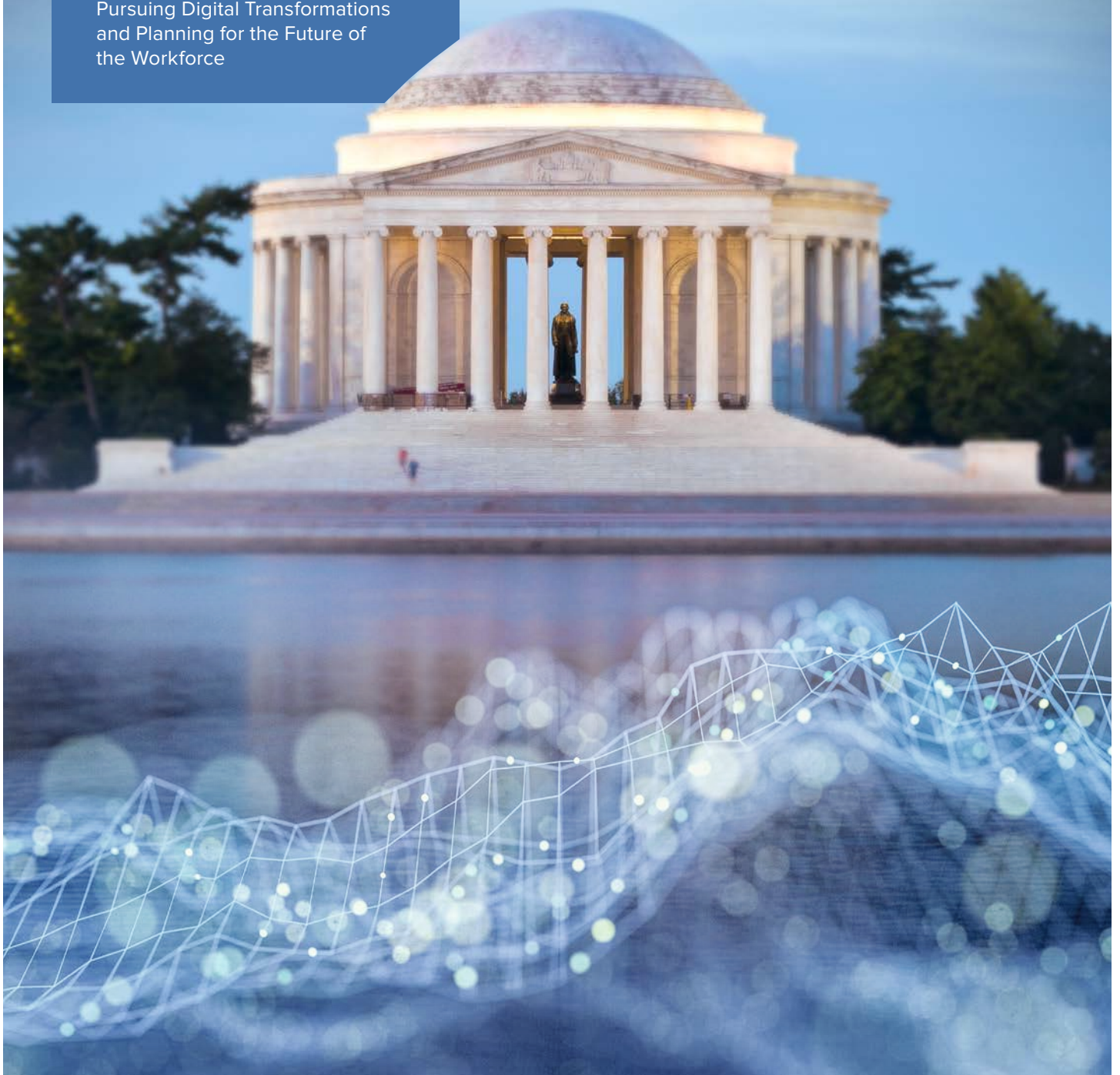


The HCMG

State of
**HUMAN CAPITAL
MANAGEMENT
IN GOVERNMENT**
Report 2019

Pursuing Digital Transformations
and Planning for the Future of
the Workforce



Executive **SUMMARY**

The year began during a government shutdown, which increases the likelihood that it will be a period where challenges in workforce and talent management need to be met with opportunities presented by technology and careful strategic planning. This report will examine how your peers in government HR are approaching their own goals, assessing their performance, and predicting and planning for the months ahead.

Within an extremely diverse range of industries, the concept of digital transformation is becoming one of the highest priorities to pursue. The concept hinges on the idea that newly developed technologies will contribute to a version of the workplace where the largest possible margin of tactical work is able to be eliminated.

Workers are enabled to spend the majority of their time on strategic level initiatives and oversight. These technologies include automation, use of the Cloud, elimination of data silos and the introduction of more powerful analytics.

This concept is now being applied to the management of the government workforce. This year's research findings indicate that over 50% of respondents will use automation across several elements of their jobs. Training on advanced platforms has risen to become a key aspect of attracting and retaining talent, and on-demand training via learning platforms are offering the means to bolster skill sets as well as monitor employee aptitudes and progressions. The sheer numbers indicate that agencies are quickening the pace of

adoption of technologies to transform their workforce and are starting to train themselves and their employees on how to use them effectively.

The time is now to consider where you fall on the spectrum of digital advancement. Read on to discover how your peers have evaluated themselves, and what they recommend for the next 12 months of progress.

Steve Dobberowsky
Senior Principal, Thought Leadership & Advisory Services
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Additional **CONTRIBUTORS**

In addition to the benchmark data and analysis contained in this report, several executives and industry experts have contributed their insight via interviews. Selected quotations have been used to add context and color to the statistical information contained in this document. Interviews centered on benchmark findings as well as key trends identified by research.

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Key FINDINGS

ONE.

While succession planning and leadership development remain key concerns, this year there was a rise in the priority of technology training and digital transformation efforts as agencies seek to increase their productivity by reducing manual processes.

Technology transformations are underway across organizations in virtually every industry as the benefits of automation and increased connectivity grow in importance. The same is true for the government workforce, where new tools hold significant potential for increasing the productivity of individuals and organizations at large.

TWO.

Automation is being considered in order to streamline most aspects of human capital management. Many respondents have already rolled out solutions to help them manage some routine elements of their human capital management programs.

Aspects of HR processes that are ripe for the introduction of automation include talent assessment, compliance management, and other tasks involving the processing of documents on a routine basis. The potential of automation to drastically improve productivity can help departments “do more with less,” and in an environment where the majority of respondents will be investing the same amount or less in their talent management programs as the year before, building on productivity is more important than ever.

THREE.

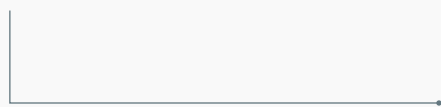
For many, future objectives include breaking down data silos, enabling learning platforms to track individual progress across departments, and implementing solutions to help mitigate the impact of compliance requirements on productivity. Along with new technology infrastructure, organizations are seeking out talent with the right skill sets to help them make the most of their new technology.

Creating a technology game-plan to push forward digital transformation is only one element of developing and sustaining an edge. Agencies are starting to realize that the right talent acquisition is another significant factor in making the most out of their digital transformations and are acting accordingly. In addition, offering training on new technologies can be a draw for recruitment and retaining ambitious individuals who are seeking the skills to compete in the modern workforce.

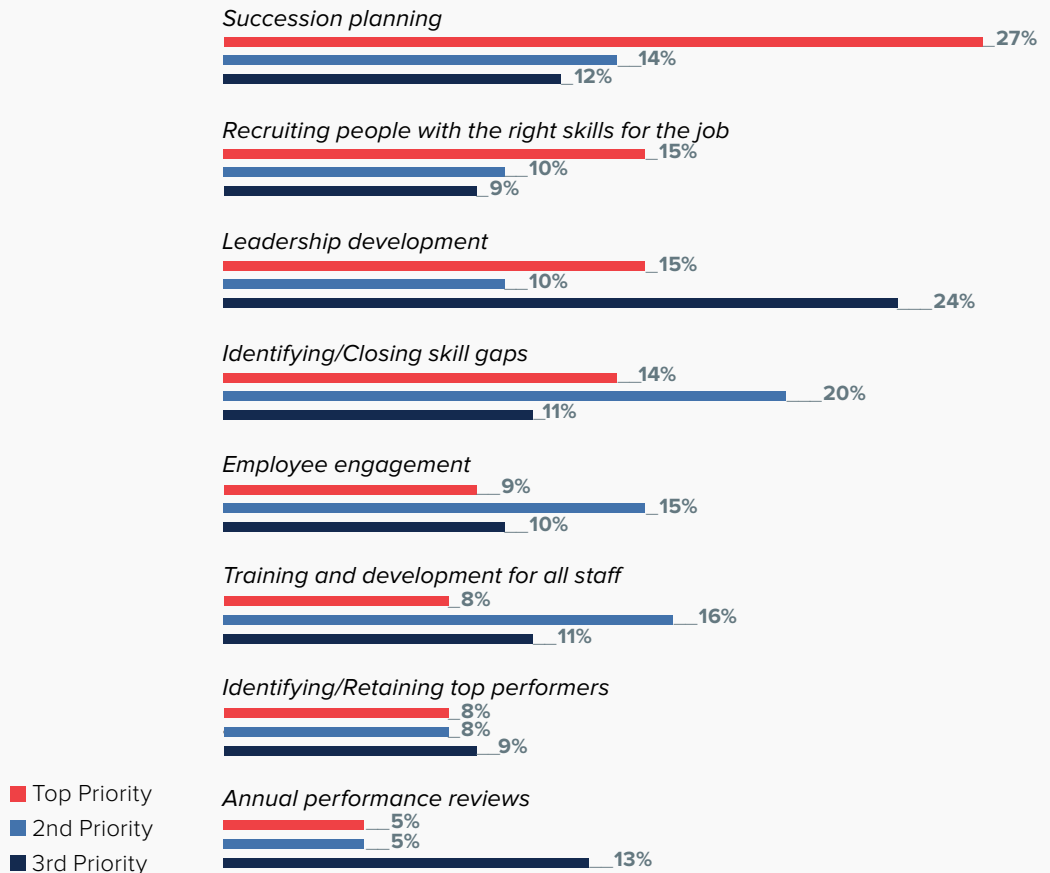
A need for skill development in an increasingly technology-driven workplace

As the workplace becomes more increasingly technology-driven, priorities among human capital managers are shifting to reflect the need for training on the part of the government workforce. In 2019, identifying and closing skill gaps has become the most commonly-cited secondary priority, with 20% of respondents stating that it is one of their two most critical priorities for the coming year. Succession planning has grown in priority

once more, moving from primarily a third-tier priority to the most commonly cited level one priority in the field. These adjustments point to a moment in time where concerns around engagement have ceded to more immediate pressures around ensuring that roles are filled by the most highly qualified individuals possible, with enough competitive talent in the workforce to guarantee lines of succession.



Rank your organization's top talent management priorities for 2018



Expert **INSIGHTS**

“Our biggest talent management issue is not succession planning; it is the fact that it is hard to find talent to fill positions based on emergent skills.

If you're succession planning, often times you're planning for what you have, not for what you will need. We need to be more forward looking about what emergent technologies are coming in to demand in regard to competencies, and, not just who's leaving. We might not need to replace that skill set directly; instead we can source an individual with a more progressive skill set.

The hardest thing that we have to deal with is trying to find the skill sets for emergent technologies and then being agile enough to be able to move people around that we've identified with those skill sets. Everybody's trying to do it. I think that's part of my concern. They're all doing it differently. There's no defined right way to do it for everybody, which makes things a little hectic.”

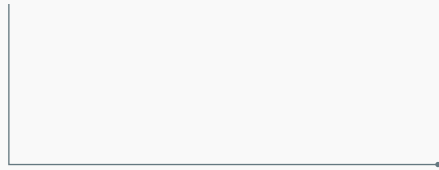
Jessica Lynch
Director, Human Capital Strategy
& Management for Logistics &
Industrial Operations
Naval Air Systems Command

“ **Our biggest talent management issue is not succession planning; it is the fact that it is hard to find talent to fill positions based on emergent skills.**

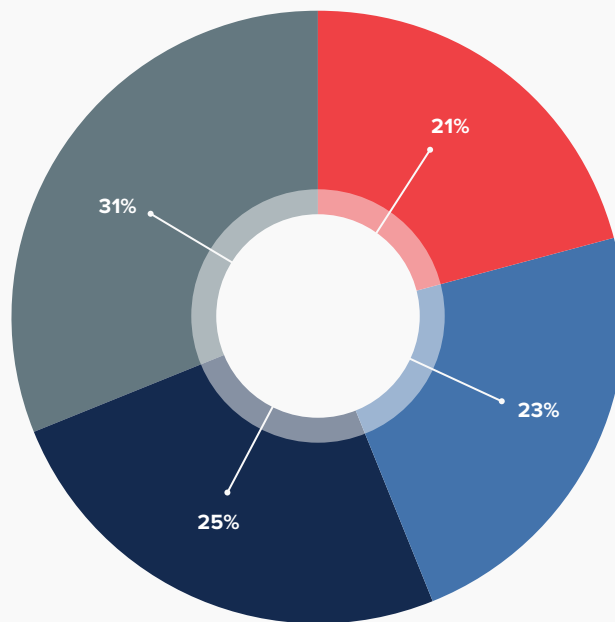
The importance of using new technology systems and applications has grown by 9% since last year's survey, another indication that in the current workforce environment the potential to make productivity gains through the adoption of new systems and tools is growing in importance.

Traditional mainstays such as succession planning and leadership development are now sharing

their levels of urgency much more evenly with continuous learning and development and the technology and application training. These developments reflect both the growing importance of technology and training as important skill sets within the workforce, as well as the tenacity with which human capital managers need to pursue the development of leadership skills and lines of succession within their organizations.



Where do you see the greatest need for staff development within your organization?



- Use of technology systems and applications
- Leadership development
- Continuous learning and development
- Succession planning



Expert **INSIGHTS**

“This past year we’ve rolled out our Career Management Program. It was one of our 11 initiatives that went in our succession plan that we’ve filed.

Within that program, we adopted an automation mindset for each employee to develop their career development action plan. What’s unique about it is our employees go through 13 different self-assessments.

The employees can go and capture all of the information they’ve learned about themselves, including their values and their interests. It’s a road map for a three-to-five year growth plan.

The system has tools and resources to create a conversation about the various competencies and make folks aware, early on, of what kind of competencies or skill development may be necessary for the positions they want to eventually fill.

It helps us to look and see where our folks are interested in going because we do have positions in our organization that are very specialized. We don’t have external candidates that are successful in the hiring process. We have to grow our own and make sure we have solid bench strength so individuals can continue to fill these specialist positions organically. Our system signals where our folks are interested in being. It also allows us to highlight the important work that’s happening so that we make sure there’s more career awareness internally among people who might be interested in those types of roles.

In our organization, we have folks that are tied to our mission and love working for this organization and want to stay with us for the long haul. Giving them the tools and resources so there is transparency, not only for them, but to invest in them and help them develop has been instrumental.

Roughly 85% of the leaders in our organization can retire today. We are really concerned about our environment and having the resources necessary. The only way that we can do this is by starting to introduce more and more automation. We’ve introduced a new platform for all staff that focuses on two-way communication.

In this platform, when we conduct our “all staff” all of our employees from various locations can join the meeting. They can do that using any type of media.

We do live polling and word clouds. We do ask-sessions that have upvoting occurring where any employee can weigh in on whether or not a question that an individual posed is something they want to see answered.

When we’re in these meetings, we know exactly what our folks want to talk about and what they want to hear about. We’ve really enjoyed that new platform so far.”

Kami Keszler
Deputy Director, Office of Talent Management & Succession Planning
Covered California

Current agency performance on critical metrics and initiatives

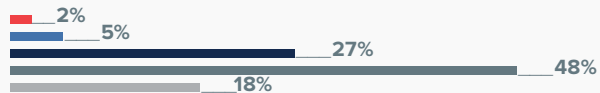
62% of respondents are either currently investing in digital transformations, or are certain to begin within the next 12 months. On-demand training content is another area where respondents will likely have tools in place within the next 12 months.

Respondents are currently performing well in the area of recruiting people with the right skills for the job. Understanding the needs within the workforce is an area of strength for respondents, outstripping the next most commonly cited initiative, closing skill gaps and offering more training by a margin of 16%.

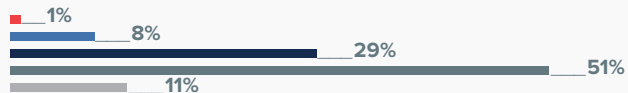


Is your agency currently investing in projects related to any of the initiatives below?

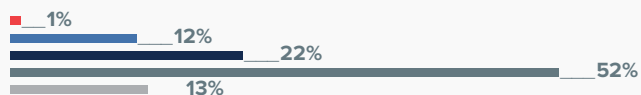
On-demand training content



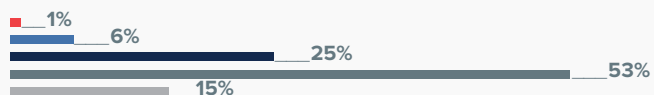
Digital transformation and implementation of new technology



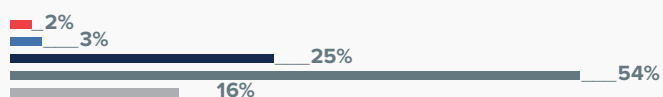
Identifying/retaining top performers



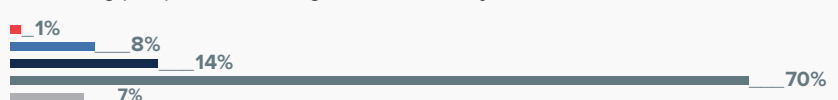
Performance management



Training and development for all staff/closing skill gaps



Recruiting people with the right skills for the job

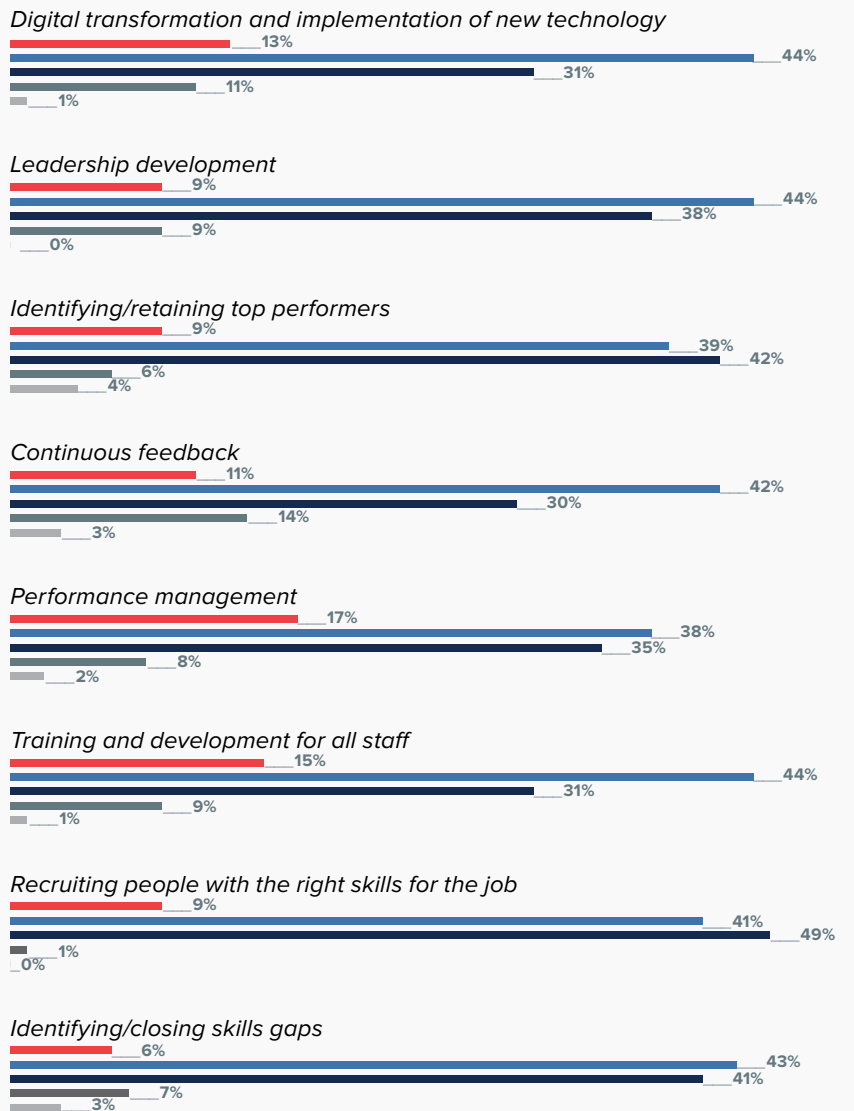


- Yes, but reducing current investment
- No, not at this time
- Maybe, considering in next 12 months
- Yes, working on it now
- Yes, implementing in the next 12 months

Respondents are generally more enthusiastic about the results of their digital transformation efforts than their ability to recruit individuals with the right skills for the job and retain top performers. This again points to the difficulty of finding talent with the most in-demand technology and expertise-based skill sets, as well as retaining them in the face of competition from the private sector.

Some of the most successful initiatives that respondents have reported include performance management, training and development, and the advancement of digital transformations. By contrast, recruitment, retention of top performers, and the identification and closing of skill gaps have 50% or fewer respondents reporting they are either successful or very successful.

How do you feel your current agency performance ranks on the following initiatives?



- Very successful
- Successful
- Somewhat successful
- Not very successful
- Unsuccessful

It's interesting to note that the progress of digital transformations and the implementation of new technology are performing much more strongly than overall change management, suggesting that the pace of change necessitates additional training and development across the workforce.

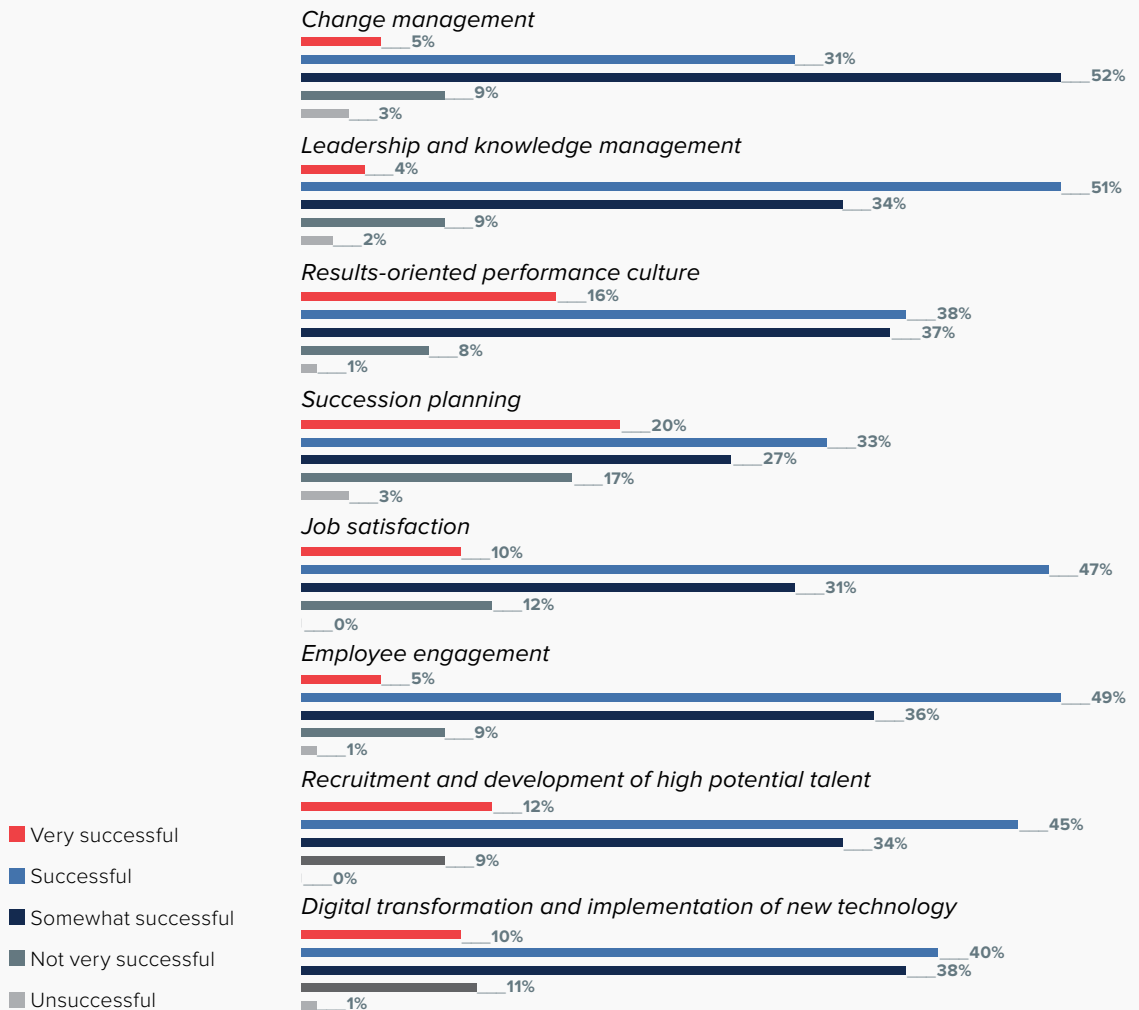
Succession planning is stratified as a metric across groups that are outperforming, those who feel they are successful, and those who are falling behind. Currently, 20% of respondents feel that they are outperforming and are very successful. Similar metrics

are on display for the development of results-oriented performance culture, which has historically been one of the highest performing metrics within this research study.

Where the majority of respondents indicate that they do not feel they are performing successfully is concentrated around change management. This is the only metric where more than half of respondents said that they were underperforming, or even failing to perform based on their own self-assessments.



How do you feel your agency ranks on the following metrics?



Expert **INSIGHTS**

“We currently have a pilot for an information technology apprenticeship program. Folks who are interested in that line of work can apply for training and development.

We recognize that we really need to have talent. We need to recruit and retain talent and grow our own. Some of our systems are so outdated that we can't expect to recruit, and have somebody from college be able to perform some of the skill sets that we need. We already have to provide the tools and training necessary for them to be successful. We've went away from the mindset of talent's going to find us.

We've been very aggressive in recruiting in those markets or in those universities or colleges and

schools that have the kind of talent that we think would be a great match for our organization. We've been really purposeful in using social media and different technology to make sure that the type of candidates that are out there are aware of the opportunities that we offer here.

One of the things that we are fortunate about is storytelling and explaining how it is that our employees are making a difference. I think that's something that resonates, especially within the workforce that we want to grow within our organization.”

Kami Keszler
Deputy Director, Office of Talent Management
& Succession Planning
Covered California

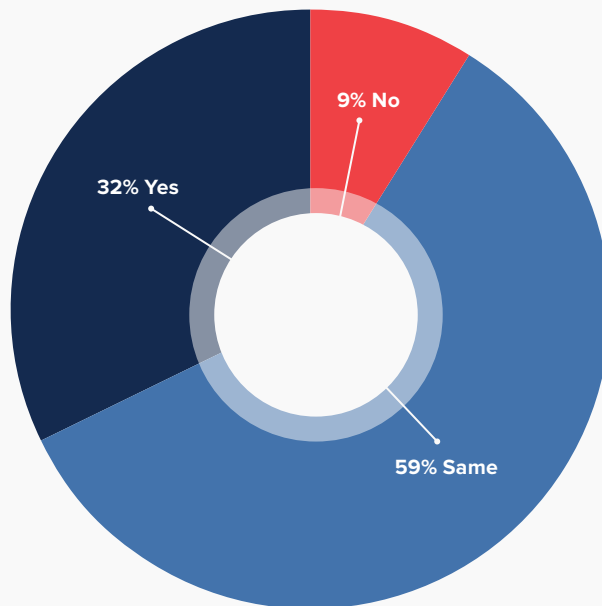
“ We recognize that we really need to have talent. We need to recruit and retain talent and grow our own.

59% of respondents will maintain the same level of investment in their talent management programs in 2019 relative to 2018, a share that remains virtually unchanged year over year.

When it comes to accelerating the pace of change within human capital management organizations, about a third will be doing so in 2019 with increased budget allocated to the

task. Whether they are allocating this budget from other programs towards the support of their human capital management activities, or are tapping in to new funding, the importance of their missions makes it vital to support heightened efforts with greater investments. That said, the majority of respondents will maintain the same levels of investment in 2019 that they had in 2018.

Are you planning on increasing your investment in talent management programs and procedures initiatives in 2019-2020 relative to 2018-2019?



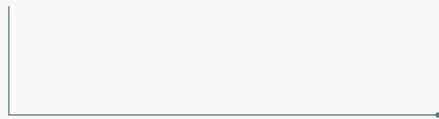
- No, we're reducing our investment
- Same investment
- Yes, we're increasing our investment

Predicting performance in 2019

64% of respondents fall short of where they need to be in order to keep up with their own expectations for their talent management programs.

59% of respondents will maintain the same level of investment in their talent management programs in 2019 as they had in 2018. With this in mind, the fact that 64% of

respondents are currently falling behind where they need to be can be seen as a somewhat alarming statistic. In fact, while respondents listed areas and metrics where they are excelling in previous sections of this report, only 4% classified their overall progress as outpacing where they felt they should be today.



When evaluating your current talent management programs and procedures in place within your organization, how do you feel what you have in place today compares to where you need to be?

Where I am currently falls considerably short of where I need to be **13%**

Where I am currently is somewhat short of where I need to be **51%**

Where I am currently is in line with where I need to be **32%**

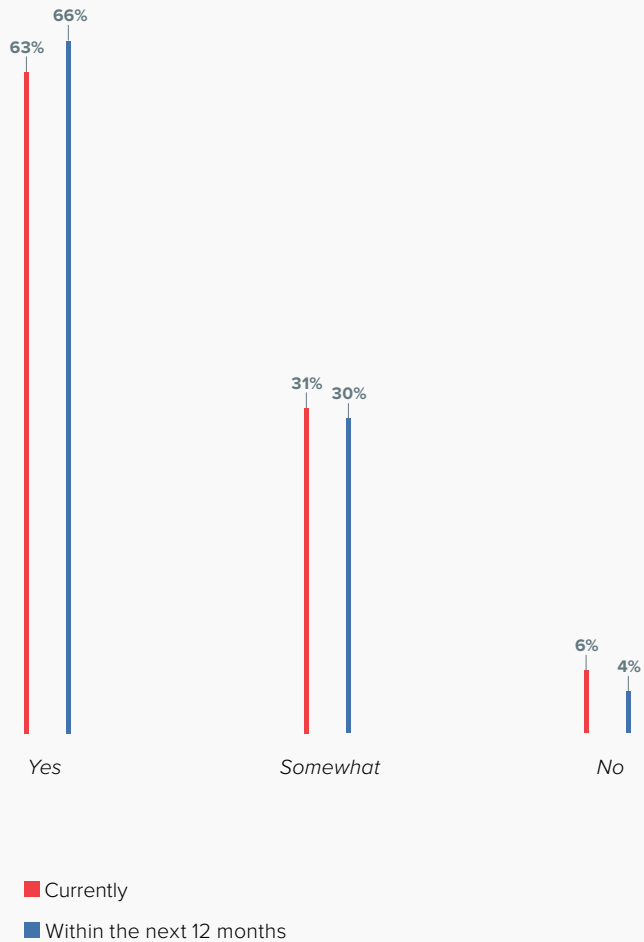
Where I am currently is ahead of where I need to be **4%**

Respondents are not optimistic that the level of skills within their organization's talent pool will change over the next 12 months.

Regardless of whether respondents believe that they have the skills within their organizations to sustain an excellent level of performance, or if they feel they are only part of

the way there, just 3% predict any meaningful shift occurring within the next 12 months. Given few fluctuations in funding levels and the prediction that performance levels may stay the same, increasing efficiencies through the implementation of new technology may be the most reliable way to drive positive change.

Do you feel that your talent pool has the level of skills needed to sustain an excellent level of performance? Will they remain at this level in the next 12 months?



Developing strategies to outperform over the next 12 months

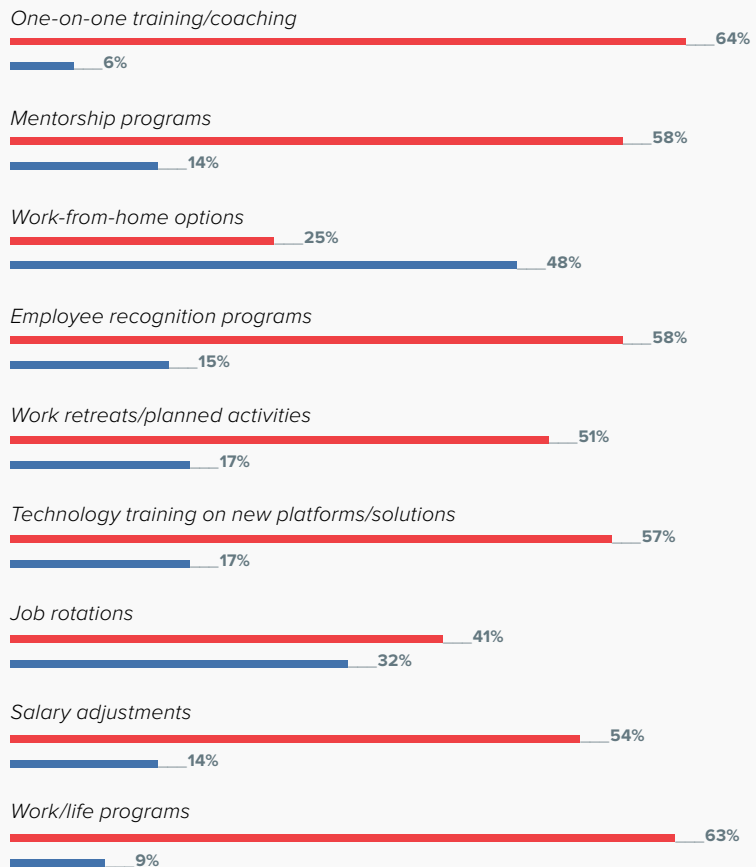
Strategies such as the implementation of work/life programs as well as rolling out one-on-one training and coaching are highly popular within represented organizations. Perhaps most notably, 57% of organizations are now prioritizing offering training to employees on new platforms and solutions as a benefit that they hope will lead to improved employee retention.

A significant range of options are currently being used by respondents to promote employee retention, with an even wider rate of adoption slated for the near future.

Consistent with findings from years past, one-on-one training and mentorship is one of the strongest and most reliable potential tools that respondents are using to promote employee retention. This is followed directly by programs promoting a balance between work and lifestyle. Interestingly, both work from home options and job rotations are showing much lower numbers than in 2018, although the data suggests that those numbers will also significantly increase within the next 12 months.



What strategies are you currently using to promote employee retention? Which will you implement within the next 12 months?



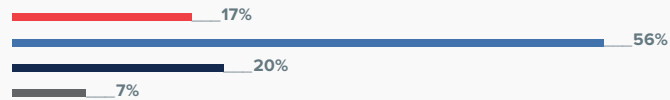
■ Currently
■ Within the next 12 months

The use of automated tools has increased across the board year over year. In particular, the proportion of respondents using automated tools to assist in succession planning has increased by a margin of 41% points since 2018, roughly the share of respondents who were in the process of seeking out such technology a year ago.

Automation is on the way to becoming ubiquitous across most of the processes involved in human capital management within the government, with every listed option seeing over 50% of respondents currently using automation within those capacities.

Are you currently using or planning on using automated tools for the following processes?

Preboarding



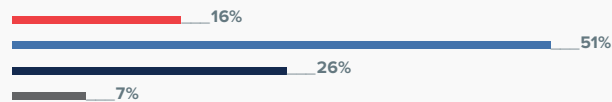
Onboarding



Assessment



Succession



- Not using
- Currently using
- Implementing now
- Implementing in the next 12 months

Expert **INSIGHTS**

“In my experience with the leaders across government our people understand that technology is the wave of the future.

The reality is that we’ve got a lot of tenured leaders and supervisors in the federal government who still think in terms of people management and knowledge management from the human perspective and less on how technology enables those processes. They focus more on things like succession planning. What I’m doing is focusing first on making sure we have the technology in place to capture information for knowledge management purposes.

The other challenge that we face in the federal government and the agencies, from my experience, goes back to budget authorities. A lot of agencies have operated under

continued resolutions for the last 10 years. Ultimately, that means there’s some uncertainty into where you can invest.

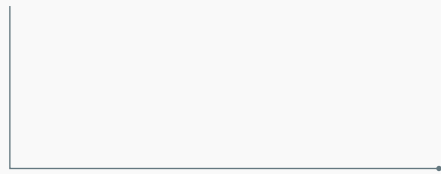
In my experience it takes a long time to make a decision to invest in technology for a couple of reasons. One, you want to make sure that it’s a good investment. Two, you must make sure that you have the budget authority in place to make that technology investment. Chances are it’s not a one-time purchase you’re going to buy this year. It’s something you are going to buy year over year. You have to make certain that it is associated with your budget request year over year and built in for future years.”

Name withheld
Manager, Performance Management
Solutions
Federal Hiring Management Agency

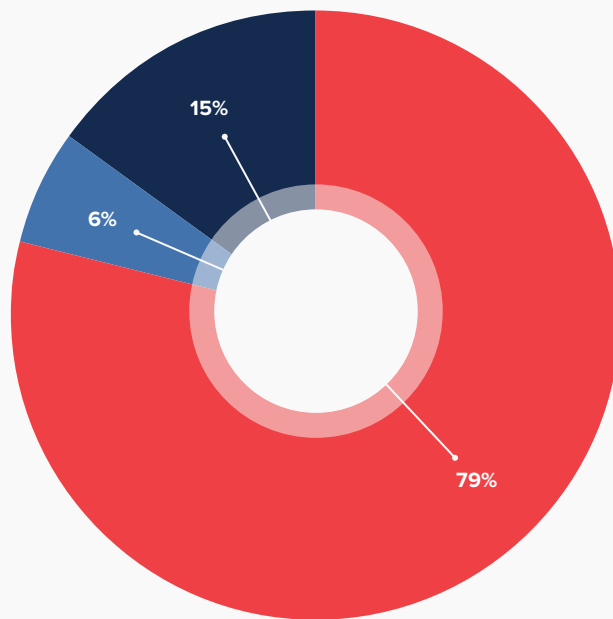
“ **A lot of agencies have operated under continued resolutions for the last 10 years. Ultimately, that means there’s some uncertainty into where you can invest.**

The proportion of respondents who are utilizing learning platforms to provide on-demand training is also high, with 80% of respondents reporting that they have currently adopted a tool to do so. Another 15% are planning to roll out a learning platform within the next 12 months, further increasing the proportion of those who value on-demand training resources.

On-demand training is an important part of improving the base skill sets of the organization, and at this point the ability to access resources is almost always organized within a learning management system. The right system can help track the progress of individuals as they access training materials and identify top performers.



Are you currently utilizing learning platforms to provide on-demand training and resources for your employees?



- Yes
- No
- Not currently, but we plan to implement in the next 12 months



Expert **INSIGHTS**

“All of the large-to-mid level agencies are going to have learning management systems. I can’t think of a large agency that does not have some sort of technology in place that allows an individual employee to go in, take online training, or track online training. That is becoming more and more commonplace.

Some of the things that we’re working through in the federal government include the interoperability of this system with other talent management systems. In an ideal world, as you move from agency to agency, your portfolio of trainings and training certificates and your performance all track with you. I don’t think we’re there yet. All the agencies use something different. The other thing is sharing training information and technology has inhibited that right now. I don’t think the agencies aren’t willing to share training materials with one another.

It’s the actual act of going through and pulling the data off of one system training module and putting it in another training module that creates the challenge.

Technology-based training is also changing focus on microtraining. You come in, you watch a two-minute video in place of sitting down for a three-hour online training. The private sector’s leading in that. The federal government is slowly coming along and beginning to understand the value of micro-based learning instances with training.”

Name withheld

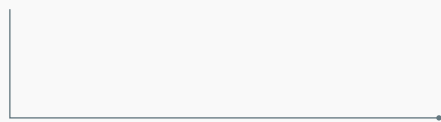
Manager, Performance Management Solutions

Federal Hiring Management Agency

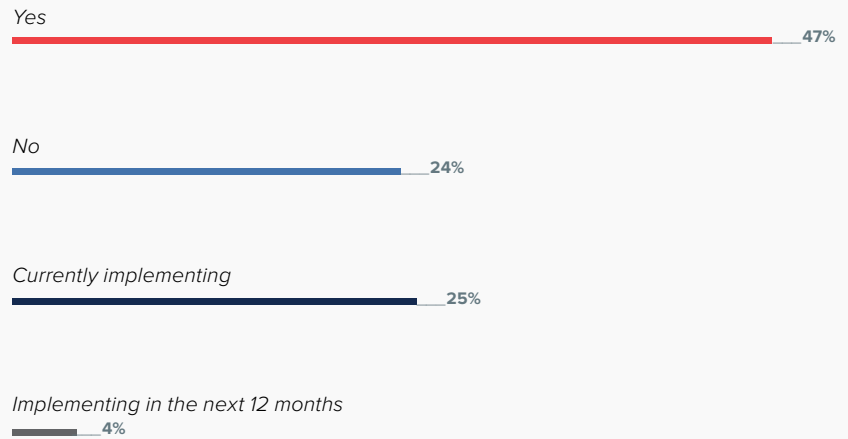
“ **Technology-based training is also changing focus on microtraining. You come in, you watch a two-minute video in place of sitting down for a three-hour online training.** ”

Compliance tools are much less widely adopted than either automation or on-demand learning platforms, with slightly less than half of respondents currently utilizing these tools. A quarter of respondents are currently in the midst of implementing a solution, with another 4% following in their footsteps within the next 12 months.

Despite a lower proportion of individuals who have adopted dedicated solutions to assist them with compliance, the sheer amount of tactical work involved in compliance management makes this area ripe for the introduction of increased automation. Eliminating the time that it takes to work on highly-manual compliance processes will allow teams to apply that time to more important strategic tasks.



Do you currently leverage a dedicated solution for helping manage HR compliance internally?



Expert **INSIGHTS**

“I think that we’re very fortunate. We built a lot of compliance processes into our tools. What’s frustrating is when the regulations are just changed. Some of them change so frequently. You have to go back and reprogram your system. Once you have a process set up, and that is the nice part of automation, you don’t need to keep doing it. The system will enforce that for you.

I don’t know that I would say that we’re spending a majority of our time on compliance because we’ve built those rules into our tools organically. I think that as you move towards automation, that is one of the benefits. I think it will save us a lot of time and money both in the amount of work involved, but also in having to defend cases in the future.

It’s already built in. You know that you’re doing the right thing. The bad side of that is, and we hear this a lot, ‘Back in my day...’ you did have people where compliance management was their full-time job. They knew the ins and outs of every single one of those things.

As we move to an automated environment, you don’t have those SMEs anymore. You have systems. Where you had a whole slew of people who you could turn to for help, now it’s one person. When they leave, you’re in trouble. When we have some of this automation, you still need the human side of HR at some point. The systems won’t do everything for you.”

Jessica Lynch
Director, Human Capital Strategy
& Management for Logistics &
Industrial Operations
Naval Air Systems Command

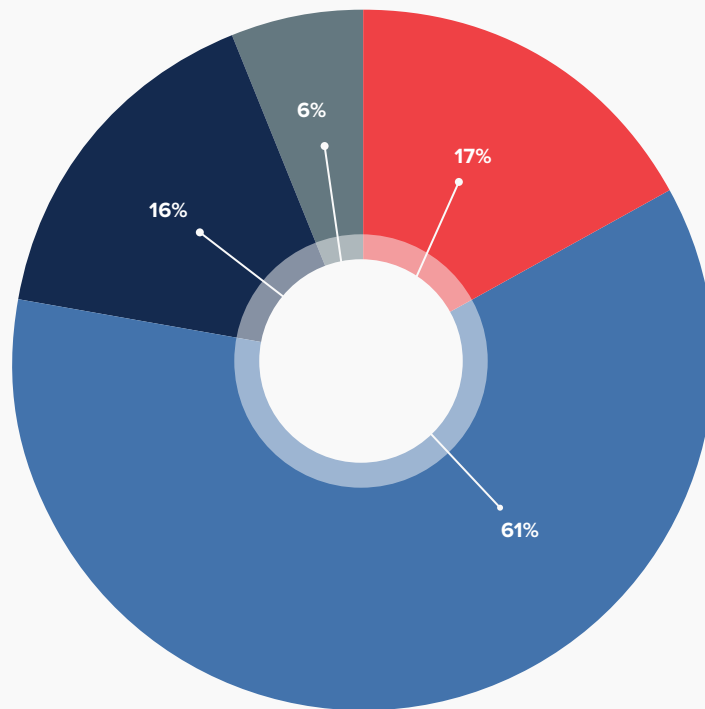
“ **As we move to an automated environment, you don’t have those SMEs anymore. You have systems.** ”

The majority of respondents report that they spend between 36%-60% of their time and resources managing compliance requirements within their department.

The nature of compliance processes can make them very time consuming, and while it's logical to assume time that could be better spent elsewhere is currently going in to compliance management, the numbers suggest that this amount may be greater

than what one might assume. Regaining one- to two-thirds of the time and resources being expended within the government could have a huge positive impact on overall efficiency. Taken with other potential advancement opportunities that new technology presents, it's clear that digital transformation will have a significant impact on the government at large within the next several years.

What percentage of your time and resources are spent managing HR compliance requirements within your department?



- 1-25%
- 26-50%
- 51-75%
- 76-100%

Expert **INSIGHTS**

“There is so much HR paper-based processing that still happens in the government. There’s potential to automate everything that we do with managing people and all of the actions that come with it. A great example is onboarding an employee or going through and having an employee manage all of the retirement, healthcare, benefits type documentation that they have to have. It still blows me away, when I onboard a new employee, how many things that they have to sign on paper and turn into the HR office. There’s huge opportunity there.

Everything that we currently use paper for, we should look at to see if we can automate. For example, to participate in a webinar we need to take a physical folder and have individuals physically sign off. We should have a solution for this in this day and age.”

Name withheld
Manager, Performance Management
Solutions
Federal Hiring Management Agency

“ Everything that we currently use paper for, we should look at to see if we can automate.”

Key RECOMMENDATIONS

ONE.

Evaluate where you stand in terms of digital transformation, and what needs to change to pursue necessary technology developments within your organization.

Within every agency, factors including existing technology infrastructure, workplace culture, and regulations can stand in the way of a linear path towards digital transformations. It's critical to take stock of where current technology is performing, and what the ultimate goal of a digital transformation might be before embarking on change for the sake of change. For example, identifying several key areas where automation could improve productivity and starting from that reference point is a stronger strategy than going forward with sourcing potential solutions and then seeking out use cases after the fact.

TWO.

Create the means to track content and trainings that your employees access through learning platforms, and understand how technology training is becoming a factor in employee attraction and retention.

One area of potential focus is the development of learning platforms that can provide a more cohesive picture of individual progress through training content, as well as link to a single view of their achievements so that information is not lost when they move around the organization, or potentially transfer from one part of the federal government to another. This type of tool holds significant value for engagement and retention, as it creates a more compelling use case for employees to invest in their own development as they can be sure their achievements are properly recognized and recorded.

THREE.

Work to implement automation to win back time spent managing manual processes. This includes hiring and automation, as well as the significant time commitment represented by compliance.

The implementation of automated solutions is perhaps the most recognizable aspect of digital transformations, and for good reason. The ability to win back productivity and eliminate the hands-on elements of routine tactical processes represents a major coup for organizations that are able to implement the right solutions.

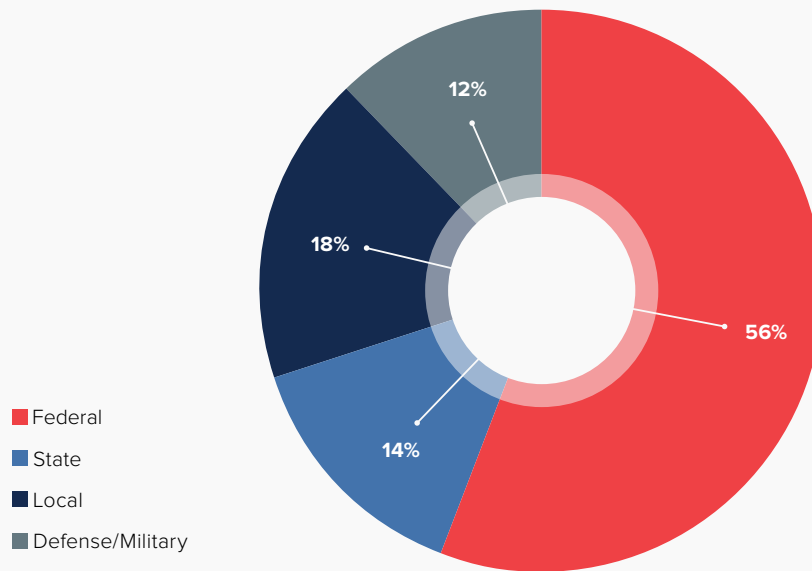
Appendix A: METHODOLOGY

The results analyzed in this report were gathered from responses to a digital survey delivered to members of the HCMG community database. 100 executives responded to the

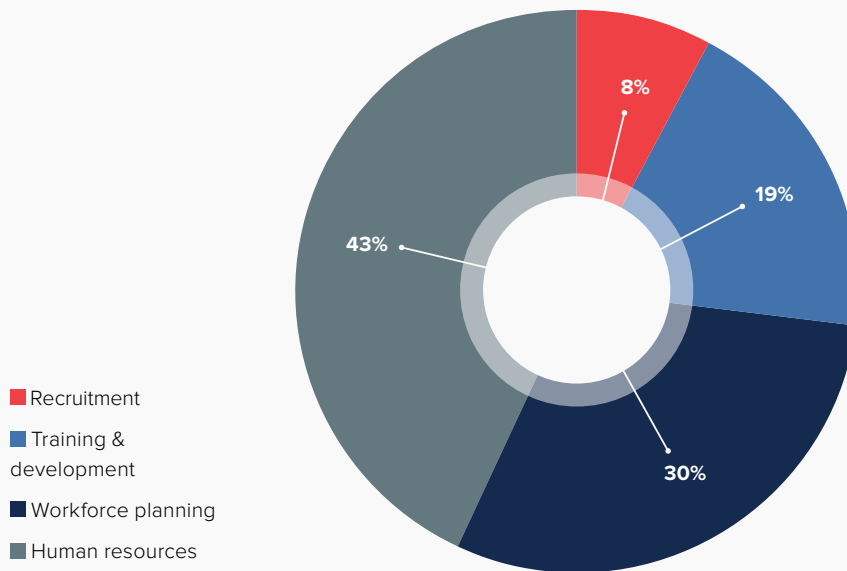
survey. Interviews with sources were conducted after survey data was compiled and centered on discussion of benchmark results.



In what sector does your organization belong?



What is your primary job function within your organization?



About The **AUTHORS**



Cornerstone was founded with a passion for empowering people through learning and a conviction that people should be your organization's greatest competitive advantage. Cornerstone is a global human capital management leader with a core belief that organizations thrive when they help their employees to realize their potential. Putting this belief into practice, Cornerstone offers solutions to help organizations strategically manage and continuously develop their talent throughout the entire employee lifecycle. Featuring comprehensive recruiting, personalized learning,

development-driven performance management, and holistic HR planning, Cornerstone's human capital management platform is successfully used by more than 3,500 global clients of all sizes, spanning over 40 million users across 192 countries and 43 languages. Cornerstone works with corporations of all sizes, government agencies, hospitals, nonprofits and schools.

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