EVALUATION OF COMPETENCY BASED MANAGEMENT TRAINING AND THE FRONTLINE MANAGEMENT INITIATIVE (FMI) IN THE PUBLIC SECTOR.

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Relevant Conference Theme: Consolidate

There are very few studies which have evaluated competency-based management training, especially in the public sector. This is report of part of a national evaluation conducted by a team of six researchers who have been awarded a VET Research and Evaluation Project funding (from the Australia National Training Authority) by the National Centre for Vocational Education Research (NCVER) from February 2000 to March 2001. The funding is for one of NCVER’s key research priority areas: the national Frontline Management Initiative (FMI). This training program for frontline managers is one of the most important consequences of the Karpin Inquiry into Management and Leadership Skills in Australia: Enterprising Nation (1995). The evaluation is to examine the impact of the FMI at the individual, organisational, business and strategic levels of the sponsoring organisations.

This paper reports on the public sector components of the EFMI. In conjunction with this research, industry surveys, focus groups, telephone interviews and case studies have been conducted to explore the impact of the FMI on the competence of the participants, and other relevant issues. The paper identifies the relevant results of the evaluation of the FMI; it introduces the competencies and training of public sector managers and leaders, insights will be provided into some of the strengths and weaknesses of the competency approach, and some implications of the inquiry for the practice of evaluation of competency-based training.

Keywords: organisational governance, management competency, evaluation, organizational learning
1. OVERVIEW & RATIONALE

In 2001 we had the anniversary of a decade of review of management education and training, which started with the Hawke Government’s “clever country” strategy (Hawke, Keating, & Button, 1991). One of the embodiments of the management reform platform of that era was the report of the Industry Task Force on Leadership and Management Skills, also known as the Karpin (1995) Inquiry titled: Enterprising Nation. This report advocated that Australian managers were not going to get up to international standards unless there was a focus on the competencies of effective managers and training for leadership skills. However, at the 1994 IPAA National Conference, participants heard a member of the Karpin Committee, Peter Ivanoff (1994), assert that public sector managers and their leaders, as well as their needs for training and development, were deliberately neglected by the Karpin Inquiry. Therefore, their needs were excluded from the recommendations. But, as the Ashenden and Milligan’s (1995) research for the Karpin Inquiry suggested, a considerable proportion of graduates of MBAs were gaining (or had) employment in the public sector. Yet Ashenden and Milligan (1995) suggested that the traditional management education program, culminating in the MBA degree, does not cater for public sector management per se.

The neglect of the education of public sector managers in the ultimate government funded review of management has passed without much notice. However, recent changes in Corporations Law have not. The implications of these far reaching changes for not only organisational governance, but also the training of all levels of management, for all sectors of the economy. Under the new Corporations Law, which encompasses all Boards of Directors (public sector and third sector included), the duties of Directors, and the Business Judgement Rule are specified and supported by the requirement that both Directors and their Delegates must be seen to be competent in making business judgements (see Baxt, 2000; CLERP, 1999). This has implications for all management education, especially competency-based training. But is competency-based training in management skills adequate for the new era of organisational governance (whether in the private sector or public sector)?

This paper is intended to:
• Introduce relevant aspects of organisational governance relating to the need for competency based training
• Introduce the evaluation of the FMI
• Summarise the points raised in the consultative on the public sector implications
• Raise the issues regarding evaluation practice and recommend further policy development.

2. IMPLICATIONS OF THE CORPORATIONS LAW

Governance used to be synonymous with Government (see Carino, 1999). Now that its usage has diversified it is important to clarify the use of the following terms:
• Polity governance has been coined to refer to the process of development of policy for governing on behalf of the polity (Sharp, 1998) as distinct from Carver’s (1999) Policy Governance which is a style or process of corporate governance;
• To govern is "to exercise power and authority over a territory, system organization" (Carino, 1999, p. 2) which applies to governance whether polity governance or organisational governance, as well as to Government. "The exercise of authority is uppermost in government and remains significant in governance, but is no longer its single focus. This is because the power in governance is not so much wielded as shared, and authority is defined not so much by the control of the ruler as by the consent and participation of the governed" (Carino, 1999, p. 2).

• The term governance is still often used generically, eg. "Governance is about how an organisation steers itself and the processes and structures that are used to achieve its goals. Governance is also crucially concerned with how organisations relate to each other, how they relate to citizens, and the ways in which citizens are given a voice" (Edwards 2000, p. 4); these two usages are better defined as organisational governance (the former) and polity governance (the latter).

• Corporate Governance has become associated with the legal aspects of management and control of organisations especially in the private sector under the corporations laws of the country (see Baxt, 2000).

But recently a sea change has occurred in both corporate governance and Corporations Law, as well as the 'machinery of Government' affected by wider commercialisation and outsourcing (see Edwards, 2000, Pollitt & Bouckaert, 2000). These changes have implications for the Competency Based Training (CBT) of managers and Directors in Government, as well as the strategic evaluation role of Boards of Directors (Sharp, 1998, 1999).

The recently enacted statutory Business Judgement Rule (see Baxt, 2000, p. 59 – 60 & 143 –147) as Section 180(2) of the Corporations Law, basically provides that directors of a corporation who make a business judgement must meet the obligations of the duty to act with care and diligence and the equivalent common law duties.

The definition of Business Judgement Rule is “any decision to take or not to take action in respect of a matter relevant to the business operations of the corporations” (Baxt, 2000, p. 60 emphasis added). The main relevant sections relate to the following:

Section 189 "Reliance on information or advice provided by others" if there are reasonable grounds to believe them to be reliable and competent in relation to the matters concerned; and the reliance was made: in good faith; and after making an independent assessment of the information or advice;

Section 190 "Responsibility for actions of delegate" a director is responsible for the exercise of the power by the person they have delegated that power to as if the power had been exercised by the directors themselves.

But the director is not responsible if the director believed: that the person they delegated power to was reliable and competent in relation to the power delegated (Baxt, 2000, pp. 143- 147, italics added).

Basically the implication of all this is that Boards of Directors have to be able to assure that they, and the managers they get to advise them and to implement their decisions, are competent to do what they are expected to do. As most state legislation (e.g. Associations & Not-for-Profit Incorporations Acts) do not specify Director's
Duties or the business judgement rule, nor do they specify liability under civil versus criminal prosecution, the Commonwealth Corporations Law should supersede all such laws. Indeed, the Prime Minister ensured this with the mutual recognition arrangements with the state and territory Attorneys General referring power to the Commonwealth, this year. Similarly, the Government Business Enterprises and statutory Boards of Directors would be advised to comply with such legislation as, if not binding, it certainly does embody current legal best practice in this field (Ramsay, 2001).

Given the legal obligation to assure competence, the question of how to assure competence is not easily addressed. The point of the IPAA Conference session (see below) was to expose these issues to consultation with several senior public sector managers in order to develop an ongoing discussion of the implications of the Corporations Law and competence requirements of the Business Judgement Rule.

Sharp (1998, 1999) has pointed out that the changes in corporate law expose the long-standing need for Boards of Directors and top management to have a greater understanding of the non-financial duties of organisational governance. Such duties include more than simply monitoring the performance of the organisation for accountability to legislation. Sharp (1998, 1999) argued that to add value to their organisation the Boards of Directors should embrace performance evaluation in a holistic or strategic way. If they delegate any of this performance evaluation they have to be reasonably sure that the employees or consultants doing performance measurement or evaluation are competent to do so (CLERP, 1997b; Sharp, 1998, 1999; White, 1998c). This is intended to clarify the circumstances whereby directors may delegate their functions including where reasonable steps are taken to establish the competence of advisers and employees; and an appropriate monitoring/reporting system is in place to provide internal control and oversight of the exercise of the power. (see White, 1998a, 1998b, 1998c). The latter point may have a positive effect of fostering the use of non-financial performance evaluation. But if so, the former condition of delegation may promote the rush to accreditation or certification of those “competent” to do the data collection and analysis for monitoring, evaluation and reporting.

One important issue which has arisen was: how can the Boards of Directors assure their stakeholders and scrutiny agencies (e.g. Law Courts and Auditors General) unless there are accepted ways to certificate competence?

Although not the only answer, the Frontline Management Initiative (FMI) is one of the few programs designed for managers specifically not only to develop managerial competence, but also in consideration of the organisational context.

3. OVERVIEW OF FRONTLINE MANAGEMENT INITIATIVE (FMI)

The Frontline Management Initiative (FMI) is the first national Australian National Training Authority (ANTA) accredited competency-based training package for managers. This training program for frontline managers is one of the most important consequences of the Karpin (1995) Inquiry. The FMI is unique as a commercially promoted national training package targeted across industries. More than 25,000 participants have experienced the FMI but it still has low penetration and still has
considerable potential for growth into other middle to large organisations, especially in the public sector.

The FMI is a competency-based training program aimed at Frontline Managers. It is unusual for a competency-based training program, because it is designed for flexible delivery for the convenience of the participant and the sponsoring organisation. Indeed it is designed to be integrated into an organisational context (see ANTA 1998).

The FMI was designed to assist the training market shift from individual oriented management training to workplace learning in a strategic approach to organizational change. Indeed, it has the potential to fulfil one of the needs of organisational governance reform under the new corporation law, ie. building organisational capability so that managers can be assured to be competent under the law.

4. EVALUATION RESEARCH PROGRAM

The evaluation was part of a VET Research and Evaluation Project funding (from the Australia National Training Authority) by the National Centre for Vocational Education Research (NCVER) from February 2000 to March 2001. The funding was for one of NCVER’s key research priority areas: the national Frontline Management Initiative (FMI). The evaluation was to examine the impact of the FMI at the individual, organisational, business and strategic levels of the sponsoring organisations. In this evaluation research, about 2,900 industry surveys were sent out, focus groups were held in SA, NSW, Qld, Vic and WA, over 100 telephone interviews and 19 case studies have been conducted to explore the impact of the FMI and other relevant issues.

A consortium of Australian researchers (see acknowledgments) have conducted a national research study to evaluate the national FMI (see Barratt-Pugh & Soutar, 2000). It is aimed at evaluating the impact of the competency-based management training program for frontline managers and their organisational roles. The study incorporated data from a diverse range of industries, a triangulation of survey, interviews, and indepth case studies encompassing investigation of individual, group and organisational levels of impact of a concerted training and development program. It incorporated 360° feedback about the participants’ competencies, and how they may contribute to the organisational, strategic and business processes.

The broad survey and telephone interviews have provided a sufficiently random sample of business usage, and detailed figures of participant numbers within user organisations, to make a statistical prediction that over 18 thousand participants have or are currently following the FMI learning processes. However, when the group who seem to have been influenced by the FMI competencies, and incorporated those competencies within their own development systems, are included within the calculations, it is estimated that 20 thousand participants have, or are, being guided in their managerial learning by the FMI competencies. In terms of organisational involvement, the figures indicate that more than 700 organisations have developed FMI programmes.
4.1 Indicative Findings
The broad thrust of the interview responses from the FMI user group indicated positive results from the initiative within their organisations with only 6% indicating dissatisfaction. In each of those cases the negative experience was linked by the interviewee to inadequate, or inappropriate, training and learning processes within the organisation.

The FMI is having an impact beyond management skilling. The infrastructure that is being created is building organisational capability. The FMI is, from this perspective, a prime mover in a system change away from fifty years of institutionalised training, towards workplace-based systems. The FMI is helping to move the current system from:

- Training to Learning
- Externalised courses to workplace activity
- A technical focus to a people skills focus
- Facilitation to HRD structure building
- Training as a cost towards investment in performance improvement
- Individual skilling to organisational capacity building.

It appears too early to judge the full business impact of the FMI. There is evidence that the organisational development impact of the initiative may be more evident later as the current users become more effective and as participants complete their current learning activities, workplace projects and the chain is completed.

4.2 Public Sector Implications
The FMI evaluation did not focus on the public sector, per se. Nine of the case studies were of public sector organisations, and they were mostly indicative of a positive effect of the FMI on both the individuals and the organisation.

In addition, the present paper draws on a discussion session held at the 2000 annual national IPAA Conference (Sharp, 2000). This workshop session provided an opportunity for the public sector participants in the seminar to share their insights about issues such as the implications of corporation law on organisational governance in the public sector, and the role and potential of competency based training (CBT) for public sector managers might play in organisational governance.

In clarifying the needs perceived by workshop participants for research (and evaluation) into the competencies and training of public sector managers and leaders, insights were gained into some of the strengths and weaknesses of the competency approach, and some lines of inquiry developed for further research.

The consultation in the workshop was not intended to produce representative views in any way. But it was an opportunity to give a sounding board to open up reactions to the relevance of the FMI evaluation to the public sector. Some of the more important and relevant comments which seemed to gather consensus were, as follows:

- Some said that the emerging “Joined up Government” (whole of Government) thrust around the world, raises issues about how do you deal with the
organisational governance issues and conflicting demands of joint responsibilities despite the separation of Government entities. This raises concerns about the database on training needs in the public sector;

- Although competence is important, organisational governance has more to do with *Top-line management* rather than *Frontline* management, but top management training and development was not seen as amenable to CBT as was frontline management;

- Some saw a move away from compliance approach to performance vs regulatory functions, which has implications for the competence of existing managers in the new regime of Government and organisational governance;

- Some pointed to a move away from the old public sector way (of inventing new rules every time something goes wrong) to a principles-based decision making. But it was pointed out that at *lower* (especially frontline management) tiers of the organisation people are not comfortable with that – they want rules and procedures – because then they can absolve themselves of any responsibility for the outcome. Participants expressed frustration that it was taking a long time to get people around to principles-approach focusing on the key considerations rather than templates for actions.

- There was concern about the multiplicity of Government Boards of Directors, which are sometimes played off or blamed by Ministers. In the end the particular Government Department is left accountable despite not having direct responsibility for these Boards of Directors. The Ministers often look to blame the Department and so complicate the problems when things go off the rails. So the issues of organisational governance are complicated by trying to develop a framework to deal with these issues when there are crises occurring. Also how can the Department deal with these issues without being seen to be stepping into the Minister’s and the Boards’ or Corporations’ business without compromising their independence, and at the same time keeping the Minister out of the press.

- It was agreed that there were some advantages of both segregated sectors and mixed sectors in management training:
  * if mix private sector and public sector participants in the same course – cross-fertilisation of cross-sectoral communications (market testing)
  * but advantage of public sector only through focus on only public sector issues and networking and benchmarking.

5. FURTHER MANAGEMENT COMPETENCY RESEARCH

Obviously we cannot expect the FMI to single-handedly meet the needs for competent managers, nor the requirements of the Business Judgement Rule. Indeed recently there have been other attempts to develop an integrated approach to management development and organisation development. It is apparent that the FMI contributes to the range of management training needs (and products) in the public sector, but is it effective and sufficient in all of them? More generally, it is unclear how the Business Judgement Rule applies to the public sector. These issues cannot be resolved without the thought and participation of senior public sector managers. So it is
important to develop and maintain an evaluation framework and to followup these developments for a more valid interpretation of the impact of the FMI, and whether it can contribute to the business judgement rule.

6. DISCUSSION

6.1 Broad Issues for Governance
In the course of the evaluation of the FMI nationally, an incidental finding was that Western Australian mining industry have prescribed the FMI as the response to their stater legislative requirement to “train” mine site mangers in people skills. This might be the first time any training activity involving people skills has been linked with the statute book. In any case it is symptomatic of the trend in Corporations Law toward assurance of competence in management.

Most of the participants, in the public sector workshop, indicated that they thought that some high level executive management training, and perhaps competence based, was needed to improve corporate governance in the public sector, as well as Government performance. Most of the participants could see the need for some basis to attribute competency in ‘business judgements’ in a highly politically charged and adversarial Government context.

The business judgement rule requires that competence assurance be established as a part of organisational governance. The FMI training demonstrated that competency training can be a viable and useful part of organisational strategy and organizational culture change management, which are key elements of improving organisational governance. Evaluation practitioners ought to be aware of these trends and learn so as to improve their part in the reform of organisational governance, in the public sector as well as the private sector.

6.2 Broad Issues for FMI

Most of the participants in the public sector forum indicated that they could not comment specifically on the FMI as they were not familiar with FMI. This is not surprising, as the responses to the national survey indicated a poor awareness across the board. Indeed the FMI is not marketed at the public sector, even though almost half of the case studies of excellence in the evaluation study are public sector organisations.

But in the national survey it was found that, where it was used, the FMI seems to have made a significant impact on individuals and has played an important role in creating positive attitudes to learning within organisations. Many frontline managers participating in the FMI worked with a network of supporting managers and, subsequently, the FMI has had a positive impact on their team. The learning networks that have been established have become managing networks and FMI learning is now a part of many organisations’ language and practice. In short, the FMI seems to assist develop opportunities for organisational learning, creates workplace learning infrastructures and can be an organisational development tool.
Nine of the case studies were public sector organisations. The evidence obtained through these intensive interviews suggest that these public sector organisations were more liable to recognise the value of the relationship between the staff and their workplace environments, through investment in staff development (e.g. staff development & training office retained despite downsizing and outsourcing). Also their investment in that area seemed to have developed more progressive policies and action in staff development than in the private sector organisations studied. The HRD investment level in these public sector cases seems to have been at a higher level where the need for “learning capability” appeared better understood by the top managers interviewed. It seems that this was associated with the form of the FMI being more developmental- or action learning-oriented than those cases where the investment in FMI was less. Those with less HRD investment seemed to take an accreditation or compliance approach to FMI as if they were responding to externalised pressure for training rather than internally strategically determining the importance of the return on HRD investment through an action learning approach.

6.3 Broad Issues for evaluation

The evaluation of the FMI has attempted to be as representative as possible while scoping the impact of the FMI. But the consultation with public sector managers was not intended to be representative, because we wanted to stimulate more thinking about the public sector implications, rather than attempting to evaluate the impact of the FMI in the public sector.

The attribution of causal linkages is impossible in a widespread industry based study with multiple levels of intervening variables and stakeholder perceptions. This makes such research difficult to interpret. However, the evaluation was able to triangulate the data from different methods and to show sufficient range of case studies to 'flesh out' the personal, and organisational aspects of the effects of FMI in those cases.

Such an evaluation is totally reliant on the self report of the managers and participants interviewed. Even the limited data available on FMI costs in terms of HRD investment were sketchy, as we had to rely on the recall and interpretation of the available manager. Also the data on the outputs was similarly constructed. It was not possible to get the relevant data on outcomes across the many organisations or industries. But the interviews with the many participants were insightful about the variety of personal benefits and team development outcomes which were reported.

Without the type of data collection on this scale at this stage of the FMI it would be impossible to conduct any valid research or evaluation on the whole impact of the FMI. But by doing this data collection now, we have a good baseline to gauge the long-term effects.
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