

SZILVIA SZABÓ<sup>1</sup>**Competency management in the HR management of Public Service****Kompetenciamenedzsment a közzolgálat emberi erőforrás gazdálkodásában****Abstract**

*HR management is one of the biggest value of the Public Service. Thus its purposeful and conscious management is an important factor of the organizational success. The application of the competency management toolbar can mean a change in attitude in the HR management of this special labor market. This article aims to introduce the particularity of organizations functioning this way starting with the definition of the competency management (by introducing the situation of employees and employers as well) while focusing on human processes of the strategic-based HR management system. Furthermore, We also want to introduce the current practice in public service and briefly discuss future opportunities.*

*Keywords: competency management, public service, strategic based human resource management*

**Absztrakt**

*Az emberi erőforrás a közzolgálat egyik legnagyobb értéke. Tervszerű és tudatos menedzselése a szervezeti siker fontos tényezője. A kompetenciamenedzsment eszköztárának alkalmazása szemléletváltást jelenthet e sajátosnak mondható munkaerőpiaci közeg emberi erőforrással való gazdálkodásában. A cikk a kompetencia menedzsment meghatározásából kiindulva ismerteti az így működő szervezetek sajátosságait (munkaadói és munkáltatói oldalról egyaránt), központba állítva a stratégiai alapú emberi erőforrás gazdálkodási rendszer humánfolyamatait. Röviden bemutatja a téma jelenlegi közzolgálati gyakorlatát, kitér a jövőbeli lehetőségekre.*

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*Kulcsszavak: kompetenciamenedzsment, közszolgálat, stratégiai alapú emberi erőforrás menedzsment*

## INTRODUCTION

HR management is one of the biggest values of Public Service Organizations; therefore its purposeful and conscious management is an important factor of the success. The application of the competency management toolbar can mean a change in attitude in the HR management. One of the most important roles of the organizational functioning of the strategic based integrated human resource management is to provide professional, high quality human resource at the right time and quantity (Szabó and Szakács 2016). The slogan “right person in the right place”<sup>2</sup> is being appreciated and gets extra content nowadays, since the term of “managing” is being replaced with “caring” in human resource management. The common language of this paradigm shift lies in the competencies that help to manage particular human functions effectively, such as recruitment, selection, performance evaluation, promotion, career and recruitment programs, training, and job systems (Szabó and Szakács 2015).

### 1. DEFINITION OF COMPETENCY MANAGEMENT

The basic definition is specified by Henczi and Zöllei (Henczi and Zöllei, 2007: 48-49) in their book “Competency management” as follows: “*Competency management can be specified primarily as series of related activities serving the realization of organizational objectives allowing the planning and ensuring of the competency resources required, and the rational use and development of competency potential available continuously, thus increasing the performance of employees.*” The efficient organizing of human resources has a key role in the organizations of public service in our rapidly changing world. Systems built on competencies are obviously the most effective, and unified functioning tools of the strategic based human resource management, because they mean such a management discipline that can be characterized by the followings:

- performing the setting up of a competency model, defining, describing and clarifying current competencies based on organizational goals and expectations;
- establishing competency requirements, thus harmonizing individual and organizational goals and competencies sets;
- facilitating the planning process of human resources, ensuring the resupply, and the effective and constructive utilization of the already existing workforce;
- ensuring the effectiveness and cost-efficiency of training and development programs;

<sup>2</sup> This slogan was used by Lyard, who was a member of parliament of the British House of Common during the Industrial Revolution (1855) and since then it became almost commonplace among human resource management professionals

- facilitating and supporting the efficient organizational internal and external communication strategy.

Competency management includes, methodizes and moves all tools linking to human functions of the competency based managing in the strategic based human resources management.

## 2. ORGANIZATIONAL ASPECTS OF APPLYING THE COMPETENCY MODEL

Accordingly the competency model is the toolkit of the competency management, which is a frame system connecting the employee, the organization and the position and in which the competency requirements determined to each particular position and the compliance among the individual competencies will be realized (Henczi and Zöllei, 2007:82). It is basically:

- a dynamic and powerful practical tool, which ensures optimal workforce, which is consistent with the organizational objectives;
- an organizational structured system breakdown into different functional competency groups (occupational groups, levels).

Due to their special nature public service organizations can harmonize the competencies of employees, leaders and organizational culture by establishing and applying different types of competency models in practice. The literature of competency management recommends the use of the five-factor model of competence in the first instance, in which competencies are adapted to the environment, workflow and self-development (Henczi and Zöllei, 2007:91):

1. general competencies: key- and cognitive competencies,
2. professional competencies: identified with tasks and individual aspirations,
3. social competencies: related to work and social environment,
4. learning competencies: self-improvement,
5. innovative competencies: development of work and social environment.

The design and implementation of well-functioning models have plenty of benefits for both parties at organizational and at individual level as well. (Henczi and Zöllei, 2007:93).

Organizations can primarily enjoy the advantages in the following areas:

- establishing of unified language and information system,
- ensuring and keeping human resources,
- conveying simple and uniform organizational goals toward employees, in form of competency requirements,
- creating motivational working environment,
- professionalism gains importance against subjective elements during evaluations,
- clear training and development trends, thus measuring their efficiency and ROI tracking are also feasible,
- performance measurement, operation of professional careers and career management systems can be placed on predictable and objective basis as well.

It is efficient for employees, because:

- it breakdowns the organizational goals into individual levels, therefore it becomes understandable and practical,
- it can be followed and understood by all employees,
- provides opportunity to join to the innovative efforts of the organization,
- facilitates good predictability of the individual career,
- ensures direct connection between individual performance and remuneration,
- individual developments and trainings become planned and part of the organizational strategy,
- individual careers will be defined as part of common organizational results.

It is clear that competency management is a strong bond between the realization of organizational objectives and the achievement of individual career aspirations (Henczi and Zöllei, 2007:48-50). Applying these models has of course negative effects as well, as these are time and cost-intensive activities for both parties.

### 3. APPLICATION OF COMPETENCIES IN STRATEGIC BASED HUMAN RESOURCE MANAGEMENT SYSTEMS<sup>3</sup>

Due to application of competency based solutions the following activities are easier and more efficient in strategic based human resource management systems (Szabó and Szakács 2015:107)

- structured job-based definition of competency requirements of the organization;
- planning and optimization of required human resources;
- ensuring of required human resources, therefore supporting recruitment and selection;
- supporting incentives and performance management, strengthening the competency potential of employees;
- measurement and evaluation, continuous development of employees along the individual and organizational cooperation.

The possible practical applications of competencies are linked completely to human functions of the strategic based human resource management system model. The integration and unified coordination of HR processes are indispensable for the success of the organizational HR strategy. The properly established competency model is suitable for not dealing with each management function isolated, but integrating the following parts of the process (Szabó and Szakács 2015):

- Recruitment, selection and integration (adequacy)
- Career and succession planning, career development in the organization
- Development, training, knowledge management, coaching

<sup>3</sup> The topic is more detailed explained in the book: Public Service HR management, editors: Dr. Szilvia Szabó, Dr. Gábor Szakács, Budapest, 2015, National University of Public Service

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- Performance management ( PM)
- Job design and job-based systems (JA-JD)
- Salary system, compensation and remuneration
- Leaving the organization – outplacement

### 3.1. RECRUITMENT, SELECTION AND INTEGRATION (ADEQUACY)

The aim of recruitment activities is to ensure the required competency toolkit for the organization during a particular period, therefore recruitment and selection procedures have to be organized in sufficient quantity and quality and time and cost-effectively. For this purpose it must be determined before the recruitment process, what competency tools are needed from the ideal candidate for a specific position. Specific job requirements and competencies of their respective candidates are connected with each other in the selection process building on this system. Structured competency-based selection systems do this task in practice supporting employees' suitability verification, and reducing the risk factors of eligibility. Suitability verification means, regardless of the position, whether the employee holding the position meets the previously defined performance and behavior expectations. In addition suitability verification means integration as well, and the existence and level of competencies are examined to measure this in case of each particular employee. Furthermore, the competency based assessment of performance and the assessment of organizational behavior are also significant in this approach.

### 3.2. CAREER AND SUCCESSION PLANNING, CAREER IN THE ORGANIZATION

The aim of career management to find the potential candidates (talent management, recruitment programs, databases, key-people programs) within the organization according to the understanding of competencies:

- selection of employees for individual career support systems is carried out with competency based methodologies (ambition, additional skills and motivations);
- support of individual careers during the development and progress processes, and in the process of achieving the required higher skills of a new position.
- The following competency based approaches of competency management are significant: professional dimension and individual / private dimension. According to the competency-based approach the approximation and harmonization of the two areas, the creation of work-life balance, is required.

### 3.3. DEVELOPMENT, TRAINING, KNOWLEDGE MANAGEMENT, COACHING

Developments necessary for career can be realized with the following competency based solutions in a particular organization:

- competency based, practice-oriented trainings,
- Assessment and development centers (AC – DC),

- coaching,
- mentoring,
- tutoring systems.

Due to the application of competencies the development needs are selected and realized in order to support the implementation of the organizational strategy clearly linked to other organizational human functions, such as performance assessment and career care programs.

#### 3.4. PERFORMANCE MANAGEMENT

The aim of performance management systems is to describe, measure, evaluate, communicate and give feedback on individual and group criterion levels supporting the achievement of organizational strategic goals. The existence of competencies, such as the motivation, necessary for the expected performance lead to higher efficiency, therefore developing competencies contribute to performance improvements. The competency based performance evaluation can be accomplished with several methods in practice:

- use of an evaluation scale with respect of competencies, for example: from 1 to 5, transparent method, the scale value is complemented by written explanation with respect to the given competency, objective tool;
- descriptive evaluation, it is a time-consuming tool, but the facts are written down in detail. It is difficult to correlate with expectations and define areas for improvement, subjective tool;
- key competencies and their degrees of a particular position are defined for the performance: this defines the most accurately, whether the employee meets the requirements of a particular position, very accurate, time-consuming tool. Its application needs thorough preparation. Numerical rating scales are linked to all key competencies and the meaning of each value is clearly defined in respect of the given competency.
- in connection with evaluation general, special, individual and leader evaluation aspects are taken into account.

#### 3.5. JOB DESIGN AND JOB-BASED SYSTEMS

The job analysis and evaluation system is the base of the effective and high-quality implementation of all human resources functions. Its competency based application is a strategic issue, which means a substantial change of attitude through its practical possibilities.

Job-based systems can be used in order to:

- define professional and behavioral requirements for the employee holding the position (which can be competencies, personality traits, behavioral requirements);
- support higher level of compliance of job requirements,
- increase individual and organizational performance;
- define performance requirements with respect of particularities of work tasks;

- establish a wage system, which takes into account the objective requirements and values of the position (and not the evaluation of the employee),
- provide career support, because job characteristics necessary for planning public service careers and individual careers can be defined based on results of analysis and evaluation,
- the results of analysis give input to the elaboration of organizational development programs,
- elaborate dedicated training programs and systems,
- provide opportunity for evaluating changes at the level of positions already at the planning phase of organizational transformations and to be able to measure the positive and negative effects of changes reducing possible overloads.
- create a unified competency-based concept is of strategic importance.

### 3.6. SALARY SYSTEM, COMPENSATION AND REMUNERATION

The competency based salary structure is based on the existence and development of competencies necessary to carry on tasks, so the salary depends on the recognized competence (that is the employability). Competency means not only skills, but the totality of skills, abilities, experiences, techniques, motivations, which are required for the job and help achieving the desired results. The necessary competencies can be defined for all positions and all positions can be grouped depending on competencies. Building on this, different pay bands (competency bands) belong to the formed job groups which borders are wide. Progress within the band depends on the performance that is classified on the basis of competence needs.

### 3.7. LEAVING THE ORGANIZATION – OUTPLACEMENT

This human resources tool based on competencies can help process the psychological, social and legal effects of dismantling for both the employee and the employer and to search a new job as well. The dismissal indisposes not only employees, but also employers, because from then on the remaining workers are increasingly worried about their jobs, which greatly reduces productivity. In order to alleviate insecurity, the organization should show a caring and protecting attitude toward its employees even after downsizing. The caring dismissal is the key of nowadays competency based outflow policy.

The tool of the outflows from the organization is the so-called exit interview system that is the practice of exit interviews. In this case the affected employee and the HR expert of the organization communicate in order to explore the reasons of the termination of employment. This interview primarily intends to get a feedback about factors leading to leave the organization and the analysis of these reasons help to retain employees in the future.

#### 4. POSITION OF THE COMPETENCY MANAGEMENT IN PUBLIC SERVICE

Changes in the external environment and the specific organizational structure have induced a need for new competences in public sector as well. Employees of public service increasingly detect that knowledge and expertise can be quickly out of date as a result of rapid development. The biggest problem is that the gap between skills and competences required by public organizations and the knowledge gained in vocational education and training system forms in a very short time, although the “property” of public administration should be its employees knowledge. The aim of applying competency based systems is to define exactly the qualities that are expected of holders of certain positions. The determination of competencies can be based on the organizational strategy, vision and values of the desirable culture in the first instance. Taking into account the goals of the Magyar Program<sup>4</sup> and the Public Administration and Public Services Development Strategy 2014-2020<sup>5</sup> the well-designed and properly defined competencies and competency levels significantly facilitate the interoperability between the various public service organizations. (SZABÓ 2014:34)

Each organization within public service has to establish its own competency based system taking into account organizational tasks. Leaders have a key role to what extent and manner employees are involved in this process, and how supportive their own leader perceptions and attitudes are in the efficient practical application of competency based solutions. First of all in the competency-based implementation of generation management; talent management; key people and leaders of youth programs; worker mobility; promotion management; competency-based leadership selection and establishing harmony between privacy and workplace (Szabó 2008).

##### 4.1. COMPETENCY BASED WORK SYSTEMS

Positions can be analyzed and evaluated based on competencies and therefore a competency based pay system can be created as well. In the central public administration, such as at organizations of law enforcement and home defense, different position based system solutions have been developed and operated over the past decade.<sup>6</sup>

The Ministry of Interior developed its own job-based system analysis in respect of organizations under the Ministry within the frame of “Forrás<sup>7</sup> Program” in 1999-2000. (Szakács and Bokodi 2002) Based on the analysis the following points were developed:

- unified job description system,

<sup>4</sup> <http://magyaryprogram.kormany.hu/>

<sup>5</sup> [http://www.kormany.hu/download/8/42/40000/K%C3%B6zigazgat%C3%A1s\\_fejleszt%C3%A9si\\_strat%C3%A9gia\\_.pdf](http://www.kormany.hu/download/8/42/40000/K%C3%B6zigazgat%C3%A1s_fejleszt%C3%A9si_strat%C3%A9gia_.pdf)

<sup>6</sup> Researches are currently underway on establishing job-based systems

<sup>7</sup> Forrás=Sourcing



- competence systems of organizations resulting in the opportunity to create operating conditions of a selection, performance appraisal, vertical and horizontal career support system.

Knowing the specificity of each job competency selection criteria and training needs have to be differentiated and career paths and the operation of performance evaluation systems have to be organized in public administration.

It is important to have information on jobs and their “values” within organizations to develop the human resources management and development system of the public sector. The job analysis and evaluation system establishes the high quality and efficient performance of all human resources tasks. Its application is of strategic importance that can bring a substantial change in attitude through its application possibilities, since neither the interoperable public service career model nor the complex human resource management system can be realized without this system.

#### 4.2. COMPETENCY BASED PERFORMANCE EVALUATION SYSTEMS

The competencies and skills described in the competency dictionary with attitudes and behavior characteristics also response how to achieve performance targets. The individual employee performance evaluation system can be established within the competency based human system as well. (Szakács and Bokodi 2012) Linking of organizational and individual performance evaluation is required in the performance evaluation system. The individual performance evaluation has to be built on competencies for each job families. The renewable individual performance evaluation system of public service has been established and operated according to the strategic goals and operative tasks of the Magyar Zoltán Public Administration and Development Program and the personnel strategy of the Government. (Szakács, Bokodi and Szakács 2012). The operation of the above-mentioned public service performance evaluation system has been laid down in legislative framework.<sup>8</sup>

#### Final Thoughts – Future Thoughts

The topic introduced in this article is well-known in business world. Competency based thinking and solutions are of major importance in the practice of strategic Human Resource management. Although this practice is still narrowly defined in the public service practice, applying the competency management toolkit would mean a paradigm shift for both the public service organizational culture and for the subordinate staff as well. While even the term of competency had a strange sound in the context of HR management in the public sector 15 years ago, there are already some satisfactory solutions nowadays, such as the performance evaluation systems, and we can also see some progress in the development of competency-based job systems. We would suggest that the achieved results should be

<sup>8</sup> It is defined by the Act CXCIX of 2011 on the Public Service Officials, and by the Government Regulation on order, procedures and levels of public officials performance evaluation rating

kept and further developed, by the fine-tuning of practical methods and operating practical human processes based on unified competencies.

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