

# Unlocking potential: Strategic human capital management in the public sector

In recent years, the public sector workforce has undergone significant transformation. As technology continues to evolve, the workforce continues to age, and citizen expectations continue to shift, public agencies are faced with the challenge of adapting. Simultaneously, there is a growing demand for a more agile and responsive workforce that can meet the complex demands of modern governance.

**44%**



Workers whose skills will be disrupted over the next five years

Source: World Economic Forum

**70%**



Leaders who say there is a skills gap among their workforces

Source: Springboard

**41%**



Business leaders who expect to redesign business processes with AI

Source: Microsoft

**23%**



Jobs expected to change over the next five years

Source: World Economic Forum

**19%**



Workers whose skills will be disrupted over the next five years

Source: World Economic Forum

**48%**



Organizations that plan to improve their talent management

Source: World Economic Forum

**35%**



Workers who say they are not happy with their jobs

Source: Forbes

**45%**



Employees that feel burned out by organizational changes

Source: PeopleHum

This dynamic not only requires innovative strategies and solutions to effectively manage human capital but also necessitates a comprehensive understanding of emerging workforce expectations. To manage sustainably in this environment, public agencies must prepare for change, leveraging cutting-edge technologies and proactive policies to empower their employees and enhance overall organizational efficiency. By doing so, they can stay ahead of the curve and ensure their operations remain relevant and effective in the long term.



## A strategic 4-prong HCM approach

To cultivate a future-ready workforce, public sector agencies must implement a holistic HCM strategy centered on four pivotal domains: talent and workforce agility; work design and experience; digital transformation and data-driven human resources (HR); and change management, operating model, and strategic alignment. Each element plays a role in building a robust framework that supports sustainable growth and development.

- **Talent development and workforce agility:** Identify and nurture the right talent aligned with your organizational goals. By strategically developing internal team members and recruiting individuals with forward-thinking skills and competencies, your leaders can respond agilely to evolving demands.
- **Work design and experience:** Innovative work design optimizes efficiency and productivity. By reimagining roles and workflows, your agency can better align its workforce with strategic objectives, enhancing operational effectiveness and the citizen experience, as well. At the same time, fostering positive employee experience is pivotal to retaining top talent. By focusing on motivation and satisfaction, your agency can build a more committed and high-performing workforce.
- **Digital transformation and data-driven HR:** Transforming your HR functions to leverage emerging technology and data-driven insights supports informed decision-making. This transformation also promotes strategic alignment and enhances human capital effectiveness.
- **Change management and strategic alignment:** Effective change management ensures smooth transitions as agencies adapt to new technologies and processes. Preparing your employees for change with adequate support and training fosters resilience and adaptability. Strong, aligned leadership and an optimized operating model further enable your agency to achieve your strategic ambitions.

## Public sector customer journeys

The following hypothetical journeys exemplify the practical application of the four-prong HCM approach, illustrating how public sector agencies can transform their human capital management strategies to address challenges and transform for the future.

### VA benefits coordinator: Streamlining veteran support

- **Persona:** John, a Benefits Coordinator at the Veterans Affairs (VA)
- **Role:** John is dedicated to assisting veterans and their families in understanding, applying for, and accessing their entitled benefits and services.
- **Scenario:** The VA is rolling out a state-of-the-art digital system aimed at streamlining benefits processing to enhance efficiency and veteran satisfaction.

#### Steps

- 1. Talent development and workforce agility:**  
John participates in specialized training to enhance his skills with the new digital system, aligning with the agency's goal to develop an agile workforce capable of meeting evolving demands.
- 2. Work design and experience:** The new system allows John to reimagine his workflow, eliminating redundant tasks and focusing on high-impact responsibilities, thus improving his job satisfaction and commitment.
- 3. Digital transformation and data-driven HR:**  
John utilizes the digital system to streamline processes, supporting data-driven decision-making and enhancing service delivery to veterans, thereby saving five hours of manual work per week..
- 4. Change management and strategic alignment:**  
John receives robust change management support to adapt to the new system, ensuring a smooth, on-schedule, sustainable transition.



## Defense logistics officer: Advancing AI-driven efficiency

- **Persona:** Sarah, a logistics officer in the Department of Defense (DoD)
- **Role:** Sarah is responsible for planning, coordinating, and overseeing the movement, distribution, and maintenance of materials, personnel, and equipment, ensuring that military operations are adequately supported with necessary resources.
- **Scenario:** The DoD is looking to optimize operational efficiency and resource management.

### Steps

- 1. Talent development and workforce agility:**  
Sarah undergoes advanced leadership training, enhancing her ability to address new challenges while aligning with the department's strategy to nurture agile leaders. This investment in talent development reduces costly turnover by fostering long-term growth and commitment.
- 2. Work design and experience:** Sarah redesigns workflows to automate manual tasks and shift the human workforce focus to strategic planning. This restructuring not only heightens her job satisfaction but also shortens operational timelines by 20%, contributing to a more efficient mission execution.
- 3. Digital transformation and data-driven HR:**  
Sarah implements an AI-driven logistics platform to streamline resource management. This innovation reduces resource allocation errors and trims operational costs by 15%, while also saving her team six hours weekly on manual oversight.
- 4. Change management and strategic alignment:**  
Sarah benefits from change management programs that facilitate the transition to new systems. These efforts not only ensure alignment with broader organizational objectives but also speed up system adoption by 25%, enhancing long-term efficiency.



## Public health administrator: Enhancing community health monitoring

- **Persona:** Emily, a public health administrator at a city health department
- **Role:** Emily is responsible for overseeing and implementing public health programs and initiatives, ensuring the health and safety of the community.
- **Scenario:** The city health department is introducing a new community health data platform aimed at enhancing public health monitoring and response capabilities.

### Steps

#### 1. Talent development and workforce agility:

Emily participates in a departmental initiative focusing on developing data analysis skills. This targeted development not only enhances her proficiency but reduces delays in data processing by 15%, enabling faster response to community health trends.

#### 2. Work design and experience:

The new platform allows Emily to shift from manual data entry to strategic decision-making. This transition frees up eight hours per week, which she can now dedicate to critical initiatives, improving both her efficiency and workplace satisfaction.

#### 3. Digital transformation and data-driven HR:

Emily leverages AI-driven chat bots to support the HR help desk, reducing resourcing needs and improving service speed and satisfaction scores.

#### 4. Change management and strategic alignment:

Emily receives robust change management support to ensure a smooth transition to the new system. This approach accelerates platform adoption by 30%, allowing the department to deliver improved health monitoring outcomes more effectively and efficiently.



## Self-assessment and prioritization



To truly enhance your human capital management strategy, a deep dive into your current practices is essential. By identifying strengths and pinpointing areas for improvement, you can realign your efforts with organizational objectives and workforce capabilities. This process begins with a set of targeted questions designed to evaluate key aspects of your HCM approach. By addressing these questions, you can prioritize initiatives that will close significant gaps, ensuring measurable improvements in efficiency, employee engagement, and service delivery. This strategic focus is pivotal in achieving substantial returns on investment and propelling your organization toward lasting success.

In the evolving landscape of the public sector, where technological advancements, demographic shifts, and heightened citizen expectations challenge

traditional operations, an agile and responsive workforce is more critical than ever.

By leveraging innovative human capital management strategies, public agencies can not only navigate these complexities but also seize new opportunities. This proactive approach ensures that your organization remains competitive and effective, ready to meet the demands of modern governance with confidence and foresight.

### Talent development and workforce agility

- Are roles and responsibilities clearly aligned with strategic objectives and incentives?
- How effectively does your talent development strategy align with your overarching organizational goals?
- In what ways does your organization foster agility within the workforce to swiftly adapt to organizational and market changes?
- How do you evaluate the effectiveness of your talent development initiatives in enhancing skill sets and competencies?
- What mechanisms are in place to identify and nurture high-potential employees for leadership roles?
- How frequently do you assess and update your talent development programs to meet emerging workforce needs and industry trends?

### Work design and employee experience

- How effectively is work organized to maximize employee productivity and engagement?
- Are there processes in place to adapt job roles as organizational needs and priorities evolve?
- What initiatives are in place to enrich the employee experience and promote wellbeing?
- How do you measure and improve the work environment continuously?
- How does your organization leverage data and insights to understand what really matters to employees?

### Digital transformation and data-driven HR

- Does the organization have a plan in place to integrate technology into their current operating models?
- How agile is your operating model in responding to external pressures or opportunities?
- To what extent is data being leveraged to inform HR and organizational strategies?
- How proactive is the HR function in anticipating workforce trends and shifts?

### Change management and strategic alignment

- How are change management strategies integrated within your organizational planning?
- Are employees adequately supported during transitions and technological implementations?
- How does your organizational culture support transformation and change?
- What programs exist to cultivate leadership skills and prepare future leaders to manage change?
- How is leadership aligned with fostering an inclusive and innovative culture?

## Embracing future-ready strategies for public sector success

The strategic management of human capital in the public sector is not just an operational necessity, but also a critical driver of agency success. Implementing a well-rounded HCM strategy unlocks transformative potential in your workforce, enabling agencies to meet and exceed their goals amid near-constant change. By adopting this innovative, holistic approach, public sector leaders can create resilient work environments that motivate and empower their teams, ultimately enhancing service delivery.



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