Emese Belényesi – Ágota Dobos

COMPETENCY-BASED PUBLIC HUMAN RESOURCE MANAGEMENT (PHRM) FROM A COMPARATIVE PERSPECTIVE

The study is providing a theoretical analysis of the competency-based Public Human Resource Management (PHRM) with regard to the newly emerging Hungarian system and the American approaches and core practices. Empirical findings by Dobos in the U.S.A. are focusing on competency management solutions applied in the leadership development practice of the U.S. Federal Government with the intention to reveal possible benchmarking opportunities for the developing Hungarian system. Data collection by Belényesi targeted the new developments in the Hungarian public service, in which Human Resource Management (HRM) has recently gained momentum. Therefore, the international best practices can offer adaptation opportunities and innovative solutions.

Keywords:
civil service, competency-based, comparative analysis, PHRM
1. BACKGROUND AND RESEARCH QUESTIONS

Due to the diverging historical development of the European and the American public administration systems, the civil service personnel in Hungary and the U.S. traditionally faced challenges in different professional contexts.¹ The efforts to reinstate the reputation of the state and the prestige of the civil service have been on the agenda of European governments since 2008, in line with the concept of the traditionally strong European state. During the past decade, but nowadays in particular, the modernization tendencies characterising the Hungarian civil service have resulted in the emergence of new requirements in the operation of public administration and its organisations. It marks an obvious shift from law enforcement to a functional approach in relation to public service provision and competency models. These changes in orientations have generated the interest in best practices proved efficient in civil service systems, where the emphasis is traditionally on practical competences.

This tendency is in line with the findings of a study by Bourgon envisioning the development trends of public service systems in OECD countries until 2025. Based on empirical evidence, Bourgon states that the traditional career-based and position-based systems tend to be replaced by a hybrid one, which can counterbalance the weaknesses of a homogeneous system. While in a career-based system, like in Hungary, emphasis is put on competitive examinations and academic performance at entry, in a position-based one, like in the U.S., entry is based on job-related competencies. While the challenge for the former system is how to ensure a civil service that is able to adapt to the changing needs for specialized competencies, it is maintaining the common civil service values in the latter.²

The necessity of a reform program is also reflected by the findings of a 2009 OECD opinion poll, which ranked the performance of the Hungarian public service HRM the last out of the 33 member states. This result is definitely calling for action to regain public trust. The lack of accountability rules, clearly set leadership performance objectives, the continuous supervision of personnel management at organisational level, and that of the competency based HRM are defined in the official development program of the civil service as the main reasons for poor performance. Fields primarily affected by the reform aspirations are organisational development, task performance, procedural rules and human resources. (Magyary Zoltán Development Program of Public Administration.)

Despite its strong public management approach, the American civil service has been the target of criticism for not satisfying citizens’ expectations for the last decades. According to Battaglio, the current reform era of PHRM dates back to the adoption of the Civil Service

Reform Act of 1978. Since then citizens have been disappointed with the bureaucratic government that is unable to meet differential needs and cannot demonstrate private sector efficiency. The effectiveness of the position-based civil service system has been challenged by Battaglio on the grounds that it is not adequately focused on the selection of the right person for the position, while the traditional core processes of PHRM are regarded as not flexible and efficient enough.

Recent reforms are aiming at decentralization, performance-based pay, declassification, deregulation and privatization with the intention to improve the efficiency of public personnel functions and benefiting from the private sector know how. Research findings prove that the American civil service leadership competences and those expected from successful private sector managers have a lot in common. However, Sims et al. draw the attention to the highly centralized and formalized nature of the public sector, in which the limited scope of flexibility can be an obstacle to the wider integration of private sector solutions. Nevertheless, PHRM calls for change and transformation to improve effectiveness at all levels of government.

The central research question the present study is focusing on is whether despite the evident historical and cultural differences and the clear need for reforms in several fields, the traditional performance-driven and competency-based PHRM practice of the American civil service can serve as a benchmark of some good practices for the emerging Hungarian PHRM system.

The starting point of the analysis is the exploration of the theoretical background, the interpretations of the competency models, and their workplace applications with a view to both organisational and individual dimensions.

---

2. THEORETICAL FRAMEWORK

As a result of the new generation competency R&D efforts, several competency definitions have been created since the 1960s of the past century. Table 1 below presents some important definitions from professional literature that can make the interpretation of the concept more transparent, despite the fact that they have not resulted in a universally adopted definition.

In the understanding of competencies falling within the time frame of almost 30 years, the determining factors are the personal traits and behaviours that take centre-stage in relation to effective job performance, or managerial performance in particular.

Table 1 • Definitions of competency by authors
(Source: Chouhan–Srivastava 2014)

<table>
<thead>
<tr>
<th>Author</th>
<th>Definition of competency</th>
</tr>
</thead>
<tbody>
<tr>
<td>D. C. McClelland</td>
<td>“A personal trait or set of habits that leads to more effective or superior job performance […] ability that adds clear economic value to the efforts of a person on the job.” (McClelland 1973)</td>
</tr>
<tr>
<td>G. O. Klemp</td>
<td>“An underlying characteristic of a person which results in effective and/or superior performance on the job.” (Klemp 1980)</td>
</tr>
</tbody>
</table>
| R. E. Boyatzis               | “A competency is an underlying characteristic of the person that leads to or causes effective or superior performance.” (Boyatzis 1982, 21.)  
“A job competency is an underlying characteristic of a person in that it may be a motive, trait, and skill, aspect of one’s self-image or social role, or a body of knowledge which he/she uses.” (Boyatzis 1982, 21.) |
| B. Hogg                      | “Competencies are the characteristics of a manager that lead to the demonstration of skills and abilities, which result in effective performance within an occupational area.” (Hogg 1989) |
| L. M. Spencer – S. M. Spencer | “Underlying characteristic of an individual that is causally related to criterion referenced effective and/or superior performance in a job or situation.” (Spencer 1993, 9.) |
| J. Woodall – D. Winstanley   | “The skills, knowledge and understanding, qualities and attributes, sets of values, beliefs and attitudes which lead to effective managerial performance in a given context, situation or role.” (Woodall–Winstanley 1998) |
| D. Bartram – I. T. Robertson – M. Callinan | “Sets of behaviors that are instrumental in the delivery of desired results or outcomes.” (Bartram et al. 2002) |

Regarding the interpretation of competencies in the 21st century Boyatzis states that three clusters of competencies have been defined in professional literature as suitable for differentiating outstanding performance that embrace a complexity of the approach. According to his classification, they are: cognitive competencies, emotional intelligence
and social intelligence competencies. While cognitive competencies include e.g. systems thinking, self-awareness and self-management, they are also the components of emotional intelligence. Social intelligence competencies comprise competencies essential for managing relationships like empathy and teamwork.

The concept of competency-based human resources was first introduced by David McClelland (1973) to define the distinguishing features of performance. Being the cradle of competency research, it is not incidental that competency management in the U.S.A. has gained popularity to this day both in the private and public sector organisations in line with the efforts to ensure the competitiveness by hiring employees capable of superior performance distinguishing it from average performance.

While training institutions consider competencies as knowledge inherent in a particular professional competency framework that can be evaluated, work organisations rather tend to define competencies as operational knowledge that manifests itself in actions and achievements. In order to bring these viewpoints in line with each other, we need to examine the conceptual framework in which competencies are interpreted in relation to the employability of the individuals and the need of the organisation, as well as in their common perspective and the work performance.

3. COMPETENCY MANAGEMENT IN PHRM

For the purpose of the study, we accept the definition that competency management is “a set of activities aimed at realising the mission of the organisation and optimising the performance of employees.”

Applying a competency management system that proved to be successful in the private sector is a leadership and HRM challenge in public organisations that need to mobilise a wide range of tools for the purposes of a competence- and strategy-based integrated HRM.

In our rapidly changing world, the efficient management of human resources is of key importance in the public service. It assumes:

– setting up a competency model pursuing the organisational objectives and expectations, and making the relevant competencies transparent by defining and describing them;

---

9 Ibid.
10 Bossaert, Danielle (2018): The use of modern HRM tools such as competency management in the EU Member States: practices, experiences, successes and implementation challenges. Available: www.google.com/search?q=The+use+of+modern+HRM+tools+such+as+competency+management+in+the+EU+Member+States%3A+practices%2C+experiences%2C+successes+and+implementation+challenges.+&ie=utf-8&oe=utf-8&client=firefox-b-ab (Downloaded: 1 May 2018.)
- creating competency requirements and a set of competencies in line with individual and organisational objectives;
- facilitating HR and planning succession, as well as the efficient and constructive use of the available work force;
- making the training and development programs and their ROI rates justified;
- facilitating and supporting the internal and external communication strategies of the organisations.

Competency management combines and operates all tools that fit the model of a strategy-based integrated HRM and organises them into a coherent system.

According to Bossaert the introduction of competency management systems is motivated by budgetary constraints, the need for a more strategic, more integrated and more efficient HRM in order to improve forward planning, employability, staff development and increased mobility, flexibility, and objectivity.\(^\text{12}\) Table 2 shows the shift from qualification to experience and demonstrated skills; hierarchical positions to job content; and from functioning on the job to performance and improvement.

**Table 2 • Comparison of the traditional and competency-based HRM**  
(Source: **Bossaert 2018**)

<table>
<thead>
<tr>
<th>Traditional HRM</th>
<th>Competency-based HRM</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Recruitment and selection</strong></td>
<td>Recruitment and selection</td>
</tr>
<tr>
<td>Recruitment on the basis of specific diplomas, which reflect the qualifications.</td>
<td>Recruitment on the basis of demonstrated competencies.</td>
</tr>
<tr>
<td>How is the person?</td>
<td>How does the person function?</td>
</tr>
<tr>
<td>Selection criteria focusing on knowledge, personality and attitude.</td>
<td>Selection criteria focusing also on experience, behavioural skills, values.</td>
</tr>
<tr>
<td><strong>Job description</strong></td>
<td><strong>Job description</strong></td>
</tr>
<tr>
<td>Job description targeted at the hierarchical level.</td>
<td>Job description targeted at the job content and the competencies required to well do the job.</td>
</tr>
<tr>
<td><strong>Development–training</strong></td>
<td><strong>Development–training</strong></td>
</tr>
<tr>
<td><strong>Appraisal</strong></td>
<td><strong>Appraisal</strong></td>
</tr>
<tr>
<td>Focus on functioning in the job.</td>
<td>Focus on performance, learning, improvement, results.</td>
</tr>
</tbody>
</table>

\(^\text{12}\) **Bossaert** (2018): *op. cit.*

Competency-based HRM systems are not unknown in the Hungarian thinking, however, their practical application has been quite rare so far. Literature review reveals several, more or less consistent systems in which problems seem partly to derive from the distinct interpretations attached to the various concepts and systems. The underlying reasons are the following:\footnote{Linder Viktória (2005): Kompetencia-menedzsment a közigazgatásban – mint a személyi állomány teljesítő-képessége növelésének egyik lehetséges eszköze. *Magyar Közigazgatás*, Vol. 55, No. 9. 537–548; Szabó Szilvia (2008): A vezetői kompetencia-fejlesztés tapasztalatai és lehetőségei egyes rendvédelmi szervek hivatásos állománya körében. Doktori értekezés. Budapest, ZMNE; Belényesi Emese (2010): Kompetenciafejlesztés a közigazgatásban. *Jelenkori társadalmi és gazdasági folyamatok*, Vol. 5, No. 1–2. 95–100.}

1. Former psychology-based approaches popular in Hungary put the emphasis on the measurability of performance;
2. Competency comprises various skills, therefore according to the analytical and reductionist approaches it should be broken up into such units;
3. The majority of publications handle the notions of skills and competencies as synonyms, and regard the definition and measurability acceptable only in relation to skills;
4. Practical approaches to competencies have been strengthened by the efforts to approximate the education and employment policies of the European Union;
5. Researches representing practices within the European Union take the concept of competency – based on competency inventories (dictionaries) of various validity – as a unit of capabilities manifested in practice that does not require a further division into components. The employee’s personality is a unified whole that acquires and possesses competencies to meet the expectations of the working environment.

4. THE APPLICATION OF COMPETENCY MODELS IN PHRM PRACTICE

Public service organisations use several kinds of competency models to align the competencies of leaders and staff with the organisational culture. A five-factor model is suggested by Henczi–Zöllei, which consists of general competencies (core and cognitive
competencies); professional competencies (identifiable by tasks and individual efforts); social competencies (related to social and workplace environment); and learning competencies (serving self-development).\textsuperscript{15}

The first framework model for the U.S. Federal Government civil service was created by the U.S. Office of Personnel Management in 1992. In 1998 it was supplemented by five new competencies (partnering, resilience, political savvy, public service motivation, and entrepreneurship), and became a complex Leadership Competency Model consisting of 27 competencies. This set of leadership competencies comprises competencies of all five types mentioned above. In 2006 it was revised and six fundamental competencies were separated and arranged under meta-competencies as demonstrated in Figure 1 below.\textsuperscript{16}

While the previous model was built up according to the hierarchical system of leadership levels, in which any higher level competency included the level(s) below it, this model reflects a horizontal structure demonstrating the complexity of functional task performance. The Executive Core Qualifications of the U.S. federal leaders serve as a basis for career planning, professional development, succession planning, as well as an assessment tool.

\begin{table}
\begin{tabular}{|c|c|c|c|c|}
\hline
Leading change & Leading people & Results driven & Business acumen & Building coalitions \\
\hline
Creativity and innovation & Conflict management & Accountability & Financial management & Partnering \\
External awareness & Leveraging diversity & Customer service & Human resources & Political savvy \\
Flexibility & Developing others & Decisiveness & Management & Influencing/negotiating \\
Resilience & Team building & Entrepreneurship & technology & \\
Strategic thinking & & Problem solving & Management & \\
Vision & & Technical credibility & & \\
\hline
\end{tabular}
\caption{Leading change, Leading people, Results driven, Business acumen, Building coalitions.}
\end{table}

**Figure 1** • U.S. Federal Executive Core Qualifications (ECQs) (Source: Dobos 2012)

The required competencies at the given leadership level are specified by the leadership training system of the Federal Executive Institute marking the learning paths satisfying the requirements of the position, and also leading to higher level positions. Competency-based development and training aiming at complex knowledge and skills development


\textsuperscript{16} McFee et al. (2003): op. cit.
have a determining role at the organisational level and in the personal career development plans, as well. In connection with the outstanding role the competency model plays in the U.S. PHRM practice, it is important to note that the competency-based training practice prevailing in the professional development of the civil service target groups in the U.S. reinforces the learner-centred and problem-oriented experiential learning. A wide range of interactive methods is applied in the American training practice, regardless of the content and the competencies to be developed. Methods ensuring the active participation of the learners encourage both cooperation and individual learning, and they are relevant at all stages of the experiential learning cycle to develop competencies that facilitate the improvement of performance in the workplace.

In Hungary, a strategic PHRM is being developed with the involvement of the experts of the University of Public Service and the Ministry of the Interior. Research and development work are focusing on four main fields:

1. Career orientation – career-socialization of young people interested in public service by means of specialized training;
2. Mentoring – the integration of entrants by means of a mentoring system;
3. Talent management – career management of employees with outstanding performance by the development of a training system;
4. Leadership selection – by the introduction of a leadership selection system.

In line with the Public Administration and Public Service Development Strategy (2014–2020), efforts are being made to create a system that takes into consideration the external (national and international) challenges, the internal environmental impacts (typical of the public service), as well as the factors influencing the competitiveness of the given organisations constituting the framework of the operation of public service and its HRM. Figure 2 presents the complexity of the framework model the Hungarian concept is based on.
One of the first tangible outcomes of the empirical research targeting competency-based strategic PHRM is a set of 15 leadership competencies that have been defined as relevant to all organisations operating under the Ministry of the Interior, even if their relative importance can slightly vary depending on the organisations affected.\(^{17}\)

Although this set of competencies has not been incorporated into a model, we can find several similarities with the American models. There are, for example, the research methods (questionnaires, interviews, focus groups) applied in the development process, the involvement of a wide target group of the affected organisations, and the distinction of competencies according to leadership levels similarly to the logic used in the first

---

competency model preceding the Executive Core Qualifications. Figure 3 below shows a comparative approach to the 15 Hungarian leadership competencies and the 33 U.S. Federal Executive Core Qualifications.

<table>
<thead>
<tr>
<th>Hungarian leadership competencies not having their counterpart in ECQs</th>
<th>Hungarian leadership competencies common with the U.S. Federal ECQs</th>
<th>Hungarian leadership competencies connected to the U.S. Federal ECQs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Performance of leadership functions</td>
<td>Flexibility/resilience</td>
<td>Reliability, consistency, predictability – Integrity/ honesty</td>
</tr>
<tr>
<td>Efficient management of resources</td>
<td>Conflict management</td>
<td>Professional knowledge, organisational awareness – Technical credibility</td>
</tr>
<tr>
<td>Leading by personal example</td>
<td>Communication skills</td>
<td>Decision and responsibility – Decisiveness</td>
</tr>
<tr>
<td>Managing high workload</td>
<td>Creativity/innovation</td>
<td>Leadership care – Developing others</td>
</tr>
<tr>
<td>Goal and task orientation</td>
<td>Strategic thinking/systems thinking</td>
<td>Assertiveness, advocacy – Influencing /negotiating</td>
</tr>
</tbody>
</table>

**Figure 3** • Hungarian leadership competencies in comparison to the U.S. Executive Core Qualifications (ECQs) *(Source: Dobos 2018)*

Despite the wider spectrum of the American system, there seems to have a significant overlap between the two systems: five competencies are identical, while other five differ in the wording but can be connected in content, even if there may be differences in the emphases. Analysis shows that the ECQs are more concise in wording, therefore they seem more suitable for making clear distinctions. Some competencies like the Performance of leadership functions or the Efficient management of resources seem too broad in meaning, grasping several interrelated dimensions in one competence. Some elements of the latter, for example, could probably be identified in three ECQs referring to several specified fields where resources are managed: Financial Management, Human Resources Management, or Technology Management. Or Flexibility and Resilience fall within one competency in the Hungarian system, while they are independent ECQs in the American federal practice. At the same time competencies like Team building and Partnering, as well as Leveraging diversity are missing from the Hungarian list, presumably due to the differences in the organisation cultures. If we read the interpretation of the competence Leading by personal example, we can find the elements of Continual learning implicitly hidden in it. These findings draw the attention to opportunities inherent in the development of competencies for the Hungarian system. Refining and specifying, maybe separating connected concepts could make the competency system more transparent on the one hand, and more suitable for developing them into a competency model satisfying long-term needs on the other.
5. CONCLUSIONS

Competency-based solutions in strategic PHRM systems facilitate:
− the definition of positions based on competencies expected by the organisation;
− planning, optimizing and ensuring the necessary human resources, thus supporting recruitment and selection;
− the development of the competency potential of employees;
− the continuous development and assessment of employees based on cooperation considering both individual and organisational interests.18

The practical application of competencies considerably affects the operability of human resource management functions in a strategy-based integrated PHRM system. The integration and coordination of HR policy is the key to successful implementation of an organisational HR strategy. Therefore, a properly established competency model is the precondition for the integration of the elements of the overall process into a coherent system instead of handling management functions individually. The sustainability of the models is also an important factor in long-term strategic development planning. If competency requirements civil service executives are expected to satisfy show a uniform approach at all leadership levels, it can facilitate the employees’ mobility not only vertically between leadership levels, but also horizontally between public service bodies, which is a priority in the Hungarian system.

Our analysis proves that the long standing and efficiently functioning competency management system, as well as the Executive Core Qualification system can serve as best practice examples for the emerging Hungarian system by defining ways of possible improvements in the process of shaping the PHRM system and its competency models. Further research into the underlying reasoning behind the development process of the American competency models, their structural changes and the additional inclusion of competencies reflecting the needs of the globalized and diverse working environment, as well as the application of the model in the leadership development system, including recruitment, selection and assessment, could reveal new perspectives for developing a high quality comprehensive Hungarian system.

---

REFERENCES


4. Bossaert, Danielle (2018): The use of modern HRM tools such as competency management in the EU Member States: practices, experiences, successes and implementation challenges. Available: www.google.com/search?q=The+use+of+modern+HRM+tools+such+as+competency+management+in+the+EU+Member+States%3A+practices%2C+experiences%2C+successes+and+implementation+challenges.+&ie=utf-8&oe=utf-8&client=firefox-b-ab (Downloaded: 1 May 2018.)


Emese Belényesi, PhD (belenyesi.emese@uni-nke.hu) Associate Professor at the National University of Public Service. Economist with special degrees in Management and Trainer in English for Business; she also has a PhD degree in Education Science. Her work experiences are connected to the business and the banking sectors, then to public administration, higher education and adult education. She is an Associate Professor of the Faculty of Science of Public Governance and Administration of the National University of Public Service, an accredited trainer and coach, and an adult education expert. As a university lecturer, trainer and examiner she is involved in the further training of civil servants. In teaching she is specialized in the management subjects, while her trainer's work is focusing mainly on the professional and competence development of public service leaders and staff. Her research activity and publications are connected to public administration and the management field, as well as to public service training and further training.
Ágota Dobos, PhD (agota.dobos@uni-corvinus.hu) Director of the Centre for Foreign Language Education and Research at Corvinus University of Budapest. Teacher of English Language and Literature with a qualification in Foreign Trade, a Trainer’s certificate of the International City/County Management Association, Washington D.C., and a PhD degree in Education Science. Her PhD dissertation is based on empirical field research in the U.S.A., focusing on the adult learning methods and techniques applied in the American civil service, and the chances of their adaptation in the Hungarian public service. Her work experiences in higher education is connected to the School of Public Administration and its successor institutions. Since 2007 she has been the Director of the Centre for Foreign Language Education and Research of Corvinus University of Budapest. As an accredited trainer of the National University of Public Service, she has been actively involved in the competence development of public service leaders and staff. Her research activity and publications are focusing on the methodology of adult training and the professional development training in the public service.