BUILDING THE GOVERNMENT WORKFORCE OF THE FUTURE

By Ant Roediger, Jason LaBresh, Victoria Lee, Rainer Strack, and Jenny Huang

Governments are finding it harder than ever to attract and retain talented employees with the skills necessary to be valuable assets in the digital age. Several significant trends are radically transforming the way government employees carry out their daily responsibilities, including a shift toward a more digital and agile mindset in the workplace and citizens' expectations of a seamless digital experience across government services.

The public sector has a unique appeal that can help it attract talent, especially among today's employees: it offers the chance to make a difference in the world. But the standard talent management strategy is sorely outdated. Governments need a major human resources overhaul. To build the workforce of the future, they cannot afford to rely solely on the power of their societal mission; they must revisit the ways they attract, develop, and retain talent. To meet this challenge, governments need to focus on five fundamentals: delivering a superior employee value proposition; fostering a culture where innovation can thrive; cultivating leaders who are equipped to tackle today's problems; using creative partnerships to build capabilities; and strengthening the strategic role of human resources.

A Superior Employee Value Proposition

In the digital era, the public sector often can't compete with the generous compensation packages offered by private-sector companies, particularly when recruiting for highly skilled, in-demand professions. A US Congressional Budget Office report found that from 2011 through 2015, federal workers with a professional degree or doctorate earned 24% less than their private-sector counterparts.

This makes it even more important for governments to deliver a value proposition that satisfies the expectations of today's workforce. A 2018 BCG survey of 366,000 people worldwide, conducted with the online international recruitment company The Network, found that out of 26 workplace satisfaction factors, respondents ranked "learning and training opportunities" and "career development" fourth and fifth, respectively. However, governments often do not sufficiently invest in learning and career development opportunities. To support professional development, governments can do the following:

- **Establish tailored career paths to develop specialized skills.** Specialized career tracks allow employees to work across a number of departments and agencies while building unique skill sets. The UK Civil Service developed 12 cross-government functions in areas such as analysis, project delivery, and digital. Each function has a unique career track and learning curriculum, as well as a dedicated team leader focused on developing capabilities and sharing best practices.

- **Introduce learning pacts.** A learning pact is an agreement between employers and employees to commit to retraining and upskilling for existing roles and for those on the horizon, in preparation for the next technological disruptions in the workplace. In 2013, AT&T launched its Workforce 2020 program to retrain approximately half of its 250,000-person workforce. The company established a career center to help employees identify opportunities to gain cutting-edge skills and collaborated with Coursera, Udacity, and leading universities to offer online courses. Since then, AT&T employees have completed a total of 2.7 million online courses in topics such as agile, cybersecurity, and computer and data science.

BCG's survey also found that employees place a high value on feeling appreciated and receiving recognition for their work—respondents ranked this among the top ten satisfaction factors globally (German workers ranked it number one). In Australia, a 2015 survey reported that only 34% of public servants felt their agency rewarded performance appropriately. While governments may be constrained in terms of compensation and promotions, they can think creatively about recognizing and nurturing talent. High performers should be given opportunities to move laterally and work on new challenges in other agencies, for example.

Governments can also tap into the growing desire for purpose-driven work, an area where they have a natural advantage over the private sector—although not a monopoly. Along with emphasizing this value through branding and communications, agencies can give employees more choice over how and where they contribute as public servants. Canada's Free Agent Program, for example, retains high-performing staff by offering them the ability to select projects that match their interests so they can contribute in a way that's personally meaningful.

A Culture That Fosters Innovation

Today's employees expect their employers to give them an opportunity to work in flexible and collaborative ways. This means organizations need to recruit differently than they have in the past and offer more robust opportunities for growth. To retain digital-age employees seeking greater autonomy and empowerment, it is particularly important for governments to create an innovative, collaborative, and agile culture.

The World Bank conducted a staff survey that showed 80% to 90% satisfaction on mission and objectives, but only 25% satisfaction on internal processes and the way decisions are made. In response, it piloted agile project teams designed to boost employees' morale and encourage collaborative decision making. By enabling staff to collaborate across siloes and empowering them to make decisions independently, the pilots achieved more efficient public-sector loan writing and a 10-point increase in staff engagement. These efforts continue to be scaled up.

The desire to innovate in government can be a tough sell in a risk-averse culture driven by public scrutiny and accountability to taxpayers. While a wholesale change of culture is daunting, governments can introduce new behaviors in select pockets and then embed this culture more broadly. The Singapore government launched GovTech Hive, a multidisciplinary team of data scientists, designers, and engineers, to foster a startup-like culture that delivers innovative services across government agencies. In the US, the innovation lab of the Office of Personnel Management trains federal agencies in human-centered design, which encourages organizations to overcome difficult challenges by putting citizens at the center of their problem-solving process. Through these types of initiatives, government can drive the culture changes required to accommodate the changing workforce and meet today's complex challenges.

Leaders Equipped to Tackle Today's Problems

Today's government leaders need to acquire new skills to meet citizens' growing expectations and tackle complex, 21st-century challenges. For many, this means embracing agile behaviors and mindsets in order to lead and empower cross-agency agile teams. Some agencies have established leadership academies that offer courses on pressing digital topics, such as managing tech disruption and adopting a data-driven mindset. Others are organizing visits to leading companies and NGOs to observe best practices in action. For example, the US Office of Personnel Management's Center for Leadership Development offers training for aspiring government leaders in subjects such as the fundamentals of human-centered design and resiliency 2.0, alongside more traditional leadership courses.

Future leaders will also need to understand the potential impact of government interventions on complex, interrelated systems—and effectively collaborate across government agencies and with the private and social sectors. To nurture leadership talent, some governments have invested in mobility programs. The UK Civil Service has a long tradition of temporarily assigning people to the private sector to improve the transfer of knowledge across sectors. The Singapore Administrative Service identifies and nurtures high-potential talent for top government posts; select employees are rotated through various agencies and assignments in preparation for assuming high-level roles. Additionally, Singapore's Public Service Leadership Programme develops leaders with specialized capabilities for key functions that span multiple agencies in areas such as economy building, infrastructure and environment, security, social issues, and administration.

Partnerships That Build Capabilities

Governments can access talent in three main ways: they can build it, by developing skills internally; buy it, by hiring; or borrow it, through the use of temporary or contract employees. Governments should focus primarily on hiring and building expertise internally, especially in core areas such as data analytics, emerging technologies, and cybersecurity. But this takes time, and governments need to consider how they can gain long-term capabilities more quickly by facilitating the movement of existing staff within government and by partnering with the social and private sectors.

To access in-demand capabilities, governments can form partnerships with organizations outside the public sector. The City of Chicago teamed up with insurer Allstate to develop a data-driven model that helped health inspectors monitor food establishments, allowing them to zero in on health violations more quickly than ever before. A state government in Australia worked with a health insurer to access data and analytical talent in order to better understand which clinical practices and medical treatments provided the best long-term outcomes for patients.

Sharing talent across public-sector agencies can also help governments build long-term capabilities. Increasing mobility across government contributes to richer career paths, greater employee engagement, and a better match between talent supply and demand. One way to increase mobility is through labor-sharing platforms that allow employees to discover new government job opportunities. The US Environmental Protection Agency offers a Skills Marketplace program that enables participating employees to apply for short-term, mission-critical assignments and projects posted on an internal portal. The objective is to direct talent toward critical projects while giving employees additional development opportunities.

The Strategic Role of HR

Human resources must serve as a strategic partner for public-sector leaders, one that plays a key role in helping improve overall government performance. To fulfill this role, HR must be equipped for effective strategic workforce planning (SWP). This includes forecasting future workforce needs, identifying capabilities gaps, and developing strategies to address these gaps. SWP requires two things governments often lack: accurate data on the workforce and an HR team with advanced-analytics capabilities. To complicate matters, HR is often left out of broader strategic discussions about when and how governments plan to introduce new technologies, which leaves them behind the curve in preparing for the potential impact on the workforce.

For decades, private-sector companies have leveraged data to personalize customer offerings using a "segment of one" approach. Similarly, government HR can leverage employee data to tailor acquisition, retention, training, and engagement initiatives to individual employees. Credit Suisse uses analytics to predict which employees are most likely to quit (on the basis of variables such as team size, managers' performance ratings, and length of time in a role). This information is provided to managers so they can reduce turnover risk factors and provide training to help reduce attrition. For Credit Suisse, just a 1% reduction in attrition equates to $75 million to $100 million in annual savings. Governments can use similar techniques to collect data and metrics across agencies and systematically measure the effectiveness of talent initiatives.

While governments face many challenges as they prepare their workforce for the future, these five fundamentals of talent management have the potential to transform the way governments function from top to bottom. A government's existing talent base is one of its greatest assets; smart investments in this workforce will pay dividends for many decades to come.

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