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*Minds Over Matter:
Human Resources Issues
Affecting the Quality of
Policy Advice*



**STATE SERVICES
COMMISSION**

**Te Komihana
O Ngā Tari Kāwanatanga**

This paper was prepared as part of State Services Commission's "Improving the Quality of Policy Advice" project and examines human resource issues affecting the quality of policy advice provided by the Public Service. It draws on information provided by policy managers in early 1995 and on surveys conducted by the State Services Commission. It outlines additional work being undertaken to address issues raised in the paper.

June 1999

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Introduction

The contention that there is a lack of skilled and experienced policy staff in the Public Service has been a recurring theme in discussions about the quality of policy advice provided to Ministers. In the speech that prompted the State Services Commission's (SSC's) project to improve the quality of policy advice, the then Minister of State Services commented that:

*“We may have underestimated our human resource capability requirements ... with the result ten years on of a policy body in which nowhere near enough people understand how to go about thorough objective analysis or know how to consult effectively, or are able to present a compelling argument and options for Ministers to consider”.*¹

All of those interviewed in the scoping phase of the SSC's project on improving the quality of policy advice^{2,3} agreed that there was a shortage of high performing senior policy advisors and managers who were skilled at:

- problem definition and analysis
- oral and written communication
- managing policy development processes.

While many of the policy managers interviewed during the subsequent phases of the project concurred with this view, there were others who reported that they had no difficulty attracting high performing policy staff.⁴

This paper examines the human resource issues affecting the quality of policy advice provided by the Public Service. It sets out some of the human resource requirements for producing high quality policy advice, and provides findings that draw on information from interviews with policy managers from about 30 departments, a brief Human Resource (HR) Questionnaire (Appendix 1, p.22), a regular SSC staffing survey⁵, and other reports. It describes areas of further work by the SSC to address the issues raised in the report.

¹ Cited in *Future Issues in Public Management* State Services Commission (1997) p.9.

² The SSC project, *Improving the Quality of Policy Advice* (IQPA), commenced in late 1997. A number of related Occasional Papers are being published (see www.ssc.govt.nz).

³ Those interviewed in the scoping phase of the IQPA project were 17 senior public servants whose work had brought them into close contact with a significant amount of policy development, or who had been closely involved in policy development exercises, and two 'informed outsiders'.

⁴ The interviews with policy managers took place during the first half of 1998. This report was mainly prepared in the period to August 1998.

⁵ Six-Monthly Staffing Survey (SMOSS), which is becoming the Yearly Employment Survey (YES) from June 1999. This survey collects staffing information from all Public Service departments and selected Crown entities.

The framework – people and systems

High performance in policy organisations is dependent on the combination of high quality people and good organisational systems. The human resource requirements for high quality policy advice may be expressed as:

- sufficient numbers of ‘high calibre’ managers and staff (in terms of skills, knowledge, values and capability), i.e. quantity and quality; and
- organisational systems, structures and processes that facilitate high performance within and across organisations over time (e.g. strategy and direction, planning systems, performance systems, information systems, organisational culture, EEO).

Quantity – how many policy staff are needed?

What comprises a ‘sufficient number’ of policy advisors depends both on the kind of policy outputs currently required of an agency and on the need to develop and maintain the capability to continue delivering a high quality policy service over time. However, there are few benchmarks or techniques for analysing capability requirements or establishing resourcing levels in these terms.⁶ Even where an agency has a fairly clear idea of the people requirements, based on past work patterns and anticipated future demands, decisions will be needed on the most appropriate mix of core staff and supplementary workers or consultants. The choices made by policy managers are discussed in the findings later in this paper.⁷

Quality – what competencies do policy staff need?

Policy analysts

There are many definitions of the competencies needed by policy staff, including those in the 1992 SSC booklet *The Policy Advice Initiative*: analytical thinking, innovative thinking, political awareness, effective writing, oral communication, group skills and project management. Many departments have also developed sets of competency statements, which tend to be similar (at least for generic policy competencies). The 1996 SSC report *Strategic Human Resource Capability Issues in the Public Service* described a set of requirements for the “multi-skilled and adaptable workers” needed in the Public Service of the future, including intellectual skills, relationship management skills, bicultural and Treaty skills, Public Service ethics, technological skills, self-management skills and contract management skills, all of which have to be exercised within a complex political environment, with varied stakeholder interests. In addition to this wide range of generic skills, policy staff often need specialist knowledge in a particular field. The requirements are thus multiple

⁶ One method for estimating the likely size of a policy project in terms of Hours Of Skilled Policy Analysts Time (HOSPATs) is provided in an unpublished paper by Max Parnham: *A Methodology for Cost-Effective Policy Development* (1991).

⁷ The broader issues of overall resourcing for policy units are not addressed in this paper.

and frequently complex (although it is not necessary, or indeed likely, that every advisor will have the full range of skills – only that they are present within a team).

The Policy Advice Unit Standards developed by the Public Sector Training Organisation and registered on the NZ Qualifications Framework provide a set of standards for assessing competence in policy advice activities (see www.nzqa.govt.nz/framework/).

Policy managers

In addition to competence in policy advice, policy managers also need skills in managing knowledge workers. According to Cascio (1998) this involves “*leadership, articulating a vision, promoting an organisational culture that will nurture and support the vision, and eliminating roadblocks – lack of vital information, lack of staff, lack of capital investment – which impede workers in realising the vision*” (p. 8). Wolf (1998) also draws attention to the necessity for “*far more explicit attention to the development of high quality advisory capacity in a policy advice unit as a whole*” (p. 30) and to the importance of policy leadership in developing that capacity.

Systems – enabling high quality people to produce high quality work

Much has been written about the organisational requirements that enable knowledge workers to produce high quality work. These requirements include a leadership style and organisational culture that values diverse perspectives and experience (e.g. Thomas & Ely, 1996). There has also been a growing emphasis in the literature on building ‘intellectual capital’, defined as “*competence x commitment*” by Ulrich (1998) and as “*human capital, structural capital and customer capital*” by Cascio (1998). Ulrich points out that competence on its own is insufficient. For high-quality work, commitment is essential. He provides and explains a list of “*tools for developing commitment*”, including employee control over work decisions, vision and direction, challenging work, teamwork, work culture, shared gains, communication, concern for people, technology, and training and development (Ulrich, 1998, pp 21 – 25). However, commitment can be adversely affected by many factors, including an imbalance between demands and resourcing, and constant restructuring (e.g. see presentation on *Responsible Restructuring* by Cascio, 1996).

The gap that exists between preferred and actual work cultures in many organisations is the subject of an article *Just What’s It Like to Work Here?* by McCarthy (1998). This shows that while employees prefer cultures that emphasise excellence, encouragement, support and difference, the cultures in the majority of organisations in the survey emphasised power, competition, perfection and compliance. The author contends that many human resource strategies, introduced to improve performance, will be unsuccessful if the organisational culture remains unchanged.

Often, there is a tension between the espoused ‘soft’ developmental philosophy of Human Resource Management – which emphasises the importance of developing the skills, capabilities and knowledge of employees – and the actual practice according to the ‘hard’ instrumental model – whereby people are viewed as resources to be treated in a rational way the same as any other economic factor (Boston et al, 1996, p. 358). Trade-offs will be required between an emphasis on ‘production’ and an emphasis on

‘development’. It is beyond the scope of this paper to traverse the extensive literature on good practices in organisational development, human resource management, and information management. However, all of these factors impact on the ability of staff to deliver high quality policy advice.

Information sources and background data

Policy managers interviewed as part of the SSC’s *Improving the Quality of Policy Advice* project were asked four questions relating to human resource issues:

- what are the critical issues for your department relating to the recruitment, retention and performance of policy advisors at all levels?
- how are you addressing these issues?
- are there any particular gaps in skill, knowledge or experience that you have been unable to address?
- have you any suggestions for how these issues might be addressed – at an individual agency level, or collectively?

While responses varied according to the circumstances of the different departments, there were some themes that were common to most respondents, particularly the availability of senior advisors.

Other sources of information for the findings reported below include the SSC Skill Shortage Survey⁸ and the brief HR questionnaire posted to departments as part of the *Improving the Quality of Policy Advice* project (see Appendix 1, p.22).

Numbers of policy staff in the Public Service – a mere drop in the bucket

On the basis of the data provided in response to the 1998 HR questionnaire, the total number of policy advisors and senior advisors in Public Service departments is about 1200, and the number of policy managers is 300 (including figures estimated for four departments that did not provide data). This compares with about 900 staff designated as policy analysts in a survey conducted in 1993⁹ (although ‘advisory officer’ was provided as a separate category in the earlier survey and may also have included some policy advisors).

The percentage of Public Service staff described as policy staff (excluding managers) has risen from about two and a half percent to three and a half percent between the 1993 and 1998 surveys. The percentage of all staff who are ‘policy staff’ (including managers) is about four and a half percent, still a surprisingly low proportion in view

⁸ The Skill Shortage Survey is conducted by SSC as part of its regular staffing survey (see footnote 5, p.5), and asks for information on vacancies that have remained unfilled for three months or longer due to skill shortages (ie not administrative problems or internal delays). It also asks for general information on recruitment difficulties.

⁹ Survey of departments to estimate the numbers of staff in different occupations in the Public Service, undertaken as part of the information-gathering prior to the establishment of the Public Sector Training Organisation.

of the increasing focus on policy advice in the core Public Service and devolution of many service delivery functions to the wider State sector.

Unpublished data from the 1996 Census is consistent with the data and trends shown by these two surveys. It shows that there were approximately 1140 policy analysts employed in the Central Government Administration and Justice industry categories.¹⁰ The policy staff formed 2.7% of all those employed in these two categories, and 63% of all policy analysts employed in New Zealand at that time.

Staffing predictions for the future – very slight increase

Most of the 19 departments that provided predictions of the numbers of policy staff they would need in three years time gave figures similar to their current levels or slightly higher (on average, an increase of one staff member per department). The three departments that predicted needing five more policy staff (the highest increase) gave reasons of “*increasing workload and more complex policy environment*”, “*building policy capacity*”, and “*extra staff to cover for those involved in long-term training and development initiatives (including secondments and sabbaticals)*”. A number of departments predicted an increase in the ratio of senior advisors to advisors.

Staff mobility – turnover patterns

On average, turnover was 10 percent for policy managers, 12 percent for senior advisors and 18 percent for advisors (HR questionnaire results: 26 departments). The average turnover rate for all policy staff was 14 percent, similar to average rates for Public Service departments. The June 1997 six-monthly staffing survey (SMOSS) data showed higher turnover for small policy Ministries than for other departments (e.g. two with more than 25 percent turnover excluding end-of-contract, and others clustered in the 17 – 20 percent range, whereas the average for all departments was 14.5 percent). However, the results from the June 1998 survey indicated a spread of turnover rates for policy Ministries above and below the average of 15.9 percent, with no specific trend of higher turnover rates than other types of departments.

Because of the current staffing survey’s data collection method, together with issues over the quality and completeness of data provided, there is only limited information available on whether staff are moving between departments within the Public Service, out to the wider State sector, or leaving for private sector employment. Anecdotal evidence suggests that there is considerable movement of policy staff within the Public Service, but this will not be able to be confirmed until the planned collection of unit record (individual) human resource data by occupation occurs in the 2000/2001 year¹¹, providing existing data quality issues are also resolved.

¹⁰ In terms of industry groupings, these Statistics NZ categories form a close approximation to our definition of the Public Service. The figure of 1140 includes policy managers, as there is no separate occupation code available for them.

¹¹ The SSC’s Human Resource Capability Information (HRCI) project, being undertaken in conjunction with Public Service departments, will change the method of collection of staffing information from an aggregated basis to a unit record (individual) basis, to allow much greater

Policy managers' perceptions of key human resource issues in policy advice

Skilled senior advisors – a rare commodity?

Almost half the policy managers interviewed for the project agreed with the opinion expressed by the senior managers and other stakeholders in the scoping interviews that there is a problem in the supply of senior policy advisors and managers. Typical comments were:

“There is a shortage of senior advisors across the Public Service”.

and, even more emphatically:

“Experienced policy advisors are as scarce as hen’s teeth”.

Departments reported difficulty in getting the right combination of good public policy analysis skills, knowledge of the sector and personal skills. Particular competency gaps mentioned by a number of policy managers included high-level relationship management, skills in working horizontally across government at a senior level, presenting sound arguments verbally (as well as in writing), political awareness, and constitutional/legal knowledge. Gaps in Treaty and bicultural skills and knowledge were also commented on by several agencies.

Institutional knowledge and memory were issues for both the stakeholder group and the policy managers:

“At a senior level, there’s a dearth of people with a long memory of what has or has not worked in the past, and why,”

“Turnover means there’s a lack of people with a solid background in a particular area”.

Policy analyst shortages, especially at a senior level, have also featured consistently in the SSC’s skills shortage survey, although the numbers overall have been small (fewer than 15). This is partly due to the strict criteria used for the survey, namely that the vacancy must have been advertised and remained unfilled for at least three months, despite efforts to fill it. Some departments have reported that they can not keep a vacancy unfilled for this length of time, and adopt a variety of strategies to ensure coverage (e.g. contracting out, recruiting a person without all desired skills, paying more than intended).

About a third of the policy managers described retention difficulties for senior staff. Some of these had no difficulties with recruitment, but found that staff tended to leave after four to six years’ experience (for varying reasons, including pay, career development, “poaching” by other agencies, and burnout). Where this pattern was widespread, it posed some risks to the organisation’s institutional knowledge, and the

flexibility in data analysis, and the incorporation of new variables. All individual records will be anonymous.

ability to coach and develop junior staff. However, there was also a view that, for career advancement, people need to move on after four to six years in a position. The emphasis is on the responsibility of individuals to manage their own careers, and opportunities are understandably more limited in small agencies.

It should be noted that over half the policy managers did *not* report difficulties in recruiting or retaining senior policy staff – often for reasons that are covered below in the section on “improving attractiveness”.

There is a lack of hard data on the policy advice labour market, including the extent to which policy managers and advisors come from (and go to):

- universities or other training establishments
- the public sector (including research, evaluation and operational areas as well as policy)
- other New Zealand markets
- international agencies.

There is also little information on differences between the labour supply for different policy agencies. The SSC’s Human Resource Capability Information project (see footnote 11, p.9) should improve the availability of information in this area.

Addressing skill gaps – recruiting for expertise

Smaller departments, in particular, often had a deliberate policy of hiring only experienced senior people because they lacked the capacity to develop people. For example, one manager stated:

“The Ministry has recently articulated its recruitment philosophy: that it does not have the capacity to grow analysts, ... and that analysts have to be able to cover broad areas of policy”.

The importance of selection decisions at all levels was emphasised. However, policy managers differed in their views on the relative importance of specific and generic skills. Some considered that generic policy skills were essential, and that technical skills could be developed on the job, while others required specific technical expertise (and often wanted high-level policy skills as well). Some mentioned that rare or unusual combinations of skills and qualities are needed for high-level policy advice (e.g. tolerance for ambiguity together with scientific expertise).

A recruitment consultant interviewed as part of the project commented that there is a risk that the importance of recruiting the ‘right’ person can lead to an overstatement of requirements, and a narrow view of who will be considered for positions.

Outsourcing – gaining additional flexibility while preserving core capability

Departments indicated that they outsourced about 12 percent of their policy work to external contractors or consultants on average (HR questionnaire: 22 responses). While almost half reported that five percent or less of their policy work was outsourced, three reported that 30 percent or more of their work was done in this way.

Reasons provided for a low level of outsourcing included the specialised nature of the particular policy environment (no contestable source of supply); an emphasis on building up in-house capacity, which had allowed reduced use of external expertise; and experience showing that in-house policy analysis was of better quality, more responsive and more immediately useful than that provided by consultants.

Those few organisations that did outsource a moderately high amount of their policy work stated that this was to extend the intellectual capacity of the organisation (especially for small agencies), provide diversity, provide an external view of work done within the organisation, or address fluctuating levels of demand for policy work. An issue raised was the need to manage the corporate commitment of the consultants, and their understanding of the ‘way things are done around here’. Successful management of consultants can be time consuming and intensive, especially for complex policy advice projects, where the consultant cannot simply be left to ‘get on with’ and produce a finished product. The departmental project policy manager needs to retain responsibility for ensuring that departmental perspectives and views are reflected in the resulting advice.

Although no specific information was gathered in this project on trends in the use of fixed-term compared with open-term staff, the general trend across the Public Service has been that the use of fixed-term staff has declined slightly over the past three years, to around eight percent (June 1998 SMOSS report – see footnote 5, p.5).

Overall, these findings indicate that, somewhat contrary to popular perceptions, there has not been a shrinkage to a small permanent core with a parallel large growth in outsourcing and contracting, at least in respect of policy advice.

Developing policy advisors – who is doing it and how?

Limited deliberate training for inexperienced advisors in most departments

Few policy managers described a deliberate strategy of building capability through training and development of inexperienced policy advisors. Only a handful of departments had a deliberate strategy of recruiting graduates or other relatively inexperienced staff, and developing them as policy advisors. In some cases, these agencies saw their role as developing staff for the Public Service as a whole. Others were primarily addressing their own gaps:

“Initially, the Ministry tried to get the best staff it could from across the Public Service. However, you can’t poach for ever, so three years ago we began growing graduates”.

The main reasons given by departments for the low level of investment in training and developing junior staff were: pressure of work and under-resourcing (one agency stated that *none* of its training and development plan for the past year had been implemented for this reason); small size of the agency, resulting in limited capacity to ‘grow’ analysts; and the difficult nature of the policy environment for the agency, meaning that everyone needed high-level expertise and political judgement.

The issues surrounding capacity to develop staff were more to do with time than money, particularly time for policy managers and senior staff to coach, develop and mentor staff. Time for staff to attend brief courses was less of a problem (although the availability of such courses was an issue for some). However, it was recognised that formal courses were only a small part of the development required:

“You can’t train a policy analyst through a course: they need to learn on the job”.

However, there appear to be relatively limited opportunities for staff to learn particular skills; for example, those needed for appearing before Cabinet committees and select committees. Only very small numbers of highly skilled and experienced staff are encouraged to attend, both because of the complex issues involved, and Ministers’ wishes not to have a ‘multitude of officials’ in the room. The consequences may be that the number of people with such skills and experience is very small indeed (as appears to be the case).

One manager commented that the general lack of attention in Public Service organisations to coaching and developing staff was the result of both attitudes and skills. He added:

“There’s a lack of people at the top with the institutional knowledge needed for coaching, and career paths are unclear”.

A few instances of comprehensive departmental training for policy advisors

A few departments did have comprehensive training and development strategies and plans. One department has a series of sixteen in-house courses, many of which were relevant for policy staff, developed with the assistance of consultants and delivered by a combination of their own staff (using case studies among other approaches) and external experts. Another described residential courses and weekly sessions of one to two hours on technical issues and policy development processes. Other departments described varying combinations of on-the-job training, in-house courses (also often developed with the assistance of consultants or academics) and short external courses or conferences. A few referred to tertiary study or overseas training. Only one mentioned participating in training courses provided by another, larger department.¹²

One of the few agencies that currently invest in training and development of junior staff predicted that it would require fewer policy managers and staff in three years,

¹² A survey of the use of secondments and rotations for development purposes is being undertaken as part of the *Improving the Quality of Policy Advice* project during 1999.

associated with an increase in span of control for managers and fewer but more senior staff. This trend may signal a further decline in the capacity for development.

About two-thirds of departments indicated that their individual staff training plans were linked to competency assessments, but fewer than half said that the effectiveness of training was evaluated against such assessments (HRM survey: 24 departments).

Training courses – also in limited supply

The supply of policy advice training courses, and trainers, is limited. The only established providers of general policy advice training in Wellington appear to be Change Training Consultants and Victoria University, although there are other providers on particular topics (e.g. economics).

Change Training use a variety of trainers for their one to three day courses, which cover a range of specific topics in the area of policy advice (e.g. policy writing, preparing for select committees, economics). Victoria University has standard courses (Master of Public Policy degree, and various 2, 3 & 400 level public policy papers) and also provides consultancy services for the development and delivery of courses for particular organisations.

There do, however, appear to be a growing number of AIC and IIR conferences on policy issues, including an annual “NZ Public Policy Conference”, “Management of Policy” and a planned conference on “Ensuring Effective Policy through Efficient Consultation and Accurate Evaluation.” However, the format of these conferences, with a series of lengthy presentations, does not provide the most effective environment for learning. Furthermore, the cost of the conferences (approximately \$1500 for one person for two days) makes them too expensive for most organisations. In the past, Ministers have raised questions about whether participation in these conferences represents a good use of taxpayers' money, and some refuse invitations to address the conferences. Questions have also been raised as to whether other agencies could arrange lower cost conferences and seminars for departmental staff. In particular, the Management Development Centre (established by Public Service chief executives to facilitate management development) provides seminars for managers in a wide range of areas, including policy advice.

The Public Sector Training Organisation (PSTO) functions as the Industry Training Organisation for the public sector. Its role is to develop unit standards and qualifications for public sector skill areas, contribute to the accreditation of training providers to deliver training in these skill areas, and broker training arrangements between members and training providers. It also coordinates work-based assessment against a range of unit standards. Training and assessment against the policy advice unit standards will occur once the full set of policy advice unit standards is registered, about mid-1999. In addition, PSTO is acting as an advisor on the *Investors in People* training standard, and has arranged for two member organisations to pilot the standard in New Zealand. PSTO has reported that it receives regular requests for information on policy advice training courses.

Training data – interpretation problematic

Data on average training expenditure and days provides only one, very approximate, indication of the amount of training being done in an organisation (and no indication of quality). The training figures provided by departments for the HRM questionnaire indicate that they spend between \$100 and \$3800 per advisor; and between \$360 and \$5000 on senior advisors and policy managers. However, these figures did not necessarily include the costs of in-house training (which was the main form of training in one organisation) or other costs borne by the corporate training budget (e.g. study awards). One agency reported that it aimed to invest a minimum of 3 percent of the department's gross salary budget on training and development, while another was aiming for 10 percent. The number of days reported for training per year varied between one and ten, with averages around five and a half (at all levels of seniority). The patchy nature of the data does not permit robust conclusions to be drawn.¹³

Overseas approaches to training and developing policy advisors

Britain

The British Civil Service operates a 'Fast Stream' development programme for those with particular ability and potential. Those selected into the programme, after a rigorous assessment procedure, have a range of options, including the Diplomatic Service and the European Fast Stream. They receive intensive training and development, and rapid promotion into positions with considerable responsibility.

The Development and Equal Opportunities division of the British Civil Service Employer group provides advice and support to government departments and executive agencies by helping them identify and take advantage of emerging good practice in people management, development and training. In particular, they provide expertise and contacts in strategic approaches to Human Resource Management, the 'Investors in People' training standard (which all departments aim to achieve by the year 2000), equal opportunities, and training and development.

Canada

As part of a project called "Canada 2005", an interdepartmental umbrella group of 'policy assistant deputy ministers' (who are federal officials, not politicians) has been established to address shared problems of policy management, methods and best practices in policy work. One area receiving initial attention is personnel management of the policy community. The intention is that the umbrella group will serve to forge a stronger sense of community among those involved in policy work and thus improve the policy-making process. Four themes have emerged from their work:

- that there is a strong but neglected managerial dimension to policy work
- that the greatest weakness in their current system is dealing with longer-term and strategic issues

¹³ The 1997 OECD report "Manual for Better Training Statistics" describes comprehensive methods for collecting and analysing training data.

- that policy managers need to pay more attention to how to work with and support the external policy community
- that leadership at the most senior levels of the public service is essential for strengthening policy capacity (Anderson, 1997).

Like Britain, Canada has a fast-track system to develop ‘stars’.

Australia

Australian States tend to operate more centralised public service human resource systems than New Zealand, including generic occupational groups, pay scales and some centralised training. For example, The Office of the Public Service in Queensland has run a comprehensive programme on Policy Development and Advice as part of an Executive Development Programme. The New South Wales Premier’s Department works in partnership with the Institute of Public Administration to offer a range of development programmes and forums for public sector employees, including a series of seminars and workshop on the policy process. The Federal Australian Public Service provides some units on policy as part of its core competencies, and two middle management development programmes on policy formulation and advice.

Improving attractiveness – reputation and culture

A relatively small number of departments talked about the importance of leadership style, culture, and their way of operating as critical factors in recruiting and retaining staff. These departments commented on the advantage that a positive work environment, combined with reputation for good quality policy advice, gave them in attracting and retaining staff:

“Once you have built a reputation, recruiting is not a major issue”.

“We have no recruitment and retention problem – people like working here”.

“We have no critical issues relating to recruitment, maybe the result of being a policy unit that is an attractive place to work (small enough to satisfy its staff, the workflow is interesting combination of short term and long term work, and the unit is not constantly fire fighting)”.

Reputation emerged as an important factor, at both departmental and Public Service-wide levels. One department commented:

“A large problem in retention is the self-reinforcing culture from Ministers that anything from the private sector is inherently better than that from the public sector. This becomes a self-fulfilling prophecy as highly talented people leave because of this culture. Public sector professionals are devalued”.

A positive reputation appeared to be associated with excellent leadership (particularly at the policy manager level) and an appropriate mix of direction, coaching, support, and constructive feedback while allowing the freedom to develop innovative

solutions.¹⁴ One department said that it took six to seven years for them to develop their policy group to the point where the policy unit is staffed by high-quality people who carry out rigorous analysis. There is a need for some stability within an organisation to build capability.

Conversely, stress, overload, lack of recognition and frequent restructuring were mentioned as factors impacting negatively on the quality of policy advice. In some cases, an excessive workload for a few ‘policy stars’ in the organisation meant that they were at risk of burnout. The emphasis on recruiting ‘new talent’ can be demotivating for existing employees, and lead to a reduction in institutional knowledge. This is an area where the need for balance between the soft and hard approaches to HRM (referred to in the earlier section on human resource requirements) becomes apparent. As one recent author has commented, “*HR ideas advocate a long-term investment in the workforce while, at the same time, questioning the loyalty and commitment of older and long-service workers*” who are viewed as inflexible, and resistant to change (Lyon et al, 1997).

The need for a ‘critical mass’ of policy analysts was also mentioned as an issue by a few. However, no model has yet been developed and tested to indicate what that critical mass might be under different circumstances. There is evidence that productivity is higher in smaller agencies. Some of the factors described by such departments include greater psychological ownership and commitment, better sharing of information, more feeling of control and empowerment, higher motivation and ability to act rapidly (e.g. Carillo & Kopelman, 1991).

Ability to pay – is there a level playing field out there?

About five departments said that their skill gap came from limitations imposed by their resourcing levels. One of these commented on the lack of benchmarks for comparing their resourcing levels, relative to the policy demands on them, with the resourcing levels for other higher-performing departments.

Inability to compete in terms of remuneration was the most common factor described as adversely affecting the ability to recruit (six departments). The high level of variability in remuneration was emphasised by a recruitment consultant who specialises in public sector recruitment:

“I am stunned by the differences in pay levels between agencies. There are huge anomalies. What drives remuneration policies in the public sector – market, budget, parity, contract negotiations, or none of the above?”

Departmental comments from the SSC’s skill shortage survey also regularly include reference to the difficulty in meeting salary expectations as a factor affecting recruitment.

¹⁴ Further work is being undertaken by the SSC on the characteristics of high performing policy units.

A salary survey of policy analysts (including a sample of 18 Public Service departments) found that compensation for policy analyst positions lagged significantly behind that of ‘all positions’ and was also behind compensation for other public sector jobs for the same job point range. The report noted that this lag behind the more general public sector market indicates that policy analysts compare unfavourably in remuneration comparisons to some other technical/professional and management positions in public sector organisations. The survey provides no information, however, on the variation between pay rates for similar policy analyst positions.

While remuneration was also sometimes a factor in retention, with experienced staff leaving for positions paid up to \$20-30,000 more (sometimes in other departments, but more often in the wider State sector), other factors were also important. For example:

“A bigger issue for retention [than remuneration] is the very difficult environment where senior people have to work. Burnout is not uncommon”.

Due to a lack of benchmarking data, it is not clear whether the high level of variability in remuneration is due to historical differences in funding levels for departments, or to the methods used by chief executives for prioritising expenditure within their organisations.

Performance management – limited emphasis?

Few departments specifically mentioned their performance management system as an important factor in addressing the quality of quality advice. A couple described the need for policy managers to raise their expectations of their staff, and be more rigorous in providing feedback. Three departments said they used their performance management system together with flexible, performance-related pay to reward high achievers as a specific strategy to assist in staff retention.

While relatively little emphasis was placed on performance management in the interviews, the evidence from the literature is that the implementation of performance management systems can be a crucial factor in contributing to the culture, morale and effectiveness of organisations. However, because of their significance, performance management systems also have the potential to impact negatively on motivation, morale and performance, particularly where poorly implemented.

Additional interventions – solutions suggested by interviewees

The main solutions suggested by departments, beyond what they were doing themselves to address human resource issues relating to policy advice, were:

- a review of resourcing levels in departments so that there is a level playing field between departments
- a formal system of arranging secondments between departments (and to the private sector) to assist in skill development
- courses and seminars on specific aspects of policy advice
- a central policy training institute
- a small group of key departments with a specific role of building a pool of policy advisors
- a Policy Managers Forum.

The suggestions relate mainly to issues to do with training and development, reflecting perhaps the concern of many departments that they were not able to address this issue adequately on their own. SSC is now working with the Public Sector Training Organisation and the Management Development Centre on options for improving training for policy advisors and managers.

In conclusion

Some brief conclusions from this work are that:

- *organisational reputation, systems and culture are critical factors affecting the attractiveness of organisations for policy advisors, and hence the quality of policy advice.* The actual way things are done in an organisation (as opposed to what the written documents might say about organisational values and performance management procedures, for example) has a major effect on staff attitudes and motivation. As stated earlier, a number of organisations attributed their relative lack of difficulty in recruiting and retaining staff to the fact that staff enjoyed their 'organisational culture' and the nature of the work. A further point made in the interviews was that building policy capability takes time (several years). This means that frequent reorganisations and restructurings can be detrimental to developing capability.
- *there is insufficient attention to building policy capability across the Public Service.* Very few smaller departments considered that they were in a position to undertake systematic training and development for junior policy staff. They tended to recruit experienced staff only. There was little evidence of smaller organisations linking into the training provided by larger departments, and a shortage of external courses that met their needs. Furthermore, shortages of senior staff, combined with work pressures,

affected the ability of departments to provide on-the-job coaching and development. Unlike a number of other countries, there is no collective development of the policy advisor pool.

Further attention is being given to these issues in the SSC's ongoing work programme. Relevant projects in the 1998/1999 year include:

- work on promoting training to develop policy capability (with an emphasis on working with existing brokers of training in the Public Service, namely the Management Development Centre and Public Sector Training Organisation);
- a survey of the use of secondments and rotations in building policy skills; and
- work to identify and promote the characteristics of high performing policy units as a basis for self-assessment and improvement in the performance of policy units.

Projects planned for the 1999/2000 year include:

- the collection of anonymous unit level (individual) human resource data by occupation for Public Service staff (instead of the current aggregated data collection). This will enable a considerably more robust picture of the Public Service policy advice labour market to be developed; and
- scoping work on the factors that affect the image and reputation of the Public Service as employer of choice. This will provide an opportunity for further investigation of the organisational systems, culture and reputation that have emerged in this study as important issues affecting the recruitment, retention and performance of policy staff.

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Appendix 1: Improving the Quality of Policy Advice: Human Resources Questionnaire

		Policy managers	snr. advisory / analytical staff	advisory/ analytical staff
1	How many policy managers and staff do you employ in your organisation (include currently unfilled vacancies)?			
2	How many policy managers and staff have left your organisation over the past year?			
3	How many policy managers and staff do you predict you will need in three years time?			

What factors lead you to make the judgements in (3) above?

4	Approximately what proportion of your policy work is outsourced to external contractors and consultants)?		%
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Please comment on any implications of outsourcing for your organisation.

		Policy managers	snr. advisory/ analytical staff	advisory/ analytical staff
5	What standards do you apply to your training investment in policy staff?			
	a Average \$ per person spent on training courses	\$_____	\$_____	\$_____
	b Average time spent in formal training per year	_____ days	_____ days	_____ days
	c Training plans linked to competency assessment (circle one)	Y/N	Y/N	Y/N
	d Training effectiveness evaluated against competency assessment (circle one)	Y/N	Y/N	Y/N

Please comment on the main methods used for training and developing your staff, and any related issues.

Name:
Date:

Department:

Thank you for taking the time to complete this questionnaire.