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Regulatory recharge

Unlocking talent and culture strategies for success

Introduction

Whether they're line ministries, arms-length agencies, or professional colleges, regulators are dealing with major people and culture challenges.



In some respects, the human resource (HR) issues they face are similar to those most employers are confronting. We're all living through a time when work is being reimagined, when once-stable assumptions about what a job looks like, and how, where, and when it's done are being overturned.

While almost every organization is having to reconsider its approaches to recruiting and managing people, it's doubly true for regulators—certain challenges appear more frequently, are unusually intense, and have unique dimensions in the regulatory context.

Based on our work on numerous engagements with regulators across Canada and over a dozen interviews with regulatory executives, this paper examines some of these talent and culture issues. It also outlines some of the leading practices regulators are using to successfully address these challenges and take advantage of this moment to renew and recharge their organizations.

Challenges

Like many employers, regulators are finding themselves in a “war for talent” due to economic factors such as the tight labour market and heightened competition for certain skills. This phenomenon also reflects changing attitudes about the work that was spurred by the pandemic.

More and more people are determined to find meaningful work and are prepared to forgo opportunities that don't provide an adequate sense of purpose, autonomy, and balance. They're also more inclined to move around rather than spend lengthy parts of their career with one organization.

Many organizations are now having to address questions around pandemic-era remote and hybrid work arrangements; namely, whether, to what extent, and with what conditions (if any) will staff be allowed to perform their duties at the time and place of their choosing.

Concurrently, many employers are striving to make meaningful progress on Indigenous reconciliation and diversity, equity, and inclusion (DE&I) initiatives, leading them to re-think talent strategies to foster an inclusive and equitable environment.

These challenges can be especially complex in the regulatory context.

Regulators' recruitment efforts can be undermined by the (generally) unfair perception that continuity is prized over creativity in their workplaces. This view is less likely to be found among employees of other organizations, recent graduates, and students who specialize in areas for which the regulator is responsible, such as infrastructure engineering, food safety, consumer protection, or environmental monitoring. Indeed, potential recruits with relevant subject-matter expertise and a passion for their field may see a regulator as a preferred employer.



But from artificial intelligence to cultured meat, from crypto to genetic medicine, the technologies and business models in the sectors that regulators oversee are changing at an extraordinary pace. This is prompting regulators to increasingly seek individuals with more general strategy, analytical skills, and an aptitude for innovation and agility. Many of these potential recruits may be intuitively drawn to what they perceive are more future-focused organizations in the public sector and entrepreneurial firms in the private sector

Similar issues may arise with respect to fostering diversity at a time when most employers are trying to ensure that their workforces are inclusive and reflective of society. Regulators are as varied as the sectors they oversee, and each faces its own challenges in achieving this goal. As with other organizations, to the extent that work environments aren't thought of as dynamic, flexible, and open, it may be especially difficult to bring in more women, Indigenous and racialized people, and people with disabilities.

Further, to the extent that members of these groups are underrepresented in some "feeder" specializations, or to the extent that systemic bias remains present in recruiting processes, the recruitment challenge may be amplified. Making policy and operational choices with an overly homogenous workforce increases the risk that the regulatory body will be insufficiently attuned to the needs of the stakeholders and citizens it serves.



Regulators may also experience difficulty holding on to high-performing employees who have been with the organization for, say, five or 10 years. Partly, this may be due to the grain or two of truth in the stereotype that motivated and ambitious staff can feel stymied by the caution and incrementality that can sometimes be hard-wired into regulators' cultures. In light of the public protection aims of regulators' mandates, those characteristics make sense to some degree, but they can also congeal into a set of attitudes and procedures that seem overly checklist-oriented and fail to encourage fresh thinking and nimble action in keeping with the dynamic nature of the sectors and professions regulators oversee. Adding to the retention problem is active poaching by regulated entities, which value the knowledge that staff of oversight agencies bring—and, in many instances, they can also offer higher compensation.

At the top of the age demographic ladder lies the challenge of the inexorable march of time. Those with the longest tenure—who are much more likely than younger employees to have spent most, or even all, of their careers with a single regulator, accumulating a wealth of insights along the way—are reaching eligibility for retirement in rapidly growing numbers. Regulators' workforces may sometimes come to look thin in the middle and become bottom-heavy before too long, as boomers leave the workforce. There is still a cadre of older employees who've been with their organizations for a long time and a batch of recent recruits, many with specialized training in areas related to regulators' mandates.

However, there may be fewer mid-career staffers who've been around long enough to gain deep expertise and still have a decade or two before retirement becomes a serious option. With long-term staff eyeing the exits, a thin middle, a need to attract a more diverse mix of employees – and limited flexibility to adjust compensation in most cases – many regulators are struggling to build and energize the workforces they need to most effectively deliver on the responsibilities and services assigned to them by legislators.



Strategies

Regulators aren't being passive about these realities. Through our conversations with regulatory leaders, we found many if not all are developing innovative measures to not only tackle these challenges, but also to turn at least some of them into opportunities.

The available strategies and established best practices—which are often interrelated and mutually reinforcing—fall into three categories: recruitment, workforce development, and the organization of work.



Recruitment

Recruiting a workforce that's ready to carry out regulators' core public policy purposes demands active outreach and marketing, new entry streams, and careful thinking about how applicants are assessed.

Once upon a time, when labour markets weren't so tight and technologies and business models in regulated sectors evolved more slowly, regulators could post jobs with a list of technical requirements and count on a steady flow of candidates, some of whom would then be hired and become part of a stable workforce with a strong attachment to the organization. Not anymore. Today's regulators need teams with more varied competencies and more diverse characteristics—and must devote serious effort to attract them.

That starts with good workforce analysis and planning. It's important for regulators to carefully consider what the optimal balance is between subject-matter expertise and more general competencies, and where they're likely to have shortages, or underrepresentation of certain groups, in the short, medium, and longer terms. Such exercises don't need to be overly dense or complex; indeed, if they are, the main takeaways can easily get buried and missed. They should be focused, data-driven, and action-oriented. Many organizations are moving away from planning based on the full-time equivalent (FTE) measurement, focusing instead on the broader skill sets that need to be reinforced to deliver their services and achieve their objectives. Such analysis facilitates the design and implementation of recruitment strategies that mitigate risks and strengthen organizational performance.





Once the planning is complete, forward-looking organizations spend some effort on marketing to get the attention of the full range of candidates they hope to attract at a time when many jobseekers place a high value on purpose-driven work and may not know they can find it in the regulatory space. For some regulators, this may feel a little unnatural, but it's key. Such promotion should never be about misrepresentation, of course, but about highlighting the inspirational public good that the regulator helps achieve. It should also tackle the misperceptions about how interesting, meaningful, and dynamic a regulatory role can be, and strongly signal the regulator's commitment to DE&I.

This (re)branding to highlight the regulator's value proposition for candidates isn't just about the text and appearance of recruitment ads, although those obviously matter, but also the creative use of social media (crowdsourcing, contests, etc.), visibility on university and college campuses, and strategic partnerships with not-for-profit organizations with common missions.

Catching the eye of potential recruits will only have an impact if the path to getting a job with the regulator isn't too narrow. In part, this requires some rethinking of the traditional route: a competitive process based largely on subject-matter knowledge.

Savvy regulators are increasingly creating opportunities for promising candidates to gain a foothold and demonstrate their talents through co-op, internship, and other short-term employment tracks. In some cases, these initiatives are codesigned with representatives of traditionally underrepresented groups, such as First Nations or disability rights groups.

Shifting to a competencies-based approach



Case study

In recent years, the Alberta Utilities Commission (AUC) has shifted its approach to employee recruitment and development.

Like many regulators, the AUC had traditionally stressed technical skills—in its case, in areas such as engineering, economics, finance, legal, and accounting. In 2015, following a review of all the roles within the organization, it introduced a competency-based framework that placed greater emphasis on inquisitiveness, critical thinking, agility, and resilience. This adjustment reflected the realization that the facilities and activities overseen by the AUC were changing quickly as more innovative technologies and business models were adopted, and that the organization needed to keep up if it was going to continue to be an effective regulator.

The AUC doesn't treat this framework as static. Instead, it's updated regularly based on emerging trends in regulated sectors (such as the increasing use of data analytics and artificial intelligence) and consultations with industry, academia, and other utilities regulators in Canada and the United States.

Complementing the competency-based approach are two other shifts in the AUC's people management strategy. The first is the increasing acceptance that newer staff may seek outside opportunities after a few years, which is due in part to the organization's persistent inability to increase salaries commensurate with comparably experienced positions in the private sector -- meaning the organization will partly be a "training ground" and likely have fewer long-term employees. The second is a high degree of openness to remote and hybrid work arrangements, which could be an edge in the competition for talent with regulated entities—at least in the short run.

These and other measures have helped the AUC attract a strong cadre of employees. Shifting its approach has enhanced a sense of purpose and belonging despite the rising volumes of work and compensation levels that typically lag behind the private sector.

It's equally important that the skills, experience, and abilities chosen as screening and assessment criteria fully reflect the sort of workforce the regulator is seeking to establish. Technical requirements should be complemented with more general ones in areas like strategic thinking, analysis, and writing, and should consider highlighting "lived experience" or grassroots community experience. This ensures that the regulator is hiring for broad competencies as much as detailed subject-matter expertise, and recognizes a diversity of backgrounds.

All application and evaluation methods should be both welcoming—such as offering peer coaching to first-time candidates and treating interviews partly as two-way discussions—and diversity-friendly—such as anonymizing applications and avoiding considerations like "personal fit" that can amplify the effects of unconscious bias.

Finally, as vacancies open up, regulators should take care to strike a balance between promotion from within and recruitment from outside. The former encourages employee development and commitment to the organization, while the latter may do more to help regulators achieve their diversity and culture change objectives. The most appropriate mix will depend, of course, on each organization's circumstances—the key is to make a well-considered choice.





Workforce development

One implication of revised expectations of recruits, and the updated recruitment processes that incorporate those expectations, is that some rounding-out will be necessary for most newer employees. Those with deep technical skills may need to sharpen their lateral thinking, for example, and those with strong policy capacity may require training in the regulator's primary fields of activity. Moreover, with rapid and ongoing changes in the technology and business models, all employees may find that their understanding of regulated sector needs more frequent refreshing than in the past.

Thus, learning and development becomes less of a periodic intervention with a relatively narrow focus and more of a continual activity integrated into the day-to-day of work, with more frequent, shorter, sharper learning activities rather than lengthy training that takes people away from their jobs for extended periods. Such rapid upskilling also facilitates the more varied careers that an increasing number of workers are seeking. Indeed, some regulators have come to accept that their organizations are seen less as places where people spend the bulk of their careers, and more as training grounds where employees not long out of post-secondary education can rapidly climb the learning curve and then, more often than not, move on, at least for a while.

This acceptance of increased turnover recognizes the virtue in the necessity by:

- Embracing the dynamism and renewal that comes with the movement in and out of the organization
- Thinking of increased investments in learning and development as good not just for the regulator itself but also for the wider ecosystem (because of the expectation that a significant proportion of employees will depart at some point), whether that means the public service or the regulated sector
- Encouraging individual growth, while leaving the door open to staff who want to accept a position somewhere else, rather than pressuring them to stay.



Leading through example



Case study

The Canada Energy Regulator (CER) has taken a groundbreaking set of steps to establish partnerships with Indigenous communities and groups related to regulatory oversight of pipeline projects, including the monitoring of operators' compliance with regulatory requirements and project-specific conditions.

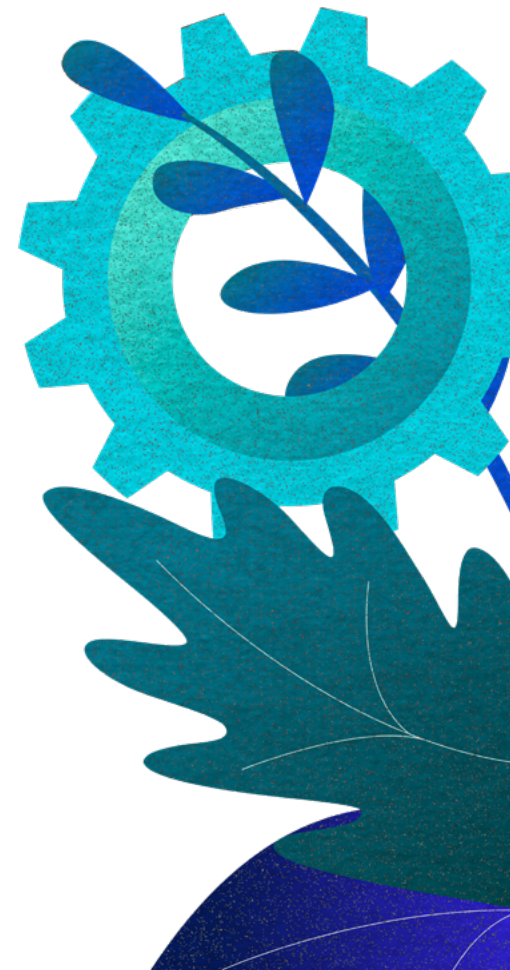
These steps reflect a commitment to implement the United Nations Declaration on the Rights of Indigenous Peoples, as well as the Truth and Reconciliation Commission's calls to action. They include the establishment of an Indigenous Advisory Committee that collaborates closely with the CER's Board of Directors, and working jointly with Indigenous monitors, and Indigenous Advisory Monitoring Committees from local First Nations and Métis communities to oversee pipeline operations that impact Indigenous treaty and traditional lands. Efforts are also underway at the CER to recruit more Indigenous employees; to foster a better understanding of Indigenous rights, interests, and perspectives among the CER's directors, commissioners, and staff; and to create an environment of belonging for all people, including Indigenous colleagues, in the workplace.

Embedding reconciliation and inclusion in the organization's priorities, values, and culture has allowed the CER to attract and retain a more diverse, representative workforce. And it has helped model expected behaviour for pipeline companies with respect to the types of relationships with Indigenous Canadians that they should be working to build.

In fact, some regulators go a step further by not just accommodating more fluid employment patterns among their staff, but actively creating opportunities for variety and individual development through interchange or secondment programs. These can be as straightforward as well-promoted, easily accessed, administratively simple initiatives that allow employees to get fast approval for temporary external placements that they find themselves, or they can be more structured assignment arrangements with other regulators or public sector agencies, universities, non-governmental organizations, or regulated entities.

The last of these—interchange opportunities with regulated sectors—can be met with discomfort or reluctance due to potential or perceived conflicts of interest. This absolutely needs to be managed. With appropriate safeguards in place, exchanges of staff between the regulator and the regulated can enhance the former’s ability to set effective requirements and make sure they’re followed; the latter’s understanding of what’s expected of them and ability to comply; and individual employees’ breadth of knowledge and overall satisfaction. Regulatory effectiveness flows partly from knowing the realities of the targets of regulation.

Beyond investing more in training and assignment programs, regulators can strengthen the medium- and long-term capacity of their workforces—and address shifting age demographics—by taking a focused, deliberate approach to knowledge transfer from long-term employees nearing retirement to their younger colleagues. This can take many forms, including job shadowing, mentoring, coaching, small-group workshops, written briefs, and video interviews. The ideal mix will depend on the organization’s mandates and culture; it’s critical to ensure that experienced staff’s wealth of insight isn’t lost when they transition out, and that newer employees can benefit from it and climb the learning curve to become proficient in their roles more quickly.





The organization of work

To meet today's talent and culture challenges, many regulators are thinking not just about how they bring in and train people, but also about how to organize the work those people do to achieve the desired results.

The most obvious area where this is happening is in hybrid and remote work. Two things give this familiar issue a distinct quality among regulators, relative to other organizations. The first is the fact that many have broad swaths of activity that lend themselves to work from somewhere other than the office, such as on-site inspections and the review of applications for licences or approvals.

Indeed, a work-from-anywhere attitude can not only give regulators access to larger talent pools, but also (where regulated entities are physically dispersed) bring staff closer to the people and facilities they oversee and the wider

stakeholder community. Second, many regulators enjoy a degree of managerial autonomy that allows them to tailor their approaches to meet their organizational needs. In fact, some regulators are using relatively liberal policies on place-of-work, offering a greater sense of agency and work-life balance as a comparative advantage in their competition for talent with other public sector organizations and regulated companies.



Articulating and measuring culture



Case study

The Alcohol and Gaming Commission of Ontario (AGCO) and BC Financial Services Authority (BCFSA) stated that a key component to recruiting and retaining talent, while establishing a high-functioning and inclusive workplace, is through clear articulation and investment in organizational culture.

With the adoption of a people-focused initiative, the AGCO has made “People First” a core component of their strategic plan. Their commitment to the people of the AGCO has resulted in a comprehensive diversity, inclusion, and accessibility strategy and work plan; a dedicated well-being program that equips staff with education, resources, and awareness; a hybrid work model that provides flexibility for employees to balance their work, personal, and family responsibilities; and a robust coaching program that continually supports employees to develop and reach their professional and personal goals. Through these programs and initiatives, the AGCO has formalized their commitment to employee well-being that is valued by employees and adhered to by the organization, building trust and commitment.

Investing in organizational culture has helped BCFSA transition from a situation where culture was a weakness that made it difficult to attract and retain talent, which impacted organizational effectiveness, to a place where their culture is seen as a strength. Their key tactics to achieving this were: taking a focused approach to reward desired behaviors and address negative behaviors head-on; rewarding how a person goes about achieving outcomes rather than focus only on results; providing leadership support to have the right conversations; and adopting a robust performance management process, which includes having development plans for team members to proactively manage their careers at BCFSA. Earning a Great Place to Work certification over the last two years and receiving a Top BC Employer award this year demonstrates the success of these changes within the organization. BCFSA's transformation has built a level of trust within the organization, led to the adoption of a hybrid work environment, and has further established a positive, and even fun, atmosphere.

In both cases, including staff in the conversation by soliciting and addressing feedback has been proven effective for improving workplace culture and enhancing trust.

Regulators are also rethinking how tasks get done, shifting away from an exclusive reliance on “boxy” practices that establish differentiated, and static sets of duties and rigid hierarchies for various units and employees. Rather, they’re starting to embrace more project-based approaches that bring together teams of colleagues drawn from different parts of the organization, with a range of expertise and perspectives, to tackle specific priorities for a limited time.

This type of approach can help break organizational silos and inertia, and address employees’ desire for variety and a sense of purpose. It can also strengthen regulators’ ability to effectively respond to a dynamic and increasingly unpredictable external environment.

Finally, the application of data-based risk assessment strategies for decisions around what to do and how to do it—so that time and energy are directed to activities or entities where the likelihood or impact of possible issues are greatest—can help ensure that workers don’t feel stuck performing low-value tasks.

Such strategies can increase adaptability in the face of rapidly changing external realities, nudging organizational culture away from excessive caution and fostering the sort of energized, engaged atmosphere that many current and prospective employees find appealing.



Charting a path forward

Regulators make crucial decisions and deliver critical services. Without them, the public would be less well protected, basic rights would be eroded, and the environment negatively affected. They're doing so under conditions of accelerating change and rising complexity that are straining existing organizational structures, processes, and systems.

Not all the practices discussed above will be applicable to all regulators. But some combination of them, or others like them, can help regulators overcome their talent and culture challenges to make the most of the current labour market and demographic trends.

By adopting smart strategies that bring in staff with a wide range of backgrounds and competencies, help develop and motivate the workforce across all demographics, and organize work in ways that enhance employees' sense of balance and meaning, regulators can be well positioned to achieve their fundamental purposes over the next year, the next decade, and beyond.

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Designed and produced by the Agency | Deloitte Canada. 23-7439734