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Current Practices on Competencies in Public Service Departments in New Zealand

Feedback Report to Departments

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ABSTRACT

As part of the larger scope of work commissioned by Public Service Chief Executives on "Developing our Future Leaders", as well as the Review of the Centre work, the State Services Commission (SSC) throughout 2001 undertook to provide the Commissioner and Chief Executives with an assessment of processes for developing senior managers across the New Zealand Public Service. The first phase of this exercise was to take stock of current practice in the application of competencies and frameworks for developing managers. All Public Service departments were interviewed using a structured template. This report presents a summary outcome of the research for the participating organisations. The results of the stock-take show that there is wide variation in the nature and application of competency frameworks in the Public Service. There is also in evidence a distinction between reviewing performance management and facilitating development opportunities. Other key issues that emerged from the stock-take are that secondments are difficult at senior level, that education continues to be valued by departments as a development track, and that there is a high level of bottom-up self-selection in formal development initiatives.

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EXECUTIVE SUMMARY

As part of the larger scope of work commissioned by Public Service Chief Executives on "Developing our Future Leaders", as well as the Review of the Centre work, the State Services Commission (SSC) throughout 2001 undertook to provide the Commissioner and Chief Executives with an assessment of processes for developing senior managers across the New Zealand Public Service. The first phase of this exercise was to take stock of current practice in the application of competencies and frameworks for developing managers. All Public Service departments were interviewed using a structured template. This report presents a summary outcome of the research for the participating organisations.

The results of the stock-take show that there is a wide variation in the nature and application of competency frameworks in the Public Service. There is also in evidence a distinction between reviewing performance management and facilitating development opportunities. Other key issues that emerged from the stock-take are that secondments are difficult at senior level, that education continues to be valued by departments as a development track, and that there is a high level of bottom-up self-selection in formal development initiatives.

1.0   INTRODUCTION

During 2001, Chief Executives identified Developing Our Future Leaders (DOFL) as one of the four major issues for attention by them as collective leaders of the Public Service. The Chief Executives sub-committee that undertook the DOFL work reported back to the CE Forum on 20 July 2001. The outcome of this meeting was a request to the State Services Commissioner to arrange for a report by 30 November proposing ways to increase the pool of Public Service senior managers and leaders.

A key component of increasing this pool was to first establish an understanding of current practice in the identification and development of leaders. It is a fundamental premise that leadership development requires a shared understanding of capability requirements and a set of tools and protocols upon which to create this understanding. A competency-based approach enables this shared understanding and creates a platform for Chief Executives to manage identification of staff with high potential, mobility of talent, and professional development.

Talent Solutions, Ltd. was engaged to take stock of the competencies currently in use in the Public Service and establish a picture of how they are being applied in leadership development. The brief was to identify patterns of practice to set the scene and frame a set of tools and processes that could form the basis of a proposal to the Chief Executives.

2.0   RATIONALE AND METHODOLOGY

The state sector reforms of the late 1980s created a context for the emergence of independent practice across the Public Service. The independence of Chief Executives and the creation of a diverse set of 'brands' within the Public Service have been manifested in a range of development practice. Notwithstanding this diversity, a number of informal networks have emerged amongst organisations that share similar agenda, size or focus. The development challenges for agencies lie in:

- creating focus, engagement and traction with the development agenda,

- creating a robust set of development processes and accountabilities, and

- building a culture of collaboration.

The rationale for the research stems from the fact that the labour market has been changing over the last decade. In particular, there is a 'new deal' emerging and the context for the Public Service is that the state sector is now competing for talent both internally and in the wider labour market. In that regard,

the SSC has identified a need to enhance the development capability of the Public Service building on current agency practice. This is through a two-phase programme of, first, assessing current practice in relation to competency systems and development initiatives; and, second, developing a framework upon which to base future leadership development. This initiative supports the Commission's strategy to create a corps of senior managers who have the capability and values required to perform effectively at the top levels of the Public Service.

The SSC first contacted Human Resource managers (in some cases, Corporate Service/Administration Managers) in each of the 36 Public Service agencies with a written brief, and in specific cases a face-to-face meeting, to introduce and describe the intent and rationale for the project. Talent Solutions, Ltd. then contacted these managers and arranged a schedule of meetings to interview them on practice within their domain. A structured interview template was designed in co-operation with SSC staff to ensure consistent data collection. Each of the managers was interviewed by Talent Solutions, Ltd., and – with a few exceptions – a representative from the Commission.

3.0   STOCK-TAKE RESULTS

3.1   Competency Systems and Their Applications

There is a widespread application of a competency-based approach across the Public Service (almost 9 out of 10 departments use some sort of a formal competency system; see Table 1).

Table 1: Competency Systems

Do you use a formal competency system?			
	Total	**Percent**	*Comment*
Yes	31	86%	In most cases the model is an agency core system rather than being specifically management or leadership focused.
No	5	13%	These agencies do not perceive the need because they are small, operationally focused, or professionally based.
Developed in-house	26	81%	Within the agencies' own HR and management resources.
Consultancy	8	25%	This support has been broadly sourced from agencies such as Deloitte, KPMG, Morgan and Banks, Hay, NZQA, etc.
Did you base them on an existing model?			
	Total	**Percent**	*Comment*
No	8	25%	
MDC	12	38%	These figures make reference to management competencies only.
SSC	7	22%	
Other	4	12%	Most influence has come from the consulting industry.
Does it include clear behavioral measures?			
	Total	**Percent**	*Comment*
Yes	30	96%	There is variability in the quality of the behavioural indicators.
No	1	3%	

All models follow a relatively consistent design with the main variations around the presence or otherwise of 'levels' for greater definition, the number of competencies, separation of

technical/specialist competencies from management/leadership competencies, and application of 360-degree methods.

There are four overarching themes in how competencies are applied within HR processes (see Table 2): (a) recruitment, (b) performance measurement, (c) development, and (d) organisational development.

Table 2: Applications

Areas of application	Components within areas
Recruitment	- Criteria - Behavioral event interviewing - Links to psychometric assessment - Assessment centres
Managing Performance	- Setting objectives - Performance reviews to describe 'the how' of objectives
Development Needs Assessment	- Self-assessment combined with manager assessment to frame a development conversation - Individual development plans 360-degree appraisals - Assessing promotion potential
Organisational Development	- Integrated with values to create a capability model - Reinforcement of work-based principles and principle-based employment agreements - Workforce depth and investment requirements - Intensive interventions - Management alignment on status of capability - Salary movement

a   **Recruitmen**t – including capability focus for hiring, providing a framework for integrating other tools such as interviews and psychometric measures, and instituting recruitment standards.

b   **Performance measurement** – including behaviour focus on performance review, self-assessment, focusing managers on objective information, making connections, and giving clarity of expectations.

c   **Development** – including targeting development issues, development of needs assessment, support for prioritising training, separation of knowledge and behaviour, identifying capability, and providing a balanced view of capability.

d   **Organisational development** – including reducing silos and integrating understanding of capability, placing the value of HR in context, promoting diversity, providing in-depth knowledge of the workforce, having a fully integrated model standardised across key HR processes, and developing linkages to pay in skills-based remuneration environments.

3.2   Value Addedness of Competency Systems

In terms of the values derived from the competency sets in use, and the 'weaknesses' inherent in them, the stock-take showed that the practice was varied. In each of the four themes of applications specified above (i.e., recruitment, performance measurement, development, and organisational development), Public Service agencies saw particular value (e.g., being able to set recruitment standards, clarify

expectations of staff members, reduce silos across various divisions of the agency, etc.). The perceived value derived from competency systems is summarised in Table 3.

Table 3: Most and Least Value from Competency Models

Most Value	Particular Areas
Recruitment	• Capability focus for hiring • Providing a framework for integrating other tools such as interview psychometric measures • Recruitment standards
Performance Measurement	• Behaviour focus on performance review • Self-assessment • Focuses managers on objective information • Clarity of expectations
Development	• Targeting development issues and development needs assessment • Support for prioritising training • Identifying, and providing an objective view of, capability • Getting specialists to understand the need for people skills • Consistency, accuracy and focus
Organisational Development	• Reducing silos and integrating understanding of capability • Linking capability to behaviour • Promoting diversity and in-depth knowledge of workforce • Demonstrating value through measurement • Having a fully integrated model standardised across key HR processes • Linkages to pay in skills-based remuneration environments
Least Value	**Particular Areas**
Engagement	• Lack of application and engagement • Lack of cohesive application across a diverse audience • At times perceived as prescriptive or formula-based • Doubtful utility in a professional legal environment
Complexity	• Literal usage by managers leading to abdication of judgment • Bureaucratic – need to keep simple • Complexity around setting levels; assessment around technical competencies • QA Unit standards approach clumsy and overly complex
Integration	• Moving from technical capability to relationship focus is difficult • Fit between technical and core competencies can be an issue • Linking across internal cultures is also difficult at times • Market can complicate the remuneration applications of the model

The greatest difficulty, however, appeared to be engagement (such as across a diverse audience), complexity (in particular, around setting levels and assessment around technical competencies), and integration with internal cultures within the agency.

3.3 Performance Management and Development

A key finding of the research was that there is significant blurring in the distinctions between managing and reviewing performance relative to facilitating development (see Table 4). With 63% of departments directly connecting performance management (outcomes and results) to development (building capability), it positions managers in the simultaneous role of adjudicator and coach.

Table 4: The Relationship between Performance Management and Development

Do you distinguish managing performance processes from development processes?			
	Total	**Percent**	*Comment*
Yes	13	36%	This occurs in a context where agencies have consciously sought to separate the processes to create a development focus aside from managing performance to outcomes
No	23	63%	This represents a potential for diluted development focus
Are staff development accountabilities specifically identified in managers' performance measures?			
	Total	**Percent**	*Comment*
Yes	23	63%	A strength in current practice is the ability to focus on development as a management performance factor
No	13	36%	
Do your managers develop personal development plans?			
	Total	**Percent**	*Comment*
Yes	19	52%	
No	17	47%	
Who is accountable for managing these plans?			
	Total	**Percent**	*Comment*
Manager	10	52%	
Staff Member	0	0%	
Both	9	47%	This approach with clear accountabilities and process is better practice, i.e., managers accountable for supporting and resourcing, and individuals taking responsibility

For many managers balancing the roles of adjudicator and coach is difficult. While there are important connections to be made between performance and development processes, managing performance and development in one conversation does not appear to be optimal for creating learning opportunities and may explain the lack of traction with Public Service-wide development issues.

The research also found that optimal development conversations are occurring when:

- There is senior management commitment and endorsement,

- There is a focus on the future rather than the past,

- Development needs are framed around a match of organisational requirements and individual needs,

- There is a frame of reference where competencies describe the 'how' of outcomes in a performance review and 360-degree, or at least 180-degree assessment, is used to create development plans, and

- The opportunities for development are associated with a separate conversation on the individuals' growth.

3.4 Identifying Talent

When using competencies to identify high potential people within organisations, the research found that there is an opportunity for a more rigorous process for identification of emerging and potential talent (see Table 5). Even in small departments where formal processes are arguably less necessary, objectivity in identifying talent is critical as is the need to send the right messages to staff about opportunities for personal and professional growth. The research indicated that processes for identifying talent are largely intuitive and ad hoc.

Table 5: Leadership and Management Development Programmes

Do you have a means of identifying emerging and high potential leaders?			
	Total	**Percent**	*Comment*
Yes	16	44%	This figure belies the fact that the practice and process is variable and lacks a degree of rigor and transparency.
No	20	55%	Process improvement opportunity; many in this group identified a need to address this issue.
Do you use both formal and informal training for staff?			
	Total	**Percent**	*Comment*
Yes	36	100%	Significant investment in the education area relative to lower cost, higher value action learning.
No	0	0%	

The resultant effect is that often people are identified but there is inadequate or inconsequential follow-through. A number of departments mentioned the expectation of managers to create a climate for leadership identification and development. Some of the working practices here included:

- Succession management frameworks that track managers;

- MDC's CIMD used in a targeted and deliberate manner with emerging talent;

- Talent specifically reviewed annually at the salary review;

- Chief Executives being proactive in managing secondments and project work for those with high potential;

- An HR Steering group identifying and discussing capability;

- Future leaders-type programmes run in-house;

- Use of screening tests and assessments; and

- 360-degree processes.

3.5   Development Dimensions and Measurement

There is significant activity in both the action learning and education domains (see Table 6). Some of the key issues that surfaced in the research are that: (a) credentials are important; (b) secondments are difficult at senior levels; (c) education is valued equally with action learning; (d) there are high levels of bottom-up self-selection in formal development initiatives; and (e) there is a wide range of practice from qualified needs assessment through to 'it's my turn' approaches to initiating development.

Table 6: Development Practices in Public Service Agencies

Type	Examples
Action Learning	- MDC's CIMD and clinics - Acting up, coaching, and mentoring - Secondments and job rotations (particularly between policy and operations) - Internal and cross-agency projects - Individual Development Plans - Chief Executive interactions (including Chief Executives as coach) - Stretch assignments and experiences - Exposure to big agenda items beyond business group - International secondments with other Commonwealth jurisdictions - Involvement with the UN, OECD, etc.
Information and Networking	- Conferences (such as PSSM) - Bringing in experts, and networking - Leadership workshops and forums - Management handbooks and toolkits - Partnering with other agencies - Learning curriculum posted on Intranets
Process	- Competency based 360-degrees to establish gaps - Management development strategy - Development matched to stage of career and life with a balance of internal and external interventions 'Investors in People' - Created a learning centre - Matrix management models - Study assistance/awards, including management development awards - Chief Executive scholarships
Education	- Internal management, negotiation and policy programmes - NZIM 4 Quadrant leadership programme - Courses from academic institutions – internal and external
Supporting External Agencies	- Wellington District Law Society - Training Network - Training Line - Institute of Chartered Accountants - Audit Office - Federal Bureau of Investigation

Some of the practices/interventions that were identified as delivering value are: leadership foundations workshop and acting up, NZIM leadership programme, central agency secondment process, programmes by Massey University, Mt Eliza Strategic Management Programme, Open Polytechnic programmes, Victoria University leadership research, the work of the MDC, maintaining a development agenda at a high level, and using study/development awards and scholarships.

In relation to the process of selection for development, the stock-take results indicated that the systems and criteria for targeting development are highly variable across the Public Service. Some of the mainstream practices include: discussions with Chief Executives, self-identified, shoulder-tapping, legal or professional requirements, determined at business unit level by managers, normative (i.e., bring everyone to a similar standard), management team discussion, outcomes of performance management process, and demonstrated contribution and engagement. Also used were development plans, demonstrated aptitude, selection by Chief Executives for targeted development (based on biggest gaps or the most potential), professional judgment, feedback from external agencies, capacity of agency to develop and employ, and secondments.

3.6   Challenges and Solutions

The major challenges in establishing a strong group of managers are clustered under four themes (Table 7): (a) focus and traction, (b) structures and process, (c) organisational culture, and (d) accountability.

Table 7: Major Challenges Identified in Establishing a Strong Group of Managers

Challenges	Particular Issues
Focus and traction	• Getting professionals and specialists interested in management • Need to enable visibility of options/opportunities to all staff members • Getting buy-in across a diverse management landscape • Developing a sense of connectedness and team work • Measurement of development initiatives • Need to focus recruitment on competencies
Structures and Process	• Public Service employment brand needs to be attractive • Orientation and induction of managers need to be strengthened • Remuneration gaps make progression difficult • Risk-reward ratio unattractive • Lack of rigor in development processes and talent identification • Management opportunities limited in small agencies • Funding constraints given a fiscally neutral environment • Variable turnover, i.e., high and low both create challenges • Need to bring about clarity and transparency of competency models • Secondments need to be made more enabling • Need to establish technical career path outside management stream • The constraint of tightly described jobs
Organisational Culture	• Need to define a vision • Low motivation to move out of specialism • General tendency of valuing fit above competence • 'Tribalism' creating barriers to collaboration • Developing a culture that accepts responsibility for development • Focusing on management skill and personal growth • Tendency to favour contracting rather than building capability • Generational differences in career expectations • Difficulties in managing diversity
Accountability	• Acquiring common understanding of Public Service accountabilities • General lack of clarity of expectations and accountabilities • Workload distracting from development activity • Confusion about who the customers/stakeholders of development are • Some cases of inadequate senior leader commitment and capability • Actions driven by individuals rather than sustainable process • Getting managers to think strategically outside their specialisms

Various agencies have identified solutions to these challenges which include:

- **Leadership** – From Chief Executives not only in departments but also across the Public Service;

- **Development strategy** – Such that there is congruence between organisational requirements and the growth needs of staff members;

- **Communication** – Reinforcing an appropriate organisational culture at every opportunity, and setting priorities and accountabilities;

- **Brand** – Proactively managing the agency employment brand so that the Public Service is seen as an employer of choice;

- **Recruitment** – Focusing on robust recruitment practice to attract 'leaders';

- **Networks** – Within and across agencies such that organisational learning is fostered;

- **Action Learning** – Making more use of stretch experiences and projects, and focusing development on the challenges within peoples' work; and

- **Measurement** – To provide visibility of progress and value connections to investment.

4.0   FUTURE CONSIDERATIONS

The views expressed by departments on three key issues (senior management development in the Public Service, leadership, and outcome) provide relevant cues to the State Services Commission on the way forward (see Table 8).

Table 8: Supplementary Comments

Issue	Comments
Senior Management Development in the Public Service	- Agencies have unique requirements – traction will depend on initiatives being specific to diverse environments - Competencies might be the same but need to accommodate different emphases - Need to share and make better use of agency initiatives - Need clearer assessment of capability gaps - Look to the private sector for better practice - Look into cadet scheme to grow talent in the Public Service
Leadership	- Chief Executives need to be encouraged to collaborate - Relationships are key - There is scope for better collaboration and cross-fertilisation - Look to overseas public agencies to build relationships - Clear gaps at the professional level amongst Maori/Pacific Islanders
Outcome	- Diversity must be considered - Move beyond the ad hoc and arbitrary to a planned process - Build more networks across agencies and at senior levels - Need to guard against change without investment of funding - Robust identification processes – and diagnostics – required - Need to access knowledge and data on options and opportunities

All medium to large size departments have invested a significant effort into developing their competency models and their integration into the HR processes. This has engendered a strong sense of ownership. The weight of effort has gone into core models for agencies with management content spliced into these core models. Some agencies also have specific management and/or leadership competency profiles. Having said that, the stock-take results suggest that there is some way to go before competency systems used in the New Zealand Public Service will have a sustainable and measurable impact.

The results of the stock-take have now been collated and are being incorporated into the implementation projects for the Public Service Senior Leadership and Management Development strategy proposed by the Review of the Centre.