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## *Leadership prepared for the challenges of today and the future: A case study in Estonia*

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*This case study was prepared in the context of the 2017-2019 OECD multicountry project on civil service leadership focussing on a variety of challenges and practices relating to the changing nature of leadership in the public sector. It was peer reviewed at a workshop with the ten countries participating in the project. The case study explores the experience of Estonia and the Top Civil Service Excellence Centre regarding leadership development of top civil servants in a decentralised management system. The main responsibilities of the Centre focus on the development of the current leaders, supporting the pipeline for future leaders, and providing support to the overall lifecycle of leaders in particular through implementing competency-based management for senior civil servants, linking together competency assessment with leadership development.*

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## Introduction

The world is undergoing change at a speed never before seen. This has challenged the role and structures of government, and therefore, the individuals entrusted to lead its institutions. It has also challenged societal expectations and the very definition of public value. The transformational changes needed from government to respond to these challenges and increase public value need bold, inventive, and innovative leadership.

Leaders in the public sector face new opportunities and possibilities faster than ever and leadership must manage and be comfortable with an ambiguous and uncertain environment. This implies that the skills and approaches of today may be less relevant tomorrow – for leaders and those they lead. Leaders are no longer seen as mere policy implementers or service providers, they are responsible for discovering what avenues would create the most public value, and convince and steer actors – in all directions and across sector – to deliver it. As Moore stated “[Public managers] are neither clerks nor martyrs. Instead, they are explorers commissioned by society to search for public value,” (Moore 1995:299).

Creating and enhancing public value in today’s public sector environment requires new skills and approaches for individual leaders and the entire leadership cadre. As one Estonian senior civil servant stated, “We must reorganise the structures preventing major changes.... We need to show that you can’t just sit in your seat anymore.”

Ensuring effective leadership has been a focus for most governments for decades. Over time, this has evolved in various forms such as:

- Development of specific job profiles
- Leadership competency models
- More stringent recruitment and hiring standards
- Evaluation of leadership
- Continued development and training for current and future leaders

While these activities have likely raised the standards of public sector leadership, the leadership system in countries needs continuous evaluation, adjustment, and reflection to ensure that current and future leaders are properly positioned to support the present and future challenges of the public sector. Continuous change demands continuous development to have effective leadership and a robust pipeline of future leaders.

And yet, leadership development programmes often have inconclusive or disappointing results. Moldoveanu and Narayandas (2019) discuss the three specific gaps:

- gap in motivation (organisation taking a different perspective than the individual for why a leader is undergoing development),
- gap between which skills are being trained vs what is required, and
- the skills transfer gap (leaders rarely take the learned skills and apply to their job).

Their research also cites anecdotal evidence that suggest barely 10% of the 200M (USD) annual outlay for training and development in the United States delivers concrete results.<sup>1</sup>

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<sup>1</sup> [https://www.researchgate.net/publication/331480385\\_The\\_Future\\_of\\_Leadership\\_Development](https://www.researchgate.net/publication/331480385_The_Future_of_Leadership_Development)



Additionally, Beer, Finnstrom (2016), and Schrader (2016) states that only 1 in 4 senior managers reports that training was critical for business outcomes<sup>2</sup>.

However, there is also positive news regarding leadership development. Over the past decade, there has been a revolution of sorts amongst providers. Because of new technologies and new focuses, positive results are emerging. Beer, Finnstrom, and Schrader have seen effective leadership develop through experiential training, using systems thinking, and programmes that adapt their methods to the context of the leaders rather than the other way around. Additionally, Rowland (2016) discusses how leadership development can only be effective if the working environment itself encourages leaders to focus on development, apply the lessons learned, and diffuse learnings within the organisation and invite others into the development process<sup>3</sup>. Without having the right system in place, even the best leadership development programmes will continue to under-deliver if the lessons learned cannot be applied.

Therefore, this case study explores questions about the future of leadership development in a public sector system. What is the role of continuous development? Who is responsible? How do we measure the results and make it sustainable? How does this link to the overall leadership system and lifecycle (recruitment, development, retention)? How does this change in different kinds of senior civil service Systems? To help focus this discussion, this case study will use the experience of Estonia and the Top Civil Service Excellence Centre.

In Estonia, individual ministries generally manage their own HR and leadership development. Furthermore there is no hierarchical relationship among Secretaries General. This decentralised system left much of this responsibility for any kind of SCS management to individual ministries with very little room for centralised or coordinated leadership development activities. Civil service issues were about the laws while proper leadership and management were not prioritised. This began to change after 2003.

In 2003, the new Estonian government began a renewal of the whole civil service by focusing more on the skills and competencies inside the civil service, with an emphasis on top civil servants. “Top civil servants” were defined as 3 key stakeholder groups that, starting in 2013, are now all on 5-year terms:

- Secretary Generals
- Deputy Secretary Generals
- Directors

As a way to start being more systematic with recruitment and development of top civil servants, the government created an experiment within the public administration department that focused on the leadership development of top civil servants.

## The Top Civil Service Excellence Centre – Experimental Phase (2005 – 2008)

Upon creation, the experimental team of two individuals set two interrelated goals: to ensure the highest calibre leadership competencies among Estonia’s top managers, and to develop a common culture and unified leadership vision for the Estonian public service.

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<sup>2</sup> <https://hbr.org/2016/10/why-leadership-training-fails-and-what-to-do-about-it>

<sup>3</sup> <https://hbr.org/2016/10/why-leadership-development-isnt-developing-leaders>



To do this, the team primarily focused on creating a competency framework, assessment, and potential training paths for top leaders. The aim was to implement competency-based management for this group, linking together competency assessment with leadership development. The team sought to create training standards for leadership development in Estonia's decentralised civil service, as well as to offer the team's own specialised programmes where top leadership could come together to share experience and broaden their collective knowledge and understanding.

With a decentralised leadership cadre, there was no unified leadership development for top civil servants. One of the first acts of the team was to develop a competency framework with a working group of public servants. It also created an accompanying assessment, and then turned towards the challenge of how to engage leadership. In Estonia there is no hierarchical relationship among Secretaries General (SGs). Creating a mandatory system would be difficult. Therefore, engagement was voluntary, allowing interested leaders to start engaging immediately, however convincing top civil servants to be assessed voluntarily presented a challenge. There was sense that who chose to engage in competency assessment and development tended to be those who were already performing well, rather than those with real competency gaps that needed to be addressed.

Rather than attempting to win over the entire leadership cadre, the team focused its efforts on the SGs due to their smaller cohort, eagerness to learn, and their influence over the other top civil servants. The team developed individual development activities as well as a, "Global Development Trends and Future Estonia programme," and study-visits to other countries for the entire SG cohort.

The team also was delivering formal programmes for the other leadership groups – like Deputy SGs and Directors, which increased leadership engagement with the team. By the end of 2008, 65% of civil service leaders had volunteered to be assessed and participated in the team's developmental activities. While these assessments helped understand and map the current competency levels of the Estonian civil service leadership, these assessments were not linked to performance evaluations of individual leaders.

## Building up Core Functions (2009 – 2016)

### *Leadership Development of Top Civil Servants*

By the end of 2008, participation started to wane as the team continued to work on a voluntary basis. In response, the team revised its offerings, directly leading to an increase in participation. This included a new competency framework, updating competency framework implementation, improved development programmes and an annual conference for top civil servants. Additionally, a commitment survey showed gaps in innovation and created an indicator to measure the influence of the team's activities.

The team divided development activities into two areas. The first was to support common values and whole-of-government approach through development programmes, conferences, study visits, and other activities. The second set of developmental activities focused on personal competencies.

The team launched professional coaching services for all top leaders. The individual coaching provided a set number of hours for leaders to work with coaches regarding broad or specific topics. The coaching became the preferred way to help leaders improve their ability to lead others. It became so popular that some leaders wanted to become certified coaches themselves and the team created a coaching development programme.



Additionally, individual leaders were able to enhance their skills with the ability to participate in trainings of prestigious leadership schools.

In 2010, the experimental team formally became the Top Civil Service Excellence Centre. In this role, it was responsible for the development of current leaders, supporting the pipeline for future leaders, and serving as one of the main stakeholders responsible for the employment lifecycle of leaders. The Centre is attempting to create lasting cultural and systemic change to improve the leadership within the Estonian civil service. To do this, the Centre explored new tools, methods, programmes, and practises to creating lasting change.

### *Development of the pipeline of future Top Civil Servants*

For anyone outside the top civil service group, the primary responsibility for training and development resides with the Ministry of Finance. Additionally, ministries are also attempting to address training and development through their own programmes. However, the Centre has also developed targeted programmes to build a more robust pipeline of future potential leaders. These include:

- **Newton programme:** Starting in 2008, the Newton programme targets mid-level managers who are designated as future leaders with high potential. The programme lasts 9 months and is structured around the Centre's leadership competency model. To date, the Newton Programme has trained four cohorts.
- **Fast Track Programme:** The programme focuses on master's graduates and alumni that have strong leadership qualities and long-term goals of becoming top civil servants. The programme is a 2-year rotational programme that seeks to provide enough support that by their 5<sup>th</sup> year in the public service, they are ready for a leadership position.

### *Employment Lifecycle of Leadership*

The biggest transformation with regards to the top civil servants in Estonia is around the lifecycle for leadership. While a focus on improving this cycle started in 2003, it gained real momentum after the second competency framework. In response to the need for improved recruitment and assessment for leadership, the 2013 New Public Service Act overhauled much of the employment lifecycle for top civil servants:

1. Fixed 5-year terms for all top civil servants
2. Fixed hiring requirements, including competencies as part of the hiring decisions
3. Open recruitment required for all positions (other than intelligence positions)
4. Participation in development activities is a part of the responsibilities for top civil servants

The Act caused a dramatic reflection and change to the leadership lifecycle. The lifecycle started to connect bespoke processes and create a continuous journey.

Figure 1. Estonia's leadership development system



Source: Estonia's Top Civil Service Excellence Centre

The Centre was well positioned to support much of the transition to the lifecycle approach. While the Centre was already conducting development support, the 2013 Act created 5-year fixed terms for all top civil servants. This caused new demand and motivation for leaders to be further engaged with self-development as they would need to go through the recruitment and selection process every 5 years.

The 2013 Act also created mandatory competency assessments, which the Centre was responsible for overseeing. In total, there were three assessments during the lifecycle:

1. Competency assessment during the recruitment process
2. 360 assessment after 1 year on the job
3. Another competency assessment after 2 years into the leader's term

Top civil servants receive their scores and written feedback after they are selected, and then have the choice to engage with the Centre to discuss their assessment, develop an individualised training plan, and receive coaching sessions. Additionally, SGs are also able to receive the assessments of the top civil servants within the organisation.

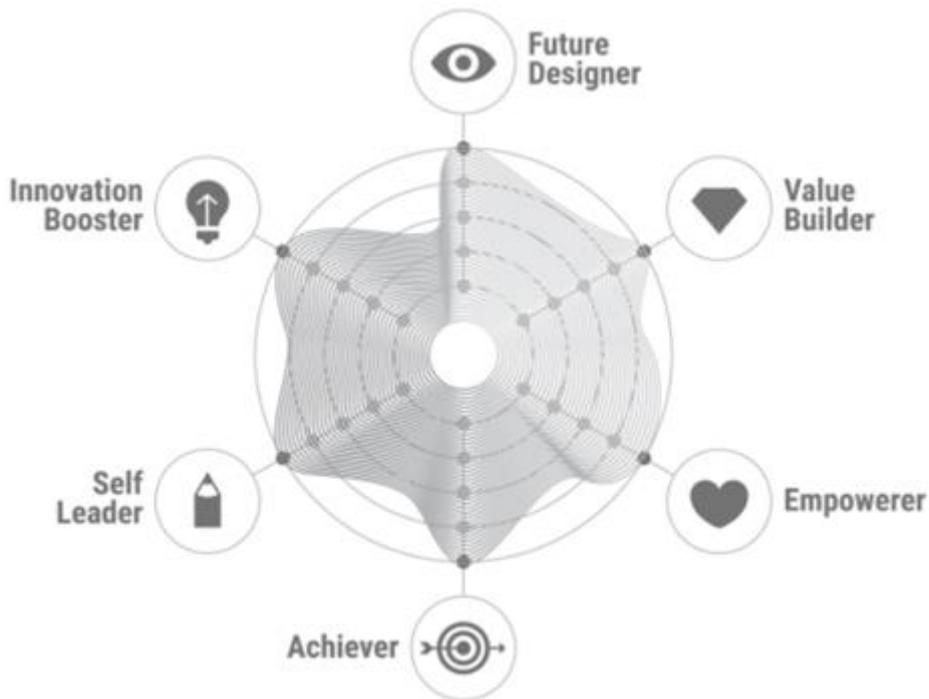
Finally, the Centre also served on "Top Civil Service Selection Committee." All top civil servants (excluding Intelligence) had to go through the Selection Committee that served as a quality control on competencies and helped avoid politicisation. The Centre would also engage further in the recruitment process by having a role in helping track, recruit, and appeal to potential leaders through employer branding, including modern job announcements and by giving top civil servants active roles in recruitment. As the Centre now has a database of assessments from candidates that have applied, it is able to do targeted recruitment to qualified candidates that may not have been selected to other positions.

## Modernisation (2016 – Present)

Today, the Centre plays a key role in the development of the 94 current top civil servants, building the pipeline of future leader, and providing support to the overall lifecycle of leaders. These are each looked at in more detail in the sections to follow.

In 2016, the Centre again began to re-evaluate its activities. The competency model was determined outdated and a new model was created.

**Figure 2. Estonia’s leadership competency model**



Note: <https://www.riigikantselei.ee/en/supporting-government/top-executives-civil-service/competency-framework>

Source: Estonia’s Top Civil Service Excellence Centre

This model served to better reflect the necessary ambitions of public sector leaders as well as adjust to evolving expectations.

- The “future designer” is about understanding local and global trends and creating a vision that can inspire others.
- The “achiever” is someone that is able to execute visions and achieves results
- The “innovation booster” is about being a pioneer willing to work in new ways, with new ideas, and develop innovative solutions.
- The “value builder” designs and creates public goods and services that are designed with the end-user in mind
- The “empowerer” realises that they cannot achieve this all on their own and must ensure that employees are engaged, happy, and are trusted.



- The “self leader” realises that leadership is a continuous process and leaders must constantly be learning and developing to increase their ability and maximise the value of the organisation

Lastly, there was an effort to develop and implement a performance assessment system that linked competencies to performance. While the law states that performance assessments must be conducted in the civil service, they are neither uniform nor standardised. Even through the system has been developed, top civil servants have been sceptical of the idea and with the decentralised nature of the top civil service, there has been no central driver to successfully push for implementation. Currently, there is a strong debate about the effectiveness of this idea which is discussed later in the case study.

## Achievements in improving the leadership development system

Over the past decade, the Centre has established itself as a best in class competency and training centre that represents the quality of current and future leaders. Leaders of the Centre are asked to speak about their experiences and programmes to public sectors around the world. It is known for its forward thinking regarding leadership and competency development. This was well articulated by all the participants interviewed for this case study, who praised the Centre for its professional and high quality training, dependable advice, and for improving trust within the leadership cadre.

This is reflected in its current participation rates, which are now at 88% for current top civil servants participating in development activities offered by the Centre. Additionally, the Centre is seeing the benefits of helping build the pipeline of future leaders as 50% of participants in Newton have applied to top civil service positions and 11% of participants have been appointed.

While the data show high levels of engagement, stakeholder interviews conducted for this case study revealed two distinct areas of success: networks and interpersonal abilities.

### ***Thinking and solving problems more systemically - Building Trust and Networks***

In every interview and round table, the OECD team asked about the biggest benefit an individual received from their active participation with the Centre. Every person interviewed, including ones from future leaders programmes, cited the development of a trusted network and ability to improve relationships across ministries. This sentiment was most prominent among the SGs.

There are 11 SGs in the Estonian government. With such a small cohort, opportunities exist to organise and gather them, take them outside their normal work environment, and help them build a trusted community. SGs cited their ability to more easily understand each other and have difficult conversations, work horizontally, and share leadership experiences in a manner that did not exist before the Centre. By creating shared experiences outside the office, SGs established personal rapport with more casual and informal conversations.

This trust amongst the SG community is crucial for innovative leadership. As issues become more interconnected, top civil servants need to be able to work across siloes, have honest discussions, and a trusted relationship to deal with disagreements. SGs cited a higher number of joint projects between ministries, less budget disputes, and more open discussions to deal with Minister’s (sometime conflicting) priorities.

While this high level of trust may now be considered normal among the SGs, it is less established for the lower levels of top civil servants. SGs and the other leadership levels all



admitted that trust is improving amongst their direct reports, but it is not yet established. Many interviewees perceived that SGs also receive more opportunities to build trusted relationships through the Centre than DSGs, but the DSGs do now have their own network as well. Another explanation was the sheer size of the cohort. With only 11 SGs, it is relatively easy to establish relationships, but with 83 Deputy SGs and Directors, it can be more difficult to build trusted relationships.

While this could simply be a group size issue, it may be exasperated by consistently needing to build new relationships as terms expire within this group. For example in 2018, 36 top civil servants finished their terms and new ones were appointed. The OECD's Observatory of Public Sector Innovation (OPSI) led a session during the 2019 Deputy SG programme, and noted that some participants were not familiar with each other and there was not a shared collective view of their cohort, although there were signs of it starting to emerging. Leaders also cited the challenge of maintaining a network of cooperation and collectiveness when system elements like budget and minister priorities may force them into siloed thinking and competition. System structures and principals that support the right behaviours are still nascent.

### ***Improving leaders' ability to lead individuals - interpersonal abilities***

During interviews, non-technical skills were often cited as gaps within the top civil service. These included competencies such as managing others, storytelling, creativity, and being open to new ideas. As one leader stated, "competency models are really important. Without it, I never would have reached out for training and understood what I needed." This was also the area in which individuals that are actively engaged with the Centre cited their biggest growth.

With the competency assessment also comes the option for leadership coaching. The Centre provides 20 hours every 6 months of free coaching from certified, independent coaches. In discussions with coaches and leaders, much of the coaching focuses on topics like conflict resolution, selling a leader's vision, and having stronger bonds with direct reports and the organisation so as to achieve the leader's goals. Through coaching, leaders are forced to look inward, analyse their leadership style, and how they are helping or hindering their own goals.

By increasing their own self-awareness and emotional intelligence, it provides the opportunity for top civil servants to recognise negative patterns, change strategies, and be a better leader. Direct reports of leaders suggested that coaching opened up their bosses for more horizontal thinking, new ideas, and a collaborative environment.

## **Challenges**

The Centre has also faced a number of challenges throughout its existence. Many of the challenges for its first 10 years were outlined when discussing the evolution of the Centre. It has had to adapt and adjust to changing environments, feedback, changes in political and administrative priorities, and its own understanding of leadership competencies.

### ***What is the role of leadership development with current top civil servants?***

While most of the interviewees recognised a need to develop new leadership mindsets, many also suggested that top civil servants had the technical skills needed to succeed. People occupying high-level positions often have a natural confidence in their abilities, and this increases the importance of using appropriate tools to generate reflection and identify



gaps and opportunities to expose them to new ideas and ways of working. The competency framework is a strong anchor used to align the leadership system and the Centre's programme is the tool meant to generate reflection. But, these tools are necessarily broad due to the size of the leadership cohort, and the necessary reflection for a single leader to recognise their technical gaps is likely to be a highly individualised activity. Coaching can be part of the solution, but interviews showed that the focus of coaching sessions is led by the leader and therefore, may never force critical reflections on technical skills gap.

Additionally, some expressed concern about the lack of “digital leaders” with a genuine curiosity for how digital technologies can continue to change and improve the work of government. The Centre also recognises this issue and the concept of digital leadership is the theme of its next programme.

The Centre tries to address these gaps through its training and development programmes, which received glowing reviews from most who participated. However, during the interviews conducted for this case study, participants struggled to name specific skills, tools, methods or ways of thinking that they learned during the training programme and then implemented in their own Ministry. A focus group of leader's direct reports reinforced this observation, suggesting that some leaders tried new things after certain trainings, but that these efforts were often short lived and within weeks, the leader returned to their usual way of leading.

This does not mean that learning did not occur, but suggests more subtle impacts of training and development programmes. It is often difficult to draw a direct line from learning and development experiences through to transformation of work and organisational methods. And other case studies in this project have shown that knowledge of new methods and willingness to implement them can be overtaken by the rigid management systems and high work demands that characterise most OECD public services. While the Centre has made a concerted and important effort to expose leaders to new ways of thinking and new skills, leaders currently believe more value is derived through coaching and networking.

Some countries are using online training for leadership, to develop a common knowledge base. This allows face to face classroom time to be best used for behavioural change. Developing online resources for leaders to learn more about digital, agile methods, or various other innovation methods, could be an effective and relatively low-cost approach to integrating this technical knowledge with interactive discussions on how best to integrate this understanding into real leadership change.

Taking a future-of-work lens to the issue suggests that leaders do not need to become experts in new technical skills, but need the awareness and humility necessary to bring those skills in and be advised by those who possess them. Then the key task of leadership is to develop a future ready workforce, support them to drive change, and be prepared to not only be drivers of change, but to be ready to solve problem caused by change. This suggests an even more important role for networking, trust-building and collective reflection since the problems that arise are often similar across policy domains.

### ***Integrating competencies into leadership lifecycle***

Starting in 2012, the Centre aimed to implement a Lifecycle approach to competency management which would link competency assessments to a leader's personal performance evaluation. While much of the lifecycle was implemented, the Centre was unable to convince leadership of the necessity of implementing the evaluation component. Therefore, a form of competency assessment is completed three times during each five year term



(recruitment, 1-year 360 assessment, and 2 year anniversary), but this is not formally linked to leader's performance assessment. This challenge becomes even more complex due to the lack of standardisation of performance assessments amongst ministries and that performance assessments do not exist for SGs.

Creating a formal link presents a challenge as leaders are traditionally assessed against outputs and outcomes determined as critical for the team, organisation, or ministry to achieve its mission. It does create a strong signal that these competencies, the continued growth and development of leaders, and the actions associated with the competencies are the path forward for the government. But, this also may focus leadership away from outcomes as well as gaming competency assessments once they become mandatory.

The subject was also raised in the OECD's 2015 Public Governance Review<sup>4</sup>. It stated that one of biggest gaps in the Estonian leadership model was the lack of a link between the competency assessment and the performance assessment.

One reason for the lack of this link could might be found in the origins of the programme. As the Centre was nascent, attempting to gain adoption through a voluntary basis would have been extremely difficult if it was linked to performance assessments. Additionally, most top-level managers are focused on the outputs and outcomes of the organisation, and it has proven extremely difficult to make a positive correlation between public sector leadership competencies and public value.

Another aspect to the challenge is the interest, or lack thereof, by top-level managers to have their performance linked to the competencies. SGs are not subject to individual performance evaluations and standards, making the link extremely hard. As one participant stated "we need a linkage between overall government and leadership through some sort of assessment. Many senior leaders do not seem to welcome the idea though." Below the SGs, top civil servants have performance evaluations, but there is a distinct lack of interest from managers of leaders to be a part of the competency assessment process.

Leaders whose direct reports receive a competency assessment are able to review the assessments and are actively encouraged to discuss the results with direct reports, but thus far, very few leaders have made use of this tool. There was less discussion of leaders making it their responsibility to share the knowledge and skills from the programme amongst their report and across the organisation.

Even when leaders are interested, they may not have receptive direct reports. As one leader stated "We need to understand the eagerness of leaders to change. I had four employees do the assessment. I saw changes in two of them, and none in the other two."

What are the assessment tools for leaders? Can and should growth in competencies be measured and assessed as it relates to performance? How does the responsibility for continued growth across the system become formalised and properly represented?

OECD countries increasingly use specific performance and accountability tools applied to their senior leaders. This tend to include the use of shorter-term contracts, some kind of goal-based performance agreement with direct superiors, performance related pay and possible dismissal for bad performance.

With this in mind, country experience suggests that linking these tools with career development can be dangerous and risks undermining both performance assessment and

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<sup>4</sup> <https://doi.org/10.1787/22190414>



competency development processes. The general consensus among the SCS project participants is to keep performance criteria general and focused on talent management rather than indicators. 360 degree appraisals are also important – different data points help to frame different elements of a particular profile. But if the goal is to generate learning and development, it's important not to link these automatically to accountability, pay and/or contract renewal.

### ***Improving the leadership system with increased demands and limited resources***

The saying “good work does not go unpunished” could apply to another challenge: the Centre has increasingly more responsibility while resources have not grown accordingly. The Centre is now involved in developing competency models, relationship management for potential candidates, recruitment, delivering competency assessments, being on interview panels, delivering coaching and leadership programmes, and the follow-up assessment activities.

Not only has there been growth in the scope of activities the Centre is responsible for, but also the sheer number of activities it must execute. Assessments went from voluntary to mandatory. Leadership programmes have expanded from Secretary Generals to now include other international leaders as well as lower levels of leadership. Delivery was the primary focus of competency assessments, but now also requires the management of a recruiting database for future leaders. It is not just about developing the current leaders, but future leaders as well.

Taken collectively, these activities show an increasing ownership of the entire leadership lifecycle that includes policy, HR, and lifecycle decisions due to demand and gaps in the system. While there is debate about the responsibilities of these roles, the immediate issue is the lack of resources to meet the increasing scope and demand.

During interviews, this challenge came across as both positive and negative. Some worried the Centre was expanding beyond their own core competencies and may need to scale back all the activities it does. Others see the growth in activities as a welcomed addition. Regardless of the specific viewpoint for any one leader, many have observed the growth of the Centre and wonder if it is stretched too thin, and question if it can continue to deliver the high quality of services and programmes with its expanded plate.

While the activities and scope of the Centre have increased, staff has not increased along with it. As the Centre has started to reach its capacity, the question remains as to what is the future scope for the Centre. Where does it spend its time and resources, what are the main outcomes it is trying to achieve, how does it balance the need to continuously develop current leaders while also building a robust leadership pipeline, and what are the Centre's activities that contribute the most to improving the public value of the Estonian government?

International best practice suggests that this expanded role is beneficial and should be supported with appropriate resources. The Netherlands' Senior Civil Service Office manages recruitment and appointments, training and development and the full cycle of employment for top jobs. Their success has led to a recent expansion down a level which significantly increases the number of managers under their scope. Canada has integrated a talent management approach to the development of their management groups, which focuses development on key transition points, and takes a holistic talent management approach to career development. One consensus which emerged among the international



participants of this project is the importance of integrating leadership development throughout the system – not only focusing on the top layers of the senior civil service.

## Towards the future

As the Centre looks forward, it must make important decisions about the future of leadership development in Estonia. It has developed a new competency model, but must determine the appropriate implementation path. It faces difficult decisions on resource allocation, financial sustainability, and programmes for the future.

### *What is the future of leadership development?*

Internally, the Centre is well known for its signature leadership training programme. It is so highly thought of, that countries like the UK and Finland have had their own public sector leaders participate. The programme is also partially responsible for improving unity and cohesion of the SGs and serves as the living embodiment of the world-renowned competency model. Yet, it is unclear what the future iterations should be.

Many leaders were quick to cite networking and coaching as value added activities, but were less forthcoming regarding specific skills acquired during the training. Additionally, network development is more challenging at the Deputy SG level with a larger cohort. As the Centre considers expanding even further, new forms of network building may need to be considered. This also raises questions about how to align its activities in the next iteration of its service provision.

Participants in the leadership and future leaders programmes outlined some other potential training paths. Rotational programmes were suggested to improve the well-roundedness of leaders and for leaders to gain greater understanding and perspective of the larger public service. Additionally, some cited more experiential training could be targeted towards specific policy or service problems or opportunities that would allow the active application of the competencies.

Lastly, there was also discussion about competency-based training directly related to the feedback from assessments. Rather than focus on general training that covers the entirety of public sector leadership, there could be more focused training on specific competency gaps of individuals and the cohort.

### *Building a pipeline of future leaders*

The primary scope of the Centre is the current top civil service in the Estonian government. The work in developing future leaders is important, but smaller in scope. Between the two developmental programmes for future leaders, there have been a total of 134 participants, 11 of whom are now top civil servants. While the ratio speaks to the strength of the programme, there are over 27,000 central government employees in Estonia.

The responsibility for the development of the rest of the civil service falls to the Ministry of Finance. Interviews revealed that the Ministry of Finance has not yet adopted the same competency model for the training portfolio it offers civil servants nor does it have enough administrative capacity to deliver equally effective training. This lack of alignment and capacity was mentioned as challenges that could limit the leadership talent pipeline and create a lack of clarity between leaders' expectations and employees' capabilities. One person suggested during interviews that, "the development of the civil service should be under one roof."



Additionally, ministries conduct their own programmes, but lack the resources and capacity to replicate the Centre’s programmes. One leader stated that, “there are 1,500 middle managers, yet the budget for the 90 senior leaders is 3 times larger. If we want a robust pipeline, we need more resources dedicated to the middle managers.” This has led some ministries to question why the Centre’s programmes are not offered to even more civil servants: “we need to improve the pool of potential public sector leaders. The Centre is likely in best position to do this.”

Ensuring a robust internal leadership pipeline is a priority among all leading civil services, recognising that key transition points (leader of self, leaders of team, leader of organisation, leader of system, etc) make for strategic learning opportunities and are prime opportunities to talent management. This requires, at a minimum, developing a coherent approach in Estonia’s decentralised system – e.g. using the same competency framework, providing the same kind of feedback and assessment, and the same opportunities, whether one is climbing the ranks in one ministry or another. It can also benefit from a more integrated talent management perspective across ministries so that promising candidates are given opportunities for mobility in their path to the top. This suggests an important role of the ministry of finance and the Centre together.

### *How to make the Centre more sustainable*

While not discussed in the case study, one of the reasons for the success of the Centre was having the budget necessarily to properly execute on the Centre’s vision. The Centre was able to successfully stand up and continue its work primarily through EU financing.

EU financing is a strong lever for European governments to help create and scale programmes, it is not a long-term financing mechanism. Therefore, the reliance on EU funding could also be seen as a potential threat to the sustainability of the Centre. As the Centre has embedded itself as a critical part of the leadership lifecycle, not having reliable funding could have a major effect on the overall leadership system.

This issue was raised during interviews from both leaders and the Centre. There was a strong agreement that the activities of the Centre are needed and create value, but there was little momentum around a specific funding mechanism to ensure its long-term viability.

International experience suggests that cost recovery models are very difficult to sustain when priority is on creating common collective experience across the leadership cadre.

Canada, for example, transitioned from a cost recovery model to an internal tax model, where each ministry and agency in the central administration contributes a small percentage of their overall salary envelope to the Canada School for Public Service (CSPS). This has the benefit of creating a stable funding stream and in engaging the ministries and agencies in the design and development of the school, since they play the role of investors.

This kind of model, if possible in the context of Estonia’s budgetary system, could help to establish the centre as a common resource across the Estonian public service. Depending on the circumstances, it would be logical to develop a governance model that reflects the funding model, whereby heads of contributing institutions have some say over the direction of the centre and its programme of offers.