MANAGEMENT DECISIONS IN THE FIELD OF INTEGRITY-BASED HUMAN RESOURCE MANAGEMENT WITHIN PUBLIC ADMINISTRATION

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ABSTRACT

Strengthening integrity within public administration has been emphasized for decades in the administrative and political agenda of numerous countries in the European Union. The background of this is the stronger and stronger belief – that was also declared in Programme Magyary – that integrity is the basic pillar of good governance and the prerequisite of all other functions of the government to be legitimate, trustworthy and also efficient (MP 11.0 p 38.; MP 12.0 p 5.). In the same time it is an important question how the introduced integrity systems in public administration relates to human resource management and what roles the leaders of public administration can have in founding and maintaining an integrity based organizational function. In order to answer the question, this study will shortly describe the role of integrity within public administration and human resource management and it will also separately deal with the responsibility of the managers and the credibility of the employer.

1. Role of integrity within public administration

Integrity and strengthening integrity does not exist for its own good, but it is the tool of combatting corruption. While this combat only consisted of the usage of so called firm tools that were set in criminal law until the end of 20th century (e.g. amendment of criminal law, tightening sanctions, increasing efficiency of jurisdiction proceedings), corruption could not be decreased.

There was a need for change and this was noticed by the Hungarian government as well. On 28th March 2012, the Programme for the Prevention of Corruption (1104/2012 (IV. 6.) Government Decree), which now designated a new direction for the combat against corruption by placing emphasis on prevention (MP 12.0:46). This also meant a paradigm change from a strict rule following approach to the integrity approach, as the integrity approach cannot be identified with a system purely based on normative instructions, but together with that it focuses on current organizational operation and goals and management functions used by the management. Similarities and differences are shown on Figure 1 in the Appendix.

It is important to emphasise though that integrity is not a choice between approaches of rules and values, but the flexible and appropriate mixture of the two. Organizational adaption of tools of integrity management was backed by the 50/2013. (II. 25.) Government Regulation about the integrity management system of public administration organizations and the order of reception of lobbyists. This regulation defined the definition of integrity for public administration (operation in alignment with the rules for the organization, the goals of the organization, values and principles of the organization), and also defined other liabilities for the organizations of public administration, just like:
- Nomination of integrity consultants within the organization
- Measurement of integrity and corruption risks
- Examination of notifications
- Preparation of plans with measures for preventing corruption and integrity reports
- Training of staff in the field of integrity and professional ethics
- Definition of order of the reception of lobbyists.

In order to successfully fulfil the requirements of the Government Regulation, it was necessary to build and operate thorough integrity systems within the organizations. These systems strengthen organizational integrity and resistance against corruption within public administration. It was a pioneer step to form organizational integrity systems based on integrated methodology within public administration. The theoretical methodology was provided by the integrity framework of the Organisation for Economic Co-operation and Development (OECD). The new framework was spread by the mediation of the State Audit Office of Hungary and the Ministry of Public Administration and Justice. It is important to mention though that the integrity frameworks cannot be regarded as completely new tools, as there have been corporate governance tools present in the private sector for decades. These tools also aim to emphasize the corporate social responsibility and guarantee of sustainable operation of the given organization, as can be seen on Figure 2 in Appendix.

Although all the three mentioned tools (corporate social responsibility, corporate governance, compliance) focuses on organizational responsibility of its operation, integrated operation of public administration is completely different from these approaches, as serving social interest is not its tool, but its basic aim. This aim appears in organization operation through the integrity management system.

2. Human resource management within the integrity management system

According to the methodology recommendation published by OECD, integrity management system contains all tools (regulations, trainings, taking into account the

integrity approach), processes (projects, proceedings) and structures (leaders, staff, organizational departments) that foster and strengthen integrity directly. In addition, integrity is significantly affected by the internal operational environment of the organization and the external environment surrounding it (Klotz 2014: 8). Pillars and layers of integrity management system can be seen on Figure 3 of Appendix.

There are a couple of possibilities for grouping human resource management processes and functions depending on how different thinkers see raising and discussing questions with strategic approach and importance related to human resource management and how different systems relate to each other. In the relation of integrity and human resource management it does not really matter how we classify the human resource management processes, but taking into account that these are interconnected processes, it is of great importance not to only think about independent human resource management functions, but also about integrated processes on the level of inputs and outputs.

Efficient operation of integrity management system is unimaginable within human resource management if integrity based functioning is only created randomly within any of the human resource management functions, while the value and rule based operation does not prevail within other functions. In addition, let's not forget that organizational integrity and integrity management system is not for its own good, but its aim is to make task performing in the organization more efficient and successful, thus to strengthen public trust towards the operation of public administration.

3. Role of leaders within integrity management system

In this study I do not attempt to describe the role of integrity within each HR functions/processes. One of the reasons is that the extent of the topic exceeds the magnitude of this study and numerous papers have already covered this question before, thus I would like to avoid repetition. However, it is important to emphasize the role of organizational leaders within integrity management systems. Integrity based operation of an organization is unimaginable without the organizational leaders being role models. It is a cliché, but when we are talking about leaders as role models, leaders not only have to take this role in words, but also in their actions (Klotz 2014: 36). If the first leader of the organization is committed, without the integrity consultants or with the employees creating organizational integrity but lacking the support of the management, the organization will only achieve partial results.

Within the organization, those leaders that follow integrity principles are called 'integrity builders', while those who ruin organizational culture with their destructive behaviour are called 'toxic leaders'. Building integrity within the organization is based on to what extent the organization can educate competent, willing leaders who are able to work for the common weal (Klotz 2014). For this it is inevitable to

apply a deliberate, integrated strategic human resource management within public administration.

Figure 4: Leader types in building integrity

integrity builder | toxic leader
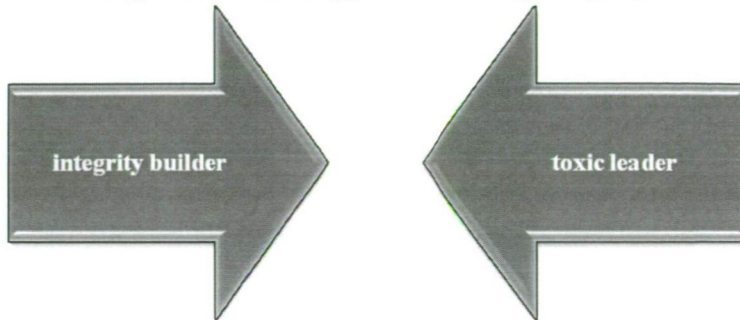
(Own edition based on Klotz 2014:36-37)

4. Employer credibility

First big adaptation of New Public Management happened in 2006 in Hungary. The primary aim of the executed reform was the rationalization of the size of public administration and increasing efficiency of operation. In accordance with the direction of New Public Management, a couple of methodologies were introduced that originated from the private sector. These served the below aims (Balázs 2011):

- Decentralization of human resource administration,
- Building function-based competencies and special jobs, career development,
- Remuneration based on competencies and performance,
- Dissolving employment guarantees,
- Radical revision of remuneration system.

With taking over methods from the private sector, modernization of the traditional career based public administration began. At the same time, due to the economic crisis the state needed to take active role again and by further dissolving employment guarantees national interest, the importance of professional knowledge, value based operation and foreseeable career came into the spotlight again. Due to these contrary effects, uncertainty of public servants increased, value crisis was formed, the spoils system strengthened and corruption grew within public administration (Balázs 2011). Although the definition of contrary directions of human resource management in public administration were not arising at the level of organizations, the arisen problems needed and need to be resolved at organizational level. As a result, the question of trustworthiness and credibility of the employer appreciated.

In order to increase the credibility of the employer, organizations put more and more emphasis on building an employer brand. When building a brand, the organization acknowledges how it can be attractive for labour market and it consciously builds upon these values in order that the employees consider the organization as a positive place to work (Biba 2015). Within public administration, one of the most obvious tool of building an employer brand is to introduce a stable and well-functioning integrity management system which fosters keeping employer promises in a transparent way. Employer promises however place a significant pressure on the organizations as promises not kept can have serious consequences when it comes to recruitment and keeping workforce. While if an organization manages to keep their promises, the credible employer brand can support attaching employees to the organization, building strong commitment and evoking emotional motivation (Sartain 2006:160), making it possible to achieve better performance within the organization. This is especially true for the younger generation, who arrive with great swing and high expectations to the labour market. At the same time, their attitude to employment is flexible: in case they find themselves facing obstacles or they do not find organizational culture credible and they are not able to identify themselves with it, they leave the organization without hesitation (Biba 2015). Although fluctuation in public administration cannot be derived to only one reason, we can admit that employer credibility or the absence of it plays an important role in the commitment of public officers.

5. Summary

Probably most of the employees could suggest ideas on how to strengthen employer credibility. These suggestions are usually concepts like reliability, trustworthiness, predictability, decision making based on principles and values, consistency, complying with law, etc.. Although all public administration employer agree in principle with the above mentioned expectations and if we look at the whole labour market, public administration is most probably among the most lawful ones, it is hard to forget that placement in public administration does not happen within two equal partners (as it happens in case of establishing employment between two partners) – the public officer gets dependant of the state. Consequently, individuals, individual interests and human resource management building on employee interests are frequently neglected. It is especially true in case of leaders, as they are not protected in any manner. Although integrity management systems consider human as primary value, it seems that this is only true secondarily in case of leaders. This contradiction may discourage leader's engagement towards the integrity of the organization – and indirectly towards that of public service.

At the same time, in the public administrations of various countries, the tendency that can be observed is that human resource management functions are delegated to lower levels of hierarchy (Linder 2014:44), thus strengthening role modelling

and responsibility. As a result, the role of organizational leaders is appreciated, which is even further strengthened by the pressure directed from 'above' to develop and operate integrity management systems, as well as by the increased expectations coming from 'below' towards a regulation following and value based human resource management. The organizational integrity management system can operate appropriately if this two-way pressure reaches and supplements each other. For this, of course it is necessary to operate a strategy based integrated human resource management system as well, as without it certain HR processes will not form an input-output relationship with each other. Based on results of researches, maturity of human resource management in public service is significantly underdeveloped compared to maturity level of strategic human resources management (Szakács 2014), and this can result to be an obstacle to enforce the approach of integrity. Further obstacle towards strengthening integrity is the low level of focus on the employees and credibility of the employer (Közigazgatás- és Közszolgáltatás-fejlesztési Stratégia 2014-2020). In developing the above, human resource management and organizational leaders must have a key role.

APPENDIX

Figure 1: Similarities and differences between law following and integrity approaches

Law following approach		Integrity approach
Negative: repression/reaction	⟸⟹	Positive: prevention
Built on laws	⟸⟹	Built on principles
Firm leadership methods	⟸⟹	Soft leadership methods
Starting point: people are bad	⟸⟹	Starting point: people are good
In focus: preventing corruption that are against the law	⟸⟹	In focus: fostering the right behaviour
In focus: law	⟸⟹	In focus: management

(Own edition based on Báger, Pulay, Korbuly 2008)

Figure 2: „Integrity" approach in private sector

(Own edition based on Klotz 2014:7)

Figure 3: System of integrity management

INTERNAL ENVIRONMENT Organizational values; organizational culture; behaviour patterns of leaders; acceptable relations within the organization			
	Tools	**Processes**	**Structures**
Primary tools	Codexes, rules, guidelines, integrity training and consultancy, revealing conflict of interest, etc.	Thorough, constant integrity developing process, permanent development processes in terms of unique tools; one-time projects to introduce or change tools, etc..	Integrity responsible leadership
Supplementary tools	Integrity as a criteria for employing and promoting employees, integrity aspects of procurement containing integrity of quality management, etc.	Staff management, procurement and contracting management, financial management etc.	Staff management, procurement and contracting management, money
Social environment (economic, political, criminal status); legislative rules; ethical codex for public administration; personnel related regulations; culture in public administration; external control **EXTERNAL ENVIRONMENT**			

(Own edition based on OECD Global Forum on Public Governance 2009:11-13)

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