

talent management in government finance

Finance ministries colloquium survey analysis



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Talent management is the ability to have the right people in the right positions at the right times for all of those jobs, to make sure we know they are going to be ready for the challenges that are going to come to them, and to do the necessary development that they require.



Daniel Watson, Chief Human Resources Officer, Treasury Board of Canada Secretariat¹



Good talent management leads to greater efficiency. It delivers a diverse and inclusive organisation in which the best people thrive, whoever they are. It is a key leadership issue and a critical part of any senior role.



Lord Browne, Talent Management Review, UK Civil Service

1 [*The Right Stuff: Talent Management*](#) (Canadian Government Executive, 16 December 2014)

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\ foreword

At the heart of strong public financial management is a pool of talented finance people – both the experienced accountants, and the Millennials who are key to the future of the public sector. One of the challenges the public sector faces is attracting and retaining our finance talent, whether looking to developing or developed countries – this theme seems to be universal.

To help get a better picture of what is going on in this area, on behalf of the International Colloquium on Financial Management for National Governments, CIPFA surveyed 72 public sector organisations around the world to understand the challenges in building sustainable talent. The responses were clear, with bureaucracy, inflexible work practices, and poor development pathways identified by respondents as barriers to the recruitment and retention of staff. These results continue to highlight the increasing importance for the public sector to be agile when it comes managing, developing, and retaining financial talent.

Automation, artificial intelligence, and Blockchain are all promising to bring big changes to how we undertake financial management, audit and accounting in the future, and organisations must make sure they have the right talent to adapt.

This report kicks off the conversation about talent management strategies and provides an initial evidence base from which we can start to develop a truly sustainable workforce in financial management.



Lindie Engelbrecht
Managing Director – Education and Membership

\ overview

Research objectives

This research focuses on talent management in the public sector. It concentrates on the government sector and examines what governments in a range of countries are doing to attract, identify, develop and retain professional accountants in government. If the finance profession can manage talent strategically, it can build a high performance workplace, encourage a learning organisation and contribute to diversity management. For these reasons, talent management should be one of the key priorities for the finance profession working in government.

This research provides insights into future talent needs and best practice in relation to talent management and learning.

A definition

The UK Civil Service regards effective talent management as a help in achieving the development of a strong and diverse pipeline of inspiring, confident and empowering leaders to shape the future of the Civil Service.²

The Chartered Institute of Personnel Development (CIPD)³ defines talent management as: ***the systematic attraction, identification, development, engagement, retention and deployment of those individuals who are of particular value to an organisation, either in view of their 'high potential' for the future or because they are fulfilling business/operation-critical roles.*** Talent management is also generally referred to as providing the right people in the right place at the right time to deliver the organisation's objectives, for both the current operation and its future one.

Talent management is considered increasingly important for employers in an era of competition for skilled employees and in a turbulent period of societal and technological change, and where sectors such as the public sector face resource constraints and austerity measures. Many employers, including some in the public sector, have responded to these challenges by implementing talent management arrangements and frameworks.

2 [*Guidance – Civil Service Talent Management*](#) (UK Civil Service, 7 May 2014)

3 [*Talent Management*](#) (Chartered Institute of Personnel Development, 25 April 2017)

executive summary

There is an increasing focus on attracting and retaining the best finance professionals working in governments around the world. This doesn't happen by chance and requires robust talent management strategies to be introduced by governments. Managing talent effectively means that governments will be better placed to improve performance and demonstrate how talent adds value to the business of government.

This executive summary features the key findings of a survey on how talent is managed now across governments and what needs to change in the future. It is based on the feedback from a significant proportion of the participants. The order of these key findings follows that of the detailed report.

Priority skills for the present and the future

- In the next ten years, the future public financial management (PFM) professional will undertake an increasingly strategic role focused on planning and resourcing, in a more digitalised setting with some emerging complex skills. All aspects of talent management, from competencies management to recruitment and development, will need to adapt to a changing workplace.

Barriers to building sustainable talent

- Survey participants identified bureaucracy (eg long processes, strict requirements and demanding policies), learning and development opportunities, and the working environment as the most significant barriers in building sustainable talent. Additional feedback had a particular focus on competitiveness on pay as a barrier.
- A range of challenges to recruiting and retaining talent were identified. Reduced talent pools and competition for talented staff at a time of resource constraints, along with societal and technological change, can make it difficult for the government sector to be an employer of choice.

Recruiting talent

- The most commonly reported methods for recruiting talent are merit-based and predominantly focus on developing in-house talent, which is particularly important during periods of financial constraint. Talent management strategies will support both this key element of talent development and help to ensure employers can access a complete and diverse talent pool, including external talent.
- The variety of work and the range of opportunities are perceived as aspects to convince a younger worker to pursue a career in the public sector, as is work life balance. Job stability and benefits were also considered attractive. Aspects of the unique public sector ethos were also seen as strongly positive features that will be attractive for some individuals. Research also indicates establishing a strong employer brand is increasingly important to becoming an employer of choice.
- Greater use of competencies for roles to recruit and develop the right skills and behaviours, such as through competency frameworks, can assist in overcoming bureaucracy and barriers around merit-based recruitment, and can provide the right learning and development opportunities.

Developing and managing talent

- The survey found mentoring was the most commonly reported method of developing talent but annual performance management approaches came high in additional feedback. Talent management programmes and processes are variable, from strategic to operational level, being reflected in annual performance management processes. However they are not always consistently applied where in use.
- Survey participants identified development opportunities as the most typical way of encouraging high fliers, these include letting them take on advanced work, developmental promotions or horizontal career progression. Scarce resources, perhaps resulting from austerity measures, are also seen as limiting opportunities for talent development.

research methodology

The research covered the following aspects:

- A review of relevant articles, journals, major policy pieces and research.
- Analysis of a comprehensive online survey, mainly qualitative, forwarded to selected ministries of finance.
- A selection of case studies based on the follow up interviews with selected survey respondents.

Online survey

The online survey consisted of several areas, including:

- challenges to talent management
- skills required for each role for effective recruitment
- development of talent.

Questions sought to identify the significant barriers to building sustainable talent, and the prioritisation of skills for both today and in ten years from now. Responses to some of the questions were weighted. The survey was accompanied with guidance on how to interpret the questions to improve the consistency of responses. The guidance also allowed participants to prepare their answers before starting the online survey. The survey was available in English and French.

The survey was undertaken to provide a snapshot of views on talent management and is therefore not a fully representative sample.

To be able to further analyse the responses in terms of type of public sector organisation, participants were given the option to state their area of business. The majority of responding organisations stated that their area of business was national organisations (72%). Table 1 shows the sectors identified by respondents in more detail.

Table 1

Relevant Sector	Respondents	
	Count	%
National	53	72%
Federal	9	12%
Audit Service	1	1%
Regional	1	1%
Professional	1	1%
University – working a lot with all three levels	1	1%
State	1	1%
Central	1	1%
Local	1	1%
Other	5	7%
Total	74	100%

Literature review

The review of literature and other research consisted of identifying current theory and practice, including what government organisations are doing to manage talent strategically:

- comparing and contrasting public/private sector approaches for talent management
- considering how talent management contributes to diversity management
- reviewing what organisations are doing to attract talent, including differences between private and public approaches
- reviewing how organisations develop talent management
- comparing the types of initiatives that are being put in place to retain talent management
- identifying best practice and examples of poor practice across organisations in different countries/jurisdictions
- examining the impact of austerity on talent management.

Research sources reviewed included the following:

- Chartered Institute of Personnel Development (CIPD)
 - in partnership with Hays: *Resourcing and Talent Planning Survey 2017*
 - *Talent Management (2017)*
- Organisation for Economic Cooperation and Development (OECD): *Skills for a High Performing Civil Service (2017)*

- sources relating to talent management across the public services of a number of nations, including:
 - Australia – Australian Public Service Commission: *Talent Management Guide*
 - Canada – Canadian Government Executive: *Executive Talent Management Framework*, and a number of articles on talent management
 - United States – Government Business Council, the research arm of Government Executive Media Group, underwritten by Monster Government Solutions: *Planning for a robust federal workforce* (2014)
 - Confederation of Asian and Pacific Accountants: *Attracting and Retaining Finance Personnel in the Public Sector*.
 - Deloitte: *Talent Management in the European Union – Addressing European Human Capital Challenges* (Inside Magazine – EU edition).

skills required

Government organisations need to identify skills required for today and tomorrow. A change is foreseen in the required profile of PFM professionals. Priority skills needed at the moment and in the future (set out as ten years' time for this report) will transition, and approaches to talent management will need to accommodate this change.

The finance professional's role is expected to have a more strategic focus and they will have to deal with a time of greater complexity. Today's professional is reported to have a focus on operational management of resources – in particular budgeting – and also planning and resourcing, with people skills and strategic thinking as the top priority non-financial skill. PFM professionals envisage that planning and resource management and strategic thinking will remain as the top future priorities, while risk management, digital and system skills will be the increasingly important non-financial skills.

This anticipated change will also be taking place in a PFM environment of greater strategic complexity technological and social development and in an era of continued financial constraint. Public sector talent management therefore needs to address this across all its aspects, from recruitment through to operations and in the provision of learning and development opportunities.

Non-financial skills

We asked participants which non-financial skills that they saw as increasingly important in a public sector financial management environment. Participants identified people management (67%), strategic thinking (such as analysis and ideas) (66%), and communication skills (63%) as the current key important skills. In ten years' time, slightly more participants identified that strategic thinking (71%) will have become more important, with a decline in the relative importance of people management (52%) and communication skills (54%). Information and communications technology (ICT) skills and risk management are seen as likely to be significantly more important in ten years' time. Table 2 shows the full detail.

	Now		10 years time
People management	67%		52%
Strategic thinking	66%		71%
Communication skills	63%		54%
ICT skills	22%		35%

Prioritisation of importance of non-financial skills



Table 2

Financial skills

We asked participants to prioritise financial skills. Budgeting and forecasting expertise (75%), and planning and resource management (65%), were clearly the most important priorities, followed by reporting (44%). This may in part reflect a period of constraint around public sector finances. When considering the future position in ten years' time, participants expect planning and resource management (67%) to retain its relative significance but that of budgeting and forecasting (57%) to decline significantly.

Financial systems expertise (eg technical expertise) is perceived to be the emerging priority skill with almost twice as many respondents signalling its importance in 10 years' time compared with today (58%: 33%). This is consistent with the identification of ICT as a higher priority, non-financial skill in the future. Research covering public services use of technology identified that intelligent technologies are already being widely adopted, and that their use will be widespread in the future. This will result in increased demand for IT specialist, data analytics and similar roles.⁴

Prioritisation of importance of financial skills



Table 3

⁴ *Accenture Public Sector Emerging Technologies Research – Smart Nation Workforce* (Accenture, 21 April 2017)

Other aspects of future public sector financial management skills

Participants’ feedback recognised that the developing nature of the role and public financial management itself could be instrumental in attracting future talent.

“Public sector financial management, like any other social science, is very dynamic – what has been learnt now in ten years’ time will have been completely changed. Public sector financial management provides opportunity for learning.”

“Lots of transformation projects and initiatives.”

There are a number of key factors that have an impact on current and future skills requirements for public sector financial management:

- **Emerging skills.** Research by the Office of Economic Cooperation and Development (OECD) has identified issues of increasing priority to the government sectors, and these include strategic elements such as complex service delivery (often involving the private sector) and commissioning, and digitalisation of services.⁵ It is commonly noted that strategic skills in areas such as planning and resourcing come to the fore in times of constrained funding, as has been the case since the financial crash and under austerity policies.



Public sector financial management, like any other social science, is very dynamic – what has been learnt now in ten years’ time will have been completely changed.

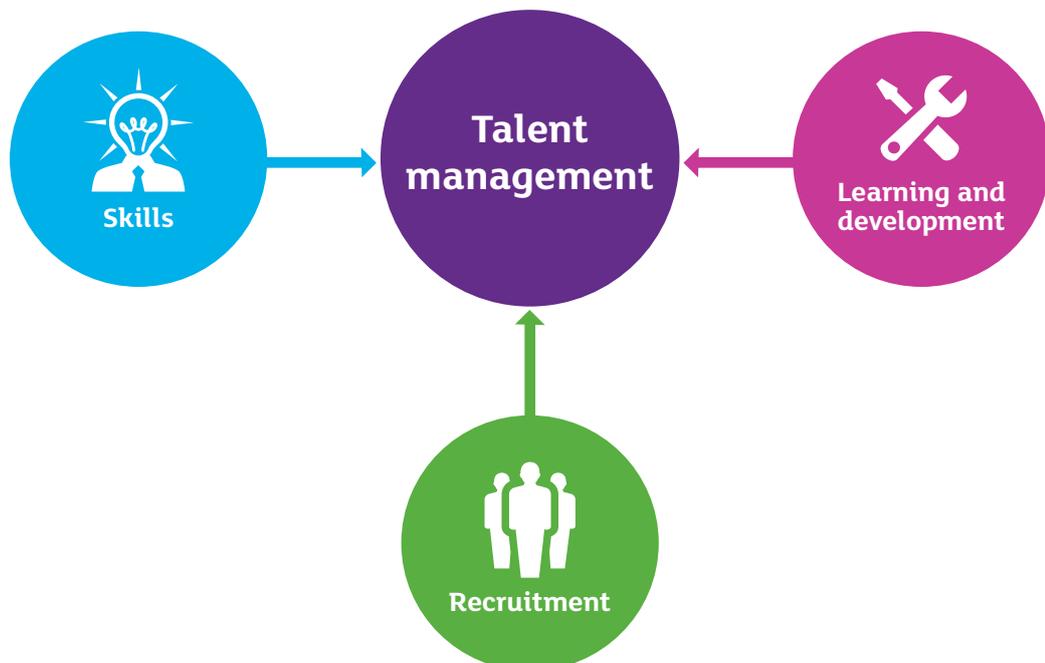


⁵ *Skills for a High Performing Civil Service* (Office of Economic Cooperation and Development, 11 September 2017)

- **Technological development.** Technological development both reduces the time spent on routine and repeated tasks and delivers artificial intelligence that better enables more complex working. This in turn can allow workers to undertake a wider variety of work. Technological development often has a particularly high impact on certain jobs such as those in or related to data. Change is rapid in this field and the public sector often has to seek talent more widely from other areas including the commercial sector. The talent management process needs to reflect this.
- **Financial constraints.** The financial crash and austerity measures have had an impact on talent management with significant staff reductions taking place at many public institutions. Reduced budgets also mean employers need to manage recruitment and training budgets closely and draw on developing their established resource. The different culture of working in a resource-constrained environment and its demands may also mean different skills are required for the type of work (with some skills in less demand) undertaken during periods of financial constraint and uncertainty. Organisations also need to be able to support key talent needed both now and as economies recover. Different skills and different training solutions may emerge.

Talent management will need to accommodate developments in the following areas:

- **Skills:** Competency frameworks should look to introduce skills, behaviours and other essential attributes for a specific need that align with emerging future needs, and that allow clear learning, development and progression for individuals with suitable talent profiles. Competency frameworks are discussed further on page 24.
- **Recruitment:** The recruitment process will need to find ways to identify individuals with the required skills, or with the potential to build them.
- **Learning and development:** The expected developing skills requirements will have to be incorporated in operational processes at both delivery and management level. Innovative and adapted approaches to training and education are likely to be needed.



challenges to talent management

According to the survey bureaucracy is seen as by far the most significant barrier in building sustainable talent. Other research has identified speed of recruitment as a barrier, and the selection process as something employers try to improve.

Other significant barriers include development opportunities, the working environment and flexible hours.

Remuneration remains a challenge. While the survey results indicated that staff leaving due to pay was seen as a less significant barrier, the additional feedback comments stated difficulty in competing with other employers, with pay often specifically mentioned as a factor. However, research suggests that pay and benefits are among the most effective ways of retaining staff and therefore employers need to ensure a focus is retained on this.⁶

Working conditions were also seen as a significant barrier, although relatively little additional feedback was given about this subject.

Participants also identified a number of other challenges to talent management, including retaining attractiveness to applicants across communities in a period of demographic change.

Overview

In the online survey, participants were asked to select three choices of the most significant barriers in building sustainable talent. The responses shown are on a basis of the three choices weighted by rank. Participants were also asked to briefly describe the greatest challenge they see to the sustainability of public sector financial management talent. The survey results are shown in Table 4 and indicate that participants see the most significant barriers as bureaucracy (70%), lack of development options offered (41%), and working environments (49%).

Barriers to building sustainable talent

- 1** Bureaucracy
- 2** Development opportunities
- 3** Working conditions and environment

⁶ *Resourcing and Talent Planning Survey* (Chartered Institute of Personnel Development in Partnership with Hays, June 2017)

The most significant barriers in building sustainable talent

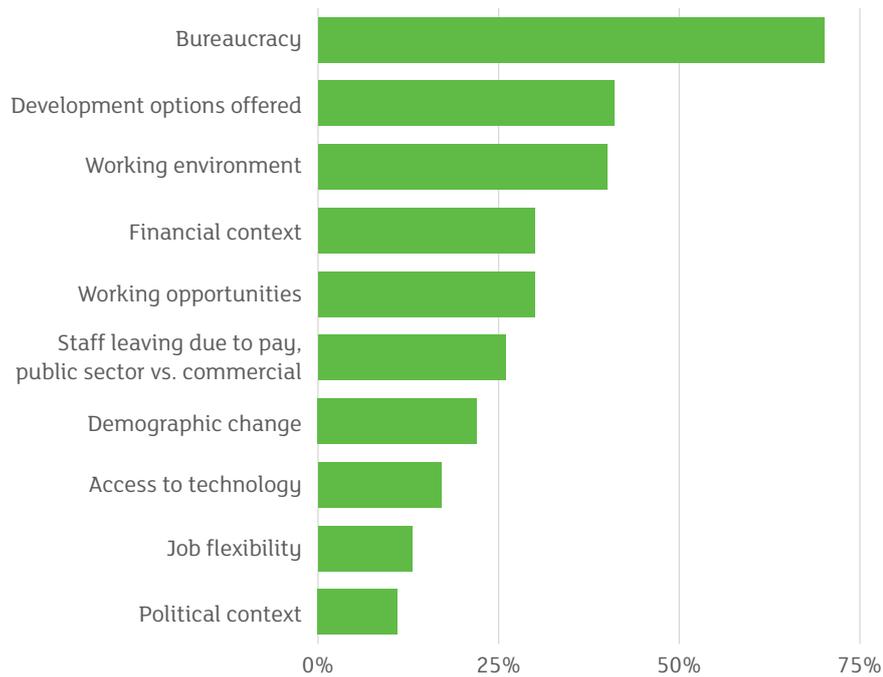


Table 4

Bureaucracy

Bureaucracy such as long processes, strict requirements and demanding policies, was the most frequently chosen significant barrier in building sustainable talent (70%).

“The bureaucracy will turn off the top performers over time.”

“The recruitment process is much too long (ie pool, security, documents to complete...) and inflexible.”

In respect of recruitment, this finding is consistent with other research that has identified that some civil services need to update recruitment process to quicken the speed of the process.⁷ However while improving selection techniques is a typical step taken to improve staff retention, it is also viewed as one of the least effective staff retention methods.⁸ It is therefore suggested that the quality of candidates needs to be the focus of effort and resource.

26%
of staff leave due to pay

⁷ *Skills for a High Performing Civil Service* (Office of Economic Cooperation and Development, 11 September 2017)

⁸ *Resourcing and Talent Planning Survey* (Chartered Institute of Personnel Development in Partnership with Hays, June 2017)

A number of methods have been identified to try and overcome bureaucracy, such as fast track programmes as an approach to recruiting qualified talent. Many public sector institutions are adopting a wider range of measures to attract entry level talent including flexible working and apprenticeships. Organisations need to ensure that aspects of process required to ensure equitable recruitment across the whole diverse talent pool remain.

Some additional feedback stated that only some groups were talent-managed. The application of a talent management process to selected target groups is an appropriate approach but it is good practice for the basis of this to be transparent and understood.

Development options

Development options were also seen as a significant barrier to building sustainable talent.

While recruitment remains a key aspect of talent management, developing more talent in-house is becoming an increasing focus for organisations in an environment of increased competition for appropriately-skilled staff, and in particular for roles that can be difficult to recruit. Increased learning and development opportunities were identified as the most typical way to improve staff retention.

Talent management strategies therefore need to support the development of existing staff, and options increasingly need to be tailored to the needs of specific professions such as PFM and public sector accountancy as well as individual needs. In an era where a wide-range of training and education opportunities are available, particularly online, it should be possible to meet the skill requirements for both the existing and future needs of the organisation.

Options for addressing development needs can include fast track development programmes and horizontal opportunities such as secondments. Learning and development should pervade the culture of an organisation, rather than be seen as human resource or training process, and business-wide talent management structures and competency frameworks may assist in this.

Working environment

Working environment, such as virtual working and flexibility on schedule and hours, was the third most commonly identified barrier. Some participants identified the impact of changing demographics as meaning staff want a better work environment. Research has identified that the youngest generation of workers pays attention to attributes of potential employers such as their social, environmental and sustainability practices:⁹

“With the changes in demographics, staff are want a better work environment including better opportunities for development, empowerment and should these not be available, they are willing to walk away.”

58%

see technology as the
emerging skill for financial
system expertise

⁹ *The 2016 Deloitte Millennial Survey – Winning over the next generation of leaders* (Deloitte, 2016)

Pay and benefits

Staff leaving due to pay was cited by 26% of survey participants. However, lack of competitiveness on, or attractiveness around, pay was the one of the most frequent subjects in the additional feedback comments, and more frequently mentioned than some aspects that appeared higher in the survey results. Competition for specialists, including finance professionals, is fierce across all sectors, and the public sector can find it especially difficult, especially in a constrained setting.¹⁰ Some participants of this survey identified means to address job attraction and dissatisfaction – for example, challenging work opportunities, development opportunities, policy influence, and social standing.

“I see the ability to be competitive with the private sector on pay at the higher levels as the biggest challenge.”

“Lack of reward when compared to the private sector.”

“Retaining financial management talent in the public service against pay scales in the private sector.”

“The growing disconnect between salaries in central government and the wider public sector combined with increasing workload and pressures from the need to make financial savings.”

Some participants also identified how other aspects of public sector employment may be used to mitigate these perceived limits on pay:

“The lack of pay is offset by more fulfilling roles, greater flexibility and development. You will have opportunities to branch out into alternative career paths, building on your experience.”

Research has shown that improved benefits and/or increased pay are among the most effective methods of retaining staff. Therefore, while other barriers are perceived as more substantial and other factors in public sector employment as more significant in attracting and retaining talent, remuneration remains important. Public sector organisations may need to review the effectiveness of talent management methods, and in particular to align their perceptions of barriers to talent recruitment and retention with the aspirations and expectations of talented professionals. While steps often focus primarily on learning and development, pay remains a barrier in building sustainable talent.

Public sector recruitment has often relied on equivalency of benefits, such as standardised benefits packages for grades that may cross functions. More targeted pay and benefits packages related to specific skills and competencies has therefore been identified as an increasingly useful tool in attracting talented employees. The management of risks around this to ensure a diverse workforce that obtains appropriate equal reward needs to be embedded in such a process.

“There should be opportunity of offering ‘high flyers’ special remuneration different from their peers in the work place.”



The lack of pay is offset by more fulfilling roles, greater flexibility and development. You will have opportunities to branch out into alternative career paths, building on your experience.



10 *Attracting and Retaining Finance Personnel in the Public Sector* (Confederation of Asian and Pacific Accountants, February 2016)

recruiting talent

The reported approaches for recruitment are largely merit-based and have a strong focus on the development of in-house talent:

- Succession planning and targeted recruitment at executive level.
- Internal hiring pools and employee/manager referral at intermediate level.
- Post-internship and university admission at entry level.

Retention of in-house staff has particular benefits during a period of austerity and in competitive recruitment markets. However, care needs to be taken to ensure the selection process encompasses a complete and diverse talent pool, including external talent, and is seen to be so by the citizens served by the recruiting government organisations. A competencies-based approach may help to assist in this. Organisations should have a clear understanding about the competencies required for each role at each level and the ways to measure them in applicants, and provide matching development opportunities.

Participants recognised that the impact of demographic change is a challenge to be addressed. This includes the need for organisations to build a brand that results in them becoming what one survey participant called an ‘employer of choice’. There are a number of unique and valuable opportunities in the public sector that can be used to attract talented employees.

Overview

The recruitment of external skills and the development of in-house capability are required to optimise talent. Based on weighted survey responses, the working environment is seen as having the biggest impact on recruiting talent (56%), followed by bureaucracy (48%), and lack of opportunities (42%). Pay (and in particular its level compared to the commercial sector) and development opportunities are also seen as relevant (see Table 5).

Barriers to recruitment



The factors with the most significant impact on talent recruitment

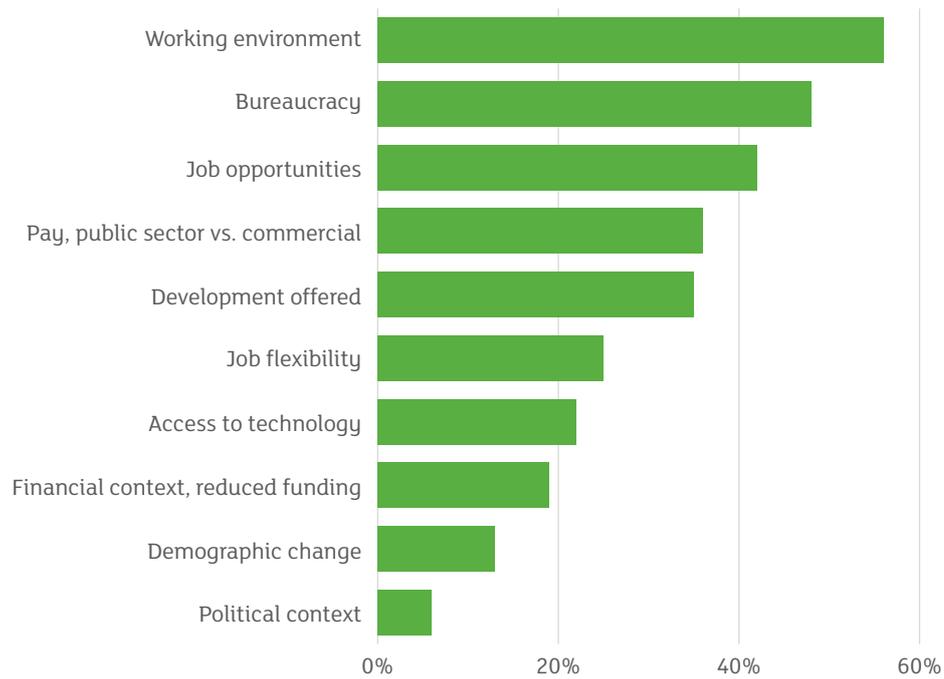


Table 5

Strategies for recruitment at different levels

At a time of significant demographic and societal change, different strategies may be required to recruit talent at different levels and therefore we asked participants to consider how one set of recruitment strategies was considered for three different levels: entry, intermediate and executive.

The table below shows the two most commonly cited strategies to recruit talent for each of the three levels.

Table 6

Level	Most commonly cited strategy to recruit talent
Executive	<ul style="list-style-type: none"> ■ Succession planning ■ Targeted recruitment
Intermediate	<ul style="list-style-type: none"> ■ Internal hiring pools ■ Employee/manager referral
Entry	<ul style="list-style-type: none"> ■ Post-internship hiring ■ University admission

Different approaches are adopted for each level, while adopting a largely merit-based approach overall and clearly focusing on the in-house workforce as the talent source. That the retention and development of in-house talent is a particularly important strategy in times of financial constraint and/or turbulence. However, the identification of external talent is also important and talent management processes can be utilised to ensure access to a complete and diverse talent pool.

Succession planning and targeted recruitment is increasingly used as careers progress and individuals build up skills and competencies. It is therefore important that organisations have a clear understanding about required competencies, and the ways to measure them in applicants and provide the subsequent development opportunities.

Executive and intermediate staff

Succession planning and targeted recruitment are the main methods used to recruit executive level talent. Internal hiring pools and employee/manager referral are the next most commonly used.

Strategies used to recruit talent

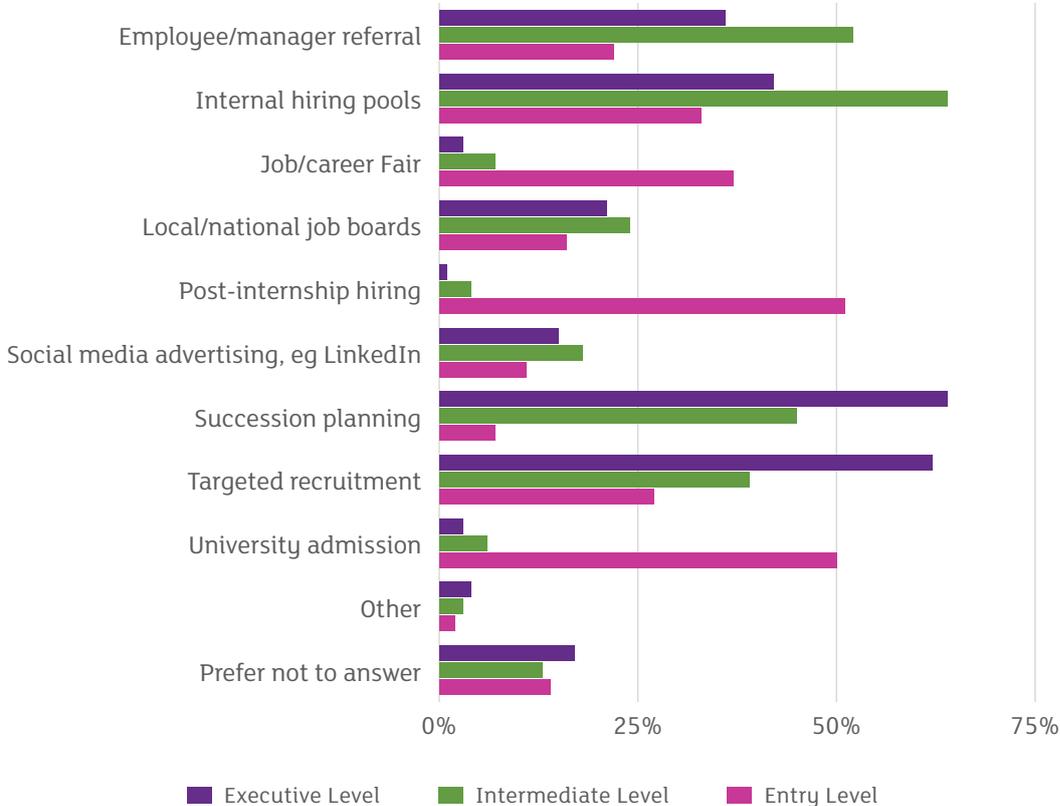


Table 7

Recruiting executive level

The top four strategies for executive recruitment are:

- succession planning
- targeted recruitment
- Internal hiring pools
- employee/manager

Recruiting intermediate level

The same four strategies for recruiting talent were used at intermediate level but with a larger focus on manager referral and internal hiring.

While the retention of in-house staff has particular benefits during a period of austerity and in competitive recruitment markets care needs to be taken to ensure the selection process encompasses a complete and diverse external talent pool. This should be seen to be happening by the citizens served by the recruiting government organisations. Comments in the survey referred to the need to recruit more external talent, including with reference to how current recruitment process may be a barrier:

“Lack of external talent being introduced.”

“Very little innovation in approach, this is the problem. Need more creative and FAST ways to bring in external candidates.”

A competencies-based approach may help to assist in this. It allows organisations to have a clear understanding about the required competencies for roles at each level, to measure them in applications and to build development opportunities in current staff. This generates sustainable competencies that benefit roles, employers and employees.

Recruiting entry level

Post-internship hiring (51%) and university admission (50%) are the most common for entry level recruitment, followed by job fairs (37%). These are typical of a merit-based approach that focuses particularly on higher education, although a wider range of selection methods was reported at this level than for intermediate and executive levels. Social media advertising was used by around 12% of participants.

Changing demographics

Participants recognised demographic change and the need to address it. The changing nature of public sector work was also identified, such as the greater involvement of private sector strategies and innovative development opportunities including the use of digital technology.

“As Millennials become the predominate population in the workforce, we need to transition the way we attract, develop and retain. They think and operate digitally, we have to adjust.”

“Due to demographics, less workers available, competing with commerce, need to be flexible and adapt to attract employee.”

“Demographic/generational change is a barrier/opportunity depending on the sector.”

Recruiting young talent is inevitably a focus for all organisations. Participants were asked what arguments they would use to convince a young adult to pursue a career in public sector finance and responses can be grouped across a number of key areas:

- Public sector ethos embodies unique attributes including making a difference, supporting every citizen and improving citizens' lives and specific opportunities such as social policy development.
"The public sector [in Canada] is about more than profit: it's about improving the lives of Canadians."
"Variety of roles, interesting work, ability to make a difference for the public and being at the heart of government."
- Public sector scale, and variety of work opportunities.
"Largest most diverse employer in the country, wide range of job opportunities and developmental support, security and pension."
- The possibilities and the great diversity of positions offered.
"Public sector allows you to develop a robust career combining both public and private sector strategies. Also the public sector offers more future prospects as level of services provided increases."
"Opportunity for diverse work experience, in multiple locations, with attractive pay related benefits."
"There are over 250,000 jobs in the federal public service. You can literally change careers while remaining within government."
- Aspects of job security and stability.
- Benefits, with a pension plan the most frequent specific example mentioned.
- Work life balance and flexible working.
- Development and learning opportunities.

Public sector organisations, like all organisations, need to connect with talent and to match their views of the most attractive aspects of the job with those of potential employees, balancing both practical requirements and aspirations in a flexible way.



As Millennials become the predominate population in the workforce, we need to transition the way we attract, develop and retain. They think and operate digitally, we have to adjust.



Building a powerful brand image allows organisations to become what one participant in additional feedback called “an employer of choice”: particularly an employer who can make contact with workers through all modern channels, including digital.

“Exploring tools like LinkedIn and others to create an image that can attract candidates.”

Participants were asked how they pitched potential opportunities to qualified candidates, and for their most creative approach to recruitment. Responses indicated that the nature of the job and role is a strong attractant. Factors used to pitch jobs and approach potential applicants creatively included highlighting a positive, stimulating, and creative environment, and outlining the opportunities. Practical methods of recruitment were less frequently mentioned, such as the consideration of candidates (currently in post or not), advertising, on-campus recruitment, and use of digital platforms.

Competency-based frameworks

Recruitment in the public sector into fields such as finance has traditionally often been merit-based, with educational attainment, including at university, a typical measure. Few participants made specific reference to skills and competencies of employees, but there were some instances of the need for this, such as the participant who stated the following with regards to the greatest challenge to sustainability of public sector financial management talent:

“Focusing mainly on highest qualifications, neglecting competent but not highly qualified personnel.”

A number of participants in the survey also reported that factors such as nepotism are also perceived to play a role in some appointments.

“Because of various policies in place, we must sometimes hire employees who are not the ‘best fit’ for the job but who meet all the requirements. These employees move on faster.”

The focus on competencies as a means for identifying and developing talent is increasing within public sector financial management, as in many other sectors. A competency may typically be defined as: ‘knowledge of, and skill in the exercise of, practices required for successful accomplishment of a business, job, or task’. It should correlate with performance on the job, be measurable against defined standards, and improved by training and development.

A competency framework is increasingly used by public sector organisations as a transparent means of using competencies to define roles and the expectations for them, including for different public sector financial management specialisms and career levels. This is then supported by information on competencies, both in requirements for roles and employees. This approach helps to ensure the skills of public sector employees are used effectively, which research suggests is less likely to be reported than private sector employees.¹¹

Entry Level:

51%

hire through internships

11 *Resourcing and Talent Planning Survey* (Chartered Institute of Personnel Development in Partnership with Hays, June 2017)

Competency frameworks are increasingly being adopted in all sectors, including the public sector, and cover data on competencies to be used in recruitment, operations and training. Research by Monster Government Solutions indicated that the use of competency-based talent management is seen as highly desirable – but is not routinely implemented.¹²

Participants' additional feedback identified acquiring, developing and retaining the right competencies as a barrier to developing sustainable talent, and the importance of recruiting based on competencies, including using interviews that are less question-based and more focused on the skills that the job requires.



Greater opportunity to move staff within the finance community across different organisations to ensure they experience small, medium, and large organisations with different levels of complexity.



12 *Planning for a Robust Federal Workforce* (Government Business Council, underwritten by Monster Government Solutions, May 2014)

developing and managing talent

The survey found that mentoring was the most commonly used method for developing talent. Additional feedback highlighted the annual performance review process as the most effective strategy for developing talent.

Talent management frameworks and processes were mentioned by a number of participants. While a number of these reports were positive, the majority of comments indicated a need for further development. Best practice now exists across the world in the public sector, from government level down, of outlining how talent management strategies and frameworks can be implemented. Mechanisms for managing diversity need to be an integral part of talent management.

Feedback on the most effective strategy for identifying 'high flyer' career progression versus normal career progress indicated a strong preference for 'on the job' development, such as taking on advanced work, being put in an acting leadership position and horizontal career development. The additional feedback emphasised this with projects often being mentioned and the exposure to a variety of work being seen as important.

Methods of developing talent

Participants were asked to select which methods of developing talent are used in their organisation, with an opportunity to record other methods, and Table 8 shows the responses.

Methods of developing talent

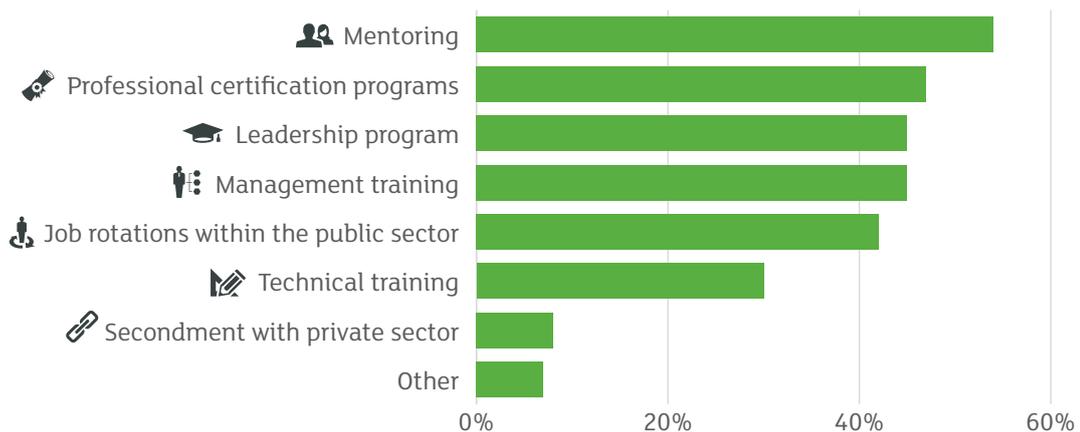


Table 8

Mentoring was reported as the most commonly used method of developing talent, used by more than half of participants (57%). Professional certification programmes, leadership programmes and management training are also popular, as are job rotations in the public sector and other technical training. Secondments with the private sector are quite rare (8%).

Participants were asked to describe their most effective strategy for identifying 'high flyer' career progression versus normal career progress. Annual performance management and related processes such as ongoing dialogue about performance was the most commonly cited.

This demonstrates the effectiveness of establishing human resource processes across institutions as the cornerstone to managing personnel, performance and development strategies. This can form the basis of an additional talent management process and should include competency frameworks, role profiles and training programmes, which should help ensure that the current and future needs of organisations and individuals are met. Some operations such as selection may therefore be adapted according to, for example how competencies evolve.

Talent management frameworks

Talent management processes are being adopted the government sector across the world.¹³ A range of specific instances of talent management processes were given in the additional feedback. These covered strategic components such as talent management committees, and operational elements and talent management programmes and plans, and implementation by senior leadership. Talent management elements such as talent grids are sometimes used as part of the annual (and other) performance management process.

Matching skills and competencies to job specifications is considered increasingly important to ensure talent is identified and used to best effect. Research carried out in 2007 indicated public sector employees do not always feel talent is well used in comparison to organisations in other sectors.¹⁴

The talent management process should include information on talent available to an institution and the requirements for individuals to be evaluated against.

Sometimes a talent management process was reported as targeting certain groups such as non-executive leader or those who achieve a certain performance rating. Good practice in talent management suggests selective use is appropriate, however it needs to be implemented appropriately and transparently and to meet strategy. The successful implementation of talent management structures depends on a variety of factors to implement solutions, and the ability and commitment of senior professionals to implement them.

Some participants reported that talent identification is increasingly accepted so that the most talented can progress quickly and suitably. There is also an awareness of the impact on the individual and the organisation if talent is not allowed to develop and individuals feel they are not progressing. Specific barriers to this were also identified, such as slow recruitment process and bureaucracy, and merit-based recruitment that focuses on education. The need for an organisation's leadership team to engage in talent management was therefore also seen as important, such as mentoring to identify suitable opportunities.

13 *Talent Management Guide – Australian Public Service Commission; Executive Talent Management Framework – Canadian Government Executive*

14 *Skills for a High Performing Civil Service* (Office of Economic Cooperation and Development, 11 September 2017)

Participants also identified that talent management programmes are limited or, where they exist, are not implemented effectively for the best management of individuals. Furthermore, even where such programmes exist, there may still be a problems with attracting suitable candidates. They may also be perceived as over-ridden or ignored, such as for reasons of nepotism or to progress favoured individuals.

Two other key elements required for best practice talent management include:

- **Ensuring diversity.** Diversity strategies and relevant data on diversity needs to be incorporated into talent management strategies. Attention to diversity needs to be included in the entry process, including recognition from selectors, brand awareness and methods to attract a diverse range of talent, including by age.
- **Cost of staff turnover.** Many organisations do not identify the cost of staff turnover, and the private sector is more likely to undertake this.¹⁵

Managing high flyers

Participants were asked to select what they do to manage ‘high flyers’ regarding career development, with an opportunity to record other methods, and the table below shows the responses (see Table 9).

Methods for managing ‘high flyers’



Table 9

¹⁵ *Resourcing and Talent Planning Survey* (Chartered institute of Personnel Development in Partnership with Hays, June 2017)

Measures to manage high flyers in their career development typically included exposure to opportunities, including letting them take on advanced work (70%), putting them in acting leadership positions, ie developmental promotions (64%), or horizontal career development (49%). Managed moves, 'fine tuning' current skills and secondments are also commonly used.

Participants were asked for additional feedback describing their most effective strategy for managing 'high flyers' regarding career development. The additional feedback responses also primarily identified that exposure to work opportunities is the typical way that participants manage the career development of high fliers. A range of different ways to provide this was cited, including:

- complex opportunities
- horizontal internal assignments
- more project experience or special project experience
- suitable development of assignments to meet specific needs
- job enrichment and job rotation
- talent development programmes.

A variety of opportunities and exposure was also seen as important, and structures such as talent pools can be adopted to support this. The public sector may also need to collaborate in providing development opportunities. Opportunities in other sectors to build on existing knowledge can be an example of good practice in developing talent. Some of the additional feedback suggested that this is important:

“Greater opportunity to move staff within the finance community across different organisations to ensure they experience small, medium, and large organisations with different levels of complexity.”

“Talent management must provide experience within the private sector to help advance employees’ knowledge.”

Some participants noted that opportunities for development in higher-level non-financial areas should also be provided, such as in leadership and in raising profile and visibility. An increased focus on specific skills and competencies can help to develop talent, including the higher-level strategic skills. Some other participants reported that no strategy for managing 'high flyers' appeared to exist within their organisation.

Managing high flyers



As competition for the most talented increases, meeting the individual aspirations of talented employees and supporting wider work-life balance will play an increased role in supporting their development. The aspirations and interests of the individuals were occasionally mentioned in the additional feedback, with examples including the need to keep them interested and learning.

“I think it will be particularly important to provide interesting developmental options for staff to keep them engaged and interested in their work.”

“Providing challenging developmental assignments across our agency helps to keep these individuals interested and gets them ready for the next opportunity.”

Impact of austerity measures

Scarce resources and funding were reported as a limit on investing in high flyers, and this is a particular issue with austerity measures.

“Scarce resources limit ability to support interchange.”

“Scarce resources limit ability to invest/develop ‘high flyers’ – they’re often thrust into roles too early or offered opportunities before fully developed. Or opportunities are denied due to organisation need versus individual.”

“Cycles of hiring and the cuts makes it difficult to build long-term capacity.”



Public sector organisations, like all organisations, need to connect with talent and to match their views of the most attractive aspects of the job with those of potential employees, matching both practical requirements and aspirations in a flexible way. ”

\ conclusion

In the next 10 years the public finance professional will need to take on more complex skills and undertake an increasingly strategic role, focusing on planning and resourcing. They will need to understand and encompass digital technology and adapt to changes in work practices.

Within a demanding sector – with a rapid change in the skills/expectations for the future – it is important to understand what the critical factors are in recruiting the right talent, with the skills for the future. Ensuring professionals gain the right experience and expertise throughout the career will help build a strong workforce in financial management.

Talent strategies must be put in place now to ensure the sector is in a better place to improve performance and demonstrate the value talent adds to the business of government.

This report highlights how working in the sector is perceived and the barriers to recruiting talent with resources, competition in salary demands and job stability emerging as universal constraints. It is clear that strategies are needed to encourage a new pool of finance professionals to develop a career in government and that there is a lot we can learn from those ministries who already have them in place. If the finance profession in government can manage talent strategically, it can build a high performance workplace, encourage a learning environment and contribute to a more diverse workplace.

Strategies include:

- Reflecting demographic and societal change.
- Adapting to new working practices.
- Emphasising the unique environment – the variety of roles, the difference a career in public sector finance makes, the scale of the opportunities.
- Developing learning opportunities within current staff and creating an environment of job security.
- Emphasising the positive reasons for working in the public sector when recruiting new talent.

The report looks to help national governments address the critical situation they are having regarding recruiting, retaining and developing talent within the financial management arena for now and the future. The future public finance professional will need to be even more flexible and aware of how the complex needs of service delivery move and develop. Planning now will recruit and develop effective financial governance and stability.

\ glossary

CIPD Chartered Institute of Personnel Development

Competency Knowledge of, and skill in the exercise of, practices required for successful accomplishment of a business, job, or task. It should correlate with performance on the job, be measurable against defined standards, and improved by training and development.

The UK Civil Service states that: *Competencies are the skills, knowledge and behaviours that lead to successful performance.*¹⁶

Competency framework A structure that identifies how the competencies (defined above) are to be applied at all levels of the organisation and all roles. It can therefore be used for recruitment, operation, performance management, development and progression.

Government sector The part of the public sector (defined below) that is the national government of a state, whether on a unitary or federal basis. Different nation states organise their government in different ways. Government departments, their agencies and non-departmental public bodies are typically responsible for implementing government policy.

ICT Information and Communications Technology

OECD Organisation for Economic Cooperation and Development

PFM Public financial management

Public sector The part of a national economy that delivers public services. For example, the public sector is defined as in the National Accounts framework of the UK as consisting of central government, local government and public corporations, with the exception of the Bank of England.¹⁷ Different nation states organise their public sectors in different ways. Other sectors, such as the private and not-for-profit sectors, may be involved in the delivery of public sector services.

¹⁶ *Civil Service Competency Framework 2012-2017* (UK Civil Human Resources)

¹⁷ *UK National Accounts Sector and Transaction Classification: A summary of the classification process* (Office of National Statistics)

Talent

CIPD identifies that talent, in an organisation and human resource setting, “consists of those individuals who can make a difference to organisational performance either through their immediate contribution or, in the longer-term, by demonstrating the highest levels of potential”.¹⁸

An organisation should define talent specifically for the context in which it operates, to fit its needs.

Talent management

CIPD defines talent management as: *the systematic attraction, identification, development, engagement, retention and deployment of those individuals who are of particular value to an organisation, either in view of their ‘high potential’ for the future or because they are fulfilling business/operation-critical roles.*¹⁹

18 *Talent Management* (Chartered Institute of Personnel Development, 25 April 2017)

19 *Talent Management* (Chartered Institute of Personnel Development, 25 April 2017)



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