

The value of local government investing in staff learning and development

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Introduction

FrankAdvice was contracted by Taituarā – Local Government Professionals Aotearoa (Taituarā) to develop a thinkpiece that explores the value of local government investment in staff learning and development.

This paper explores:

- why local government should invest in staff learning and development
- the value of investing in staff learning and development for local government
- the impact that investing in staff learning and development can have for local government.

We draw on recent research and academic literature and provide an overview of the findings relevant to New Zealand local government. A full literature scan is attached as Appendix 1.

A list of all sources considered as part of this work is included in Appendix 2.

Local government is facing a period of significant structural change

Local government needs skilled staff to steer organisations through a period of change

Local government is facing a period of unprecedented upheaval and change. Alongside the Water Services Reform and the overhaul of the Resource Management Act, the 2023 Review into the Future for Local Government sets out a long-term plan for structural reform that will ensure the sector is best placed to serve its current and future communities.

Local government needs a skilled, resilient workforce that can meet the current and emerging challenges that face communities.

Local government needs to be responsive to changing community needs

As a frontline of government service delivery, local government needs to be ready and able to respond to unexpected events and be resilient in its delivery of vital services. This has been exacerbated by recent events, including the country-wide response to the COVID-19 pandemic, Cyclone Gabrielle, climate change, and other civil emergency responses. Recruiting and retaining experienced and effective staff is vital to enabling local government to respond well to external crises and to enable the development and delivery of a more place-based approach to mitigating community risk and building resilience.¹

¹ Future for Local Government Review Panel. (2023). Te Arotake i te Anamata mō Ngā Kaunihera | Review into the Future for Local Government.

The expectations and mobility of employees are also changing

Staff turnover in the public sector is high

Recent data gathered by Te Kawa Mataaho² presents a concerning picture of employment in the public sector. While this data does not include the experiences of local government employees, it provides valuable insights into the pressures facing the public sector workforce, which are likely to be comparable to the experiences of local authorities across the motu. For example:

- Unplanned turnover is at its highest rate since recording began in 2000. In 2022, unplanned turnover was recorded at 17.3%, up from 10.5% recorded in 2021.
- The average length of service of public sector employees within a single organisation has decreased by 0.2 of a year, continuing its downward trend since 2016 to 8.2 years.
- Only 69% of public sector employees said they were satisfied or very satisfied with their job, compared to 77% of the general public.

In addition, a 2019 report by the New Zealand Productivity Commission states that one in five people will switch jobs each year; the majority of whom make this transition voluntarily.³ This data reveals that New Zealanders are increasingly becoming a more mobile, flexible workforce, who move jobs with greater frequency.

Employees expect more from their employers

The demographics of New Zealand's workforce are changing. Increasingly, the workforce is made up of Gen Y and Gen Z employees, who have different needs, motivations, and expectations than previous generations of workers.⁴

For example, opportunities for learning and development emerged as the highest priority for Australian public sector workers polled in 2022.⁵ This is supported by recent international research that revealed that 80% of employees said that more learning and development opportunities would help them feel more engaged at work⁶, while another found that 53% of Gen Y employees put 'training and development' at the top of their list of decision-making factors.⁷

² Te Kawa Mataaho. (2022). Public Sector Workforce Data findings. Accessed at

<https://www.publicservice.govt.nz/research-and-data/workforce-data-working-in-the-public-service/>

³ New Zealand Productivity Commission. (2019). "Training New Zealand's workforce: Technological Change and the future of work: Draft report 3". Accessed at

https://www.productivity.govt.nz/assets/Documents/da611be657/Draft-report-3_Training-New-Zealands-workforce-v2.pdf

⁴ Benest, Frank. (2008). "Retaining and growing talent: Strategies to create organizational "stickiness".

⁵ Harris, Emily. (2022). "The changing role of learning and development in the public sector". *Public Sector People*

⁶ Datar, Amrita., Roopa Sanwardekerm, J. R. Ruiz, John O'Leary, and Sushumna Aharwal. (2022). "Government can win the talent race – Here's how".

⁷ GoodHabitZ. (2023). "Think future growth, act now on L&D".

One of the ways local governments can address this is by increasing its investment in staff learning and development.

Local government has several levers that will enable it to respond to the opportunities outlined above. This paper explores one of these levers, specifically, the impact of increased investment in staff learning and development training for both elected and unelected employees of local government.

A review of relevant literature (Appendix 1) reveals a clear link between investing in staff learning and development, and an increase in recruitment and retention, improved organisational culture and wellbeing, increased productivity, and an overall more resilient organisation that is best placed to respond to the needs of its community.

What are the benefits for local governments that invest in staff learning and development?

Local governments can become better and more competitive employers

Local governments are operating in an increasingly competitive labour market and need to clearly articulate their value proposition for future employees.⁸ Local governments have a unique opportunity to recruit and retain talented staff by taking a broader approach to employee benefits.

Traditionally, local governments struggle to compete with private organisations to attract and retain staff based on remuneration packages alone. However, current labour market trends suggest that employees are looking for more from their future employers, which can give local governments a competitive edge when it comes to recruiting and retaining staff.⁹

Increasing their investment in staff learning and development is a keystone for local governments to become “employers of choice” in taking a broader approach to employee benefits.¹⁰ This could form part of a broader workforce retention strategy.

Investing in staff learning and development can lift organisational culture and wellbeing

Investing in staff learning and development has a direct impact on the attitudes of employees towards their organisations. This is particularly relevant where organisations, like local governments, rely on value-driven work. For many talented workers, it is the value of supporting their community, and/or making a difference in the lives of their fellow citizens that guide their job-seeking behaviours. Providing them with regular access to learning and development training is a small (and more affordable way) to retain these employees and show them that they are valued.

⁸ ServiceIQ. (2021). “Local Government Sector: Skills Summary”.

⁹ Runyon, Natalie. (2022). “Innovations for local and state governments to attract and retain workers”. *Thompson Reuters*; Datar, Amrita., Roopa Sanwardeker, J. R. Ruiz, John O’Leary, and Sushumna Aharwal. (2022). “Government can win the talent race – Here’s how”. *Deloitte Insights*.

¹⁰ Benest, Frank. (2008). “Retaining and growing talent: Strategies to create organizational “stickiness”.

It is important to acknowledge the value of investing in training and development for older workers, for whom this can have a measurable impact on their confidence and wellbeing. Supporting older workers to upskill will enable them to thrive in the rapidly changing environment of local government and help people feel confident that they have a lot to offer their organisation.¹¹ It also has the benefit of increasing the retention of key people who often have deep institutional knowledge.

Local governments can maximise this benefit to organisational culture through investing in leadership learning and development (in addition to other types of training and development). Recent research highlights the benefits of training, particularly leadership training, so local governments go beyond the individual, and can have considerable impacts on the productivity and wellbeing of the whole organisation.¹² Leaders that are well supported and trained to take on a leadership role are more resilient in their role, and able to foster this resilience in the teams they lead.¹³

Local governments can increase their organisational productivity

Increased investment in staff learning and development will enable local governments to lift the capability and capacity of their workforces, and increase their productivity.

Management experts argue that investing in people through appropriate training and development policies and practices can improve both individual, and organisational performance.¹⁴ Where workers are supported to hold the right skills to do their job well, they are likely to experience a boost in morale and in their job efficiency.¹⁵ If people feel competent, invested in, and supported, they are more likely to be efficient workers and access any previously untapped reserves in support of their organisation.¹⁶

Learning and development supports more resilient local governments

Investing in staff learning and development is necessary to enable resilient local governments. Organisations that invest in their people are more likely to have access to the right people and the right skills to weather unexpected changes.¹⁷ Investing in staff learning and development will support the resilience of an organisation both in terms of recovery from downturns, and also in terms of transformation, reshaping the organisation's 'status quo' to ensure the same set of circumstances will not occur again.¹⁸

¹¹ Benest, Frank. (2008). "Retaining and growing talent: Strategies to create organizational "stickiness".

¹² ANZSOG. (2023). "What works in leadership development? Seven ways to create effective programs". Australia and New Zealand School of Government.

¹³ Eppel, E. Hodder, P and Karacaoglu, G. 2019. *New Zealand Public Sector Leadership in the 21st Century: Challenges and Opportunities*. Wellington, Victoria University of Wellington.

¹⁴ Meier, Kenneth J., Laurence J. O'Toole Jr, and Richard M. Walker. (2013). "Investing in People: Training, Turnover, and Organizational Performance".

¹⁵ Oluwaseun, Oduwusi Oyewole. (2018). "Employee training and development as a model for organizational success".

¹⁶ Meier, Kenneth J., Laurence J. O'Toole Jr, and Richard M. Walker. (2013). "Investing in People: Training, Turnover, and Organizational Performance".

¹⁷ GoodHabitZ. (2023). "Think future growth, act now on L&D".

¹⁸ Shaw, Keith. (2012). "The rise of the resilient local authority?". *Local Government Studies* 38, no. 3: 281-300.

Local governments that are better resourced, and hold a skilled workforce are more resilient to external shocks, and therefore can continue to provide vital services to their communities in times of economic, social and environmental change. As a frontline of government service delivery, local government needs to be ready and able to respond to unexpected events and be resilient in its delivery of vital services.

Here's how investment in staff learning and development can work in practice

The impact of investing in staff learning and development will likely be different for each local government given the different community needs, resources available, ways of measuring impact, and quality / type of training available. Therefore, we have identified three examples where local governments (one in New Zealand and two overseas) have recently invested in staff learning and development and sought to measure the impact this had on productivity, recruitment / retention, cost-savings, wellbeing, and service delivery. A summary of each example is set out below, with a focus on impact measurement, and how local governments can best to capture the benefits of investing in staff learning and development.

Cost-saving retention strategies in Coconino County, Arizona (2011)¹⁹

Facing significant budget cuts in the early 2010s, Coconino County, Arizona focused on investing in learning and development as a cost-saving measure to retain its skilled employees. Amid a suite of actions focused on improving employee wellbeing and engagement, the County prioritised providing access to training and education to employees at every career stage. This included providing:

- classes for new and experienced supervisors
- leadership training for management level employees
- free online training
- cross training and developing internal talent to tap the knowledge and experience of employees near retirement
- retirement planning classes.

Within two years, the County recorded a 6% reduction in turnover, and noted that 40% of job vacancies were able to be filled by skilled internal applicants. The County also established a pool of employees who were willing to work in other departments to decrease the Country's reliance on (and reduce the cost of) temporary employees.

In 2011, the County was one of recipients of the Centre for Excellence's Workforce Awards, and in March 2012, the county was selected for an American Psychological Association Psychologically Healthy Workplace Award.

¹⁹ LGiU. (2022). "Local government workforce and capability planning"; MissionSquare Research Institute. (n.d.). "Work-Life Balance Pays Dividends in Coconino County, Arizona". *MissionSquare Research Institute*.

“Bite-sized” online module learning during COVID-19, New Zealand

COVID-19 showed that by investing in staff learning and development, local government can adapt and respond to service delivery needs in a time of both social and economic upheaval.

The 2020 New Zealand lockdown restrictions forced public sector employees to drastically change their working processes and as a result, required a mass investment in learning and development training to enable workers to adapt to new technology and manage their wellbeing and that of their community.²⁰

In order to facilitate this transition, learning and development opportunities were offered via online webinars and other digital delivery methods. There was particular value found in offering shorter “bite-sized” online training modules, which were more effective for learners.²¹ As a result of this investment in training, local government employees were able to transfer their service delivery to an online format, and all employees were able to benefit from increased digital familiarity. It also enabled the continuous provision of services, and established efficient business continuity protocols and processes so that local government employees are more resilient in the face of external shocks.²²

Enabling managers to support employee mental health at work, Oxford City Council (2019)²³

Building on the recommendations of the 2017 “Thriving at Work” independent review of the Oxford City Council (the Council), in 2019 the Council identified the need to better equip its line managers to support their employees. To do so, the Council facilitated a management engagement system to hear what was needed, and subsequently delivered training and workshops that covered recognising and responding to mental health, alongside a “Let’s Talk” communication initiative aimed at raising organisational awareness.

The Council targeted its training and workshop provision, using available data such as employee sickness absences, occupational health referrals related to stress, and other management information. The impact of initial interventions was not easily quantifiable using existing performance measures. However, the Council was encouraged to see employees contacting the Mental Health First Aiders available, and determined this showed an increased sense of confidence in talking about mental health in the workplace.

The Council agreed the value in continuing its organisation-wide approach to supporting employee mental health at work, hoping to measure the impacts over a longer term through an external review of workplace wellbeing the next year.

²⁰ Harris, Emily. (2022). “The changing role of learning and development in the public sector”. *Public Sector People*

²¹ ServiceIQ. (2021). “Local Government Sector: Skills Summary”.

²² ServiceIQ. (2021). “Local Government Sector: Skills Summary”.

²³ Oxford City Council. (2019). “Equipping line managers to support employee mental health at work”. *Local Government Association*.

Conclusion

There is a growing pool of evidence that clearly articulates the link between increased investment in training and development and an overall improvement in recruitment, retention, organisational culture, staff wellbeing, and productivity. As local government seeks to adapt and respond to the changing needs of communities across Aotearoa New Zealand at a structural level, individual local governments have the opportunity to rethink how they support and invest in their employees to ensure they meet the needs of their communities.

Appendix 1: Literature scan

Methodology

1. **Frank**Advice worked with Taituarā to agree the scope of the literature scan, and the specific research areas within the broader topic of local government investment in staff learning and development. The following five research areas were agreed:
 - Return on investment and productivity impact from investing in staff learning and development to extend and expand their skills and knowledge.
 - The value of learning and development in recruiting and retaining quality staff.
 - Performance and stability of organisations during economic downturns that invest in staff learning and development.
 - The value of leadership training for organisational culture, staff wellbeing and staff retention.
 - Local government standard / best practice for proportion of resources dedicated to learning, development and training.
2. We agreed a tiered approach to identifying and reviewing the literature. In the first instance, we looked for literature specific to local government. Where this was not available, we expanded our search to include central government research. Finally, where necessary, we broadened the scope further to include literature on private sector investment in staff learning and development. Most of the literature considered in this paper are drawn from the first and second tier (local and central government). Where we refer to findings from the public sector, this is made clear in our analysis.
3. A full list of the literature reviewed included in Appendix 2.

What we found

Research topic 1: return on investment and productivity impact from investing in staff learning and development to extend and expand their skills and knowledge

Local authorities have to justify their organisational spending and investment in staff capability

4. Local authorities are often reticent to invest in organisational capability building activities, including staff training and development due to their external accountability to their communities and the central government.²⁴ Local authorities' budgets are regularly scrutinised for perceived wasteful expenditure, so any internal capability investment needs to clearly show a return on investment or impact on productivity, and how this is transferred into benefits for the communities they serve. For example, the New Zealand Productivity Commission's review on local government funding and financing noted a preference for local governments adopting the "benefit principle". This is that whoever benefits from, or causes the need for a service, should pay its costs.²⁵ Therefore, to justify increased investment in staff learning and development, local governments need to understand how to identify these benefits, and how they contribute towards outcomes for the communities they serve.

Cost associated with staff turnover is the most common metric used to measure return on investment for staff learning and development

5. Comparing costs of staff learning and development against the costs associated with staff turnover is a common method for both public and private organisations to measure the return on investment. Employee turnover is generally thought to present serious problems for organisations due to the resources required to replace or retain existing workers.²⁶ According to several studies completed in the early 2000s, by upskilling employees and promoting growth opportunities, local governments were able to simultaneously lower employee turnover.²⁷
6. As a result, reducing employee turnover is a large driver for local governments to invest in staff learning and development.²⁸ Simply, the return on investment can be clearly measured through comparing the costs of investment (i.e., the costs of training, time off work, administration etc.) against the costs associated with employee turnover (i.e.,

²⁴ Getha-Taylor, Heather, Jacob Fowles, Chris Silvia, and Cullen C. Merritt. (2015). "Considering the effects of time on leadership development: A local government training evaluation." *Public Personnel Management* 44, no. 3: 295-316.

²⁵ New Zealand Productivity Commission. (2019). "Local government funding and financing: Draft report".

²⁶ Meier, Kenneth J., Laurence J. O'Toole Jr, and Richard M. Walker. (2013). "Investing in People: Training, Turnover, and Organizational Performance".

²⁷ Pietersen, Charlotte, and O. A. Oni. (2014). "Employee turnover in a local government department." *Mediterranean Journal of Social Sciences* 5, no. 2: 141.

²⁸ Meier, Kenneth J., Laurence J. O'Toole Jr, and Richard M. Walker. (2013); ServiceIQ. (2021). "Local Government Sector: Skills Summary"; Benest, Frank. (2008). "Retaining and growing talent: Strategies to create organizational "stickiness"." *Public Management* 90, no. 9: 20-24.

recruiting, temporary staff, orientation etc.).²⁹ Investing in staff training and development can therefore be seen as a strategic, cost-saving action for local authorities³⁰, and desirable goal for local authorities operating in increasingly constrained budgets.

Improved performance as a result of learning and development investment can be measured through efficiency and staff satisfaction surveys

7. Investment in learning and development can be best measured through staff satisfaction surveys.³¹ Asking questions such as “How much more confident learners feel about their ability to perform their job tasks as a result of training”³² can reveal whether the investment in learning and development is having the desired effect for employees. Answers to these questions provide an indication of the gain from learning, and whether the organisation is investing in the right learning and development training for its organisation. They also provide a measurement of things such as wellbeing, organisational culture, job satisfaction, and wellbeing that can be used to justify investment in staff learning and development and / or share with stakeholders.

Organisations that invest in learning and development see improved performance in terms of job-satisfaction and efficiency

8. Management experts argue that investing in people through appropriate training and development policies and practices can improve both individual, and organisational performance.³³ One of the ways that individual and organisational performance can be measured is through job-satisfaction and efficiency gains. As one source states, where workers are supported to hold the right skills to do their job well, they will experience a boost in morale and in their job efficiency.³⁴ If people feel competent, invested in, and supported, they are more likely to be efficient workers and access any previously untapped reserves in support of their organisation.³⁵

For local government, employee outcomes and organisational outcomes are linked

9. A 2013 article identifies a clear gap in the local government literature, specifically, the effects of specific elements of human resource management, such as training and development, on organisational achievements from any stakeholder perspective other than that of employees themselves.³⁶ Several sources agree there is a link between

²⁹ Oluwaseun, Oduwusi Oyewole. (2018). "Employee training and development as a model for organizational success". *International Journal of Engineering Technologies and Management Research* 5, no. 3: 181-189; Ketkin, Irena. (2022). "A quick guide to measuring the ROI of Learning". *The L&D Academy*.

³⁰ Meier, Kenneth J., Laurence J. O'Toole Jr, and Richard M. Walker. (2013).

³¹ Ketkin, Irena. (2022). "A quick guide to measuring the ROI of Learning".

³² Ketkin, Irena. (2022). "A quick guide to measuring the ROI of Learning".

³³ Meier, Kenneth J., Laurence J. O'Toole Jr, and Richard M. Walker. (2013). "Investing in People: Training, Turnover, and Organizational Performance".

³⁴ Oluwaseun, Oduwusi Oyewole. (2018). "Employee training and development as a model for organizational success".

³⁵ Meier, Kenneth J., Laurence J. O'Toole Jr, and Richard M. Walker. (2013). "Investing in People: Training, Turnover, and Organizational Performance".

³⁶ Meier, Kenneth J., Laurence J. O'Toole Jr, and Richard M. Walker. (2013). "Investing in People: Training, Turnover, and Organizational Performance".

investing in staff learning and development and local government / community outcomes, however this phenomena is largely underexplored.³⁷

10. One source recommends that government look to design learning and development opportunities around specific outcomes.³⁸ Linking investment in learning and development to key local government / community outcomes will not only aid local government in identifying benefits, but will also help guide local governments to invest strategically in their staff capability.

³⁷ Peters, Sasha, and Henlo Van Nieuwenhuyzen. (2013). "Understanding the dynamics of the capacity challenge at local government level." *Financial and Fiscal Commission: Cape Town*.

³⁸ Eggers, William D., Amy Titus, and Amrita Datar. (2022). "The future of learning in government". *Deloitte Insights*.

Research topic 2: the value of learning and development in recruiting and retaining quality staff

Employees look for more than just compensation when job hunting

11. Traditionally, local authorities struggle to compete with private organisations to attract and retain staff based on remuneration packages alone. However, the current labour market trends suggest that employees are looking for more from their future employers.³⁹

Local authorities have a unique opportunity to recruit and retain talented staff by taking a broader approach to employee benefits. This can include a focus on organisational culture, wellbeing practices, community value, and opportunities for growth and development.⁴⁰ Several sources reviewed as part of this work identify the opportunity for local authorities to act, particularly in a post-COVID environment to build their value proposition and attract and retain talented staff.⁴¹

Embedded learning and development practices make local government more competitive employers for current and future employees

12. Investing in learning and development can increase the attractiveness of an organisation for new and existing employees.⁴² Opportunities for learning and development emerged as the highest priority for Australian public sector workers polled in 2022.⁴³ For local authorities to operate as competitive employers, having embedded learning and development opportunities for staff is a clear method to compete for talent in a constrained labour market.

13. Investing in learning and development will also help make local authorities more attractive employers for future employees, particularly those within Gen Y and Gen Z. Much of the recent academic research into local government recruitment, focuses on how to make local government a more attractive employer to younger workers. The research concludes that Gen Y and Gen Z workers have different workplace behaviours, expectations and motivations that local authorities need to meet in order to be competitive employers.⁴⁴ This includes providing continuous learning and skill development to lift job satisfaction and retention.

³⁹ Runyon, Natalie. (2022). "Innovations for local and state governments to attract and retain workers". *Thompson Reuters*; Datar, Amrita., Roopa Sanwardekerm, J. R. Ruiz, John O'Leary, and Sushumna Aharwal. (2022). "Government can win the talent race – Here's how". *Deloitte Insights*.

⁴⁰ Datar, Amrita., Roopa Sanwardekerm, J. R. Ruiz, John O'Leary, and Sushumna Aharwal. (2022). "Government can win the talent race – Here's how".

⁴¹ Harris, Emily. (2022). "The changing role of learning and development in the public sector". *Public Sector People*; LGiU. (2022). "Local government workforce and capability planning".

⁴² KPMG. (2021). "Transforming local government workforce: Attracting today's digitally focused and socially conscious young professionals".

⁴³ Harris, Emily. (2022). "The changing role of learning and development in the public sector". *Public Sector People*

⁴⁴ Benest, Frank. (2008). "Retaining and growing talent: Strategies to create organizational "stickiness"."; KPMG. (2021). "Transforming local government workforce: Attracting today's digitally focused and socially conscious young professionals".

14. A recent study by Udemy revealed that 80% of employees said that more learning and development opportunities would help them feel more engaged at work⁴⁵, while another found that 53% of Gen Y employees put ‘training and development’ at the top of their list of decision-making factors.⁴⁶ If local government wants to attract talented workers going forward, it is clear that investing in learning and development may be critical to recruiting and retaining future staff.

Investing in learning and development wins hearts and minds

15. Investing in learning and development has a direct impact on the attitudes of employees towards their organisations.⁴⁷ This is particularly relevant where organisations, like local authorities, rely on value-driven work.⁴⁸ For many talented workers, it is the value of supporting their community, and/or making a difference in the lives of their fellow citizens.
16. Providing them with regular access to learning and development training is a small (and cheaper way) to keep these employees and show them that they are valued. Investing in employees is likely to have positive benefits where there is value alignment, as noted in a 2018 journal article, employees are more likely to exert themselves and remain with an organisation that has won their “hearts and minds” through investing in their personal development.⁴⁹
17. The role of meaning and value filters through a large proportion of the literature reviewed. Benest (2008) argues that all employees, crave meaning or value in their work, therefore meaning is emerging as the most powerful motivator of behaviour.⁵⁰ In order to attract and retain staff in this climate, Benest goes on to suggest that employees will stay with the organisation as long as they feel they are learning and growing.
18. This is supported by findings in 2002 and 2003 that found that investing in growth opportunities will lower employee turnover.⁵¹ This is summed up nicely by Oluwaseun who states that “a trained staff will develop a sense of self-worth and dignity as they will view themselves as more valuable to the organization, which will eventually culminate in higher job satisfaction”.⁵²

⁴⁵ Datar, Amrita., Roopa Sanwardekerm, J. R. Ruiz, John O’Leary, and Sushumna Aharwal. (2022). “Government can win the talent race – Here’s how”.

⁴⁶ GoodHabit. (2023). “Think future growth, act now on L&D”.

⁴⁷ Oluwaseun, Oduwusi Oyewole. (2018). “Employee training and development as a model for organizational success”.

⁴⁸ Meier, Kenneth J., Laurence J. O’Toole Jr, and Richard M. Walker. (2013). “Investing in People: Training, Turnover, and Organizational Performance”.

⁴⁹ Oluwaseun, Oduwusi Oyewole. (2018). “Employee training and development as a model for organizational success”.

⁵⁰ Benest, Frank. (2008). “Retaining and growing talent: Strategies to create organizational “stickiness”.”

⁵¹ Pietersen, Charlotte, and O. A. Oni. (2014). “Employee turnover in a local government department.”

⁵² Oluwaseun, Oduwusi Oyewole. (2018). “Employee training and development as a model for organizational success”.

Research topic 3: performance and stability of organisations during economic downturns that invest in staff learning and development

Investing in learning and development during economic downturns makes for more resilient organisations

19. Organisations that invest in their people are more likely to have access to the right people and the right skills to weather the impacts of an economic downturn.⁵³ Investing in learning and development will support the resilience of an organisation both in terms of recovery from downturns, and also in terms of transformation, reshaping the organisation's 'status quo' to ensure the same set of circumstances will not occur again.⁵⁴ Investing in staff learning and development is necessary to enable resilient organisations, which is increasingly important in a post-COVID environment.

COVID-19 created expectations of a "culture of learning and development", especially in relation to innovation and problem solving

20. COVID-19 showed that by investing in learning and development, local government can adapt and respond to service delivery needs in a time of both social and economic upheaval.

21. The 2020 New Zealand lockdown restrictions forced public sector employees to drastically change their working processes and as a result, required a mass investment in learning and development training to enable workers to adapt to new technology and manage their wellbeing and that of their community.⁵⁵ Training was offered via online webinars and other delivery methods, and it was noted that shorter "bite-sized" training modules were more effective for learners.⁵⁶

22. Learning and development during COVID encouraged innovation and problem solving to ensure that the community was always able to access the necessary services and support.⁵⁷ Local authorities have the opportunity to leverage the culture / appetite for learning and development, continue to invest in the learning and development of their staff, and make their service delivery more resilient.⁵⁸

Investing in learning and development enables staff to meet the challenges facing local authorities during an economic downturn

23. While fiscal conditions may be tough, local authorities still need to serve the public.⁵⁹ Increasing their investment in staff learning and development is one of the ways local authorities can support organisational stability and employee flexibility in a constrained fiscal environment. In a time of budget cuts, restructures, and other efficiency / cost saving activities,⁶⁰ local authorities rely on existing staff to cover the organisational gaps

⁵³ GoodHabitZ. (2023). "Think future growth, act now on L&D".

⁵⁴ Shaw, Keith. (2012). "The rise of the resilient local authority?". *Local Government Studies* 38, no. 3: 281-300.

⁵⁵ Harris, Emily. (2022). "The changing role of learning and development in the public sector". *Public Sector People*

⁵⁶ ServiceIQ. (2021). "Local Government Sector: Skills Summary".

⁵⁷ Harris, Emily. (2022). "The changing role of learning and development in the public sector". *Public Sector People*

⁵⁸ KPMG. (2021). "Transforming local government workforce: Attracting today's digitally focused and socially conscious young professionals".

⁵⁹ Jacobson, Willow S., and Jessica E. Sowa. (2016). "Municipal human resource management: Challenges and innovative practices in turbulent times." *State and Local Government Review* 48, no. 2: 121-131.

⁶⁰ LGiU. (2022). "Local government workforce and capability planning".

that may emerge, for example when a job is left unfilled and / or is disestablished, existing employees are relied upon to take on additional duties.⁶¹

24. Learning and development training then becomes a lifeline for over-extended staff, and enables organisations to better look after their existing staff during tight times (where recruitment is likely competitive) so as not to incur additional turnover / contractor costs.⁶² This is expected to have additional benefits in terms of increased morale and staff retention, because employees feel supported to deliver through tough economic times.⁶³

Investing in learning and development during economic downturns is an opportunity to plan for future workforce needs

25. There is an expectation that local authorities should cut staff learning and development spending during economic downturns⁶⁴, however research suggests that organisations that continue this expenditure are best placed once the economy picks up again.⁶⁵
26. During times of fiscal constraint, funding for learning and development activities is often seen as an easy way for organisations to 'tighten the belt'.⁶⁶ For local authorities, this is particularly true where justifying all expenditure against community outcomes becomes more apparent.⁶⁷ Despite the established correlation between learning and development and improved service delivery, this is not often communicated to the general public, therefore, under the weight of public opinion, local authorities frequently drop their spending on staff capability⁶⁸.
27. However, investing in staff learning and development training during these periods enables the organisation to be best placed to thrive once conditions ease.⁶⁹ This can be through enhancing the skills of existing staff (as per above), but also as an opportunity to futureproof the workforce by looking ahead to future needs, and increase organisational resilience ahead of the next economic downturn⁷⁰ i.e., provide digital-specific training⁷¹, or managing key vulnerabilities.⁷²

⁶¹ Morrison, Carol., & Kevin Martin. (2019). "The Importance of Upskilling During Economic Downturns". *Aspen Institute*.

⁶² Adendorff, Gillian, Thomas Dick, Matthew Xerri, and Yvonne Brunetto. (2021). "Does the talk match the walk for Australian local government employees: The link between leadership and employee well-being."

⁶³ Peter Berry Consultancy. (2020). "The Importance of Staff Development During an Economic Downturn". *Hogan Assessments*.

⁶⁴ Peter Berry Consultancy. (2020). "The Importance of Staff Development During an Economic Downturn".

⁶⁵ Govindarajan, Vijay., & Anup Srivastava. (2022). "How Companies Should Invest in a Downturn". *Harvard Business Review*.

⁶⁶ Peter Berry Consultancy. (2020). "The Importance of Staff Development During an Economic Downturn".

⁶⁷ Meier, Kenneth J., Laurence J. O'Toole Jr, and Richard M. Walker. (2013). "Investing in People: Training, Turnover, and Organizational Performance".

⁶⁸ Meier, Kenneth J., Laurence J. O'Toole Jr, and Richard M. Walker. (2013). "Investing in People: Training, Turnover, and Organizational Performance".

⁶⁹ Morrison, Carol., & Kevin Martin. (2019). "The Importance of Upskilling During Economic Downturns".

⁷⁰ Shaw, Keith. (2012). "The rise of the resilient local authority?"; Meier, Kenneth J., Laurence J. O'Toole Jr, and Richard M. Walker. (2013). "Investing in People: Training, Turnover, and Organizational Performance".

⁷¹ KPMG. (2021). "Transforming local government workforce: Attracting today's digitally focused and socially conscious young professionals".

⁷² Shaw, Keith. (2012). "The rise of the resilient local authority?".

Local governments are operating within a state of “permanent crisis”

28. Several sources identified the unique position of local government as the frontline response to a series of escalating ‘crises’, including COVID-19, Civil Emergency response, and climate change. ⁷³This has led to some classifying local governments as operating in a state of “permanent crisis”.⁷⁴
29. Similar to an economic downturn, operating in a “crisis” impacts the amount of both money and time allocated to staff learning and development. However, these crises are long term and will require an ongoing response, therefore investing in learning and development for local government employees is increasingly vital to ensure that local governments are resilient and capable to respond.

⁷³ Shaw, Keith. (2012). "The rise of the resilient local authority?"; Peter Berry Consultancy. (2020). "The Importance of Staff Development During an Economic Downturn".

⁷⁴ Benest, Frank. (2008). "Retaining and growing talent: Strategies to create organizational “stickiness”."

Research topic 4: the value of leadership training for organisational culture, staff wellbeing and staff retention

The benefits of leadership development extend beyond the individual

30. Recent research agrees that the benefits of investing in leadership development training extend beyond the individual, and can have considerable impacts on the productivity of the organisation and overall wellbeing of all staff.⁷⁵ A 2023 publication by the Australia and New Zealand School of Government (ANZSOG), states that investing in leadership development can improve wellbeing, create a sense of meaning, and can help local authorities to retain staff and build better functioning teams.⁷⁶
31. Hodder and Karacaoglu (2019) explore this phenomenon further, arguing that leaders who benefit from personal development are more resilient in their role, and able to foster resilience in those they lead and work with.⁷⁷ The literature therefore presents the value of leadership training as beyond the benefit to just the trainee, but recognises the broader, organisational impacts of investing in leadership training.

Leaders influence organisational culture

32. Positive organisational culture is enabled by strong, effective leadership.⁷⁸ As stated by Christodoulos Koutsoulouanos in their 2023 article: "Effective leadership presupposes coherence, personal growth and higher levels of satisfaction, gives a sense of direction and vision, an alignment with the environment, a healthy mechanism for innovation and creativity, as well as a source of the revitalisation of the organisational culture".⁷⁹
33. The alternate is also true; where managers and leaders are not provided the training or growth opportunities to develop their leadership skills, organisational culture and retention rates suffer. A 2020 review of Australian local government employees identified the issue of employees being elevated to management positions without proper support during cost-saving organisational restructures, and the impacts this "training gap" has on organisational culture and staff retention.⁸⁰

⁷⁵ Getha-Taylor, Heather, Jacob Fowles, Chris Silvia, and Cullen C. Merritt. (2015). "Considering the effects of time on leadership development: A local government training evaluation." *Public Personnel Management* 44, no. 3: 295-316.

⁷⁶ ANZSOG. (2023). "What works in leadership development? Seven ways to create effective programs". *Australia and New Zealand School of Government*.

⁷⁷ Eppel, E. Hodder, P and Karacaoglu, G. (2019). *New Zealand Public Sector Leadership in the 21st Century: Challenges and Opportunities*. Wellington, Victoria University of Wellington.

⁷⁸ ANZSOG. (2023). "What works in leadership development? Seven ways to create effective programs"; Harris, Emily. (2022). "The changing role of learning and development in the public sector". *Public Sector People*

⁷⁹ Koutsoulouanos, Christodoulos. (2023). "Leadership in local government organisations: The distinction between political and administrative leadership". *Apolitical*.

⁸⁰ Adendorff, Gillian, Thomas Dick, Matthew Xerri, and Yvonne Brunetto. (2021). "Does the talk match the walk for Australian local government employees: The link between leadership and employee well-being."

34. Where there was poor leadership, there was an increase in temporary contractors employed at the expense of full-time, committed workers. Not only did this increase staffing costs, but also the increasing number of unengaged and uncommitted employees had negative impacts on organisational culture and productivity.⁸¹
35. Underprepared leaders can have vast financial and cultural implications for an organisation. Investing in leadership training for up-and-coming employees will help to mitigate the risks as seen in Australia, and will enable a more resilient organisation that can adapt and respond to internal and external changes and support the maintenance of a strong leadership culture.

Leadership training provides opportunities for staff to develop their professional and personal wellbeing

36. Local authorities need to reflect the values of their future employees, and provide training to leaders to encourage and enable value-driven workplaces. The value of “wellbeing” has emerged as one of the most important factors to employee experience and retention, with employees looking for organisations and leaders who exemplify these values through their actions.⁸² However, leaders need to be equipped with learning and development training, specific to leadership for wellbeing, in order to support both their own, and their teams’ wellbeing.
37. This need is identified in a 2020 article exploring the link between leadership and employee wellbeing for Australian local government employees. It states that improving wellbeing increases an employee’s perception of their personal resources, the more personal resources they have, the better placed the employee is to respond to high stress situations. To achieve this wellbeing in the workplace, the leadership “training gap” needs to be addressed, and leaders provided with the tools required to best support their people. Without which, the article concludes, local government, as it currently operates, is unsustainable.⁸³

⁸¹ Adendorff, Gillian, Thomas Dick, Matthew Xerri, and Yvonne Brunetto. (2021). "Does the talk match the walk for Australian local government employees: The link between leadership and employee well-being."

⁸² Benest, Frank. (2008). "Retaining and growing talent: Strategies to create organizational “stickiness”."

⁸³ Adendorff, Gillian, Thomas Dick, Matthew Xerri, and Yvonne Brunetto. (2021). "Does the talk match the walk for Australian local government employees: The link between leadership and employee well-being."

Research topic 5: local government standard / best practice for proportion of resources dedicated to learning, development and training

Learning and Development budgets are usually developed using two approaches:

38. Across both public and private sector organisations, our literature scan identified two main approaches to allocating resources into staff learning and development. These approaches can be used alone or in conjunction with one another.

- Budget per employee: Each employee is allocated an amount per year that can be spent on their learning and development training.⁸⁴ This can be allocated to all employees or employees that meet certain criteria. For example, high-performing employees at Wellington City Council are able to access up to \$4,000 each to fund “growth opportunities”.⁸⁵
- Programme-based budgeting. Funding for learning and development is allocated based on an organisational priority or programme.⁸⁶ These can be internal goals or external. For example, an organisation may prioritise funding all learning that contributes to ‘wellbeing’. This would mean funding a suite of learning and development opportunities (i.e., resilience training, leadership training, skill-based training) that all align with the goal of improving employee wellbeing. Anchoring learning against organisational goals, capability needs, or performance objectives allows for agencies to invest broadly in learning and development that will directly benefit the organisation, as well as the individual.⁸⁷

There is no local government standard for investment in learning and development

39. Our scan of the literature identified examples of local government spending in learning and development, as well as advocacy pieces that seek to encourage more spending; however, there is little consensus on what is “best practice” for investing in learning and development at the local government level. However, the literature almost unanimously agrees that local government investment in staff learning and development is vastly under-valued.⁸⁸ In order for local governments to continue to meet the needs of their communities, decision makers need to reassess their learning and development budgets, and invest strategically to capitalise on the benefits available.

⁸⁴ Ketkin, Irena. (2022). “Learning & Development Budgets: The ultimate guide for beginners”.

⁸⁵ Wellington City Council. (n.d.). “Employee benefits and opportunities: learning and development”.

⁸⁶ Ketkin, Irena. (2022). “Learning & Development Budgets: The ultimate guide for beginners”.

⁸⁷ Eggers, William D., Amy Titus, and Amrita Datar. (2022). “The future of learning in government”. *Deloitte Insights*.

⁸⁸ Adendorff, Gillian, Thomas Dick, Matthew Xerri, and Yvonne Brunetto. (2021). “Does the talk match the walk for Australian local government employees: The link between leadership and employee well-being.”; Meier, Kenneth J., Laurence J. O’Toole Jr, and Richard M. Walker. (2013). “Investing in People: Training, Turnover, and Organizational Performance”; Oluwaseun, Oduwusi Oyewole. (2018). “Employee training and development as a model for organizational success”.

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