Enhancing Productivity Through Transparency and Accountability: Workforce Management in the Public Sector

At a time when demand for public services is high and all public spending is under increased scrutiny, public sector organizations are challenged to improve productivity while improving transparency, accountability and compliance. Public sector organizations must operate to the highest of standards in a way that upholds citizen trust through accurate reporting and tracking of its workforce. This Sector Insight will look at the unique challenges public sector organizations face, and how automation of key workforce management processes helps organizations not only improve efficiency, but also better manage labor spend, reduce risk exposure, and improve results.

The Productivity Challenge

In the current economic climate, public sector organizations are facing a critical paradox. Economic uncertainty and unemployment increase demand for public services, as well as for education, as many individuals seek to re-skill in hopes of becoming more marketable. At the same time, tax revenue and other sources of funding for public sector organizations are decreasing as corporate revenues shrink and individual income is reduced. So it is no surprise that 60% of public sector organizations cite improving overall productivity as a top priority.

Figure 1: Public Sector Workforce Management Strategies

<table>
<thead>
<tr>
<th>Percentage of Respondents, n=202</th>
<th>Public Sector Organizations</th>
<th>All Other Organizations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Utilize analytics to improve visibility into workforce data</td>
<td>47%</td>
<td>41%</td>
</tr>
<tr>
<td>Standardize workforce management processes across the organization</td>
<td>37%</td>
<td>41%</td>
</tr>
<tr>
<td>Capture more detailed labor data to improve productivity and efficiency</td>
<td>33%</td>
<td>27%</td>
</tr>
</tbody>
</table>

Source: Aberdeen Group, August 2012

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workforce productivity through better labor management as their top workforce management pressure. To address these productivity concerns, public sector organizations are looking to capture and utilize labor data in new ways to drive better visibility, while standardizing and driving efficiency in workforce processes (Figure 1).

To enable these strategies, public sector organizations must utilize automated workforce management technologies that help them be more efficient, more consistent, and more transparent as they execute workforce management activities. Data shows that organizations with automated time and attendance solutions achieved 12% greater workforce capacity utilization than those with manual time and attendance processes. Automation also lays the foundation for the type of analytics and visibility these organizations require to improve the delivery of services to citizens, and allows for new options for the delivery of workforce management solutions, including through mobile devices. Many employees in the public sector are out in the field – driving buses, inspecting sites, in classrooms, out on emergency calls – and tracking critical data such as when and where employees clock in and out, how long they spend on tasks and other data can be complicated, making mobile workforce management an attractive goal.

**The Impact of Automation**

Automation of time and attendance functionality is at the core of solving these challenges. As Figure 2 illustrates, automated time and attendance also improves compliance while reducing manual transactions.

**Figure 2: The Impact of Automation**

<table>
<thead>
<tr>
<th>Percentage of respondents, n=300</th>
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</thead>
<tbody>
<tr>
<td>Automated Time and Attendance</td>
</tr>
<tr>
<td>Manual Time and Attendance</td>
</tr>
<tr>
<td>Improvement in compliance scores</td>
</tr>
<tr>
<td>Reduction in manual WFM transactions</td>
</tr>
</tbody>
</table>

Source: Aberdeen Group, August 2012

Labor is typically the most significant expense for any public-sector organization, so visibility into how citizen dollars are being spent on labor is
of utmost importance. Automation is clearly at the core of driving the kind of transparency, accountability and compliance that public sector organizations must have in place. This technology is the most commonly cited enabler among Best-in-Class organizations from Aberdeen's 2012 Workforce Management study (see sidebar). Seventy-seven percent (77%) of the Best-in-Class have automated time and attendance solutions. However, public sector organizations often lack automation - with 50% describing their solution as manual or spreadsheet based. Automation is critical to improving productivity, not only for time and attendance, but for total workforce management. While time and attendance automation is often the first step, to achieve the full benefits, organizations should look to automation solutions for workforce management that includes scheduling, absence management and other key processes.

Automation also underpins organizational ability to share and integrate data to drive better decision-making. Figure 3 highlights several critical organizational capabilities that are nurtured by automated time and attendance solutions. Automated solutions make it more likely that the organization can maintain more accurate records, integrate time and attendance with scheduling, and bring together individual and organizational productivity and performance data to drive better analytics capabilities.

Figure 3: Organizational Capabilities in Place

Results are never achieved by the implementation of a single tool or technology in isolation. But, organizations that automate workforce management, and combine it with a mindset of productivity and accountability, are able to leverage their data in new ways to let them achieve their organizational goals.

Defining the Best-in-Class

In its July 2012 Workforce Management study, Aberdeen used three key performance criteria to distinguish the Best-in-Class (top 20% of aggregate performers) from the Industry Average (middle 50%) and Laggard (bottom 30%) organizations, with mean performance among the Best-in-Class as follows:

- 91% average workforce capacity utilization
- 93% of schedules accurate at first pass
- 0.8% payroll error rate per pay period
Case in point: Clemson University

Clemson University is a major land-grant, science- and engineering-oriented research university that maintains a strong commitment to teaching and student success. Located among the Blue Ridge Mountains in Clemson, South Carolina, the University serves over 16,000 graduate and undergraduate students. With an active student body and a wide variety of student services and programs, including sporting and cultural events of all types, the Division of Student Affairs employs over 1,400 part-time workers. To manage the wide variety of worker types and job roles that fall under the student affairs division, the organization migrated to an automated timekeeping solution in 2010. "We have employees that work full-time on an hourly basis, students that work part time in multiple jobs with multiple pay rates for each job, along with students that are casual workers that may pick up a shift working special events or home football games," said Kathi Shivar, HR Manager for Student Affairs at Clemson. "A manual process to track all this data left us vulnerable to mistakes and to an inconsistent application of our payroll policies."

The organization launched an RFP process with the intent of rolling out a solution for the Student Affairs Division. They selected Kronos workforce management, which also complemented their Kronos time clocks that had been in place for more than 20 years. The University now has plans to implement Kronos campus wide in July 2013. Prior to automating time and attendance, the division had two positions whose full-time job was inputting manual timesheets into the payroll system for hourly employees.

Automation allowed Clemson to reassign these employees to more value-added positions within the organization. It also helped to remove the inevitable element of human error that comes with the manual input process, and allows for real-time visibility into who has clocked in during any given shift. During an event or when maintenance needs arise, finding a particular person can be essential. Now managers can tell at a glance who is clocked in to any job across the division using the system.

The solution also yielded significant financial benefits. By accurately applying rounding rules, correctly accounting for leave, and consistently applying overtime rules, the organization was able to reduce overtime by 40%. "Everyone always has the best of intentions, but without real-time data and the ability to accurately apply all our policies, we were not able to make the most of the university's resources," said Shivar. A big part of making the rollout a success was a concerted effort in the area of change management. The HR department worked closely with managers and employees to help them understand how HR and payroll policies were applied, and help them understand how an automated solution would provide both employees and managers of visibility into their own time and pay data.

Now individuals can see the different pay rates they may have for different jobs, and have up-to-the-minute insight into their hours worked per pay period. And managers can better manage not only their budgets, but also their work load, by understanding who has clocked in for any given role.
Said Shivar, “it’s critical to involve all your stakeholders and make sure your policies are up-to-date before you start automation. When you have those critical steps in place there are huge organizational benefits to be gained.”

**Improving Compliance, Building Trust**

Given the scrutiny that most public-sector organizations are under, compliance is critical - and a critical driver for automation. Organizations must ensure that they are not only following labor laws, but also their own state and local policies, federal rules and regulations, and quite often union mandates. Teachers, transportation workers and many other skilled laborers that are employed by public-sector organizations are highly unionized. Employers must be able to prove to themselves, to the citizens that they serve, and to their employees that they are operating in compliance. Automated workforce management solutions contribute to this ability to ensure compliance. Moving away from handwritten or manually stamped timecards, manager calculated payroll inputs and paper-based attendance records improves accuracy and transparency. It is easier to collect the proper data, and easier for individuals, managers and even other systems to have access to this data in order to run reports and ensure that rules are being followed.

In looking at organizations that are achieving the greatest levels of improvement in their compliance scores year-over-year, there is a distinct bias towards automation of many workforce management solutions. When comparing organizations achieving a 5% or greater year-over-year improvement in compliance scores, to all other organizations (those achieving lesser levels of improvement, no improvement or even a decline in compliance scores), top performers are significantly more likely to have automated solutions in place (Figure 4).

**Figure 4: Automation Underpins Improved Compliance**

<table>
<thead>
<tr>
<th>Percentage of respondents, N=202</th>
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<tbody>
<tr>
<td>Automated time &amp; attendance</td>
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<tr>
<td>Automated absence management</td>
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<tr>
<td>Automated scheduling</td>
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</tbody>
</table>

Source: Aberdeen Group, August 2012

√ 27% of public sector organizations cite enabling access to workforce management data and tasks via mobile devices as one of their top two most critical workforce management strategies, as compared to just 10% of all other organizations.
Organizations achieving the greatest levels of improved compliance are 34% more likely to automate time and attendance solutions (71% vs. 53%), 42% more likely to automate absence management (44% vs. 31%), and 75% more likely to automate scheduling (35% vs. 20%). Not only are these organizations able to improve their compliance, but they are able to share this information with confidence, because they know they have the data to back it up. These organizations are also protecting themselves from exposure to litigation due to violations of labor rules.

The Mobile Workforce

In addition to improving efficiency and effectiveness, public sector organizations must also enable and engage their workforce. Mobile tools play a significant role in collecting more accurate workforce data, enabling manager and employee self-service, and making life easier for both HR practitioners and employees who must interact with time and attendance systems on a daily basis. Twenty-seven percent (27%) of public sector organizations cite enabling access to workforce management data and tasks via mobile devices as one of their top two most critical workforce management strategies. In contrast, just 10% of all other organizations are pursuing this strategy. Given the dispersed and mobile nature of many workers within government organizations, public services and education, it makes sense that this is such a critical strategy.

Best-in-Class organizations (see sidebar) in Aberdeen’s 2012 HCM Trends study were four times more likely than Laggards to adopt mobile technology for workforce management. When it comes to mobile tools in human capital management in general, there has been a pattern of evolution. Typically it starts with static viewing of information (such as viewing a schedule), then interaction with information (such as initiating a time off request), and finally collaboration to enable action (such as interactive dashboards that allow managers to drill down into talent data). As this evolution continues, organizations are using mobile tools to support a variety of workforce management activities. Organizations are taking advantage of applications for both smart phones and tablets to support employee self-service, a natural progression given the continued consumerization of enterprise technology. If individuals can get their bank balance through a mobile app, they want to do the same with their vacation balance.

Organizations are also taking advantage of mobile devices as data collection tools to help capture actions such as time clock punches and even activity or task tracking data. Mobile tools are still gaining in popularity, so organizations can expect to see new functionality and rapidly increasing adoption.

Case in point: City of Houston, Texas

With a population of over two million people, and 22,000 employees, the City of Houston, Texas, faces many challenges when it comes to effectively
managing the resources of its taxpayers and driving efficiency for its workforce. In 2011, despite an earlier implementation of an Enterprise Resource Planning (ERP) solution, the city was still struggling to deliver on some of its critical workforce management and HR priorities, particularly when it came to payroll. The city had trouble accurately tracking and transmitting time and attendance data for payroll purposes, their current solutions were not meeting their needs. Don Pagel is the Deputy Director of the Department of Administration and Regulatory Affairs, which, among its many responsibilities, helps right the ship when various departments struggle. "My first responsibility when I joined the department three and a half years ago was to turn around our payroll processes. At the time we had multiple providers and systems, and realized that in negotiating the contract for our ERP implementation, we had shaved away much of the capability that would allow us to use it to solve these problems," said Pagel.

The city went through an exhaustive solution selection process that concentrated not only on functionality, but also on project management. They knew that without the right implementation team and change management support, even the most sophisticated technology would not deliver value. They selected the Workforce Central product from Kronos based on the solution capabilities as well as what they heard from others about the implementation experience. "We knew project management was essential, so in addition to the implementation team for our solution provider, we also hired an in-house project manager. No one on our staff had experience with this solution, so having someone from our team work side-by-side with the Kronos project manager made a huge difference," said Pagel.

Change management was at the heart of the entire endeavor. Prior to solution selection, project sponsors had to make the case to the various departmental directors that would be involved. For public-sector organizations, this involves showing how budget that had previously been spent on low value-add activities can be reallocated to more strategic initiatives. Public-sector organizations have a responsibility to avoid unnecessary cost increases, and avoid the need to raise more revenue through taxes and other means. In addition to building buy-in for implementation, the City of Houston also developed a very effective stakeholder management and communication plan. They established an extremely clear communication plan, and tapped into influential members of each department as the plan rolled out. For example, leaders from the Department of Public Works and the Police Department knew that their particular culture would more readily adopt changes from within the organization. These departments suggested internal personnel that became advocates for the project, and were able to gain buy-in from users throughout the system.

As a result of the implementation, the City of Houston has seen many positive changes. From an efficiency perspective, they have saved an estimated $5.8 million in operational efficiency savings due to automation in the first partial year alone. They have also seen an increase of over $13
millions in paid time off (PTO) payouts as a result of reducing leave inflation. Paying for more time off may seem like an odd outcome to celebrate, but what it indicates is that the new, automated solution drastically curbed the number of manager-signed, manual leave forms that never made it into the old payroll system. Not only does this save citizens from paying for time off that is not due to employees, it also mitigates the exposure the city has when individuals are terminated. Often remaining leave time had to be paid out in lump sums, but more accurate tracking means that only leave time actually due to the employee is paid. In addition, for many departments overtime was converted to comp time, meaning that instead of pay, individuals are compensated with time off for scheduled overtime. The new system could not only track who was due comp time, but it could alert managers to help ensure this comp time was taken in due course. Most comp time must be paid out if the individual has not taken it within 120 days of it accruing. Now managers are able to remind employees to take their comp time, further reducing the financial exposure of the city.

Accomplishing these results has required strong change management and continued communication between the project team and the many departments involved. "We have spent a lot of time helping managers see that we aren’t simply asking them to do the work that used to be done by a timekeeper, we are giving them tools to truly manage the city’s resources more effectively," says Pagel. It is an ongoing process to educate managers, and system usage data helps leadership understand who is using this system appropriately, and where further education or communication may be needed. Technology alone is not enough to help an organization achieve these kind of results, but the City of Houston has combined technology with the right processes to ensure that their investment of taxpayer’s funds is achieving a return for the community.

**Required Actions**

In order to achieve the kind of transparency, accountability and compliance required for today’s public sector organizations, automation is critical. Not only does automation support efficient and effective processes, but it also enables more control over labor spend, and protection in the form of accurate workforce records. Organizations that still rely on manual or spreadsheet based workforce management solutions should look to automated tools in order to improve operational efficiency, HR effectiveness, and employee engagement. These tools are helping organizations achieve higher levels of productivity, while reducing manual transactions, improving compliance, and supplying data for analytics to drive better business decisions. Current levels of scrutiny and demand on public-sector organizations are unlikely to decline anytime soon, so for these organizations in particular, automation is critical to achieving organizational results while ensuring accountability.

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