Competency Management in the Context of Public Management Reform

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The changing global economy, dramatic technological change, and increased expectations for government performance demand new attention to the complex set of public skills and capacity. Civil servants are experiencing great pressures emanating from increasing global integration – economic, political, social and cultural. New technology, new ways of organizing work, new means of delivering services and an increasing reliance on temporary employment have redefined the nature of public service. Meeting all these challenges requires a unique combination of knowledge, skills and attitudes and effective human resource development policies and strategies to nurture these competencies.

Raktažodžiai: žmogiškųjų išteklių vadyba, kompetencijų vadyba, viešojo valdymo reforma, valstybės tarnyba.

Keywords: human resource management, competency management, public management reform, civil service.

Introduction

The ongoing process of public management reform and the paradigm-shift from bureaucratic and state-centric traditions to managerial practices are significantly influencing the provision of public services. Civil servants are being put under pressure to pursue reforms and provide quality services with ever-fewer resources and face additional stress emanating from increasing global economic, social, political, and cultural integration. The duties of civil servants are multifaceted and often very complex: they include but are not limited to giving policy advice, managing human, financial and other resources, and providing critical services. Such environment makes extraordinary demands of all civil servants, and meeting these demands requires a unique combination of knowledge, skills, attitudes, effective human resource development policies and strategies to nurture these competencies. Therefore, the management and development of human resources has become critical to the success of public organizations and to their ability to implement modernization and reform strategies. According to Butteriss [1], success hinges on the ability to develop and apply new knowledge and behaviour across many different environments. This translates into the ability to be goal-oriented, to work within more complex social relationships, to seek out and rapidly make sense of new information, and to influence those around you; in short, the need for competencies. Competency management is a practice that is becoming more and more important in private and public organizations, helping them attract and develop talented employees, identify the right person for a job position, perform succession planning, and training analysis as well as other core human resources functions.

Therefore, the purpose of the article is to discuss the importance and applicability of competency management in the context of public management reform.

The paper is organized into three sections. The first section reviews the key trends in public management reforms while paying special attention to the developments in human resource management. Next, the definitions of the key concepts of competency and competency management are provided. In the third section, the rationale and key challenges for the application of competency management in the public sector are discussed.
1. Key Trends in Public Management Reform in Western Democracies

During the last two decades, public sector reforms have focused on the gains in efficiency which result from transforming traditional bureaucratic systems of public administration into market-oriented, results-driven systems of public management. The goal has been to reduce the role of the state and to subject what remained to enhance political direction, increased managerial discipline and greater responsiveness to citizens’ needs [2]. Across Western democracies, government efforts to handle reform have varied because of different starting positions, national contexts and culture, changes in the political arena and the commitment of political leaders. Yet the main drivers have been the same – the fiscal stress brought by changes in the international economic system have required restraint in public spending, the decline in the effectiveness of public policies and the poor quality of public services have resulted in reduced public confidence, and so on. Although reforms in different countries were pursued with varying degrees of enthusiasm under different conditions and with different results, it has become common to talk about the New Public Management as a collection of ideas and practices that emphasize competition between service providers, a new interplay between state and market under provision of collectively financed services, decentralization, freedom of choice for citizens, and more responsive management, just to mention some of the more prominent keywords [3]. These reforms have been directed at managerializing the public sector with the major objective of achieving economic efficiency.

Increased devolution of authority is viewed as an essential element of public management reform. It is implicit that managers must assume greater responsibility for resource use if public management is to be improved [2; 4]. Therefore, there has been a move away from hierarchical structures to more decentralized, flat organizations based on matrix structures and teams, and devolved authority and responsibility. Devolved management structures, accompanied by devolved budgets and personnel responsibilities, are attempts to create more fluid and responsive organizations capable of responding to highly dynamic organizational contexts [5]. For example, in the UK these initiatives have been directed at giving organizations and managers greater freedom in operational decisions and removing unnecessary constraints on resource management. On the other hand, the devolution of authority and decentralization of decision-making in the UK was accompanied by the consolidation and concentration of authority in order to strengthen control over strategic decisions.

Some countries have favoured mass privatization of public services both to reduce public expenditures and to inject market competition into their operations. Others have introduced internal contracting to create the impression of competition and results-driven systems [6]. There has also been a strong territorial devolution which is concerned with bringing public administration closer to the citizens and making politicians and public servants more directly accountable to citizens, since citizens are able to establish more easily a direct relationship between services received and the person/entity responsible for the adequate provision of the service.

Performance management, which aims to move public management beyond bureaucracy and promote greater economy, efficiency and effectiveness, has become another very important element of public management reform. Such measures are designed to refocus management and budgeting processes away from inputs and towards results. This means that outputs and outcomes should be quantified and linked to the financial resources actually used to measure added value to any activity. Australia and New Zealand were the first to introduce performance management and/or budgeting in the late 1980s, followed in the early- to mid-1990s by Canada Denmark, Finland, France, the Netherlands, Sweden, the United Kingdom and the United States [7]. An OECD survey revealed that all OECD countries now have a performance management or performance appraisal system except of Greece, Iceland, Japan, Luxemburg, and Spain [8].

Countries’ approaches to performance management are constantly evolving. Some countries, for example the Netherlands, began by concentrating on outputs and are now moving to an outcomes-based approach. Some are changing their budgeting systems to focus on outcomes. The implementation of performance management system initiatives supports the process of delegating responsibilities within ministries and agencies on the theory that managers need more freedom to use resources if they are to achieve results. If performance targets are imposed onto a traditional system, without delegating responsibility, there is a risk that performance indicators will become an additional layer of control in an already overburdened system and will further restrict managerial freedom [7]. In addition, the implementation of performance
management system initiatives serves the very important purpose of helping to hold devolved institutions accountable.

The above-mentioned changes in the management of government organizations required a new type of human resources able to lead and implement the reforms. In a number of countries the traditional model of HRM in the public sector has been replaced by a new model of staff management. The conventional pattern of "paternal management" has given way to "rational management" [9]. The uniform and standardized employment practices have been replaced by flexibility and differentiation. Public services no longer offer a guarantee of a job for life, pay determined by grade in the hierarchy, or promotion based on seniority. Instead, many workers are offered part-time or temporary contracts and the salary and career prospects of staff are linked to line managers’ perceptions of their performance.

As a result of the reforms mentioned above a number of countries significantly improved the quality or reduced the cost of public services by contracting out and privatizing government activities to non-governmental service providers. The reliance on central regulation was significantly reduced, giving more autonomy and flexibility to managers. This was a move away from the external control of cost, input and process to internal control and management by performance.

Existing research on the impact of the above-mentioned reforms of public management is inconclusive. Although there are different assessments of the practical results of public management reforms, the most frequently mentioned achievement is that there are sizeable efficiency gains from reducing the range of activities in which government is involved, lowering staff levels and reducing real operating expenditures [10]. However, these changes are not a sufficient condition for good governance. Some researchers have found improved performance and accountability associated with performance management [11], while others have identified a loss of accountability related to contracting. The outcomes in terms of quality of service delivery are also unclear. It should be noted that some shortages in the implementation of the reforms are related to the insufficient attention paid to the specific context of public administration and issues of complexity and change. According to Sinclair [9], the reforms have been pursued with relatively limited empirical understanding of organizational culture in the public sector. This can be illustrated by the lack of consideration about striking a balance between the core public administration values of justice, transparency, openness, accessibility, non-discrimination and the changing public management requirements of citizen focus and results orientation, effectiveness, efficiency, and quality in service delivery. Furthermore, there has been no systematic approach to the reform process and a lack of understanding of the concept of government as a single enterprise operating in a unified constitutional setting and as a coherent body of administrative law. That is, the reform of one crucial government lever such as the policy-making process, the budget, or civil service management will inevitably affect the others and this should be taken into account when developing reform strategies.

It is obvious that public management reform is a never-ending process and that currently the concern for efficiency is being supplanted by problems of governance, risk management, adaptability, collaborative action and the need to understand the impact of policies on society. Consequently there is a need to devote more attention to the human resource development strategies within the public sector in order to develop a critical mass of civil servants able to lead and implement reforms and improve the performance of government organizations. The next chapter will review the changes in human resource management policies in the context of public management reforms.


The changes in the management of government institutions as discussed above were driven by the desire to change the traditional policies of human resource management and to emphasize the need to increase responsiveness of the civil service to the political leadership and to the concerns and needs of the citizens.

In traditional systems of public administration civil service has been usually constrained by detailed rules and management procedures applied to the whole civil service and which differ from general labour laws. The situation has significantly changed and many countries such as the UK, New Zealand, Sweden, Canada, Denmark and others have moved towards individualization of civil service arrangements related to the selection process, the term of appointment, termination of employment, pay and performance management. In some countries civil servants have been put under the general labour laws and traditional lifelong employment has been abol-
ished. In others, while lifelong employment in
government remained protected, term contracts
were introduced for certain positions to increase
individual responsibility for performance. Two
important changes should be emphasized: the
countries with position-based civil service sys-
tems tend to strengthen the role of their central
human resource management bodies and tend to
have a more centralized system of senior man-
agement than before and the countries with traditio-
tional career-based systems tend to increase
the number of posts open to competition and dele-
gate human resource management practices to
line ministries and lower hierarchical levels [7].
Most countries have decentralized human re-
source management responsibilities from central
departments to line departments. It should be
noted that the central body for human resource
management still plays a very strategic role in
changing civil service systems. However, the
emphasis is shifting from detail control to pro-
viding guidance and setting the standards. Since
civil service is becoming more fragmented, the
role of the centre should be to ensure that public
expenditure and performance targets are met and
to provide expertise and advice.

The rationale behind the individualization of
civil service arrangements is the need for increased
responsiveness and flexibility in the public sector;
however, these changes can have a negative influ-
ence on the collective values and ethics of civil
servants. Furthermore there is a risk that the dele-
gation of HR management functions will under-
mine the coherence of HR policies. Therefore there
is a need for introducing special policies and
strategies which will help to improve coherence of
government policies and provide flexibility in or-
der to ensure responsiveness and overall capacity
of the civil service.

One such strategy applied in a number of coun-
tries is competency-based management. This in-
volves identifying the competencies that distin-
guish high performers from average performers in
all organizational activities and using this frame-
work as the foundation for recruitment, selection,
training and development, rewards and other as-
pects of employee management [12]. The next
chapter, which is based on examples from different
countries, discusses the importance and relevance
of competency management to address the key
challenges created by the public management re-
form process, namely policy coherence, flexibility
and performance.

3. Competency Management as a Strategic
   Tool for Improving Civil Service Performance

3.1 Defining competency and competency
   management

The competency movement has taken hold in
number of countries, among them Australia, UK,
Belgium, the Netherlands, the USA and the Scan-
dinavian countries. It was tightly linked with the
efforts of companies to create a setting for the em-
powerment of their workforce in order to increase
competitive advantage, innovation and effective-
ness [13]. The competency approaches were ex-
pected to help to identify the skills, knowledge,
behaviours and capabilities needed to meet current
and future personnel selection needs, in alignment
with variations in strategies and organizational pri-
orities and to focus the individual and group develop-
ment plans to eliminate the gap between the
competencies requested by a project, job role, or
enterprise strategy and those available [14].

The scientific literature on competency man-
age is characterized by a huge diversity of
definitions. The consultant Richard Boyatzis
adopted the term “competency”, which he de-
scribed as “an underlying characteristic of an indi-
vidual that is causally related to effective or supe-
rior performance in a job” [12]. Margaret Butteriss
[1] has likened competencies to an iceberg, saying
that most organizations focus on technical compet-
encies, the ones most visible and easily assessed.
However, experience shows that it is the compe-
tencies below the waterline that differentiate be-
tween average and superior performers. This means
that while technical competencies (skills, knowl-
dge) can be trained, the behavioural competences
are more difficult to develop. Competency-based
management therefore focuses on identifying the
necessary technical skills and developing those
competencies that will produce superior results. It
is imperative for competency management to link
individual competencies to the strategic goals of
the organization. It should be made very clear how
specific competencies will support the mission and
values of an organization and develop its competi-
tive advantage.

Developments in different countries show dif-
ferent approaches to competency management
however several trends can be identified. In some
countries (mainly Europe) competency manage-
ment approach focuses on the job function re-
quirements and less on the employees themselves.
The underlying characteristics of employees are
already assumed to exist [15]. In others, compe-
tency management emphasizes inputs more than results, with the key question being what competencies are needed in order to reach the goals of the organization and how these competencies can be attracted, developed and retained. As competencies are seen not as the functional tasks of the job but rather as those actions which enable people to carry out their job effectively, personal qualities are central to this approach.

Many private and government organizations have designed competency models to address the issues such as performance improvement, employee development, etc. A competency model can be described as a list of competencies derived from observing satisfactory or exceptional employee performance for a specific occupation [14]. The model can provide identification of the competencies employees need to develop in order to improve performance in their current job or to prepare for other jobs via promotion or transfer. Based on Cira and Benjamin [16] competency models can be built around key organizational functions or around the skills and behaviours required by organization as a whole. The role competency models are cross-functional and include the employees who perform a certain job across all functions, such as middle level managers.

Academics have found mixed evidence of links between the use of competency models and specific improvements in employee and/or organizational performance. Many of the critics argue that many competency frameworks are static, mechanistic, and seek to prescribe a fixed list of desirable competencies. They generally fail to take into account of the need for flexibility and openness to change and underestimate the importance of non-task specific competencies [17]. Competency models can become outdated as fast as the organisation that developed it faces new external environmental challenges or changes its services. Therefore, interactive and continual competency identification, modelling and assessment need to be ensured [17]. Also, they have been criticised because they usually are created solely by human resource people and fails to involve leadership and in that way to ensure the ownership.

3.2. The rationale and the preconditions for the introduction of the competency management in the public sector

The competency movement emerged in the context of public sector environment, which is characterized by increasing competitiveness and severe resource limitations, the focus on the quality of customer service, flatter organizational structures (which mean less opportunity for traditional staff development through promotion), cultural changes leading to a greater emphasis on employees taking responsibility for continual learning and self-development, and the need for increased flexibility at work, requiring employees to develop a wider range of skills over time. The performance of individual managers and employees is seen as a key factor in achieving results and are at the centre of any government reform strategy. Therefore, a number of governments have introduced competency management as a strategic tool to achieve more efficient performance and more responsive civil service and also to facilitate cultural change.

Competency management is usually introduced as a part of a broader organizational reform. For example, in the Dutch civil service and in the Flemish administration the introduction of competency management was aimed to transform the rigid, bureaucratic culture of civil service into a more entrepreneurial and personalized organizational culture. In the Belgian Federal administration competency management was introduced to catalyze broad organizational change and to mitigate a strong symbolic break with the past, moving from the rigid bureaucracy into a modern, customer-oriented organization [18]. In both cases competency management was used as a tool to leverage change and to introduce a new culture into the public sector. It also helped to develop the leaders to facilitate the reform process.

It is extremely important that the development of competency frameworks be linked to the strategic goals of the organization. According to Brans and Hondeghem [19] competency frameworks are integrative instruments that carry a number of distinctive advantages in fragmented systems of government. They can facilitate both vertical and horizontal integration. Vertically, competency frameworks may be used as a tool to link individual and organizational competencies in the framework of the strategy of organization. Horizontally, they help to connect each component of the human resource management cycle – selection, appraisal, development and reward. For example, the Flemish administration is in the process of restructuring its entire apparatus into core departments and agencies. In addition, 6-year management contracts for top officials who define their responsibilities for reaching the goals of the organization are being planned. The Government has introduced competency management and competency frameworks to enhance coherence in a very fragmented structure.
of the administration. They have also helped redefine the responsibilities of the newly organized administration. Similarly the introduction of the competency frameworks in the Dutch senior civil service has facilitated the integration of human resource management policy and helped to create a corporate identity. It should be emphasized that competency management supports a strategic and coherent approach to human resource management. It helps to align strategic management of the organization with the human resource policy.

The British experience confirms the importance of the steering from the centre to avoid fragmentation and a piecemeal approach to competency management. Originally the British Civil Service had no central or corporate policy on competency management and each department and agency developed its own approach. This has resulted in ad hoc and fragmented approaches to competency management throughout the civil service. Some leadership reforms of the centre have subsequently been introduced through the creation of benchmarking exercise and the Investors for People programme [12].

Competency management needs a well-developed human resource function to be in place to lead and support the implementation of the human resource policies. Traditional human resource organizations have focused on administrative tasks and the enforcement of rules and regulations. The new role of the human resource professional is to act as an internal consultant to line managers on a wide range of organizational issues. Also, human resource managers should become members of the strategic management teams and play a crucial role in linking human resource policy with strategic goals of the agency. It is required that they have sufficient knowledge and skills to perform their new roles as agents for change and human resource experts.

Furthermore competency management allows more flexible personnel policies, essential for civil servants to become more responsive and effective. It is seen as a strategic instrument of human resource management, which can help to identify the skills, knowledge, behaviours and capabilities needed to meet current and future personnel selection needs, in alignment with the differentiations in strategies and organizational priorities. Competency frameworks can be used in recruitment, selection and career development of civil servants. They are also an instrument which can be used to determine strengths and weaknesses of civil servants. Based on this information personal development plans can be designed to reduce the gap between the competencies requested by a job role, or organizational strategy and those available. Competency management and introduction of the competency models can be more relevant in the position based system, as it provides more flexibility in the selection, recruitment and promotion process and is based strongly on individual performance assessment.

British, Flemish and Dutch experiences reveal that governments and organizations initially tend to define competencies as individual characteristics. Though there are some efforts to derive individual competences from organizational goals and objectives, this needs to be strengthened. Also, competency frameworks should be tailored to the specific needs of the government to show appreciation of the government-specific context and the required expertise. Governments face frequent criticism for producing idealized lists of qualities, which contain almost everything. There also have been questions raised concerning attempts to disaggregate lists of managerial competences that may have universal application. The development of more comprehensive and specific competency frameworks would help improve the selection and recruitment process as well.

Worth noting is that competency approach may help to present public sector organizations as attractive employers offering opportunities for self-development, and can motivate potential employees to join the civil service. Furthermore, it helps in the communication of an organization’s strategic intentions and needs, and gives organizations a “common language” that can be used to discuss performance, selection, development, advancement and succession planning.

Based on the positive impact of the competency management in a number of Western countries we can assume that introduction of competency approach can be transferred and successfully adopted in other countries. Because of the promise to leverage cultural change in the public sector, improve performance of government organizations and develop human resources able to lead and implement very ambitious public management reform agendas the approach can be beneficial for the developing countries, as these are very critical challenges that they face in the process of public administration reform. However, it is extremely important to analyze the required preconditions for the competence management approach, in order for it to be successful in different countries and in different stages of the reform process. It should be emphasized that countries face a common problem in perceiving the wide assortment of public reform solutions as available and easily transferable from one country.
to the other. This misconception under the label of “best practice” has had tragic consequences in some developing countries where reforms have tended to be pushed ahead faster than in OECD member countries because such reforms are imposed as conditions for loans and grants [20]. The preconditions which need to be taken into account in order to introduce competency management needs to be explored and analyzed further. Some of them are briefly presented below.

Firstly, the competency management approach cannot be introduced in a stand-alone fashion; it needs to be part of the public administration reform strategy and to complement human resource policies. This implies that the legal framework defining the model and functioning of the civil service including human resource policy should be in place.

Secondly, competency approach should be well understood and appreciated by the political leadership and civil servants in the country. Experience proves that very often different reform strategies and tools are introduced without paying sufficient attention to the training and awareness raising needs. The lack of understanding and knowledge about the usefulness and impact which the competency management is going to have on the career development and daily duties of civil servants can generate resistance among civil servants, which is very difficult to overcome in the course of the reform.

Thirdly, a successful introduction of the competency management requires a very strong leadership and support by human resource managers in public institutions. However, in most developing countries, human resource offices are weak and their activities are mainly limited to the management of the personnel files. Extensive training and consultation programmes are needed to develop the required capacities and to introduce necessary changes in the roles and responsibilities of human resource managers.

Finally, as the introduction of the competency management requires extensive capacity building efforts, it is extremely important that the training activities are of the highest quality and targeted to priority groups of government employees, such as top civil servants, human resource managers, and heads of departments. It should be noted that in a number of countries training activities are provided in a very ad hoc manner and are poorly linked with public administration reform strategies and human resource policies (repetition). In many cases training infrastructures can be described by insufficient capacities of training providers to deliver quality training and inability of the government institutions to articulate training needs. This needs to be taken into account and a comprehensive training strategy needs to be developed to support the implementation of competency approach.

Based on the above a very careful examination of the specific country situation is required in order to successfully introduce competency management into the overall public administration reform framework.

Conclusion

Based on the discussion above it can be concluded that competency management can be instrumental to enhance policy coherence and facilitate a change in culture. Also, it can be a strategic instrument for improving the performance of the whole government, its agencies and individual civil servants and to make them more responsive to citizens’ needs. However, it should be noted that the introduction and implementation of competency management requires strong political will and commitment. Also, the process and the concepts need to be owned, understood and supported by civil servants. Sufficient skills and knowledge within government administration are required to develop and to implement the strategy. This means that there should be an extensive consultation and training process before the competency management can be applied. The introduction of competency management policies, as a part of the reform agenda in the developing countries needs to be assessed very carefully, as to be effective it requires the above-mentioned preconditions, such as putting strategic planning and performance management in place, strong human resource functions across the government, sufficient skills and knowledge of civil servants and especially human resource managers, and it requires political commitment and flexible human resource policies to be established. Therefore a very comprehensive assessment is needed to analyze the existing pre-conditions for the successful implementation of competency-based management.

References


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Kompetencijų vadyba viešojo valdymo reformos kontekste

Reziumė