
A. Basic concepts on labour competency



What is labour competency?

1. What is labour competency?

There are multiple and diverse conceptual renderings of labour competency. A widely accepted concept defines it as the effective ability to perform a fully identified labour activity successfully. Labour competency is not the possibility of success at a job; it is a real and proved ability.

A good categorisation of competency, which allows to access definitions in a better way, is the one that distinguishes between three approaches. The first one regards competency as the ability to carry out tasks; the second one concentrates on personal attributes (attitudes, abilities) and the third one, called “holistic”, includes the two previous ones.

Below there appear a number of definitions on labour competency made by experts, national training institutions and national standardisation and certification institutions.

Definitions made by some experts

Some definitions have been selected in order to offer a range of possibilities that is as complete as possible.

*Agudelo:*¹ Comprehensive ability of a person that allows him to have an efficient performance in specific labour situations.

¹ Agudelo, Santiago, *Certificación de competencias laborales. Aplicación en Gastronomía*, Montevideo, Cinterfor/ILO, 1998.

*Bunk:*² A person who has occupational competency has the necessary knowledge, skills and capacity to perform in a profession, is able to solve occupational problems in an autonomous and flexible manner and is able to contribute to his professional environment and the organisation of work.

*Ducci:*³ Labour competency is the social construction of significant and useful learning to perform in a real labour situation. It is obtained not only through formal learning but also - and mainly - through experiential learning in practical labour situations.

*Gallart, Jacinto:*⁴ A group of properties under continuous change that need to be put to the test of solving practical problems in labour situations that create certain degrees of uncertainty and have technical complexity [...]. These properties are not obtained from applying a curriculum [...] but rather from applying knowledge under critical circumstances.

*Gonzci:*⁵ A complex structure of necessary attributes to perform in specific situations. This has been considered a holistic approach in the sense that it integrates and relates attributes and tasks, it enables several intentional actions to occur simultaneously and it takes into account the context and the culture of the workplace. It allows us to incorporate ethics and values as elements of competent performance.

*Le Boterf:*⁶ A construction obtained from a combination of resources (knowledge, know how, qualities or aptitudes and environmental resources - relationships, documents, information, etc.) which are mobilised to achieve a satisfactory performance.

*Mertens:*⁷ He makes an interesting contribution that helps to distinguish between qualification and competency. While we understand that qualifica-

² Bunk, G. P., La transmisión de las competencias en la formación y perfeccionamiento profesionales en la RFA, in Revista CEDEFOP N°1, 1994.

³ Ducci, María Angélica, "El enfoque de competencia laboral en la perspectiva internacional", in: *Formación basada en competencia laboral*, Montevideo, Cinterfor/ILO, 1997.

⁴ Gallart, M. Antonia; Jacinto, Claudia, "Competencias laborales: tema clave en la articulación educación trabajo", in: *Formación basada en competencia laboral*, Montevideo, Cinterfor/ILO, 1997.

⁵ Gonzci, Andrew; Athanasou, James, "Instrumentación de la educación basada en competencias. Perspectivas de la teoría y práctica en Australia", in: *Competencia Laboral y Educación Basada en Normas de Competencia*, Mexico, Limusa, 1996.

⁶ Le Boterf, Guy, *La ingeniería de las competencias*, París, D'organisation, 1998.

⁷ Mertens, Leonard, *Competencia Laboral: sistemas, surgimiento y modelos*, Montevideo, Cinterfor/ILO, 1996.

tion is a group of knowledge and capacities that individuals acquire during socialisation and training processes, competency refers only to certain aspects of the store of knowledge and abilities: the ones necessary to achieve certain results demanded by a specific circumstance; the actual capacity to achieve an objective or result in a given context.⁸

*Miranda:*⁹ In a general way, it is understood that labour competency gathers the attitudes, knowledge and skills that allow developing a comprehensive number of functions and tasks successfully in accordance with the performance criteria that are deemed appropriate in the labour environment. They can be identified in real work situations and they are described by grouping productive tasks according to areas of competency (more or less permanent functions), specifying in each of the tasks the criteria through which the performance can be assessed as competent.

*Prego:*¹⁰ "... those personal qualities that allow to predict an excellent performance in a changing environment that requires multi-functionality. The ability to learn, potential in its broad sense, flexibility and the ability to adapt are more important in this sense than specific knowledge or experience in the management of a certain programming language or an IT tool in particular."

*Kochanski:*¹¹ Competencies are the techniques, skills, knowledge and characteristics that make a certain worker stand out over a regular worker with the same function or work category because of his performance.

The above is a good sample of the competencies approach based on the attributes of the person. It is frequently used in the competency-based processes of human resources management. This approach focuses on the definition of competency as attributes of individuals which allow them to achieve a higher performance. It was originated in the research work of David MacClelland.

⁸ This distinction between qualification and competency has brought up an interesting debate which is well-described in: Rojas, Eduardo, *El saber obrero y la innovación en la empresa*, Montevideo, Cinterfor/ILO, 1999, pp. 242 and ff.

⁹ Miranda, Martín. "Transformación de La Educación Media Técnico-Profesional" in *Políticas Educativas en el Cambio de Siglo. La Reforma del Sistema Escolar de Chile*, Santiago de Chile, Universitaria, 2003 (Cristian Cox, editor).

¹⁰ Muñoz de Priego Alvear, Julián, "Implantación de un sistema de selección por competencias", *Training and Development*, N°10, Madrid, 1998.

¹¹ Kochansky, Jim, "El sistema de competencias", in: *Training and Development digest*, Madrid, 1998.

Zarifian:¹² “I understand that competency is taking initiative and responsibility successfully when facing a situation at work, both at the level of the individual and the group.”

Another example of the competencies approach that focuses on personal attributes can be found in the report known as SCANS¹³ which distinguished between two big groups: one base group and another group of mainstream competencies.

**Report of the
“Secretary’s Commission on Achieving Necessary Skills” (SCANS)**

Basic competencies:

Basic skills: reading, writing, arithmetic and mathematics, speaking and listening.

Analytical skills: thinking creatively, making decisions, solving problems, seeing things in the mind’s eye, knowing how to learn and reasoning.

Personal qualities: responsibility, self-esteem, sociability, self-management, integrity and honesty.

Mainstream competencies:

Resources management: allocating time, money, materials, space, personnel.

Interpersonal skills: team work, teaching others, serving customers, developing leadership, negotiating and working with people from culturally diverse backgrounds.

Information management: acquiring and evaluating data, organising and maintaining files, interpreting and communicating, operating computers.

Systemic comprehension: understanding complex interrelationships, understanding systems, monitoring and correcting performance, designing or improving systems.

Technological command: selecting technologies, applying technology to the task, providing maintaining and troubleshooting equipment.

¹² Zarifian, Philippe, *El modelo de competencia y los sistemas productivos*, Montevideo, Cinterfor/ILO, 2001.

¹³ Secretary’s Commission on Achieving Necessary Skills (SCANS), 1991.

Definitions of competency in the institutions involved in human resources training and development

The progress of the concept of competency has facilitated its application from the institutional perspective associated with vocational training. Some definitions coming from two institutional levels related to vocational training are provided below. The first one belongs to the executive bodies of national systems that work in the field of competencies standardisation and/or certification. The second one belongs to the vocational training institutions of the region:

*Australian National Training Authority:*¹⁴ Competency is the ability to perform tasks and duties according to the job's expected standards.

*Ministry of Labour of Chile:*¹⁵ Labour competencies are the ability of an individual to perform a productive function in a variety of contexts, according to the quality requirements expected by the productive sector. As opposed to practical knowledge and aptitudes, which may be validated through diplomas and degrees issued by the technical and vocational education system, competencies require a special system of assessment and certification.

*Qualifications and Curriculum Authority (QCA) of England:*¹⁶ it defines labour competency within the framework of national vocational qualifications.¹⁷ NVQs are competency-based qualifications. They reflect the necessary knowledge and skills to perform in a job effectively and they show that the candidate is competent in the field of work that the NVQ represents.

NVQs are based on occupational standards to describe the competencies that a certain worker should be able to show. Such standards cover the main aspects of an occupation, the ability to adapt to future changes and the necessary knowledge and comprehension to achieve a competent performance.

In the English system, rather than focusing on a definition of labour competency, the concept underlies the very same structure of the standardised system. Labour competency is identified in standards through the definition of the elements of competency (achievements that workers can have at work), the performance criteria (definitions concerning the quality of the performance),

¹⁴ Australian National Training Authority. www.anta.gov.au

¹⁵ Newspaper article concerning the proceedings of the Law of the National System of Competency Certification in 2004. www.mintrab.gob.cl

¹⁶ Qualifications and Curriculum Authority (QCA). www.qca.org.uk

¹⁷ National Vocational Qualifications (NVQ).

field of application (physical area, materials, people and tools with which the worker interacts) and the knowledge required.

In this respect, five levels of competency have been defined. They allow to distinguish the degree of autonomy, the variability, the responsibility for resources, the application of basic knowledge, the range and scope of skills, the supervision over the work done by others and the transferability from one working environment to another.

*Skill Standards and Certification Council (CONOCER) of Mexico:*¹⁸ The productive ability of an individual that is defined and measured in terms of performance in a certain labour context, and not only regarding knowledge, capacities, skills and attitudes; these are necessary but not enough to achieve effective performance.

*Ministry of Education of Brazil:*¹⁹ Ability to articulate, mobilise and put in practice the necessary values, knowledge and skills to have an efficient performance in the activities required by the nature of the job. The Law of basic guidelines in education establishes that a person is competent when he “builds, articulates and mobilises values, knowledge and skills to solve problems –not only routine problems but also unexpected ones– in his field of action”.

*National Qualifications and Vocational Training System of Spain:*²⁰ Vocational competency is the knowledge and skills that allow exercising professional activities in conformity with the demands of employment and production.

The Spanish model includes the concept of vocational qualification, which is defined as the group of vocational competencies that are relevant to employment and that may be acquired by means of modular training or other types of training and through working experience.

*National Institute of Employment (INEM) of Spain:*²¹ Vocational competencies define the efficient exercise of the abilities that allow an individual to

¹⁸ CONOCER, *La normalización y certificación de competencia laboral: Medio para incrementar la productividad de las empresas*, Power Point presentation, March 1997.

¹⁹ Brazil, Law 9.394 of 1996. It establishes the basic guidelines of national education. The guiding principle of the curricular organisation of vocational education is competency-based training.

²⁰ Law 5 of June 19, 2002. On qualifications and vocational training. www.mecd.es/

²¹ National Employment Institute (INEM), *Metodología para la ordenación de la formación profesional ocupacional*. Subdirección general de gestión de formación ocupacional, Madrid, 1995.

perform in an occupation, in conformity with the levels required by the job. “It goes beyond the technical knowledge that refers to knowing and knowing how”. The concept of competency not only includes the abilities required to exercise a professional activity, but also the group of behaviours, ability to analyse, make decisions, transmit information, etc. that are regarded as necessary to perform in an occupation.

ILO, Recommendation 195 concerning human resources development and training: The term “competencies” covers the knowledge, skills and know-how that are applied and mastered in a specific context.

Province of Quebec: Competencies encompass the socio-affective behaviour and the cognitive, psychological, sensorial and motor skills that allow an individual to perform adequately in a certain role, function or task.

*Federal Council of Culture and Education of Argentina:*²² “An identifiable and assessable group of interrelated knowledge, attitudes, values and skills that allow an individual to perform satisfactorily in real working situations, in conformity with the standards followed in that occupational area”.

Definitions of competency in vocational training institutions

SENAI²³ (Brazil) defines competency as the ability of a worker to mobilise the necessary knowledge, skills and attitudes to achieve the intended results in a certain professional context, according to quality and productivity standards. It implies then the ability to act, intervene and make decisions in unexpected situations, mobilising the largest amount of skills and knowledge to handle practical working situations by applying the experience acquired from one context to another.

Moreover, it recognises the existence of *basic competencies* that encompass technical and scientific principles, *specific competencies* that encompass the technical capacities that allow an individual to operate with objects and variables that influence the product’s generation and *management competencies*, which are a group of organisational, methodological and social skills referring to the quality and organisation of work, relationships at work and the response to new and unexpected situations.

²² Res. N°55/96, Consejo Federal de Cultura y Educación, Argentina, *Cinterfor Bulletin/ILO* N°141, December 1997.

²³ SENAI, *Metodologia de Elaboração de Perfis Profissionais*, Brasilia, 2002.

SENAC²⁴ (Brazil) considers that competencies are the ability to mobilise knowledge (developed throughout social, school and working life) in order to act in practical working situations. The model of competencies demands the creation of conditions for individuals to articulate knowledge in order to face problems and unexpected situations at work, enabling them to act with a global view and in an innovating and responsible manner.

SENA²⁵ (Colombia) defines it as the group of socio-affective abilities and cognitive, psychological and motor skills that allow a person to carry out an activity, a role or a function properly by making use of the knowledge, attitudes and values he has.

INTECAP²⁶ (Guatemala): Vocational competency is the ability to perform in roles or job positions in accordance with the levels required by the standards established by the job. It implies the ability to carry out a number of specific activities or functions concerning a certain job position.

INSAFORP²⁷ (El Salvador): The attributes that allow a person to carry out the same productive function in different contexts and based on the quality requirements expected by the productive sector. These attributes may be expressed by manual or physical ability; intellectual or mental ability or social or interpersonal ability; i.e. they are expressed in doing, knowing and knowing how.

INA²⁸ (Costa Rica): The knowledge, capacities, psychomotor skills and attitudes required to carry out an efficient productive work, according to the standards defined by the labour market and consistent with the quality demands of products that are generated during the productive activity with the aim of satisfying customer needs.

²⁴ SENAC, *Referências para a Educação Profissional do Senac*, 2002.

²⁵ SENA, Dirección de Formación Profesional, *Manual para diseñar estructuras curriculares y módulos de formación para el desarrollo de competencias en la formación profesional integral*, Bogotá, 2002.

²⁶ www.intecap.org.gt/glosario

²⁷ INSAFORP, *Proceso para la elaboración de programas de formación profesional por competencias laborales*, San Salvador, 2000.

²⁸ INA, *INA's experience in the field of labour competency standardisation, training and certification in the tourism sector*, 2001.

2. How was the competency-based training approach first applied?

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To facilitate an answer, several national cases are introduced in order to explain the characteristics and the objectives sought when structuring their training systems with the labour competency approach. The experiences refer to the emergence of the systems of standardisation, training or certification of labour competencies and not to the theoretical background of the competencies approach.

How was the competency-based training approach first applied?

The *National Qualifications and Vocational Training System of Spain*, created by Organic Law 5/2002, is the result of the work done in the field of training and it begins with the signing of the economic and social agreement between the government, workers and employers in 1984. Subsequently, Spain has had two great national vocational training programmes; the first one in 1993 and the second one in 1998. After these experiences the need for the creation of a National Qualifications System was defined. The national training programmes, especially the second one, aimed at increasing the quality of training, improving the qualifications of the active population, promoting transparency in the labour market and a better structural adjustment between labour supply and demand. A distinctive factor of these programmes is the extensive participation of employers and workers in their design.

This task is particularly important in view of the need to create coordination links between the three main training modalities in Spain, namely:

- Initial vocational training, within the educational cycle and reaching the top intermediate or higher technical level of any profession.
- Occupational vocational training which focuses on unemployed workers with the aim of developing the necessary qualifications for them to return to work.
- Continuing training, directed to employed workers with the aim of updating and requalifying them.

In 1986 the National Qualifications System was created with the main objective of promoting and developing the proposals of integration of vocational training offers, as well as the assessment and certification of the corresponding professional competencies. Then it was amended by the laws of 1997 and 2000. As part of the System, the National Council of Vocational Training is the body that through the participation of social partners provides counseling to the government regarding vocational training.

The System has sought to favour principles such as personal development and the free choice of a profession, equal access to training, tripartite participation (employers, workers and government) and the promotion of economic development.

In 1999 the National Institute of Qualifications (INCUAL, Instituto Nacional de las Cualificaciones) was created as a body of technical support to the National Council of Vocational Training (Consejo Nacional de Formación Profesional) in charge of defining and keeping the National Qualifications Catalogue (Catálogo Nacional de Cualificaciones) updated together with the corresponding Modular Catalogue of Vocational Training (Catálogo Modular de la Formación Profesional).²⁹

Some of the main functions of INCUAL are:

- Define, prepare and keep the National Catalogue of Professional Qualifications updated together with the corresponding training, which is organised in its Modular Catalogue of Training.
- Establish a reference framework of the overall scheduling of all the sub-systems.
- Develop technical activities to support vocational training.
- Run a Professional Observatory that may act in a network with other sectoral observatories.

The National Qualifications Catalogue is a core instrument of the System and it is a shared point of reference for those in charge of the design of training programmes. The model of vocational qualification of the System that was suggested by INCUAL has the following characteristics, among others:³⁰

- It is an addition to the appropriate competencies for production and employment.

²⁹ INCUAL, *Sistemas Nacionales de Cualificaciones y Formación Profesional*, 2003.

³⁰ INCUAL, *op. cit.*

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- Its content will reflect the real needs of the systems of goods and services production.
 - It will determine those abilities and knowledge that may favour workers' adaptation.
 - It will have a modular internal structure.
 - It will have an associated level of qualification.
 - It will have elements to assess individuals' competencies regardless of the manner in which they were acquired, as well as assessment criteria that may ensure the validity, reliability and technical accuracy of such assessment.
 - Experts from the different sectors and social partners will take part in its design.

The programme on *Continuing Education and Training Chile Califica* (Chile Qualifies) has been working since the end of 2002. Its main objective is to set the bases of a system of continuing learning and training, with the participation of the private sector (employers and workers). The programme has four components: a) creating new opportunities of continuing education and training; b) improving the quality and increasing the coverage of technical and vocational education; c) establishing the instruments that support the provision of continuing training services; and d) a component of institutional strengthening.³¹

A key component of the system's development is the articulation between the different educational levels, not only to facilitate upwards mobility and the entrance and re-entrance of participants but also to provide a relevant response to the training needs of the entrepreneurial sector by means of training.³²

It is precisely component c) that includes the development of a national framework of competencies. And to that effect the programme works on the identification of standards, the design and the execution of programmes concerning training, the assessment and certification of labour competencies in nine sectors where pilot experiences are carried out in areas such as gastronomy, gas and electricity, mining, hotel, incoming tourism, information technology, fruit production, metal-mechanic industry and viticulture industry.

This component takes advantage of the results obtained by means of a project geared to the development of the competencies approach that was fi-

³¹ World Bank, *Lifelong learning and training Project*, Chile, 2002.

³² OECD, *Revisión de políticas nacionales de educación*, Chile, 2004

nanced by the IDB and that finished in 2000. Such project achieved the identification of competencies and the application of assessment and certification methodologies in sectors such as mining and gastronomy. The programme Chile Califica has benefited from those results.

The vision on the foreseeable situation by the end of the project in the year 2008 describes the Chilean educational scenario with a technical secondary education in articulation with higher education in terms of the competencies that are acquired and recognised at each level. Likewise, mechanisms to identify competencies will be tested and used. In addition, the bodies that provide training will have developed their ability to design and implement competency-based training that is highly relevant to cater for the needs of target sectors. There will be procedures through which competencies acquired outside educational centres can be recognised, thus enabling those who are assessed and obtain certificates to go on with their studies. As a consequence of the programme the schooling level of adults who have not yet completed their compulsory basic education (eight years nowadays) and/or their secondary education will increase. There will even be a chance to level up basic or secondary education at the same time labour competencies are being acquired.

The impacts on productivity will be felt with the availability of workers with better qualifications and the required competencies. These workers will appreciate the benefits of the project since they will have access to better job positions, their development paths will be defined and there will be an improvement in their wages.

When these impacts are taken into account it becomes necessary to review the reasons that triggered the implementation of this project. Such reasons may be summarised as follows:

- The educational system may not be contributing to the development of the skills and abilities required by the challenges posed by trends such as globalisation, technological change and the organisation of work. After the application of the International Adult Literacy Survey³³ in the year 2000, it became clear that there was a significant gap; nearly a third of the adults who had completed secondary school achieved a level of performance 1 in the quantitative area of the survey.³⁴

³³ Such survey, conducted by OECD, was applied in Chile in 1998.

³⁴ Level 1 is the lowest level and it barely comprises functional literacy: in terms of writing, this level tells that the person can read the alphabet and knows how to read but cannot process the most straightforward instructions in a written text.

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- The estimates obtained through the International Adult Literacy Survey show higher probability of unemployment at lower levels of competency.
 - The need to reduce the social deficit suffered by 4.5 million adults who have not completed the eight years of basic education and by at least 2 million who have not completed their twelve years of secondary education.
 - Different degrees of quality and relevance among bodies which provide training. This has triggered the appearance of support mechanisms to devise training programmes geared to quality management, among other issues.
 - The absence of mechanisms that may allow to recognise and value the competencies acquired by workers throughout their experience prevent the labour market from handling signals of transparency different from the academic credentials and facilitate the appearance of distortions that may affect negatively the access to employment and equal opportunities.

*National Vocational Qualifications in the United Kingdom.*³⁵ The improvements introduced in the English educational model from the early eighties, which resulted in educational reforms towards the middle of the decade, focus on the following objectives:

- Creating a more competitive workforce in the international scenario.
- Having more flexible manpower.
- Giving credit and practical support to the concept of continuing training, without admission requirements and with more flexible and accessible training methods.
- Changing from a supply-side training system into another which reflects the needs of the labour market and responds accordingly.
- Developing a training system that is efficient and profitable, with a well-earned reputation and with the same quality as that of academic training.

In that sense, in 1986 the National Council for Vocational Qualifications (NCVQ) was created to reform the system of vocational certifications that existed in England, Wales and Northern Ireland.

³⁵ Based on: NCVQ, *Las titulaciones profesionales en Inglaterra, Gales e Irlanda del Norte*, Londres, 1995. Hanson, Mike, *Lecciones y experiencias del desarrollo de la educación y la capacitación basadas en competencias en el Reino Unido*, CONALEP, 1996.

NCVQ was created after a revision of the Vocational Certifications³⁶ which exposed the need to put in practice a series of urgent actions to achieve:

- a national manpower with a larger number of qualified personnel;
- certifications that are directly based on the levels of competency required by the job;
- a simplified and rationalised national certifications framework;
- higher quality and soundness in assessment and certification;
- putting an end to the division between academic and vocational certifications.

Before the reforms introduced in the eighties there were different types of certifications in the United Kingdom. In general, the “certifications jungle” was not well understood and almost everyone agreed on the need to rationalise and simplify the system, so that it would become more attractive and accessible for students or candidates and, at the same time, more related to employment needs.

Nowadays there are three ways to obtain a certification. Apart from the traditional educational certifications awarded by schools and institutes, there are NVQs and GNVQs.

The National Vocational Qualifications (NVQ) establish the standard levels of performance for the different specific professions. As they are based on observing what actually takes place at work, the NVQs are designed to provide open access to assessment and to facilitate learning for the personnel throughout their working life.

The General National Vocational Qualifications (GNVQ) award certification according to the knowledge and skills that are professionally relevant and that have been acquired during preparing for entering the labour market, or in order to progress towards higher education. GNVQs are mainly conceived to be obtained through programmes of elementary vocational education that take place either at schools or colleges.

The above does not imply that the United Kingdom has lacked a system of vocational qualifications during the 1985-1986 period. In fact, the existing

³⁶ In the Mexican model and in Spanish literature, the term “Calificaciones” (Qualifications) has been used instead of “Titulaciones” (Certifications); in this case we keep the term employed in the source document.

qualifications had a high reputation at an international level. However, a different method was needed. A method that would provide the levels of participation and quality of results that was demanded by education and training in the ever-changing labour world. It was the time for a cultural change.³⁷

The key point of the British system lies in the fact that it has been created by people who will use it and benefit from it. This gives entrepreneurs and workforce representatives a major role in the design of the new vocational qualifications.³⁸

In 2000 and 2002 some modifications were made into the system; for instance, the Sector Skills Councils were created with the aim of reducing the existing lack of competencies and anticipating their future evolution by keeping workers and enterprises informed. The Councils were oriented towards improving sectoral competitiveness by facilitating improvements in the training offer and the occupational standards.

The National Qualifications system is based on competency standards governed by entrepreneurial organisations. Such standards reflect current and future needs of enterprises in terms of productivity and competitiveness. The standards and qualifications that are thus integrated are established according to competencies that individuals may have and may prove to have.

The development of the competency standards set by national vocational qualifications is bolstered by the National Qualifications Authority,³⁹ which, among many other educational functions, is in charge of competency standards and promotes a number of Awarding Bodies and Assessment Centres, handling the necessary mechanisms to ensure quality by means of an external control system.

The State, in turn, plays its role in the system through the Ministry of Education and Skills and by supporting the creation of Sector Skill Councils which have also the support of the Sectoral Agencies for the development of competencies. Councils may also be formed in sectors that are important from the economic or strategic point of view. The Council must be capable of exercising leadership and being convincing for the workers of such sector and have a technical team that may facilitate relationships with entrepreneurs and the

³⁷ Taylor, Marie, “Educación y capacitación basadas en competencias: un panorama de la experiencia del Reino Unido”, in: *Formación basada en competencia laboral*, Montevideo, Cinterfor/ILO, POLFORM/ILO.

³⁸ Idem.

³⁹ Qualification and Curriculum Authority (QCA). www.qca.org.uk

coordination of actions geared to achieve the priorities of the sector in terms of the required competencies.

Australian National Training Authority: The earliest background to this may be found in a document issued by the Australian Council of Trade Unions (ACTU), which in 1987 expressed its agreement to reform the certification system of the country and, additionally, it requested that greater efforts be made in terms of training at enterprises.

There followed a number of government documents: *Skills for Australia* (1987) was the first official statement made by the government policy on labour skills training and their role in the structural change in the Australian labour market. *Industrial training: the need for a change* (1988) denounced that training was unbalanced at the entrepreneurial level and that the environment at the workplace was usually discouraging for training. In the document *Improvements in the Australian Training System* (1989) the government expressed its will to encourage competency-based training as part of the larger reforms aimed at improving the quantity and quality of training.

In 1990 a governmental mission was organised to become in touch and do research with diverse training experiences abroad and stated in its report (COSTAC) that a competency-based approach to education and training, guided by the standards set by enterprises, would help to tackle the hurdles of vocational training. Later on, the guidelines for the implementation of the system were published.⁴⁰

Occupational Competency Standardisation and Certification Council of Mexico: The diagnosis made on training, together with a clear view of the changes that were taking place in that environment in terms of economic relationships and in the labour market, bolstered the design and set up of the project of Modernisation of Technical Education and Training. For its execution, the Mexican Government created the Occupational Competency Standardisation and Certification Council on August 2nd, 1995.

The need to upgrade and reform the training system stems mainly from the fact that a very important change in world economy was taking place, characterised by the transition from a supply-side economy to a demand-side one.⁴¹

⁴⁰ Gonczi, Andrew, “Enfoques de educación y capacitación basada en competencia: la experiencia Australiana”, in: *Formación basada en competencia laboral*, Montevideo, Cinterfor/ILO, 1998.

⁴¹ Ibarra, Agustín, “El Sistema Normalizado de Competencia Laboral”, in: *Competencia laboral y educación basada en normas de competencia*, SEP, CONOCER, CONALEP, 1996.

Secondly, the transformations in the market forced enterprises to adopt flexible production systems which, in turn, required flexible and open organisational schemes. They are based on working networks and teams and not so much in the atomistic and isolated concept of the job position. Thirdly, a transformation in the content of job positions was taken into account. In a flexible production model individuals have to be capable of incorporating and contributing with their knowledge to the production process as well as taking part in the analysis and solution of problems that hinder quality increase and productivity within the enterprise.

In those times, training diagnosis in Mexico had the following characteristics:

- A supply-side training approach. Programmes are designed, applied and assessed at the academy or by the human resources departments of enterprises.
- The disagreement between the organisation of training services arranged according to special fields and, in some cases, according to job positions and the current demands of the population and the productive plant. Changes in occupational profiles are increasingly frequent in the labour world.
- Programme rigidity. The traditional training system is developed through long programmes that lack flexibility mainly because they were designed with just one entrance and just one exit. Therefore, in the case of the need to update only some knowledge, there is no other way than to go through the whole programme and repeat contents already known by the person.
- Lack of knowledge about working experience. When faced with admission barriers, the worker resorts to informal mechanisms or takes advantage of the spaces offered by the job to acquire the knowledge that may result in a better performance. However, this knowledge obtained through experience is not recognised officially because there are no mechanisms to do so.
- Limited and scarce information about the labour market. As usual, when an individual applies for a job at an enterprise he is not asked to provide any diploma to certify his training. However, mainly at operational levels, a secondary education degree is requested in order to make sure that the candidate has the general educational level that may enable him to perform in an occupation with certain degree of efficiency.

The diagnosis on vocational training resulted in the design of a wide-scope Programme of Modernisation of Technical Education and Training (PMETyC). It included a component that focused on the Occupational Competency Standardisation and Certification System. The diagnosis that supported this programme also revealed the existence of:

- Poor worker preparation offered by vocational education and training.
- Supply-side programmes lacking flexibility and relevance for the ever-changing labour world.
- Different degrees of quality in training programmes without measurable objectives to assess the quality of their products.
- Inadequate institutional framework for the participation of the private sector in the design and provision of training.

The Standardised System of Occupational Competency Certification was designed to have the following characteristics:

- It is focused on the demand; based on results and formed by the users themselves.
- It may allow for greater institutional coordination in a medium term, as well as further permeability between work centres and the training offer.
- It may provide the market with faithful and timely information concerning the skills of individuals at the workplace and it may orient decision-making of economic agents.
- It should provide flexible programmes with greater quality that are relevant to the needs of the population and the productive plant.
- A system with more updating and adapting possibilities.
- It should regard training, not as a finite, short activity, but rather as a long-term process that embraces the individual's whole productive life and facilitates the accumulation of knowledge, as well as the development of labour competencies with the aim of increasing the opportunities for the professional and personal improvement and progress of workers.

3. How do labour competency and competitiveness relate?

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How do labour competency and competitiveness relate?

The movement towards the adoption of the labour competency approach has been related to the changes that are currently taking place globally in different environments. Mertens,⁴² in particular, has associated labour competencies with the generation of competitive advantages, the productivity strategy and the management of human resources.

This author considers that the emergence of the competencies approach is undoubtedly related to the productive transformations that have taken place since the eighties. A greater exposure to global competency and the pressure to improve quality and reduce costs were strategies that spread quickly from Japan to the Western world.

Enterprises have quickly come to understand the need to prevail in the market by creating competitive advantages; to Mertens, the following question summarises the whole issue: how can enterprises differentiate in a market that tends to globalise and to facilitate the quick and massive spreading of better organisational practices and technological improvements?

The entrepreneurial strategies that aimed at improving competitiveness ended up producing differentiation elements from the organisational structure and from including elements that used to be only part of their environment. In this way cooperation networks were built between the productive function and other key agents such as suppliers, advisors, contractors, customers, workers, etc. Actual virtual structures were created and the important things were not the physical or financial assets but rather other intangible and valuable ones, such as knowledge, training, innovation capacity, market management, motivation systems, etc.

One of the key components of this newborn architecture is the human factor, i.e. the contribution made by people and sup-

⁴² Mertens, Leonard, *Competencia Laboral: sistemas, surgimiento y modelos*, Montevideo, Cinterfor/ILO, 1997. Available at www.cinterfor.org.uy/Publicaciones

porters of the organisation in favour of the enterprise's objectives. In that sense, it can be concluded that the emergence of the approach on labour competency is related to the strategy of competitiveness, given the enterprise's need to take the development of its human resources as the starting point to differentiate in the market.

Nowadays, the relationship between a competent workforce and the degree of competitiveness and productivity of a country are widely accepted. There are a number of diagnoses associated with the little availability of competencies and the degree of productivity of economy. Examples of this are the national diagnoses on education and training that supported the projects to transform education in Chile and Mexico.⁴³

For instance, an experience that illustrates the relationship between productivity and competencies development in Latin America may be quoted. We are referring to the System for the Measurement and Improvement of Productivity (SIMAPRO), whose main principle begins with accepting the fact that modifying workers' performance influences productivity indicators.⁴⁴ Performance is part of a broader concept, that of behaviour, and the intention is to work towards the identification of the factors that affect performance in order to correct them through actions that have been particularly designed and directed with that aim. A fundamental aspect is the definition of indicators of the organisation's productivity.

SIMAPRO's basic methodological principles are:

- it is limited to those dimensions of productivity that the personnel can control;
- it considers the measurement of the objectives that correspond to the functions fulfilled by the personnel;
- the interaction among different indicators may be appreciated, rather than only an isolated one;
- an aggregated indicator is created in order for it to measure the progress in personnel performance;
- indicators are dynamic, fluctuating and changing; new ones may appear or some may no longer be used;
- the model must be simple and comprehensible.

⁴³ Available at the World Bank Web page: www.worldbank.org

⁴⁴ All the information concerning SIMAPRO was included in: Mertens, Leonard, *Productivity in organisations*, Montevideo, Cinterfor/ILO, 2004: http://www.cinterfor.org.uy/public/english/region/ampro/cinterfor/publ/mert_pro/index.htm

4. What is the procedure followed to apply the labour competency approach?

When referring to the labour competency approach it is convenient to distinguish between the different stages of its application. Clearly, the concept and its theoretical basis underlie all its applications; it can be found in labour training as well as in human talent management. The stages that will be described are: **identification** of competencies, **standardisation** of competencies, competency-based **training** and **certification** of competencies.

Many of the questions included in this text will refer to each of these dimensions. Nevertheless, some conceptual specifications of each of them will be advanced.

Identification of competencies: It is the method or process followed to establish, from the basis of a labour activity, the competencies that are involved while performing such activity satisfactorily. Competencies are usually identified on the basis of the job's reality;⁴⁵ this implies that workers' participation during analysis workshops should be facilitated. Identification coverage can go from the job position to a broader and much more convenient concept: occupational area or job environment. There are different and varied methodologies to identify competencies. Among the most frequently used ones we may find: functional analysis, "develop a curriculum" method (**DACUM**), as well as its variant methods **SCID** and **AMOD** and the behaviourist methodologies that focus on the identification of competencies.

Standardisation of competencies: Once competencies have been identified, its description may be very useful to clear up the transactions between employers, workers and educational entities. Usually, when standardised systems are organised, a standardisation procedure is developed so that the competency –identified and described with a common procedure– becomes

What is the procedure followed to apply the labour competency approach?

⁴⁵ Some human resources management models employ catalogues of competencies. They are lists that contain the statement and definition of several competencies. In these cases the enterprise chooses the ones to give more priority in accordance with their objectives and characteristics.

a **standard**, i.e. a valid point of reference for educational institutions, workers and employers. This institutionally built and formalised procedure standardises competencies and turns them into an agreed standard level (at the enterprise, sector, country).

Competency-based training: Once the competency has been described and standardised, the design of training curricula for work should be much more efficient if they are oriented towards the standard. This means that when training is geared to generate competencies that clearly correspond to existing standards, it will be much more efficient and will have a stronger impact than training that is totally unaware of the needs of the entrepreneurial sector.

It is not only necessary that training programmes are oriented to generate competencies by taking standards as a basis, but also that educational strategies are much more flexible than the traditionally employed ones. In this way, **competency-based training** also faces the challenge of facilitating entrance and re-entrance, thus turning the ideal of continuing training into a reality. Likewise, it is necessary that a greater involvement of the participant in his training process is allowed so that he may decide on what he needs from training, the pace and the didactic materials he will use, together with the required contents.

Some of the key competencies, those which are more required in the view of human resources management, are not generated by knowledge passed on with teaching materials but rather through the ways and challenges that the learning process may foster. Paradoxically, the generation of attitudes oriented towards initiative, problem-solving, abstract thinking, interpreting and anticipation is very often promoted within educational contexts where the basic unit is the group, where everybody works at the same pace, has the same quantity and quality of means and plays a totally passive role.

Certification of competencies: It refers to the formal recognition of the proved competency (thus, assessed) of an individual in order for him to carry out a standardised labour activity.

The issue of a certificate implies that there has been a prior process of **competency assessment**. In a standardised system, the certificate is not a diploma that certifies prior studies. It is rather a proof of a verified competency, and it is obviously based on a well-defined standard. This offers much more transparency to standardised certification systems since it allows workers to know what is expected from them, employers to be aware of the competencies that are being required by their enterprise and training entities to be aided in their curriculum design process. The certificate is a guarantee of quality concerning what the worker is capable of doing and the competencies he has to do so.

5. What are the advantages for a worker with competency-based training?

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What are the advantages for a worker with competency-based training?

The certification of labour competencies implies an advantage for workers since it recognises acquired competencies even during their experience and it does not limit the description of their labour skills to whatever their academic life was. The most developed models of the approach on competencies focus on providing certification with the same value as academic degrees, thus destroying the concept of first-class and second-class education.

On the other hand, in organisational terms, when workers know what is expected from them, they can be more efficient and motivated than those which are appointed to a position but are not made aware of the larger framework and the organisation's functions. The workers will take part in training plans that are much more directed to the improvement of their performance and the assessments will be more meaningful since they will contribute to the organisation's objectives.

Workers can definitely benefit from the advantages that a transparent market - with a sound certification system - offers. It is expected that a training process develops wide-range competencies that may be applied in a variety of labour situations. These competencies are often called key competencies. In this sense, it has been the case that while performing different labour activities there are competencies in common that are involved. These competencies are not exclusive of one job post but rather they can be owned and exercised in different job positions.

Competency-based training contributes to the fact that workers can take advantage of their skills in a wider range of employment options. This is how training and certification support employability. Additionally, competency-based training privileges the development of abilities associated with understanding, conceptualisation of what is being done and, therefore, it facilitates learning and re-adaptation. Its focus is more open and inclusive in terms of application at work.

It goes beyond the privileged attention to the development of physical skills since it has a conceptual basis and par-

particularly because it focuses on results and the competencies behind them.

Compensation mechanisms may be much easily related at the level of competency and therefore be clear for the worker and the enterprise. The chances of labour mobility may be better judged when the competencies required by other departments in the enterprise are known. It is possible that some of the competencies associated with certain areas of performance be completely transferable to other areas. If such competencies are recognised and certified, promotion decisions can be sped up and it may motivate others who wish to carry out training actions in order to become eligible for those new positions.

6. What are the advantages for an enterprise with competency-based training?

6

What are the advantages for an enterprise with competency-based training?

Enterprises have begun to admit that their main source of differentiation and competitiveness is their people. Each day there appear more experiences of business organisations that direct their competitive efforts to strengthening their human assets. Generating spaces that promote innovation and life-long learning are objectives that are supported by training processes aimed at developing labour competencies.

The approach on competencies facilitates personnel selection greatly, since the selection may be founded on proved skills and no longer on diplomas. The new lines in terms of incorporating effective personnel are drawn upon the basis of competency-based profiles. The simplification of stuffed and often inoperative descriptions of job positions is highly facilitated by the use of concepts such as levels of performance and areas of competency, rather than the traditional and overused way of baptising positions and creating unnecessary differences among collaborators who interact at similar levels with high levels of interdependence.

Workers training is more easily identified and provided when mechanisms of competency assessment are employed on them, thus facilitating the identification of those competencies that are to be developed in each case, and therefore, the training actions that are required. Many entrepreneurial training programmes often end up with the easy and inefficient recipe formula which, on account of its repetitiveness, only manages to provide resources in the form of time and money, but they do not imply further progress in the view of workers.

Some enterprises, in the countries that have labour competency systems, have managed to relate their remuneration and incentive policies to competency-based models of human resources management. Such models associate competencies achievement with compensation mechanisms. This field, however, still remains to be explored and poses great challenges. One of the points of higher tension lies on the belief that a

certificate of competency should directly allow its bearer to receive an additional compensation. This utterly simplistic argument could persuade many enterprises not to implement a competency-based system.

Many enterprises are beginning to use and demand an interesting practice. It consists of measuring the variation that an action of training and competency development may produce in productivity. Apart from SIMAPRO⁴⁶ methodology – already mentioned above – there are other applications such as the ones developed by SENCE of Chile,⁴⁷ which consisted in measuring specific cases to verify the impact of training in productivity by employing economic techniques.

⁴⁶ Mertens, Leonard, *Productivity...*, *op. cit.*, Montevideo, Cinterfor/ILO, 2004.

⁴⁷ Soto, E. et al., *Evaluación del impacto de la capacitación en la productividad*, Santiago de Chile, SOFOFA, SENCE, FUNDES, 2003.