



Competency-based Management in HRM

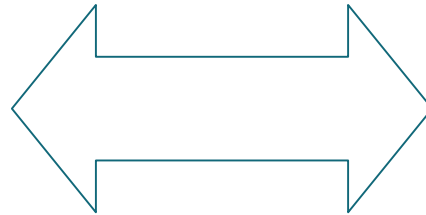
INTERNATIONAL BUSINESS PROGRAM

MANAGEMENT FACULTY, WARSAW UNIVERSITY

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Organization vs Individual – How to fit?



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Job or Role or Competence Analysis:



- Task, goals and job results
- Duties and responsibilities
- External environments of jobs (market, clients)
- Internal environments
- Key performance indicators
- Skills, knowledge and professional experience

Job description

- Job title
- Place in organization structure/Reporting Line
- Job content/Most frequent duties/task
- Job demand
- Performance standard

Role description

- Job content/Most frequent duties/task
- Job demand
- Performance standard
- Role playing in organization – broader aspects of behavior expected from job-holder

Competency Profile

- Behavioral dimensions that affects job performance
 - Work-based or occupational competences refer to expectations of work-place performance and standards of outputs
 - Behavioral or personal competences are personal characteristic of individual



Main aspects in Competency-based Approach

Competence vs competency - linguistic problem?

Competence:
**An ability based on work task
or job outputs**

Competency:
An ability based on behavior



- **Competency definition used in practice and/or quoting in literature:**
 - Competencies is description of work tasks and its outputs
 - eg. „*the ability of a manager to perform to the standards required in employment*”;
 - Competencies is behavior description
 - eg. “*a job competency is an underlying characteristic of a person in that it may a motive, a trait, a skill, an aspect of one’s self-image or social role, or a body of knowledge, which he or she uses*”.

Competency definition

*„competency is a basic personal characteristic that are determining factors for acting successfully In a job or a situation” –
D. Mc Clelland*

*„competency is underlying characteristic of a person that leads to or causes or superior or effective performance” –
R. Boyatzis*

*„a characteristic is not a competency unless it predicts something meaningful to the real world”
- Spencer & Spencer*

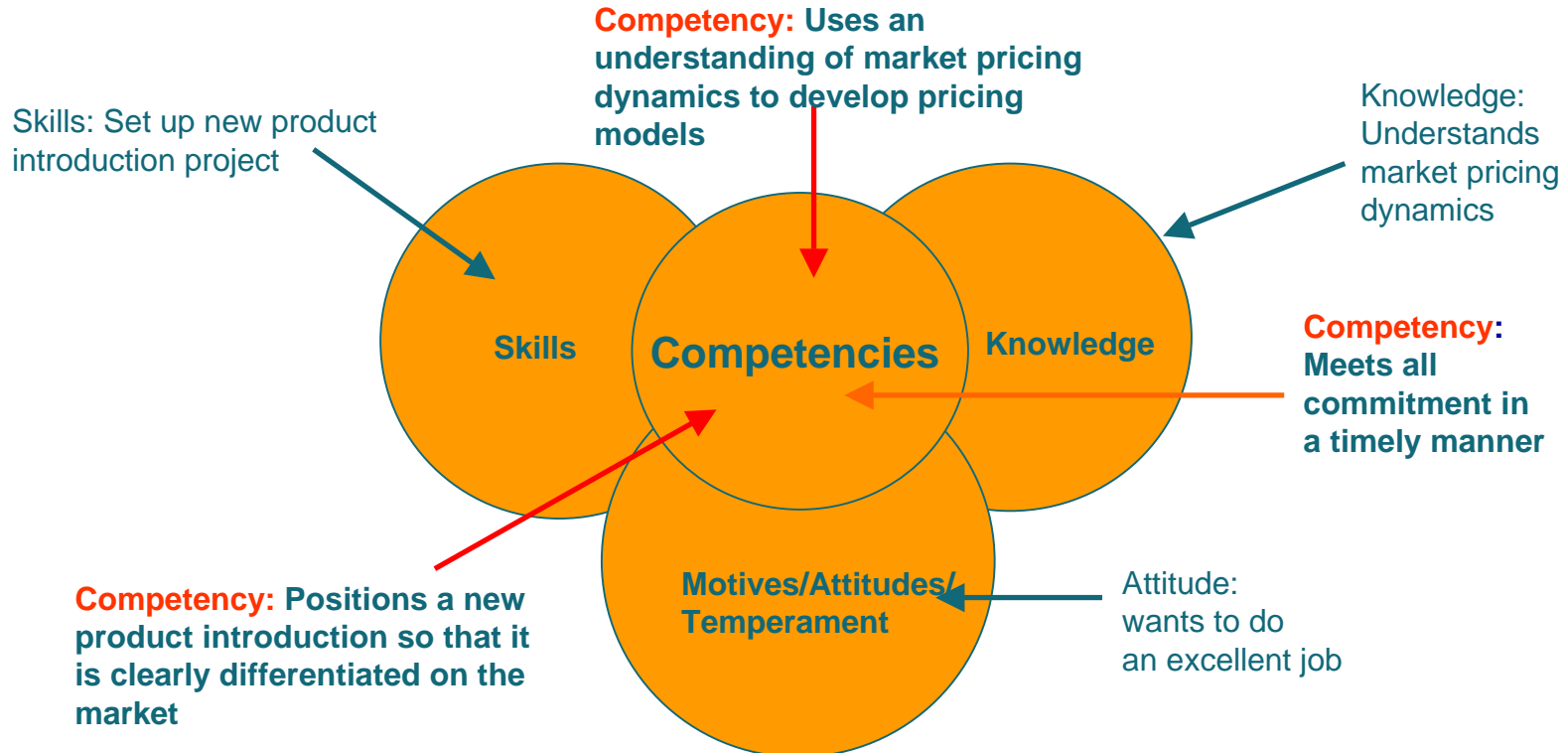
➤ **Competency can contains:**

- **Trait**
- **Attitudes**
- **Motive**
- **Skill**
- **Ability**
- **Self-image**
- **Knowledge**
- **Social role**

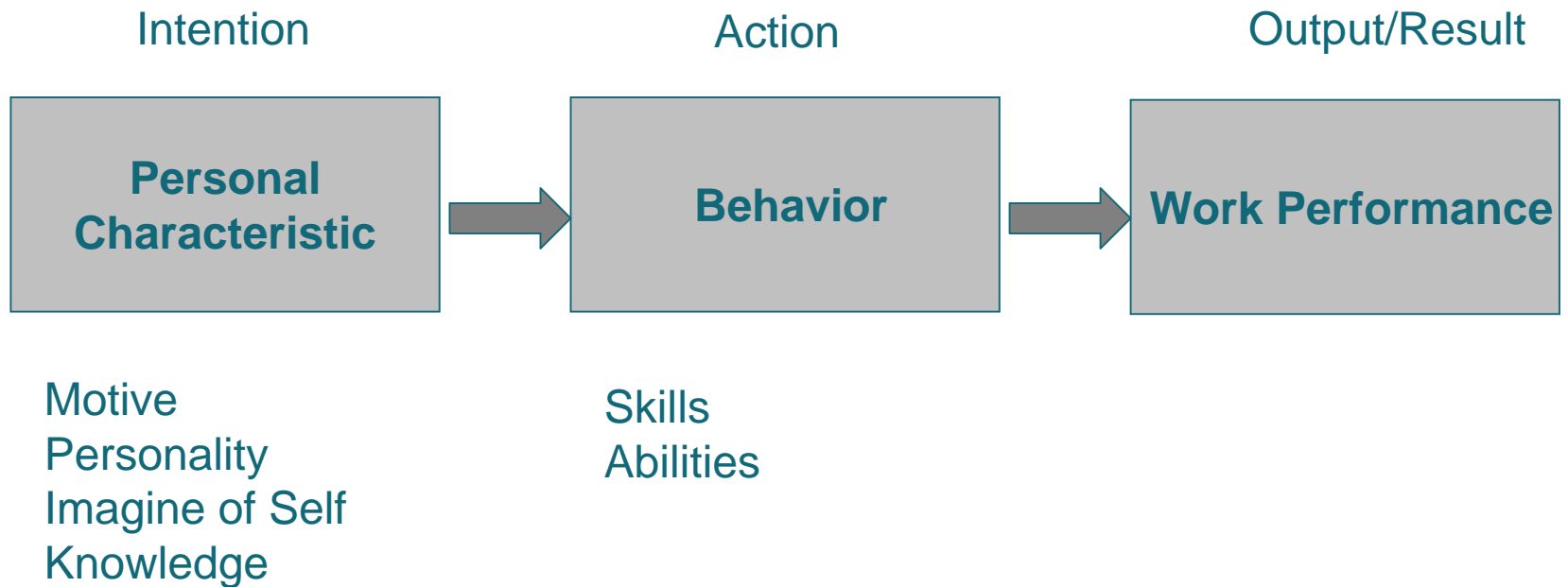


Competency Definition

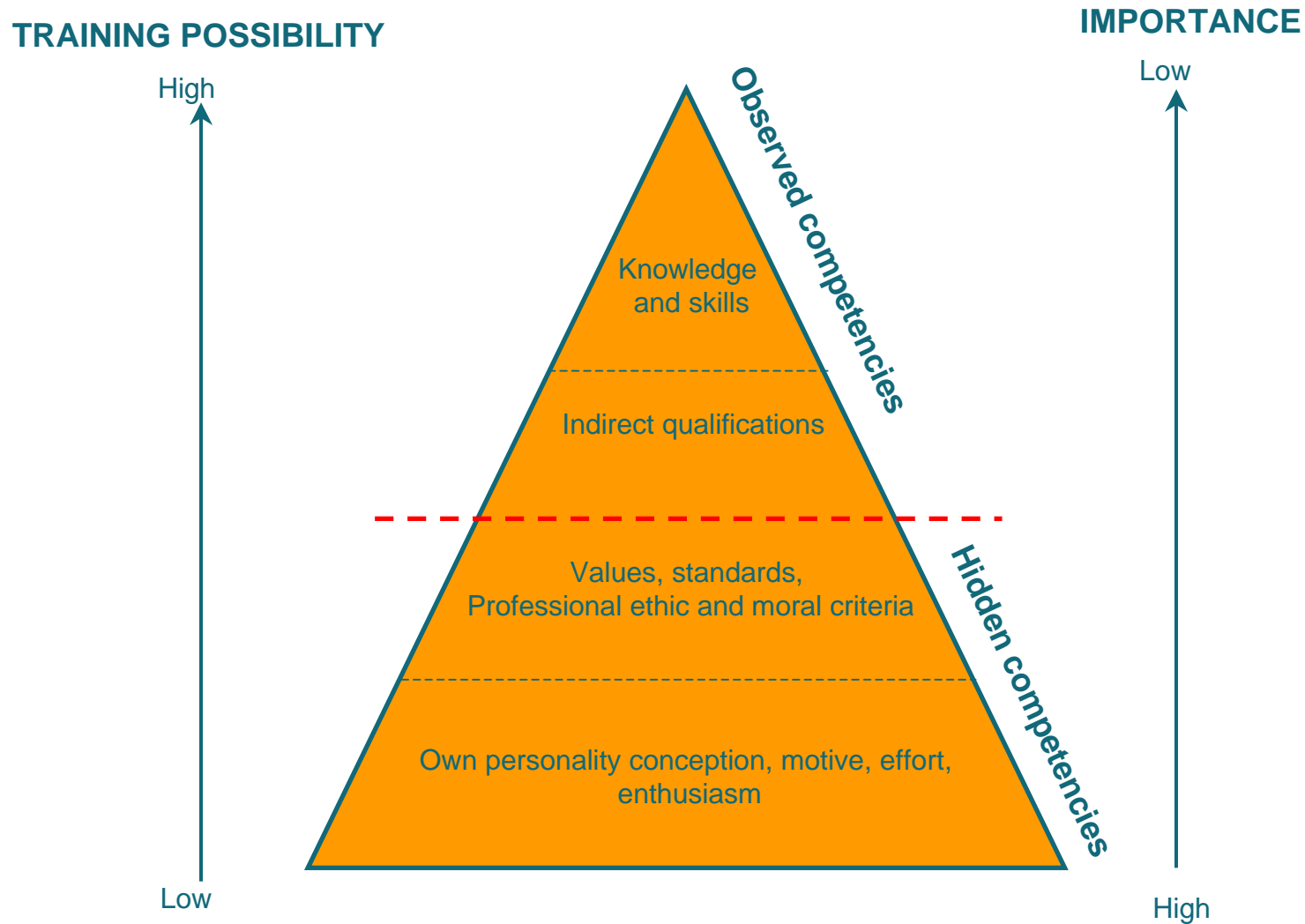
The competence is a combination of knowledge, skills, motivation, attitude and personal characteristics which are demonstrated in behaviour and influence employee's superior performance. Competence approach focus on how an employee creates value and what is actually accomplished.



Definition of competency - dynamic



Individual Competencies (iceberg model)

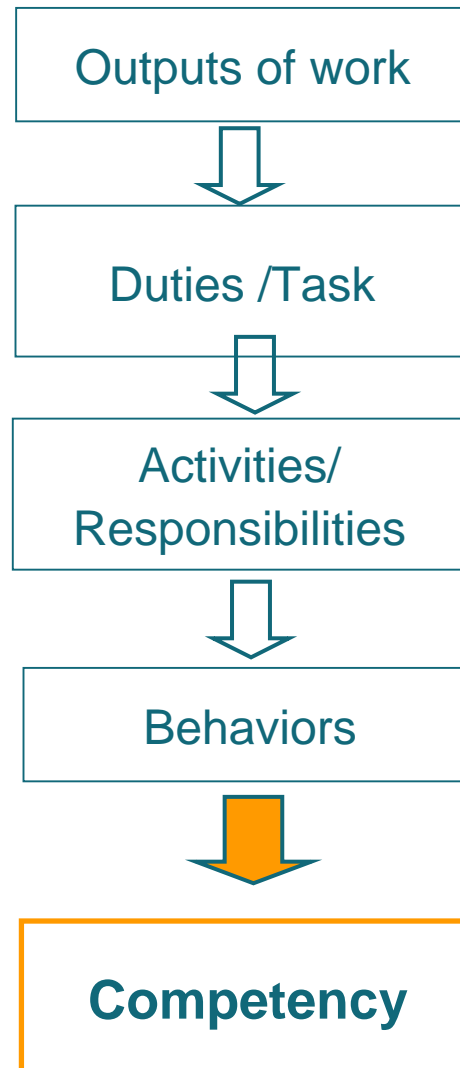


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What Does a Competency Look Like?

Product Positioning		
Definition	Behaviors	Knowledge and Skills
Develop a consistence approach for distinguishing a product in minds of a targeted customers group	<ul style="list-style-type: none">• Identifies how/where product fits with the company's overall business strategy• Relentlessly seeks out creative ways to communicate perceived values in and demand for products and services• Collaborate with market research to identify distinguishing value to targeted customers• Assures that product/service specifications are related directly to customers needs	<ul style="list-style-type: none">• Analyzes environmental trends• Uses market information to target market segments• Uses statistical analysis to forecast demand• Established channel objectives

Defining or Identifying Competencies



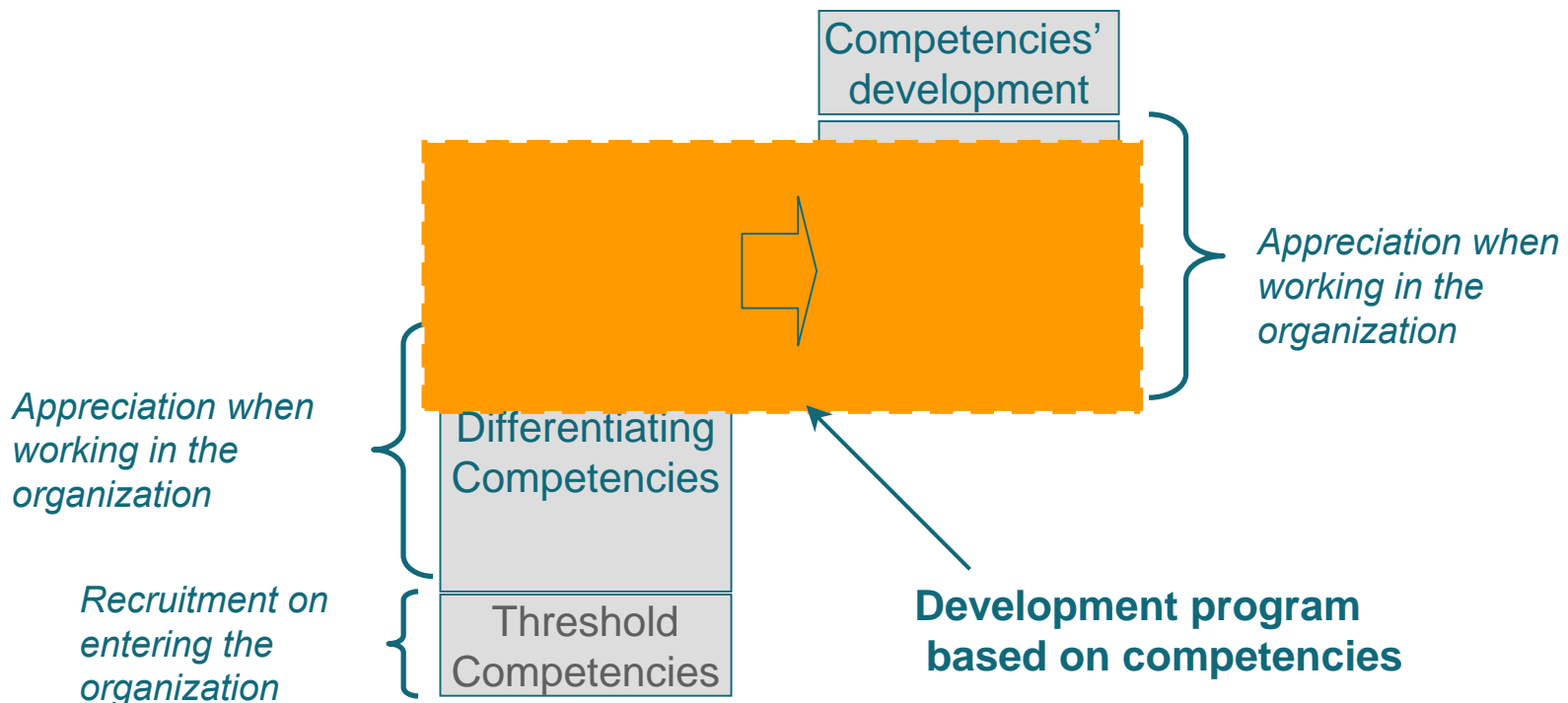
Competency Framework

Competency framework is the term given to the complete collection of:

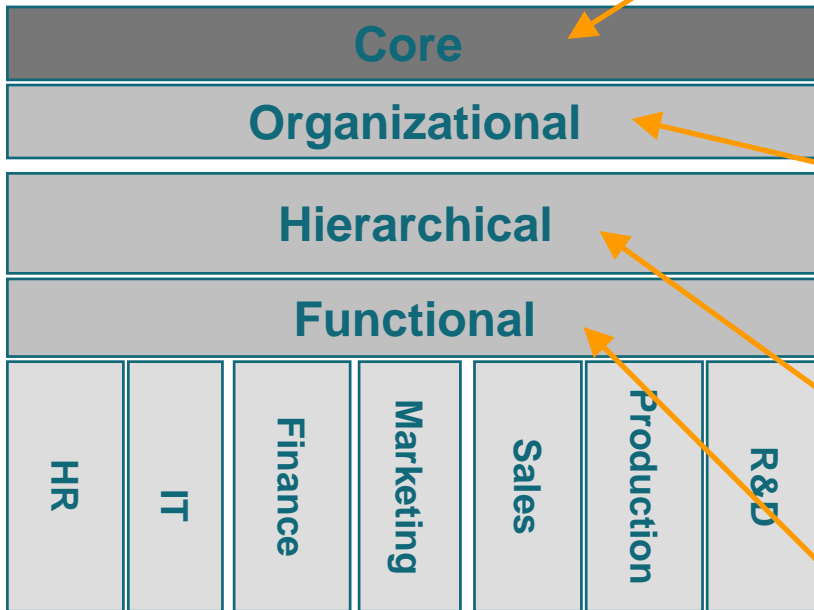
- **Clusters (categories)**
 - is a collection of closely related competencies usually 3 to 5 per cluster
 - Cognitive competency cluster:
 - Competencies: analytical thinking, cognitive thinking
- **Competencies (with or without level)**
 - Competencies without levels – a simple framework may have a single list of behavioral indicators
 - Competencies with levels – when a framework covers a wide range of jobs with different degrees of demands, the behavioral indicators within each competency may be divided into separate list of levels
- **Competency titles and definition**
 - Title: Planning and organizing
 - Definition: Achieves results through details planning and organization of people and resources to meet goals, targets or objectives within agreed time-scales
- **Behavioral indicators** - are examples of behaviors that would be observed when someone demonstrates competency eg. „Working with information“:
 - Identifies and uses appropriate sources of information
 - Accurately identifies the type and form of information required
 - Obtains relevant information and maintains it in appropriate formats

Types of Individual Competencies

- **Threshold Competencies** – are the competencies which are essential to do work in the organization. These competencies do not divide people’s work into average and outstanding
- **Differentiating Competencies** – are the competencies which can be easily calibrated and divided between the standards of the work done by a large number of employees. These competencies divide people’s work into outstanding, average and below expectations.



Types of Organizational Competencies



Core competencies are an unique combination of business specialization together with expert knowledge and individual employees' competencies. The competencies can be regarded as core only when they correspond with the company's strategy and when are difficult to be imitated which may be a key factor in the company's competitive superiority.

Organizational competencies are a combination of employees' behaviour arising from key organization's values and corresponding with company's mission. All employees should focus on their development.

Hierarchical competencies(including managerial) describe the factors of success which distinguish particular roles or organizational levels (specialists, managers, directors).

Functional competencies are a combination of required employees' behaviour in particular functional groups in the organization.

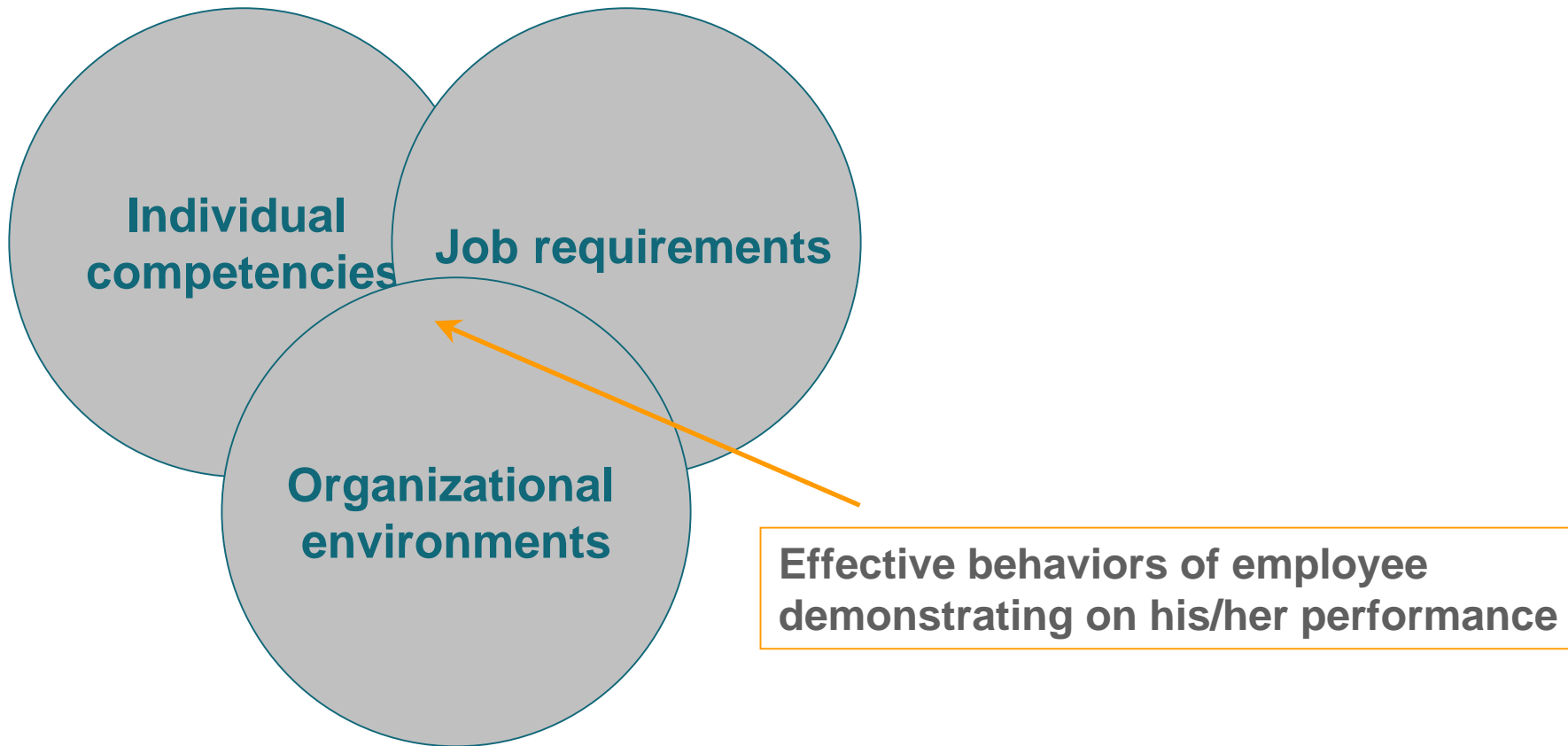


History of Competency-based Approach

FIRST STAGE - Individual competencies

- **Precursor of Competencies - John Flanagan (1954)**
 - He invented Critical Interview Technique which was used to probe skills. Flanagan did not use a word competency!
- **Father of Competencies - David Mc Clelland (1973)**
 - He was a professor in Harvard, social psychologist
 - He was concentrated on search on attitudes and habits outstanding and distinguished employees.
 - The aim of this research was to elaborate better recruitment/selection methods than psychometric/intelligent test
 - Mc Clelland invented Behavioral Event Interview basing on Flanagan work,
 - He has shaped a statement „Do not test intelligence, test a competence!”
- **Managerial competencies - Richard Boyatzis (1982)**
 - He was conducting research on managerial effectiveness in USA
 - He was searching and he has identified competencies of effective/ distinguished manager

Individual competencies



SECOND STAGE – Managing competencies in the organization

- **Pioneer in managing competencies - Patricia Mc Lagan (1980)**

- She defined „competency model” as a decision/management tool, which firstly is describing requirements or standards for work and it can be a centre for all HR processes such as. Selection, appraisals etc.

- **Tools in competencies management - competencies models in practice - Lyle & Signe Spencer (1993)**

- They elaborated methodology of building competencies models within organizations,
- This methodology is called now „classic” and/or „from the scratch”
- The basis for the competency models is selection of those work processes which have „high values in relation to organization”

Building Competency models – Spencer’s classic competency study design

Stage I Analysis

- Collecting information from Board of Directors or Project Sponsors about their expectations
- Collecting information eg. Vision, mission, values and goals
- Collecting eg. Organizational structure, work regulations, list of positions or roles etc.

Stage II Design

- Collecting data using Focus Group and/or Behavioral Event Interview among employees representing positions and/or role within organizations
- Preparing prototype of competency models

Stage III Verification and Documentations

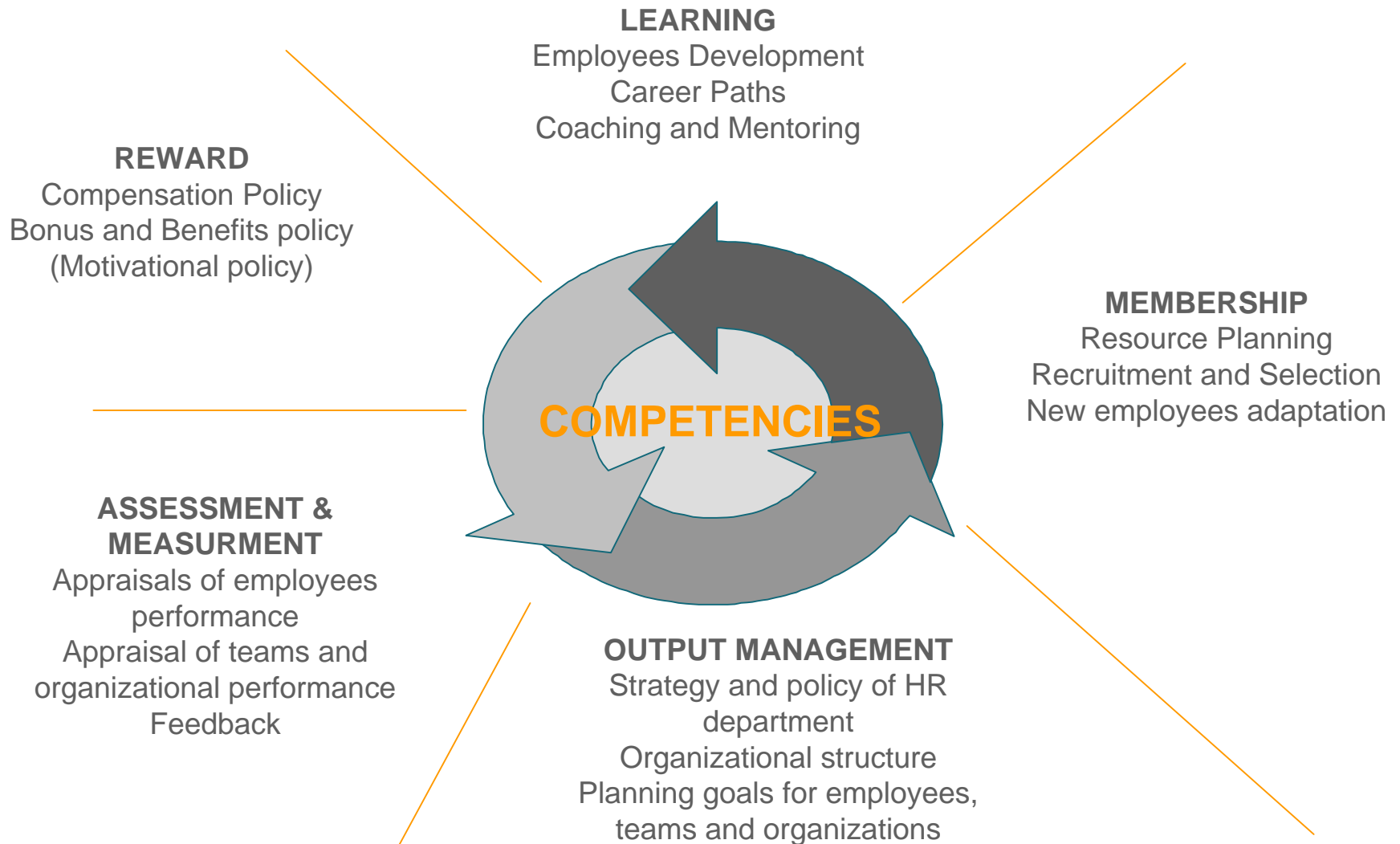
- Verification of competency models eg. Checking understanding of it by management, employees
- Obtaining acceptance of corrected competency models from Board of Directors or Project Sponsors



Results: Competency Models

- Competency models contains: competency types, competency definition together with behavioral indicators and i levels of behavioral indicators in every competency profile for position and/or role and/or position’s families.

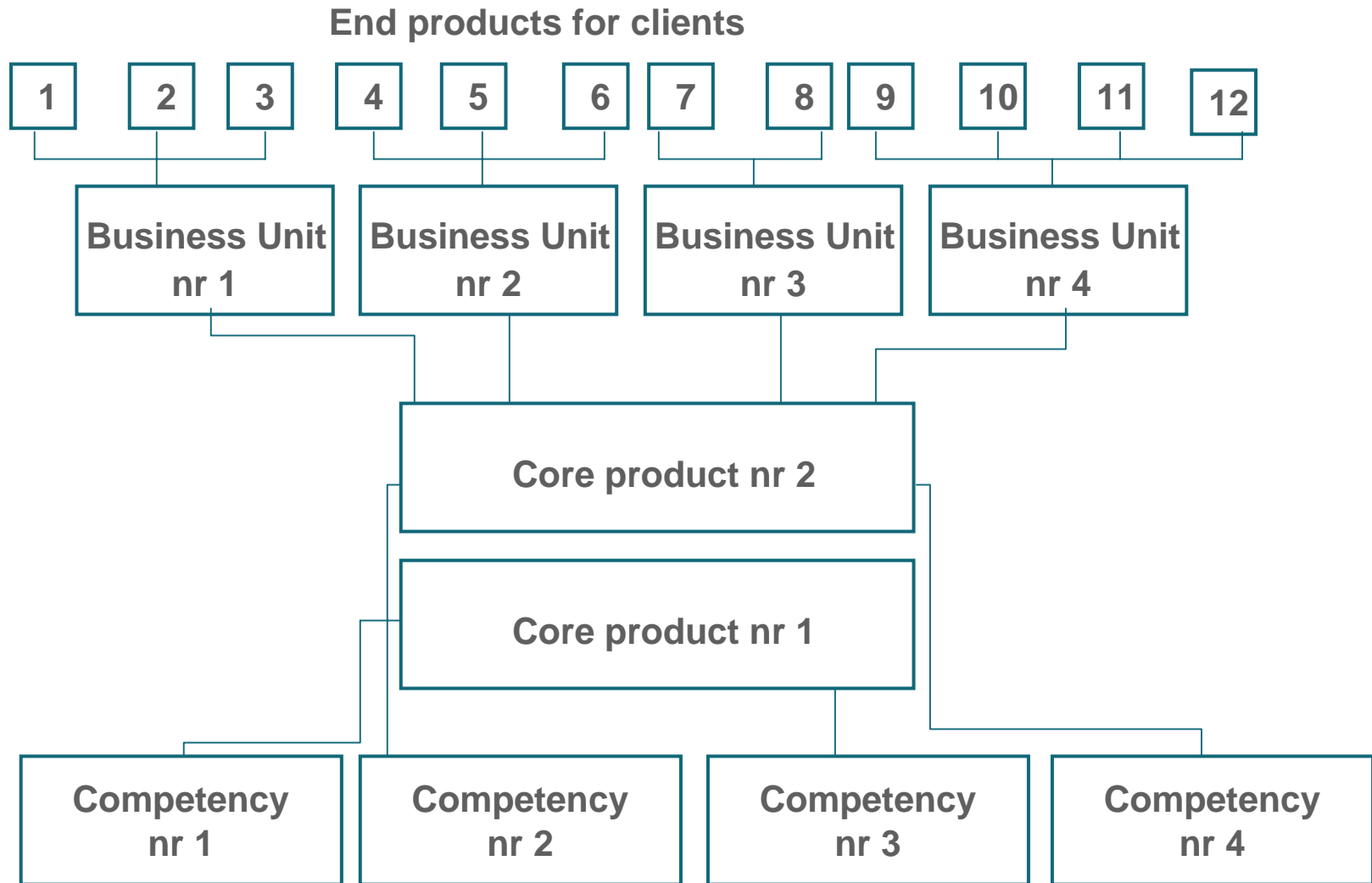
HR processes based on competencies - Mc Lagan



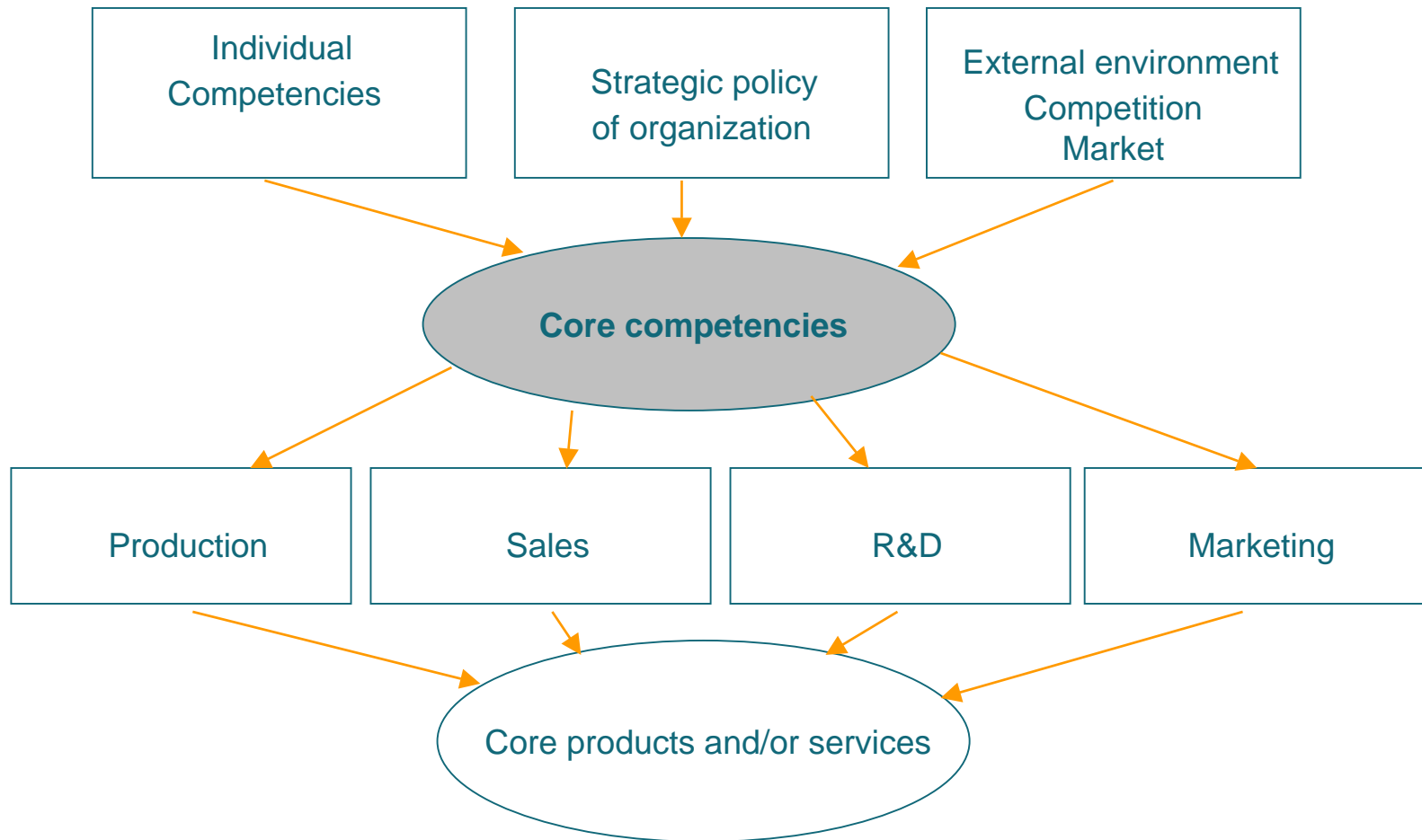
THIRD STAGE – Organizational competencies in

- **Fathers of core competencies - Prahalad i Hamel (1990)**
 - Core competencies is a fruit of common knowledge existed within an organization especially if it's coordinating production and innovation abilities
 - Core competencies are:
 - If enforce potential access to wide and various client's markets,
 - Implement outstanding contribution to client's benefits at the end of supply chain,
 - They are difficult to imitated and or copy
- **Competencies as organization capabilities - Dave Ulrich (1997)**
 - Organizational capabilities are combination and representation of common skills, abilities and experts knowledge which exists win the organization.
 - Competency models are tools to built competitive advantage
 - *„Ability of an organization to establish internal structures and processes that influence its members to create organization-specific competencies and thus enable the organization to adapt to changing customer and strategic needs”.*

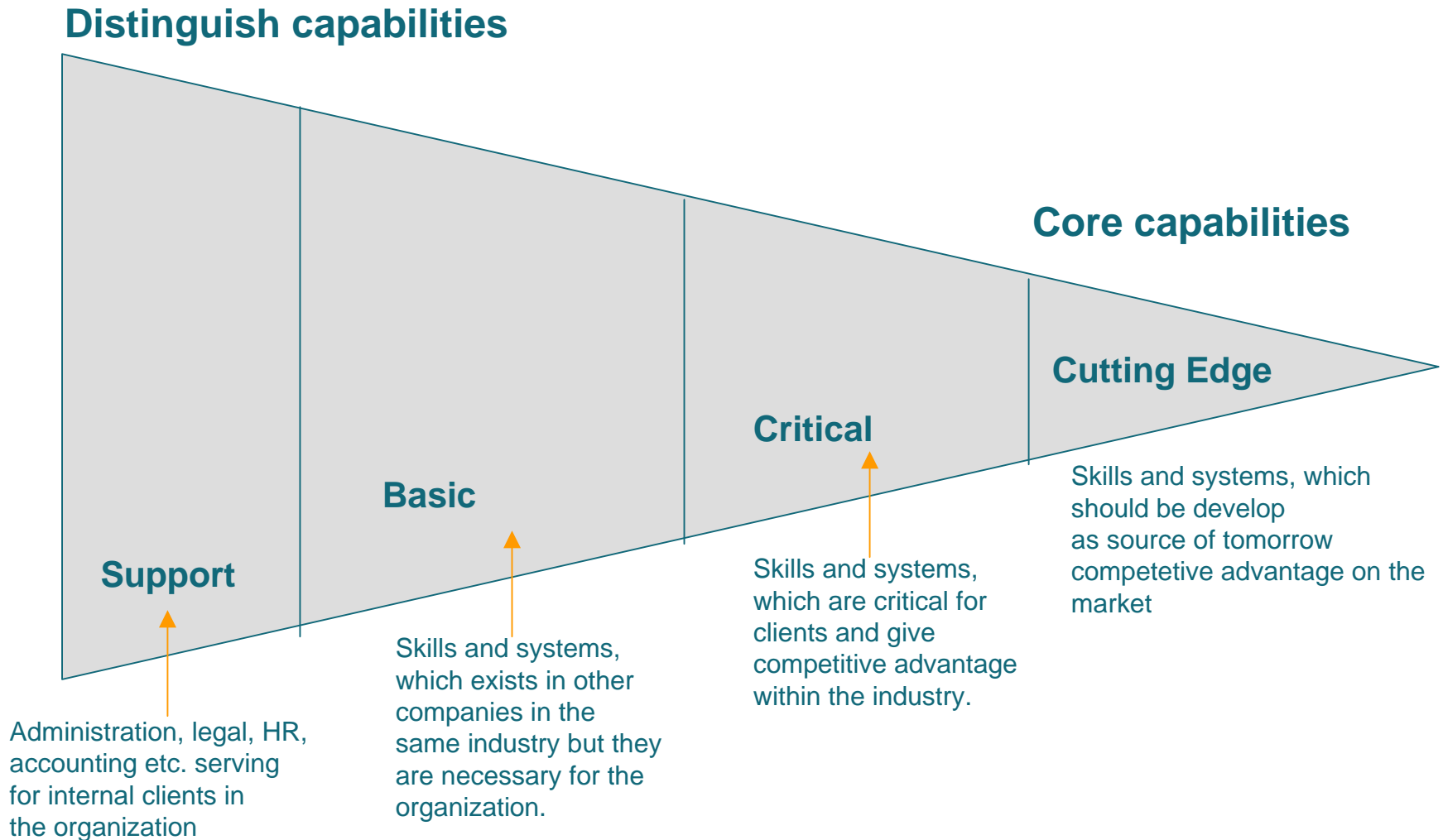
Core Competencies (tree model)



Core competencies



Core organizational capabilities



Literature:

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- ***Dubois. D (1993) „Competency-based performance improvement. A Strategy for Organizational Change” HRD***