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Talent management in the public sector

Talent management is the hot topic for HR managers in organisations, both in the private and public sectors. Drawing on two years of research into the area by Ashridge, Marion Devine and Marcus Powell discuss the issues around identifying and developing talent in public sector organisations, suggesting ways in which the public sector can better retain and deploy talent in the future.

Public sector organisations have experienced an unprecedented rate of change in recent years, causing many to debate what constitutes effective leadership in their context. There are signs that this debate has widened to include talent management. Faced with a gamut of new challenges, many public sector organisations have serious doubts about their ongoing leadership capability. Health, central and local government organisations in particular are considering whether talent management can help them recruit, nurture and develop the next generation of public leaders.

Talent management is a relatively new area for both public and private sector organisations. Interest in talent management has sharpened into a strategic imperative as many organisations have begun to experience the so-called 'war for talent'. There is a dwindling supply of young workers and, more seriously for public sector organisations, an ageing workforce. In local government for example, 31% of employees are over 50, leading to the strong likelihood of a loss of vital skills and experiences as this generation retires over the next decade[1]. Since 2000, the number of young people reaching working age has fallen by 60,000 each year[2]. This trend has resulted in a prediction by the National UK Skills Task Force of a net shortfall of two million employees by 2010.

Public sector organisations that rely on recruiting school leavers and graduates (such as the Police Service and the NHS) are already battling against private companies for the brightest youngsters. Indeed, the Metropolitan Police Service's recent review of its talent management strategy was promoted by a concern about the need to compete for young talent. Equally concerning is the fact that many senior officers with the ability to lead command teams and who have invaluable public order experience will be eligible for retirement just when the 2012 Olympic Games come to London.

Public and private sector organisations are also beginning to experience skills shortages caused by a complex interplay of factors such as changing demographics; international competition; the changing composition of the workforce, especially the shift away from white males to more women and people from ethnic minorities; and the serious 'brain drain' affecting the UK. Reportedly the worst among 220 countries[3], the UK brain drain represents a serious loss of experienced professionals. Over 20% of UK nationals with a university degree live in another OECD country, and overall, the UK has lost one in ten of its most skilled workers. Most seriously for the public sector, 27% of these emigrants have health or educational qualifications.

The reality of these trends is that many public sector organisations are experiencing difficulties in recruitment and retaining employees, particularly where they compete with local firms for skilled workers. For example, local government organisations have reported serious skills shortages. In 2006, 87% of all authorities encountered difficulties in recruiting people with professional skills[4]. Specifically, 72% of councils reported skills gaps in organisational development and change management; 61% in business process improvement and 60% in performance management, all of which are skills areas that are increasingly

vital for the Government's ongoing modernisation agenda.

Concern about the quality and quantity of current and future public leaders has led to calls for better talent management. A report by the Office of the Deputy Prime Minister[5] urged local government to:

- recruit from the widest possible pool of talent
- better manage the careers of high fliers
- recruit more graduates
- facilitate more movement of talent staff across the public sector
- participate in joint leadership development with other public sector organisations.

More recently, the IDeA's five strategic priorities repeatedly mention talent and the need to "identify, develop and motivate talent". A report about talent management by PSPMA[6] also concludes that local government needs to become better at talent management for all employees, not just an elite group. Organisations need to take a more systematic and coordinated approach to talent management.

Talent management, says PSPMA, "is about developing pools of skills, giving employees the opportunity to widen the scope of their expertise and experience while at the same time providing organisations with the talent they need to grow and evolve".

Mapping the talent management terrain

Faced with these challenges, private and public sector organisations are recognising that they need to work in different ways to ensure a reliable pipeline of talented people with specialist, general manager or leadership skills. However, there is a paucity of research into talent management, and

indeed, the term itself is often used loosely – for example, some managers might equate talent management purely with succession planning, others with recruitment, while some would see talent management and leadership development as interchangeable.

Unsurprisingly, the definition of 'talent' varies across organisations (and often even within an organisation). The focus of talent management can also vary, with many companies concentrating on managers while some include both generalists and specialists. Talent is often defined in both terms of high performance and high potential, but organisations assign their own priorities to these two dimensions – for example some talent management schemes place greater emphasis on spotting individuals with potential, while other talent management approaches are concerned with identifying, tracking and retaining their best performers.

In the last two years, Ashridge has conducted considerable research into talent management in order to help map this new terrain[7,8]. A more useful definition of talent management is "the additional management processes and opportunities that are made available to people in the organisation that are considered as 'talent'"[9]. Such processes can be formal and informal, deliberative and unintentional, explicit or implicit. Whatever the combination, these processes constitute an organisation's talent management system. Using this definition, every organisation has a talent management system whether it recognises it or not.

Ashridge's research, culminating in a report produced jointly between Ashridge Consulting and the Chartered Management Institute[10], attempts to push forward the debate around talent management. The research set out to provide the following:

- a broad definition of talent management

- a framework to help understand the different strategic perspectives through which organisations deploy talent management

- validating and refining a range of 18 'dimensions' that affect the operational impact of talent management.

Through establishing a common framework for defining and understanding talent management, the research explored areas of best practice. It also explored the range of issues that organisations struggle with as they introduce, change or refine their talent management approaches. The research methods included a literature review, over 20 case studies of both private and public sector organisations (to appear in a forthcoming book[11]) and a large national survey conducted among the Chartered Management Institute's membership which elicited over 1,500 responses.

Our public sector case studies included three anonymous case studies of central and local government organisations, together with the Metropolitan Police Service and the National Probation Service. The Met is currently honing a new integrated and long term talent management strategy that will build on internal training and development, leadership development and positive action programmes and ultimately feed into succession planning. Such a pipeline will help realise the Met Commissioner's stated goal of enabling its best talent to reach superintendent rank within eight to nine years of service. The National Probation Service has developed a talent management programme to support minority groups within the service and help build a more diverse and representative workforce.

The following sections highlight some of the findings and explore their relevance to public sector organisations.

Strategic perspectives that shape talent management

On the face of it, talent management comes in many shapes and sizes, making comparative research difficult. One of the most useful findings from the research is that the varied 'habitat' of the talent management terrain can be codified and mapped once the strategic priority and perspective underlying a talent management approach is recognised (and for some companies, such a perspective can be implicit and difficult to articulate). An organisation's strategic perspective shapes the way in which a talent management system is owned, viewed and implemented. This perspective needs to be understood and supported by those who implement the system, otherwise talent management processes can be distorted or neutralised by individuals with quite different motives and agendas. The role of the line manager can make or break the system.

Six strategic perspectives were identified that appear to shape an organisation's approach to talent management as follows:

The competitive perspective: This is underpinned by the belief that talent management should identify talented people and give them what they want, otherwise they will be poached by competitors. This is often a default position in organisations with no formal talent management process – talent management effectively operates as a retention strategy. The research suggests that professional services firms and those in highly competitive sectors such as banking and finance hold this perspective.

The process perspective: This focuses on processes that optimise people's performance and stems around the belief that future success is based on having the

right talent. Managing and nurturing talent is part of the everyday process of organisational life.

The HR planning perspective: This is similar to the process perspective but reflects a HR orientation to matching the right people to the right jobs at the right time and doing the right things. The HR team often 'owns' and monitors talent management processes. This perspective is often held by companies which are experiencing rapid growth.

The developmental perspective: The focus is on developing high potentials or talents more quickly than others, hence talent management often revolves around accelerated development paths.

The cultural perspective: This entails viewing talent management as a mindset and the strong belief that talent is critical to an organisation's success.

The change management perspective: Talent management is seen as a driver of change and can be part of a wider strategic HR initiative for organisational change, perhaps due to a change of ownership or a new series of governmental reforms. Talent management can help change the organisation's culture, leadership styles and specialist/management capabilities.

These perspectives help align formal processes that support talent management, spanning how organisations recruit, retain, develop, performance manage, reward and promote their talented people.

The perspectives also apply to organisations with few formal talent management processes and where a thriving 'internal labour market' operates instead. In this 'competitive model', individuals are largely responsible for advertising and 'selling' their talent to the highest bidders within their organisations (whether this is in terms of remuneration, promotion, prestige or value

of the work experience). Assignments or promotions are typically allocated according to how well the individual performed on their last assignment. Overall, the competitive model operates through open market principles of supply and demand and an individual's 'worth' is dependent on the marketability of their skills and experiences as well as their personal reputation. In terms of the *competitive perspective*, individuals often bear total responsibility for their career succession and may receive little help from their colleagues who are effectively their competitors. In the *cultural perspective*, talent may well be seen as a collective resource and priority. Individuals may therefore receive more encouragement and support to develop their talents.

Our research into public sector organisations suggests that the developmental perspective prevails within a competitive model of an internal labour market. Although more research needs to be done, it would appear that few organisations have many formal talent management processes (several of our case studies were moving away from this model and were examined for this reason). Those that exist tend to be either a graduate recruitment/training programme or some form of accelerated development programme for more experienced managers.

For example, public sector organisations are trying to attract and retain top graduates though such recently introduced initiatives as the NHS Graduate Management Scheme and the National Graduate Development Programme, and the newly created 'Local Government Talent' website for local government. The Civil Service operates its 'Fast Stream' programme for central government. Development programmes for more experienced managers are proliferating but tend to be organisation specific. However, the burgeoning number of leadership development centres (such as the NHS

Leadership Centre; the National College for School Leadership; Defence Leadership Centre; the National Policing Improvement Agency; National School of Government and the Leadership Centre for Local Government) represents a shift towards collectively developing leadership capacity across specific areas of the public sector.

In the public sector competitive model, people opt into talent management by choosing to 'play the game' by advertising their talents and getting themselves noticed by more senior staff in their organisation or by Government Ministers and key public sector leaders. Transactions between 'buyers' and 'sellers' may appear haphazard but in reality, everyone knows the 'rules of the game' and choose to participate in a calculated game of politics and networking. External networking was identified as significantly more important for public sector employees than those in the private sector in the CMI survey.

Individuals tend to take responsibility for their own advancement and judge personal networking as more important than organisational processes such as performance reviews. Indeed, public sector organisations on the whole offer individuals very little in the way of career planning. The IDeA[12] acknowledges that careers are 'haphazard' and career routes traditionally 'ill-defined' in most parts of the sector. There is little succession planning in public sector organisations – the LGPW survey[13] reveals that only 20% of authorities have any formal succession planning. This is likely to change, as the IDeA[14] reports that many councils have recently identified succession planning as an essential component of their workforce development strategies and are likely to introduce the process in the near future.

Operational dimensions

The research identified and validated 18 operational dimensions which are common to all the case study organisations, but have

differing emphases placed upon them. These dimensions provide a useful 'language' to describe how talent management works in reality in organisations and could prove useful as a tool for further comparative research. The dimensions have been grouped into three areas:

- **Defining talent:** Outlining the size of talent pool, entry criteria, decision processes, permanency of definition, recruitment as a source of talent, and transparency

- **Developing talent:** Looking at development paths, development focus, support, influence on career, connected conversations about talent, organisational values, and risk

- **Structures and systems:** Describing performance management, talent management processes, the use of technology, systems flexibility and ownership of talent.

Although it is not possible to outline all the findings on public sector organisations, distinctive features include the following:

Defining talent in public sector organisations. It is not easy to be considered as 'talent' in this model. Although there is a growing tendency to assess potential talent in development centres, there is often a lack of clarity about how organisations define and understand 'talent' and 'potential'. The open market system makes it easy to enter into the 'talent game', but gaining the label of talent is difficult as the market emphasises different attributes at different times, and the market is also controlled by those at the top of the organisation. Talent management is therefore not transparent. Individuals do not know how their organisations perceive and value them as talent, nor whether there are special plans in place for their development or promotion.

Developing talent. Public service organisations tend to favour similar but accelerated development paths for talented individuals. The focus tends to be on addressing weakness or gaps in competency rather than building on strengths, which ultimately leads to a certain uniformity of talent (mavericks do not fare well!). Individuals take responsibility for making the most of any opportunities coming their way. Their organisations will give them more stretching assignments but will tend to leave them to either sink or swim.

Structures and systems underpinning talent management. These tend to be largely implicit and implied within the organisation (the Met has worked hard to make its system more explicit so that police officers understand how to get on the High Potential Development Scheme and what they need to do to progress to the national system). People move between projects and teams as managers bid for them and add to their value. This makes the workplace highly political and networking for the purpose of power games is commonplace. Junior talent tends to be owned by the business unit or project team but more senior talent tends to be seen as a shared commodity across the organisation.

Future challenges and choices

The competitive model for talent management remains prevalent for much of the public sector. It is questionable whether this model will be robust enough in the face of the ever intensifying struggle for talent. Organisations wishing to develop their talent management approaches might do well to consider adopting other perspectives that are based on a more structured approach to spotting and developing talent. *(This issue is discussed further in the Ashridge Learning Guide on talent management).*

Our research also indicates that public sector talent management strategies need to take into account the following considerations:

• Talent management approaches need to be built around a clear, coherent model of leadership. The research reveals that public sector organisations often adhere to several, sometimes conflicting, leadership models. Talent management will work only when managers have a shared understanding about what it means to be an effective and talented leader.

• Ensure talent profiles and skills sets keep pace with sector change and reform. Each organisation must decide for itself the right blend of experiences and skills in such areas as political and managerial leadership, community leadership; partnership working; managing shared services and outsourcing.

• Align talent management with diversity management so that the organisation can ensure that talented people from minority groups are spotted and nurtured. This entails ensuring that positive action programmes feed into talent management programmes. This may require the organisation to take more risks by letting 'atypical' individuals try out different management and leadership approaches.

• Align talent management processes with audit processes such as Capability Reviews and Comprehensive Performance Assessments so that talented staff demonstrate the required qualities and skills.

• Clarify the links between internal talent management processes and national talent management programmes, and provide support so that talented staff can advance to sector wide and cross sector talent management initiatives.

• Extend the range of development opportunities to talented staff by embarking on joint talent management programmes with other public sector and private sector partners.

• Better link talent management processes with career planning and succession planning – an area much under-developed in public sector organisations.

Perhaps most importantly, public sector organisations need to develop talent management strategies that reflect their values around inclusivity and public service. This may require a robust debate – should talent management focus on a handful of high fliers or does the organisation have enough energy and resources to include large numbers of employees? No doubt private sector organisations would be intensely interested in the answer to such a conundrum.

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