APS Human Capital Matters

Issue 1

Talent management in the public sector

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Effective leadership Diverse workforce Capable organisations and workforce Employee conditions APS Values
Editor’s Note to Readers

Welcome to the first edition of Human Capital Matters for 2013—the digest for time poor leaders and practitioners with an interest in human capital and organisational capability. This edition focuses on talent management challenges in the APS and the broader public sector.

About Human Capital Matters

Human Capital Matters seeks to provide APS leaders and practitioners with easy access to the issues of contemporary importance in public and private sector human capital and organisational capability. It has been designed to provide interested readers with a monthly guide to the national and international ideas that are shaping human capital thinking and practice.

Comments and Suggestions Welcome

Thank you to those who took the time to provide feedback on earlier editions of Human Capital Matters. Comments, suggestions or questions regarding this publication are always welcome and should be addressed to: humancapitalmatters@apsc.gov.au. Readers can also subscribe to the mailing list through this email address.

Talent management has been a topic of interest for managers and HR practitioners for many years. But finding a clear definition is difficult; a search of the internet for the compound term “talent management” and “definition” yields over half a million hits. The commonalities among these, fortunately, is high and the Chartered Institute for Personnel and Development (CIPD) (a UK body) encapsulates most of the commonality in its definition of talent management as: ‘...the systematic attraction, identification, development, engagement, retention and deployment of those individuals who are of particular value to an organisation, either in view of their “high potential” for the future or because they are fulfilling business/operation-critical roles.’ ¹

The plethora of definitions, and the breadth of the CIPD definition show that talent management is a complex issue that requires a collaborative relationship between the employee and the organisation as Campbell and Smith show in their examination of talent management from the perspective of organisational leaders. Despite the challenges, talent management is being embraced in all sectors and the Cornerstone OnDemand study of the US civil service approach identifies a number of practices common to all levels of US government service. Taking a slightly different approach to talent management in the public sector, Devine and Powell identify six “strategic perspectives” to managing talent in the UK civil service.

Garrow and Hirsch try to shift the conversation on talent management by emphasising the “fit” and “focus” of talent in organisations, while on a more practical level the guide to developing talent produced by the Government of Newfoundland reinforces the need for an evidence base for the development of a talent management program. The work of the Corporate Leadership Council is none-the-less one of the most comprehensive studies of the issues associated with talent management, which is complemented quite nicely by the more recent work by PageUp which demonstrates some of the global issues in talent management in organisations.

¹ CIPD, “Talent Management Factsheet” (August 2012).

The authors define talent management as ‘an organization’s efforts to attract, develop, and retain skilled and valuable employees’. The goal of talent management is to develop or recruit people with the requisite ‘capabilities and commitment needed for current and future organizational success’. Campbell and Smith add that an organisation’s talent pool, particularly its managerial talent, is often referred to as ‘the leadership pipeline’. The latter is managed through ‘various systems and processes to help the organisation source, reward, evaluate, develop, and move employees into various functions and roles’ (p. 2). The authors’ aim in this report, based on a study undertaken between October 2007 and May 2008 at the Colorado Springs campus of the Center for Creative Leadership (CCL), was to increase understanding of how those working in the ‘leadership pipeline’ perceived, and were affected by, this traditional approach to talent management. They argue that managers are not simply a stream of talent to be funnelled and directed by the organisation but actors with varying degrees of influence on the process. Of the 199 survey respondents, the typical participant was a male (73%), between the ages of 36 and 50 (67%), representing upper middle-management or the executive level (74%). They were drawn from the public and private sectors, with findings having implications for government and business.

The survey focused on the benefits to organisations of identifying and developing their ‘high-potential’ employees by better understanding what factors motivate and influence these employees. In order to determine how organisations are seen from the ‘pipe’, participants were asked three questions:

- Does your organisation have a formal process for identifying high-potential employees?
- How are ‘high-potentials’ treated differently from other employees in your organisation?
- Have you been formally identified as a high-potential employee?

In answering these questions using the survey results, the authors concentrated on four areas of inquiry: 1) Who is a High-Potential? 2) The Impact of High-Potential Identification; 3) Engaging High-Potentials; and 4) Shifting Roles—High-Potentials as Talent Developers. The survey’s five major findings, set out below, have significant implications for how organisations identify, invest in, and leverage their high-potential talent.

- Formal identification as a high-potential is important to employees (77% rated this highly).
- High-potentials expect more development, support and investment (84% of those surveyed think organisations should invest highly in them and other valuable talent).
- They feel good about their status, despite some misgivings concerning the pressure and expectations that accompany it.
- High-potentials are more committed and engaged when they have a clear career path.
- They are also valuable identifiers and developers of talent within their organisations (84% are actively engaged in this activity).

The authors conclude that the ‘Pipeline’ study demonstrates that effective talent management cannot be a one-sided effort. By incorporating the views and insights of high-potentials in talent management initiatives, organisations can accelerate the development of their leaders and strengthen overall organisational capability.
The Center for Creative Leadership (CCL) is a global provider of executive education with a focus on leadership development and research. Michael Campbell and Roland Smith are senior CLC researchers.


The report argues that in today’s challenging fiscal environment improved talent management is not optional but essential if it is to play its part in enhancing efficiency, reducing operational risks and lowering costs. It also states that a greater focus on managing talent can help public sector employers deliver improved training at a lower cost, better develop and engage their people, and plan more effectively for the leadership and talent needs of the future. The authors cite research by Bersin & Associates which suggests that the public sector is lagging behind other sectors in utilising talent management solutions. However, they go on to list five approaches being implemented by all levels of US government aimed at enhancing talent management outcomes, reducing costs and improving productivity.

- **Establish Development Plans for All Employees** (targeted career development for all levels of employee incorporating performance assessment, succession management and learning initiatives is essential in managing talent efficiently).
- **Build a Foundation of Competencies** (establishing the competencies—the knowledge, skills and behaviours that are used to develop people in an organisation—is a critical step for the success of any talent management approach; use of these competencies will also enable an organisation to build job profiles that can guide career development, training and performance improvement).
- **Integrate Career Development Planning into Performance Management** (performance management should be more than an assessment of job performance—it is an opportunity to engage employees in their work and to establish goals. For best results, work plans should contain activities that help employees to develop the skills needed to meet both individual and organisational goals).
- **Build Internal Talent Pools** (the identification and retention of high-performing and high-potential public sector employees should continue to be a high priority in today’s challenging environment; the private sector suffered considerable loss of capability during—and immediately following—the Global Financial Crisis when entire business units were abolished with little or no attempt to retain proven or promising staff).
- **Leverage the Power of Informal Learning** (for most employees, learning on the job from one’s peers is the most effective method of learning; creating the appropriate structures and providing the right tools can facilitate this more efficiently and produce greater benefits for the employee and the organisation).

Cornerstone OnDemand is an international learning and talent management solution provider currently working across 186 countries and in 38 languages.


This report, which is based on the results of a survey of more than 150,000 employees in over 200 organisations around the world, and extensive analysis of other data, presents public and
private sector Chief Human Resources Officers (CHROs)—or their equivalents—with ten insights for increasing talent management effectiveness. Its target audiences within government departments and corporations are Heads of HR, HR Leadership Teams, and Senior Executives. Three key questions were addressed in the study, with the CLC grouping its Insights under these three headings:

—How do organisations attract and retain critical talent effectively?

- **Insight 1** (p. 10): Many organisations have long held that competitive Employment Value Propositions (EVPs) could rely almost exclusively on elements such as product brand awareness, ‘great places to work’ recognition, or market position. However, the survey revealed that these attributes actually have very little impact on attracting employees to an organisation (product brand awareness, for example, is important for only 7% of candidates on the labour market).

- **Insight 2** (p. 12): Most organisations lack an effective EVP, which impedes their capacity to attract more ‘passive’ and ‘high-performing’ job candidates. In many instances, even where EVPs do exist, misalignment between an organisation’s EVP and employee preferences causes EVPs to fail.

- **Issue 3** (p. 14): An employee’s overall commitment to his or her organisation—the combination of rational and emotional commitment—accounts for about half of employee performance. Nevertheless, talent management activity that builds emotional commitment—the extent to which employees value, enjoy, and believe in their job, organisation, team, and manager—is often overlooked even though it is four times more powerful than rational commitment in driving employee performance.

—How do organisations develop executive talent effectively?

- **Insight 4** (p. 18): The most successful organisations are led by individuals who believe in talent management as a key tool in improving organisational capability; a focus by an organisation’s leaders and senior managers on managing talent increases the probability of its being in the top-tier of organisations by 84.1%.

- **Insight 5** (p. 20): The success of high-potential employees depends greatly on the quality of their networks within an organisation. Surrounding employees with high-quality managers and colleagues with whom they are in regular contact can boost employees’ potential to succeed in more senior, mission-critical positions by 20% or more.

- **Insight 6** (p. 22): Employee performance does not predict future potential—only 29% of an organisation’s current high performers have the potential to rise to and succeed in more senior, mission-critical positions.

- **Insight 7**: (p. 24): Most succession planning processes fail to deliver the right Senior Executive to the right position at the right time.

—How do organisations best drive workforce performance?

- **Insight 8** (p. 28): Many managers unknowingly undermine employee performance, sometimes by up to 40%. Although managers can improve employee performance by emphasising employee strengths in performance reviews (a 36.4% positive impact on performance), they can also undermine employee performance by making frequent changes to projects and assignments (a 27.8% negative impact on performance).

- **Insight 9** (p. 30): Informal communication between managers and employees matters most in enhancing employee performance. The single most important driver of employee performance across more than 100 strategies examined for the study is fair and accurate informal feedback (a 39% positive impact on performance).
• **Insight 10** (p. 32): Employees’ perceptions of their connection to the organisation and its success drive their performance. Increasing the connection between an employee’s work and an organisation’s strategy can improve employee engagement and performance by up to 32.8%.

The Corporate Leadership Council (CLC) is a global research organisation which focuses on providing quantitative research, best practice advice and executive education to senior HR executives in all sectors.


Drawing on research conducted by the UK business school, Ashridge, the authors identify and discuss the main issues pertinent to managing talent within public sector organisations, and suggest ways in which workforce planners can better retain and deploy talent in the future. Ashridge’s research approach comprised a literature review, over 20 case studies of both public and private sector organisations, and a national survey of its members by the Chartered Management Institute (there were 1,500 responses). The authors note that talent management comes in various forms, making comparative research difficult. Nevertheless, they argue that this difficulty can be alleviated and the talent management terrain better codified and mapped once the strategic priority and perspective underlying a talent management approach or initiative is recognised. They add that this strategic perspective shapes the way a talent management system is owned, viewed and implemented. And they caution that this perspective needs to be understood and supported by those putting the system into place, otherwise talent management processes can be distorted or neutralised by individuals with quite different motives and agendas. Indeed, achieving successful talent management outcomes is not solely the business of leaders—‘The role of the line manager can make or break the system’ (p. 3).

The authors outline six ‘strategic perspectives’ identified in the research that can shape an organisation’s approach to talent management.

- **The Competitive Perspective** (underpinned by the belief that talent management should identify talented people and give them what they want, otherwise they will be poached by competitors).
- **The Process Perspective** (focused on devising and implementing processes that optimise people’s performance on the assumption that managing and nurturing talent is an everyday element within organisational life).
- **The HR Planning Perspective** (similar to the ‘Process Perspective’, with a strong emphasis on a central role for HR in matching people with positions).
- **The Developmental Perspective** (reflects a focus on developing high-potential employees more quickly than others, often by means of accelerated career paths).
- **The Cultural Perspective** (talent management is viewed as a mindset, with talent being seen as critical to an organisation’s success).
- **The Change Management Perspective** (managing talent is regarded as a major driver of change; as such, it can be seen as part of a wider strategic HR approach to organisational change, or a tool for modifying an organisation’s culture, leadership styles and management capabilities).

The research also suggests a number of important factors for consideration when devising talent management strategies.
• Talent management approaches need to be built around a clear, coherent model of leadership.
• Talent profiles and skills sets must keep pace with public sector change and reform.
• Talent management needs to be aligned with diversity management so that an organisation can ensure that talented people from minority groups are identified and developed.
• Processes and systems designed to manage talent must be aligned with capability and audit processes in order to ascertain if talented staff possess the requisite qualities and skills.
• The links between internal talent management processes and national talent management programs must be clarified to enable high-achieving staff to advance from agency- to sector- to cross-sector work.
• The range of development opportunities open to talented staff should be extended by embarking on joint talent management programs with other public sector and private sector partners.
• Talent management processes ought to be better linked with career planning and succession planning.
• Public sector organisations need to develop talent management strategies that reflect their values around inclusivity and public service—will they continue to focus on a small group of high-potential employees or should they extend this approach to encompass a greater number of employees?

Ashridge, located near London, is one of the UK’s leading business schools. Marion Devine is an Ashridge Associate and Marcus Powell is a Business Director at Ashridge Consulting.


The authors note the number of recent published reports on talent management, and observe that ‘talent’ is frequently seen in discussions as ‘an abstract commodity’ having only one definition in a specific organisation. In their paper, they set out to re-frame the common question as to how talent can best be managed for the good of employers and employees by examining two aspects of the debate: that of focus (where should the talent management emphasis be placed); and that of fit (how can the objectives of talent management best be met).

The paper outlines how a clear talent management strategy can provide focus. It must:

• contain a clear statement of what types of jobs and/or what part of the organisation a particular talent management approach is concerned with;
• reflect an understanding of where in the organisation (or outside it) the right kinds of people may be found for these jobs and when they will be required to fill them; and
• outline the ‘development outcomes’ which this talent management work is designed to deliver in order to address current (and potential future) challenges.

In relation to fit, several considerations and/or approaches are identified as being helpful in realising talent management objectives. These are:

• Fit to focus: how will the process deliver the strategic objectives required?
• Fit to culture: will the process reflect the organisation’s values, purpose and underpinning philosophy?
• Fit to workforce and the ‘psychological contract’: what do employees want talent management to do for them and how far will the psychological contract have to shift in order to work for both employees and employers?
• Fit to other HR practices and policies: how will talent management integrate and be supported by other HR practices?
• Fit to management capability and roles in managing people: do the current workforce and management have the capability and capacity to make the approach work?

The Institute for Employment Studies (IES) is an independent research organisation focusing on HR issues. The authors are on the staff of the IES.


This guide aims to provide departments of the Newfoundland and Labrador Public Service with details of tools and processes that can be used in developing a department- or Service-wide Integrated Talent Management Program (ITMP), or one that is specific to a particular occupational group. The document sets out five elements of, and/or areas for special attention in devising, successful talent management programs: 1) Being a ‘Preferred’ Employer; 2) Developing Internal Talent Pools; 3) Building External Talent Pools; 4) Organisational Culture; and 5) Organisational Readiness. The guide also outlines (in a Figure on p. 5), eight benefits of an effective talent management program to an organisation, its employees and the clients and other stakeholders it serves. These include: Aligns Employee Work with Organisational Goals; Focuses on the Provision of Excellence in Public Service; Richer Career Development and Career Management Programs; and Supports Effective Workforce Planning.

In devising an ITMP, the guide stresses that all preparatory work must be informed by evidence. It should also be recognised that no one strategy may be the best, rather a set of strategies (‘bundling’) might need to occur if an effective strategy is to be developed. Approaches required in gathering the necessary evidence and achieving optimal talent management outcomes include:

• assessing information about an organisation’s directions, priorities, goals and objectives;
• evaluating the results of regular employee surveys;
• collating and considering information on employee demographics; and
• analysing departmental scan findings concerning the organisation’s culture, leadership, management practices, work environment, decision-making and other business processes and practices.

The guide identifies several critical factors in developing and implementing an effective ITMP, for example:

• active participation by senior executives;
• accountability for the ITMP at the line manager level;
• a high level of departmental HR management support; and
• effective organisational communication of the program.

The HR Policy and Planning Division of the Human Resource Branch within the Government of Newfoundland and Labrador’s Public Service Secretariat produced this paper.
PageUp People has recently produced a series of reports aimed at providing multinational corporations (MNCs) with insights that will help them to better manage their talent when accessing, and operating in, Asian economies. Although these reports are designed mainly to serve businesses, they also contain much of relevance to public sector agencies seeking closer interchange with these countries.


The report outlines a number of characteristics of Chinese culture which should be taken into account by foreign businesses and civil services planning to increase their involvement with China. More specifically, it identifies six major factors influencing talent management in China.

- **Confucianism** (a focus on order, obedience and compassion): Leadership approaches tend to be ‘low key’ and inconspicuous compared to the more aggressive leadership assumptions and preferences of Western management, a difference which can lead to misunderstanding and confusion.
- **The ‘Iron Rice Bowl’ Legacy** (a ‘cradle to grave’ and ‘job for life’ mentality among many government employees in China): This security of job tenure has produced little incentive for employees to improve their performance, innovate or take risks, which may be an obstacle to Western attempts to partner with Chinese institutions.
- **Mian Zi—Saving Face** (A high priority among Chinese people is to keep face in interpersonal conduct—losing face can represent a severe reversal in social relations): Western managers must therefore be sensitive in dealing with their Chinese teams or negotiating partners.
- **The Doctrine of the Mean** (A doctrine emanating from Confucian philosophy which emphasises the need to avoid extremes, to exercise moderation and to value the group over the individual): Chinese leaders can appear (by Western standards) to delay decisions unnecessarily in the interests of maintaining team harmony.
- **Guan Xi—Relationships** (A concept of long-standing, deep relationships between individuals): It often involves reciprocating favours, which can lead to nepotism and even corruption and bribery and is therefore an element of Chinese life to be taken into account by Western managers.
- **Holistic Mindset** (Chinese and Western approaches to framing solutions can differ considerably): Westerners are taught to think in linear sequences—cause and effect, action and reaction—and to focus on reason, logic, planning, methods and deadlines. Chinese approaches consider the whole rather than the parts in addressing issues and challenges. This ‘holistic’ mindset manifests itself in different approaches to communication, leadership and problem solving which need to be understood by Western talent managers.

PageUp People’s advice for dealing with these challenges is to ‘glocalise’ talent management practices; not doing so, they argue, will mean failure in securing a foothold in China or retaining one.


The paper outlines six factors influencing talent management by companies (and government agencies) aiming to operate in India.
• **Employee Attrition**: (A highly-qualified younger generation represents a significant proportion of the total workforce—and one which therefore has considerable latitude to decide where it will work).

• **Employer Branding**: (Recent surveys show that India’s talent is attracted to caring organisations (e.g. free food while at work and transportation home after hours), enabling organisations (e.g. initiatives that allow employees to realise their potential), and organisations offering flexible work environments).

• **Productivity** (Increased levels of training and development as well as rewards and recognition schemes are among the factors needed to improve productivity).

• **Technology** (Technology is already having a large impact on talent management; for example, remote regions are benefiting from improved technology infrastructure and, nationally, technology is providing the greater flexibility in work practices so keenly sought by Generation Xs and Ys).

• **Cultural Factors** (Religious beliefs and societal structures (e.g. the caste system, observance of social hierarchy) remain immensely important in India).

• **Glocalisation** (The authors define ‘glocalisation’ as ‘the point at which global and local approaches and practices intersect’ (p. 16); the challenges of balancing these forces can be great. Accordingly, the report recommends that organisations with headquarters outside India should provide global guidelines for action but allow for local implementation; expatriate managers and specialists should also work to transfer knowledge, corporate culture approaches and appropriate best practices to local branches of the organisation).

The paper also cites (p. 10) the results of a 2011 Mercer study which identifies what characteristics of a job Indians rate most highly—and therefore the chief considerations to be taken into account in managing talent. These elements are: career advancement; base pay; training opportunities; type of work; working for a respectable organisation; bonus or other incentives; retirement savings plan; and flexible work arrangements.


The report discusses six factors significantly affecting talent management in Indonesia.

• **Education Constrains the Workforce Pipeline** (Although the main feeder pool for the country’s workforce is its youth, and despite recent advances, Indonesia’s education system is still unable to deliver the quantity and quality of skills required to meet its needs—a situation it is expected to take two decades to address).

• **Communication and Religion** (While English is commonly spoken in professional circles, most Indonesians speak the native Bahasa Indonesian. Not only can Westerners working in Indonesia improve their ability to do so by learning this language, they also need to attune themselves to Indonesians’ indirect way of communicating—one aimed at maintaining harmony and avoiding conflict. It is also necessary to allow for the implications for workers’ performance of Islamic traditions and practices, for example, five daily prayer sessions and the disruption of sleep and eating patterns during Ramadan, which can take a toll on Muslim employees).

• **The Bapak** (The word ‘Bapak’ means ‘father’ and denotes those of high status in Indonesia—‘Father’ in the community and ‘Boss’ in the workplace. Senior (foreign) business executives or government officials working in Indonesia are likely to be viewed as Bapak by their locally-based employees. However, these non-Indonesian Bapak (like their Indonesian counterparts) are required to exercise paternalistic care of their
employees and ensure harmony in the workplace through a series of complex and subtle behaviours—learning these can be a challenge for any foreigner).

- **Cultural Factors** (In addition to language and religion (discussed earlier), other key cultural considerations have to be taken into account when managing talent: **Hierarchy** (a paramount element in workplace structure); **Age** (maturity is a badge of honour and gains respect in Indonesia); **Time** (as with the Chinese, meeting deadlines can often be less important than a holistic, consensus-based approach to decision-making); **Saving Face** (the imperative to not inflict or suffer loss of face in the workplace can compromise projects or tasks); and **Relationships** (the strong emphasis on personal dealings—meeting together in preference to telephoning or emailing—can produce slow despatch of business and, to Western eyes, poor work outcomes).

- **Changing Mindsets and Expectations** (With more than half of Indonesians aged under 30 years of age, and despite the education and skills gaps identified earlier, the country is set for a generational shift which is likely to transform it. The drive to accelerate learning and elevate Indonesia within the global community has meant a greater focus and increased spending on the nation’s human capital development in both the public and private sectors. Key features of the talent management environment already emerging are the focus on developing internal talent and the introduction of job flexibility schemes and multi-skilling).

- **Technology Uptake** (Uptake of technology has occurred at a staggering rate in Indonesia; as a result, in both government and business talent management applications in the areas of recruitment, workforce planning and succession management are becoming an increasingly important element in managing talent).

*PageUp People, established in 1997, is a talent management advisory and solution company with offices in Australia, the US, the UK and China. All three of these papers were written by Ms Sylvia Vorhauser-Smith, Senior Vice-President of Research at PageUp People.*


The report argues that, although the fundamental concepts of talent management are not new—HR departments have been dealing with most or all of these functions for many years—it is clear that new, more integrated approaches to managing talent are needed. Such integration enhances the value of talent management to organisations, but achieving this has long been limited by the logistical difficulty of accurately collecting, maintaining and analysing the large amounts of data necessary for high-order talent management, and using the outcomes from this process to drive organisational strategy. The authors state that this challenge can best be addressed through more creative use of technology to support what they term Unified Talent Management (UTM).

The central element of UTM for organisations’ HR areas is Integrated Talent Management (ITM). PageUp People asserts that technology will be the key enabler of effective talent management in future. Technology-supported ITMs will make it possible for organisations to establish and maintain talent management systems in keeping with their changing needs. ITMs encompass data, process, workflow management, security models, user portals, and reporting and analytics tools across all technology applications required to run state-of-the-art talent management systems characterised by, and producing, high levels of alignment, planning, decision-making and service delivery. The report is concerned primarily with the potential of ITM to enhance outcomes for businesses. Nevertheless, it is clear that ITM has already permeated public sector practice.
As PageUp People argues, the HR landscape is changing with a greater emphasis evident on metrics and analytics and the sharing of human capital data via integrated talent management applications. Implementation of technology in supporting more sophisticated approaches to talent management will vary across businesses (and across sectors, for that matter). The report sets out a three-stage evolutionary process for the adoption of the respective elements of ITM, ranging from the formative to the advanced. In the case of ‘analytics’, for example, ‘Use of workforce analytics is in its infancy’ (Stage 1); ‘The potential of workforce analytics to feed into strategic business decisions and solve business problems begins to be realised’ (Stage 2); and ‘Workforce analytics are a crucial aspect of strategic business planning, problem solving, and decision-making and reporting’ (Stage 3).

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