
F. Competency-based human resources management

38

How is the concept of labour competency applied to human resources management?

38. How is the concept of labour competency applied to human resources management?

Apart from the experiences of labour competencies applied to vocational training, there is another possibility of application of this approach: human resources management.

Many enterprises in the United States, Europe and lately in Latin America, have incorporated competency-based human resources management as a tool to improve productivity and to foster a positive atmosphere in the relationships with their collaborators. These efforts are justified by the attempts of the organisation to improve productivity and competitiveness levels by means of knowledge and learning ability. Thus, it becomes evident that there is tendency to revalue human contributions to organisational competitiveness.

This application of the competencies approach comprises the traditional areas of human talent management at the organisation: selection, remuneration, training, assessment and promotion. Several experiences of applications of standardised competency systems have taken place in England, Ireland, Scotland and Australia. These experiences are framed within national systems of training and certification. In these cases, the main characteristic is their national projection and the articulation of training institutions with the needs of enterprises through training based on competency standards.

In addition, several enterprises motivated by the pressures of change and reorganisation of work have set about imple-

menting competency-based systems of human resources management in order to maintain their competitiveness.

The implementation of these systems goes through the process of defining the key competencies for the organisation. Then they are discussed with the participation of workers, but not necessarily all of them, and then applied to selection, determination of training needs, performance assessment and personnel remuneration and promotion.

The experiences that confirm this answer are based on applications of the behaviourist approach on labour competency, according to which the competencies shown by the best workers are determined and then taken as a reference of best performance.

Below there are some definitions of labour competency that are typically based on behaviour and best performance:

- A competency is an ability that may be subject to measurement and that is necessary to do a job efficiently, that is, to produce the results expected by the organisation. Competency analysis has the aim of identifying the knowledge, skills, abilities and enabling behaviours that employees are supposed to demonstrate for the organisation to fulfil its goals and objectives. To have a competency, it may just be necessary one type of knowledge, skill, ability or behaviour, or it may require a combination of all of them.¹
- An underlying characteristic of the individual, which is causally related to an effective or high-level performance in a working situation and defined by a certain criterion.²
- Groups of knowledge, abilities, aptitudes and behaviours that a person possesses and that enable him to carry out an activity successfully.³
- A skill or a personal attribute of an individual's conduct, which may be defined as a characteristic of his behaviour, and, according to which the task-oriented behaviour may be classified in a logical and reliable manner.⁴

¹ Marelli, Anne, *Introducción al análisis y desarrollo de modelos de competencias*, 2000.

² Spencer, L. M.; Spencer, S. M.; *Competency at Work*, New York, John Wiley and Sons, 1993.

³ Rodríguez T., Nelson; Feliú S., Pedro, *Curso Básico de Psicometría*.

⁴ Ansorena Cao, Álvaro, *15 casos para la Selección de Personal con Éxito*, Barcelona, Paidós Empresa, 1996.

-
- Group of knowledge, abilities, skills and attitudes in terms of observable behaviour, required to perform in the assigned roles in the processes of the organisation (Electricidad de Caracas).
 - Measurable and observable knowledge, abilities and skills, as well as characteristics associated with an excellent performance at work and the achievement of results (Buck Consultants, Inc.).
 - Group of knowledge, abilities, skills, attitudes and values whose application at work is translated into a high-level performance, which contributes to the achievement of the key objectives of the business (Petróleos de Venezuela).

Competency-based human resources management has the following characteristics:

Enterprise-focused: One of the main features of these experiences is not placing the emphasis on the problem of training as a national problem; such experiences simply take place at an enterprise level. The premise that facilitates this methodological attitude derives from considering that the competencies of one occupation may be different in two different organisations. The organisational philosophy, of manufacturing and customer service, varies from enterprise to enterprise. In this case, each organisation needs to find its key competencies so that its collaborators can achieve the expected results.⁵

The best ones as reference: Behaviourist competency-based management models identify the best workers, i.e. those who are obtaining the best results. From there the profile of competencies is derived, based on the assumption that if the best performance becomes a standard, then the whole organisation will improve its productivity.

Designed competencies, rather than consulted ones: Some of the competencies that are required by the organisation cannot be obtained by consulting workers. This is not enough; it is necessary that the management office defines the types of competencies expected from their collaborators in order to achieve their goals and that those competencies are included within the standards so as to facilitate knowledge and training. With this idea, workers are not the only element to define competencies; it is necessary to consult them but that is not enough.

⁵ Cubeiro, Juan Carlos, *Cómo sacarle fruto a la gestión por competencias*, Training and Development Digest, 1998.

39. How are key competencies defined by behaviourist human resources management?

Behaviour-oriented definitions of key competencies tend to concentrate on the success factors of performance. Some examples are provided below:

“The initial objective was to determine the critical or key competencies, understanding as such the knowledge, attitudes, skills, abilities, values, behaviour and personal attributes that are more directly related (in a causal way) with the successful performance of individuals at work and in their functions and responsibilities” (Arión Consultores).⁶

“Personal key characteristics that promote and maintain efficiency at a high-performance enterprise. They define what the person is and they are reflected in everything the person does. They are personal characteristics that go from deep and profound aspects of the individual to quite easily observable and modifiable features” (Electricidad de Caracas).

“Personal characteristics that make a difference between correct performance and excellent performance in a specific position, enterprise or culture. They are certain ways of doing things; they are the behaviours and skills that people show when carrying out work with excellence” (Mavesa).

The above definitions focus on the personal characteristics that define high performance and they are strongly linked to McClelland's remarks. He says that in each job some people perform much more efficiently than others because they use different ways and behaviours to carry it out. Therefore, the best way to identify the competencies that lead to high performance is to observe the most successful workers.⁷

When defining the competencies model for the organisation it is fundamental to find those behaviours that

⁶ Muñoz, Julián, *Implantación de un sistema de selección por competencias*, Training and Development Digest, May 1998.

⁷ Spencer, Lyle; McClelland, David, *Competency Assessment Methods: History and State of the Art*, 1984.

best contribute to the achievement of objectives. The steps that are usually followed when setting up the model are:

- Considering the strategic objectives of the enterprise.
- Analysing the capacity of the organisation and its resources.
- Studying the economic and financial feasibility of the model.
- Devising and adopting the principles and structure of Human Talent Management.
- Designing their own competencies model.
- Applying competencies profiles in the different stages of Human Talent Management.

A delicate point when implementing the competencies model lies precisely in their identification and definition. To that effect, enterprises have a number of possibilities; there are methodologies that foster workers' participation in the identification of competencies and those which offer catalogues and dictionaries to entrepreneurial executive bodies.

Some authors defend the idea that competencies should be defined by the executive body of the organisation.⁸ Others consider that when facing the competencies approach based on the best performance (behaviourist) with the approach based on labour functions and results (functionalist), two different concepts are being discussed: the first one focuses on the person's competencies and qualities; the second one, on the requirements of the occupation.⁹ Others, on the contrary, build up the concept of competency from two large groups: personal competencies, associated with attitudes and behaviour and, on the other side, technical competencies, associated with the knowledge, abilities and skills involved in labour performance.¹⁰

From the point of view of a global analysis, there are some important differences between the approach on training and that of competency-based human resources management. Basically, competency-based training takes into account results and the application of knowledge, skills and attitudes to achieve them. To the behaviourist approach, knowledge and behaviour seem to be enough to achieve a "high-level" performance.¹¹

⁸ Cubeiro, Juan Carlos, op. cit.

⁹ Moloney, Karen, *¿Es suficiente con las competencias?*, Training and Development Digest, 1998.

¹⁰ Buck Consultants, *Competency-Based Performance Management*, Washington D.C., 1998.

¹¹ This aspect is treated with more depth in: Vargas, F., *Competencias en la formación y competencias en la gestión del talento humano: Convergencias y desafíos*, Cinterfor/ILO, 2000.

40

How does the competencies approach contribute to human resources selection?

40. How does the competencies approach contribute to human resources selection?

Competency-based systems of human resources management facilitate the execution of the functions related to talent management, among them the selection. Generally, the process begins with the identification of competencies and continues with the candidate's assessment against such competencies. In this way, the candidate's competency for performing the desired occupation can be established.

Thus, the selection process is founded in competencies that are defined by the organisation, either through the application of competency standards established by Functional Analysis (functionalism) or through the definition of the key competencies required (behaviourism).

Competencies facilitate the creation of a criteria framework that may be taken into account when carrying out the selection process, but they may introduce some variations to the traditional characteristics of the process.

These variations may be summarised in: the change of emphasis in the search for a candidate for a position, a candidate for the organisation; consider the difference between personal and technical competencies; introduce simulation exercises to detect whether the candidates have certain competencies or not.

A candidate for a position or a candidate for the organisation? Clearly, this dilemma is solved in favour of the organisation. What the organisation needs is someone who has a good reservoir of competencies required for different labour situations taking place at the organisation. Then, there appear demands such as "what the enterprise needs from its people" which perfectly differentiate the candidates' profile beyond their technical ability.

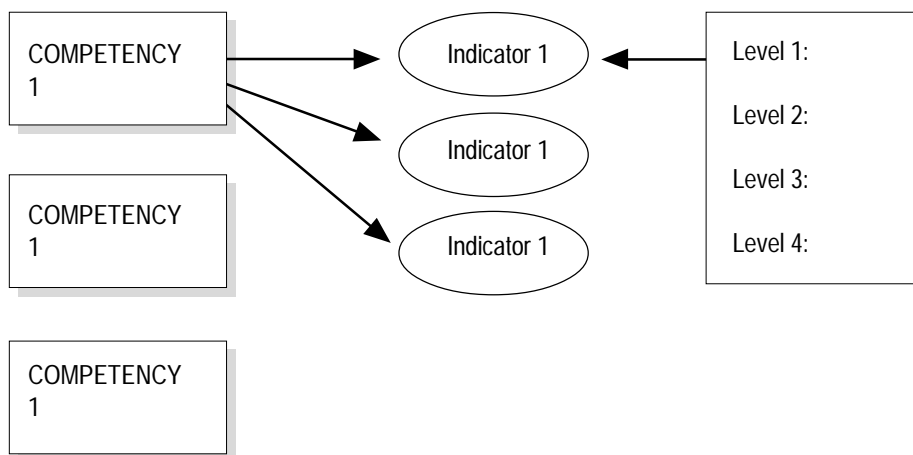
Many organisations create their own model of key competencies and, with that as a reference, they choose their collaborators. Usually, the "model" of competencies reaches the definition of the expected levels and behaviours in a group of not more than 6 or 7 competencies. This group of competen-

cies also includes the description of related behaviours, as well as the levels of competency to be achieved by each behaviour.

This group of competencies are disaggregated into a more detailed and specific group called subcompetencies. At this point, subcompetencies are often expressed at different levels, to which there corresponds a behaviour indicator.

The graph provides an example of this structure:

Typical structure of an enterprise-level model of competencies



Several behaviour indicators may be associated to a competency such as “working with information”. Some examples of those behaviours are:

- Identifying and using all sources of information appropriately.
- Identifying precisely the type and form of the information required.
- Obtaining relevant information and keeping the appropriate formats.

The levels of functionality¹² or levels of depth or complexity seek to describe the degree of competency in terms of the scope of performance and the possibility to include activities such as planning and decisions concerning resources or the work of other people.

¹² Term used by Anne Marelli, 2000.

For example, for the indicator “obtaining relevant information and keeping the appropriate formats” several levels of functionality could be considered:

Level 1: Handling of general and free-access information and registration in computer systems.

Level 2: Handling of information with a certain degree of specialisation or that is occasionally restricted, registration according to priorities and filling in different computer applications.

Level 3: Handling of results and confidential information, decision on the types of files for registration and occasional writing of reports on performance.

Level 4: Handling of confidential information, keeping that information on restricted-access files and destruction of paper copies.

Competencies possessed and competencies to be developed

Many competency-based management models establish a distinction between competencies that individuals already possess –which cannot generally be modified– and competencies that can be acquired and developed.

The former are related to their perceptions, values and preferences, their behaviours and reactions, their involvement with others, their attitudes, etc. Some models of competencies imply that there is little or no margin at all for the alteration of such features. Either they are possessed and coincide with the enterprise’s requirements or not. This group is formed by competencies such as: “achievement desire, team work, quality concern, perseverance before challenges, customer orientation, self-learning”.

This group of competencies are detected by carrying out simulated exercises of critical situations. The person is faced with a fictitious event, already thought of, and his reactions are examined to determine whether he displays the desired competencies.

The latter –the ones that may be developed– are technical and operational competencies. These competencies represent the knowledge, abilities and skills applied to the occupation. For example: use of tools, reading of instruments, ability to interpret graphic information, software management, etc.

Usually, these competencies are assessed through the application of knowledge tests and/or exercises of practical application at work.

In any case, to carry out a competency-based selection process, the enterprise should make explicit their competency-based management model, which is related to the directors' will and which has a clear specification of competencies that, in this case, become the language shared by the management office and the collaborators and, in sum, the guide of the selection process and the human talent management.