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of British Columbia

**Maintaining Human Capital
in the British Columbia
Public Service: The Role
of Training and Development**

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Maintaining human capital in the British Columbia public service : the role of training and development

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auditor general's comments



“In a time of change it is the learners who inherit the future.

The learned usually find themselves equipped to live in a world that no longer exists.”

Eric Hoffer, 1973
(American Social Philosopher)

This is my third report to the Legislative Assembly for the 1999/2000 year. It contains the results of my Office's audit of the role of training and development in maintaining the human capital of the British Columbia public service.

In recent years, the capacity of government organizations in Canada to renew themselves, and to maintain services at a level the public expects, has come increasingly under pressure. Funding for programs in many areas of government has been static or has declined, and yet we expect our public servants to deliver consistently high quality service. For that to really happen, the first requirement is strong management and a highly skilled and dedicated workforce.

We have also seen an accelerating pace of change in organizations, job assignments, and the movement of people inside the British Columbia public service. Many programs have been restructured or downsized. Services previously delivered directly by government are now being delivered through the private and non-profit sectors. And rapid advances in information technology are causing jobs to become increasingly knowledge-based. All of this means that a new style of management and organization is in order, and that the British Columbia public service will need to manage, more effectively than ever, the most valuable asset it possesses: the accumulated skills, knowledge, experience and relationships built up by its workers—in other words, its human capital.

The situation calls for a renewed approach to human resource management in the public service. Government will have to be more conscious of the knowledge and skills it needs to attract and retain. It will have to re-examine how it organizes, delegates and motivates, and will also have to look at training and development in a more strategic way.

I undertook this audit because I believe that protection of human capital through training and development is vital if the province's public service is to be successful. This report contains the results of a comprehensive survey we undertook of training and development issues in the British Columbia public service overall, and an in-depth look at how three ministries manage their training and development. In general, we found that human capital is at risk and that training and development, as currently managed, is not being used strategically to protect it.

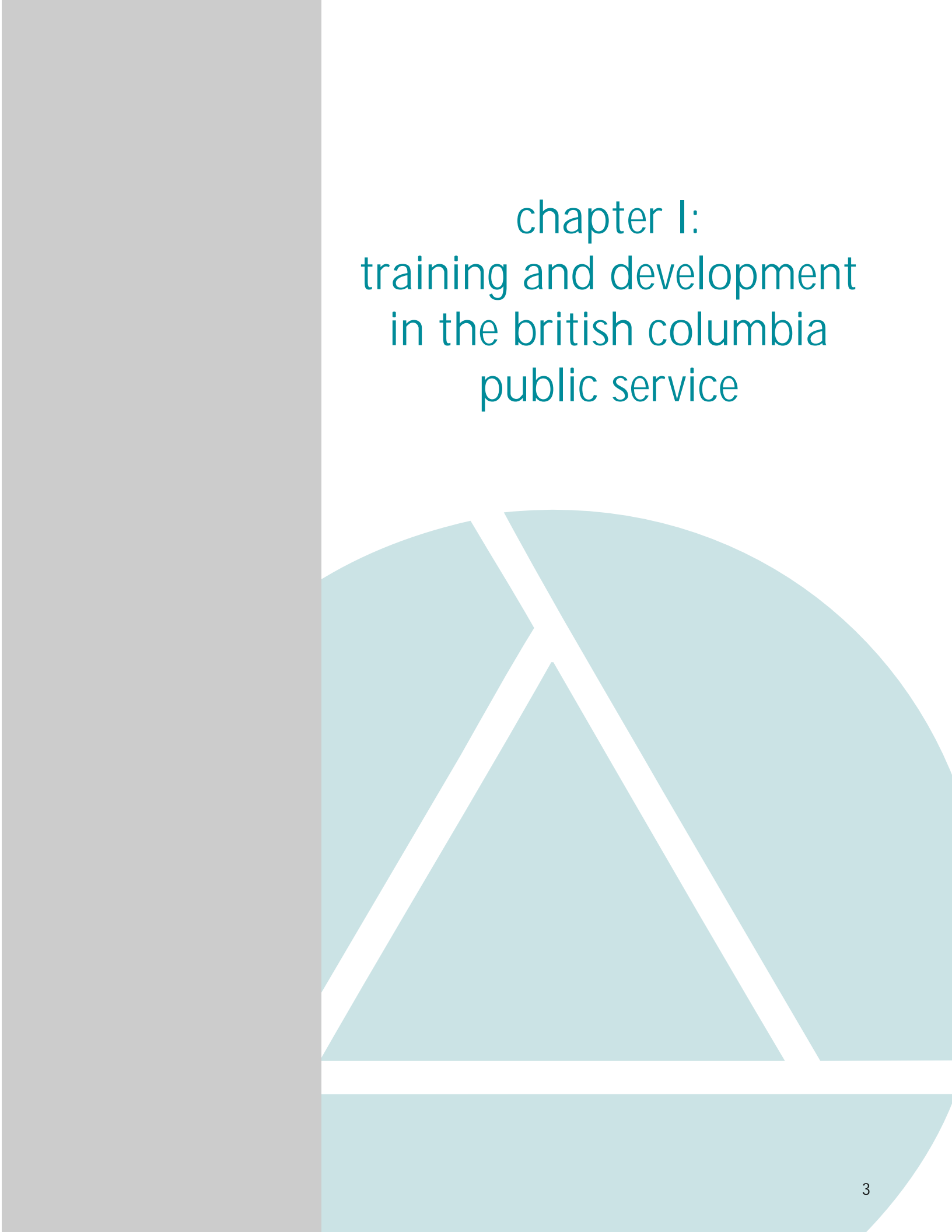
The time has come to change our thinking about training and development. It should not be considered a luxury, but a necessary investment. I would like to see a commitment made to maintain the human capital of the British Columbia public service, its capacity to create good policy advice, and its ability to deliver top quality services efficiently. I know such calls have been made before. However, I believe that this issue has become more pressing than ever. In Canada and in British Columbia we have a proud tradition of attracting the "brightest and best" to work in public service. This, in my view, has contributed significantly to our success as a society. With that tradition now eroding, however, it is time to address the issue of human capital in the public service and, as part of that, to rethink our approach to training and development for our public servants.

I want to acknowledge the active cooperation we received from the primary government agencies involved, particularly the Public Service Employee Relations Commission and the Ministries of Transportation and Highways, Agriculture and Food, and Attorney General.

George L. Morfitt, FCA
Auditor General

Victoria, British Columbia
August 1999





chapter I:
training and development
in the british columbia
public service

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highlights

Introduction

Over the last 25 years, “knowledge workers” have been the fastest growing class of workers in the Canadian labour force. In the 1940s, almost 60% of North American jobs involved working with “tangible” things, like mining ore or producing steel. By 2000, this same percentage of jobs will be based on working with information. Fifty-seven percent of the British Columbia public service is already made up of knowledge workers. The knowledge content of all work, whether that work is agricultural, blue collar, clerical or professional, is expanding. As a result, the management of human capital has become increasingly important. Indeed, human capital is now the primary asset in effective organizations, and when it is eroded, the quality of goods and services provided by organizations are at risk.

For the purposes of this audit, we defined human capital as the collective knowledge, skills and experience of an organization’s workers. Many of the functions involved in managing human capital are drawn from the traditional practices of human resource management: recruitment and selection, training and development, and performance management systems.

Training and development can play a central role in protecting human capital, which is a primary determinant of the quality and efficiency of government service to the people of British Columbia. This audit focused on the use of training and development within the British Columbia public service as a key strategic management tool in the maintenance and development of the human capital of the public service.

Audit Purpose and Scope

The purpose of this audit was to assess whether training and development is being used strategically to maintain human capital in British Columbia’s public service. We also examined whether government evaluates the value for money it receives from its investment in training and development.

The audit addressed both formal and informal training within the public service. It included employees of ministries, but not of agencies, boards and commissions.

We also excluded employees of Crown corporations. Our model for evaluating training and development is outlined in Appendix A.

There were three parts to our work. First, we examined how well the Public Service Employee Relations Commission provides corporate direction, monitors training and development activities, and reports to the Legislative Assembly on the outcome of these activities. Second, we conducted a government-wide survey of employees. And third, we completed in-depth reviews in three ministries.

Our cross-government findings are based largely on our survey of a representative random sample of regular full-time employees who had been in their current ministry for a minimum of 12 months. The survey sought the respondents' views on, and experience of, training and development within the provincial government. For more information about the survey methodology, see Appendix B. The cross-government study was supplemented by in-depth reviews within three ministries: Transportation and Highways, Agriculture and Food, and Attorney General. Our findings on these ministries are reported in Chapters II–IV of this report.

For the cross-government audit, in addition to the survey, we interviewed over 200 government employees and reviewed over 300 documents. We sent questionnaires to 3,500 public service employees in the cross-government survey, and received a 76% response rate. The survey findings included in Chapter I of the report are considered statistically to be accurate generally within 5%, 19 times out of 20. Unless otherwise stated, there were no statistically valid differences between ministries and occupational groups across the public service. Additional surveys were completed for each of the in-depth reviews. (Statistics Canada assisted the audit team in the survey development and analysis of results.) The survey findings will provide the Public Service Employee Relations Commission with one of the most comprehensive databases on training and development in an organization in North America, and can be used as a benchmark for future monitoring.

The findings and conclusions included in this report are based on evidence available up to December 31, 1998. In preparing the report, we discussed our findings and conclusions with the Public Service Employee Relations Commission, and the Ministries of Transportation and Highways, Agriculture and Food, and Attorney General.

Our examination was performed in accordance with value-for-money auditing standards recommended by the Canadian Institute of Chartered Accountants, and accordingly included such tests and other procedures we considered necessary in the circumstances.

Overall Conclusion

The human capital of the British Columbia public service is at risk. Ministries have experienced downsizing, spending freezes on training and development, and an exodus of experienced employees. There has also been considerable movement within the public service and, as a result, many employees are performing new and unfamiliar duties. These factors heighten the need for training and development.

We concluded that government has not managed its training dollars strategically to protect its human capital. The central problem is that decisions about training and development are being made in the absence of a strategic plan for maintaining human capital. Instead, they tend to be made at an individual level, with no consistent criteria, and therefore may not represent the best use of scarce training dollars. The amount of training and development being provided indicates to us that the British Columbia public service is not sufficiently committed to training its employees. This is underscored by the lack of proper evaluation of whether the results of training are bringing about improvements in the performance of the public service.

We also concluded that the public service should be providing the Legislative Assembly with accountability information about training and development, and about the state of its human capital generally. Currently the Assembly receives no such information.

Key Findings

The British Columbia public service is facing some urgent human capital issues that threaten the effectiveness and quality of government services

Key Results from Our Audit

- Over the next five years, 43% of senior managers will reach age 55 or older and be eligible to retire
- During the one-year period from December 1996 to December 1997:
 - 40% of public service employees had their jobs redefined;
 - 1,697 employees left the public service;
 - Government lost 31,151 years of knowledge and experience; and
 - 20% of middle and senior managers elected to take a voluntary severance or retirement package
- 33% of employees who had been in their position for less than one year did not feel properly trained to carry out their duties
- 20% of employees participated in development activities

A number of issues place the human capital of the provincial public service at risk: lack of succession planning, an aging workforce, the impact of reorganization and downsizing, and a competitive job market. The government has no overall human resource plan to address these issues.

There is a lack of succession planning to deal with the exodus of employees as the workforce ages. Over the next five years, 21% of the public service as a whole and 43% of senior managers will reach age 55 or older and be eligible to retire. By 2008, at least 51% of the current workforce, including 83% of current senior managers, will either have left or be eligible to retire. This trend will significantly increase the attrition rate due to retirement, resignation or dismissal, which is currently 6.5% per year.

The government has lost a significant amount of its human capital through reorganization and downsizing. Forty percent of government employees had their jobs redefined during a one-year period from December 1996 to December 1997. Many of these changes were caused by reorganization. During 1996/97, efforts to reduce ministry budgets resulted in many employees leaving because of voluntary severance packages, early retirement schemes or involuntary layoffs. A total of 1,697 employees left government in that time, resulting in a loss of 31,151 years of knowledge and experience.

Employees assuming a new position were to receive job orientation and in-service training to help them meet

job-specific requirements. However, we found that 33% of employees who had been in their position for less than one year did not feel properly trained to carry out their duties. These findings demonstrate that there is a strong need for more job-specific training than is currently available.

The loss of employees during 1996/97 was not spread evenly among the occupational groups. Eighteen percent of all middle and senior management in government elected to take either a voluntary severance or retirement package. These are the same positions that will be most affected by retirements in the next few years. To make matters worse, the group from which government often recruits middle managers—the pool of supervisors—also experienced significant losses in a number of ministries.

An increasingly competitive job market is making it difficult for the government to recruit and retain staff in information systems, accounting and senior management. For example, government human resource directors have estimated that about 25% of information systems work is not being performed and programs may not be running as efficiently as possible. The reason is the high vacancy rate in information technology (IT) positions, a rate double that for any other job in the public service. The shortage of IT professionals has also made it difficult for those individuals in the jobs to attend scheduled training events, as there are no replacement staff available to fill in for them.

All of these findings reinforce the need for a much stronger focus on the development of government employees in the next few years, particularly in the area of management. Yet, we found development of the next generation of public servants seriously lacking. Only one in five government employees had participated in development in the previous 12 months. Given the current public sector environment, the amount of development carried out and who it is targeted at should be reviewed in relation to the overall future requirements of government.

The British Columbia public service lacks a human resource strategy to guide its investment in training and development

Government is not using training and development as a strategic tool in managing its largest asset—its people. Training and development issues are for the most part, not incorporated into strategic plans within ministries and are not linked with improved organizational performance. There is little assessment as to what is needed; training appears to

be used to address individual requests rather than what is required to improve ministry performance. The focus is on one- or two-day courses outside the work place instead of on in-depth courses that relate to required skills and abilities.

The British Columbia public service has made minimal commitment to training and developing its employees in order to maintain an effective workforce

Key Results from Our Audit

During the one-year period from December 1996 to December 1997:

- 36% of government employees received no formal training
- The average British Columbia public service employee received 17 hours of training:
 - 9 hours of job-specific training, and
 - 8 hours of mandatory courses, such as health and safety or computer-related training
- Less than 1% of payroll is invested in training and developing the British Columbia public service

During the year ended December 1997, 64% of government employees participated in formal training, either cross-government or ministry-specific. Taking into account the 36% of employees who received no training, the average British Columbia public service employee received 17 hours of training. However, only nine of those hours were job-specific. The remainder of the training was either mandatory courses for all government employees, such as occupational health and safety training or computer-related training. This amount of training provided to government employees is significantly lower than the 29 hours of training received by Canadian employees overall, as reported in a 1996 Conference Board of Canada survey.

We were unable to obtain an accurate picture of the amount of money spent on training and development in the public service. The main reason is that the government does not have a standard accounting method for tracking training and development expenditures. The methods used vary across and within ministries. However, we estimate that slightly less than 1% of payroll is invested in training and developing the British Columbia public service. This investment is substantially less than other public sector jurisdictions in Canada and abroad.

The work environment impedes performance and indicates a need for management development

Key Results from Our Audit

- 67% of public service employees believe training and development is a fundamental value within their ministry
- 60% of government employees believe their ministry provides inadequate support for training in terms of financial and human resources
- 58% of employees believe that the steps and procedures required to do their job make sense
- 56% believe that they have the tools and resources to do their job well
- 45% believe that they receive recognition when they do perform well
- 49% believe that they receive the feedback they need to do their job well

All ministries support training and development in principle. Deputy ministers we interviewed agreed that an effective government requires a culture that values learning. Two-thirds of survey respondents agreed that training and development is a fundamental value within their ministry.

However, notwithstanding this philosophical support, employees do not feel supported for the work they do. As well, there are a number of factors affecting organizational performance that training alone will not address.

Sixty percent of government employees stated that their ministry provided inadequate support for training in terms of financial and human resources. This figure jumped to 70% for employees working outside Victoria and the Lower Mainland. Written comments on our surveys overwhelmingly indicated that if there was one thing government employees would change about training and development, it would be the support received.

However, the feedback we received regarding support may also be a reflection of the working environment in the public service, which has recently been subjected to downsizing, restructuring, and a significant amount of public criticism.

Although our survey focused on training and development, it also provided employees with an opportunity to tell us how they felt about a number of other issues. Competent, well-trained employees need a healthy work environment to perform well. We found evidence that the work environment in the British Columbia public service is unhealthy. Only 58% of

employees believe that the steps and procedures required to do their job make sense; 56%, that they have the tools and resources to do their job well; 49%, that they receive the feedback they need to do their job well; and 45%, that they receive recognition when they do perform well. These findings clearly indicate that there are problems with the performance management system in the public service and reinforce the need for management development. As well, these barriers may significantly reduce the effectiveness of any training and development provided and must be addressed if the provincial government is to gain the most value from its investment.

Accountability for managing government’s most important asset is minimal

The Public Service Employee Relations Commission (PSERC) has delegated its responsibilities for training and development to the ministries. However, the roles and expectations of the ministries have not been clearly outlined by PSERC.

One responsibility that has been clearly assigned is that of entering all cross-government training data into the Corporate Human Resource Information and Payroll System (CHIPS), yet we found significant non-compliance. This has prevented the collection of aggregate information on training costs and activities.

Evaluation of training and development activities tends to focus on measuring employees’ immediate reactions to the design and content of the training. Government has little information as to whether training is affecting individual or organizational performance.

Finally, no reporting is made to the Legislative Assembly on the overall state of human capital within the British Columbia public service, even though this is one of the most important government assets.

Sharing Successes

During our audit we came across several innovative training and development practices. We have highlighted these in Appendix C as a means of encouraging ministries to look at different options for training and development and to acknowledge the efforts of those involved in these particular endeavours.



our recommendations

Outlined below is a summary of the recommendations resulting from our audit of training and development in the British Columbia public service.

1. *We recommend that the British Columbia government develop and implement a strategy for managing its human capital, to determine where the shortfalls and risks are and to ensure that sufficient numbers of appropriately skilled employees are available. We believe that “core competencies” for all government employees need to be established as the first step in developing this strategy. The strategy should also address:*

- *development of employees for the future;*
- *training required for specific jobs;*
- *recruitment and selection strategies;*
- *compensation issues; and*
- *barriers to improved performance—such as whether employees believe the steps and procedures required to do their job make sense; whether they have the tools and resources to do their job adequately; and whether they receive proper feedback and recognition.*

Similar strategies should be incorporated into ministry strategic and operational plans.

2. *To maintain its human capital and acquire the knowledge, skills and abilities required for the future, we recommend that the British Columbia government make a commitment to the development of a culture of learning. To become a learning organization, government should use training and development as a strategic tool in the management of human capital, foster a culture that encourages learning, and incorporate training and development needs into operational plans. This cultural shift should be monitored and reported on by the Public Service Employee Relations Commission.*

3. *Just as there are standards and policies for the management of financial and physical assets within the public service, we recommend the Public Service Employee Relations Commission develop similar standards and policies for the management of human capital. Roles, responsibilities and reporting expectations with regard to human capital including training and development in the public service should be more clearly defined and the performance monitored. Senior management should be clear on its responsibilities for managing the human capital within the ministries.*

4. *We recommend that the British Columbia government determine the level of investment in training and development that is necessary to protect the collective skills and knowledge in the public service, and to use this as a benchmark in assessing the adequacy of investment in future years. The benchmark should be based on a needs assessment that takes into account the long-term goals of government, service quality objectives, and the shift to a more knowledge-intensive public service.*
5. *We recommend that resources allocated for implementing a human resource strategic plan not be singled out for cutbacks during freezes in operational spending.*
6. *The Public Service Employee Relations Commission should make full use of its investment in CHIPS by requiring that all training (not just cross-government) be recorded in the system as a means of providing better information on the amount and type of training provided to the different occupational groups across government. In addition, ministries should have consistent means of recording spending on training and development.*
7. *We recommend that, to ensure its skill base for the future, the British Columbia government place a much stronger focus on the development of government employees, particularly in the area of management. The amount of development currently provided to employees, and who it is targeted at, should be reviewed in relation to the overall future requirements of government.*
8. *To ensure the wise expenditure of public funds, we recommend that ministries determine the results of training and development through systematic evaluations of activities in relation to individual, program and overall ministry performance.*
9. *We recommend that the annual report of the Public Service Employee Relations Commission to the Minister Responsible for the Public Service include an overview of human capital in the British Columbia public service, including periodic evaluations of the cost-effectiveness of training and development. In addition, we recommend that ministry annual reports include information about the management of human capital.*



human capital—why it needs to be managed

What Is Human Capital?

Recent estimates suggest that 50-90% of the value created by an organization comes, not from traditional physical assets, but from the management of human capital. This is best demonstrated in such companies as Microsoft, where most of the shareholder value comes from an invisible asset—the collective knowledge and expertise of Microsoft employees. As such, the key resource is no longer money or machinery. Human capital and its management has become essential to organizational survival and effectiveness. Successful organizations are no longer just “managing by the numbers”; rather they are managing to maximize value. Measurement systems now focus on strategic performance, value-adding processes and knowledge management.

Despite the new importance of human capital, most organizations have no idea whether they are building or depleting it. Methods for measuring human capital are complicated and not well developed. Part of the problem is determining what constitutes human capital. Opinions vary, but most common definitions refer to: the collective expertise and know-how of employees; the intellectual property or captured ideas contained in patents, copyrights, design rights, etc.; the databases and information systems that enable a company to function; and the development of customer goodwill.

For the purposes of this audit, we have defined human capital as the collective knowledge, skills and experience of an organization’s workers. It is the knowledge that each individual has and generates. This “collective brainpower” includes:

- facts—acquired through informal and formal education;
- skills—gained through training and practice;
- experience—gained through reflection on past successes and mistakes;
- value judgements—based on individual perceptions; and
- social networks—developed through relationships between co-workers, colleagues and customers.

Human Capital in the Public Service: The Challenges

The investment in human capital within the public service represents a significant investment of taxpayer dollars—\$2 billion in salaries and benefits for approximately 38,000 employees. The British Columbia public service delivers a wide variety of services, calling on a vast array of skills. Services cover areas such as education, health, social work, transportation, environmental protection, agriculture, forestry, mining and many others.

These services are increasingly knowledge-based as government moves from being a direct provider to being a direction setter and funder. Public servants play a key role in recommending policy to the government of the day. Policy advice has to be based on a significant body of knowledge, and the judgement of public servants in delivering this advice should have the benefit of wisdom and experience. In addition, public servants provide direction to complex activities, which requires high levels of technical and professional knowledge. Technology is changing rapidly in most sectors—not just in terms of computers, but in terms of leaps in professional and technical knowledge.

Recent changes in the province's public sector have resulted in an erosion of the knowledge and skills of its employees. Downsizings have resulted in significant losses of corporate memory. Ministries now focus more on managing service delivery and policy development, and less on the direct delivery of services. As a result, a number of employees have had to adjust to significant changes in their job positions. Furthermore, the government's labour agreement with the British Columbia Government Employees' Union prevents the laying off of employees because of work shortages. Instead, the government must find suitable positions for the displaced employees elsewhere in the public service. This means that staff will, more than ever, need to possess a generic set of skills and abilities that are transferable between positions in the public service.

Public services across Canada have faced similar challenges. In 1996, the Institute of Public Administration of Canada surveyed deputy ministers across the country about restructuring the public sector. One of the strongest themes to emerge from the survey related to the leadership and management of people in the public service. Deputy ministers recognize that after years of downsizing and restructuring, people-management issues have become central to the public sector management agenda. Many of the issues identified by



Courtesy: Jo-Ann Youmans

Information Technology Professionals receive training through Employee Learning Services

the deputy ministers related to the management of human capital—retraining the public service for its new tasks; building innovative public organizations; providing leadership; managing the loss of corporate memory (as a result of downsizing and early retirement); planning for retention and succession; and strengthening ethics and values within a redesigned public sector.

Public expectations, attitudes and diversity are also changing. People expect a prompt, effective and efficient level of service, and are less tolerant of delays and mistakes. Also of concern to human capital in government is the demographic effects of an aging population. Already this is influencing both the types of services required and the availability of the workers to provide them.

Changes in public expectations were highlighted in a 1998 survey by the Canadian Centre for Management Development. The majority of citizens think that governments have a more difficult task than the private sector in providing services. However, 9 out of 10 still expect the level of service provided by government to be the same or better than that provided by the private sector. Staff knowledge was one of five key factors that citizens used to rate service quality. Clearly, government needs highly trained staff.

In the same 1998 survey, only 4 out of 10 citizens in British Columbia said they were satisfied with the quality of provincial services. Therefore, if the government wants to decrease the gap between public expectations for service and

current service levels, it will have to maintain and enhance the skill base of its workforce. We believe that unless the government starts responding to recent changes in the public sector environment by trying to manage its human capital more effectively, this gap in service expectations will only increase.

The first step is for government to make a commitment to becoming a “learning organization.” Within a learning organization, senior management manages human capital by using training and development as a strategic tool, fostering a culture that encourages learning, and incorporating training and development needs into operational plans.

The Role of Training and Development

Just as there are strategies for managing physical assets—buy, rebuild or maintain—there are corresponding strategies for managing human capital—recruit, develop or maintain skill levels. Many of the strategies tied to human capital management are drawn from the traditional practices of human resource management: recruitment and selection, training and development, performance management, compensation, and change management. Our audit focused on the role of training and development in maintaining human capital. We chose training and development because we believe it is a critical tool for managing human capital within the British Columbia public service.

With *training*, individual employees and groups of employees learn to improve or update the skills and knowledge they require to meet their *current* job responsibilities. Formal training is structured and provided by either internal training branches or external specialists. Informal training refers to on-the-job training or learning by doing a job through, for example, special projects and coaching.

While training focuses on present skill and knowledge requirements, *development* assists employees in preparing for *future* responsibilities. Employers may use development methods such as sending employees to seminars, workshops and conferences, providing higher duty assignments, and implementing staff interchanges and job rotation schemes. Staff development may also include opportunities for individuals to study for further qualifications, perhaps supported by paid study leave.

Our audit addressed the following issues:

- Is the human capital of the public service at risk, and is there a strategy to protect it?
- Is training and development, as currently managed, likely to play an effective role in protecting human capital?
- Are training and development decisions based on organizational needs and objectives?
- Is training and development delivered with an eye to cost-effectiveness and innovation?
- Are barriers to the use of new skills recognized and overcome?
- Does the public service evaluate outcomes of training and development?
- Does the public service provide appropriate accountability information about human capital to the Legislative Assembly?



managing human capital through training and development

In this section, we outline our findings about some of the factors that we believe put human capital in the British Columbia public service at risk.

Determining the best strategy for managing human capital through training and development choices requires ministries, and government in general, to first identify the knowledge, skills and abilities they need both now and in the future. Then, by comparing existing competencies with necessary competencies, they can identify skill gaps.

The next step is to analyze these gaps to determine how much training and development is needed and where (e.g., in which occupational groups) it should be focused. Factors such as the job market, the effect of an aging workforce, and the impact of major organizational changes like downsizing and reorganization are important to consider. Also important is determining whether a skill gap that exists is actually related to a lack of training and not to another cause. An employee's inability to perform might be the result of something altogether unrelated to training—for example, having to work with seemingly illogical procedures or inadequate tools and resources, or receiving little relevant feedback or recognition for good performance. Investment in training without careful analysis can be wasteful.

Ultimately, the information gathered in the steps above should be incorporated into an overall human resource strategy for the public service—a strategy that proactively addresses the challenges identified in the gap analysis. Implementation of such a strategy is a key step toward developing a culture that values staff and their development.

In fact, however, we found that the provincial government is not, for the most part, using training and development as a strategic tool in managing its human capital. It is not aware of its current skill base or of what skills are required in the future, and therefore it does not know where to focus training and development activities. And, even if this information were available, there are a number of barriers to performance in the public service that training by itself will not address.

Creating a Culture That Values Staff and Their Development

Deputy ministers we interviewed recognized that, to achieve an effective public service in the future, a new attitude is required—one that values staff training and development as a means of maintaining or improving the public service. Most of the time, however, the deputy ministers' day-to-day focus is on immediate priorities rather than longer-term issues such as staff development. A common commitment to establishing a learning culture has not been made.

This may be changing, though. The Deputy Ministers' Human Resource Committee was recently revived as a subcommittee of the Deputy Ministers' Council and is in the process of establishing its terms of reference.

As well, the Deputy Minister to the Premier announced, in the fall of 1997, a seven-point program for improving the organizational development of the public service. Two aspects of the program relate to training and development: a new executive development program and a Public Service Development Office. The executive program, said the Deputy Minister, would help to identify individuals with high potential and those who are high achievers, and then use mentoring, special assignments, special training and other mechanisms to nurture, train, promote and maintain these people. The mandate of the Public Service Development Office is to "produce a framework for the development of a professional public service to reflect the requirements and expectations of the residents of British Columbia into the second millennium." At the time of our audit, the office was just starting up.

Despite these encouraging steps, we note that promises to renew the public service have been made before, but with little effect. Since the 1970s, the public service has studied training and development on four different occasions. Each time, similar recommendations were made to remedy the lack of support and planning for training and development (Exhibit 1.1). However, very few of these recommendations have ever been implemented. We are concerned that without real commitment by senior levels of government, these newest initiatives will meet the same fate.

We believe that employees have perceived this lack of action in the past as a lack of support. Less than half of government employees feel that their ministry is supportive of staff training and development.

Exhibit 1.1

Previous Recommendations Made to Government Regarding Training and Development

Year	Report	Comments and Recommendations
1993	Commission of Inquiry into the Public Service and Public Sector (the Korbin Commission)	<p>Recommended that:</p> <p>"A management services support function be established with specific responsibility for management development."</p> <p>One of the objectives of the new Public Service Act proposed by the Korbin Commission was "to encourage the training and development of employees to foster career development and advancement."</p>
1991	Fiscal Year End Progress Report on the Service Quality BC Initiative	<p>Recommended that:</p> <p>"Deputy Ministers reaffirm their commitment to training and allocate the necessary funds, particularly for staff in centres outside of Victoria and the Lower Mainland. Specifically, each ministry should allocate training dollars at a minimum of 3 percent of total annual salary costs. This target will be met over a three-year period. In addition, the percentage of training dollars to staff outside Victoria and the Lower Mainland should be proportional to the percentage of ministry staff in those areas. In order to assist staff with travel expenses related to training opportunities, each ministry should allocate \$500.00 per full-time equivalent outside Victoria and the Lower Mainland to demonstrate commitment to equity of training opportunities throughout the province."</p> <p>"Government-wide standards be developed for orientation, job content and service quality training. There is a need for a corporate approach identifying clear expectations and establishing standards for training across all ministries. A corporate approach would also provide opportunities to realize savings through economies of scale."</p>
1984	Human Resource Management in the Public Service of British Columbia: Productivity Through People	<p>Concluded that:</p> <p>"Better human resource management is the most critical factor in the attainment of government objectives, in the reduction of obsolescence, and in improved productivity. In an effective management program, human resource costs are treated as investments from which the organization expects to gain a return. Secondly, human resource factors are considered at the executive level when strategic and operational planning decisions are made."</p>
1972	Making Bargaining Work in British Columbia's Public Service	<p>Recommended that:</p> <p>"The Public Service Employment Commission give priority to the expansion of training and development programs and that an Advisory Committee on Training composed of Commission, departmental and Treasury Board officials be established to assist in and encourage the provision of a wide range of interdepartmental and departmental in-service training."</p>

Source: Compiled by the Office of the Auditor General of British Columbia

We asked employees if they thought there was adequate support for training and development in terms of financial and human resources. Sixty percent said their ministry provided inadequate support. These responses ranged from 46% for employees working in Victoria to 70% for employees working outside of Victoria and the Lower Mainland, indicating that the farther employees are from headquarters, the less adequate the support. Written comments we received in our questionnaires overwhelmingly indicated that government employees wanted change in the support for training and development.

Management, in particular, did not feel supported in terms of their own development. They did not feel that ministry executive considered staff development a valuable undertaking.

Our survey focused on training and development, but it also provided employees with an opportunity to tell us how they felt about a number of other issues. Therefore, the findings regarding support may be a reflection of the working environment in the public service—a service that has recently been subjected to downsizing, restructuring, and a significant amount of public criticism. The majority of government employees do not feel that the work they do is valued. To change this perception will, in our view, require a change in the public service culture. Recognizing the importance of public servants through the development and implementation of a corporate human resource strategy would provide a clear message that employees are valued.

Determining Knowledge and Skills Requirements to Meet Future Performance Expectations

We found that the government is starting to determine knowledge and skills requirements, but it has a long way to go.

Competency models provide organizations with a tool for determining the knowledge and skills required for strategic performance. These are descriptions of the specific knowledge, skills and abilities required for a position, currently and in the future. They are most effective when used in an integrated way for human resource management. They can provide managers with help in recruiting and hiring the right people, writing job descriptions, assigning responsibilities so that employees can develop new skills, discussing performance expectations and goals, orientating new employees, building strong teams, and succession planning.

The Public Service Employee Relations Commission (PSERC) has developed three distinct models over the past five years, each for different purposes:

- Task Dictionary—for providing a consistent description of occupational groups, levels and positions;
- Knowledge, Skills and Abilities Inventory—for recruitment and selection purposes; and
- Managerial and Executive Competencies—for determining learning objectives for management and executive development programs.

PSERC, in concert with Curriculum Advisory Committees, is building on these past projects to develop core competencies for all government employees. Part of this work includes developing a small group of generic competencies that apply to all employees and are transferable across government—the core competencies. This project, when completed, should help ministries in managing the many common positions across government.

The Curriculum Advisory Committees have also been working to assess the current skill levels in the public service and to determine which of the generic competencies should be the training priorities for the future. These projects are at an early stage and need to continue as the first steps in using training and development strategically.

Determining the Best Strategy for Managing Human Capital

To determine the best strategy for managing human capital—for example, whether to recruit, develop from within, or contract the services from outside—an organization needs to analyze a number of environmental factors. These include the job market, workforce demographics, and the impact of organizational change. During our audit we found that much of this analysis was not available within the provincial government, so we compiled it ourselves. We concluded that this lack of information is a large part of the reason that training and development is not being targeted to where it is most needed.

Job market

The government's ability to recruit and retain staff in particular occupational categories often depends on supply and demand in the job market. For example, the government is having difficulty recruiting and retaining staff in information systems, accounting and senior management. This dilemma

has an effect on performance. Government human resource directors have estimated that about 25% of information systems work is not being performed and that programs may not run as efficiently as possible because of the high vacancy rate (which is double that in any other job in the public service). The shortage of information technology (IT) professionals in particular has also made it difficult for the people in those positions to attend scheduled training events as there are no replacement staff available to fill in while the IT employees attend training. We believe that the government should be trying to predict where there will be shortages in the job market and proactively addressing these shortages to minimize their effect on government service levels.

Workforce demographics

A recent study conducted for the provincial Employee Learning Board and coordinated by PSERC found that there are significantly more workers aged 42–54 in the public sector than in the general British Columbia working population. Over the next five years, 21% of the public service as a whole and 43% of senior managers will reach age 55 or older and be eligible to retire. By 2008, at least 51% of the current workforce, including 83% of current senior managers, will either have left or will be eligible to retire. This move to retirement should significantly increase the current 6.5% per year attrition rate due to retirement, resignation or dismissal.

The exodus of employees through retirement will not occur evenly across all ministries and occupational groups. Our in-depth look at the ministries clearly demonstrated this. In the Ministry of Agriculture and Food, almost half of the agrologists will be eligible for retirement within the next five years. Much of the success of their work depends on the aspect of human capital that we have referred to as social networks—relationships between co-workers, colleagues and customers. These relationships have been built over the years and are not easily replaced. Within the Ministry of Attorney General, we found that 46% of middle managers (levels 3–5) and 59% of the senior managers (levels 6–8) have the potential to retire in the next five years, and 82% of middle managers and 100% of senior managers in 10 years.

Our ministry findings indicate that if it is to determine where development is required, government will have to conduct a more thorough analysis of potential retirements at the ministry and occupational group levels.

Impact of organizational change

Significant changes in the public service during the past few years have affected the knowledge requirements of many employees. During 1996/97, efforts to reduce ministry budgets resulted in many employees leaving in response to voluntary severance packages, early retirement schemes or involuntary layoffs. Government transitions have also seen some existing ministries combined while other new ones were created. For example, the former employees in the Ministry of Social Services were divided into the Ministry of Human Resources and the Ministry for Children and Families; and the employees in the Ministry of Education, Skills, Training and Labour were divided between the Ministry of Education and the Ministry of Advanced Education. As well, the type of work being done has changed in many ministries. Today, there is a much stronger emphasis on policy development and contract management than on direct delivery of services. Added to all these other changes is the fact that, under the current labour agreement, displaced employees must be given suitable positions elsewhere in government and, as such, need to have skills that are transferable between positions.

The result of these events has been the loss (or “displacement”) of many skilled employees and their corporate memory, and therefore a weakening of the government’s human capital. The extent of the impact is large. Forty percent of government employees have had their job redefined in the 12 months under review, many as a result of reorganization. About half of government employees (two-thirds of senior managers) have been in their current positions for less than five years.

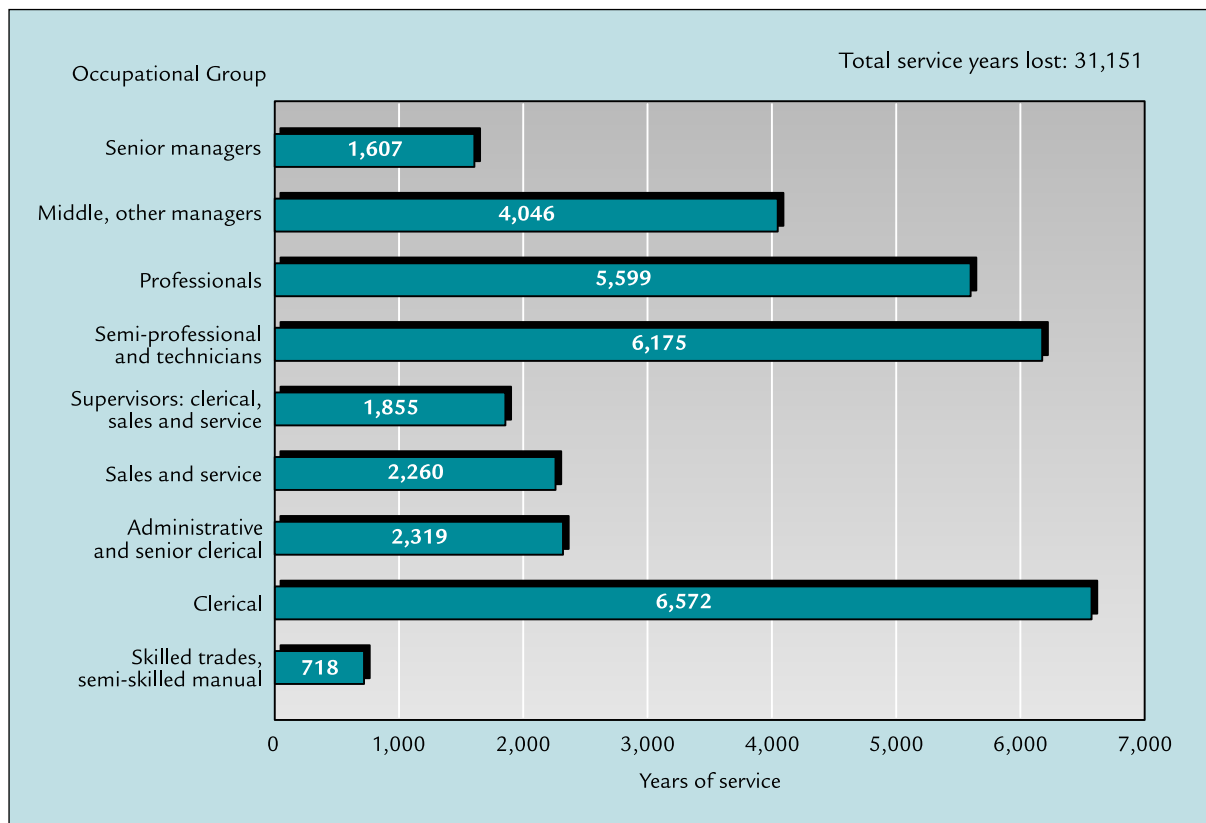
In the most recent downsizing, employees assuming a new position were to receive job orientation and in-service training to help them meet job-specific requirements. We therefore expected to find various levels of training provided to employees, according to the type of work they did, because not all occupations and ministry functions were affected equally by the reorganization. As well, we anticipated that the training would have been focused on those employees who were transferred into new positions. In fact, we found no link between needs and the way training dollars were spent. One-third of employees who had been in their position for less than one year told us they did not feel properly trained to carry out their duties.

Under the downsizing initiatives announced in November 1996 (which included early retirement and voluntary severance packages), 1,697 employees left government. The result was a loss of 31,151 years of knowledge and experience (Exhibit 1.2). The loss of employees was not spread evenly amongst the occupational groups, as shown in Exhibit 1.3. The shaded areas highlight where the downsizing resulted in losses significantly higher than the average 6.5% annual attrition rate experienced in ministries. These data illustrate a critical problem in government. Eighteen percent of all middle and senior management (levels 3–8) in government elected to take a severance or retirement package. These are also the same positions that are going to be most affected by retirements in the next few years. By the year 2001, it is possible that less

Exhibit 1.2

Years of Service Lost During Downsizing, by Occupational Group in the British Columbia Public Service

November 1, 1996 – March 31, 1997



Source: Compiled by the Office of the Auditor General of British Columbia

Exhibit 1.3

Loss of Employees, by Function and Occupational Group

Function	Health		Social Services		Education		Natural Resources and Economic Development		Transportation		Protection of Persons and Property		General		Occupational Group Total	
	% of function total	Actual number	% of function total	Actual number	% of function total	Actual number	% of function total	Actual number	% of function total	Actual number	% of function total	Actual number	% of function total	Actual number	% of function total	Actual number
Occupational Groups																
Senior managers	11	7	9	6	4	2	9	26	10	5	13	13	9	18	9	77
Middle, other managers	15	19	10	25	12	8	9	50	3	5	9	57	9	60	9	224
Professionals	9	30	3	61	3	8	5	90	3	8	4	39	4	27	4	263
Semi-professional and technicians	4	7	3	42	8	3	5	119	8	85	10	9	4	12	5	277
Supervisors: clerical sales and service	13	11	4	7	3	2	9	21	13	25	9	18	7	19	9	103
Administrative and senior clerical	9	12	3	8	2	2	7	25	10	18	9	51	4	13	7	129
Clerical	14	106	4	56	7	15	8	83	13	50	7	99	6	71	8	480
Sales and service	9	7	1	4		0	0	0	0	0	7	97	0	0	6	108
Skilled trades, semi-skilled manual	40	2	0	0	0	0	45	13	7	17	20	2	2	2	9	36
Government Function Totals	11	201	4	209	5	40	6	427	9	213	7	385	6	222	6	1,697

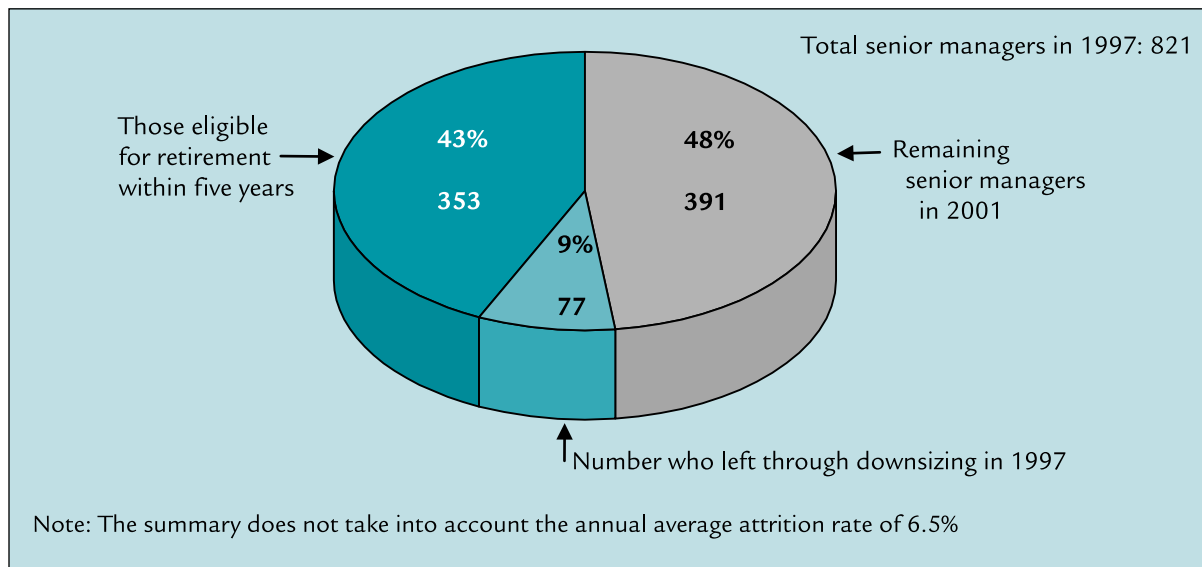
Source: Compiled by the Office of the Auditor General of British Columbia

than half of the present senior managers will still be working for government (Exhibit 1.4). To make matters worse, the group from which government often recruits middle managers—the pool of supervisors—has also experienced significant losses in a number of ministries. Clearly, a much stronger focus on the development of government employees will be required in the next few years, particularly in the area of management.

Related to all this is the need for the public service to achieve a balance between offering equality of access to training and providing it where a ministry will receive the most value from it in terms of realizing improved performance. Studies in British Columbia and internationally have found links between whether employees received training and development and their education, sex and occupation. We saw no such associations in terms of who receives training in the British Columbia public service. Gender, region of employment, occupation, industry or function, education, professional designation, or length of time in the position—none of these factors appeared

Exhibit 1.4

Senior Managers in Government Eligible for Retirement, 1997–2001



Source: Compiled by the Office of the Auditor General of British Columbia

to have any bearing on an employee's likelihood of receiving training or the type of training (cross-government, computer or ministry-specific). While this may be commendable from an equality perspective, it suggests to us that training opportunities have not been focused on areas where employees are particularly affected by changes in ministry direction or losses due to reorganization.

Determining Whether Training and Development is the Right Solution

In addressing performance issues within a ministry, management should determine whether poor performance is a result of an employee's lack of knowledge and skills or whether it is the result of other factors. Some of these factors include whether or not employees believe what they are asked to do makes sense, the effectiveness of feedback and recognition, and access to appropriate tools and resources. In addition, whether or not employees understand and believe in the direction of the ministry can affect whether or not they know what is expected of them and what new skills they should be developing. All of these issues should be addressed within each ministry, but also in an overall human resource strategy for the public service.

We found that the current management of these performance-related issues does not support the effective delivery of services. Further investments in training and development are unlikely to pay off in improving government performance unless these work environment issues are addressed concurrently.

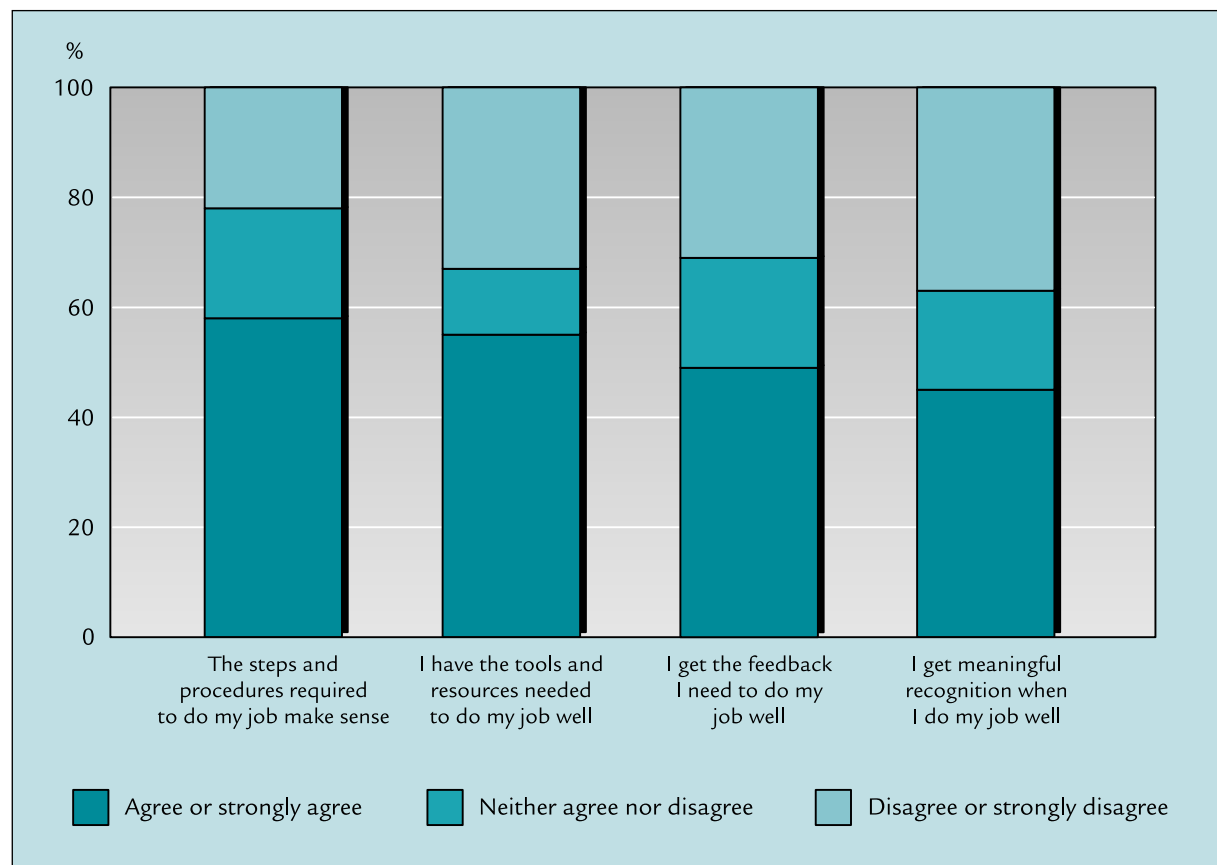
Other factors affecting on-the-job behaviour

As Exhibit 1.5 shows, our employee questionnaire revealed that only:

- 58% of government employees believe that the steps and procedures required to do their jobs make sense;
- 56% believe that they have the tools and resources to do their job well;
- 49% receive the feedback they need to do their job well; and

Exhibit 1.5

Employee Perceptions of the Public Service Work Environment



Source: Office of the Auditor General of British Columbia, British Columbia Public Service Employee Training and Development Questionnaire, 1998

- 45% receive recognition when they do perform well.

In our view, placing competent, well-trained employees into such a work environment is not going to decrease the gap in service level expectations. These results clearly show that there are problems with the performance management system and there is a great need for better management development. As well, because these issues have an effect on an employee's willingness or capability to use his or her skills, the public service will have to address them if it is get the most value from any future training and development programs.

Research has tied these factors to increased performance. In a recent global survey of more than 1 million employees, the Gallup organization identified 12 indicators that link employee satisfaction with positive business outcomes. Gallup found that organizations that combine employee recognition with structured performance measurements are most likely to have engaged, satisfied employees and to be successful. According to the Gallup study, 82% of all employees surveyed agreed that recognition motivates them to improve job performance.

Understanding the direction of the ministry

In a changing environment, communication to staff of the direction of a ministry and its branches becomes more critical than ever. However, we found that the majority of government employees do not believe that the strategic or branch plans of their ministries are well communicated. The exception was employees located at headquarters (Victoria), who were more likely to agree that both strategic and branch plans were well communicated.

One-third of government employees participate in strategic or business planning. Even senior managers are distant from the process—fewer than half reported taking part in ministry strategic planning. Given this lack of participation in the planning process, poor communication of ministry strategic and business plans, and the fact that a large number of employees are relatively new to their positions, we found it surprising that only one in five employees said they were not sure what is expected of them.



training and development: participation rates, delivery methods and costs

In this section, we discuss the public service's lack of commitment to training its employees, as evidenced through the limited amount of training and development offered and the inadequate financial investment made.

The amount of training provided for employees and the level of expenditure made to training are two useful indicators of an employer's commitment to the undertaking. We found that the British Columbia public service provides less training for its employees than is offered to other Canadian employees, and invests fewer dollars than do most organizations in Canada and internationally.

Employee Participation in Training and Development

Almost two-thirds of public service employees participated in some form of formal training between December 1996 and December 1997. However, 40% of those trained had only cross-government or computer training. Cross-government training is mandatory and includes courses and workshops relevant to all government employees, such as occupational health and safety training, employment equity awareness and training in preventing and resolving harassment in the workplace. Computer-related training includes updates for end-users when new systems are implemented, as well as technical training for information technology professionals.

The most frequent reasons given by employees for not participating in formal training were:

- they were not aware of any training opportunities;
- they did not have the time;
- training was not a priority compared to other responsibilities; and
- their request for training was not approved because of budget restrictions.

Taking into account the 36% of public service employees who received no training, the average British Columbia government employee received 17 hours of training over 12 months, of which approximately 8 hours were devoted to cross-government (3) and computer training (5) and 9 hours to ministry-specific training. In a 1996 survey that examined training across Canada, the Conference Board of Canada found



Courtesy: Jo-Ann Youmans

Satellite training session organized by Employee Learning Services Division

that employers who tracked training provided an annual average of 29 hours of training per employee. It therefore appears that availability of training within the British Columbia public service is significantly less than that for the rest of Canadian employees.

The fact that British Columbia government employees receive only about nine hours of training tied directly to the job helps to explain why so many of them do not believe training and development in the public service is supported. In addition, only 53% of employees believe that their supervisors provide them with a reasonable opportunity for training and development. Employees working in the areas of protection of persons and property, social services, and transportation reported lower rates of support than the average.

It is important to note that in assessing the amount of training provided to government employees, we removed the responses of the information technology professionals because the extensive hours of computer training they received skewed the analysis considerably. Eighty-three percent of these employees received an annual average of 44 hours of training related to their positions.

Fifty-seven percent of employees reported receiving informal training. Of these employees, 81% felt this type of training was as valuable or more valuable than formal training. This suggests to us that informal training should be considered as an effective means of providing training.

We found that only one in five government employees participated in a development activity in the previous 12 months. The most common type of development was attending workshops, followed by working on secondment and reviewing job-related Internet sites. Given the current public sector environment, we believe that the amount of development and who it is targeted at must be reviewed in relation to the overall future requirements of government.

Based on the amount of training and development being provided, we have concluded that the British Columbia public service is not sufficiently committed to training its employees, except for its information technology professionals.

Delivery of Training

Research indicates that a solid relationship exists between a company’s performance and its workplace learning and development practices. Companies that use innovative training practices are likely to report improved performance over time and better performance than their competitors.

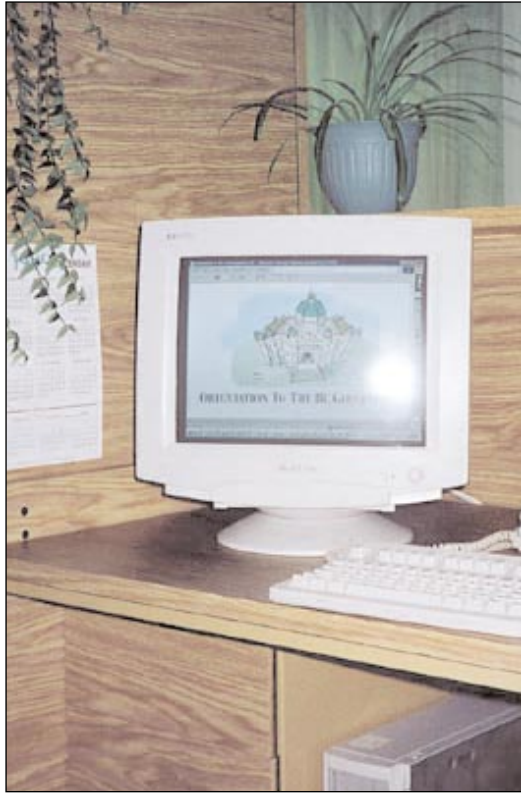
Although training throughout the provincial government is delivered using a variety of methods, Exhibit 1.6 illustrates that, of the methods reported, the classroom setting still predominates.

Exhibit 1.6

Instructional Methods Used for Employee Training in the British Columbia Public Service

Methods	% Used
In-house classroom setting	25
Classroom setting away from the office	42
College, university or institute setting	11
Conference away from the work site	18
Self-paced computerized learning	2
Video conference training method	2

Source: Office of the Auditor General of British Columbia, British Columbia Public Service Employee Training and Development Questionnaire, 1998



Courtesy: Jane McCannell

The orientation to the British Columbia government for all new employees accessed by computer

This is consistent with the practice in other organizations. However, there has been a growing trend in North America to use a wider variety of delivery methods, increasingly relying on advanced technology to reach more employees. The province’s Employee Learning Services Division, which coordinates and delivers many of the cross-government courses, makes a number of courses available to employees via satellite. As well, the most recently designed cross-government training course, “You’re One of Us” (an employee orientation program), is accessed through computers. Appendix C highlights some of the other innovative means of training delivery that we encountered during our audit.

We think that the government needs to explore further the use of technology in its delivery methods as a means of improving access to training in remote locations.

The Provincial Government’s Training Investment

In successful companies, training is viewed as an investment. Compared to less successful operations, such companies train a higher percentage of employees and spend more money as a percentage of payroll on training them.

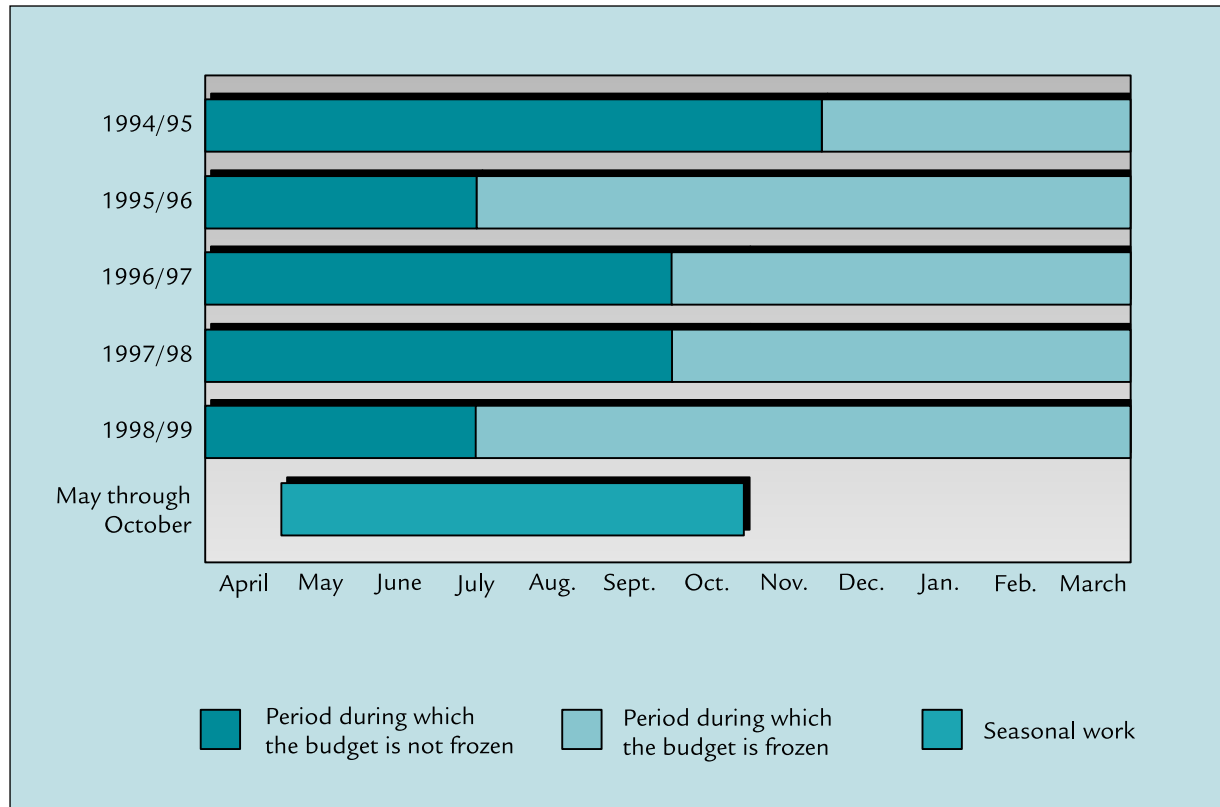
In the British Columbia government, we found that training is viewed not as an investment but as a cost that can be increased or decreased in response to budget decisions. Over the past few years, ministries have been asked to reduce their budgets. These reductions have often resulted in changes to the way in which employees do their work and this in turn has often required new skills. Budget constraints also reduce the ability of ministries to train, as funds are directed to maintaining current service levels and maintaining positions.

Freezes

In addition to annual budget cuts, freezes are not uncommon on operational spending in government. Ministries have interpreted these general freezes as applying to all training except that which is legally required, such as occupational health and safety. Exhibit 1.7 outlines the timing

Exhibit 1.7

Travel and Training Freezes on Operational Spending in British Columbia's Public Service, 1994/95 to 1998/99



Source: Compiled by the Office of the Auditor General of British Columbia

and frequency of freezes that have been implemented over the past five years. Freezes on travel also affect training, particularly for employees outside Victoria and the Lower Mainland, who may not have access to training in their region.

The pattern of freezes has several effects:

- For the most part, training budgets usually survive from April to October. However, many ministries have seasonal workload patterns—for example, agriculture, highway construction, and recreation and parks management. Thus, training must largely be made available in the “off season.” Since the off-season is when cuts commonly occur, training for employees is often canceled.

- Training cuts undermine the benefits of planning. Often the training is linked to other operational changes, such as the introduction of a new computer system. We found, for example, instances where new computer systems were implemented, but staff were not trained on the systems because of training freezes. As a result, they were not able to use the new systems effectively.
- Out-of-province travel freezes may result in the depletion of expert knowledge. This was a key concern expressed by government professionals. Many of these professionals work in specialized areas in which only a very few people in Canada are involved. Examples include legislation writers, animal pathologists and earthquake engineers. For these specialists to maintain their expertise, travel outside the province or country is often required.

Training costs

It is difficult to get reliable information on how much ministries spend on training. They tend to use a variety of methods to budget and pay for employee training, and they had difficulty providing us with specific information on training expenditures. Most ministries budget for training from their general fund allocation and only a few list training as a separate line item expense.

Employee training and development budgets are often decentralized and most do not have internal procedures and systems that allow training expenditures to be easily monitored and tracked. We were told that fear of budget cuts has discouraged managers from budgeting and tracking training expenditures on a ministry-wide basis.

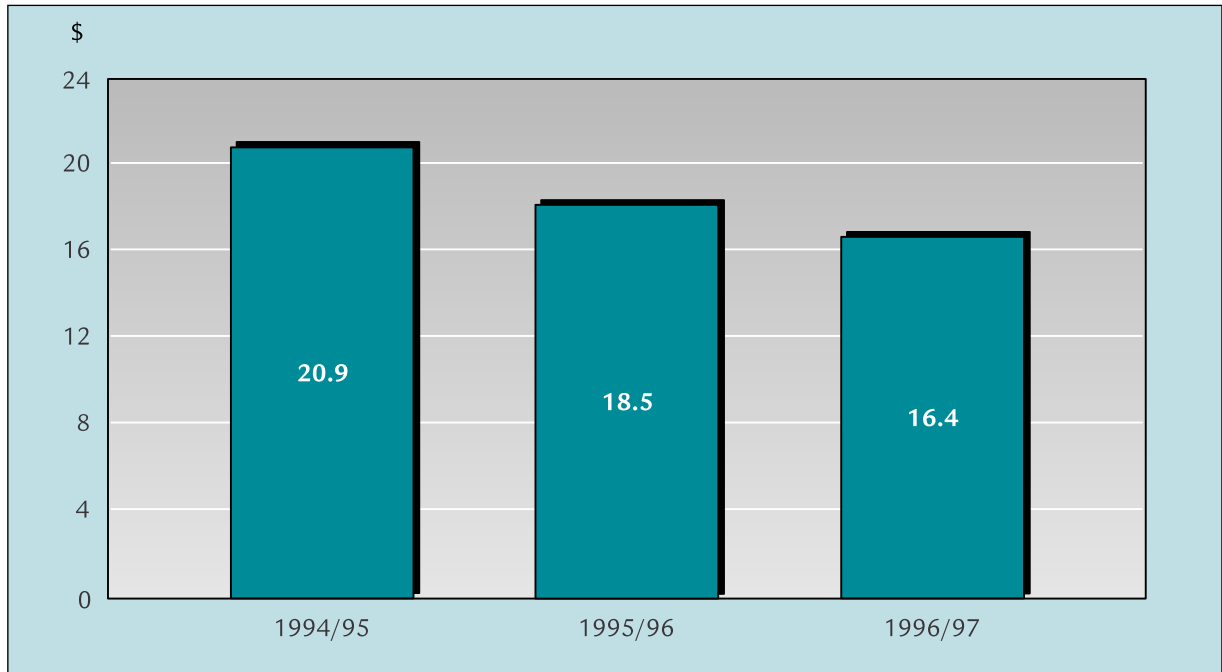
From the information we were able to obtain, we estimate that the British Columbia government invested an amount that is slightly less than 1% of payroll costs on training for fiscal 1996/97. This amount covered tuition, instructor fees, supplies, travel costs, and facility and equipment rentals. Direct costs reported for training within the government remained relatively constant in 1994/95 and 1995/96, but decreased by 5% in 1996/97 (Exhibit 1.8).

These spending levels are low compared with what the private sector spends. The American Society for Training and Development estimates that U.S. companies spend an average of 1.46% of payroll on employee training. Some larger well-performing companies such as IBM, Hewlett-Packard, Motorola and AT&T spend an average of 3.2%; Japanese firms approach 6%.

Exhibit 1.8

Estimated Direct Training and Development Expenditures in the British Columbia Public Service 1994/95–1996/97

(\$ Millions)



Source: Compiled by the Office of the Auditor General of British Columbia

To encourage the use of training and development as a tool for the effective management of human capital, several jurisdictions in Canada and abroad have implemented legislation or agreements that set a minimum investment in training and development (Exhibit 1.9). The amounts recommended are significantly more than that which the British Columbia public service currently invests.

Other jurisdictions have recognized the need to make a commitment to protecting their human capital through training and development. We believe that the British Columbia public service would benefit from doing so, too.

Exhibit 1.9

Summary of Practices in Other Jurisdictions

CANADA

Government of Canada: In 1997, federal deputy ministers published the discussion paper, “La Relève: A Commitment to Action,” to bring about change and chart a broad course of action to renew the public service over the next three years. The renewal process focuses on all aspects of human resource management, including training and development, and involves all levels of the public service. The overall goal in regard to training and development is for the public service to become a learning organization. The status of La Relève is reported on annually. Among the activities associated with the initiative are:

- the introduction of the Accelerated Executive Development Program;
- the introduction of the Assistant Deputy Minister Pre-Qualified Pool;
- the establishment of Learning Advisory Panels of senior public servants to provide strategic direction and advice on learning needs and activities for middle management, comptrollership, human resources and communications; and
- an Internet-based learning network to encourage departmental sharing of information on learning.

Government of Alberta: With the introduction in 1996/97 of a Corporate Learning Strategy and an Executive Management Development strategy, the Alberta government made a commitment to being a “learning organization.” The strategy has four components:

- a learning policy;
- introduction of a learning account that provides employees with funds for employability-related development (each permanent employee is allocated an account each fiscal year; it does not replace ongoing training and development funds);
- outcome measures related to learning; and
- development of an orientation to the Alberta public service.

Government of Ontario: The Human Resources Plan for the Ontario public service identifies a specific education plan for senior management that, in addition to training, includes a development program for managers identified as having high potential. There is also a plan for middle managers and staff.

Government of Quebec: In 1995, an Act was introduced requiring any employer with a payroll in excess of \$250,000 to invest in training an amount representing at least 1% of payroll costs. By regulation, the Société Québécois de développement de la main-d’oeuvre determines eligible training expenditures. If an organization does not meet its training commitment as a percentage of payroll, the difference must be paid into a fund that is controlled by the Société.

INTERNATIONALLY

United Kingdom: In 1990, leading businesses in the United Kingdom introduced the Investors in People Standard. It states that performance is improved by a planned approach to setting and communicating objectives and developing people to meet those objectives. The government supports this initiative through funding as well. In 1996, the government also set a training target for the civil service: by 2000, it aims to have all civil servants employed in organizations recognized as Investors in People. This commitment has resulted in a number of programs and expectations for staff that tie training directly to organizational performance.

Australia: In 1990, the federal government introduced the Training Guarantee Act to address the general failure of Australian organizations to invest in the training and development of their staff. As a three-year spending target, employers were to invest a minimum of 1.5% of wage and salary expenditure on training. The Act was rescinded in 1994, but it had a measurable impact on the number of employers providing training and the amount of training they provided.

France: In 1989, the first labour management agreement on continuing education was signed with a number of union organizations. It was renewed in 1992 and 1996 and is mandatory. The agreement sets priority goals in the areas of civil servant training, and required that 3.8% of salary be devoted to training by 1996 and that staff receive a minimum of five to six days of training. Authorized training must be evaluated and the findings presented to a technical committee annually.

Ireland: The document “Delivering Better Government” outlines a strategy for Ireland to modernize the public service and improve performance. As part of the strategy, the government committed to progressively increasing training and development budgets within existing resources, with the aim of reaching a goal of 3% of payroll.



accountability

In this section, we highlight our findings about the lack of accountability for training and development and human capital within the British Columbia public service.

Clearly established roles and responsibilities for providing and monitoring training and development activities are a critical part of accountability. Accountability also involves evaluating and reporting on the results of activities. The strategic importance and expense of employee training and development suggest that these activities should be evaluated and reported on an ongoing basis. As budget pressures increase, ministries must be able to demonstrate training's value if it is to be considered a legitimate tool for management. Failing to evaluate the benefits makes training particularly susceptible to budget cuts and other cost-saving measures.

To demonstrate a return on investment, ministries should monitor investment data (e.g., numbers of training participants or costs per training hour). In addition, to illustrate the contribution toward achieving the organization's goals and objectives, ministries must evaluate training and development results.

We found that accountability for training and development within the British Columbia public service is not clear. The roles and expectations of the ministries have not been clearly outlined by PSERC, and monitoring efforts have failed partly because of lack of ministry compliance with the Corporate Human Resource Information and Payroll System. Because of the lack of evaluation of training activities, government does not know whether training and development is helping to enhance its performance. In addition to all this, information on the overall management of human capital within the public service—and in particular training and development—is not being provided to the Legislative Assembly.

Roles and Responsibilities

Public Service Employee Relations Commission

For the public service, the main legislation on human resource management is the Public Service Act, which applies to all ministries. Under this Act, the Public Service Commissioner is responsible for providing overall human resource management direction to ministries. The Commissioner also has responsibility for providing training and development for government-wide initiatives (e.g., employment equity,

prevention of harassment), maintaining training records, and evaluating and auditing the training function in the ministries.

Within PSERC the lines of accountability for training and development are clear. Employee Learning Services has the key responsibility for the planning and delivery of training programs. The recently established Employee Learning Board reviews the programs and priorities of Employee Learning Services to ensure they reflect corporate government needs. The Curriculum Advisory Committees review the competencies as they are developed, and assist in the assessment of cross-government needs. The Training Managers Advisory Council acts as a coordinating body for inter-ministry training. Exhibit 1.10 illustrates the various roles of these bodies within government.

As part of its responsibility for training and development, the Employee Learning Services Division has developed a three-year business plan. This plan, however, is not integrated into an overall human resource strategy for all of government. Without this integration with the other functions tied to managing human capital—recruitment and selection, performance management, change management, and compensation—the capability of the public service to continue to provide consistent and high-quality service is at risk.

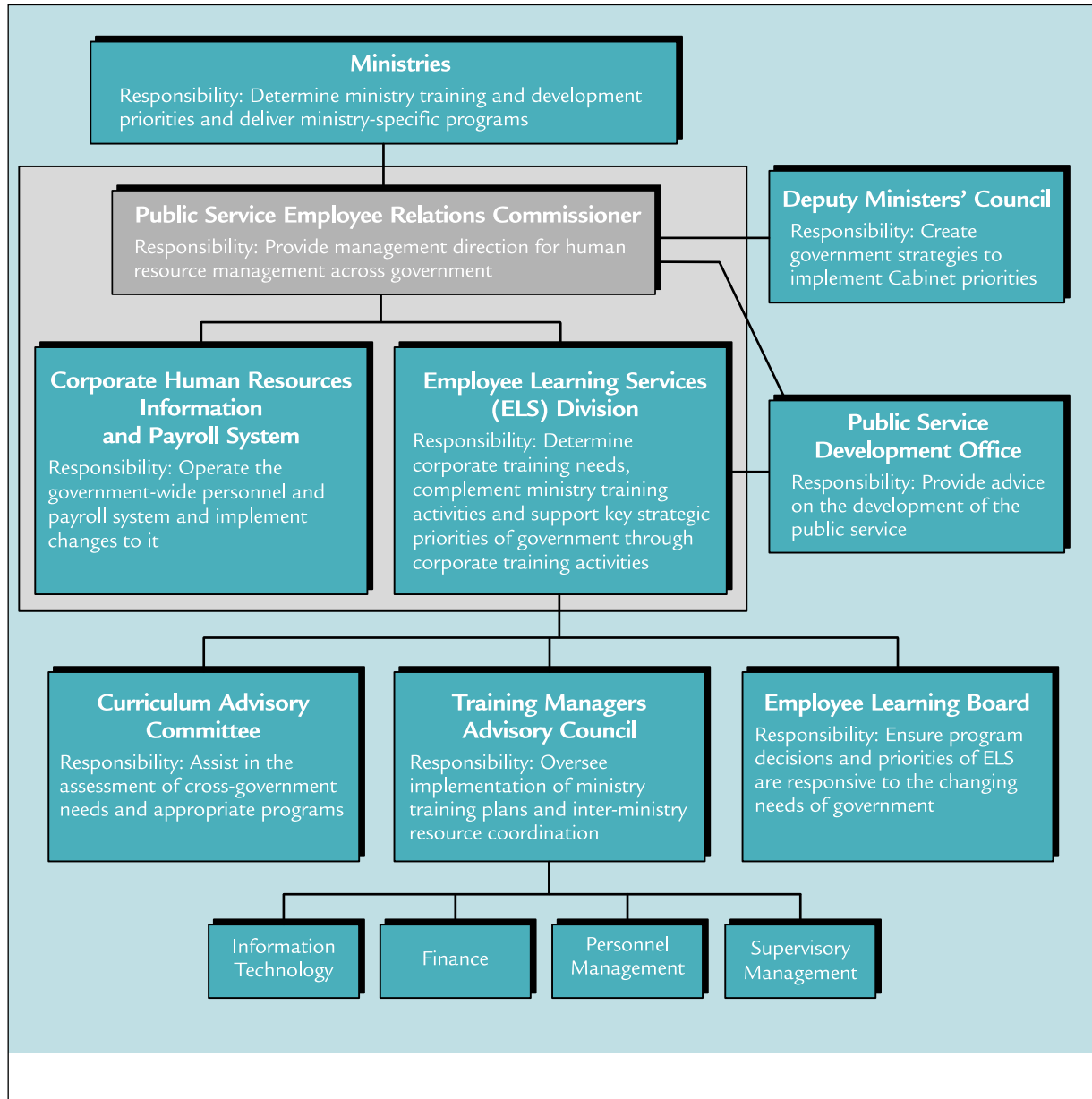
Ministries

Lines of accountability between PSERC and the ministries are not clear. PSERC communicates its expectations for human resource functions through policies and procedures. These help ensure that decisions are made in a consistent manner across ministries. However, with the exception of a new policy on employee orientation, we found there are no government-wide policies on training and development. Some have recently been drafted (e.g., pertaining to tuition reimbursement and long-term training) and are to be introduced shortly. But, for these policies to be effective, PSERC will also need to ensure that they are clearly communicated and consistently applied. Currently there is no means for PSERC to evaluate either the impact or the consistent application of the policies and procedures across ministries.

Within the ministries, responsibility for the training and development function has generally been delegated to the human resource branches (although in some cases, regional offices have responsibility for training and development). For the most part, the management of human capital is not addressed in ministry strategic plans and training and development is not tied to ministry strategic objectives. This

Exhibit 1.10

Accountabilities for Training and Development in the British Columbia Public Service



Source: Compiled by the Office of the Auditor General of British Columbia

has resulted in training being largely driven as an employee-based activity rather than a management tool. Because training and development of staff is not an activity that is measured, the majority of managers did not feel that ministry executive believe that developing staff is a responsibility that commands use of their time.

In the absence of government-wide training and development policies, most ministries have developed their own. These do not provide management with the guidance it needs to make consistent decisions. Of the government employees with responsibility for approving training requests, only 45% believe that the training policies and procedures are well communicated, only 28% believe that they contribute to ministry-wide consistency in how training is approved, and only 46% believe that they effectively guide their decision-making. This lack of communication has resulted in a third of senior and middle managers with responsibility for approving training not knowing on what basis it should be approved. As well, many employees we interviewed expressed concern over inconsistent treatment across and within ministries.

Monitoring Costs and Activities

The Public Service Act requires that PSERC audit the human resource functions that have been delegated to the ministries. Currently, however, PSERC does not have an audit program.

In the absence of audits, monitoring of training and development could take place through central reporting of training and development costs and activities. As mentioned previously, though, costing information is not tracked centrally or consistently across ministries. There are no central records as to the amount of training provided.

In April 1997, the Training and Administration Module of the Corporate Human Resource Information and Payroll System (CHIPS) was implemented across government. It was anticipated that this system would provide PSERC with complete, accurate and timely data relating to cross-government and ministry-specific training and development activities.

The Commissioner requested that ministries enter all corporately organized training into the system. However, we found that this is not happening. We selected two sessions of one course provided by the largest training supplier and found that over half of the employees who took the course had not been entered into the system as having done so. PSERC has completed other tests with similar results.

CHIPS represents a \$10.5 million investment in technology, and the training and development component will remain ineffective unless ministries comply with the requirement to enter the data. PSERC recognizes that non-compliance is a significant issue and has developed a compliance strategy

that it plans to implement over the coming year. Even if all ministries start to comply immediately, it will be another year before reliable, complete data are available. We believe implementation of the training and development component must be a priority to enable government to make informed decisions about investments in training.

Evaluating

Ministries should know the results of their training investment and should report on how training has affected their performance. They should also use the evaluation results to help them improve their training methods and activities, and to examine their planning and needs assessment processes.

We concluded that the British Columbia government's methods for evaluating training and development activities do not adequately inform management whether these activities benefit government performance.

The main problem we found is that the type of information needed to make wise and informed training decisions is not collected.

The evaluation framework that many training and development professionals use is shown in Exhibit 1.11. In this framework, training and development is evaluated on four levels, with higher levels being more difficult to measure, but yielding more valuable outcome information.

To successfully demonstrate the link between training and development and organizational performance, management should also ensure that training and development is being evaluated in the right context. The most useful evaluation would cover the employees' increased capacity to perform, but it would also assess the organizational incentives and barriers to achieving performance. Some of these factors were discussed earlier, such as clarity of job expectations, effectiveness of feedback, and recognition and appropriateness of tools and resources. As well, supervisory influence and expectations, workplace culture, implicit norms and peer expectations can all affect performance.

Many companies are evaluating training in terms of behavioural changes and organizational changes, the highest two levels on the model. According to a 1994 survey of private sector companies conducted by the U.S. magazine *Training*, two out of three organizations evaluate behavioural changes

Exhibit 1.11

Evaluation Framework

Levels	What are you measuring?	What questions are you answering?	How would you measure it?	Why measure it?
Level 1	Reactions	Did trainees like the design, content and presentation of the activity?	Participant questionnaire at the end of the activity.	People learn better when they accept training willingly and react positively to it. This information is also useful to trainers and instructors as they modify their training programs.
Level 2	Learning	Did trainees learn it? How well did they learn it? What did they learn?	Knowledge and performance tests; observations; work-sample (product) analyses; simulations during or after the activity.	Determines whether participants learned and what they learned.
Level 3	Behaviour	Did trainees remember what they were supposed to? How are trainees using what they learned on the job? How well are they using it? What part(s) of it are they using?	Self, peer and supervisor reports; case studies; surveys; site visits; observation; work-sample analyses.	Determines whether participants remembered what they were supposed to have learned in training and whether they can and do apply it on the job.
Level 4	Results	What difference does using it make? Has the gap in performance been removed? Was the training worth it in terms of organizational benefits (e.g., improved quality or quantity of work)?	Organizational performance reviews; surveys; cost-benefit comparison.	Relates results of the activity to organizational goals and objectives.

Source: Compiled by the Office of the Auditor General of British Columbia, based on the framework developed by Donald L. Kirkpatrick

for about half of the courses they offer. Furthermore, nearly half of the companies look for business changes as a result of training in about half of their courses.

In the British Columbia public service, most evaluation of training is carried out at the first level, through participant evaluation forms and—in the case of development activities—through discussions about the experience between the participants and their supervisor. Government employees rarely perform a written examination, give a presentation to their co-workers, or circulate information to their co-workers.

In our employee survey, we included several questions evaluating employees' most recent training activity by type. Our findings are highlighted in Exhibit 1.12.

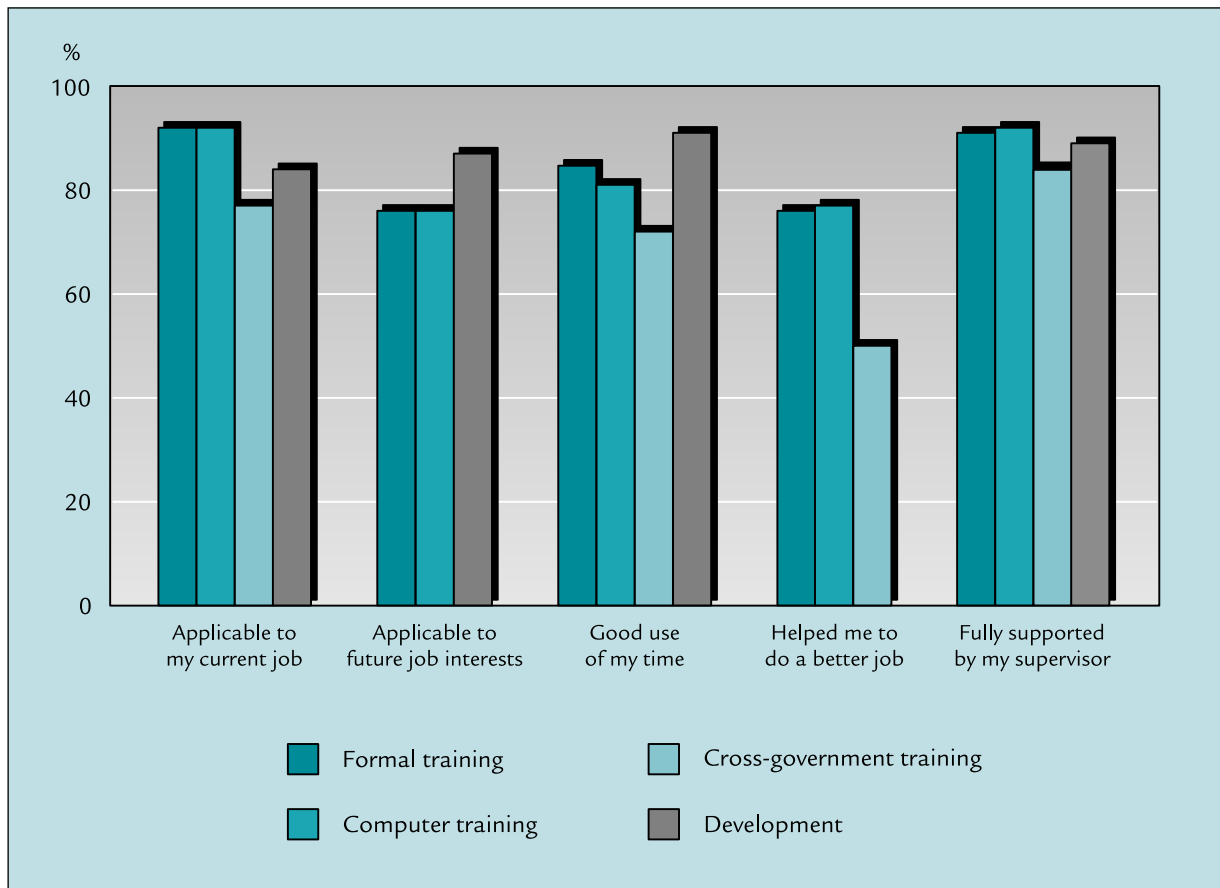
We also asked employees to rate their informal training experience. Of those employees who received informal training, 81% felt it was equally as valuable as formal training.

Because training and development within the public service tends to be employee driven, our evaluation of training results may provide a one-sided picture. Further evaluation is required to determine whether employees are using the newly learned skills and whether these skills result in improved performance. Without this evaluation, managers may continue to provide training that temporarily improves morale but does

Exhibit 1.12

Employee Rating of Training and Development Provided

Represents the percentage of employees who strongly agree or agree



Source: Office of the Auditor General of British Columbia, British Columbia Public Service Employee Training and Development Questionnaire, 1998

not result in improved organizational performance. In other words, training is driven as an activity rather than as a management tool. Given the expense of training and development, other more effective management tools should be used for improving the work environment.

Reporting to the Legislative Assembly

Ministers are expected to report on their ministry's performance to the Legislative Assembly through annual reports. Prior to the establishment of the Office of the Minister Responsible for the Public Service, reporting by PSERC occurred through the Ministry of Finance and Corporate Relations. Within PSERC's annual report, there is no information on the overall state of human capital within the British Columbia public service. The accountability framework (1993) proposed by the Deputy Ministers' Council and the Office of the Auditor General recommended that measures of organizational capacity be reported to the Legislative Assembly. Human capital is an important aspect of organizational capacity and, considering the amount of money allocated to these human assets, better reporting is required.

The first step in reporting on performance is determining benchmarks or criteria against which to report. The model outlined in Appendix A will provide PSERC with such benchmarks for training and development. The research completed as part of our audit will also supply PSERC with baseline data against which to compare future performance. Further benchmarks should be developed for managing all aspects of human capital, and the annual report of PSERC should include a section on government's performance in relation to these benchmarks. Similar reporting requirements should be implemented at the ministry level.



public service employee relations

commission response

The Public Service Employee Relations Commission agrees with the finding of the Office of the Auditor General (OAG) that the protection of human capital through the strategic use of training and development is linked to the overall success of the British Columbia Public Service. We also agree with the Auditor General's comment that training and development should be seen as a necessary investment rather than a luxury. In keeping with this, we have undertaken a number of initiatives to strengthen previous work in this area and to address issues raised in this audit report.

The new direction the Commission is taking in training and development started with a review of learning needs in the public service in the summer of 1997. This resulted in the creation of the Employee Learning Services Division (ELS) and a number of changes to the way in which the Commission provides training and development. All of the resulting ELS activities – competency development, corporate training policy revision, government-wide training needs analysis, cross-government curriculum development, evaluation process development, alternate delivery method research and promotion of the strategic role of learning in government – are completely consistent with the recommendations of the audit report.

Central to this new focus was the creation of an inclusive governance structure to ensure ELS programs are linked to government strategic direction and ministry business needs. A key element in this governance structure is the Employee Learning Board. This committee of public service executives ensures the strategic objectives of government are addressed in government-wide training priorities. At the ministry level, needs and priorities are identified by a Training Managers' Advisory Council. Employee Learning Services integrates both the corporate and ministry level input into its business plan which is approved by the Employee Learning Board. Through this, the direction the Commission is taking is resulting in corporate learning activities that are better aligned with strategic objectives and ministry needs.

How learning fits into a broader human resource strategy is also an important consideration. The development of a human resource strategy is currently being developed to manage the human capital of the public service and has been identified as a high priority, both by Directors of Personnel and the Deputy Ministers Committee on Human Resources. Further, development of a culture of learning in the British

Columbia Public Service is being reflected in revised training policies and ELS activity to promote the integration of training plans into the normal ministry business planning processes.

In addition to a new approach to governance, a human resource strategy and work on policy, the Commission sees competencies as key to a government-wide approach to integrated human resource practices. A framework of core competencies is being developed which applies to all public service employees, managers and executives. In addition, competency frameworks are being developed for cross-government 'communities of practice' including Finance, Personnel, Information Technology, Executives, Managers and Employees. The Commission is working with ministries to ensure all competency work in government will use a common format and definitions.

The Commission accepts the audit recommendation that reporting on our activity will have a positive result. We also agree there is a need to improve the planning processes for corporate training, which is generally developmental in nature, as opposed to ministry training, which is generally job specific.

The new approaches that are underway are producing a benefit in the way in which learning is approached. However, they are not enough. It is also necessary to address the issues of corporate commitment to learning and the provision of sufficient resources to do things through the structures and approaches that have been launched. The Commission recognizes the challenges ministries have both with reconciling their fiscal pressures with the need to provide funds for training and with continuing training during periods of fiscal restraint.

The Commission has had considerable success with the funding model used for Information Technology (IT) training. At the beginning of each fiscal year, a fund for training for IT professionals is established by journal vouchering from each ministry an amount per IT professional. Cross-government IT training needs are identified through needs assessments and a training plan is created to meet the priorities identified by the systems community. This corporate management of IT training funds allows the Commission to aggregate demand (to lower costs) and ensure high quality training is available when and where it is required. Over the course of the year, Commission staff and systems managers jointly undertake training decisions and management of the fund. The three years of success with this approach suggest that corporate funding and management of training is a viable model, although the journal voucher process is cumbersome and the funds collected are still subject to freezes.

The new direction the Commission has adopted is in the early stages but is already showing signs of helping to ensure the learning portion of managing human capital receives better support. The work to date in conducting government-wide training needs assessments and building better links between the work of ELS and government and ministry needs and business directions are helping to direct our activities more strategically. As work on a competency model progresses, we will be better able to build comprehensive curriculums to support corporate communities of practice. The Commission is confident these activities, and the many others underway, will strengthen the management of human capital and help to promote a culture of learning.



chapters II–IV:
ministry reports



chapters II – IV ministry reports

Introduction

The cross-government study was supplemented by in-depth reviews within three ministries: Transportation and Highways, Agriculture and Food, and Attorney General. Our findings on these ministries are reported in chapters II–IV of this report.

These ministries were selected because they offer contrasts in size, in degree of centralization, in skill sets among employees and in methods of training delivery. For example, we looked at how the Ministry of Agriculture and Food managed a significant change in the way it does business. Within the Ministry of Transportation and Highways, we looked at how government manages the development of staff with a professional designation—in this case, professional engineers. We also looked at training for contract management, as this skill has become increasingly important in government. Within the Ministry of Attorney General, we focused on training and development available to middle and senior managers, as it is expected that this group will experience the greatest losses through retirement over the next several years. We also reviewed deputy sheriff training, which allowed us to look at a training model where one contractor (the Justice Institute) provides the majority of training.

Although these ministries were selected for different reasons, we found that their human capital is being affected by the same external factors. For the most part the ministries are not proactive in dealing with them. These factors include:

- changes in how the ministries do business,
- workforce demographics, and
- fiscal restraint.

Changes in how the ministries do business

The way business is being conducted is changing across government. Government is moving away from being a direct provider of service and focusing more on contract management, partnerships and teamwork. Public expectations for quality service are high and there is increasing pressure on ministry employees to meet those expectations. Also, many ministries increasingly rely on the knowledge base of their employees.

In general, we found that although ministries are changing how they do business, changes in direction have not been clearly communicated to staff, nor have the ministries linked the skill and knowledge requirements of staff to their business strategies. These changes, combined with fiscal restraint, have resulted in both job loss and job redefinition. When facing these situations, the ministries have turned their attention to those individuals leaving the organization. Little effort has been put into assisting the remaining employees cope with the changes by providing training in such areas as conflict management, change management and stress management.

Workforce demographics

All ministries are witnessing an aging workforce. Yet, we found that ministries do not have the information necessary to identify who or what skills they will need in the future or whether such skills are already available within their existing workforce. For the most part, ministries have not developed human resource plans that are linked to their strategic direction and that address recruitment, retention and succession planning issues.

Fiscal restraint

Increasing fiscal restraint limits the ability of ministries to provide training and development. However, restraint also creates a need for ministries to ensure they are getting the most from their training dollars. Training and development should be based on an identified need and on an assessment that training is the right solution. It should also be linked to business objectives and should be evaluated for its impact on performance.

We found that training and development is viewed as a cost and not an investment. Such a view has caused some branches and programs within ministries to hide their training dollars in other budgets in an effort to protect them from cuts. Very few training plans are in place that are linked to business objectives, and evaluations are not focused on measuring improved performance.

Management development and the work environment

These three factors and the way in which ministries are responding to them affect how employees perceive their work environment. We found that employees do not feel that the work they do is valued, that they do not receive recognition and feedback for a job well done, that training and development is not supported, and that inadequate resources are available for training and development. With a work environment that is not supportive of its employees it will be difficult to attract and recruit people with the knowledge and skill base required for the future. Recent research is showing that to be successful in attracting and retaining a highly talented and diverse workforce, an organization must provide a culture where people feel respected, are treated fairly and have their contribution valued and accepted.

These issues point to a need for management development—a need for managers to have strong leadership skills and to be proactive in addressing these issues.

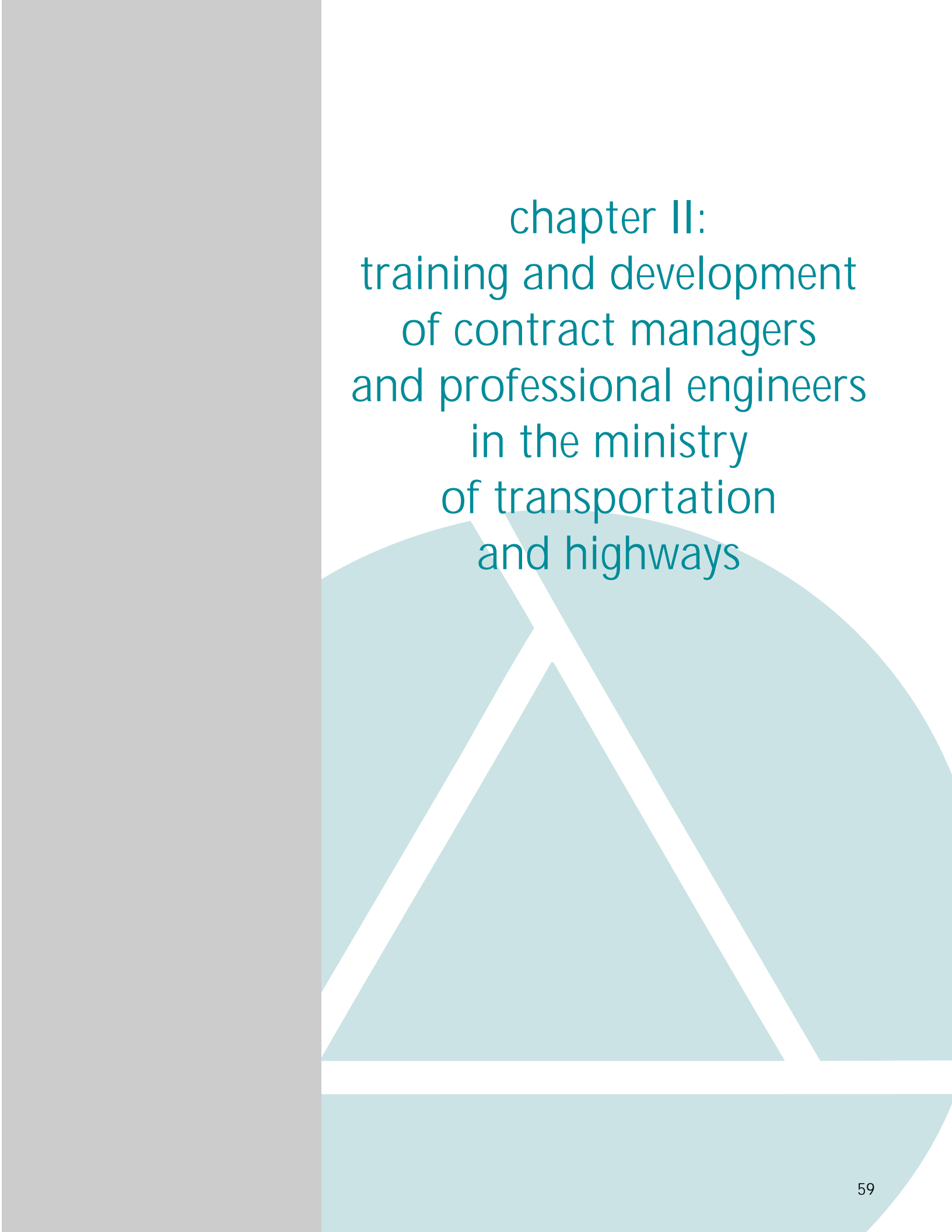


our recommendations

The recommendations below are a result of our case studies and apply to all ministries.

- 1. We recommend that a formal management training and development program be developed based on identified management competencies, and that all managers be provided such training.*
- 2. We recommend that managers be accountable for the development of their staff. The focus should be on creating an environment that values employees, providing appropriate recognition and feedback, promoting training and development as an investment that is linked to the achievement of business objectives, and providing quality service to the public.*
- 3. We recommend that ministries develop strategies for managing the effect of significant organizational change on employees, and that training and development requirements be incorporated into the strategies.*
- 4. Many services previously delivered by government are now being delivered through the private and non-profit sectors. To protect the government's credibility as a contract manager and to ensure value for money, we recommend that a minimum standard of contract management training be mandatory for all employees managing contracts.*





chapter II:
training and development
of contract managers
and professional engineers
in the ministry
of transportation
and highways

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highlights

Introduction

The Ministry of Transportation and Highways employs approximately 2,600 people with responsibility for the design, engineering, construction and maintenance of 21,500 km of paved roads, 20,000 km of unpaved roads, 2,600 bridges, 64 tunnels and snow-sheds, 64 pedestrian structures and 17 inland ferries that make up the provincial highway system. The ministry staff are also responsible for licensing and regulating the users of this system through 6 regional offices.

Over the past decade, the focus of the ministry's work has changed, with it now doing much of its work through services contracted from the private sector. Historically, road construction has been contracted out, but the ministry is increasingly using contractors in other areas too, such as road maintenance and design. This shift has resulted in more staff being involved in some or all aspects of contract management. Therefore, to ensure that the work is clearly defined, designed and completed to ministry standards, staff require skills and knowledge in areas such as negotiating, team building, legal aspects of contracts, quality assurance and quality control.

In addition to this change, significant technological advances are being made in highway engineering. Staff need to be able to assess these advances and determine which would be worth implementing to build the highway system more efficiently and safely. To be able to make such assessments, engineering staff must remain up-to-date on technological developments through ongoing training.

The size of the ministry made it prohibitive for us to look in depth at training and development of all staff. Our review therefore focused on two groups of employees who have been affected by the changes mentioned above and whose knowledge, skills and abilities are critical to the success of the ministry: those responsible for managing contracts, and those in positions requiring a professional engineering designation. There was overlap between the two groups in that 81% of the engineers also have responsibility for contract management.

Four occupational groups have responsibility for managing contracts within the ministry: senior and middle managers, scientific/technical officers, administrative officers and engineers. Seventy percent of the contract managers in

senior management positions, 91% in scientific/technical positions, and just over half of those in middle management manage contracts with a value greater than \$500,000 each. These contracts cover road and bridge maintenance, major works (construction and rehabilitation) and consulting services. Administrative officers and professional engineers usually manage contracts valued at less than \$100,000 each.

Audit Purpose and Scope

The purpose of the audit was to assess whether the Ministry of Transportation and Highways is using training and development strategically to maintain its human capital in two key staff areas: positions responsible for contract management and positions requiring a professional engineering designation. We also examined whether the ministry evaluates the value for money it receives from its investment in training and developing these employees. Where appropriate, we have also incorporated findings for the ministry as a whole from our cross-government survey. Our model for evaluating training and development is outlined in Appendix A.

For the purpose of our audit, we defined the tasks of contract management as follows:

- deciding whether to purchase a service rather than to use internal resources,
- establishing the terms of the contract,
- hiring the appropriate contractors,
- monitoring the work during the contract period, and
- evaluating the work and the process at the end of the contract period.

Contract management is emerging as a core competency across government for a significant cross-section of employees—in the case of Transportation and Highways, these include senior managers, middle managers, scientific/technical staff administrative officers and professional engineers. This audit of training for contract managers provided us with a case study of how government in general is preparing employees for this increasingly important skill. The audit of training for positions requiring a professional engineering designation provided us with a case study of government's ability to ensure that employees maintain and develop the professional and technical skills for which they were hired.

The audit fieldwork was carried out between January and December 1998 and involved a review of ministry documents, as well as interviews and surveys of all positions responsible for managing contracts and those requiring a professional engineering designation. We received a 75% response rate on our survey of contract managers and an 82% response rate from the engineers (Statistics Canada assisted the audit team in the survey development and analysis of results). The findings in this report are accurate generally to within 5% of the true values, 19 times out of 20. These survey findings will provide the ministry with a comprehensive database on training and development and can be used as a benchmark for future monitoring.

Our examination was performed in accordance with value-for-money auditing standards recommended by the Canadian Institute of Chartered Accountants, and accordingly included such tests and other procedures we considered necessary in the circumstances.

Overall Conclusion

The current training and development activities for contract managers and professional engineers has some strengths, but not enough to adequately maintain the ministry's skill base, and there is a risk it will be eroded.

The ministry has a number of building blocks in place to assist it in making more strategic decisions around training. However, these efforts need to be brought together to develop an overall human resource strategy for maintaining the ministry's human capital.

There is also no evaluation of whether or how training results are improving performance. However, the ministry is currently developing an evaluation tool that will link training to ministry and on-the-job performance.

We also concluded that the Legislative Assembly should be receiving accountability information about training and development and about the human capital of the ministry. Currently it receives none.

Key Findings

The ministry is not using training and development strategically

Ministry work has changed in recent years, focusing more on standard setting, policy development, and contract management. As a result, the knowledge and skill requirements of staff have changed. However, the ministry has not used training and development strategically to manage this change or to ensure that contract managers and professional engineers have all the necessary skills to support the change. In fact, it has reduced its training budget by 68% over the past three fiscal years.

The ministry supports training and development in principle, and sees it as important to the achievement of its strategic goals. It has identified training and development as a strategic priority in its 1997/1998, 1998/1999 Strategic Plan Framework, and each region's 1998/1999 performance agreement is linked to the ministry's strategic priorities. The ministry also produces a human resource planning report, which identifies any current and future issues it may face. However, the ministry needs to take the next step and bring all this information together to develop an overall human resource strategy.

The regions, with the exception of a couple, have not developed training plans. As a result, current decisions around training are made on an ad hoc basis.

The ministry is at risk in managing its contracts

Key Results from Our Audit

- 33% of contract managers and 58% of professional engineers have never taken the Financial Controls and Managing Government Contracts course
- 28% of contract managers and 55% of professional engineers have never taken the Risk and Liability course
- 15% of contract managers and 27% of engineers have never taken any contract management training

The ministry has recently focused its training on one key aspect of its business—project management—but has not paid similar attention to contract management training. Given that a large portion of ministry work is now done through contracts, the lack of training could place the ministry at risk

in its ability to negotiate contracts, ensure the quality of the work, and protect its credibility as a contract manager.

Even though the government provides training for employees who manage contracts, we found that one-third of contract managers and 58% of professional engineers have never taken the Financial Controls and Managing Government Contracts course. As well, 28% of contract managers and 55% of professional engineers have never taken the Risk and Liability course. We also found that 15% of contract managers and 27% of engineers have never taken any contract management training.

Present training and development levels place the knowledge and skills of ministry engineering staff at risk

Key Results from Our Audit

- Engineering staff received an average of 10 hours of job-specific training
- 45% of the professional engineering staff received no ministry-specific training
- 16% of professional engineers participated in a development activity

The professional engineering staff play a key role in all aspects of ministry work, including policy development, standard setting, design, construction and quality assurance. This requires that they be current in their fields and up-to-date on changing technologies. We found, however, that the ministry provides limited support for the training and development of these staff, and is at risk of depleting its expert knowledge base, which puts the performance of the ministry itself at risk. Engineering staff received only an average of 10 hours of job-specific training in the 12 months we reviewed. Forty-five percent received no ministry-specific training at all. This is significantly less than the 31 hours other professionals receive in Canada (Conference Board of Canada 1996 Survey).

Only 16% of engineers participated in a development activity in the same period. This level of development is inadequate if the ministry is to have engineering staff prepared to manage additional responsibilities and future job assignments.

Barriers to good performance indicate a need for management development

Key Results from Our Audit

- 60% of contract managers and 50% of engineers believe they have the tools and resources to do their job well
- 48% of contract managers and 46% of engineers believe they receive the feedback they need to do their job well
- 36% of contract managers and professional engineers believe they receive recognition when they perform well

We found that 60% of contract managers and 50% of engineers believe that they have the tools and resources to do their job well; 48% of contract managers and 46% of engineers believe they receive the feedback they need to do their job well; and only 36% of contract managers and engineers feel they receive recognition when they perform well. These findings indicate that there are problems with the performance management system and reinforce the need for management development. As well, these work environment issues may significantly reduce the effectiveness of any training and development provided and must be addressed if the ministry is to gain the most value from any future investment.

Accountability for managing the ministry's human capital needs enhancement

Key Results from Our Audit

- Of those receiving ministry-specific training
 - 95% believe it was applicable to their current job
 - 92 % believe it was a good use of their time
 - 92 % believe it helped them do a better job

The roles and responsibilities for training and development are clearly defined within the ministry. As well, the ministry complies with the data entry requirements of the Corporate Human Resource Information and Payroll System, which allows it to track cross-government training costs and activities.

Current evaluation of training and development activities by the ministry tends to focus on measuring employees' immediate reactions to the design and content of the training. Thus the ministry has little information as to whether training

is affecting individual or organizational performance. Overall, however, those receiving training felt that it was valuable in that it was applicable to their jobs, a good use of their time, and helped them to do a better job. The ministry is developing a tool to evaluate whether the training provided meets pre-established learning and performance objectives.

No report is given to the Legislative Assembly on the overall state of human capital within the Ministry of Transportation and Highways, even though this is one of its most important assets.



our recommendations

In addition to the recommendations for all of government outlined in Chapter I and the Introduction to the Ministry Reports, we make the following recommendations specific to the Ministry of Transportation and Highways.

- 1. We recommend that the ministry develop an overall human resource strategy for managing its human capital. The ministry has a number of building blocks in place, which it can bring together to form the basis of its strategy. The strategy should also include actions to address the identified barriers that may impede performance.*
- 2. We recommend that the ministry review contract management training to ensure that those who manage contracts are adequately trained to do so, and that the policies and procedures in place support decision-making and provide guidance.*
- 3. We recommend that the ministry establish competencies for its professional engineering staff. The ministry should then evaluate its training to ensure that the level and type of training provided to its engineers is in keeping with the competencies and ensures that staff are current in their field and able to evaluate changes in technologies.*
- 4. We recommend that the ministry assess the amount of development it is providing its professional engineers to ensure that these staff are able to accept additional responsibilities and future job assignments.*



managing human capital through training and development

In this section, we outline our findings about some of the factors that are contributing to the erosion of the ministry's human capital in two areas of responsibility: contract management and professional engineering.

Our expectations for the management of human capital through training and development are outlined in Appendix A.

We found that the Ministry of Transportation and Highways does not analyze competencies and gaps, and thus is not, for the most part, using training and development as a strategic tool in managing its human capital. We also found that there are barriers to performance that indicate a need for management development.

Creating a Culture That Values Staff and Their Development

We found that the ministry has not created a culture of learning. Contract managers and professional engineers feel that their training and development needs are not being supported.

The executive of the Ministry of Transportation and Highways, through their values statement, strategic plans and policy on training and development, acknowledge the importance of training and development as a means of ensuring that the ministry can achieve its strategic directions. In a 1993 document, “‘A Learning Organization’ A Guide to Managing Training and Development in the Ministry,” the ministry acknowledges that the integration of training and development activities into its wider business planning is crucial to the achievement of its business objectives.

However, in the opinion of both contract managers and professional engineers, the ministry lacks commitment to training and development. Only 16% of contract managers and 8% of professional engineers believe that the ministry allocates sufficient resources to staff training and development. And only 46% of the contract managers and 45% of the engineers believe their supervisor provides them with a reasonable opportunity for training and development. For contract managers there were notable regional differences in responses—about two-thirds of those located at headquarters and in the Thompson-Okanagan region feel that their supervisor provides them with a reasonable opportunity for training and development, compared to only just over one-third in other regions.

Interviews and written comments on our survey echoed these findings. Contract managers and engineers believe that training budgets are always the first to be cut, that there is a lack of staff available to fill in for people who go on a training course, and that the opportunity to attend training is affected by whether or not supervisors believe training is important. The professional engineers also feel that a lack of support is demonstrated by the fact that they are unable to receive approval to travel out of province to attend training courses in specialties not available within the province. As a result, they believe that the ministry is at risk of not keeping up with changing technology in some areas.

Determining Knowledge and Skills Requirements to Meet Future Performance Expectations

We found that the Ministry of Transportation and Highways has not established core competencies for positions responsible for contract management or for its professional engineers. In contrast, many larger private sector engineering firms use competencies for both job assignment and development.

Although the ministry has not established core competencies for these positions, 61% of contract managers and 65% of professional engineers believe that their job descriptions accurately describe the duties they perform. The ministry needs to build on the information in the job descriptions in three ways: conducting deeper analyses of skills and abilities required now and in the future, by targeting training to address identified gaps, and by focusing on development requirements to prepare staff for additional responsibilities and future assignments. At present, decisions on training and development are not based on this kind of analysis, but rather tend to be focused on the individual requests of the employees. In this way, training and development is not being used as a tool for increasing organizational performance.

These findings confirm that the ministry needs to strengthen the links of training and development expenditures to organizational performance and skill requirements.

Determining the Best Strategy for Managing Human Capital

We found that the ministry is monitoring some of the environmental factors that can affect its human capital, but it has not brought them all together as part of an overall human resource strategy.

Job market

The ministry's ability to recruit and retain staff in particular occupational categories often depends on supply and demand in the job market. Therefore, the ministry must consider both its current workforce and its ability to recruit from the external market, if necessary. We found that the ministry is paying attention to the external market. Although the ministry's 1998 human resource planning report does not include a formal "environmental scan" of the predicted availability of specific types of positions, it alerts managers to the need to consider market conditions. Current positions of particular concern to the ministry are information systems personnel such as programmers/analysts and planning engineers.

The problem in recruiting information systems personnel is government-wide and is not unique to the Ministry of Transportation and Highways. Government as a whole needs to find solutions to this serious issue. The ministry is having some difficulty in filling vacancies for planning engineers and has had instances where it has taken up to a year to fill a vacancy. The ministry believes this difficulty is due in part to the fact that other employers (most notably the private sector and municipalities) have better pay/benefit packages and can offer the same or better employment security. This may mean that, for at least the medium term, the ministry may have to obtain necessary skills through contracting. Even then, it will need to have staff in place with sufficient skills to manage these highly specialized contractors.

The human resource planning report also points out that the ministry does not currently employ a sufficient number of people in junior positions to draw from, and thus will be competing with the private sector for expertise in the coming years. This may create additional problems for filling engineering positions.

However, the ministry is involved in two programs that can introduce potential employees in the engineering field to the ministry. The first one is the ministry's Partnership Program with the University of British Columbia, which we highlight in Appendix C as an innovative means of providing engineers with an opportunity for professional development, while at the same time introducing potential employees to the work of the ministry.

The second program is the Engineer-in-Training Program. The purpose of this four-year program is to provide trainees with supervised work experience, while constantly increasing responsibilities to a professional level, providing a solid career

foundation. This experience is required in order for engineers-in-training to meet registration requirements as Professional Engineers. Positions with the ministry are not guaranteed for trainees on completion of the program. However, in bringing people into the program, the ministry attempts to forecast entry-level positions that may be available to graduates on completion and it recruits on that basis.

Overall, we concluded that the ministry is aware of job market issues that may impact its ability to attract and recruit engineers in the future. However, it has not incorporated this information into a human resource strategy for dealing with the issues.

Workforce demographics

The Ministry of Transportation and Highways periodically produces a *Human Resource Planning Report* (1991, 1992, 1995, 1998). The report, derived from a study of a sample group of employees, provides management with information on mandatory and predicted retirements, internal and external attrition rates, employment equity, and career blockage.

The 1998 study was based on a sample of 1,712 employees (about two-thirds of all ministry employees) and is reported by region. It also includes a section specific to the total population of professional engineers in the ministry. The report is circulated to all directors and managers within the ministry with the expectation that managers will incorporate any issues into their operational plans.

The ministry does not face any immediate problems from anticipated retirements. From both the ministry's planning report and our own analysis, we found that 24% of ministry employees are eligible for retirement in the next five years and 42% within the next decade. The ministry is doing a good job in this area and should continue monitoring retirements and attrition rates for specific occupational/employee groups, to identify significant issues.

Impact of organizational change

Restructuring and downsizing can weaken a ministry's human capital. Under the downsizing initiatives announced in November 1996 (which included early retirement and voluntary severance packages and transfers to other ministries), 209 employees left the ministry, each with an average of 21 years of knowledge and experience. An additional 73 employees had left the ministry in the six months prior to the November announcement, also as a result of downsizing and

reorganization. Exhibit 2.1 shows the actual number and percentage of employees, by occupational group, who left the ministry in the period November 1, 1996, to March 31, 1997.

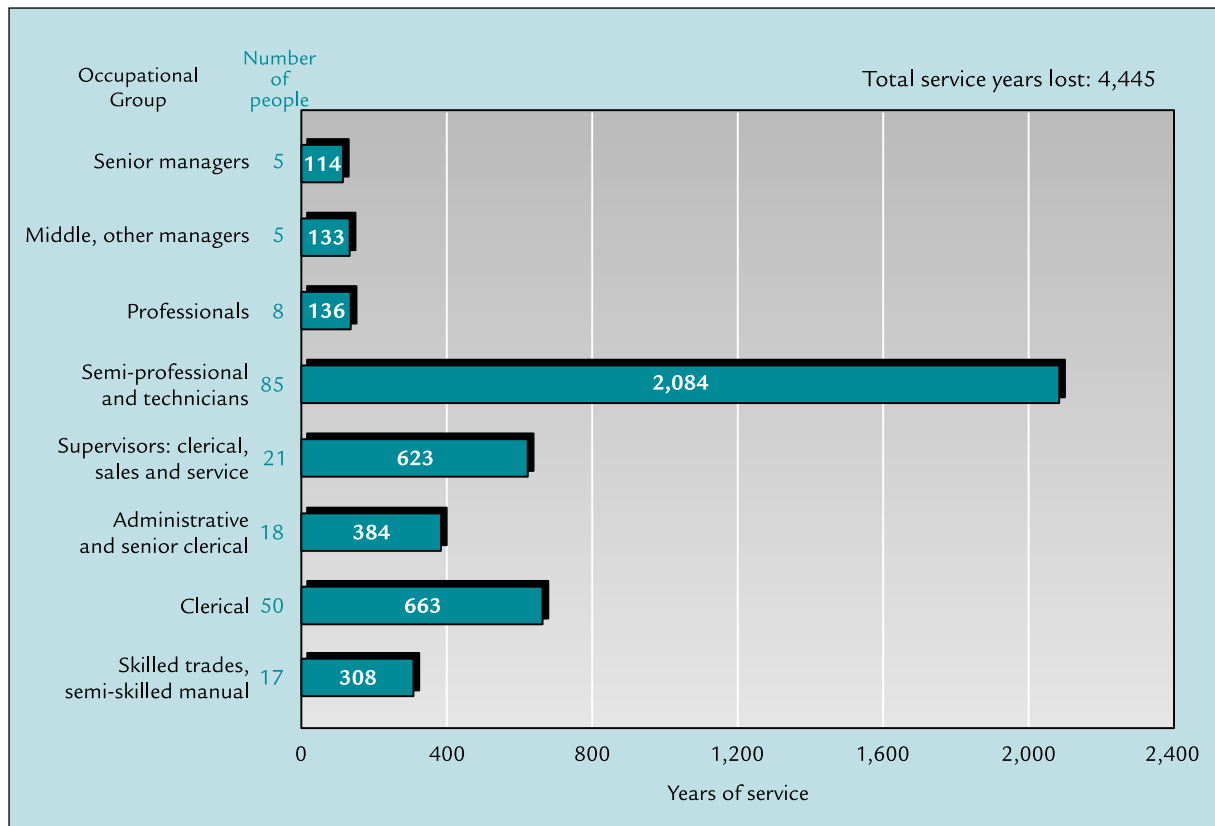
We found that less than one-third of the contract managers and professional engineers had their jobs redefined in the past 12 months. In the most recent downsizing, employees assuming a new position were to receive job orientation and in-service training to help them meet job-specific requirements. We found that of those whose jobs were redefined, 63% of the contract managers and 78% of the engineers received ministry-specific formal training. Sixty-six percent of the contract managers and 80% of professional engineers whose jobs were redefined feel properly trained to carry out their duties.

These findings suggest that the ministry did use training, particularly for engineers, to help employees adjust to new positions. However, no additional training was identified by

Exhibit 2.1

Years of Service Lost During Downsizing, by Occupational Group in the Ministry of Transportation and Highways

November 1, 1996 – March 31, 1997



Source: Compiled by the Office of the Auditor General of British Columbia

the ministry to assist employees in developing skills necessary for dealing with the changes in the working environment and how employees react to them. These non-task specific needs—such as conflict management, time management, and stress management—should be addressed.

Managing cultural change through training and development

The ministry, in its shift to contract management, is creating a different culture within the organization, one that is focused on establishing business relationships with contractors rather than on providing service directly. To make this change, the ministry can either recruit new individuals into the organization or provide training to existing employees, enabling them to develop the new skills required and to understand the ministry's new way of doing business.

The ministry has chosen to provide training for staff responsible for contract management to help manage the change. In the mid-1980s, the Ministry of Finance and Corporate Relations felt there was a lack of information available to government employees on how to manage contracts. To address this concern, it introduced a course called Financial Controls and Managing Government Contracts. The intent was to increase the knowledge of employees, as well as ensure that management of contracts was consistent across government. The Ministry of Transportation and Highways uses this course plus another one—Risk and Liability—for training staff responsible for contract administration. Exhibit 2.2 highlights the participation rates of contract managers and engineering staff (with contract responsibilities) in these two courses.

We found that 34% of contract managers and 58% of professional engineers have never taken the Financial Controls and Managing Government Contracts course; and 28% of contract managers and 55% of the engineers have never taken the Risk and Liability course.

Scientific/technical staff and senior managers indicated that they regularly manage contracts valued at more than \$500,000. We therefore expected them to have the training to ensure that contracts are handled appropriately and, at a minimum, to have taken Financial Controls and Managing Government Contracts. However, we found that almost half of the scientific/technical staff and 21% of senior managers have never taken this course.

Project management, although not directly linked to contract management, is key to how the ministry conducts its business. Thus, the ministry has recently placed heavy

Exhibit 2.2

Contract Manager and Professional Engineer Participation in Contract Management Courses

Contract Management Courses	Contract Managers			Professional Engineers		
	Who have taken the courses in the past 5 years	Who have taken the courses more than 5 years ago	Who have never taken the courses	Who have taken the courses in the past 5 years	Who have taken the courses more than 5 years ago	Who have never taken the courses
Financial Controls and Managing Government Contracts	34%	32%	34%	27%	15%	58%
Risk and Liability	46%	26%	28%	31%	14%	55%

Source: Office of the Auditor General of British Columbia, Contract Manager and Professional Engineer Training and Development Questionnaires, 1998

emphasis on training both contract managers and professional engineers in project management. Sixty-eight percent of contract managers and 74% of professional engineers have taken the ministry’s Project Management course within the last five years. This course also provides employees with some information on contract management. However, it does not provide sufficient in-depth coverage of the topic to ensure a sound knowledge base.

We also asked the contract managers and professional engineers if they had taken any other contract management courses outside of the two offered by government and the ministry’s Project Management course. Sixty-six percent of contract managers and 74% of engineers indicated that they had never taken any other course. Fifteen percent of contract managers and 27% of professional engineers indicated they have never taken any contract management training courses at all.

The findings indicate that the ministry is at risk of not receiving value for money in its contracts because of the limited training and skill development of staff. Given the importance of contract work to achieving the ministry’s goals, the ministry needs to pay immediate attention to identifying what training employees responsible for contract management need and then to ensuring the training is provided as required.

Ensuring contractors are treated consistently

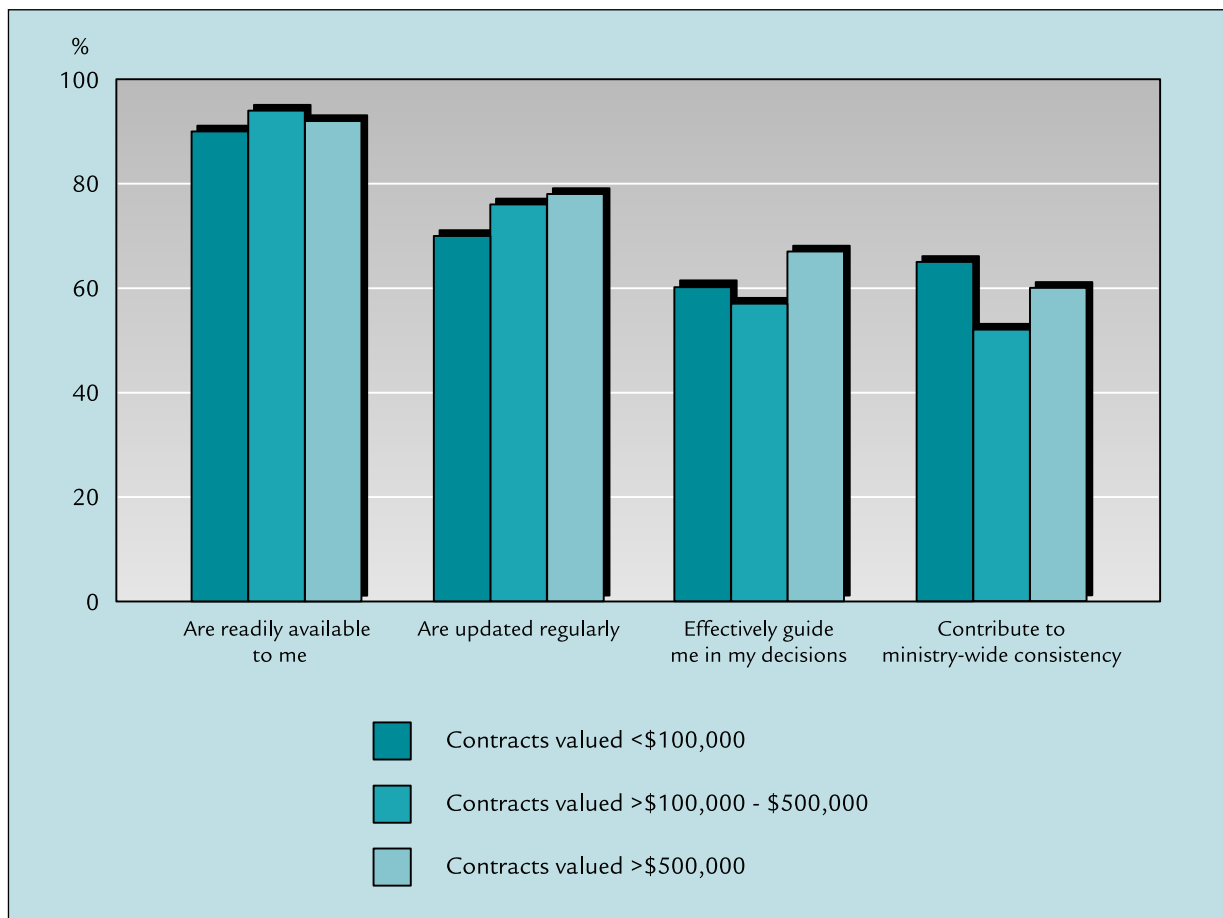
Another way to promote cultural change is to provide policies and procedures that can assist staff in fulfilling their contract management responsibilities. We found that the ministry needs to supplement contract management training with stronger policies and procedures to guide staff.

We looked at how contract managers and professional engineers rated the effectiveness of the contract management policies and procedures. Exhibit 2.3 highlights the findings. The effectiveness of the policies and procedures in providing guidance and contributing to ministry-wide consistency

Exhibit 2.3

Rating of Contract Management Policies and Procedures, by Contract Size Managed, Ministry of Transportation and Highways

Percent of contract managers and professional engineers who agree/strongly agree



Source: Office of the Auditor General of British Columbia, Contract Manager and Professional Engineer Employee Training and Development Questionnaires, 1998

ratings varied by contract size managed. The ministry needs to ensure the consistent application and interpretation of contract management policies and procedures so that all contractors are treated fairly and equitably and so that it achieves the results it intends.

The second best way to help promote consistency is to have staff share the knowledge they gain from managing contracts, resolving issues and evaluating contracts. It is second best because the ministry cannot be sure that the information shared is accurate. Approximately two-thirds of contract managers and slightly more than half of the engineers agree that staff are encouraged to share knowledge gained from previous contracts.

Policies and procedures only provide guidelines and cannot cover every situation that may arise. We asked staff about the support they get if a dispute arises with a contractor and about the flexibility they have to handle such a situation. Three-quarters of contract managers agree that, in the event of a contract dispute, they have adequate support from the ministry and the flexibility to handle the situation. Only half of the engineers agree.

Seventy-nine percent of contract managers and 74% of engineers agree that contracts are monitored throughout their term, while 71% of contract managers and 65% of the engineers agree that contracts are evaluated on completion.

Determining Whether Training and Development Is the Right Solution

In addressing performance issues within the ministry, management should determine whether poor performance is the result of an employee's lack of knowledge and skills or whether it is the result of other factors. Some of these factors include whether employees are clear about what is expected of them, whether they have access to appropriate tools and resources, and how effective the feedback and recognition is they receive. In addition, employees need to understand and believe in the direction of the ministry. In this way they can know what is expected of them, and what new skills they should be developing. All of these issues should be addressed in an overall human resource strategy for the ministry. However, we found that the current management of these issues does not support effective delivery of services.

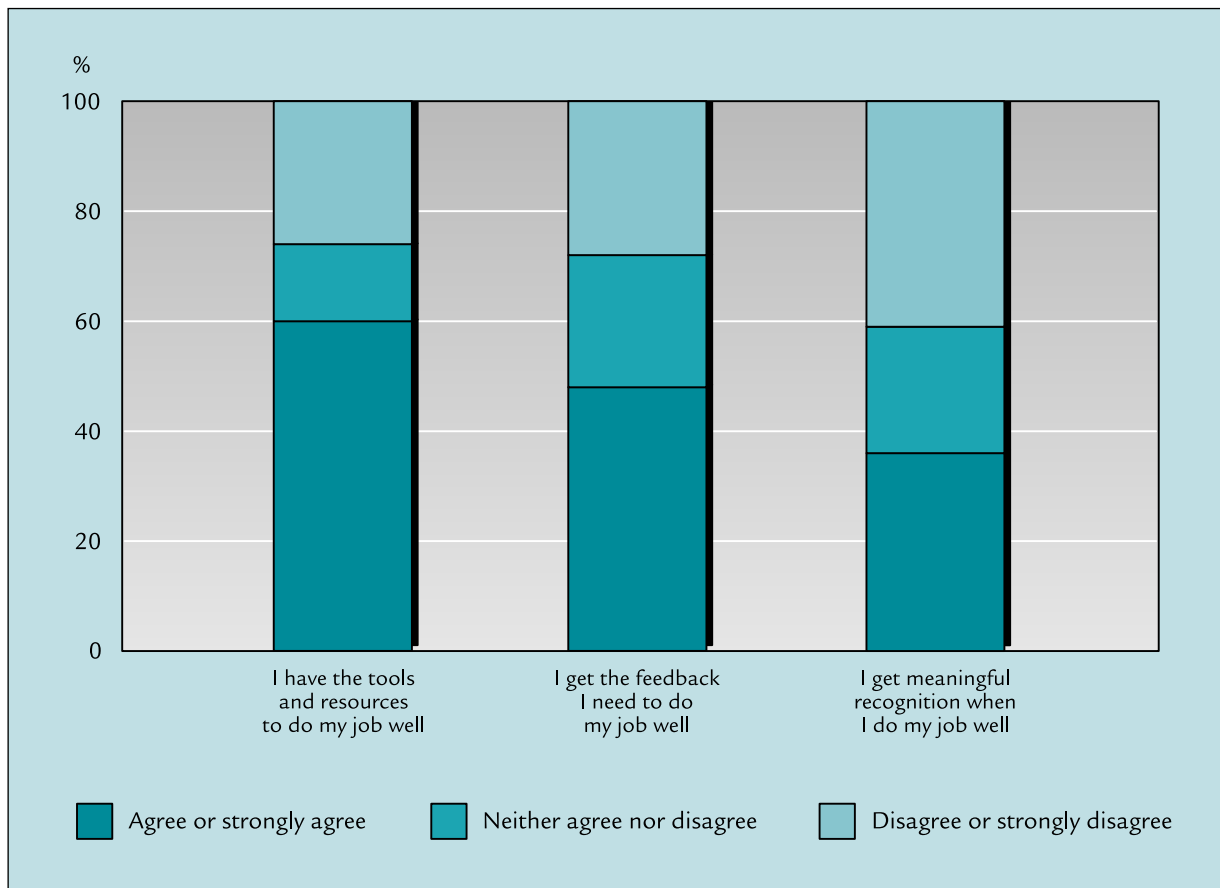
Factors affecting on-the-job behaviour

Exhibits 2.4 and 2.5 show that less than half of the contract managers and professional engineers receive the feedback and recognition they need to do their job well and only about 60% feel they have the tools and resources to do their job.

One formal method for providing employee feedback and recognition is through the annual performance appraisal process. However, this method is not well used. We found that only 21% of contract managers and 12% of engineers had a performance appraisal in the past 12 months.

Exhibit 2.4

Contract Managers' Perceptions of the Ministry of Transportation and Highways Work Environment



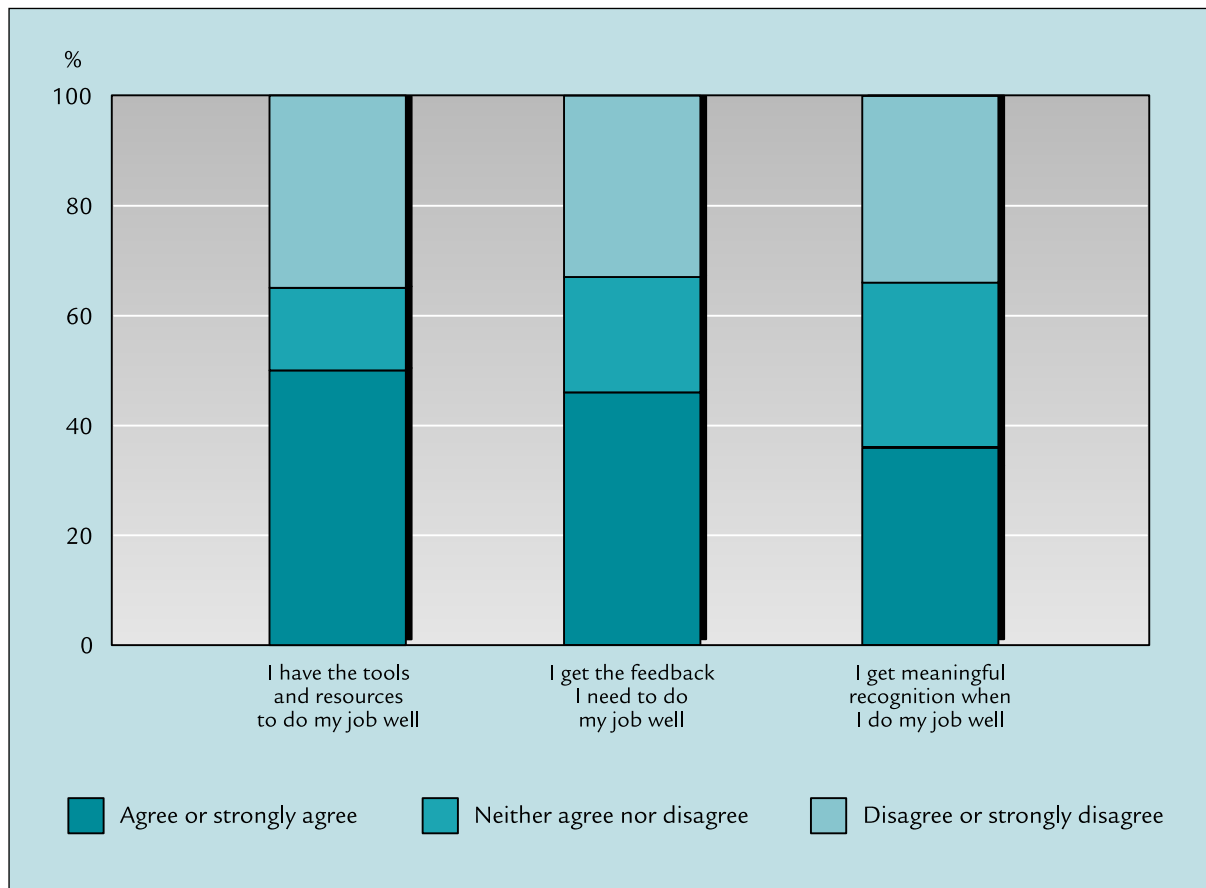
Source: Office of the Auditor General of British Columbia, Contract Manager Training and Development Questionnaire, 1998

Training and development cannot compensate for these barriers to performance and indeed these barriers may significantly reduce the effectiveness of any training and development provided. Because all of these issues have an effect on an employee’s willingness or capability to use his or her newly acquired skills, the ministry should address them if it is to get the most value from any future training and development programs.

As well, these results indicate that there is a problem with the performance management system and that there is need for management development on how to maintain or create a supportive work environment where employees feel they can

Exhibit 2.5

Professional Engineers’ Perceptions of the Ministry of Transportation and Highways Work Environment



Source: Office of the Auditor General of British Columbia, Professional Engineer Training and Development Questionnaire, 1998

discuss the cost and benefits of additional tools and resources, and whether they receive feedback and recognition when they do a job well.

Understanding the direction of the ministry

In looking to see if the direction of the ministry was understood, we used the results for the ministry as a whole obtained from our cross-government survey. We found that two-thirds of ministry employees do not believe the ministry's strategic plan is well communicated to staff.

With a regional structure, we expected staff to have a greater knowledge of plans at that level. However, we found that even at the regional or branch level almost two-thirds of employees do not believe that these business plans are well communicated.

These findings are consistent with the Organizational Health Survey done in 1995 by the ministry, which also found an internal lack of familiarity with ministry initiatives, and a lack of consistent understanding among employees about how their jobs contribute to the objectives. The responses also showed that senior and middle management employees were most likely to report that they were familiar with the various initiatives and understood how their jobs made a contribution.

One in five employees indicated that, as part of their job, they had participated in a business or strategic planning activity in the past 12 months. Of those that participated, 28% were managers, 45% were professional/technical staff and the remainder was from a cross-section of other occupational groups. Those participating in a planning activity usually did so at the region and branch level.

Although employees do not believe that ministry plans are well communicated, 79% are clear on what is expected of them. This is also consistent with what the ministry found in the 1995 Organizational Health Survey, where employees responded that they were generally clear on what the organization expected of them in terms of job performance.

While these findings indicate that employees understand what is expected of them, the ministry should ensure that what employees think is expected of them is in fact what the ministry expects.



training and development: participation rates, delivery methods and costs

In this section, we discuss the minimal amount of training and development offered by the ministry and the lack of financial investment it is making in training and development.

The amount of training provided for employees and the level of training expenditure are two useful indicators of an employer's commitment to the undertaking. We found that the ministry provides more training for its contract managers and professional engineers than it does for other employees in the ministry, but this amount is still less than is offered to other Canadian employees. The ministry also invests fewer dollars as a percent of payroll in training than does government as a whole and other public sector jurisdictions (see Chapter I, Exhibit 1.9).

Employee Participation in Training and Development

At first glance, it seems as though contract managers and professional engineers in the Ministry of Transportation and Highways receive a fair amount of training. However, the breakdown by type of training reveals that a significant portion of this training is cross-government or computer-related, not job—or profession-specific. Cross-government training is mandatory and includes courses and workshops relevant to all government employees, such as occupational health and safety training, employment equity awareness and training in preventing and resolving harassment in the workplace. Computer-related training includes updates for end-users when new systems are implemented.

Although a larger percentage of contract managers and professional engineers in the Ministry of Transportation and Highways received ministry-specific training, the actual number of hours they received was not substantially higher than for other government employees (Exhibit 2.6).

On average, contract managers received 12 hours of ministry-specific training and engineers 10 hours, compared with 9 hours received by the average government employee. For professional engineering staff, these training hours are significantly less than for other professional/technical employees in Canada who received an average of 31 hours of annual training (Conference Board of Canada, 1996 Survey).

The most frequent reasons given by contract managers and professional engineers for not participating in either formal training or development were that:

- they were not aware of any training or development opportunities;
- they did not have the time; and
- they did not bother to apply because they did not think their request would be approved.

Fifty-four percent of contract managers and 86% of professional engineers reported receiving informal training. Four out of five contract managers and professional engineers felt this type of training was as valuable as formal training. While this suggests that informal training is an effective means of delivering training programs, our concern about the low level of formal training remains.

We found that only 21% of contract managers and 16% of professional engineers had received development in the previous 12 months. The most common development activity for both groups was reviewing professional journals. Reviewing work-related Internet sites was also common. However, this type of development is focused on helping staff remain current in their job; it is not adequate for preparing technical staff for management positions or more senior technical positions. We also note that this level of development is low compared to the rest of the British Columbia public sector. More attention needs to be paid to the planned and formal development of staff to

Exhibit 2.6

Comparison of Training Received, December 1996 to December 1997

Type of Training	Ministry of Transportation and Highways			British Columbia Public Service
	Contract managers %	Professional engineers %	All employees %	All employees %
No training	30	27	51	36
Cross-government and/or computer	16	19	19	25
Ministry-specific	54	55	30	39

Source: Office of the Auditor General of British Columbia, British Columbia Public Service Employee and Ministry of Transportation and Highways Contract Manager and Professional Engineer Training and Development Questionnaires, 1998

ensure they are able to manage future assignments and additional responsibilities.

Overall, we have concluded that although contract managers and professional engineers receive more training than other ministry employees do, it is not enough to ensure that the skill base of the ministry will be maintained or further developed.

Delivery of Training

Although training in the ministry is delivered using a variety of methods, Exhibit 2.7 illustrates that, the classroom setting still predominates. These findings are consistent with the practice in other organizations.

In the field of training and development, there is a growing trend in using advanced technology to reach more employees. The ministry has delivered some training this way, such as using computer-based training for some courses and video conferencing to discuss topics such as freedom of information and multiculturalism. The ministry found that although video conferencing works well for general information sessions, it has not worked as well for training sessions that require case study discussions or more two-way communication. This is due in part to people feeling uncomfortable on camera and to the communication time lag over long distances.

Exhibit 2.7

Instructional Methods Used for Training Contract Managers and Professional Engineers in the Ministry of Transportation and Highways

Methods	% Used by Contract Managers	% Used by Professional Engineers
In-house classroom setting	30	22
Classroom setting away from the office	35	35
College, university or institute setting	16	18
Conference away from the work site	15	25
Self-paced computerized learning	4	0
Video conference training method	2	4

Source: Office of the Auditor General, Contract Manager and Professional Engineer Training and Development Questionnaires, 1998

Either in-house staff or external trainers can provide training. We found that contract managers received an equal amount of training from both in-house and external trainers. The engineers had the majority of their training provided by external experts. This difference may be due to the technical nature of much of the training engineers require.

The Ministry's Training Investment

In successful companies, training is viewed as an investment. Compared to less successful operations, such companies train more employees and spend more money on training as a percentage of payroll.

In Chapter I, we presented our findings about the amount that government as a whole in British Columbia has invested in training and developing its employees. We found that training is viewed not as an investment, but as a cost that is often frozen or cut in response to budget decisions. The Ministry of Transportation and Highways is no exception. In times of restraint and downsizing, the ministry faces a number of challenges, one of which is the need to maintain as much of its human capital as it can while balancing the increased need for training and the costs associated with it.

In the Ministry of Transportation and Highways, training and development budgets for ministry-specific training are decentralized. They are not tracked and monitored by headquarters on a routine basis. The ministry has internal policies and procedures regarding the accounting for and use of training funds, which the regions are required to follow.

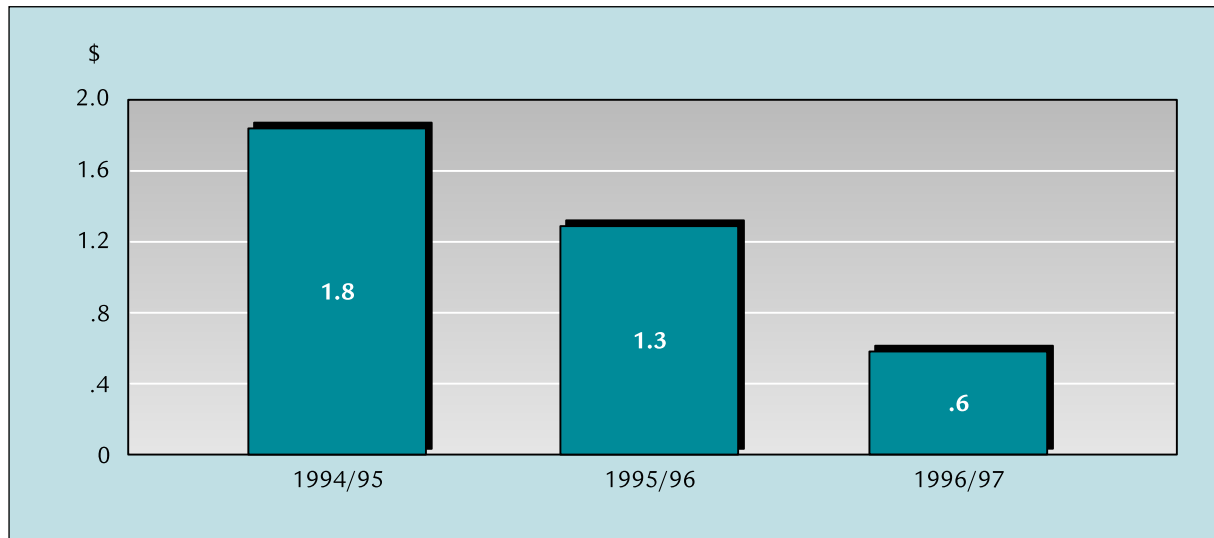
Exhibit 2.8 shows that the direct costs reported for training within the ministry have decreased 68% over a three-year period. Based on the information we were able to obtain, we estimate that the Ministry of Transportation and Highways invested 0.3% of payroll costs on training for fiscal 1996/97. This amount covered tuition, instructor fees, supplies, travel costs, and facility and equipment rentals.

These spending levels are extremely low compared to those in the rest of the British Columbia public sector and comparable agencies and companies in Canada and abroad.

Exhibit 2.8

Estimated Direct Training and Development Expenditures in the Ministry of Transportation and Highways 1994/95–1996/97

(\$ Millions)



Source: Compiled by the Office of the Auditor General of British Columbia



accountability

In this section, we highlight our findings about the weaknesses in the evaluation of and reporting on training and development and human capital within the Ministry of Transportation and Highways.

We found that accountability for training and development within the Ministry of Transportation and Highways is quite well defined, and the roles and responsibilities of those involved are clear. The ministry complies with the requirement to enter cross-government training into Corporate Human Resource Information and Payroll System, and the regions also monitor training and development. Currently, most evaluation of training activities is at the level of employee satisfaction with the training provided. However, for the ministry to gain the most benefit from training and development, it needs to assess whether the training it provides employees enhances performance.

The ministry does not provide the Legislative Assembly with information on training and development. The ministry should report on this, as well as on its management of human capital.

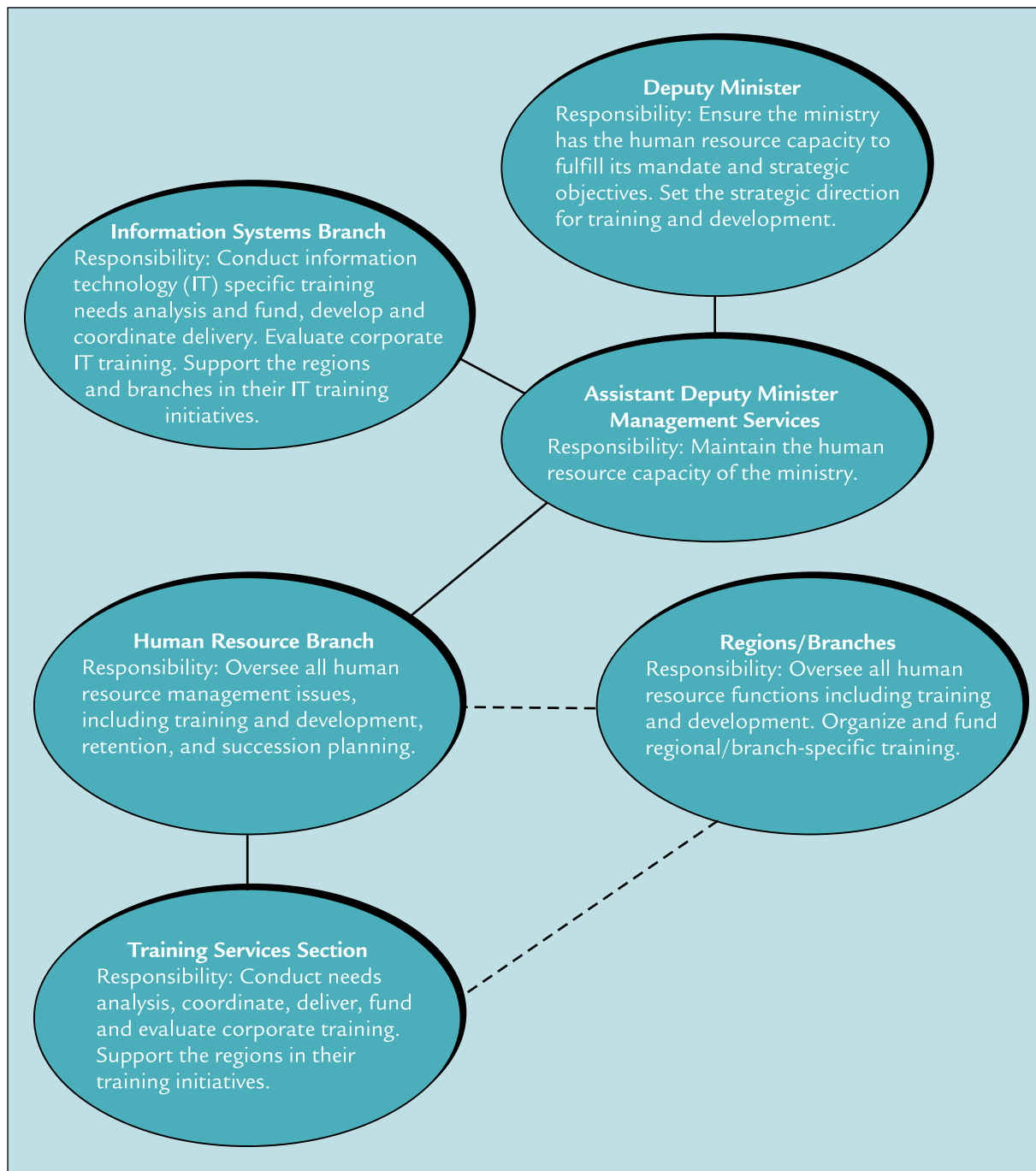
Roles and Responsibilities

Delegation of roles and responsibilities for training

We found that the roles and responsibilities for training were clearly assigned in the ministry. Under the Public Service Act, the Public Sector Employee Relations Commission has delegated its responsibility for training to the Ministry of Transportation and Highways. The ministry has in turn delegated these responsibilities to the Human Resource Branch, specifically the Training Services Section, with the exception of information technology training which is the responsibility of the Information Systems Branch. The Training Services Section is responsible for the training and development of staff located at headquarters (except in the area of occupational health and safety). It is also responsible for ensuring that all staff in the ministry receive cross-government training in such areas as the prevention of harassment. Training and development responsibilities have been further delegated to the regions, with support from the Training Services Section. Exhibit 2.9 illustrates the roles and responsibilities within the Ministry of Transportation and Highways for employee training and development.

Exhibit 2.9

Accountabilities for Training and Development in the Ministry of Transportation and Highways



Source: Compiled by the Office of the Auditor General of British Columbia

Strategic direction for training

The ministry has incorporated training and development into its strategic planning documents. Staff and their development are seen as key to the ministry achieving its aims. The ministry, in both its 1995-1997 Strategic Plan and 1997/98, 1998/99 strategic planning documents, established goals relative to the training and development of its employees.

The ministry's 1997/98, 1998/99 goal is "attracting, developing and maintaining a productive team of employees, representative of the diversity of British Columbia's population." The ministry has also identified the key priorities and objectives of this goal and the indicators by which success will be measured (see Exhibit 2.10). However, the ministry's

Exhibit 2.10

Ministry of Transportation and Highways Human Capital Goal, Key Priorities and Objectives and Success Indicators (1997/98, 1998/99)

Goal 6

Attracting, developing and maintaining a productive team of employees, representative of the diversity of British Columbia's population.

The ministry is committed to attaining a qualified, productive and diverse workforce. This will be critical towards the successful delivery of the ministry's programs.

Key Priorities and Objectives

- Implement recruitment activities and strategies (e.g., outreach recruiting) that focus on reaching the ministry's employment equity goals and attracting and retaining qualified and productive staff.
- Enhance internal training programs to allow staff to perform their jobs more effectively and expand their career advancement opportunities.
- Promote employee involvement in their work environment.
- Promote open communication among all ministry employees.
- Implement change management strategies to improve morale, increase productivity and enable employees to benefit from opportunities that arise from change.

Success Indicators

- Employment equity targets met or exceeded (ministry targets currently under development).
- Demands for training by staff met; feedback on management's perception of improved staff productivity resulting from training.
- Feedback from employees, through surveys and spot checks.
- Implementation of employee suggestions.
- Employee turnover statistics and exit interviews.

Source: Ministry of Transportation and Highways 1997/98, 1998/99 Strategic Plan Framework

commitment to training and development (as expressed in its strategic planning documents) was not carried over into its business plans for the same periods.

In conjunction with the ministry's strategic and business planning cycle, each region submits an "annual performance agreement." These agreements are designed to support government and ministry strategic plans and to improve the efficiency and effectiveness of program delivery. The intent is also to link staff performance plans directly to the regional performance agreements.

Because of reorganization within the ministry, performance agreements for 1997/98 were not completed. We did, however, review the 1998/99 performance agreements. We found that almost all of the agreements have objectives, actions and performance measures that are linked to the ministry's strategic goal. However, some of the agreements focus solely on diversity and equity and do not have any actions related to the training and development of employees. The regions are expected to report (exceptions only) midway through the year and then again at the end of the year.

Managers are required to use the performance planning and appraisal process to help individual employees plan their training and development. However, as we stated previously, very few contract managers and engineers had received a performance appraisal in the 12 months preceding our review. The 1995 Organizational Health Survey also showed that employees did not feel that they had regular discussions with their immediate supervisor about their work, or that they had meaningful discussions about their personal or career goals.

Although training and development is set as a strategic priority by the ministry and is a clear focus at the regional level, the ministry has not yet taken the next step and developed an overall human resource strategy that includes training and development. Without the integration of training and development with the other functions tied to managing human capital—recruitment and selection, performance management, change management, compensation—there is a risk that the issues we identified as barriers to performance will not be addressed.

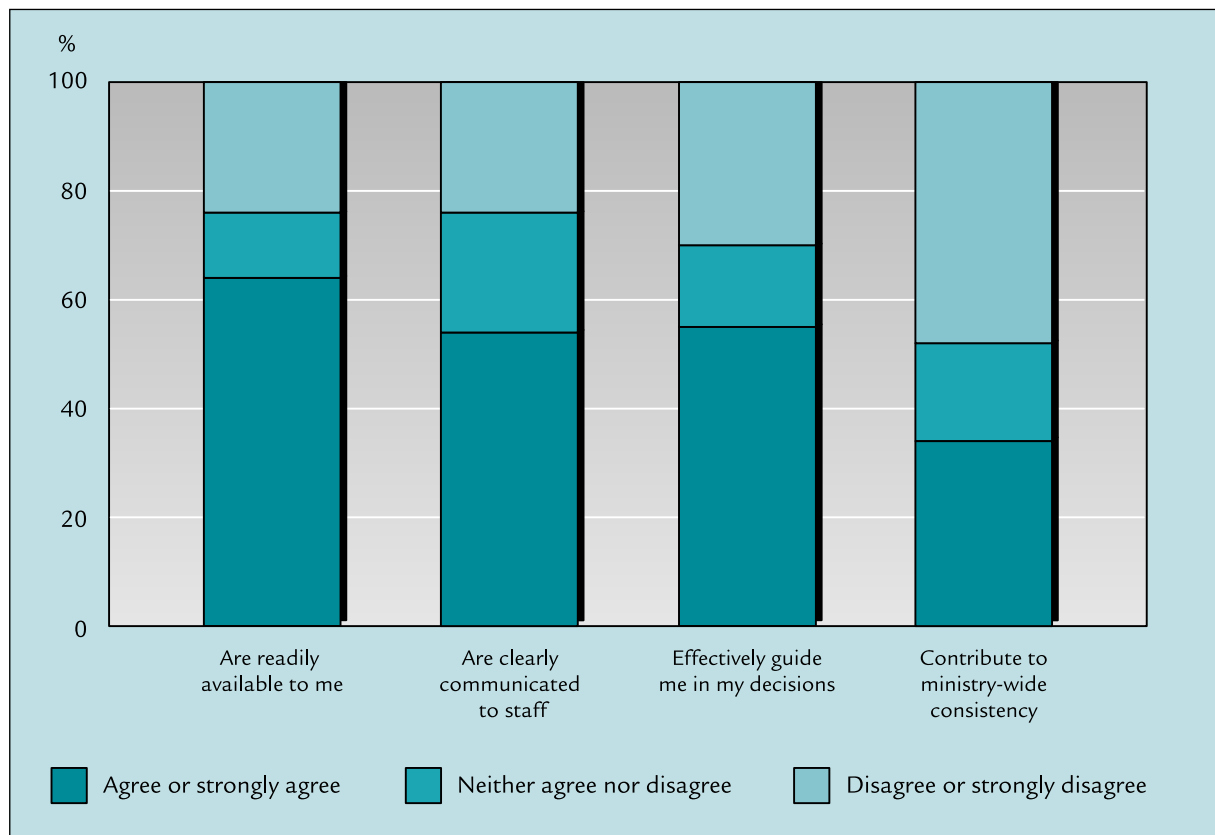
Training policies and procedures

To ensure that decisions about the approval of training and development are made in a consistent manner, the ministry has issued its policies and procedures in the Personnel Guidebook that it provides to all employees responsible for approving or rejecting staff training requests. These policies are considered to be guidelines allowing managers flexibility in their decision-making.

Exhibit 2.11 shows how those responsible for approving or rejecting staff training and development requests view the effectiveness of these policies. Less than half believe the policies and procedures that are in place contribute to ministry-wide consistency in the approval process.

Exhibit 2.11

Employee Rating of Training and Development Policies and Procedures in the Ministry of Transportation and Highways (Staff Responsible for Approving Training Only)



Source: Office of the Auditor General of British Columbia, British Columbia Public Service Employee Training and Development Questionnaire, 1998

Monitoring Costs and Activities

Monitoring employee training and development is the responsibility of the Training Services Section for headquarters staff, while regions have that responsibility at their local level. In April 1997, when the Training and Administration Module was introduced to the Corporate Human Resource Information and Payroll System (CHIPS) across government, all ministries were requested to enter details of their cross-government training into the new system. We found that the Ministry of Transportation and Highways is complying with this request.

To be used effectively, all ministry-specific training information—not just cross-government training—needs to be entered into the CHIPS program. This will allow the ministry to consistently monitor the training and development of its employees.

Evaluating

The ministry should evaluate the results of its training investment and should report on how training has affected its performance. As well, the ministry should use the evaluation results to improve its training methods and activities and to examine its planning and needs assessment processes.

We found, however, that the ministry's methods for evaluating training and development activities do not adequately inform management about whether these activities benefit performance. The main problem is that little information is available about results.

To successfully demonstrate the link between training and development and performance, management should also ensure that training and development are being evaluated in the right context. The most useful evaluation would cover the employees' increased capacity to perform, but it would also assess the organizational incentives and barriers to achieving performance. Some of these factors we discussed earlier, such as clarity of job expectations, effectiveness of feedback and recognition, and appropriateness of tools and resources. As well, supervisory influence and expectations, workplace culture, implicit norms and peer expectations can all affect performance.

Many companies are evaluating training results in terms of behavioural and organizational changes. In the Ministry of Transportation and Highways, however, most evaluation of training is currently carried out through participant evaluation forms and—in the case of development activities—through discussions about the experience between the participant and their supervisor.

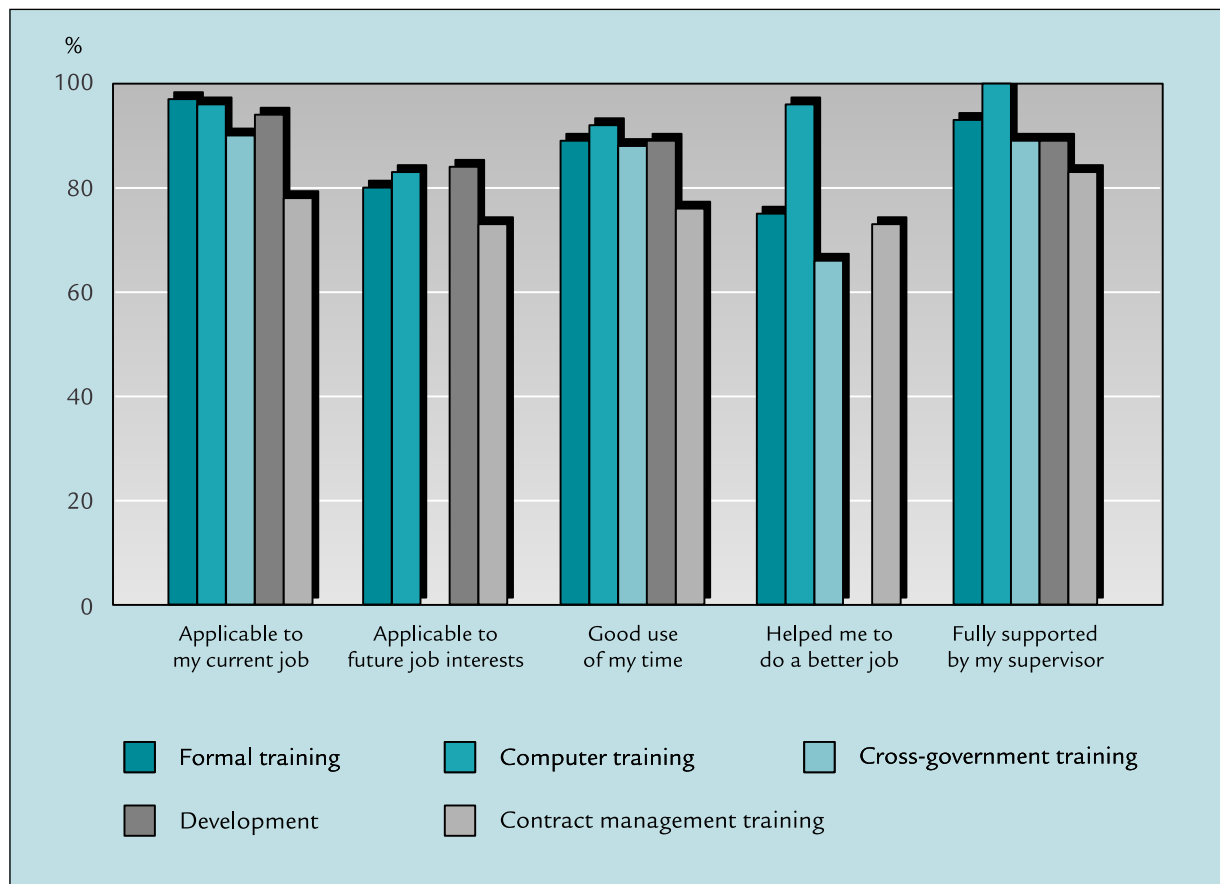
The ministry has, in the past, made use of a contract that employees completed when taking training. However, the focus of the document was on obligations around payment. The ministry is currently reviewing the former learning contract. A new policy and pre-course training agreement focused on needs assessment—ensuring training is the right solution, establishing learning objectives and performance expectations, and developing a higher level evaluation has been developed. The new pre-course agreement will also act as a tool in assessing whether training resulted in improvements in on-the-job performance.

In our surveys of contract managers, professional engineers and all ministry employees, we included several questions to evaluate their most recent training activity by type. Our findings are highlighted in Exhibits 2.12, 2.13 and 2.14. Overall,

Exhibit 2.12

Contract Managers' Ratings of Training and Development Provided

Represents the percentage of contract managers who strongly agree or agree



Source: Office of the Auditor General of British Columbia, Contract Manager Training and Development Questionnaire, 1998

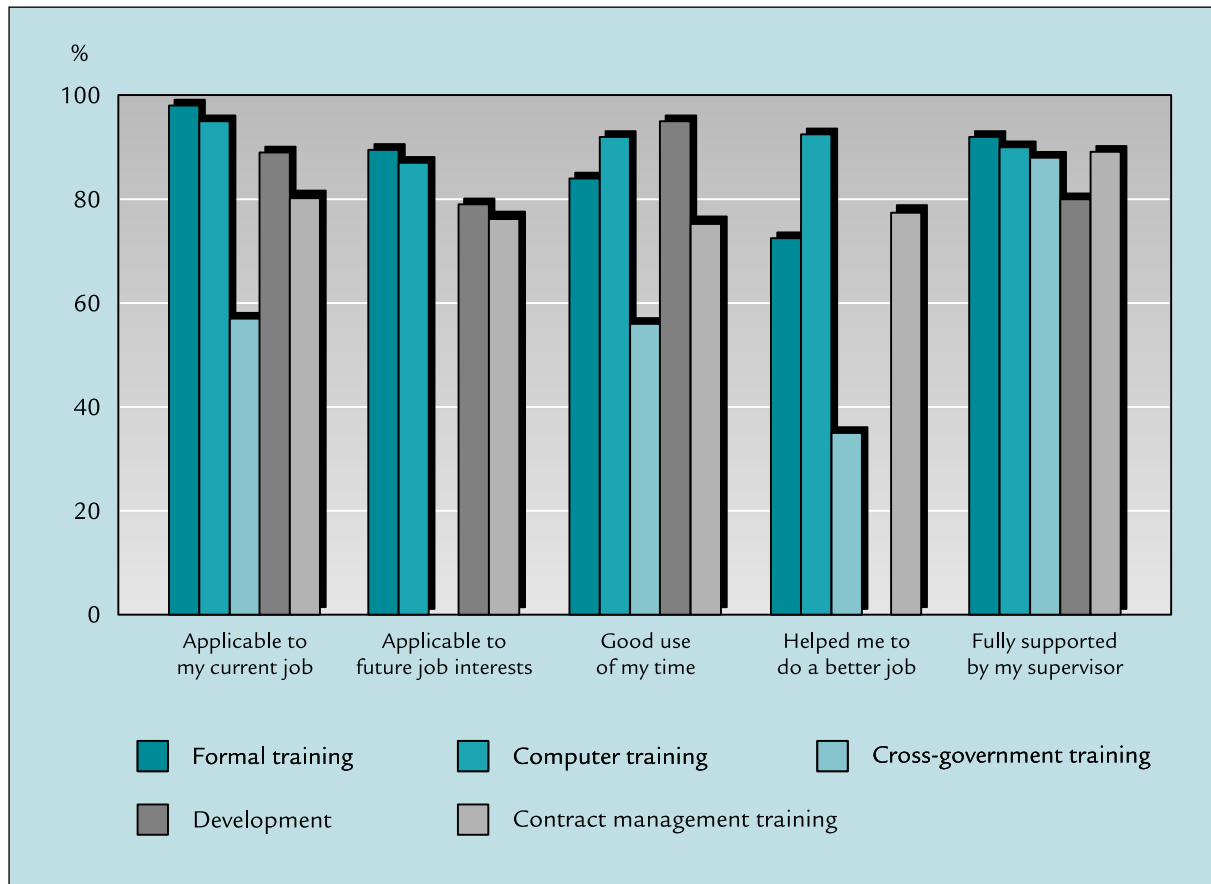
within the ministry, training provided is rated positively. The exception is cross-government training, which is rated lower by all employees, especially by the engineering staff.

We recognize that because training and development within the ministry tends to be employee driven, evaluation of training results by the employees themselves may provide a misleading picture. Further evaluation is required to determine whether employees are using the newly learned skills and whether these skills result in improved performance. Without this evaluation, managers may continue to provide training that temporarily improves morale but does not necessarily result in improved organizational performance. Given the expense of training and development, we believe that other, more effective management tools should be used for improving the work environment.

Exhibit 2.13

Professional Engineers' Ratings of Training and Development Provided

Represents the percentage of professional engineers who strongly agree or agree

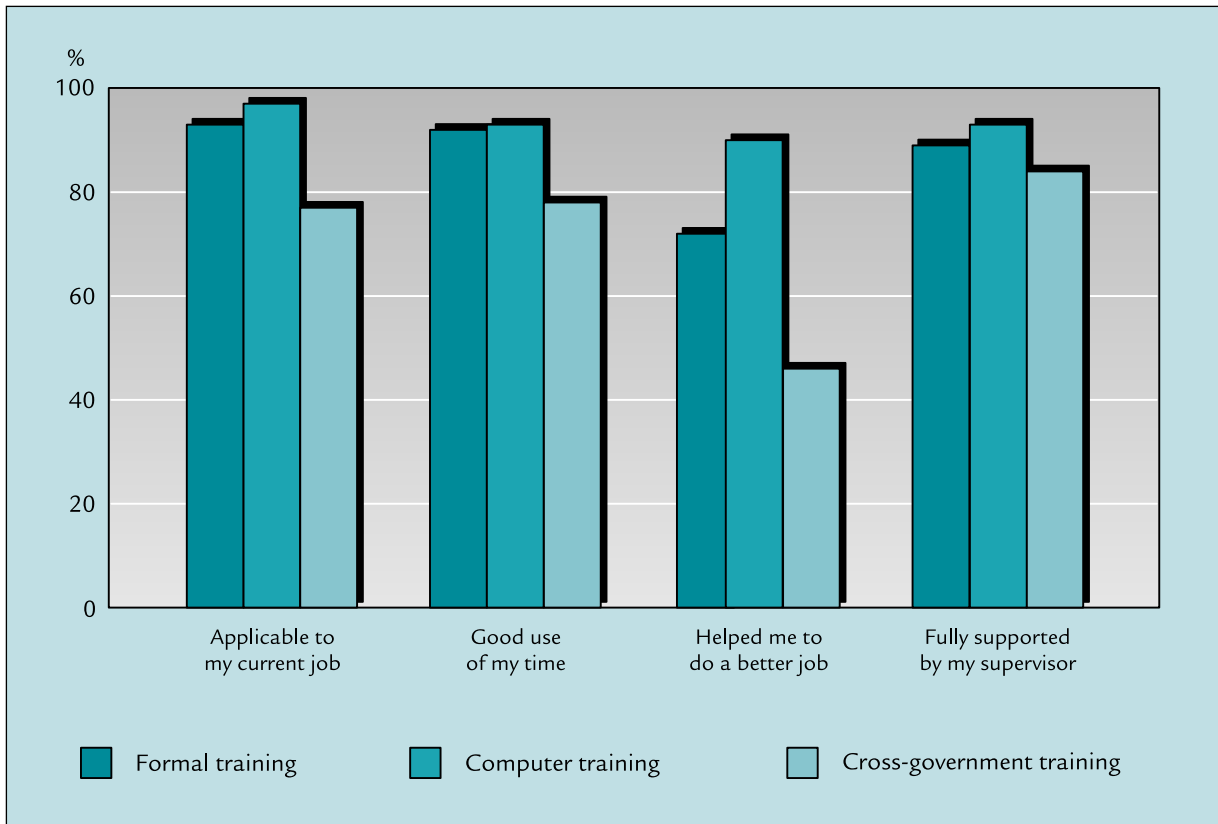


Source: Office of the Auditor General of British Columbia, Professional Engineer Training and Development Questionnaire, 1998

Exhibit 2.14

Employee Rating of Training Provided in the Ministry of Transportation and Highways

Represents the percentage of all ministry employees who strongly agree or agree



Source: Office of the Auditor General of British Columbia, British Columbia Public Service Employee Training and Development Questionnaire, 1998

Reporting to the Legislative Assembly

In its annual report to the Legislative Assembly, the ministry reports on how well it has done in achieving its strategic goals. However, it does not include any information about the state of its human capital.

The ministry has a clearly stated goal in its 1998/99 strategic plan related to its human capital (see Exhibit 2.10). With that goal, the ministry has a starting point for reporting to the Legislative Assembly on how it is managing its human capital.



ministry of transportation and highways response

The Ministry of Transportation and Highways agrees with the general recommendations made in the report. In particular the ministry supports the need to protect our investment in human capital and ensure that training and development is linked to our ministry strategic plan.

The ministry was very disturbed with some of the findings and will endeavor to take immediate steps to address them. Independently, but consistent with the Training Audit, the ministry increased funding available for training and started a complete review of its training program in May 1998. As a result of this review we are currently working on a number of initiatives that are supportive of the recommendations contained in the audit. These initiatives include:

- (a) the development and recent distribution of a “Training Reference Guide” that outlines to managers how training is delivered in the ministry, paying particular attention to alternate ways of delivering necessary training during periods of fiscal restraint, including emphasis on delivering training in-house, partnering, coaching, on-the-job training, video-conferencing and computer based training, etc.;*
- (b) measuring the results of training to link performance improvement to expenditures and return on investment;*
- (c) more closely linking training delivery to a ministry-wide competency-based needs assessment that is also tied to each organizational unit’s business plan and each employee’s performance plan and appraisal;*
- (d) developing key ministry job competencies for training and other human resource purposes;*
- (e) developing greater capacity in advising managers on linking training to performance as a means of ensuring a better return on our training investment; and,*
- (f) establishing a ministry training advisory group to help identify training barriers, priorities, problems and solutions.*



chapter III:
training and development
in the ministry
of agriculture and food



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Exhibit 3.1

Location of Offices of the Ministry of Agriculture and Food



Source: Ministry of Agriculture and Food

highlights

Introduction

The Ministry of Agriculture and Food has two main focuses: industry development and resource management. Its goal is to assist the agriculture and food industry in obtaining increased self-reliance, diversification, technological advancement, sustainable resource management, and enhanced profitability. It does this by providing professional support and guidance to the industry. Among its staff of 332 are professional agrologists, engineers, veterinarians, farm management specialists, educators and specialized technicians. They are located in three regional and 13 district offices throughout the province. Exhibit 3.1 shows the regions: South Coastal, North Central, and Southern Interior.

The ministry is very much in a knowledge business. It provides training directly and indirectly to more than 10,000 people a year—from farmers to ethnic communities and youth—all of whom participate in ministry courses, seminars and activities such as business planning, application of new technologies, safety and farm management. To provide this level of expertise, the ministry requires knowledgeable and experienced staff. Employees need to be up-to-date on subjects such as global trade, environmental regulations, animal diseases, marketing and competitive issues. Three-quarters of the regional employees are in the professional and technical occupation groups and 55% of the staff have worked in the organization for more than five years.

A ministry of agriculture has existed in one form or another in the province since 1894. Over this period of time there have been many changes within the industry. Most recently, the ministry has shifted its focus in response to the fact that many of the services it was providing are now available through the private sector. Rather than offer direct services to individual farmers, employees are now working with industry associations. In addition, employees with expertise in marketing, production and business development have organized into commodity teams whose concern, for example, is hogs or game farms.

This latest shift has required different skill sets of the employees. There is, for instance, a much greater emphasis on working in multidisciplinary teams, and employees deal

more frequently with community/industry associations rather than individual farmers. This audit allowed us to examine how a ministry uses training and development as a tool for managing organizational change.

Audit Purpose and Scope

The purpose of the audit was to assess whether the Ministry of Agriculture and Food (previously called the Ministry of Agriculture, Fisheries and Food) is using training and development strategically to maintain its human capital. We also examined whether the ministry is evaluating the value for money it receives from its investment in training and development for its employees.

The audit fieldwork was carried out between September 1997 and March 1998 and involved a review of ministry documents, interviews and a survey of all employees (with the exception of management levels 10-12) who had worked for the ministry for one year or more. We received an 80% response rate. (Statistics Canada assisted the audit team in the survey development and analysis of results.) The findings in this report are accurate generally to within 4% of the true values, 19 times out of 20. The survey results will provide the ministry with a comprehensive database on training and development and can be used as a benchmark for future monitoring.

Our examination was performed in accordance with value-for-money auditing standards recommended by the Canadian Institute of Chartered Accountants, and accordingly included such tests and other procedures we considered necessary in the circumstances.

Overall Conclusion

The human capital of the Ministry of Agriculture and Food is at risk. The ministry has experienced a significant reorganization, resulting in considerable downsizing and an exodus of experienced employees. In terms of human capital—and, in particular, staff morale—these changes have not been managed well. Training and development has not been used to assist in the management of change and the preparation of staff for new roles. Decisions around training and development are made in the absence of a strategic plan for maintaining the ministry's human capital. Training is delivered in an uncoordinated manner and therefore may not be providing the best use of scarce training dollars. The ministry's level of training and, especially, development is

not enough to ensure that the ability of its managers and professional staff to meet the new challenges facing the ministry will be maintained.

We also concluded that the Legislative Assembly should be receiving accountability information about training and development and about the human capital of the Ministry of Agriculture and Food. Currently it receives none.

Key Findings

The Ministry of Agriculture and Food is facing some urgent human capital issues that threaten its effectiveness and the quality of its services

Key Results from Our Audit

- Over the next five years, 46% of the agrologists and 62% of senior managers will reach age 55 or older and be eligible to retire
- During the period from November 1996 to November 1997:
 - 55% of ministry employees had their job redefined
 - 41 employees left the ministry resulting in a loss of 702 years of knowledge and experience
- One-third of employees do not feel properly trained to carry out their duties
- 20% of employees participated in development

We believe that a number of issues place the human capital of the ministry at risk: lack of succession planning, an aging workforce, and the impact of reorganization and downsizing. These issues are of particular concern in the Southern Interior and North Central regions.

The lack of succession planning to deal with the exodus of employees as the workforce ages is a concern. Over the next five years, 46% of the agrologists and 62% of senior managers will reach age 55 and be eligible for retirement. These percentages are significantly higher than for the rest of government.

The ministry has already lost a significant amount of its human capital through reorganization and downsizing. Fifty-five percent of ministry employees had their jobs redefined during the 12 months under review. In 1996/97, efforts to reduce ministry budgets resulted in many employees leaving, taking advantage of voluntary severance packages, early retirement schemes and opportunities for placement in other ministries. A total of 41 employees left the ministry in that time, resulting in a loss of 702 years of knowledge and experience.

Employees assuming a new position were to receive job orientation and in-service training to help them meet job-specific requirements. However, we found that one-third of employees did not feel properly trained to carry out their duties (and less than half of the employees in the North Central and Southern Interior regions). In our opinion, this points to a strong need for more job-specific training than is currently available.

Overall, these findings suggest that a greater focus on the development of ministry employees, particularly agrologists and managers, will be required in the next few years. Since only one in five employees had participated in development in the previous 12 months, there is clearly work to be done in this area.

The ministry's commitment to training and development is inadequate to maintain an effective workforce

Key Results from Our Audit

- 59% of ministry employees believe training and development is a fundamental value within the ministry
- 27% of ministry employees believe their ministry provides adequate support for training in terms of financial and human resources
- 79% of ministry employees participated in formal training, including cross-government, computer and ministry-specific
- 36% of employees received ministry-specific training
- Approximately 0.1% of payroll is invested in training and developing ministry employees

Fifty-nine percent of ministry staff believe training and development is a fundamental value within the ministry and that the ministry supports training and development in principle. However, notwithstanding this philosophical support, employees do not feel supported for the work they do. Less than a third of employees believe the ministry provides adequate support for training and development in terms of financial and human resources.

During the year ended October 1997, 79% of ministry employees participated in formal training, including cross-government, computer and ministry-specific training. Two-thirds of employees received computer-related training because of the introduction of a new system across the

ministry. However, only 36% of employees received job-specific training. In an environment where employees have been subjected to significant change and where overall ministry performance is tied closely to employee knowledge, we consider this amount of training to be minimal.

What the ministry invests in training and developing its employees is substantially less than that made in the rest of the British Columbia public service and by comparable agencies and companies in Canada and abroad. We were unable to obtain a precise picture of the amount of money spent on training and development in this ministry, the main reason being that the ministry does not have a standard accounting method for these expenditures. The methods used vary across the regions. However, we estimate training and development expenditures to be 0.1% of payroll.

Barriers to ministry performance indicate a need for management development

Key Results from Our Audit

- 59% of employees believe that the steps and procedures required to do their job make sense
- 61% believe that they have the tools and resources to do their job well
- 44% believe that they receive the feedback they need to do their job well
- 42% believe that they receive recognition when they do perform well

We found a number of factors affecting ministry performance: 59% of employees believe that the steps and procedures required to do their job make sense; 61% believe that they have the tools and resources to do their job well; 44% receive the feedback they need to do their job well; and 42% receive recognition when they do perform well.

These findings indicate that there are problems with the organizational performance management system. In particular, they reinforce the need for management development. These work environment issues may significantly reduce the effectiveness of any training and development provided and must be addressed if the ministry is to gain the most value from any future investment.

Accountability for managing the ministry's human capital needs improvement

Key Results from Our Audit

- Of those receiving ministry-specific training,
 - 93% believe it was applicable to their current job
 - 86% believe it was a good use of their time
 - 81% believe it helped them do a better job

Roles and responsibilities for training and development are not clearly defined within the ministry. The recent transfer of responsibilities for human resource management to the Ministry of Transportation and Highways has created some unresolved issues about responsibility and accountability.

The ministry enters cross-government training information into the Corporate Human Resource Information and Payroll System (CHIPS), but nothing about ministry-specific training. Without this information, tracking costs and activities is difficult.

Evaluation of training and development activities is limited to measuring an employee's immediate reactions to the design and content of the training. The ministry has no information as to whether training is affecting individual or organizational performance. Overall, however, the employees expressed high satisfaction ratings with the training they receive.

No report is given to the Legislative Assembly on the overall state of human capital within the Ministry of Agriculture and Food, even though this is one of its most important assets.



our recommendations

In addition to the recommendations outlined in Chapter I for all of government and the Introduction to the Ministry Reports, we make the following recommendations specific to the Ministry of Agriculture and Food.

- 1. We recommend that the ministry develop an overall human resource strategy for managing its human capital. The strategy should also include actions to address the identified barriers in the work environment to ministry performance.*
- 2. We recommend that the ministry develop a strategy for managing the effect of significant organizational change on employees, and that it incorporate training and development requirements into the strategy.*
- 3. We recommend that the ministry review its human and financial investment in the maintenance of its human capital through training and development. This should be done in conjunction with a thorough needs assessment as to the future skill requirements in the ministry.*
- 4. We recommend that the ministry establish clear lines of accountability for training and development both at a strategic level within the ministry and operationally through a service level agreement with the Ministry of Transportation and Highways.*



managing human capital through training and development

In this section, we outline our findings about some of the factors that we believe put human capital in the Ministry of Agriculture and Food at risk.

Our expectations for using training and development as a tool for managing human capital are outlined in Appendix A.

We found that the ministry is not, for the most part, using training and development as a strategic tool in managing its human capital. Preparation of employees for significant change has been particularly weak. We also found that there are a number of barriers to performance in the ministry that training by itself will not address. Overall, the findings point to a significant morale problem in the ministry.

Creating a Culture That Values Staff and Their Development

We found that the ministry has not created a culture of learning. Three out of five ministry staff believe training and development is a fundamental value within the ministry and that the ministry supports training and development in principle. However, only 27% of employees thought that the ministry provided adequate support in practice. These responses ranged from only 6% of employees working in the Southern Interior region to 44% of employees working in headquarters.

In 1992, the ministry hired a consultant to complete a training needs assessment for all employees. In addition to providing the executive with an outline of training priorities for the coming years, the consultant also made a number of recommendations about how the ministry could improve support and planning for training and development (Exhibit 3.2).

We found that none of these recommendations has been acted upon, and we believe that employees have perceived this lack of action as a lack of support. Only 57% of ministry employees indicated that their supervisors provide them with a reasonable opportunity for training and development. In addition, written comments to our questionnaire showed overwhelmingly that ministry employees want the ministry executive to recognize that keeping staff current in their fields of expertise is critical to the ministry's ability to meet service expectations, and that providing better support for training is needed to accomplish this.

Exhibit 3.2

Training Needs Assessment Recommendations Ministry of Agriculture and Food (1992)

The consultant recommended that the ministry:

- develop a longer term training strategy and show its commitment to training and development in a specific policy statement;
- integrate training and development into ministry business planning;
- use training and development activities as a way of building a strong corporate culture;
- create a leadership role for the Human Resources Branch in the management of training (the required scale of which appears to justify the appointment of a full-time training coordinator and/or, in view of the scale of the task of coordinator, the designation of regional coordinators);
- clearly delineate training responsibilities;
- ensure that the Performance Planning and Review (PPR) system is functioning effectively throughout the ministry so that individual training needs are systematically defined and incorporated into unit training plans; and
- ensure available training resources are equitably allocated to all units of the ministry.

Source: Ministry of Agriculture and Food Needs Assessment, 1992

These findings about support may also be a reflection of the working environment, which has recently been subjected to significant restructuring and downsizing. Whatever the reason, the majority of ministry employees do not feel that the work they do is valued. To change this perception will, in our view, require a change in the ministry culture. Senior management, in order to rebuild ministry morale and ensure employees can meet the future expectations of the industry they serve, will have to make a strong commitment to creating a culture that values staff training and development. Recognizing the importance of the employees through the development and implementation of a ministry human resource strategy would be an important first step, and it would send the message that employees are valued.

Determining Knowledge and Skills Requirements to Meet Future Performance Expectations

The Employee Learning Services Branch of the Public Service Employee Relations Commission has established Curriculum Advisory Committees. One of the key tasks of these committees is to develop competencies for the many common positions across government. Within the Ministry of Agriculture and Food, however, over half of the employees are in professional positions specific to the ministry (e.g.,

animal pathologists and 4-H specialists). Competencies for such ministry-specific positions have not yet been developed. If they had, these competencies could be used not only for training and development purposes, but also for recruitment and selection, performance measurement, and staff guidance as to what is expected of them.

We therefore believe that for each professional position, the ministry should identify:

- the skills and knowledge required for exemplary performance in the job;
- employees' current skill and knowledge levels;
- the requirements to bring employees to full competence in the job;
- any additional requirements for developing employees into exemplary performers; and,
- ways in which the ministry can help employees realize that potential.

Determining such knowledge and skill requirements is particularly important when a ministry has undergone significant organizational change. The results of the assessment should drive the development of a highly targeted curriculum focused on employees requiring new skills.

As well, the ministry should identify training to assist employees in developing skills necessary for dealing with the changes in the working environment. These non-task-specific needs (such as conflict management, time management and stress management) should be addressed in ministry training and development programs.

Performance appraisals are common tools used by management to discuss training and development needs with staff. In the case of this ministry, however, only a quarter of the employees had received a performance appraisal in the year under review. The number of employees receiving appraisals varied widely across the regions, from a low of 14% in the Southern Interior region to a high of 40% in the South Coast region. In most cases, when the appraisal was provided, training and development was discussed as a component.

Despite these problems with competencies and appraisals, half of the staff discuss their training and development needs with their supervisor at least once a year or more. However, because the ministry does not have the information necessary for a complete needs assessment, training tends to be focused on the individual requests of employees rather than being used as a tool for increasing organizational performance or



Courtesy: Ministry of Agriculture and Food

Technical knowledge is a requirement for many government staff at the Ministry of Agriculture and Food

managing change. Eighty-five percent of ministry employees believe the ministry uses training and development to improve employee skills and abilities. However, only 58% said the ministry was using it to improve overall organizational performance, and less than half said the ministry was using it to maintain the knowledge base. These findings confirm that the ministry should link training and development expenditures to performance and competency issues, and target needs caused by change and downsizing.

Determining the Best Strategy for Managing Human Capital

Determining the best strategy for managing human capital (e.g., whether to recruit, develop from within or contract the services out) requires analyzing a number of factors, including workforce demographics, the impact of organizational change, and the job market. In the Ministry of Agriculture and Food, the lack of this information

has resulted in training and development not being targeted to where it is most needed.

Workforce demographics

Like other ministries, Agriculture and Food will see a significant portion of its senior managers retire in the next 5–10 years. Our analysis showed that within the next five years, 62% of senior managers within the ministry will reach age 55 and be eligible for retirement, as will 46% of the agrologists. Within 10 years, all of the current senior management and 71% of the agrologists will be eligible for retirement. These percentages are significantly higher than is the case in the rest of government.

The agrologists often work with industry associations and individual clients of the ministry. Much of the success of their work depends on the aspect of human capital that we refer to as “social networks”—relationships between co-workers, colleagues and clients. These relationships have often been built over the years and are not easily replaced. As a result, this loss cannot be dealt with effectively by recruiting directly from

the university programs. New recruits need to be mentored and developed. A related problem is that the ministry can expect to face increased competition within the market place for experienced employees.

To date, the ministry has not addressed succession planning and the development of staff to deal with these issues.

Impact of organizational change

During 1996/97, efforts to reduce the ministry budget resulted in a number of employees leaving, as they took advantage of voluntary severance packages, early retirement schemes and opportunities for placement in other ministries. At the same time, the way much of the work is done in this ministry has changed. Staff now work in commodity teams made up of business, production, processing and marketing specialists. As well, employees displaced within the ministry because of organizational changes must be given suitable positions elsewhere in government, under British Columbia's current labour agreement. This makes it important that they have skills that are transferable between positions, and that they receive training for their new roles.

Under the downsizing initiatives announced in November 1996 (which included early retirement and voluntary severance packages), 41 employees left the ministry. The result was a loss of 702 years of knowledge and experience. This loss was not spread evenly amongst the occupational groups (as illustrated in Exhibit 3.3). Rather, it was experienced mainly in the professional group, particularly the agrologists. This is the same group of employees that will be most hard hit by retirements in the coming years.

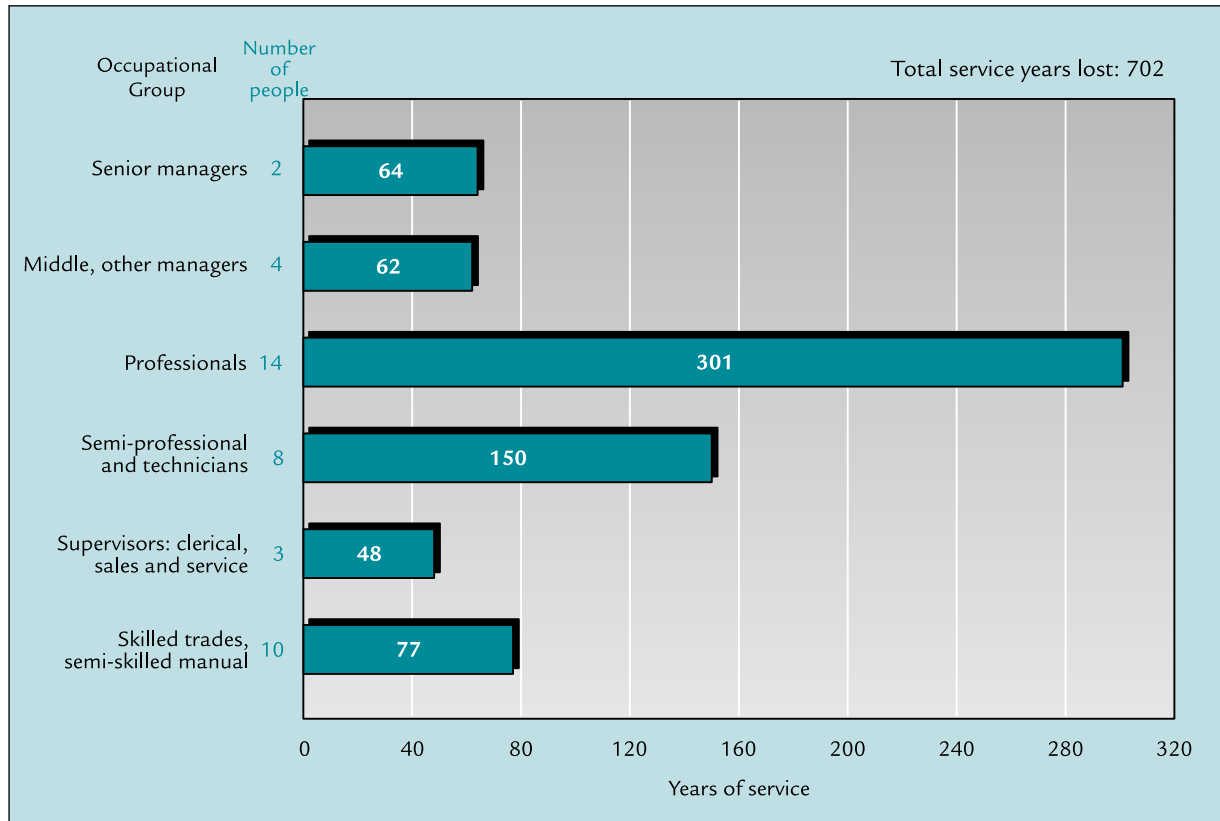
The loss of so many skilled employees—and their corporate memory—weakens the ministry's human capital. The extent of the impact of this loss has been particularly large in this ministry. Fifty-five percent of ministry employees have had their job redefined in the 12 months reviewed, many as a result of reorganization. (There was variation within the regions: 45% in the South Coast region and 72% in the North Central region reported their jobs had been redefined.) As well, 41% of ministry employees are relatively new to their current positions, having been in them for less than five years.

In the most recent downsizing, employees assuming a new position were to receive job orientation and in-service training to help them meet job-specific requirements. We therefore expected to find differences in the levels of training provided to employees, based on the type of work they did,

Exhibit 3.3

Years of Service Lost During Downsizing, by Occupational Group in the Ministry of Agriculture and Food

November 1, 1996 – March 31, 1997



Source: Compiled by the Office of the Auditor General of British Columbia

because not all occupations and ministry functions were affected equally by the reorganization. As well, we anticipated that the training in the past year would have been focused on those employees who were transferred into new positions during the reorganization. In fact, we found no strong link between the needs of these employees and the way training dollars were spent.

Overall, we found that only two-thirds of ministry employees feel properly trained to carry out their duties. These results varied significantly by region—only 44% of the employees in the North Central region and half of the employees in the Southern Interior feel properly trained to carry out their duties, while in the South Coast region and Victoria the figures were 68% and 75%, respectively. We also found that one-third of employees who had been in their

position for less than one year did not feel properly trained to carry out their duties. Therefore, in our view, there is still a strong need for training of both transferred employees and employees whose positions have been redefined.

In our view, the ministry needs to balance equality of access to training with targeting the training where it will produce the most value in terms of improved performance. No particular factor—not employee gender, region of work, occupation, education, professional designation, or length of time in the position—affected an employee’s likelihood of receiving training, nor did it affect the type of training—cross-government, computer, or ministry-specific. While this is commendable from an equality perspective, it suggests to us that training opportunities have not been focused on areas where employees were particularly affected by changes in ministry direction or losses due to reorganization.

Job market

The ability of the ministry to recruit and retain staff in particular occupational categories often depends on supply and demand in the job market. Therefore, the ministry should consider both its current workforce and its ability to recruit from the external market. For example, it has in the past had difficulty recruiting agrologists, and has often resorted to Canada-wide searches to fill the positions. The ministry also does not have junior agrologist positions to draw from, and thus will be competing with the private sector for expertise in the coming years. The ministry does not currently have a strategy for dealing with these predictable challenges.

Determining Whether Training and Development Is the Right Solution

Addressing performance issues within a ministry requires determining whether poor performance is a result of lack of knowledge and skills or whether it is the result of other factors. Some of these factors include whether or not employees believe that what they are asked to do makes sense, the effectiveness of feedback and recognition they receive, and their access to appropriate tools and resources. In addition, whether or not employees understand and believe in the direction of the ministry can affect whether or not they know what is expected of them and what new skills they should be developing. All of these issues must be addressed in an overall human resource strategy for the ministry.

We found that the current management of these issues does not support effective delivery of services. Further investment in training and development is unlikely to pay off in terms of improving ministry performance unless these work environment issues are addressed simultaneously.

Factors affecting on-the-job behaviour

Exhibit 3.4 shows that 59% of ministry employees believe that the steps and procedures required to do their jobs make sense; 61% believe that they have the tools and resources to do their job well; and less than half believe they receive the feedback and recognition they need to do their job well.

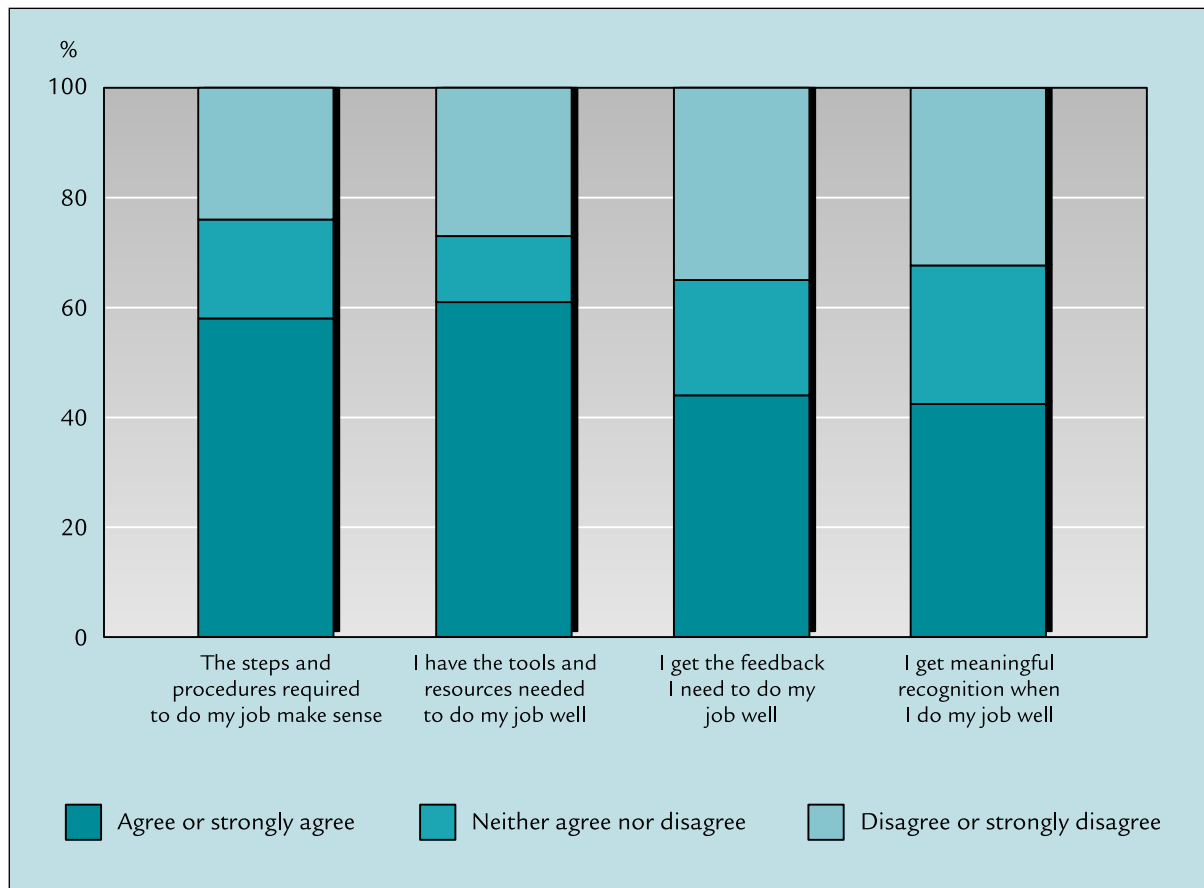
These findings suggest that several barriers to performance exist—barriers that, in our view, cannot be compensated for simply through training and development. Because all these issues have an effect on an employee's willingness or capability to use his or her skills, the ministry will have to address them if it is to get the most value from any future training and development programs.

These results also reinforce the need for training management in how to maintain or create a supportive work environment where employees feel they can question and improve procedures, discuss the costs and benefits of additional tools and resources, and get feedback and recognition when they do a job well.

We found that whether or not an employee received a performance appraisal affected how he or she felt about feedback or recognition received. Only a quarter of the employees received appraisals in the 12 months under review. Of these, over half said they feel they get meaningful recognition when they do their job well. Only one-third of employees who had not received performance appraisals in the last year felt they get meaningful recognition. Those who received an appraisal also generally felt they received the feedback they needed to do their job well—about 66% compared to 37% of those who did not get an appraisal. We believe the ministry needs to encourage the use of its performance management process for the purpose of providing employees with more recognition and feedback.

Exhibit 3.4

Employee Perceptions of the Work Environment in the Ministry of Agriculture and Food



Source: Office of the Auditor General of British Columbia, Ministry of Agriculture and Food Employee Training and Development Questionnaire, 1997

Understanding the direction of the ministry

In a changing environment, communication of the direction of a ministry and its branches to staff becomes more critical than ever. In the case of this ministry, however, we found that only half of the employees believe that the ministry's strategic plan is well communicated. Over two-thirds of staff participate in planning as part of their work, mainly at the regional level. It appears that the high participation rates had a positive effect on whether employees believe the plan is well communicated—two-thirds of staff believe that the regional plans are well communicated. Nevertheless, there were regional differences: respondents in the Southern Interior felt most strongly that both the ministry's strategic and even their own regional business plans were not well communicated (67% and 49%, respectively).

Though two out of three ministry employees understand what is expected of them, there were significant differences in two regions. In Victoria, 81% of employees reported that they know what is expected of them, while in the Southern Interior region only half of the employees said that.

We concluded that the ministry needs to ensure that employees affected by organizational change are made aware of how the changes affect the work they do.



training and development: participation rates, delivery methods and costs

In this section, we discuss the minimal amount of training and development offered by the ministry and the lack of financial investment it is making in human capital.

Two useful indicators of an employer’s commitment to training and development are the amount of training and development it provides to employees and the level of investment it makes in the undertaking. We found that the Ministry of Agriculture and Food invests fewer dollars as a percent of payroll than do other comparable organizations in Canada and internationally.

Employee Participation in Training and Development

Only 36% of ministry employees participated in some form of ministry-specific training between October 1996 and October 1997. This is a slightly lower participation rate than for government employees as a whole (Exhibit 3.5). Twenty-three percent of the employees received mandatory cross-government training, including courses and workshops relevant to all government employees, such as occupational health and safety training, employment equity awareness, and prevention of harassment in the workplace. As well, the ministry had just implemented a new computer system at the time of the audit, and two-thirds of the employees had received computer-related training on the system. This

Exhibit 3.5

Comparison of Training Received by Ministry of Agriculture and Food Employees and Training Received by All British Columbia Public Service Employees, December 1996 to December 1997

Type of Training	Agriculture and Food Employees (%)	British Columbia Public Service Employees (%)
No training	21	36
Cross-government	23	25
Computer	62	24
Ministry-specific	36	39

Source: Office of the Auditor General of British Columbia, British Columbia Public Service Employee and Ministry of Agriculture and Food, Employee Training and Development Questionnaires, 1998 and 1997



Courtesy: Ministry of Agriculture and Food

Ministry agrologists and veterinarians focus on plant and animal health

training included updates for end-users and technical training for information technology professionals.

The most frequent reasons given by employees for not participating in formal training were:

- I did not have time;
- I was not aware of any training opportunities; and
- none of the course offerings interested me.

We found that 69% of employees participated in informal training. The most common types were reviewing professional journals, reviewing work-related Internet sites and attending professional association events. The amount varied significantly by region, from 64% in Victoria to 84% in the North Central region. Eighty-six percent of those who received both formal and informal training believe that their informal training was at least as valuable as their formal training.

Despite the need for an increasing focus on development, only 20% of the staff participated in developmental activity over the 12-month period reviewed (as discussed in the first section of this chapter). The most common types of development included attending workshops and seminars and reviewing professional journals. Given the potential exodus of agrologists and managers within the ministry, we believe that the amount and type of development and who it is targeted at needs to be reviewed. Development is also particularly important for technical or professional staff who, in order to advance, often have to make a significant shift in focus from technical skills to management skills.

We concluded that the ministry’s level of training and, in particular, development is not enough to ensure that the skill base of managers and professional staff will be maintained or developed. In addition, the lack of training opportunities in conjunction with the work environment issues discussed earlier put the ministry at a disadvantage in the recruitment of capable workers.

Delivery of Training

Research indicates that a solid relationship exists between a company’s performance and its workplace learning and development practices. Companies that use innovative training practices report improved performance over time and better performance than their competitors.

We found that although training throughout the ministry is delivered using a variety of methods, the classroom setting still predominates (Exhibit 3.6).

This is consistent with the practice in other organizations. However, a growing trend is to use a wider variety of delivery methods, and notably those that rely on advanced technology to reach more employees. We encourage the ministry to further explore the use of technology in its delivery methods as a means of improving access to training in remote locations.

Exhibit 3.6

Instructional Methods Used for Employee Training in the Ministry of Agriculture and Food

Methods	% Used
In-house classroom setting	21
Classroom setting away from the office	48
College, university or institute setting	8
Conference away from the work site	16
Self-paced computerized learning	2
Video conference training method	5

Source: Office of the Auditor General of British Columbia, Ministry of Agriculture and Food Employee Training and Development Questionnaire, 1997

The Ministry's Training Investment

In successful companies, training is viewed as an investment. These organizations train more of their employees and spend more money on training, both in total amount and as a percentage of payroll than does the average company.

In Chapter I, we presented our findings about the amount that government as a whole in British Columbia has invested in training and developing its employees. We found that training is viewed not as an investment, but as a cost that can be increased or decreased in response to budget decisions. This ministry is no exception.

At the time of our audit, the Ministry of Agriculture and Food had a central training budget for cross-government training and some ministry-specific training. It was up to the branches to determine the investment they would like to allocate for training and development. This resulted in inconsistencies between the branches in terms of training dollars allocated per employee. With the recent contracting out of the human resource services to the Ministry of Transportation and Highways, the portion of the central budget allocated to ministry-specific training has now been redirected to the regions. Decisions around its use are to be based on regional training plans. To date, none of these exist.

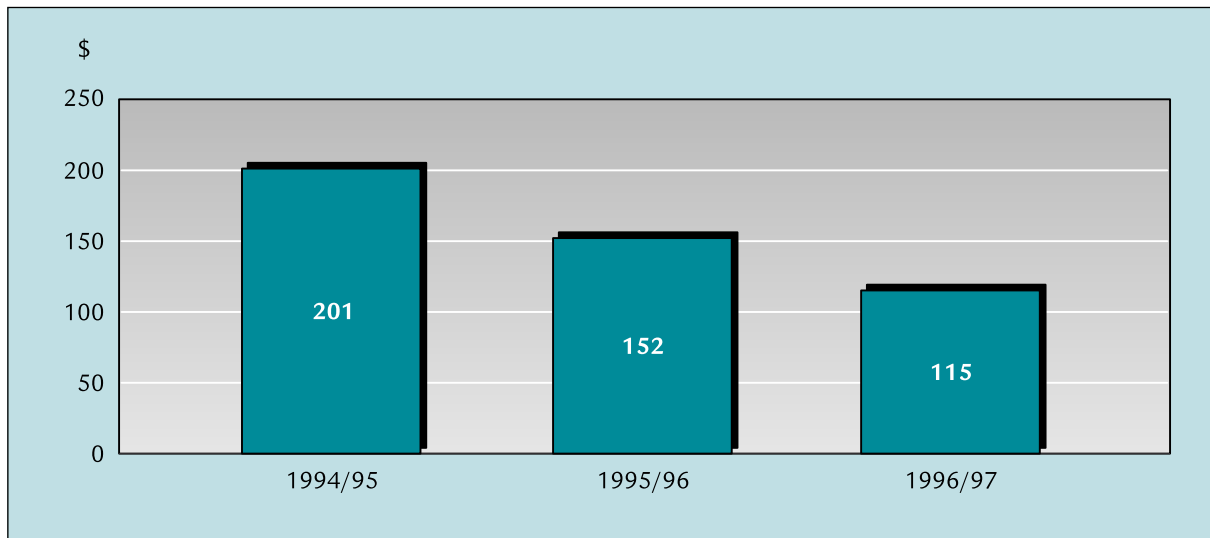
Exhibit 3.7 shows that the direct costs reported for training in the Ministry of Agriculture and Food decreased by 43% over the three-year period between 1994/95 and 1996/97. Based on the information we were able to obtain, we estimate that the ministry invested less than 0.1% of payroll costs on training in 1996/97. This amount covered tuition, instructor fees, supplies, travel costs, and facility and equipment rentals.

This budget reduction may partly be a result of the budget freezes that have affected all of government in the past few years. These freezes have a particularly negative effect on the training provided to professionals whose work is seasonal. For example, employees involved in handling crop insurance or providing advice on crops to farmers are busiest from April to September. The courses relating to these positions are typically offered from October to March, a time when ministry budgets are often cut back.

Exhibit 3.7

Estimated Direct Training and Development Expenditures in the Ministry of Agriculture and Food 1994/95–1996/97

(\$ Thousands)



Source: Compiled by the Office of the Auditor General of British Columbia

Given that the ministry’s expenditures on training and development are significantly lower than in the rest of the British Columbia government and in other comparable public and private sector organizations in Canada and abroad, (see Chapter I, Exhibit 1.9) we believe the ministry should reexamine the amount of financial resources it is allocating to these needs.



accountability

In this section, we highlight our findings about the lack of accountability for training and development and human capital within the Ministry of Agriculture and Food.

We found that accountability for training and development within the Ministry of Agriculture and Food is not clear. The new service agreement between the Ministry of Transportation and Highways and the Ministry of Agriculture and Food has not resulted in a clearer understanding of who is responsible for the overall strategic direction of human resources. With the exception of cross-government training, the ministry does not monitor training and development activities, and, with the lack of evaluation of training activities, the ministry does not know whether its efforts are having an effect on overall performance. In addition to all of this, information on the management of human capital within the ministry—and, in particular on training and development—is not being provided to the Legislative Assembly.

Roles and Responsibilities

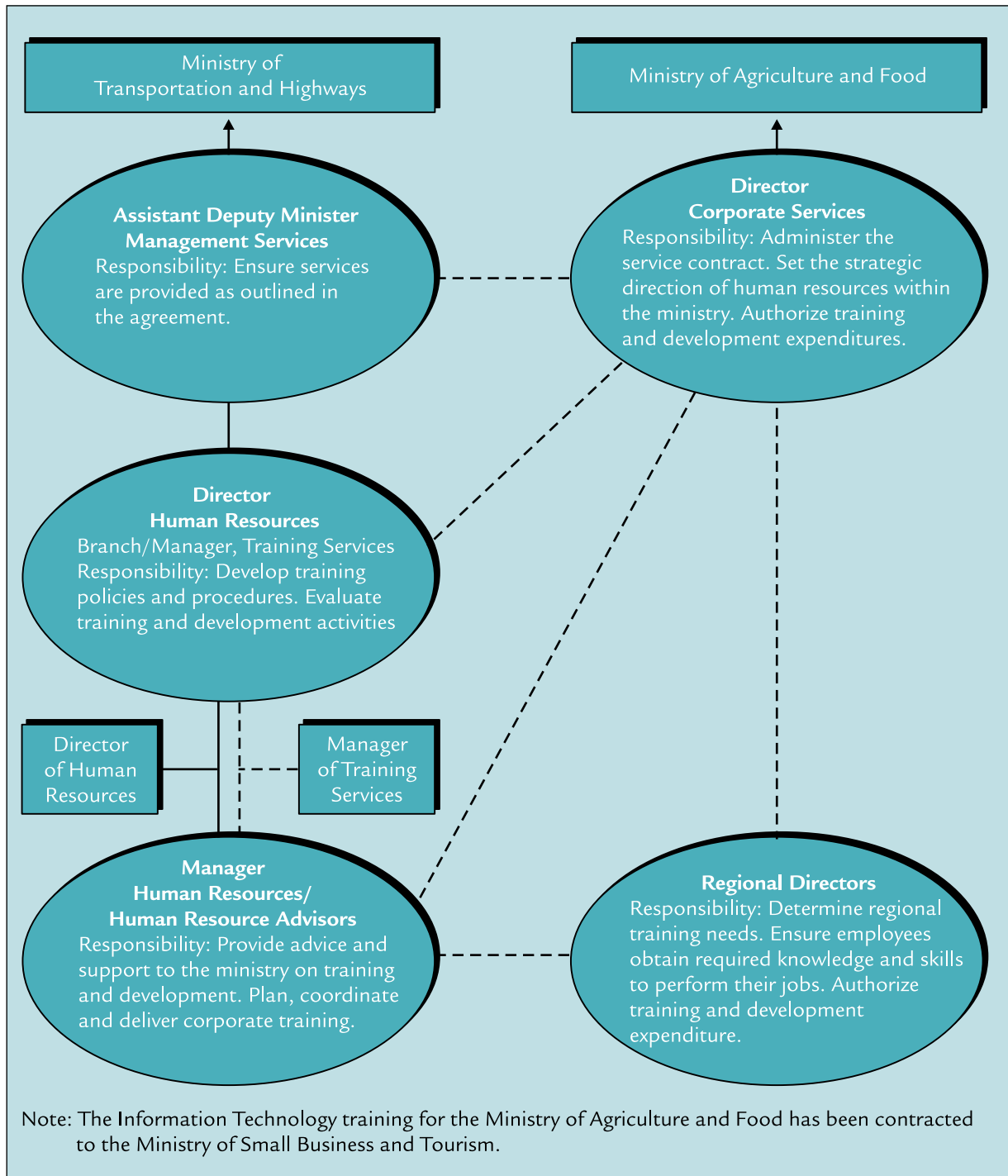
Under the Public Service Act, the Public Sector Employee Relations Commission has delegated its responsibility for training to the Ministry of Agriculture and Food. At the time of our audit, the ministry had in turn delegated the responsibility to the Human Resources Branch and to the Information Management Services Branch for information technology training. In November 1998, the ministry entered into a service contract with the Ministry of Transportation and Highways to provide human resource services. A further service level agreement was to be in place by April 1, 1999, outlining responsibilities more specifically. However, because roles and responsibilities are still in transition, this agreement has not yet been written. Training for information technology has been transferred to the Ministry of Small Business and Tourism.

The ministry has further delegated responsibilities for regional staff training and development to the regional finance and administrative officers, who receive support from the human resource advisors.

Exhibit 3.8 illustrates the roles and responsibilities within the ministry for employee training and development. Our concern is that there is no one with overall responsibility for bringing issues relating to the management of human capital to the attention of the executive. Without that executive support, there is a risk that these issues will not be addressed.

Exhibit 3.8

Accountabilities for Training and Development in the Ministry of Agriculture and Food



Source: Compiled by the Office of the Auditor General of British Columbia

Strategic direction for training

The Personnel Branch in Agriculture and Food had a divisional business plan for fiscal year 1997/98. However, the link between this plan and the overall goals and objectives for the ministry is not clear and there is no recognition in the ministry strategic plan of how a major operational change might affect the human capital of the ministry.

Training policies and procedures

To ensure that decisions about the approval of training and development are made in a consistent manner, and to provide guidelines to management in terms of expectations around training and development, the Personnel Branch has developed ministry policies. How effective these policies are, however, is questionable.

About one-quarter of ministry staff responding to our survey indicated that, as part of their job, they are responsible for approving or rejecting staff training and development requests. Of those, only half know the basis for approving staff training requests. About two-thirds of the employees with this responsibility believe policies on this matter are readily available. Only 41% believe that these policies are clearly communicated to staff; about 50% believe that these policies effectively guide them in their decisions to approve or reject training. Only about 25% believe the policies contribute to ministry-wide consistency in how training is approved. This confusion around training policies was confirmed through written survey comments and interviews. Branches are not held accountable for complying with the policies.

Monitoring Costs and Activities

In April 1997, the Training and Administration Module of the Corporate Human Resource Information and Payroll System (CHIPS) was implemented across government. Ministries were requested to enter all cross-government training into the new system. The Ministry of Agriculture and Food is complying with this request. To ensure the ministry has the information it needs to facilitate planning and monitoring of training and development, we believe that all the ministry-specific programs it delivers should be entered into CHIPS.

Evaluating

We expected the ministry to evaluate the results of its training investment and to report on how training has affected performance. As well, we expected the ministry to use the evaluation results to help it continually improve its training methods and activities and to examine its planning and needs assessment processes.

Instead, however, we found that the ministry's methods for evaluating training and development activities do not adequately inform management about whether these activities benefit ministry performance. The main problem is that little information is available about results.

To successfully demonstrate the link between training and development and organizational performance, management should ensure that training and development is being evaluated in the right context. The most useful evaluation would cover the employees' increased capacity to perform, but it would also assess the organizational incentives and barriers to achieving performance. Some of these factors we discussed earlier, such as clarity of job expectations, effectiveness of feedback and recognition, and adequacy and appropriateness of tools and resources. As well, supervisory influence and expectations, workplace culture, implicit norms and peer expectations can all affect performance.

Many companies are evaluating training results in terms of behavioural and organizational changes. In the Ministry of Agriculture and Food, however, most evaluation of training is carried out through participant evaluation forms and—in the case of development activities—through discussions between the participants and their supervisors about the experience. Ministry employees rarely perform a written examination, give a presentation to their co-workers, or circulate information to their co-workers.

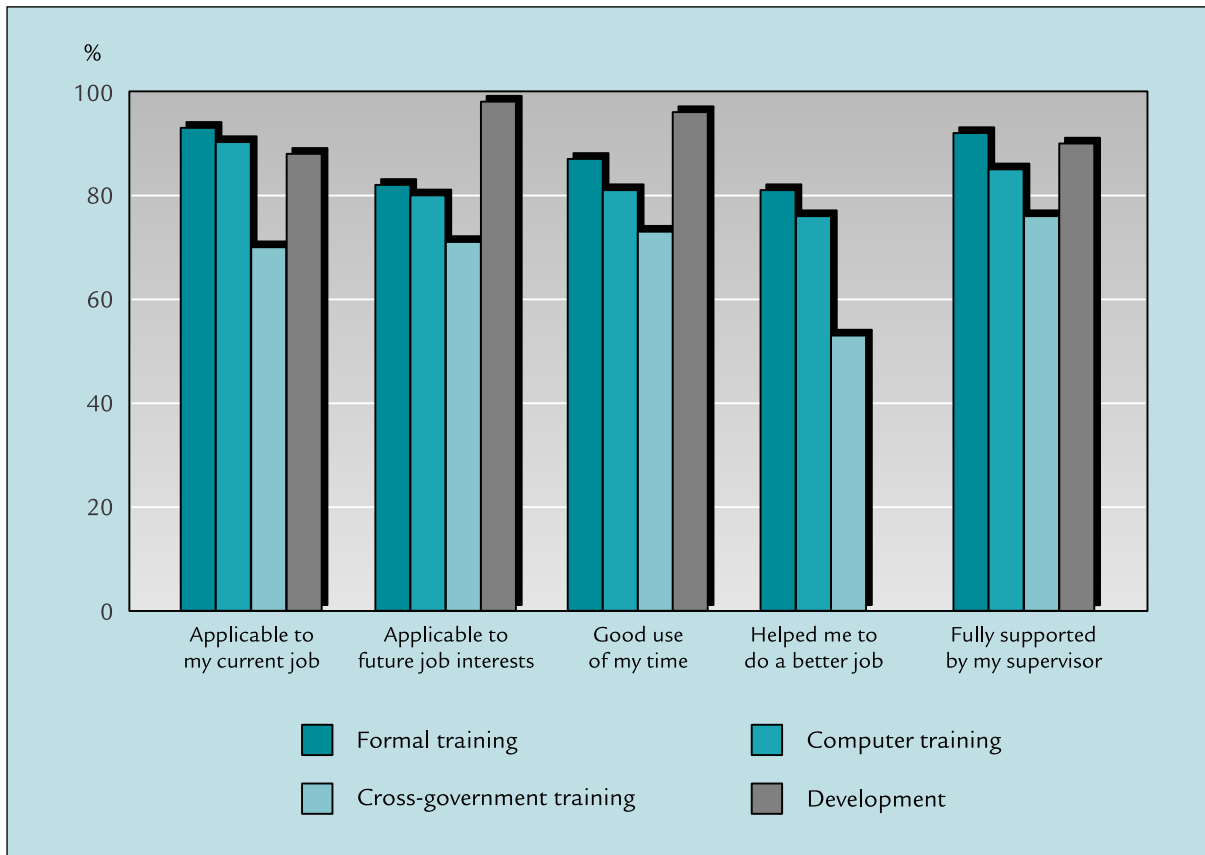
In our employee survey, we included several questions to evaluate the employee's most recent training activity by type. Our findings are highlighted in Exhibit 3.9. Overall, employees rated their training positively—as applying to their current jobs, helping them to do a better job and being fully supported by their supervisor.

The ministry needs to go beyond simple satisfaction ratings if it is to assess improvement in individual and organizational performance effectively, and if it is to link training and development outcomes to organizational objectives.

Exhibit 3.9

Employee Rating of Training and Development Provided in the Ministry of Agriculture and Food

Represents the percentage of employees who strongly agree or agree



Source: Office of the Auditor General of British Columbia, Ministry of Agriculture and Food Employee Training and Development Questionnaire, 1997

Reporting to the Legislative Assembly

Ministries report on their performance to the Legislative Assembly through annual reports. Within the Agriculture and Food report, there is no comment on the overall state of human capital in the ministry. Considering the amount of money allocated to human assets in terms of salaries and benefits, better reporting is required.

The first step in reporting on performance is determining benchmarks or criteria against which to report. The training and development model outlined in Appendix A will provide the ministry with such benchmarks. The research completed as part of our audit will also supply the ministry with baseline

data against which to compare future performance. Further benchmarks for the management of the other aspects of human capital would also have to be developed. Once these benchmarks were in place, the ministry could then ensure that its annual report included a section on performance relative to these indicators.



ministry of agriculture and food response

Thank you for the opportunity to respond to your report on training and development in the Ministry of Agriculture and Food. The ministry appreciates the extensive work that was done and strongly supports the conclusions made in the report.

This support may appear odd given the strong concerns raised about the current human capital situation in the Ministry of Agriculture and Food. Quite the opposite—we believe deeply in our staff, and wish to provide the support, training and development they deserve to reach their potential as effective public servants.

The ministry also agrees with the recommendations related to the importance of, and weaknesses found in:

- *Communication and training to prepare staff for new roles and responsibilities in these times of downsizing and change;*
- *Monitoring and evaluation of training provided;*
- *Providing suitable resources and overall ministry direction on training of personnel;*
- *Maintaining the skill base of managers and professional staff;*
- *Conducting a needs assessment with industry, the public and staff to identify the skills our staff will require in the future.*

As a result of the eye-opening information delivered through this report, the Ministry of Agriculture and Food is reviewing our budget in an effort to meet more of the training and development needs of staff. However, the challenge facing this and most ministries is to meet these needs during periods of budget cuts and travel restrictions.

We thank the Auditor General for the opportunity to take part in a study that has the potential to be the turning point in the effectiveness of the B.C. public service.

