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tools

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Tips on Competency Management
A Primer

R. Palan PhD A.P.T

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ISBN 978-967-5223-09-9

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Introduction

My earlier book on
Competency Management: A Practitioners' Guide
was intended to be comprehensive. Over the years, there has been a huge avalanche of new literature and numerous changes have impacted organisations. Given that background, this tips book is primarily intended to give an updated but thumb nail sketch of the key concepts and developments in the field of Competency Management and relevant applications.

Dedicated to

Subra
A valued colleague who has invested
significant time and effort to
further the practice of
Competency Management and
Talent Management

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Why and What

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Why Competency Management?

The purpose of implementing a competency management framework is to gain a competitive edge in a competitive world.

Work has to be restructured in different ways to meet the present and future challenges. Competent human capital ensures organisational competitiveness and prosperity.

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What are the various terms used in Competency Management?

There have been at least three commonly used terms.

◆   Competence – a job based approach focusing on threshold competencies and largely Vocational Education and Training (VET) based

◆   Competency – a person based behavioural approach focusing on differentiating competencies that lead to superior performance

- ❖ Core Competency – an organisation focussed approach that defined competencies that were unique and specific to an organisation and one that drives its competitive edge.

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What are the broader economic indicators impacted by Competency Management

Employment and productivity are two important indictors as they have the potential to increase gross domestic product (GDP) per capita and result in net social benefits. GDP per capita can be looked at from three areas: population, participation and productivity.

While GDP is an economic measure, net social benefit is a community welfare measure.

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What is Competence?

Competence has generally been referred to as being job related with a focus on skills acquisition. The VET movement has been largely focused on competence.

The competence focus was on developing vocational competencies that were transferable between jobs, occupations or roles. The goal of this approach is to ensure threshold performance or minimum standards are being met by the job incumbent.

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What is Competency?

A competency is an underlying characteristic of an individual that is causally related to criterion referenced effective and/ or effective performance in a job or situation.

Competency is more person related with a focus on the underlying characteristics that are fairly deep and enduring and part of the person's personality. It is expected to predict behaviour in a variety of job tasks and situations.

Causally means there is a correlation to performance. The five types of characteristics are Motives, Traits, Self Concept, Knowledge and Skills.

Skills → Uses Microsoft Word

Knowledge → Has a degree in Computer Science

Visible

Hidden

Values → Balance work & family

Self-Concept → Shows confidence

Traits → Is calm

Motives → Likes achieving goals

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What is meant by Core Competency?

Hamel and Prahalad (1990) introduced the core competence approach. This referred more to the organisation. Core competence was defined as an organisational resource that enabled organisations to gain a competitive edge. This view emphasised that core competence was unique and organisation specific.

The core competency approach emphasised competencies that were unique and specific to a firm to drive a competitive edge.

Core competencies were seen as not individual attributes but

they were part of the competitive strategy of the organisation. They highlighted the importance of 'people bodied' skills to develop an organisation's competitive strategy. Their intent on using the word core competency was to refer to the organisation's ability to learn collectively. When an organisation is collectively learning, it is able to respond to strategic challenges appropriately.

Competence

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How is Competence defined?

In Australia, the National Training Board defined competence as:

'The concept of competency focuses on what is expected of an employee in the workplace rather than on the learning process; and embodies the ability to transfer and apply skills and knowledge to new situations and environments. This is a broad concept of competency in that all aspects of work performance, and not only narrow task skills, are included.'

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Why the focus on Competence?

Countries and organisations that recognise a skill deficiency and want to upskill their employees focus on skills acquisition. The development of occupational standards is aligned to work reality. The focus is on improving productivity and competitiveness. The goal is on ensuring the workforce has the right skills to match industry needs.

Vocational Education and Training (VET) is based on standards and the focus is on what learners can do on completion of the learning. It is a criterion referenced approach. It is outcome based.

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What is the link between Competence and VET?

Competence focusses attention on learning outcomes (Mayer, 1992). Three levels of descriptors for a definition were presented:

1.   Essential Elements,
2.   Implied characteristics,
3.   Related characteristics.

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What are the essential elements?

The essential elements were defined as follows:

- ◈ Competencies (knowledge, Skills, attitudes) to be demonstrated by the learner,

- ◈ Criteria to be employed in assessing competencies

- ◈ Assessment of the learners competency

- ✦ Rate of the learner's progress is determined by demonstration of competency rather than by duration of study

- ✦ Instruction is intended to facilitate the development and evaluation of the learner's achievement of the specified competencies

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What are the drivers for the Competence movement?

Six drivers have fuelled the VET field in Europe according to a study conducted by European Centre for the Development of Vocational Training, 2009:

◆ The speed of change in technology, processes and demographic changes such as the entry of the young workforce,

◆ The traditional form of education that was supply driven was being replaced by demand driven models where the focus is on output,

- ◈   The emphasis of skills accreditation to recognise tacit skills,

- ◈   The emphasis on recognising learning irrespective of how it was gained,

- ◈   Integration of education and training and aligning it with the needs of the employment market.

- ◈   Improving the skills of the work force and enabling mobility by providing reference points on occupational competence.

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What is a Training package?

Training packages are an important part of the VET system in Australia. It is a key resource for registered training organisations, employers and students.

They comprise a set of competency standards and qualifications developed by industry.

A training package sets out the competencies but does not detail how the training should be delivered, or the duration to deliver it. Registered Training organisations (RTO) have the responsibility to develop teaching strategies and assessment methods to meet the needs, abilities and circumstances of the learners and industry.

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What is Recognition of Prior Learning (RPL)?

Individuals may have gained prior skills in a variety of ways It might have been through informal or formal training, experience in the workplace, voluntary work, or social or domestic activities.

Qualifications can be awarded to individuals either wholly or partly on the basis of these skills without further study.

The onus to demonstrate the skills and provide the evidence rests with the individual.

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What are the field experiences?

The National Vocational Qualifications (NVQ) was created upon clearly defined occupational standards of competence in the In the United Kingdom and Europe.

In Malaysia, the SKM (Malaysian Skills Standards) have been defined. In New Zealand, a Unified Skills Strategy was developed and the focus was on workplaces and improved completion rates. In Singapore, the Workforce Development Agency (WDA) focused on the Continuing Education & Training (CET) of the workforce.

The discussions were centered on three questions: what is the value of industry training, how is the value realised and how is that value assessed.

Even though a VET approach is criticised for over emphasising demonstration of competence and not placing sufficient emphasis on knowledge acquisition, it does address the relevance of skills to the work situation and skills deficiency identified within the national economy.

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What is the German dual system?

In Germany, competence (kompetenz) has been the essence of the unique dual system of VET where the education is coupled with practical training, to develop trade skills.

The German system has incorporated new curriculum that goes beyond knowledge and skills content. It is also a partnership in collective skills formation between employer's associations, unions and government.

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What is the Australian VET reform agenda?

It was part of a larger change agenda with the principal aim of reforming vocational education and training. It has become to be known as the 'training reform agenda'. The aim was to meet the COAG (Council of Australian Government Targets) 2020 targets that have the potential to raise Gross Domestic product (GDP).

The reform agenda referred to a package of reforms with five main themes were:

1. VET with nationally consistent competency standards
2. National recognition of competencies, however attained
3. An open training market
4. Equitable access to VET
5. Integrated entry level training system

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What are some of the challenges in implementing VET?

While there are many challenges, the key issues remain to be:

◈　　　The quality of delivery

◈　　　The low completion rates by participants.

Workforce participation, productivity and social inclusion are important for the well being of society. Public funding of VET has benefits but the Government has to ensure there is an appropriate cost benefit ratio.

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Competence and Competency

While competence is more job related and has a vocational training emphasis, competency is more person related. Competence focuses on threshold competences that ensure a person is able to meet the minimum standards; competency focusses on differentiating competencies that differentiate superior and poor performance. Boyatzis attempted to marry the two by including skills and knowledge within underlying characteristics.

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What are the five types of characteristics described by authors?

Hay Group in a working paper describes them as follows:

◈   Skills are the things that people can do well, such as computer programming, and

◈   Knowledge is what a person knows about a specific topic, such as a computer language.

◈   Social Role is the image that an individual displays in public; it represents what he or she thinks is important. It reflects the values of the person, such as being a diligent worker or a leader.

- ◈ Self-image is the view people have of themselves. It reflects their identity, such as seeing oneself as an expert.

- ◈ Traits are enduring characteristics of people. They reflect the way in which we tend to describe people (e.g., "she is reliable" or "he is adaptable"). These characteristics are habitual behaviors by which we recognize people.

- ◈ Motives are unconscious thoughts and preferences, which drive behavior because the behaviors are a source of satisfaction

  (e.g., achievement drive and wanting to do better).

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What is meant by test for competence and not for intelligence?

In a seminal article in 1973, Harvard Professor McClelland worked on developing tests to identify competency instead of intelligence with the purpose of predicting performance in job or a situation.

McClelland summarised a number of studies that showed that traditional IQ tests used by psychologists to predict performance did not in-fact predict job performance.

Most of the tools used to predict success on the job had poor results. This led him to seek alternatives and resulting in testing for competency.

He developed two tools:

◈   Criterion samples

◈   Behavioural Event Interviews (BEI)

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What are competency models?

Competency models are developed to identify the specific competencies that are characteristic of high performance and success in a given job.

Competency models can be used for a variety of variety of human resource activities.

The ultimate purpose is to predict successful performance in a job or situation. Competency models are frequently used in hiring, leadership development and career development.

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How do you develop a competency model?

A six step model is recommended even though the depth and time taken to develop a comprehensive model would depend on the scope of the project.

The steps are:

1. Establish the performance criteria.
2. Identify people for the criterion samples to differentiate performance.
3. Collect data through behavioral event interviews (BEIs) or other assessment methods.
4. Analyze data and define the competencies.
5. Validate the model.
6. Design applications.

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Why the focus on Competency?

In a competitive world, performance is the key variable between success and failure. Some people are more successful than some others. This can be attributed partly to the individual and partly to how they fit a role.

Every person has the potential to be the best so long as they find the best position: person match.

McClelland advocated the need to look at differentiating competencies for superior performance. He articulated the need to look at the underlying characteristics such as an individual's social role, traits and motives that are essential

for superior performance. When competencies are used to hire and develop individuals, there is a greater probability of them delivering superior performance.

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What are the drivers for Competency Management

◈ Performance is the central driver within a competency based system. When the people hired and the right learning opportunities implemented fit with the organisational needs, organisations are able to achieve their performance goals.

◈ Costs savings can be huge. Wastage incurred due to poor hiring and development can be substantial.

- ✥ Opportunity cost, poor employee morale, poor productivity and poor quality work can impact the organisation.

- ✥ Competency management when applied after a rigorous process can solve the business issues an organisation intends to address both short-term and long-term. It can support several human resources processes and talent management issues such as learning and development, performance management, career management and succession planning.

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What are the field experiences?

The growing use of competency management by organisations has been widely reported both in the human resources and business literature.

In a study on how organisations are using competency data, Schoonover Associates found that users were spread across all business sectors and the users were of varying sizes.

They were more frequently used in hiring, training, performance management, career management and succession planning.

Talent Management has become a key focus for organisation in recent times given the competition for talent.

While the sophisticated users mainly from the Oil & Gas sector were satisfied with the outcomes and they focussed on driving all HR processes with a competency focus, the common obstacles to success were lack of expertise, lack of resources and limited top management support.

Successful organisations found a perfect fit when competencies were integrated with all HR processes.

Organisations reported that it is like any other change initiative. Best practices must be consistently and relentlessly followed when developing and implementing competencies. Simplicity is critical.

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What are some of the tools in Competency Assessment?

Competency assessments that are designed to assess the underlying and enduring aspects of a person can be challenging. The focus is on being able to predict the probability of successful performance on the job, in the future.

◈ Behavioural Event Interviews (BEI) is an effective method as it is a structured interview that is focussed on the individual and the competencies.

There is an opportunity to observe the "targeted behaviours required" during the BEI. The interview

focusses on thoughts, feelings, behaviour and out comes.

✦ Psychometic tests are frequently used. There may be a need for a basket of exercise and tests to assess all of the competencies in a competency model unless the test is developed specifically for the organisation by a registered and accredited psychologist and/ or psychometrician. The test needs to be valid and reliable.

Each of them varies on

- ◈ the time taken to complete the assessments,
- ◈ costs,
- ◈ quality (validity and reliability)
- ◈ and administrative convenience.

The acronym RIOT is a good guide for use in Competency Assessments.

- ◈ Reviews
- ◈ Interviews
- ◈ Observations
- ◈ Tests

Implementation

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How do you build a Competency Strategy for implementation?

PDI Ninth House, an organisation specialising in leadership development says that to avoid competency chaos and achieve Talent Management Realisation, six conditions must be met:

1. Clear vision
2. Aligned strategy
3. Solid foundation
4. Management commitment
5. Execution excellence and
6. Ongoing management and governance

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How do develop Leadership Competency Models

Leadership is a process that occurs within organisations. Successful organisations develop leadership skills at all levels within organisations. The challenge for organisations is to generate leadership competency throughout the depth and breadth of the organisation.

Successful leadership competency models are validated rigorously.

Critical leadership competencies – skills, behaviors, and role requirements are identified and the content of leadership development programs is aligned with business goals.

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What is a 360 degree programme?

The 360 – degree feedback used extensively in human resources is also known as multi-rater feedback, multi source feedback or multi source feedback. While the individual does a self rating, feedback is also given by other members such as the supervisor, peers, and subordinates. 360° feedback programmes have become increasingly popular and some large organisations even publish their results as this includes "upward feedback" too.

Largely used for developmental purposes, it becomes controversial when used to make other decisions such as promotions or compensation. Again, the use of 360 degree

has been subject to discussions if it elicits accurate data and whether it is tenable to use it in Asian cultures that are hierarchical and high context driven.

For a free sample assessment, view
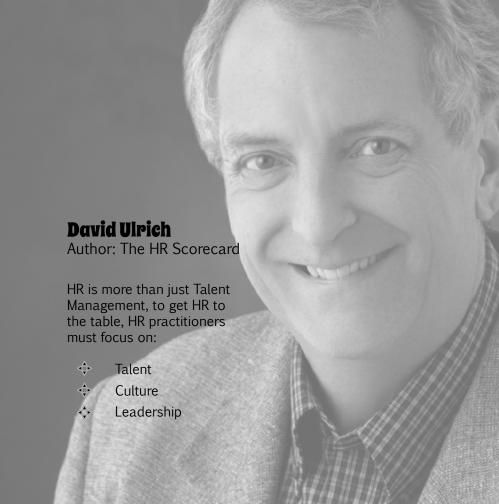http://smrassessments.com/website/index.aspx

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How do we manage the complexity of competency management implementation in a cost effective way?

Implementing Competency Management in an organisation is a complex exercise. There are no short cuts. It involves extensive investment of time, resources and money. Ultimately, the data obtained from the exercise must lead to productive decision making about people.

While organisations aim to use enterprise resource systems such as SAP and Oracle, there are many specific competency

applications such as HRDPower which are more specific for competency and talent management.

They can be also linked to enterprise systems.
Visit www.hrdpower.com

David Ulrich
Author: The HR Scorecard

HR is more than just Talent Management, to get HR to the table, HR practitioners must focus on:

- Talent
- Culture
- Leadership

"It is possible to teach a turkey to climb a tree but it is often easier to hire a squirrel."

About the Author

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