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# LEVERAGING MANAGERIAL EXPERTISE IN ROMANIAN PUBLIC ADMINISTRATION FROM THE PERSPECTIVE OF BECKER'S HUMAN CAPITAL THEORY THROUGH DISTRIBUTED LEADERSHIP

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**Abstract:** *This article assesses the effectiveness of public investments in developing leadership and talent management competencies amid new technologies and digital transformation in Romanian public administration, viewed through the lens of Gary S. Becker's human capital theory. Employing a case study methodology grounded in documentary data analysis, the research examines Investment 16 from Romania's National Recovery and Resilience Plan, which funded the training of 2,540 civil servants in leadership roles. The paper emphasizes the structural dysfunction caused by the reclassification of 432 qualified personnel (17% of the total) into operational positions, a situation that leads to the underutilization of acquired competencies. It is demonstrated that these skills, although incorporated as general capital, operate within Romanian public administration as function-specific capital, whose productivity is strictly dependent on official authority. The loss of the leadership role devalues this intangible asset, thereby halting organizational benefits. To avoid the depreciation of capital, the article proposes integrating specialists as institutional mentors within a distributed leadership model. This measure optimizes the return on the initial investment by leveraging leadership competencies in mentoring and internal consultancy activities, ensuring institutional efficiency and validating the sustainability of the investment in accordance with Becker's internal rate of return model.*

**Keywords:** *human capital, Becker, leadership, administration*

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## INTRODUCTION

In the current Romanian administrative landscape, governed by European public policies aimed at expanding and consolidating electronic governance, the mere acquisition of technological infrastructure proves insufficient to guarantee the success of the public sector's digital transformation.

This process concurrently demands a fundamental reconfiguration of human resources, based on the premise that a digitalized public administration requires a body of highly qualified professionals, coordinated by managers possessing strategic vision and expertise in emerging technologies.

Consequently, leaders within the public service constitute the core of governmental effectiveness, serving as the link between political directives and their implementation. To fully

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capitalize on their potential, administrative systems must provide them with a balanced institutional framework that combines decisional autonomy with stringent public accountability mechanisms. Simultaneously, the provision of adequate managerial tools is essential, as, in the absence of an enabling environment, even leaders with solid expertise risk being limited by the inertia of rigid structures (Gerson, 2020).

The training and support of these leaders become increasingly relevant within the European context, where the dynamics of the community digital agenda amplify the role of managerial expertise within national administrations. In a global environment characterized by accelerated technological transitions, the European Union's capacity to respond to contemporary challenges depends directly on this expertise. A defining demonstration in this regard is the target of full digitalization of essential public services by 2030, established through the policy programme *'Policy Programme for 2030 on the Digital Decade*' (European Parliament and Council, 2022).

By virtue of its objectives, the European initiative exerts considerable pressure on institutional leaders, obliging them to assume expanded responsibilities in administrative governance to ensure compliance with strict regulations concerning cybersecurity, data protection, and the integration of new technologies. Nonetheless, the European dynamic accentuates the fundamental gap between European standards and Romania's administrative reality, exposing vulnerabilities that necessitate prompt and continuous corrective actions.

Romania's ranking second to last in the European Union regarding the digital maturity of public management, with a score of 58 out of 100, highlights significant systemic barriers, including limited managerial competencies in artificial intelligence and Big Data, a bureaucratic organizational culture, and inequalities within the professional training system (Androniceanu & Štreimikienė, 2025).

The framework is complemented by the World Bank's (2025) assessment of the digital maturity of Romania's central public administration, which indicates achievement of only a basic level, primarily due to the uncoordinated nature of initiatives and the absence of a coherent governance framework.

World Bank data indicate that, while administrative operations and the provision of digital services at the central level demonstrate maturity levels of 42% and 30% respectively, the digital competencies of employees remain modest, evaluated at 24%. These limitations at the central level are not isolated but have cascading negative effects on the operational capacity and quality of services delivered by territorial and local structures, thereby impacting the entire Romanian administrative system.

In this context, the Organisation for Economic Co-operation and Development highlighted the absence of a national strategy for attracting and retaining digital talents, also emphasizing that training initiatives exclusively prioritize isolated technical skills while neglecting the development of essential transversal competencies such as leadership, strategic vision, and public service design (OECD, 2023).

The fragmentation of professional training, manifested by the discrepancy between acquired competencies and the actual requirements of positions, can be analysed through the lens of resource allocation efficiency, utilizing Gary S. Becker's theoretical framework on human capital. Nobel Prize laureate Becker revolutionized economic sciences by conceptualizing education and vocational training not as mere expenses but as strategic investments in human capital.

His theory posits that any form of training constitutes a rational economic decision in which immediate costs—comprising direct expenditures and forgone earnings during the period of study—are incurred in anticipation of future economic benefits, manifested as an increase in the individual's marginal productivity.

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To assess the impact of these investments on the dynamic between employee and organization, the author differentiates between two fundamental types of training, based on the degree to which they can be leveraged within the labour market.

Thus, Becker (1994) defines general training as education that increases marginal productivity, that is, the value contributed by the employee through their results, equally in both the organization that provided the training and any other, with competencies being fully transferable on the labour market.

In contrast, specific training is defined as education that increases the marginal productivity of the individual, exclusively within the structure that provided the training, its value depending on the particular organizational context in which it was created. In this model, organizations are willing to finance specific training because they can recover their investment through the surplus productivity generated during the tenure of that position, whereas the costs of general training are entirely borne by employees, who subsequently benefit from higher wages offered by the market (Becker, 1994).

Applying Becker's model to the training program exclusively designed for managerial civil servants, which is the subject of this study, it is evident that the investment targeted the development of competencies whose returns are inextricably linked to the specific responsibilities of the managerial role.

Although, theoretically, leadership competencies are assimilated into general human capital due to their inherently transferable and universal nature, the training program conceived exclusively for managerial civil servants has de facto conferred upon them the status of position-specific competencies, as within the hierarchical structures of Romanian public administration, the exercise of leadership is directly correlated with the formal authority assigned to the post.

In light of Becker's theory, formal authority constitutes the complementary asset that conditions the marginal productivity of acquired competencies. In the absence of this leverage, human capital risks remaining an underutilized resource, deprived of the operational context necessary for its transformation into organizational value and performance. Thus, the reassignment of 432 civil servants to executive positions resulted in a misalignment of competencies, whereby the investment in human capital was detached from the institutional environment essential for its capitalization.

Consequently, these competencies are underutilized because the new executive positions lack the administrative framework required for the practical application of the expertise gained through the training program. Consequently, the underutilization of these skills represents not only a loss of financial investment but also a constraint on institutional capacity to deliver efficient public services tailored to emerging digital requirements.

## ASSESSMENT OF THE EFFICIENCY OF INVESTMENT 16 IN MANAGERIAL TRAINING FROM THE PERSPECTIVE OF BECKER'S THEORY

Beyond its role as a mere financial instrument, Romania's National Recovery and Resilience Plan (PNRR) has demonstrated significant support for administrative reform in recent years, facilitating the adaptation of human capital to the demands of the digital era and reinforcing the institutional framework through skill development in the public sector.

Investment 16 - "*Advanced digital competencies training program for public servants*," related to Target 185 under *Component C7* "*Digital Transformation*" (MIPE, 2021), serves as a noteworthy example in this context.

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The project aimed to develop advanced digital skills for 30,000 public servants, including 2,500 management personnel who completed a specific training program: "*Developing leadership and talent management competencies in the context of new technologies and digital transformation*."

Implemented from February 2024 to July 2025 under the authority of the National Agency of Civil Servants, acting as the reform coordinator within the PNRR, the program was completed by 2,540 public servants, representing 102% of the proposed target and 17% of the total 14,974 occupied public leadership positions as of 2024 (NACS, 2025b, 2025c).

The purpose of the training, delivered in physical, online, and hybrid formats, totalling 4,160 hours of courses organized into 104 sessions of 40 hours each, was the development of managerial and technical competencies based on the integrated concept "*Digital Transformation = People + Data + Processes*". (NACS, 2025b).

The approach focused on modules covering situational leadership, change management, and data-driven governance, which are essential for aligning public institutions with the needs of beneficiaries. Simultaneously, talent management and the optimization of processes for attracting and developing a digital workforce were addressed to align public institutions with beneficiary needs, thereby strengthening the administrative capacity to implement the legislative and strategic frameworks specific to digitalization. (NACS, 2025b).

From the perspective of the addressed topic, the training was founded on the premise that the modernization of working methods directly depends on the quality of decision-making and the authority of leaders to direct these resources, thereby transforming acquired competencies into benchmarks of institutional efficiency.

The initial success of the program confirms the validity of this premise, as highlighted by the performance indicators recorded among beneficiaries: a 32% increase in the volume of completed tasks (for 62% of them), a 30% optimization of working time (for 52%), a 31% acceleration in process digitalization (for 45%), and the simplification of procedures (for 29%) (NACS, 2025a).

Nevertheless, this performance must be analysed from the perspective of the Internal Rate of Return to verify its actual economic efficiency.

According to Gary S. Becker, the internal rate of return serves as a standard of economic rationality, representing the discount rate that equates the costs of an investment to the stream of its future benefits. Consequently, professional training is economically justified if this indicator exceeds the opportunity cost of capital, a concept that encompasses both direct expenditures and forgone income, namely the value of work not performed by civil servants during the training period.

Essentially, this calculation evaluates whether the investment in a training program is profitable for the organization; more precisely, it verifies whether the enhanced efficiency of the employee, gained through the courses, generates sufficient long-term outcomes to recover both the funds expended and the time during which the employee was absent from their responsibilities. From this perspective, the internal rate of return is not merely an accounting exercise, but a tool that measures the sustainability of the investment, as it becomes valuable only if the employee remains within the organization and continuously applies the new competencies, generating sustainable economic benefits (Becker, 1994).

Applied to the present case, this logic emphasizes that the investment in training leaders within public administration through the PNRR-funded training program will yield long-term returns only if they retain their leadership positions, thereby ensuring continuity in the application of newly acquired digital and managerial competencies.

However, the flow of benefits, essential for maintaining a positive net present value of the internal rate of return, was adversely affected by the institutional reconfiguration prompted by Law no. 296/2023 regarding certain fiscal-budgetary measures to ensure Romania's long-term financial

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sustainability (Parliament of Romania, 2023), the normative framework of which resulted in the elimination of 432 head of office positions, requiring the reassignment of incumbents to operational positions (NACS, 2025a).

From an economic standpoint, retaining these specialized resources in operational positions constitutes an underutilization of assets, tantamount to wasting a productive resource whose value had already been covered through training costs. By removing civil servants from decision-making roles where new skills could have been leveraged, the accomplishment of future benefits was obstructed, converting what ought to have been a strategic investment into a net capital loss.

## DISTRIBUTED LEADERSHIP FOR LEVERAGING MANAGERIAL EXPERTISE THROUGH INTERNAL CONSULTANCY

Redefining the relationship between authority and competency, beyond institutional hierarchical constraints, constitutes the optimal solution to prevent the devaluation of consolidated managerial human capital within the program "*Development of Leadership Competencies and Talent Management in the Context of New Technologies and Digital Transformation*," a specific component of Investment 16 within the PNRR. Considering that 432 graduates of this program have been reassigned to operational positions, leveraging their expertise requires transcending traditional hierarchical patterns in favour of a distributed leadership model.

Although theoretically grounded primarily in educational management (Bolden, 2011), distributed leadership represents a practical learning model ideally suited to public administration, providing the essential framework to optimize institutional authority through collaborative experience.

This model transcends administrative hierarchical structures through cooperation and knowledge sharing, relying both on leaders' ability to empower employees and on employees' readiness to assume responsibilities based on their professional competencies (Maneze, 2019). This approach involves collective actions which, through mechanisms of continuous learning, coordination, and motivation, lead to increased job satisfaction and innovative behaviour, significantly enhancing institutional performance in the public sector (Jakobsen et al., 2023).

In the specified context, it is necessary to reconsider the manner in which authority and influence are exercised within the institution by employing hybrid configurations that combine vertical leadership, based on formal hierarchy, with horizontal leadership practices involving professional cooperation centred on the exchange of expertise and the recognition of the influence of those possessing the competencies required to resolve specific issues beyond the strict confines of their formal mandates (Bolden, 2011).

The implementation of distributed leadership can be materialized through the delegation of responsibilities related to institutional mentoring and internal consultancy competencies to the 432 civil servants who, following regulatory changes, have vacated their leadership positions. Such an initiative prevents the depreciation of human capital by leveraging the managerial expertise and advanced competencies acquired through the specialized training program.

Beyond being a mere internal human resource management measure, the capitalization of these competencies represents a strategic alignment with the directives of the European administrative space and the European Union's efforts to build resilient and high-performing public administrations that support a far-reaching technological transformation across all member states.

The proposed initiative constitutes a direct response to the European imperative to modernize the management capacity of human resources in the public sector, within the context where the European Union emphasizes that the success of administrative reforms fundamentally

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depends on member states’ ability to optimize recruitment, retention, and competency development processes (Bakos, 2025). Through mentoring, a human resource with untapped potential is transformed into the central pillar of a human resources strategy aligned with European values emphasizing transparency, efficiency, and adaptability.

Functionally, these specialists serve as promoters of distributed leadership, acting as facilitators of change by providing methodological assistance for process optimization and technical support to hierarchical managers in team coordination.

Furthermore, through inter-institutional collaboration protocols, their expertise can be extended to public institutions whose leadership personnel have not undergone similar training programs, thereby acting as multipliers of competencies within Romanian public administration.

In this role, mentors can facilitate the practical application of change management and digital transformation, ensuring the effective transfer of methodologies required for planning, implementing, and reviewing reforms. Moreover, they can provide technical support in the use of digital tools and the adoption of data-driven governance, thereby accelerating workflow processes.

Additionally, they can transfer specific competencies in decision-making process management and risk management, and disseminate coaching techniques, conflict management, and feedback practices, which are essential for team development and enhancing internal communication—skills also acquired during the training program.

Furthermore, they can ensure a consistent application of standards concerning professional ethics, integrity, and fraud prevention. This direct transfer of knowledge can achieve not only the standardization of work procedures but also an elevation of competency levels across the entire administrative system, thereby eliminating disparities between digitally advanced institutions and those at early reform stages.

## CONCLUSION

Implementing this distributed leadership model constitutes the strategic mechanism by which public institutions that demoted the 432 public servants from their leadership roles after completing the training program restore the internal rate of return of the initial investment. By delegating the institutional mentor mandate, the previously halted marginal productivity flow is unlocked, transforming the inefficient use of human capital into a sustainable productive asset which, according to Becker's theory, ensures the economic rationality of training through the continuous generation of professional benefits and administrative efficiency throughout the entire duration of the professional cycle, beyond hierarchical constraints.

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