

Conclusions and recommendations of the National Audit Office

Competence development and recruitment in the central government – Activities of government agencies

The audit examined competence development and recruitment in the central government. The audit assessed the practices and operating procedures that government agencies use in competence development and recruitment, the monitoring of costs, the achievement of targets, and the monitoring of effectiveness. The audit was targeted at the Digital and Population Data Services Agency, the Finnish Meteorological Institute, the Finnish Medicines Agency (Fimea), the Ministry of Social Affairs and Health, the Radiation and Nuclear Safety Authority, the Ministry for Foreign Affairs of Finland, and the State Treasury. The audit findings and conclusions are also based on a questionnaire submitted to all agencies subject to performance management. The respondents to the survey also included accounting offices. The total number of responses received was 92.

The audit was carried out simultaneously with another audit, which assessed the central government steering of recruitment and competence development (5/2022). The purpose of conducting two audits was to cover central government recruitment and competence development comprehensively from central government steering to agency-level practical implementation.

The central government's human resources will be subject to significant development requirements in the near future, as around three quarters of the staff in 2020 are expected to leave employment between 2021 and 2030. In addition, competence-related requirements are expected to change rapidly as a result of digitalization, for example. The central government should be able to prepare for these changes by developing the competence of organizations and their ability to perform their tasks when the operating environment changes. Competence can be developed at organizational level through recruitment and by improving the competence of the current staff. The significance of the topic is underlined by the central government's substantial labour costs, EUR 4,814 million in 2021¹. The audit examined whether government agencies' future staff needs are adequately planned and whether it is possible to meet the future needs with the currently used competence development and recruitment practices.

¹Tutkimallintoa.fi

Planning of the number of staff plays a key role in human resource development

Government agencies' staff planning is based on their strategy and other plans where changes in the operating environment are assessed and operational objectives are set. In addition to the strategy and operational objectives, the planning is steered especially by financial resources. The planning aims to ensure sufficient human resources for achieving the targets. The strategy and operational objectives are taken into account in the planning, but they are not presented in concrete terms in the overall assessment of the organization's competence needs.

The number of staff, retirement, and other loss of personnel, as well as replacement recruitment play a key role in staff planning and foresight. The competence required to achieve the operational objectives is not foreseen systematically, and the competence that will be lost is not taken into account in the planning, which may pose a risk to the operations and the achievement of the operational objectives. It is impossible to get an overall picture of the human resources needed in the future, including the necessary competence.

In their performance agreements, government agencies have taken into account the central government's common HR targets, i.e. competence development, reform of the central government's employer image, and promotion of mobility. However, the central government's HR targets are of a very general nature. Therefore, they remain separate from the agencies' other HR development planning.

The central government's and government agencies' positive employer image has an impact on whether they manage to recruit good talents. However, at the time of the audit, the external employer image was not developed uniformly in the agencies. Competence development is one of the agencies' basic functions. However, at present, the target does not adequately support the agencies' staff planning and HR development.

The aim of the central-government-level mobility target has also been to achieve mobility of knowledge and competence, but so far, the agencies have understood mobility to refer only to staff mobility. The mobility target also overlaps competence development. To promote mobility, the concept should be clarified: what exactly is meant by mobility, what the mobility of knowledge and competence could be in practice, and how different agencies could utilize mobility.

Mobility is not used as a competence development method

Government agencies develop the competence of their staff, taking into account the agency's strategy, the objectives set for the operations, and the staff's competence needs, which are identified in performance appraisal discussions. The development of competence and the achievement of the targets set for it are also monitored in these discussions.

The agencies use a wide range of methods from formal training to informal on-the-job learning. The central government lacks a unified policy to support self-directed training. In addition, mobility has been set as one of the central government's common HR targets. However, it is not promoted or used in agencies as a means of competence development, although it would enable effective competence sharing between organizations.

The working time used for recruitment cannot be estimated

Competence development costs are planned and monitored as regards training. The agencies draw up a training budget, a part of which is allocated to general training, while a part is allocated to training related to core activities. The training budget outturn is monitored as part of other monitoring of activities and finances. However, a significant part of competence development takes place through on-the-job learning, the costs of which cannot be fully planned or monitored.

Recruitment costs can only be examined for purchased services. It is currently impossible to estimate the working time used for recruitment comprehensively. On the basis of the audit, it can be concluded that up-to-date information on the costs of recruitment and the working time used for it requires further development in order to provide a transparent overall picture. A significant part of the central government staff will leave employment within the next few years. If all the staff who leave employment are to be replaced by recruitment instead of, for example, reorganization of tasks and functions, information on the working time used for recruitment is needed in order to streamline the recruitment process.

The development of competence and the success of recruitment are assessed on the basis of the achievement of operational objectives

Competence development and the achievement of the targets set for it are monitored at organizational level by means of the implementation of training plans. Government agencies monitor competence development at individual level in performance appraisal discussions between superiors and subordinates, where the jointly agreed objectives and their achievement are discussed. Competence development is reported on in annual reports, but the reporting is limited to the central government's common HR targets. The results of the VMBaro job satisfaction survey are also reported on. Based on the reports, it is therefore impossible to get a clear and comprehensive overall picture of competence development.

The effectiveness of competence development is assessed on the basis of whether the organization's activities meet the objectives set for them. Government agencies consider an organization to have sufficient competence when it is able to act in line with its objectives, achieve the objectives set for its activities, and produce high-quality outputs. The achievement of competence

development targets and their effectiveness are also assessed correspondingly at individual level.

The central government manages to carry out most of its recruitment in a goal-oriented manner and recruit good candidates for vacancies. Thus, the central government does not seem to have major problems in recruiting competent personnel. The success of recruitment is assessed by the agencies on a continuous basis, but ex-post evaluations of the success of the process itself and the different process steps are made less frequently. However, it would be important to carry out such evaluations in order to develop the recruitment process.

Recommendations of the National Audit Office

Based on the audit, the National Audit Office recommends that the Ministry of Finance should

1. develop operating models that promote the anticipation of competence needs to better support government agencies' staff planning,
2. develop the central government's common HR targets that are to be taken into account in government agencies' performance management so that they better support the agencies' staff planning and activities, and the setting of their own targets,
3. examine the utilization of mobility and its benefits, as well as the barriers that undermine the utilization of mobility as a method of competence development, and
4. develop methods for evaluating the efficiency of the recruitment process to ensure the transparency of the working time used for recruitment, the costs of recruitment, and the actual lead time.