



Public Service Commission  
of Canada

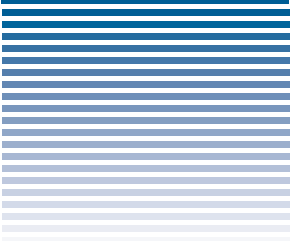
Commission de la fonction publique  
du Canada

# The Road Ahead:

## Recruitment and Retention Challenges for the Public Service



February 2002



Canada

# Table of Content

<b>President’s and Commissioners’ Message</b>	i
<b>1. Introduction</b>	1
<b>2. Labour Market Trends and Realities</b>	3
2.1 Baby Boom/Baby Bust	3
2.2 The School-to-Work Transition and the Knowledge Economy	4
2.3 The Changing Structure of Employment and the Knowledge Economy	6
2.4 Workforce Composition and Employment Equity	7
2.5 The Rise of the E-Labour Market	8
2.6 The Contingent Workforce	10
<b>3. Perceptions of the Public Service</b>	12
3.1 Recruitment and Retention—Positioning the Public Service	14
3.2 Meeting the Aspirations of Students	17
3.2.1 Students’ Career Interests	17
3.2.2 The Importance of Competitive Wages	20
3.2.3 Marketing the Public Service—One Size Does Not Fit All	21
3.3 Survey of New Hires	22
3.3.1 Meeting the Aspirations of New Hires	22
3.3.2 Profile of the New Hires	23
3.3.3 New Hires Most at Risk of Departure	24
3.4 APEX Survey of Executives and Executive Equivalents	28
3.4.1 Job Satisfaction	28
3.4.2 Intentions to Leave	30
<b>4. Key Challenges and Conclusions</b>	33
4.1 The Competition for Critical Talent	33
4.2 Infrastructure and Central Support Requirements	34
4.3 The Nature and Quality of Work	35
4.4 The Marketing Challenge	37
4.5 A Final Note on HR Modernization	37

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## President's and Commissioners' Message

The Public Service Commission is presenting this special report on the recruitment and retention challenges for the Public Service in order to detail the present and future obstacles to attracting and retaining a world-class Public Service. Our research informs and reinforces the PSC's policy and program initiatives. An overview of the PSC's actions in response to issues identified in this report can be found in the Annual Report to Parliament and in the Report on Plans and Priorities. In addition, our Recruitment Action Plan provides details of our strategies for improvements and the plan serves as a companion piece to this research report.<sup>1</sup>

Human Resource (HR) planning involves analyzing the business needs of an organization under changing labour market and demographic conditions. Thus, the goal of those engaged in HR planning is to ensure that the right people are available at the right times and in the right places to translate organizational plans into reality. HR planning becomes *strategic* when organizations analyze long-term trends in the supply and demand for human resources relative to changing environments and organizational objectives. Without forward-looking research—something that requires an analysis of both the organization's workforce and the demographic and labour market realities that shape it—, strategic HR planning is simply not possible.

The Commission's HR planning for recruitment is supported by a program of research that examines key populations' career interests and work expectations. Through this research program, we have identified the competitive strengths and weaknesses of the Public Service in the contemporary labour market.

The research reported here was carried out at a time when the economy was much stronger. Current economic and labour market conditions will change. The issues described in this report will affect labour markets for the next 10 years and will be particularly critical when the economy rebounds. Therefore, the planning to meet the Public Service's recruitment and retention challenges must also have a long-term perspective. Aging baby boomers in the workforce, declining youth in the labour market, the shift towards a knowledge economy and the premium placed on highly educated knowledge workers will be important for the competitiveness of the Public Service careers for the next decade.

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<sup>1</sup> *Recruitment Action Plan: Looking Back, Looking Ahead*, Public Service Commission, September 2001.  
Available at [http://www.psc-cfp.gc.ca/centres/rap/index\\_e.htm](http://www.psc-cfp.gc.ca/centres/rap/index_e.htm) or in French at:  
[http://www.psc-cfp.gc.ca/centres/rap/index\\_f.htm](http://www.psc-cfp.gc.ca/centres/rap/index_f.htm)

## ***HR Modernization***

As we release this report, initiatives are under way to fundamentally reform the HR management system. We welcome the opportunity to be involved in this endeavour. A new legislative framework and realignment of HR responsibilities is clearly needed. However, further measures, building on a new legislative and institutional foundation, will be required to address recruitment and retention challenges. These issues must be addressed, so that Canadians can be assured that the integrity and professionalism of their Public Service are not at risk.

Until now, public discussion on improving the HR management system, and particularly staffing and recruitment, has focussed on issues of speed, flexibility, affordability and access. As we detailed in our Annual Report, we have made efforts to improve staffing speed and flexibility within the constraints of current legislation. As we look ahead to a new legislative HR regime, we encourage Parliamentarians and Public Service leaders to reflect on the important question of how HR modernization will help address the challenges outlined in this report.

### ***HR Modernization and Recruitment***

Specifically, the HR regime will need to work to address demographic gaps associated with the baby boom/baby bust generations; growing competition among departments and between the public and private sector for talented knowledge workers; the declining competitiveness and attractiveness of Public Service careers; the need for sufficient and sustained infrastructure funding to keep pace with external recruitment practices, particularly the growing sophistication of Internet-based recruitment; and the problem of short-term and non-strategic thinking that seems to pervade the HR system.

### ***HR Modernization and Retention***

We also need to consider how the new HR system will be better able to respond to the growing pressures of escalating retirements; the potential return to a boom economy and the resulting increase in competition for knowledge workers; and the diminishing supply of younger people in the labour market.

HR modernization will need to equip the Public Service with the institutional focus to better address the greater risks of turnover among knowledge workers, especially Computer Systems Administration (CS) workers and Economists, Sociologists and Statisticians (ES); employees in the executive feeder groups; more educated workers; visible minorities; and youth.

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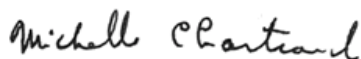
## *HR Modernization: Implications for Planning*

We need to ensure central agency and central service roles and a Deputy Minister accountability regime to improve our capacity to develop and use labour market and demographic information for effective HR planning.

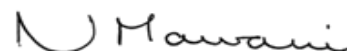
Legislative and institutional modernization is needed to provide a stronger foundation from which to address the escalating challenges of recruitment and retention. We need to continue to study and understand the nature of the labour market as modernization proceeds. The Public Service cannot under any circumstances afford to let recruitment and retention issues be sidelined while implementing a new HR system. By planning and acting now, we can fully use the new regime to ensure that the Public Service continues to serve the changing needs of Canadians in the 21<sup>st</sup> century.



*Scott Serson*  
*President*



*Michelle Chartrand*  
*Commissioner*



*Nurjehan Mawani*  
*Commissioner*

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## 1. Introduction

When the Public Service emerged from hiring freezes and departure incentives in the late 1990s, it faced a dramatically changed labour market. To attract the best and the brightest, private sector employers were offering incentives such as signing bonuses, stock options and opportunities to work with leading-edge technologies.<sup>2</sup> Both recruitment and retention were strategic issues as competitors were escalating the value of job offers and raiding top talent from each other.

Employers were analyzing the demographics of their workforce and collecting data on employee satisfaction and turnover. Their employment marketing strategies were as sophisticated as those they used to market their products and services. The recruitment strategies were shaped by information on the motivations, behaviour and needs of potential recruits.<sup>3</sup>

The replenishment of the Public Service is a challenge because of these changes, but also because of demographic shifts. The retirement of the baby boom generation of public servants over the next 15 years presents a challenge. Moreover, the downsizing and hiring freezes of the last decade have meant that the Public Service hired too few new and younger employees to offset the coming wave of baby boom departures.

Recognizing these issues, the Public Service Commission (PSC) of Canada built a strategic research capacity to provide Public Service leaders with the information needed to understand and respond to these labour market conditions. We now have a substantial body of research available to planners and decision-makers analyzing both internal demographic issues and broader labour market trends.<sup>4</sup>

Parliament should be aware that the PSC alone cannot remedy many of the issues raised in this report. The PSC has a leadership role, which includes identifying the challenges and supporting efforts of departments to plan more effectively for staffing and recruitment needs. Over the last decade we have deliberately diminished our direct role in staffing and recruitment. Most staffing is now delegated to Deputy Heads with much of recruitment also being delegated. As delegation continues, the responsibility for effective recruitment will fall increasingly on departments. Their capacity to plan and act will be critical to improvements in their recruitment efforts.

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<sup>2</sup> Conference Board of Canada. *Managing Scarce Skills Recruitment and Retention*, 2000.

<sup>3</sup> Corporate Leadership Council, *The Compelling Offer: A Quantitative Analysis of the Career Preferences of High Value Employees*, Corporate Leadership Council Workforce Commitment Series, 1999.

<sup>4</sup> Our research studies can be found at:  
[http://www.psc-cfp.gc.ca/research/index\\_e.htm](http://www.psc-cfp.gc.ca/research/index_e.htm) or in French at:  
[http://www.psc-cfp.gc.ca/research/index\\_f.htm](http://www.psc-cfp.gc.ca/research/index_f.htm)

Some challenges identified in this report will require the intervention of the employer. Other challenges will require both departmental leadership and the efforts of managers to improve workplace practices which affect the competitiveness of the Public Service in the labour market. The PSC can only assure Parliament that competent public servants will be hired and retained if the conditions of employment are attractive and competitive for the types of employees we need to hire. Furthermore, this can only occur if resources are made available to both the PSC and departments to institute the changes needed to improve our recruitment and retention practices.

It is clear that the same issues that exist within the broader based knowledge economy also apply to the Public Service. There is an opportunity here for the Public Service to be a model to other employers. Attention to and investments in the human capital of the Public Service will ensure continued innovation and responsiveness to the needs of successive governments and Canadian society.

As this report is being written, the economy is slowing down. We should not become complacent because of a short-term easing in the labour market. Once the economy rebounds, labour markets will again tighten. There is now some breathing space to plan proactively for the labour market conditions to come.

**The current economic downturn offers a temporary respite from the intense competition experienced in recent years and an opportunity to prepare for the next phase of the "war for talent."**

The next section outlines the convergence of demographic, economic and labour market factors that will amplify our recruitment and retention challenges.

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## 2. Labour Market Trends and Realities

Technological advances, changes in social behaviour, demographic shifts and economic conditions are driving fundamental changes in the structure of the labour market and the playing field on which we compete for labour. Our competitiveness with other employers is affected by general labour market forces.

### 2.1 Baby Boom/Baby Bust

The effect of the movement of the baby boom generation through the labour force is well documented.<sup>5</sup> All sectors of the economy will face a baby boom exodus between 2005 and 2020. These retirements will be exacerbated by the baby bust: low levels of births in the late 1970s and early 1980s. Statistics Canada projects a continual decline in youth as a percentage of the population up to 2021.<sup>6</sup> The result will be a reduced supply of new labour market entrants over the next decade.

The Public Service is more profoundly affected than other sectors of the economy because our workforce is older. Since the mid-1970s, government workforces have aged at a faster rate than the Canadian labour force as a whole.<sup>7</sup>

For 2001–02, we forecast the departure of about 4,500 (3.6%) indeterminate<sup>8</sup> public servants. This will be up from the 2,874 departures in 1999–00 and 3,856 in 2000–01 that we cited in our most recent Annual Report. Departures will increase annually, reaching about 7,000 (5.5%) by 2010–11.<sup>9</sup> Most will retire, but about a third of departures will be for other reasons, including job offers from other employers. Over this period, we forecast that approximately 45% of the current permanent workforce will retire or leave for other reasons. Our forecasts are based on historical patterns and will underestimate departures if the competitive position of the Public

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<sup>5</sup> See: David K. Foot and Daniel Stoffman, *Boom, Bust and Echo 2000: Profiting from the Demographic Shift in the New Millennium*, 1999.

<sup>6</sup> Graham Lowe, “The Challenges of Becoming ‘the Employer of Choice’ for Young Workers,” presentation to the Conference on the Future of Work in the Public Sector, Institute of Public Administration of Canada, Victoria, B.C., March 27, 2000, p. 5.

<sup>7</sup> Graham S. Lowe, *Employer of Choice? Workplace Innovation in Government*, Canadian Policy Research Networks, 2001, p. 28.

<sup>8</sup> Indeterminate employees include all permanent employees, be they full-time, part-time or seasonal.

<sup>9</sup> Research Directorate, PSC, *Aggregate forecasts of Public Service Departures using ithink*, July–August 2001. Forecasts do not include the Revenue Agency and other separate employers. Forecasts are based on a constant population.



Service declines or the Public Service grows substantially. Two years ago, for example, there was a 2.6% increase in the number employees in the Public Service.<sup>10</sup>

Departure rates will be higher among executives, who are typically older and more experienced than the average public servant. We project that 6.8 to 7.8% of executives will leave annually over the same period. While there are many staff who will be available in the feeder groups to possibly replace executives, the primary issue is whether they are capable, ready and willing to replace executives. Most executive jobs are filled internally, and one consequence of executives' departures will be more vacancies below the executive level. Entry level jobs that are consequently created are more likely to be filled through external recruitment.

Although recruitment needs are highly correlated with departures and growth, neither provide direct predictions of external recruitment requirements. The direction of internal hiring will shift recruitment needs elsewhere; term, contract or temporary employees, rather than indeterminate staff, may be engaged to do the work; or work formerly done by these types of staff may be assigned to indeterminate employees; or the work itself may be reorganized.

In any case, increasing departures and growth will escalate recruitment needs. The Public Service will have to compete with employers experiencing the same pressures. The shrinking youth cohort will make the competition particularly keen for younger and more highly educated employees.

**The population is aging and will retire in increasing numbers, while the replacement pool is shrinking. Shortages of younger employees loom on the horizon.**

## **2.2 The School-to-Work Transition and the Knowledge Economy**

Not only are youth in shorter supply, but their participation in the labour market has also dropped because they spend more time in school before joining the labour force.<sup>11</sup> This represents a fundamental shift in the transition of youth into employment and is not simply a strategy to postpone starting work when jobs are scarce. According to a 1997 Human Resources

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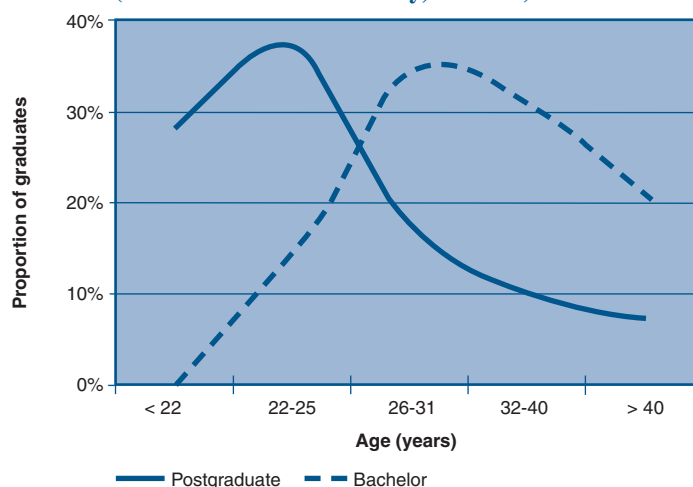
<sup>10</sup> Treasury Board of Canada, [http://www.tbs-sct.gc.ca/pubs\\_pol/hrpubs/pse-fpe/es-se99-00-1\\_e.html# Toc50118575](http://www.tbs-sct.gc.ca/pubs_pol/hrpubs/pse-fpe/es-se99-00-1_e.html# Toc50118575) or in French at: [http://www.tbs-sct.gc.ca/pubs\\_pol/hrpubs/pse-fpe/es-se99-00-1\\_f.html# Toc50118575](http://www.tbs-sct.gc.ca/pubs_pol/hrpubs/pse-fpe/es-se99-00-1_f.html# Toc50118575)

<sup>11</sup> Graham Lowe, *The Quality of Work: A People-Centred Agenda*, Oxford University Press, 2000, pp.105–110.

Development Canada (HRDC) study, more than 40% of the decline in youth participation is attributable to an increase in school enrollment.<sup>12</sup>

Staying in school improves young people's opportunities in the labour market.<sup>13</sup> Because of their skills and credentials, university graduates generally enjoy greater job stability and higher wages than other workers.

**Chart 1: Age Profile of 1995 Graduates Holding Bachelor or Postgraduate Degrees, (National Graduate Survey, 1995-97)**



As Chart 1 shows, more highly educated graduates tend to be older, something that contributes to the older age profile of organizations that rely heavily upon knowledge workers. In the Public Service, the average age of indeterminate hires has risen consistently over the last decade from 34 years in 1991 to 37 years in 2000.<sup>14</sup>

<sup>12</sup> HRDC, *Applied Research Bulletin*, Vol. 3, No. 2, Summer–Fall 1997.

<sup>13</sup> Among the 1995 graduating class from post-secondary institutions, the unemployment rate was lower for university graduates (9%), than for college (10%) and trade/vocational-school graduates (15%).  
Jacques Taillon and Mike Paju, *The Class of '95: Report of the 1997 National Survey of 1995 Graduates*, op. cit., p. 1.

<sup>14</sup> PSC population file, 1991 and 2000. This includes both external hires and term to indeterminate transfers.

**A fundamental shift in students' school-to-work transition over the last decade means that students are entering the labour force with more education and at a later age.**

### 2.3 The Changing Structure of Employment and the Knowledge Economy

The growth of the knowledge economy has meant a restructuring of jobs in Canada and a shift in employment from primary industries to technology- and other knowledge-based industries. This shift is also evident in the core Public Service. A variety of factors—technological advances and the changing nature of work, privatization, changing lines of business and downsizing—have significantly altered the occupational profile of the Public Service.

**Chart 2: Share of Workforce by Occupational Category (1991-99)**

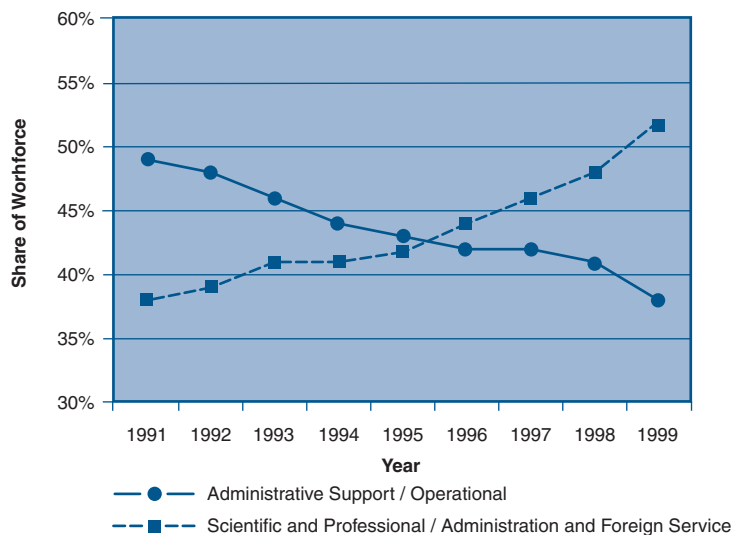


Chart 2 shows the impact of those changes on the knowledge base of the Public Service. In 1991, the Administration and Foreign Service and Scientific and Professional groups accounted for 41% of the total Public Service workforce. By 1999, they accounted for 52%.<sup>15</sup> At the same

<sup>15</sup> PSC population file, 1991-1999.

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time, there was a decline in the proportion of clerical and operational positions. Thus our recruitment has increasingly focused on more highly skilled labour.

While we do not have data on education for Public Service populations, our recent survey of newly hired indeterminate employees found that 61% had university degrees. Also, the recent survey of executive and equivalent groups showed that 91% had a bachelor's degree, and 51% had professional or postgraduate degrees.

We are therefore competing for highly educated employees who expect a work environment that fully draws on their educational investments and fosters the creativity and originality that they developed while at school. Moreover, highly educated employees expect greater autonomy and opportunity to take risks on the job. A large complex bureaucracy they perceive as slow and ineffective may not be a first-choice employer for these workers. Many new employees in the globalized knowledge economy will have a number of choices of employment, and they will carefully weigh the attractiveness of the Public Service against these other options.

**The important question for the Public Service is whether it can balance the expectations and needs of knowledge workers with its current workplace structure and employment practices.**

## **2.4 Workforce Composition and Employment Equity**

The labour force has not only changed with respect to its educational level, it is now also far more diverse. As a consequence, the lagging representation of visible minorities and persons with disabilities in the Public Service remains an issue. As Table 1 indicates, in the executive cadre, women, persons with disabilities and visible minorities are still underrepresented.

**Table 1. Equity-Group Representation in the Public Service**

Designated groups	Labour market availability for federal Public Service (1996 census)	Representation in federal Public Service (March 31, 2000)	Representation in the executive category (March 31, 2000)
Women	48.7%	51.4%	28.4%
Aboriginal peoples	1.7%	3.3%	1.9%
Persons with disabilities	4.8%	4.8%	3.1%
Visible minorities	8.7%	5.5%	3.1%

We expect the 2001 Census will show increases in the shares of visible minorities, persons with disabilities and Aboriginal peoples in the labour market, widening the gaps that already exist.

Employment equity is not just an issue of simple representation. The Perinbam report pointed out that it is also a question of distribution in the hierarchy.<sup>16</sup> Our research has shown that over the past decade equity-group members received a disproportionately lower share of promotions in most occupational categories.<sup>17</sup> If the Public Service is to be an exemplary workplace for all Canadians, it must work to ensure equity in appointments at all levels.

**Under-representation of equity groups remains a recruitment and retention issue in the Public Service.**

## 2.5 The Rise of the E-Labour Market

Today, industries in the knowledge economy use the Internet to provide information to customers about their products and services. They also use the Internet and their Web sites to provide both direct and indirect messages about their employment “brand”. Carefully thought out strategies to blend general and employment information help employers attract better quality

<sup>16</sup> Taskforce on the Participation of Visible Minorities in the Federal Public Service, *Embracing Change in the Federal Public Service*, Treasury Board, March 2000.

<sup>17</sup> Ravi Pendakur, Stan Lee, Fernando Mata and Natalie Dole, *Job Mobility and Promotion in the Federal Public Service*, PSC and Heritage Canada, 2000.

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job applicants from a wider geographic area. Employers also use the Internet to prescreen applicants and notify interested “browsers” of future job openings.

The increasing popularity of the Internet has dramatically changed the North American labour market and recruitment practices. The e-labour market has intensified competition among employers because all job seekers can readily see and compare what different employers are offering. Organizations whose Web sites are less attractive, less informative or offer fewer services to potential job applicants are not as inviting to job seekers to browse for employment opportunities. E-recruitment Web sites also mean that current employees can rapidly examine pay and working conditions offered externally.

There are several key challenges with respect to e-recruitment:

- First, the PSC jobs Web site (<http://jobs.gc.ca>) needs to continually evolve to keep up with the competition. There is a need to stay competitive with respect to the attractiveness of the Web site design, the features offered, the navigability and the processing of applications; on-going funding for innovation is needed to stay competitive.
- A second challenge is to balance the need for access to Public Service jobs for all Canadians with the high volume of applicants this brings. To keep up with the competition, and to speed the staffing process, we need new investments in the back end of the e-recruitment process to allow for automated screening of applications to better address the larger volumes of applicants that the Internet attracts. A partly automated system such as we have now simply shifts the burden of manual processing to another phase of the process, and still results in slow processing of applications.
- A third challenge is to ensure that the speed at which information and screening is available is matched by the timeliness of the hiring process once candidates have been identified and contacted. It still takes time to interview and evaluate job candidates.
- Departments still also face specific retention challenges with respect to e-recruitment. Their own electronic systems for advertising job opportunities to staff are also competing with external e-recruitment Web sites. If departmental job information systems lack the sophistication and quality of external Web sites, employees seeking a change may be more drawn to external Web sites for new opportunities.

Although we are just beginning to understand how labour markets have changed due to e-recruitment, it is clear that the Public Service will face recruitment and retention challenges associated with the quality and sophistication of both our externally oriented jobs Web site and internal systems for posting jobs.

**The Internet has created an e-labour market that has accelerated competition for talent.**

## 2.6 The Contingent Workforce

During the last two decades, employers have increased their reliance on contingent labour. Short-term hiring reduces costs and provides greater flexibility for employers to adjust to downturns in the business cycle and to test staff before making a commitment to hiring them on a permanent basis.

Since the mid-1980s, the Public Service has likewise relied on a growing contingent labour force that has also been a major source of permanent labour. The latest PSC Annual Report shows that 62% of new indeterminate employees were previously term employees and that 2.5% were casual employees.<sup>18</sup> In addition, our recent survey of new hires found that roughly 5% worked in government departments as self-employed contractors and that 4% were temporary workers before joining the Public Service.<sup>19</sup> The contingent work force includes knowledge workers. In our survey of new hires, 56% of employees categorized as knowledge workers had some form of contingent work before becoming permanent employees.

While flexibility is attractive to management, the reliance on the contingent work force can have a number of negative consequences:

- Short-term jobs may not attract the highest quality employees, who can find permanent jobs elsewhere.
- In a tight labour market, term employees are more likely to leave prematurely if offered permanent employment elsewhere.

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<sup>18</sup> PSC, *Annual Report 2000-2001*, p. 42.

<sup>19</sup> Brian McDougall, Micheline Nehmé and Rolina van Gaalen, *Joining the Core Workforce: A Preliminary Report on the Survey of Newly Hired Indeterminate Employees in the Federal Public Service*, PSC, March 2001, p. 18.

- Expertise developed in the contingent workforce is not necessarily available to the Public Service in the future.
- Recruitment from the contingent workforce may negatively affect workforce diversity, because employment equity is not a consideration in hiring people into the casual, temporary and consultant pools.
- The use of term employees and contractors reduces the scope of opportunities for mobility and advancement of permanent staff.

In the future, we may need to challenge assumptions about the benefits of having a large contingent workforce and clearly assess its impacts on recruitment and retention.

**Poorly planned use of contingent workers can reduce our competitive position in the labour market.**



### 3. Perceptions of the Public Service

One of the most significant contextual issues affecting the competitiveness of the Public Service is its general reputation. Public opinion regarding the work of all levels of government has been tracked over much of the last decade by EKOS Research Associates. While serving the public interest remains a significant but secondary consideration in career choices, a survey conducted in May 2001 suggests that the Public Service at all levels (federal, provincial and municipal) suffers from a negative image.<sup>20</sup>

EKOS found that 45% of Canadian adults would look favourably on their children working for the Public Service. This represents a noticeable drop from 52% a year earlier. EKOS also reported that interest in serving the public interest was lowest among the younger age cohorts, those most likely to be drawn on as potential recruits. There were also significant regional differences on this question. EKOS reported significantly higher support in Atlantic Canada (75%) and Ontario (57%) than in other regions, most notably Quebec, where only 42% said they would be proud if their children grew up to be public servants.

Public perceptions of the ethical standards of public servants are currently at their lowest point in seven years; these standards were rated highly by only 42% of Canadians. On the other hand, many other professions were rated higher.<sup>21</sup> For a Public Service striving for an exemplary reputation for integrity, these findings are troubling.

EKOS's research also indicates that while serving the public interest is still a significant consideration in making career choices, the influence of this factor has decreased over time. Consistent with the results of our student survey, a finding of EKOS's research is that interest has been "lowest among younger age cohorts most likely to be drawn upon as potential recruits."<sup>22</sup>

**In recent years, the attractiveness of the Public Service in the labour market has been declining.**

In 1997, our external labour market research program began with a survey of university students nearing graduation. We were interested in their awareness of Public Service employment

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<sup>20</sup> EKOS Research Associates Inc., *Public Service Renewal: Views from Within and from the Outside*, July 3, 2001.

<sup>21</sup> EKOS Research Associates, op. cit., p. 2.

<sup>22</sup> EKOS Research Associates, op. cit., p. 2.

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opportunities and their interest in working here. At that time, relatively few students were interested in working in the Public Service (18%) and an even smaller percentage (8%) actually expected to find work here.<sup>23</sup>

We could not determine from this survey whether the lack of interest was based on a realistic assessment of job prospects or on beliefs about the kind of work the Public Service of Canada offered. At the time of this survey, there was little hiring due to significant downsizing. Students who wanted to serve the public interest were more attracted to other levels of government or the not-for-profit sector.<sup>24</sup> Comments at the end of the survey suggested that some were not interested in federal jobs because of their parents' unhappy experiences as public servants during the downsizing.<sup>25</sup>

The study did conclude that the Public Service needed to:

- increase awareness of the needs and desires of today's university students and gear its recruitment programs accordingly; and
- project the Public Service image more clearly, aggressively and thoroughly to students.<sup>26</sup>

The recommendations led to advertising campaigns emphasizing the existence of job openings and the variety of occupations available in the Public Service.<sup>27</sup> Since that time the Public Service has expanded its recruitment. In 1996–97, we recruited only 945 indeterminate employees from outside the bureaucracy. By 2000–01 that number had climbed to 3,856.<sup>28</sup>

In this context, the PSC began to examine more closely the views of critical groups regarding Public Service employment.

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<sup>23</sup> Jennifer L. Smith and Susan Snider, *Facing the Challenge: Recruiting the Next Generation of University Graduates to the Public Service*, Public Policy Forum, 1997.

<sup>24</sup> Smith and Snider, op. cit., p. 36.

<sup>25</sup> Smith and Snider, op. cit., p. 65.

<sup>26</sup> Smith and Snider, op. cit., p. 4.

<sup>27</sup> Current rates of applications for job openings suggest that awareness of jobs is increasing and this has no doubt been helped by the growing use by job seekers of the Internet. No fewer than 81% of new hires who had access to the Internet checked the PSC Web site when searching for work.

<sup>28</sup> PSC, *Annual Report 2000-2001*, p. 42 and *Annual Report 1996-97*, p. 50.

### 3.1 Recruitment and Retention—Positioning the Public Service

Recruitment and retention are two distinct yet related challenges in highly competitive labour markets. The Public Service needs a positive reputation as an employer, with interesting jobs and attractive terms and conditions of employment, to ensure that highly competent people are enticed to apply.

**Failure to attract good people means that the workforce is not as capable as it might be. We cannot calculate the lost opportunities when highly talented people simply do not apply.**

Failure to retain good people once they are hired means that:

- we lose the investments made in employee training and development;
- recruitment costs increase; and
- productivity decreases as replacements are sought and new employees are brought up to speed.<sup>29</sup>

One company recently calculated the cost of losing a middle manager as almost two and half times the salary in lost productivity and replacement costs.<sup>30</sup> Based on this calculation, a single unwanted turnover of the lowest level executive in the Public Service (someone at the EX-01 level) would cost \$210,000. The costs are higher when senior people leave or when the people leaving have hard to find expertise and are making significant contributions to the work of a department.<sup>31</sup>

As the labour market heated up in the late 1990s, the PSC and departments experienced feast and famine in recruitment of new staff:

- There were hundreds of applicants for generalist and clerical jobs posted on the PSC Web site. Last year, for clerical positions there were 265 competitions with more than 100 applicants and 13 competitions with more than 500 applicants.

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<sup>29</sup> Corporate Leadership Council, *Workforce Turnover and Firm Performance: The New Business Case for Employee Retention*, CLC, Washington, DC, 1998, p. 23.

<sup>30</sup> Corporate Leadership Council, op. cit., p. 27.

<sup>31</sup> Corporate Leadership Council, op. cit., pp. 27, 29.

- There were also insufficient numbers of qualified candidates for specialist jobs, such as translators, aircraft inspectors, and scientific and policy specialists.

A variety of retention issues also emerged:

- The Public Service was losing high numbers of newly hired indeterminate staff: of the 3,269 externally hired indeterminate recruits in 1999–2000, nearly 8% had left by March 31, 2001.
- Departments were reporting the loss of key individuals with highly specialized skills to universities and industry, both inside and outside Canada.
- Functional communities<sup>32</sup>—such as Regulatory and Inspection, Communications, and Science and Technology—began to analyze their specific demographic profiles to identify their succession challenges.
- Our analyses of certain occupations showed highly variable rates of regional turnover: regions with the lowest unemployment rates had the highest turnover.
- There were growing worries about the retirement of a large proportion of the executive population, with the attendant loss of leadership capacity and corporate memory.

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<sup>32</sup> Functional or cross-functional communities are defined as specific communities of interest that cut across departmental boundaries (e.g., finance, personnel, information technology, policy).

## **Recent Surveys**

### ***Student Survey***

In the summer of 2000, we surveyed student employees, focussing on what students wanted in a future career, the quality of their student work experience, and their interest in a future career with the federal government. The report can be found at:

[http://www.psc-cfp.gc.ca/research/surveys/students/index\\_e.htm](http://www.psc-cfp.gc.ca/research/surveys/students/index_e.htm)

or in French at:

[http://www.psc-cfp.gc.ca/research/surveys/students/index\\_f.htm](http://www.psc-cfp.gc.ca/research/surveys/students/index_f.htm)

### ***New Hires Survey***

In February 2001, we surveyed recent permanent employees hired between July 1, 1999, and June 30, 2000. The study explored issues related to their job search, work experience and retention. The report can be found at:

[http://www.psc-cfp.gc.ca/research/surveys/new\\_hires/prelim\\_pres\\_e.htm](http://www.psc-cfp.gc.ca/research/surveys/new_hires/prelim_pres_e.htm)

or in French at:

[http://www.psc-cfp.gc.ca/research/surveys/new\\_hires/prelim\\_pres\\_f.htm](http://www.psc-cfp.gc.ca/research/surveys/new_hires/prelim_pres_f.htm)

### ***APEX Survey of Executives and Equivalentents***

In April 2001, executives and executive equivalentents were surveyed by a consortium including the Treasury Board Secretariat, the Public Service Commission, the Association of Professional Executives of the Public Service of Canada (APEX) and the Canadian Centre for Management Development. The survey asked about career plans, workplace experiences and departure intentions. A report analyzing results from this survey will soon be available on the Web site of the PSC's Research Directorate at:

[http://www.psc-cfp.gc.ca/research/index\\_e.htm](http://www.psc-cfp.gc.ca/research/index_e.htm)

or in French at:

[http://www.psc-cfp.gc.ca/research/index\\_f.htm](http://www.psc-cfp.gc.ca/research/index_f.htm)

Based on what the PSC was observing, both inside and outside the Public Service, it was clear that it needed to systematically assess the scope and nature of both recruitment and retention challenges. It was also clear that the issues were complex and not likely to yield “one size fits all” solutions. This has been borne out by the results of research conducted over the last two years on the attitudes and departure intentions of various employee groups.

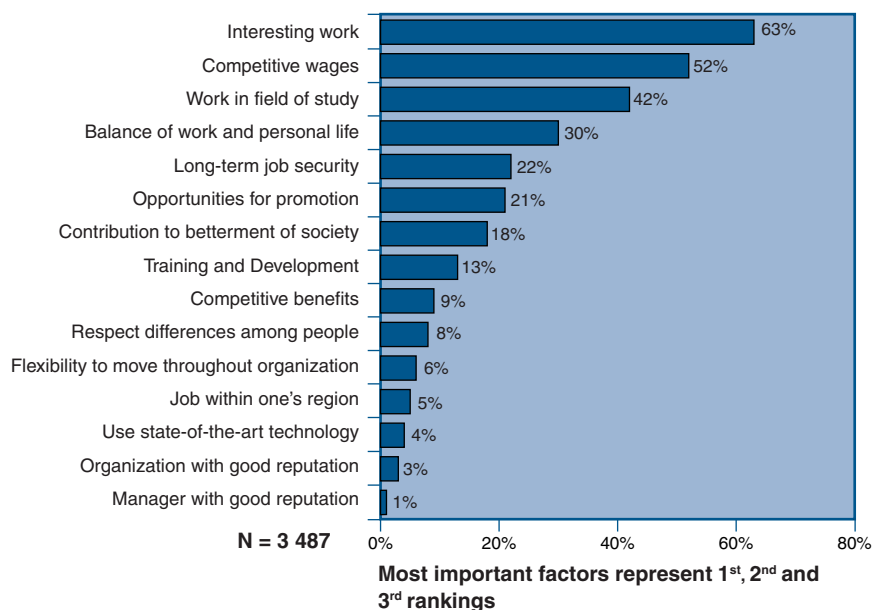
## 3.2 Meeting the Aspirations of Students

Students working in the Public Service are well informed about the Public Service and form a potential pool of new recruits. Also, they act as marketers of the Public Service when they discuss their work experiences with fellow students. We examined this population in the summer of 2000 to determine both their interests in, and their views of, Public Service careers.

### 3.2.1 Students’ Career Interests

An important issue for recruitment and retention is the fit between students’ career aspirations and the jobs they will be offered. As Chart 3 demonstrates, students identified interesting work, a competitive salary and work in their field of study as highly important in a future career. Many other interests were important for fairly large proportions of students, including work–life balance, job security and opportunities for promotion.

**Chart 3: Most Important Factors in Choosing a Job after Graduation**



***Interest in a Public Service career***—While summer students noted a number of positive attributes of the Public Service and the work units where they worked, only about half of them said they would seek a career in the Public Service. Given the scarcity of youth in our labour market, our commitment to a representative workforce, and reports of difficulty attracting some highly educated professionals, we were disappointed that more students did not want a career in the Public Service.

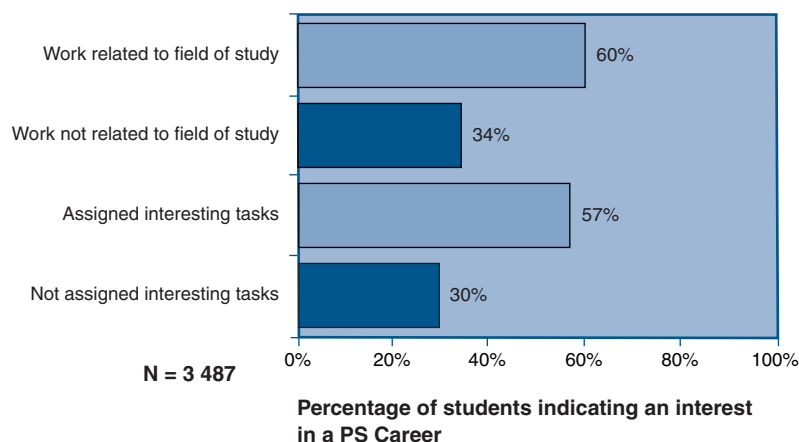
**Those least attracted to Public Service jobs were:**

- **younger students;**
- **students enrolled in engineering and applied sciences;**
- **visible minority students; and**
- **university students, as compared with college or technical-school students.**

Two principal correlates of summer students' lack of interest in Public Service jobs were the lack of relevant work experience in their summer assignments and low expectations about compensation levels in the Public Service.

***Relevance of work to studies and interests***—As Chart 4 indicates, students who were not assigned interesting tasks or whose work was unrelated to their field of study were far less likely to be interested in a Public Service career.

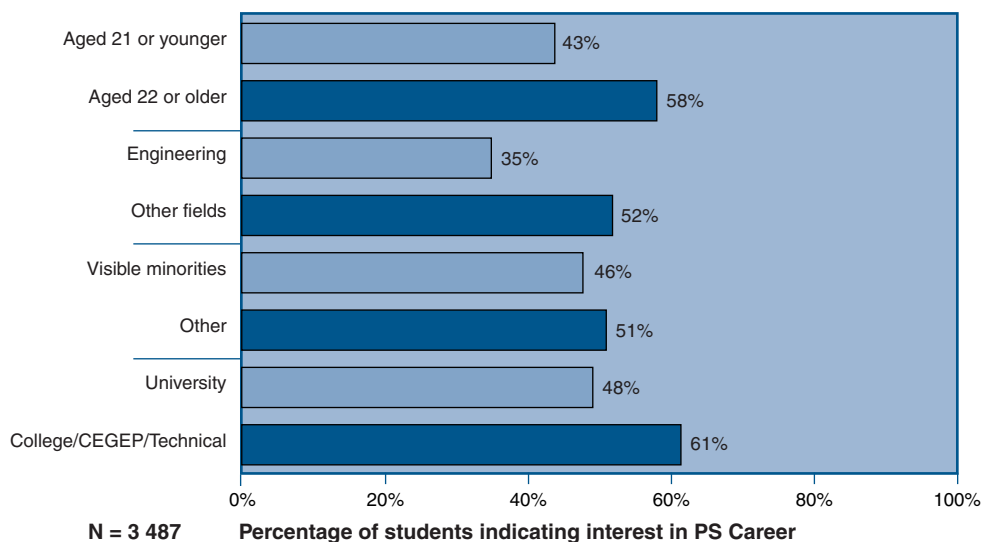
**Chart 4: Interest in a PS Career by Type of Student Work**



Their work experience either created or reinforced a belief that the Public Service could not offer an interesting career. Many student employees were well advanced in their post-secondary studies and could reasonably expect a summer work experience oriented to their career interests.

Chart 5 suggests that younger students, engineers, and more highly educated students are less likely to be interested in a Public Service career. A more detailed analysis of this research can be found in the full reports on the PSC Web site.<sup>33</sup>

**Chart 5: Proportions of Students Interested in a PS Career by Demographic Characteristics**



Recent Conference Board of Canada research indicates that excellent student employment programs offer the greatest competitive advantage to employers recruiting new employees.<sup>34</sup> Their research found student programs offered a better competitive advantage than investments

<sup>33</sup> [http://www.psc-cfp.gc.ca/research/surveys/students/index\\_e.htm](http://www.psc-cfp.gc.ca/research/surveys/students/index_e.htm) or in French at:  
[http://www.psc-cfp.gc.ca/research/surveys/students/index\\_f.htm](http://www.psc-cfp.gc.ca/research/surveys/students/index_f.htm)

<sup>34</sup> Judith MacBride-King, Conference Board of Canada, *What to Do before the Well Runs Dry: Managing Scarce Skills*, 2000.



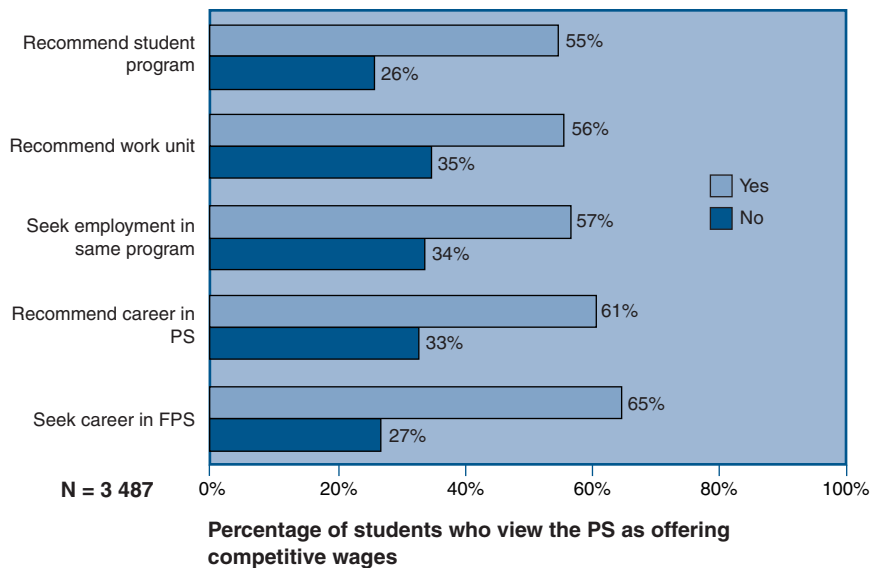
in marketing the organization as a good place to work. This highlights the importance of good student programs to future recruitment for the Public Service.<sup>35</sup>

### 3.2.2 The Importance of Competitive Wages

Students who attached the greatest importance to competitive wages were least likely to say they expected to find them in the Public Service. This was especially the case for visible minority students for whom competitive wages were their highest priority and only two out of five of these students expected to find them. Significantly, students in engineering and applied sciences, and in computer science–information technology were especially unlikely to believe they would find competitive wages.

As Chart 6 demonstrates, concerns about compensation were directly related to students' career intentions. Students who felt that they were unlikely to find competitive wages were half as likely to seek Public Service employment than those who believed that wages were competitive. Similarly, those students with concerns about Public Service wage levels were much less likely to recommend working in the Public Service to others.

**Chart 6: Proportions of Students Who Believed the PS Offers Competitive Wages by Career Intentions**



<sup>35</sup> In response to these findings, the PSC provided information packages to managers on hiring students and improving their work assignments. The information is available on the jobs.gc.ca Web site at: [http://www.jobs.gc.ca/fswep-pfete/manager/index\\_e.htm](http://www.jobs.gc.ca/fswep-pfete/manager/index_e.htm) or in French at: [http://www.jobs.gc.ca/fswep-pfete/manager/index\\_f.htm](http://www.jobs.gc.ca/fswep-pfete/manager/index_f.htm) and on the Publiservice Web site at: [http://publiservice.gc.ca/hr/psr-rp/managers\\_e.htm](http://publiservice.gc.ca/hr/psr-rp/managers_e.htm) or in French at: [http://publiservice.gc.ca/hr/psr-rp/managers\\_f.htm](http://publiservice.gc.ca/hr/psr-rp/managers_f.htm)

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With respect to differences among areas of study we found that students in certain areas (law and criminal justice; commerce, management and business administration; computer or information sciences; engineering and applied sciences) were significantly less likely to indicate they would seek a career in the Public Service, if wages were important in their choice of employer. Interestingly, the priority given to wages had no impact on views of a Public Service career among students in education, fine and applied arts, social sciences, math and physical sciences, and public administration.

### **3.2.3 Marketing the Public Service—One Size Does Not Fit All**

While we have highlighted the issues of interesting work, work in the student's field of study and compensation as primary concerns, there are many other issues at play. A considerable proportion of students are interested in other career factors, such as job security and development opportunities. Students' fields of study and the regions where they worked were often associated with various career preferences and views about the attractiveness of Public Service careers. Profiles of the results for each region can be found on the PSC research Web site, and a more detailed discussion and comparison of regional differences can be found in the final report on the survey.<sup>36</sup>

We were disappointed to see that only 18% of summer students ranked contributions to the betterment of society as a key factor in their career choices. While the Public Service markets its work as serving society and offers other features such as welcoming people from diverse backgrounds, these are not primary career considerations for most students. Most students agree that these are attributes of the Public Service, but do not rate them among their top considerations for careers.

The challenge in marketing and “branding” Public Service work is to balance two needs: first, general marketing to create awareness of the breadth of potential jobs; and second more targeted marketing to attract students in a specific field of study or a particular region. While the Public Service has a wide array of career opportunities, potential recruits want to know what jobs are available in their specialty areas, what future opportunities exist for those specialties, and what they can expect from a specific department or work unit. Many leading private sector employers have concluded that “building a better employment ‘brand’ requires differentiating the offer.”<sup>37</sup> For this reason, the PSC has prepared specialized reports for departments on the results of the

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<sup>36</sup> This material may be found at: [http://www.psc-cfp.gc.ca/research/index\\_e.htm](http://www.psc-cfp.gc.ca/research/index_e.htm) or in French at: [http://www.psc-cfp.gc.ca/research/index\\_f.htm](http://www.psc-cfp.gc.ca/research/index_f.htm)

<sup>37</sup> Corporate Leadership Council, *The Compelling Offer: Executive Overview*, 1999, p. 32.

student survey, and we have provided considerable detail in our reports to help managers and HR specialists attract applicants with specific skills.

The Public Service employee survey showed us that departments vary considerably in their culture, management climate, and working conditions, such as requirements for overtime or support for employee development. Potential recruits would find their needs differently met in different parts of the Public Service.<sup>38</sup>

**Departments can better compete if their working conditions, work assignments and corporate culture fit the needs and interests of potential recruits.**

### 3.3 Survey of New Hires

#### 3.3.1 Meeting the Aspirations of New Hires

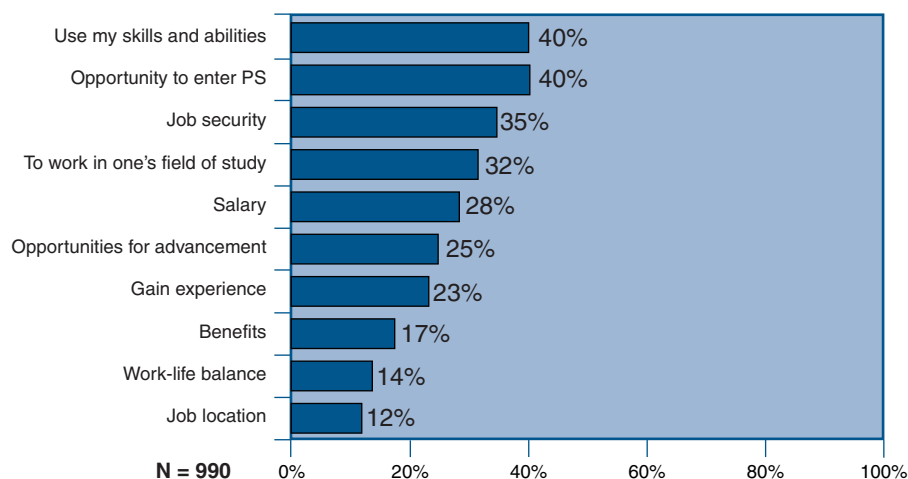
Examining the career aspirations of students provided insights into the aspirations of people who will soon be joining the labour market. In contrast, the new hires survey provided intelligence on people who recently completed a job search. There are parallels between students' issues and those of newly hired indeterminate employees. As Chart 7 indicates, most of these employees—hired between July 1999 and June 2000—accepted a position for the following reasons:

- to use their knowledge, skills and abilities;
- to get into the Public Service;
- to have job security; and
- to work in their field of study.

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<sup>38</sup> The results of the 1999 *Public Service Employee Survey* can be found at: <http://www.survev-sondage.gc.ca/cddata/00/result-e.htm> or in French at: <http://www.survev-sondage.gc.ca/cddata/00/result-f.htm>

**Chart 7: Reasons for Accepting Position in Public Service**



### 3.3.2 Profile of the New Hires

We need to dispel the image of the newly hired indeterminate employee as a recent graduate with no substantial work experience.<sup>39</sup> Only 31% of our respondents fit this profile. Most employees surveyed were between 30 and 39 years old. Only about a third were 30 years of age or younger—the average age was 36 years. New hires are highly educated—59% have bachelor's degrees or higher levels of education (26% have postgraduate degrees), and 27% have other post-secondary certificates below the bachelor's degree level.

They are mature, educated and have a range of previous work experience. Nearly half of the new hires had previous work experience in the private sector. As noted in the earlier section on contingent work, a large number had either immediate experience or earlier work experience as contingent workers in government departments. More than 10% had been hired for fairly senior positions at the executive feeder level, those occupations ranked one or two levels below the executive category. Assumptions about the needs of new hires and workforce policies and practices should reflect the realities of this wide age range and work experience.

**Job satisfaction** — New hires were satisfied with their jobs (77% indicated satisfaction), and a large majority (85%) indicated they would recommend working in the Public Service to others. A majority felt that their colleagues treated them with respect, that their department or agency

<sup>39</sup> Fully 44% of new hires with post-secondary credentials graduated prior to 1995.

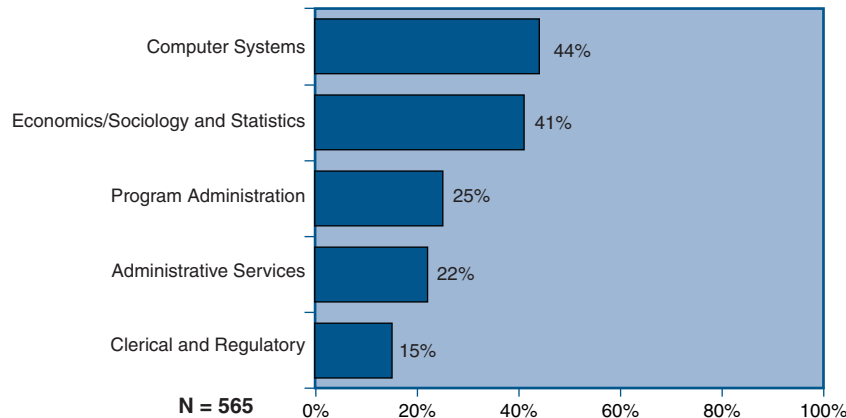
was a good place to work, and that they knew what their manager expected from them in their jobs. Despite these positive attitudes, 27% stated they intended to leave the Public Service in the next five years.

**By the time we fielded our survey, 8% of new hires had already departed; among those surveyed, 27% expected to leave in the next five years.**

### 3.3.3 New Hires Most at Risk of Departure

Just as we found that students in certain fields of study were less attracted to Public Service work, we found that employees with certain educational backgrounds were more likely to say they would leave in the next five years. Chart 8 identifies the proportion of new hires in various occupational groups who intend to leave. Two large professional groups—Computer Systems Administration specialists (CS) and Economists, Sociologists and Statisticians (ES)—top the list of occupational groups most at risk of departure.

**Chart 8: Intentions to Leave within 5 Years by Occupational Groups**



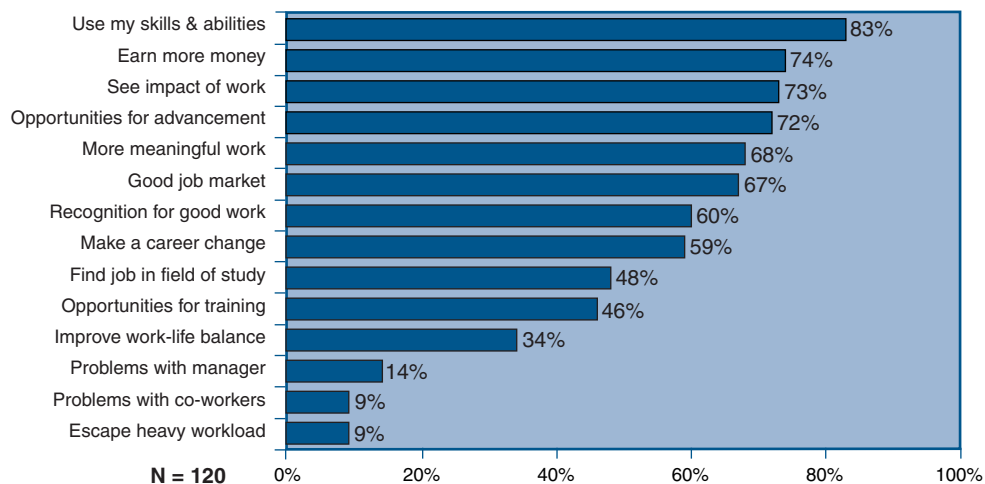
In addition, visible minorities, more highly educated employees and younger employees were more likely to be planning to leave, along with those hired from outside the Public Service. In contrast, only 19% of clerical and support staff intended to leave within five years. Given this variation, strategies to retain recruits may need to be tailored to issues of concern to each group.

One finding is particularly significant in light of the recent economic downturn. About 27% of new hires said they would have preferred a private sector job. More than half of these employees indicated they intended to leave within five years. As private sector unemployment increases and as we continue hiring, we are increasingly likely to hire people for whom the Public Service is a second choice. Unless we provide the kind of work experiences that interest these employees, we can expect many of them to leave as the economy recovers and the private sector resumes hiring aggressively.

**The Public Service is most at risk of losing workers who are difficult to recruit: knowledge workers, highly educated workers and youth.**

Many new hires intended to leave for reasons similar to those cited by students who expressed a lack of interest in a Public Service career. As Chart 9 indicates, the first and third most cited reasons related to the nature of their work. New hires would leave to find work where they could better use their skills and where their efforts would have an impact. The second most cited reason was to earn more money.

**Chart 9: Reasons for Intending to Leave the Public Service**



**The number one reason for joining the Public Service was also the number one reason for wanting to leave. Employees drawn to the promise of work in their area of specialization would be difficult to retain without a long-term commitment to deliver on that promise.**

When we looked at the groups at greatest risk for departure, we found distinctive variants of these issues in each group.

**Younger employees**—New hires who were 30 years old or younger were more likely to intend to leave than those over the age of 30 years (37% vs 22%). Their main reasons for leaving were to better use their skills and abilities (88%), to have a more visible impact in their work (83%), to have more meaningful work (77%), and to earn a better salary (75%). Moreover, they were more likely than other new hires to indicate that salary was an important reason for joining the Public Service.

Given the increasingly older age profile of the Public Service population, this finding does not bode well for the replenishment of the Public Service with younger employees.

**Visible minorities**—Visible minorities were more likely to indicate an intention to leave within five years than other new hires (34% vs 25%). Although they joined for reasons other than salary, significantly fewer visible minorities (32%) believed that salaries were competitive in the Public Service as compared to other new hires (51%). Their key reasons for intending to leave were to make better use of their skills and abilities, earn a better salary, and increase their opportunities for advancement.

This latter finding recalls PSC research which examined promotional rates of equity groups for more than a decade of Public Service staffing. This research found that visible minorities were indeed less likely to receive a promotion.<sup>40</sup> While visible minorities were not the only groups leaving to gain more opportunities for advancement, it would be necessary to examine more recent data on promotional patterns to determine whether departures for these reasons are based on lower shares of promotions.<sup>41</sup>

With the Perinbam report, the Public Service committed itself to increased hiring of visible minorities in order to achieve a level of representation commensurate with the level of labour

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<sup>40</sup> Ravi Pendakur, Stan Lee, Fernando Mata and Natalie Dole, *Job Mobility and Promotion in the Federal Public Service*, PSC and Heritage Canada, 2000.

<sup>41</sup> The PSC is planning to update this research to examine more recent experiences of equity groups with promotion.

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market availability. However, our findings suggest that achieving better representation will not necessarily be achieved by higher rates of recruitment if there is also high turnover.

**Increased recruitment of visible minorities will not improve their representation in the Public Service if their departures are disproportionately high.**

**Knowledge workers**—In scientific and professional occupations, 34% indicated they intended to leave, and in administrative and foreign service occupations, 31% intend to leave. We have already shown that among these occupations, some specific categories, such as the Computer Systems Administration (CS) and Economists, Sociologists and Statisticians (ES) groups, have very high proportions intending to leave.

These knowledge workers were highly educated, and not surprisingly we found that 74% had university degrees, versus 29% of other respondents. Only 39% of these employees saw Public Service salaries as competitive, versus 64% of others. Their main reasons for intending to leave were to better use their skills and abilities, to earn better salaries, and to increase opportunities for advancement.

**Executive feeder groups**—We were particularly interested in the views of the feeder group members, given the anticipated retirements of the executive group over the next decade. In general, their issues were no different from those of other groups of highly educated employees. The most distinctive issues for this group appeared to be their greater concerns about workload, inadequate resources to do their work, and lack of the necessary training for their work.

**Implications**—The two key themes for all groups at high risk of premature departure were salaries and work quality. Leaving for greater opportunities for promotion can be viewed as both a compensation issue and a work-quality issue. Higher level positions offer better pay and are more likely to offer greater scope and challenge, the possibility of more impact, and better alignment with interests and education.

Employees who are not fully challenged and interested in their work will be much more likely to leave. Clearly, departments and managers who address these issues by the way they organize work will have lower turnover rates.



**Unrealized expectations about work will likely result in high turnover; it is important when hiring to understand what prospective employees expect and to discuss whether their needs can be met.**

### **3.4 APEX Survey of Executives and Executive Equivalents**

Retention is an issue not only for potential recruits and recently hired employees. Executives (i.e., people employed in the EX category) and their equivalents in other occupational categories hold key leadership roles. They represent a major investment over their tenure in the Public Service and, as noted earlier, their premature loss represents a high cost in terms of lost productivity to the system.

Executive equivalents include senior scientists, lawyers and other professionals paid at rates equivalent to executives. Many of them manage groups of professionals in their fields of specialization. They are highly important in these roles, but they are also important feeders to the executive cadre. Two of the equivalent groups—ES-07s (i.e., people in level 7 positions working as Economists, Sociologists and Statisticians) and AS-08s (i.e., people in level 8 positions doing Administrative Services work)—accounted for about 11% of appointments into executive positions over the last decade.

In the spring of 2001, the PSC joined a consortium led by APEX (Association of Professional Executives of the Public Service of Canada) in conducting a survey of executives and equivalents.<sup>42</sup> This survey explored retirement intentions and factors associated with early departures.

#### **3.4.1 Job Satisfaction**

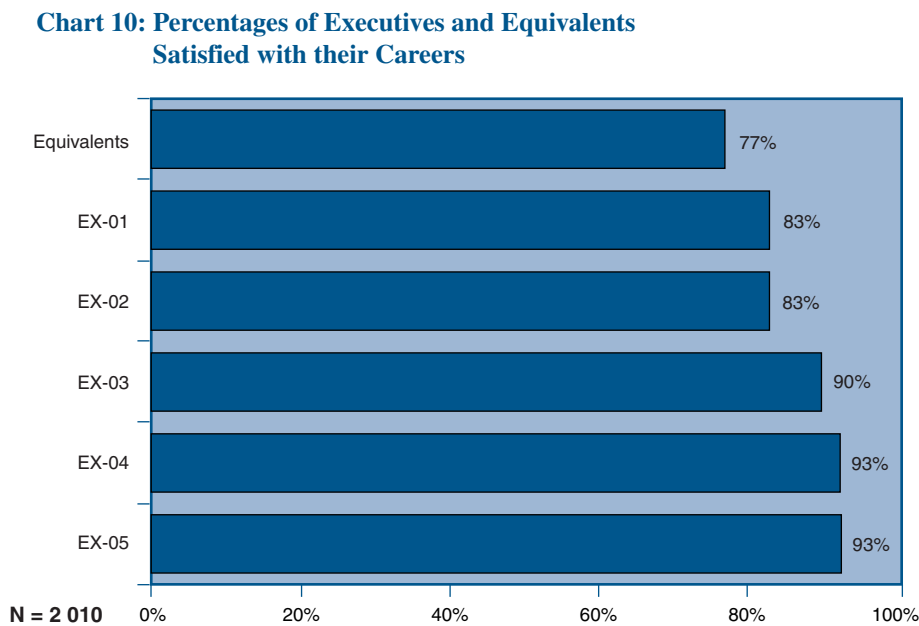
As noted in the *Public Service Employee Survey*,<sup>43</sup> job satisfaction is very much a function of hierarchical level within the Public Service. Therefore, it was not surprising to find in this survey that 83% of executives and equivalents were satisfied with their careers but that the

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<sup>42</sup> The survey was done in partnership with the PSC, the Treasury Board Secretariat and the Canadian Centre for Management Development.

<sup>43</sup> The results of the 1999 *Public Service Employee Survey* can be found at: <http://www.survev-sondage.gc.ca/cddata/00/result-e.htm> or in French at: <http://www.survev-sondage.gc.ca/cddata/00/result-f.htm>

satisfaction varied according to their place in the hierarchy. Chart 10 shows that job satisfaction was lowest for equivalents (77%) and highest for EX-05s (93%). The level of satisfaction for equivalents was about the same as for newly hired employees.



Similarly, satisfaction with job mobility was also related to hierarchical level. Executives at more senior levels (EX-03 and above) were much more satisfied with mobility opportunities than those at lower levels and equivalents. Overall, job mobility opportunities were satisfactory for fewer than 60% of executives and fewer than 50% of the equivalents.

This finding was linked to perceptions that most departments favoured internal candidates in competitions. More than half the survey participants (56%) who had competed for a promotion within the last 24 months agreed that the competition and assessment process favoured departmental candidates. This perception reflects the actual situation. Last year (2000–01), only 23% of all movements within the executive community (promotions, transfers and acting appointments) was interdepartmental; the remaining 77% was intradepartmental. Moreover, executives with this view were less likely to be satisfied with their career-mobility opportunities than those who disagreed that departmental candidates were favoured (53% vs 69%).

### 3.4.2 Intentions to Leave

The timing of retirements and other departures is of considerable interest for both succession planning and career development of potential replacements. Overall, three quarters of executives and equivalents were planning to leave in the next ten years, and about 40% were planning to leave in the next five years. As Table 2 indicates, executives and equivalents participating in the survey could select one of the four following departure intentions:

- leave the Public Service to pursue another career;
- retire with a reduced pension as soon as possible;
- retire with an unreduced pension, but less than a maximum pension; or
- retire with a maximum pension.<sup>44</sup>

**Table 2. Departure Options for Executives and Equivalents**

	Executives n = 1 474	Equivalents n = 384
Leave to pursue a different career	10%	13%
Retire with a reduced pension as soon as feasible	8%	8%
Retire with an unreduced but less than maximum pension	47%	41%
Retire with a maximum pension	31%	31%
Don't know	5%	8%

Those leaving for other jobs or planning to retire early represent potential areas of longer retention. In both groups, 8% said they would take a reduced pension as soon as feasible, and 10% of executives and 13% of equivalents said they would leave to pursue a different career. Among executives who were planning to leave, 78% said they would retire with either a maximum or an unreduced pension, compared with 72% of equivalents.

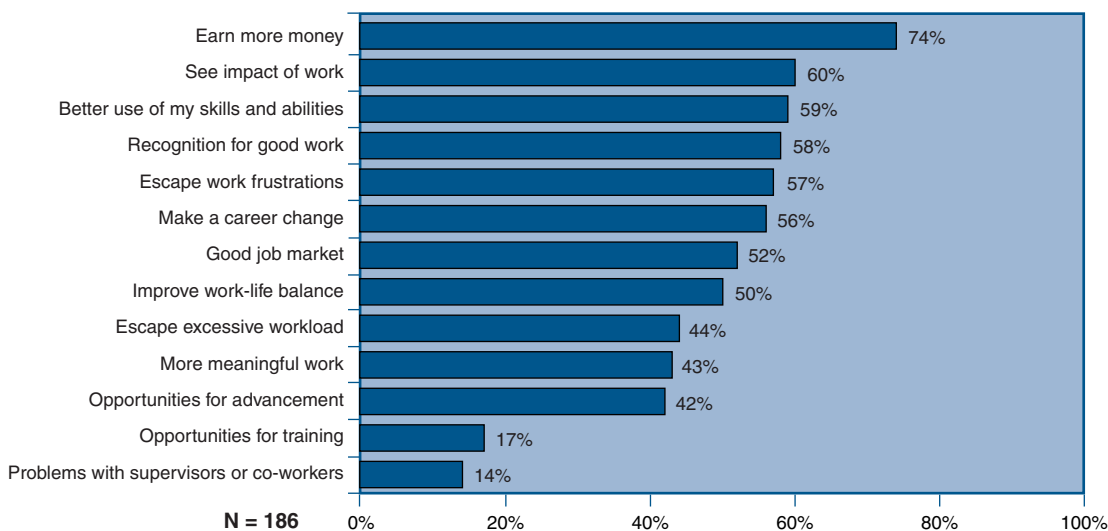
As one might expect, there was a relationship between job satisfaction and future intentions. Executives who were satisfied with their career were much more likely to intend to stay until they could retire with a full pension than those who were unsatisfied (33% vs 22%). Conversely,

<sup>44</sup> For most executives and equivalents, the unreduced pension is reached when age plus service equals 85.

those executives who were unsatisfied with their careers were more likely to plan to leave the Public Service to pursue a different career than those who expressed satisfaction (20% vs 8%). Similar associations were evident for equivalents. Those equivalents who were unsatisfied with their careers were about two and a half times more likely (27%) to intend to leave the government to pursue a career elsewhere than those who were satisfied (10%).

For executives and equivalents, there were workplace issues driving premature intentions to leave. Some of these reasons resonate with those found among new hires, such as compensation issues and issues related to the quality of work. As Chart 11 suggests, the most prevalent reasons for leaving to pursue another career cited by both executives and equivalents included earning more money, finding work with a greater impact, and better use of skills and abilities.

**Chart 11: Executives and Equivalents' Reasons for Intending to Leave to Pursue a Different Career**



While these reasons were fairly consistent across both groups, proportionally more executives were planning on leaving to establish a better work and personal life balance (47% vs 53%). Workload could explain this difference. Executives reported working an average of 55 hours a week, compared with just less than 51 hours a week for equivalents.

Equivalents' most distinguishing reasons for intending to leave to pursue another career included the desire to earn more money (84% vs 71%), to see a greater impact of their work (65% vs 58%), and to make better use of their education, training and skills (67% vs 56%). Their responses more closely mirrored those of new hires.

who demonstrate high levels of job satisfaction, the ultimate decision to leave is driven more by age and closeness to retirement than by dissatisfaction with the workplace. Premature departures account for less than 20% of planned departures, and these are associated with pay and workplace issues. Strategies aimed at retaining employees nearing retirement could postpone the inevitable progression toward retirement. Some commentators have suggested that employers facing growing labour shortages will have to reconsider retirement policies if sufficient supplies of younger workers cannot be found.<sup>45</sup>

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<sup>45</sup> TD Bank, "Canada's Talent Deficit," *TD Economics*, September 6, 2001.

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## 4. Key Challenges and Conclusions

As we write this report, substantial efforts are under way to reform and improve the HR system. The Taskforce on HR Modernization will propose a broad-based institutional reform of the HR system. Ideally, the new system will enable us to better co-ordinate HR management while facilitating the strategic alignment of HR issues with other key aspects of the Public Service. Without this integrated focus and an ability to link HR issues to overall business plans, the Public Service will miss key opportunities to serve Canadians.

The PSC has initiatives under way to better position Public Service recruitment efforts as described in the Recruitment Action Plan.<sup>46</sup> Those efforts address immediate problems arising from the labour market conditions of the late 1990s, problems which have been discussed throughout this report. Below, we highlight the areas of strategic focus that are most important for the competitiveness of Public Service employment in the future.

### 4.1 The Competition for Critical Talent

As we have shown in this report, the age structure of the Public Service reflects both the aging of the baby boom generation and the relatively small numbers of younger employees brought in during Program Review. Thus, the Public Service will be more acutely affected by baby boom generation retirements than other employers. Furthermore, the intensification of knowledge work in the Public Service will put us in more direct competition with other employers in the knowledge economy.

These factors will come into play over the next decade, regardless of short-term economic cycles. The convergence of these demographic factors is expected to produce increasing competition between the Public Service and other employers for highly skilled employees. From the evidence presented in the report, we can conclude there are several types of actions needed: some require central infrastructure and intervention, while others require efforts within every department, region and work unit.

Our surveys have shown that the Public Service has significant challenges in the recruitment and retention of skilled employees. Those with the education and characteristics we would most like to attract are also at the greatest risk of departure once we attract them. There is a double risk to the quality of the Public Service if experienced staff also leave or retire prematurely as suggested in the APEX survey.

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<sup>46</sup> *Recruitment Action Plan: Looking Back, Looking Ahead*, Public Service Commission, September 2001. Available at [http://www.psc-cfp.gc.ca/centres/rap/index\\_e.htm](http://www.psc-cfp.gc.ca/centres/rap/index_e.htm) or in French at: [http://www.psc-cfp.gc.ca/centres/rap/index\\_f.htm](http://www.psc-cfp.gc.ca/centres/rap/index_f.htm)

While this report focuses mainly on the challenges of bringing new staff into the Public Service and retaining recently hired staff, there is also the issue of the loss of corporate memory and experience that will accompany employee retirements.

**To help manage labour shortages it may also be necessary to find new ways to “attract” more seasoned employees into either delaying their retirements or continuing to contribute once they have retired.**

## 4.2 Infrastructure and Central Support Requirements

*HR planning*—If the Public Service is to compete, it must plan effectively. This will require continued investments in research to understand the drivers and motivations of both potential recruits and high-value employees. As labour market conditions change, it will also require a capacity to act to improve local and Public Service-wide employment terms and conditions, to provide an environment conducive to attracting and retaining talent. Better planning should link together various dimensions of the HR regime centrally and departmentally, so that there is alignment of systems, policies and management practices to improve our competitive situation. The PSC will continue to work collaboratively to support these efforts through our labour market and demographic research.

This report demonstrates that to be successful in meeting our recruitment and retention challenges, the workplace and compensation-related policies of the Public Service need to be linked to the labour market research the PSC provides. Only a fully integrated approach to HR planning will ensure that staff are available to carry out the plans and priorities of government departments.

**An overall HR strategy for the Public Service must consider recruitment and staffing needs in terms of HR policies on workplace practices, employee development and compensation.**

*Technological infrastructure*—The PSC has invested in e-recruitment technology for a number of years. Our front-end Internet recruitment site (<http://jobs.gc.ca>) attracts large volumes of applicants for many types of jobs. To remain competitive, we need to further upgrade the jobs Web site to ensure that our interface with the public remains competitive with other employers in the knowledge economy. We also need investments in screening software and other

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technology to speed the processing of high volumes of applicants for certain types of jobs. Private sector employers are currently using technology to automate many of their screening processes, so that they can make timely offers to candidates.

**To be competitive and timely in staffing, the Public Service will need sustained investments in e-recruitment.**

*Compensation*—Through the Internet, job seekers now have information at their fingertips concerning both the number of jobs available in their field and the compensation packages offered from a variety of employers. As the economy rebounds and the labour market becomes more competitive, employees—and not just job-seekers—can quickly and easily determine whether their compensation package is competitive.

The longer term prospects for a highly competitive labour market have not changed. Compensation weighs heavily (both in intentions to apply for Public Service jobs and intentions to leave) for key employee groups. These groups are namely youth and visible minorities needed to refresh and diversify the workforce, and the highly educated professionals needed to fill the growing number of “knowledge worker” positions and to replace departing executives.

**We need competitive compensation packages to ensure we can pay what is required to attract and retain high calibre employees.**

### 4.3 The Nature and Quality of Work

*Student employment*—The Public Service of Canada, by virtue of its size, should be able to deliver high-quality workplace experiences. Summer employment, work experience and cooperative studies programs need to be seen by hiring managers, not just as sources of temporary labour, but as recruitment tools and investments in the future of the Public Service. The quality of the placement significantly affects the students’ own interests in pursuing a Public Service career and the broader reputation of the Public Service as an employer. A poor job–education match is the major driver of discontent among student employees.



**To attract future employees departments must provide students with a well-organized assignment (mentoring, a clear program of work and challenging work), with a good match between the students' area of study and the content of the job.**

*Quality of full-time employment*—A good fit between the position and the education and interests of new and potential employees is critical for effective recruitment and retention. Departments and hiring managers may fail to attract qualified candidates to positions or experience higher than average turnover if there is a poor fit. For both students and newly hired employees, a poor job–skills match is the number-one reason for their seeking employment elsewhere.

**Departments must attend to employees' expectations and seek to create the work and working conditions conducive to retention.**

*Opportunities for job mobility and promotion*—Retaining employees involves providing opportunities to develop new skills on the job and prepare for future job opportunities.

**Departments and work units that invest in their employees will succeed in creating a positive reputation inside the Public Service and should advertise their development and other opportunities aggressively.**

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## 4.4 The Marketing Challenge

Marketing the Public Service as a good place to work, and making it so, is a widely shared responsibility. As our earliest research shows, we need broad marketing to inform potential applicants that there are many different types of careers available in the Public Service. This is not only an issue for the PSC, but for the many departments who recruit specialists not found in other parts of the Public Service.

One generic approach to marketing is insufficient to draw individuals with specialized skills and from diverse communities and backgrounds to the Public Service. Our research indicates that youth and highly educated professionals are looking for specific job attributes, as are members of some equity groups.

**For certain occupations, we need tailored recruitment strategies. As the economy rebounds, we will be challenged to find and retain specialized staff, particularly in regions where labour markets are highly competitive.**

## 4.5 A Final Note on HR Modernization

The government is now on the path to modernizing the HR regime. As we look at the specific issues raised in this report, we offer the following observations about the process.

First, once the HR system is modernized, new investments will be needed to make the transition so the dislocation inevitably caused by reorganization does not sidetrack recruitment and retention issues. We would expect growing investment in strategic HR planning, employee information systems and e-recruitment, and sustained levels of investment in marketing and recruitment programs, as well as in labour market and demographic research. Investment in the latter area is vital for a continued capacity to pinpoint areas of vulnerability, and to avoid losing competitive advantage during the transition.

Second, there should be sufficient investment to sustain the modernization and ensure that we can make the necessary changes in HR policies and improve organizational culture and management practices to retain key groups, such as youth, visible minorities and highly educated employees with specific skill sets.

Third, the long-term success of the process will be measured by how well the HR regime is positioned to deal with the recruitment and retention challenges that lie ahead.

**Although modernization is intended to streamline complex HR systems, improve labour relations, and streamline the staffing system, our efforts should have the overarching aim of improving our capacity to attract and retain a dedicated, highly competent and committed workforce to better serve Canadians.**