The A-Z of Competency Modeling

For Integrated Talent Management

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Agenda

❑ The use of competency models

❑ Promise and reality

❑ Major issues - the research

❑ The historical background

❑   What is a competency?

❑   Matching model to purpose

❑   Practical definitions, measurement & evaluation

❑   Using competencies successfully in Talent Management

Who uses competency models?

Prevalence increasing

- 2004 approx 30% on MetaGroup survey

- 2007 up to 60% in CIPD survey.

- Especially

  ➤ larger firms with HR staff

  ➤ Government organisations

  ➤ Knowledge based industries

The Competency agenda

❑ **Recruitment and selection**
– assess occupational competence

❑ **Performance expectations**
– shape behaviors contributing to   organisational effectiveness

❑ **Individual development**
- the behavioral repertoire

❑ **Career & Succession Planning**

❑ **Workforce planning**
– identify future requirements

❑ **Strategic HR**
– create a common language

Claims

- Organisations with competency frameworks in place, especially leadership competencies, perform better.

- Improved recruitment outcomes

- A common language for strategic HR practices

- Improved performance management

- More effective training and individual development

- More effective career and succession planning programmes

The underlying assumption of all competency initiatives is that individual skill development, exemplified by particular behaviors, will lead to improved job performance and, in turn, organisational performance.

Markus et al 2005

Reality - Research - Where's the evidence?

- Hardly any independent studies
- Broad correlation studies claim more use of competency models in successful firms
  - Which comes first – success or the competency model?

- Correlations between individual OCB (organizational citizenship behaviors) and objective outcome measures, at the group level, range from .15 to .29.

Most of the claimed benefits of competency models for HR systems and processes are based on anecdote or case studies where research methodology lacked rigor or was not reported at all.

Sparrow

Correlation = 0.28
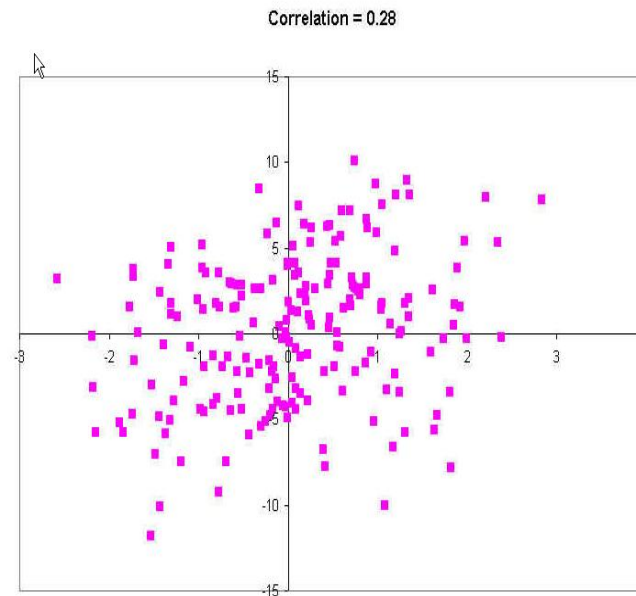
Do competencies predict success?

At the individual level different competencies predict success

- Surveys of top performing salespeople, assessed on performance outputs - sales results, show that most rate highly on only one or two generic sales competencies, which are not the same for all successful salespeople.

- In fact some successful salespeople rated very poorly on some sales competencies.

Smith and Rutigliano (2003)

In summary - what doesn't work well

- Recruitment and selection
  - Most competency frameworks too high level to enable effective assessment
  - Trait based competencies do not add much to the predictive power of general mental ability for job success

- Performance expectations
  - Values as competencies – little evidence of impact on organisational outcomes.

- Common language for Strategic HR
  - Diverse interpretations due to lack of precision in 'operational' definitions and terminology

What does work?

- Individual development

  - Competency based training – effective for technical competencies – not for trait based competencies.

- Career & Succession Planning

  - Development of Leadership practices

  - Development of skills for technical career pathways

- Workforce Planning

  - Identification of future knowledge and skill requirements

Major issues

- ## Conceptual confusion

  - Little agreement on what 'competency' means – many definitions

  - Overlap with other concepts such as performance

    "Performance is behavior. It is something that people do and is reflected in the actions that people take... Performance is not the consequence(s) or result(s) of action; it is the action itself" Campbell 2002

- ## Over standardization

  - the quest for simplicity
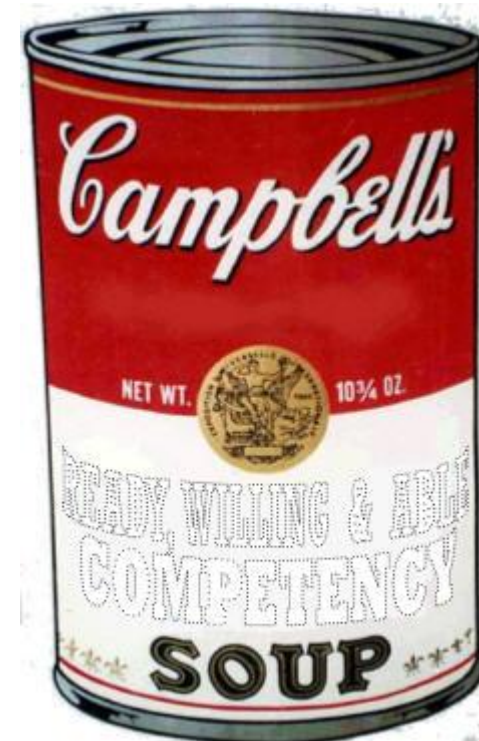
A major obstacle standing in the way of organization and management science is the pile of vague and ill defined terms that litter the field ….. In this conceptual Babel our field is like alchemy in the 15th &16th centuries.

Elliott Jaques 2006

Historical perspective

Where did the competency concept come from?

Educational - occupational *competence* (1970s)

    expected observable **outcomes**

Behavioral repertoires (1980s)

    emulation of behaviors of star performers

Organisational Competencies

    collective learning = competitive advantage (1989→)

    behaviors contributing to organisational effectiveness

Some definitions

Capability versus competency

Competencies are

Observable knowledge, skills and attitude

What I can explain

What I can do

What I am willing to do

Examples – *on job training competency*

Correctly explains procedure for raising a credit note

Communicates at the right level for the audience

Takes care to explain complex issues in simple terms

Competence = measurable outputs/performance

The team issues credit notes correctly after on job training

Competencies are NOT

- ## Performance
  - ➢ Competency (knowledge and skill) is an input
  - ➢ Performance is the desired outcome/result

- ## Personality traits
  - ➢ E.g. Bias for action

  Personality (enduring preferences for particular patterns of behavior) is almost impossible to change

  Research shows no association of traits with success – but rather some association of negative traits or practices with failure. Eliminating counter productive work behaviors is associated with improved organizational effectiveness

What is a competency model?

- Usually a list, catalogue of desirable competencies
  - Should we also include what is undesirable?

- Structure of model depends on purpose
  - Selection, education, training → more detailed task focused knowledge and skills
  - Behavioral repertoire → more high level, describes pro-social or contextual behaviors – organizational citizenship behaviors.

Persistence and effort, volunteering, helping and cooperation, loyalty, policy and procedural compliance, endorsement and promotion of organisational objectives, Initiative and self development

Borman & Motowidlo 1997

Simple versus complex models

		Definitions	
		Simple	Complex
Competency	Universal	Too generic, not relevant, subjective	More relevant, more accurate evaluation
	Specific	For technical competencies, accurate evaluation	For advanced users. Multi level, career paths

Universal simple – generic name + short description <u>or</u> BARS

Universal complex - generic Name + description + examples at various levels or roles, may have sub headings.

Specific simple – leadership tier, functional, and technical competency sets with descriptions plus standards or BARS

Specific complex – may include subheadings and standards for different levels of competence – can be arranged in career pathways

Most common approach - universal/simple

- Developed in house

- Comprise 6-12 high level competencies

- Used primarily in performance appraisal

- Most popular competency names:
  - communication skills
  - people management
  - team skills
  - customer service skills
  - results-orientation
  - problem-solving.

Generic competency libraries:

- Set of 20 -30 competencies from categories such as;
  - Managerial Effectiveness
  - Teamwork & Communication
  - Problem Solving & Decision Making
  - Coaching & Developing staff
  - Business Development & Growth
  - Customer Relations/Negotiations
  - Planning, Organizing & Time Management
  - Initiative, Innovation, Changing & Continuous Improvement
  - Use of Technology
  - Results Orientation
  - Occupational, Company & Technical Knowledge
- Some combination of these allocated to each standardized role in organisation

Risks of a universal/simple framework:

- One set used to fit all

- Not "relevant to me"/ too prescriptive

- Lacks credibility

- Seen as 'Administrivia'

- No motivation or commitment to use

Developing a competency model

Match framework to purpose

- ❑ Don't oversimplify – use the right model
- ❑ No need to standardize - Utilize technology
- ❑ Do your research – look for well validated models
- ❑ Let the framework evolve
- ❑ Different competencies for different purposes
- ❑ Limit the numbers 12 maximum per set
- ❑ Put in place a validation methodology – 3 types of validity
  - ➢ Are the competencies and descriptions meaningful & useful? Involve staff and managers, use subject matter experts
  - ➢ Will measurement be consistent? Or will there be numerous different interpretations?
  - ➢ Does demonstration of these competencies lead to improved job performance and organizational effectiveness?

Developing a competency model

Be clear on purpose

1. Communication - values

Performance Management

Development – role specific, career

Recruitment and selection

Values

Review

- Mission statement

- What is your competitive advantage?

- What culture do you need to sustain it?

  ➢ Cost management and control

  ➢ Flexibility and customer relationships

  ➢ Ideas and innovation

- Translate to key values and behaviors for individuals and managers

Core - Citizenship competencies

(OCB models) Some association with organisational effectiveness

- Communication

- Teamwork and co-operation

- Service

- Business Acumen

- Supporting the Organisation

- Fairness and transparency

Use maximum of 7 competencies, with examples
(Universal complex)

Defining competencies

Competency name = Team skills

Description

Not a list of behavioral criteria   (why?)

Seeks and incorporates the ideas of others. Develops smooth and harmonious working relationships with peers, co-workers, superiors and subordinates. Keep others informed of decisions, changes and other relevant information on a timely basis. Encourages effective communication amongst co-workers. Use warmth and humor effectively within the work environment. Tackles difficult issues and resolves conflict. Recognizes the contribution of others.

Should explain the concept or model

Collaboration, information sharing, giving help and support, passing on knowledge and skills.

Providing relevant context

Relevant OBSERVABLE behavioral criteria or examples

- Will vary by organisation
- May vary by level of competence or role
- Use one set for simplicity in performance review
- Ensure no overlap between competencies
- Start with the positives – competent level – be specific

    Is courteous in dealing with others, sensitive to differences in customs.

    Steps in to help colleagues under pressure.

    Contributes effectively to team objectives, sharing information as needed.

    Assists others by passing on knowledge and teaching important skills.

    Actively participates in team meetings, making constructive suggestions and providing feedback.

- Later add in the negatives as the 'needs development' level

    Pursues own agenda at the cost of the overall objective, doesn't appreciate the impact of own actions on others

Developing a competency model

Be clear on purpose

1. Communication - values
   Performance Management
2. *Development – role specific, career*
   Recruitment and selection

Leadership – use validated models

E.G. Theory X Theory Y - task versus people focus, Situational leadership

Leadership is role based – use levels

Personal leadership, Supervisor, Manager , Manager of managers, C Level

Start with concepts;

	Individual	Supervisor T/L	Manager Of Manager	Senior mgr Manager of several mgrs	C- level
Achieving Results					
Vision & Strategy *Common purpose*	Supports	Translates priorities	Ensures focus	Ensures implementation	Set values, long term outlook & vision
Talent Management *(workforce mgmt and development)*	Communicates career interest and takes responsibility for personal development.	Monitors, evaluates performance, deals with poor performance. recruits and selects team, Coaches, builds individual capability	Supports supervisors – oversees selection, builds leadership capability – mentors indirect reports, works on career development	Talent pool development & Succession Planning	Long term Capability planning

Functional/technical competencies

individual performance and development

- ❑ Job knowledge predicts performance

- ❑ Use subject matter experts to define detailed competencies e.g.;

  - ❑ sales competencies
  - ❑ procurement competencies
  - ❑ protocols

- ❑ Add real value for managers
  - ❑ Assessment for selection
  - ❑ Assessment on hire
  - ❑ Targeted development
  - ❑ Risk management – quality assurance auditing

Technical Competencies

➕ **Prospecting**

Identification of potential customers for our products and services.
- (0/0)
Standards - (8/8)

➕ **Initiation of contact**

Personal marketing for lead generation and initial contact with potential customers.
- (0/0)
Standards - (13/13)

➖ **Opportunity Development** (Rating Scale)

Focus on identifying and exploring new sales opportunities
- (0/0)
Standards - (6/6)

- Uses open ended questions to explore customer situation needs service gaps and priorities. (Rating Scale)
- Asks questions to expand on and clarify customer responses does not make assumptions. (Rating Scale)
- Identifies opportunities to provide cost savings for the client and/or to enable them to provide improved or value added service to their clients. (Rating Scale)
- Summarises understanding of clients situation needs opportunities and priorities and checks this understanding is correct. (Rating Scale)
- Ascertains priorities of all parties and their criteria for what makes successful product/service. (Rating Scale)
- Gains permission for and conducts formal audit of product/service performance for client to determine opportunities for improvement. (Rating Scale)

Competency Measurement

BARS = Behaviorally anchored rating scale

- Number in scale 3-5, allow for a not rated

- Have a base scoring description for your scale

  - ➤ 1. Definitely below expectation

  - ➤ 2. Needs development

  - ➤ 3. Meets requirement

  - ➤ 4. Often exceeds requirement

  - ➤ 5. Outstanding

- Scale descriptors : use critical incidents – what does 'below expectation' look like? Outstanding?

Strengths/Limitations of BARS

- Hard to achieve consistency in evaluation

- Except for very specific behaviors

- Hard to define meaningful scales –operational definitions

- Therefore not so appropriate for the workplace

- Problems with rating accuracy if include more than one behavior in scale description

Use standards (behavioral criteria)

- Easier to define and observe specific criteria

- Can define by level

- Provides detail for targeted Training Needs analysis

- Rating Scales are more simple and more accurate
  - Yes/No
  - Frequency
  - Agreement
  - Competence

- Use to flag Development needs (no need to rate all)

Competency mapping

Map library competencies to
any number of role profiles

Competency Profiles

- Core Competencies [15]
- ⊞ HUMAN RESOURCES [23]
- Leadership Competencies – Executive [16]
- Leadership Competencies – Operational [17]
- ⊞ MARKETING & SALES [31]
- ⊟ PROCUREMENT [32]
  - All Purchasing Competencies [36]
  - Junior Buyer [33]
  - Purchasing Manager [35]
  - Senior Buyer [34]

Research & Evaluation

Entry	Does not meet foundation level
Foundation	Meets foundation level
Excellence	Meets criteria for Excellence
Mastery	Is at mastery level

Creates Evidence

Foundation	Demonstrates ability to generate evidence suitable for presentation at local level
Excellence	Demonstrates ability to generate new evidence suitable for presentation at international research symposia
Mastery	Demonstrates authorship of primary evidence and outcomes in peer-reviewed media

Critical Evaluation

Foundation	Demonstrates ability to critically evaluate medical and review pharmacotherapeutic literature
Excellence	Demonstrates application of critical evaluation skills in the context of specialist practice
Mastery	Is recognised as undertaking peer review activities within the speciality

Develops and Evaluates Research Protocols

Foundation	Demonstrates ability to describe the core features of research protocols
Excellence	Demonstrates ability to design a rigorous protocol to address previously formulated research questions
Mastery	Demonstrates active involvement in the critical review of research protocols

Set level criteria
requirements by
role for
leadership &
professional roles

Evaluating competencies

- **Performance appraisal**
  - ➢ Limit to 6-7 key values, core competencies deemed critical
  - ➢ Goal is to communicate expectations

- **Separate competency evaluation for development**
  - – leadership, functional, technical competencies
    - ➢ Training needs analysis
    - ➢ Development planning
  - – Self assessment, manager assessment
  - – 360 degree feedback – take care can be counterproductive
    - ➢ May measure relationships not competencies
    - ➢ Is there the opportunity to observe?
    - ➢ Build in a moderation process

Integrated Talent Management

Capability versus competency
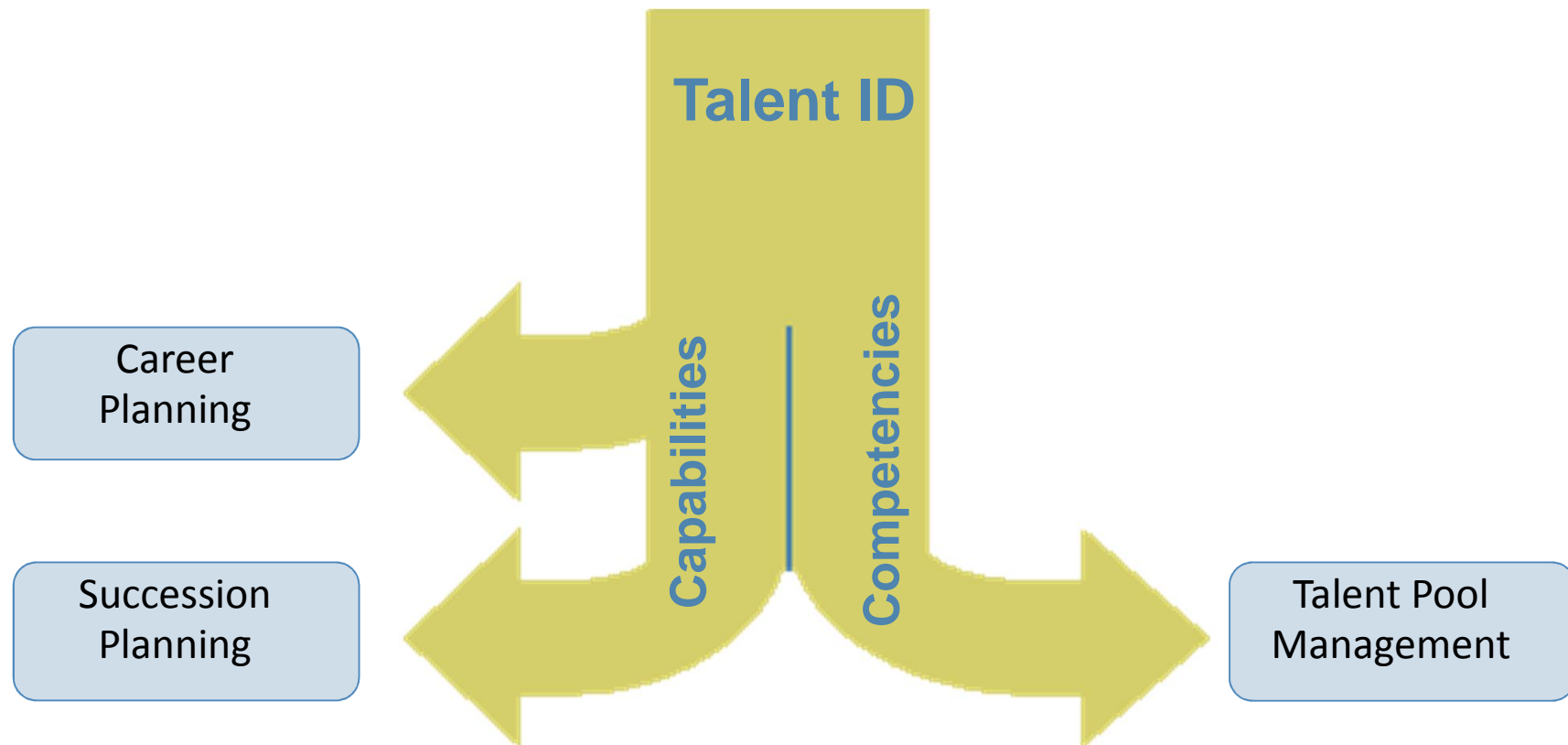
Competencies in Talent Management

Talent pool - competencies

- ➤ Identify individuals with potential
- ➤ Map role based leadership & technical competency profiles
- ➤ Use Gap analysis for development planning
- ➤ Develop learning experiences by competency
- ➤ Assign as appropriate and track progress

Succession Planning – capability

- ➤ Identify key positions
- ➤ Impact of leaving/risk of leaving
- ➤ Develop Succession plans – successors and readiness
  - • Capability gap analysis
  - • Develop capability
  - • Track progress

Tool set

- Competency Library – SME access and update
- Competency mapping & profile management
- Competency evaluation
- Competency reporting – individual & consolidated
  - At standards level as well as competency level
  - Gaps, levels, trends by team, dept, organisation
- Individual Development Plan
- Development library – standard plans and resources
- Learning Management – catalogue, browse and deliver learning resources
- Personal Portfolio – record of actual individual capability
- Capability reporting
  - Capability search, match, gap reporting, training records
- Staff profile – all relevant information in one field of view

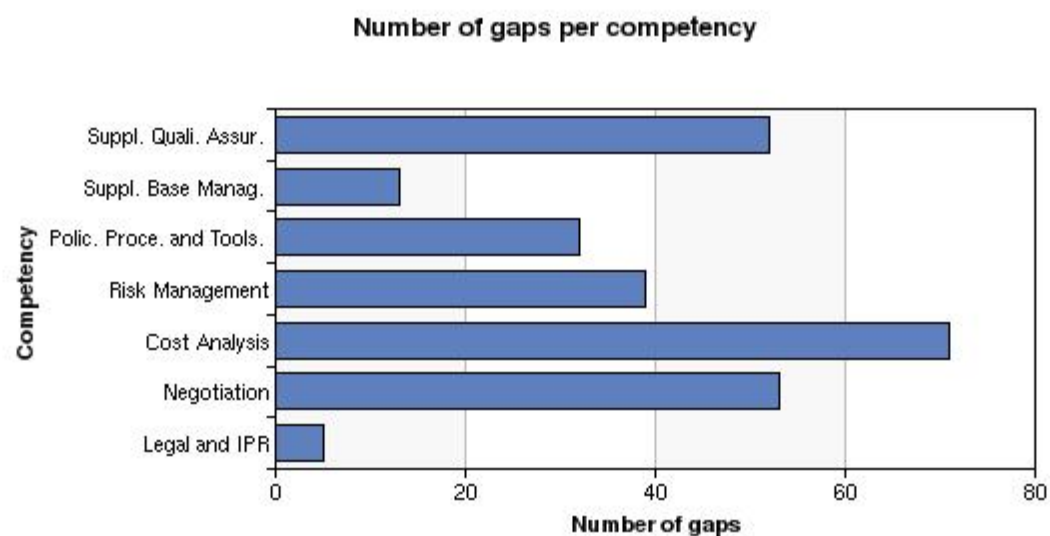## Competency Gaps Organization - Competency

Rank by : Level
Competency Evaluation ratings.
Period : Past 2 Years
Organization : All
Competency : Legal and IPR; Negotiation; Cost Analysis; Risk Management; Policies, Processes and Tools; Supplier Base Management;
Supplier Quality Assurance

Number of gaps per competency

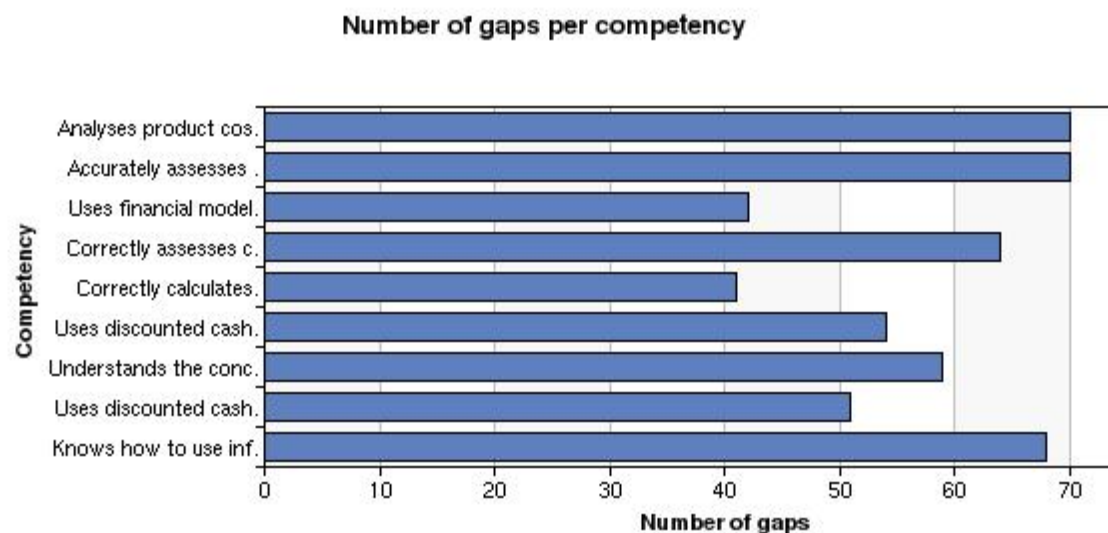| Competency	Number of gaps	Assessments	Number of employees
Legal and IPR	5	92	91
Negotiation	53	88	87

Competency Evaluation ratings.
Period : Past 2 Years
Competency : Cost Analysis
Standard : Knows how to use information from financial statements. ; Uses discounted cash flow models to calculate $ returns; Understands the concept of marginal cost.; Uses discounted cash flow models to check for positive ROI; Understands the concept of depreciation.; Correctly assesses cost of working capital.; Uses financial models to calculate company profitability.; Accurately assesses labour and machine costs from production and capacity data.; Analyses product costs to assess contribution.

Number of gaps per competency

Competency	Number of gaps	Assessments	Number of employees
Knows how to use information from financial statements.	68	84	83

38

Staff Profile

Staff Name	**Carly Clark(111222)**
Join Date	12-Dec-04
Department	Customer Service
Title	Customer Services Representative
Competency Profile	Brief Competency profile
Position History	Personal Assistant - 25-Oct-04 Customer Services Representative - 07-Feb-05
Performance Rating	Mar 10 - Meets expectation Mar 09 - Meets expectation Mar 08 - Meets expectation Mar 07 - Meets expectation Mar 06 - Meets expectation
Performance vs Potential	Core contributor (2010) Core contributor (2009) Core contributor (2008) Possible misfit (2007) Possible misfit (2006)
Risk	Low risk, medium impact (2010)

Portfolio	Career Planning	Talent Pool	Development Plan	Succession Plan	Capability gap	Notes

Select a tab to view

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