

SECTION 1 - IMPLEMENTATION OF WCO STANDARDS

JEL Classification: J53, J80, M12

**THROUGH THE LENS OF THE WCO PROFESSIONAL
STANDARDS AND PICARD 2020: USING STRATEGIC HRM
IN CUSTOMS DEVELOPMENT PROJECTS**

Unnur Ýr Kristjansdottir

Director of Human Resources, Directorate of Customs, Iceland

Gunnlaug Hartmannsdottir

Head of Training Department, Directorate of Customs, Iceland

Sigfriður Gunnlaugsdottir

International Affairs Manager, Directorate of Customs, Iceland

Abstract

The research effort described in this paper focuses on specific issues related to the use of strategic Human Resource Methods within the boundaries of a development project undertaken by the Icelandic Directorate of Customs. The project revolves around the development and adaptation of new Customs IT systems. The focus of the research effort is to shed light on, and seek answers to, the question: What challenges do development projects pose for strategic HRM within Customs setting? The emphasis is on investigating the effectiveness of traditional/strategic HRM methods when selecting and training staff for work in Customs development projects. Related to the staff selection aspect is an emphasis on the definition and analysis of the skills and qualifications the optimal development project employee should possess and how this impacts staff training.

Keywords: strategic HRM methods, Customs development projects, the Icelandic Directorate of Customs, staff selection, staff training.

Introduction

Current Situation and Project Background

The initial objective of the development project was to align certain sections of the Icelandic Customs environment with European standards and international best practices, thereby increasing facilitation, enhancing safety, security and revenue collection. The benefits of the project outcome were perceived to be improved functionality of the business environment and the public administration which by extension would result in

improved international trade relations. The fact that the current Customs Information Technology (further – IT) systems are not up to date is a challenge in achieving the abovementioned objectives. Given the fact that the Icelandic Customs IT systems are old and in dire need of modernization in an ever increasingly globalized world, the need for a development project in this field has become ever more pressing.

Another deciding factor in the set up of the development project was Iceland's application for membership to the European Union (further – EU) in July 2009. As the Icelandic public administration does not fulfill all EU requirements and the Icelandic Customs legislation is only partially in line with the *acquis* it was deemed necessary to embark upon this modernization of the customs IT systems. To fulfill the requirements of the EU an amendment program had to be undertaken, aimed at preparing the necessary legislative changes along with the attendant changes to supportive procedures and IT systems.

The Directorate of Customs applied for and received approval of a financial contribution to the development project from the EU's Instrument for Pre-Accession Assistance (further – IPA) program. The IPA program supports institutional capacity building in the Customs area through adding to administrative capacity and ensuring that relevant structures are in place, as well as legal alignment to the EU *acquis*.

This being said, the development project has recently had to go through a phase of at least partial reinvention due to a changed political landscape in Iceland. In the spring of 2013 parliamentary elections were held and a new government took office with new ideas about international cooperation. This resulted in the EU application being put on hold and thus most projects aimed at EU alignment and interconnectivity have been put on ice. Understandably this means that the Customs development project needs to reinvent itself and a change of focus is necessary. The future of the project is currently unknown, but efforts are being put into adjusting the focus to a more generalized modernization based on domestic needs and increased functionality and accessibility for the business community and international trade.

The issues presented in this paper are a result of what may be termed a “side product” of the development project. That is, the Human Resources (further – HR) part of the development project is being looked into in a methodological way in order to chart the use of innovative strategic Human Resources Management (further – HRM) within a development project. Also being looked into is the question of whether a project of this type could possibly function as a catalyst for organizational change. Here we may want to offer a sneak preview of one of the current “main findings” of the research effort, namely that a development project can never function as an “island” – what we mean by this is that for the purposes of research, we treat the project as a confined unit but the methods used and the attendant results will always affect the administration as a whole and the same will hold true in reverse, i.e. the development project will be affected by the issues, attitudes and culture of the administration itself.

1. Project Status after 12 months

A snapshot of the development project twelve months into its lifecycle shows it still

in the planning stage. Without going into details, this is most likely the result of the complexity of the project structure and the manifold levels of political and organizational changes involved. During the twelve months in question the project has undergone numerous changes, both in terms of its formal structure (organizational chart) as well as in terms of issues more related to its subject matter. This is not to imply that the objective of the project has radically changed, but rather that due to the developmental nature of the project there are bound to be shifts and changes as matters are discussed and the overall objective becomes clearer. On a more operational level, those twelve months saw additional staff, with various educational backgrounds and experiences, being hired into the project group. For the observer within this mapping stage of the research effort, the situation within the project group has at times seemed complex, both psychologically and in terms of getting to grips with the objectives and subject matter at hand.

1.1. Research Objectives

The research in question focuses on a mapping of the change process connected with the development project, trying out innovative ways in HRM and building the foundations for future organizational changes. The key topics being considered are:

Staff selection methods

Training and development

Job satisfaction

Progress vs. initial expectations

The main emphasis here is on staff selection methods and how the World Customs Organization (further – WCO) Professional Standards were used as guidelines in the hiring process. Given the fact that these guidelines were used it was a logical continuation to try to analyze the benefits HR managers could potentially reap from the use of such instruments, especially when faced with hiring for a Customs development project. The reason why we highlight this issue now is the fact that the hiring process is by its nature the first step into making the project operational and it therefore builds the foundations of the expected success of the project. Due to the primary position of the hiring process, we have at this early stage more data on this issue than on the other key topics. We will briefly discuss the other three topics as well but those are, given their nature, more difficult to discuss at this point in time. Given the project situation the right time has not yet come to properly measure those aspects. The plan is to continue this work, possibly in cooperation with HR researchers from one of the Icelandic universities.

2. Staff Selection

When the development project jobs were advertised certain skill requirements were highlighted (those requirements will be discussed in more detail below). Due to the highly specialized nature of Customs jobs, individuals in possession of both specialized knowledge and Customs experience are few and not necessarily available on the Icelandic job market. At the time of initial hiring the situation was that final job descriptions for project staff had not been fully developed nor had the competencies needs analysis been fully worked out. This is, indeed, an added challenge when hiring for development

projects. Due to this the selection process becomes more complex and there is even more need for careful scrutiny of standards and testing than during a more conventional hiring process. One reason for this is the fact that development projects elude strict definition due to their fluid nature and the challenge inherent in the constant need for readjustment and change.

2.1. Competence Mapping at Outset of Hiring Process

At the outset of the hiring process certain competencies were highlighted and firmly kept in mind during the interview and selection process. Brain-storming sessions were held with managers regarding desirable competencies for the project. The personal qualities were mapped as well as desirable skills and knowledge. The WCO Professional Standards provided a logical starting point for the systematic mapping of the needed competencies and provided a trusted tool to base the process on. While keeping the whole of the competencies requirements for operational managers/leaders outlined in the WCO Professional Standards in mind, those listed below were, at the time, considered most likely to be of benefit:

Table 1. Competence Mapping (WCO Standard)

Competence Mapping (WCO Standard)	
KNOWLEDGE	SKILLS
<ul style="list-style-type: none"> • Relevant university degree (Bachelor/Masters) • Good knowledge of English • Information and communication technology (IT) 	<ul style="list-style-type: none"> • Leadership • Motivation • Inspiration • Analytical • Social skills to interact with all levels • Drafting skills • Computer literacy

Additionally, the following competencies which were identified in brainstorming sessions held with managers were considered important.

Table 2. Competence Mapping (Additional)

Competence Mapping (Additional)	
KNOWLEDGE	SKILLS
<ul style="list-style-type: none"> • Knowledge of project management 	<ul style="list-style-type: none"> • Multitasking • Initiative • Independent work skill

It is a trend in advertisements for management and specialist jobs in Iceland to list initiative and independence in work methods as desirable qualities of potential employees. This is due to the smallness of the Icelandic society and by extension the Icelandic job market. It is, within the Icelandic reality, important that employees can take on many different functions and deal with a variety of different tasks. Allowing for full time specialists dealing in depth with a single subject is difficult as the work force is small. For those reasons the need for generalists is greater than for specialists. This is not to say that there are no Icelandic specialists, but rather that being an Icelandic specialist means that you must also be able to function as a generalist.

Table 2. Competence Mapping (in hindsight)

Competence Mapping (in hindsight)
SKILLS <ul style="list-style-type: none">• Decision making• Problem solving• Communication of information and ideas• Self evaluation• Manage performance• Conflict containment

Looking at the hiring process with the benefit of hindsight, it becomes clear that the following competencies listed in the WCO Professional Standard should have been considered more thoroughly:

During the 12 months of the research it has become clear that using the WCO Professional Standards is very useful. In retrospect, several competencies, some among those originally identified as well as additional ones have proven to be particularly important as indicators of successful project performance. Discussions on project performance and employee suitability with top management and project steering group have led to the identification of certain key qualities among which are: leadership, motivation, analytical ability, decision making, communication of information and ideas, social skills to interact with all levels, manage performance and conflict containment. These issues are mostly qualities which are intrinsic elements which can prove difficult to pinpoint and measure during the selection process and which also can pose a challenge in terms of training. It is, however, of utmost importance to be able to detect these attributes as hiring the right staff can be a make or break factor in the success of a development project.

Over the lifespan of the development project it has become increasingly evident that the qualities and competencies that matter are the soft-skills and personal attributes embodied in the competencies listed above. As has been mentioned, it is difficult, if not

impossible to find readymade on the job market individuals with the skill sets needed for a Customs development project. Therefore the ability to communicate, evaluate, work with and communicate ideas as well as taking initiative and quickly and effectively make decisions becomes very important. This fact does further complicate the selection process as these competencies often elude evaluation and it is difficult to adequately test and measure these types of skills. It would be a valuable contribution to both HRM and Customs research to put effort into researching or specifying tests that more accurately identify and measure these skills within a Customs context.

2.2. Lessons Learned from Selection Process

Using traditional HRM is a real challenge when working within the fluid boundaries of a development project. The challenge consists of utilizing strategic methods while dealing with issues such as lack of job descriptions and other traditional tools of HRM. When hiring for a project of this type the role of the interview is crucial. Interviewing is, of course, of paramount importance in any selection process, but because of the specialized nature of the development project and the lack of “hard facts” in terms of job descriptions and the fluid nature of the competencies needs analysis the interview is extra important. A bad hire typically costs 150% of his or her annual salary not to mention the impact it can have on the dynamics of a working group so this is an important issue to get right. A point worthy of thought, even if it might be premature at this stage in the process, is a consideration of whether or not employees who already had a Customs background and who were transferred into the project due to their specific expertise are seen to function better or worse than employees hired specifically for the project based on being in possession of a certain set of skills, either academic or personal. We are not far enough into the lifespan of the project to be able to adequately measure or analyze this issue, but it remains one of the questions we think are worth asking.

Finally, there is the issue of “testing” how do we measure or test, particularly the “soft” interpersonal skills we have identified as being of great importance to a project of this type and most likely, by extension, to other positions within Customs as well. Testing for certain skills has been used with some success when hiring Customs staff, the important issue here is identifying the test which best measure the qualities being sought each time. Off the shelf test measures general employability or certain abilities, which is important, but it must be succeeded by a focused interview where the already measured soft skills are further investigated within the special context of the Customs environment (will the individual be able to function within the environment of the customs family?). We need to be able to identify a candidate’s strengths and potential areas of weakness within the Customs setting with more accuracy. Using the WCO Standard has been very beneficial and it would be of great help if the standards could be extended to include other types of Customs jobs, such as specialists and development project jobs.

3. Training and Development

The project group consists of both in house Customs specialists and new hires. The majority of those hired have worked within the development project for approximately one

year. As the project has taken longer to get on its feet and progress has been slower than initially expected the training plan for the group has also been delayed. Training has been on an “ad-hoc” basis partly because of the slower than expected startup of the project and partly because of the different training needs of the staff involved. To complement trainings organized and executed by Customs as well as by external specialists in Iceland key development project staff went on field visits to Denmark and Sweden in 2012. The plan for those visits was to meet with colleagues in the IT and business process departments of the respective Customs administrations for discussions focusing on the problems facing the project team and looking for solutions thereto. Two EU expert missions to Iceland took place in 2012. The focus of these missions was to obtain understanding of the legal aspects, procedures and systems of relevance to the development project, as well as of their implementation cost. These missions were comprehensive and provided good insight into the various elements of the project ahead, but also raised some significant questions to be looked into further.

The project is by nature complex and thus there is a great need for training of various types. Due to the complexity of the issues involved it has often proved necessary to consider various options and solutions, e.g. regarding things such as which approach to take to Project Management methodology. Understandably this means that the decision making process can take longer than would be optimal and in turn the actual training needs emerge later than they otherwise would have. One key question arising out of this is the consideration of at which point during the project process is training timely in terms of optimal project performance and cost effectiveness. This again leads us to the issue of the importance of needs analysis and strategic planning.

4. Job Satisfaction

According to traditional HRM job satisfaction is explained as how content an individual is with his or her job. Job satisfaction is divided into *affective job satisfaction* and *cognitive job satisfaction*. Affective job satisfaction is the extent of pleasurable emotional feelings individuals have about their jobs overall, and is different to cognitive job satisfaction which is the extent of an individual’s satisfaction with particular parts of their jobs such as salary, work environment, working hours and numerous other aspects of their jobs.

Staff turnover within the project group has been very low. All the staff hired for the project, save one, still work at the Directorate. When looking with the glasses of cognitive job satisfaction we see that the work environment is excellent. The group is housed in a unit within the Directorate HQ which is yet detached from the main offices. This means that the development project staff has been provided with ample office space and they are not sidetracked by concerns related to the day to day running of the Directorate. This has enabled them to work on good group dynamics and the group members have also been able to concentrate on personal bonding through casual interactions with each other.

In regards to affective job satisfaction, within the development project, the general perception is that the group is maturing into good group dynamics. The group has delivered certain project outputs and by that standard been well functional. According to HRM theories it is highly important that there exists a high level of mutual trust amongst

members of a project group. They should believe in the integrity, competence, openness and loyalty to each other and to the project. Building up and maintaining trust is a delicate thing and requires careful attention by the management of the group, once lost it is very difficult to regain. As far as the development project group is concerned, this aspect holds true in most respects. The downside has perhaps been that the development project has been perceived as having a tinge of elitism about it which is negative in the sense of the necessary flow between the project and the rest of the administration. This is unfortunate as the development project relies on a flow of information and cooperation with the Customs specialists and others within the administration as a whole. When reflecting on what management could have done to minimize this feeling of elitism perhaps more information to the rest of the administration on the purpose of the project, progress status etc might have helped.

5. Progress of the Project vs. Initial Expectations

As already mentioned the project has taken longer to get on its feet and progress has been slower than initially expected. The project preparation period has stretched on, for a number of reasons. There is a sense that the information flow coming from the development project team has not been sufficient, which means that the general member of staff does not have enough information about what is being done within the project which in turn leads to a possible feeling of exclusion/suspicion. There are various reasons for this, the main one perhaps being that the project staff has not gotten far enough into the work to be confident about disseminating to others.

6. Project Added Value

6.1. Changed Work Culture

After a process of extensive deliberations the Directorate's board of managers came to the conclusion that an approach based on Project Management would be the best way to achieve the administration's strategic objectives. Introduction of the Project Management approach into the working environment of the Directorate and facilitation of its adjustment into the organizational culture has gone well. In changing the organizational culture we look towards the organizational values, visions, norms and working language. The business strategy is a valuable product which embodies what has been named *Customs 2020 a mission-defining strategic document concerning an effective and efficient institution*. The Directorate of Customs makes its contribution to the business sector and the general welfare of society by being a strong and administratively efficient institution. The strategy calls for investment in human resources and infrastructure at the Directorate of Customs and a strengthened culture of continuous education, innovation and development within the institution. The role of the Directorate has been identified as protection of society and securing revenue for the state.

Customs control and revenue collection represent the core operations of the Directorate of Customs. The institution is responsible for Icelandic customs control as well as the collection of public levies for the state and the various municipalities within the administrative district of the city of Reykjavik. The Directorate of Customs contributes to the competitiveness of business and to the quality of life of the citizens by employing

modern, targeted methods of work.

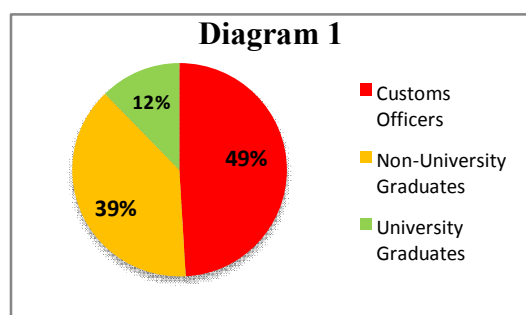
The mission of the Directorate of Customs is to protect the interests of the general public and the business sector by being a progressive institution where staff provides efficient and high quality service.

The vision is: In the year 2020 the administration of collecting public levies and customs control will be simple, effective and efficient. By cooperating with stakeholders the Directorate of Customs will be a progressive, trusted institution supporting general social welfare. The institution will be first rate in terms of professionalism and electronic administration. The administration's core values are trust, collaboration and progress.

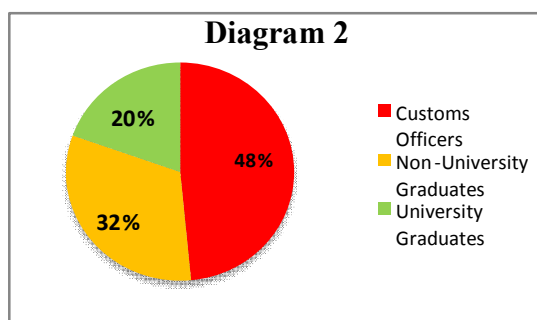
It is within this environment that the development project has its home. There is an interconnection between the development of the strategic vision and the development project itself. The need for the development project arises out of a changed strategic environment and certain expected changes in public administration and then the project itself creates a thrust on the administration calling for further changes and the development of strategic documents and policies.

6.2. Change in Workforce

Changed workforce demographics are yet another of the positive by-products of the development project. The workforce needs of the development project provided the Directorate with the means to expand its hiring of specialists and university graduates. A quick look at the formal education level of the Customs workforce shows a significant increase of staff with university degrees since hiring for the project started. In the year 2010 only 12% of the workforce had a university degree. 49% were Customs officers trained in the Icelandic Customs Academy and 39% were non university graduates.



At present we have a significant change in the formal education level. Currently the percentage of university graduates has risen to 20%. This has largely to do with our



development project and a changed workplace culture but also with a changed landscape in Customs due to greater globalization and modernization. The projects undertaken by Customs staff are increasingly complex thus creating a need for a workforce with formal educational qualifications and University degrees.

7. Research Limitations

One of the limitations of the research effort is the smallness of the group. In spite of the fact that we are dealing with the single largest project ever undertaken by the Icelandic public administration the project group is small. Hence it is problematic to come up with generalizations about behaviours or outcomes of development projects based on data and observations of such a small group. We should however be able to gain valuable insights into the aspects that need to be kept in mind when starting up a development project within a small Customs administration. The international (European) aspect of the development project furthermore adds an extra feature to the work/research, The European aspect of the development project also limits the work in the sense that the administration is “developing” into an already existent and well defined structure. This however is most likely about to change given the recent political situation. It still has to be kept in mind that we are talking about the largest development project (largest project overall) entered into by any Icelandic public administration. As such the development project and the research in question has the potential to add significantly to the body of knowledge regarding staffing and strategic HRM issues within the public sector in Iceland in general, and for the Customs administration in particular.

Summary and concluding remarks

8. Main Findings

The main lesson learnt at this stage in the research effort has to be that a development project can never be an island. It is of considerable importance to tend to both the project itself as well as to the human resources within the project and surrounding it. However, possibly the most important aspect is to ensure coordination and integration with the “outside” – in this case the rest of the administration. Given the key focus of this part of the research effort, namely the staff selection process, what stands out is the benefit of strategically using the WCO Professional Standards. As already mentioned, the knowledge, skills and attitudinal requirements listed in the Standard for operational managers//leader were used with success. Furthermore, research and consultations with management has pointed towards certain parts of the Standards that should have been given more weight during the hiring process. Given the fact that the hiring process for the development project focused to a lesser degree on managers and more on specialists one of the main findings has to be that extended Professional Standards which would include requirements for specialist would be of great benefit.

8.1. Key Questions

During the process the following concerns have been identified as key questions:

Would including more types of Customs jobs in Professional Standards be beneficial?

What types of skills tests are best suited to the Customs environment, and in particular

to development projects?

How do we best identify and measure “soft skills”?

What is the best way to conduct interviews in order to further investigate the already measured soft skills within the special context of the customs environment (will the individual be able to function within the environment of the customs family)?

At which point during the project process is training timely in terms of optimal project performance and cost effectiveness?

8.2. Possible Further Research

When looking at the research already done on the HRM aspect of the development project, in particular the staff selection part, certain possibilities for further, more in depth, investigation come to mind. It is our belief that an in depth investigation into the staff selection methods based on a comparison of the hiring process for specialized jobs and more conventional customs jobs would be interesting. This type of research has possibilities of providing information and insights which could be utilized in order to streamline and improve the general hiring process. Conducting research of this type in cooperation with other Icelandic public administrations and, preferably University researchers, or even as a cross border venture with fellow Customs administrations abroad is a scenario we would welcome.

References

Beardwell, J. & Claydon, T. 2007, *Human resource management: A contemporary approach* (5th ed.), Harlow: Financial Times Prentice Hall

Customs 2020 a mission-defining strategic document concerning an effective and efficient institution, http://tollur.is/display.asp?cat_id=2437

Harrison, R. 1997, *Employee Development*, London: Institute of Personnel and Development

Kristjansdottir, U. Y. 2012, *Building new customs IT systems: Challenges for strategic HR management in a small Customs Force*, Unpublished Conference Proceedings, PICARD 2012.

Landy, F. J. & Conte, J. M. 2010, *Work in the 21st Century: an introduction to Industrial and Organizational Psychology (3rd ed.)*, Hoboken, New Jersey: John Wiley and sons

Organ, D. W, Konovsky, M. 1989, “Cognitive versus affective determinants of organizational citizenship behavior”, *Journal of Applied Psychology*, 74(1), pp. 157-164

A Strategic Roadmap for the PICARD Programme in 2020, http://incu.org/docs/PICARD_2020_-_Strategic_Roadmap.pdf

Werner, J. M. & DeSimone, R. L. 2009, *Human resource development (5th ed.)*, Mason, Ohio: South-Western/Cengage Learning.

WCO Professional Standards, http://incu.org/docs/WCO_PICARD_Professional_Standards.pdf