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## SOME THOUGHTS ON COMPETENCY STANDARDS<sup>1</sup>

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The Australian Agricultural Economics Society has made a practice of not being directly involved with political matters or taking a stance on matters of economic policy. In accordance with the constitutional objectives of the Society, our role has been to foster interest in such matters, to foster analysis of them and to facilitate discussion but not to put forward a particular viewpoint as being the Society's. On the other hand, our Constitution requires the Society:

- 'to encourage the study of agricultural economics in Australia and to promote high standards of accomplishment in research, teaching and extension in this field'; and *inter alia*
- 'to promote the profession of agricultural economics in Australia . . . '.

Therefore, when a matter of government policy and the way it is being implemented affects these objectives, the Society must become involved. The issue I have in mind is that which centres around competency standards in the professions and I believe that issue has the potential to assume crisis proportions for our profession.

### *What are Competency Standards?*

Arising from such institutions as the Department of Employment, Education and Training (DEET), the National Training Board (NTB) and, in the case of the professions, the National Office of Overseas Skills Recognition (NOOSR), is the movement towards competency-based education, training and development. This movement is directed, amongst other things, at enabling Australia 'to compete more effectively in the global economy'. This cliché may eventually rival the one about 'the clever country'.

Space does not permit me to provide a description of all aspects of competence-based training, education and development; nevertheless, a few basic facts are necessary. Competency is viewed as 'the ability

<sup>1</sup> Revised version of the Presidential Address delivered to the 37th Annual Conference of the Australian Agricultural Economics Society, February 9-11, 1993. The views expressed are my own and not necessarily those of the Australian Agricultural Economics Society or its working group on competency standards. With the usual caveat, I thank Mike Read, Rob Dumsday and the Editors of the Journal for their helpful comments.

to perform the activities within an occupation or function to the standard expected in employment' (NTB 1991). The NTB established an Australian Standards Framework of eight competency levels which will serve as reference points for the development and recognition of competency standards. These levels have been described by the NTB (1991), along with the ways in which they might be used in vocational training. Broadly, level 1 corresponds to a competent operative or service sector worker, level 7 corresponds to a competent professional or manager and level 8 to a senior professional or manager. It is the last two levels that are of major concern to us.

Competency standards for agricultural scientists for levels 7 and 8 are being developed under the aegis of the Australian Institute of Agricultural Science (AIAS). At the current stage of deliberations, a set of 'core competencies' (those which every competent professional should possess) has been drafted together with competencies in two specialised areas, one in science and the other in business and economics. Various grades or stages of competency are being considered, the first of which would define professional agricultural scientists at the beginning of their careers. In the process of up-skilling' (sic) to move to higher levels of competency (and the processes of 'contributory skilling' and 'broad-skilling'), professional development (which includes continuing professional education) assumes considerable importance.

Most interest in competency standards appears to have been shown by the government-regulated professions but the AIAS is a body wishing to embrace competency standards on behalf of an otherwise unregulated profession. This is an intriguing situation capable of several interpretations.

### *Our Present and Future Involvement with Competency Standards*

In the normal course of events we would have had a choice about whether to be involved in this issue and how to be involved. This is because the Minister for Higher Education and Employment Services has assured the professions that: 'there is no government policy stipulating that competency standards must be adopted by professions or incorporated into higher education programs preparing students for the professions' (Baldwin 1992 p. 6). I surmise we probably would have become involved but in a different way to that which has now begun to unfold. Because of the actions of the AIAS, we now have no choice but to be involved if we are to uphold the objectives of the Society.

The AIAS has a corporate plan under which the AIAS will 'promote and become a member of a national body to be established to determine, review, maintain and supervise competency standards for the skills required by those involved in the rural industries' (AIAS 1992). In line with this plan, the AIAS sought and was granted a contract from NOOSR to develop competency standards for agricultural scientists.

The AIAS has established a steering group for this project which, in turn, contracted consultants to develop definitions of standards.

This is a perfectly justifiable course of action for the AIAS to follow, except that it envisages the professionals in the field (which includes agriculture and 'related natural resource areas') to fall into two groups, one of which has 'business and economics-based roles for which essential competencies are derived from the application of economics, marketing, finance and management-related expertise'. In short, if the AIAS were successful in its move to competency standards, the AIAS would judge and, presumably, certify to the competency of those of its members who call themselves agricultural economists. In a recent pamphlet issued by the AIAS ('Your Investment in the Profession') it is noted that the AIAS considers that this strategic aspect of its corporate plan has been 'achieved'.

The AIAS is a respected organisation with which we have usefully and pleasantly fulfilled another of our objectives, namely, 'to co-operate with scientific and other organisations and institutions engaged in similar or related activities in Australia'. However, in the interests of the discipline of agricultural economics in this country, it is my belief that our co-operation should not extend to the area of competency standards for those who would call themselves agricultural economists — whether they be members of the AIAS or not.

We must, of course, note the very obvious point that a significant number of agricultural economists have no formal training in agriculture itself. They are graduates in various branches of economics who have developed an interest in applying economic principles to agriculture. Some of these may not even know of the existence of the AIAS. These members of the profession along with the even larger number of people who are graduates in agricultural economics (rather than agricultural science with a major in economics), I suspect, constitute the majority of those who call themselves agricultural economists. In other words, most agricultural economists come from a disciplinary base which is not agricultural science.

Two other important issues which have come to the attention of the Society also stem from the AIAS's corporate plan. These are the AIAS's strategies:

- 'to provide a focus for integrating the activities of the various disciplinary societies and specialist organisations associated with agriculture'; and
- 'to develop policies on issues relating to the promotion, production and marketing of agricultural services'.

While we might not wish to be integrated under the AIAS's umbrella and we have, with good reason, resisted the temptation to develop policies on the above matters, these are less serious aspects of the AIAS's recent activities. The matter of competency standards has the potential for crisis because it is a matter which is also dear to the heart of the present government and parts of the bureaucracy.

In what follows I do not wish to denigrate the AIAS's good intentions for Australian agriculture and agricultural science. However, in the matter of competency standards, I am concerned that the AIAS may run the risk of harming that which it would serve.

In talking about a potential crisis, am I over-reacting to what is, after all, something that must be a good thing? We don't want incompetent professionals so how can one sound some alarms about seemingly worthwhile things like standards of competency and a profession regulating itself to ensure that its members are competent. Well, consider the following brief look into a possible future.

The advertisement for a job as a economic policy analyst with a department of agriculture takes your eye. It sounds as if the job was made for you (and your present boss agrees), you appear to have all the necessary qualifications and experience until you get to the bit about 'required competency level: MAIAS (Stage 2 Agricultural Economist)'. Upon inquiry the department's personnel officer says you have all the attributes for the position but they couldn't appoint you because if they did the Institute would ridicule you (and presumably the department) and that would reflect badly on the department. All is not lost, however, because you are told you may join the AIAS (which may well cost a lot more than it does now), attend the next AIAS-accredited professional development course at campus Z (at a cost of \$ssss) and all will be well. After considering the options, you do all this and eventually get the job. We leave you contemplating the requirements for promotion.

Fanciful? Maybe. But we are already some way down this road. We have been asked to comment on a set of draft competency standards for agricultural scientists including competencies in business and economics, and asked if we wished to be involved in the further development of these specialist standards. Should we?<sup>2</sup>

If you feel uncomfortable with this scenario because it might put the AIAS in a position of power over you, would it make you feel easier if the required competency was: 'MAAES (Stage 2 Professional)'? In this case you might feel that any rents from the (government encouraged) potential to self-regulate the profession would remain closer to home.

<sup>2</sup> Editors' note: Subsequent to this Address, the following motions were passed at the Society's Annual General Meeting on February 10, 1993.

'That AAES indicate to the Australian Institute of Agricultural Science that it wishes to have no part in the formulation and introduction of competency standards and indicate the grounds for this position.'

'That Council be authorised to resist as strongly as possible the AIAS move to include disciplinary areas of agricultural economics in the definition of competency standards.'

If we are not to have change for the sake of a change which generates power and employment for a group of competency administrators and allows a government to create an illusion of 'improvement', then I believe it is necessary for the proponents of change to demonstrate that the existing system for attesting to competency in our profession is deficient. Any such deficiency needs to be demonstrated both in terms of a failure to provide services of appropriate quality to consumers and the failure of the existing system to allow us 'to compete more effectively on international markets'.

If the existing system cannot be shown to be deficient in these respects, when the arguments for improvement come from the profession rather than its clients and when there is government encouragement (even if not through direct legislative support) of measures which would help cement an unproven form of self-regulation, I believe we have a potential crisis. We must do our best to avert that crisis.

As is becoming clear, my own view is that competency standards for professional agricultural economists are both unnecessary and undesirable. If the AIAS cannot be persuaded that competency standards for agricultural economists are not on, then we would have to boycott those standards (because, in addition to the arguments presented here, we would argue that the AIAS is not competent to erect such standards). If, for any reason, the adoption of competency standards becomes unavoidable, then we might have to waste a good deal of time and energy setting up our own. In theory, however, this situation should not arise because no profession will be compelled to adopt such standards.

### *Is the Present System of Establishing Competence Deficient?*

As far as I can discover from the literature on competency standards in the professions, including agricultural science, this question receives little analysis and, largely by assumption, an affirmative answer is implied. In failing to put the question to detailed scrutiny, vast bodies of helpful literature are ignored, for example, that on the economic implications of occupational regulation (see Nieuwenhuysen and Williams-Wynn 1982, Albon and Lindsay 1984 and Regulation Review Unit 1989 for Australian examples) and that on the economic implications of 'screening' devices (Stiglitz 1975).

In attempting to throw some light on the question, I believe that the first thing to note is that relatively few of the direct consumers of the services provided by our 'profession' are members of the public. This is also true for the even more diverse profession of agricultural science, indeed, almost 70 per cent of AIAS members responding to the 1992 Professional and Salary Survey in 1992 were full-time salaried employees (Field 1992). Even in the consulting area of agricultural economics, which is probably closest to the mode of operation of some of the older professions, it is my experience that

most clients are either large organisations or governments. Therefore, the arguments for self-regulation of standards so as to protect an ignorant and weak consuming public from incompetent practitioners carries no weight with me.

Consumer protection through the application of minimum standards of competence stems from the idea of informational asymmetry, that is, 'I know the quality of my services but you don't'. Therefore, for the protection of the consuming public some minimum standard of competency is required. Akerlof's (1970) seminal work on the market for 'lemons' indicates the extreme case of a market with informational asymmetry: the 'quacks' are the only ones left in the occupation. Akerlof's principles have been expanded and refined in the context of minimum quality standards in the professions by Leland (1979).

If informational asymmetry were an important reason for the need for competency standards, one would expect to be hearing from significant numbers of dissatisfied consumers. As far as I am aware, however, there is no groundswell of opinion that the present process of attesting to an individual's competency in the profession is unsatisfactory. Nobody seems to be complaining that unacceptably large numbers of incompetent people get through the net and/or that the system is not producing people who are capable of adapting, in an innovative way, to changing circumstances.

It is my contention that we do not have such outcry because informational asymmetry is not a problem in the market for our services or those of agricultural scientists. This is because, by and large, commercial entities or governments are the direct consumers of our services and they make sure that their clients or customers are not going to be supplied with consistently poor service. In short, there are powerful and resourceful intermediaries between us and the customer who know how to make, and can afford to make, informed choices when employing service providers.

Where agricultural economists are supplying services directly to the public I would also be very surprised to find significant numbers of consumers who were unable, whether due to lack of intelligence, education or funds, to follow the usual procedures of becoming informed about the competence of the professional they seek to engage. It is my belief, therefore, that consumers in both the local market and the international market for the services of agricultural economists do not need the added protection which might be afforded by a system of competency standards. The provision of competency standards for this purpose would be unnecessary and wasteful.

As we all know, the present system for establishing the professional competence of an individual agricultural economist for a particularly appointment or job is performed by two panels of experts: the selection committee and the referees. The process is a combination of assessing the formal educational qualifications in the discipline and assessing information supplied by the referees. The process may involve

mechanisms of varying degrees of formality and will centre on all aspects of competency, both measurable and immeasurable, required for the job in question. It will include information about how those competencies were obtained, whether in previous employment or in-service or other training. In short, professional competency is judged by the quality of both inputs and performance outcomes. Furthermore, there are about four levels of qualification, at least two of which, the Masters degree and the PhD, are regarded as more than just entry to the profession and are indicative of particular competencies.

It is particularly healthy for the individual and the profession that the panels of experts change through the person's career as higher levels of competency are required. As a result, it is unlikely that any unfair bias against an individual could persist. It would also take a particularly conniving profession to be accused of supply control when this was the only means of self-regulation.

Contrast this with the situation where a few individuals might be able to dominate the panel of experts (the accreditation body) for long periods of time. Under these circumstances, those individuals and the organisation which controls the accreditation committee could acquire considerable power which could be used both for their own aggrandisement and the material gain of members of the profession.

I believe we have a simple, cheap and highly effective system of self-regulation for overcoming any possible source of informational asymmetry in the market for agricultural economists. This belief is enhanced by the observation that, unlike the services provided by some other professions, the buyer seldom has to make a rushed choice and has plenty of time to seek all the available information required for an informed choice. I have not heard that either our international competitiveness or the competency of our professionals, as judged by overseas employers or clients, is inferior as a result of its use. Indeed, in terms of international comparisons one frequently hears the opposite.

I cannot be persuaded that it is either necessary or desirable to depart from the present system of ascertaining competency. Furthermore, I doubt that the present system would alter all that much, if at all, if the AIAS's system of competency standards came into existence. The reason for the latter belief lies in the nature of the standards themselves.

How would these standards be defined? How would they be assessed? Along with Penington<sup>3</sup> (1992) I am concerned that standards of competency would be static and 'enshrine the status quo'. Indeed, the more one tried to move away from near-meaningless generalities (such as doing things in a 'mature' and 'appropriate' manner) and made

<sup>3</sup> Vice-Chancellor of The University of Melbourne who, along with many other academics, is resisting the move to competency-based education of professionals.



the standards more specific, and hence applicable in a consistent way, the greater the risk that the pursuit of excellence and innovation in the profession would stagnate. In the Orwellian extreme, even the search for new knowledge might be given up.

To make the standards more specific and applicable, it would be necessary to say what is 'appropriate' and how a competent person 'does' things. Such an undertaking would tend to set in cement present-day ways of practising and thinking about agricultural economics, with the result that professionals would be ill equipped to handle new problems and new challenges. If you doubt this, try to set up competency standards for those who analyse public investments. When you have your set of standards ask the question: Are these 'motherhood statements'? If you answer yourself in the negative, then ask: If the competence of all analysts were as I have defined it, could that which is now known as benefit-cost analysis ever be improved or replaced?

The associated problem is how to assess an individual's performance relative to the standards. Who would constitute the panel of experts and how would they draw together the evidence and make their judgements? Here we can only note the problems being faced by the universities as they move towards recognising the quality of teaching. There is also the story of the dieticians receiving considerable amounts of public money to devise standards which, after spending more public money, they found could not be adequately assessed. Apparently, NOOSR told the dieticians to 'rewrite' their standards so that effective evaluation would be possible. Penington (1992 p. 12) relates this story as an example of how the 'assessment tail wags the standards dog'.

Another argument which is put is that even if the present system is not deficient as a means of assessing quality, it does not encourage improvement in quality over time. That is, it does not help us to become more competitive. Competency standards, it is claimed, would enable this to happen. Presumably, however, if one wants to improve the services of professionals by adherence to competency standards, then the standards of competency must be set higher than would otherwise be the case, or they must increase over time. At one end of the spectrum such action could be given an extremely altruistic interpretation since the profession which argues for standards on this basis apparently places consumers' interests above its own. I will not concede that this is the case but, of course, there are always some very altruistic members in every profession.

In the absence of evidence that the present system is letting us down because it does not lead to higher levels of competence over time, and when the push for standards comes from the profession itself, one may be inclined to take a look at another extreme. This is provided by Leland (1979) who considers the situation where the profession is allowed to set its own standards (which is the way the present push is developing) and the profession seeks to maximise benefits accruing to itself. Leland shows that the profession would set standards which

were higher than the socially optimal standards. A cynical view might be that a profession can gain public support for maximising its gain by appearing to do the opposite, that is, by taking the apparently altruistic stance that it is raising standards for the good of the nation's competitive ability in the world's markets. This possibility leads us to consider why the AIAS is so interested in fostering competency standards.

*Why are Competency Standards Being Embraced  
by an Unregulated Profession?*

The idea of competency standards in the professions arose from a section of government but has been embraced strongly by the AIAS in the absence of satisfactory evidence that the present system for establishing competency is deficient. When the thrust for change comes from the profession rather than consumers there is a very real risk that the profession wants to serve its own ends. Conversely, it might be extremely altruistic or, more likely, there is a tension within the profession as it seeks a trade-off between these extremes.

The first hypothesis that comes to mind for an otherwise unregulated profession to embrace the proposed competency standards is that they might offer an opportunity to limit the supply of professionals in the market and so raise returns. I hope we need not take this possibility too seriously for two reasons.

Firstly, the standards are proposed as a means of self-regulation and are not a system of licensed competency directly supported by legislation. Therefore, persons holding themselves out as agricultural economists or agricultural scientists would not be in breach of the law if they did not possess the standard of competency laid down by the professional organisation empowered by government to set that standard.

However, a cynic might note that competency standards are a form of self-regulation favoured by the present government and, hence, members of professional organisations which used them might receive preferential treatment when seeking government employment. This could be achieved by legislation which required that employees in given types of positions in particular organisations, institutions or departments must be at particular levels of competency (say levels 7 and 8) as defined by the NTB. An organisation using standards of competency (deemed to be consistent with those levels) as a means of supposedly self-regulating its members in the public interest would be in an excellent position to function as a screening organisation for such employment.

Secondly, agricultural economists and agricultural scientists both have substitutes in the provision of economic and scientific services to agriculture, namely, other economists and other biological scientists respectively. Any short-term gains that might result from the product differentiation arising from the prefix 'agricultural' and any associated competency standards could not be sustained without the support of

employers. Assuming that employers seek to obtain a given quality of service at least cost, there is no obvious reason why they would want to pay more than they need.

Again, however, the cynic might suggest that it cannot be guaranteed that direct legislative support for the competency levels or standards in any given profession will never be implemented. Therefore, might it not be a reasonable strategy for a professional organisation to capture the debate and so be well placed to influence government? Our cynic might also point out that the search for the lowest-cost professional services might be curtailed when members of the professional body can be found at all levels in the employing organisation. In these circumstances, it may be relatively easy to persuade those who decide the employment policy of the employing organisation that other economists and scientists are not really close substitutes. If specialist persuaders can successfully differentiate one brand of soap from another, product differentiation amongst economists and scientists should not be too much trouble when the persuaders are also part of the audience.

Penington (1992) goes further and puts forward a 'tripartite' conspiracy theory for competency standards (nominees of labor governments, unions and employer bodies). I will not review Penington's views in any detail but recommend his paper as interesting, but worrying, reading. The following excerpt indicates the gist of some of his arguments:

The competency crusade represents a second major revolution in Australian education, following quickly in the wake of the Dawkins reforms. It is of even greater magnitude, however, as it purports to embrace the whole of the education and training system in Australia. It seeks to describe and control all education and training in terms of 'work related competencies' and to bring all within a 'seamless web' of control of the entire workforce, through its network of 'tripartite committees' which feed back to the National Training Board at the centre of the web.

If one finds some sympathy with Penington's theory, the views of our cynic might not be so far-fetched! While Penington sees the professions and the universities as potential victims in the crusade, this need not be the case for a professional organisation which 'delivers' into the fold a profession which it has moulded into the required shape. That organisation will be feted for its far-sighted concern for the public and national interest. Ultimately, however, the profession will suffer.

This leads to another hypothesis, namely, that the AIAS has embraced competency standards because it would give the AIAS power and status which it presently does not enjoy. Even though all members may not gain pecuniary rewards from the exercise of this power there may be reward in terms of status in the community, or, at least, the perception of status. Given the propensity of people to want

letters after their names, some extra letters which appear to denote membership of a select group, probably would be appreciated.

If a professional organisation can persuade its members (and others) to take seriously its testimonies of competency then, as indicated above, the processes of professional development (and curriculum development) to enable members to meet higher levels of competency become important. In this situation, the professional organisation can easily take it upon itself the power to accredit the professional development courses and other activities. Obviously, a much more serious situation arises if a sympathetic government grants the organisation that power. Feeding at the 'honey pot' of accredited professional development courses may allow some educational establishments to enjoy growth and status which otherwise would not be their due. Members of the profession in these establishments can be expected to support the competency movement. If my beliefs about the need for, and worth of, competency standards are somewhere near the mark, such a process has the capacity to be wasteful as well as eroding standards.

In addition, as long as it can continue to convince people (even if only its members) of the merit of its competency standards the organisation will persist. I believe the matter of its survival has concerned the AIAS over recent decades as more and more specialist societies, like ours, have come into existence. If the AIAS can establish itself as the umbrella organisation directly or indirectly controlling competency standards in all agriculture-related professions, it would become seemingly indispensable and its survival would be assured.

### *Conclusion*

I am unconvinced that competency standards for agricultural economists are necessary, indeed they have the potential to waste resources and to do damage to the profession. This would be more so if those standards were devised and administered by the AIAS. I become suspicious of their motives when some members of another profession which has its main disciplinary base in other areas of science (albeit with some overlap for some people) believe there is a need for standards and want to set up standards for agricultural economists. Indeed, I am not convinced there is even a need for such standards in mainstream agricultural science (if there is such a thing). Competency standards are a mechanism for self-regulation which has been blessed by government. In these circumstances, when a strong push for standards comes from the profession, I begin to get faint whiffs of the stale smell of closed shops and catch the glint in the eye that goes with the desire for power.

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