



CPRN RCRPP

# **Employer of Choice? Workplace Innovation in Government**

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## **Executive Summary**

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## **Executive Summary**

Canada's governments want to become "employers of choice." Many are striving to be more flexible, knowledge-intensive and learning-based. Reaching these goals will require nothing short of a bold new human resource strategy that can promote change within each government workplace – a strategy that encourages innovative ways of organizing, managing, supporting and rewarding people. How a government meets these challenges will determine its success in providing citizens with the high quality services they need and want.

This is the main conclusion from the Canadian Policy Research Networks' Human Resources in Government (HRG) Project, which examines the impact of extensive downsizing and restructuring in the public service during the 1990s in five jurisdictions (the federal government and the provinces of Alberta, Manitoba, Ontario and Nova Scotia).

## **Innovative Ways of Doing Government Work**

While much remains to be done, we found pockets of innovation within the five governments studied in the HRG Project. These work units have moved away from the traditional bureaucratic model of work toward a new more flexible model. What is significant about this direction for workplace reform is its potential to integrate two key objectives: improved quality of work life and more effective public services, both of which are essential for revitalizing government.

The report defines workplace innovation as a "bundle" of practices in the following areas of human resource management and work organization:

- Functional flexibility (use of job enrichment, job enlargement, multi-skilling/job rotation, self-directed work teams);
- Flexible schedules;
- Training;
- Formal participation programs; and
- Information sharing.

Just over one in four (28 percent) of the work units we surveyed scored high on at least three of these five indicators of innovation. There is a sixth indicator of innovation – flexible compensation – which rarely occurs in the public sector.

Work unit managers play a pivotal role in creating workplace innovation. A prerequisite for innovation is a manager who has the autonomy to take a leadership role in initiating change. In addition, the most innovative work units had experienced substantial changes to the content of the

work performed and made more extensive use of information technology. Because collective bargaining is highly centralized, there was little evidence of union participation in the innovations that have taken place so far.

### **Enabling Conditions for Innovation**

There is no universal formula for the emergent flexible model that has the potential to transform government bureaucracy. The most constructive role in this regard for central agencies, in cooperation with departmental human resource professionals and unions, would be to create the *enabling conditions* for positive changes to occur within workplaces. They are:

- Document the impact of organizational change;
- Share information about flexible practices;
- Decentralize authority for workplace change; and
- Remove barriers to innovation; and
- Encourage union-management collaboration.

Setting in place these enabling conditions will help to create a virtuous circle of innovation inside government workplaces. But closing the circle also requires immediate actions to address the following sets of issues: learning and skills; recruitment; the quality of work environments; and compensation.

### **Building Knowledge-based Learning Organizations**

Governments are technology-intensive, which is partly what makes them knowledge-based organizations. There is an organic relationship between the use of technology, skill development and new forms of work organization. As a tool, information technology is only as useful as the organizational context in which it is imbedded. This requires careful attention to finding the optimum fit between technology and the people who use it.

Supporting skill development and active learning – as well as the use of these capacities – must be a key goal of governments' human resource development plans. Governments train more than most Canadian employers. Yet there is not enough training to keep up with the rapid pace of organizational and technological change. Governments have yet to become learning organizations.

### **Creative Recruitment and Retention Strategies**

The demographic crunch that governments face as many of their employees reach retirement age demands creative approaches to human resource management. As baby-boomers are replaced, the workforce will become more diverse in terms of age, experience and cultural backgrounds.

A variety of recruitment strategies will be required in order for governments to meet their needs for succession planning and new talent. Needed is a realignment of public service careers with the rapidly changing context and content of government work. For example, a flatter, team-based form of organization that values horizontal career mobility may be better adapted to current and future demographic trends.

Also central to workforce renewal is the goal of making government workforces more representative of Canadian society. This goes beyond meeting the “numbers” established as equity targets to address the different career and personal needs of diverse employee groups, whether due to cultural background, gender, or different stages of the life course.

### **Rewarding Work Environments**

A more holistic view of work values and rewards will help to make recruitment and retention goals more attainable. The growing proportion of knowledge workers in government is raising the bar when it comes to intrinsic job rewards, placing higher priority on creating extensive opportunities for challenging and meaningful work.

This is especially important for public sector employers who in many areas of “knowledge work” cannot match the salaries offered in the private sector. So the attractions of jobs that come from a high quality work environment, good career development opportunities, and fulfilling work have become indispensable for finding and keeping talented staff.

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. Providing all employees greater autonomy, opportunities for participation, recognition, feedback and information could be seen as prerequisites for gaining the motivation and commitment needed for optimum job performance from all employees.

### **Resolving Compensation Dilemmas**

Governments and public employee unions face a formidable task when setting or negotiating appropriate employee compensation levels, given the broader labour market and demographic trends described in the report. One of the greatest dilemmas ahead for government employers is finding a balance between equity principles and the need to respond to a far more competitive labour market.

Furthermore, governments' rising skill requirements will concentrate growth in knowledge-based jobs. Consequently, governments' overall wage bills will experience upward pressure from skill shortages in the labour market and the need to retain and recruit knowledge workers.

In order to address these dilemmas, three complementary changes are required. The first is a less rigid approach to compensation, based on variable pay tied to performance contracts and specific skill sets – an approach that unions have so far opposed. The second is through non-monetary job rewards, which would augment pay incentives by designing public service jobs to be more personally rewarding to potential recruits and continuing employees alike. The third and perhaps most pressing change is to address the heavy workloads that resulted from cuts and restructuring in the 1990s. For existing workers, this may be an important aspect of workplace renewal.

### **The State of Progress**

By the late 1990s, the state of progress toward more innovative approaches to work organization and human resource management in the five jurisdictions we studied can be summarized as follows:

- These five governments have not moved very far on the enabling conditions, suggesting that central agencies can do a lot more to foster a climate of workplace renewal, especially in terms of labour-management collaboration and the delegation of authority to work unit managers.
- While training and information technology – foundational for knowledge-based organizations – generally are in place, some governments and work units lag behind and so must quickly catch up.
- While innovative workplace practices are progressing at a fairly impressive pace in government when compared with the private sector, there remains a large untapped potential for organizational reform that will improve the quality of working life and contribute to workforce renewal. Thus it is especially important that every government work unit reflect on how flexible, innovative practices can be adopted.

We are convinced that current pressures on governments to renew their workforces and reform their workplaces present an opportunity to make substantive progress toward two interconnected goals – a better quality of working life for the knowledge workers who will dominate public service work in the 21st century, and a more efficient and effective public service.

In the current and prospective environment, governments have no choice but to become employers of choice. This research suggests that it can be done.

