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Enhancing Human Capital and Leadership in Public Administration: Training, Growth, and Retention Strategies

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ABSTRACT

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Several differences from traditional practices in the private sector characterise public human capital management. The processes of staff development and retention are more complex, given the peculiarities of financing professional training of employees, which depends on the state of the budget, the flexibility of the personnel system and the methods of development and incentives for specialists. In the context of growing uncertainty, there are difficulties in retaining staff in the public service. This article aims to empirically study the state of human capital and leadership management in public administration in Ukraine. The article uses a descriptive-analytical design, analysing secondary data from the National Agency of Ukraine on Civil Service survey on the state of organisational culture and professional development of civil servants in 2023. To assess the state of investment in human capital management, the amount of funding for professional training of civil servants in Ukraine for 2018–2024 is estimated. The study results indicate the prevalence of traditional ways of developing and retaining civil servants in Ukraine, which include acquiring qualifications, professional training, education and experience. Therefore, public administration’s human capital management system remains underdeveloped in terms of its flexibility and adaptability to changing, complex environmental conditions. Civil servants consider salary and increased responsibility to be prerequisites for professional development, and professional knowledge, personal experience, and personal moral qualities are factors of career growth. External factors affecting the state of human capital in Ukraine have a weak impact on its development. Increasing the level of remuneration of civil servants meets their personal needs. At the same time, it is important to develop human capital management strategies with measurable results for their external motivation. The practical value of the study is to highlight the state of human capital management in Ukraine.

The concept of human capital management (HCM) emerged in the 1960s to explain the benefits of investing in education at the national level. Today, the concept is used in various disciplines, including human resource and intellectual capital management (Afiouni, 2013). At this, human capital is identified with 1) the abilities, knowledge, skills and qualifications of employees; 2) experience, education and the ability to act in different situations, creating tangible and intangible assets (Cahyaningsih et al., 2017b). Armstrong defines human capital management as obtaining personnel information, analysing it, and reporting on the state of management to make operational, strategic, and investment decisions (Armstrong, 2009, p. 15).

In general, the ideas of HRM involve measuring and analysing the state of human resources by the following indicators: the cost of hiring employees, the costs associated with the “turnover” of human resources, the effectiveness of training and related costs, the overall effectiveness of Human Resource Management (HRM), including the return on investment (Afiouni, 2013). The HRM processes include planning, recruitment, selection, placement, development, training, retention, engagement, remuneration, and incentives (Cahyaningsih et al., 2017b). The public sector uses a system of key performance indicators (KPIs) to measure the state of implementation of operational and strategic goals of employees and activities of public authorities. This system also includes indicators for measuring staff skills development (Abdullah et al., 2022). Key performance indicators allow for measuring progress in a particular management area and identifying promising areas for improvement (The Victorian Public Sector Commission, 2025).

Public human capital management manages civil servants’ talents, training, and development. The relevant processes require knowledge, abilities, leadership, commitment, change, engagement, and productive activity at the individual and collective levels (Cahyaningsih et al., 2017a).

The existing theoretical concepts and empirical research results do not address the current challenges in public human capital management associated with the external environment’s volatility, uncertainty, and complexity. These challenges affect the development and retention of highly professional staff and leaders in the public service. In the face of external variability and complexity, strategic planning is needed to perform the HRM function (Jacobson et al., 2014).

Traditional ways of influencing and controlling employees in public authorities are ineffective, and the human resources management system is not flexible enough. At the same time, civil servants and representatives of local self-government need up-to-date knowledge and skills to solve local, regional, national, and international problems. The growing importance of social interaction and social capital also affects the state of human capital management. The above makes it necessary to search for new methods of education, development, and retention of personnel in the civil service.

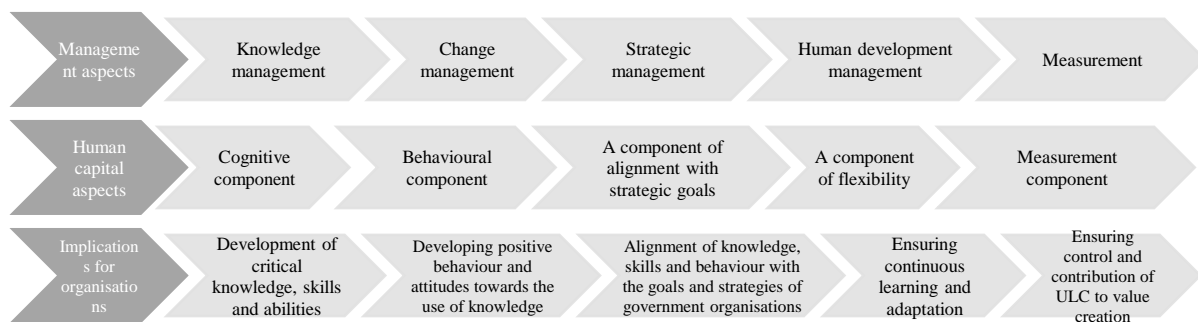
This article aims to empirically study the state of human capital and leadership management in public administration. To achieve the objectives, attention is focused on the following objects: 1) identifying the peculiarities of human capital management in the public service and the peculiarities of leadership; 2) studying the state of the processes of education, development and retention of civil servants.

Literature review

The concept of human capital management differs from the concept of human resources management in terms of goals, objects and other features. Human resource management involves implementing organisational policies on recruitment, hiring, placement and management of personnel (material and non-material incentives, encouragement, influence on behaviour), personnel labour management, human relations in the work environment, and organisational culture. Human capital management involves managing personnel's knowledge, skills and qualifications, including assessment, measurement, development, exchange, dissemination, and control. The concept of human capital management includes: 1) managerial aspects (management of knowledge, changes in connection with its development, availability of a human capital development strategy, human development management and measurement of results); 2) aspects of human capital that should be mutually consistent with managerial dimensions (cognitive, behavioural, compliance with the strategic goals of organisations, ensuring flexibility and measuring results); 3) consequences for organisations (Figure 1).

Figure 1

Human Capital Management



Source: Adapted by the author from Afioni (2013)

The scientific literature has formed separate research areas on human capital and leadership management (Afioni, 2013). The first of them concerns the theory of investing in human capital. Instead, some scholars consider this concept a component of intellectual capital, its measurement and evaluation. Lin et al. (2017) and Hossain and Roy (2016) consider human capital management in the context of business value creation. Another area of research is the impact of human resource management methods, tools, and the state of the human capital of organisations on the performance of enterprises. Thus, Jacobson and Sowa (2015) study the state of implementing HRM methods by municipal authorities and their impact on labour productivity. Sensuse et al. (2015) studied the state of organisational culture in government ministries/agencies in Indonesia to use this data further for public human capital management. According to Kochanowski (2011), civil servants need additional motivation and a phased human capital management system with best management practices. This is due to the lack of flexibility of HR systems and ineffective methods of staff retention in the public service.

Human capital is considered a strategic asset (Carmeli, 2004; Kraja & Spahija, 2023), capable of improving the efficiency of public organisations (Busenan, 2019). Carmeli (2004) uses a behavioural approach to assess human capital and its impact on the financial performance of local governments in Israel. The results show a positive direct relationship

between these variables. In addition, an inverse negative relationship between local government human capital and environmental uncertainty was found. A new approach to the public human capital management process, which is about leadership and organisational performance management, is considered by Kraja and Spahija (2023). The authors propose mediating human capital and performance management through individual performance to ensure their success. In addition, Kraja and Spahija (2023) emphasise the public endorsement of performance management by the top management of public organisations and its funding for implementation and maintenance. Busenan (2019) notes the dependence of the effectiveness of public organisations on administrative and political leadership and the direct links between human capital and civil service performance. Thus, there are direct and significant interrelationships between capital management, leadership and performance management in the public sector.

It should be noted that the internal system of personnel and human capital management also includes the internal marketing paradigm, which in the context of public administration should be considered as the activities of public organisations aimed at identifying the status and prospects for the qualification growth of staff (Mazur & Bratko, 2016). This paradigm involves the application of marketing practices to employees of organisations in order to improve the quality and quantity of public services provided (Dülgeroğlu & Taşkın, 2015) and attract and retain employees (Ewing & Caruana, 1999). These practices include increasing the level of remuneration, improving working conditions, and improving employees' personal development. The study by Ewing and Caruana (1999) empirically proved that internal marketing is an important prerequisite for the effectiveness of human resources in public administration.

A proper understanding of the essence of LC allows us to reflect on its connection with the leadership of organisations. Investing in continuous training and education to equip employees with knowledge, skills, and abilities can contribute to leadership development and human capital improvement. At the same time, as Toor (2011) and Popovici (2012) rightly point out, management and leadership are distinct concepts, given the different roles and functions of managers and leaders in organisations. Leadership differs significantly across generations with different values and needs (Green & Roberts, 2012). Accordingly, the latter affects public human capital management strategies depending on the socio-demographic characteristics of leaders and the type of leadership. Transformational leadership is focused on human capital development and change. An empirical study by Awaale (2024) confirms the positive impact of transformational leadership on various aspects of organisational performance. Similar conclusions were also drawn in the study by Paarlberg and Lavigna (2010). Leaders who transform the public sector through innovation and other practices ultimately improve the quality of public services and staff productivity (Awaale, 2024).

Therefore, human capital and leadership management is a holistic concept whose ideas relate to the development and investment in staff knowledge, skills, and qualifications, in particular, to improve performance, productivity, organisational efficiency in the public sector, and the quality of public services.

At the same time, the management of human capital in the public sector should consider its optimal distribution in the development process, considering the country's economic development (Bethencourt & Perera-Tallo, 2024). In transition economies, human capital is

growing (Bethencourt & Perera-Tallo, 2024), so the government's ability to attract qualified employees to the public administration sector and, accordingly, the potential for the professional development of civil servants is increasing. It should be noted that attracting qualified employees by the government requires appropriate funding and, as noted earlier, the implementation of a civil service performance management system to ensure the positive effects of investments in human capital.

Method

The article uses a descriptive-analytical design. Secondary data from the 2023 survey of the National Agency of Ukraine on Civil Service on the state of organisational culture served as the basis for analysing the current state of human capital management. In particular, secondary data on 1) the current state of professional development of civil servants and 2) specific problems of human resource management. In addition, the data from the Open Budget platform was used to analyse the dynamics of state funding for professional training of civil servants in Ukraine in 2018–2024.

Results

Civil servants working in public authorities/local self-government bodies in seven macro-regions of Ukraine (Western – 19.4%, Eastern – 16.1%, Northern – 12.2%, Central – 19.7%, Southern – 10.4%, and Donbas – 10.3%) took part in the survey. The age structure of respondents is as follows: 23.3% were aged 20–35, 72.3% were aged 36–60, and 4.1% were aged 61–64. Most respondents were female employees (75%), while the share of men was 25%. Among the respondents, 48.5% are employed in territorial bodies of ministries, central executive bodies (CEBs), 15.9% – in regional or district administrations, 12.3% – in a CEB, state collegial body, 11.1% – in courts, prosecutors' offices, 1.7% – in law enforcement agencies, and 10.6% – in other government agencies.

HR management in the civil service is being reformed. It involves establishing relevant services within agencies, changing the professional training and remuneration system, and determining the optimal number of employees, considering their functions (National Agency on Civil Service, 2025a). HRM services perform analytical and communication functions and catalyse change (National Agency on Civil Service, 2025b).

In connection with the reforming processes of public administration and service in Ukraine, the relevance of covering current and future issues, strategic management of human capital, and leadership is growing. In particular, professional civil servants' education, development, and retention processes are important. The development of an efficient, stable, professional civil service has been a priority in Ukraine since the beginning of European integration, as its state affects the effectiveness and efficiency of public administration.

The Law of Ukraine "On Civil Service" stipulates that a structural unit may be established in state bodies of Ukraine, or a position of specialists in relevant issues may be introduced depending on the number of employees. The respective service is responsible for implementing the state policy on personnel management, selection, planning, and professional development of public servants (Verkhovna Rada of Ukraine, 2025).

The National Agency of Ukraine on Civil Service ensures the formation and implementation of policy in the relevant area, personnel management in state and local governments, and

functional management of the civil service. Expenditures for the performance of the national functions of the National Agency of Ukraine on Civil Service increased by UAH 8.21 million from 2018 to 2024 due to an increase in funding for the programme of adaptation of the HR management system to EU requirements by UAH 14.92 million. Expenditures on management and functional management decreased by UAH 6.71 million and on education – by UAH 34.25 million (Table 1). That is, there is a tendency to reduce investment in the professional training of civil servants, especially in 2022-2024, when the figure fell from UAH 106.67 million in 2021 to UAH 65.89 million in 2024.

Table 1

Dynamics of State Budget Expenditures on the Functions of the National Agency of Ukraine on Civil Service, UAH Million

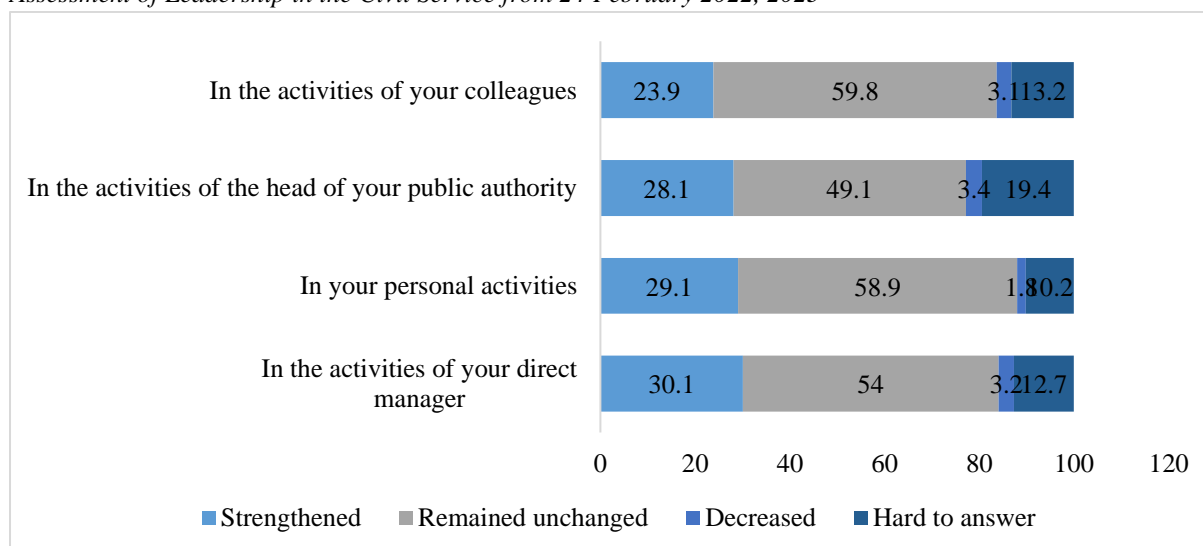
Costs by function	2018	2019	2020	2021	2022	2023	2024	Deviations, +/-
National functions	107.19	109.58	121.73	131.11	101.40	92.07	115.40	8.21
Leadership and functional management in the civil service	107.19	97.43	108.51	113.17	86.99	78.33	100.49	-6.71
Adapting the civil service HR management system to EU standards	0.00	12.15	13.23	17.94	14.41	13.74	14.92	14.92
Education	100.15	99.25	90.46	106.67	76.50	73.46	65.89	-34.25
Professional training for civil servants and local government officials	100.15	99.25	90.46	106.67	76.50	73.46	65.89	-34.25
Total	307.49	308.08	302.66	344.44	254.40	238.98	247.19	-60.30

Source: Open Budget (2025)

The survey results show an increase in leadership behaviour among public servants since the beginning of the war in Ukraine, namely ethical characteristics and moral qualities. At the same time, a quarter of civil servants pointed to the strengthening of leadership among their colleagues, and a third noted such manifestations among the heads of state authorities (28.1%), in their activities (29.1%) or their direct supervisor (30.1%). However, in general, more than half or half of the respondents indicate no changes in the behaviour of leaders (Figure 2).

Figure 2

Assessment of Leadership in the Civil Service from 24 February 2022, 2023

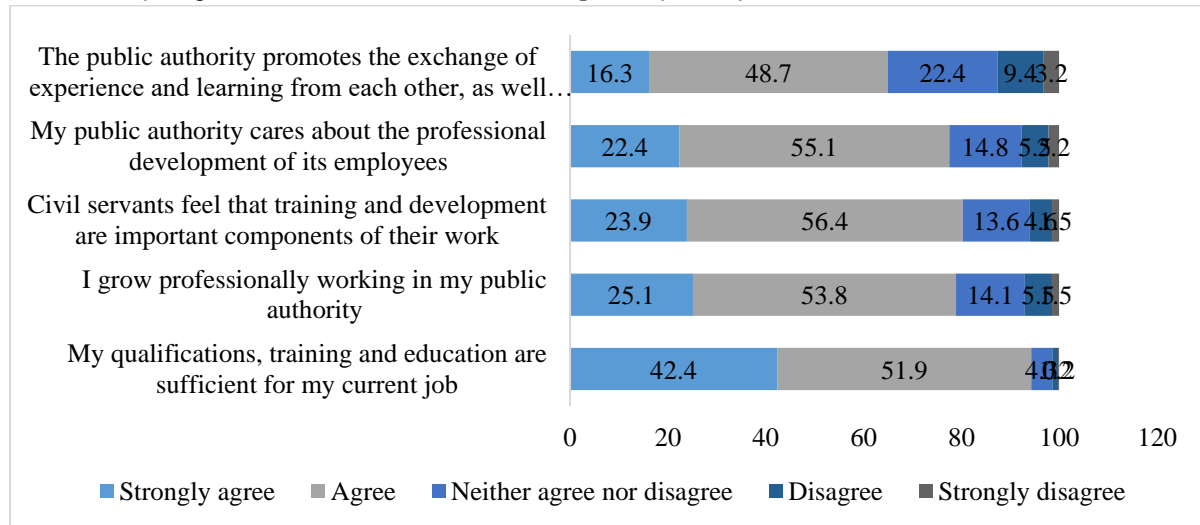


Source: National Agency of Ukraine on Civil Service (2023)

The survey revealed employees' assessments of the prerequisites for professional growth in the civil service. Respondents rated their qualifications, professional training, and education as the most important factor in job performance (51.9% agree, 42.4% somewhat agree) (Figure 3).

Figure 3

Evaluation of Respondents' Answers about the Prerequisites for Professional Growth



Source: National Agency of Ukraine on Civil Service (2023)

Such an assessment can indicate civil servants' optimistic attitude toward their professional growth prospects through their knowledge and skills. At the same time, it is important to consider the professional independent assessment of civil servants' knowledge, skills, and competences, which will help identify critical needs for further training and human capital development. This is important given the personal barriers in the form of overestimating one's capabilities for further growth.

At the same time, the data also indicate differences in the sufficiency of qualifications, professional training, and education to perform their tasks, depending on their academic degree and work experience. In respondents with a PhD degree, 98.1% agree or agree with this statement. Meanwhile, civil servants with a bachelor's degree are 89.4% in agreement. This figure is somewhat lower for employees with less than one year of work experience (86.3%). There is still a specific need to acquire new knowledge and skills for further work.

By comparison, civil servants are more reserved when assessing their professional growth. Among the respondents, 53.8% agree with their professional growth, 25.1% almost agree, and 14.1% admit that they have not decided. At the same time, employees with less than one year of work experience were more optimistic about their professional growth (85.7% almost agreed or agreed). Employees with more seniority and work experience were more critical of this thesis.

Among the respondents, 56.4% noted the importance of training and development in their work, while 23.9% agreed to some extent. Employees with less than one year of work experience (85.5%) and employees with a bachelor's degree (86.3%) gave particularly positive assessments of this statement. They are the ones who show interest in training colleagues.

77.5% of respondents reported the efforts made by public authorities to develop civil servants, while 7.7% generally disagreed or did not agree with this statement at all. Civil servants with more work experience provided more critical assessments of this statement.

Civil servants gave the lowest scores for statements about sharing experience and implementing best practices in management. More than half (65.0%) of the respondents agreed that public authorities facilitate the exchange of experience between different structural units, training and knowledge sharing, and using best practices from different organisations. A particular share of respondents (12.6%) negatively assessed this statement, disagreeing. Younger employees aged 20–35 and employees with a doctorate were the most critical. Thus, there is a mismatch between implementing best practices, mutual exchange of work practices and employees' demand for such practices.

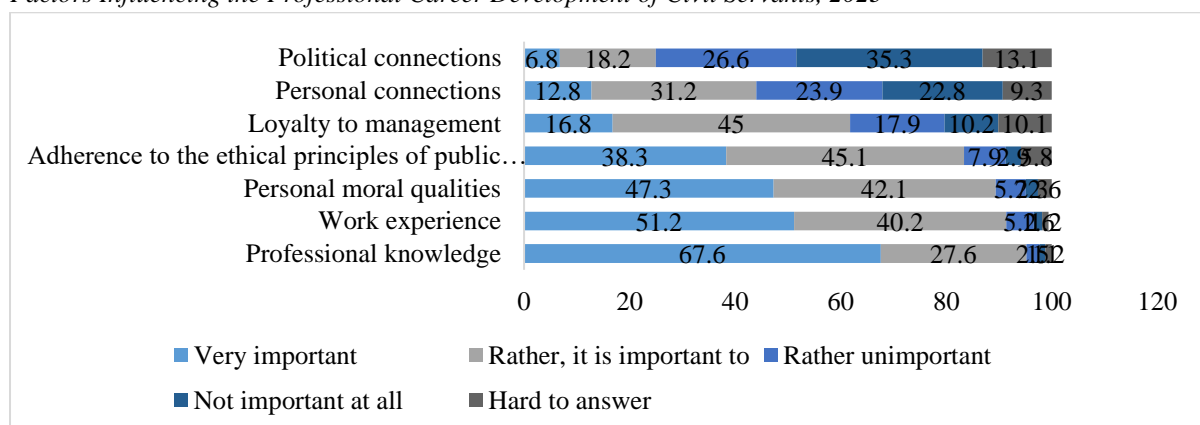
Civil servants and representatives of local self-government assessed the conditions for professional growth at almost the same level. At the same time, the former tend to be more critical of the conditions provided by state institutions and managers for professional development, implementation of best practices, and exchange of experience.

The civil servants also identified characteristics (signs) of career growth. First, experts associate career advancement with “high salary” (72.4%). Therefore, in the minds of civil servants, a characteristic sign of success in work is the level of remuneration. More than half of the respondents (58.8%) say they have much responsibility when promoted. Less than half of the respondents (45.8%) point to such a factor as “the opportunity to do more for the country”. At the same time, “busy work schedule” or “irregular working hours” were not obstacles for most employees, with 12.2% and 8.4%, respectively.

The respondents also assessed the factors that contribute to their career advancement. Employees named “professional knowledge” as the main factor for promotion: 95.2% of respondents rated it as “very important” or “rather important”. The respondents consider such a factor as work experience important (92.0%). In the ranking of factors, the third position in the opinion of employees is given to “personal moral qualities”, which they consider “rather important” or “important” for growth (89.4%). Ethical principles of public service are also considered important for career development (83.4%). The lowest scores were loyalty to superiors, personal factors, and political connections (Figure 4).

Figure 4

Factors Influencing the Professional Career Development of Civil Servants, 2023



Source: National Agency of Ukraine on Civil Service (2023)

The main peculiarities of employees' assessment of the importance of career growth factors include the following. Employees with a bachelor's degree or lower are likelier to emphasise the importance of professional knowledge than those with a bachelor's degree (97.5% and 96.2%, respectively). Older workers aged 61-64 and 65-70 consider work experience more important (94.1% and 98.3% respectively). This factor is also more important for employees over 26 years of work experience (92.9%). Employees with less than one year of work experience consider personal moral qualities important in their career (92.9%). Respondents also share this opinion with a doctorate (93.4%). Employees with less than one year of work experience or two to three years of experience consider ethical activity principles to be a very important factor in career growth (85.6% and 86.0%, respectively).

Discussion

Ethical leadership's role in Ukraine's public service has been growing since the beginning of the war. Leadership skills are strengthening among managers, colleagues, and civil servants themselves. This may mean that the increased uncertainty and volatility of the political and economic environment due to the war have positively impacted the moral qualities of employees of all ages and their diverse experience and knowledge.

The most important factors in the professional activity of Ukrainian civil servants are their existing qualifications, professional training and education. Civil servants consider work experience, training, and development less important for professional development. The importance of professional development offered by the public authority is also relatively high. The least important factor among the conditions for growth is the government's assistance in sharing experience between structural units. The study shows a need for advanced training, professional development, and civil servant education, especially among employees with less than one year of experience. For novice professionals and those with a doctorate, best practices of structural units and organisations are also important and relevant.

Thus, human capital management in Ukraine is generally characterised by traditional, habitual ways of developing it. The role of social interaction and exchanging knowledge and experience is less important. This can be a barrier to employees' professional growth, especially in the context of their ability to share knowledge and experience with foreign colleagues. At the same time, according to Andrews and Brewer (2013), social capital is associated with more efficient public services.

At the same time, empirical studies conducted in other countries point to the importance of public organisations' specific competences and civil servants' experience in ensuring the growth of their financial performance (Carmeli, 2004). Such specific and unique knowledge and experience can be developed under different circumstances and conditions, including forming cross-functional teams to manage at the local, regional, and national levels in the face of volatile, complex, and challenging external environments.

Such teams can be formed through an inclusive approach to talent management ("exceptional human capital"), which involves recognising the strengths of each employee of the organisation, continuously evaluating the employee, and providing him or her with an appropriate position. In addition, such human capital management ensures its development and the well-being of the organisation and the employees (Thunnissen & Buttiens, 2017). This approach will be appropriate for developing employees who hold lower positions in the civil

service and whose activities directly relate to providing quality public services to the population. An exclusive approach to talent management should be used for strategically important positions in government organisations. This involves forming a group of employees with unique abilities and skills, focusing on productivity and achieving the goals of public organisations (Thunnissen & Buttiens, 2017). This use of inclusive and exclusive approaches will ensure the flexibility of the human resource management system in the civil service.

The career development of public servants in Ukraine is associated with an increase in salary and responsibility for their actions and decisions. To a lesser extent, respondents associate promotion with the ability to perform tasks and achieve goals that will be important for the country. Therefore, civil servants today do not pay enough attention to and understand the importance of their promotion in the long term.

Civil servants consider professional knowledge, experience, and personal moral qualities to be the main factors of career growth. Respondents also attach high importance to ethical principles when performing their functions and tasks. Manager loyalty and personal and political connections are of medium importance.

Therefore, these results indicate the importance of human capital in public administration, as professional knowledge, experience, and personal moral qualities are considered the most important for career growth from the point of view of public servants. However, these factors can be obstacles to professional training and development and retention in civil service for HR professionals. The main motive for the development and training of an employee is their career advancement. At the same time, the opportunities that arise for employees after acquiring new knowledge, sharing experience and obtaining best practices for their work are much less important.

To solve this problem and increase the level of interest of civil servants in developing their skills and competences, it is advisable to use modern teaching methods. For example, gamification involves the introduction of gaming approaches to talent development, including game modelling of complex management situations in the activities of state organisations. This training method is quite important in the context of military challenges, as it can promote cohesion among public service employees and help solve complex problems related to the redistribution of limited budget funds, solving social problems of the territories, and attracting international assistance.

Conclusion

This study points to the need to develop a set of measures and a strategy for human capital management in the Ukrainian public service that will integrate civil servants' needs, processes, management technologies, and performance. According to Cahyaningsih et al. (2017a, 2017b), ministries and agencies that manage human capital may also adopt policies or regulations for knowledge management.

The human capital management strategy should include modern management methods and techniques that will encourage and serve as an additional motivation for different categories of employees to acquire new knowledge, skills and competences. The human capital management strategy should consider the exchange of experience and best practices that employees consider important in their work. The above will require additional financial resources, efforts and cooperation between HR services and the National Agency on Civil Service (2023). Pilot

projects should be developed to implement the human capital management strategy with clearly measurable results. Monitoring of the results of strategy implementation should be carried out along the following dimensions: development of critical knowledge, skills, and abilities; development of positive behaviour and attitudes towards the use of knowledge in practice; alignment of knowledge, skills and behaviour with the goals and strategies of government organisations; ensuring continuous learning and adaptation of knowledge, skills, competences to the conditions of the external changing environment; ensuring control and contribution of HRM strategies to the performance of state authority, local self-government body.

To measure the results of implementing human capital management strategies, we propose the following performance indicator system, which includes:

1. Performance indicators for senior and middle-level civil servants (category A, B with relevant competences) related to their remuneration and remuneration, and the strategic goals of organisations:

1.1. Indicators of competence (knowledge, skills, qualifications) of civil servants: level of competence based on test results; index of competence of civil servants based on periodic appraisals.

1.2. Indicators of implementation of competence development programmes as part of the civil service human capital management strategies: number of competence development programmes conducted; share of civil servants who participated in such programmes; costs of competence development programmes; index of satisfaction and effectiveness of competence development programmes.

1.3. Performance indicators of competence development programmes: the state of achievement of strategic goals by civil servants; the state of implementation of budget programmes by civil servants.

2. Performance indicators for lower-level civil servants (category B with relevant competences) related to their remuneration and remuneration, efficiency of state organisations and quality of public services.

2.1. Indicators of competence (knowledge, skills, qualifications) of civil servants: level of competence based on test results; index of competence of civil servants based on periodic appraisals.

2.2. Indicators of the implementation of competence development programmes as part of the civil service human capital management strategies: number of competence development programmes conducted; share of civil servants who participated in such programmes; costs of competence development programmes; index of satisfaction and effectiveness of competence development programmes.

2.3. Performance indicators of competence development programmes: the state of civil servants' productivity (increase/decrease in the number of services provided, tasks performed, etc.); performance indicators of civil servants (reduction/increase in the cost of performing tasks); and quality indicators of public services (increase/decrease in the quality of services).

To solve the problems of the traditional approach to developing and retaining civil servants, we propose introducing a proactive approach to the human capital management strategy. Such an approach should include the creation of a platform for developing an "internal talent market" with a complete list of civil servants' abilities, skills, qualifications, and experience. Providing access to such a platform for public administration HR services will ensure a holistic view and

understanding of the state of human capital in the sector and further opportunities for its development and retention. Civil servants will also benefit from participating in the platform, from the opportunity to participate in projects to exchanging experience and knowledge.

An empirical study of the state of human capital and leadership management in the public administration of Ukraine indicates the prevalence of traditional ways of developing and retaining civil servants. First of all, the latter includes the acquisition of qualifications, professional training, education and experience. Therefore, public administration's human capital management system remains underdeveloped in terms of its flexibility and adaptability to changing, complex environmental conditions. Civil servants consider salary and increased responsibility as prerequisites for professional development, and professional knowledge, personal experience, and personal moral qualities as factors of career growth. External factors affecting the state of human capital in Ukraine have a weak impact on its development. Increasing the level of remuneration of civil servants meets their personal needs. At the same time, it is important to develop human capital management strategies with measurable results for their external motivation. The proposed development of human resource management strategies at government agencies (National Agency for Civil Service, 2025b) provides opportunities for specialists to make strategic decisions and increase employees' motivation, skills, abilities, and competences.

The study's main limitations relate to the lack of data at the regional and national level on the knowledge required by civil servants, especially given the growing volatility and uncertainty of the war in Ukraine and the post-war challenges that civil servants will face in the recovery.

Further research should highlight the most effective modern methods of managing human capital and leadership in the civil service. These include gamification to encourage leadership and game modelling to teach decision-making in changing conditions.

Declarations

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