

The Challenge to build Leaders - Managing the future of Public Administrations

An Italian Experience of Evaluating Managers

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Formez - Training and Study Centre

Formez – Training and Study Centre is the Italian institute providing support, assistance and training to Public Administrations.

Formez carries out activities of research, training, consultancy and technical assistance to central, regional and local Italian administrations. It responds with targeted services to the needs identified by the public administrations and provides services for the public administration training systems by designing and testing new services.

Formez brings together the Ministry of Public Administration Reform and Innovation with representatives from regional and local administrations (National Association of Italian Cities, Union of Italian Provinces, National Union of Municipalities and Mountain Communities). The Institute's efficiency and effectiveness are monitored by the Ministry of Public Administration Reform and Innovation.

The mission of Formez is to second the implementation of federalism, to ensure the necessary cohesion among different levels of government and to encourage the reform of Public Administration through:

- Institutional innovation
- Upgrading of structures and human resources
- Territorial governance

To fully achieve these goals, Formez

- operates as an information antenna and support tool for decisions to transform public administrations and the new demands for services from social and economic bodies (citizens, businesses, trade associations)
- offers its services as a cognitive and support tool for co-ordinating Public Administration reform policies at the various levels of government
- advises public agencies on the steps to render the quality of services homogeneous across the nation
- promotes innovation in Public Administrations by introducing, testing and disseminating new approaches and methods and fostering the sharing and adoption of successful experiences

Public Administration Reform and its impact on HRM

Historically speaking, Italian public executives do not have a good reputation. Critical statements are common and generally come from reputable sources, e.g. "Italian executives have qualifications and motivations which are of inferior quality compared to those of other developed countries".

Already in 1990 – that is, on the eve of the process of reform which began a few years later – well-known jurists identified a peculiar weakness compared to other administrative systems which was due to the "*scarce consistency of the role*" assigned

to public managers, a feature which was backed by an *even larger number of executives*.

During the nineties, all the Italian public administrations in line with other western countries, undertook an in-depth, articulated and ambitious process of transformation at central and local level which was promoted by many innovative regulations and aimed at radically amending methods of action and organizational principles.

These reform strategy guide-lines were directly inspired by the managerial philosophy that has represented the *new wave* for the past twenty years. The principle reform guide-line implies overcoming red tape and the introduction of meaningful managerial attributes which are mainly found in private organizations.

Public executives are at the centre of this process of reform: the regulatory reform regarding executives began with the law decree 29 of 1993 and continued through the collective contracts of 1994 and 1998, to conclude with the Single Act n. 165 of 2001 and the most recent law for the further re-organization of the category, law 145 of 2002.

Since the 1993 decree, the role, competencies, professional categories and career paths of executives have been re-defined and greater attention has been given to the assessment of the results achieved. This process, carried out and repeated with continuous regulatory amendments without interruption, was characterized by a strong eagerness for reform which focussed above all, on the design of the formal organization and the continuous adjustment of the regulations.

Why is it important to understand what happened to Italian public executives? It is very important, because executive reform was one of the *key pillars* of the reform strategy. To assign managerial roles to the public administration meant to attempt to radically transform the role of the Italian executives: all the other main innovations – which range from the privatization of public employment to the introduction of management control and detailed financial statements, from the reform of the career system for civil servants to the evaluation (of employees and performances) may have effective and meaningful consequences only if executives assume a *pivotal* role in administrative processes, management and organization of public administrations, production processes and the implementation of public policies.

Evaluation as a key function in “building leaders”

In particular, we wish to focus on a specific aspect which is central to the policies of personnel management: Evaluation.

This presentation underlines the importance of evaluation in the policies of personnel management. Evaluation is actually one of the critical aspects to be faced for the complete implementation of the new role assigned to executives.

On one hand, performance prizes for executives are not widespread all over Europe but have sometimes been introduced to improve accountability, efficiency and efficacy of

administrations, motivation of personnel and to encourage young talents and capacity building.

On the other, both individual and collective evaluation systems do not concern only the objectives and results achieved, but also the competencies. These are difficult to implement as far as the assessment of results is concerned. In this sense, the Italian case has specific characteristics.

Assessing personnel is important not only for re-distributing the results of executives and top managers and the productivity of other employees, but also for its utilization in a system of classification and career based on horizontal economic progress.

Evaluation acquires importance also for other aspects regarding individual relations, management style, internal communication and the work methods of executives who are partially or completely responsible for offices, departments and public entities.

Evaluation is a specific and central aspect of personnel management policies and is one of the main tools of human resources management which public administrations can concretely utilize.

Recent experiences showed that *absolute valid evaluation “models”* do not exist and that each administration must adopt the technical solutions most appropriate to their organization's characteristics, the professional content of the personnel and the related functions and objectives. Thus, we think it is more opportune to concentrate on the description of the *process of definition and implementation of the evaluation system* in order to encourage an exchange of strategic, organizational and technical features.

The central question still lies in public employment, whether and why to evaluate.

The hesitancy to foster this type of innovation derives from a doubt about the ability of personnel management to show the same pre-requisites of impartiality which can be achieved by tradition and regulations.

Usually *automatic career criteria* are preferred because they are factors external to performance and are not judged by the hierarchy.

The danger of discretion on the part of senior managers in the administration, excluding performance, is considered as the principle factor which can undermine legitimacy and consensus of any evaluation system.

For these reasons, *evaluation per objective* – “per objective” is the unit of measurement for products and services provided, quantitatively measurable in terms of results (number of verifications, acts, grants, etc...) was considered to be an efficient answer to an eventual lack of consensus and legitimacy.

Non-discretionary criteria and objectives are pursued with the planning and assessment of the measurable results.

For *evaluation of quality objectives* we intend those evaluation systems which refer to a work programme described and defined by those activities which the evaluated person must carry out during the year.

Both methods of result evaluation are subject to certain limits.

The quantitative evaluation of results is permitted only by a clear identification of meaningful and omni-comprehensive product indicators, the presence of consolidated and sophisticated tools of control in the definition of input (human and financial resources) and output (products); procedures which can keep processes under control and which operate in feed back, in real time.

This target is doubtful because of the limits existing in the tools used and for the impossibility to carry out real-time verification owing to the extremely complex administrative machine which can accumulate substantial delays rather than anticipating information.

The qualitative indicators also must have the capability to formulate programmes which are not always present, such as the capability to organize the programme into phases and to define activities and resources for each of them.

These limits allowed many administrations to **adopt competencies** for assessing the leaders' performance and thus to verify **how** the objectives have been pursued and not only whether they have been pursued.

The evaluation of competencies easily adapts to the assessment of service performances in fields in which is difficult either to partially or thoroughly, define the nature of the results because of the lack of management tools or the high level of changeability of the product-service.

With the Competency Model, we try to identify those competencies which are limited to specific objectives and performance (listening to the customers, realization of successful relationships, etc.).

A sound application of the competency system underlines not only the technical but also its political-institutional value. In fact, the results of long-term maintenance and stability as well as the system's legitimacy depends on how the competencies are defined and assessed. The planning phases have a value which is not lower than most operational phases: from the definition of contents we can define some of the substantial evaluation features, e.g. transparency, rate of socialization among evaluators, type and grade of sharing.

The prior objective of modern competency models is to identify systems which are different to each other but above all, are based on interaction between bodies. The latter, is often taken for granted or considered to be of secondary importance. Therefore, it is not necessary to activate any type of social implementation apart from that of discipline.

Case Study: The experience of the Turin Council

The experience which we will describe hereinafter, concerns the evaluation both of executives and top managers and refer not only to the evaluation of results but also of competencies. Thus, all the possible applications and aims of evaluation are taken into consideration: hierarchy, performance and individual potentials.

Evaluation of managerial and administrative staff:

1.1 Principles and structure of the evaluation system

The Turin Council (*Comune di Torino*) uses an integrated human resources evaluation system. The fundamental features of this system may in the briefest possible terms be listed as follows:

1. evaluation of the importance of the managerial and administrative positions;
2. definition of the competences necessary to meet the job requirements;
3. review of the competences of each individual;
4. calculation of the extent to which the job requirements are met, (based on the competences possessed by the individual and those required) which has impact only on managerial salaries;
5. evaluation of results achieved against objectives prescribed;
6. performance evaluation for managerial staff;
7. evaluation of potential.

The most important managerial applications, which affect all the evaluation tools in use, are described below.

Managerial pay

The compensation for any post (*indennità di posizione* - IP) is calculated by multiplying the reference compensation for the post (IPR) linked to the importance of the role, the extent to which the job requirements are met, and a factor based on evaluated performance. The resulting pay is calculated, 50% according to the extent to which targets have been achieved against objectives prescribed, and 50% according to evaluated performance.

Pay for administrative postholders

The IP is calculated in relation to the IPR based on the importance of the role. The resulting pay is calculated, partly according to the extent to which targets have been

achieved, and partly based on evaluated performance: the relative weight of each varies from case to case.

Sourcing staff with particular competences

Individuals' competences are reviewed in relation to the competences required to meet the job description.

Sourcing staff in larger numbers

Individuals' competences, the competences required to meet the job description, and the results of the evaluation of their potential are examined. Some elements of the evaluation process are applied to all employed staff. In particular:

- for all Category D and C staff there is the importance of competences shown by the personal records (CVs) held in electronic format;
- for all staff a simplified performance evaluation is carried out.

This summary considers the various structural components of the Turin Council's evaluation system, paying particular attention to its most innovative and notable element, the competence evaluation system.

1.2 Evaluation of posts and the *To-Due* system

The Turin Council's system of evaluating posts is known as *To-Due*; it is the same for managerial and administrative posts, as the identification, description and weighting of posts in each case follows the same methodology. Briefly, one can say that this system is based on measurement, according to defined parameters, of the weight of each post in the administrative context of the City, of the elements of each role and the professional skills needed to meet them. The *To-Due* method, approved by the City's leadership, derives from the universally applied and respected Hay Method of evaluating posts.

Within the Turin Council, evaluation using the *To-Due* method has been adopted:

- to simplify the criteria for evaluating posts and calculating corresponding pay scales;
- to make each department head responsible for the evaluation of the posts under his purview. The task of evaluation is in fact the most delicate professional function of the managerial role. The Turin Council has long since moved on from the organizational model by which a few internal and external specialists carry out the role of evaluating staff and professional positions: staff evaluation is by now an integral part of the role of every line manager within the organization, with the support of Human Resources managers for project coordination and methodological support;
- to speed up evaluation processes and reduce their costs;

- to recognize the relevance of the managerial function though more developed forms of financial recognition and differentiation of various posts.

The *To-Due* system is used for managerial and administrative posts. In each case the first step, the identification and description of roles, is necessarily administrative. However, the responses to evaluation vary in terms of their management. For managers, there is an impact on pay, as the combination of an individual's competences and those required by their post leads to an index (the *extent of coverage*) which affects the salaries; this is not the case for administrative staff. For them, the combination of the description and evaluation of competences has a single management impact, as described below.

Administrative positions: selection and weighting

During 1999 the organization carried out a long and painstaking process to identify and evaluate administrative posts. This was reviewed and extended in 2002 to include 90 new posts to the 340 already within the organizational structure. Notably, the identification of posts involved all the department directors and the Director General in person (including as a member of the Evaluation Team), the Evaluation Team, the management committee, external consultants and the central human resources service.

- The *Evaluation Team* of the Turin Council is entirely made up of *internal staff*. It includes the Director General, the Vice Director Generals, the Director of Human Resources, and the *Department Head* with responsibility for staff, who has no direct evaluation role though closely involved in specialist and methodological aspects. The Team meets regularly to examine technical and planning issues.

Its role is to connect and coordinate and give methodological assistance in summarizing the results of evaluations and also through technical support to managers in their evaluation of their staff. In the organization the Team does not evaluate others: rather, the evaluation takes place at all levels through the management structure.

- the *external consultants* (Gram srl of Turin) act only on particularly delicate matters, such as evaluation of potential, without representing members of the evaluation system. Among the notable characteristics of this system is in fact the methodological simplicity stemming from its internal planning and implementation.

- the *unions* intervene in various ways; they are guaranteed all information on methodology and modifications to the system.

- the *Management Committee* has 15 members: the Director General and the 14 first-level directors. It meets weekly to review all management issues.

The various stages of identifying and describing administrative posts developed in the second half of 1999 are as follows:

Stage 1: Administrative analysis involving the Director General and directors, with the support and help of the central human resources service, to agree the number and mission of administrative positions within each department. The administrative posts, *numbered* from 1 up to 999 (now at around 400 including the posts created most recently, while managerial positions are numbered from 1,001 onwards) have subsequently been *named* on the basis of their broad activity content.

Stage 2: Definition, for each administrative position, of the profile of the ideal candidate. This fundamental phase enables the evaluation of the competences of postholders. The description of all (administrative and managerial) positions is carried out by relevant line managers. Thus, in a vertical cascade, managerial posts are described by directors and administrative roles by section managers.

A common form is used. Though it is shared for managerial and administrative posts, it varies in the weighting of posts where evaluation affects pay. *The Turin Council in fact uses one methodology for evaluating and describing positions, and another parallel and separate process for weighting them.*

The summary description of each post (see its front page at figure 1.1) uses a form to be compiled by line managers to determine competences: the report may be considered as *the profile of the ideal postholder*.

The form is filled out by the line manager and countersigned by their superior and the director of the central human resources service. It includes a descriptive first page which includes:

- the *administrative reference*, that is the division or central service and possibly the sector;
- the *name of the position*;
- the *summary content of the activity and main duties*;
- any *academic qualification required* to perform the role (this is obviously not required for all posts);
- a *primary description of the importance of the role* (which does not concern the weight of the role from which pay derives, for which, as noted, a different form is used) based on three broad areas of competence expected of postholders:
 1. basic knowledge;
 2. work knowledge;
 3. specific experience.

In the following pages of the form each of the three areas of competences is analysed.

At this point, whoever is filling out the form must grade each of the competences listed from 0 to 4, according to its importance for the specific post. For example to grade the specific competences *English language* in the broad area *basic knowledge* as a 2 means that this post ideally requires a knowledge of English sufficient for occasional

use. For each item of knowledge or competence the ideal level is thus expressed. Thus the person completing the form must describe on a scale from 1 to 4 how important each item really is in the specific post.

Stage 3: Search for each administrative position, using a bespoke program, of CVs which may meet the ideal profile (typically three candidates per position).

Note that the all the job descriptions are stored, like all information held, on a platform built by CSI Piemonte (*Consorzio dei sistemi informativi Piemonte*) which is regularly informed of the City's needs.

So all the staff (except Category A and B staff) have to compile the *personal CV* and may also choose to demonstrate their skills by being tested on their professional potential. The CV of Turin Council staff is based on a template that they complete section by section. It includes ten sections and serves to construct information on their professionalism, experience, and competence.

The *self-evaluation part* of the document addresses competences and follows the same structure as the summary form for the post; this concept enables comparison between the competences possessed by the individual and those required by the role. Each respondent is asked to evaluate the extent to which they have the sectoral knowledge and management competence.

Thus on the one hand there are the requirements for the postholders or candidates (*summary form for the position*); and on the other the self-assessed competences and knowledge in the CV; they have equal weight, on a scale of 0 to 4.

To enable the evaluation by linking the two forms, the key part is the self-assessment, while the rest of the CV serves as a database of information. This linkage generates the *extent of coverage*. This final index shows the capacity of the postholder or candidate to meet the demands of the role.

3. The current positions number around 600, including 205 managerial and 400 administrative positions.

Stage 4: Evaluation of each group of candidates, formed by examination of the extent of coverage (as described above) and with the agreement of each divisional or central service director, through a professional interview led by the line manager of the post in question, supervised by the competent director and the director of the central human resources service.

In this interview there is a type of validation of the personal CV. Indeed the candidate summarizes their own CV; they are asked to describe a specific problem which they have faced in one of the fields they claim to have worked in, and explain the kind of solution they have adopted. A checking question is included for a discipline in which the candidate has declared knowledge at level 3 or 4 (i.e. medium to high values).

Stage 5: Formulating final evaluations in tenths for each candidate, including the summary judgments of the director (graded from 0 to 6), the outcome of the interview (graded from 0 to 2) and the summary evaluation of the *extent of coverage* (graded from 0 to 2), in which the extent of coverage remains the relationship between the individual's competences and the ideal requirements of the post.

During 2002, the process of identification, description and weighting of new administrative posts, and of selecting postholders was repeated with the addition of about 100 new posts to the organization. The execution of the various stages underwent some adjustment, compared to the process described and carried out in 1999, while keeping unchanged the methodological principles. Note that the candidates examined, before being selected for professional interviews, have completed two institutional and management training modules, followed by a final evaluation.

Administrative postholders are thus, according to this methodology, selected from among those who show aptitude in the selective training courses and who have necessary level of coverage of the requirements of the post, following the process described. When combining these factors the outcome of the evaluation of professional potential (through a character and attitude test) should also be taken into account, but only for the positive differentiation of applicants (who would tend to have particular professional potential), by identifying strengths which may not have emerged during the main selection process.

Methodologically, the test of potential, known as *Futura I*, is ideal for evaluating the *reserve potential*, which has not yet been professionally realized, of an individual. The test consists of 240 multiple choice questions: the individual's potential is graded according to twelve different profiles. The outcome of the professional potential test can be useful in preparing career plans and development and promotion strategies and in defining succession plans for managerial and administrative posts. The strategy described is for the Turin Council a permanent policy, shared with unions and making up a part of comprehensive corporate contracts.

Figure 1.1 Positional Chart

A. Division/Central Department

B. Sector

C. Organizational role (denomination)
do not compile for managerial roles

D. Contents of the work

E. Principal responsibility

F. Qualification (if any) required to hold the position
compile only where a national or regional norm requires a specific diploma or degree

Degree inwith professional qualification YES
 NO

Diploma inwith professional qualification YES
 NO

University Diploma inwith professional qualification YES
 NO

G. The profile must belong to one of the following areas:

YES NO

Profile Area

Assistance

Education

Inspection

Sport

Libraries/Museums

H. Relative weight of the 3 Macro competences or factors in the ideal curriculum

Factor

Adjusted weight

a. Basic culture
b. Specific culture
c. Specific experience
	100

N.B. Each factor regards a subsector according to the questions contained in the questionnaire. The sum of the weights should be equal to 100.

Evaluating the importance of managerial and administrative positions

The post is analysed in the summary table (Figure 1.1) to identify contents, organizational references and, in particular, the professional attributes required of postholders. Each position is also 'weighted': a second summary is drawn up which includes the factors indicating the complexity of the post, based on which a score is compiled to determine the pay level of the post.

The weighting system for managerial roles is based on five evaluation parameters or characteristics (Figure 1.3):

- human capital, according to the complexity of the work and the value of resources controlled;
- responsibility, which essentially considers the risk that decisions taken may bring to those that take them;
- decisions, relative to the problems that managers or staff must confront;
- relations with internal and institutional parties to be realized;
- competences needed.

Each factor is expressed in two sub-factors. These are scored according to their complexity to produce an analysed weighting between a minimum of 100 (for a role of little complexity) and a maximum of 300 (highly complex role). The final score is the evaluated weight of the sub-factor.

The evaluated weighting of each managerial role from 1,300 to 2,700 points determines the reference pay level of each evaluated post (IPR). From May 1 2002 a new classification of weighting scores and reference pay levels was introduced, dividing posts into six bands of importance. Each band includes a standard range of grades corresponding to weighting scores within the band's range. The table (Figure 1.2) shows the pay scales for the lowest and highest weighting scores for the six bands.

The means of describing administrative posts is the same as for managerial posts, while the weighting system (Figure 1.4) is based on the same evaluation criteria, and differs

only in the calculation parameters used, which of course lead to lower weightings to those in the managerial range.

Note that administrative postholders also enjoy sliding pay levels. This is defined using similar criteria to those applied to managerial staff to determine weighting and resulting reference pay, with the only difference being that the score runs from 200 to 800 and the extent of coverage does not affect pay levels as it does for managers (as explained below).

Note also that for the management of administrative roles a decision has been taken for now to limit the maximum weight to 600, as the methodology allows. The choice of using only the lower three quarters of the range gives a margin for individual and organizational development.

To ensure objective weighting results, the weight of the position with all the competences in the summary report can be correlated arithmetically with the sum of all the requested competences, to verify if a higher position actually corresponds to a more demanding summary report, and vice versa. However there are no models to directly compare the values of the two types of report.

Figure 1.3 Weighting system for managerial roles

Factors to be evaluated		Evaluation scale						Points
		100	150	200	250	300	350	
F1. Relationships	F11 relations with internal bodies							
	F12 Relations with external institutional bodies							
F2. Responsibility	F21 Relevance of the responsibility of the position							
	F22 Risks of the responsibility of the position							
F3. Decisions	F31 Complexity of the decision making process							
	F32 Frequency of decisions							
F4. Human Capital	F41 Extent of control over direct and indirect subordinates							
	F42 Complexity on the management of human resources							
F5. Competences	F51 Technical and legal knowledge							
	F52 Managerial and/or professional capacity							
Total								
Band								

Figure 1.4 Weighting system for organizational roles

Factors to be evaluated	Weight	Evaluation scale					Points
		0	1	2	3	4	
F1. Relationships	F11 Relations with internal bodies	20					
	F12 Relations with external institutional bodies	20					
F2. Responsibility	F21 Relevance of the responsibility of the position	25					
	F22 Risks of the responsibility of the position	25					
F3. Decisions	F31 Complexity of the decision making process	10					
	F32 Frequency of decisions	10					
F4. Human Capital	F41 Extent of control over direct and indirect subordinates	15					
	F42 Complexity on the management of human resources	15					
F5. Competences	F51 Technical and legal knowledge	30					
	F52 Managerial and/or professional capacity	30					
Total							
Band							

1.3 What does the *extent of coverage* consider?

The reference compensation for the post (IPR), based on the post’s weighting, represents a theoretical rather than actual measure of pay. The manager filling the role receives pay based on the importance of the post, evaluation of their actual competences and of their organizational behaviours or *performance*. For each post the summary job description establishes the sum of knowledge, competence and experience of the *ideal CV* of the postholder.

This is compared to the actual CV of the postholder held on the central human resources service database. The resulting percentage value (‘G’ or theoretical extent of coverage) indicates for managers either the possession of all required characteristics (G = 100) or else a shortfall (G < 100) or excess (G > 100). G is evaluated for each manager by comparing the summary job description and the CV using a specialist IT

package. The manager's director can review and modify the arithmetical output of the system within limits.

Where G is below 95 or over 105, it is reported as 95 or 105 for the purpose of pay. The manager thus receives a level of pay corresponding to the extent of coverage calculated.

The so-called extent of coverage G thus represents the capacity to fulfil the demands of the post assigned and is a percentage multiplier applied to the value of the reference compensation (IPR). The scheme at Figure 1.5 shows, through three curves corresponding to a series of weightings on the x-axis, how the IP (actual pay) varies with extent of coverage $G = 1.15$, $G = 1.00$ and $G = 0.85$.

The extent of coverage is re-evaluated as the post changes (as evidenced in the summary job description) or as the individual's competences evolve (as evidenced in the CV) as is also reviewed annually by the line director of each manager. In addition the concept of extent of coverage allows each managerial or administrative post to be assigned a list of possible replacement postholders, selected from among those who:

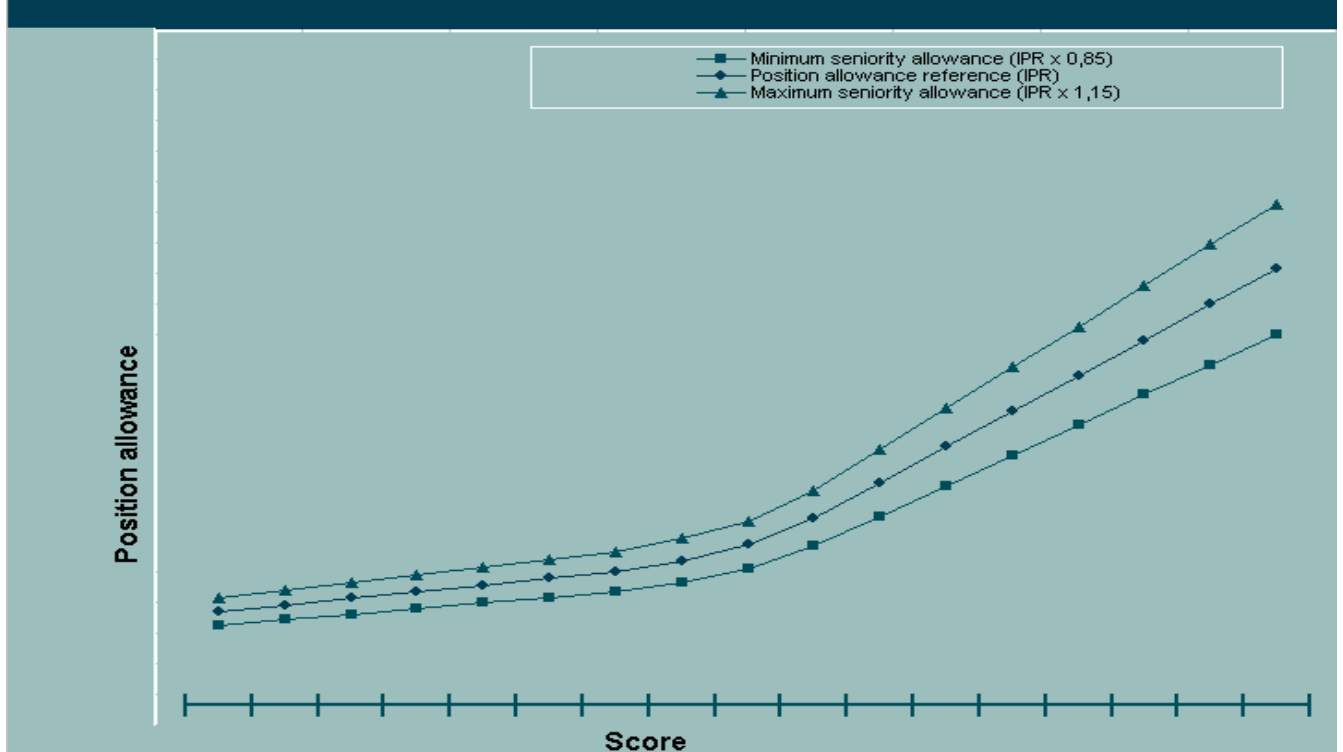
- have, in descending order, the level of coverage nearest to that of the incumbent;
- fill less important posts;
- naturally enjoy the trust of their superiors.

The replacement may be based on *emergency* (manager with the highest level of coverage, ready to take the place of the postholder immediately) or it may be *strategic* (someone ready to take a place at the top table, of a suitable age to take over from the postholder, with training which closely corresponds to the future demands of the post). This type of human resources management policy, applied in the Turin Council, enables the lack of key staff to be addressed quickly, stops bright professionals being demotivated by being passed over, and lends focus to the long-term training of individuals.

The plan of replacements and of potential, the job descriptions and the CVs, alongside the evaluations of results against assigned targets, make up the administration's human resources database. Its continuous updating is the main responsibility of the central human resources service.

1.4 Results obtained and characteristics of the system

Figure 1.5 Salary curve for management levels



The process of introducing the evaluation methodology has been long and laboured, but it has brought highly satisfactory results. In particular:

- • *the system has been widely accepted and shared.* The model used, in particular the summary job descriptions, was only launched after broad confrontation through 1999 and then for some months in 2002, involving the Evaluation Team, the 14 first-level directors, consultants and the management cadre. Furthermore, these managers have themselves worked on the description of the administrative posts in their sections;
- • as the system was developed through 1999 and only applied from 2000, the inevitable formulation errors and revisions were realized before it came into use;
- • obviously this did not preclude observation and amendments in practice. During 2002, as some managers felt that the list of competences included in the job descriptions was incomplete, these competences were reviewed and new versions of the summary job descriptions and CVs were produced;
- • *The procedure, though simple and linear, is used for various purposes.* There is no unnecessary duplication of data. The summary reports are used as job descriptions

and to compare competences required and possessed, and again to identify staff who are not in post but could develop to become postholders;

- *A database for management of human resources* has been created;
- *Staff are more motivated*, thanks to particular instruments such as the extent of coverage, replacement maps, and evaluation of potential;
- *An internal selection and mobility tool* has been created;
- *An innovative and meritocratic system of rewards and compensation* has been

**Table 1.1 Seniority allowance. Productivity bonus 2003.
Situation at 1st March 2004**

A. Managers			
Weight	Directors Number	Total allowance €	Total bonus €
Da 2100 a 2700	14	925.743,16	334.750,00
1880 1950	10	346.658,71	186.850,00
1780 1850	46	1.230.677,03	664.267,00
1680 1750	49	1.094.936,52	444.031,00
1550 1650	47	840.885,07	194.787,50
newly nominated managers	40	238.901,00	
Total	206	4.677.801,49	1.824.685,50
B Organizational staff			
Weight	Organizational Number	Total	
From 505 to 600		21	213.658,22
405 500		92	878.286,60
305 400		202	1.844.112,65
200 300		88	766.112,16
Total		403	3.702.169,63

introduced, in the place of a *case by case method* (table 1.1).

Self-assessment has contributed key elements:

- *Verification of declarations with line managers*, which, even when done exhaustively, brings two diverse evaluations to light;
- *Different line managers use different evaluation standards*. Courses have been organized, but clearly the culture of evaluation takes time and dedication to instill;

- *Corrective measures have been introduced* to reduce the risks of self over- or under-evaluation, which have proved effective but not exhaustive. These measures basically involve checks assigned to individual managers or directors on the correctness of self-assessment of competences made by their staff in compiling summary CVs. Looking ahead, it is possible that self-assessment of competences will lead on to evaluation carried out by the line manager and shared with the staff member.

The performance of managers and the administrative postholders is evaluated annually. This evaluation serves to determine the scale of compensation due to managers and administrative staff, and confirms their capacity to carry out their role. The professional performance evaluation system has been based since 1998 on a measurement of the extent to which they have met the targets assigned to managers through the Balanced Scorecard method. This is designed to identify long-term actions and annual objectives, within policies and guidelines defined by individual business units.

Until the beginning of 2002, and the delivery of pay resulting from decisions of the year before, the evaluation was based entirely on a percentage measurement of the extent to which targets assigned had been met, with a pay award calculated as a percentage of the post's annual pay level (from a minimum of 10% to a maximum of 18%).

From 2002 the evaluation system underwent a significant methodological overhaul, introduced with the renewal of the comprehensive corporate contract for managers. The factor P (i.e. performance) was added to the annual evaluation of results for each manager, adjudged by their line director according to nine *organizational behaviours*:

Trustworthy – Communicator – Ready to relocate – Polite – Integrator – Leader – Results-driven – Client-facing – Responsible.

Evaluation of P now influences the annual pay award alongside the measure of results against targets assigned. In particular, for managers, 50% of the pay award totally depends on results achieved, and 50% on the line director's evaluation of P.

1.5 Current and future outlook

The evaluation methodology created in 1999 has since been developed, modified and perfected.

Within the organization a project is underway to reinforce the evaluation system to improve the measurability of results, competences and potential. The organization plans to improve and reinforce these management tools, in any way possible.

Thus in March 2002, the comprehensive corporate contract of managers was renewed following an organization-wide proposal, which introduced the evaluation factor P (performance). This influenced the calculation of pay awards for managers and administrative postholders, and also led to a new formula to calculate effective compensation for posts (IP).

IP was previously calculated by the formula

$$IP = IPR \times G$$

where *G* (extent of coverage) represents (as described above) a percentage measure of the reference compensation for a post (IPR), depending on the post's evaluated importance.

With the new evaluation methodology the coefficient *P* is added to the formula. It was introduced at an initial fixed value for the first year (2002) and has since been evaluated annually by line directors. The formula for management pay awards has thus become:

$$IP = IPR \times G \times P$$

Factor *P* can increase from year to year with the evaluation that each manager receives based on the nine *organizational behaviours* listed above.

This new method gives rise to a key peculiarity of the evaluation system of the Turin Council. An element designed for measuring performance in terms of organizational behaviour is used as a parameter against which results-based pay and position-based pay can be measured together: the great advantage of factor *P* is that it allows, within a defined budget, annual variations in pay for a position based on a complex behavioural judgment on the part of the competent director.

N.B.

Note that the system of evaluating positions should be considered in the light of the organization's structure.

The process implemented through 1999 of identifying and evaluating administrative roles was long and painstaking. It was repeated in 2002 with the addition of around 90 new posts to the 340 existing positions. Note in particular that the identification of posts involved all the directors and the Director General (also as a member of the *Evaluation Team*), the Evaluation Team itself, the management committee, unions, external consultants and the central human resources service.

- The *Evaluation Team* of the Turin Council is entirely *internal*. It includes the Director General, the Vice Director Generals, the Director of Human Resources and the Department Head responsible for staff. It does not carry out direct evaluation, but is closely involved in specialist and methodological aspects. It meets regularly to address technical and planning issues.

Its role is to connect and coordinate and give methodological assistance in summarizing the results of evaluations and also through technical support to managers in their evaluation of their staff. In the organization the Team does not evaluate others: rather, the evaluation takes place at all levels through the management structure.

- the *external consultants* (Gram srl of Turin) act only on particularly delicate matters, such as evaluation of potential, without representing members of the evaluation system. Among the notable characteristics of this system is in fact the methodological simplicity stemming from its internal planning and implementation.

- the *unions* intervene in various ways; they are guaranteed all information on methodology and modifications to the system.

2. This point merits further detail: mention of management positions highlights an assumption over the number of managers and the number of managerial posts covered, that 205 managerial posts means 205 managers. The same assumption is not proposed for the lower band (category D) where around 400 managerial posts have been identified, a number clearly below the total of category D staff. To be precise, the first identification of managerial posts and postholders gave a figure of 1,200 – 1,300 category D staff, and the choice, made according to a precise selection procedure, regarded in the first instance around 340 managerial posts.

- the *management committee* includes 15 people: the Director General and the 14 first-level directors. It meets weekly to review all management issues.