Sustainable Organizational Capability: A Reflection on the Main Building Blocks

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SUSTAINABLE ORGANIZATIONAL CAPABILITY: A REFLECTION ON THE MAIN BUILDING BLOCKS

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Abstract: In this article, we examine the critical leadership practices that herald the capacity of public agencies to effectively meet organizational objectives. In line with best practices in many OECD countries, we selected and screened the leadership and leadership practices in Australia's public service in an effort to understand and extricate the leadership elements that might be useful for public agencies in developing countries. Drawing largely from evidence-based leadership practices from documented sources, we analyzed the framework of the senior executive service and systematically organized the pertinent performance-based management practices that help organizations to identify the staffing and skills requirements of the changing and future organizational environment. Based on our analysis, we observed that performance-based management practices, which underpin organizational capabilities and performance thereof, are results of effortful learning steered by senior executives with acute leadership foresight and managerial competences. This observation is skewed on the fact that senior executives are the fulcrum on which public agencies revolve as they are looked up to by subordinate cadres for business directions and depended on by political leaders to shape policy choices and guide implementation strategies. It is on these notes we suggest the need for organizations to assess their leadership credentials and performance-based management practices, and benchmark them against best practices outlined in this article.

Keywords: organizational capability, performance, senior executive service, performance-based practices, Australian public service

INTRODUCTION

The reality of organizational change and its effects on organizational performance underscore why governments, particularly in developing countries, are striving hard to ensure that public agencies are responsive, flexible, innovative and sustainable. This is imperative as the public service is a vital national institution with critical roles in guaranteeing the rule of law, enabling social inclusion, advancing prosperity, safeguarding national security, enhancing unity of a nation and contributing to a sustainable environment (Baird and Green, 2008). This informs us that the public sector not only sets the pace for good governance and sustainable development, but plays a crucial role in organizing and bridging all the critical elements of national progress (OECD, 2005). However, to effectively deliver these impressive national goals, public agencies must possess the necessary organizational capabilities that empower them to effectively meet organizational objectives. Such capabilities encompass a well embedded framework of workforce planning and competency management systems linked to other elements of human resource management such as recruitment and selection of staff, training and development, and succession and career planning - all of which aligns and integrates organizations' needs with one another (OECD, 2010a). Moreover, these attributes constantly evolve

over time into new and better ways of organizing and upgrading workforces and work processes, which often than not requires the professional and managerial coordination of senior executives and agency heads. In the same way, the coordination process leading to the acquisition of performance attributes is not automatic but a carefully planned and effortful learning process designed and led by senior executives, with public sector reforms (PSR) as its machinery.

Right from the 1970's, governments have embarked on varying PSR initiatives in a bid to create agile, resilient and competitive organizations that are responsive to their clients and customers as well as to the changing organizational environment (Dunford et al., 1998). Unfortunately, most PSRs in developing countries tend to focus more on downsizing and capacity improvement with little emphasis on productivity increase (OECD, 2007; see also Schick, 2005). This underscores the increasing emphasis on rightsizing, which not only encompass downsizing and capacity improvement, but integrates and links these processes to a dynamic framework of human resource management elements that mould and shape activities leading to effective output and outcomes. Critical activities in this regard such as workforce planning, learning and development, recruitment/retention strategies and succession management literally move agencies away from a reactive approach to a long-term strategic approach that help agencies meet their business priorities (Ketelaar *et al.*, 2007; Burrus *et al.*, 2009).

At the helm of PSR activities leading to organizational performance are the few experienced and professional cadres of senior public servants (SPS) who oversee and steer the micromanagement of public agencies. The roles of the SPS are critical to the performance credentials of agencies in that their professional foresight and managerial competences assists agencies to build organizational capability by identifying the staffing and skills requirements of the changing environment and future business directions. Importance of the SPS is further buttressed by a growing body of research that show how leadership affects all aspects of an organization's effectiveness, including its capacity to achieve organizational goals, ability to attract and retain the best employees and the ability to effectively set organizations on the path to success (see for example Lynn, 2001; Williams and Kellough, 2006).

Despite the immense relevance of SPS in setting the agenda for a purposive PSR, so far, there are relatively few empirical studies that delved thoroughly into the framework of the SPS and its performance infrastructure. Literally, this study cannot fill this gap given its document-based

methodological approach; however it aims to serve as a bridge for subsequent empirical studies and a marker for public organizations in developing countries by offering reflections on leadership and leadership practices that herald the capabilities that underpin performance grounded on evidence-based practice in Australia's public service (APS), which according to many studies has demonstrated impressive effectiveness and efficiency on a range of performance indicators as compared to other OECD countries (Alfonso et al., 2003; Hawke, 2007; KPMG, 2009). In light of the fact that there is no uniform performance-based practices across the APS, the present study draws from different agencies of the APS the strategic leadership practices that foster high performing workforce and organizational performance. In pursuit of this aim, material was sourced from Australia's public service commission's (APSC) state of the services reports, APSC-related websites and *via* a range of OECD reports and publications. The rest of the article is organized as follows. Section two presents a review of related literature. Section three briefly sheds light on what the senior public service entail. Section four delves into the senior executive service of the Australian public service. In section five, we drew from different agencies of the APS, the capability/performance-based practices to be considered by senior executives and agencies elsewhere, while the last section presents discussion and conclusions.

REVIEW OF RELATED LITERATURE

There is a large body of literature that captures the two distinct aspects of PSR – reduction of employees' headcount on the one hand (see for example Rama, 1997, 1999; Dunford et al., 1998; Estache et al., 2000; Diaz, 2006) and the qualitative enhancement of workforces, work processes, productivity, organizational routines and routine improvements on the other hand (Osborne and Gaebler, 1992; Osborne, 1993; Eggers, 1994; Schachtel and Sahmel, 2000). Both aspects are mutually reinforcing and critical to effective PSR and organizational performance. Downsizing, with which the process of restructuring often begins, drastically removes the problem of labour redundancy and thus, clears the path for strategic reforms that lead to capability improvements and organizational performance thereof (World Bank, 1995).

After a downsizing exercise which largely helps to cut costs and trim organizations, further reform that enhances work flow, flexibility, productivity and actual competitive innovation are vital in the quest for sustainable performance of agencies (Estache et al., 2000). Many treatises have captured the basic pre-requisites that underscore these successes. Osborne (1993) for instance argues on the need to

reinvent government with simple but effective principles *viz.*, mission driven, results oriented, catalytic, competitive, enterprising, customer driven, decentralizing, anticipatory and market driven. For Osborne (1993), it is only when public agencies are structured and operated along these principles that the public sector can be perceived as reinvented and able to reflect sustainability and competitive performance. In the same way, Eggers (1994) locates six key strategies as the road map to rightsizing government, which include; competition, activity-based costing, entrepreneurial/performance-based budgeting, focusing on core business, reengineering and reorganization of work structures. It is pertinent that Osborne (1993) and Eggers (1994) are on the same page, and to test the credibility of these principles; Schachtel and Sahmel (2000) through a case study of its application by five U.S states that exhibit remarkable organizational successes provide strong justification in their recommendations as to why Baltimore, a city that is lagging behind in efficient services delivery and responsiveness unavoidably need to reorganize by strongly focusing *inter alia* on performance management, careful program design, managed competition, outsourcing, quality and cost effectiveness, goal setting, and employee innovation.

Zooming on the underpinnings that pave way for the successful implementation of most of the performance principles discussed above, Jones (2001) in a study to examine the remarkable performance of the office of the Auditor General in Namibia, finds the composition of the operational staff of the organization, who comprise mainly of experts and professionals ingrained with a strong embedded culture of learning through persistent training as the obvious factors that stimulate and empower staff of the department to undertake new types of functions and perform more demanding standards. Moreover, Grindle and Hilderbrand (2006) through six case studies carried out in six developing countries find effective public sector performance more often driven by strong organizational cultures, good management practices and effective public communication networks rather than by rules and regulations or procedures and pay scales. In the same way, Katelaar et al. (2007) identified three criteria taken as precondition for performance of senior civil servants from experience gathered from OECD and other countries. The three criteria, which they translate as performance-based arrangements include; appointment of right staff and promotion arrangements, retention of skilled and competent staff and the use of specific targets with linkages to performance regimes in the public sector.

It is apparent from the above studies that leaders with professional managerial attributes coupled with the types of workforce plans, competence management, human resource practices and organizational culture they initiate, obviously support the continuous enhancement of human capacities leading to the creation of new functions and performance standards. However, besides the fact that we do not see a distinct and concrete breakdown of how performance is generated and assessed in the literature, most of the studies tend to focus on specific aspects of the performance recipe. Given the nature of the present study as earlier highlighted, which obviously cannot fill this void, however, an attempt is made to expand the performance criteria already initiated by Katelaar et al. (2007) by focusing on organization-level performance, and linking it to the steering roles of senior executive leadership.

UNDERSTANDING THE SENIOR PUBLIC SERVICE

The senior public service (SPS) is a subset and a mobile cadre of senior executives in the general public service staffed by both generalists and specialists, with broad management expertise and overview of public sector values and responsibilities, with which they are expected to provide leadership by vision, performance, integrity and innovation (Katelaar *et al.*, 2007). Moreover, it is an enclave within the public service that receives broader opportunities and subjected to special conditions of employment and rigorous standards of performance and behavior (World Bank, n.d). The overall goal of governments is to improve public organizations' performance by using the expertise of SPS in shaping and guiding government policy and implementation strategies. Hence, the professional competence, innovation, communication and managerial focus of the SPS qualifies it with the task of maintaining coherence, efficiency and appropriateness of government activities as well as acting as a useful bridge between policy making and implementation (OECD, 2009).

There are basically two distinct models of the SPS *viz.* the career-based SPS and the positioned-based SPS. The career-based model entails a composition of SPS who are recruited mainly at the entry level through competitive examinations, with a very small proportion entering the corps by promotion from provincial and junior public services. Whereas the positioned-based SPS is considered more open as appointments to senior positions are made from a wider pool comprising all public servants who are qualified to apply as well as those private sector applicants with relevant experience (World Bank, n.d). The SPS framework in many countries practically embody one of the two models, however, given the range of advantages and disadvantages inherent in both models, countries have adopted elements of the alternate system in their attempt to enhance SPS effectiveness.
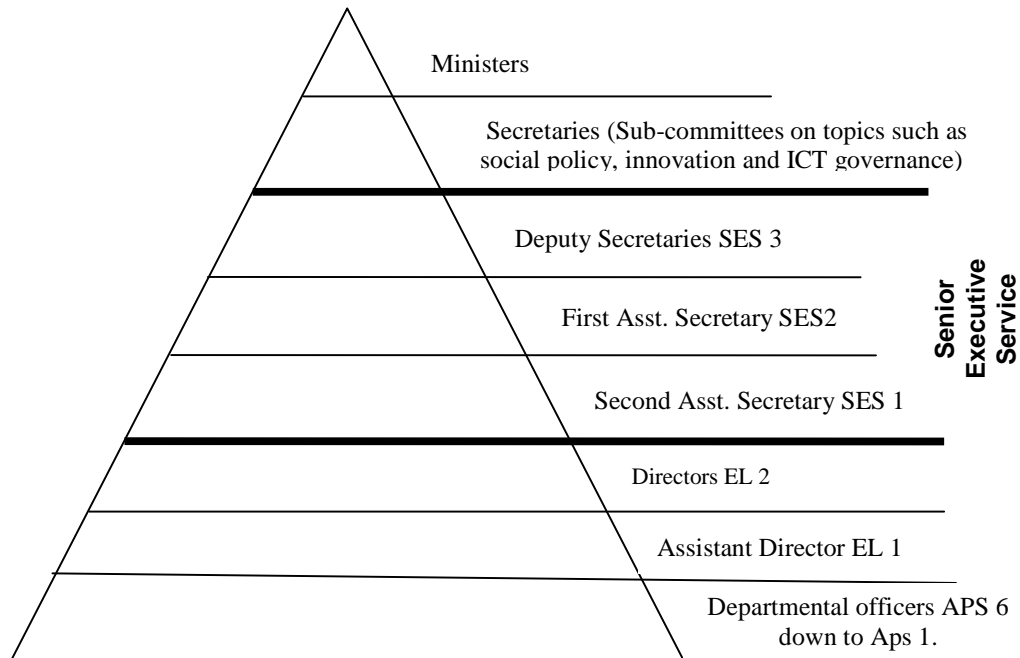
Figure 1: Hierarchy of Leadership in Australia's Public Service

Source: Authors.

Table 1: Movement into the SES, 1999-2000 to 2008-2009

Year Ending June	Externally Engaged				Movement from another Agency		Movement within Agency		
	ongoing	Non-ongoing	Total	%	No.	%	No.	%	Total
2000	40	43	83	38.2	15	6.9	119	54.8	217
2001	32	32	64	27.5	16	6.9	153	65.7	233
2002	45	42	87	34.3	16	6.3	151	59.4	254
2003	44	35	79	30.4	19	7.3	162	62.3	260
2004	41	55	96	42.5	14	6.2	116	51.3	266
2005	47	51	98	36.2	27	10.0	146	53.9	271
2006	105	56	161	38.2	49	11.6	212	50.2	422
2007	128	76	204	44.8	34	7.5	217	47.7	455
2008	80	80	160	37.4	59	13.8	209	48.8	428
2009	110	105	215	54.0	32	8.0	151	37.9	398

Note: Figures for non-ongoing SES include contract extensions and repeat engagements of the same person. Temporary assignment (higher duties) to SES classifications are not included.

Source: Australian Government (2009).

The SPS usually falls under the jurisdiction of a central agency known as the public service commission (PSC) or civil service commission (CSC), in the area of coordination and oversight – a strategic role in evaluating the extent to which agencies incorporate and uphold public service values, however, it does not get involved in the micromanagement process of public agencies as this is the primary responsibility of the SPS. The SPS employees are vital in that they not only ensure effective performance and continuity of public agencies, but their recommendations and assessments shapes the nature of coordination and oversight of the PSC as well as governments' policy formulation and implementation.

In line with the distinction of the SPS as career-based and position-based coupled with its nuances across agencies, what seems overarching in both models is the central role of SPS in building cohesion between government agencies, providing stability as well as a bridge to government's continuity. In light of numerous shades of best practices associated with senior executive leadership and leadership styles across OECD countries, which may be daunting to harmonize, we rather focused on the senior executive service in Australian Public Service to deconstruct and provide reflections on the leadership attributes and management practices that may serve as a useful guide for agency heads and public organizations in developing countries.

STRUCTURE AND CHARACTERISTICS OF THE AUSTRALIAN SENIOR EXECUTIVE SERVICE

The SPS in Australia is known as the senior executive service (SES) and it is position-based. The SES is the executive and management cadre, with its role highly indispensable to the functioning and effective performance of agencies in the Australian public service (APS). It constitute experts and professionals sourced from within and outside the public service who possess expert and professional leadership qualities to provide APS-wide leadership and direction in areas pertaining to APS diversity, red tape, regulation, risk aversion as well as to model leadership behaviours in line with strategic policy, citizen-centred service delivery, agency efficiency and workforce planning (Advisory Group on Reform of Australian Government Administration, 2010). To deliver these expectations, there are criteria of attributes and capabilities mapped out for the SES as contained in the APS senior executive leadership capability framework, which include the ability to shape strategic thinking, achieve results, cultivate productive working relationships, communicate with influence, and exemplify personal drive and integrity (Australian Government, 2009).

In the APS, the SES is stratified in three levels comprising of the deputy secretaries (SES 3), first assistant secretary (SES 2) and second assistant secretary (SES 1). In the executive pyramid of the APS department, the SES is located just below the ministers and the secretaries and it is the lead executive of the department and pivotal advisor to the minister on government policy (Figure 1). In tandem to the SES, are the directors and assistant directors (EL 1 and 2s), who have much younger age profile (median 46 years) than does the SES (median 49 years), and constitute the main leadership feeder group, who are nurtured through series of succession management programs that focuses on building organizational capacity by developing an internal field from which future leadership or critical skills positions can be filled.

The SES includes both ongoing and non-ongoing employees, literally permanent employees and employees for a specified term or for the duration of a specified task totaling 2,976 as at 30 June 2009, with employment predominantly on ongoing basis; although since 1999, the proportion of non-ongoing SES employees has increased from 2.5 per cent to 4.4 per cent (Australian Government, 2009). SES Band 1 ongoing employees comprise around three-quarters of the SES at 74.7 per cent; the remainder consists of 20.2 per cent Band 2 and 5.1 per cent Band 3. Majority of about 76 per cent SES employees are concentrated in portfolio departments, with 12 per cent in eight other large agencies, while the remaining 12 per cent are spread over the remaining APS agencies. Moreover, more than one-third of SES duties are policy related, with another one-fifth engaged in program design or management – most of who possess tertiary qualifications, with a growing percentage having postgraduate qualifications (41.1 per cent in 2009 against 21.0 per cent in 1984).

There is a strong culture of diversity in the SES as women enjoy progressive and continuous representation at all levels of the SES, which was recorded at 37 per cent overall compared to 4.7 percent in 1984 (Australian Government, 2009). Furthermore, the current ongoing SES employees have a median length of service in the APS of 19.6 years and a median length of service at the SES level of 4.5 years. Whereas, employees currently moving into the SES from within the APS have a median length of service in the APS of 13.9 years - down from a high of 18.2 years in 2000–2001 (Australian Government, 2009).

While all the features of the SES described above are critical to organizational performance, the degree of openness and flexibility is even more significant. Over the years, there has been increasing movement into the SES externally as well as *via* inter and intra

agency. The period from 2006 all through 2009 recorded remarkable increase in the number of ongoing, non-ongoing, inter and intra agency movements of employees into the SES, although external movements can be seen as predominant in 2008-2009 (Table 1).

From the above table, it is pertinent that the SES is relatively open and flexible given the progressive increase in the number of movements into the SES, which is a strong incentive for the influx of the best brains as well as the integration of professionalism and expertise in the APS. Moreover, transformational thinking is facilitated by having a more mobile and interchangeable workforce by drawing particular expertise from other jurisdictions and/or sectors, and by adopting innovative approaches to active talent management (Australian Government, 2009: 58).

On the question of SES leadership capabilities, Australia's state of the service surveys documents the perceptions of both SES employees and their subordinates on the degree of SES leadership capabilities. Obviously, SES employees rate themselves high as they claim to be confident about having the leadership capabilities to do their job effectively, about their ability to work collaboratively across agencies, and about their active engagement in the leadership of their agency. While an average number of EL 2s somewhat agreed with the claims of the SES employees, the response is different when non-SES employees were asked about the SES. Non-SES employees are of the view that the SES have not effectively fulfilled its leadership mandate in terms of communication between senior leaders and other employees' and being receptive to ideas put forward by other employees, hence, urged improvements in senior leadership in areas of 'better' (more open, honest and inclusive) communication, more effective leadership and better engagement and mentoring (Australian Government, 2009).

While we do not expect the SES to be flawless, however, it is apparent that it embodies fundamental institutional attributes that shape, mould and enhance the group's responsiveness and capabilities that in turn assist it to organize, manage and sustain critical human capabilities and further linking them with institutional goals and objectives (OECD, 2005). The degree of openness, diversity, occupational distribution for instance, allows for an impressive flow and integration of ideas, experience and new management strategies, all of which enhances and supports organizational capability. Moreover, the performance-based practices observed amongst many agencies of the APS provide strong indication of a well entrenched system of capability development, on which organizational performance is predicated.

NATURE OF PERFORMANCE-BASED MANAGEMENT PRACTICES

Performance refers to any measurable outputs, outcomes or other results from public sector activities (Katelaar et al., 2007). This is often complemented by a set of incentives, rewards and sanctions that translate performance objectives, measurements and accountability to the staff level (Pollitt, 2001). The present study does not examine performance in a sense; rather it reflects from best practice the necessary leadership practices that help agencies to build the necessary capabilities that underpin performance. The study approach follows Katelaar et al.'s (2007) preconditions for senior civil servants' performance from experience gathered from OECD and other countries. Three performance criteria for senior executives were identified, which they translate as performance-based arrangements namely; appointment of right staff and promotion arrangements, retention of skilled and competent staff and the use of specific targets with linkages to performance regimes in the public sector. However, while the study by Katelaar et al. (2007) focused on the individual level-performance (in this case, senior executives), the present study extends the focus to the organizational level-performance. Through a range of documented sources as earlier highlighted, we categorized the identified performance-based practices as follows; capacity to manage organizational change, ability to attract and retain appropriately skilled employees and developing capable leaders – with senior executives as the drivers (see Figure 2).

Capacity to Manage Organizational Change

Organizational change here is taken to mean the social, economic and political forces that shape organizational performance and how in the same process, performance and performance systems shape human relations and societies (North, 1990). These forces encompass internal and external factors, which are unpredictable and evolve constantly with new challenges and changes that persistently shape organizations. This necessitates a continuous process of moulding workforces and work processes in response to changes in the environment in order to develop the capability to deliver organizational objectives now and in the future. As observed in the APS, effective workforce planning is the strategic approach used by agencies to organize workforces and work processes, which permits effective organizational continuity. It ensures that an agency has the right people in the right place and at the right time to achieve successful business outcomes now and in the future (Australian National Audit office, n.d).
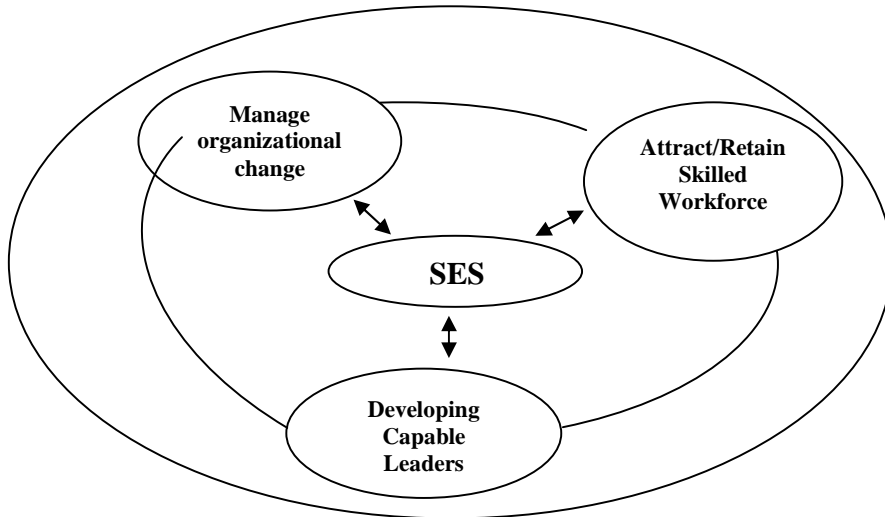
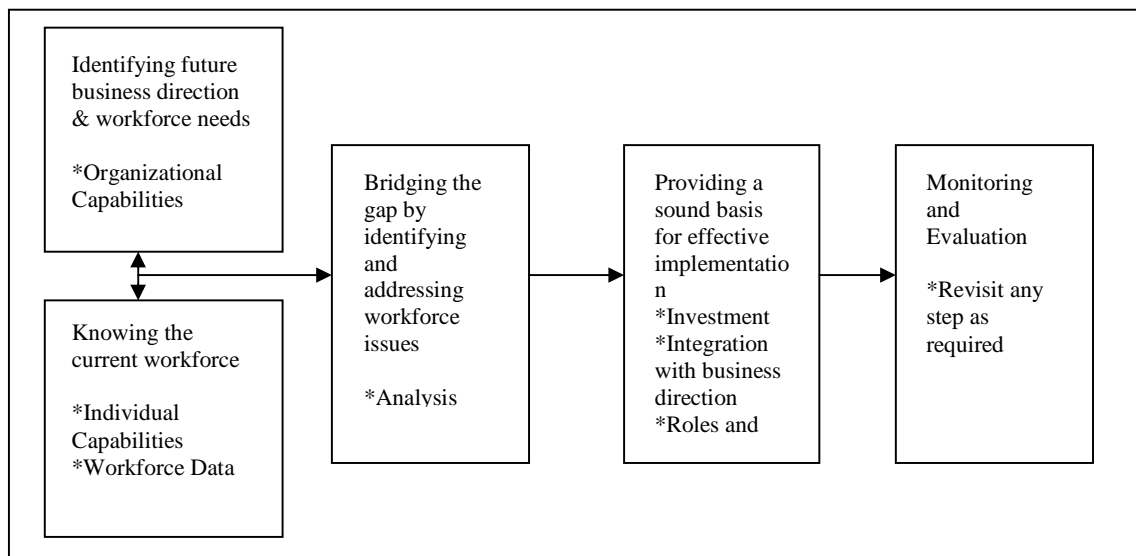**Figure 2:** Capability/Performance-based Framework

Source: Authors.

Figure 3: Key Principles of Effective Workforce Planning
Source: Australian National Audit Office
(www.anao.gov.au/uploads/.../Planning_for_Workforce_of_the_Future.pdf).

Explicit commitment of senior executives is highly relevant in developing and raising the profile of workforce plans, systems and processes to ensure anticipation of agencies in response to events that may likely affect their workforces. Moreover, the success of this approach largely depends on the capability of human resource (HR) managers with professional expertise to assist agency heads and senior management with professional and strategic HR advice. Workforce plans vary significantly across agencies of the APS; as such each agency tends to develop a coherent understanding of its environment in order to design appropriately a suitable workforce plan. As observed, the key elements of effective workforce planning spread across the APS both in current practice and in view include; identification of future business direction and workforce needs, knowing the current workforce, bridging the gap by identifying and addressing workforce issues, providing a sound basis for effective implementation and monitoring and evaluation (Figure 3).

Identifying Future Business Direction and Workforce Needs

Many agencies in the APS focus on their preparedness for the future by building the necessary capabilities needed to identify the staffing and skills requirements of the changing environment and future business direction. One commonly used futures methodology to identify future business direction in the APS is the development of scenarios. Developed through strategic analysis (which may involve large consultative group discussions, workshops and strategic conversations), scenarios are intended to predict the future and identify barriers to outcomes and explore possible solutions, thus, help decision makers to deal with uncertain environment by getting them future ready. This is exemplified by the Australian Customs Service's (ACS) where a small project team worked with the executive and other senior staff to formulate a vision of Customs' business and its workforce requirements in three to five years. The outcome of the vision stipulates the embedding of workforces in flexibility, technology, alliances and partnerships or networks, information acquisition and management and external focus and integration, as this enhances workforce responsiveness not only to the work the agency will do in the future, but how that work will be performed. Similarly, the Attorney General's Department (AGD) devised its approach to identifying its future business direction by assessing the department's capabilities against current organizational performance prerequisites *viz.* future skills development, career management and succession planning through workshops to examine the environment and

organizational context in which the department is placed together with the likely implications over the next three to five years. Division heads of the AGD will then deliberate the outcomes of the workshop with their staff and to consider what particular skills, knowledge and attributes would be required in the foreseeable future.

Knowing the Current Workforce

An integral element of workforce planning relates to the ability of agencies to produce a profile of its current workforce, including both workforce demographics and broad skills and capabilities. Having an in depth knowledge and understanding of the current workforce profile against external labour data helps to indicate factors and trends likely to influence the availability of the future desired workforce. Moreover, the current workforce provides estimates on what the current workforce will look like in the future in the absence of direct management action – that is, the agency's 'projected' workforce. This analysis provides an indication of how many current employees are likely to retire, resign or transfer out of the agency over a given period based on previous trends. At least the current workforce profile should capture a range of key demographic information to instil rigour in the workforce planning process. As observed in the APS, the Australian Government Solicitor's (AGS) office is based on data from three broad areas *viz.* people (numbers, levels, turnover, leave usage, length at level, broad skills and capabilities), office structure (organization charts, team charts and supervisory arrangements) and business (clients and revenue).[1] The crucial roles of managers with assistance from the HR area provides the AGS's office with an understanding of the workforce profile in addition to other human resource strategies such as behaviours that are rewarded and factors that motivates employees, which in the long run helps to address gaps and aligns proposed strategies to either fit with, or help develop an appropriate organizational culture.

Bridging the Gap by Identifying and Addressing Workforce Issues

Identifying gaps and workforce issues enables APS agencies to deliver business outputs and outcomes efficiently and effectively. Such identification and analysis provide a guide as to where strategic human resource intervention and investment can be targeted. For instance, following the analysis of the Attorney-General's Department's (AGD) future business directions and workforce capabilities, a number of concerns, constraints or risks were identified which needed to be taken into account in the development and maintenance of a workforce planning strategy. A

careful workforce and strategic development plan were developed, which subsequently highlighted three elements *viz.* succession planning, recruitment, and people development – considered critical to the department's ability to address the identified current and potential skill gaps. Responding to skill gaps, common strategies by most agencies in the APS involves the adjustment of recruitment strategies by developing a greater focus on key relationships with stakeholders such as universities; using specialist recruitment firms; varying their advertising approaches as well as revising the branding and marketing of their agency and placing greater emphasis on graduate programs, cadetships, and student placements. While others focus on training in areas where skills gaps existed and specific training for specialist skills and, in conjunction with this, a greater focus on career planning and succession management.

Providing a Sound Basis for Effective Implementation

For effective implementation of workforce planning initiatives, agencies need to understand and align workforce plans on the basis that workforce planning is a continuous process and an investment in the future and an integrated process that comes with resourcing implications, with prime responsibility shared by agency heads, line managers and HR managers. The professional and strategic HR advice significantly complements the decisions made by agency heads and senior management. In essence, the partnership between corporate planners, finance and HR managers provide strong basis for strategic thinking, problem solving and the preparation and presentation of an integrated information package to assist line managers and staff with business decision making. For instance, the Department of Education, Training and youth Affairs (DETYA) in the APS outlined its strategic approach to the responsibilities involved in workforce planning. The department's corporate leadership group together with the people and information technology committee established corporate management priorities to fit identified needs, whereas the people management supports the management priorities through *inter alia* policy advice, gathering and collating workforce planning needs information through business dialogues and providing matrices to identify skills gap information.

Monitoring and Evaluation

To ensure that desired organizational outcomes have been achieved or are in line with organizational objectives, most agencies of the APS subject workforce plans initiatives to periodic monitoring and evaluation. This usually involves careful scrutiny of organizational objectives against HR practices and performance and routine analysis of trends in the

organizational environment. Evaluating these processes may be achieved through feedback channels such as progress reports, focus groups, survey and meetings. The Department of Urban Services (DUS) HR board provides a good example of a monitoring and evaluation mechanism. In this Department, the HR board monitors HR performance, organizational health and emerging HR risk issues across the department through routine analysis of HR quantitative and qualitative data; monitoring broader workplace policy and labour market environment; and evaluation of HR programs. There is also provision for reporting and feedback loop in relation to workforce issues coupled annual reports that reviews human resource performance against organizational objectives, recommends necessary budget priorities and evaluates and assesses current initiatives and overall progress of the organization based on quantitative indicators and qualitative information gathered from staff.[2] Furthermore, the HR board reports to the board management every six months, provides annual state of the organization report to the Board of Management and makes available to staff the its interim report of the department.

Ability to Attract and Retain Appropriately Skilled Employees

Skilled employees in specialist areas or those of particular need are prime agents of value addition in an organization as their rare technical knowhow leverages organizations' performance capabilities. Skilled employees may not be readily available given their experiential worth, more so, the nature of incentives system in an agency may conceal their significance to the agency. In light of this hurdle, most agencies in the APS have developed the ability to attract, train and retain the very best people. This is achieved by agency heads that carefully designed key requirements and incentive system that help to recruit as well as retain skilled and talented employees.

Recruitment Strategies

Recruitment into agencies of the APS is relatively open to competition. Though, the APSC is tasked with recruiting the best quality staff, however, this is dependent on the already prescribed and benchmarked criteria provided by senior executives and agency heads, who may also recommend a promising applicant for employment. The process of recruitment amongst most agencies in the APS begins with the measurement of recruitment performance, which assists agencies to identify strengths and weaknesses in their recruitment process and minimise associated costs. To realize this objective, most agencies in the APS use different shades of qualitative (statistics on advertising such as time-to-fill data and rates of retention and turnover,

advertising effectiveness such as number of applications received and interviews conducted) and qualitative approaches (use of feedback from selection advisory committees, new recruits and employee surveys, review of probation and/or performance management systems to further assess the quality of new recruits). Similarly, some agencies tend to use a mix of both approaches. Moreover, the use of job profiling for recruitment of competent staff is on the rise as it spells out what is expected from a job with a view of the competencies that the person doing the job must have in order to deliver the expected results – i.e. ensuring a clear link between competencies and outputs. What this means is that different responsibilities require different competencies. For instance managerial responsibilities would herald recruitment of competencies in interpersonal skills and leadership abilities. Depending on the type of job, both generic competencies and job-specific competencies may be included in a job profile. A rare example in the APS is the AGD that developed a set of generic capabilities, which describes five essential generic skill sets applicable to all positions, at all levels throughout the department. The generic skill sets include; the ability to think strategically, the ability to achieve results, the ability to develop productive working relationships, demonstrated personal drive and integrity and the ability to communicate effectively. Moreover, each generic capability includes a number of indicators which describe the type of skills and behaviours expected at each classification level when demonstrating the particular capability.

Retention Strategies

There is a range of retention strategies used to retain important employees in the APS; however, effective retention strategy strongly depends on agency head's explicit understanding of the workforce in relation to outlined objectives and outcomes. Most agencies in the APS use professional development approach such as graduate programs, management and leadership training and study assistance. Others attempt to create a positive workplace culture focusing on employee well being programs encompassing health initiatives or social events. The use of retention allowances for people with skill sets and special allowances for employees in remote locations are also common strategies. Overall, adequate compensation, terms and conditions of employment, predictability in remuneration and other non-contractual/intangible benefits such as job security, prestige, social privileges and reputation, all combined, encourages competent staff to remain in a secure position. For instance, in Australia's SES like in many OECD countries, there is an impressive remuneration system with base salary and guaranteed benefits providing

over 95 per cent total compensation – i.e. 77 per cent base salary (including seniority premium), 20 per cent guaranteed supplements/benefits and 3 per cent performance-related pay (OECD, 2006). This sort of remuneration package provides high degree pay predictability, and provided it is adequate, serves as a powerful incentive for the best quality staff to remain on their job with even more dedication to innovate and set organizations in the frontier of performance.

Development of Capable Leaders

Emerging senior executives and agency heads in the APS are ever more responsive and skilled at coordinating and pursuing whole of government ways of working and approaches to problem solving. Such leadership capabilities comes as a result of effortful learning actively encouraged by capable senior executives, with the necessary learning and development channels systematically organized to foster managerial competence and capacity enhancement. In the APS, the Senior Executive Leadership Capabilities (SELC) framework provides the standard for senior executive selection and development, with the Integrated Leadership System (ILS) further developed to make distinctions and set expectations as to the capabilities and behaviours expected at each level of management. As a pathway to leadership development, the ILS sets five core capability criteria of leadership (which includes ability to shape strategic thinking, achieves results, cultivates productive working relationships, exemplifies personal drive and integrity and communicates with influence) used in activities such as the selection of managers, leadership development, performance management and planning for senior executive service. We translate the leadership development activities for which the five core capability criteria are significant into knowledge management, learning and development and succession management.

Knowledge Management

Knowledge generation and acquisition is a critical determinant of competitive progress which needs to be appropriately managed particularly in light of ageing public service workforces. To ensure organizational continuity in the APS, most agencies tend to manage knowledge through a broad collection of organizational practices related to generating, capturing and disseminating know-how and promoting knowledge sharing within an organization and with the outside world (OECD, 2010). The efforts needed in this regard as observed among agencies of the APS are geared towards personnel development, transfer of competencies and knowledge sharing through a well-coordinated formal and informal knowledge management practices which includes; mentoring, training, mobility,

teamwork, networking, use of ICT tools as well as increased interchange with academic, community and private sector organizations, collaboration with organizations outside government in problem solving and developing policies and exchange of knowledge through international organizations and international contacts. Long-term efforts to change behaviours by building trust, team spirit and co-operation in the workplace is a strong incentive for the enhancement of these practices (OECD, 2010: 177).

Learning and Development

Learning is the genesis in the build-up of workforce capability, particularly leadership skills and the vital capabilities needed to steer organizational performance. The ability to identify and especially manage the increasing knowledge content of work and simultaneously, developing organizations' human capital is the result of an organization's continuous effort to engage in learning. Training in the skills needed for particular job is essential in this regard, which is often complemented by other forms of learning to develop a range of technical and behavioural competencies. In the APS like in many OECD countries, there are two learning types – initial or entry-level training and continuous lifelong training. Initial or entry-level training allows competency profiles to be adapted, while continuous lifelong training enables acquisition of new qualifications together with its continuous regeneration and ability to adapt to changes in strategic missions of government.

Continuous lifelong training receives significant investment given its tendency to yield self-directed learning and development by employees, with an average length of continuous training between 5 to 10 days a year per employee. Similarly, private-sector firms are used for initial training in the APS as against government-specific training organizations as used by many OECD countries. Moreover, the APSC runs an indigenous graduate program for all agencies and works closely with leading institutions and training providers across industry to develop and deliver programs which have been specifically designed to meet the changing needs of public service employees.[3] Another significant effort towards learning and development is the establishment of The Australian and New Zealand School of Government (ANZSOG) - a collaboration between Australian and New Zealand Governments with universities and business schools in both countries with the aim of creating a renowned institution that deliver programs that provide leaders with strategic management and high-level contemporary policy competences required for effective management of public agencies.[4]

Succession Management

Succession management is the strategic and systematic approach used by agencies of the APS to bridge the continuous supply of capable staff, who are selected through normal competitive processes to assume key or critical roles particularly requiring technical and management capabilities within an agency (Australian Public Service Commission, 2003). This approach promotes continuity and innovation among executive leaders as it ensures that the right people are in the right place at the right time to achieve successful business outcomes. To achieve this, significant effort is invested in identifying and developing employees who demonstrate leadership potential, and accelerating their development to oversee and ensure organizations' capacity to respond to immediate gaps and to meet future needs. The key pointers to effective succession management as observed in the APS includes; commitment and involvement of senior executives, the focus on identifying a robust field of potential candidates for leadership roles, development through challenging experiences – all of which are an integral component of the organization's business and workforce planning. Moreover, the system's core values of flexibility, simplicity, merit-based and diversity representation provide strong support during selection and development.

Similarly, there are key steps in designing succession management as summarized from Australian Public Service Commission (2003), which include; a) designing process which considers critical elements of success such as prospective leadership strength, support of line managers, transparency and feedback system; b) strategic integration - considering the agency's demographics and implications of changing demographics on the supply of leadership candidates; c) assessing the current situation – performing risk assessments, demographic analysis, project future staffing requirements in critical roles and analyze current capability against future requirements; d) identifying and assessing high potential – define what 'high potential' means within the agency context and within the context of the identified critical organizational roles and employing performance management system for reviewing performance, potential and development; e) implementation – establishment of challenging job-based experiences selected by senior leaders, exposure to the strategic agenda and to senior officials of the organization, well targeted training such as executive development programs, self-development strategies and use of senior mentors; f) evaluation - periodic evaluation to assess progress on individual development plans, the degree of involvement of current leaders or senior executives and the proportion of internal to external appointments.

DISCUSSION AND CONCLUSIONS

It is apparent that organizational performance is preceded by organizational capability – i.e the capacity to effectively meet organizational goals. In the same way, organizational capability comes as a result of effortful learning leading to knowledge acquisition, which enhances work processes and empower workforces to undertake new and innovative functions and perform more demanding standards that result in effective and efficient organizational outputs and outcomes. Critical to this process is the steering roles of senior executives and agency heads, whose managerial expertise and foresight help to synergize the combination of knowledge, skills and behaviours to the key elements of human resource management *viz*., recruitment and staff selection, training and development and career planning that result in impressive organizational outputs and outcomes.

As illustrated above, the processes of workforce planning, retention and selection of staff and development of leaders require the professional coordinating roles of senior executives either directly through an agency or indirectly through the APSC. This process is imperative in that it not only develops the desired skills, attributes and behaviours necessary in an organization, but enhances these capabilities to support the overall goals and interests of the agency. However, for the SES to effectively deliver effective organizational outputs and outcomes, the central institution, the APSC with other related organs like the management advisory committee (MAC), who are tasked with advisory roles, coordination and oversight of the public service have the primary responsibility of ensuring that senior executive employees prior to appointment and during service continuously demonstrate the key capability attributes needed to achieve set organizational objectives. Such capability attributes may differ across agencies due to differing organizational environment and targets, however, the capability requirements as expected and demonstrated by the SES in the APS, which includes; ability to achieve results, cultivates productive relationships, exemplifies personal drive and integrity, shapes strategic thinking and communicates with influence – could well serve as benchmark or the minimum standard capability requirements of senior executives of public agencies elsewhere, particularly in developing countries.

The quest for sustainable public sector performance unarguably underscores the primary objective of many PSR initiatives among public agencies. Often than not, such reforms relatively focus less on the core aspect that shape and mould the needed capabilities necessary for performance. This follows the argument by Schick (2005) who sees the idea and principles of public sector performance as rife among public organizations, however, the needed implementation is misplaced. As such, it is imperative for public organizations particularly in developing countries to ensure the entrenchment of a strong and effective leadership infrastructure during reforms, as this effort simultaneously provides the avenue through which competence and capability systems are developed and managed to support effective and sustainable organizational performance. The Australian SES and its strategies for building capabilities as shown in the article are good examples deserving acute consideration during reforms. Considerations should commence with setting a balanced senior executive framework that reflects pertinent features *viz*. professional competence and managerial skills, flexibility, openness and diversity, and further complementing them with the basic leadership practices of effective workforce plans, staff selection and retention and leadership development.

However, given the differences in organizational environment, cultures, targets and expectations, it is imperative to note that there is necessarily no distinct or uniform approach to the capability criteria discussed in this article. Moreover, different agencies in the APS could be seen to have adopted different approach (both in practice and in view) in response to the basic capability criteria. As such, the article provides the basic organizational capability criteria with a couple of examples on how agencies of APS approached the pertinent challenges that defines their organizational capability. In doing so, the article serves as a marker for public agencies in developing countries to consider the capability criteria discussed in the article and possibly select or develop the appropriate approach to realizing the full organizational benefits of workforce planning, staff selection and retention and leadership development.

Notes

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www.anao.gov.au/uploads/.../Planning_for_Workforce_of_the_Future.pdf

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