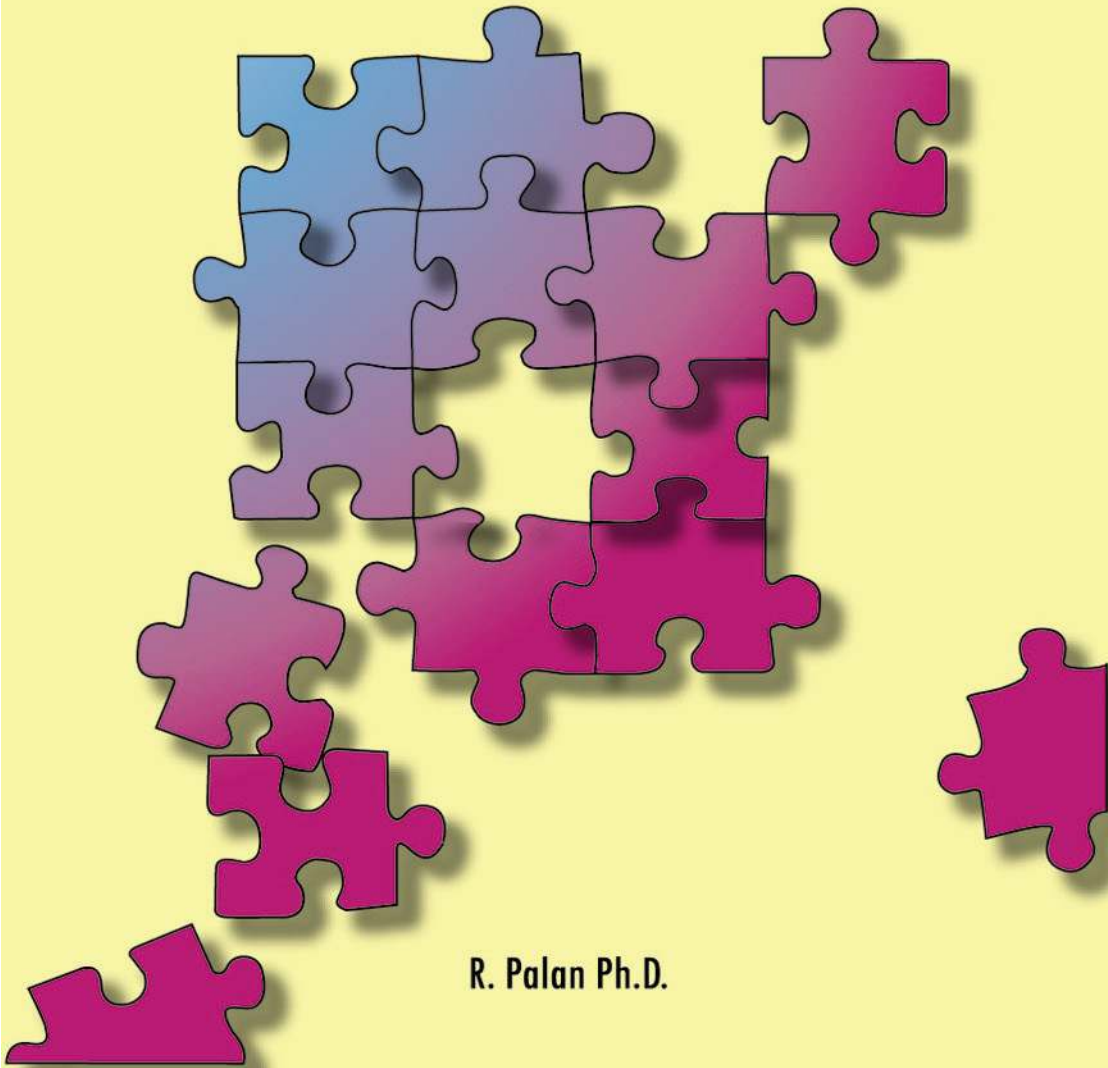# COMPETENCY

MANAGEMENT

A Practitioner's Guide

R. Palan Ph.D.

Competency Management

- A Practitioner's Guide

R. Palan Ph.D.

Dedicated to

Dr Nat, a friend and colleague

for

his friendship, encouragement,

and support for

my writing..

Contents

Preface

There is a strong business case for competencies at work as they do lead to significant human resource development that provide organisations with a competitive edge. The case for competency management has grown strongly since David McClelland wrote his article in 1973 and the Management Charter Initiative (MCI) was launched in the UK, in the eighties. Though we are aware that competencies by themselves are insufficient for performance, there is ample evidence that competencies form the bedrock for effective and superior performance. This is the reason why organisations, both in the private and public sector, continue to emphasise on them.

This book is a reflection of our experiences in the field of Competency Management and Implementation. It does not aim to be an academic treatise. The purpose of this book is to provide those attempting to implement competencies in their organisations with a clear understanding of competency management. The field experiences documented by our project managers have been summarised for the practitioner.

There are three sections in the book. Section One (Chapters 1 and 2) attempts to provide a clarification of the concept of competency while Section Two (Chapters 3 and 4) details a competency implementation approach, reinforced with the SMR experience. The last section includes a glossary of terms and frequently asked questions.

The aim of Chapter One is to sieve through the many terms currently being used in the competency field to clear much of the confusion. Chapter Two provides information in a practical way to develop competency models. The contributions of Richard Boyatzis, Lyle Spencer and Signe Spencer, David McClelland, the MCI and SMR are elaborated in an easy to understand manner. Chapter Three details the processes involved in implementing competencies in a practical and cost effective way. SMR's experience is detailed in the last chapter. The intention is to guide the practitioner with success factors to follow and pitfalls to avoid.

Competency management can only be successful if the purpose of the competency initiative is clearly established. When it is integrated with

applications that are linked with the organisational aspirations, line managers see it as an enterprise initiative rather than an HR initiative. When this happens, line managers support the project and organisations achieve their development goals and the expected return on investments. Two factors for success that we would like to highlight are the presence of a project champion within the organisation and the pursuit of competency as a long term initiative rather than a short term one. Both of these factors are prerequisites for successful project management.

The success of a competency initiative can be justified by four factors:

- a performance improvement initiative,
- a talent acquisition exercise,
- an effective training and development programme that is just-in-time and needs based, and
- the ability of the organisation to deploy human resources in an effective manner resulting with the best person-position match not just for the present but also for the future.

This book is the result of a collective effort of several of my colleagues. I must thank all of them for their support. Dr. Nat, Murali, Renu, and Ed Jackson require special mention. Dr. Nat, as usual, brought in a level of conceptual clarity. Murali and the HRDPower team provided substantial input by sharing their field and development experiences. They have been successful in enabling rapid competency implementation with the development of a very intuitive software, HRDPower. Renu struggled to make sense of my disjointed thoughts to make the book readable. Her attention to detail while editing the book helped me a great deal. Ed Jackson, one of our shareholders and an outstanding project management specialist continues to give us constructive advice both on the development and consulting fronts. Many of his contributions on project management are included in this book. Agnes and the printers rushed to complete the design and the printing on time.

All our project managers deserve mention just as our customers who provided us with the field experiences. The project managers followed the game plan and documented the knowledge carefully. Our customers provided us with tremendous learning experiences. Takamatsu and Silva

of Matsushita Air-conditioning, Donna Webster of Pan Pacific group of hotels, Annette and Daniel at National Drilling, Seri and team at Malaysia Shipyard Engineering, Datin Latiffah of the University Malaya Medical centre, Raja Harris at Tenaga Generation, and Feldatun and team at Tenaga Engineering. All the customers using our software — HRDPower — around the world provided us with valuable feedback which resulted in significant learning for us to fine tune our approach towards implementing competency management.

I am grateful to my colleague and the Managing Director of SMR, Karen, and her team for understanding my passion and supporting me in my efforts to share our learning with the world. Last but not the least, I thank my wife Kamu and sons Maha and Subbu who continue to tolerate my disappearance and reluctantly accept my choice to write or consult instead of being with them, on too many evenings and weekends. It reflects my state of incompetence when it comes to work-life balance. .Of course, it leaves room for improvement.

R. Palan
Kuala Lumpur, Malaysia
16 July 2003

Section One:

Understanding Competencies

CHAPTER 1

This chapter introduces the term competency. The discussion will cover the following aspects.

- The meaning of the term 'competency.'
- The confusion between the terms 'competence' and 'competency.'
- SMR's stand on the use of these terms.
- Levels of competency.
- Types of competency: behavioural, functional, core, and role competencies.
- Relevance of competency framework to organisations and individuals.
- Linkage between competency and performance.
- The various approaches in competency management.
- The SMR experience.

Introduction

1. What are competencies?

The terms 'competencies,' 'competence,' and 'competent' refer to a state or quality of being able and fit. The English dictionary describes the word 'competence' as the state of being suitable, sufficient, or fit. The workplace definition of 'competency' refers to a person's fitness with reference to his or her job. In the work context, however, competence has two variations that differ in their meaning, depending on organisational frames of reference.

2. Two terms

The two terms arise from different streams of thought on the concept of fitness at work. They are:

1. 'Competency' which is a description of behaviour, and
2. 'Competence' which is a description of work tasks or job outputs.

Despite the generally accepted distinction in meaning as given above, the terms are still interchangeably used causing them to mean different things to different people. There are also many who wonder if there is any difference between the two terms.

3. Confusion

People using these terms shape their meaning to fit their own convenience. Ronald Zemke's comments on these terms in 1982 remain valid even today:

> 'Competency, competencies, competency models and competency-based training are Humpty Dumpty words meaning only what the definer wants them to mean. The problem comes not from malice, stupidity, or marketing avarice, but instead from some basic procedural and philosophical differences among those racing to define and develop the concept and to set the model for the way the rest of us will use competencies in our day-to-day effort.'

4. Clarification

Let us now review the terms as they are commonly used in practice today.

4.1 Competency

Competency refers to underlying behavioural characteristics that describe motives, traits, self-concept, values, knowledge or skills that a superior performer brings to the workplace.

According to this definition, competencies are made up of different types of characteristics, which drive behaviour. These underlying characteristics are evidenced in the way an individual behaves at the workplace. Competencies are about what people *are and can do*, not what *they do*. These competencies are observed in people who may be classified as effective or superior performers. Superior performance refers to

performance that is above average. This is usually attributed to the top ten percent of employees. For example, a salesperson with higher achievement orientation sets challenging goals and achieves them, this results in gains for the sales person and the organisation. To take another instance, an interpersonal competency will be demonstrated in how effectively a person gets along with other members of the team at the workplace.

The purpose of this approach was to use the characteristics of superior performers as templates for employee selection and development. This builds the business case for using competencies because better hiring and deployment decisions are possible when we know what characteristics lead to superior performance.

The concept of competencies originated from David McClelland's groundbreaking article, *Testing for Competence Rather than Intelligence*. The article launched the competency movement in industrial psychology. He concluded, on the basis of review of studies that traditional academic aptitude and knowledge content tests, as well as school grades and credentials:

1. Did not predict success either in job/life and
2. Were generally biased against the lower socio-economic sections of society.

This led McClelland to ask what predicted success, if not intelligence? He started to look for research methods that would identify competency variables, which would predict job performance and were not influenced by factors such as socioeconomic factors or race. He used criterion samples, a method that compares successful people with the less successful in order to identify characteristics associated with success. These characteristics or competencies, when present and demonstrated, consistently led to successful job outcomes.

This led to varying definitions of competency of which the most acceptable is the following one:

'A competency can be defined as an ***underlying characteristic*** of an individual that is ***causally related*** to ***criterion referenced*** effective and/or superior performance in a job or situation.'

Competencies are underlying characteristics of people that indicate ways of behaving or thinking, which generalise across a wide range of situations and endure for long periods of time. There are at least five terms within this definition that require understanding. Figure 1 describes the five types of characteristics using an 'iceberg model' of a competency.
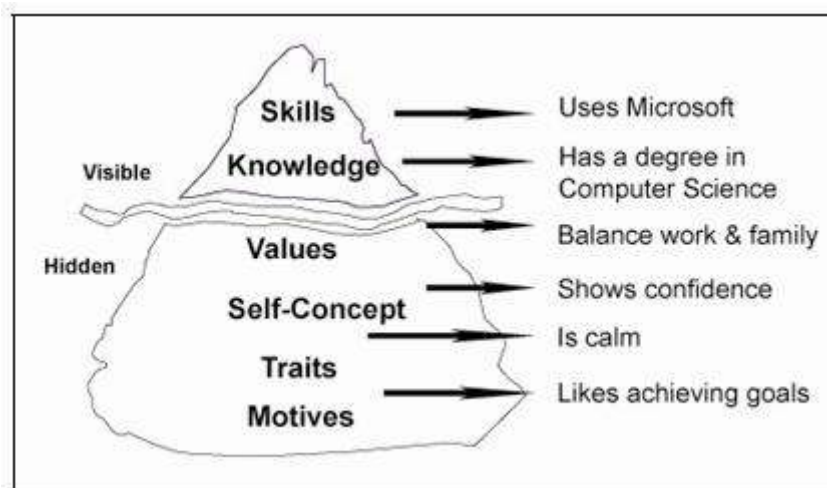
Figure 1 Iceberg Model describing the competencies required of a programmer

4.1.1 Five types of competency characteristics

1. Knowledge

This refers to information and learning resting in a person, such as a surgeon's knowledge of the human anatomy.

2. Skill

This refers to a person's ability to perform a certain task, such as a surgeon's skill to perform a surgery.

3. Self concept and values

This refers to a person's attitudes, values, or self-image. An example is self- confidence, a person's belief that he or she can be successful in a given situation, such as a surgeon's self confidence in carrying out a complex surgery.

4. Traits

Traits refer to the physical characteristics and consistent responses to situations or information. Good eyesight is a necessary trait for surgeons, as is self- control, the ability to remain calm under stress.

5. Motives

Motives are emotions, desires, physiological needs, or similar impulses that prompt action. For example, surgeons with high interpersonal orientation take personal responsibility for working well with other members of the operating team.

Motives and traits maybe termed as initiators that predict what people will do on the job without close supervision.

4.1.2 Five key terms in the definition

With an understanding of the five types of characteristics that make up competencies, we can now explore the five terms within the definition of a competency.

> **1.** An **underlying characteristic** means the character referred to forms a fairly deep and enduring part of a person's personality. In this definition, it refers to motives, traits, self-concept, and values.
>
> **2. Criterion-referenced** means that the competency can be measured on a specific criteria or standard. A criterion sample of superior, average, and poor performers are systematically observed and studied to understand what constitutes superior, average, and poor performance. In this context, it means the demonstration of a competency actually predicts if a person can do something well or

9

poorly, as measured on a specific criterion or standard. An example of a criterion is the sales figure for a salesperson.

Criterion reference is critical to the definition of a behavioural competency. A characteristic is not a competency unless it predicts something meaningful, and results in performance. If it does not, it is not a competency and should not be used to evaluate people. This prompted psychologist William James to comment, 'a difference which makes no difference, is no difference.'

3. Causal relationships indicate that the presence of a competency and its demonstration predicts or causes superior performance. Motives, traits, and self-concept competencies predict skill and actions. These, in turn, predict job performance outcomes. Competencies always include intent. It is the motive that causes an action (behaviour) to lead to outcomes. For example, knowledge and skill competencies always are driven by motive, trait, or self-concept competencies. This can be explained using the example of 'management by walking about.' Unless we know the intent of a manager, i.e., why a manager is walking about, we cannot know if a competency is being demonstrated. The manager could be walking around to monitor the quality of work, out of a desire to coach and lead, or just because of leg cramps.

Example: Achievement Motivation

Achievement Motivation	→	Goal Setting Personal Responsibility Use of Feedback	→	Continuous Improvement

Quality, Productivity, Sales, Earnings

"Doing Better"
• Competition with Standards of Excellence

• Unique Accomplishment → Calculated Risk Taking → Innovation
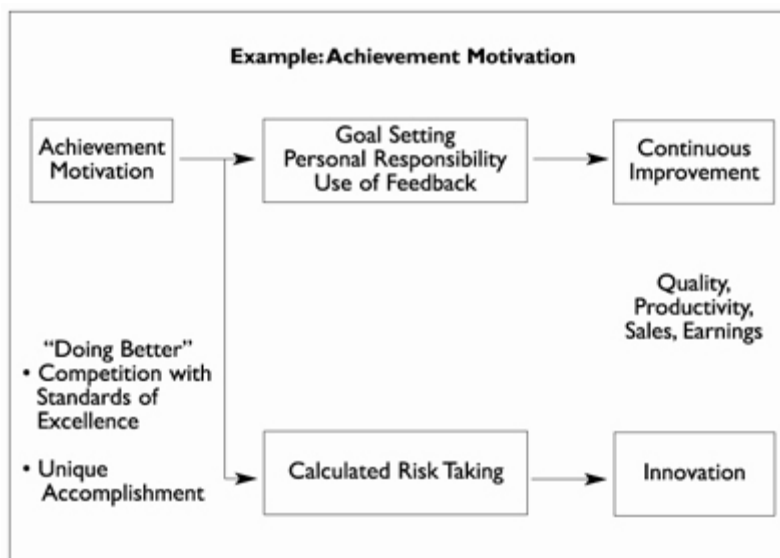
Figure 2 Competency causal flow model

Adapted from *Competence at Work* by Lyle M. Spencer & Signe. M. Spencer

Causal flow models can be used to analyse risks. For example, if the organisation does not engage in the acquisition or development of a competency such as initiative in its employees, it can expect more supervision, rework, and costs to ensure quality of service.

4. Superior performance indicates the level of achievement of roughly the top ten percent in a given work situation.

5. Effective performance refers to a minimum acceptable level of work. This is usually a cut off point below which an employee is not considered competent to do the job.

4.1.3 Threshold and differentiating competencies

This resulted in the categorisation of competencies into two:

- **Threshold competencies**: These are essential characteristics such as knowledge and skills that one needs to meet the minimum required levels in a job. Threshold competencies, however, do not differentiate superior from average performers.
- **Differentiating competencies**: These refer to factors such as motives, traits, self concept, and values that distinguish superior from average performers.
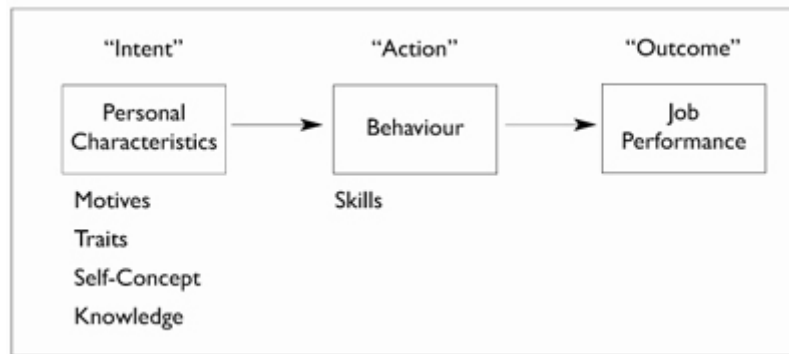
Figure 3 Definition of competency

Adapted from *Competence at Work* by Lyle M. Spencer & Signe. M. Spencer.

McClelland's work has now resulted in the development of generic competency models, mainly for managerial roles. Many international consulting organisations have developed competency models for use in organisations.

4.1.4 Acquiring or developing competency

What the iceberg model implies to HR management is this: competencies differ in the extent to which they can be taught. Skills and knowledge are usually denoted as surface competencies that are visible. These are relatively easy to develop and it is cost effective to train employees to secure these abilities.

Self concept, traits, and motive competencies are hidden and therefore more difficult to develop or assess. While changing motives and traits is possible, the process is lengthy, difficult, and expensive. A cost effective way is to select for these characteristics. This prompted a human resource practitioner to say, 'You can teach a turkey to climb a tree, but is often easier to hire a squirrel.'
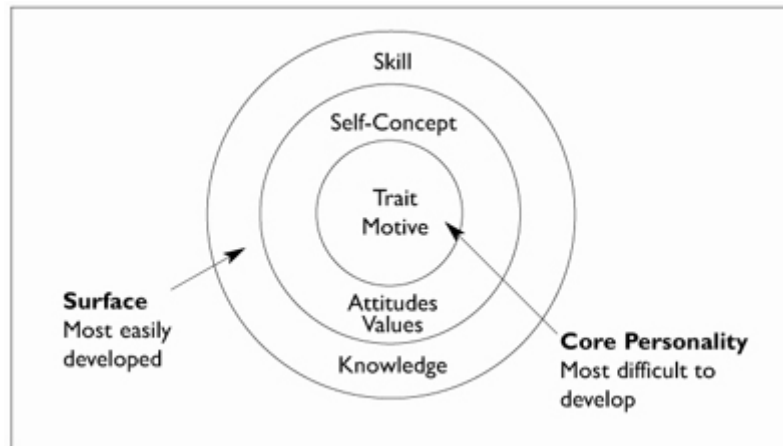
Figure 4 Central and surface competencies.

(Adapted from *Competence at Work* by Lyle M. Spencer and Signe M. Spencer)

4.2 Competence

Now, let us look at the other word that is being used: competence. It is a description of work tasks. The term has its origins in the Management Charter Initiative, UK, established in 1988.

4.2.1 Performance to industry standards

Competence is defined as an individual's ability to demonstrate knowledge and skills to provide a product or service to the required standards, in a given context; and the ability to transfer the knowledge and skills to a new and differing context. Put more simply, competence refers to the skill, knowledge, and attitudes necessary to perform a particular work to a standard required within industry.

To understand competence, we need to appreciate these standards carefully. These occupational standards are endorsed either by the national industry body or the organisation. They explain what jobholders *need to do*, what they *need to know* and how best *to achieve standards* that are nationally recognised. They specify the knowledge, understanding, and skills that are essential for effective performance.

13

Job related competences are also called threshold competencies since they refer to the surface competencies of knowledge and skills. While these knowledge and skills are essential for minimum required performance, it does not predict superior performance that demonstrate underlying behavioural characteristics, such as achievement orientation. Unlike competencies, which centre on the behaviour of the top 10% in an organisation, competences refer to knowledge and skills that meet basic standards set for various jobs. Competence refers to what individuals *do in their jobs*, not what they are in terms of what drives them.

For example, the competence expected of a salesperson is the ability to write a sales report. Possessing this competence ensures that the salesperson is able to prepare the report to the required standard. Superior performance can be said to occur in this case only if the salesperson demonstrates underlying behavioural characteristics such as achievement orientation.

4.2.2 Recognition of prior learning

Since competence is based on industry standards, possession of a vocational qualification certifies a person to be competent. The Management Charter Initiative launched occupational standards that accredited prior learning. This sought to address the issue of a large number of employees without formal education. On acquiring the minimum acceptable level of competence, individuals were awarded vocational qualifications based on nationally recognised standards.

In most instances, a person would already have been working for several years when a job competence approach is implemented in the company. In such instances, the employee does not have to undergo any further training if the assessor is convinced that the prior learning of the employee meets occupational standards. There are no examinations involved as in formal educational assessment.

This led to various industries, for example, construction, hotel, aviation, aged care, and mining industries developing their own occupational standards.

4.2.3 Vocational qualifications

National Vocational Qualifications (NVQs) form a framework of nationally endorsed standards developed for each industry to focus on the skills and knowledge used in jobs. They are based on the following aspects of a job:

- Level of complexity
- Responsibility
- Autonomy

These are awarded at five levels of increasing complexity from Level 1 to 5. Level 3 is equated to a certificate, 4 to a diploma, and 5 to a degree level.

Other awarding bodies are the City & Guilds; the Malaysian National Vocational Qualification Authority, and the Australian National Training Authority.

Even in non-technical areas such as training and human resources management, vocational qualifications are available that recognise prior learning or provide opportunities for gaining a qualification. For example, the Chartered Institute of Personnel & Development in the United Kingdom gained recognition for their certificates in training practice and personnel practice from the Qualifications and Curriculum Authority (QCA). With this recognition, training or personnel practitioners are now able to gain qualifications that are nationally recognised and competence based.

Many countries have adopted national vocational qualification framework that use a competence approach. The level of sophistication differs from country to country. In Spain, the appropriate statutory authorities certify the level of competence with an award of a vocational qualification. This assures customers of a certain quality of work. The European Centre for Development of Vocational Training ensures consistency of national standards among the various countries in Europe.

4.3 Two more terms

Let us now review two other terms commonly used as they originated and their relevance to the world of work: core competency and role competency.

4.3.1 Core competency

This refers to the organisational properties, usually a bundle of skills and technologies, that collectively gives the organisation a competitive advantage.

Core competency gained prominence with the work on strategy by Professors C.K. Prahalad and Gary Hamel. They introduced core competency as a concept in their book *Competing for the Future*. They defined core competency as a bundle of skills and technologies that enable a company to provide a disproportionately high value to customers. Their work was more in the area of strategy rather than competency. Their idea of competency starts with defining the vision, strategy, and objectives of the organisation.

For a competency to be considered 'core', it must meet three tests:

> **1. Customer value:** Does it provide a disproportionate value to the customer?
> **2. Competitor differentiation:** Does it differentiate the organisation from competition and make it more competitive?
> **3. Extendability:** Can the core competency be used to drive the organisation's success in the future?

Prahlad and Hamel cite the examples of Sony and FedEx. At Sony, the value to the customer is pocketability, and the core competency attributed to delivering this benefit is miniaturisation. At FedEx, the value to the customer is on-time delivery, and the core competency is logistics management. FedEx was the first of the courier companies to manage their own fleet of planes to transport consignments in and around the United States of America. At NOKIA, the core competency is digital signal processing and global customer service. The core competencies of Sony,

FedEx, and NOKIA help them remain competitive and achieve market leadership.

Core competency can be stated as more of an organisational property and it is very unlikely to reside in a single individual or a small team. If a company wishes to manage their core competency, it must disaggregate core competency into their knowledge and skill components.

Usually, a core competency is applicable to all jobs within an organisation and hence are generic. They are mostly written in a behavioural framework, which reflect expected behaviours. They are generic in that they apply to all jobs. But the behaviour reflecting core competencies varies with the nature of work and associated responsibilities.

According to Prahalad and Hamel, to benefit from core competencies, management should:

> **1.** Identify existing core competency of the organisation through focus group discussions, usually with senior management.
>
> **2.** Establish a core competency acquisition agenda.
>
> **3.** Build core competency through continuous training.
>
> **4.** Deploy core competency to maximise competitive advantage.
>
> **5.** Protect and defend core competency leadership through proactive business plans.

4.3.2 Role competency

Role competencies are those associated with contributors to a team effort, in roles such as team leaders and members; and may include managers, and supervisors. Role competencies manifest themselves in the following areas:

- Managing people
- Managing resources
- Managing information
- Managing activities

They are role based in that the levels of competency expected of a senior manager is higher than those expected of a middle manager.

4.4 The SMR perspective

We have so far seen how the terms competency and competence differ in their meanings. Therefore, before moving on to discussing competency management and its implications on organisational and individual performance, we need to resolve this issue:

- Which term do we use in this book and what do we mean by it?

4.4.1 The confusion and the SMR response

With an understanding of the terms such as competency, competence, core competency, and role competence, we at SMR use the following terms and meanings as given here:

- **Competent:** A person is said to be competent when his or her level of competence (suitability/ability) is recognised and verified by a community of practitioners.
- **Competency:** Refers to overt (visible) characteristics like knowledge and skills and underlying (hidden) characteristics such as attitudes, motives, traits, self-concept, and values that drive performance to pre-determined standards.

The purpose of defining these terms is to adopt a practical approach rather than engage in a theoretical debate. This stand enables us to either focus on threshold competencies (knowledge and skills) or the underlying characteristics causally related to superior performance, depending on the organisational needs and culture.

4.4.2 Levels of competency

Competencies relate to various levels in the organisation:

- Organisational level
- Positional level

- Individual level

4.4.3 Types of competency

Further to our definition of competencies, SMR follows the following classification:

> **1. Core competencies:** They correspond to the organisational level. We follow the same definition as the one provided by Hamel and Prahlad.
>
> **2. Functional competencies:** They describe the work tasks and outputs, i.e., knowledge and skills needed to perform a job. They correspond to positional level.
>
> **3. Behavioural competencies:** They refer to the underlying characteristics needed to perform a job and correspond to the individual level.
>
> **4. Role competencies:** They correspond to the positional level and refer to the roles performed by team contributors.

5. Why competencies?

We need competent people to achieve results efficiently and effectively. In a world that is dominated by the service sector, the importance of human capital cannot be overlooked. We depend on the competency of people to generate a return on investment on the use of physical and technological resources. To a large extent, human capital defined as the skill, dexterity, and knowledge of the population, has become the critical input in determining economic growth today. Organisations need to systematically pursue competency acquisition and development.

The following issues strengthen the case for organisations to focus on competencies:

5.1 Organisational issues

- World economy is marked by rapid changes and technical innovation. Organisations need to continually upgrade their

employee competencies to perform and succeed. There is an intense focus on performance which can only be achieved by investing in a competent workforce. Everyone desires performance. What Bill Gates has remarked on Microsoft's need to perform consistently to remain successful and relevant in the new economy, applies equally to other organisations.

- Organisational aspirations at the market place can only be realised by a workforce that is multi-skilled, mobile across jobs, and high on self-esteem.

- Dissatisfaction with the quality of education has led industry to take up education and training to maintain a work-ready workforce.

- Having a uniform understanding of competencies in the organisation allows for a common language for describing effectiveness.

- Flowing from the point discussed above, organisations can benefit from a high level of consistency when assessing employee performance, since assessment is based on commonly held and referable competencies.

- Last, but not the least, the quality movement requires organisations to ensure their employees are competent. For most industries, insurance companies are demanding evidence of competency, the absence of which results in dramatically increased premiums. One of our customers was faced with the unfortunate position of having a major accident attributed to the incompetence of its staff. The insurance companies immediately raised the premiums.

- Competencies also support a strategic intent on the part of organisations and nations. The example of Singapore trying to build core competency in the financial services is a case in point. The country embarked upon a systematic acquisition of competence by encouraging competent financial services personnel from various countries to migrate to Singapore. The government also put in place a systematic development plan to develop core competency in the financial services field. Similarly, Malaysia implemented the Multimedia Super Corridor to develop competency in the information technology field.

5.2 Employee issues

Developing competencies is not only in the interest of organisations. Changes affecting the world of work shows that it holds significance for employees as well.

- In a highly unpredictable world, organisations are experiencing major challenges. Huge losses of jobs have taken place, much more than the new jobs created, resulting in unemployment. The concept of employment itself is undergoing change; employment is no longer for a lifetime: it is only for as long as one's skills are relevant to the business environment. To remain employable, people need to be skilled not only in one area of specialisation, but many. This requires what is being now called as multiskilling or multitasking. In branch banking, tellers are trained to do multiple tasks. In the aviation industry, pilots are trained to fly different types of aircrafts. Competency in just one area becomes irrelevant with changing circumstances such as growth or change in a work process.

- If employees are unable to remain relevant by learning and performing, they will experience the 'Peter Principle' in operation. The principle put forward by Dr. Laurence Peter and Raymond Hull satirised promotion to the level of incompetence in their book *The Peter Principle*. I have had the experience of witnessing this in many organisations. In an insurance company, a very successful sales person was promoted to a managerial position. After the promotion, the organisation found that the new sales manager was not able to perform to expectations. The characteristics that made the person an effective salesperson were not the characteristics needed to be an effective sales manager in the insurance company. We promote people on the basis of their past results rather than the competencies required in the new positions. This results in expensive mistakes such as frustrated employees, high turnovers, and poor decision-making. One can cite numerous examples in industry, government, non-profit organisations, and universities.

Though the economic face of the competency movement focusing on performance and employability suggests that it is a new thing, it is not. It

has not been long since the concept of competencies came to the fore in the business world. But the concept of competencies has been woven into the Asian social fabric for centuries.

5.3 The linkage between competency and performance

Today, there is general consensus on the importance of competencies. The question then is, 'Is Competency enough for Performance?' Though some give the impression that competency of an individual will result in performance by stating simply that C = P, the SMR position is that though competency is essential for performance, it is not by itself adequate for effective performance in a job.

Performance is more than a function of motivation and ability. It is influenced by the organisational environment, that includes processes and systems. This conclusion is based on the fact that individual knowledge, skill, and motivation, by themselves, do not lead to superior performance. At best, it only leads to effective (minimal requirement) performance. The lack of ability is usually addressed by developmental interventions, while the issue of motivation is managed by attending to the environment in which work is carried out. Organisations provide employees with supportive leadership, development opportunities, adequate autonomy, and well-designed incentives to provide an environment that will create and sustain employee motivation.

Unless the world's best engineer is motivated, he or she is not going to perform to world-class standards. The possession of a functional competency such as engineering expertise ensures a person is able to do the job, but there is no guarantee that this will result in superior performance. A supportive organisational environment is equally significant in ensuring that a person who is inherently motivated and driven to achievement can fully leverage these underlying strengths. Often, it is not the absence of competency, but the inability to use it that limits performance. The inability could be due to job demands beyond employee capability, lack of motivation, or an organisational environment that is not supportive.

6. Competency management

Organisations who understand the thought processes behind the different types of competency approaches develop a business case for implementing competencies. Competency management maybe described as the capturing, assessing, and reporting the competency levels of employees to ensure that the business has the human resources to implement strategy.

There are three main approaches in competency management:

- **Competency acquisition:** The organisation makes a conscious and deliberate effort to acquire the competencies needed for business growth and expansion.
- **Competency development:** Competency level of existing employees is raised through sustained development programmes.
- **Competency deployment:** Employees are deployed to various positions in the organisation based on best person-position fit.

7. The SMR experience

I describe the SMR experience using four timebands: 1978 to 1993, 1993 to 1998, 1998 to 2000 and 2000 to present. Each timeband led to significant learning experiences that helped us formulate our own approach towards competency management. While we learned, there were changes happening on the organisational front.

From 1978 to 1993

Our experience in human resource development, particularly training, extends way back to 1978. Our competency adventure started only in 1993, twenty years after McClelland published his article *Testing for Competence Rather than Intelligence* which set off the competency movement. Despite my personal background in industrial psychology, I was not initially taken up with the competencies framework. My colleagues and I used to debate on the merits of the behavioural approach which focused on underlying characteristics that resulted in superior performance.

This was mainly because I considered the Asian context as very different from the American situation where 'employers of choice' had the option of a huge pool of talent that already possessed the minimum required qualification. But the Asian situation was one of enabling the school leavers to be work ready. The educational infrastructure was very different from the American or European situation. Industry in Asia had to prepare people to be ready for work, rather than set targets for superior performance. Towards this, they were involved not only in training, but in some cases even building up basic literacy levels and numeric skills. Asia needed the basic skills first before embarking upon drives to engineer superior performance.

While we were focusing on skills development, an opportunity presented itself at the 1993 conference of Asian Regional Training and Development Organisation (ARTDO) in Jakarta, where I was presenting a paper. There, I had the opportunity of previewing an outstanding functional competency software. It was based on occupational standards, which linked to our efforts on skills development. It sparked off an idea to distribute the software.

1994 to 1998

We contracted to distribute the competency software in South East Asia. The software installations helped us gain a first hand knowledge of what organisations were doing around the Asian region. Our links with the Institute of Training & Development, United Kingdom, gave us an opportunity to study the developments in the field of competency in the UK as applied in training as well as other fields.

Around this time, there was much confusion among practitioners. Are competencies behaviour based or task based? The debate on 'what competencies are' resulted in the purpose of competency implementation or the business case for competencies being forgotten.

Our interests initially were dovetailed with the UK competence movement which focused on developing a workforce that could meet minimum required work standards. We were taken up by the functional framework due to our own emphasis on development of knowledge and skills through

24

our training programmes. The software enabled us to record and report the level of functional competency effectively.

Even at this point, many of the Asian governments were only keen on equipping the workforce with vocational qualifications due to a large number of young people who were either uninterested in or unable to pursue a college education.

1999 to 2000

As the Asian economies progressed rapidly in the early part of the 1990s, the issue of high performing organisations dominated the organisational scene. The focus now was not just having technically competent people but also a superior performing workforce. We realised the importance of building integrated competency models.

At this time, two important developments influenced us to focus more on competency frameworks and models. One was the release of the book focusing on core competence indicating competencies can also be developed at the organisational level. Second was our decision to develop our own software that could accommodate integrated competency models, which is covered in detail in the implementation chapter. Initially, we developed the software in Australia to tap into the huge knowledge repository available there. The huge costs of development there forced us to move to India and then to Malaysia. Eventually, we developed HRDPower — in our opinion a state of the art competency software — which helps accelerate the implementation of competencies in organisations.

During this period, we finetuned our competency approach based on our consulting experiences with many organisations. We will share the SMR framework and our experiences in detail in the chapter on implementation.

2001 to present

During the last three years, we have had the opportunity of working with as many as 35 organisations from sophisticated to novice users. Each

experience was a very valuable one. However we must highlight the following organisations for the experience we gained:

- Matsushita Air Conditioning
- National Drilling Corporation
- Malaysian Shipyard Engineering
- Tenaga Nasional Berhad Generation
- University Malaya Medical Centre
- Tenaga Nasional Berhad Engineering
- Pan Pacific Hotels Worldwide

Chapter One Mind Map

INTRODUCTION

1 What is Competency?
1.1 Competency
    1.1.1 Behaviours

1.2 Competence
    1.2.1 Job output & work tasks

2 Clarification
2.1 Competencies
    2.1.1 McClelland
    2.1.2 Underlying Characteristics
    2.1.3 Causal relationship to Superior Performance
    2.1.4 Criterion Referenced
    2.1.5 Threshold/ Differentiating
    2.1.6 Acquire/ Develop

2.2 Competence
    2.2.1 MCI
    2.2.2 Work Tasks
    2.2.3 Accrediting prior learning

2.2.4 Assessment
2.2.5 Vocational Qualification

2.3 Core
2.3.1 Prahalad & Hamel
2.3.2 Bundle of Skills & Technology
2.3.3 3 Tests

2.4 Role
2.4.1 MCI
2.4.2 Role Based
2.4.3 Managerial

3 SMR Stand
3.1 Competence
3.1.1 Ability

3.2 Competent
3.2.1 Verified

3.3 Competency
3.3.1 Characteristics driving performance

4 Levels
4.1 Organisational

4.2 Positional

4.3 Individual

5 Types
5.1 Core

5.2 Role

5.3 Behavioural

5.4 Functional

6 Importance
6.1 Organisational focus
6.1.1 Organisational issues
6.1.2 Employees issues

CHAPTER 2

This chapter will discuss competency models. To gain a better understanding of models, we will cover the following:

- What are models?
- Four questions before you start on competency models.
- Developing a model.
- The Boyatzis model.
- The SMR model.

Competency Models

1. What are models?

Models are defined as representations of the complex reality of the world. The word 'model' derived from the Latin word 'modulus' means a small measure of something. It is a miniature representation of reality. A model may be said to be a description or an analogy to help us understand something more complex. Any phenomenon can be represented by a model.

1.1 Facts, inferences, and constructs

While trying to understand a model, it is useful to understand the following terms.

- **Facts:** Events that are directly observed and empirically tested. For example, psychologists from the behavioural school of thought rely on observable events or facts to arrive at conclusions.
- **Inferences:** Conclusions drawn on the basis of some set of information. All aspects regarding a phenomenon might not be observable. In modelling, we draw inferences based on observable facts.
- **Constructs:** A construct is an idea used in research to explain a phenomenon. Constructs are not facts; they are not direct

29

representations of reality. They are an explanation of the phenomenon, created based on facts and inferences. For example, performance is a phenomenon that we explain using competencies. We hypothesise based on observed facts and our inferences that a certain competency, say high achievement orientation, leads to better performance in the form of meeting sales targets. This is only a hypothesis, which is a statement, the validity of which is yet to be scientifically tested.

1.2 Examples of models

To explain how we arrive at a model based on facts and inferences, let us take the following example. Managers who are moody frequently demonstrate temper tantrums and angry behaviour. This is a fact, which is observed repeatedly and clearly by many. However the reason for the temper tantrum, which could be internal conditions such as high stress is not observable. We can only infer that the temper tantrum is due to a state of internal agitation resulting from high stress. Now, it may be seen that when high stressed managers practice yoga, there is improvement in that they display less of temper tantrums. So we construct that high stress levels leading to temper tantrums can be managed by yoga. It is still a hypothesis in that it is not scientifically proven yet.

Such a descriptive and explanatory idea is called a model. A model is a description or an analogy to help us understand something complex, in this case the temper tantrums and high stress of managers. A model, explaining the relationship of internal agitation resulting in temper tantrums and the ability of yoga to reduce this effect, leads us to consider new ideas to resolve the problems arising as a result of such behaviour.

To take another example, we build a model car before commencing mass production of the car. The model car is clearly not equivalent to the real car, even though it may have all the parts of the real car in a miniature form. Studying the model helps us observe the relationships among the parts, and our observations can be put to use in designing and producing the real car.

2. Competency models and four questions

We create a competency model to explain how competencies lead to performance. It explains personal and job related characteristics, the organisational context, and the inter-relationship of these elements that result in performance as per pre-determined standards.

The ease or difficulty of developing competency models depends on conceptual clarity. There are at least four questions we should ask before embarking upon developing competency models.

> **1.** Why we need a competency model?
>
> **2.** What are the strategies for model building?
>
> **3.** What are the available resources, both financial and human?
>
> **4.** Who are the key people involved in the process of developing and validating the model?

2.1 Need for a competency model

Organisations use competency models for various purposes. The generic reasons that remain valid across all users are the following:

- To provide a way in which the concept of competency can be applied to organisational needs.
- To understand the variables determining performance and their correlation to it.
- To enable the rapid deployment of competencies in an organisation.

To go ahead with creating models that are of use, the organisation has to be more specific on potential uses of the model. The model could be used to support hiring, growth and development plans, or performance and compensation management. Firstly, the organisation has to be clear on which of these applications is important. Secondly, it should build the implementation of that application into the initial project plan.

The format of the model in terms of components as well as data collection and analysis techniques will depend on the planned use. Accordingly, a model may:

- Define core requirements for all employees regardless of function or level.
- Define requirements only for specific levels/functions.
- Define requirements for each distinct role or job in an organisation.

For example, in order to build a model for use in performance management, it is necessary to describe effective and less effective behaviour. Whereas, if the process in mind is only selection, the organisation need not identify indicators of less effective behaviour. The difference is substantial in terms of time and effort required.

2.2 Strategies for model building

In an organisation with many different jobs, there are two approaches for model building:

1. Universal model approach

2. Multiple model approach

2.2.1 Universal approach

This is a one-size-fits-all approach. It involves creating a single competency model with one set of competencies applicable to all jobs. Usually 10-15 competencies are identified. They are general skills, traits, and values that are needed for effectiveness in a broad category of jobs, as in all management positions or the entire organisation. They would be less related to a specific function or job.

It is used when the top management wants to send a strong message about values and skills needed for everyone in the organisation.

2.2.2 Multiple model approach

The other strategy is to build multiple models depending on jobs and levels. Such models take a set of generic competencies, modify, redefine

and add to them to arrive at specific job related competencies. The multiple model approach is used when competency models are needed for many jobs and when these jobs do not have many common features.

HRDPower, SMR's competency software can, for instance, generate competency models that are:

- Job family based (e.g. for HR or Finance functions)
- Organisational level based (for management, supervisory, and executive levels)

The multiple model approach is used when the organisation wants to apply competencies to applications like selection, performance management, and career planning where specific job related information is required.

Mostly, organisations use a mix of these approaches where core competencies run across all positions and specific job related competencies are listed for individual jobs.

2.3 Available financial and human resources

Though the issue of resources is an implementation one, it needs to be considered at this stage. For example, a sophisticated model cannot be applied universally if the resource requirements for implementation are not met.

2.4 Significance of stakeholders

Planning a competency model requires identifying important stakeholders to find out how they want to use the model. For jobholders, the significance of the model may be how it allows them to perform better; for the manager or supervisor the expectation may be a listing of effective and less effective behaviour so that appropriate feedback can be given.

Stakeholders should be involved in developing the model and validating it. If they drive the model development process, they will have a sense of ownership which increases the probability of the model being used in the organisation.

2.5 Developing a model

Developing a model is like completing a jigsaw puzzle. Before we start, we need answers for the following questions so that there are no pieces of the jigsaw missing.

1. Is there a model that is being used?

2. What is the purpose of the model?

3. What are the sources of models?

4. What are the dimensions of the competency model?

5. What are the steps in developing a competency model?

2.5.1 Is there a model that is being used?

Before starting to develop a model, we must find out if one already exists in the organisation. The model that is being used must be a written description shared with all stakeholders rather than one assumed to be known to everyone.

The following questions will help us determine how well we understand our model and how much we have shared it with others.

1. Has the model ever been put in writing and shared with others?

2. What are the assumptions in the model?

3. Have the elements of the model been tested against performance information?

4. What are the measures of effective performance?

5. Does the model conflict with prevailing assumptions in the organisation?

6. How is the model different from that of competitors or other organisations?

2.5.2 What is the purpose of the model?

The purpose of a competency model is dependent on the nature of organisational needs. Once the need is identified in terms of HR practices

such as hiring, performance measurement, development, talent management, career management, and promotions, competency models can be developed or existing models adapted for use. Competency models can be developed at organisation, position, and function levels.

2.5.3 What are the sources of models?

The widely used sources of data for developing competency model are theory, senior management interviews, resource panels or focus groups with subject matter experts, behavioural event interviews, and generic competency dictionaries.

Models emerging from theoretical sources tend to be generic. Those generated by expert panels and senior management are non-scientific since they are opinion based unless they are validated against performance data. Competency models that emerge from systematic observation of people and jobs use rigorous research methods to causally link competency with performance.

The most commonly used data collection methods are briefly discussed here:

> **1. Resource panels**
> Resource panels may include jobholders, people who manage them, and HR representatives who are well versed with the requirements from the job. A resource panel uses a structured process where a facilitator poses to the participants, a series of questions about the responsibilities and tasks, performance measures, typical situations encountered, and personal characteristics required for effectiveness. It generates inputs regarding the job, and also can be used to validate a draft competency model.

> **2. Behavioural event interviews**
> When conducted on superior performers, behavioural event interviews provide the main source of data in building competency models. They involve in-depth probing of a small number of broad events or experiences. They are time consuming and use up considerable resources in terms of time and costs. But they are

valuable in that they provide detailed examples of how specific competencies are demonstrated by jobholders. They are often used when an organisation wants to focus on a few critical jobs. The costs become prohibitive if the organisation uses this method to build multiple models for a number of jobs.

3. Generic competency dictionaries
They are competency databases built either by consultants or industry boards. They list competencies that are behaviour or job related. A generic competency dictionary provides a common conceptual framework and a starting point for the model building team which they can modify or add to. It can also be presented before a resource panel to allow participants to give their inputs on the framework. They are very useful in developing multiple competency models within the same organisation.

Other sources of data are observation, where indicators of effectiveness can be easily observed, customer feedback, and interviews with industry experts. Interviews with experts are useful when an industry is changing rapidly or when an organisation believes that it has few samples of exemplary behaviour to study.

2.5.4 What are the dimensions in a competency model?

A competency model should have two dimensions: the type of competency and the level at which the competency exists. Types are core, behavioural, functional, and role competencies. Level refers to whether they are overt as in skills and knowledge or underlying characteristics like motives, traits, self-concept, and values. For example planning competency can exist at motive level (achieving goals) and at skill level (preparing action plans).

2.5.5 How to develop a competency model?

Competency models, as we have seen can have different dimensions, by way of types and levels. So, if we are developing core competencies, we use a series of focus group meetings with the stakeholders. The identified competencies are validated with hard performance data before being adopted. Positional or functional competency models are identified

through a process of job and person analysis. This data is correlated with performance figures to establish the causality between competency and performance. To structure it into steps:

1. Choose a measure of performance and collect data on current performance.

2. Use appropriate source of data collection based on desired dimensions of competency.

3. Generate list of characteristics and group them into clusters.

4. Analyse superior and poor performers to identify characteristics for effective or superior performance. Criterion samples are critical for developing models. This method compares people who have established beyond doubt their track record as superior performers with people who are poor performers. This is done to identify the characteristics associated with superior performance.

5. Validate with line managers the list of competencies generated by studying their link to performance. The competency method emphasises criterion validity in terms of what actually causes superior performance in a job. Criterion reference is critical to competency management. A characteristic is not a competency unless it predicts performance.

6. Test the models developed on the organisational levels (organisational, functional, job, individual) to establish validity.

7. Research design must also incorporate methods that allow for inductive identification of competencies and not merely test a priori (comparison) models. Research approaches use systematic data collection and analysis. They have a priori decision rules on how much data is sufficient to include a competency in the final model, which of course, ensures the validity of the resulting model. But they are not very useful in capturing what will become useful in the future. Here intuitive approaches gain relevance. They rely on the judgement and insights of the model building team and does not involve much of data collection and analysis. In practice, organisations go for a mix of research based and intuitive approaches.

8. There is also a need to avoid method biased or culturally biased models.

3. The Boyatzis model for effective performance

Boyatzis defined effective performance of a job as the attainment of specific results (outcomes) required by the job through specific actions while being consistent with policies, procedures, and conditions of the organisational environment.

The term **specific actions** relate to what an individual does. There is emphasis on the term **specific results** since they are derived from organisational needs, either in that they contribute directly or through support to results from other jobs. (The difference refers to direct and indirect jobs.)

However, the mere presence of a competency does not result in performance; it is only when the competency is demonstrated or acted upon, that we have performance. Hence Boyatzis brings in the importance of a conducive organisational environment, which he has further classified as job demands and organisational context. Thus Boyatzis's model for effective performance, as it applies to managers, cites three elements:

1. Individual's competencies.

2. Functions and demands of the job.

3. Organisational environment in which the job exists

All the three elements must fit together for effective performance to take place. When only two elements are taken into consideration, it is unlikely to result in consistently effective performance.
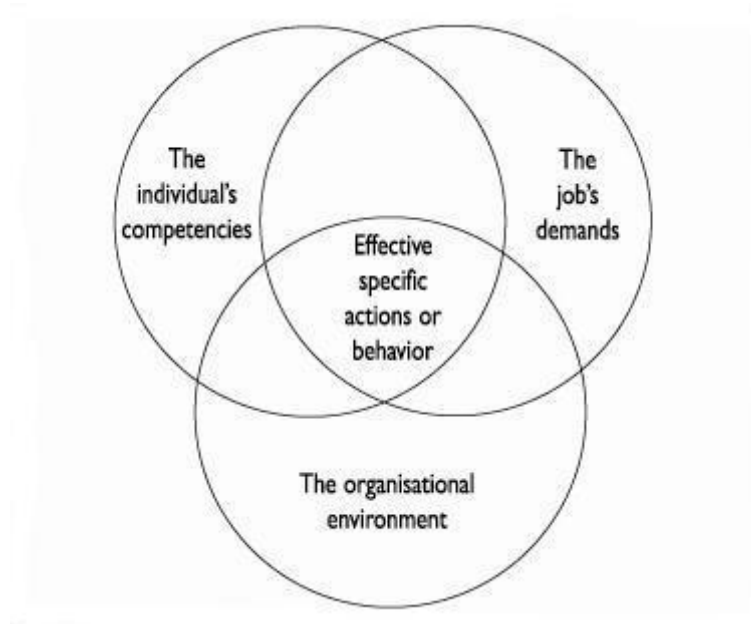
Figure 5 The Boyatzis model for effective performance

3.1 Competencies and performance

This model is an adaptation of the classical psychological model which says that behaviour is a function of the individual and the environment. Here, an individual's competencies represent the capabilities that a person brings to the job situation. The job demand component states what a person is expected to do on the job. The organisational context describes the broader context of job demands and organisational policies, procedures, structure, processes, system, and culture. Sometimes, it becomes relevant to include the social and political environment into consideration.

3.2 Causal and associational links

In his model, Boyatzis tried to provide a causal link between competency and performance. However, it must be pointed out that data to prove this link was collected simultaneously with competency assessment. Hence the link between competency and performance only qualifies to be associational. For the link to be considered causal, he would have had to track performance data over a period of time.

3.3 Competency clusters

Boyatzis's model for effective performance for managers comprises of six clusters. Each cluster comprises of two to six similar competencies grouped together.

The six clusters identified by Boyatzis are:

- Goal and action management
- Leadership
- Human resource management
- Directing subordinates
- Focus on other cultures
- Specialised knowledge

He listed a total of 21 characteristics within the six clusters. His model showed that the first three of the clusters to be most important for a manager.

To explain the importance of the competencies within and between the clusters, he used two terms — primary and secondary relationships.

3.3.1 Primary relationships

Primary relationships refer to relationships between competencies within a cluster. They deal with impact of the demonstration of a competency on the demonstration of other competencies within the same cluster. For example, in the leadership cluster, Boyatzis lists four competencies — logical thought, conceptualisation, self-confidence, and use of oral presentations. These four competencies have a primary relationship to each other.

To be an effective leader, a manager must be able to identify the mission and develop common objectives for his/her people (*conceptualise*); present ideas in a convincing manner (*use of oral presentations*); create followership by creating a presence (*self confidence*); and understand how the organisation works in a dayto-day situation (*logical thought*). These

share a primary relationship among themselves. For effective performance, all the competencies in a cluster have to be present.

But the model also points out that it is a far more serious gap if the manager lacks one or more competencies within a cluster than if he or she lacks an entire competency cluster. This will affect the effectiveness of his or her demonstration of the competency. This is so because it is more difficult to trace and address the lack of a competency within a cluster using developmental interventions than if an entire competency cluster were missing.

3.3.2 Secondary relationships

This refers to the relationship of a competency in a cluster to a competency in another cluster. Competencies that share a secondary relationship enhances the impact of each other. For example, the goal and action management cluster and leadership cluster show a strong relationship to each other. The competencies in the goal and action cluster have a secondary relationship to the competencies in the leadership cluster. While it is possible that a manager can demonstrate the competencies of one cluster without possessing the competencies of the other cluster, complementary presence of the clusters would enhance a manager's effectiveness.

For example, a manager can set goals but be not able to give convincing presentations. Likewise, a manager can give a convincing presentation without setting goals. However, if a manager's presentation is convincing and is in the context of goals that would be far more useful to the organisation.

Competency	Motive	Trait	Self-Image	Social Role	Skills
Self-confidence	-	-	I know what I'm doing and will do it well.	*Natural leader*	*Presentation skills.*
Use of oral presentations	-	-	I can verbally communicate well.	*Communicator*	*Verbal presentation skills.*
Logical thought	-	-	I am orderly.	*Systems analyst*	*Organisation of thought and activities. Sequential thinking.*
Conceptualisation	-	-	I am creative.	*Inventor*	*Pattern identification through concept formation. Thematic or pattern analysis.*

Figure 6 An overview of the competencies in the leadership cluster

(Extracted from the *Model for Effective Performance* by Richard. E. Boyatzis)

4. Competency model — the SMR view

In the first chapter we have seen the debate around the various terms that define suitability for a job and how they differ in terms of standards of performance required from the jobholder and on the type of characteristics assessed— whether person related or job related. While developing a model at SMR we ensured that our model is:

- **Integrative.** Competencies cannot be seen in an isolated or fragmented manner That limits the view of the human resource. The SMR model takes a holistic view. It takes an integrative approach in which individuals are seen as 'bundles' of integrated competencies and an organisation as an ideal integration of competencies to achieve superior performance. In doing this, the model takes into consideration values and organisational culture.

- **Sensitive to organisational and positional analysis.**
  Organisations come in all shapes and sizes: flat, hierarchical,
  multidivisional, team, virtual, small firms, and large
  multinationals. Recognising this reality while managing and
  implementing competency is an important component of the SMR
  model. It is extremely sensitive to organisational structure; the
  positions that make up the structure; and the organisational vision,
  mission, and business goals. SMR's model gives attention to this
  sensitivity and does not follow a blind approach to benchmarking.

- **Focused on development.** There are models that benchmark
  against leading organisations without taking organisational realities
  into consideration. This results in setting competency expectations
  that are not realistic. The SMR model emphasises on setting
  standards that are achievable. While the model pays attention to
  'best practices' strategy, its focus is to support competency
  development sensitive to organisational reality. In addition, the
  model also supports and tracks the development of an employee
  from the level of novice to the level of expert, unlike a status quo
  model that just pinpoints whether an employee possesses a
  competency or not.

- **Scalable and easily deployed.** It should be easy to replicate a
  model that has been validated in a function across other
  departments. On another level, a scalable model that is validated
  within an organisation can be applied across various organisations,
  where relevant, in a similar industry keeping rework to the
  minimum. There might also be situations where scalability may not
  be possible.

  The SMR model emphasises ease of rolling out at implementation
  stage. In the integrated model, role and behavioural competencies
  can be scaled across organisations with few changes. Most of the
  work will focus on core and functional competencies.

- **Is workable and provides leverage**. The integrated model uses a
  practical perspective, that allows customisation of the model to
  meet organisational needs, and is commonly understood by all its
  members. SMR's approach was to enable a 'plug and play' method
  where it would enable faster deployment of competencies.

Today we see a wide variation in organisational structures: flat, hierarchical, team based, and virtual. The competency model that an organisation uses should take into consideration its unique requirements reflecting its structure, strategy, and culture. The SMR framework can be customised to respond to organisational needs.

4.1 The Roman Pavilion competency framework

We will share a framework based on a model that we are currently working on. The framework includes the following:

- Core competencies
- Role competencies
- Behavioural competencies
- Functional competences
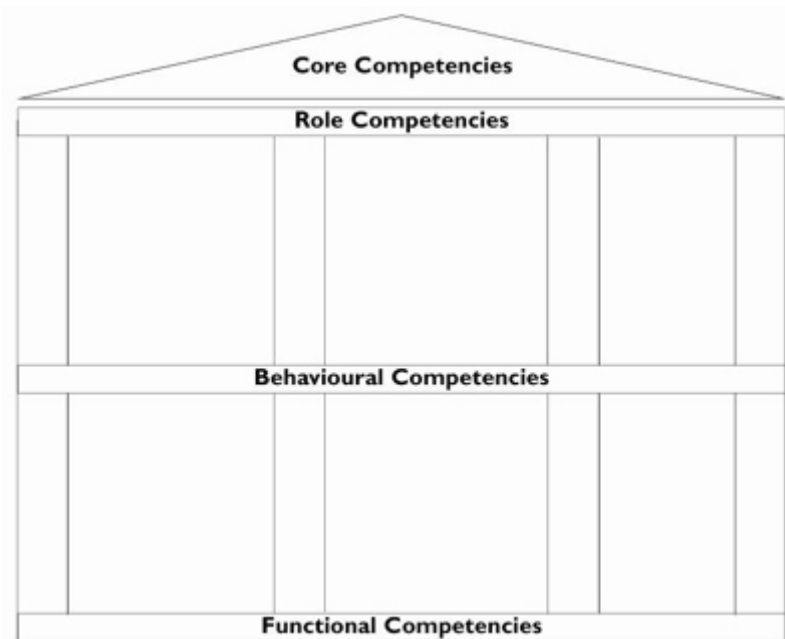
Figure 7 The Roman Pavilion competency framework

The SMR framework is depicted in the form of a 'Roman Pavilion.' A framework is a term given to the complete collection of clusters and competencies with performance indicators. A framework is the driving force of the model; it is about converting the model from its abstract state to practical state which can be used in day-to-day life. The Roman Pavilion competency framework emphasises an integrated look at competencies at organisational and individual levels.

4.1.1 Core competencies form the roof for the Roman pavilion, an apt representation of competencies that are relevant to the entire organisation. These competencies are unique to the organisation. Hence the model provides for these to be identified through focus group discussions with senior management levels. These core competencies are adapted to suit requirements of various jobs in the organisation.

4.1.2 Role competencies are only relevant to employees in a team role, to members and leaders of teams, which may include managers and supervisors. The role competencies are categorised into those relating to activities, people, resources, and information. In the framework, this is reflected as four pillars. Role competencies contribute to a plug and play model because they do not differ significantly across organisations.

4.1.3 Behavioural competencies are underlying characteristics having a causal relationship with effective or superior performance. Their classifications into tasks, personal attributes, relationships, and service are reflected as four pillars.

4.1.4 Functional competencies stand for the knowledge and skill components that are specific to jobs. They form the foundation of the pavilion. They are classified into three areas to reflect the broad occupational classifications - trades, trade services, and organisational services. In our experience with a shipyard, we included all the competencies related to direct jobs under the category trade competencies. For example, the cluster of welding competencies were classified under trade competencies. All competencies related to indirect services such as rigging and safety were made into different clusters under trade services category. Similarly, competencies associated with organisational services

such as financial and human resource services were listed under the organisational services cluster.

Within the functional competencies, trade competencies differed from organisation to organisation. However, trade services and organisational services competencies underwent relatively fewer changes.

This resulted in a model that was more of a 'plug and play' model. Though it was not one hundred percent plug and play, it allowed for customisation and flexibility as well as quick deployment. The SMR model emphasises customisation because we believe a model should reflect organisational needs. There are many instances where an organisation blindly follows a model made for another organisation.

The HRDPower team is in the process of finalising and testing a model that will allow simulations of competency models that are driven by organisational needs.

With a model and framework behind, we can now progress to the other task of identifying the competencies themselves by analysing the job and the criterion sample of superior and poor performers.

Chapter Two Mind Map

MODELS

1 What ?
1.1 Representations

1.2 Understanding
    1.2.1 Facts
    1.2.2 Inferences
    1.2.3 Constructs
    1.2.4 Hypothesis

1.3 Competency Models
    1.3.1 Link to performance
    1.3.2 Explanation 1.3.3 Standards

2 4 Questions
2.1 Why?

2.2 Strategies

2.3 Resources

2.4 Involving people

3 Questions on models
3.1 Is there one?

3.2 Purpose

3.3 Sources

3.4 Dimensions

3.5 How to develop?

4 Boyatzis model
4.1 Effective performance

4.2 Specific results

4.3 Specific action

4.4 Org. Environment

4.5 Three Elements
    4.5.1 Competencies
    4.5.2 Job demands
    4.5.3 Org Environment

4.6 Clusters
    4.6.1 Primary relationship
    4.6.2 Secondary relationship
    4.6.3 Casual link

5 SMR Model

5.1 Frameworks

    5.1.1 Abstract to practice

5.2 Roman Pavilion

    5.2.1 Core

    5.2.2 Role

    5.2.3 Behavioural

    5.2.4 Functional

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Section Two:

Competency Implementation Approach

CHAPTER 3

This chapter guides you in implementing competencies in your organisation. Each of the sections covers what you need to do for successful competency implementation in a practical manner.

The nine sections covered are:

1. Introduction.

2. Getting management buy in.

3. Implementing the project plan.

4. Competency dictionary.

5. Competency mapping.

6. Competency matrix.

7. Assessment.

8. Data management.

9. The business case for sustaining competency management.

Competency Implementation

1. Introduction

Competency implementation is a mammoth task. A competency project succeeds or fails largely by the way it is implemented in an organisation. Wherever it has been successful, the success can be attributed to a very clear understanding of not just the competency process and the value it adds to the organisation but also the way it is implemented. The critical steps in competency implementation are discussed in this chapter.

2. Getting management buy in

Getting management buy in involves four steps:

- Get explicit support.
- Prepare a project scope document.

- Discuss action plan.
- Suggest competency models and pilots.

2.1 Get explicit support

Gain visible management support for the competency project. Actions speak louder than words. Get the Chief Executive or the Chairman of the board to launch the competency project. Ensure top management remain involved with the project on a regular basis.

The following ideas posed to the organisation and top management would be thought provoking:

- For effectively implementing strategies, organisations need to have an understanding of the competencies it takes to remain competitive.
- An assessment of competencies at various levels in the organisation would enable the organisation to initiate appropriate hiring, deployment, and development actions.

Establish the rationale for a competency model by calling attention to:

- The direct link of competencies to meeting organisational goals and purposes.
- Competencies as a great way to benchmark with other organisations.
- Improved hiring decisions that ensure that employees are in jobs which are attuned to their personal characteristics and skills.
- Better deployment of employees that is possible based on best fit of individual competencies and positional requirements.
- The benefits of a template or model in enabling decision making in areas such as training, transfers, and promotions.

2.2 Project scope document

A scope document should be comprehensive enough to cover all the intended actions in implementation. The document includes the following sections:

1. Project outcome: terms of reference and project boundaries.
2. Justification for the project with a benefit statement.
3. Project tasks/milestones and deliverables.
4. Project plan with specific timelines.
5. Change procedures in case of review in scope.

2.3 Discussion on action plan

Share the key project milestones with management. Each milestone needs to be signed off before progressing to the next step. This is to ensure that difficulties are addressed as and when they emerge, not allowing them to grow into greater problems requiring more time and effort to resolve.

The following are the key milestones:

1. Briefing senior management to get their unequivocal and written support in form of a policy document similar to the quality policy, before commencing the project.

2. Getting the project scope document completed and signed off before project commencement. Iron out differences that may arise as a result of differing expectations at this point.

3. Determining and agreeing upon the competency model and approach for roll out.

4. Developing the competency dictionary.

5. Creating competency profile for all jobs registered with HR.

6. Assessing employee competencies.

7. Identifying competency gaps.

8. Managing competency data for various HR applications.

2.4 Initiate pilots

Seek management support to conduct a pilot, by starting with a small function. It provides an assessment of the strengths and weaknesses of the approach and allows management the opportunity to voice suggestions as needed. This makes implementation throughout the organisation more manageable.

Tangible deliverables

- Policy document approved by management.
- Visible support to the project from top management.
- Signed off project scope document.
- Publication of the key project milestones.

3. Implementing the project plan

A systematic approach, as reflected in business rules is required if the project is to proceed as expected. One of the first requirement is that of a project team.

3.1 Project team

Implementing a competency project is a full time job. It cannot be a part time one. A project team needs to be constituted for the duration of the project. Two key positions in the project team are those of project champion and project manager. The project champion drives the project and is usually a senior member of the management team. He/she allocates resources and visibly supports the project at strategic levels and also broadcasts success stories to the organisation. The project manager runs the operations and is usually from outside the organisation. The functional and technical coordinators are, as the name implies, content experts. Any other part time help required is usually in the form of temporary data entry clerks.
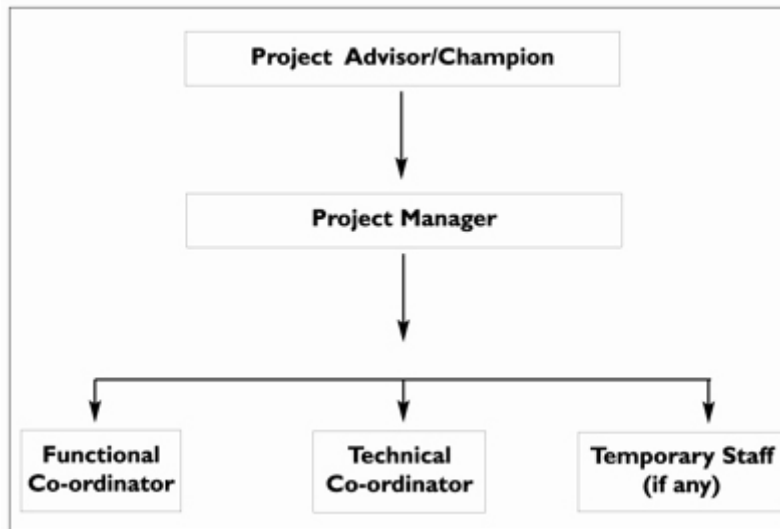
Figure 8 A Project team

3.2 Establishing business rules

The purpose of establishing business rules is to ensure that project objectives are achieved without getting caught in avoidable delays. They give all stakeholders a clear idea about what to expect out of the project. Business rules need to be established in the following essential areas:

1. Number of competencies.
2. Levels of competencies.
3. Types of assessment.
4. Appeal procedure.
5. Change control.

3.2.1 Number of competencies

The number of competencies for each position has to be determined at the stage of developing the competency model. The level of detail is always an issue. Some organisations want to list all the competencies and the accompanying elements. This makes the process overwhelming. There is no point in listing all the obvious threshold competencies.

A more pragmatic approach is to establish a cut off point. At SMR, we use the rule 'importance to the job.' It is determined by factors such as the frequency of use, the criticality of the tasks to which competency is associated, the consequences of error, and impact on outcomes. It is determined by making paired comparisons between the competencies. For example, consider 'following up with customer' as a competency required of a sales person. On comparison with 'maintaining paperwork', it is obvious that following up with a customer is more important to this job. Using this approach, a priority list of competencies can be prepared for each position.

3.2.2 Levels of competencies

Level refers to the intensity of competency. It is also important to agree on the number of levels of competency. It can range from 1 to 5, where a person with competency level of 1 is regarded a novice and one with 5, an expert.

3.2.3 Types of assessment

There are several types of assessment like review, interview, observation, and tests which we will review in detail in the later section on assessment. The types of assessment have to be agreed upon early enough to ensure transparency and objectivity.

3.2.4 Appeal procedures

For those dissatisfied with the competency assessment, the process should provide for a way to get their grievances addressed. The procedure and process should be clearly communicated to employees.

3.2.5 Change control

A change control mechanism should be agreed upon to allow a systematic process to evaluate and accommodate change requests. The change requests should be in writing and forwarded to the project manager. Decisions on whether to accept the changes have to be made by a team

after considering other relevant factors, such as time available, the criticality of the change request, and availability of resources.

Tangible deliverables

- Business rules signed off.
- Project teams in place.

4. Competency profiling

Once we have the business rules, project team and the project plan in place, we are ready to get started on competency profiling. The term 'profiling' has been used in many different ways. Sometimes, it has been used to mean measurement because of the use of psychometric tools in competency assessment. However, we use the term to denote the outlining of the competencies. Profiling simply means outlining or a drawing. There are three stages in the area of competency profiling.

1. Creating a competency dictionary.
2. Mapping the competencies to positions.
3. Developing the competency matrix.

4.1 Creating the competency dictionary

The dictionary is a compilation of all the competencies required by the organisation. The competency dictionary is the first of the comprehensive documents in competency profiling that needs to be created and the first pressure point in competency implementation. The competency dictionary, sometimes called a competency library, includes core, role, functional (job related), and behavioural competencies.

Organisations give excessive emphasis on developing a custom competency dictionary though generic dictionaries are available, which can be modified to meet organisational requirements. Creating custom dictionaries take too much time. However, they are more relevant to the needs of the organisation. Without a competency dictionary, we cannot progress to mapping competencies to positions or establishing the competency matrix.

The creation of a competency dictionary starts with outlining competencies. Each competency is profiled using a pre-determined format to result in a competency statement. This includes four steps:

- Collection of data.
- Analysis of data.
- Writing the competencies.
- Validating competencies.

The following sections should ideally be present for each competency statement.

1. Competency title and code: Name and coding by which the competency will be referred to.

2. Competency description: A brief description of the competency statement.

3. Performance indicators: Statements indicating how well the competency should be demonstrated.

4. Range of variables: Lists the contextual variables under which the competency should be assessed.

5. Evidence guide: The practical evidences with which the assessor can make sure the competency is present.

6. Development guide: A guide which lists various interventions, resources, and references which can be used to develop this competency.

Figure 9 An example of the necessary elements of a competency statement.

4.1.1 Competency clusters

Within the competency dictionary, similar competencies are clustered together. The competency dictionary, which is a catalogue of all the

competencies required for the organisation, can be classified as clusters. Each cluster usually consists of two to six units of competencies. For example, the competency cluster 'working with people' includes the competencies of managing relationships, team working, and influencing.

4.1.2 Dictionary categories

The entries in the dictionary can be grouped together in categories based on:

1. Levels of competency (Organisational, managerial, job)
2. Job family (Marketing, HR, etc.)
3. Logical sequence (All interpersonal competencies, all sales related competencies, etc.)
4. Competency types (Core, role, behavioural, and functional)

4.1.3 Contents of the dictionary

A competency dictionary usually includes all the types of competencies. The dictionary also includes indicators and the assessment types. The four types are:

- Core
- Role
- Behavioural
- Functional

Describing core competencies

Organisations want their core competencies and core values reflected as competencies universally applicable across the organisation. Core competencies are usually identified by organising a series of focus groups with senior and middle management. They usually form a concise list of less than ten competencies. Hence it is considered easier to start profiling with them since the effort required is not overwhelming.

These core competencies are written usually in a behavioural format. Whatever the core competencies identified, they have to be described in

ways that make them relevant to different jobs. Thus an organisational core competency may be 'innovation', but it has to be expressed differently for different jobs to reflect job requirements. For example, the description of NOKIA's core competency, 'global customer service', differs depending on whether the position considered is that of an engineer or a customer service executive.

Describing role competencies

They refer to the management activities carried out by all managers and supervisors and do not reflect any specialist role. Thus role competencies for an HR manager would be the same as that of the Finance manager. They can be generated through a series of focus group meetings or customised from a generic database to meet the needs of the organisation.

Sample of role competency

Unit code and title
A 1.2 Maintain activities to meet requirements

Element code and title
A.1.2.1 Maintain work activities to meet requirements.

Long description
Maintaining activities to meet requirements requires you to communicate effectively with team members and managers with a view to improving

efficiency. Work activities need to be monitored, evaluated, and recorded. Planning should be carried out based on objectives and priorities to meet requirements efficiently.

Performance criteria

- You bring about agreement with customers in a detailed manner to allow work planning.
- You explain requirements to relevant people and confirm their understanding and commitment to meet requirements.
- You monitor activities at regular intervals in compliance with organisation procedures.
- You ensure that work under your control meets requirements.
- When requirements are not met, you take prompt corrective action.
- You ensure all records relating to work under your control are complete and accurate and meet your requirements.
- You allow people to make recommendations for improvements.

Range variables

- Workplace

Development guide

- MGT 201 Managerial skills training programme.

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Figure 10 A sample of a role competency

Describing behavioural competencies

Behavioural competencies can be identified by using generic databases or behavioural interviewing techniques. Generic competency dictionaries are applicable to all organisations though to none precisely.

Sample of behavioural competency

Unit code and title
A 1.1 Achievement orientation

Performance criteria

- Carries out job without reminders.
- Demonstrates a willingness to achieve personal and team objectives.
- Works out a plan of action to achieve objectives.

Evidence required

- Evidence that you consistently meet all performance criteria.
- Evidence that you have taken action to achieve personal and team objectives.
- Evidence that purpose of evaluation has been established and criteria developed in consultation with stakeholders.
- Evidence that an action plan has been prepared to achieve objectives.

Range variables

- Workplace

Development guide

- Personal development training programme.

Figure 11 A sample of behavioural competency

Describing functional competencies

Functional competencies are job related knowledge and skills. The key to developing relevant functional competencies is either to refer to the industry associations for any databases they may have already developed or to seek the assistance of subject matter experts by conducting focus group discussions and/or expert panels to gain information about the competency required for a specialised job.

Sample of functional competency

Unit code and title
A 1.3 Identify training and development requirements.

Element code and title
A.1.3.3 Criteria for evaluating training and development Criteria for evaluating training and development, which supports the operating functions of the organisation.

Long description
Identify training and development requirements (for the operating function) to ensure effective operation of the organisation.

Performance criteria

- Indicators are specified for the achievement of and movement towards the objectives of training and development.
- The purpose of the evaluation (proving, improving, learning) is established.• Criteria are developed in consultation with line management /stakeholders/ participants in training and development activity.

Evidence required

- Evidence that you consistently meet all performance criteria.

- Evidence that you have specified indicators for achieving objectives.
- Evidence that purpose of evaluation has been established and criteria developed in consultation with stakeholders.

Range variables

- Training and development
- All training and development programmes undertaken
- Career development
- OD

Development guide
Training needs analysis TTT 92 workshop

——————

Figure 12 A sample of functional competencies

——————

How to develop a dictionary

The following steps may help us in shaping our ideas to create a competency dictionary.

1. Identify the types of competencies to be developed.

2. Agree on a competency format.

3. Describe each competency using a code number, title, and a long description with levels of competency.

4. Agree on the number of clusters or groups.

5. Agree on the number of competencies (units) in each cluster. Usually a cluster has no more than 6 competency units.

6. Provide assessment guide in the form of performance indicators with standards for functional competencies.

7. Provide scales for behavioural competencies. They are usually 'just noticeable differences' (JND) ordinal scales. Ordinal scales measure the variable in order of their magnitude. For example, if we are assessing the initiative of an employee, the various points in the scale can be marked as 'Takes action only when told,' 'Takes action but needs reminders,' and 'Takes action independently.' The JND scales measure the level of competence but it does not indicate equal intervals between scales. It does not mean the difference between point 1 and 2 is equal to the difference between 2 and 3.

8. Validate the competency dictionary with the stake holders (top management, managers, and subject matter experts).

Figure 13 A guideline on how functional competencies are developed.

Tangible deliverables

- Competency dictionary

4.2 Competency mapping

4.2.1 Mapping competencies to a position

Once we have the competency dictionary in place, we can map the competencies from the dictionary to each position. We use the term to refer to a representation. In mapping competencies, we identify competencies required for a position.

4.2.2 Purpose

The purpose of creating a position profile is to facilitate the measurement of the job holder's competencies as well as to enable comparison of that job profile to another job.

4.2.3 Two problems

There are two problems when mapping competencies to a position. The first one is with the number of competencies to be assigned to a position and the second one relates to certain positions within the organisation, that HR is not updated on.

- **How many competencies to include?**
  At this point we consider how many competencies should be assigned to each position. Should all the competencies be listed or just the critical ones? We revert to the concept of 'importance to job' described earlier. This is done by using weights to determine the relative importance of each competency — essential, highly desirable, or desirable.

  In our experience, we have had a customer wanting to assign every single competency required of the position. This led to a huge list that ran into about 70 to 80 competencies. It made the whole process overwhelming.

- **Positions that are not registered with HR**
  The second problem arises from the extent of control that HR has on positions in the organisations, where the role associated with certain positions undergoes changes and HR is not made aware of them. There are instances where line management names existing positions differently and where positions exist that are not registered with HR or unknown to HR. This problem is being addressed by HR systems supporting self-service options.

Tangible deliverables

- Position profiles which indicate competencies associated with each position.

4.3 Competency matrix

4.3.1 What is a competency matrix?

A matrix refers to the intersection of rows and columns. In a competency matrix, there are two variables: the competency and the job levels. The competency matrix helps us understand the level of competency required at various levels in the organisational hierarchy. Competency matrix is created based on types of competencies.

Competency	Level			
	Sr. Manager	Manager	Executive	Supervisor
Achievement orientation	5	4	3	3
Relationship building	5	4	3	3
Conceptual thinking	5	4	3	3

Figure 14 A competency matrix

It has to be kept in mind that while the required levels of competency differs according to organisational levels, it does not necessarily mean that higher the level in the hierarchy, higher is the level of competency required. Consider the competency, 'welding' in an engineering department with job levels such as production operator, supervisor, manager, and senior manager. The level of proficiency in welding expected of the operator is higher than that expected of the manager. This inverse relationship holds good for most functional competencies. For behavioural and role competencies, it is seen that higher the level, higher is the proficiency expected.

Another purpose served by the matrix has to do with our business rule on number of competencies required at each level as seen in Figure 15.

Though each position has 15 competencies, the number of competencies for each organisational level varies. The competency matrix provides a reference for developing position profiles that list competencies associated with a position.

Type of competency	Level		
	Manager	Supervisor	Operator
Core competencies	3	3	3
Role competencies	4	1	1
Behavioural competencies	7	4	2
Functional competencies	1	7	10

Figure 15 Number of competencies per level

4.3.2 Determining required competency level

From the competency matrix, it is possible to derive the positional matrix which lists the various competencies associated with a position and the level at which the competency is required. The required competency level (RCL) marks the level of proficiency expected of an incumbent in a particular position. This concept is used along with the concept of current competency level (CCL) that is discussed later while dealing with assessment.

Organisations have to be realistic while deciding RCL. Instead of benchmarking against top organisations in the given industry, the organisation should set realistic expectations on employee proficiency that take into consideration the level of talent available and resources available to develop them. If the RCL is set too high, it may have adverse impacts. For instance, at the selection stage, we may screen out candidates who are potentially acceptable. Similarly, if the RCL is set too low, we may select a pool of mediocre candidates.

RCL should not be confused with the concept of 'importance to job'. Importance to job lists a set of competencies most relevant to the job and is carried out at the competency mapping stage. RCL refers to the level of

proficiency required of a position in the case of each of these identified competencies.

Competency unit	Required competency level (RCL) 1 - 5
Identify training needs	3
Design training programmes	5
Facilitate training	5

Figure 16 Sample RCL for training officer position

Tangible deliverables

- Competency matrix defining the required level of competency for each competency by job level.
- Competency matrix defining the number of competencies (by type) for each level.

4.4 Assessment

Once we have the competency dictionary and all the position profiles in place, we have to assess the jobholder's competency against the required position competencies. In competency implementation, while the competency dictionary is the first pressure point, the second is undoubtedly the assessment process.

Assessment is the process carried out by the assessor to determine the level of a person's competency. It involves gathering of data and evidence in order to decide whether a person possesses a required level of competency. In this section we will take a look at:

- The assessor.Types of assessment.
- Level of assessment.
- Timing of assessment.
- Key issues in assessment.

4.4.1 The assessor

Assessors are either internal or external to the organisation, and are nominated on the basis of their expertise to assess technical or behavioural competencies of an employee. At this stage, we need to refer back to our discussions on facts and inferences. An assessor has to judge whether a person has achieved the level of competency based on the evidence presented. At the same time the emphasis is not so much on measuring to the exact degree as on ensuring objectivity of assessment. Assessors have to undergo comprehensive training to be qualified to carry out a competency assessment.

4.4.2 Types of competency assessment

Most national training authorities recommend four basic types of workplace assessment for competency assessment. The four basic types are:

> **1.** Process assessment and product assessment though observation and review.
> **2.** Oral assessment using interviews and third party.
> **3.** Peer group assessments using reviews.
> **4.** Interviews.

Along the same lines, SMR uses a format that we call RIOT. The acronym RIOT denotes the four commonly used assessment methods:

- Reviews
- Interviews
- Observations
- Tests

4.4.2.1 Factors to consider while choosing the assessment tool

All of the methods mentioned here have their strengths and weaknesses. The factors to consider while making a choice the type of assessment are:

1. The extent of objectivity to be ensured.
2. Ease of administration.
3. Time available to carry out assessment.
4. The costs involved.

It is important to note at this point that as the ease of use is increased, subjectivity creeps in. The easiest in terms of administration is self-assessment, but it is the least objective. Objectivity goes up considerably with multi-rater and 360 degree assessment but they are much more expensive and difficult to implement. In choosing a type of assessment we can go by Michael Zwell's **principles of leverage and workability.**

> **1. Principle of leverage** refers to what we can get done with the optimal time, effort, and cost. We do not have infinite amount of time, effort or money as these are scarce resources.
>
> **2. Principle of workability** refers to making the process practical, easy, and less cumbersome, so the process by itself does not become the purpose. Users will only use a system that is practical and user friendly.

Let us review the various assessment methods and the types of assessment in SMR's RIOT format.

4.4.2.2 Review

Reviews are commonly used because of their ease of use. But their data is not always objective enough. There are several ways of carrying out assessment through reviews by self, superiors, and expert panels. It could also be 360-degree review by superior, peers, subordinates, and self.

- **Immediate superior reviews** are commonly used to assess all types of competencies. They are acceptable if the superior is trained as an assessor and is able to assess based on the performance indicators. It is quick, but the quality of data can be a worry if it is not monitored for objectivity. This is attributed to the emotional baggage associated with appraisal review by the immediate superior. In our experience, in the field, we have found the use of immediate superior reviews useful in assessing functional competence, particularly as a first step in implementing competency. Proper safeguards can be built in to address worry about bias.

70

With one customer who was totally disappointed with the quality of data generated from the immediate superior assessments, **self assessment** was used. In this situation, we decided arbitrarily that the better of the two assessments would stay and we found that the difference in ratings were minimal between the assessments by superior and self. The difference was less than 1%. It was not so much a problem with methodology as one of bias on the part of the individuals involved.

Sample competency audit form

Competency Code	Competency Title	Assessment	Date	Assessor
BEH.001.000.000	Behavioural skills			
BEH.001.001.000	Self management			
BEH.001.002.000	Working with people			
BEH.001.003.000	Initiative			
BEH.001.004.000	Persistence			
COM.001.000.000	Communication skills			
COM.001.001.000	Reporting skills			
COM.001.001.001	Sales reporting			
COM.001.002.000	Speaking skills			
COM.001.002.003	Presentation skills			
COM.001.003.000	Writing skills			

Figure 17 An example of a competency audit form.

However when we used skills tests and expert panel reviews, we found the quality of assessment data to be much better. The expert

panels assessed finished products, observed and assessed work processes, and interviewed the employees and peers. The gain in the quality of assessment data was negated by the amount of time, effort, and money it took to complete the assessment.

Hence, we recommended the assessment of functional competencies by immediate superior particularly in the initial few stages. However, a rule of thumb is to always support superior assessment with another method, if possible. Once an organisation is comfortable with the uses of competency assessment it can consider using one of the more sophisticated assessment tools described here but it is safer for first time users to go for superior reviews.

- **360 degree reviews** are very popular mainly in the behavioural area. The only concern again is in the quality of data, particularly in the Asian context. In high context Asian cultures that emphasises on groups rather than individuals, the thought of assessing peers or superiors is culturally an unthinkable process. If the organisation culture is matured enough, then a 360-degree process is acceptable. The quality of the instruments used and the costs of administering are factors that need to be taken into consideration.

4.4.2.3 Interview

The interview involves face to face interaction of the job holder with the assessor. It can either be a traditional or non traditional one, such as behavioural event interviewing. Traditional interviews, which tend to be unstructured have limited relevance in competency assessment as they are not valid and reliable. They do not work well because they do not generate the necessary information to determine if a person is competent or not. Answers to queries like 'Tell me about your background or experience,' do not help the interviewer assess a person's ability to do a good job. This is partly due to fact that very few people know their competencies. There are many people who say they hate selling only to later emerge as star performers because of a high achievement orientation.

Harvard psychologist Chris Argyris has shown that people's espoused theories of action (what they say they do) bear no relevance to their theories in use (what they actually do). People also do not reveal their real motives or abilities. Traditional interview questions generate socially desirable responses. The basic principle in competency assessment is not what people say or think but what they do or what they are.

This leads us to the behavioural event interview (BEI) developed by McClelland that has been extensively used in behavioural competencies assessment. The purpose of the BEI is to explore what people say they do to find out what they *really do*.

The BEI was developed from Flannagan's critical incident method. The BEI gets the person to talk about three peak successes and three major failures in the form of short stories. They are asked to describe critical incidents encountered on the job and the interviewer probes to gain information about the situation, the people involved, what the individual did and what the results were.

The advantage of the BEI is that it supports the empirical identification of competencies. The most important aspects of this method are:

> **1. Use of criterion samples** which is a method that compares successful with less successful people in order to identify those characteristics associated with success. This approach was not something entirely new. During World War II, the identification of EWS (experienced/exemplary worker standards) was done so as to used them as models. Their behaviours were identified and modelled upon to gain better returns by designing effective training programmes based on EWS.

> **2. Identification of thoughts and behaviours that predict successful outcomes.** Competency measures involve open-ended situations in which an individual has to generate behaviour, as distinguished from reporting what he or she would have done. The best prediction of what a person can do and will do is what he/she spontaneously thinks and does in an unstructured situation.

The downside to this method is the time, expense, and expertise requirements. It may be practical only for some jobs.

4.4.2.4 Observation

Observations are more commonly used in assessing technical workplace competencies. The advantage of observation is that it is very valid and reliable. However, it is expensive to train a huge number of trained assessors. Observations are only effective if they are completed using structured checklists. The development of structured checklists requires specialist expertise not commonly found. Also, this method can take much more time than the review or the interview.

4.4.2.5 Tests

- **Knowledge and skill tests** are very useful in determining functional competencies. For example, the functional competency of a welder can be determined using such workplace tests. They are expensive to construct and administer even though the quality of data is very good.
- **Assessment centres** and psychometric tests are also used extensively Usually, the use of just one test is an unacceptable determinant of competency, particularly if the test has not been validated by a professional body. Even when a test is a validated one, it is better to follow an assessment centre approach that involves the use of a battery of tests.

A comparative look at assessment options				
Characteristics	Reviews	Interviews	Observation	Tests
Skills	✓	✗	✓	✓
Knowledge	✓	✗	✗	✓
Self concept/Values	✓	✓	✓	✓
Traits	✓	✓	✓	✓
Motives	✓	✓	✓	✓

Figure 18 An overview of the assessment options available.

4.4.2.6 Recent studies

Recent studies, in the area of behavioural competencies reported the following assessment methods in descending order of criterion validity correlations with job performance. The results are in figure 19. It is useful to point out that a correlation refers to the degree of relationship between two variables. A correlation of +1.00 means the two variables are perfectly related in a positive direction, i.e., as one variable increases, the other variable will increase by a predictable amount. A correlation of zero means there is no relationship between the variables. A correlation of 0.65 indicates a stronger relationship between two variables than a correlation of 0.25.

Criterion validity of assessment methods	
Assessment method	r
Assessment centers	.65
Behavioural interviews	.61
Superior reviews	.54
Tests	.54
Personality tests	.38
Bio data	.32
References	.23
Non behavioural interviews	.05

Figure 19 Correlation of assessment methods with performance

4.4. 3 Determining levels of assessment

There is marked difference in the way functional and behavioural competencies are assessed. In practice this varies further in different countries. In Singapore, and Malaysia the vocational authority assess functional competency to indicate:

Criterion validity of assessment methods

Assessment method r Assessment centers .65 Behavioural interviews .61 Superior reviews .54 Tests .54 Personality tests .38 Bio data .32 References .23 Non behavioural interviews .05

- Yes,
- No, or
- Insufficient evidence.

A person is considered to have either attained the standard or not attained the standard. There are no gradations of competency.

In Australia, the levels of competencies are stated by certificate (for levels I, II, III or IV), diploma, or advanced diploma. In the United Kingdom, it is differentiated by National Vocational Qualification framework which uses level 1,2,3,4 and 5.

Each of these levels may state the standards which need to be met but they are differentiated based on the level of proficiency. SMR follows the graded model because we believe that competency implementation has to be developmental in nature. By assessing in detail enough to ascribe a level of competency to an individual, we ensure that the person has the opportunity to move up the levels of proficiency through appropriate developmental interventions.

Levels of assessment

1. There are 5 levels of assessment:

- **Level One - Novice**
  A person who is new to the job, able to do the job but unable to meet the standards and requires total supervision. This indicates the person needs total help to do the job.

- **Level Two - Learner**
  A person who is a beginner and is able do the job though not yet consistently to the required standards and needs frequent supervision. This indicates the person needs much help to do the job.

- **Level three - Proficient**
  A person who has some experience and is able to do the job to the required standards consistently, on a routine basis with occasional supervision. This indicates the person can do without much help to do the job.

- **Level Four -Professional**
  An experienced person, able to do the job to the required standards consistently without any supervision.

- **Level Five - Expert**
  A person who is recognised as an authority for his ability to do the job to exemplary standards independently and one who is also able to coach others.

Figure 20 Levels of assessment as used in functional competency assessment.

Indicators usually described as just noticeable differences (JND) describe behavioural competencies. **JND scales** usually have about five or six indicators for each competency.

To make the issue of recording and reporting competency assessment easy, we recommend organisations choose similar levels of assessment. If

the organisation chose five levels of assessment for functional competencies from NVQ level 1 to 5, then it does make sense to have just five indicators for the behavioural competency as well. The purpose of standardising the indicators and scales is for ease in recording and reporting the assessment results.

Purpose

The purpose of completing a competency assessment for a person is to:

1. Establish the person's current competency profile.
2. Analyse the gap between RCL and CCL to use the results for HR applications such as selection, development, or deployment.

Duration of assessment

3. Each competency assessment for a position, through review by superior is expected to take about two to three hours. A behavioural event interview will take longer.

Guidelines

4. Review the job competency profile as described in the competency audit form.
5. Look for different types of competencies in the job profile.
6. The required competency level (RCL) is based on a matrix. The matrix differentiates the requirements for each job level.
7. Read the competencies with long description giving definition and elements.
8. Refer to the performance indicators or scales.
9. Once you are clear about the competency requirements of the job, refresh yourself with the assessment guidelines.
10. Keep in mind that accuracy, while an ideal condition, is difficult to achieve since we are assessing a quality, not a quantity. Competency assessment involves making inferences on the basis of facts; the guideline to follow is more of objectivity than of accuracy.

11. An objective assessment will help in formulating the development plans for the individual.

Completing the assessment form

1. Once you are familiar with the job profile and the levels of assessment, complete the competency audit form. Work through the form step by step.
2. On completion, review the form one more time.
3. Check if any of the competencies have been left out. Ensure the person's name and employee number is correct on the form.
4. If other assessment types are involved such as behavioural event interviewing, follow the required procedures and complete the competency audit form.
5. Forward the completed competency audit form with the pages intact.

Figure 21 Some guidelines for completing a competency assessment

4.4.4 Using data from assessment

When the assessment is completed, we have the competency profile of an employee. This is known as current competency profile of the employee or CCL. The comparison of the CCL with RCL (required position competency profile) describes the competency gap for an employee with respect to a position.

Competency Gap

Paul Jacob / Mechanical Engineer

Competency Code	Competency	Current Level	Required Level 5	Importance to Job	Gap	Development Priority
MEC.03.00.00	Analyze design proposal	1	5	3	4	12
COM.03.00.00	Writing skills	0	4	3	4	12
COM.03.01.00	Able to write User manuals	0	4	3	4	12
COM.03.02.00	Able to write Specifications	0	4	3	4	12
COM.03.04.00	Able to write letters	0	4	3	4	12
COM.03.05.00	Able to write reports	0	4	3	4	12
COM.02.00.00	Initiate departmental meetings	3	5	3	2	6
MEC.03.01.00	Determine feasibility of Design	3	5	3	2	6
MEC.03.02.00	Determine technical specification	3	5	3	2	6
MEC.03.03.00	Refer technical manuals	3	5	3	2	6
MEC.19.00.00	Plan and co ordinate operation	3	5	3	2	6
COM.05.03.00	Able to draw valid conclusions	3	5	3	2	6

Figure 22 An example of a competency gap report.

4.4.5. Is more of a competency good?

The competency matrix indicates the required level of competency. It is important to note that the common understanding of higher levels of competency of an individual being better is not necessarily correct. Though an individual may gain in personal satisfaction, it may not necessarily be better for the organisation.

80

The goal is to determine the best level for each job and not to assume that higher levels of competency will lead to superior performance. The rationale for this view is that a person who demonstrates a higher level of competency in one area is likely to focus more on that area to cover up other areas of weaknesses.

Employees who score either much more or less than the optimal level for a job are likely to run into problems. Someone who is over competent is likely to be frustrated in the current job resulting in his/her leaving for another job. A person who is not competent is likely to suffer from low self esteem and also turn in a poor performance, to the detriment of the organisation.

A mismatch between level of competency and job requirements affects motivation.

4.4.6 Timing of the competency assessment

Some often asked questions are, 'When should the competency assessment be done?' and 'Should it be linked to performance appraisal?'

When the competency project is being implemented, it is a good idea to conduct the assessment at that point. Subsequently, it may be a good idea to align it with the appraisal period. It also depends on the mode of assessment and the assessor. For example, it is quite easy to align a superior review with the appraisal interview. However, if the assessment involves behavioural event interviews conducted by external consultants, it is not possible.

4.4.7 Key issues in assessment

During competency assessment, it is a good practice to consider some vital issues and decide on a game plan to manage the issues effectively.

- **Ensuring validity and reliability**: Validity refers to whether the assessment is measuring what it is supposed to measure. For example, if we say a scale measures weights, we mean that it does indeed measure weights not something else like height. Reliability

refs to whether the results will remain stable over time. If two assessors independently assess a competency, we can then see how well they agree with one another. Reliability differs from validity in that it is more about consistency. For example, a scale may show ten kilos more than the actual weight because it is not calibrated properly. The scale is reliable if it gives the same weight on repeat measurements but it is not valid as it is showing the wrong weight.

- **Length of the assessment:** Assessment must be completed as quickly as possible. If sufficient number of assessors is not available, it is a good idea to train more.

- **Quality of assessors:** The immediate superior of an employee has the content expertise for assessing functional competencies. If a trained assessor is not available to conduct behavioural competency assessment, the manager needs to be trained to conduct the behavioural interview.

- **Transparency:** Announce upfront what the assessment data will be used for, and only use it for that purpose. Justify assessment results to employee's satisfaction. Inform the employees how they can upgrade their competencies.

- **Address employee concerns:** In most situations when functional competency is being assessed, the worry of low rating affecting a person's career leads to suspicions and issues of fairness. This leads to grievances. To facilitate the resolution of grievances, an appeal is usually allowed which may or may not change the assessment. This is the reason why some organisations use internal verifiers to assess employees. They are backed by lead internal verifiers to ensure that the assessments are objective. In addition, external verifiers usually from a third party ensure compliance to standards. Verification is built in to monitor the assessment as part of the quality control process.

Tangible deliverables

- Assessment system
- Trained assessors
- Employee competency profiles
- Competency gaps

4.5 Data management

A computerised database is needed to manage the voluminous competency data generated during a competency management project. SMR's software, HRDPower, is an integrated system for data management that revolves around core information and associated modules.

4.5.1 Core information

This is organised around three items:

> **1. Organisation chart:** The organisation chart shows the network of jobs in the organisation and their interrelationships.
>
> **2. Positions:** The software creates a record for each position. Users create, edit or delete jobs based on the permissions given to them. Each position folder includes the job description and the competency profile. The competencies are classified by types of competencies such as core, role, behavioural, and functional.
>
> **3. People:** When people are assigned to a position, the software compares the requirements of the position with assessment of the person's competencies. When completed, competency assessment will create an employee competency profile. This results in several reports such as:
> • Position - person match.
> • Competency gap analysis.
> • Development recommendations to close the gap.
> • Career path recommendations.

4.5.2 The associated modules

- **Development database** that lists all the development programmes and provides information on competencies addressed by various programmes.
- **Competency database** that records and generates reports on competency models, competency dictionary, and competency matrix. The module provides reports that facilitate deployment of people in the organisation based on person-position match. Competency development can be initiated based on data from gaps analysis.

- **Performance management** module that uses information from the competency database as inputs to assess if output in terms of performance has resulted. It captures data regarding employee performance. The module provides the linkage between competency and performance.

- **Recruitment database** that provides information for competency acquisition. It involves maintaining records of person-position match of applicants.

- **Career management** module that enable the development of competency needed by the organisation in the long term.

- **Finance module** that links budgets and expenditures and provides the return on investment reports.

- **Administration** of all of these records is done by the software. With a self-service component included within the software, it enables the line to take ownership. Though HR may have different systems in use, competency based software provides the intuitive reports needed to drive competency management. Today technology allows different systems to talk to one another seamlessly without the need for re-entering of data. With the Web dominating the world of work, there are numerous options in using technology to drive competency growth in an organisation. Individual employees today are able to seek assessment on their own, review their competency status and consider the development opportunities available. Self service options available today make competency management a personal process rather than an HR process. Let us review how we can use the employee competency profiles in HR applications.

Tangible deliverables

- Computerised database to record and report competency information.

4.6 Sustaining competency management

Organisations start competency management projects with great hope. Possibilities of selecting the right people for the right job, developing them on a regular basis to maintain their employability, and deploying them in

the right position that matches their competencies are the foundations for the hope.

Competency assessment and the first wave of reports to management usually signal the departure of the consultants and the conclusion of the project. With the project at this stage, organisations assume that competency management is complete. In reality, the competency initiative has just begun. It is now that the actions to acquire and grow the competencies have to be put in place.

User acceptance and ownership is critical for sustaining the project. The WIIFM (what's in it for me) factor has to be communicated regularly and the rules established clearly and openly.

4.6.1 Applying competencies within the HR system

Organisations have increasingly implemented competencies in the following areas:

1. Matching people to positions to ensure best fit. The deployment of competencies depends on the nature of jobs involved. Though the focus of the functional competencies approach is on mobility and multitasking, it may not always be possible. For example, in a power generation company it may be only possible to move people from a hydro plant to another similar plant. It is not possible to move people between widely different jobs as the competency requirements might vary much.

2. Competency based training and development where employees acquire the competencies to stay relevant in a fast changing world. All development is recognised with credentials or accredited with a formal certification. It should be remembered that surface competencies such as knowledge and skills can be developed easily whereas motives, traits, and self concept competencies are more expensive to develop and we are better off trying to acquire them. The saying that we acquire for motives, traits and self concept and train for knowledge and skills is worth remembering.

3. Career management where employee careers are tracked and competency growth is encouraged through a variety of development programmes to ensure that high fliers are retained by the organisation. The goal is to retain talent, as superior performers do add value to the organisation.

4. Performance management which can track competency management is vital for the well being of the organisation. We have seen in our earlier discussions that competency is an essential component for superior performance. The lack of competencies can be a serious obstacle to performance.

5. Compensation has also been linked to competencies though the practice has not yet become very popular. It refers to compensation for individual characteristics or skills sets above the pay a job or organisational role itself commands. For example, a person's ability to speak additional languages commands a certain pay above what the job usually commands.

4.6.2 Return on investment

Return on investment is a critical component as all organisations want to know what value is added by focusing on competencies. The costs considered are the ones involved in raising employee competency levels from current to required levels. Benefits are assessed on the basis of performance growth, and in terms of products and quality. Organisations assess return of investment on the basis of performance data, long term development initiatives of employees, and the extent to which the development budget could be stretched to achieve the results.

The aggregate of employee competency profiles indicate the competency inventory of the organisation. It reflects the status of the organisation's competitive capabilities irrespective of the job demands and the organisational environment. Aggregate competency profiles can be developed for the organisation, division or even a section. It indicates where the strengths and weaknesses are.

In a recent experience with one of our customers, we presented the competency reports before the Board. The aggregate competency of all employee competency profiles resulted in a CCL of 71%. The board

seemed relieved to find that their competency was after all not that bad. The only point of contention was that the organisation had assessed against their own standards. When the competencies were mapped to the RCL of the industry leader, they no longer had a competency gap of 29% (100-71) but a competency gap of 44% (115-71). The industry leader had set a 100+15% RCL to maintain leadership.

To develop an ageing workforce to the benchmarked levels looked daunting and expensive. Seeking the voluntary separation of some of the employees who did not have necessary competencies could not be pursued due to unionisation in the company, whereby employee relations were governed by a collective agreement. The Chief Executive decided on a pragmatic approach. He set for the human resource division and the senior management, a competency development target of 85%, a growth of only 14% for the coming six months. Three critical competencies were identified and acquisition and development efforts were targeted towards those areas.

The competency growth and the associated costs were tracked. The goal was to see if the 14% competency growth generated any substantial bottom line improvement. Initially, we were able to see associational relationship and after six months, causal relationships emerged. On final analysis, we have been able to see a return on investment of 120%.

Tangible deliverables

- Use of competency in HR applications.
- Involvement of employees in managing their competencies.

Chapter Three Mind Map

COMPETENCY IMPLEMENTATION

### 1 Introduction

2 Management buy in
2.1 Explicit support

CHAPTER 4

This chapter will discuss SMR's learnings from our various consulting projects and list major factors that determine success and failure in implementing competency projects.

SMR Experience

1. SMR approach

In implementation of competencies, SMR uses its PAGE implementation framework, which covers the various steps in implementation discussed in the previous chapter. The framework revolves around positions, persons, and programmes and the three processes of assessment, evaluation and analysis. It is briefly discussed here.
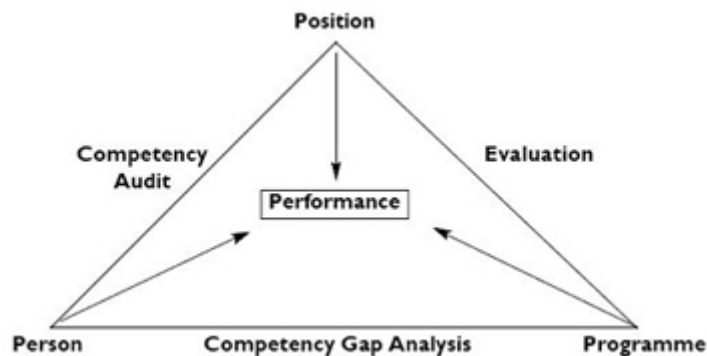
Figure 23 The SMR PAGE implementation framework

1.1 Position

The focus of the framework is on identifying competencies associated with each position, to define them in functional and behavioural terms, and determine the level of proficiency that is required in these competencies. Required competency levels which are associated with the position is a key factor in competency based human resource management.

Competency unit	Required competency level (RCL) 1 - 5
Identify training needs	3
Design training programmes	5
Facilitate training	5

Figure 24 A partial position profile for a training officer

1.2 Person

The purpose of a competency implementation initiative is to ensure that every employee is sufficiently equipped to carry out his/her job to required standards. The current competency level of employees tells the organisation how proficient each employee is in the various competencies required of him or her.

Competency unit	Current competency level (CCL) 1 - 5
Identify training needs	2
Design training programmes	3
Facilitate training	3

Figure 25 A partial person competency profile for training officer

1.3 Programmes

These refer to the various development initiatives that are designed to address competency gaps. In order to improve competency to levels that are needed to achieve business goals, developmental solutions are implemented and tracked. Training is one of the easier ways to upgrade surface competencies, and selection, one of the easier ways to acquire motive and trait competencies.

The outcomes expected of each competency development initiative will be written in terms of proposed competency levels (PCL). The PCL is the level of competency that an employee is intended to reach on successful completion of training.

Competency unit	Proposed competency level 1-5 (PCL)
E-learning facilitation techniques	4
Facilitating classroom training	5
On-the-job coaching	5

Figure 26 A partial proposed competency profile for a trainer

1.4 Assessment

The current competency level of the jobholder is assessed using assessment tools. On completion of the assessment process, we establish the Current Competency Level (CCL) of the jobholder, on the basis of which, an employee competency profile is developed.

1.5 Gap analysis

After establishing the RCL and CCL, we establish the GAP. It is computed using the formula: GAP = RCL – CCL

1.6 Evaluation

On completion, each development programme is evaluated to measure the competency acquisition that it has resulted in. The evaluation stage serves

again as a competency assessment to see if proposed levels of competency have been achieved.

2. SMR's six steps in implementing competency projects

Using the PAGE framework, we carry out competency implementation following six steps.

2.1 Commencement

This stage involves getting ready to implement the project. Gaining management commitment, developing the scope document, and installing any software that may be required to drive the project are the critical steps to be carried out here. The project office and the project team with all the resources are set up. The project team is trained on selling competency management to the organisation. Existing data is imported from current systems.

2.2 Development

This stage involves competency profiling resulting in the creation of competency dictionary, position profiles, and competency matrix. Each of these stages are validated by management, before the project moves on to the next stage.

2.3 Pilot

The competency project is simulated in a small department. The results are presented to top management. The goal is to identify any difficulties that may arise in a full scale implementation.

2.4 Roll out

This stage involves rolling out the project through the entire company.

2.5 Linking to applications

This stage involves using linking the competency project to HR applications.

2.6 Conclusion

At this stage, the project team conducts system testing of the software, prepares all the relevant documentation before concluding the project and handing it over to the project champion. The project team is disbanded and competency management becomes integrated with the organisational system.

3. Learning from field experiences

While we have discussed the road map for competency implementation so far, in this section we present some of learnings from the perspective of enablers of the initiative.

3.1 Types of users

Not all organisations start at the same point in their utilisation of competencies. We have classified organisations on this basis as sophisticated users, experienced users, beginners, and dabblers.

- **Sophisticated users** are those with significant experience of implementing competencies for multiple applications from selection to succession planning.
- **Experienced users** are those who have gained significant experience over time but only use competencies in one or two applications.
- **Beginners** are those in the initial implementation stage who have not yet realised the value of using competencies.
- **Dabblers** are those who start out with good intentions but are either unable to commit the resources or follow through on initial plans due to competing priorities. They talk about it, start out, and then for various reasons fail to follow up, with the project getting into cold storage.

3.2 Factors affecting success or failure of competency project

Today, there is so much material and experiences available that organisations do not have to learn by trial and error as the sophisticated

users of competencies did to reach where they are today. Even though it will be fair to comment that the competency movement is still very much in an evolving stage, there is substantial quantity of resources available on best practices and implementation guidelines. From our experience, we identify some of the critical factors that affect success or failure of competency projects.

3.2.1 Factors aiding the success of a project

1. Linking the competency initiative to organisational strategy. In defining strategy, the organisation charts out its future course. In learning organisations, there is the need for learning and upgrading of capabilities. Competency projects should be closely aligned to the business needs of the organisation, failing which the project would not receive management support and resources that are required for success.

2. Integrating competency with all HR applications. This leads to competencies being used in day-to-day people management. When used on a regular basis, the concept of competency based management gets embedded within the organisation, and the project has a higher rate of success. 70% of sophisticated users are seen to use functional competencies regularly. 100% of them use behavioural competencies. Usage covers areas such as selection, development, performance management, succession planning, and career management.

3. Backing up implementation with a strong project plan. Successful project management requires a sound project plan. Such a plan defines clear boundaries around agreed terms of reference so that resources and energies are conserved, mentions clear milestones and time lines, lists out business rules, and includes an action plan. Given the volume of work and complexities involved in competency implementation, such a plan is indispensable. Line management participation through continuous communication, training, and measurement is essential to see that a project proceeds as planned.

4. Ensuring ongoing monitoring and evaluation. No initiative is likely to proceed fully according to the project plan. Changes are

likely due to various factors beyond the control of the project team. It is important to have the ability to manage deviations from plan with minimum impact on the project.

3.2.2 Factors resulting in project failure

1. A weak project team without required expertise. A key factor in competency project failures is a project team without critical skills. In many of the projects we have been involved, we have had to take the pain to explain to top management the reason for assigning the right person to the project. To start with, an effective project champion can drive the project to success with enthusiasm and expertise. Expertise here refers to an understanding of the competency project or at least, a willingness to learn about it. If the people involved in the project do not understand competency, human resource applications, project management steps, need for IT to drive the project, or if there is a lack of managerial support and leadership to champion the project, the project is sure to fail.

2. Lack of support from top management and the users. In most of our projects, we have had great support from top management. Even in cases where the project champion is the chief initiator, we have found the top management demonstrating strong commitment to the project through follow ups and visible show of support. This helps the project ride over organisational politics and other unproductive challenges. We have seen the demonstration of absolute support from some chief executives. They have launched the project, gone on road shows to sell the benefits, and been present in the hand over of the project from the consultants to the internal teams.

On the other hand, we have also had the experience of meeting the Chief Executive only once in the entire course of the project. He did not give his time for even the launch or hand over. The irony was he talked about his commitment to the project almost on a daily basis with his secretary. His non-involvement was attributed to the need to avoid involvement in managing the politics between teams during the competency implementation. Every person in the HR team was so concerned about their own positions that the project became almost secondary to other needs. The project only

sailed through because of the ability and commitment of the project leader who drove the project by himself. All projects would not have the ability to survive such lack of support from the top.

3. Leaving the project to consultants. We have had the experience with a project champion who was leading ten important projects, each of them very important and urgent. In such cases the organisation assumes that the consultant will drive the project. This cannot happen because consultants do not know the organisation; they are process and content experts only. The project mentioned here was saved eventually when a dedicated person was assigned to the project.

4. Inadequate human resources committed for implementation. The project requires dedicated resources because there are too many things to be done in too short a time. We have found that an integrated model application within an organisation of 2000 people requires a full time project manager, a full time HR coordinator, and a full time IT coordinator for the duration of about three months. Temporary staff, mainly data entry clerks are needed for about three weeks.

5. Inadequate financial resources. Commitment and support, when not backed by financial resources do not help to move the project along. Unnecessary delays are caused when financial resources are not allocated at the right time. The inability of a customer to rent personal computers for the project team for about three months put the entire project on the back burner. Finally, after a long wait we had to use whatever resources available to ensure the delay does not destroy the project. It is difficult to recover from such expensive project delays. The needed financial resources must be secured prior to the project commencement. We should not be discovering the lack of financial resources during the project.

6. Lack of software to manage competency data. The data to be handled in a competency implementation project is voluminous. Without software support, sharing of the competency data within the project team or with other stakeholders, becomes close to impossible. Not only should the software support modelling, profiling, and assessment, it should also aid decision making by

providing appropriate reports. Our learnings on this have gone into making HRDPower a very valuable tool to report competency data.

7. Lack of consultants with the required competency.
Consultants need broad competencies such as goal setting and action planning, leadership abilities, and relationship management besides the required functional competencies. These are critical for concluding the project within reasonable timelines and costs. The right choice of a consultant is very critical as it determines, to a large extent, whether the project runs on schedule or call for fire-fighting.

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Chapter Four Mind Map

SMR Experience

1 SMR approach

2 PAGE framework
2.1 Position

2.2 Person

2.3 Programme

2.4 Assess
    2.4.1 RCL-CCL
    2.4.2 Evaluation

3 Six steps
3.1 Commence

3.2 Develop

3.3 Pilot

3.4 Roll out

3.5 Applications

3.6 Conclusions

4 Field experience

4.1 Type of users

    4.1.1 Sophisticted

    4.1.2 Experienced

    4.1.3 Beginners

    4.1.4 Dabblers

4.2 Success

    4.2.1 Organisational Strategy

    4.2.2 Integrate HR application

    4.2.3 Project plan

    4.2.4 Evaluate

4.3 Failure

    4.3.1 Weak project team

    4.3.2 Lack of Management support

    4.3.3 Leaving it to consultants

    4.3.4 Inadequate resources

    4.3.5 Lack of software

    4.3.6 Lack of competence

Section Three:

Glossary

Frequently Asked Questions

A glossary of terms commonly used in competency management

(They reflect SMR's views as expressed in the preceding chapters.)

Terms and Description

ASSESSOR

A trained person who has the expertise to assess functional and behavioural competencies. The assessor may be an internal or external person.

COMPETENT

Denotes a state of sufficiency of fitness/capability to do a job, as verified and recognised by a particular community of practitioners.

COMPETENCY

Denotes underlying and overt characteristics such as motives, traits, self-concept, values, knowledge, and skills that drive performance to predetermined standards.

COMPETENCE

Traditionally, it has been defined as functional skills required to perform the tasks of a job to required standards.
(Having defined 'competency' broadly to cover knowledge and skills, SMR does not ascribe a separate technical meaning to this term. It is understood as the quality of being well equipped to perform.)

CORE COMPETENCY

A bundle of skills and technologies that enables an organisation to provide a disproportionate benefit to customers. These competencies, are common across the organisation and apply to all employees.

ROLE COMPETENCY

Competencies associated with teams: in leadership or team member roles.

FUNCTIONAL COMPETENCY

Knowledge and skills required to perform a specific job to required standards.

BEHAVIOURAL COMPETENCY

Characteristics such as motives, traits, self-concept, and values that drive behaviour required to meet job standards.

COMPETENCY CODE

Identification for a competency and an enabler for easy retrieval.

COMPETENCY DICTIONARY

A listing of all competencies required for all the jobs in the organisation, categorised as competency clusters.

COMPETENCY CLUSTER

A grouping of 2-6 competencies that are similar. Competencies within a cluster are said to share a primary relationship.

UNIT

A discrete component within a competency cluster, which includes several elements.

ELEMENT

A part of the competency unit, described in detail.

POSITION COMPETENCY PROFILE

Describes the set of competencies required to perform a job to a certain standard.

EMPLOYEE COMPETENCY PROFILE

Describes the current competencies of an employee.

REQUIRED COMPETENCY LEVEL (RCL)

The minimum proficiency level expected of an incumbent for a specific competency required by the job.

CURRENT COMPETENCY LEVEL (CCL)

An employee's current proficiency in a competency of an employee, as assessed by a qualified assessor.

EVIDENCE

Data that demonstrates a person's competency. This may include logbooks, product assessment, tests etc.

COMPETENCY ASSESSMENT

The process of determining whether or not an individual is competent, by comparing current competencies with required standards using assessment tools.

COMPETENCY RATING SCALE

A scale based on descriptive words or phrases that indicate performance levels. In the case of competencies that are written in functional format the scale uses descriptions for 'novice, learner, proficient, professional and expert' levels. Scales with 'just noticeable differences' (JNDs) are used for competencies written in the behavioural format.

PERFORMANCE CRITERIA

An evaluative statement that specifies how to assess the level of competency. The performance criteria specify the skills, knowledge, and behaviour that provide evidence of competent performance for each element of competency.

COMPETENCY GAP

The difference between the Required competency level (RCL) of a position and Current competency level (CCL) of an employee.

COMPETENCY BASED DEVELOPMENT

Development initiatives, which include training, that focuses on equipping an individual with competencies required for meeting job standards.

TRAINING PROGRAMME COMPETENCY PROFILE

Describes the competencies addressed by the training programme.

PROPOSED COMPETENCY LEVEL (PCL)

The proposed competency level to which a development initiative is meant to raise an individual's proficiency.

Frequently asked questions about competency

1. [What is a competency dictionary?](#)
2. [What is a competency cluster?](#)
3. [What are units and elements of competencies?](#)
4. [What is a competency anchor?](#)
5. [How are functional competencies developed?](#)
6. [How are behavioural competencies developed?](#)
7. [What is competency based HRM?](#)
8. [How will an individual employee and the organisation benefit from competency based HRM?](#)
9. [How is competency linked to performance?](#)
10. [How is competency assessment different from performance appraisal?](#)
11. [How will competency assessment be conducted?](#)
12. [Are there any assessor guidelines available?](#)
13. [How frequently should assessment be conducted?](#)
14. [What is the basis of assessment?](#)
15. [How is required competency level determined?](#)
16. [Will an individual be rewarded if his/her current competency level meets or exceeds the required competency level?](#)
17. [Should an employee be informed of his/her level of competency?](#)
18. [How is competency linked to employee development?](#)
19. [What are the steps involved in using competencies for employee development?](#)
20. [Will employees be downgraded or their services terminated if their CCL is below RCL?](#)
21. [What must an employee do to prepare for an assessment?](#)

1. What is a competency dictionary?

A competency dictionary is a catalogue of all the competencies identified by the organisation as relevant to itself. The dictionary is organised as competency clusters. Each cluster has two to six of competencies. Each competency is coded, titled, and described with performance indicators.

2. What is a competency cluster?

A competency cluster is a list of two to six similar competencies organised into groups. All of the competencies included in a cluster have to be

present for performance to required standards. These competencies are said to share a primary relationship. For example: The leadership cluster includes four competencies — self-confidence, ability to make presentations, logical thought, and conceptualisation, each of which enhances the demonstration of others in the same cluster.

3. What are units and elements of competencies?

A competency unit provides broad description of a key part of the job or a characteristic that a person has to demonstrate for effective and/or superior performance. An element of a competency provides detailed descriptions of the units under consideration.

Example

Competency cluster:	• Communication
Unit of competency:	• Report writing
Elements of competency:	• Produce reports
	• Evaluate reports
	• Write reports
	• Record activities

4. What is a competency anchor?

Competency anchors describe an employee's level of competency. The levels can be described using the following format:

Level one: Novice
A person who is new to the job, able to do it, but unable to meet the standards. Requires total supervision.

Level two: Learner
A person who is a beginner, able do the job, though not yet able to consistently meet the required standards. Needs frequent supervision.

Level three: Proficient
A person who has some experience and consistently meets job standards. Needs only occasional supervision.

Level four: Professional
An experienced person, able to meet job standards consistently without any supervision.

Level five: Master
A person who is recognised as an authority, recognised for maintaining exemplary standards. Is able to coach others.

5. How are functional competencies developed?

Functional competencies are identified primarily from task analysis. This involves identifying the critical task, by taking inputs from the jobholder and the immediate superior. It is important that only the critical tasks are considered, as these are the ones that influence effectiveness. These are then recorded as competency requirements. In addition, the standards to which the jobholder must perform are described. The competencies, the performance standards, and the required competency level are then validated by an expert (usually head of department) to ensure that it reflects the standards set by the company. If the organisation does not wish to go through the entire process, a generic database can be purchased and adapted to meet the requirements of the organisation.

6. How are behavioural competencies developed?

As discussed in the chapter on competency modelling, behavioural characteristics are usually developed using criterion samples. Alternatively, they can be extracted from a generic database that is relevant to the organisation.

7. What is competency based HRM?

Competency-based Human Resource Management (HRM) is a practice by which organisations build their HR systems around the concept of competencies. It involves a transition from the traditional way of managing human resources based on what people have (e.g. qualifications) to what people can do (capability). In competency based HRM, all related processes like employee recruitment and selection, employee development, succession planning, performance management, career management, and compensation are based on competencies. Any

organisation that aims to generate better returns of investment from their human capital has to focus on the competency of their workforce.

8. How will an individual employee and the organisation benefit from competency based HRM?

Competency based HRM provides employees the opportunity to drive their career progression in the company. Position profiles list all the desired competencies and the required competency levels (RCL). Employees can match these with their current competency levels (CCL). They can initiate steps to address the gaps by undertaking systematic development programmes. On the basis of potential opportunities, employees can prepare themselves for higher positions.

The organisation will benefit through its competent workforce. Nearly 60% of performance has its roots in competency, though we cannot discount the impact of job demands and organisational environment. Competency invariably leads to higher productivity, higher quality of work, satisfied customers, and repeat business. The organisation will also benefit from new customers when high quality output of its workforce gains reputation in the market.

9. How is competency linked to performance?

Competencies are enablers. We expect a competent person to be able to deliver desired results that meet organisational standards on quality, quantity, and costs. However, this need not be so since job demands and organisational environment are also factors that influence output. Unless all three are in alignment, competencies by themselves cannot ensure results.

10. How is competency assessment different from performance appraisal?

Performance appraisal focuses on individual output or results in a performance period against goals and objectives. Competency assessment, on the other hand, focuses on assessing what an individual is capable of doing against a certain standard. Competency is not equal to performance, it does not measure output, but the potential of an individual to produce it. Performance appraisals focus on assessing individual effort and outputs.

11. How will competency assessment be conducted?

Assessment is carried out by trained assessors using one or more of the following methods, depending on the type of competency to be assessed.

- Review
- Interviews
- Observation
- Tests.

12. Are there any assessor guidelines available?

The code of practice for assessors as described by the Australian National Authority are described here:

1. The required competency levels are the benchmarks for assessment.

2. The assessment guidelines described within the competency dictionary provides the framework for assessment.

3. When assessments are conducted for the purpose of qualification, they must lead to a vocational qualification.

4. Assessment should be conducted within a quality assurance.

5. Assessments shall be fair and objective, valid and reliable.

6. The assessment data must be recorded, stored, and reported.

7. The units of competence attained should be reflected in the employee competency profile.

8. Assessments should be an on going process.

9. Assessments should accredit prior learning regardless of where this has been acquired.

10. The employee should be made aware of the appeal procedures.

11. Assessment decisions should be made on the basis of available evidence.

12. The employee should be made aware of the assessment results.

13. Development opportunities should be identified for the employee.

14. The focus is on the person's ability to demonstrate the required competency rather than other factors.

15. Personal relationships should not influence the assessment.

13. How frequently should assessment be conducted?

Ideally, the assessment should be conducted every half-year. This is to allow the employee to develop the required competencies. There is no mandatory time period for competency assessments. Practical issues like logistics call for assessment to be held once or twice a year.

As the responsibility is upon individuals to demonstrate their competencies, they may seek more frequent assessment depending on their target period to develop the required competency.

14. What is the basis of assessment?

Assessment is based on the desired competencies of the respective job as reflected by the required competency level. The assessor uses a competency audit form to guide assessment.

15. How is required competency level determined?

The required competency level (RCL) is a benchmark figure usually drawn from the industry association or a market leader. Sometimes the organisation may use internal standards based on inputs from divisional heads. Organisations have to be realistic while setting RCL by taking into consideration the level of talent available and resources available to develop them.

16. Will an individual be rewarded if his/her current competency level meets or exceeds the required competency level?

It is admirable if the individual's current competency level meets or exceeds the required competency level. However, rewards come into the picture only if the competency is translated into outputs, and competency based pay is in force. The individual employee will be rewarded if the work output meets or exceeds the required targets.

17. Should an employee be informed of his/her level of competency?

Yes. Transparency is critical for the success of the competency project. There should be no secrets as the goal of competency initiative is to develop competent employees. Their commitment has to be ensured for the efforts to be productive.

18. How is competency linked to employee development?

The competency gap report of an individual (RCL-CCL) will determine the development programme required. The employee, in consultation with the immediate superior, can chart the development programme essential for effective and/or superior performance.

19. What are the steps involved in using competencies for employee development?

1. Analyse purpose of job.
2. Conduct job analysis.
3. Interview incumbents.
4. Identify and describe competencies.
5. Determine RCL.
6. Validate competencies and RCL.
7. Assess individual competencies.
8. Validate assessment.
9. Establish competency gap.
10. Identify training programmes

20. Will employees be downgraded or their services terminated if their CCL is below RCL?

The objective of the competency-based human resources management is to develop employees to meet required competency levels. Should an individual employee's current competency level be below the required competency level, he or she will be placed on a development programme to improve the level of competence. The development programmes may take the form of classroom training, job rotation, on-the-job training, project assignment, or mentoring, depending on the competencies where the person is found lacking. Development is always undertaken with a

future perspective. In the event of the organisation not doing well, significant lack of a particular competency, which does not respond to developmental efforts, might result in the employee being asked to leave. It must be stressed that the purpose of a competency project is not to penalise lack of competency.

21. What must an employee do to prepare for an assessment?

The person being assessed must prepare an evidence list (whenever possible) to provide the assessors with factual information on the level of competency. For example, the person may produce a finished product, that is the end result of a particular task. A product assessment can be carried out to determine if the person has produced a quality product. A log book certified by an independent party stating that the employee has successfully performed tasks to the desired standards is acceptable evidence for the assessor.

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Palan has spent the last 15 years studying competency management with the aim of helping organisations learn and perform. He is the Chairman of Specialist Management Resources (SMR). Together with the SMR team of project managers, human resource professionals, and technical specialists, he has implemented competency projects for petroleum companies, shipyards, automobile companies, hospitals, hotels, and educational institutions is Australia, Bangladesh, Brunei, Canada, Indonesia, Japan, Malaysia, Philippines, Republic of Palau, Singapore, Thailand, United Arab Emirates, and the United States of America.

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