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**Identifying Leaders' Training and Development Needs  
Using the Human Capital Management Perspective:  
An Application to Egyptian Public Organizations**

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**ABSTRACT**

Human Capital Management (HCM) offers a new lens through which the development and training needs of all employees in public sector organizations may be assessed. While the essential elements of HCM are gaining acceptance among scholars and practitioners in the field of public administration in developed countries, the usefulness of the approach in developing countries has not been tested. In the current research paper the authors provide an operational model of HCM that has been developed through research and tested in three U.S. federal agencies, and use their model to identify leaders' training and development needs in three Egyptian public organizations.

## *INTRODUCTION*

Human Capital Management (HCM) is a relatively new concept used to refer to the diverse activities and functions performed in today's organizations to manage the most valued resource, namely the people within those organizations. The underlying theme of HCM idea is to emphasize the value of human resources within an organization, and the criticality of strategic management of people. Effective HCM is believed to entail consistent assessment of employee performance, and investment in training and development to increase employees' overall worth to the organization.

Interest in the welfare of employees is not new. Typically we date this focus to the beginning of the Human Relations School of management, back in the early 1930s. Since then appreciation of the importance of the human factor in the organization has been manifest in many ways. Concepts like 'Strategic Human Resource Management', 'Talent Management', 'Competency-Based Management', 'Organization's Brain-ware', 'Knowledge Management', 'Transactional, Transformational or Servant Leadership', to name just a few of the new terms and approaches currently popular, all highlight the increased and sharpened focus on the human element inside the organization. The idea is that the human element is the most important asset an organization has, and is the most important key to enhancing organizational efficiency and effectiveness.

Implementing Human Capital Management in the public sector requires different knowledge and skills than are needed to manage employees in the private sector. There is the typically challenging context for governmental action in general, as well as legislation and regulations constraining public service, to consider. HCM in public agencies calls for increased investment in the training and development of employees, strategic management of staffing and skills, prioritizing and planning human capital costs, and openly engaging employees via communication and collaboration (CIPS, 2006).

Strategic HCM in government has been highlighted in the U.S. federal government as necessary to maximize value and manage risk, and to ensure that human capital is employed effectively to realize agencies' missions (GAO, 2000). Consistent measurement to allow an agency to keep track of its investment in people is viewed as an essential element in HCM, and recently a variety of metrics, checklists and frameworks have been offered to assess public agencies' performance in HCM (Nathanson, 2005; GAO, 2000; OPM, 2006; CIPS, 2006).

Human Capital Management offers a new lens through which the development and training needs of all employees in public sector organizations may be assessed. While the essential elements of HCM are gaining acceptance among scholars and practitioners in the field of public administration in developed countries, the usefulness of the approach in developing countries has not been tested. **We provide an operational model of HCM that has been developed through research and tested in three U.S. federal agencies, and use our model to identify leaders' training and development needs in three Egyptian public organizations.**

In order to identify training and development needs for public sector leaders, we believe it is important to assess how both managers and employees perceive the current status of HCM in their own organizations. We believe that fulfillment of mission in public agencies requires consistent and authentic communication between leaders and line employees, and that understanding both managers' and employees' perspectives on the personnel support they receive is necessary to assess training needs. Thus, our research in both the U.S. and Egyptian agencies included both managers and employees.

In this paper we first describe the factors that currently are creating a need for personnel reform of major dimensions in the U.S. and in Egypt. Second, we describe the methods we used to conduct the research reported here. Third, we offer a model of HCM that was developed through research in the U.S. Fourth, we report findings from surveys of managers and employees in three Egyptian agencies that were based on our HCM model. And finally, drawing on the survey results, we identify training and development needs for Egyptian public servants.

## ***A PERFECT STORM FOR PERSONNEL REFORM: THE U.S FEDERAL GOVERNMENT.***

Leaders in the federal government charged with improving human capital management practices operate in an especially challenging environment today. The terrorist attacks on September 11<sup>th</sup>, 2001, converged with existing and nascent management reform efforts to create unique conditions for widespread change. The nation's shock from 9/11 caused constituents to press lawmakers and executive branch leaders to simultaneously explain and address security vulnerabilities and bureaucratic breakdowns. As the shape of post-9/11 restructuring emerged, existing thinking related to federal management became context for the plans to realign structures and processes in order to meet the security threat. In short, the unique policy and management environment presented an opportunity for reform different than any prior set of conditions.

In addition to the strong demands for homeland security-related accountability, demographic factors, and initiatives of the President and the Congress, set the turbulent context for people management:

- An ominous retirement boom foreshadows the loss of significant portions of the supervisory workforce, and although experts differ in their characterization of the magnitude of the expected exodus, there is general agreement that the hiring and development of federal leaders and managers is going to quickly become an issue. Federal hiring freezes 10-15 years ago in some agencies compound the upcoming challenge.
- Under the George W. Bush Administration, the President's Management Agenda (PMA) introduced explicit tools for highlighting accountability and performance-oriented practices across agency management functions, with a focus on human capital management.

- The Homeland Security Act of 2002 established a new huge department comprised of 22 agencies that had their own management cultures, and it became a vehicle for marshalling support for management reform. Efforts to enhance financial management and information technology had led to the Chief Financial Officers Act of 1990 (CFO Act) and the establishment of Chief Information Officers (CIOs) at federal agencies through the Clinger-Cohen Act of 1996, offering a model for human resources management. Thus, the Chief Human Capital Officers Act of 2002 (the CHCO Act), part of the Homeland Security Act, requires designation of a Chief Human Capital Officer (CHCO) within each cabinet department. Agency CHCOs have initiated a difficult path of gathering the human capital functions from across their organizations in order to manage a more comprehensive and integrated set of strategic human capital management activities
- The Homeland Security Act also introduced a “performance-aligned” pay system for the Homeland Security Department. Although this element was hotly debated, this piece of legislation established the most significant changes to personnel management in the federal government since the Civil Service was created nearly 100 years before.
- The National Defense Authorization Act of 2003 authorized the establishment of the National Security Personnel System (NSPS), which also calls for performance-based pay for many categories of Department of Defense employees.

In the five years since the Homeland Security Act, the management of human capital has been at the forefront of virtually every discussion of government performance, although concerns about human capital had been building up since the early 1990’s. Redirecting the functions of many traditional human resources units and extending the scope of HCM within an agency to what have traditionally been “line” functions requires political will across and within individual Federal agencies, in combination with effective change leadership

Another pressing personnel issue has been the significant effort to increase the attractiveness of public service to young professionals in response to the highly publicized retirement of baby boomers from federal leadership ranks. Recognizing that the current job market is no longer driven by a demand for long-term careers and retirement plans for which the federal sector is known, current government recruitment and retention efforts have focused on creating a more aligned “public service brand.” A great deal of effort has been directed toward the candidate attraction process, although less has been placed on the hiring transaction and staffing aspect (CIPS, 2006).

The personnel issue that has drawn the most contention has been the bid to implement performance-based compensation systems. As noted above, the Homeland Security Act and the National Defense Authorization Act mandate pay for performance systems. Over the last two years, the Department of Homeland Security and Department of Defense have worked to implement pay for performance, despite opposition among labor groups. Elsewhere in the federal sector, efforts have been undertaken through prototype “demonstration” projects and

exemptions. In fact, pay for performance at DHS and DOD is at least in part the result of best practices derived from some of the earlier demonstrations, as in Federal Acquisition Reform. While CHCOs pursue their charge to enhance the practice of HCM, the foreground is filled with the emotionally-charged deadlock around compensation.

Effective planning and implementation of performance-based systems at DHS, DOD and elsewhere, depends on effective human capital management. A large amount of HCM guidance has been generated in and outside the federal sector during the last few years, as the mandates for change are daunting (For example, see OPM 2002, 2005, and 2006; GAO, 2002; and NAPA, 2004).

### ***A PERFECT STORM FOR PERSONNEL REFORM: EGYPT***

In Egypt, there are also many factors pressing for significant change in personnel management in the government. Although the Egyptian government has repeatedly undertaken reform initiatives over the years, and is still implementing reform efforts on various scales, the Egyptian administrative system currently is not perceived to be working efficiently, effectively or with an acceptable level of responsiveness to the different groups of stakeholders. Citizens complain all the time of the red-tape, routine, rigidity, and low performance of the civil service, while international organizations like the World Bank give poor assessments of the quality of effective governance compared to other countries in the region (World Bank, 2006). Top-level officials like the Minister of Administrative Development and the Head of the Central Agency for Organization and Administration acknowledge the pervasiveness of the abovementioned problems in the Egyptian public service (Darwish, 2006; and Nahas, 2006).

A detailed discussion of the problems facing the Egyptian public service is not within the scope of this research paper. However, the following indicators provide a sense of the gravity of the situation:

- Overstaffing: The public service is overstaffed with approximately 5.7 million employees, and the ratio of employees to citizens is estimated to be 1:12;
- Low educational status of civil servants: there are approximately 120 thousand illiterate employees and this figure may be underestimated because some of the employees who join the service having Illiteracy Eradication certificates, turn back into being illiterates over time;
- A large proportion of unskilled workers: There are nearly 660 thousand employees who work as janitors and messengers and 340 thousand carpenters, plumbers and maintenance workers;
- Inadequate geographical distribution: The more qualified workers are drawn to Cairo. For example, in the case of the education sector, there is a drastic geographical maldistribution of teachers. Cairo, being the capital city, has a surplus supply of teachers, and the capital cities of governorates (the equivalent of states) have an adequate number of teachers, while the villages suffer from serious deficits in numbers of required teachers;

- Low Financial Compensation: the general salary scale is way below market rate salaries;
- Low Training Budget: the estimated training budget is estimated to be 10 L.E. /employee per year (equivalent to less than \$2); and
- Skewed ratio of technical versus administrative staff in some sectors: for example the 999 thousand teachers in the education sector are divided into 560 thousand teachers who actually give lessons, and 419 teachers who perform administrative tasks; that is, there is nearly one supervisor for every teacher in the Egyptian schools (Nahas, 2006; Darwish,2007).

The many people management problems in the Egyptian public service have a negative impact on the quality of services rendered to citizens and investors, pose a potential threat to Egypt's overall economic performance, and are totally out of sync with change underway in the role of the state. In Egypt there is a drive towards decentralization, and movement toward a more liberal open economy, and away from a state-controlled economy

In recognition of the problems within the public service, the issuance of a new Civil Jobs law is currently being considered. The current minister of Administrative Development is working diligently to get the law approved by parliament, but it is quite difficult to obtain sufficient support. The main changes to be introduced by the law include: change in the title of the personnel department in government agencies to become 'Human Resource Management Departments'; more effective performance appraisals that will require the implementation of a ranking system for employees; a competence-based promotion system to be applied to the majority of job categories, with a few exceptions where seniority counts, such as for support staff (messengers and janitors); and development of a more effective sanction system to address poor performance.

The proposed reforms are in conformance with the worldwide trend towards adoption of a more strategic perspective about management of people. Yet the fact remains that the law has not been approved. And while the law would not solve all the problems, it presents a move in the right direction. A more comprehensive reform perspective is required that takes into consideration the tenets and main commitments of HCM and puts them into implementation.

## ***SCOPE AND METHODS***

The conceptual model of Human Capital Management presented here was developed through over two years of research, fieldwork, and collaboration with human capital management (HCM) leaders and experts in the U.S. (2004 to 2006). Our background research included the review of hundreds of sources of HCM guidance from across the government, nonprofit and private sectors. In addition to this assessment of secondary sources, we conducted background interviews with dozens of HCM experts and practitioners, gaining insight into the scope and depth of various aspects of the HCM landscape. Ultimately, three federal agencies - the Washington Field Office of the Federal Bureau of Investigation (FBI), the Government Accountability Office, and the Program Executive Office-Enterprise Information Systems within

the U.S. Department of the Army – two with national security missions and one with a non-security focus – agreed to make employees available for focus groups with line staff and managers, and interviews with human resources/human capital personnel, senior managers, and executives (in 2005-06). Of the three agencies we studied, two have pay banding and Pay for Performance, but neither has been implemented at the third agency we researched.

The interview and focus group protocols are located in Appendix A and Appendix B. Our field work involved a total of 40 interviews and 11 focus groups comprised of 115 federal employees. The participants in the focus groups and interviews encompassed a cross-section of line staff at the GS-7 through 12 levels, administrative and program managers in the GS-13 through 15 range, and executives, including political appointees, SES members, and one agency director. Finally, we convened a diverse “Expert Panel” of HCM experts from the public, nonprofit and private sectors, including thought leaders from GAO, the National Academy of Public Administration and the Partnership for Public Service. The Panel met routinely throughout the project and provided guidance to ensure the project’s relevance to current HCM challenges, and provided actionable insight, clarity, and consistency of purpose.

Pertinent to this paper, two of the products of the U.S. based research were an operational model of HCM practice (presented below), and a survey instrument that may be administered to employees and managers to ascertain the status of human capital management practice in their agency. The survey instrument was modified for use in the Egyptian phase of the research.

The survey research presented here assesses public managers’ and employees’ perceptions of HCM in three different Egyptian public organizations. Two of the organizations represent traditional ministries - the Ministry of Trade and Industry and the Ministry of Finance, while the third organization is a more recently established public organization, with a more modern image; the Information and Decision Support Center (IDSC). See Appendix C for a description of the three agencies. Two surveys were conducted during the summer of 2006, one of managers, and one of employees working within the three selected Egyptian public organizations. The total population of employees and managers working within the three selected organizations exceeds 100,000. Due to budgetary and time limitations, a purposive sample was used composed of 10 managers and 25 employees from each of the three organizations.

The survey instrument was composed mostly of close-ended questions plus a few open-ended questions. The close-ended questions covered the main concepts and tools of HCM including but not limited to: performance management, learning management, job satisfaction, career advancement, supervisors’ responsibilities, leadership development, and talent retention. The open-ended questions were added to probe employees’ and managers’ perceptions of major components of HCM, anticipated changes in their different organizations over the short-term, and their thoughts regarding expected implementation challenges.

In phrasing the survey questions, which were administered in the Arabic language, care was taken not to use complicated terms or jargon that would intimidate respondents. The assumption was that many of the concepts of HCM were more likely to be understood by the respondents when communicated to them through simple commonly used descriptors, rather than academic

jargon. So instead of using the term ‘Talent Retention’ for example, we discussed with the respondents the use of surveys to monitor employees’ satisfaction, the use of exit interviews and how the results of exit interviews are utilized. See Appendix D for the manager and employee survey instruments.

### ***UNDERSTANDING THE VISION AND STRATEGY OF HUMAN CAPITAL MANAGEMENT***

The overriding ideal of the strategic management of human capital is that the important missions of government must be accomplished, and they must be accomplished effectively. In order to carry out these missions government must be able to attract, retain, develop and motivate talented people. The success of human capital reform will be seen in the increased capacity of public agencies to perform their missions. Human capital management reform focuses on the reality that *people* are critical to mission success, and therefore that the fundamental approach to *people management* in the current environment must be improved to assure that government has the capability to deliver on its unique and essential services. The central intent of the current reform effort is not to fix old processes. Human capital management reform instead seeks to create a new, people-centric culture where investment in people is of paramount concern to leaders and managers across an agency, and not only in jobs and roles that traditionally deal with personnel issues.

While there is nothing new about the idea that improving organizational culture increases workforce productivity, HCM reform has illuminated the need to value the talents and address the needs of the workforce in order to improve organizational performance. Rapid technological and socioeconomic change, coupled with pressing national and global security needs, compel the sharpened focus of HCM reform on enhancing and integrating the assets of human capital to meet increasing demands for service quality and capacity.

Given the multiple demands on government agencies to change the way their personnel are managed, and the typically limited resources and management attention available to address all of the complex directives, it is easy to imagine why implementing HCM reform is often a reactive and fragmented process. We felt that it would be helpful to synthesize the guidance and provide an operational vision of human capital management.

*Figure 1. The Four Commitments of Human Capital Management*

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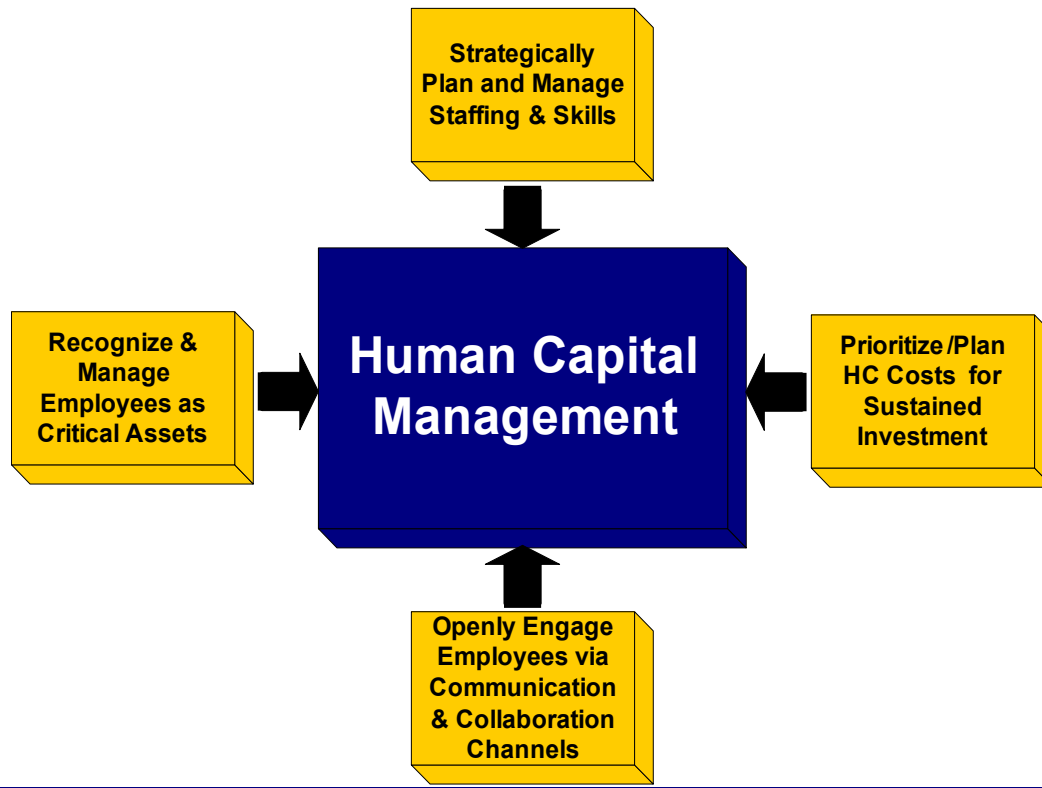


Figure 1 identifies four “commitments” that are the bedrock foundation of successful HCM: recognizing and managing employees as critical assets; strategically planning and managing staffing and skills; prioritizing/planning human capital costs for sustained investment; and openly engaging employees via communication and collaboration channels. In accepting these commitments, agency leaders and managers need to “own” their responsibility to act in a way that is consistent with these themes as they make decisions and set direction for their teams. By the same token, employees within each agency need to accept their responsibility to support organizational goals and decisions. In effect, each commitment is a reciprocal agreement between managers, leaders, and employees. Elaboration of each commitment follows:

***Recognize and Manage Employees As Critical Assets***

- Human resources are an organization’s most important assets, not administrative burdens.

- Every effort is concerted to hire and retain employees in the positions most appropriate to their skills and interests, in line with overall organizational objectives.
- Employees are encouraged to assert and develop their potential within the organization. Leaders of people-centric organizations, that put the needs of their employees at the top of their agenda, recognize that effective HCM depends on responding to the questions, “What is our mission?” “What do our people need to accomplish it?” “Where do our people best fit in our organization?” and “How do we keep people motivated to work here?”
- Recognizing mutual value involves a commitment to invest in employees, and understand and address the equally important reciprocal needs of employees and the overall organization.

### ***Strategically Plan and Manage Staffing and Skills***

- Effective HCM is closely related to strategic workforce planning and utilization. Strategic workforce planning and utilization are integrated into all of the functional components of HCM and follow from reconciliation of high-level mission strategy with realities in the work environment.
- To keep current with, if not ahead of, the demands of the high-change work environment, supervisors, managers, HC officers, and executives strive to understand and address the implications of future strategic workforce needs through continuous dialogue with employees.
- Measurement of performance and organizational productivity reflects a shared understanding of employees’ roles in achieving strategic mission needs.

### ***Set priorities and Plan HC Costs for Sustained Investment***

- HCM involves a commitment to balance organizational effectiveness and efficiency in the utilization, management, and development of employees.
- Organizational resources are limited; any kind of management reform entails difficult personnel decisions. However, when recognized and utilized as a holistic approach to organizational management, HCM supports fair decision making about whom to hire, promote, retrain, retain, or remove while achieving cost-efficiencies.
- In implementing HCM reforms, leaders and managers bear in mind the perception of some in the workforce that human capital management is solely aimed at reducing staff and/or benefits.

### ***Engage Employees via Communication and Collaboration***

- HC leaders engage in constant, structured, organization-wide communication to convey their sense of mission, obtain feedback, and foster commitment across managerial and staff levels, and, ultimately, fulfill mission objectives.
- Active communication and incorporation of feedback clarify line of sight, improve policy, procedures, and regulations and result in a more productive work environment and culture.

- An ongoing commitment to collaborative communication is central to achieving effective human capital management.

While people-centric values and employee-friendly strategies and policies may be communicated from political leaders and top agency management, they take time, effort, and expertise to interpret and implement at the working level. Translating the HCM vision throughout an agency amounts to a significant cultural change that may progress slowly, at the same time other urgent mission priorities vie for attention. New personnel regulations, or flexibilities, are steps in the right direction, but adapting them requires costly training and other organizational changes that sometimes are neglected. The training effort entailed in HCM reform places a large burden on reduced workforces with expanding missions. Agency executives may be hard-pressed to make resources available for training amidst pressures to perform mission-related work.

Leaders and agency managers working to adapt and implement the HCM guidance in their organizations may appreciate the long-term strategic value of the HCM approach, but many immediate challenges also compete. In reality, there is typically profound organizational culture change required, and leaders should be realistic in setting mission priorities and performance goals, given the implementation time needed.

### ***AN HCM HIERARCHY OF NEEDS***

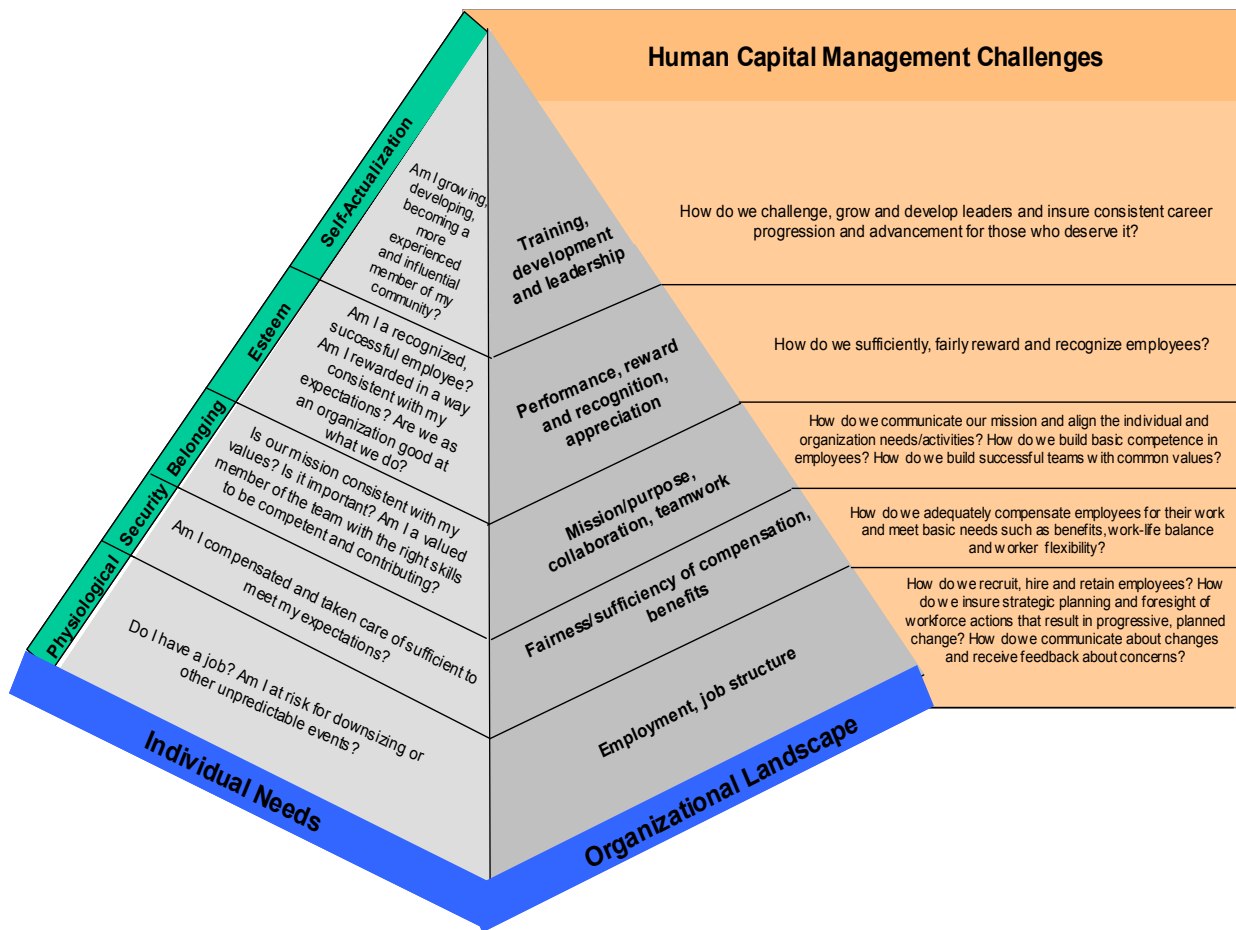
How should the organizational vision of human capital management be implemented in the workplace? We offer a model that can help translate the HCM rhetoric into action to help managers anticipate and address employee and organizational needs proactively.

Insights from the dozens of interviews we held in the U.S. revealed a pattern of organizational behavior that reflects the current challenging scenario of budget pressures, growing national security demands, employee hiring and retention pressures, and demands for results-based performance. A human capital officer who we interviewed aptly described current organizational behavior by comparing agencies' reactions to budget constraints to human motivation in Abraham Maslow's "Hierarchy of Needs." Maslow presented one of the most influential considerations of how "needs" define the motivations that affect management. As he noted, an individual's actions are driven by a set of motivations that progress from more fundamental physical requirements for health and security, to higher consciousness needs for self-actualization and individual psychological development. The important aspect of this progression of needs is that more fundamental needs take precedence over higher level needs – with higher needs satisfied only when more basic ones are assured.

We translated Maslow's concepts into the context of HCM, where the range of the needs presents a context for decisions, processes, and programs that is instructive. As E.L. Kersten recently noted in a February, 2006 Harvard Business Review article on employee-organization relations, "Employers and employees have something the other needs. One of the keys to a mutually beneficial relationship is a realistic understanding of what that something is" (p. 67).

Figure 2 depicts the needs described in Maslow’s Hierarchy of Needs which we adapt in a way to operationalize the influences and motivations involved in HCM. The HCM challenges on the right of the diagram in Figure 2 represent the themes that emerged in our American field research. Using our HCM Hierarchy of Needs Model, it is clear that optimal HCM development rests on strong foundations between the organization and the individual, where awareness of needs and consistency of meeting needs leads to confidence, thereby allowing higher-order change related to development and performance. We summarize briefly here some of our research insights from the American field work that support our HCM Hierarchy of Needs Model.

Figure 2. An HCM Hierarchy of Needs



**AMERICAN FIELD RESEARCH FINDINGS-IN-BRIEF**

1. *One of the core themes that we identified depicts the challenge of conflicting needs.* In our interviews and focus groups, we frequently heard that there were many effective leaders and skilled employees throughout the organizations that we assessed. However, respondents voiced a general lack of sufficient training and development infrastructure aligned with a thorough understanding of necessary skills and abilities to meet mission requirements. In turn, training and development were not managed as an integrated, progressive aspect of an employee's growth, but rather as a sporadic, transactional process that was often disconnected from an employee's actual progression throughout the organization. Hiring freezes in the previous decade and general budget constraints in more recent times have left organizations with minimal staffing in many cases, and in some instances, significantly diminished ability to meet mission requirements with current staff.

2. *The result of reactive, as opposed to proactive, training and development is frequently coupled with limited staffing.* In many cases, managers were forced to choose between leaving a position vacant while allowing an individual to attend a training seminar, or meeting staffing needs while denying training to employees. Obviously, this situation presents a type of conflict that places managers and employees in a double bind. More importantly, this type of choice creates a destabilizing environment that further diminishes employee confidence in the organization's ability to respect and meet their needs. Scarcity of recruitment, training and incentive funds conflict with pressing mission needs. Another example of conflicting needs related to initiatives that were geared toward implementing more aligned performance incentives. These programs are geared primarily at addressing the influences at the higher end of the Needs Hierarchy. They, too, were suffering the same destabilization in cases where staffing was insufficient, in some cases producing more competitive environments with the potential of outsourced positions increasing conflict. Activities were directed at motivating employees to perform while simultaneously introducing the destabilizing force of unpredictable reductions in staffing.

4. *Cultural cleavages among agency staff can undercut organizational success.* We heard evidence of the fundamental obstacles to change and growth of employees caused by *cleavages* within organizational cultures. The three key cultural cleavages we observed are between: core and support employees; mid-level managers and recently hired entry-level professionals; and high-priority and low-priority teams. Employees attributed tensions between these pairings to the focus of greater attention and resources on the more valued group in each pair. This causes tension in the work environment, as employees perceived as less valuable feel neglected, indicating that the HCM ideal of treating each employee as a critical asset has not been reached.

5. *There is a far-reaching lack of confidence in the civil service hiring system within the participating agencies.* Many interviewees commented that the hiring process is too lengthy and too complicated. Others noted serious problems in targeting and bringing in top candidates. These findings suggest that there are serious problems implementing one of the HCM goals, effective workforce utilization.

6. *There is an overwhelming perception that budget constraints – not human capital management – drive management decisions.* Counter to the people-centric HCM rhetoric, agency personnel also expressed concern that budget constraints, not comprehensive strategic management

practices, ultimately determine management decisions. They view HCM as an approach that sounds attractive when budgets are flush but dispensable when budgets are inadequate.

*7. Managers perceive that human capital management practices force 'People versus Mission' choices and tradeoff.* Some agency managers commented that *HCM is a great idea but would rather 'do their job first and worry about it later.'* Such statements demonstrate the “do more with less” expectation related to the perfect storm conditions, while indicating a lack of top-level commitment to HCM.

*8. There are widely-held beliefs that the extent and timing of civil service reform, including conversion to Pay for Performance systems, are unrealistic.* One area where human capital management change is occurring, albeit with mixed implementation results, is *performance management*. Two of the agencies where we conducted focus groups and interviews have piloted Pay for Performance management systems, and employees report lessons that can be used by agencies considering similar reforms. Some participants criticized the oversimplification of performance appraisal assessment criteria under Pay for Performance systems. Other feedback regarded big-picture perceptions, including the impression that Pay for Performance is an attempt to pay federal employees less and reduce the workforce.

In sum, our American field work supports our model’s focus upon the need to proactively and consciously take into account individual employee needs along with organizational needs when designing and implementing management policies. When public sector leaders and managers act without an understanding of potentially competing needs, the likelihood of acting in a less-than-effective manner is much greater. By understanding the motivational aspect of HCM needs, leaders can gain additional insight into the feasibility of HCM actions and avoid unnecessary impediments.

## ***THE REALITY OF HUMAN CAPITAL MANAGEMENT IN EGYPT***

We surveyed managers and employees in three Egyptian public organizations using a survey instrument that reflected the findings from the American field research. The questions asked both groups about existing personnel management practice, preferences for changes in existing practice, and challenges they believe inhibit more effective people management in their agencies.

### ***A PROFILE OF THE SAMPLES***

Table 1 provides a profile of the two samples in terms of their place of work, years in government service, years of work experience outside of government, age, gender and educational attainment. As is apparent in Table 1, the samples are divided equally among the three agencies, namely the Ministry of Trade and Industry (MOTI), the Ministry of Finance (MOF), and the Information and Decision Support Center (IDSC). While 60% of the managers in our sample had worked as government employees for more than 21 years, half of the employees

had been on the job less than 5 years. The majority of management positions are occupied by individuals with a relatively lengthy period of government service, while the opposite is true of employees. Further analysis of the data reveals that all of the employees who had worked in the government sector for more than 21 years belong to the two traditional ministries, the Ministry of Finance and the Ministry of Trade and Supply.

**Table 1. A Profile of the Egyptian Samples**

<b>Organization Name</b>	<b>Manager N=30</b>	<b>Employees N=75</b>
Ministry of Trade & Industry	33.3%	33.3%
Ministry of Finance	33.3%	33.3%
Information and Decision Support Center	33.3%	33.3%
<b>Number of Years of Government Service</b>	<b>Manager N=30</b>	<b>Employee N=75</b>
0 to 5	13.3%	50.7%
6 to 10	10%	18.7%
11 to 15	10%	9.3%
16 to 20	6.7%	2.7%
21+years	60%	18.7%
<b>Number of Years of Work Outside of Government</b>	<b>Manager N=18</b>	<b>Employee N=75</b>
0 to 5	72.2%	92.2%
6 to 10	16.6%	9.8%
11 to 15	0.0%	2.0%
21+years	11.1%	2.0%
<b>Age</b>	<b>Manager N=30</b>	<b>Employee N=75</b>
20-30	6.7%	41.3%
31-40	20%	36.0%
41-50	26%	17.3%
51-60	46.7%	5.3%
<b>Gender</b>	<b>Manager N=30</b>	<b>Employee N=75</b>
Male	30%	36%
Female	70%	64%
<b>Educational attainment</b>	<b>Manager N=30</b>	<b>Employee N=75</b>
High School	6.7%	10.7%
University	66.7%	54.7%
Graduate Studies(Diploma-Masters- Doctoral )	26.7%	34.7%

Meanwhile 92% of the managers sampled from IDSC have worked as government employees for less than five years, and the remaining 8% of IDSC managers have worked for less than 10 years, a matter which points out to the relatively young nature of the organization at large and the fact that when IDSC started operations in the early nineties it did not appoint managers with prior experience in government organizations.

Very high proportion of both sampled managers (72.2%) and employees (92.2%) had worked for less than five years in jobs outside government, although 40% of the managers did not respond to that question. The relatively low number of years of work for Egyptian public employees outside government points out to the fact that usually public employees serve in the government sector for most of their lives; and the majority of those who had previous work experience outside government had worked for a very limited time period. Also, only in the young organization, IDSC, did the majority of employees have prior work experience outside government, while in the two traditional ministries the periods of prior work experience outside government was very low.

Only 6.7% of the managers are under thirty years of age, and only 26.7% are under 40 years of age. Meanwhile, almost half of the managers are over 50. Among employees, the majority of employees sampled (77.3%) were under 40 years of age; 17.3% were from 41-50 years of age; and only 5.3% were above the age of 50. Further analysis reveals that the majority of the sampled employees working at IDSC are relatively young; 88% are less than 30 years of age; and the remaining 12% are between 31-40 years of age. Meanwhile 52% and 16% of employees at the MOTI and the MOF are above 40 years of age.

The two samples are most similar regarding gender, as the vast majority of both groups are women.

The highest share of the managers (66.7%,) have a university degree, while (26.7%) of managers have postgraduate degrees, such as diplomas, masters, or doctoral degrees, and this denotes that managers in general have reached fairly high educational levels. When further analyzing the group of sampled managers who have postgraduate degrees, 80% of them were found to belong to the Information Decision and Support Center (IDSC). Interestingly, the employees were even more likely to have attained more than a university degree than were the managers in the sample.

### ***WHAT HUMAN CAPITAL MANAGEMENT FUNCTIONS DO THE MANAGERS PERFORM?***

We asked both managers and employees to check which functions managers perform in their respective organizations. Table 2 shows that the most frequently selected functions as perceived by managers were ‘facilitate camaraderie among co-workers’ (90%), followed by ‘evaluate individual employee performance’ (86.7%), and ‘consider individuals strengths and weaknesses when delegating projects (83.3%)’. The frequency at which managers note that they spend time on the task of ‘facilitating camaraderie among co-workers’, may reflect the type of

organizational culture prevalent, and whether it is wrought with animosity and politics to the extent that ‘facilitating camaraderie’ becomes the managers’ top performed task! In a work environment where employees are very much underpaid (as in Egypt), according to Herzberg’s motivation theory, there is an expected high level of dissatisfaction (Denhardt et al, 2002, 161), and managers may well need to spend time dealing with disgruntled employees. Meanwhile, the least frequently cited functions to be performed by managers included: ‘hire and fire employees’ (3.3%), ‘reward and discipline employees’ (26.7%), ‘develop leadership and training plans with each employee’ (26.7%), ‘promote employees based on performance’ (30%), and ‘consider individual employee preferences when delegating projects’ (30%).

**Table 2. Managers’ Views on Functions Managers Perform in their Organizations**

<b>Tasks</b>	<b>Managers</b>
Hire and fire employees	3.3%
Reward and discipline employees	26.7%
Provide training for employees	56.7%
Evaluate individual employee performance	86.7%
Encourage leadership development in employees	66.7%
Develop leadership and training plans with each employee	26.7%
Seek feedback from employees	63.3%
Promote employees based on performance	30%
Consider individuals employee strengths and weaknesses when delegating projects	83.3%
Consider individual employee preferences when delegating projects	30%
Facilitate camaraderie among co-workers	90%
Include employees in strategic decisions	60%

Those tasks cited as less frequent by managers are common problems faced by managers and leaders in Egyptian public organizations. It is very difficult to fire a public employee because of the rigidity of the civil service laws and the job security afforded to all public employees. The same situation applies as regards rewards and discipline of employees. A peculiarity of Egyptian public organizations is that financial compensation is extremely below market rate salaries - a matter which results in total disruption of the sanction system. Managers over-rate their employees in the yearly performance appraisal and the majority of employees are granted an appraisal with a grade of ‘Excellent’ so as to deserve the total amount of the annual raise due, and the full share of any incentives that may be distributed. The rationale is typically that employees deserve any extra financial compensation to help them achieve basic sustenance. Similarly, in case of discipline, the system is totally disrupted as the penalties and salary reductions mentioned in the civil service law No. 47 for 1978 are so insignificant in value that they no longer matter to employees, and accordingly are ineffective. Promotion is also based on seniority and years of service. Only for leadership positions does Law No. 5 for 1991 allow promotion based on competence. However, effective implementation of competence-based

promotion almost always meets with cultural barriers, and leaders end up being promoted based on seniority considerations only.

Table 3 displays what employees believe managers should do, as well as what they believe the managers actually do. When asked what they believe the managers should do, the functions rated most frequently were: ‘facilitate camaraderie among co workers’ (78.7%), ‘evaluate individual employee performance’ (77.3%), and ‘provide training for employees’ (72%). Other responsibilities noted with slightly less frequency were: ‘seek feedback from employees’ (61.3%), ‘encourage leadership development in employees’ (60%), and ‘consider individual employee strengths and weaknesses when delegating projects’ (57.3%).

**Table 3. Employees’ Views on Functions Managers Should Perform and Actually Do Perform in their Organizations**

<b>Tasks</b>	<b>Should Perform</b>	<b>Actually Perform</b>
Hire and fire employees	5.3%	6.7%
Reward and discipline employees	44%	36%
Provide training for employees	72%	48%
Evaluate individual employee performance	77.3%	68%
Encourage leadership development in employees	60%	30.7%
Develop leadership and training plans with each employee	40%	10.7%
Seek Feedback from Employees	61.3%	30.7%
Promote employees based on performance	44%	14.7%
Consider individuals employee strengths and weaknesses when delegating projects	57.3%	28%
Consider individual employee preferences when delegating projects	34.7%	16%
Facilitate camaraderie among co-workers	78.7%	40%
Include employees in strategic decisions	52%	17.3%

The tasks that were perceived to be the least frequently performed were: ‘hire and fire employees’ (5.3%), ‘consider individual employee preferences when delegating projects’ (34.7%), ‘develop leadership and training plans with each employee’ (40%), ‘reward and discipline employees’ (44%), and ‘promote employees based on performance’ (44%).

The tasks that were perceived by employees to be the lowest on a manager’s list of responsibilities are in conformance with the reality of Egyptian public organizations. It is almost impossible to fire a public employee, as previously mentioned, because of the rigid employment laws. The sanction system is ineffective, so managers naturally should not spend much time on disciplining or rewarding employees, and promotion is based on seniority and years of service. Moreover, leadership is predominantly autocratic so hardly any discussions are likely to take place between managers and employees to determine the employees’ leadership and training plans. Lack of democratic leadership is the norm rather than the exception in Egyptian public organizations, a norm that has its roots in political and social institutions. Within the regular

Egyptian nuclear or extended family there is always the dominant father or elderly figure, and within the political arena, there is the one ruling party, the autocratic President and the coercive power of the ruling regime enforced. So why should we expect any difference in public organizations? The extent to which the degree of power distance is accepted is remarkable. Employees do not expect their managers to engage with them in discussions regarding their leadership and training plans.

Table 3 also identifies gaps in the performance of managers by employees. The gaps are greatest for the most time intensive tasks, such as ‘Encourage leadership development in employees,’ ‘Develop leadership and training plans with each employee,’ and ‘Seek Feedback from Employees.’ Employees clearly would like more interaction with their supervisors, and more evidence that employees’ performance counts when promotions are made. There is general conformity between managers’ report that they do and employees’ perceptions of what supervisors’ responsibilities should be. But there are gaps between what desired responsibilities and actually performance, in the eyes of employees. It seems from this analysis that employees think managers should spend more time on facilitating camaraderie among employees than they are currently doing, and that they should devote more time to providing training for their employees than they are currently doing. Employees think the managers should also seek feedback from their employees more often, encourage development of leadership skills, and consider their strengths and weaknesses when delegating tasks more often and, evidently, more effectively.

We asked managers to identify the activities they use to manage the performance of employees in their organizations.

**Table 4. Techniques Managers Say They Use to Manage the Performance of Employees**

	<b>Managers N=30</b>
Annual review during which you meet individually with each employee	23.3%
Discussion and documentation of training needs	60%
Creation of individual development plans	66.7%
Job performance monitoring by supervisors and employees throughout the year	80%
Clearly stated differences between high and low employee performance	70%

Table 4 shows that the most commonly selected statement describing performance management was ‘the job performance monitoring by supervisors throughout the year’ which was selected by 80% of the respondents, and the second top selected statement was ‘clearly stating differences between high and low employee performance’ which was selected by 70% of the respondents, while the statement denoting ‘creation of individual development plans’ was selected by nearly 67% of the respondents. The statement referring to a ‘discussion and documentation of training needs’ was selected by 60% of the respondents, with 44.4% of those belonging to IDSC, 38.8% from the MOTI, and 16.7% from the MOF. It seems that managers from the IDSC more readily

accept the discussion of training needs with their employees compared to the other two ministries. The statement regarding ‘the annual review during which you meet with each employee’ received a rating of 23.3%.

It seems that there is a problem with the appraisal interview and that most managers do not consider it a priority. In Egyptian public organizations managers suffice with the preparation of written performance appraisal reports and do not discuss the process or the results with their subordinates. Employees just get informed of the final result of the appraisal.

And what do employees think about the feedback they receive during performance appraisals? Table 5 shows what employees say about the extent to which feedback they receive from supervisors affects their performance. While 57.3% of employees think that performance appraisals give them feedback to improve work to a large extent or almost always, 26.7% think that it does so only in a limited way or almost never.

**Table 5. Employees’ Views on the Role of Feedback Given to Them in Performance Appraisals to Help Them Improve**

<b>Answer</b>	<b>Employees N=75</b>
Almost never	18.7%
Improve in a limited way	8%
Improve in an average way	16%
Improve in a large way	45.3%
Almost always	12%

We asked managers how they obtain feedback from employees. As Table 6 shows, there are different methods used by managers to hear what employees think. The method that was rated most frequently by the managers (63.3%) was ‘conduct regular surveys to monitor employee satisfaction’. Meanwhile ‘use of survey data to address problems’, or ‘conduct exit interviews to learn why employees are leaving’, or ‘using the results of interviews to address retention issues’, were all cited with the same frequency by 43.3% of the sampled managers.

**Table 6. Managers’ Reports on Techniques Used to Collect Employee Feedback**

<b>Method</b>	<b>Managers N=30</b>
Conduct regular surveys to monitor employee satisfaction	63.3%
Use survey data to address problems	43.3%
Conduct exit interviews to learn why employees are leaving	43.3%
Use the results of interviews to address retention issues	43.3%

### ***WHAT ABOUT TRAINING?***

When asked, virtually all of the managers reported that they provide their staff with training opportunities (96.7%). Thus, the need to invest in employees' training is not an alien idea. The vast majority (83.3%) report that they receive feedback from employees about trainings sessions. We also asked managers who receive feedback from training sessions about the extent to which they use the feedback to improve employee training. Table 7 shows that on a scale from 1 to 5, 5 being to a 'very large extent' and 1 being 'not at all', about one third of the managers report that they use feedback from employees to improve training to a large or very large extent. And about one third of the managers state that they do not use feedback from employees to improve training very much. Most of the managers who stated that they do not use training feedback to improve employees' future training (90%) work in the more traditional ministries- the MOTI and the MOF. It seems that IDSC managers are keener on getting feedback from their employees once they get back from training, and using the feedback to improve future training.

We asked managers about the extent that training and promotion systems support leadership development. Table 8 shows that manager believe that training and promotion systems play a large role in supporting leadership development, as 63.3% of respondents rated training as playing a large or very large role in leadership development, while only 20% describe training as playing a limited role. The lowest ratings were mostly by managers from the MOF (83.3% of those who stated that there was limited or non-existent assistance were from MOF), while the managers from MOTI and the IDSC were responsible for most of the higher level ratings.

**Table 7. Managers' Perceptions About Use of Feedback From Employees to Improve Training**

	<b>Managers N=30</b>
1=Not at all	13.3%
2	20%
3	33.3%
4	26.7%
5=Very large extent	6.7%

**Table 8: Managers' Perception that Training and Promotion Systems Support Leadership Development**

	<b>Managers N=30</b>
1=Not at all	6.7%
2	13.3%
3	16.7%
4	50%
5=Very large extent	13.3%

And what do employees think about the role of training? Table 9 shows the extent to which employees think training helps them improve their job performance, and helps them achieve their own career goals. We found that 32% of employees perceive training to play a large to very large role in improving their performance, while 36% perceive that it has a limited to no impact in improving their performance. Only 4% believe it plays a major role in performance improvement. And, in a similar vein, 33.3% of employees rated training as playing a large to very large role in helping them achieve their own career goals, while 41.3% evaluated the contribution to be either non-existing or limited, and only 5.3% evaluated the contribution to be ‘to a very large extent’.

When asked to assess the level of support in their organization for learning, the employees gave a slightly more positive view. As shown in Table 10, the clear majority (58.7%) think that their organization provides adequate resources (for example, staff, courses, etc.) to ensure that learning opportunities are available. However, 30.4% perceive that their organization either

**Table 9. Employees’ Views on Contributions of Training to Help Them Improve Performance and Achieve Career Goals**

<b>Performance</b>	<b>Employees N=75</b>
1=Not at all	4%
2	32%
3	32%
4	28%
5=Very large extent	4%
<b>Career Goals</b>	<b>Employees N=75</b>
1=Not at all	5.3%
2	36%
3	25.3%
4	28%
5=Very large extent	5.3%

**Table 10: Employees’ View of the Support given in Their Organization to Support Learning**

<b>Answer</b>	<b>Employees N=75</b>
No indication of support	1.3%
Says it’s supportive to learning and improvement, but offers no formal learning opportunities	29.3%
Provides guidelines and communications to encourage ongoing learning	5.3%

Provides adequate resources ( for example, staff, courses, etc.) to ensure that learning opportunities are available	58.7%
Reinforces learning with incentives and rewards	5.3%

provides no support or ‘says it is supportive to learning and improvement, but offers no formal learning opportunities’. Among these more cynical employees, only 8.7% were from IDSC, while 43.5% were from the MOF, and 47.8% were from the MOTI. It seems that employees from IDSC hold the least negative perspective towards the extent that their organization values and supports learning and improvement.

Relatedly, many employees were skeptical when asked how about opportunities their organizations provide employees for career advancement. As Table 11 illustrates, the majority of the sample (69.4%) feel that the opportunities the organizations provide are either few, or non-existing. Only less than one third of those reporting believe that their organization provides opportunities for advancement in their work group or throughout the organization; of those 41% were from IDSC, 27% were from the MOTI, and 32% were from the MOF. It appears that employees from IDSC hold a more positive view towards the role of their organization’s support of employee learning and career advancement.

**Table 11. Employees’ Views on Opportunities They Have for Advancement**

	<b>Employees N=74</b>
No opportunity for advancement	23.0%
Says it provides opportunities for advancement but in reality, there are very few opportunities	46.3%
Offers opportunities for advancement within my immediate work group	10.8%
Offers opportunity for advancement throughout the organization	18.9%

### ***CHALLENGES TO HUMAN CAPITAL MANAGEMENT?***

Both employees and managers were asked what they consider to be the biggest challenges their organizations face in terms of personnel management. Table12 displays which issues are considered to be the biggest challenges by the managers and by employees. We found that the ‘promotion of employees based on performance’ was perceived to be the biggest challenge by managers (23.3%). The second biggest perceived challenge identified by managers was ‘deciding on training needs’ which represented 10%, while the four challenges ranking next and receiving the same frequency of 6.7% each were : ‘hiring and firing employees’, ‘lack of sufficient resources’, ‘allowing employees to participate in strategic decision making’ and ‘selection of highly qualified employees and development of second row managers’. All of these problems reflect the real pressing problems of the Egyptian public service; once again promotion is not related to performance; and there is a lack of sufficient resources, insufficient flexibility to hire and fire employees, a lack of democracy and participatory decision making processes, and

finally, inability to attract the needed competencies. Most of those challenges are somewhat interlinked.

**Table 12. Managers' and Employees' Views on Biggest Challenges Their Organizations Face**

<b>Topics Considered To Be the Biggest Challenge For the Organization</b>	<b>Managers N=21</b>
Objective selection of leaders	4.8%
Hiring and firing of employees	9.5%
Lack of sufficient resources	9.5%
Allowing employees to participate in strategic decision making	9.5%
Promotion of employees based on performance	33.3%
Deciding on training appropriate to employees	14.3%
Selection of highly qualified employees and development of second row of managers	9.5%
Recruiting employees from other organization	4.8%
Taking into consideration the personal preference of each employee when delegating authorities	4.8%
<b>Topics Considered To Be the Biggest Challenge For the Organization</b>	<b>Employees N=35</b>
Training and developing employees' skills	31.4%
Promotion of employees based on performance	34.3%
Participation of workers in strategic decision making	5.7%
Maintaining good relations among work colleagues	5.7%
Placing the right person in the right job	5.7%
Providing opportunities for career advancement within the organization	8.6%
Employment stability	2.9%
Sufficiency of resources	5.7%

Turning to the challenges identified by the employees, also in Table 12, the two most cited issues identified by employees were 'training and developing employees' skills' (14.7%) and 'promotion of employees based on performance' (16%). Thus, it seems that employees are demanding that their organizations try to exert more effort towards enhancing their training and development and base promotions more on performance. The promotion system based on seniority is so entrenched in the system that it may be very difficult to change it. Currently, the Minister of Administrative Development is facing difficulties in gaining approval for the proposed new civil jobs law. Resistance to the law, which proposes a more performance-oriented promotion system, has been strenuous even before its issuance. As for the training and development being perceived as obstacles, part of the explanation for that perception is the

known limited resources available for funding training. According to the head of the Central Agency for Organization and Administration, the training budget is 10L.E. /year per employee (equivalent to less than \$2) (Nahas, 2006).

### ***KEY CONCLUSIONS FROM THE EGYPTIAN SURVEYS***

Based on the previous analysis seven forms of inadequacies characterize the Egyptian public organizations:

#### **1. Excessive Reliance on Internal Recruitment:**

We noted that the majority of government managers had worked for long periods of time in the government sector and only a few had work experience outside government. There is an obvious need to allow for more fresh blood to be introduced to the government sector. Although law 5 passed in 1991 allows for recruitment of managers from outside government and calls for open advertising for vacant managerial positions, cultural barriers and employees' resistance prevent effective implementation. For diversifying the pool of skills and competencies available within a government organization we need to combine between internal and external recruitment.

We noted also that managers were mostly past middle age. Only 6.7% were under thirty years. Here, there is a need to work on allowing competency based recruitment and give a less weight to seniority and age considerations.

Furthermore, the analysis of the actual and desired responsibilities of managers points out to many deficiencies in Egyptian public organizations. Foremost among those were the rigidity of the system that does not allow for flexible hiring and firing, or rewarding and disciplining employees or performance based promotion. Re-structuring of the staffing systems is needed plus training on adoption and implementation of new flexible methods for recruitment, motivation and performance based promotion.

#### **2. Lack of Participatory Decision Making and High Power Distance:**

In the discussion of performance management, managers were not keen on the annual review meetings with employees to share and discuss results. They need to work on improving that aspect and to recognize its vital importance in providing feedback to employees to enable them to pinpoint their strengths and weaknesses and work out an improvement plan.

Although most managers stated that they provide training opportunities for their employees and receive feedback, we found that 33.3% of the managers stated that the feedback had limited or no use in improving future training. We need to inform them of the vital importance of finding out from their employees the degree of benefit they derived from their training, what problems or learning difficulties, for example, they encountered, and how to make use of the lessons learnt to improve future training. Otherwise it will be a lost opportunity and the training effort may lose its effectiveness.

Although the responses to the question about methods used to obtain feedback from employees indicate use of some methods, the researchers have some doubts about the implementation of surveys in Egyptian public organizations to obtain candid feedback. Listening to the employees is yet a practice unheard of. Perhaps the question was misunderstood. Moreover, turnover rates in public organizations are quite low; employees are generally there for life, and holding exit interviews is a rarity.

Since a group of employees equal to 26.7% think that performance appraisals do not offer them the needed feedback to improve their work, managers need to be more aware of the importance of providing feedback to all and making it more explicit. And although the majority of employees stated that they receive feedback from their supervisors, yet 22.7% stated that they do not receive any feedback on performance from their supervisors. Here again there is a need for improvement to make sure everyone receives feedback clearly.

When comparing between what employees think their supervisors' responsibilities should be and what they are actually like, it seems apparent that more effort is required to facilitate camaraderie among employees, and to provide training opportunities for employees. A remarkable feature of the employees' expectations is the relative low ranking awarded to 'develop leadership and training plans with employees'. It seems that this is beyond their expectations and signifies a high degree of power distance acceptance according to Hofstede's societal culture model.

### **3. Ineffective and Inadequate Training:**

A group of managers, mostly from the MOF, did not perceive a link between promotion and training systems and leadership development. Here, we need to make sure that the link is clear to all and that the training effort and the promotion system support leadership development. A fairly substantial group of employees, ranging between 36-38% stated that the training they receive does not contribute to their career development or lead to improvements in their job performance or help them gain new skills. Accordingly, more thought out and effective training needs assessment is required to make sure that it will help employees achieve their career goals and improve their work performance.

The majority of employees (69.4%) perceive that their organizations provide them with limited or no opportunities for career advancement. This is despite the fact that 96.7% of managers stated that they provide their staff with training opportunities. It seems that regular training activities are not perceived to be sufficient and more is needed by employees. Managers thus need to be able to appropriately assess training needs requirements and also assess employees' satisfaction and motivation levels.

Employees' identification of major challenges facing their organizations focused on the training and development of employees' skills and on performance based promotion. It seems that both managers and employees are in consensus regarding the two foremost challenges facing their organizations. They both mentioned performance-based promotion, making it clear that they do not appreciate the continuance of promotion based solely on seniority and years of service. The difference between them is that in describing the training challenge; managers mentioned the

difficulty of assessing training needs, while employees mentioned the need for more training to develop their skills and abilities.

#### **4. Lack of Performance-based Promotions:**

Managers were able to identify a number of challenges that reflect the real pressing problems of the Egyptian public service. While not all of these problems can be overcome through training and development of leaders, many of them can be. Training on the implementation of performance based promotion can be undertaken. As mentioned previously the law 5 passed in 1991 allows for performance-based promotion of managers, but it is not implemented because of organizational politics and resistance. Managers can be trained to acquire the intangible competencies of being able to overcome resistance to change and manage organizational politics.

#### ***WHAT ARE TRAINING AND DEVELOPMENT NEEDS IN THE EGYPTIAN PUBLIC SERVICE?***

Employing the HCM Hierarchy of Needs Model introduced earlier in this paper, it is apparent that the needs of both employees and managers in Egyptian public agencies need more explicit attention. Starting from the bottom of the hierarchy:

- There is a need for more structured training for employees and managers to perform their jobs;
- The bases for compensation need clarification, and annual performance appraisals need to be more interactive;
- Support for employee learning and development needs to be communicated and acted upon throughout the organizations;
- There needs to be more support and training on how to implement performance-based raises and promotions; and
- Training is needed for both employees and managers to enhance individual and organizational performance, and to strengthen career advancement and leadership succession.

Implementing effective human capital management practices is challenging and time consuming in any culture, but historical and economic conditions in Egypt, as in most developing economies, make the challenges even more difficult. All members of public agencies need to be challenged with accepting higher degrees of professional responsibility for their performance and impact on mission results. **Leaders** are challenged to cultivate a workplace culture more open to and prepared for change. **Managers** are challenged with providing essential guidance to employees about changes to be made to improve their performance. And **employees** are challenged to provide candid feedback to managers to ensure that they work together to secure improved results in the workplace. Meeting management challenges in Egypt, and elsewhere, requires intensive reciprocal dialogue, evaluation, analysis, and implementation of inclusive planning and implementation processes.

Based on the detailed analysis of both the managers and employees' surveys regarding HCM practice, the following are the main identified leadership training gaps in the Egyptian Public Service:

- Implementation of flexible hiring and firing systems
- Design of effective external hiring and in-take of new recruits from outside government
- Implementation of performance-based promotion systems
- Obtaining useful employee feedback and understanding organizational culture
- Overcoming resistance to change
- Effective management of organizational politics
- Implementation of Competency-based recruitment, promotion and training
- Skills in providing effective performance appraisal feedback to employees
- The use of training feedback to improve future training
- Assessment of training needs utilizing a HCM needs perspective
- Strategic management in public organizations tools and techniques

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## ***APPENDIX A: INTERVIEW PROTOCOL FOR AGENCY LEADERS***

- 1) Do you have the right people in the right jobs?

- Probes:
  - Are you able to attract the right people?
  - Do employees have the correct skills?
  - Are employees motivated to do a good job?
  - Are employees committed to their jobs?
  - Are employees rewarded sufficiently?
  - Do you have the right leadership?
  - Do you have the resources to get the right people?
  - Are there processes in place to attract employees? Do these processes pose any limitations?
  - Are your employees focused primarily upon delivering results?
  
- 2) What challenges do you face in improving your workforce's capability?
  - Probes:
    - What are the strengths and weaknesses of your line managers?
    - Is guidance helpful/sufficient? (OPM, OMB, external groups)
    - Are congressional requirements problematic? Other rules/regulations?
    - Are resources lacking? (information systems, hardware, money for training, etc)
    - Employee motivation?
    - Labor unions?
    - How effectively do you share best practices?
  
- 3) What kind of planning does your organization do around Human Capital?
  - Probes:
    - Who plays a role in planning?
    - How does top leadership demonstrate support for HCM?
    - What are the challenges you face when making plans?

How are plans re-evaluated?

***Appendix B: FOCUS GROUP PROTOCOL FOR AGENCY EMPLOYEES***

### **1. Performance Management**

First, we'd like to discuss performance management processes. These are processes used to identify and communicate performance goals and organizational mission to employees. Performance management includes practices by which employees receive performance feedback based on predetermined goals. Performance management can include incentives, rewards, and other programs.

- a. Tell us about your performance management processes.
- b. How effective are those processes and how could they be improved?

### **2. Growing and Developing Employees**

Growing and developing employees includes activities that offer employees opportunities to expand their skills. These processes can include the administration and evaluation of training and professional development events to help appropriately allocate training resources and identify skill gaps.

- a. Describe how you grow and develop employees in your divisions?
- b. How effective are these practices and how could they be improved?

### **3. Sharing Information and Improving Operations**

Sharing information and improving operations deals with how information is collected, maintained, and shared among employees, and how that information is used to improve processes used to get work done. These practices help improve the organization's knowledge base and collaboration across, up, and down the organization.

- a. How does your division share information and improve operations?
- b. How effective are these practices and how could they be improved?

### **4. Leaders and Leadership Development**

Now, we would like to switch gears and discuss leaders and leadership development in your organization. Leaders refer to your direct managers and supervisors as well as top-level leaders of your organization. Leadership development refers to the programs and processes used to help prepare potential employees for management and leadership in your organization. It is a way to help ensure leadership continuity, by establishing leadership competencies, identifying potential internal candidates, and planning for candidates to strengthen their leadership skills.

- a. How effective are managers and leaders in your organization?
- b. How does leadership development work in your organization?
- c. How effective are those efforts and how could they be improved?

### **5. Talent Recruitment and Retention**

Next, we would like to talk about talent recruitment and retention. These efforts can help an organization attract and retain strong performers, predict turnover, and monitor and improve employee loyalty.

- a. Describe talent retention and recruitment in your organization.
- b. How effective are those practices and how could they be improved?

## **6. Employee Engagement and Satisfaction**

Lastly, we'd like to discuss how you keep employees satisfied and engaged in their work. Practices affect aspects of the work environment such as work/life balance, fairness, job flexibility and creativity, organizational values and culture, benefits, and diversity.

- a. Describe how you keep employees engaged and satisfied in your organization.
- b. How effective are those practices and how could they be improved?

## **7. Employee Perceptions of Human Capital Management**

To conclude today's discussion; we would like to ask you some questions about the current management reform effort in the federal government called "Human Capital Management."

1. What does the term "human capital management" mean to you?
2. What do you think will change for your division as a result of "human capital management"?
3. What do you think will change for you as a result of "human capital management"?
4. What is your role in "human capital management"?
5. Who do you think is important to the success of "human capital management"?

## ***Appendix C: THE THREE EGYPTIAN AGENCIES INCLUDED IN THE STUDY***

### **The Information and Decision Support Center (IDSC):**

In November 1985, IDSC was first established as a Consultative Committee for the Cabinet of Ministers Information Project, in accordance with the Ministerial Decree Number 41 for 1985 and in fulfillment of the preceding Presidential Decree number 627 for 1981 issued by President Hosni Mubarak mandating the establishment of Information Centers in all Egyptian ministries, agencies and governorates. Actual operation only started in 1992, upon the issuance of the Ministerial Decree Number 1 for 1992 concerning the establishment and organization of the IDSC as affiliated to the Cabinet of Ministers (IDSC, 2005).

Through conducting developmental studies and economic analysis, the IDSC mission is to contribute to the acceleration of the rate of social and economic development in Egypt (Egypt's Information Portal, IDSC, 2005).

IDSC main activities include:

- Providing decision support services to the cabinet of ministers;
- Collecting information and developing reports tackling different social and economic issues faced by the Egyptian society;
- Providing information and decision support services to different governmental entities;
- Forecasting economic trends on domestic, regional and global levels;
- Participating in international events and cooperating with specialized entities working in the field of information and decision support;
- Contributing to the development of Egypt's human resources especially in dealing with information and decision support (Egypt's Information Portal, IDSC).

### **The Ministry of Trade and Industry (MTI):**

Compared to the IDSC, the Ministry of Trade and Industry is a more traditional public organization. The current organization structure of MTI is based on a recent merge decision in 2006 between the originally three separate ministries of foreign trade, internal trade and industry. The merge decision was undertaken in order to establish a strong link between production and exportation and implement the state policy aiming at boosting exports and upgrading national industry (Ministry of Trade and Industry, 2005). However, each of the originally separate ministries was in itself a very traditional Egyptian ministry. The original Ministry of Foreign Trade, for example, was established way back before the 1952 Revolution in 1935 (El Anani, 2005).

Among the main activities of the Ministry of Trade and Industry are the following:

- Formulating trade and industry national policies and following up on implementation;
- Modernizing the Egyptian industry and increasing its competitive capacity;
- Developing Egyptian exports;

- Fostering trade and economic relations between Egypt and other countries;
- Expanding and facilitating electronic trade;
- Studying and reporting on problems faced by Egyptian industries and exports (Ministry of Trade and Industry, 2005).

### **The Ministry of Finance (MOF):**

If the Ministry of Industry and Trade is a traditional ministry, then the Ministry of Finance is even more so. It is considered one of the oldest established ministries in the history of modern Egypt; known to have come to existence during Ruler Mohamed Ali's era in 1876 (MOF, 2005).

The Ministry of Finance is responsible for planning, preparing and managing the Government of Egypt's budget and public debt. Accordingly the main functions undertaken include: preparing legislation, planning revenues and expenditures, managing and supervising the budgetary spending process and preparing a framework for economic policy and development.

The Ministry of Finance main objectives include: maintaining a stable macroeconomic framework, maintaining sound public finances, securing a competitive and efficient private sector led economy, promoting a fair and efficient tax and benefit system, promoting trade liberalization, proceeding with tariff liberalization in line with WTO obligations, simplifying and liberalizing customs procedures, more efficient government spending, improving the quality and cost effectiveness of public services.

## ***Appendix D: THE SURVEY INSTRUMENTS USED FOR EGYPTIAN MANAGERS AND EMPLOYEES***

### ***Manager Survey***

1. Are you familiar with the concept of human capital management?

- Yes       No

2. If so, how is human capital management defined in your organization?

3. What are the main elements of human capital management?

4. Please review the following and *select all that apply* to performance management in your organization:

- Annual review during which you meet individually with each employee
- Discussion and documentation of training needs
- Creation of individual development plans
- Job performance monitoring by supervisors and employees throughout the year
- Clearly stated differences between high and low employee performance

5. Do you provide training opportunities for your staff?

- Yes       No

6. Do you receive feedback from employees about training sessions?

- Yes       No

7. If so, to what extent do you use this feedback to improve employee training?

- 1-Not at all    2    3    4    5-Very large extent

8. To what extent do training and promotion systems support leadership development?

- 1-Not at all    2    3    4    5-Very large extent

9. Please review the following and *select all the methods you use* to address to employee satisfaction in your organization.

- Conduct regular surveys to monitor employee satisfaction
- Use survey data to address problems
- Conduct exit interviews to learn why employees are leaving
- Use the results of exit interviews to address retention issues

10. As a supervisor, I (please check all that apply):

- Hire and fire employees
- Reward and discipline employees
- Provide training for employees
- Evaluate individual employee performance
- Encourage leadership development in employees
- Develop leadership and training plans with each employee
- Seek feedback from employees
- Promote employees based on performance
- Consider individual employee strengths and weakness when delegating projects
- Consider individual employee preferences when delegating projects
- Facilitate camaraderie among co-workers
- Include employees in strategic decisions
- Other, please specify:

11. If I had adequate resources, I would (please check all that apply):

- Dedicate more time to the recruiting and hiring process
- Reward and discipline employees
- Provide training for employees
- Evaluate individual employee performance
- Encourage leadership development in employees
- Develop leadership and training plans with each employee
- Seek feedback from employees
- Promote employees based on performance
- Consider individual employee strengths and weakness when delegating projects
- Consider individual employee preferences when delegating projects
- Facilitate camaraderie among co-workers
- Include employees in strategic decisions
- Other, please specify:

12. Of the topics discussed in this survey, which do you think poses the biggest challenge for your organization?

13. Of the topics discussed in this survey, do you anticipate any significant changes within the next 12-months? If so, please explain.

14. Please use the space below to provide any additional thoughts.

15. Please indicate the number of years you have worked as an employee of the Federal government.

- 0 to 5 years
- 6 to 10 years
- 11 to 15 years
- 16 to 20 years
- 21+ years

16. Please indicate the number of years you have worked outside of the Federal government.

- 0 to 5 years
- 6 to 10 years
- 11 to 15 years
- 16 to 20 years
- 21+ years

17. Please indicate your age.

- 20-30
- 31-40
- 41-50
- 51-60
- 61+

18. Gender: - Male  
- Female

19. Qualifications: - High School  
- University  
- Graduate Studies (Diploma- Masters- Doctoral)

## *Employee Survey*

1. Are you familiar with the concept of human capital management?

- Yes       No

2. If so, how is human capital management defined in your organization?

3. What are the main elements of human capital management?

4. To what extent are training and development (for example, skill building or career planning) used to help you achieve your career goals?

- 1-Not at all    2    3    4    5-Very large extent

5. To what extent does the training you receive improve your job performance?

- 1- Not at all    2    3    4    5-Very large extent

6. To what extent do you have opportunities to gain new skills?

- 1- Not at all    2    3    4    5-Very large extent

7. To what extent do guidelines/procedures enable you to take the training you need when you need it?

- 1- Not at all    2    3    4    5-Very large extent

8. Does your supervisor encourage your professional development?

- 1-Almost never    2    3    4    5-Almost always

9. Does your supervisor reward employees for developing skills needed to improve job performance?

- 1-Almost never    2    3    4    5-Almost always

10. Do performance appraisals offer direct feedback you can use to improve your work?

- 1-Almost never    2    3    4    5-Almost always

11. Which response most closely describes how your organization values and supports learning and improvement?

- No indication of support  
 Says it is supportive to learning and improvement, but offers no formal learning opportunities  
 Provides guidelines and communications to encourage ongoing learning

- Provides adequate resources (for example, staff, courses, etc.) to ensure that learning opportunities are available
- Reinforces learning with incentives and rewards

12. Which response best describes how your organization provides opportunities for career advancement?

- No opportunity for advancement
- Says it provides opportunities for advancement, but in reality, there are very few opportunities
- Offers opportunities for advancement within my immediate work group
- Offers opportunity for advancement throughout the organization

13. Which response best describes the performance feedback you receive from your supervisor?

- No feedback on performance
- Receive little feedback on performance (i.e., less than once a year)
- Receive feedback on performance once a year
- Receive feedback on performance more than once a year
- Receive frequent, ongoing feedback on performance

14. It is a supervisor's responsibility to (please check all that apply):

- Hire and fire employees
- Reward and discipline employees
- Provide training for employees
- Evaluate individual employee performance
- Encourage leadership development in employees
- Develop leadership and training plans with each employee
- Seek feedback from employees
- Promote employees based on performance
- Consider individual employee strengths and weakness when delegating projects
- Consider individual employee preferences when delegating projects
- Facilitate camaraderie among co-workers
- Include employees in strategic decisions
- Other, please specify:

15. My supervisor (please check all that apply):

- Hires and fires employees
- Rewards and disciplines employees
- Provides training for employees
- Evaluates individual employee performance
- Encourages my leadership development
- Develops leadership and training plans with each employee
- Seeks my feedback
- Promotes employees based on performance
- Considers my strengths and weakness when assigning projects
- Considers my when assigning projects
- Facilitates camaraderie among co-workers

- Includes me in strategic decisions
- Other, please specify:

16. Of the topics discussed in this survey, which do you think poses the biggest challenge for your organization?

17. Of the topics discussed in this survey, do you anticipate any significant changes within the next 12-months? If so, please explain.

18. Please use the space below to provide any additional thoughts.

19. Please indicate the number of years you have worked as an employee of the Federal government.

- 0 to 5 years
- 6 to 10 years
- 11 to 15 years
- 16 to 20 years
- 21+ years

20. Please indicate the number of years you have worked outside of the Federal government.

- 0 to 5 years
- 6 to 10 years
- 11 to 15 years
- 16 to 20 years
- 21+ years

21. Please indicate your age.

- 20-30
- 31-40
- 41-50
- 51-60
- 61+

22. Gender:    Male  
              Female

23. Qualifications: High School – University- Graduate (Diploma-Masters-Doctoral)