Introducing competency management at the European Central Bank

Eglantine Devaux, Directorate Human Resources

Buenos Aires, CEMLA, 13 May 2004
Plan

- Why is competency management being introduced at the ECB?
- First applications of competency management: laying the framework
- Current projects on competencies
- Lessons learnt from the different projects
Why is competency management being introduced at the ECB?

- A young institution established on 1 June 1998
- Mission Statement of the ECB:
The ECB and the national banks together constitute the Eurosystem, the central banking system of the euro area. The main objective of the Eurosystem is to maintain price stability: safeguarding the value of the euro. We at the ECB are committed to performing all central bank tasks entrusted to us effectively. In so doing, we strive for the highest level of integrity, competence, efficiency and transparency.
The basic tasks

To define and implement monetary policy

To conduct foreign exchange operations

To hold and manage the official foreign reserves of the participating EU Member States

To promote the smooth operation of payment systems
Article 108 of the Treaty establishing the European Community

"When exercising the powers and carrying out the tasks and duties conferred upon them by this Treaty and the Statute of the ESCB, ...

...neither the ECB, nor a national central bank, nor any member of their decision-making bodies shall seek or take instructions from Community institutions or bodies, from any government of a Member State or from any other body."
Actual number of staff at the EMI and ECB

Overall development between 31 January 1994 and 1 January 2004

ECB Staff Budget 2004: 1362.5 positions
Composition of ECB staff by function

Based on 2004 Budget

- **RESEARCH, ANALYSIS AND STATISTICS**: 30.6%
- **FINANCIAL MANAGEMENT**: 16.1%
- **ADMINISTRATION**: 16.1%
- **INFORMATION SYSTEMS**: 12.5%
- **COMMUNICATION AND LANGUAGE SERVICES**: 13.4%
- **INTERNAL AUDIT, CONTROLLING, LEGAL AND SECRETARIAL SUPPORT**: 11.9%
Why is competency management being introduced at the ECB?

• Initially, main emphasis on traditional HR functions

• In 1999, launch of competencies with four main objectives:
  – common language for describing work requirements
  – a framework for integrating HR systems
  – a guide for staff development and performance improvement
  – a strategic link with ECB mission
Why is competency management being introduced at the ECB?

- Competencies translate the organisation’s strategic vision and goals into behaviours required of staff for the organisation to be successful.
- Supports and communicates the organisation’s strategy and values
- Facilitates performance reviews
- Supports a “learning” organisation
First applications of competency management: laying the framework

- The ECB’s 11 Core Competencies
- Combines a number of bottom-up and top-down approaches
- Designed to:
  - define qualities for successful performance
  - emphasise the “how” as opposed to the “what”
  - describe general behaviours expected from all staff
### The ECB’s 11 Core Competencies

<table>
<thead>
<tr>
<th>Work Style</th>
<th>Interpersonal</th>
<th>Motivational</th>
</tr>
</thead>
<tbody>
<tr>
<td>Analysis</td>
<td>Cultural awareness</td>
<td>Adaptability</td>
</tr>
<tr>
<td>Problem solving</td>
<td>Team orientation</td>
<td>Initiative</td>
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<tr>
<td>Delivers result</td>
<td>Openness</td>
<td>Commitment</td>
</tr>
<tr>
<td>Breadth of awareness</td>
<td>Communication</td>
<td></td>
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Using the Core Competencies: performance appraisal exercise

- Development tool to foster open discussion on performance, objectives and training
- Each staff member is assessed against at least three competencies demonstrated through behaviours
- Results in development plans to address performance gaps
- Link with training opportunities
Using the Core Competencies: recruitment and selection

- Candidates screened on the basis of competencies
- Assessment based on behaviours required in the job
- Competency-based interviews:
  - assess the competencies required in the job
  - use past performance (behaviours) to predict future performance
  - structured interviews and rating process
  - very high degree of validity
Current projects on competencies

- Project on core values started early 2004
- A set of values to be fostered throughout the organisation
- Clear link with the ECB’s Mission Statement
The value circle

We work in the interests of Europe, an ever-closer union, and its active participation in the international community. We are enriched by our common values and cultural diversity.

We live up to the highest standards in terms of honesty, loyalty and commitment to our institution.

We aspire to attain the highest degree of professional excellence, in an environment of equal opportunities.

Working for Europe

We endeavour to perform our tasks in a goal-oriented manner, allocating our resources in an optimal way through cost-awareness and prioritisation.

Effectiveness & efficiency

We co-operate closely with our colleagues across business areas, the Eurosystem and the ESCB, at all levels, building on our synergies.

Team spirit

We share information with a sense of openness and responsibility. We recognise and strive to fulfil our accountability obligations.

Integrity

European Central Bank

Competence

Transparency & accountability
Current projects on competencies

• Creation of management profiles for the various management roles and a corresponding set of competencies
• For this project, the ECB defined three basic managerial roles
• For each of these roles, we conducted workshops:
  – to discuss the key result areas
  – to decide on the differentiating competencies
The ECB’s competency framework

- Interpersonal competencies
- Task-oriented competencies
- Personal competencies
- Information-oriented competencies
- People management competencies
The ECB competencies

<table>
<thead>
<tr>
<th>INFORMATION ORIENTED COMPETENCIES</th>
<th>TASK ORIENTED COMPETENCIES</th>
<th>PEOPLE MANAGEMENT COMPETENCIES</th>
<th>INTERPERSONAL COMPETENCIES</th>
<th>PERSONAL COMPETENCIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategic thinking</td>
<td>Building the organisation</td>
<td>Providing leadership</td>
<td>Influencing</td>
<td>Breadth of awareness</td>
</tr>
<tr>
<td>Business understanding</td>
<td>Steering</td>
<td>Directing teams</td>
<td>Relationship building</td>
<td>Achieving objectives</td>
</tr>
<tr>
<td>Conceptualising</td>
<td>Organising</td>
<td>Building teams</td>
<td>Advising</td>
<td>Self awareness</td>
</tr>
<tr>
<td>Innovating</td>
<td>Deciding</td>
<td>Coaching/developing</td>
<td>Team orientation</td>
<td>Taking initiative</td>
</tr>
<tr>
<td>Integrating</td>
<td>Problem solving</td>
<td>Motivating</td>
<td>Service orientation</td>
<td>Showing drive</td>
</tr>
<tr>
<td>Analysing</td>
<td>Structuring work</td>
<td>Guiding people</td>
<td>Cultural awareness</td>
<td>Showing commitment</td>
</tr>
<tr>
<td>Processing</td>
<td>Performing tasks</td>
<td>Providing support</td>
<td>Communicating</td>
<td>Adaptability</td>
</tr>
<tr>
<td>Comprehending</td>
<td>Transferring knowledge</td>
<td></td>
<td>Openness</td>
<td></td>
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Integrated management of HR processes

- Recruitment & selection
- Training & development
- Appraisal & performance management
- Career planning
- Succession planning
- Reward policy

Core Values
Competency framework
Value charter
Competency profiles

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Lessons learnt from the different projects

- Need to have the “right” culture
- Necessity to first define the values as a basis
- Management commitment as a key condition
- Need to involve stakeholders & use of applicable methods
- Communication and training
- Developing applications within HR processes
Lessons learnt from the different projects

- Structured and defensible method for competency profiling
- Use of job content experts for validation
- Maintaining profiles
- Need for an integrated Human Resources Information Systems tool