

# A Practical Guide to Competency Management

What works, what doesn't and why

Updated January 2020



# Is this presentation for me?

## \* Introductory \*\*\*\*

If you have little practical experience of competency management, or you are new to the field. Explains the fundamental principles, concepts and strategies.

## \* Intermediate

For those with some basic experience of competency management. Shows how to implement a range of competency models from the most simple to the more complex.

## \* Advanced

For knowledge based organisations where competency gaps can have critical outcomes. Shows how to integrate competency management with quality assurance and risk management.

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# About competencies and competency models

Part 1



# What is a competency?

There are many different definitions of competencies but all are based on one of 3 perspectives;

- ❑ Competencies as educational standards – *knowledge, skills and abilities assessed by a criterion – an observable behavioral standard (1970s)*
- ❑ Competencies as behavioral repertoires (1980s)  
*“any individual characteristic that can be measured or counted reliably and that can be shown to differentiate significantly between superior and average performers”* Spencer et al 1994
- ❑ Competencies as core competencies of the organisation (1990s)  
*“loosely coupled patterns of behavior or “behavioral themes that are considered to be critical success factors or strategic performance drivers.”* Sanchez and Levine 2012

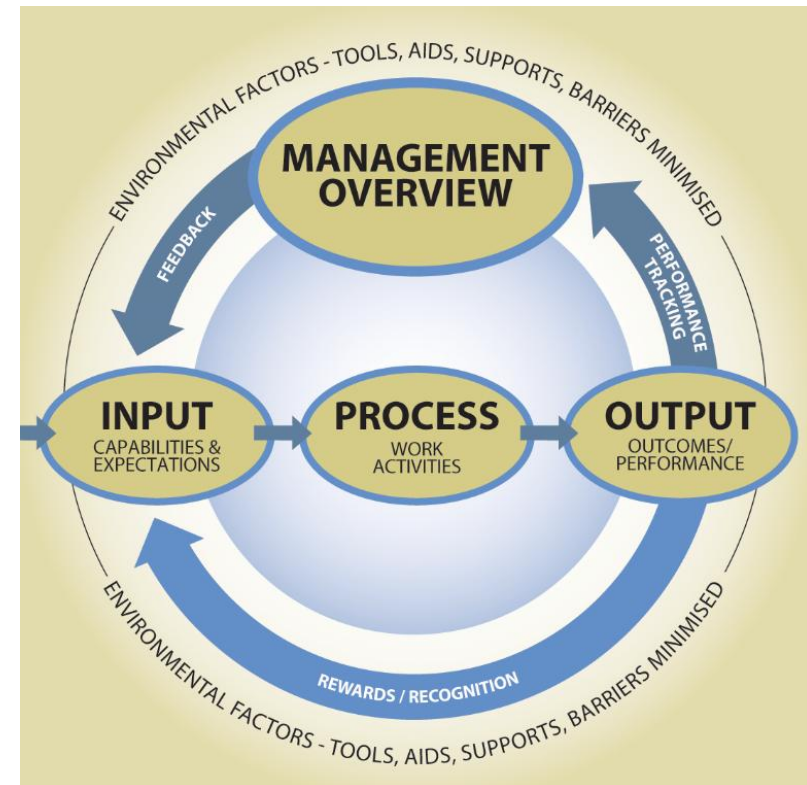
# What is a competency

- ❑ For a competency framework to add value to an organization competencies must be measurable.
- ❑ Competency is equivalent to skill – the ability to do something.
- ❑ Skills require knowledge of principles, and procedural steps.
- ❑ It is also important to know **when** – in what situations - to use the skill. Much training does not transfer from the classroom to the workplace because this link is not made.

**Competency means knowledge, skill and the ability to apply these in the right context.**

# Competency versus Performance

- ❑ Competencies/Capability are not the same thing as performance – they are a bundle of factors that are assumed to **facilitate** performance.
- ❑ Performance is the **achievement of desired results or outcomes**.
- ❑ People take action based on what they perceive is expected of them, their capability - knowledge, skills and application, and a supportive environment
- ❑ Feedback & guidance shape the actions/behaviors that produce the right results.



# Validation

- ❑ It is important to validate the assumed relationship between competencies and performance, but unfortunately this is rarely done.
- ❑ When competencies are relevant, well defined and measurable, and data on achievement of outcomes is available, it is possible to establish the relationship and identify which competencies are more important for success.
- ❑ Research has not established **causal** relationships between competencies that are very broadly defined (e.g. teamworking) and individual or organizational performance



# What is a competency model?

- ❑ A competency model is a list or catalogue of competencies
- ❑ It may be arranged in categories
- ❑ Competencies may have subheadings
- ❑ A competency model should provide a definition for each competency and subheading
- ❑ There should be a set of clear **measurable or observable** indicators against which individuals can be assessed.
- ❑ Competency models may be generic, many vendors offer generic catalogues.
- ❑ Preferably competency models are customized, defined to reflect the environment, purpose and activity of the organisation.

# Common Usage

## Part 2



# Who uses competency models

- ❑ The use of competency models is increasing.
- ❑ A 2004 survey by Meta Group found approximately 30% of respondents were using competency models. In 2007 a survey by the UK based CIPD found 60% of respondents using competency models. A 2011 survey found 69% of respondents using Competency Models. A 2016 SHRM of 456 business unit managers across a range of functions, industries and business sizes found 72% using Competencies.
- ❑ As you might expect usage is highest in larger organisations (> 500 staff), organisations with HR staff, government organisations and in knowledge based industries such as engineering and healthcare. Customer Service, IT, Operations, R & D and Procurement have higher use than Executive, Finance, HR, Sales and Marketing.

# How are competency models used?

Competency models are typically designed for use across all HR processes, the competency agenda includes:

- ❑ 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
- ❑ Risk Management – ensure compliance with regulations, health & safety & SOPs

# Reality Check – Claims versus Research Evidence

Part 3

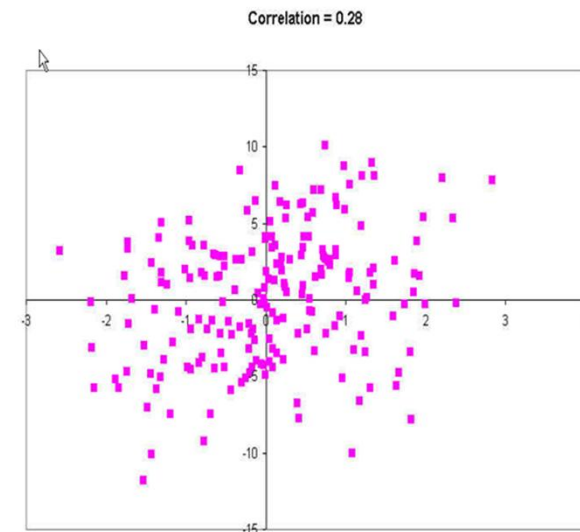
# Claims

- ❑ Performance benefits are promised by the various definitions which include the causal or instrumental relationship of competencies and job performance and competencies and organisational performance.
- ❑ It is widely claimed that organizations with competency frameworks in place, especially leadership competencies, perform better.
- ❑ They see improved recruitment outcomes through more focus on required competencies
- ❑ They have improved communication through a common language for strategic HR practices
- ❑ They achieve improvements in performance management by improved assessment
- ❑ They have more effective training and individual development and
- ❑ More effective career and succession planning programs

**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.**

# Research

- ❑ There are very few independent studies of the link between competency and performance, most are by vendors of generic competency libraries, tools or consulting services.
- ❑ Some large studies of HR practices show a linkage of the use of competency models in organisations that are more successful. However the direction of the linkage is not clear. Perhaps organisations that are successful can better afford the resources required for competency management initiatives.
- ❑ Many of the studies that are reported are anecdotal, that is they do not involve systematic collection and analysis of data. Many others are based on case studies where little or no details of the methodology is provided.
- ❑ Published studies of “Citizenship” competencies show correlations between .1 and .29 with performance outcome measures – a very small effect. The image at right shows the fairly random distribution of results that represents a .2 correlation.



# Individual competencies

- ❑ 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.
- ❑ In line with research on successful job performance that shows a strong correlation of job specific knowledge with top performance, it is the more specific knowledge and technical competencies that have the highest correlation with performance outcomes.



# What works & what doesn't

## Part 4

# × Recruitment & Selection

- ❑ Many competencies are defined at too high a level to enable effective or consistent assessment.
- ❑ Many competencies used in the selection process are close to being personality traits. Research shows that, except for the factors covered by the Big Five personality dimension of “Conscientiousness” (achievement drive, persistence and personal organization), trait-based competencies do not add much to the predictive power of general mental ability for job success.
- ❑ Assessment center measurements of trait-based competencies over a range of exercises are not accurate predictors of job performance.
- ❑ The use of AI in recruitment screening based on keywords is not effective. Machine learning of attributes correlated with job success has given rise to ‘bias’ against particular groups.

# x Performance Management

- ❑ Organisations often rate staff on broadly defined core competencies (“citizenship” competencies such as Teamwork, Service Orientation, Business Acumen, Commitment, Conscientiousness) and values-based behaviors.
- ❑ Supervisor ratings of job performance, as opposed to objective measures of performance, are modestly correlated with ratings of citizenship competencies,
- ❑ It is suggested that this is because supervisors are observed to tolerate poor job performance in staff with high levels of citizenship behaviors.
- ❑ Supervisor ratings of job performance have higher correlation with the supervisor/employee relationship than actual performance
- ❑ There is little evidence of any systematic impact of perceived levels of broadly defined competencies on organisational outcomes.

# × Common Language

- ❑ Many competencies are a smorgasbord of high level behaviours, knowledge, “to dos”, abilities and characteristics.
- ❑ In most competency sets these definitions are very broad, and therefore open to different interpretations.
- ❑ Diverse interpretations are due to lack of precision in ‘operational’ definitions and terminology.
- ❑ Generic competency libraries do not reflect the language of the organization

# ✓ Individual Development

- ❑ Competency based development works well for technical competencies and on job training. Standards can be defined precisely and used as checklists for competency gap analysis.
- ❑ Subject matter experts should be used to develop the competencies and relevant standards for the organisation.
- ❑ “Lean” Training can be just in time and targeted at the identified gaps.
- ❑ When training is done as it is needed, and in the context that it will be used, – on the job – it is much more effective – studies show that 90% of learning takes place on the job.

# ✓ Career & Succession Planning

- ❑ A competency framework is an effective tool to define and communicate the career pathways through the organisation. Different core competencies and different levels of competency can be specified as roles increase in seniority.
- ❑ Typically technical competencies increase in specialisation from lower to mid level roles. Senior roles often involve competencies of project management, innovation and oversight.
- ❑ Competency frameworks are also key to the development of appropriate leadership practices at the various management levels of the organisation.

# ✓ Workforce planning

- ❑ In a rapidly changing environment organisations are constantly developing strategies to sustain and grow their revenue and profits. As new markets, technologies, products and services come on line new competencies are required.
- ❑ A competency framework enables the identification, specification and quantum of the knowledge and skills that will be required for new initiatives and changes in the organization.
- ❑ The competency management system provides a real time picture of current competencies and where the gaps are.
- ❑ Those organizations with good data on both competency and business outcomes can identify the key drivers of successful performance.

# Choosing the right competency model

Part 5





# Clarify your purpose

- ❑ Competency frameworks are strategic management tools for the organisation.
- ❑ The kind of frameworks you choose will be determined by your objectives which may be:
  - ❑ To communicate and shape core competencies and or values based behaviors throughout the organisation
  - ❑ Ensure that staff have the knowledge and skills necessary to perform well
  - ❑ Support quality assurance programmes
  - ❑ Manage risk
  - ❑ Develop proven leadership practices
  - ❑ Encourage staff to develop along career pathways
  - ❑ Provide for the future by developing talent pools and successors

# Competency Model options

	Simple	Complex
Universal	<p>Broad non specific definitions                      Limited number of competencies                      Compare across roles, teams                      Competency gap analysis                      Use generic or vendor library</p> <p>Hi level definitions not perceived as relevant to individual jobs                      Open to many interpretations - less accurate evaluation                      Useful in performance management to shape Values based behaviors</p>	<p>Broad non specific definitions                      Limited number of competencies                      Role or management level specific profiles                      Competency Gap analysis                      Some customisation required</p> <p>Hi level definitions not perceived as relevant to individual jobs                      Open to many interpretations - less accurate evaluation                      Useful for generic competency based development – eg “Leadership”</p>
Specific	<p>Role specific/technical definitions                      Competency gap analysis                      Customised solution</p> <p>Accurate evaluation                      Use for performance improvement, competency auditing for quality &amp; risk management, and targeted competency based development</p>	<p>Role specific/technical definitions                      Multi-level competencies                      Profiles may be task based                      Career/learning pathways                      Customised solution</p> <p>Accurate evaluation                      Use for quality &amp; risk management, targeted competency based development in complex knowledge environments – eg engineering, healthcare, hi tech. Career development.</p>

# Selecting a competency model

- ❑ If you have no competency framework in place now
  - ❖ Select a Simple framework – start with the Universal option to communicate expectations of values based behaviours
  
- ❑ If you are a knowledge based organisation
  - ❖ Add in role based competencies with specific definitions to improve individual performance, quality and risk management.
  
- ❑ If you are in healthcare, engineering or hi-tech industries with a talent shortage
  - ❖ consider using the more complex frameworks for critical areas of expertise to develop staff along career pathways.

Your competency management system should be able to support a mixture of models so that different areas of the organisation can use the model that is right for them.

# Centranum

Centranum's competency management software supports any competency framework.

- ✓ **Define:** manage competencies and standards
- ✓ **Map:** link competencies to requirement profiles
- ✓ **Assess:** audit competency levels against requirements
- ✓ **Track:** competency gaps and development needs
- ✓ **Develop:** individual development plans with competency based resources

Overview Competency  
Management System

Request a demo



Competency  
Library



Competency  
Mapping



Competency  
audit



Knowledge  
testing



Competency  
linked  
Learning



Competency  
Reporting