Increasing National Competitiveness in terms of the Human Resource Commercialization as well as Delegation and Empowerment of Public Sector

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ABSTRACT

To advance national competitiveness, the government of each country may be fairly interested in the issues about how to increase the administrative efficiency of the public sector and further implement government administration. In terms of human resource commercialization as well as delegation and empowerment, this paper explored the method increasing the work efficiency of public sector employees and brought up suggestions. In addition, the international competitiveness indexes of those countries employing the aforementioned method were taken as examples to prove that if the method was applied, the estimated effects could be achieved, the administrative efficiency of public sector could be improved, and overall national competitiveness could be hence enhanced.

Keywords: Human resources, Delegation and empowerment, Administrative efficiency, Public servant

INTRODUCTION

Global Competitiveness Report (GCR) by International Institute of Management Development (IMD) and World Competitiveness Yearbook (WCY) by World Economics Forum (WEF) are usually regarded as the references for national competitiveness. Recently, these two research reports have been highly valued globally, which indicates the considerable credibility and influence (Chu, 2009). However, many scholars have written papers about the operation of IMD and WEF as well as the differences between the competitiveness evaluation items of these two organizations. Hence, this paper will focus only on the discussion over the indexes relevant to government systems and efficiency in the evaluation results.

According to the GCR 2009-2010 published by WEF on September 8, 2009, the competitiveness of Taiwan rose again from 17th in 2008 to 12th. Nevertheless, comparing with the 8th place in 2005, it has not been elevated the competitiveness to the level it should be. Furthermore, in the pillar of Institution under the subindex of Basic Requirements, Taiwan was ranked 37th, greatly falling behind neighboring Singapore (1st), Hong Kong (11th), and Japan (28th). In the WCY 2009 published by IMD on May 20, 2009, the competitiveness of Taiwan also descended from 16th in 2008 to 23rd, in which its place in Government Efficiency dropped from 16th in 2008 to 18th. It is thus evident that the inefficiency of public sector is one of the reasons why the competitiveness of Taiwan has reduced. Moreover, since the inefficiency of public sector is closely related to the administrative inefficiency of public servants, the
administrative efficiency of public servants has considerable influence on national overall competitiveness.

Although the competitiveness decline of Taiwan has possibly resulted from its overall financial performance influenced by the financial downturn, the weak performances of overall competitiveness addressed in both reports are still worth each governmental authority’s profound analyses and bringing up related responding strategies.

**Adopting Human Resource Commercialization**

In order to increase the performance and efficiency of human resource application in each governmental department, business-oriented human resource management has become an innovative strategy brought up by one government after another in recent years. Actually, Wilson already argued in “The Study of Administration” that government administration should be business-like in 1887.

To reduce the bureaucratization of government administrative systems and reconstruct governance capability, the innovative administration schemes of many governments have taken business innovation methods as models. For example, many governments, such as U.S.A., UK, and New Zealand, reestablished the new public management movement in hopes of advancing government efficiency, improving the service quality of public sector, and increasing the general public’s satisfaction at the governance. Light (1999) also addressed in The New Public Service that in terms of human resource application in the future, the consideration of a government should lies in professionalism in order to carry out personnel selection and evaluation as well as to follow the models of those private enterprises whose service satisfaction was far higher than the government. In fact, general government institutions and private enterprises are similar in the functions of organization management (Mintzberg, 2000), but differences exist between their political systems and cultures. Additionally, the so-called business innovation methods are mostly established according to the two principles of ‘costs less’ and ‘works better’ (Osborne & Gaebler, 1992; Schachter, 1997). The common methods employed by reformers who would like to innovate include deleting some governance schemes, dissolving government institutions, and reducing the prescribed number of personnel. The National Performance Review (NPR) of the Clinton Administration, U.S.A. has been the most representative example.

In terms of human resources, the models of human resource management employed by enterprises are also forced to adjust due to the competitions between industries and globalization. Dessler (1994) argued that people-first values should be established in organizations and considered employees the most important asset to a business. Furthermore, according to Miller (1999), people, instead of material resources, dominate economical growth, so employees have become gradually valued by enterprises as well as critical in business management. If enterprises which would like to create values have to rely on human resource reforms, the role played by the department of human resource management has to be redefined (Wang, 1999; Hsu, 2000). According to Wu (2004), human resource management should be business-oriented and voluntarily carry out reforms in order to operate in coordination with the adjustment of strategic goals. Moreover, for cost down, it should condense the personnel structure and apply the management model of dispersed human resource function design (Klass, McClendon & Gainey, 2001). If the human resource strategies of public sector can be business-oriented to carry out reforms, the efficiency and performance can be improved.

The Taiwanese government actually started to implement government restructuring measures since 1997, and in 1998, it proclaimed ‘Government Restructuring Principles’ which clearly stated that the government should introduce the spirit of business management for reforms, in which ‘manpower and
service restructuring’ further revealed the government’s intention to reform the personnel system. Although, up to the present, the government’s manpower restructuring strategy has already achieved considerable accomplishment in the personnel system and personnel regulations, there is still space for improvements. In the future, it can focus on stimulating the public servants to become business-oriented servants with innovative business spirit.

The Development and Implementation of Delegation and Empowerment

The concept of delegation and empowerment may be traced back to the Greek polis system which encouraged the governed people to decide management systems and contents by means of democratic methods and negotiations (Sun, 2005). The management phrase, delegation and empowerment, has become the focus of the public attention since Total Quality Management (TQM) became a vogue in the management field in 1990s. The delegation and empowerment of employees indicates sharing responsibility in which the more the employees of an organization understand the job responsibility and the contribution to the organization, the higher the overall performance will be (Huang, 2001). To promptly respond to the needs of an environment, it is necessary for the employees of an organization to possess professional skills and knowledge, but the leaders should empower the employees, provide them the information and knowledge necessary for making decisions, and share them the rewards when preset goals are achieved, so that the employees will be willing to take responsibility, and it is thus possible for the method of delegation and empowerment to succeed (Tang & Tang, 2003; Bowen & Lawler, 1995).

If an organization can carry out human resource innovation based on delegation and empowerment, there are usually the following advantages:
1. More flexible: It can swiftly respond to changes resulted from environments and actual needs.
2. More effective: The employees in the front line can directly cope with problems.
3. More creative: The members can use their own creativity to set up strategies satisfying needs within their power.
4. Higher morale: Due to greater accountability, the members will become more responsible and have more intention to achieve a goal.

In addition, complicated administrative levels and too many horizontal organizations may result in redundant personnel, which may not only cause difficulties in management but also increase negotiation cost between different departments as well as the procedures of decision making. If government organizations can implement leveled empowerment thoroughly to demand each level to take the responsibility of official business, reduce the delivery procedures of official documents, decrease the levels of approval, and simplify the procedures of each public affair, such as single venue and single window, enterprises and the general public will regard the administrative efficiency as improved.

When employing the strategies of delegation and empowerment, organization leaders may combine the following methods to integrate effects.
1. Providing organizational resources: The resources within an organization include capital, equipment, tools, places and time (Spreitzer, 1995). If the employees of an organization can command adequate resources, they will feel they have the initiative and thus enthusiastically execute their jobs, which will further result in higher possibility of successfully achieving the goals of the organization. For instance, the Koizumi cabinet, Japan, advocated reforms in 2001. To empower the local government, it simultaneously reformed the local tax system to bestow the power to make decisions upon the local government, which thus could apply the financial resources to promotions related to policies. Relevant personnel systems will be discussed later.
2. Offering trust and autonomy: When employees generate active behavior, the leader should fully trust them and release the power to enable them to be autonomous at work. The leader should simplify unnecessary bureaucratic routines to allow capable employees to directly participate in decision making. This principle is clearly illustrated by the sentence, that is, the generals who had ability and who did not suffer from the interference of their sovereigns would achieve victory, in the chapter of Planning the Assault in the *Art of War* by Sun-Tzu. For example, Sweden, in which the central government only limits the total sum of personnel cost and bestows the power to decide the salary of public servants upon each department (Peng, 2006), received the 4th place in the overall ranking of GCR as well as the 6th place in the overall ranking of WCY in 2009. The global competitiveness is obvious to all.

3. Developing and training the capability of employees: In order to cultivate the employees with professional capability to hence bring into full play the maximum effect of empowerment, a leader should offer training for professional skills and instruction in knowledge to provide the employees sufficient capability of coping with situations and problems when they are bestowed power. According to what Boyette & Boyette (1998) mentioned in the *Guru Guide: The Best Ideas of the Top Management Thinkers*, real learning needs the acquisition of knowledge and skills. Consequently, employee training should really make employees learn professional knowledge and skills instead of being empty rhetoric. In light of the announcement on the website of the Central Personnel Administration (CPA), Executive Yuan, that is, [http://web.cpa.gov.tw/mp.asp](http://web.cpa.gov.tw/mp.asp), on December 25, 2009, according to ‘The Implementation Summary for Executive Yuan and the Subordinate Organizations and Schools’ Promotion of Public Servants’ Life-long Learning’ as well as the regulations dated July 11, 2007, the annual minimum learning hours of a public servant in 2010 are 40 hours, and the portal site of Public Servant Life-long Learning has been established to assist public servants in long distance learning. However, the learning effect needs observation. In terms of the training system for public servants, systematic and strict two to three-year pre-service training is available for the public servants in both France and Germany (Hsu, 2005), and receiving training is regarded as public servants’ right, so the quality of their public servants reaches a certain level, and the national administrative efficiency is thus advanced.

4. Encouragement: Employees should be given adequate rewards to increase morale after achieving a goal of the organization. Whether a reward is oral or practical, it represents the recognition of their capability, and it can stimulate their potential and fighting strength to meet next challenge. To take Singapore as an example, the public servants have high salaries, and their job promotions depend on their capability instead of seniority, the encouragement effect of which on the employees can be proved by the 1st place in Asia in the competitiveness ranking. Moreover, Switzerland and United Kingdom, which are OECD members, both employ a flexible salary framework to reward performance achievement (Yu & Chen, 2005).

Human resource reform schemes relevant to delegation and empowerment have been favored by many countries. Taking the members of Organization for Economic Cooperation and Development (OECD) as examples, many member countries, including UK, Sweden, New Zealand, Denmark, Canada, Australia, Finland, Ireland, and Holland, have adopted the system of empowerment and control over the number of personnel, in which each government department or organization, instead of the central personnel department, copes with adjustments within the total number of personnel. Among these countries, Finland, which has employed this system, and which is named European Singapore, has
received the 1st place in the ranking of World Economics Forum (WEF) for many times, and it occupied the 1st rank in the category of Fundamental Needs in 2009.

Therefore, it can be found from the aforementioned that it will be helpful to improve the administrative efficiency if the methods of human resource commercialization as well as delegation and empowerment are applied to the reform of the administrative system in Taiwan.

The Human Resource System Reforms of the Public Sector in Japan and United Kingdom

In the following section, the personnel restructuring in neighboring Japan and the civil service reform in United Kingdom will be adopted to examine the methods of human resource commercialization as well as delegation and empowerment implemented in both countries which thus achieved the goal of improving the administrative efficiency and further obtained excellent places in the rankings of competitiveness.

1. The strategy of personnel system restructuring in Japan: Japan carried out reforms based on commercialized human resource restructuring, the goals of which lay in simplifying governmental organizations, releasing government power, improving government efficiency, and making the administration transparent and fair (Ting, 2003). For fulfilling the aforementioned goals, the Japanese government released the government power by means of department restructuring, decentralization, and privatization to establish a small but capable government and to increase the public reliability of politics, locality, and market. Hence, for the selection and rewards of human resources, the Japanese government adopted fairly flexible methods for employment, and the chiefs of the government organizations were bestowed the power to employ people in order to place the right talent in the right place. Since 2006, for reducing the government size, Japan carried out the 11th personnel simplification project, the measure of which did not uniformly trim the public servants but, according to the growth and decline of the business in each department, set up the goal of personnel simplification in the department with declined business. The measure not only improved the efficiency of each department but also decreased the pressure of personnel budget. In the World Competitiveness Yearbook (WCY) 2009-2010 by World Economics Forum (WEF), Japan occupied the 8th rank. Consequently, it is indeed effective to manage the public sector by means of commercialized human resource management.

2. The concept of delegation and empowerment in the British civil service reform: After the Rt. Hon. the Baroness Thatcher served as Prime Minister of the United Kingdom since 1979, the measure of civil service personnel simplification became the governance focus of the British government. After taking up the post, she officially appointed Derek Rayner to carry out the overall investigation on the administration and personnel of the government. Later, the total number of the standing civil servants in UK reduced from 735,430 in 1979 to 463,270 in April, 1998, in which approximately 272,160 people were trimmed, accounting for 37% (Peng & Tan, 1998). Since 1988, the scheme of the Next Steps was implemented in UK, in which the chief of each government organization who possessed greater flexibility and accountability in employment could adjust and apply human resources and other administrative resources according to the business needs; each department or executive organization could select about 95% of the posts by itself (Huang, 2003). From the perspective of delegation and empowerment, it would be easier for the goals of an organization to be achieved under the influence of responsibility and performance rewards since a chief executive was fully responsible for the operation of each department as well as the number of the personnel, and whether the organizational goals were achieved or not was related to his or her performance. Moreover, after Tony
Charles Lynton Blair served as the Prime Minister, power was bestowed upon the Scottish and Welsh Parliaments nominated and voted by the general public under the scheme of constitutional reform to make them take more responsibility for public service. It was also based on the perspective of delegation and empowerment. In the World Competitiveness Yearbook (WCY) 2009-2010 by World Economics Forum (WEF), UK held the 13th place. It shows that UK taking delegation and empowerment as the reform direction is still predominant in terms of global competitiveness.

**CONCLUSION**

From the examples of distant UK and neighboring Japan, it can be seen that a government adopting human resource commercialization as well as delegation and empowerment will have visible improvement in its administrative efficiency. How can the Taiwanese government advance the administrative efficiency of the public sector in light of delegation and empowerment as well as human resource commercialization? Relevant people may refer to the three points listed below.

1. Fulfilling the operation of oversight mechanism: Since employment in enterprises is performance-oriented, there is usually a considerably complete assessment mechanism. However, the personnel assessment in the public sector nowadays is often of paper work only. Basic-level employees would like to avoid hurting the friendly feelings between colleagues, and there is an upper limit in the number of personnel in the assessment, so it is often heard that public servants take turns to receive different grades in the performance assessment, which frequently results in that the employees who work harder receive lower grades than their colleagues because it is their turn to receive worse grades in that year. Thus, the morale of the employees may be lowered down, and their intention of and enthusiasm for constant improvement may be weakened. Simultaneously, the employees with bad performance will not be alerted, with which the internal operation of the organization will gradually be encumbered. Furthermore, it is difficult to deliberately measure the scope and degree of delegation and empowerment. Over extensive or great power and accountability bestowed upon an employee often cause difficulties in supervision and control. Consequently, each government department should consider how to fulfill the assessment mechanism to convey the effect of oversight and management to the basic level instead of only being dogmatic reference and to enable the public servants to receive deserved rewards according to their performances as well as compete with their colleagues constructively, which may provoke them to stride forward to organizational or individual goals.

2. Continuing and updating employee training: From the perspective of commercialization, cultivating the capability and quality of employees has certain influence on the policy implementation of an organization. Because external environments change rapidly, an organization will have difficulties in carrying out new reforms if the employees can not increase and update their own knowledge according to the needs resulted from different eras or trends. For instance, it is necessary for modern people to be capable of using computers and Internet in the current e-society, and public servants will encounter obstacles in administrative operation if they do not improve themselves and pursue further education in computer knowledge and skills in light of the trend. From the perspective of delegation and empowerment, the employees without continuous training do not possess equivalent capability to undertake some missions assigned by their superiors. Meanwhile, the organization and the employees themselves have to take great risks if the employees accept the missions because of intending to show off the ability.
3. Following the excellent systems of other countries: The administrative system in Taiwan is mostly learned from Japan. However, due to the influence of the Confucian school, the employees in the public sector tend to have less intention of mutual competition for progress. They frequently stop after accomplishing the work assigned by the superiors, and they will not make more effort to pursue the overall organizational development. In their opinion, the more they do, the more mistakes they will make. They even have the idea that other people may think they purposely want to appear in public and hence become jealous if they are too enthusiastic. Without doubt, the management model based on sentiments in Asian countries will make the atmosphere in an organization more harmonious. Nevertheless, if the management of the public sector can accommodate to the internal culture in each administrative department and simultaneously imitate in an appropriate degree the management methods based on logic in European and American countries, it will not be restrained from the pressure of favors, and the employees in different levels will thus base their consideration on performance and further improve the efficiency.

It is necessary to improve the administrative efficiency of the public sector in order to advance the competitiveness of a country. We should take advantage of and learn from the experiences of other countries to thoroughly examine each level of our public sector, keep making efforts in the fruitful part, and remedy or reinforce the incomplete part. In that case, when the global competitiveness is enhanced, the general public’s stereotype that the administrative efficiency is bad can also be improved.

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INTERNET RESOURCES

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