

Review Paper

Competencies and Competency Model-A Brief overview of its Development and Application

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Abstract

Competencies and Competency models are today commonly practiced in most of the organizations. There is a strong business case for competencies at work, as they lead to significant human resource development that provides organizations with a competitive edge. The case for competency management has grown strong since David Mc Clelland wrote his seminal paper in the year 1973: "Testing for Competence Rather than Intelligence", which created a stir in the field of industrial psychology. Competencies by themselves are insufficient for performance unless defined in behavioral terms. There is ample evidence that competencies form the base for effective and superior performance. While organizations have used the idea of competencies for over 50 years, the expansion of competency models within the private and now, in public sector has resulted into proliferation of definition, tools, models and application. This paper is a review of the competency literature and an attempt to shed some additional light on the field of competencies and competency models in addition to the advantages and challenges using a competency model in an organization.

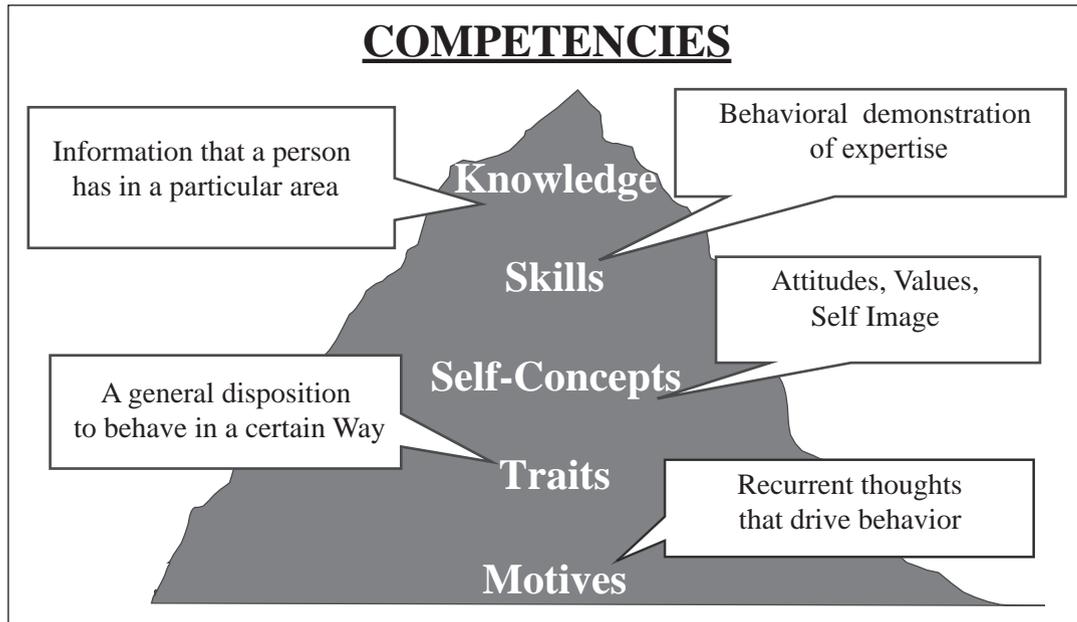
Introduction of Competency

Furnham states that though the term competence is new and fashionable, the concept is old. Psychologists interested in personality, individual differences, organizational Behavior and Psychometric have long debated these questions of personality traits, intelligence and other abilities.

In 1973, David C. McClelland, Professor of Psychology at Harvard University and founder of McBer and Company (now part of the Hay Group), wrote a seminal paper: Testing for Competence Rather than Intelligence, which created a stir in the field of industrial psychology. McClelland's research indicated that although traditional academic aptitude and knowledge content tests were good predictors of academic performance, they seldom predicted outstanding on-the-job performance. McClelland went on to argue that the best predictors of outstanding on-the-job performance were underlying, enduring personal characteristics that he called competencies. Since then, McClelland's findings have been cross-culturally validated by 30 years of global competency research carried out by McBer and later

by the Hay Group. Although different sets of competencies predict success in different roles, there are certain consistent patterns as well. According to McClelland, competencies are best described as an iceberg (as shown in the diagram below) with a person's knowledge and skills

representing the visible tip of the iceberg, while the underlying and enduring personal characteristics or self concepts, traits and motives (for example, self-confidence, initiative, empathy, achievement orientation, etc.) which represent the larger portion of the iceberg, hidden below the waterline.



With the 'shelf-life' of knowledge and skills becoming shorter and shorter in today's ever-changing world, the long enduring, 'below the water-line' competencies have a more substantive impact on how effectively an individual performs on the job.

David C. McClelland's 1973 article deeply influenced both professional and public opinion in which he presented five major themes.

- (a) Grades in school did not predict occupational success.
- (b) Intelligence tests and aptitude tests did not predict occupational success or other important life outcomes.

- (c) Tests and academic performance only predicted job performance because of an underlying relationship with social status.
- (d) Such tests were unfair to minorities, and
- (e) "Competencies" would be better able to predict important behaviors than would more traditional tests.

After 18 years Gerald V Bareett and Robert L Depinet in the year 1973 came out with their paper "A Reconsideration for Testing for competence Rather than for Intelligence," in which, they argued that though Mc Clelland and his associates believed that Intelligence testing should

be replaced by competency based training since 18 years, they haven't been able to produce any professionally acceptable empirical evidence for the same.

The team showed that cognitive ability tests do predict job performance in a wide variety of occupations. Use of cognitive ability tests as part of an assessment center or in combination with standardized personality tests has been shown to provide increased validity in predicting job performance. Similarly they proved that grades do predict occupational success. Intellectual ability and aptitude test predicted occupational success and test results were not an artifact of social status, nor were they unfair to minorities.

Confusion:

Despite the generally accepted distinction in meaning of competence and competency, the terms are still interchangeably used by causing them to mean different things to different people. There are many who wonder if there is a difference between these two terms. The two terms arise from different streams of thought on the concept of fitness at work. They are:-

A Competency which is a description of behaviour and

B Competence which is a description of work tasks or job outputs

In studying the competency area, one is immediately struck by the lack of uniform definitions. There are very few lines of distinction with terms such as competency and competence. People using these terms shape their meaning to fit their own convenience. Zemke interviewed several experts in the field to determine "precisely

what makes a competency" and he captured his findings which remain valid even today

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

Definition of Competencies

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

The definition of competency is one of the most fraught tasks in business research, with little agreement among researchers. After reviewing 337 citations regarding competency studies of managers, Page and Wilson(1994) defined competencies as 'the skills, abilities, and personal characteristics required by an "effective" or "good" manager' (1994: 12). The point to note about this definition is the inclusion of directly observable and testable competencies, such as knowledge and skills, and the less assessable competencies related to personal characteristics or personal competencies.

The use of the term competency and its meteoric rise to 'business speak' is credited

to Richard E. Boyatzis (1982) and his book *The Competent Manager*. Boyatzis defines competency as 'an underlying characteristic of a person which results in effective and/or superior performance in a job'. An underlying characteristic, it is suggested, could include a motive, trait, skill, an aspect of one's self image or social role, or a body of knowledge. Spencer and Spencer, who furthered Boyatzis' original work define competency as an 'underlying characteristic of an individual that is causally related to criterion referenced effective and/or superior performance in a job or situation' (1993: 9).

Competencies are thus underlying characteristics of people that indicate ways of behaving or thinking, which generalizes across a wide range of situations and endure for long periods of time.

There are at least five terms in this definition which require understanding:-

1. **Knowledge**-This refers to information and learning resting in a person, such as surgeon's knowledge of Human Anatomy.
2. **Skill**-This refers to a person's ability to perform a certain task, such as surgeon's skill to perform a surgery.
3. **Self Concepts and Values**-This refers to a persons attitudes ,values and self image .An example is self confidence ,a persons belief that he or she can be successful in a given situation ,such as a surgeons self confidence in carrying out a complex surgery.
4. **Traits**-Traits refers to physical characteristics and consistent responses to situations or information .Good eyesight is a necessary trait for surgeon,

as is self control is an ability to remain calm under stress.

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

Motives and Traits may be termed as initiators what people will do on the job without close supervision.

Competencies and Workplace

Spencer and Spencer (1993) emphasize the point that competencies must be related to performance in the workplace and not what would be desirable to have. The simplest example they provide of relating competencies to performance is the studies they conducted with salespersons where they were able to relate competencies to sales performance.

Unfortunately most jobs do not allow for such accessible criterion measures. This type of competency Spencer and Spencer (1993) argue has practical implications for human resource planning. Knowledge and skill competencies are seen as relatively easy to develop compared to self-concept, traits and motives (personal competencies). They suggest it is more cost effective to select for these competencies while training for knowledge and skills. Many organizations, they argue, hire on the basis of skills and knowledge and assume that good management can instill traits and motives. The converse, they argue, is more cost effective: organizations should select for core motive and trait competencies and

teach the knowledge and skills required to do specific jobs.

To quote Spencer and Spencer: “In complex jobs, competencies are relatively more important in predicting superior performance than are task-related skills, intelligence, or credentials. This is due to a ‘restricted range effect’. In higher level technical, marketing professional and managerial jobs, almost everyone has an I.Q of 120 or above and an advanced degree from a good University. What distinguish superior performers in these jobs are motivation, interpersonal skills, and political skills, all of which are competencies”

An example of selecting for key personal competencies is provided by Seligman (1991). Seligman established that the competency that differentiated superior insurance salespersons from poor salespersons was the personal characteristic of optimism. Optimistic insurance salespersons explained or rationalized ‘rebuffs’ in ways that meant they would continue making calls to sell insurance. Traditionally, insurance salespersons were selected on the basis of technical insurance knowledge. With turnover at approximately 50 per cent per year recruitment, selection and training were costing Metropolitan Life 75 million dollars a year.

The results of Seligman’s intervention proved startling, with turnover cut by half and sales increased by as much as 20 per cent in the first year. Metropolitan Life still includes a test of industry knowledge on the basis that a minimum level of knowledge is still important for any salesperson, the difference being that, in differentiating between two applicants with similar industry-knowledge test scores, the applicant

with the higher score on optimism will have a greater chance of obtaining a position.

Competencies at work is however not simply about developing readiness or having the skills, knowledge and attribute to perform. Competence also involves the willingness and desire to perform. These factors are influenced by daily experience at work and the perceived nature of the organization team. Competence thus requires developing skills and knowledge and designing appropriate Competency Models that tie to current roles and anticipate future skill requirement.

Competency Based HRM Models

Typically a model is defined as an imitation or an abstraction from reality that is intended in order to understand and simplify our view of that reality while still capturing its essential characteristics.

A competency model is a descriptive tool that identifies the competencies needed to operate in a specific role within a(n) job, occupation, organization, or industry. Simply stated, a competency model is a **behavioral job description** that must be defined by each occupational function and each job (Fogg, 1999). Depending on the work and organizational environment, a group of 7 to 9 total competencies are usually required of a particular job and depicted in a competency model (Shippman, 2000).

Dubois in defining competency models states that they provide the adhesion or “glue” that is necessary among the elements of an organizations human resource management system. It means that competency models help organizations take a unified and coordinated approach to designing the human resource management

system, including job designs, hiring, performance management, employee development, career planning or succession planning and compensation system. Therefore, any investment an organization makes in competency model development work has benefits beyond the usefulness of the results for the HRD purposes.

Competency behaviors can bring a common vocabulary and perspective to those operating within an organization or system. A consistency of expectations is understood by each player on an organizational team or within a professional network. This systematic framework is used to convey the desirable behaviors and thinking as one develops individually and professionally, within an organization or across industries

Industry Applications to competency Models

In 2005, Hewitt Associates studied leadership development among 373 U.S. companies, 20 of which were labeled “Top 20 Companies for Leaders.” The standout companies for leaders not only all have leadership competencies in place, but successfully integrate the competencies into succession planning, pay formulas, and performance management. The table below presents the results collected in the study, How the Top 20 Grow Great Leaders.

Competency - Related Characteristic	Top 20 Companies	Other Respondents
Companies with Competencies*	100 %	73%
Companies that Integrate Competences into Succession Planning Process	100%	78%
Companies that Measure Leader Performance Against Competence	95 %	69%
Companies that Have Follow-Up Measures to Gauge Progress in Meeting Competencies	90%	65%
Companies that Use Competencies to Determine Long-Term Incentive Pay	65 %	23%
Companies that Use Competencies to Determine Base Pay	60%	30%
Companies that Use Competencies to Determine Annual Incentive Pay	60%	31%

Competency Models thus have the following Advantages:-

- 1. Enhancement of Recruiting Process**-Research reveals that competency models create a **more robust hiring process** by facilitating the placement of candidates to appropriate opportunities. Companies report improved consistency in their recruiting and talent selection processes when leveraging competencies models.
- 2. Enhancement of employee Development**-A 2004 study profiling best in class competency models notes that the majority of large North American Companies use or are developing competency based HR processes to augment employee and leadership development which gives the following benefits:-

- A Links the development activities to corporate goals.
 - B Organize areas of talent strengths and weakness.
 - C Serve as development targets for those who aspire to senior Leadership position {succession planning}
3. **Performance Management Enhancement** - Literature suggests that competency models bring structure and coherence to the performance management function by standardizing development criteria.
 4. **Identifying Training needs and Employee Development** - Using competency models to target training needs leverages a powerful asset to promote a workforce that is equipped and prepared to succeed. Once the training needs have been identified, it is imperative to address these through a comprehensive learning plan, encompassing a broad perspective that includes multiple learning platforms beyond traditional training.
 5. **Unification of corporate Culture across Business units**-Research reveals that a number of organizations that leverages Leadership Competency models cite the creation of a unified corporate culture as one of the primary drivers for the initiative. The creation of a common culture especially unifies employee in a decentralized corporate environment.
 6. **Establishment of connectivity through Integration of HR Processes** - A competency model can serve as an integrative framework for organizations entire HR system. It can help to align

the HR system vertically with the other HR functions to ensure harmony and consistency across many facets of HR activities that impact human performance.

7. **Establishment of clear Expectations for Success**-A key driver of leadership competency model implementation is the organizations desire to standards, expectations for success in the leadership role, enabling employees to self manage their standardize performance.

Developing and utilizing competency models has been equated with running a profitable and successful organization through strategic management of the professional talent within the organization. Thus, several private industry organizations have evolved to assist companies and businesses with developing organizational competency models. For example, ITG designs the Right Competency Model that will align jobs, competencies, and learning resources. Batrushollweg International competency model aligns talent with business goals or the strategic focus of an organization. In a sense, an individual's technical, as well as their personal characteristics and attributes must be a fit with the corporate culture in order to be hired by a particular organization and be successful on the job. Without certain attributes or competencies, the individual is not considered qualified. In other words, possession of these traits is assumed to lead to expected or desired performance.

Competency models thus not only help the organizations in providing a "Road map" for the range of behaviour that produce excellent performance but can also provide an important and useful tool to guide

individual development. It describes what it takes for an individual to be a contributor at workplace learning and perform as per desired competency to achieve career success. It is a foundation on which an individual can build career plans and choose to develop a path for himself. It thus gives an answer to the following questions:-

- A What competencies are likely to be most important to my current job?
- B Which competencies will become more important in the future?
- C How do I improve upon my competencies in terms of my performance?

Challenges with Using Competency Models

Competency models have their place in human resources practices and their use can be a method of speaking a similar language among various audiences when discussing work requirements. However, competency models are not the sole solution for every hiring and selection decision or other managerial functions. Cockerill, Hunt, & Schroder, (1995), nor should they be the only tool utilized in meeting education and training needs.

Ashworth and Saxton (1990) explain that framing competencies as an outcome can ignore the mental and personal processes that are utilized in developing and exhibiting skills and utilizing knowledge. Some idiosyncratic competencies that can assist a person in being successful in their job or contributing to the competitiveness of an organization may be overlooked if the competency model solely is used to strategically select only staff that fit this model and do not rely on developmental

resources to facilitate acquisition of competencies where a gap exists. Several authors also caution against using competency models for measuring or appraising certain areas of performance and providing developmental feedback based on these assessments. Despite the efforts to assess the competencies associated with personal characteristics, traits and motivation, such competencies are difficult to define and therefore difficult to assess. Such competencies cannot be directly measured in behavioral terms, but more accurately there are behaviors associated with these competencies. Thus, assessments of such competencies are not objective; rather they are based on faulty or interpretable assumptions about behaviors that constitute maturity, flexibility, cooperation, autonomy, and independence, among others. For these competencies, measurements that meet professional standards are needed.

If an organization chooses to integrate competency models throughout their human resources practices (i.e., training and development, selection, and performance and assessment activities), the competency model frameworks developed to describe jobs or occupations and promotional opportunities should be shared with all managers and staff; employee participation in development of a competency model can assist with providing awareness of the model as well as create acceptance (Lucia & Lepsinger, 1999). Resistance to change may be lessened with buy-in from staff and managers. By having the entire organization involved in the development of competency models and defining what certain competencies mean

for that particular organization, there will be an organizational expectation of what makes the company succeed. For the gaps in competency acquisition, further training and development can be offered and provided to aid in acquisition of the desired skill, knowledge, behavior, trait, etc. Allowance for some less needed or desired competencies should be considered as well to perhaps enrich the talent pool. For occasions when these competencies are not developed, it is likely that inaction or an ineffective behavior may prevent the worker from accomplishing job tasks and organizational goals. While not usually the most cost-effective option for businesses after investing in an employee, it may be most appropriate for the company to re-evaluate the current competencies of an individual and his or her acquisition for learning new and desired competencies based on those competencies required of the organization. With the results of this analysis, the organization and individual can determine the individual's future within that organization. The employee might benefit far greater in the long run knowing that other organizations within that industry or across industries would be a better career fit.

Conclusion

As noted above, with certain exceptions considered, Competencies and competency models are a viable tool that can be utilized to prepare the current and future workforce and retain skilled incumbent workers to meet the job requirements and other needs of employers. Furthermore, for career exploration and development purposes and during times of job change, whether

by choice or due to market changes, competencies and Competency models are an assistive device for individuals to focus on their current competencies and refocus or enhance their competencies as necessary. With the knowledge and use of the information contained within a competency model and awareness of their individual competency strengths and weaknesses, individuals may manage their future job or career success, navigate their current chosen career pathway, or apply the information to examine new career opportunities.

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