved between the two surveys. Data pulled from the annual agency-wide engagement survey including employee engagement scores and comments provided guidance on the areas where employees identified being most disengaged using the following categories:

1. Culture of Engagement - Does your organization have a culture that motivates, empowers, challenges, and respects employees?
2. Strategic Alignment - Do employees understand where the organization is headed and how they contribute to the organization's success?
3. Motivating and Relating - Do managers motivate their employees to give their best? Are managers building strong relationships and developing a cohesive team
4. Managing Execution - Are managers clearly defining expectations, holding employees accountable, and focused on delivering results?

The following charts show the summarized results of the 2016 survey along with the three lowest areas of engagement under each category:



Percentile Score **37th**

Strategic Alignment measures whether employees understand where the organization is headed and how they contribute to the organization's success.

Communication: I have a clear understanding of SCDHHS' strategic goals.

Purpose and Direction: I understand how my work directly contributes to the overall success of SCDHHS.

Purpose and Direction: I know what I need to do to succeed at SCDHHS.

Percentile Score **34th**

Motivating and Relating measures whether managers are motivating their employees to give their best, building strong interpersonal relationships, and developing a strong, cohesive team.

Respect for Employees: My direct supervisor values my talents and the contribution I make.

Teamwork and Cooperation: My direct supervisor emphasizes cooperation and teamwork among members of my workgroup.

Values: My direct supervisor always acts in a way that is consistent with SCDHHS' values.

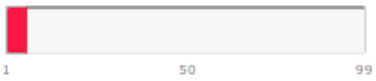
The following charts show the summarized results of the 2017 survey along with the three lowest areas of engagement under each category:

Percentile Score **26th**

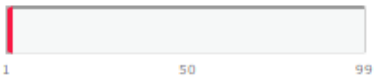
Culture of Engagement measures whether your organization has a culture that motivates, empowers, challenges, and respects employees.

Values: High ethical standards are always maintained throughout SCDHHS.

Trust: There is an atmosphere of trust at SCDHHS.



Accountability: Poor performance is effectively addressed throughout SCDHHS.

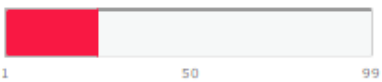


Percentile Score **40th**

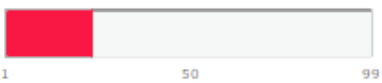
Strategic Alignment measures whether employees understand where the organization is headed and how they contribute to the organization's success.

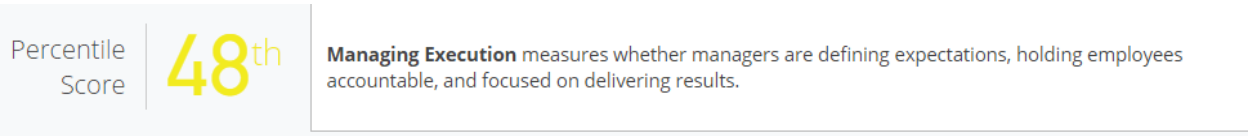
Values: I have a clear understanding of SCDHHS' values and behavioral standards.

Communication: I have a clear understanding of SCDHHS' strategic goals.



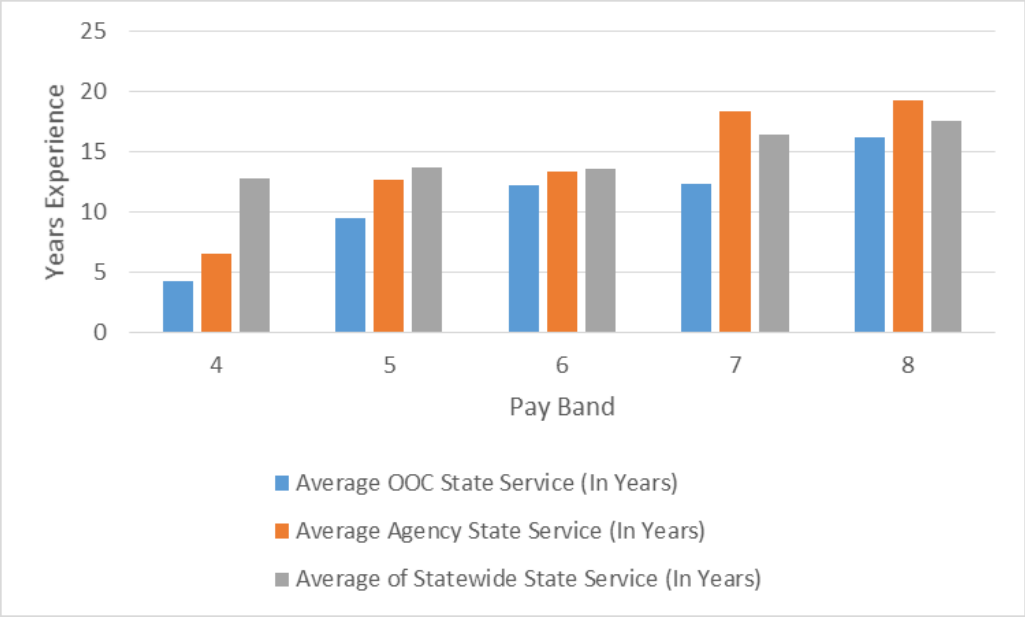
Purpose and Direction: I know what I need to do to succeed at SCDHHS.





From these results, it is clear that the culture of the department is the most documented contributor to the disengagement of the OOC. These results also document the need for employees to have clearer purpose and direction as it relates to their professional success as well as reassurance of respect for employees, adherence to agency values, and teamwork amongst department members.

After reviewing the engagement survey results, I then pulled data from Human Resources to show longevity by pay band in the OOC compared to the rest of the agency as well as statewide. This data should serve as an indicator of the OOC's ability to retain seasoned employees compared to the rest of the agency and compared to the state and should allow us to determine if the results expressed in the engagement surveys are then articulated through employees' separation from the OOC.



According to the data presented in the chart above, the average years of experience by pay band in the OOC are lower than both the agency average and the statewide average. These results vary by pay band but it seems clear that across all pay bands, the OOC staff are less experienced than the agency and state's average years of experience. While many factors could affect the results, this data could indicate that the OOC has a difficult time retaining experienced staff.

Another area of data collection is the employee forum which exists in the OOC to give front-line employees the opportunity to discuss where there are disconnects and ways to address these issues. Some of the topics discussed that related to employee engagement furthered the concerns expressed in the engagement survey and centered on adequate training of employees, lack of communication from managers, the perception of fairness both in salaries and in selection for promotions, and the lack of feeling like a "team."

Some potential solutions that evolved from these meetings were piloting an "information sharing" training for existing employees as well as a process for training new employees,

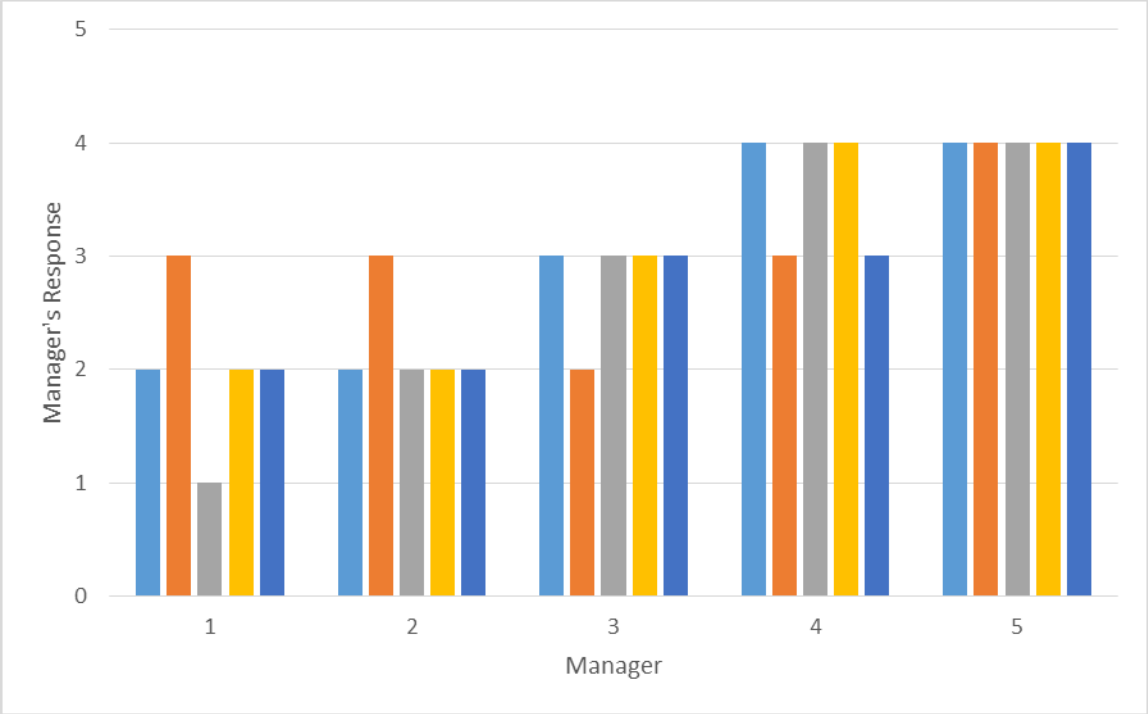
monthly “lunch and learn” sessions so employees are exposed to work in other areas of OOC, and ideas for improving the team dynamic such as volunteering together and birthday celebrations.

The last area of data collection was direct conversations with managers to understand whether the OOC is hiring the right candidates into the positions on the front end. Interviews with managers allowed me to document their process for hiring positions including what information they use to post vacant positions and how well that information explains the job itself, how they determine which applicants to interview, and how they screen applicants during the interview. This information brought to light any gaps in the process or places for improvement that will help select the best candidate for vacant positions. I sent out the following survey to five managers in order to gauge their comfort with the interview and hiring process:

Please answer each question below using a scale from 1 to 5 (1 being strongly disagree and 5 being strongly agree).

1. When reviewing applications of potential employees, I am trained in what factors to look for on the resume and application to select the best candidates to interview.
2. When interviewing potential employees, I am trained in the proper questions to ask to gauge the best candidate for the job.
3. In the past, I feel I have been successful in selecting proper candidates for vacant positions.
4. I am confident in my ability to review applications and interview candidates for vacant positions.
5. In reviewing past hires, I am pleased with the work product of the employees I hired.

Below is a chart of the survey results:



The above results vary based on manager but only two managers have reasonably high comfort in reviewing applications and interviewing techniques. I think it is fair to assume from these results that all five managers could benefit from additional training in those areas.

Solutions

While it appears that the OOC could benefit from many different concerted efforts to increase employee engagement, I believe the following are the most immediate and beneficial areas to focus attention:

1. Revamp the department's hiring processes to ensure the best candidates are selected for vacant positions.
2. Revamp the department's promotion process to help mitigate some of the concerns about preferential hiring and promotion.

3. Address culture and motivation in the department.

Implementation Plans

In order to revamp the department's hiring processes, the first step I believe we should take is to allow HR to complete the first round of interviews, which would serve as a "screening." The agency would need to identify an additional .5 FTE to fulfill this role for OOC based on the number of vacancies posted annually. While there is cost associated with an HR resource being devoted to this process for OOC, the following summarizes the cost of a single turnover instance in the OCC:

Cost of Turnover in OOC	
Average salary in OOC = $40K	
Assume two weeks to post job	$ 1,538
Assume two weeks of job posting	$ 1,538
Assume two weeks to get applicants in and interviewed	$ 1,538
Assume another week to get job offer out to potential employee	$ 769
Assume a two week notice before potential employee begins	$ 1,538
Assume three months to get employee trained on position	$ 10,000
	16,923

Once the new resource from HR is identified, it would be fairly simple to reroute our current interview process to allow HR to screen candidates as a first round interview and then recommend all HR approved candidates to the next round of interview which would be handled by OOC staff. These two interviews could take place on the same day to cut down on the time it takes to fill a position which equates to turnover costs mentioned above. Any employee not recommended by HR would simply not be asked to stay for an additional interview with the OOC.

Obviously, managers will need sufficient training on interviewing techniques, which could be accomplished by managers attending the Supervisory Practices class or by the agency

holding a monthly training for all new managers. We should also mandate an HR employee be included on the interview panel. This HR interaction would help mitigate the concerns of preferential hiring in the department.

In order to revamp the promotion process, managers will first need to meet with employees to create a career-planning document for employees to understand their promotional path and the milestones that need to be met in order to be qualified for that next position. This should be a written document that is visited at least annually during the employees EPMS. Managers should also meet with internal candidates not selected for promotions to explain why they were not selected and what areas they can improve upon before applying for the next promotion.

In addressing the culture and motivation in the department, a specific employee should be tasked with developing an annual calendar of employee events such as celebrations, acknowledging employee and team accomplishments, and even an annual off-site team building event since there are currently no such events in the OOC. Some of these events can be pulled from ideas given in the Employee Forum. I believe the Controller's admin or the CFO's admin could be responsible for this event planning. As trust and values of management has come into question on the engagement survey and in conversations with staff, I believe it's important to have the agency's HR staff involved to discuss this issue with employees and identify if there is any specific problem to be addressed.

Evaluation Method

The most operative way to evaluate the effectiveness of the above solutions is to see the scores of the 2018 engagement survey. The survey will be sent out in September of this year so

solutions would need to be enacted quickly and the full impact still may not be realized in the annual engagement survey but we should see some improvement in scores.

The longevity of employees should also increase over time as of a result of increased engagement although this metric will take longer to assess.

Summary

In summary, low engagement of employees in the OOC is evident in the annual engagement survey results, in conversations with employees, and potentially with the lower longevity by pay band compared to the agency and the state. I believe the above recommendations would be a good start to addressing these concerns and while all of these changes will require the commitment to improving employee engagement from managers and executive leadership, the changes should prove to be valuable in the OOC.