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## **Strategic Personnel Planning at Statistics Netherlands**

### **Paper by Statistics Netherlands**

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#### *Summary*

*In this paper outlines how Statistics Netherlands drafted its first Strategic Personnel Planning (SPP) in 2006 and updated it in 2009. The reason for drafting an SPP at Statistics Netherlands are described, as well as the applied method, the results of the working process, the conclusions and the projects that have emerged from it. Finally the added value of an SPP is examined.*

*Keywords: HRM, Training, HRM-policy, HR-instruments Strategic, Strategic Personnel Planning.*

## **1. Introduction**

Statistics Netherlands is a central statistical bureau with two offices of comparable size in The Hague (in the western part of the Netherlands) and Heerlen (in the far south of the Netherlands). As a result of consecutive budget cuts, the workforce has decreased by about 30 percent in the last ten years with no corresponding reduction in the statistical programme (from 2650 Full Time Equivalents (FTEs) in 2003 to 1850 FTE on 1 January 2013). The budgetary compensation received for fulfilling our new EU duties will bring the net decrease in this period to about 20 percent.

Statistics Netherlands has a comprehensive HRM-policy and associated HRM-instruments. Continuing to meet the public demand for more, better and faster statistics, the workforce will require selective recruitment, and investment in education and training. To support the management in implementing our HRM-policy, we make use of a computerized personnel information system, from which monthly HR management information is generated. The distribution of employees at Statistics Netherlands is 70% male and 30% female, approximately 70 % of the employees work part-time and around 70% of all employees have a degree from higher education (Bsc, Msc or Phd).

An external research Bureau performed a general risk analysis at Statistics Netherlands in the time frame of 2005-2006. One of the great strategic risks was the availability of personnel and management. We had a problem in our personnel supply, demonstrated by the fact that part of the vacancies could not be filled. Furthermore, consecutive budget cuts in the past decade had led to little in-flow of new personnel. So Statistics Netherlands was facing progressive ageing of personnel. This meant that a large part of the staff would retire in the coming years.

Statistics Netherlands was obliged to take measures in order to have access to sufficient, qualitatively good and motivated employees for 2006 and the years to come. In order to master and manage the personnel requirement issue, Statistics Netherlands started a project to conduct a Strategic Personnel Planning (SPP) for 2006-2012.

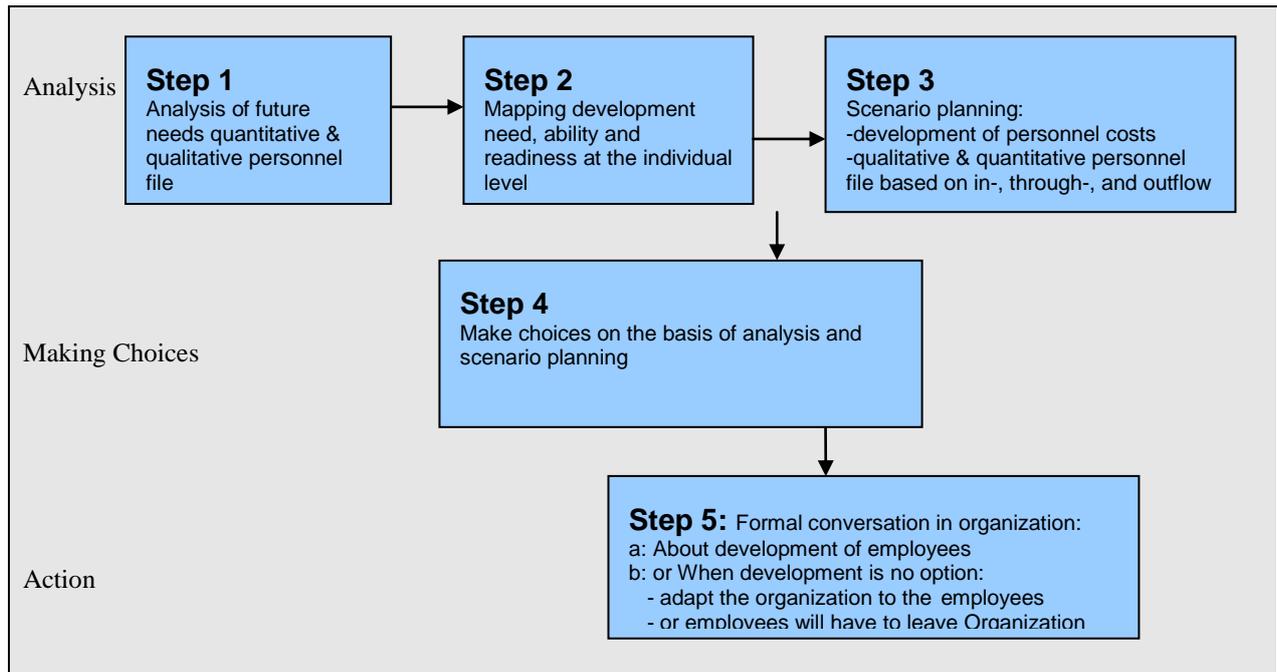
In this paper we outline how we carried out this project and what follow-up actions were taken. Since our first SPP in 2006, we conducted an update of the SPP in 2009 because of changes in the labour market. At this moment in time (2012) we are working on a second update of the SPP, mainly because of severe budget cuts in the period 2012-2016.

## **2. What is Strategic Personnel Planning**

The aim of Strategic Personnel Planning is to gain insight in the number and type of personnel needed in the short and long term, taking into account developments in the labour market. Strategic Personnel Planning helps to translate policy developments into HR-policy issues concerning the in- through- and outflow of personnel.

Drafting a Strategic Personnel Planning requires comprehensive data about the workforce. To that end, a computerized personnel information system should be filled with up-to-date data. Secondly, it requires a strategic vision of the organization, so the organization goals and ambitions can be translated in HRM and training policy (and HR-instruments).

The activities of this project are placed within the perspective of a general approach in five steps to conduct a Strategic Personnel Planning (developed by KPMG consultancy):



KPMG Business Advisory Services B.V.

### 3. Method

Statistics Netherlands used the following method to draft the SPP in 2006:

1. A trend estimate regarding the need for human capital inflows in the period 2006-2012 based on an analysis of the historical in- and outflow of staff in the period 2000-2005, the flow (as expressed in obtaining function scale increases by employees) and the development in the age distribution of the employees.
2. A qualitative analysis about future developments in the statistical processes, and the needed knowledge and skills in the coming five years. More specific:
  - What level, function scale, requirements and competences are required in the near future?
  - The match or mismatch between the available and the required quality of the employees. How does the actual level of training of the employees relate to the level of training required for the functions?
  - The actual functioning of the employees. What part of the employees function well or very well and how many employees' functioning is insufficient?
3. An inventory of the labour market developments was made by performing a literature study. The expected future situation on the labour market was mapped by combining several studies (among others the Dutch Research Centre for Education and Labour market (ROA), Dutch Council for Government Staff, the Dutch Council for Work and Income).
4. Representatives from other organisations (comparable in size and properties of Statistics Netherlands) were interviewed to learn from their experiences and insights.
5. Finally, after processing all the information, a programme of concrete HR-projects was formulated. This program consists of solutions for addressing the issue of staffing needs.

In the 2009 update of Strategic Personnel Planning the main focus was on competency requirements as a result of statistical process redesign, the threat of new budget cuts, retaining young talents and changes in the labour-market. In the current update Strategic Personnel Planning (2012) the main focus will be on coping with the budget cuts in 2012-2016.

## 4. Results

In this paragraph we give a short summary of the results of the quantitative analysis 2000-2005. To this end we describe the developments in the formation and staffing of the core personnel in 2000 to 2005, the in-and outflow in this period, the scale increases by employees and the development in the age distribution.

### 4.1 Development in formation and staffing 2000-2005

Figure 1: Number of Full Time Equivalent (FTE's) per Function scale in formation and occupation category CBS total (scale 3-8 and 9-19), 2000-2005

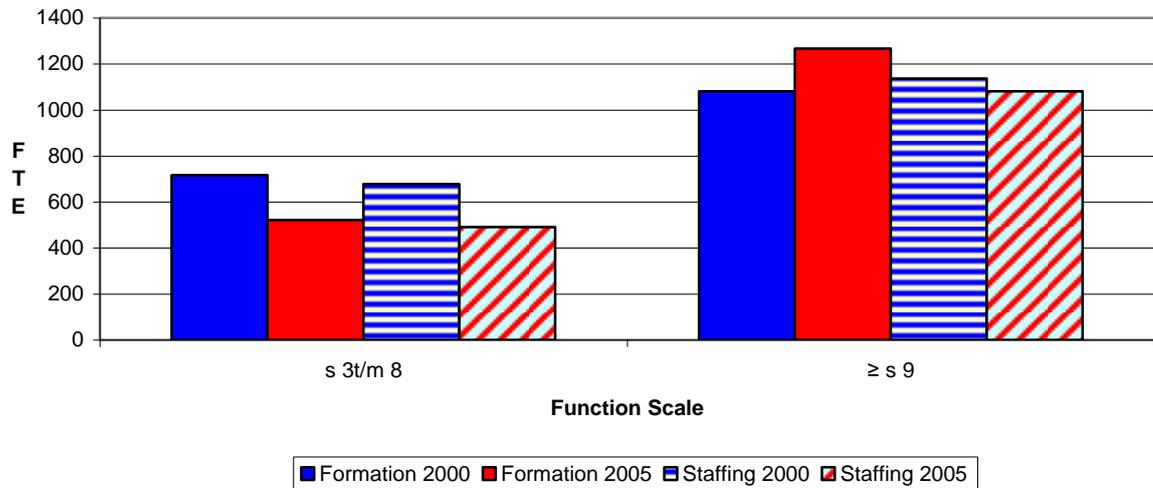


Figure 1 shows:

- A clear decrease of the formation in the scales 3-8 and an increase in the scale 9 and higher.
- A decline of staffing in 2000-2005 and that the scale of formation and staffing was in balance in 2000.
- However, in 2005 the staffing in the scale category 9-19 was 190 FTE behind the allowable formation. In the lower scale category, there was a limited understaffing in comparison to the formation.

Figure 2: Percentage distribution function scales to scale category in 2000 and 2005

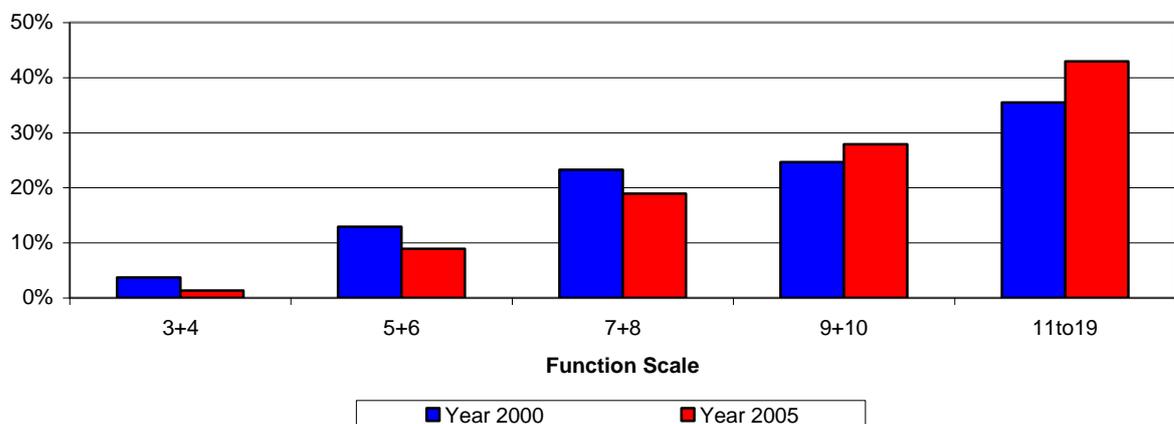


Figure 2 shows an observed increase in the Function scales 9 and higher (for scales 9-10 and for scale 11-19). There was a relative decrease in the three scale categories within 3 to 8.

One key aspect in the context of determining the staffing needs in the period 2006-2012 was the expected in-and outflow of staff. When analysing the outflow, a distinction was made between 'normal' outflow because of changing jobs, and outflow based on special (financial) departure arrangements. This distinction was relevant, because of extensive regulations, such departure arrangements were not allowed anymore after 2006.

Figure 3: Inflow versus Outflow of employees, Function scales 9 to 19, 2000-2005

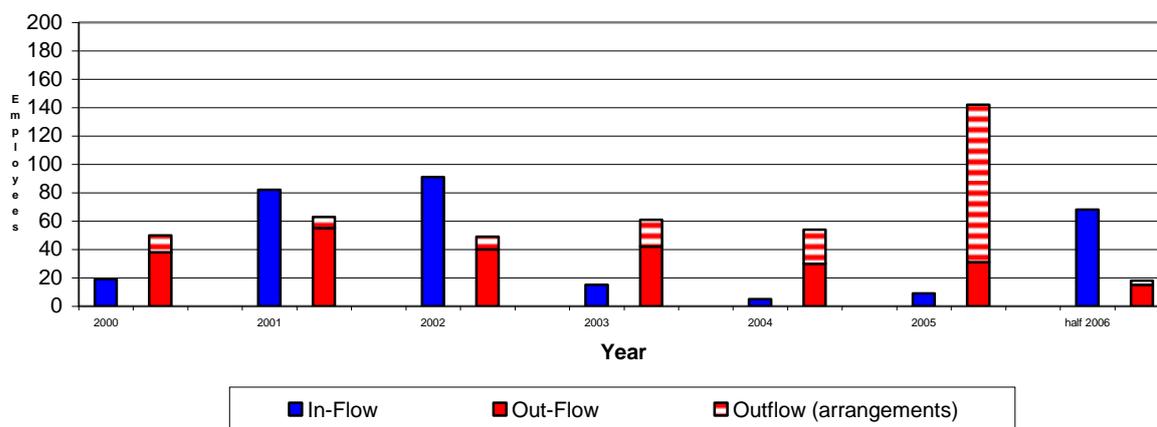


Figure 3 shows, that the inflow of staff into the function scales 9-19 was particularly high in 2001 and 2002. The same also applies for the first half of 2006. The influence of the increased recruitment efforts in these periods is clearly noticeable. The 'normal' outflow of staff in scales 9-19 has an annual average of about 30 to 50 employees. The influence of special departure arrangements is substantial, especially in 2005 (and partly in 2004).

Table 1 gives information on the outflow by scale category and length of employment.

Table 1: Out-flow per year by category and function scale (%)

| Length of employment (yrs) | Function Scale |                 |                | Total           |
|----------------------------|----------------|-----------------|----------------|-----------------|
|                            | 1-8            | 9-11            | 12-19          |                 |
| 0-5                        | 13 (5%)        | 78 (6%)         | 18 (6%)        | <b>109 (6%)</b> |
| 6-10                       | 1 (1%)         | 12 (4%)         | 6 (3%)         | <b>19 (3%)</b>  |
| 11-20                      | 9 (1%)         | 15 (1%)         | 14 (2%)        | <b>38 (1%)</b>  |
| 21+                        | 11 (0%)        | 10 (0%)         | 6 (1%)         | <b>27 (0%)</b>  |
| <b>Total</b>               | <b>35 (1%)</b> | <b>115 (2%)</b> | <b>44 (2%)</b> | <b>193 (2%)</b> |

Table 1 shows that 56% (109 out of 193) of employees left Statistics Netherlands in the first five years of their hire in 2001 to 2005). Conversely, the 'normal' outflow of employees (excluding retirement, departure arrangements or death) after a ten-year employment is negligible. This is true for all scale categories.

The next key factor in determining the future staffing requirements concerns the development in the age distribution. This development gives an indication of what to expect of the future outflow.

Figure 4: Age distribution Statistics Netherlands 2000-2005, function scales 9-19

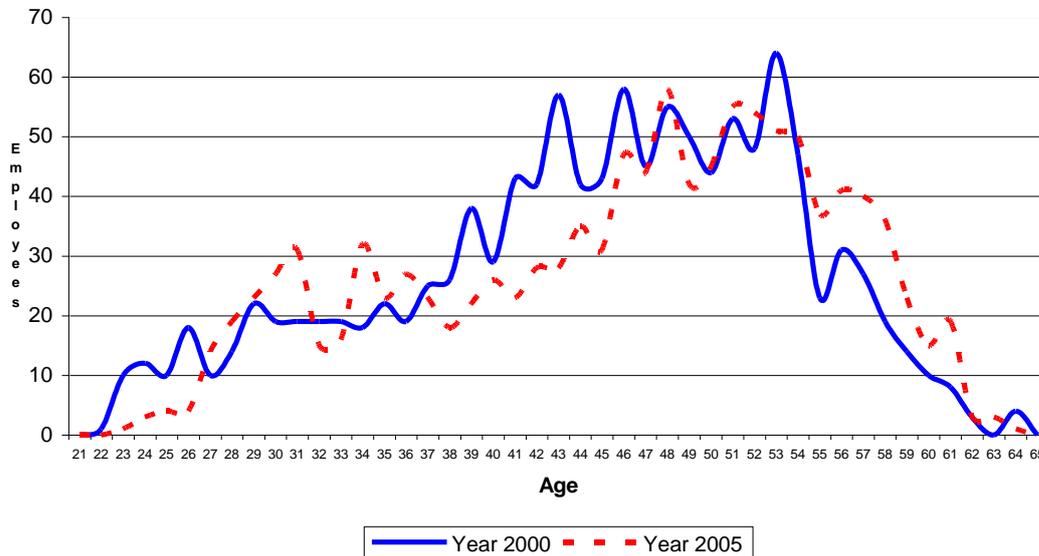


Figure 4 shows the shift in the age distribution with a five year interval (2000 and 2005). The share of employees in their thirties had increased slightly in 2005 because of inflow of staff. The policy to attract young employees with a trainee pool clearly influenced the age distribution among the employees in the scales 9 and higher.

## 4.2 Trend estimate of the in- and outflow 2006-2012

### Inflow

Statistics Netherlands developed a calculation model in Microsoft Access based on the outcomes of the analysis over 2000-2005 as outlined in paragraph 4.1, and on the consequences of budgets cuts on the number of staff. We calculated the statistical probability of in- and outflow of employees based on historical data. In this way a prognosis was made of the workforce in the future. We determined the personnel shortfall or surplus per function scale by taking formative developments in the years 2006-2012 into account, including the budget cuts by function scale.

According to the calculation model, 521 employees would leave Statistics Netherlands (483 FTE) in 2006-2012. Taking into account the formative developments, we need an inflow of about 460 full-time staff: approximately 75 a year (evenly divided over the entire period). Based on historic figures, 76 of the 460 newly hired staff will leave the organisation again in this period.

The Hague: About 250 vacancies are foreseen in The Hague in scales 9, 10, 11 and later 12 and higher (see figure 5).

Heerlen: About 210 vacancies are foreseen, with an emphasis on scale 11 and to a lesser extent scales 9, 10, 12 and higher.

There will be some vacancies in scales 7 and 8 in The Hague, and very few in Heerlen.

Figure 5: Expected number of vacancies (in FTE's) in The Hague 2006-2012 broken down by function scale

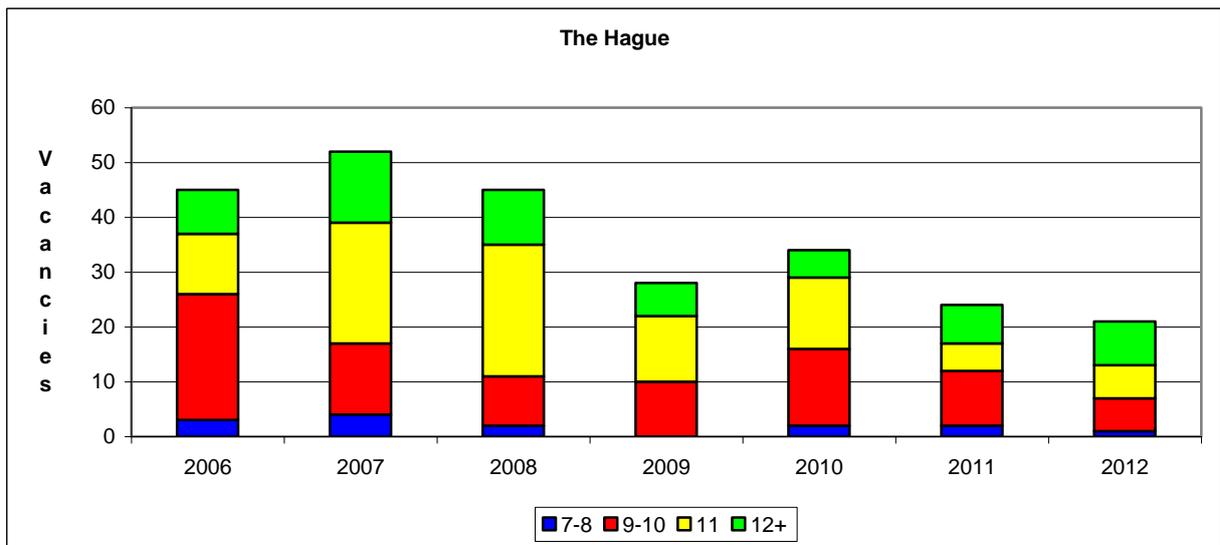


Figure 5 shows that the expected number of vacancies was 45 in 2006, and 52 in 2007. The colours in the bars indicate in which scales the vacancies are expected.

### Outflow

In addition to the inflow there is some need for outflow in scales 3-6 in location Heerlen.

### Management

To estimate the future need for new managers, this group was mapped separately. Based on the calculation model, the assumption was made that 20 managers would leave in 2007-2012. This expectation is supported by the outflow of managers in 2000-2005: 18 of the 41 executives from the target group left Statistics Netherlands because of retirement or departure arrangements (44%). The remaining 23 managers left for other reasons. We expected a great need for replacement influx of new managers in the period until 2012.

### 4.3 Developments on the labour market 2006-2012

How the labour market will develop in the years ahead depends on economical developments, political choices about social security, market forces and practices of the public administration itself. The sources we studied in this SPP were largely based on macro-economic developments in 2006 and 2007, and the studies of the Dutch economy by the Central Economic Plan of the Netherlands Bureau for Economic Policy Analysis (CPB), and its long term exploration to 2040. It distinguishes four scenarios. It goes too far to elaborate these scenarios here, but both used mainly the so-called TM-ROA as Ecorys scenario (Transatlantic Market), that is considered the most realistic.

The labour market forecast is determined by many factors, including the increase or reduction in demand for workers, the replacement demand, and the supply of school leavers. A mismatch between demand and supply in a particular profession leads to bottlenecks in staffing or in bottlenecks on the labour market perspective. Given the economic growth expected for 2006-2012, increasing employment and declining unemployment, there is generally a shortage of staff and an increase in the number of vacancies that are difficult to fill. The Netherlands faces an ageing population, so the working population will decrease in the years to come.

Statistics Netherlands has a relatively old workforce (average age in 2011 is 49.7) and needs highly qualified staff. The problems that are outlined in the field of educational attainment, educational background mathematics, natural and computer sciences among others and ageing are also applicable to Statistics Netherlands.

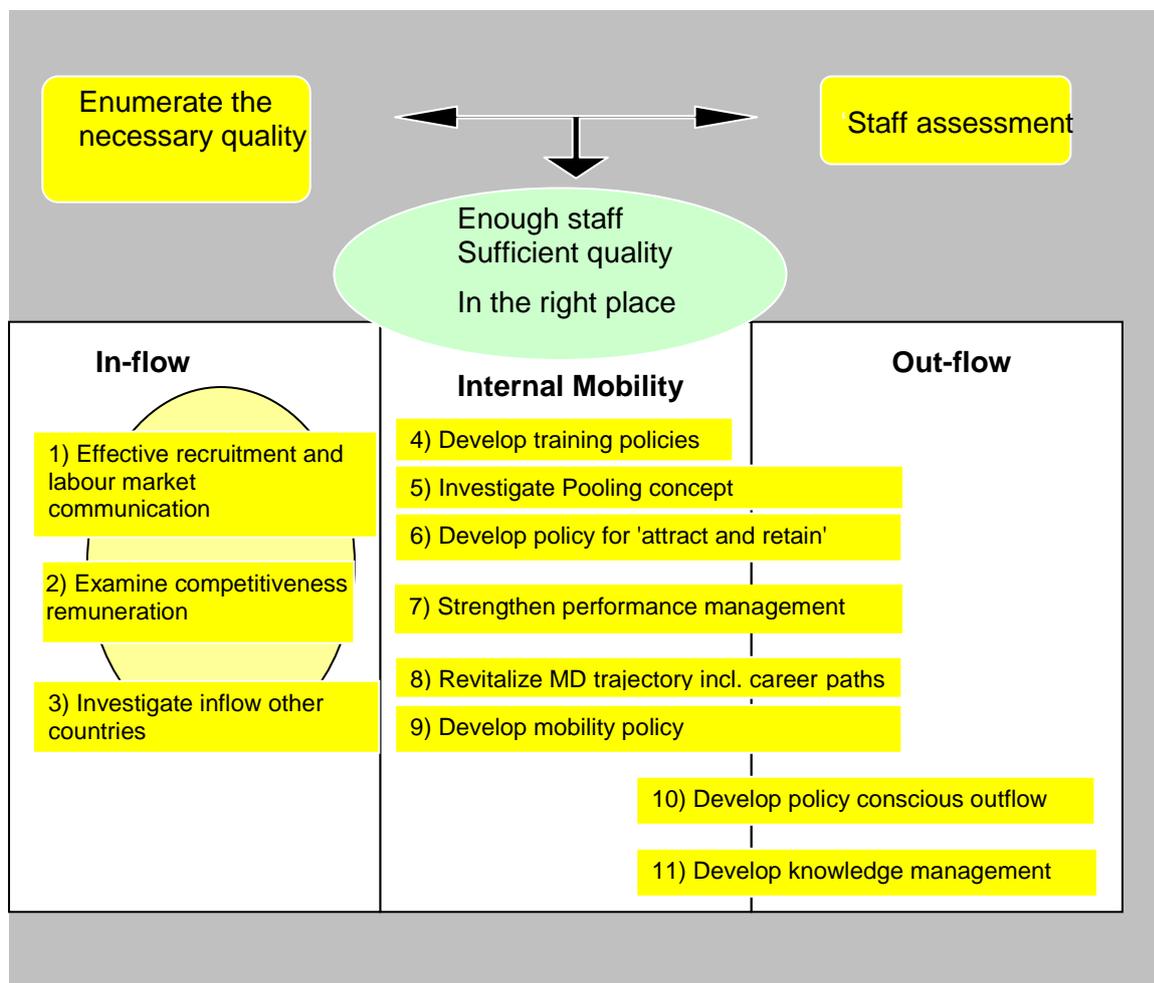
#### 4.4 Qualitative analysis

A key source for our qualitative analysis was to interview managers and directors about the renewal of the statistical production process and how this innovation is to be realized. A conference was held on this topic in 2006. The main question was what skills and competences were needed to face future challenges. Would it be possible to develop these skills and competences by training of current staff? If not, we need additional inflow of new, qualified staff on top of the outcomes from the quantitative analysis.

However, during the working conference it was difficult to draw specific conclusions about (groups of) employees because competence management was not widely implemented.

#### 4.5 Action Plan

As a result of the SPP, the following action plan was presented to the Executive Board:



The Executive Board of Statistics Netherlands asked the HR Department to tackle the identified problem in close cooperation with the line organisation. To this end, we designed a programme structure.

The programme structure focused on the following themes:

- a. The revitalisation of the Management Development programme including career paths for managers.

- b. Enumeration of the necessary quality: mapping the future way of statistical production (with the necessary competences linked).
- c. Assessment of the staff: the collective and individual level mapping of competences and development potential of current employees; on this basis, the preparation of targeted training plans.
- d. Effective recruitment and labour market communication, including an active stage policy and campus recruitment.
- e. Benchmark working conditions for some features.
- f. Researching:
  - inflow possibilities from other countries / EU Member States;
  - pooling concepts/career paths.
- g. Developing and implementing:
  - robust training policies;
  - flow policies;
  - a policy for outflow;
  - a policy for actively 'buoys and bind' of employees.
- h. Strengthening performance management.
- i. Knowledge Management: in case of outflow of experienced staff to prevent drainage of critical knowledge)
- j. General image campaign to reinforce this process

#### **4.6 Outcome**

The outcome of the programme in 2006-2007 mentioned in paragraph 4.5 produced the following results:

##### **Inflow**

- Recruitment-& image campaigns
- Professionalization of recruitment selection & new Statistics Netherlands recruitment website
- Analysing the outcome of Exit interviews and compare the outcome with other organizations
- Results research inflow EU countries

##### **Internal mobility**

- Upgrading pathways (secondary vocational training → Bsc)
- Employer research (how to effectively attract & retain employees)
- Pilots 'Life stage aware HR policy'
- Revitalization Management Development (incl. Project management)
- Introducing Staff assessments (Team level)
- Strategic Training plans (Division level)
- Development career paths

##### **Outflow**

- Matching consultation; monthly meeting in which all vacancies are discussed by all divisions
- (Decentralised) mobility managers, central re-employment managers
- External partners for implementation
- Internal mobility actions/information weeks
- Centre for staff provision

## **5. Updates of the SPP**

## 5.1 Update SPP 2009

The SPP of 2006 was updated in 2009. The reasons for updating were to recalibrate the expected outflow of staff due to expected budget cuts. Moreover the aim was to determine the impact of new competence requirements as a result of process innovation, emphasis on knowledge management, keeping young talent in the organisation, and changes in the labour market.

Most important outcomes of the update:

In the update of the SPP, it turned out that the budget cuts 2010-2012 would lead to an outflow problem of 340 jobs in the function scales 3-8. By using the SPP and taking into account the expected natural outflow, this would lead to the redundancy of 127 employees.

The progressive ageing of staff led to the conclusions that despite the redundancy in scales 3-8, Statistics Netherlands still needed an inflow of some 65 FTE in highly educated employees a year. The importance of knowledge management in order to preserve crucial knowledge was again underlined. We plotted the number of employees reaching the retirement age of 65 in 2009-2012. Table 2 shows that in 2009-2016 a total of 370 FTE will retire (of which 73% in scales 9-19).

*Table 2: Retirements in the period 2009-2016 by function scale*

| Year of outflow | Function Scale |              |              |
|-----------------|----------------|--------------|--------------|
|                 | 3-8            | 9-19         | Total        |
| 2009 - 2012     | 23.4           | 79.2         | 102.6        |
| 2013 - 2016     | 76.8           | 190.4        | 267.2        |
| <b>Total</b>    | <b>100.2</b>   | <b>269.6</b> | <b>369.8</b> |

## 5.2 Update SPP 2012

In 2012 Statistics Netherlands is facing new budget cuts for 2012-2016. As a result of the economic crisis, the labour market has changed dramatically. This is why the SPP is calibrated again to give direction to the most suitable HRM and training policy.

## 6. Discussion & Conclusions

Creating an SPP is a labour-intensive job. It is therefore important to consider in advance whether there are substantial grounds for such a plan. Also is important to sharply state the problem and formulate the research questions in advance.

It is important to put together a project team with adequate knowledge and skills in the field of HRM and Training, labour market, and dealing with Access/Excel and basic knowledge to identify statistic probabilities.

It is essential for drafting the SPP to have high quality, proven data from an automated employee-management system. The quality of the data on which the SPP is based, largely determines the quality of the outcome. So this needs critical care.

The collection and editing of historical data at Statistics Netherlands was difficult because the organizational structure was changed between 2000 and 2005. As a consequence data on the 'old' divisions needed to be translation into the newly formed division structure.

Another difficulty was the qualitative analysis and forecast for the staff in the coming years. A conference and interviews with directors and managers showed that it was difficult to translate the strategy and vision of the business process redesign, to the necessary extent, knowledge, skills and competences of employees in the years to come. That's why it was impossible to make a gap analysis

between the quality of the current workforce and the desired situation in a few years time.

The reality is that the SPP must be updated every few years. The SPP update in 2009 took Statistics Netherlands far less time than drafting the SPP in 2006. This is because there were no substantial developments in 2006-2009. However, drafting the SPP 2012-2016 will cost more energy because of profound changes in the ageing staff, and the economic crisis with its consequences for budget cuts and its effects on the labour market.

The SPP 2006 and 2009 were both well received by the Executive Board of Statistics Netherlands. In particular the numerical and visual displays of HRM issues were helpful to focus on considerations and bottlenecks. Also the practical recommendations based on the results of the SPP, to start a programme with eleven HR and Training projects were well received. The HR-programme proved to be a practical guideline for the strategic direction of HRM and Training policy of Statistics Netherlands. In this way Strategic Personnel Planning provide added value.