MODERNIZING HUMAN RESOURCE MANAGEMENT:

THE IMPORTANCE OF VALUES-BASED LEADERSHIP IN THE CANADIAN FEDERAL PUBLIC SERVICE

by

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ABSTRACT

Over the past several decades, many theories have been advanced as to why efforts to reform the public service have met with only limited success. Clearly, the role of leadership with respect to reform must be examined, since successful organizational leaders should be extremely accomplished in the promotion and protection of the values that underlie decision-making. The issue of effective leadership is particularly significant for the future of the public service of Canada. Large numbers of public servants in the executive ranks are due to retire within the next five years. Given their central role, it is vital that there be enough dedicated and committed public servants to staff future vacancies. It is also essential that future public service leaders possess the competencies and values associated with a world-class public service and, a new type of public organization.

Related to this point is the importance of people-management skills. People management in the public service is an issue that has historically faced – and will continue to face – major challenges with respect to recruiting and retaining the leaders it requires for its continued success. It is imperative that the public service not only be revitalized and be seen as an employer of choice, but also that the process by which it accomplishes this goal - the practice of human resource management – be modernized. To achieve the flexibility needed to remain effective, the public service requires the kind of leadership that supports new public service values such as innovation and which emphasizes a “people- first” approach.

This thesis examines the kind of public service leadership needed to modernize the human resource management regime in the federal public service. A historical examination of public service values is presented to help determine the values that are important for public service leaders with respect to modernizing human resource management. Since replenishing the
ranks of public service leaders is crucial to ensure the quality of service to Canadians, leadership that supports career planning will be a major focus of this paper. In addition, this thesis demonstrates that while traditional public service values continue to endure, innovative leaders must effectively reconcile new public service values with traditional values in order to increase the possibilities for successful reform as well as achieve business objectives.

Much of the thesis is devoted to explaining the crucial role of post-bureaucratic leadership to successful reform. One of the major findings of the thesis is that leaders who demonstrate a blending of new public service values and traditional values are critical to creating effective employment relationships, which are key to modernizing human resource management in the federal public service. It will be apparent that public service leaders must ensure that an appropriate accountability framework is in place before embarking on reform. However, leaders who support new public service values such as innovation and empowerment and who emphasize the importance of people are essential to successful reform.
CHAPTER 1
A CHANGING PATTERN OF VALUES

Introduction

Public service reform has been an enduring feature of Canadian public administration. It has been especially important over the last two decades. Many reasons have been proposed for this ongoing need for reform; one primary reason is the perceived inadequacy of previous reform efforts. While several areas in the federal government have been the focus of reform, one of the more critical areas has been human resource management. In fact, one of the primary drivers of reform has been unheeded calls for a new vision of the terms and conditions of employment in the public service. Since the competence and performance of public employees are key determinants of successful policy formation and execution, it is interesting to note that it has only been since the 1980s that governments have recognized how important human resource management and, most notably, human resource planning really is.¹

Purpose and Organization of this Thesis

The purpose of this thesis is to examine both traditional and new public service values underpinning the reform of human resource management in the federal public service. The major hypothesis is that in addition to the emergence of a new, post-bureaucratic paradigm of public organizations, a new paradigm of post-bureaucratic leadership is also emerging. This thesis will discuss how a blending of traditional and new public service values, as demonstrated by public service leaders, is needed for effective practice of human resource management in the public service.

Much has been written about values in the public service and about the subject of leadership in general. However, little research has been done to address the values leaders of
public organizations require to be successful with reform efforts, as well to provide high-quality service to internal and external clients. The research used in this thesis involves description and analysis. Tait’s classification of public service values, found in this chapter, serves as the foundation for values-based public service leadership. Kernaghan’s model of the post-bureaucratic organization and its similarities to post-bureaucratic leadership, discussed in Chapter 2, is the basis for subsequent description and analysis found in this and the remaining chapters of this thesis.

In Chapter 3, the values underpinning values-based leadership are analyzed by examining recent efforts by the federal government of Canada to reform human resource management in the federal public service. Chapter 4 will compare two career-planning initiatives, one drawn from public administration and the other from the private-sector. These examples are then compared to show the extent to which effective career planning practices must be supported by innovative leadership. Chapter 5 summarizes the findings of the thesis, with particular reference to the importance of post-bureaucratic leadership and its impact on effective human resource practices.

The core public service for which Treasury Board acts as employer is now smaller than at any time since the 1970s. It diminished by approximately 100,000 employees in the last 10 years and by the end of 1999 totaled about 143,000 workers. Government downsizing, devolution, privatization and limited recruitment contributed to this reduction. More than 50,000 public servants have moved from the core public service to “separate employers” like the Canada Customs and Revenue Agency. Also, knowledge workers now constitute 55 per cent of public service employees, up from 33 per cent 15 years ago resulting in large groups of public employees with new expectations and a heightened need for change.
Demographic Challenges

Related to this point is the reality that the percentage of public service employees aged 45 to 54 has almost doubled over the last 14 years. This is particularly significant given the number of impending retirements in the senior ranks of the federal public service. Clearly, human resource planning has been neglected to the point where the public service now faces a “leadership crisis.” In an article in the Toronto Star entitled “Public Servant Ranks Face Personnel Crisis,” the former Auditor General of Canada stated that “[t]he situation is now urgent.” He warned that with 70 percent of the country’s senior public servants eligible to retire in seven years, a crisis looms in government services on which Canadians have come to depend.

The Auditor General’s concerns about leadership capacity may be summarized as follows:

- Seventy per cent of executives are eligible to retire by 2008, and traditional “feeder groups” for these positions have similar age profiles.
- Retention problems are arising among senior staff and others with certain competencies, due to the prolonged salary freeze, years of downsizing, lack of upward mobility, and increased competition from private sector employers.
- Staff is receiving inadequate development despite current and impending losses of highly skilled leaders and other professionals. Adding to this problem are new service delivery approaches and the increasing complexity of policy work, both of which demand greater breadth of experience.

These facts illustrate well the urgency of the situation. However, as pointed out by the Auditor General, the shortage of skilled workers and leaders has been known for years. The
Liberal government's 1999 Speech from the Throne included a promise to address this problem. Clearly, the process of human resource planning has achieved prominence for three reasons:

- The current shortage of leadership skills in the federal public service is urgent.
- Since the goal of human resource planning is to ensure that the government has, and will continue to have, the appropriate quantity and quality of employees to carry out its responsibilities, the integrity of a career planning process is critical.
- Given the close relationship between human resource planning and all other areas of human resource management, the issue of reform once again becomes paramount.  

Inadequacy of Previous Reforms

As already mentioned, one of the primary reasons for the need for ongoing public service reform is the inadequacy of previous reforms. This has particular significance for the management of human resources in the public sector, which has been the focus of study for many years. The reality that the government needs to move out of the study phase toward concrete action is a point supported by the Office of the Auditor General of Canada. Concerns about the management of human resources in the federal public service have circulated for several decades, suggesting that at least in the past public service reform has not been a priority for political leaders.

In light of the fact that reform of the management of human resources in the federal public service has received minimal attention from its political leaders, it is understandable that the concerns identified in the 1960s contribute to the human resource challenges of today. It had, for example, been identified by the 1960s, that substantial changes in the legislative framework were required. Issues involving the division of responsibilities, unclear accountability, the role of the Public Service Commission and frustration with the staffing process had been noted then and
are still problematic today. Clearly, the human resource management systems of the federal public service are cumbersome, costly and outmoded. Furthermore "they are constrained by a web of laws and regulations that had developed bit by bit over a long time, without any overall plan." It is clear that the dismal condition of human resource management in the federal public service has been permitted to endure with very little dialogue about concepts such as values and beliefs that influence all human action.

**Significance of Values**

In the last two decades, the theory that "shared values have been increasingly recognized as providing an essential foundation and framework for guiding individual and organizational behavior" has been widely acknowledged. In addition, "values are always the unifying force of organizations which have a strong identity; in these cases it is a value system to which employees can relate and commit and thus, the by-product is pride in, and loyalty to, the organization." Although values have been defined in many ways, it is reasonable to argue that in essence "they are enduring beliefs that influence our attitudes and actions ... they are central, therefore, to our decisions and actions within and outside the workplace." A report by the Auditor General of Canada suggests that Canadians expect the federal government to assume a leadership role in the promotion of sound values and ethics in government. Furthermore, this report argues "that ensuring sound values and ethics is a vital part of good governance that supports and respects fundamental democratic values." This has particular significance for public servants because they carry out their duties in a political environment and must therefore consider the value implications of their decision-making, especially since they exercise substantial discretionary power.
Since the notion of shared values is tightly linked to the concept of organizational culture, it is useful to identify traditional and emerging public service values and, most notably, to distinguish the values associated with innovative public service leadership. Traditional public service values are those which have endured over time and are generally compatible with the Canadian constitutional conventions of ministerial responsibility, public service anonymity and political neutrality. Specifically, these values include integrity, accountability, efficiency, effectiveness, responsiveness, representativeness, neutrality, fairness and equity. However, in order to understand fully the implications of the public sector values present in decision making and their relationship to public service reform, it is necessary to examine the assumptions that underpin public sector decision making itself.

Comparing Approaches

In “A Strong Foundation – A Summary,” John Tait provides a useful distinction between the sometimes competing perspectives of public administration and public management and the values commonly associated with these approaches.

Public Management and Public Administration

- The public administration perspective tends to see government from the top down, emphasizing the decision-making processes and institutions, the senior public service and its interaction with ministers and Parliament, law and regulation, accountability, government organization and public policy.

- The public management perspective tends to see government from the bottom up, focusing more on the quality of life and work in public organizations. It also seeks to understand and improve features of organizational life such as leadership, strategic management, organizational climate, service quality, innovation, performance and client satisfaction.

In comparing the strengths and weaknesses of the assumptions underlying these approaches, it is clear that they do not always co-exist easily. Specifically, Tait points out that "from a public administration perspective, public management pays too little attention to the
democratic, parliamentary, political and public context, treats public goods as if they were private, ignores the complexities and tradeoffs that characterize the public sphere and downplays the importance of due process, vertical accountability, and the ultimate importance of the public interest or the common good.\textsuperscript{17} The public management perspective, by contrast, contends that "public administration neglects the real life of organization, pays too much attention to due process, while ignoring results, gives short shrift to the real users of public services and the quality of their interactions with government, and has little or nothing to say about the concrete tasks needed to transform public organizations."\textsuperscript{18} The foregoing highlights the obvious tension between the two perspectives. However, tension in this case can be seen as a necessary first step in providing the foundation for reconciliation. Specifically, these tensions can be viewed as an opportunity for creative dialogue among involved stakeholders toward a values-based public service culture.

**Evolution of Human Resource Management Practices**

Historically, the human resource management system has been the subject of extensive review and debate. The system has changed through several periods over many decades. The leadership of each period shaped the key values that, in turn, influenced the practices of human resource management. Over the past 70 years, there have been five inquiries into human resource practices in the federal public service.\textsuperscript{19} The history of reform presented here provides a sense of the way in which the values which underpin the system have been driven by its leaders, as well as the direction and the extent to which those values have changed over time.

In 1908, the passage of the Civil Service Amendment Act led to a shift in values away from partisan considerations. The purpose of this legislation was to abolish appointments based
on patronage and to introduce the concept of merit as the key criterion for appointments to the public service. It is notable that this act applied only to public servants working in Ottawa.\textsuperscript{20}

In the first significant period in the evolution of the human resource management process, politicians attempted to diminish or eliminate political patronage in the public service. Prior to 1918, patronage was evident at several levels and by the decisions of various players in the process. At local levels, certain Members of Parliament had been known to make lower-level appointments based on party affiliation.\textsuperscript{21} Patronage also occurred when cabinet made appointments to senior level positions that were based on partisan political support. Other types of political appointments could be found within the public service – made by deputy ministers, who were also political appointees.\textsuperscript{22}

Following the enactment of legislation designed to enhance political neutrality, the concept of efficiency emerged as a competing value. This shift toward efficiency was supported by the enactment of the Civil Service Act in 1918, which intended to advance economy and efficiency in the public service.\textsuperscript{23} In addition, the concept of merit as the basis for appointment in the public service also retained its value - at least in principle. In contrast to previous legislation of this type, the 1918 Civil Service Act remained in its original form until 1967, severely restricting the political activities of public servants.\textsuperscript{24}

Throughout the First World War, the values of political neutrality and efficiency were the key drivers of change in human resource management. Concern during the 1920s about patronage led to a decline in patronage appointments and partisan political activities by the 1930s.\textsuperscript{25} However during the 1930s, the concept of merit, as pursued by the Public Service Commission, was relegated to the sidelines. This was partly due to Treasury Board’s focus on
the pursuit of economy and efficiency during the Second World War – an approach that was evident in all areas of government during this period.26

From 1946 to 1966, human resource management underwent a major transformation, in response to the much-needed expansion of the role of government in a more complex and industrial society. Large numbers of skilled public employees were needed to provide the services that were now expected of government. Although by the end of this period, public service unions had the right to bargain collectively and to strike, efficiency continued to be the leading value upon which human resource machinery was based.27

In 1962, a Royal Commission on Government Organization (the Glassco Commission) was created to find ways to promote efficiency and economy within the management structure of the public service. One of its challenges was to reconcile the need for departmental autonomy with the protection of the merit principle. Its call to “let the managers manage” assumed that individual departments would be in a better position to select applicants for their own range of responsibilities as opposed to a central agency personnel officer.28 During this period, the value of political neutrality had now become a secondary concern.

Despite continuing emphasis on efficiency as the primary road to good human resource management, other key variables during this period were also identified. In April of 2000, a report from the Office of the Auditor General noted that the Glassco Commission found that substantial changes in the framework of the human resource management regime and the reporting relationships were required. Specifically, the Commission expressed concern about splitting responsibility between Treasury Board and the Civil Service Commission (now the Public Service Commission) and the resulting implications for accountability and efficiency.29

The report also noted that while many of the Glassco Commission’s recommendations
were adopted, those pertaining to the merit system and the role of the Public Service Commission were not. Many of the concerns identified during this period continue to be problematic today. For example, a report from the former Auditor General expressed concern about the splitting of responsibilities between the Treasury Board and the Public Service Commission and the implications for accountability and efficiency.  

The period from 1967 to 1978 was particularly significant for the management of human resources. Significant reforms during this period included the introduction of collective bargaining and French language training in support of a bilingual public service. New trends such as participative management, Management by Objectives (MBO), the Program, Planning and Budgeting System (PPBS), had been introduced as ways to emphasize the value of effectiveness. Legislative changes that greatly impacted the framework of human resource management were the Public Service Employment Act and the Public Service Staff Relations Act which came into effect on March 1st, 1967.  

In the 1960s, the extent of public service reform was so great that the system was unable to deal with what was described as a “saturation psychosis.” During the 1970s, public servants, stifled by too much bureaucracy, began to impress upon their leaders that job design, employee satisfaction and morale are just as important as hiring, benefits and crisis management. The values of representativeness and responsiveness now achieved prominence, a fact equally significant for human resource management during these years.

Evert A. Lindquist categorizes the 1980s as a decade of government indecision, fiscal restraint and mounting frustration for public servants. He points out that public servants endured many upheavals in the quest for efficiency – from the latest in management fads to the delayering of management ranks. From 1979 to 1989, the interpretation of the merit principle
was again examined, since the emerging new reality was that several new values had created new tensions in the way merit was practiced in the public service. In 1979, the Special Committee on the Review of Personnel Management and the Merit Principle (the D’Avignon Committee) examined the ways in which the merit principle worked through the mechanism of the merit system. Particularly significant in this study of the human resource regime, public service unions had now become full participants.\textsuperscript{35}

One of the key findings of the the D’Avignon Committee was that “due to the division of responsibilities between Treasury Board Secretariat and the Public Service Commission in 1967, personnel management lacked unified policy, leadership and a philosophy of management.”\textsuperscript{36} Specifically, the Committee held that the task of human resource management was left in the hands of persons who lacked basic managerial skills and that there was an alarming absence of accountability for this significant public service function.\textsuperscript{37} The Committee’s review proposed major changes to the way in which human resource management was carried out. It advocated a more open, flexible and entrepreneurial structure, to ensure maximum transparency and participation. It also recommended legislative changes, which would place authority for staffing within the jurisdiction of Treasury Board and the departmental manager. In addition, it proposed re-positioning the role of the Public Service Commission so that it would become Parliament’s auditor, not only for the staffing function, but also for the management of human resources in the broadest sense.\textsuperscript{38}

During this period, politicians and senior public servants appeared to lose confidence in their capacity to solve the problems they tackled so eagerly in the 1960s and 1970s. Deficit and debt problems were often perceived as resulting from the incompetence and wastefulness of public servants rather than politicians. Failure to improve the situation of the disadvantaged in
society, the persistence of regional imbalances and the failure to reduce the unemployment rate worked to undermine public confidence in what government could achieve. As a consequence, many senior public servants retreated from politicized, activist roles to ones that were more administrative and passive. Moreover, as government became more complex and politicians became even more anxious for simplistic solutions to problems, government programs and public employees became easy scapegoats.

In his 1984 Annual Report, the Chairman of the Public Service Commission stated that "the phenomenon referred to as 'bureaucrat bashing' escalated during the heat of the 1984 election campaign. While such attacks fail to distinguish what is the result of a political decision and what is due to administrative practices, the result is destructive to the morale of public servants who have no way of defending themselves." 

Since the late 1980s, a number of studies have emerged which reveal the inadequacies of previous reforms, particularly in the area of human resource management. At the root of these issues are problems with "underlying morale and evolving values of public servants in managerial positions." In 1986, David Zussman and Jak Jabes, conducted a significant study regarding the attitudes of senior managers in both the public and private sectors. Their findings showed that there was a "vertical solitude" within the senior ranks of the federal public service. Specifically, their research showed that the values of the more senior managers were quite different from those of middle and lower managers. Since it was found that managers at different levels do not share similar types of "management experiences," it became clear that managers at lower levels did not have a shared sense of corporate culture, leadership or direction with respect to the federal public service. This lack of shared corporate experience among public sector managers was not the case among managers in the private sector. This difference in perspective
was attributed largely to the fact that lower level managers in the federal public service had less access to key information due to many barriers such as the structures, regulations and rules, which characterize the public service.\textsuperscript{42}

The feeling of being "disconnected" from decision-making is not confined to managers at lower and middle levels. Leaders at the highest levels of the public service note similar experiences. According to John Tait "[o]ne thing that surprised us was to discover that these feelings are not confined to the lowest levels of the public service. Sometimes the fault-line can occur at the highest levels. Even ADMs and DGs, whom others perceive as the departmental leaders, also sometimes express the conviction that they have no influence over the course of events, or do not have full opportunity to contribute."\textsuperscript{43} These findings support the theory that communication and participation in decision making by all stakeholders is necessary to the creation of a shared public service culture.

According to Tait, public service values may be categorized in five overlapping groups of core public service values. The following are values he identified after extensive dialogue with public servants:

<table>
<thead>
<tr>
<th>Democratic Values</th>
<th>&quot;Traditional&quot; Professional Values</th>
<th>&quot;New&quot; Professional Values</th>
<th>Ethical Values</th>
<th>People Values</th>
</tr>
</thead>
<tbody>
<tr>
<td>responsible government</td>
<td>neutrality / non-partisanship</td>
<td>quality</td>
<td>integrity</td>
<td>respect</td>
</tr>
<tr>
<td>rule of law</td>
<td>merit</td>
<td>innovation</td>
<td>honesty probity</td>
<td>concern / caring</td>
</tr>
<tr>
<td>support of democracy</td>
<td>excellence</td>
<td>initiative</td>
<td>prudence</td>
<td>civility / courtesy</td>
</tr>
<tr>
<td>respect for the authority of elected office holders</td>
<td>effectiveness</td>
<td>creativity</td>
<td>impartiality</td>
<td>tolerance</td>
</tr>
<tr>
<td>loyalty</td>
<td>autonomy</td>
<td>resourcefulness</td>
<td>equity</td>
<td>openness</td>
</tr>
<tr>
<td>neutrality/non-partisanship</td>
<td>frankness</td>
<td>service to clients / citizens</td>
<td>disinterestedness</td>
<td>collegiality / participation</td>
</tr>
<tr>
<td>----------------------------</td>
<td>-----------</td>
<td>-------------------------------</td>
<td>------------------</td>
<td>----------------------------</td>
</tr>
<tr>
<td>accountability</td>
<td>objectivity and impartiality in advice</td>
<td>horizontality</td>
<td>discretion</td>
<td>fairness</td>
</tr>
<tr>
<td>due process</td>
<td>speaking truth to power</td>
<td>teamwork</td>
<td>public trust</td>
<td>moderation</td>
</tr>
<tr>
<td>public interest / common good</td>
<td>balancing complexity</td>
<td></td>
<td></td>
<td>decency</td>
</tr>
<tr>
<td></td>
<td>fidelity to the public trust</td>
<td></td>
<td></td>
<td>reasonableness</td>
</tr>
</tbody>
</table>

Clearly, the categories of public service values outlined above are not mutually exclusive. They appear to be complementary or competing depending on the historical time frame, and on the extent to which the decisions of formal leaders exemplify and communicate the public service values associated with innovative leadership and high performing organizations. Therefore, it is critical that the formal leaders of public service organizations understand the inherent tensions between categories of values. It is equally important that they begin from a premise of innovation. An appreciation for the tension created by competing values obviously requires leaders of public service organizations to be willing to adopt an innovative approach to decision-making and help to create an environment where risk-taking by all employees is encouraged. In view of the foregoing discussion, it is clear that the concept of "[e]mpowerment is a means of achieving such new public service values as innovation, service, quality and teamwork, but it must be reconciled with traditional values such as accountability, efficiency, effectiveness, fairness, equity, neutrality and integrity."44

The 1990s may be described as tumultuous years for public service human resource management, accompanied by both internal and external challenges. In December of 1989, the
clerk of the privy council launched “Public Service 2000.” “The origins of PS 2000 lay in the growing frustration of public servants, particularly managers, at what they perceive as excess red tape and controls. Their frustration was heightened by the awareness that other public services and the private sector were finding better ways to manage resources and serve the public.”

According to John Edwards, “PS 2000 has been described as quite modest in its scope. It did not, for example, seek to address the role and size of government or the relationship of officials to ministers, or to get deep into the structures of government. It was about streamlining the administration of government.”

With regard to career planning and development, Public Service 2000 recommended that “public servants should receive assistance in selecting their career goals and the path to these goals.” The Public Service 2000 white paper claimed that there were two major ways to achieve this goal. The first was systematic recruitment, career planning and balanced, experience-building assignments. The second way was through general training and development. The current system of human resource management has not been effective in implementing these opportunities.

During this decade, major efforts were made to reform the public service. However, in a special report reflecting on his ten year term, the Auditor General delivered a stinging indictment of the government’s half-hearted attempts at reform during the 1990s. Gilles Paquet and Lise Pigeon contend that a key internal challenge came from a new vision of public service leaders. Specifically, they began to realize the need for improved service to Canadians. Public service employees also recognized that improvements to accessibility and training that equipped them with skills for future job vacancies were required so that they could provide improved service. They requested that greater emphasis be placed on career planning and career development.
Moreover, increased authority for staffing had been delegated to managers, which required a renewed focus on accountability. ⁵⁰

Other challenges were external. The national emphasis on reducing the public debt and the need to improve governance led to the creation of Program Review. This initiative by the federal government required that departments assess and redesign their programs to maintain their legal mandate while taking into account the steadily declining budget.⁵¹ One of the main outcomes of Program Review was a re-thinking of the way in which the federal government provided service to Canadians. It was also recognized that federal public servants would now have to operate under new realities, requirements and accountabilities, which would obviously alter their required skills and abilities.⁵²

Another significant consequence of Program Review was the increased stress level in the public service due to cutbacks and downsizing. Cuts, which came after the government’s assertion that people were the public service’s greatest asset, only added to the sense of frustration. Many public servants expressed uncertainty about their future and questioned their belief in public service. They felt shaken by the downsizing, and by the way it was handled. The wave of restructuring and wage-restraint measures contributed to the very problems that Public Service 2000 intended to address.⁵³ In addition, an unforeseen exodus of high-quality employees during the downsizing created skill shortages in various occupational groups, such as policy analysts, computer system specialists and engineers. Downsizing and wage restraints did little to attract and retain talented people. Moreover, constraints on staffing in the 1990s resulted in a public service comprised of very few young people.⁵⁴

Efforts to renew the public service after Program Review continued. In 1996, the clerk of the privy council introduced La Relève, which was intended to address problems identified in
human resource management. The main purpose of La Relève was to prepare for the potential leadership crisis arising from impending retirements among executives as well as to deal with the widespread sense of apathy in the public service.\textsuperscript{55} La Relève’s initiatives were designed to improve the overall future direction of the public service, particularly as it related to human resource management practices.

As mentioned, the demographics of the “Baby Boom” group present significant challenges in replacing public servants who are about to retire, especially within the senior leadership ranks of the public service. What makes this issue particularly urgent is that the class of public servants who would ordinarily move into key leadership roles are also planning to retire. The recruitment drive to attract university graduates to the public sector has also been a failure as reported by the Auditor General.\textsuperscript{56} In addition, intense competition between business and government for the significant group of well-educated, highly skilled employees known as “knowledge workers” continues to complicate matters.

**Conclusion**

In reflecting on the previous decades, it is evident that the key drivers of change in public service human resource management can be viewed as a pattern of evolving values depending on the priorities of the political and public leadership of the day. The significance of the support of leaders for reform was strongly underlined by John Tait who stated that “there is nothing more important for the future of public service values than the quality of leadership at the top levels of the public service.”\textsuperscript{57} In his influential report A Strong Foundation – A Report of the Task Force on Public Service Values and Ethics Tait points out that public servants at all levels should strive to exemplify leadership qualities in their own decision-making. However, the quality of leadership and role models in the uppermost reaches of the public service is of paramount
importance in demonstrating what values are desirable in a public organization. Moreover, if the behavior of senior leaders is seen to contradict espoused values, it is likely that these values will be supported only minimally or forgotten.

In light of this, what impact do the values and leadership styles of current public service decision-makers play in the lives of public servants and Canadians in general? What role should they play in creating policies and structures that affect all Canadians in a democratic society? The next chapter will discuss the values associated with effective organizational leadership and their relationship to high performing public organizations. This will be followed by an examination of current concepts and theories about leadership that support these values. Finally, the values underpinning effective human resource leadership within the special context of management in the federal public service and its implications for the future will be analyzed.
2. Ibid.
4. Ibid., p. 9-5, reference 9.5.
12. 2/2/2001. 8:37AM.
16. Ibid., p. 10.
17. Ibid.
18. Ibid.
22. Ibid., p. 557.
23. Ibid., p. 557.
24. Ibid., p. 557.
25. Ibid., p. 557.
26. Ibid., p. 557.
27. Ibid., p. 557.

Ibid. 9.33.


Felice, 3 of 7.


Ibid. 9-10 Exhibit 9.2.

Ibid.

Ibid. 10. Exhibit 9.2.


Zussman and James, “The Vertical Solitude,” p. 80.


Kernaghan, Marson and Borins “New Public Organization” p. 177.


Ibid.


Ibid., 16.


Mintzberg, “Managing Publicly.” p. 129.

Ibid., p. 129.


Ibid., p.13.

Ibid.


Ibid., p. 51.
CHAPTER 2

LEADERSHIP, INNOVATION AND INTEGRITY

Introduction

The major forces driving the reform of the human resource management regime in the federal public service were explained in Chapter 1. Chapter 1 also provided a foundation for understanding the importance of public service values in the success of public service reform initiatives and, therefore, the values necessary to good governance. This chapter will develop further the notion that there are certain public service values that are relevant not only to high performing public organizations but also to the kind of leadership required to effectively manage people. Then, from the extensive volume of literature relevant to public service leadership, the chapter will examine several influential works that support this point. An overview of the key political and bureaucratic actors currently influencing the human resource management regime will be provided, as well as an analysis of the values needed for effective leadership of the human resource management regime. Finally, some of the key challenges to effective human resource management in the federal public service will be examined.

Influential Works

In his research on leadership, James McGregor Burns observes that “one of the most universal cravings of our time is a hunger for compelling and creative leadership. However, history has shown that we cannot agree on the standards by which to define, measure, recruit, and reject it. … Leadership is one of the most observed and least understood phenomena on earth.”1
The foregoing concerns are particularly significant for the federal public service of Canada. Peter Aucoin argues that there are two reasons for the need to define what "leadership" means in a professional public service. First, the demographic crisis affecting the senior ranks of the public service provides the primary impetus. Second, he suggests that "unquestioning deference to authority is no longer part of the culture; corporate approaches to 'wicked problems' and the provision of seamless services are increasingly required; and professional staff are less inclined to think of themselves as merely 'human resources.'"

Kouzes and Posner note that credibility is critical to successful leadership. In their well-received work *The Leadership Challenge*, they assert "that if there's a clear distinguishing feature about the process of leading, it's in the distinction between mobilizing others to do and mobilizing others to want to do." Their research suggests that there are certain behaviours that have stood the test of time and which are critical to the process of leadership. They identify them as the Five Fundamental Practices of Leadership:

- Challenge the process
- Inspire a shared vision
- Enable others to act
- Model the way
- Encourage the heart

This vision is particularly interesting because it applies to all persons at any level of an organization.

The model outlined by Kouzes and Posner is consistent with the values underpinning "the post-bureaucratic model of an organization" described by Kenneth Kernaghan et al. in the
New Public Organization \(^4\) and shown in broad outline in Table 2.1. The post-bureaucratic model has three main sections: management culture under which elements of effective leadership are found, structure and market orientation. In describing post-bureaucratic leadership, Kernaghan notes that an effective public service leader should be attuned to the overall needs of the organization so that changing circumstances, both internal and external, can be continuously assessed. In this way, the leader can strategically establish clear and relevant direction for the organization. Specifically, a leader’s organizational assessment must be continuous with decision-making that will reposition the organization when necessary. Obviously, this view of leadership requires sustained attention and commitment over time in order to achieve credibility in the eyes of the organization as well as business results. This is particularly significant for leaders of public sector organizations who must work in an environment characterized by ever-diminishing resources and by political pressures.

The primary role of the post-bureaucratic leader is to inspire employees and to create the kind of organizational climate required for risk-taking and innovation but, more importantly, the leader must serve as a role model for the entire organization. High performance organizations are related to a high level of satisfaction with the culture of the workplace. Naturally, the level of commitment to teamwork and collaboration as demonstrated by the leader is critical to the success of a high performing and innovative organization. With respect to the other identified components of post-bureaucratic leadership, the most significant of these is positioning because it requires leadership to adopt a “relationship manager” approach. In managing relationships, leaders must be continually aware of whom their internal and external clients are. Leaders should also be aware that sharing information with all interested stakeholders leads to trust which is critical to building and maintaining business relationships.
Table 2.1  *From the Bureaucratic to the Post-Bureaucratic Organization*

<table>
<thead>
<tr>
<th>Bureaucratic organization</th>
<th>Post-bureaucratic organization</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organization-centred</td>
<td>Citizen-centred</td>
</tr>
<tr>
<td>Position power</td>
<td>Leadership</td>
</tr>
<tr>
<td>Rule-centred</td>
<td>People-centred</td>
</tr>
<tr>
<td>Independent action</td>
<td>Collaboration</td>
</tr>
<tr>
<td>Status-quo-oriented</td>
<td>Change-oriented</td>
</tr>
<tr>
<td>Process-oriented</td>
<td>Results-oriented</td>
</tr>
<tr>
<td>Centralization</td>
<td>Decentralized</td>
</tr>
<tr>
<td>Departmental form</td>
<td>Non-departmental forms</td>
</tr>
<tr>
<td>Budget-driven</td>
<td>Revenue driven</td>
</tr>
<tr>
<td>Monopolistic</td>
<td>Competitive</td>
</tr>
</tbody>
</table>

The concept of true leadership in principle and in practice is not tied to a mere formal title or rank. Paquet and Pigeon contend:

Leadership is not the preserve of executives, senior managers and supervisors; it is a process – not a task or a position – in which persons at all levels of the organization must partake. Leadership is not manipulating an object outside of and independent of the leader: senior managers who labor under this misconception don’t learn to play their contemporary part and therefore unconsciously undermine the reorganizations or cultural changes they initiate.5

Dee Hock, in *The Art of Chaordic Leadership*, offers another view of the meaning of leadership, which appears to support Paquet and Pigeon. He defines the term chaord as "any self-governing, self-organizing complex organism, organization, community or system, whether physical, biological or social, the behavior of which harmoniously blends characteristics of both chaos and order".6 Based on this premise, it is clear that chaordic leadership requires a new mind-set regarding the traditional leader-follower relationship. He notes that the single most important responsibility of anyone who attempts to manage is first to manage self: one’s own
integrity, character, ethics, knowledge, wisdom, temperament, words and acts. He argues that we spend far too little time practicing self-management because this task is so much more difficult than prescribing and controlling the behavior of others. He also argues that leadership is not making better people of others but rather making a better person of the self. Moreover, high income, power, and elevated position normally associated with being a leader have nothing to do with leadership. In fact, they often interfere with it.7

Hock also argues that a critical issue for leaders is assurance that those who lead are constructive, ethical, open and honest; he recommends that only leaders who possess and demonstrate these qualities should be taken seriously. It is clear that the meaning and practice of values as an integral part of effective leadership is important for this author. He states that “it comes down to both the individual and the collective sense of where and how people choose to be led. Where an organizational community will be led is inseparable from the shared values and beliefs of its members.”8

Importance of People-Values to Public Service HR Leadership

Through discussions with public servants across Canada during the mid-1990s, John Tait observed that “the theme of leadership has emerged with great force.”9 Specifically, he noted that as The Public Service Task Force on Values and Ethics studied the leadership challenge, “it seemed to be defined by four interrelated themes: fostering a culture of leadership at all levels; speaking truth to power; accountability for humane people management; and the importance of role models and leadership by example.”10 In light of this, it can be argued that the extent to which a leader exemplifies “people values,” as outlined in Chapter 1, is critical to the success of effective human resource management in the federal public service. Tait notes:
The quality of leadership and role modeling has a tremendous impact on organizational culture and individual behavior, because it is only through leadership that the “people values” of the public service can be put into action, and trigger the wider range of public service values.\textsuperscript{11}

Kernaghan notes that in considering leadership values, it must be kept in mind that some highly regarded leadership values are, at times, not practiced. In a recent Canadian Centre for Management Development (CCMD) study, the key areas for improvement in leadership values were found to be respect, communication, honesty and integrity.\textsuperscript{12} Once again, “people values” are shown to be of paramount importance to effective public service leadership. It is worth noting that respect, honesty and integrity are also ethical values.

In addition to leadership values, knowledge and competence are required for effective public service leadership. These attributes will be most effective when they are demonstrated in ways that are in line with the leader’s organizational values. Of particular significance to leaders in moving an organization toward a post-bureaucratic model are communication skills, visioning, managing change well, and empowering staff. Table 2.2 entitled “Organizational Values and Leadership Attributes,” contained in The New Public Organization, shows the results of a study undertaken to inquire as to the dominant values contained in the vision, mission and value statements of public organizations across Canada.\textsuperscript{13} This table shows “that these organizational values are very similar to the attributes (values, knowledge and competencies) that were most frequently associated with effective public service leaders in the CCMD study mentioned above.”\textsuperscript{14} Moreover, it is reported that the similarity is more striking if the leadership values are distinguished from the list of overall attributes. These values in order of priority are “honesty/integrity, respect/caring, team playing, commitment to service, recognition of staff, and professionalism”.\textsuperscript{15}
A clear expression of what qualities are important in a manager can be found in the Spring 2001 issue of *Citizenship and Immigration Visa*. This publication is a very informative and upbeat internal publication intended to inform staff about priorities and current events within the department of Citizenship and Immigration Canada (CIC). In this issue, the staff of CIC sent a strong message to their managers as to what they feel constitutes effective public service leadership. It was clear from the many responses, that the messages came directly from the heart. However, the views of one respondent in particular captured most effectively the common theme:

The most important management trait for a boss to develop with employees is a strong bond of mutual trust. A bond of trust between employees and a boss allows for tough decisions to be made in a spirit of respect and understanding regardless of differences of opinion. Keeping that trust involves a continuous effort to find ways (over and above words) to demonstrate and show loyalty and confidence in employee suggestions and recommendations. Lack of trust in a boss means that the employer risks the premature loss of productivity. Those are conditions that are unfair to everyone and are extremely difficult to repair. 16

Dr. Linda Duxbury, of Carleton University’s School of Business, supports this view. She contends that the “key challenge for making the Public Service an employer of choice is to establish trust between employees and employers. First and foremost, people want to work for organizations that truly value them.”17 Furthermore, she warns, it will take concrete and significant actions to overcome the cynicism prevalent in the Public Service after more than a decade of reforms. She concludes with a call to action for all public service managers to create organizational systems and engage in daily practices that demonstrate respect for and trust in their employee’s abilities. 18

Table 2.2 is based on a 1999 study conducted by the Canadian Center for Management Development (CCMD) and shows the similarities between organizational values and the attributes needed for effective leadership. It is interesting to note that the organizational values
and leadership attributes that ranked the highest were the same: honesty and integrity. While this table shows that a blending of all four categories is needed for effective public service leadership, it is clear that all roads lead to “people and ethical values,” as the most critical categories of values required in the pursuit of effective human resource management. However, these values must be effectively reconciled with the most enduring public service value of all: accountability. The extent to which public service leaders support innovation and demonstrate ethical and “people – centered” behavior, will affect the degree to which they can lead an organization toward a post-bureaucratic management culture.

Table 2.2 Organizational Values and Leadership Attributes

<table>
<thead>
<tr>
<th>Organizational Values</th>
<th>Leadership Attributes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Integrity</td>
<td>Honesty / Integrity</td>
</tr>
<tr>
<td>Accountability</td>
<td>Communication Skills</td>
</tr>
<tr>
<td>Respect</td>
<td>Respect / caring</td>
</tr>
<tr>
<td>Service</td>
<td>Team Player / builder</td>
</tr>
<tr>
<td>Fairness / equity</td>
<td>Judgment / decision-making</td>
</tr>
<tr>
<td>Innovation</td>
<td>Visioning</td>
</tr>
<tr>
<td>Teamwork</td>
<td>Sets clear goals</td>
</tr>
<tr>
<td>Excellence</td>
<td>Inspires staff</td>
</tr>
<tr>
<td>Honesty</td>
<td>Knows the business</td>
</tr>
<tr>
<td>Commitment / dedication</td>
<td>Manages change well</td>
</tr>
<tr>
<td>Quality</td>
<td>Empowers staff</td>
</tr>
<tr>
<td>Openness</td>
<td>Strategic plan skills</td>
</tr>
<tr>
<td>Communications</td>
<td>Results-oriented</td>
</tr>
<tr>
<td>Recognition</td>
<td>Committed to service</td>
</tr>
<tr>
<td>Responsiveness</td>
<td>Evaluates org. environment</td>
</tr>
<tr>
<td>Trust</td>
<td>Gives staff job tools</td>
</tr>
<tr>
<td>Effectiveness</td>
<td>Manages stakeholders</td>
</tr>
<tr>
<td>Professionalism</td>
<td>Participative decisions</td>
</tr>
<tr>
<td>Leadership</td>
<td>Recognizes staff</td>
</tr>
<tr>
<td>Creativity</td>
<td>Professional</td>
</tr>
</tbody>
</table>

* in rank order                    ** n = 279
The concept of empowerment is closely related to the new public management value of innovation and the management culture of the post-bureaucratic model. In an organizational sense, empowerment is the transfer of decision-making from managers to persons in an organization, who have the knowledge, skills and ability to make informed decisions. Empowerment goes beyond the act of delegating work within the hierarchy of the organization; it ultimately creates a mind-set in which an employee assumes personal ownership for the process of the work and for the outcome. This psychological orientation toward personal responsibility results in a partnership between the employees in a workgroup or between individual employees and their manager.¹⁹

Historically, the concept of empowerment within organizations is nothing new. It has its roots in a combination of theories and practice such as Participatory Management, Organizational Development Movement (O.D), Management by Objectives, (M.B.O), Theory Z (TZM), Management and Total Quality Management (TQM). These theories seek to engage all divisions, departments and levels within the organization. Moreover, top management organizes all of its strategies and operations with customer needs in mind to achieve an organizational culture with high employee participation.²⁰

There are many ways in which public organizations can empower their employees. One way is through the creation of self-directed work-teams that take responsibility for achieving results without the approval of the manager. Other empowerment initiatives can be implemented through structural change, training and learning, reward and recognition, and innovative organizational leadership. It is clear that the concept of “empowerment is a means of achieving such new public service values as innovation, quality of service, and teamwork, but it must be
reconciled with traditional values such as accountability, efficiency, effectiveness, fairness, equity, neutrality and integrity.\textsuperscript{21}

An advocate of the concept of empowerment in public organizations is management thinker Henry Mintzberg, who argues that the perception of good management within government is focused on efficiency, rules and processes. In addition, he states that managers who develop system-based solutions to problems are more likely to be promoted.\textsuperscript{22} Similarly, Zussman and Jabes argue that it is the systems approach described above which is the antithesis of good management. They contend that a fundamental conflict exists between the values of accountability and those of originality, experimentation, inventiveness and risk-taking.\textsuperscript{23}

It may be argued that “successful implementation of reform is dependent upon reason and a well developed organizational learning capacity.”\textsuperscript{24} Specifically, “continuous improvement requires continuous change and, therefore, continuous learning”.\textsuperscript{25} This view is supported in a recent report entitled “A Public Service Learning Organization” in which two critical questions are posed:

1) What is a learning organization?

2) Why does it matter?

A learning organization is defined in the following way:

A learning organization is characterized by its ability to continually improve its performance through new ideas, knowledge and insights. It is able to constantly anticipate, innovate and find new and better ways to fulfill its mission. It is continually changing its behavior to reflect new ideas and insights.\textsuperscript{26}

The notion of transforming the public service into a learning organization is important for three reasons: “First, because a learning organization is essential to the ongoing relevance of the Public service in meeting citizens’ needs in the knowledge age. Second, it matters for the Public
Service of Canada to remain a professional, non-partisan public service. Third, it matters because it is essential to attract and retain the talent we need to serve Canadians in the knowledge age.  

One of the ways in which organizational learning can be implemented is through structural reform. This type of reform is intended to improve organizational performance with respect to policy making and the delivery of government programs. Generally, this kind of innovation refers to change from traditional departmental structures to a wide variety of mechanisms, such as Crown corporations, executive agencies, special operating agencies, shared common services, employee takeovers and contracting-out. These new organizational forms are generally known as alternative service delivery mechanisms. With respect to organizational learning, structural reform represents a move toward decentralized authority and control so that management and delivery of training and development programs are customized to meet the specific service needs of the stakeholders.

Kenneth Kernaghan provides an example of successful structural reform and its relationship to organizational learning. He draws attention to the training unit of British Columbia’s Department of the Comptroller General when it decided to charge back to departments for its training program. When Treasury Board decided not to grant a request for resources for additional training staff to meet the demand for training, the entrepreneurial spirit of the staff within this training unit decided to negotiate an employee buy-out of the training function. Once the training unit had successfully privatized themselves, they delivered their former services as consultants under contract and expanded their client base within the public service. Now out from under the restrictions of the government, the new training company has been successful.
In addition to structures and systems that must change in order to facilitate individual and organizational learning, one of the essential ingredients for success is leadership. In a recent report, the former Auditor General argues that "all those things such as programs, techniques, and management approaches are a piece of what is required for an effective learning organization. They will only function in an organization if there exists a strong belief among the leaders throughout the organization, that support it and constantly push for it."^30

Although it is difficult to decide what percentage of an organization's budget should be allocated for training and development, organizations that have moved toward the post-bureaucratic model have invested more heavily in learning. In learning organizations, top organizational leaders are aware of how the content and delivery of training and development programs can impact the strategic direction of an organization. This has resulted in organizational leaders managing the learning function - not the human resources department. The content of public service leadership development programs is more creative in learning organizations. For example, traditional classroom-based training programs are being contracted-out or are being replaced by more relevant experiential learning assignments that include preparing analyses and providing solutions to real-life problems that public organizations face. In learning organizations, leadership development programs are also being delivered by other leaders rather than professional teachers who can provide more insight, thus, making the learning more relevant.31 Through a combination of public service leadership which emphasizes innovation, accountability and people, and through structural reform, new public service leaders can create a culture that values innovation, and effectively sustains and supports learning that improves performance.32
In creating a democratic management culture, the post-bureaucratic model recommends a participative leadership style that is characterized by shared values and participative decision-making. Kernaghan and Siegel argue that “communication is the lifeblood of any organization. One of the main purposes of communication is to effect coordination between the various units within an organization. If an organization is to function properly, people in any part of it must understand what is taking place in other parts.” In light of this it is obvious that effective communication and sound leadership are very closely related concepts.

Good communication and sound leadership are important in producing highly motivated employees, and highly motivated employees can make the organization operate more efficiently.” A report entitled “Service to the Public Task Force Report” supports this point. This report argues that “top management is the most important influence on the growth of values and culture of an organization and that the most important way to shape corporate values is through communication.” In some cases, top management may be the architects of communications systems or cultures and unconsciously defensive about changing them. In other cases, there is no evidence to show that top management is even aware of the values they project. They may, therefore, be sending messages through their actions that do not support stated organizational goals.

Similarly, the views of John Kotter on leadership support the notion that “wasting” time is more important than ever. He provides his own comments in an article, “What Effective General Managers Really Do,” which was originally written twenty years ago. When re-reading the article again in 1999, he states that he was struck by the fact that the word “leadership” was never mentioned. However a large part of what the individuals in the article were doing was exactly that. He points out that time management experts continue to recommend that
managers write up lists of priorities and limit the number of people they see. However, the most successful ones observed by the author did not follow this recipe for success. He stated that the successful managers spent as much time interacting with staff as they did in their offices. Specifically, Kotter sees these managers “wasting time” walking down corridors, engaging in random chats with people, while building relationships and promoting their agendas with far less effort than if they had relied on a formal chain of command. It is obvious why this behaviour by managers has been known as “management by wandering around.”

Tait notes a related point regarding the relationship between effective communication and sound leadership. He argues that while open communication is necessary to the successful performance of any organization, it can also be a two-edged sword. It “can lay bare, if only by omission, what an organization’s true values and priorities are. It is therefore, essential that the values be sound and authentically rooted in the organization, if successful leadership and communication are to occur.” In addition, he advocates “…a capacity for ‘honest dialogue’ not just as something important to the ongoing health of the public service, but also as defining the very nature of modern public service leadership.”

Another way by which leaders can communicate and reinforce the organization’s values is to recognize and reward employees whose actions are in tune with these values. These practices can be either formal or informal, depending on what works best for the relationship between a leader and the employees. In like manner, Kouzes and Posner point out that “there is much more at stake than simply recognizing individuals for their contributions.” Based on a recent study, they note that exemplary leaders practiced the following essential ingredients in their recognition of individuals.

- Building self-confidence through high expectations
• Connecting performance and rewards

• Using a variety of rewards

• Being positive and hopeful

"By putting these four essentials into practice and recognizing contributions leaders can stimulate and motivate the internal drives within each individual." Kouzes and Posner also point out that when they asked people what constitutes an exemplary leader, those asked describe people who have brought out the best in them. ... This is one of the defining characteristics of a leader ... that person has our best interest at heart and wants us to be the best that we can be.

Kernaghan makes an interesting point on the relationship between pride and recognition and the extent to which the performance of public service leaders are measured:

[I]t is argued that the overall performance of public-service leaders should be measured in part by their ability to model and enhance public service pride and recognition. More generally, "public service leaders at all levels, but especially at the senior levels, should be selected not just for effectiveness but also for the degree to which they exemplify ... the highest public service values."

Mintzberg's views on the meaning and importance of leadership are somewhat different than those examined thus far. He insightfully points out there are some business journals so mesmerized by the whole idea of leadership that nothing else matters. He scolds leaders in today's organizations and warns that they had best focus less on current management trends and be prepared to take account of the past context of the workings of their organization. More specifically, he argues that the pursuit of "what's hot" may be dazzling, but all it does is blind everyone to reality. He states that leaders have been known to create an organizational crisis in trying to make their mark too dramatically in too short a period of time and states further that "the white knight of management may be the black hole of the organization."
It is not surprising that Mintzberg advocates a leadership style referred to as “quiet managing.” He states that quiet managers lead with respect for the integrity of people and seek to strengthen cultural bonds. This style of managing abhors treating people as detachable “human resources.” He notes that the term “human resources” is probably the most offensive term ever coined in management, at least until “human capital” came along.  

For Mintzberg, quiet managing is treating people as respected members of a cohesive social system. He also notes that successful quiet managing does not have to empower people—empowerment is taken for granted. This kind of managing inspires them by creating and supporting a climate that fosters openness and releases energy. He contends that when people are trusted, they do not have to be empowered.

Mintzberg argues that the development of leaders begins from the premise that leaders cannot be created in a classroom. He states that he has spent most of his career attempting to teach leadership and has concluded that pretending that leadership can be taught is destructive. He argues that a classroom setting can only teach the language of management and specialized training in business functions—not how to administer that knowledge, which is the essence of leadership. Despite this belief, he agrees that it is possible for the classroom approach to have a significant impact on people who are already leaders.

As explained earlier, the environment of the federal public service is in transition as a result of factors both external and internal. External pressures include the reality that the public service has moved to a knowledge economy where its employees have shifted from 60 percent blue collar to 60 percent knowledge worker. In addition, the impact of globalization, the explosion of new technologies and the demographics of not only our society but also of the
public service, have led to major changes affecting how the public service must do business in the 21st century.

The Leadership Network asserts that the federal public service needs champions and leaders. In light of the impending retirements of large numbers of the executive and senior management ranks, combined with the costly, cumbersome and outdated human resource management system, the task of finding high-calibre leaders is all the more urgent. This has particular significance for the future of Canada. In July 2000, a study entitled “APEX: A Survey of Leaders of the Public Service of Canada on their Vision of the Development of the Public Service” provided support for this view. This study revealed that almost without exception respondents think that staffing, classification and recruitment practices are unwieldy and costly, that they hinder the development of a public organization in which persons would want to be employed and overall, paralyze the system.49

The challenge to recruit the type of future public service leader Canada requires is widely acknowledged. According to Lorette Goulet, a former senior public servant, the term “leadership” has never been well defined in the public service. In an article “First You Must Believe!”50 she argues that it was always a fuzzy concept, often confused with motivation and that the goals of leadership in the public sector have not been clear.51 She notes further that in the ongoing context of public service renewal, successful leaders should be people who have the ability to help their organization find innovative ways to deliver programs in an environment of ever-diminishing resources. To succeed, the federal government will need strong leadership and commitment at the most senior levels. In 1998, in the Fifth Annual Report to the prime minister on the Public Service of Canada, Jocelyne Bourgon, then the clerk of the privy council (1994-
stated that a leader is the person who guides the efforts of a group toward a result that is beyond its current reach.

The role of an organizational leader is an extremely difficult and challenging one. Unlike the private sector, which is organized around a profit motive, there are serious constraints on public service leadership, which limit the extent to which one can practice innovative leadership. It is also complicated by the complexity of issues and roles, which derive from competing interests and client needs, and from the multiple relationships and accountabilities a senior public servant must sustain. Although the rules within which public service leaders must operate can seem restrictive, the work environment of the rest of the public service has been rapidly changing, requiring employees and their skill sets to adapt just as quickly. In light of this, leaders must ensure that they possess the values and competencies to lead the organization somewhere. "That's more than just keeping the joint open."

In the public service, managers are not free to manage people any way they like. They must carry out their duties within a framework of rules and comply with the policies and guidelines of their organization. Most organizations rely on human resource systems that, properly designed and administered, assist leaders in managing their people. The expectations of today's public service managers require a human resource management system that is flexible, responsive and timely. However, the human resource management regime has been described as a "thorn in the side" of both managers and employees since it is no longer able to meet the needs of these groups. Challenges such as the large number of actors who influence the process, ineffective reporting to Parliament, changing bureaucratic leadership and lack of political will to see public service reform as deserving of their attention have contributed to a human resources regime which is no longer responsive.
Evert Lindquist argues persuasively that we ought to be moving toward a normative model of leadership with respect to the traditional public service employment contract, particularly as it impacts the type of leaders the public service requires. He states that in contributing to the kind of leadership necessary for an effective and competitive approach to take hold, it is critical that we re-visit the way our public service leaders are selected, evaluated and rewarded. He outlines three proposals: First, he suggests that decisions by which leaders are selected involve various stakeholders. This approach would require no legislative change. The definition of the profile of the executive position and the choice of the incumbent would be made not only by the supervisor but also by the representatives of stakeholders (employees, peers, major client groups, etc.) under the guidance of the Public Service Commission. This process would be valuable because it would provide an opportunity for dialogue among the various stakeholders in developing a shared vision, community building and organizational learning.56

His second suggestion is that the development of leadership positions be part of a planned process of learning through feedback, coaching and mentoring. In this model, leadership development becomes part of a contract where responsibilities are shared between the organization and the employee. This would require a paradigm shift: from the boss knows to the leader learns.57 Managers would also be required to develop a renewed appreciation of learning cycles so that there would be sufficient time to evaluate and reflect on lessons learned.

Thirdly, he proposes that executives be evaluated and rewarded more effectively. He argues that since stakeholders are involved in selecting executives it makes sense to have the same group evaluate them. Further, he points out that based on the views of hundreds of public service executives, who have undertaken leadership development programs with the Canadian
Centre for Management Development, key leadership factors are ignored when the time comes to reward and promote.58

It is clear that organizational leaders are essential since they are the most important transmitters of values, and therefore, culture within the organization. Although leadership must be nurtured throughout an organization and at all levels, it is most significant at the senior ranks where the approach and style of the leader impacts the organizational culture and where the future direction of the organization is decided. The Zussman-Jabes studies have shown that those who perceive a greater degree of leadership are likely to be more satisfied at work. Their findings also revealed that despite the sense among senior managers of operating within a "vertical solitude," it was the failure to perceive strong leadership and the lack of encouragement to participate in decision-making which created dissatisfied managers.59

In light of this, it would make sense for the public sector management system to seriously consider promoting greater leadership in its executive ranks through increased participative decision-making and demonstration of behaviors that show commitment to the organization. It is recommended that deputy ministers practice strong leadership so that it can be emulated by managers down the many levels of the hierarchy and into the field. Unfortunately, although several efforts have been made in the last decade to increase authority and accountability in the public sector, most of these reforms have "focussed on the elimination of restrictive rules and regulations, and not on developing more innovative managers."60

We have seen in Chapter 1 that there are several categories of public service values that, at times, do not complement each other. We have also seen that these values can, at times, be compatible and can enhance each other depending on the circumstances and on the values of the decision-makers.
Key Actors in the Human Resource Management Regime

The discussion now turns to the key players in the human resource management regime within the federal public service. In a report from the Office of the former Auditor General entitled “Streamlining the Human Resource Management Regime: A Study of Changing Roles and Responsibilities,” a grand total of 22 actors has been identified as influencing the management of human resources in the core public service. These are described in Appendix A.

For the purpose of this thesis, it is assumed that leadership from the following sources is critical to the success of human resource management since a combination of both political and bureaucratic support is necessary for effective policy development, analysis and implementation. Public service leaders at the highest levels are the most likely to send a strong message since organizational leaders are the carriers of values and culture in an organization. The players whose roles will be discussed here are:

- Prime Minister
- Deputy Minister
- Treasury Board
- COSO (Committee of Senior Officials)
- Clerk of the Privy Council Office
- Public Service Commission

The human resource management regime is an area that has been the focus of much attention and in-depth review. Some areas have been improved, but there is much more work to be done, particularly in light of the fact that many areas currently identified for improvement have been noted several decades ago. Clearly, the requirement for visible and sustained support by politicians for public service reform is paramount. This is particularly significant given the
potential impact on service to Canadians, and on the extent to which the management of human resources in the public service results in the recruitment of the kind of future leaders that Canada requires.

In light of the crucial role of politics in the success of public service reform, the support of the prime minister is key in that he is the most dominant figure in the entire process. This kind of power is acquired by virtue of his or her responsibilities for leading the governing political party, chairing the cabinet and acting as chief spokesperson for the government. The prime minister and cabinet colleagues have the foremost power and responsibility for making and implementing public policy. This allows for the opportunity to control and influence government departments (and individual public servants) both directly and indirectly through the ministers. The prime minister also has the power to appoint, transfer and remove deputy ministers at his or her pleasure. In light of the power of the prime minister it can be argued that while “many reforms can be carried out within the existing authority of public servants, even these reforms are likely to be more successful with firm political support – and major reform initiatives are very difficult without it.”

Clearly the support or lack of support by the prime minister for public service reform initiatives can determine their ultimate success. This point is strongly supported by Ian D. Clark, a former senior federal public servant who is now President of the Council of Ontario Universities. He asserts that “major public service reforms can only succeed if they are embedded in a ‘management agenda’ that is led from the political level, and that is aligned with both the government’s ‘policy agenda’ and its ‘fiscal agenda.’”

He characterizes the overall political agenda of the government as being comprised of three components, each assuming a strong presence of ministerial responsibility:
• The *policy agenda* led by the first minister. This is usually characterized by a concern for consistency with the governing party's basic philosophy (or election platform), the federal-provincial context (or "national unity" in the case of the federal government), preservation of cabinet and caucus solidarity, and the future electability of the governing party.

• The *fiscal agenda* led by the finance minister. This is usually characterized by a concern for achieving a sustainable balance between revenues and expenditures, and an appropriate level of taxation.

• The *management agenda* led at the ministerial level by Treasury Board (or equivalent body at the provincial level). This is traditionally characterized by a concern with the three E's (economy, efficiency and effectiveness) and the two P's (probity and prudence) in the use of public funds.\(^{63}\)

Clark argues further "that in the first half of the 1990's, in Ottawa the management agenda was not driven from the political level and that the three agendas were imperfectly aligned."\(^{64}\)

For Peter Aucoin, the level of support from federal political leaders' for public service reform is also significant. However, he suggests that the lack of political support for reform in the 1990s is largely because of two factors: first, the political leaders lack of engagement in matters of public service reform had clear consequences for the way in which the reform agenda evolved. He argues one of the reasons for the lack of involvement is that "few, if any, ministers saw political advantage in public service reform although some saw political advantage in sniping at 'bureaucracy' in the 1980s and into the 1990s."\(^{65}\)
Second, Aucoin suggests that the primary reason for lack of political involvement over the last decade is that "Canadian ministers (and their partisan political advisors) did not perceive the federal government bureaucracy to be a major obstacle that had to be overcome in order to pursue their public policy agenda." Nevertheless, "[t]he government’s performance on behalf of Canadians is closely linked to both the capacity of the public service to respond to the needs of ministers and the public and its ability to do so in ways that meet the highest standards of management. Thus, the success of management reform is clearly in the interest of every minister." It is clear that the effective management of a public service that is able to attract and retain its share of the best and brightest individuals in Canada is in everyone’s interest.

Another actor in the management of human resources in the federal public service is the deputy minister. The primary role of the deputy minister is to support and sustain the minister under the law. The deputy is also expected to manage the department, coordinate expanding groups of related organizations within the minister’s portfolio, maintain links with central agencies and consult with departmental stakeholders. These duties must be carried out while continuing to cope with daily crises and emergencies. In addition, the deputy minister has statutory authority for certain areas of human resource management. The authorities and responsibilities under departmental management include deployment, recruiting, remuneration, development, motivation, promotion and managing relationships. What is interesting is that although departmental management has delegated authority and responsibility for these areas, central policies govern the majority of these areas and, in practice, central agencies are involved in their implementation. Since central agencies are organizations that have a substantial amount of continuing legitimate authority to intervene in and direct the activity of departments, it is clear that this arrangement has the potential to create tension. Where the vision of the central agency is
not compatible with the needs and peculiarities of each individual department, the deputy minister would be placed in an ambiguous position in terms of decision-making and managing business relationships.

Over the last three decades, the management of human resources has changed considerably. A once centrally managed approach has become fragmented and uncoordinated as many of the functions in this area have been delegated to departments. It has been noted that deputy ministers are well aware of the need to give higher priority to the reform of the human resource management regime and are supportive of promoting the change required in the management culture. Specifically, they need to hold their managers accountable for the discretionary power they possess, especially for their performance in managing people. It is also the case that, according to Ian Clark, “for some departmental deputy ministers at some times, the roles of policy advisor and issue manager will take precedence over the role of departmental administrator. This is simply one of the ‘small-p’ political realities of public management and constitutes one of the ongoing challenges of public service reform.” Unfortunately, the responsibility and accountability for various aspects of human resource management remain diffused and indirect.

It is possible to operate through delegation of authority and responsibility. However, the full scope of delegated power needs to be outlined in clear and transparent terms before accountability concerns can be overcome and deputies can deliver the results expected of them. As far back as 1990, the “White Paper on Public Service 2000” pointed out that “the missing link all along has been effective accountability. Furthermore, it noted that many of the necessary accountability measures exist in one form or another but they are being applied indifferently. Effective accountability for the public service as a whole very largely depends on effective
accountability of deputy ministers." Another area for concern is the significant rate of turnover among deputy ministers. Of the 28 deputy ministers who signed the La Relève document in 1996, only 16 remained by 1999 and three of these had accepted leadership positions in different organizations. Clearly, excellence in human resource management needs champions and leaders, but also clearly defined expectations, reporting relationships and longer tenure in key leadership positions.

Another influential player in the management of human resources in the federal public service is Treasury Board and its Secretariat. Treasury Board has most of the statutory authority for managing the core public service. It derives its legal authority from the Financial Administration Act (FAA) of 1951 (subsequently amended) which charges it with the responsibility of "personnel management in the public service including the determination of the terms and conditions of employment of persons therein." Treasury Board is a cabinet committee supported by the Secretariat, which is the central management agency of the government. The Secretariat also has a senior advisory committee of deputy ministers (TBSAC) who represent the human resource management voice of their own departments. The Committee of Senior Officials (COSO) focuses on strategic human resource management issues and, like TBSAC, is made up of deputy ministers. COSO also provides advice to the clerk of the privy council on public service renewal as well as the identification and development of senior executives at the assistant deputy minister level.

In adjusting to a "managing for results" approach, Treasury Board has moved away from its traditional command and control model toward one with a focus on additional delegation of responsibilities to deputies. It has attempted to take into account the specific operating environment of each department by issuing broad policy guidelines instead of rules. Significant
in terms of accountability and effective results, Treasury Board now has much less information about departmental performance. Under the existing framework, the Board and its Secretariat are responsible for ensuring that deputies are accountable for the way they exercise their delegated authority. In addition to accountability respecting the delegated authority of deputies, performance reports to Parliament from both the Treasury Board Secretariat and individual departments are very vague as to how they carry out their responsibilities for human resource management. Moreover, they offer little information about their expectations for the future or about their accomplishments. Similar concerns apply to COSO. This is especially significant given the fact that as a subset of the community of deputy ministers, COSO has become an extremely influential core of leaders, since this is where the corporate direction is set on human resource management issues. However, surprisingly, issues such as streamlining the existing framework and engaging Parliament in the changes that are required to achieve this have not been clearly assigned.

Also important are the duties carried out by the clerk of the privy council and the secretary to the cabinet. The clerk of the privy council and secretary to the cabinet is the visible leader of the public service in practice and by virtue of the statutory title Head of the Public Service. Her or his enhanced leadership role and statutory responsibility to report annually on the state of the public service may be seen as a positive decision toward strengthening commitment and accountability for all players in the process. “The Clerk has the capacity to influence the appointment and priorities of deputy ministers, their accountability for performance, and their remuneration, development, reassignment and removal.”

As head of the Public Service, the clerk is in a position to assess its needs, answer for its performance as an institution and provide the leadership that is essential in any modern
organization where morale and individual commitment are the keys to having and keeping a motivated workforce. In addition, working with the community of deputy ministers and central agencies, the clerk can provide leadership that is vital in setting a challenging corporate agenda of reform and holding colleagues accountable for giving it effect. The clerk’s renewed leadership role has led deputies to become more enthusiastic regarding the reform of human resource practices and has provided the basis for a clearer picture of the issues involved. In the past, the clerk has taken a proactive role in initiating action that was and continues to be necessary to the effective reform of human resource management. Public Service 2000, for example, was initiated by the clerk, as was La Relève.

Since the clerk has broad overall responsibility for the state of the public service, it is clear that a successful reform initiative will require his or her ongoing personal and visible commitment, particularly in coordinating the various relationships and divided responsibilities within the human resource management structure. Ian Clark notes that despite the innovative approach to reform demonstrated by the clerk in the past, “the Clerk’s legislative responsibility to report on the ‘state’ of the public service” does not provide him with an obligation (or a bully pulpit) to advance a politically sensitive management agenda that the responsible ministers of the day are not prepared to support.

A player clearly identified by most public servants in the public service human resource management regime is the Public Service Commission. Its primary role in the federal public service is guardian of the merit principle, although how it actually accomplishes this is unclear. It is a parliamentary agency that is independent of the government and reports directly to Parliament. What is cause for concern is that the Public Service Commission is responsible only for overall departmental performance, not for specific actions. The content of its report each year
is generally focussed on the number and types of appointments made under the Public Service Employment Act. The Annual Report does not usually contain information on the performance of individual departments. Specifically, the report fails to provide information critical to effective human resource management.

"[i]n its reports to Parliament, the Commission needs to reflect its performance in carrying out its responsibilities, particularly those carried out directly for Parliament. The Commission's reports do not sufficiently address what it is doing to ensure the protection of merit, what its plans and expectations are or how well the public service and individual entities have adhered to the provisions and principles of the Public Service Employment Act." Content issues also arise since neither Parliament nor the Public Service Commission has taken the initiative to include information as to how competence is used as the basis for all appointments within the Public Service.

The three Commissioners of the Public Service Commission, one of whom is the President and the Chief Executive Officer, are appointed for a ten-year term and can be removed prematurely only by joint resolution of both the House of Commons and the Senate. The Public Service Employment Act (PSEA) of 1967 provides it with the exclusive authority to appoint persons to and within the public service according to merit and to manage such matters as appeals, layoffs and dismissals. It also handles matters such as training and employment equity as well as other areas that may be assigned to it by Treasury Board or the Governor in Council.

The role of the Public Service Commission has been the subject of extensive review over the last several decades. As with the other key players in the process, the way in which it accomplishes the protection of merit is not clearly specified. Other difficulties relate to its
multiple responsibilities and its operational roles, which for the most part have already been assigned to Treasury Board. More specifically, it has been questioned whether the Public Service Commission is a guardian of the public interest on behalf of Parliament or is a part of the government structure for managing human resources.86
Challenges to Human Resource Management

Size and Scope of the Public Service

This thesis presents the position that the essential ingredient for successful reform of human resource management in the federal public service is leadership which supports innovation and which emphasizes a “people-first” approach. While effective leadership is essential to reform there also are several impediments which have the potential to hamper its success. One of the many challenges to the kind of leadership needed for reform is the sheer size and scope of the federal public service. In addition, given the rapidly changing social, economic and political environment within which public servants must work, and the size and complexity of government, it cannot be assumed that public servants share fundamental values, even within a single department or agency much less across the entire government. Yet there is support that its size and complexity make the pursuit of these values essential to high levels of performance in the public service and, as a result, to public confidence in government.  

Many Actors Influencing the Process

In a 2000 report, the former Auditor General for Canada identified many areas for improvement which have their origins in the size and complexity of the federal public service. Specifically, the number of players administering the human resource management regime poses many challenges. A concern has also been raised as to the apparent lack of clarity in reporting to Parliament, coupled with a complete lack of sanctions for reporting that provides little useful information. In addition, concerns with conflicting jurisdictions of the many players involved serve to further complicate and impede effectiveness.
Clearly the number of players administering the human resource management regime in the federal public service include a large number of competing values and priorities. These conflicts create barriers to the effective development, coordination and implementation of human resource policy.

**Managing Diversity**

Another major challenge to effective human resource management in the federal public service is implementing the difficult concept of *representative bureaucracy*. The value of diversity underpins this concept. The utility of pursuing this value is based on the assumption that a representative bureaucracy will be more responsive to the needs of Canadians and will therefore, provide better service, and best protect the public interest. Although in principle, diversity has always been a traditional public service value, it is a concept that has been and continues to be interpreted in a number of ways with a wide range of both supporters and critics.

Managing diversity is an enduring challenge for human resource leaders in the federal public service since its critics usually argue that it is inconsistent with the value of merit in principle and in practice. This concept is closely linked to the notion of a representative bureaucracy, which, in turn is related to the concepts of equal opportunity and pay equity and bureaucratic representation of francophones, women, aboriginal peoples, visible minorities and disabled persons within the federal public service. Taken in a very narrow sense it would require that "the public service be a microcosm of the total society in terms of a wide range of variables, including race, religion, language, education, social class and region of origin." Tait contends that "diversity within the public service is both a necessity and a strength." However, effective management of diversity poses challenges for public service leaders at all levels both in policy and operations. Support for this value is
particularly critical for those at the senior level who, like all public servants, operate in an environment which is clearly political and whose decisions communicate which values are most important for the entire organization.

A useful suggestion for implementing practices designed to deal fairly with the principle of diversity was raised in a report entitled “A New Framework For Resourcing the Workforce – The Report of the Consultative Review of Staffing.” This report contends that “diversity is a value that may require special attention. The Public Service Commission would need to consider how to use its monitoring and audit, and its reporting capabilities to support it.” In this way, the Commission would have a degree of leverage when commenting on the deputy minister’s performance, enhancing the level of accountability required for support of the value of representativeness.

The Merit Principle and Merit System

Closely linked to the value of representativeness and central to all public service values is the meaning of merit both in principle and in application. The most significant merit document in Canada is the Public Service Employment Act (1967). It gives the Public Service Commission (PSC) the legal responsibility for protecting and promoting merit-based staffing. In view of this, Canada is an example of an explicit merit system of employment. This type of system legislates its merit principles, and assigns a specific organization the responsibility of ensuring compliance with them. In a report entitled “Merit Systems in Western Democracies: An Introduction to Merit in Canada, the United States, Britain, Australia, and New Zealand,” the following series of working definitions related to merit are helpful in clarifying important terms:

Values – The individual principles or standards that guide judgement about what is good and proper.

Ethics – The rules that translate characteristic ideals into everyday practice.
Merit – The worth of a potential employee to a specific organization. It combines his or her education, skills, experience and background insofar as these things are relevant to performing a specific job well.

Relative Merit – Evaluated competitively, i.e., in relation to other potential employees.

Individual Merit – Evaluated individually, i.e., in relation to a defined standard of competence.

Merit System – An organizational structure through which merit is protected and promoted. There are two general types:

a) \textit{Explicit Merit System}: These have a legal foundation, and the organizations which are responsible for them, have their origin in specific pieces of legislation.

b) \textit{Implicit Merit System}: These are based on customary or traditional behaviors, and are articulated through the publications of relevant organizations.\footnote{The way in which organizational leaders implement the merit principle has significant implications for the level of trust that exists within the employment relationship, particularly since the terms defined above illustrate that the concept of merit is largely a matter of who is using it at any given time. This suggests that the way in which public service leaders implement the merit principle can provide a significant opportunity to practice espoused organizational values, leading to an increase in trust between employer and employee. This, in turn, would enhance employee morale, and therefore, improve service to the public.}

A study conducted in 2000 by the Office of the Auditor General of Canada has stated that

As far back as the 1962 report of the Glassco Commission, the public service staffing system has been a source of frustration. While the Glassco Commission endorsed the use of the “merit principle,” in staffing the public service, in its view the “merit system” (the rules, regulations, policies and procedures designed to implement the principle) frustrates the attainment of the principle. \footnote{As far back as the 1962 report of the Glassco Commission, the public service staffing system has been a source of frustration. While the Glassco Commission endorsed the use of the “merit principle,” in staffing the public service, in its view the “merit system” (the rules, regulations, policies and procedures designed to implement the principle) frustrates the attainment of the principle.}
In a 1982 Annual report entitled “A Consultative Report on Resourcing the Workforce”,
the PSC noted that Parliament neglected to define the term “merit” precisely in legislation,
preferring instead to leave its interpretation to the PSC. Specifically, the PSC outlined four
“factors” which it believes must be balanced, for the public interest to be served in upholding
merit. These “factors” are:

- Efficiency and Effectiveness
- Sensitivity and Responsiveness
- Equality of Access
- Equity (meaning impartiality)^6

More recently, in its 1993 Annual Report, the Commission listed three primary “values”
critical to the application of merit: Fairness, Equity (meaning equal access) and Transparency.
What was discouraging about this report is that in the end, what prevailed were the same detailed
procedures and the reality that managers were not given the freedom to balance values in the
manner suggested. Moreover, the report stated that within this framework, merit has tended to be
largely a matter of what the beholder believes it should be, or a matter of following a prescribed
process.^7 Another attempt to seek more clarity in the implementation of merit can be found in a
recent report entitled “A Values-Based Merit Framework and Fairness in Selection: Issues from
an Employee Survey” conducted by the PSC in 2000.^8 According to the results, 30 percent of
federal public servants saw the merit system as unfair.^9 An analysis of the results showed that
the perception of unfairness was closely linked to the interrelated workplace issues noted below:
People who saw the selection process as unfair, also:

- Lacked confidence in management/transparency
- Saw less fairness in other HR and work processes
- Saw organization as inconsistent
- Experienced developmental/career frustrations
- Were unhappy with their supervisor
- Felt that particular work environments were uncomfortable
- Felt disempowered

The report also noted that frustration with the staffing process was only part of the problem since relatively few staffing actions are appealed. Specifically, less than 5% of appointments are appealed and only 14.7% of appeals are upheld, representing less than 1% of all staffing actions. This led to a conclusion that appellants usually seek recourse for resolution of issues that run deeper than dissatisfaction with staffing action. The results of the survey also revealed that employees typically appeal because they are unhappy with the management style of the organization, lack of communication and less often the process itself (transparency, fairness, preferential treatment, perceived discrimination).

The report also sets out the values, principles and practices that public service leaders ought to practice by providing an explanation of the core of the framework, which it refers to as “Merit Values and Management Principles.” The results of the employee survey mentioned in the report clearly demonstrate that the ways in which managers exercise discretionary authority can affect organizational culture. Specifically, it suggests that the failure of leaders to exercise discretionary power in an ethical and responsible fashion will undermine the merit system and morale, thus, negatively impacting service to the public. The distinctions between merit values and management principles and their relationship to processes and results provided below, illustrate the tensions and contradictions which leaders face in decision making:
MERIT VALUES AND MANAGEMENT PRINCIPLES:

RESULTS

Non-partisanship – Employees are appointed and promoted objectively, free from political or bureaucratic patronage.
Representativeness – The composition of the Public Service reflects that of the labor market. Competence – Attributes which ensure that Public Servants are qualified to fulfill their Public Service duty.

PROCESSES

Fairness – Decisions are made objectively; practices reflect the just treatment of employees and applicants.
Equity – Equal access to employment opportunities; practices are barrier-free and inclusive.
Transparency – Open communication with employees and applicants about resourcing practices and decisions.

MANAGEMENT

Flexibility – Resourcing approaches are adapted to the specific needs of the organization.

Resourcing – Resourcing approaches ensure good value for money and are simple, timely and effective in their delivery.

In view of the results of this survey and the challenge of reconciling merit values with management principles, it is clear that when a leader’s behavior demonstrates respect for people values, their honesty and credibility are enhanced. Specifically, “[i]t should not be a question of emphasizing ‘results’ to the detriment of ‘process’, but rather of balancing these two sets of values.”102 This, in turn offers a higher degree of work satisfaction resulting in a higher degree of pride about being a public servant. Understood this way, public servants will more happily and, therefore, more effectively, pursue the protection of the public interest in the form of service to Canadians.
Discretionary Power of Leaders

The question as to what constitutes merit has been a central issue not only for the staffing system, but also for larger value and ethical dimensions in the way discretionary power is exercised by organizational leaders. As noted by Kernaghan, "the ethics of human resource management received little public attention during the last two decades except for the issues of employment equity, discrimination and workplace harassment, especially sexual harassment."103

Clearly, the role of the leader in demonstrating and communicating the parameters of ethical conduct is key to creating a respectful and healthy work environment. In an article entitled "Political Prudence and the Ethics of Leadership" Dobel argued that "leadership entails ethics because persons in positions of leadership have responsibilities. Persons in positions of leadership make a difference; they can bring about changes in behavior that would not occur without their presence and actions."104 Sympathizing with managers regarding the rigidity of human resource related functions, Tait provides a useful insight as to the way that discretionary power must be exercised. He notes that:

There is clearly some kind of trade-off between due process which protects merit, equity and neutrality on the one hand, and speed and organizational responsiveness on the other. We have heard from experts that over the past two decades there has been a discernible shift in the public service appointment process to favour greater managerial discretion. We do not suggest this is a harmful trend in itself. But we do think that if it goes too far, without appropriate safeguards, it could undermine the institution it seeks to serve by creating the appearance, if not the reality, of bureaucratic patronage."105

In support of Tait's views, Joseph L. Badarocco Jr., in an article entitled "The Discipline of Character Building," suggests that opportunities for leaders to build character are forged at those defining moments when a manager must choose between right and wrong.106 He
distinguishes between a tough ethical decision and a defining moment and argues that an ethical decision typically involves choosing between two options: one we know to be right and another we know to be wrong. A defining moment, however, challenges us in a deeper way by asking us to choose between two or more ideals in which we deeply believe. He points out that such challenges rarely have a “correct” response. Rather, they are situations created by circumstance that ask us to step forward and … “form, reveal and test ourselves.”¹⁰⁷ In light of this, it is clear that decision-making and managing in “grey areas” not only goes to the heart of a leader’s values, it also raises very real ethical and political considerations. Clearly neither executives nor anyone else in a position of authority should take a reputation for ethical leadership for granted. Moreover, developing a reputation for ethical leadership pays dividends in increased employee commitment, satisfaction and ethical conduct.

According to Donald P. Warwick, in “The Ethics of Administrative Discretion,” the central issue for successful administrative discretion is responsible generation and use of power.¹⁰⁸ Warwick notes that power is not confined to those leaders at the top of a hierarchy; rather, it is created, destroyed and applied at all levels of a public organization.¹⁰⁹ He concludes with a useful recommendation as to what ought to motivate the public official to exercise discretionary power. He counsels that “in most circumstances the critical question is not whether officials should have discretion but when, how and for what purposes it should be used.”¹¹⁰ Since ethics-related rules are necessary, but insufficient for promoting ethical behavior, some governments have offered ethics training, especially to senior executives and managers.¹¹¹

Principles of a Career Public Service

As previously discussed, a major challenge to effective human resource management in the federal public service is the difficulty in placing a “qualified” person in a job within the
public service. This difficulty may, in part, be linked to what are referred to as the principles of a career public service. The notion of a career public service is a central feature of the practice of public administration. It is based on the assumption that persons who enter the public service plan to remain in the public service for all of their working lives and that they will be promoted to positions on the basis of merit. Although the word "career" does not appear in the Public Service Employment Act and there are no generally accepted definitions as to what constitutes a career public service, there are many references to it within the legislation that governs human resource management in the federal public service. Kernaghan observes that, if accepted in their ideal form, the principles of a career public service could be defined as follows:

1) Appointments to the public service are made with a view to preserving its political neutrality.

2) Appointments to, and within, the public service are based on merit, in the sense that the person appointed is the one who is best qualified.

3) As far as possible, appointments are made from within the public service.

4) Public servants are assured of assistance in selecting their career goals and the path to those goals.¹¹²

It is clear that like the merit principle, the extent to which the principles of a career public service will be or should be adhered to in practice depend largely on the values that underpin the discretionary authority of those interpreting it. It also depends on the degree of demonstrated commitment to public service renewal by the organization's leaders, as evidenced by greater attention to the variables governing the process of career planning in the federal public service.

Although certain leadership positions at the highest levels are filled by political appointment, most hiring must be "legitimized" through the staffing system, which has been
criticized as creating more problems than it solves. Public service managers and employees experience considerable frustration with the staffing system. In fact, the public service is notorious for creating feelings of frustration when managers fill a position. Once filled, a decision to offer a position can be appealed and the process can drag on for months. This time-consuming process can impact morale and, in turn, the culture of the organization. Managers dislike the system and invariably find ways to circumvent it, which workers consider unfair. In addition, the Auditor General recently stated that "an archaic human resources system is strangling the government’s ability to compete for a shrinking supply of knowledge workers."  

A key concept related to recruitment and training is reported in "Rediscovering Public Service: Recognizing the Value of an Essential Institution." The report contends that governments may have to re-think the way they hire, the level at which they hire and the notion of a career public service. The introduction of flexible hiring practices would increase opportunities for mobility between the public and private sector. This report also points out that to have access to skilled employees, governments will likely have to recruit more people from outside the public service to the middle and senior levels for shorter periods and to expand public-private interchange programs.

This recommendation is particularly encouraging when one considers the current picture of career development in the public service. In discussing the practice of loyalty to the principles of a career public service, Ric Cameron of the Human Resources Branch of the Treasury Board Secretariat of Canada offers some interesting insights regarding mobility and career opportunities. He notes that, "strict allegiance to these principles implies that most appointments from outside the public service occur at the beginning of careers at the entry level and that the vast majority of non-entry level appointments are made from within the public sector. ... This
implies that, where human resource development is concerned, and beyond entry level recruitment, public service institutions traditionally functioned as a "closed biosphere." It is apparent that the organizational well being of the public service and its capacity to deliver results depends on its ability to attract, develop and retain qualified people. However, it is also clear that the willingness of public service leaders to create a regime that emphasizes a "people-first" approach is critical to its success. 117

Conclusion

In conclusion, the views of John Tait effectively sum up what this chapter has demonstrated. Public service leaders at all levels, especially at the senior levels, ought to be selected not simply for managerial effectiveness but also for the degree to which they exemplify the highest of public service "people" values. Moreover, the lack of emphasis on the organizational values of senior public service leadership and their links to reward, recognition and promotion is currently cause for concern. 118

Senior leaders must be willing to take the initiative in setting an example for the rest of the organization as to the values, skills and abilities required to achieve the results associated with high performing public organizations. Increased participation and dialogue are key; however, these techniques must be implemented with a sense of personal ownership and a willingness to tolerate mistakes as some of the pre-requisites for successful public service reform.

Public service leaders are not obliged to wait for legislative reform before they can implement some measure of innovation within their own organization. However, it is they who must initiate the necessary reform if real change is to be sustained. The next chapter will provide an examination of the government's response to the ongoing calls for reform of the human
resource management regime. Specifically, it will examine the vigorous efforts currently underway to modernize the practices of human resource management in the federal public service.
7 Ibid., p. 5.
8 Ibid., p. 3.
10 Ibid.
11 Ibid., p. 17.
12 Kemaghan, Marson and Borins, pp. 268-269.
13 Ibid.
14 Ibid., p. 268.
15 Ibid.
18 Ibid., 68.
21 Kemaghan, Marson and Borins, p. 177.
22 Ibid., 126.
23 Ibid
27 Ibid., p. 8.
28 Kemaghan, Marson and Borins, p. 92.
29 Ibid., p. 94.
31 Kernaghan, Marson and Borins. p. 222.
32 Ibid., p. 228.
34 Ibid., p. 89.
36 Ibid.
38 Ibid.
39 Canada, Deputy Minister’s Task Force on Public Service Values and Ethics, A Strong Foundation. Report, p. 50.
42 Ibid.
43 Ibid., p. 272.
44 Kernaghan ,Marson and Borins, p. 272.
46 Ibid.
48 Ibid.
51 Ibid.
53 Canada, Deputy Minister’s Task Force on Public Service Values and Ethics, A Strong Foundation. Report, p. 46.
57 Ibid., p. 489.
58 Ibid., p. 489.

60 Ibid., p. 82.

61 Kernaghan, Marson and Borins, p. 278.


63 Ibid., p. 2.

64 Ibid.


66 Ibid., p. 1.

67 Ibid.


70 Clark., p. 4.

71 Ibid., 9-25 exhibit 9.132.

72 Ibid.

73 Kernaghan and Siegel, p. 560.

74 Ibid.


76 Ibid. 9-23, 24.


78 Ibid

79 Ibid


81 Clark., p. 4.


84 Kernaghan and Siegel, p. 560.


87 Ibid., p. 48.

88 Ibid., p. 575.


90 A New Framework for Resourcing the Workforce, p. 34.

91 Ibid
93 Ibid.
94 Ibid.
96 Resourcing the Workforce. p. 31.
97 Ibid.
99 Ibid., p. 3
100 Ibid., p. 14.
102 Hirsch, p. iii.
105 Canada, Deputy Minister’s Task Force on Public Service Values and Ethics, A Strong Foundation. Report, p. 27.
107 Ibid., p. 116.
109 Ibid., p. 125.
110 Ibid.
111 Kernaghan, Ethics Era, p. 6.
113 Ibid., p. 1.
115 Ibid.
116 Ibid., p. 5.
118 Canada, Deputy Minister’s Task Force on Public Service Values and Ethics, A Strong Foundation. Report, p. 52.
CHAPTER 3
MOVING BEYOND THE STUDY PHASE

Introduction

As explained in Chapter 1, the federal public service must effectively manage its people if it is to continue to provide vital public services to Canadians. In Chapter 2, we saw that previous attempts to reform the human resource management regime have been incremental attempts with very little long-range strategic planning and commitment by either the political or bureaucratic leadership. Values-based leadership is needed to initiate and support future reform efforts. Values-based leadership is an empowered orientation to authority that focuses more on judgement, values and ethics and less on controls and rules. Specifically, "... [i]t is the practice of inspiring a shared vision by appealing to the values, interests, hopes, dreams and the practice of modeling the way by behaving in a manner that is consistent with shared values." Chapter 2 also noted that the prime minister, other ministers and the heads of federal entities set the tone for the entire government. The quality of leadership and the role models the public service has to offer are critical to effective human resource management since good government depends on the performance of public servants, therefore, how they are recruited, trained, managed and treated is of great importance to an effective public service. Furthermore, the government’s personnel costs represent a significant investment that has to be managed effectively. A move toward values-based leadership could create a public service whose values are in harmony with the post-bureaucratic model outlined in Chapter 2 - the kind of leadership required for success in modernizing the human resource management regime. This chapter will discuss why the modernization of human resources in the federal public service must remain a priority for the corporate agenda. It will examine past efforts to modernize human resource management in the
federal public service. Finally, a discussion of the vigorous efforts currently underway by Canada’s political and bureaucratic leaders to modernize human resource management in this area will be provided.

**Why Reform HR Management**

“Canada’s governments want to become employers of choice.” However, a recent statement issued by the Task Force to Modernize Human Resource Management in the Federal Public Service noted that “the need to reform the Public Service in 2001 is fundamental.” As explained in Chapter 1, the public service must transform itself into a modern, people-centered institution that can attract highly qualified people to replace those planning to retire over the next decade. Currently, the public service faces an increasingly competitive labor market, where the success of economies and societies is ever more based on knowledge. The problem is further compounded by the image of the federal public service. Therefore, attracting and retaining knowledge workers is and will remain an ongoing challenge. Equally important is the challenge of recruiting and retaining an adequate number of people to replace those at the senior levels that plan to retire over the next seven to ten years. Moreover, the following changes on the horizon will also significantly affect the public service workforce of the future:

- an increasing number of women in the workplace in leadership positions.
- a new social trend will refocus workplace policies on child care and work/life balance.
- the emergence of a new group of “gray workers” – persons who will be retiring who will be actively solicited by organizations to remain on the job or who will form a new generation of retiree entrepreneurs, offering a broad range of services and expertise to organizations;
- a stronger push for the rights of diversity groups and the disabled.
- an increased number of employees coming from the NEXUS and NET generations with their particular needs and expectations toward their employer. For example the NEXUS generation will be focused on fast career progression as well as personal learning and development. They will value informality and lack of hierarchy and work/life balance. They will also tend to be more loyal to their colleagues than to the organization.
the requirement for increased technology skills in almost all jobs; the ongoing implementations of non-traditional work practices such as home-based workers/telecommuters/virtual teams

the public service will use a wide range of individuals to support its business goals, including policy development from outside government.

When considered in the context of the previous chapter, this issue takes on a sense of urgency not normally associated with the reform process.

In January of 2001, the La Relève web site captured the commitment of the government to continue to move forward with renewal despite mixed reviews as to previous attempts at reform. Its message indicated that renewal has begun in earnest and will not stop. Further, it showed that the first of many steps has been taken toward making things work better and toward creating a bias for action. It also challenged public service leaders to grow and to keep moving from commitment, through action, to concrete results. The findings of the IPAC Biennial Survey 2000 provides further evidence of the awareness of Canada’s senior bureaucratic leaders of the need to modernize human resource management. The title of the article read: “Deputy Ministers Focus on Human Resource Renewal Issues.” According to the Institute of Public Administration of Canada’s national survey of deputy ministers and Chief Administrative Officers of the provincial and municipal sectors, there are three main issues driving the public sector management agenda:

- renewing the human resource dimension of the public sector
- enhancing service delivery
- improving performance measurement and accountability

The report also indicates that the dominant management issue by far for the year 2000 is the renewal of the human dimension of the public service, including:

1. Recruitment, retention and succession planning;
2. Training, organizational learning, and knowledge management;
3. Leadership development;
4. Values and ethics;
5. Building a healthy, representative, people-centered workplace; and;
6. Using technology to improve organizational performance.7

In October 2000, IPAC President, Errol Price, asked deputy ministers and Chief Executive Officers across the country to identify:

- What are the major public management issues their organizations will face over the next few years?
- What are the priority management issues that IPAC should work on?

The issues of recruitment, retention and succession planning were mentioned a total of 87 times in the response letters (more than all other human resource renewal issues combined).8 Since the last survey two years ago, fiscal pressures within the Canadian public sector have diminished for most jurisdictions. However, demographic pressures, labor market pressures and technological pressures have increased substantially.9

The following recommendations by participants effectively illustrate that public service leaders are paying attention to the need to reform the human resource management regime:

We need effective succession planning, recruitment and retention strategies as we are facing a growing challenge as large numbers of our senior and middle managers reach retirement, and increased competition from the private sector.

Knowledge management: adopting processes that facilitate knowledge transfer to tap collective experience and wisdom and make it accessible to the organization, even as key personnel depart.

Leadership: providing training and support to ensure new leaders have skills to deal with the changing nature of the workplace – e.g. job mobility, employer loyalty, alternative work arrangements.
Learning organizations: the need to create work environments that support staff to be continuous learners so that enhanced skills may benefit all.  

The foregoing comments clearly illustrate that senior public servants are aware of the urgency to reform the human resource management regime in the federal public service. However, it is they who must initiate the change process, with the support of political leaders in order to achieve success.

A Major Area of Weakness

As discussed in Chapter 1, there have been many attempts to reform and revitalize the public service. The current chapter will show that although the success of reform initiatives depends on many interrelated factors, the most important is strong and innovative political and bureaucratic support. Despite the sincerity and effort attached to reforms over the last decade, it is notable that human resource management has continued to be an area of weakness. The Auditor General of Canada has stated that this is particularly unfortunate since “reform efforts came at a time when retaining and attracting staff is not just more challenging but crucial to averting a leadership crisis.”  

In addition, the Auditor General reports on the basis of a recent audit of the post-secondary recruitment initiative that he is concerned that the government is not responding in a timely or effective way to these challenges. He states that recruiting junior officers is only a small portion of outside hiring and that this hiring is usually only for term positions and not the result of a long-term comprehensive human resource planning strategy. He also notes that the complexity of the staffing system and, therefore, the frustration by managers contribute to short-term hiring. Moreover, “if this problem is not clarified – and the underlying lack of clarity in responsibilities is not resolved, the government and Canadian citizens may pay a heavy price.”
The issue of sufficient funding for a new classification system – which has been a work in progress for far too long – must also be addressed. “Departments and the Treasury Board Secretariat need to ensure painstaking accuracy in completing the job. Work descriptions need to be accurate, evaluation results must be valid and further testing must be carried out to demonstrate to all stakeholders that the final classification standard is gender-neutral and universal. Now is the time to sustain senior management attention if the government is to profit from the progress it has made.”

Since 1996, it has allocated only $20 million in additional funding; departments have been allowed to take out advances for future funding for another $60 million, which they will have to repay. In light of this, it is little wonder that progress has been slow.

The characteristics associated with post-bureaucratic leadership outlined in Chapter 2 are in line with the vision of La Relève. *The New Public Organization* stated that “La Relève’s first progress report noted that [t]raditional hierarchical leadership…is less effective than ever, and in many instances simply does not work. It is being replaced by *values-based leadership* which emphasizes trust, collaboration, inclusiveness and power sharing.”

The report also challenged public service leaders to understand that human resource management is just as important as the development and implementation of policies and programs.

**Some Legislative and Systemic Changes, but Limited Impact**

We have seen that one of the major reforms, which provided the groundwork for subsequent reforms, was Public Service 2000. In an article entitled “Looking Back from 2000 at Public Service 2000,” John Edwards noted that PS 2000 originated out of the growing frustration of public service managers at what they perceive as excessive red tape and control. Their frustration was made worse by the reality that the private sector was finding better ways to
manage resources and serve the public. As discussed earlier, weaknesses of previous reform efforts created the necessary conditions for subsequent reforms. Previous efforts were at times disappointments, although the Public Service Reform Act of 1992 changed the staffing system to a small degree and provided for change in the employee classification system. In addition, deputy ministers, who have little statutory authority for the management of human resources, were given authority to deploy (laterally transfer) departmental staff, though this requires an employee’s consent and is subject to limited recourse by others. This delegation of authority had limited impact and is still a major source of frustration to both managers and employees. Prior to this, the basic legislative framework for managing people in government departments dated back to 1967. Public Service 2000 also led to more delegation of authority from the Treasury Board to departmental officials. However, compared with its goals for the improvement of human resource management and the high expectations that it raised, PS 2000 resulted in only minimal change.

**Divided Responsibility was not Addressed**

The reform of human resource management systems and practices advanced little during the 1990s. In particular, the issue of divided responsibility, both legislatively and structurally, continues to be a primary concern. Parts of the federal public service are subject to different legislative frameworks governing human resource management. In the core public service, staffing is subject to the *Public Service Employment Act* and the authority of the Public Service Commission. The management framework is intended to preserve a professional, non-partisan, representative public service. Human resource management in the core public service is subject to the policies of Treasury Board and its decisions as the employer responsible for collective bargaining. As discussed in Chapter 2, these government departments and agencies have very little statutory authority to manage their staff. They rely on authorities delegated by the central
agencies to administer centrally prescribed systems, policies and processes. One of the objectives of PS 2000 was to deal with problems related to the splitting of corporate responsibility between Treasury Board and the Public Service Commission. That aim was not achieved. This issue is significant since, as noted in Chapter 2, Treasury Board and the PSC are two of the most influential players in the management of human resources in the federal public service. The prime minister announced that through PS 2000, the roles and responsibilities of the government and central agencies for personnel management would be clarified and, therefore, simplified. In fact, the clerk of the privy council declared that the time had arrived for clarifying accountability, especially in relation to personnel management. He stated “for the Public Service Commission, it will mean getting out of the management business and focussing on its role as Parliament’s agent in protecting the integrity of the personnel system.” However, this goal soon slipped from prominence when it became clear that the public service leadership could not reach an agreement on what was to be done next. In sum three major, related issues must be addressed:

- the unduly complex and outdated legislative framework;
- the fragmentation of human resource management; and,
- the need for strengthening human resource management in departments.

A change in previous management philosophy required the personal leadership of senior officials, but there were no effective mechanisms in place to ensure that values-based leadership was practiced. Another reason PS 2000 did not meet its objectives was because it lacked a definitive strategy and concrete goals. Finally, financial restraint measures led to a public service strike and seriously weakened labor-management relations. The contradiction between the timing of the financial restraints such as a wage and salary freeze and the basic messages of PS 2000
created cynicism about the government’s commitment to reform.\textsuperscript{23} As reported by the Auditor General of Canada “the key to achieving the kind of public service that PS 2000 envisioned would be not just different practices but a fundamental change in attitudes about managing employees.”\textsuperscript{24} As stated by the clerk of the privy council, the initiative would involve “10 percent legislative change, 20 percent change in systems, and 70 percent change in attitudes and practices.”\textsuperscript{25}

Although there have been many attempts over the last several decades to improve various aspects of public service, one of the initiatives specifically intended to improve the management of human resources in the federal public service was known as La Relève. The La Relève Task Force was established in January 1997 to emphasize the importance of renewal of human resources management in the federal public service of Canada. It can be seen as a good beginning by the government to nurture and support empowerment and values-based leadership. The acronym La Relève represents \textit{leadership, action, renewal, energy, learning experience, values and excellence} which is the values framework upon which post-bureaucratic leadership is based. La Relève seeks to cut across traditional organizational lines to improve coordination across the entire public service. This vision for renewing the public service was set out by the clerk in the Fourth Annual Report to the prime minister on the Public Service of Canada. The vision was named La Relève and the challenge was to build a modern and vibrant institution, able to use fully the talents of its people to meet the needs of Canada and Canadians both now, and in the future.\textsuperscript{26} Specifically, the central goals of La Relève were to:

- modernize human resource management, addressing in particular the “challenge of managing our leadership culture so that public service leaders internalize human resource management as a management function”
- address the demographic challenge
- foster a public service committed to serving Canadians and their elected representatives; and,
• build a workplace environment where employees are enabled to perform to the best of their abilities; and to support and develop leaders who inspire employees at all levels to do their best.27

Although the primary focus of La Relève was investing in people, “the initiative sparked a concern for a wide range of issues concerning the management of people that go well beyond the human resource management regime. These concerns are reflected in efforts to address the state of the workplace, to cope with demographic changes, to better manage a new generation of knowledge workers, and to renew the public service as a corporate institution of governance.”28

Another purpose of La Relève was to deal with a threatened crisis in leadership arising from factors such as the “retirement bulge” among executives and others. It was also intended to address the widespread morale problem in the public service.29 One of the things La Relève attempted to accomplish was to develop a clear strategy for recruitment and retention, and to enhance corporate development plans to create a framework for leadership development.30 As explained in Chapter 1, the public service is “facing challenges such as an aging population, intense competition for educated employees, and the possibility of imminent retirement by many senior officials who are vital to managing departments and delivering programs and services to Canadians.”31

This initiative, like PS 2000, relied heavily on the leadership and commitment of the Clerk to nurture and sustain it. Its success also depended upon the support of the community of deputy ministers. However, information as to how the government intended to achieve these goals remained unclear. The former Auditor General has noted:

There was no master plan as such. Instead, there was a declared philosophy of “bias in favor of action.” Each deputy minister presented a plan of action to implement changes in his or her own department. But heavy turnover among deputy ministers muted La Relève’s impact, as did a lack of follow-up, reporting on progress and an absence of effective accountability. La Relève appears to have
died the same quiet death as PS 2000. The term is still in use but no longer prominent in communications, and it seldom appears in departmental plans and reports.32

With respect to the management of career development, the last several years have seen significant progress toward one of La Relève’s key objectives: to strengthen corporate management of the careers of senior executives (assistant deputy ministers). Specifically, a larger role is given to ADMs in examining corporate management issues and recommending what action ought to be taken.33

The creation of the Leadership Network is further evidence of the government’s commitment to empowerment and values-based leadership in the public service. The Leadership Network was designed as a Division or Branch of the Public Service of Canada under the Financial Administration Act by Order in Council P.C. 1998-952 in June 1998. It was also designated as a department for the purposes of the PSEA. The mandate of the Leadership Network is to promote, develop and support networks of leaders throughout the Public Service of Canada, and to assist them in the continuing challenge of public service renewal. It accomplishes this by working closely with public servants to develop networks that support renewal initiatives. The Leadership Network has one business line, and in April of 2001, it was transferred to the Treasury Board Secretariat, reporting to the Secretary, as part of the government’s commitment to modernize human resource management in the Public Service.34

The Leadership Network operates under the functional direction of the Committee of Senior Officials (COSO) and has taken on responsibilities which until recently, had been under the jurisdiction of the Public Service Commission. One of these responsibilities is the collective management of the assistant deputy ministers (ADMs) who form an important part of its clientele.35 A heightened focus on career planning has been introduced. Initiatives in this
direction include new selection processes, a renewed emphasis on career counseling and advisory services for entry into the ADM ranks, assignments, personal and career development strategies, and learning and promotional opportunities. Since it is unclear at this time how effective these initiatives are, reform aimed at improved career planning for this group could serve as a basis for further study.

It is clear that any significant advances in human resource management will require the support of political and bureaucratic leaders. "It will require systemic and legislative change. It will also require a change in attitudes, practices and organizational culture. All these changes must be managed coherently in order to achieve success. The government must move beyond the pattern that characterized the 1990s – setting up committees of senior officials to study the problem and develop plans, but failing to resolve the issues."37

Innovative political leadership and its importance to effective human resource management is supported by Paul G. Thomas. He argues that "more will be gained in terms of improved government performance from better political leadership than from better leadership and management within the public service. In short, we have a greater need for 'total quality politics' (TQP) than for 'total quality management' (TQM)."38 He argues that although the values of New Public Management (NPM) encourage public managers to adopt an entrepreneurial approach to managing and "clear the decks of unnecessary functions," there can be serious implications if this approach has not been set within an accountability framework. In sum, he states that "changing conceptions of governance mask the fundamental issue of what ought to be the relationship between elected politicians and the bureaucracy."39

It is essential that, since there is an inherent element of top-down leadership in the public service, the relationships between politicians and public servants be based on trust and mutual
confidence. Employment relationships built on trust and open communication effectively acknowledge the emotional and psychological dimension of the employment relationship and affirm public service values such as integrity, courage and accountability. Nurturing and monitoring pivotal relationships, not only between politicians and their deputy ministers, but also between public servants and their supervisors are the key to developing the organization’s inner strength — the route to professionalism, organizational effectiveness and, therefore, to better service to Canadians.40

There are many factors that influence the success of reform initiatives within the public service. Thus far, this paper has argued that the most important of these factors are the public service values of the ever-changing political and bureaucratic leaders and their willingness to personally support and sustain attempts at reform. The thesis will continue this line of reasoning by providing evidence to support the claim that although there is much more work to be done, the modernization of the human resource management regime has indeed become a priority for the government’s corporate agenda. Previous failed attempts to reform human resource management have finally received the attention of Canada’s political and bureaucratic leaders. In addition, it appears reasonable to be encouraged by the acknowledgement of public service leaders that, as mentioned in Chapter 1, it is they who must initiate change and nurture it along with the support of staff if reform of human resource management is to be successful. Based on the foregoing comments, it is clear that public service leaders are aware of the urgency to reform the practice of human resource management in the federal public service.

Treasury Board took a positive step toward modernizing human resource management on November 8th, 2000. On this day the first Annual Heads of HR Conference of the 21st Century met with the head of the newly appointed Task Force to Modernize Human Resources, deputy
minister Ranald Quail, to discuss the future direction of human resource management in the federal public service. During his speech to the heads of the human resources community, he reported that the Human Resources Council recently redefined its mandate to strengthen its strategic advisory role. In tandem with this, the Treasury Board Secretariat and the Public Service Commission established a new forum to consult with the Human Resources Council on public service operational priorities. He stated further that he fully supports this realignment and believes that it reinforces the leadership role that the TBS and PSC play in the human resources domain.41

Another improvement has been the incorporation of the Human Resource Community Secretariat within TBS, under the direction of the Chief Human Resources Officer (CHRO). This officer stated that they have already begun to see the benefits of the reporting relationship in the closer linkages of their work.42 He pointed to the work being done by three committees that were struck to address priority issues in the reform of HR management: COSO sub-committees on Learning and Development, Workplace Well-Being, and Recruitment and Retention. The CHRO stated further that he was particularly impressed by a recommendation that came from the subcommittee on Learning and Development. This committee suggested that within one year, the human resource governance system in the public service, including the governance system for learning, should be clarified and simplified to provide clear policy leadership and direction. The CHRO noted that the complexity of the current governance structures has been highlighted many times over the past few years and that it is encouraging to see the debate continue.43 He also noted that the Task Force had submitted two business cases to the Treasury Board Secretariat for funding under Program Integrity. In addition, he has requested resourcing for corporate
recruitment and development programs which he believes are critical to the renewal of the HR community itself.

It is apparent that the issue of leadership and governance of the HR function must be simplified. As noted for many decades and by many sources, the current governance system is confusing, complicated and ineffective in providing direction and leadership to its stakeholders. Accountability is unclear and this contributes to increased workload. Sorting out who is responsible for what and creating clear leadership will help the HR community manage its workload more efficiently. The following statement by the Human Resources Council goes directly to the heart of protecting the public interest in a democratic society.

The human resources community’s demand for clear, simple, direct governance is analogous to citizen’s demand for the same in the institutions that govern and serve them. In fact, the goal to “get government right” is as much a function of providing the internal government mechanisms so that those who deliver programs to citizens are enabled to do so. Not to deal with the HR governance issue is to risk undermining the public service’s capacity to deliver service to its citizens.

The primary frustration in the current multiplicity of organizations that have a role in human resource management creates confusion, increases workload and affects workplace well-being. More involvement by the deputy ministers and increased communication between Treasury Board and departments would help the players in the management of human resources more fully appreciate each other’s goals.

Public service leadership that is decentralized and empowers line management with increased authority and accountability for human resource management is critical to ensure vital services to the public. Human resource management practices must be less rules-driven, more values-based and be administered by a simplified and easy to use human resource framework.
Under this framework, Treasury Board as employer will still be accountable in law for system-wide fairness and probity.47

As noted many times in the past, the legislative framework must become more flexible to accommodate the vision and any identified barriers within the current system should be addressed. The world has changed significantly since the 1960s when the majority of human resource legislation was enacted. Social values have shifted. Large bodies of legislation currently in use constrain managerial discretion and add complexity to decision-making. The primary changes that ought to be made to the legislative framework should include:

- Appointment to level rather than appointment to position for all employees.
- Rationalization of the current multiple forms of redress to one single recourse mechanism.
- Revision of the concept of merit found in the PSEA. The core principle of merit and the values of fairness, transparency and equity will remain but they will have been reinterpreted for the 21st century environment.48

In support of Evert Lindquist's recommendations outlined in Chapter 1, the practices concerning mobility and retention must be less rigid. The concept of mobility should be broadened to include mobility both within, and into and out of, the public sector. Policies should be revised so that employees can easily leave and re-enter the public service at the level they left without being required to go through the competitive process again. Transferability of pension, leave and development programs from one part of the public service to another and outside of the public service will be an important factor in attracting and retaining NEXUS employees and achieving the government's stated objective of creating a flexible workforce.49 Clearly, this level of flexibility would have significantly improved the current practices of succession planning within the public service.
Training and learning within the public service must change significantly. To ensure that the skills and abilities of the public workforce remain current and easily adaptable to change, learning activities will be integrated into daily activities linked to resourcing practices to ensure the right balance of competencies throughout the organization. Innovative approaches to learning should include paid learning assignments outside the public service, more exchanges with other sectors (private sector, international organizations, broader public sector) and increased emphasis on alternative methods of learning such as distance learning, e-learning and mentoring. Increased efforts to enhance performance management must also be a prominent feature of the public service of the future, since effective performance management and performance pay will be key to attaining solid, measurable results. Specifically, a system of recognition will be in place that is consistent and produces results.

A system that can deal effectively with the issue of managing poor performers is also critical. Although it is recognized that there will always be a segment of the population who are poor performers – including leaders – managers resist dealing with them since the process is time-consuming and subject to review and long litigation. What is interesting is that legislation and jurisprudence acknowledge the manager’s right to manage performance but the culture of certain organizations does not support making tough decisions.50

Managers must be selected and promoted against competencies that include people management. Training to support this new assessment process should include early training in the areas of coaching and facilitation skills and competency-based management. There should also be incentives for leaders to manage poor performance, and accountabilities ought to be built into performance manager’s performance agreements.51 The ways in which current leaders develop upcoming leaders should also be significant for evaluating a manager’s performance. In
a learning organization, for example, an essential way to develop and measure leaders lies in its learning process. It has been suggested that "70% of workplace learning occurs outside the formal classroom setting – and that line managers play a pivotal role in shaping this informal learning to a maximum. It’s not unreasonable to think that before long a demonstrable ability to grow and develop others will be the most critical competency."

Based on the foregoing discussion, it is apparent that these recommendations on the human resource management regime of the future are in harmony with the post-bureaucratic model of leadership. As explained in Chapter 2, this kind of leadership is flexible, highly consultative and is characterized by a people-centered, collaborative style of management. The values underpinning this leadership style can be grouped under the heading of "new" or "professional" public service values such as service, entrepreneurship and quality.

In light of previous discussion, it is clear that repeated calls for reform of the human resource management regime have gone unheeded for decades. It is unfortunate that neither Canada’s political leaders nor the public have engaged the urgency of this issue despite repeated warnings from the Auditor General. As explained earlier, initiatives such as PS 2000, La Relève and the Leadership Network have made some progress to reform the management of human resources in the federal public service; however, the fragmented and uncoordinated structural relationships and outdated legislative framework have remained unchanged.

Chapters 1 and 2 explained that "public service reform is not exactly a vote winner and it brings no political credit outside of Ottawa even though good legislation would bear fruit with a better public service. But if the president of the Treasury Board isn’t behind this, it’s unlikely to go anywhere." The next section of this chapter will discuss the efforts that are being made by
the political and bureaucratic leaders in bringing human resource management practices into the 21st century.

As noted in Chapter 2, the leadership role of the clerk of the privy council is vital to initiate and sustain reform. In the 8th Annual Report to the prime minister on the Public Service of Canada, the Clerk signaled the move from an "incremental approach to reform to a more fundamental reform of the legislative framework for human resource management in the Public Service."54 In the Speech from the Throne on January 30, 2001, the Government of Canada stated its commitment to initiating the reforms necessary for the public service to continue to be responsive to the constantly changing environment. In addition, the speech promised that these reforms would ensure that the federal public service would continue to provide service of the highest quality to Canadians. Finally, the speech emphasized the support of the government in its goal of becoming an exemplary workplace, able to attract, retain new employees and develop current staff to ensure that the public service maintains its stellar reputation.55

The President of the Treasury Board, at an Association of Professional Executives of the Public Service of Canada (APEX) symposium, stated that modernizing human resource management is a challenge that calls for political will. She emphasized that the main obstacle to achieving her objective is the skepticism that this type of process generates given the dismal legacy of past reform efforts. She also stated "that there is clear, unequivocal political will to make the changes required to ensure that our public service is prepared to take up the challenges of the 21st century, but also remains a preferred employer for our young graduates and a source of pride for all Canadians."56
Current Efforts to Modernize HR Management

A recent announcement is evidence of the government’s ongoing commitment to reform of the human resource management regime. On April 3rd 2001, prime minister Jean Chrétien announced the formation of The Task Force on Modernizing Human Resource Management in the Federal Public Service. The mandate of the Task Force was to recommend a modern policy; legislative and institutional framework for the management of human resources, so as to enable the public service to attract, retain and develop the talent needed to serve Canadians. The work of the Task Force will be guided by the values of merit, non-partisanship, representativeness and competence.

On May 10, 2001 the terms of reference for the Task Force were structured in the following way:

Mandate

To recommend a modern policy, legislative and institutional framework for the management of human resources to enable the Public Service to retain, attract and develop the talent needed to serve Canadians in the 21st century.

The work of the Task Force will contribute to the Government’s overall efforts to renew the Public Service, to strengthen the capacity of the Public Service, to provide sound, non-partisan policy advice to Ministers and to deliver high quality programs and services to Canadians. It will complement reforms currently underway “at the center” and in departments within the already existing framework, to make immediate progress on recruitment, retention and learning.

Leadership and Composition

Senior deputy minister – Ranald A. Quail will head the Task Force, currently the Deputy Minister of Public Works and Government Services Canada. The DM will report directly to the Head of the Public Service in support of the prime minister and the president of the Treasury Board. It will be a multi-disciplinary team with policy, managerial, legal, communications and human resource expertise engaged at the outset. The creation of this External Advisory Group on Modernizing Human Resource Management was announced June 1, 2001 by the Treasury Board of Canada Secretariat. The
announcement stated that “this group is an excellent cross section of talented professionals representing a broad range of Canadian interests and sectors.”

In the course of its work the Task Force will:

Align the human resources management policy framework with the people management vision set out in the 8th Annual Report and the objectives for the Public Service set out in the 2001 Speech from the Throne.

Undertake a comprehensive review of the legislative framework governing human resource management including the Public Service Employment Act, the Public Service Staff Relations Act, and relevant sections of the Financial Administration Act, recommending as well any consequential amendments to other legislation;

Take into consideration alternative institutional and legislative models as appropriate, to clarify and simplify roles and responsibilities;

Identify the need for any consequential amendments to the regulations and policies governing human resource management; and consult with, among others, deputy ministers, heads of agencies and bargaining agents.

The work of the Task Force will be guided by three principles:

The protection of merit through the maintenance of a representative and professional public service that is also people-oriented, non-partisan and competence-based.

Responsibility for the management of human resources should, to the greatest extent possible, be assigned to managers, be clearly allocated and be pushed down in each organization as far as possible for the purpose intended.

In putting into place the above principles, the Task Force would seek to recommend, as much as possible, a legislative framework that is enabling and non-prescriptive.

Chapter 2 noted the key role of the Public Service Commission in the management of human resources in the federal public service. On April 4, 2000 Mr. Scott Serson, the president of the Public Service Commission of Canada (PSC), announced that the PSC will offer its full support to the federal government’s reform initiatives to modernize human resource management. Mr. Serson stated:

We must take advantage of the reform to continue to build the modern and effective staffing system managers need to serve Canadians. We are happy to see a continuing commitment to merit stated as a principle to guide the reform
process. The PSC will offer its perspective on how merit could be promoted and protected in a renewed staffing system.\textsuperscript{62}

\section*{Conclusion}

During the past two decades, the management of human resources within the federal public service has endured many attempts at reform. Political leaders initiated some and public service leaders introduced others. We have seen that the impending "leadership crisis" in the executive ranks of the federal public service has led to growing concerns about recruitment and retention. One possible strategy to address this concern is to increase the use of existing talent within the workplace. However, the public service has thus far has been slow to respond to the need to modernize its human resource management regime and, in turn, better utilize existing human capital despite the availability of an aging but highly experienced workforce.\textsuperscript{63} As noted by Graham Lowe, Professor of Sociology, University and Alberta and Research Associate with the Canadian Policy Research Networks, "to the extent that governments can offer personally rewarding work, they stand a better chance of attracting and keeping motivated and skilled workers of all ages"\textsuperscript{64}. However, it is clear that any successful attempts to reform the practice of human resource management requires long-term support from political and bureaucratic leaders – the kind of support that promotes empowerment of employees, with an emphasis on pride and continuous learning. It is also the case that Canada requires a bold new human resource strategy that encourages new ways of organizing, managing, supporting and rewarding people. Clearly, "an integrated approach that blends together workforce renewal and reform therefore is essential."\textsuperscript{65} The next chapter will examine the importance of leadership that supports a critical human resource activity: career development for the federal public service.


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8 Ibid.

9 Ibid., p. 7.

10 Ibid.


12 Ibid., p. 16.

13 Ibid.

14 Ibid.

15 Kernaghan, Marson, and Borins, p. 270.


20 Ibid.

21 Ibid.


23 Ibid. p. 12.


25 Ibid.

26 [http://laRelève.leadership.g..._progress_report_overview/preface_e.shtml](http://laRelève.leadership.g..._progress_report_overview/preface_e.shtml). 1/20/2001. 8:49 AM
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CHAPTER 4

THE CASE FOR LEADERSHIP DEVELOPMENT

Introduction

Career planning and development have been receiving increased attention in both public and private organizations.¹ According to Dr. Linda Duxbury, in her well-received work Career Development in the Federal Public Service: Building a World Class Workforce, career development programs are necessary to renew the Canadian federal public service and critical to the "building of a vibrant and creative institution relevant to the needs of Canadians – an institution capable of attracting and retaining the talent it requires and promoting its public servants with rewarding and stimulating careers."²

Graham Lowe, Professor of Sociology, University of Alberta, observes that "the use of innovative approaches to human resource management and job design is a good indicator of the extent to which workplace renewal is underway."³ This thesis suggests that values-based leadership that is innovative and which emphasizes people is critical to the successful reform of the human resource management regime in the federal public service. The focus will now turn to the significance of this kind of leadership and its impact on career planning.

The most important aspect of any career planning process is the development of potential leaders.⁴ The level of support by organizational leaders for the career planning process has significance for the kind of potential leaders who will be recruited and developed for leadership positions within the organization. This chapter provides a discussion of the benefits of implementing a career planning strategy within the federal public service. Then, two models of organizational career planning will be examined; one taken from the public sector and the other from the private sector. Potential barriers to effective career planning are then analyzed. Finally,
a discussion of the importance of innovative, people-centered leadership to successful career planning in the federal public service is provided.

We have seen that significant changes in the Canadian business environment are requiring organizations to do more human resources planning than they have in the past. Historically, these changes have included the challenges of globalization, international competition, the impact of technology, government employment equity legislation, new models of client-driven service delivery and changing demographics. In addition, years of downsizing and wage freezes, criticism, poor recruitment practices and, more recently, the premature departure and impending retirements of experienced public servants have made it increasingly difficult to attract people essential to the work of the public service. Clearly, career planning and development is critical.

The Case for Career Development

As public organizations strive to deal with the competing challenges of shifting demographics, transformations in the business environment and serving the public interest, the public service in particular must find innovative ways to leverage the skills and talents of their employees. As baby-boomers move closer to retirement, it is reasonable to expect that Canada’s federal public service may become more diverse in terms of age, experience and cultural background. Research suggests that most new recruits will be at the junior or entry-level. As a result, the experience gap will widen as large numbers of senior staff depart. Closing this gap will require flexible models of work and careers that will speed up the learning process through the transfer of knowledge from the departing employees to the new generation of public servants.
It is clear that public service careers must be realigned with the rapidly changing context and content of government work. One way to accomplish this is through a career planning process that creates a partnership between managers and employees and is continually reviewed to remain relevant in the new type of public organization that is emerging. As much of the literature on this topic suggests, career planning helps organizations to:

- Ensure the continuity of prepared leaders for key leadership positions;
- Engage the senior management team in a disciplined process of reviewing the organization’s leadership talent;
- Put the diversity issue on the corporate agenda;
- Guide the development activities of those in senior leadership positions;
- Re-examine corporate and business unit structures, processes and systems;
- Align career planning efforts with other human resource initiatives that support the creation of a values-based leadership renewal process (e.g., leadership that supports innovation, teamwork, empowerment, communication, reward and recognition, continuous learning and participative decision-making based on shared organizational values).  

To examine career development and planning initiatives, the following definitions taken from the Duxbury study will be helpful:

**Career:** the word career can be viewed from a number of different perspectives. For example, a career is a sequence of positions held by a person during the course of a lifetime. This is the objective career. From another perspective a career consists of all the changes in values, attitudes and motivations that occur as a person grows older. This is the subjective career.

**Career Goals:** the future positions one strives to reach as part of a career. These goals serve as benchmarks along one’s career path.
Career Planning: the process by which one selects career goals and the path to those goals. Career planning is important because the consequences of career success or failure are linked closely to an individual's self-concept, identity and satisfaction with career and life.

Career Development: the process by which one undertakes personal improvements to achieve personal career plans or goals. Career development is a deliberate attempt by an individual to become more aware of his or her skills, interests, values, opportunities, constraints, choices and consequences.

Human Resources Planning: the process of forecasting human resource needs of an organization so that steps can be taken to ensure all those needs are met. This means avoiding both shortages and surpluses of labor.

Succession Planning: the process by which management and staff enter into a partnership to provide training, learning and developmental assignments designed to replenish the future leadership ranks of an organization. Succession planning also encompasses elements of career planning and development.

Competencies: are defined as the knowledge, skills, abilities and behaviors that an employee applies in performing his or her work and that are the key employee-related levers for achieving results that are relevant to the organization's business strategies. Competencies are analogous to "qualifications," the concept of which has been used for decades within the Public Service to assess and manage the capabilities of employees.9

Career planning has particular significance for the federal public service. As discussed in Chapter 1, the demographics of the executive community of the public service make this issue a priority. Chapter 2 has provided several theories of values-based leadership, which are in harmony with the post-bureaucratic model of leadership. Chapter 3 has provided a discussion of past and current efforts to reform human resource management practices. Moreover, since reform of the human resource management regime has seen only modest progress, planning now for innovative leaders of the public service of the future has become all the more urgent.

One of the most important things an organization must do if career planning is to be successful is to define its values. An organization that cannot state its vision, values and leadership competencies will probably hire ineffective executives and senior managers.10

However, simply stating the values by themselves is not sufficient. The behaviors that are the
essence of the corporate culture not only need to be stated but must be demonstrated by the leaders in the organization as well. Only then can the stated values provide a solid foundation that tells all employees what to expect from one another.

As explained in Chapter 2, the importance of values-based leadership and the extent to which the leader supports it can impact the success of any initiative. This point is strongly supported by the findings of the study conducted by Dr. Duxbury:

There is almost uniform consensus that perhaps the most important factor contributing to the success of any career management and career development system is top management commitment and support. It is the absolute No. 1 factor. Without the driving force from the very top, the best processes and tools will not work or provide the benefits they are capable of delivering. The cases indicate that senior executives set the tone for the culture.\(^\text{11}\)

Clearly, the importance of hiring leaders whose behaviour supports organizational values is essential to sustain morale, stability and productivity.\(^\text{12}\)

Two examples illustrate the extent to which innovative organizational leaders support career planning. The first model is the career development initiative practiced by Statistics Canada. Despite its modest approach to career development, it must be remembered that the human resource function in the public service of Canada is distinguishable from the private sector as well as that in other levels of government. Specifically, career planning and development practices operate under the wider umbrella of human resource management that is governed not only by values, principles, policies and collective agreements, but also by statute and regulation, coupled with other subordinate legislation.\(^\text{13}\) In light of this, it is understandable that Statistics Canada does not specifically identify any of its career development strategies as succession planning or leadership development. A possible explanation for this is that the concept and practice of “fast tracking” certain groups of people could be seen as inconsistent
with the public service value of merit which is discussed later in this chapter as a potential barrier to effective career development. A possible alternative to the ineffective application of merit is the practice of competency-based human resource management, which will also be examined in this chapter.

**Leadership Development Models**

**Statistics Canada**

We maintain a strong infrastructure so that we can move the people across. You are a career employee, but the understanding is that your career is at Statscan, not necessarily in the division doing the job that you are doing.\(^\text{14}\)

**Overview**

Statistics Canada is one of the world’s largest and respected statistical organizations. With an annual budget of $262 million, it has approximately 5,400 public service employees (4,715 indeterminate/permanent, 608 determinate/term employees). Half of these are economists, mathematicians, technical officers and administrators, while the remaining 50 percent provide clerical support. More than 90 percent of the staff are located in Ottawa, the rest in regional offices.\(^\text{15}\) As a scientific research agency, Statistics Canada publishes a wide range of statistical analyses and contributes to the development of statistical methodologies at the national and international level. It also conducts special surveys funded by other federal departments and agencies, provincial governments and private sector clients.

As explained earlier, the demographics of the federal public service have meant that departments within the public service need to pay more attention to career planning. Statistics Canada recognizes that it has an aging workforce, especially in its middle and senior management ranks. What is particularly innovative and interesting is that at Statistics Canada, human resources development is accepted as a primary responsibility of line managers. While human resource specialists are available to support managers, it is the managers who are
accountable for the success of the major human resources programs. Through this sharing of responsibility, the Agency enacts what it calls the "cross-cutting principle of management ownership" of the human resource management function.\textsuperscript{16}

**Importance of the Statistics Canada Management Committee System**

This "ownership" is implemented through a series of networked management committees comprised of senior and middle management as well as working groups. This committee work is in addition to the regular responsibilities of managers. All senior managers participate in at least one of these committees and membership is rotated on a regular basis. In fact, a successful assignment as Chair of one of these committees is recognized as an important achievement in the record of a senior manager.\textsuperscript{17}

**Professional Recruitment and Development at Statistics Canada**

Statistics Canada has made a substantial investment (in the last seven years) in recruiting high potential staff with the skills required to adapt to workplace changes throughout their career. The newly recruited staff is given broad exposure to the agency through the initiatives of the Professional Recruitment and Development Committee. This committee forecasts future needs and is responsible for hiring the most skilled university graduates. During the first two years, the newly hired graduates are cycled through several positions by means of assignments in various parts of the organization. During these assignments they are assisted by mentors and must undergo specific training courses before they are each placed in a regular position. Through this recruitment committee, Statistics Canada regularly produces groups of highly skilled and motivated professionals, some of whom reach middle-level management early in their careers.\textsuperscript{18}
Training and Development

Statistics Canada places a high priority on and invests heavily in training, despite the unpredictability of departmental budget levels. Over three percent (approximately 9 million dollars) of the overall budget is invested in training, with an average of six days of training annually per employee.\(^{19}\) A Training and Development Committee, made up of a dozen divisional directors and chaired by one of the Agency’s most senior executives, provides overall management and direction. This group also conducts reviews, provides discussion, and monitors training needs and policies.

What is particularly innovative is that employees discuss their training needs for their current position during their annual performance review, yet are also encouraged to discuss their career planning objectives during biennial “skip-level” reviews with their supervisor’s superiors every two years. Skip-level interviews focus strongly upon the employees’ career aspirations and are designed to provide the employee with suggestions from the skip-level supervisor on the most appropriate means to attain them through on-the-job training, courses, seminars, conferences, assignments and other means. The meetings provide employees with more corporate perspectives of occupational growth and encourage them to become more versatile through developmental opportunities.\(^{20}\) It is clear that formal training, combined with challenging work assignments and active mentoring, provides opportunities for employees to gain knowledge, skills and abilities that make them readily deployable almost anywhere in the Agency.

Career Broadening – Mobility Through Assignments

The culture at Statistics Canada strongly encourages and supports employees to accept rotation to different work areas to expand their knowledge and skills base. The agency operates a
number of programs such as the Corporate Assignment Program (CAP) - the rotation of new professionals and senior managers to ensure a talent pool of mobile employees who are willing to relocate to new and challenging work assignments. These types of career-broadening programs allow the agency to adapt quickly to change. One key incentive to participating in the rotational program is that employees who do are guaranteed the security of returning to their home position.

**The Competition Process**

At Statistics Canada, generic competitions are used to staff the most senior levels: Director and Director General, Assistant Director and Section Chief. A generic competition is one which focuses on the level-based rather than position-based approach. Additional groups and levels are also starting to use generic competitions to facilitate more rapid employee movement into positions. By using agency-wide generic competitions, high potential employees across the agency can be considered in the selection process. Senior managers in particular are encouraged to develop a broader understanding of corporate issues that affect the agency. Generic promotions provide career development benefits. For example they require employees to develop a broader understanding of the agency rather than concentrating entirely on their own work. Another benefit is that they encourage middle and senior management to develop versatility through career-broadening assignments.\(^\text{21}\)

Statistics Canada operates additional career-enhancing initiatives. The Internal Research Sabbatical Program (which is offered to mid-level employees with requisite expertise and technical training) allows the employee to be temporarily exempted from their duties to pursue full time studies of their choosing for up to a year. This type of education leave is believed to
contribute to employee development in that it enhances competencies, and therefore mobility into positions where such competencies are required.

The agency contends that a positive work environment is essential to an effective human resource strategy. One of the most important initiatives it supports is known as the no lay-off policy, upheld since 1979 despite periodic budget restraints. This policy provides the foundation necessary to foster trust and commitment within the organization. It is also crucial for the success of its mobility and career-broadening programs since the policy promises job security and, thus, risk-taking, mobility and versatility. Another factor contributing to the success of this program is the agency’s strong investment in training and rotation of its employees. There is also a unique redeployment policy should reassignment be necessary. In sum, the policy and programs are perceived as credible because they reinforce and support each other.

The Royal Bank of Canada

Overview

Royal Bank is Canada’s largest financial institution as measured by market capitalization, revenues and net income. In Canada, it has leading market shares in residential mortgages, personal loans and deposits, and business loans. Royal Bank owns the largest and most profitable investment dealer (RBC Dominion Securities) and the second largest discount broker (Royal Bank Action Direct), and is a significant provider of creditor life and disability, individual life and travel insurance. It is the largest money manager and the third largest provider of mutual funds (first among bank-owned funds). The Bank has a retail network in the Caribbean and substantial global private banking operations. Its internal network includes 105 offices in 36 countries. Divided into geographic, business and functional units, the Bank has 58,000 employees.
RBFG Leadership Development Model

Managers have to make themselves available to employees. As an organization, if we are going to be supporting this initiative, we should be providing tools and resources to be put in place ... and readily available to them ... It’s an investment in our people ... we’ve taken the approach that cost takes a second step to the benefits that employees are gaining from it.²³

The Royal Bank Financial Group (RBFG) supports a clearly defined model for leadership development of its employees. The model can be viewed as a framework for career development and most notably it applies to almost all levels of the organization. This leadership development model acknowledges that there are both individual and organizational needs regarding career development.

The starting point for determining organizational needs is the organization’s strategic plan. Examination of the plan leads to the examination of strategic questions: Where do we need to go? Where do we want to go? What leadership needs will that entail? Leadership needs are then examined both in numbers and in competencies. RBFG supports a number of career planning and succession-planning initiatives too detailed for an in-depth analysis here. This section of this thesis will present a general overview of initiatives that support leadership development.

RBFG participates in an extensive Succession Management Review process every year. In partnership with various units and the Chairman and Vice-Chairman of the organization, the corporate HR group (the group responsible for succession management and leadership development) examines the talent pool. This talent pool consists of existing executives and people who can be drawn into the executive ranks (i.e.: two levels below executive). Any gaps between identified need and talents are assessed to determine whether the gaps can be addressed through experience or recruitment from elsewhere.
The individual needs of the leadership development program focuses on three distinct types of review:

- Performance Review;
- Leadership Review; and,
- Succession Management Review

The Performance Review is conducted on a quarterly basis. The purpose of this review is to provide a formalized opportunity for the employee and supervisor to discuss the employee’s current performance and potential. During this discussion, any skill gaps that there may be in achieving potential career goals are addressed. This is followed up at the end of the year with a final formal review in the context of previous discussions.

Integral to the development of leadership competencies is the Leadership Review, which is separate from the Performance Review. The Leadership Review consists of a 360-degree feedback process undertaken with employees who are being considered for executive positions. Feedback from 10 to 15 people (managers, peers, direct reports, customers and others) are gathered and performance is assessed against a set of six Criteria of Leadership Competencies. This process allows RBFG to address any gaps that may exist between an employee’s current skills and those required for leadership positions. This process is viewed as developmental and not evaluative. The assessment is psychometric with a follow-up interview after the assessment.

The third component, which focuses on the career aspirations of the individual, is the Succession Management Review. The purpose of this process is to assign an employee an “individual potential rating.” Potential is assessed and gaps relative to the leadership review are identified. When individual career needs and organizational needs are put together “it gives a
good sense of what the developmental priorities may be in the organization. At present, the bank has identified three developmental priorities, relative to their strategic plan:

1. **Global Mindset** – defined as intellectual curiosity, broadmindedness, quite creative in their thinking.

2. **Collaboration** – defined as working across an organization. This priority reflects the reality that RBFG, which for many years was a hierarchical, command and control type of organization, is evolving into one that is cross-functional and cross-cultural.

3. **Innovation** – defined as the ability to develop an organization that is creative, innovative and quicker to market.

Other initiatives supported by the RBFG are career development assignments involving classroom-based educational programs, experiential learning and the development of “simple networking” where people are drawn from across the organization for the purpose of developing networks and providing exposure to the experience of “working cross-collaboratively in the organization”. RBFG digs deep into the organization to identify talent and nurture it. The Introduction to General Management program is aimed at people who are not yet executives. It provides them their initial exposure to general management education. Through this program the Bank’s CEO spends time in dialogue with the group. Executives from other areas of the Bank also spend time with the group, apprising them of issues directly related to management. Through these kinds of initiatives, employees receive a “true signal that they are being considered for greater things in the organization.”

Other career development programs include access to The International Master’s Program in Management, the Most Promising Employee (MPE) Process and The Performance, Planning Review and Development Process. The RBFG also provides orientation programs for newly appointed managers as well as coaching for performance and development. Clearly the senior management of the RBFG is dedicated to the development of its future leaders.
Potential Impediments to Career Development

The rationale for supporting a post-bureaucratic leadership model with respect to modernizing human resource management and career planning has been examined in Chapters 1 and 2. Since public servants work within an environment that is clearly political, the practice of successful post-bureaucratic leadership becomes even more challenging. In a post-bureaucratic organization, public service leaders must

…transfer power and resources to their employees, turn from controllers to coaches, promote teamwork, keep middle managers from backsliding, make structural changes, allocate more resources to training, provide increased recognition and rewards, and resolve the labor relations issues that develop.  

Successful career planning assumes a dynamic business environment and innovative leadership. It acknowledges the implications of the new employment contract in both the private and public sectors outlined by Evert Lindquist and Kenneth Kernaghan in Chapter 1. It also assumes that employees will adopt a more empowered approach to their own career development where they enter into a partnership with management which is characterized by a high degree of communication, consultation and accountability for results. Further, career planning recognizes that people will change not only employers but also careers several times during their working life. These market conditions, combined with the large numbers of impending retirements in the executive ranks of the public service, require that the public service attract and develop leaders who possess values and competencies critical to innovative leadership.

While career planning can benefit any organization, there are substantial obstacles to career planning in both private and public sector organizations. Further, despite recent increased attention to human resource planning and career development efforts, the process does not always deliver its full potential. This gap can be attributed to one or more of the following issues:
Limited leadership buy-in – too few line executives and managers recognize any significant benefits to their operations for the energy they expend on what they perceive to be essentially a corporate initiative.

Limited credibility of the human resources department – whether it has not earned the respect through a lack of understanding of the business or is perceived as driving a process that no one really wants. Too often career planning becomes a staff-driven program.

Insufficient attention to development – this obstacle is related to limited leadership buy-in, line managers often have a narrow view of development strategies, concentrating on workshops, departmental courses or seminars, and overlooking the other more relevant developmental opportunities (e.g. challenging job assignments, mentorship and feedback)

A static focus – despite the fluidity of business demands, the focus of career planning remains projecting which person is best suited for what position six to twelve months in advance, rather than up to at least five years in advance.

Selecting in one’s own image – despite a generation of diversity efforts (e.g., employment equity, mentoring, education and awareness initiatives, special job assignments) white males are the predominant occupants of the executive suites.

Availability of key people – whether executives are reluctant to showcase or release their top talent, or alternately, the same person appears on multiple lists, availability or lack of interest in moving into leadership positions often hinders the process.

Dashed expectations – with the changing rules of the game (i.e.: no longer following the promote-from-within principle) discontent can quickly emerge when externally hired executives pass over previous high flyers.
**Losing top performers** – any number of reasons can motivate people to look outside the organization, such as poor communication regarding performance and career possibilities, the lack of promotional opportunities of flattened or small organizations, and the changing priorities and values of a new leader.31

The two cases previously outlined represent different approaches to career development. Both models are structured to achieve the same objective: to ensure that the future human resource needs of their organizations are met. The two career development models can be compared to illustrate their common features and to demonstrate the extent to which their features can be applied in the wider public service.

With respect to the legislative change that would be required to implement elements of both models, it appears that more delegated authority through deputy ministers to front-line managers for career development is essential. This would naturally give rise to the need for increased awareness regarding administrative ethics and the requirement for leaders to exercise their discretionary authority in an accountability framework which recognizes the need for flexibility, yet is consistent with reporting requirements to the deputy minister. In addition, a more flexible and streamlined definition of “merit” would allow for more flexibility in terms of both process and outcome when administering the competitive process.

Other related legislation that would need to be amended to allow for mobility and career-broadening developmental assignments in the public service is in the area of acting assignments. Currently, under the Public Service Employment Act, an acting assignment can be given to an employee for a period of four months. If a manager wishes to extend term, it must be communicated to staff by way of a right to appeal notice. This notice informs all staff that the employee currently acting in the position may be extended and invites staff to appeal the
manager's decision to extend the employee. This procedure is, at times, not consistently applied creating the perception of favoratism, lack of transparency and unfairness which again, damages job satisfaction and the employment relationship, negatively impacting service to the public. Although four months may not be sufficient time to learn the duties of a new assignment, it is imperative that organizational leaders attempt, through dialogue with employees, to reconcile the public service values of accountability, fairness and respect by adhering to legislation and distributing the required right of appeal notice.

The leadership development models of Statistics Canada and the RBFG both contain features that could be applied within the broader public service that would require innovative and values-based leadership but not legislative change. Historically, the federal public service has paid little attention to human resources planning. Generally, human resources planning has been conducted one competition at a time with little attention to how recruitment, retention and career development can support the organization's strategic plan. Under a regime of values-based leadership, activities such as human resource planning and career development would provide an opportunity for organizational leaders at every level to communicate and demonstrate the values of the organization.

A related point concerns the way in which employee appraisals are conducted. The models outlined represent a formal and more structured method of conducting employee appraisals and career development activities. In these models, the employee appraisal is viewed quite seriously as evidenced by the level of involvement by senior leaders throughout the organization. Human resource planning and career development is leadership - driven and takes the form of networked committee systems whose members view employee development as an essential part of their own leadership role. Employee appraisals are structured, formal and
involve many opportunities for feedback about the employee’s potential to advance in the organization. These assessments are then linked to the strategic plan so those gaps in training and developmental can be identified. In these models, leadership development is a partnership between the employee and the manager on an on-going basis and line managers are accountable for the way in which they conduct the employee development process. Since career-development practices are leadership-driven and administered in an innovative, transparent and democratic fashion, the quality of the employment relationship is enhanced and, therefore, the culture that it creates helps to improve performance management.

In contrast, employee appraisals in traditional government departments are viewed quite differently. In government departments, there is very little accountability for how the employee appraisal is conducted or even if it is conducted at all. Managers and supervisors carry out employee appraisals for staff who are employed within their own units. There are generally no networked committees of senior managers throughout the organization. The employee appraisals themselves are seen by some managers and employees as containing little useful information since it is also perceived that the appraisals are neutral, and therefore, not credible as an employee development tool. On occasion, concerns arise about relationships within the organization that might constitute a conflict of interest, impeding further the credibility of the process.

Other methods of leadership development used by Statistics Canada, the RBFG and the public service are formal education programs. In the federal public service, for example, there exists a nationally managed yet regionally implemented education leave policy that is similar to the Internal Research Sabbatical Program offered by Statistics Canada. While the policy on education leave represents an impressive beginning the policy could be improved by linking it to
an experiential component in the form of a developmental assignment. In this way, competencies acquired though the educational portion of the policy could be directly transferred to the workplace, creating a highly motivated and skilled employee and ensuring the organization realizes a return on its investment. The federal public service also offers an executive development program known as the Career Assignment Program (CAP). This is a leadership development program aimed at the middle management community. While this program is a worthwhile experience, it would be helpful if the federal public service could offer a similar program that recognizes mid-career public servants. It would not be an incentive for knowledge mid-career public servants to enter the Management Trainee Program (MTP) as this would require that the employee accept a sizable reduction in pay although they would bring considerable knowledge and experience to the program.

A major obstacle to career development that is unique to the public service as identified by the Duxbury study is poor human resource management. There are numerous impediments to effective employee development. Values-based leadership cannot quickly overcome these barriers, however, it is the leaders who create the organizational forms and management systems within which the management of human resources is carried out. It is also the leaders who are accountable for the effective management of people in the public service. This is particularly significant for a departmental leader since it is through human resource practices and, particularly, employee development activities that employees measure the level of trust they can place in a manager. From a general lack of attention to leadership development, complex staffing systems, poor recruitment practices as well as a general lack of credibility associated with the competition and employee appraisal process, it is easy for public servants to become skeptical about their chances for career advancement within the public service. This has serious
implications for the prospects of a vibrant and highly competent public service since many
younger employees, professionals and technology workers are leaving the public service.

The challenge for the leaders is to adopt an innovative and empowered approach to make
career planning and development which is relevant to the organization of the 21st century – one
in which teams are emphasized and leadership responsibilities are shared. In creating a
management culture based on shared values, participative decision-making and teamwork,
organizational leaders must set the example if the message is to be sustained. Indeed, the myth of
the “Lone Ranger” has little relevance to modern day organizations operating in a world of
increasing complexity and speed. Participatory leadership is in harmony with the post-
bureaucratic model of leadership examined in Chapter 2. Clearly, this type of leadership requires
a set of values and competencies that reside in more than one person and in more than one area
of an organization.\footnote{33}

Career Development And Competency-Based Management

Why the Growing Interest in Competency-Based Management?

Organizations have come to realize two things: First, people are their most important
business asset and the ways in which people are managed directly impacts business performance.
If organizations can shape a workforce that is not only capable, but also flexible and motivated,
they will have greater control over their ability to achieve results in a rapidly changing
environment.\footnote{34} Second, the most important factor in distinguishing successful organizations
from less successful ones, is a focus on “how” results are achieved, not only on “what” is
achieved. Therefore, despite the continuing importance of knowledge and skills, high performing
organizations perceive that the “softer” competencies such as values, motives and personal
characteristics make the difference in the daily performance and achieving desired results.\footnote{35}
Competency-based management as an assessment tool for career planning can be a significant opportunity for managers to communicate not only the organization’s values in general, but also the values and behaviors it requires in its leaders. Traditionally, career planning decisions in the private and public sector are made behind closed doors, often to the bewilderment of others and playing into the hands of the organization’s cynics. Furthermore, competency-based management, when used as an assessment tool for career development, can assist in getting organizational values right in two ways: first, it can provide a significant opportunity for leaders to clearly articulate and demonstrate organizational values in general; and second, it can reinforce those organizational values by providing the transparency necessary in selecting for values and behaviors implicit in post-bureaucratic leadership. Indeed, leaders should take every opportunity to shout out from the organization’s rooftops exactly what leadership qualities and success look like.\textsuperscript{36}

**Conditions Necessary for Successful Implementation of Competency-Based Management (CBM)**

As defined earlier in this chapter, CBM is the systematic process of determining competencies needed to achieve results in an organization and applying those to relevant human resource areas. It is interesting to note that the conditions necessary for successful CBM are compatible with the post-bureaucratic model examined in Chapter 2.

First, an organization must have a culture that encourages the values underpinning participative decision-making, innovation, individual flexibility, growth, and excellence in performance and continuous learning. There must also be a strong drive within the organization to support and implement a competency approach. This is critical in order to build momentum and acceptance of the concept of CBM as a living tool that benefits managers as well as employees.\textsuperscript{37}
Of all the conditions necessary for effective implementation of CBM, the key is the visible and ongoing commitment of senior management. Moreover, it is critical that all levels of management assume a strong leadership and championship role for its implementation over the long term. If the concept is not important to management, it will not be important to the rest of the organization. The senior levels of management must agree on a specific direction that is consistent across the organization in order for the initiative to have credibility in the eyes of other managers and employees. The leaders of the organization must encourage the entire organization to take ownership and drive the process through all stages of the implementation cycle.\(^{38}\)

The management style of communication and the amount of information sharing within an organization can strongly affect the degree to which any initiative can be successfully implemented. This has particular relevance for career planning since its success requires a change in the ways career development is usually carried out.

[C]areer development practices tend to be “shrouded in mystery.” People wonder: how do they get on the list? Will they know if they are on the list? Will they fall off? There are those who feel disappointed and demotivated because they do not think that they are included in the list of fast trackers.\(^{39}\)

Much of the secrecy is a legacy of an organization's parental orientation. Leaders who fail to share career development related information contribute to this legacy. There is also the danger that an inexperienced or unethical leader could misuse his or her discretionary power, therefore, damaging the level of trust required for an effective employment relationship. In a cultural orientation where “the manager knows best” the organization is inclined to take a strong role in deciding who does what and when. This traditional means of career planning reinforces a closed, top-down kind of career development approach that provides for only minimal input and, therefore, minimal knowledge of the employee’s career aspirations. With the increasing numbers of knowledge workers in the workforce and the ever-changing conditions of the emerging
employment contracts, organizations are beginning to shift the responsibility for career progression to the individual; clearly the parent-child orientation is shifting to an adult-to-adult model regarding career planning.\(^ {40}\)

Effective career planning requires that leaders share employees with other leaders and share accountability for their development and career advancement. Managers must work together and develop a process for sharing information with each other and with employees which supports career development. The first step in the process is that the managers must meet with their senior leaders to defend their opinion pertaining to a particular individual. They must be able to state in observable terms why they have identified a certain person for a promotion. This has proven challenging in the public service since all staffing decisions are based on merit and, therefore, public service organizations cannot be perceived as "fast-tracking" certain employees without causing considerable damage to morale and trust within the organization.

Effective communication requires a participative leadership style. Two-way communication is indicative of the presence of a post-bureaucratic leader. This kind of communication is based on the value of "transparency" found in the category under merit values. Transparency is a "process value" which supports open communication with employees about resourcing practices and decisions.\(^ {41}\) Ongoing effective communication will increase the prospects for commitment, participation and long-term buy in of major stakeholders such as other managers, employees, bargaining agents and union representatives. Collaboration and meaningful consultation with employees through the development of the initiative ensures that employees are part of the decision-making process.\(^ {42}\) It is clear that an organization requires that a strong communication strategy be in place to ensure that employees understand the reason for implementing CBM and how it can help contribute to career development objectives. It may also
be the case that, in the face of such fundamental change, one message may not be sufficient.

William Bridges, author of several works about managing transitions, states that managers must give employees information continuously:

\[\ldots\text{[f]or every week of upset that you avoid by hiding the truth, you gain a month of bitterness and mistrust. Besides, the grapevine already has the news, so don’t imagine that your information is a secret.} \ldots\text{threatening information is absorbed remarkably slowly. Say it again and find different ways to say it and different media (large meetings, one-on-ones, memos, a story in the company paper) to say it.}\]

**Conclusion**

Despite the reality that actions are not always aligned with words, many organizations are creating a more transparent career planning process that encourages career-development related dialogue from employees, not only regarding their future aspirations, but also about the process. Public and private organizations must increase the frequency and quality of communication about the career development process. This can be accomplished by sharing information about the variety of techniques and assessment tools which are available, by advertising leadership positions, implementing mentoring and buddy systems, integrating career plans into the organizational strategic planning process, and by educating employees about leadership competencies. Efforts to implement career planning by organizations demonstrate the extent to which the organization is moving toward the post-bureaucratic model of leadership by demonstrating support for traditional public service values and new values such as innovation, service and teamwork. Practically speaking, public organizations with business strategies that revolve around people development tend to be the most innovative. Further, innovative approaches to career development illustrate the critical role leaders play in initiating and sustaining the career-planning process.
While certain values are demonstrated through the decisions and the decision-making process, it is also the case that the values of an organization may not always be compatible with the career development aspirations of employees. “Individuals have career goals, job preferences, and personal idiosyncrasies that often run counter to the government’s need for employees with particular qualifications.” This thesis suggests that the public service needs innovative leadership that places people first, however, it recognizes that implementing change is rarely convenient or easy. In the public service, traditional public service values must be balanced with new public service values, where the value of accountability is dominant both in principle and in practice.

Innovative public service leaders must also realize that their decisions must be based on values that are compatible with the Westminster model of government: one that recognizes the importance of Canadian constitutional conventions such as ministerial responsibility, public service anonymity and political neutrality. Complicating the challenge further is that human resource management practices have once again become the focus of reform efforts. Warning bells have begun to ring and committees have been struck to deal with the unwieldy legislative, policy and institutional frameworks that created the current human resource malaise in the federal public service. Not only is Canada faced with an impending leadership crisis at the senior levels of the public service, but it must also deal with the ineffective system within which human resource management decisions must be made. This chapter has shown that public servants want flexible, challenging and learning-intensive environments. Moreover, they view rigid bureaucracy and limited autonomy as barriers, which prevent them from making a positive contribution. While younger workers will not be attracted to or will leave the public service if their needs are not met, highly experienced but frustrated older workers will be more likely to
stay, however, their morale and job satisfaction will suffer. Clearly, a major challenge for public service leaders is to find the right balance between public service values and the need to respond to a more competitive labor market. The quality of service to Canadians depends on it.

Ibid.


Ibid.

Ibid., p. 1.


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39 Leibman, Bruer and Maki, p. 23.
40 Ibid.
42 Competency-Based Management p. 10 of 16. 28/02/00.
CHAPTER 5
THE NEW PUBLIC SERVICE LEADERSHIP

Introduction

Over the last two decades, the renewal of Canada’s federal public service has been a dominant theme in much of the literature relating to public administration and management. Renewal of its human resource management regime has been identified as a concern for decades. There are several reasons for the enduring power of this issue. Most recently, there has been a demographic shift that has led to a potential “leadership crisis” in the senior ranks of the federal public service. This demographic shift emphasizes the need for career development and the need to recruit leaders capable of functioning in a new type of public organization. As noted by Evert Lindquist, “the emerging objective for public service leaders will be to hire new recruits at a much higher pace, and many of these appointments will not be at the entry level but into managerial positions.” At the same time, alternative understandings about the terms and conditions of public service careers have emerged. Many public servants no longer support the traditional view of a career public service, particularly with respect to leadership development. Public servants are demanding more access to opportunities and career-related information within the core public service as well as alternative public organizational forms. In light of this, current leaders must be innovative and flexible enough to respond to the career development needs of public servants, yet courageous and strong enough to ensure the kind of accountability necessary to the functional integrity of their organizations.

The public service is smaller and made up of a larger number of knowledge workers than ever before. These knowledge workers are highly skilled, empowered and less inclined to see themselves as merely “human resources.” They are risk-takers and seek to be involved in the
decision-making of the organizations in which they work. Similarly, a highly educated and better-informed public demand easier and more direct access to government services, which are driving the technology revolution in both business and government. The legacy of previous attempts to reform human resource management practices such as Public Service 2000 and La Relève have proven to be inadequate to address the scope of the problem. Empowered public servants and citizens have perceived recent attempts to reform the public service as "failed experiments" and this has resulted in a cynicism about new reform efforts, which present additional challenges for current and future public service leaders. However, as Mintzberg observes, "simply letting employees carry on the way they want because they are nearer the terrain, is overlooking problems such as narrow concerns, productivity and bureaucratic self-interest."

There is an abundance of literature on leadership models that is both theoretically and empirically based. Most of the current literature argues in favour of a more open and participative type of organization model. This is also the case with current models that examine new public service leadership. These models focus on key elements of organizational performance such as the context and organizational purpose, the quality of client service, people management, the role of the leader in creating values and influencing climate and culture, innovation, organizational learning and pride and recognition. This thesis illustrates that while the public service has shifted to a post-bureaucratic model of organization, a shift in the values needed to sustain it is also required, specifically, the kind of leadership which creates a context where innovation can flourish, and which emphasizes people.

The lack of emphasis on the management of people and the barriers to effective human resource management identified in this thesis illustrate how difficult it is to be a public service
leader. In light of this, it is reasonable to assume that a leader's personal style may be simply a response to a particular challenge. Complicating the picture further is the reality that today's public service leader must manage people in a fishbowl-like environment of changing priorities and political pressure. Clearly, this reality requires that a new type of values-oriented public service leader must be recruited, nurtured and rewarded. The values needed to achieve a new public service type of leadership are an organization-specific blending of "new" public service values and certain traditional values. When comparing leadership attributes to the values contained in the Tait report, it is evident that the highest ranked leadership attributes are congruent with the "people values" noted by that report.

In 2001, at an Association of Professional Executives of the Public Service of Canada (APEX) conference whose focus was "Modernizing Human Resource Management in the Federal Public Service," participants felt that the practice of "valuing people" must be emphasized. At this conference, attendees were asked to indicate the values from the Tait report they felt were the most important to the successful reform of the federal human resource management regime. "Respect" for employees was the most popular response. Participants also pointed out that they were referring to the kind of respect they felt they deserved more of from senior leaders.

Although much of the information regarding public service reform and effective leadership begins from a premise that a certain "blending of values" is optimal, there are certain types or levels within public organizations where a post-bureaucratic leadership style which emphasizes empowerment and innovation, may not be beneficial. The military, air traffic controllers and, certain sectors of health care responsible for urgent protection of public safety are areas where innovation, empowerment and power sharing would not provide the results or
accountability associated with effective and safe service delivery. Clearly, careful attention to what works well, where and why must guide reform initiatives.4

A theoretical examination of the current literature on private and public service leadership has revealed that post-bureaucratic leadership requires leaders to adopt an innovative and respectful approach to their organization. In addition, leaders must demonstrate the values of the organization; in other words, effective leaders “walk the talk” which builds the trust necessary to create an organizational culture that encourages the heart and, therefore, a sense of engagement, entrepreneurship and risk-taking. Much of what constitutes new public service leadership involves an emphasis on new public service values combined with accountability, all held together with a healthy measure of respect for all stakeholders. This strong sense of entrepreneurship naturally tends toward a desire for experimentation and support for reform. Although much of the literature examined favours incorporating new public service values, such as those underpinning new public management and alternative service delivery, public service leaders must be mindful of the value and ethical implications of reforms before implementing them.5 New public service leadership requires a strong disposition toward innovation and change management carried out within an appropriate accountability framework. This type of leadership also requires that people are valued, respected and encouraged to develop and build their own leadership competencies and are perceived to be valued by the organizational leadership.

The final chapter of this thesis provides a summary and analysis of the previous information, and presents some general conclusions as to how the values of public service leadership in managing people have evolved. It then discusses how successful reform of human resource management practices is critical to the development of the public service leaders of the future.
Summary and General Conclusions

The concept of reform remains central to the public service. In the first chapter of this thesis, public service reform was examined as a pattern of changing public service values throughout the decades. The thesis then discussed the changing values underpinning the management of human resources in the federal public service. Recent attempts to reform human resource management include initiatives such as Public Service 2000, La Relève and the Modernizing Human Resources Task Force. Although some progress has been made in the area of "valuing people," this area requires further attention. The Fryer Report suggests that one of the reasons these initiatives did not produce more significant results is that the focus was on communicating the culture and values of the workplace of the future. With a strong focus on the values of the workplace of the future and no clear plan of action in place, opportunities to effect change through PS 2000 and La Relève were clearly missed. Specifically, persuading people to adopt new attitudes requires three things that do not exist throughout the public service:

- A sense of urgency
- A belief among the people being asked to change that the desired outcome is achievable
- Effective leadership

This thesis suggests that public service leadership can be improved by major reforms to the management of human resources. Specifically, improvements to public service leadership can be accomplished through decisions that emphasize a blending of traditional and new values in terms of the structures, management systems, practices and culture necessary to successful reform. Much of the reform activity has sought to address the management of people in the federal public service. One of the reasons for this is that until the last decade, the concept of "values" with respect to human resource reform initiatives has been given very little attention in
Canada. Instead, the focus of reform has been on ensuring compliance with rules and regulations to achieve results. The legislative, institutional and policy frameworks that have been in use for decades were created with little focus on more progressive new public service values such as innovation. The primary emphasis appeared to focus, in large part, only on the three E’s: efficiency, effectiveness and economy that originated in a command and control type of bureaucracy.

While this thesis has identified several barriers to effective human resource management practices, it argues that a stronger emphasis on sustained, values-based leadership is needed to successfully reform this area of weakness. The large numbers of players who influence the process of policy-making and service delivery make coordination and communication difficult. The problem of poor coordination, divided responsibilities and a lack of clarity around the roles that each actor plays have been pointed out by the Auditor General of Canada for decades. Clearly, the need for more communication and values-based dialogue among leaders and their staff, as well as between units and their departments regarding roles and expectations, would enhance the potential for a public service culture based on support and trust. However, the leaders of the organization must support, and be perceived to support, two-way communication with all interested stakeholders if long-term benefits are to be sustained.

Given the importance of effective public service leadership, the large numbers of impending retirements at the senior ranks, and the inadequacies of previous reform attempts, it is interesting to note that it has only been since the 1980’s that governments have begun to emphasize the importance of human resource planning. When a values-based, career development approach is supported by top management and integrated with other career
development programs, the values “at the top” can influence the entire organization and become the driving force for all of its career development initiatives.8

As mentioned, “values in action” can enhance the performance of organizations. Although an emphasis on values can be perceived as a “soft” aspect of management, values can be used to achieve business objectives, namely, the effective management of people, if they are espoused and demonstrated by the organizational leader. This statement is significant for public service organizations. Within public organizations, there exists an inherent element of top-down leadership that clearly sets the tone for the rest of the organization. The most important feature of a high performing public organization is the commitment of leaders whose values and attributes are congruent with the values of the organization they serve.

**Major Conclusions**

The introductory chapter of this thesis notes that the organizational leader is an expert in the promotion and protection of values. By creating value statements, behaviours and decision-making processes which are routinely and effectively communicated and demonstrated by organizational leaders, a clear message is delivered as to what the organization stands for. This, in turn, leads to shared values throughout the organization, thus creating a culture of trust, pride and commitment about belonging to the organization. This thesis shows that the frequency and style with which leaders share information is more critical in the public sector than anywhere else. Mintzberg observes that the number, diversity and power of the competing civil, political and administrative actors who take issue with everything you do or want to do as a public manager requires that leaders be mindful of the values that underpin all that they communicate.9 Clearly, it is important to get the values right although what the “right values” are will depend on the level and quality of dialogue that occurs between leaders and the organization and the
agreement that results from that dialogue. As a starting point, creating an organizational values statement is useful in clarifying the concepts for which all people in the organization stand. Values from the entire organization must be clearly articulated to foster a sense of commitment and ownership in the process as well as the content.

As used in this thesis, the values taken from the report entitled “A Strong Foundation” provide a way of thinking about which values should serve as the basis for post-bureaucratic leadership in public organization. Moreover, since the notion of shared values is closely linked to the concept of organizational culture, it is important to distinguish between traditional and emerging “new” public service values. This critical distinction between groups of values, both in theory and in practice, is a major focus of this thesis. This distinction is useful as an analytical tool for the purpose of assessing organizational effectiveness and the value implications of reform. It is also useful to clarify the extent to which the attributes and values of organizational leaders are congruent with the values of the organization they lead, especially within the senior ranks of the public service. Unlike leaders at the lower level of an organization, decision-making generally takes place within a specific framework and determines values under specific circumstances. At the senior level, the challenge of decision-making is largely “an inventive one” allowing for much more discretionary power. A participatory leadership style is the best approach to encourage and nurture an organization where espoused values are routinely practiced. A values-based, people-centered, dialectic leadership style decreases the potential for value conflict between leaders and all stakeholders.

The evidence presented in this thesis indicates that due to the large number of impending retirements at the senior level, a critical rethinking of what constitutes effective public service leadership has now attracted considerable attention. There is increasing pressure for government
to utilize resources in increasingly innovative ways. Resources, for example, are being focused on improving policy development, and on increased devolution of service delivery responsibility to non-traditional stakeholders such as other levels of government and certain areas of the private sector. In light of the ever-changing business environment of the public service, an awareness of the values and competencies of current public managers as well as the newly recruited will profoundly impact the effectiveness of people management in public organizations. In fact, much of the recent information about public sector reform has focused on the requirement for public managers to develop stronger people-oriented leadership skills.

This thesis has shown that throughout the last two decades, concern with financial restraint and adherence to the latest management fad have neglected to consider that the public service exists to provide the best quality service it can to its people. More specifically, “while quality of service is essential, it is necessary to ensure that healthy human resources exist to provide those services.” Thus, a blending of traditional and new public service values, as demonstrated by public service leaders, is of paramount importance to effective policy-making and service delivery within the management of human resources.

The management of human resources in the federal public service has suffered from many problems that are examined in Chapter 1, most notably, a lack of sustained values-based, and innovative leadership. In Chapter 3, the vigorous efforts by the government to modernize human resource practices in the public service have been outlined in detail. Public Service 2000 sought to address frustration and morale problems within the public service by attempting to minimize excessive controls and red tape. La Relève was another initiative to revitalize the public service by improving the human resource management system. In fact, La Relève’s first progress report stated that traditional hierarchical leadership is not effective and is being replaced
by values-based leadership, which emphasizes openness, collaboration and power sharing.

Moreover, the dominant message of La Relève is that public service leaders must understand that human resource management is just as critical as the development and implementation of policies and programs. Leaders must be held accountable for the management of human resources in achieving their objectives.\(^{12}\)

It is reasonable to assume that people leave their jobs because they are unhappy with their organizational leader. As examined in this thesis, the leadership style of executives strongly influences the organizational culture. The message is clear: good people see good leaders as vital to their interest and therefore to their performance on the job. Employees who lack confidence in their leaders are likely to leave an organization for better opportunities. In terms of career development of employees, managers must take the initiative to communicate their staffing decisions to their organization. Managers should also be evaluated on their overall performance in applying core values to human resource management practices but particularly the ways in which they develop the leaders of the future within their organization.\(^{13}\)

Dealing with poor performers has been an issue to which the public service has barely paid even lip service. New public service leadership supports a human resource management regime that respects those who perform well, by dealing effectively with those who do not.\(^{14}\)

Why, for example, would a top performer want to work for an organization from which they cannot be removed? Releasing a full-time employee from the public service for poor performance is rarely seen. Unfortunately, the consequences are poor morale and lack of confidence in the leaders and in the system. In dealing with this issue "the system must not react as it has in the past by creating a plethora of new rules in reaction to every incident, thus
punishing the entire Public Service."\(^{15}\) Clearly, a re-evaluation of the employment contract is required.

A related point is the extent to which public service leaders recognize and reward the efforts and accomplishments of their staff. It has been traditionally difficult for governments to reward good performance with promotions. Some unions have not supported this approach, since the public service has always been organized around positions. Union leadership, for example, may view an "acting assignment" for a longer period than set out in the PSEA or a "deployment" as management acquiring additional rights at the expense of employees who have little or no recourse to challenge the decision.\(^{16}\) The post-bureaucratic leader must acknowledge this and communicate to employees that rewards in the form of short-term promotions as well as learning and development opportunities will be a part of a departmental human resource plan.

The theme of values-based leadership has emerged once again, as indicated by the recent efforts by political and bureaucratic leaders to adopt a more "people-centered" and innovative approach to the reform of human resource management. The current government's most recent attempt to modernize and reform human resource management can serve as an example of effective values-based or post-bureaucratic leadership. As outlined in Chapter 3, the prime minister has taken the initiative to modernize human resource practices. Many variables have contributed to the urgency of the prime minister's support for reform. The shifting demographics of the ranks of the senior leadership are the most important reason for the attention. Other variables include the historical background, the most recent speech from the throne, the Eighth Annual Report by the clerk of the privy council office to the prime minister, the government's commitment to reform and the focus on creating a new public service for the 21st century. In this context, it is inevitable that the prime minister will be required to demonstrate values-based
leadership and take action to implement an innovative and people-centered reform of this area in terms of both the process and the results.

The process currently underway to modernize human resource management in the federal public service is in harmony with the post-bureaucratic model, since the process is highly consultative and involves many stakeholders at all levels. Chapter 3 of this thesis notes that the reform process is proceeding along two tracks. The first track is made up of the Modernization Task Force itself and its advisory group. Its purpose is to recommend to the government a modern human resource legislative framework. It will also recommend new policies and governance structures designed to streamline the human resource management regime. On the second track are central agencies and federal departments identified in Chapter 2. These units of the public service are making progress within existing legislation in the areas of workplace well-being and retention, recruitment and staffing as well as in learning and development.

The human resource management regime in the federal public service encompasses several interrelated areas such as values, staffing, recourse and labour relations. While the general purpose of this thesis is to illustrate the impact of values-based leadership on the practice of effective human resource management, its primary focus has shown that post-bureaucratic leadership is even more important to career planning within public organizations. Career development has been defined as integrated career enhancement for the development of leaders. In a recent report, the Public Service Commission (PSC) states that if the Public Service is to compete for the skilled workers it requires, it must plan effectively. The report also notes that effective planning should link the various players and objectives of departments and central agencies so that systems, policies and practices are aligned. This alignment could improve upon the current system and ensure that the human resource management practices within the public
service are coherent and are working to its advantage. In addition to reform of the institutional framework, this thesis recommends that the role of the leaders within the human resource communities become more in line with that of the post-bureaucratic leader. More than process managers, human resource executives need to be effective and pro-active counselors, with personal and business credibility and strong relationships with business line managers.

Recently, competencies for both private and public sector leaders have become increasingly similar; however, the requirement for accountability of public leaders at all levels places their decision-making under much more public scrutiny than the leaders of a private organization. Educated taxpayers and empowered public servants will continue to demand greater participation in decision-making processes, and increased accountability for results. In like manner, public servants, particularly knowledge workers, are demanding greater access to the decision-making process as well as quality of service from their supervisors and managers regarding support for their career and leadership development. This clearly requires a leader with not only traditional business competencies, but also the attributes that support values-based leadership such as innovation, teamwork, and openness, with emphasis on respect for people. This thesis suggests that “negotiation” and “facilitation” training and skills development must be included as key competencies for public service leaders. As noted by Mintzberg, negotiating takes place everywhere and at every level of an organization, particularly at the top where the division of power is clearly defined. Requiring that executives become skilled negotiators is even more significant, in light of recent changes in management where alternative service delivery practices involve more players. Further, new public service leadership is about empowerment and persuading knowledge workers to support their organization’s mission, values and strategies. “This kind of buy-in cannot be compelled or directed: it must be negotiated.”
In terms of a “career public service” the current understanding of what constitutes a “career” has substantially changed. This new understanding has consequences for future public service leaders and their employees. Although public service leaders must continue to assist staff with career development, staff loyalty is to their own career rather than to the employer. If they are not happy, they are willing to leave. This thesis shows that the level of trust and the quality of the dialogue between employees and organizational leaders are critical to the success of high performing organizations. The values underlying the social and psychological dimension of the employment relationship and organizational leadership, such as trust commitment, influence and communication, influence the employment contract.

A related point is the pro-active protection of merit as the cornerstone of all public service hiring practices. The public service will continue to hire based on merit, since this practice helps political leaders avoid allegations of patronage and it attempts to ensure continuity in service delivery. We have seen that the protection of merit is critical to effective career planning, in part because a culture of public service must be encouraged in core public service careers in order to effectively manage the closer proximity to ministers and the legislatures. Clearly, the key values of non-partisanship and transparency will usually be the yardstick by which the commitment to fair staffing practices will be measured. The PSC recently reported that “most staffing actions are at risk since expediency rules.” In fact, most managers and human resource specialists agree that non-transparent staffing practices impact negatively on staff morale and motivation, leading to the departure of talented workers. Moreover, “one manager indicated that transparency is integral to a positive workplace climate and helps maintain the credibility of the public service.” Although the traditional application of merit is important to the credibility of the public service in terms of appointments, it may not be required in every
case. Particularly, when it is clear that a job applicant is "qualified" and competent for a position, leaders may use their discretionary power and adopt a less rigid interpretation of merit in certain circumstances.

Since the effective management of people impacts the quality of the employment relationship between employers and workers, it naturally follows that the type of support for career planning is also affected. Market-type employment arrangements may become more dominant. Moreover, "as employees become free agents and entrepreneurial suppliers, more flexible and fixed-term contracts will emerge."[^25]

Although enthusiastic reform efforts are continuing, the effective management of people and, more generally, human resources management practices in the public service has been an area of weakness. Two reasons may explain the weakness: First, leaders at all levels cannot realistically allocate an appropriate amount of time to people management. Second, politically sensitive issues will always take priority.[^26] This is unfortunate since it is reported in *A Strong Foundation – A Summary*, that "people-values" are of paramount importance to effective public service leadership, ... [b]ecause it is only through leadership that the people-values can be put into action, and trigger the wider range of public service values."[^27]

In Chapter 4 of this thesis, we saw that within private organizations, the new public service values of innovation, as well as people-values are more easily implemented. Although human resource systems are common to public and private organizations, evidence demonstrates that private organizations are able to adopt much more innovative approaches to career development. In the private sector, the chief executive officer may not always be able to meet with staff directly about their career development. To ensure that managers are held accountable for staff development, many private sector companies have centralized the human resources
(HR) function, ensuring that the vice-president of HR is part of the senior executive management committee. This arrangement ensures that senior leaders have the time needed to focus on overall direction of the organization while giving the people management component of the organization necessary attention. The strategic re-positioning of the human resource management function in the private sector, therefore, has led to greater accountability for people leadership by providing the mechanism needed for effective integration between business objectives, operations and people management. In contrast, the public sector has a different approach to the management of people and their career development that is firmly entrenched in its culture. Chapter 2 of this thesis draws attention to the number of players who influence human resource management practices. It also examines the difficulty in collaborating and coordinating the work of a large number of units as well as the reality of unclear roles and divided responsibility. This lack of coordination and fragmented responsibility has led to attitudes and a culture toward people management that is largely driven by rules and small, independent "kingdoms."

In the federal government, for example, the human resource management function is very decentralized. Responsibility for human resource management has been given to several central agencies such as the Public Service Commission (PSC), Treasury Board Secretariat (TBS) and the Privy Council Office (PCO). In addition, actors such as the heads of personnel, renewal councils, The Leadership Network (TLN) and the Committee of Senior Officials (COSO) also influence the process. Moreover, the human resource community itself is widely diffused across departments and as a result the degree to which line managers are held accountable for their people management responsibilities is often dependent upon the ability of deputy ministers to manage their departments. This situation further impedes the prospects for success since we have seen that the deputy minister currently has minimal authority for human
resource management even though they are the ultimately the chief operating officers responsible for the management of their department.

The role of middle managers in the public service also contributes to the fragmenting and confusion about who does what. Middle managers supervise people and exercise considerable discretionary power, particularly in the area of their own career development as well as that of their staff. Recent changes to management approaches have required that increased authority and accountability be delegated from senior to mid-level managers. “At the same time, these managers are required to administer - and sometimes even help to negotiate – the same collective agreement to which they themselves are subject. These anomalies lead to situations of clear conflict of interest.” This thesis has shown that a senior leader’s authority and management style that demonstrates respect for people is critical to the success of high performing organizations.

Effective communication, coordination and coherence are central concepts in the practice of public administration, particularly as they relate to leadership and accountability to Parliament. The evidence presented in this thesis indicates that Parliament lacks a comprehensive report on human resource management practices. The PCO continues to identify problems and underlying causes but stops short of making concrete recommendations. There is no formal tracking system of problems the PCO identifies or any follow-up on those problems. In addition, its annual reports do not provide Parliament with a clear picture of how merit is being protected and how departments and agencies have complied with the Public Service Employment Act (PSEA). The reports provided by the PCO are another example of insufficient reporting to Parliament. Although the clerk is named the head of the public service in the PSEA, his or her
annual report to the prime minister identifies only general issues and public service-wide priorities. There is little specific information regarding expected or actual performance.

The reports provided by Treasury Board are also lacking in any concrete information in that they focus on historical trends rather than future projections. Clearly, more collaborative relationships between parliamentarians, their staff and departments would lead to better alignment, coordination and the kind of information sharing that appears to be lacking in current reports to Parliament. This thesis also suggests that structural change, when carefully chosen and effectively implemented, can improve the performance of public organizations, especially in terms of the values of productivity, responsiveness and service.31

Although structural change and improving the quality of reporting to Parliament are useful, they cannot create changes in behavior, especially if the behavior is supported by other factors in government. Since becoming an agency in 1999, Canada Customs and Revenue Agency (CCRA) has restructured their governance regime to ensure accountability. CCRA has been building a government regime to support modern and innovative management while respecting Parliament’s expectations for transparency and accountability. The governance structure of CCRA ensures effective decision-making and control through senior committees – the Board of Management – (BoM) and the Agency Management Committee (AMC). To ensure appropriate accountability, it attempts to link its Corporate Business Plan to its Annual Report and its Balanced Scorecard which is another mechanism used to enhance alignment, coordination and accountability. These accountability relationships are supported by enhanced internal audit and accountability contracts with managers.32 But these contracts with managers and senior leaders must be evaluated and measured against anticipated outcomes. Given the importance of the values of public service leaders, it is reasonable to wonder whether cost
reduction and improved performance could also be achieved through better management within existing organizational forms. Clearly, while structure is important to effective coordination, behavioral change may require the intervention of political leaders.33

This thesis draws two conclusions. The first is that the federal public service requires more values-based leadership at all levels for the effective reform of human resource management practices. The second is that values-based leadership is essential, not only to perform successfully in today's rapidly changing business environment, but particularly with regard to career planning and development practices. This, in turn, will lead to the development of the kind of future leaders that the new public service of the 21st century will require. It will also lead to the kind of public service leaders who understand the need to balance the increased delegated authority achieved through renewal and reform initiatives, with maintaining and enhancing accountability.

Chapter 4 of this thesis points out that human resource planning and career development are critical to the renewal of the public service. This is largely because long-term human resource planning by departments and the public service as a whole can give management a clear understanding of both short-term and long-term human resource needs. Managers can then make more effective recruitment decisions and can staff programs and services accordingly.34 This thesis has shown that human resource planning in the federal public service is weak. It has also shown that a lack of integrated human resource planning has impeded development of recruitment strategies. Finally, it has shown that although some departments have done some work in the area of human resource planning, many times plans are not well communicated, understood or accepted by managers.35 Clearly, the need for public service leadership that links
career development to reward and recognition and which supports innovative human resource management practices is needed.

As examined earlier, shifting demographics in the senior ranks of the public service require organizations to re-examine their existing leadership models. The development of values-based leadership competencies as the basis for new leadership models has become a strategic issue, not merely a “nice-to-have” perk. Developing values-based leadership competencies also require that the existing assessment tools used to staff leadership positions be re-evaluated. The utility of values-based leadership development programs is that they can create an understanding throughout the organization, which reinforces organizational values, by articulating what effective public service leadership looks like at every level.

We have seen that although there are barriers to the reform of human resource management practices, successful career development systems operate best within a management culture that supports and rewards learning and participation. The vision and support of top management is necessary for cultural change because if the manager is not involved, the environment will not change and there will be no benefit from career development activities. Senior managers and executives must be the “champions” who drive the process of ensuring that career development plans are aligned with organizational values by demonstrating and encouraging leadership values found in the post-bureaucratic model of organizations.

As noted by Mintzberg, the job of managing in the public sector requires that managers possess traditional managerial skills such as finance, budgeting and resource allocation. People with these skills are not difficult to find in the marketplace. The challenge in the public sector is finding people with traditional management skills and the ability to reconcile an understanding
of the broader policy environment, its political implications and the concept of the public interest with the desire to lead an organization.\textsuperscript{38}

Perhaps one of the most significant findings of this examination is that the most difficult part of leadership is managing the human element of public organizations. New public service leadership needs to develop new management competencies such as negotiation, facilitation, strategy, vision, ethical standards, accountability, citizen engagement, integrity and character. Most of these skills cannot be developed through a traditional, educational approach. They must be developed through experiential learning such as formal and informal personal development, mentoring, acting assignments and exchange programs. Employees must market themselves to potential employers within and outside of the public service. They must demonstrate leadership by taking responsibility for maintaining their skills and entering into a "partnership" with leaders about opportunities for challenging assignments, learning and development. All of these methods encourage and promote improved understanding and communication among leaders and employees throughout the public service that are necessary for an effective employment relationship, and in turn, a competent and highly motivated public service.

It is worth pointing out that moving to a more values-based type of leadership, which includes practicing new public service values such as innovation, flexibility and openness, could lessen the control of politicians. In this type of an organization, power, responsibility and accountability for decision-making is devolved to lower level managers within the public service. This, in turn, leads to a greater need for information sharing and effective communication mechanisms by allowing maximum participation of interested stakeholders. Maximum participation also provides for easier management of potential obstacles such as the balancing of values, like merit and accountability, which has a strong relationship to the
practice of staffing in public organizations. Although this leadership approach is participatory, and certainly necessary to the effective management of people, politicians may not be supportive of public servants adopting such an empowered orientation to their duties and may try to rein in their behaviour. Enhancements to the employment relationship between politicians and public servants could go a long way to model what values-based leadership looks like in the eyes of the entire public service.

Values-based leadership also requires that if increased responsibility for staffing is devolved to lower level managers, an accountability framework is essential to ensure that they are publicly responsible for the exercise of additional delegated authority. Organizational leaders must make talent management a burning priority and insist that their line managers are held accountable for the development of talent. A process that ensures staffing practices are based on public service core values is required. Increased responsibility and authority in the hands of leaders who have limited experience would suggest that in addition to technical and operational training, managers should also undergo ethics training and university-level public administration education. These requirements ought to be a pre-requisite for all public service managers in the same way that second-language training is required of all senior public service leaders.

This thesis has presented an examination of the relationship between post-bureaucratic public service leadership and effective human resource management in the federal public service. It has examined career planning as a key tool of human resource management and as a process through which public service leaders can demonstrate organizational values. It has shown that with the emergence of a new type of public organization, a new type of values-based public service leadership is also emerging. We have seen in Chapter 2 that all three dimensions of post-
bureaucratic leadership – purpose, people and performance - are important for achieving high performing organizations. Particularly important is the emphasis on leadership which values "people" since, as noted earlier, it is only through leadership that people values of the public service can be put into action and trigger the wider rage of public service values. Post-bureaucratic leadership can create a public service culture which is driven by a strong desire to innovate, and that supports the dignity of people. This type of leadership is also required for the successful reform of human resource management practices within the federal public service.

New public service leadership is strategic and looks past traditional managerial concerns such as the protection of vested interests. Leadership of this kind represents a flexible blend of traditional people values with new public service values, such as innovation and teamwork.

The challenge of providing quality and timely service to Canadians effectively and efficiently and within an appropriate accountability framework is the objective for all public organizations. We have seen that accountability remains the central public service value, regardless of what additional values public service leaders practice. Accountability in a post-bureaucratic public organization need not be a negative concept. "It is achieved not by assigning blame or punishing, but rather by providing incentives to get things right. Effective accountability depends on shared values of responsibility, ownership, integrity and trust." Post-bureaucratic leadership acknowledges this and builds accountability mechanisms into new initiatives. Although measuring results can be difficult due to cultural differences, this kind of leadership includes mechanisms to evaluate and measure results against stated business goals and to reward people who seek to innovate and take reasonable risks.

It is understandable that accountability as an ethical and democratic value has remained the most dominant public service value, since public servants as well as public service leaders
exercise considerable discretionary power. In terms of building the public service of the future, current leaders must place more emphasis on competencies and public service values. They must hire innovators and risk takers who take the initiative to pursue accountability and the public interest. Clearly, managerial discretionary power will impact the development of Canada's future public service leaders through the ways that recruitment, retention and career planning are implemented.

The major conclusion that can be drawn from this examination is that successful reform of the human resource management regime depends on the sustained commitment of both politicians and public service leaders and their willingness to demonstrate leadership that is in harmony with the post-bureaucratic leadership model. It also requires the kind of leadership that emphasizes the importance of mutual trust and confidence necessary to an effective employment relationship. This type of relationship should exist between ministers and professional public servants and could provide a model against which all employment relationships are measured.

We have seen that within the public sector decisions are judged by a political standard. Therefore, the ongoing challenge for current governments is to be aware of the need for balance in reconciling traditional and new public service values as they grapple with the question of what kind of professional public services they want. As this thesis is written, vigorous efforts are being made to reform the human resource management system. It is hoped that that a sense of urgency, an appreciation of the importance of political leadership, and a belief in building and maintaining professional, merit-based public services will guide the framers of the new human resource regime and remain a priority of politicians.

In terms of the desirable future of an effective institutional framework for human resource management, this thesis suggests that a move toward post-bureaucratic leadership
would place the clerk of the privy council as the key actor responsible for all aspects of human resource management in the federal public service. The clerk would collaborate with Treasury Board, and to a lesser extent, the PSC. Deputy ministers would report to their ministers who are responsible for reporting to Parliament and the clerk. Reports to Parliament and the clerk would be clear and would contain useful information such as the ways in which departments manage human resources and how they go about protecting merit. The creation of a parliamentary committee responsible for human resource management, and, to which the annual reports of the PSC could be referred would clearly be a step in the right direction. This type of governance structure would provide the central leadership essential to ensuring clarity of roles and reporting relationships and therefore, the accountability needed for democratic government.

In order to attract and retain leaders of the future, Canada needs both political and public service leaders to adopt a post-bureaucratic style of leadership. This kind of leadership is collaborative and seeks to engage other leaders and employees throughout the organization. Since this type of leadership requires specific skills, training that emphasizes people management and leadership should be offered at all levels of the organization and particularly, at the executive and senior management levels. Specifically, leaders must demonstrate behaviors which encourage innovation and which recognize that without a motivated and competent public service, vital services to Canadians will be compromised.

Despite the incremental steps taken in the past to reform human resource management, grounds for optimism exist. Current efforts to modernize human resource management promise to include legislative reform as well as an institutional and policy framework based on public service values that demonstrate respect for people. As noted by John Tait, "if we care about the role and condition of values in the public service, the quality of people leadership should be a
matter of central concern." Thinking about what works well, where and why in terms of what constitutes effective leadership can provide a basis for recruiting and developing the kind of leadership the public service of the future requires. Where this is not supported at every opportunity, the professionalism of the public service and, therefore, good government, suffers.

Although there has been no golden age of human resource management in the federal public service, nor is there "one best way" to recruit for the kind of public service leader needed to achieve workplace reform and renewal, Canada's public service cannot be allowed to remain an institution at risk. This thesis has shown that a new, post-bureaucratic type of public service leadership based on innovation and with a human emphasis can serve as the basis for initiating and nurturing effective employment relationships at all levels of the public service. This kind of leadership is critical for creating a dynamic public service culture necessary to sustain reform, and in turn, to provide vital services to Canadians.
2 Ibid., p. 518.
7 Ibid.
8 “Succession Planning in the 2000’s,”[http://www.ihrim.org](http://www.ihrim.org)/market/booksnpubs/nardoni.cfm, 07/03/00, 12:14 PM
12 Kernaghan, Marson and Borins, pp.270-271.
www.apex.gc.ca
14 Ibid., p. 12.
15 Ibid., p. 11.
16 Lindquist, p. 517.
17 “The Road Ahead,” Public Service Commission, [www.psc-cfp.gc.ca/centers/reports-rapports/ra-vf/challenges_e.htm](http://www.psc-cfp.gc.ca/centers/reports-rapports/ra-vf/challenges_e.htm), 16/04/02, 2:25 PM.
19 Mintzberg, and Bourgault, p. 174.
20 “The Public Service Manager as Negotiator,” Canadian Center for Management Development. p. 22
21 APEX., p. 4.
22 Linquist. p. 518.
23 APEX., p. 3 of 7.
24 Ibid., p. 3 of 7.
25 Lindquist. p. 479.
26 Mintzberg and Bourgault, p. 132.
28 Mintzberg and Bourgalt, p. 132.
29 Ibid.
30 APEX., p. 9.
35 Ibid.
37 Ibid., p. 114.
38 Mintzberg and Bourgault, p. 133.
40 Canada, Deputy Minister’s Task Force on Public Service Values and Ethics, A Strong Foundation – A Summary Report. p. 17.
41 http://www.thefryercommittee.com p. 47.
42 Canada, Deputy Minister’s Task Force on Public Service Values and Ethics, A Strong Foundation. Report, p. 49.
43 Ibid.
Addendum

Just after the writing of this thesis had been completed and the thesis had been reviewed by members of the supervisory committee, the federal government tabled in Parliament the Public Service Modernization Act (PSMA - Bill C-25). This Act proposes several significant legislative changes designed to clarify roles, responsibilities and accountabilities of the large numbers of players influencing the human resources management regime.

Among the proposals for changes to the staffing regime are clarification of the definition of merit, clarification of the staffing recourse process and a reduced operational role for the Public Service Commission (PSC). The PSMA provides for an expanded role for Treasury Board in that it would be required to report to Parliament on human resource management matters. The PCS would also report annually to Parliament on employee appointments, its audits and investigations, and the political activities of employees.

The PSMA also addresses several areas of human resource management such as consultation with unions, essential services, two-tier bargaining, dispute resolution, grievances and adjudication, unfair labour practices and strikes; all of which impact career/leadership development practices in the federal public service.

It must be kept in mind that modernization of the human resource management regime is not limited to legislative or structural change. More importantly, modernization depends on good management, the ethical use of discretionary power and leadership which is guided by a thoughtful blending of traditional and new public service values as the changes proposed in the PSMA are implemented.
OVERVIEW

Bill C-25 – Public Service Modernization Act (PSMA)

GENERAL

What does Bill C-25 propose?

This is an “omnibus” bill – that is, it amends and creates more than one piece of legislation.

- There will be a new labour relations statute: The Public Service Labour Relations Act (PSLRA)

- The PSLRA will be enforced by a new labour board: The Public Service Labour Relations Board (PSLRB)

- There will be a new staffing statute, but it will continue to be known as the Public Service Employment Act (PSEA)

- The Public Service Commission Appeal Board will be abolished and replaced with The Public Service Staffing Tribunal (PSST)

- The Financial Administration Act (FAA) will be amended to support the changes to the definitions of the public service and the conferring of direct statutory authority to departments over certain matters that used to be under the authority of Treasury Board.

- The Canadian Center for Management Development Act (CCMDA) is being amended to provide for “integrated learning activities in the public service” through the new Canada School of Public Service which integrates the CCMD with the PSC administered Training and Development Canada.

To view the PSMA proposal in its entirety see http://www.tbs-sct.gc.ca/mhrm-mgrh/ovhi/apps_e.asp
Appendix A

Additional Actors Influencing Human Resources Management Practices

The National Joint Council (NJC)

The Council is a “consultative body” made up of representatives of Treasury Board and a number of “separate employers” and bargaining agents. Its recommendations must be approved by the appropriate executive body of government. Established before the practice of collective bargaining, the Council is a forum for regular discussion on issues relating to efficiency across the public service and the well being of its employees. It also deals with matters on which consultation is more efficient within the public service than at each bargaining table. When the Council agrees to “consult” on an issue it is understood that, on approval, the issue either will be deemed to become a part of collective agreements or will result only in recommendations to the employer.

Bargaining Agents

Currently, 16 unions certified by the Public Service Staff Relations Board are authorized to represent particular groups of public servants in collective bargaining. The Public Service Alliance of Canada represents the largest number of public servants (approximately 116,000) and of the Professional Institute of the Public Service of Canada represents another 31,000. No other bargaining agent represents more than 6,000 federal public servants, and most represent fewer than 1,000.

The Public Service Commission Advisory Council

Created in 1998, the Advisory Council provides a forum for Commissioners and senior Commissioners staff to discuss and consult on issues related to the Public Service Employment Act. The Council includes a representative of each of the public service bargaining agents and more than a dozen representatives of federal departments and agencies, with a Treasury Board observer. Meetings of the Council and its Steering Committee are co-chaired by a representative of the unions and of other departments. The Council has a number of working groups dealing with current issues such as mobility, recourse and merit.

Association of Professional Executives of the Public Services of Canada (APEX)

The Association represents the interests of executives and promotes management excellence and professionalism in the federal public service. It tracks current and emerging issues of concern to its members, gathers members’ view and represents them to government decision-makers. Membership in the Association is voluntary.
The Public Service Staff Relations Board

The Board is a quasi-judicial statutory tribunal, responsible for administration of the Public Service Staff Relations Act. Its responsibilities include such matters as determining bargaining units, unfair labor practices, certifying and decertifying of bargaining agents, adjudication of rights disputes (grievances not resolved satisfactorily in the employee’s department) mediation services for grievances, complaints and collective bargaining disputes, and generally providing an administrative structure in which the rights and responsibilities of the employer and employees in the federal public service may be exercised and/or enforced.

The Commissioner of Official Languages

The Treasury Board is responsible for providing a policy framework to ensure that departments and agencies meet the requirements of the Official Languages Act. The Commissioner is an Ombudsman, responsible under the Act to protect:

the rights of members of the public to communicate in either official language with federal institutions and to receive services from them as provided for in the Act and its regulations;

the right of federal employees to work in the official language of their choice in designated regions; and

the right of English-speaking and French-speaking Canadians to equal opportunities for employment and advancement in federal institutions.

Official language requirements must be established for positions in the public service, and the ability of public servants to meet them must be assessed. The Commissioner’s office conducts audits and studies of performance in departments and agencies and investigates individual complaints. It makes recommendations for corrective action, appealing to the Federal Court on behalf of complainants when all other recourse has been exhausted.

The Privacy Commissioner of Canada

The Privacy Commissioner is an ombudsman, appointed by and accountable to Parliament, who monitors the government’s collection, use and disclosure of personal information of individuals, and its handling of individuals’ request to see their records. The Privacy act gives the Commissioner powers to investigate individual complaints, to launch its own complaints, and to audit compliance with the Act.

The Information Commissioner

The Commissioner deals with complaints from people who believe they have been denied rights under the Access to Information Act. The Commissioner is an independent ombudsman with investigative powers, who mediates between complainants and government institutions. The
head of a government institution may, in certain circumstances, refuse to disclose a record that contains plans related to the management of personnel or the administration of the institution. This does not apply to decisions made in exercising a discretionary power or an adjudicative function that affects the rights of a person.

The Canadian Human Rights Commission

The Commission was established as an agency reporting to Parliament to administer the Canadian Human Rights Act and deal with related complaints. An example of the later is the 1999 pay equity decision, which found that the job classification and evaluation system in the federal public service was discriminatory on the basis of gender, and thus in contravention of the Act. The Commission is also mandated to ensure that the requirements of the Employment Equity Act are met by all federal departments and agencies as well as Crown corporations and federally regulated private sector companies. To that end, the Commission conducts audits of these entities.

The Canadian Center for Management Development

The Center was created in 1998 under an order-in-council, and became a departmental corporation under legislation passed in 1991. The Center’s objectives include:

- encouraging pride and excellence in the management of the public service and fostering among managers a sense of the purposes, values and traditions of the public service; and

- helping to ensure the growth and development of managers and ensuring that they have the skills and knowledge to manage staff effectively, including leadership, motivational and communication skills.

The Minister responsible for the Center is the Prime Minister. The Center is managed by a President, having the rank status of a deputy minister, under the direction of a board of governors. The board comprises up to 15 governors, including the Clerk of the Privy Council as the ex officio chair, and equal numbers of persons who are employed in the public service and persons who are not. The former include, as ex officio members, the President of the Center, the Secretary of the Treasury Board, and the President of the Public Service Commission.

In developing the programs and studies of the Center, the president is required to take government policies into consideration, along with public service management training needs and priorities as determined by the Treasury Board.

The Leadership Network

The Leadership Network was created by an order-in-council in June 1998 to maintain the momentum of the public service renewal initiative, La Releve. It is included in the portfolio of the Prime Minister. The head of the Leadership Network receives functional direction form the Committee of Senior Officials (COSO). It has three specific areas of responsibility:
to facilitate the collective management of the community of assistant deputy ministers (ADMs) as a corporate resource (this includes providing career counseling and advisory services related to entry into the ADM ranks, assignments, personal and career development strategies, and learning and promotion opportunities);

to facilitate internal communication and dialogue on renewal by promoting, developing and supporting networks of leaders at all levels in the public service (for example, networks of middle managers and of federal regional officials); and to help consolidate La Releve successes, share lessons learned and foster change initiatives of departments and agencies, functional communities and regions.

Federal Regional Councils

In the early 1980's, Regional Councils were formed primarily to facilitate coordination of federal economic programs at the regional level. These have evolved considerably, particularly in the last several years, and play a role at the regional level in communication and information sharing, in administrative and human resource management matters, and in liaison with provincial counterparts. Today, there is a Council of senior federal officials in each province. Their roles and the extent of their development vary, and continue to evolve. They now serve as sounding boards for proposed central agency policies. Most have established human resource management subcommittees to deal with workforce adjustment and other issues. For example, some regions have created interdepartmental assignment programs, career centers, mentoring and middle managers programs.

The Human Resources Council

The Council is mandated by the heads of human resources in departments and agencies to contribute to determining strategic direction for the management of human resources in the public service. It provides leadership on the renewal and development of the human resources community and on the development of innovative solutions to human resource management issues. The deputy minister “champion” who acts as spokesperson on human resources at senior management forums looks to the Council for advice, as do others such as the Chief Human Resources Officer of the Treasury Board Secretariat. The Council (formed in 1992 as the Personnel Renewal Council) comprises about 20 officials, including 12 heads of personnel and non-voting, ex-officio representatives of the central agencies and other bodies. The members who are heads of personnel represent the interests of all departments and the human resource management community. Ex officio members represent the Treasury Board Secretariat, The Public Service Commission, The Privy Council Office, The Canadian Center for Management Development, The Leadership Network, The Human Resources Learning Advisory Panel and the Human Resources Community Secretariat. (the latter two are described below). The Council relies for funding primarily on contributions by departments and agencies. Its members lead or participate in numerous other committees or working groups.
The Human Resources Community Secretariat

At 31 March, 1998, the human resources community in the public service consisted of approximately 7,000 full-time staff (down from about 11,000 in 1990). Some 2,500 were human resource management specialists, supported by about 2,400 clerks and 1,300 administrative officers working in areas such as pay and benefits administration and staffing. A Human Resources Community Secretariat was formed in 1998 to play an advocacy role for the human resources community and to pursue implementation of the community’s La Releve action plan. The HRCS is a joint initiative of the Human Resources Council, the Treasury Board Secretariat and The Public Service Commission. It operates under the leadership of the Treasury Board Secretariat’s Chief Human Resources Officer.

Learning Advisory Panels

Learning Advisory Panels were created as a result of a recommendation by the Treasury Board Secretariat Advisory Committee. The purpose of such panels is to focus on the learning needs of specific public service communities. A Learning Advisory Panel for the Human Resource Community was formed in 1997 to help guide the development of this group’s corporate learning agenda. It comprises about 12 senior officials with human resource management responsibilities in departments and central agencies. It is supported by a working group of more junior officials.

Advisory Committee on Senior Level Retention and Compensation

This committee (the Strong Committee, named after its chair) comprises seven private sector senior executives. It was established in 1997 for a term of three years, to provide independent advice to the president of the Treasury Board on retention and compensation issues for executives, deputy ministers and other Governor-in Council appointees in the federal public sector. The Committee is charged with providing reports (to be made public by the Minister) setting out a long-term strategy to meet senior-level human resource needs, compensation strategies and principles, and recommendations on overall management. The includes such matters a human resource policies and programs, terms and conditions of employment, classification and compensation issues, including rates of pay and rewards and recognition.
Appendix B

Challenges to Human Resource Management in the Federal Public Service:

1. Large number of actors influencing the process
2. Roles and responsibilities of actors are fragmented and unclear
3. Outdated legislative framework
4. Not enough values – based leadership from politicians or bureaucratic leaders
5. Competing leadership values and principles
6. Lack of sustained leadership
7. Ever-changing political priorities
8. Lack of human resource planning
9. Lack of coherence in learning and development plans
10. Rigid application of the merit principle
11. Value conflict regarding the creation of a representative bureaucracy
12. Not enough emphasis on recruitment and retention practices
13. Not enough transparency regarding discretionary power of leaders
14. Lack of political support for reform
15. Reform agenda not in line with political agenda
16. Ineffective reporting to Parliament regarding human resource planning
17. Many subcultures in the federal public service
18. Human resource management never seemed to move past the “study phase”
19. Sheer size and scope of public service
20. Deputy minister needs increased statutory authority for human resource management
21. Lack of credibility of performance evaluations
22. Competition process is ineffective

23. Lack of reward and recognition for leaders who attempt to develop the careers of people in their organization
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