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Main points

Government ministries are facing a potential leadership challenge. About one-half of senior management of government ministries could retire by 2013 and nearly one-half of the managers who would usually replace them could also retire by then. It is important that the Public Service Commission (PSC) and ministries have a sufficient supply of potential leaders.

PSC, as the central human resource agency for government ministries, is responsible for providing ministries with leadership and policy direction for developing a professional public service. This includes having solid processes to develop leaders for senior management positions in government ministries.

At December 31, 2008, these processes needed improvement in two key areas. First, PSC needed better processes to provide potential leaders with developmental work experiences (for example, assignments to positions that expand their knowledge and skills) and mentoring opportunities. Second, PSC needed processes to monitor and report on the readiness of ministries to meet their future leadership needs.

Introduction—developing leaders

The Public Service Commission (PSC) is the central human resource agency for the Government's 20 ministries. It provides human resource services for about 12,000 employees. It also provides ministries with leadership and policy direction for developing a professional public service. Building effective public service leadership is one of PSC's priority strategies.¹ This chapter reports on our audit of PSC's processes to develop leaders for senior management positions.

In Canada, provincial and federal governments traditionally appoint 85% of their senior leaders from within the public service.² In Saskatchewan, as of December 2008, ministries employed about 900 managers and about 160 senior leaders (e.g., executive directors and deputy ministers).³ In 2008, PSC reported that one-half of its senior leaders could retire by 2013 and nearly one-half of the managers who would usually replace them could also retire by then.⁴

Senior leaders are essential for ministries' success. Senior leaders inspire, persuade, direct, and hold others accountable to achieve specific outcomes. They set direction and motivate others to align their performance with ministry objectives. Successful strategies to develop leaders help produce a sufficient supply of potential leaders to fill gaps created by upcoming retirements.

Background

PSC's *2007-08 Annual Report* (p.22) states that:

The Saskatchewan public service is facing a leadership challenge due to: fundamental changes in the role and capabilities required of public service leaders...; less than required leadership bench strength (i.e., leadership candidates waiting to step up to bat) to meet future needs; less than adequate leadership development over the past 15 years.

¹ Government of Saskatchewan, Public Service Commission Plan for 2009-10, March 2009, p.3.

² Evans, B. & Shields, J. (2007). *Surveying the Canadian Public Service Executive Leadership: Profiles and perspectives of deputy and assistant deputy ministers*. Guelph: Centre for Leadership Studies <http://www.csl.uoguelph.ca/attachments/Presentations/> and PSC's 2006-07 Annual Report, p.19.

³ PSC's 2009-10 Human Resources Plan Environmental Scan.

⁴ PSC's 2009-10 Human Resources Plan Environmental Scan (p.30).

PSC helps ministries to build leadership capacity in the public service through the services it provides. It is responsible to direct, assist, and coordinate leadership development across ministries.⁵ It designs human resources processes based on a foundation of required competencies.

The Government depends on PSC to develop leaders who can lead their ministries successfully and work together to achieve strategic objectives across ministries and with external agencies. Developing leaders helps the Government adapt its services to meet the public's needs. Accordingly, it is important for PSC to develop leaders from within the public service to reduce the risk of a leadership gap.

Audit objective, criteria, and conclusion

The objective of this audit was to assess the adequacy of PSC's processes, as of December 31, 2008, to develop leaders for senior management positions in government ministries. That is, we audited how PSC develops leaders ready to act as executive directors, assistant or associate deputy ministers, and deputy ministers.

To conduct this audit, we followed *The Standards for Assurance Engagements* established by The Canadian Institute of Chartered Accountants. To evaluate PSC's practices, we used criteria based on the work of other auditors and current literature listed in the selected references. PSC agreed with the criteria (see Exhibit 1).

We concluded that, as of December 31, 2008, the Public Service Commission's processes to develop leaders for senior management positions in government ministries were adequate except for:

- ♦ **its processes to provide potential leaders with developmental work experiences and mentoring opportunities**
- ♦ **its processes to monitor and report on the readiness of ministries to meet their future leadership needs**

⁵ The Public Service Act, 1998, section 7(2).

Exhibit 1 – Audit criteria for processes to develop leaders

To develop leaders for senior management positions across government ministries, PSC should have processes to:

- ◆ Identify leadership needs across ministries
 - outline leadership competencies needed
 - identify potential leaders consistently based on merit
 - assess development needs of potential leaders
 - analyze leadership gaps or surplus
- ◆ Coordinate leader development across ministries
 - reduce barriers to leader development
 - facilitate opportunities to develop leaders
 - provide central access to learning resources
 - support retention of potential leaders with career paths, mentors
- ◆ Align development opportunities with leadership needs across ministries
 - use flexible entry points
 - help arrange for coaching, mentorships, guidance
 - help with developmental placements and temporary assignments
- ◆ Evaluate readiness to meet future leadership needs across ministries
 - monitor readiness to meet future leadership needs
 - analyze changing leadership needs
 - report leadership capacity internally and to stakeholders
 - adjust leader development strategies as needed

In the next section, we set out our findings and recommendations by criterion.

Key findings by criterion and recommendations

Identify leadership needs across ministries

PSC developed a *Framework for Building Leadership Capacity*. The Framework includes a *Leadership and Management Competencies Model* (Competencies Model) that outlines core leadership competencies needed by all ministries. The Competencies Model builds on a Statement of Organizational Culture, which defines the vision, values, and organizational principles for all ministries.

In 2008, PSC posted the Framework and the Competencies Model on its website, making them available to all ministries and the public. It also provided deputy ministers and other ministry senior leaders with a user-

friendly handbook of the Competencies Model, and made presentations to ministries' senior leaders.

PSC updated the Competencies Model with the assistance of an external consultant. Also, to help identify leadership needs, it used results of periodic reviews of various aspects of human resources. For example, in its October 2008 review of the state of learning and development in ministries, it set out the greatest needs by competency area.

PSC has organized the required competencies into eight competency groups at three levels from “practitioner” to “champion” (see Exhibit 2). PSC described these as competencies required today and into the future by public sector leaders at all levels.

When we compared the competencies set out in the Competencies Model to those in other models, we noted general consistency. Some of the other models place a more explicit emphasis on important components such as the ethics of public service, engaging the public in meaningful dialogue, and reporting performance for accountability purposes.⁶

Exhibit 2 – Outline of Competencies Model

<i>Leadership Competencies</i>	<i>Management Competencies</i>
Strategic orientation	Planning/risk management
Effective communication	Performance management
Building organizational community	Process management
Accountability	
Innovation	

PSC trained its staff (i.e., human resources consultants) and provided tools to enable them to use the Competencies Model to support the recruitment, evaluation, and development of managers within the public service. To help identify potential leaders based on merit, PSC prepared guidelines and tools for ministries to develop selection and assessment programs. It encouraged ministries to use these or similar processes. Eight of the 20 ministries used the guidelines. In other ministries, potential leaders are identified using a more informal process. For example, PSC

⁶ Leadership competencies for the public sector are set out by the following: Government of Canada <http://www.tbs-sct.gc.ca/tal/kcl/eff-eng.asp> ; British Columbia Public Service Agency http://postings.gov.bc.ca/documents/Competencies_Overview.pdf; Alberta Public Service <http://www.chr.alberta.ca/?file=learning/competencies/apscomp/aps-competencies>

used the observations of its staff assigned to support each ministry and their interactions with senior leaders in ministries and other government agencies to provide input to evaluations of leadership potential.

PSC designed a performance evaluation and development system (called Planning for Success) that most ministries use to monitor the performance of management employees. PSC's staff reviewed these evaluations to identify potential leaders. Also, PSC used these evaluations to identify the learning needs of potential leaders and topics for future training events.

PSC identified gaps between leadership needs and the supply of potential leaders through its review of ministries' workforce plans and succession management plans. PSC asked ministries to use its *Human Resources Planning Guidelines* and its *Succession Management Guide to Action* to prepare these plans. It expected ministry succession management plans to take into account any technical skills required for specific senior management positions. In 2008, about half of all ministries used PSC's recommended processes; the remaining ministries used their own approaches. Ministries prepare a workforce plan and most identified gaps between their leadership needs and the potential supply, together with other related risks.

In addition, PSC carried out periodic environmental scans and reported the results to senior management within ministries. For example, the 2009-10 environmental scan completed in October 2008 provided a summary of external trends (e.g., economics, productivity, demographics) and internal trends (e.g., retirement projections, retention rates) affecting ministries. PSC analyzed the human resource implications of these trends. This analysis helped PSC identify differences between leadership needs and availability of potential leaders.

Coordinate leader development across ministries

Barriers to leadership development could exist for a variety of reasons. These reasons could relate to how agencies are organized (e.g., career progression steps), employees' backgrounds and attitudes (e.g., educational challenges, motivation), awareness of opportunities for advancement, and the availability and extent of leadership development activities.

To support and retain potential leaders, PSC offered career path counselling to ministry staff upon request or referral. PSC developed tools to assist its staff in this role (e.g., a career progression guide). PSC monitors trends in representation of diversity groups within ministries (such as women in management) noting improvement over the last six years. PSC used informal networking and formal internship initiatives to develop potential leaders in diversity groups for leadership positions. PSC used information gathered from exit interviews to identify factors that might cause employees to leave rather than continue in the public service. For example, the quality of supervision and career management are two such factors. As a result, PSC offered training sessions for supervisors and information on career management on its website to help employees plan for a leadership career.

PSC used its Planning for Success program and the day-to-day interaction of its staff (i.e., human resource consultants) with ministry managers to increase managers' awareness of advancement opportunities. These consultants help potential leaders to use self-assessment tools and suggest learning opportunities that match needs. PSC provided these consultants with leadership resources so they could more effectively support the development of potential leaders.

In its orientation and leadership training programs, PSC incorporated the Statement of Organizational Culture to promote ministries working together and having a common view of the public service. For example, this Statement includes the following organizational principles:

Single employer — we conduct ourselves as one organization

Diversity — we welcome and respect the value of human differences and a workplace that is representative of the population of Saskatchewan

PSC expects these organizational principles to encourage deputy ministers to second (i.e., temporarily assign) their managers to other ministries or government agencies as a way to expand their knowledge and skills.

PSC used periodic reviews to identify barriers and areas where its coordination of leadership might be beneficial. For example, the 2008 learning and development review identified that ministry budgets for developing leaders varied widely. It also identified that many managers

lacked time to participate in leadership activities. Some ministries lacked money to provide sufficient leader development opportunities to their managers.

Ministries have the primary responsibility to pay for leadership training. PSC coordinated a limited number of workshops and courses to develop leaders. As reported in PSC's *2007-08 Annual Report*, ministries' spending on employee training as a percentage of payroll increased from prior years to about 0.65 per cent. However, it is lower than the average 1.8% spent by Canadian organizations.⁷

PSC identified the need for more coordinated leadership training and development. Up to 2008, PSC's focus was on developing new and middle managers. For example, in 2008, PSC offered a management fundamentals program for 200 managers and potential leaders. It promoted and sponsored access to the University of Saskatchewan's leadership development program for managers. It monitored course content for continual improvement. Using the Competencies Model, PSC periodically assessed the coverage of its learning opportunities and its other resources (e.g., publications, videos) against these desired competencies.

Recently, PSC obtained support for additional coordinated leadership training to develop current managers as potential leaders. PSC negotiated umbrella agreements with external training providers (e.g., Johnson-Shoyama Graduate School of Public Policy). Beginning in 2008-09, it will give the School \$250,000 annually for four years to develop and provide leadership training for Saskatchewan public sector senior leaders.

Align opportunities with needs across ministries

PSC relies heavily on ministries to be proactive so their leadership development needs are addressed.

PSC expects ministries to nominate managers and other interested employees for leadership training designed by PSC. Some managers participated when their supervisors recommended that they begin to

⁷ Conference Board of Canada, *Learning and Development Outlook 2007: Are We Learning Enough?* ISBN 0-88763-761-2, page 12.

develop their leadership abilities. Others participated when ministry officials identified them as nearly ready for appointment to a senior leader position. In 2008, eight ministries formally invited selected employees to have a PSC consultant help them assess their leadership potential and learning needs.

At monthly meetings, PSC staff discussed the learning needs of ministry staff and how best to address them. PSC often used existing programs and resources either within ministries or PSC. It helped external service providers to design courses for public service participants using its Competencies Model and the learning needs expressed by the ministries. PSC monitored course content for continual improvement.

PSC expects ministries to use the Planning for Success performance evaluation system as the primary tool for coaching management employees. In a 2008 survey, 80% of responding managers said Planning for Success was useful. Potential leaders are referred to PSC staff to arrange for further informal coaching or guidance. Although PSC hosted the Interconnect program⁸ that included mentoring for employees who have been with the Government for less than five years, it did not have a mentoring program for potential leaders.

1. We recommend the Public Service Commission use mentorship programs to help develop potential leaders in government ministries.

PSC recognizes temporary assignments as one of the best ways to develop leaders. PSC has developed a guide of suggested work experiences for potential leaders. However, PSC has not yet shared this guide or formally organized these experiences for potential leaders. For example, potential leaders could benefit from a temporary assignment to a policy position as part of their development program. PSC indicated that organizing successful work experiences is challenging as ministries are often reluctant to release their potential leaders when these developmental assignments take place at another agency.

⁸ Per PSC's website, the Interconnect program provides "a forum for conversation about the public service as a workplace, provides learning and development opportunities, and an opportunity for new public service employees to interact with senior public service employees."

2. **We recommend the Public Service Commission coordinate programs that provide potential leaders in government ministries with suitable developmental work experiences.**

Evaluate readiness to meet future leadership needs across ministries

PSC uses informal processes to monitor the readiness of ministries to meet their future leadership needs.

PSC's senior staff were directly involved in staffing all senior leader positions within ministries. This involvement gave PSC information about the ability of ministries to attract candidates with the desired competencies for leadership positions.

PSC listed the number of senior leaders and other ministry managers by position type. It monitored employee retention on an overall basis, but not for management positions. Also, it did not collect sufficient information about, or monitor the state of, potential leaders' development overall or by individual. For example, PSC did not track the participation of potential leaders in key leadership training events. Also, PSC is aware that eight ministries identified about 100 potential leaders, but PSC did not track their progress and readiness to assume a senior leadership position.

PSC used a management information system (called MIDAS) to collect and report human resource information. MIDAS is capable of providing information to contribute to an analysis of leadership capacity needs. PSC indicated that it intends to explore how it might use this system to produce reports about leader capacity and staff development.

PSC monitored changes in leadership needs by asking its staff to be aware of trends in required leadership competencies. It also relied on informal comments from deputy ministers to identify changing leadership expectations.

In its annual environmental scan, PSC reported some significant changes in management practices, but it did not deal with leadership competencies explicitly. PSC reviewed human resource literature and trends in general without a specific focus on leadership approaches (e.g., managing at a distance, collaboration with multiple partners, integrated

service delivery, innovative uses of technology for leadership) or on specific trends relevant to leadership in the public sector (e.g., community engagement, public reporting and disclosure, transparency).

PSC periodically evaluated and adjusted its learning and development strategies. For example, it evaluated its leadership development initiatives for 2007-08 and identified several ways to improve leadership training.

In addition, PSC routinely requested feedback about its services. For example, each participant at training events completed an evaluation. It also surveyed ministries regarding the effectiveness of processes such as the Planning for Success performance management system. PSC used this feedback to adjust individual strategies or services.

In its 2007-08 annual report, PSC discussed leadership risks in the public service in the context of projected retirements. It recognized that it has a role in ensuring ministries have a sufficient supply of potential leaders.

It is important for PSC and ministries to know whether ministries have developed managers who:

- ◆ are prepared and have the necessary skills to be effective at the next level
- ◆ can hold themselves and people who report to them accountable for achieving the right results in the right way.

As noted earlier, PSC did not collect sufficient information or monitor the progress made by potential leaders to prepare for senior management positions. PSC needs additional information and analysis to determine if it is meeting the learning and development needs of potential leaders. PSC also needs this information to report on ministries' readiness to fill future vacancies in their senior management positions.

3. We recommend the Public Service Commission monitor and report regularly to deputy ministers on the readiness of government ministries to meet their future leadership needs.

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