T.C.
IŞIK UNIVERSITY
SOCIAL SCIENCES INSTITUTE
MBA PROGRAMME

COMPETENCY-BASED HUMAN RESOURCE MANAGEMENT SYSTEMS: CASE STUDIES OF A MULTINATIONAL COMPANY IN FMCG INDUSTRY AND A NATIVE HUMAN RESOURCES COMPANY IN SERVICE INDUSTRY

MASTER THESIS

GAYE KALKAVAN
NO:2011MBA133

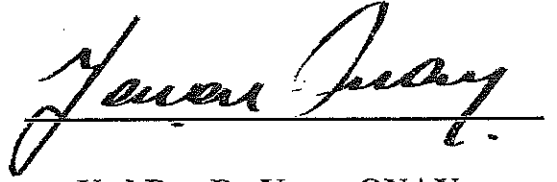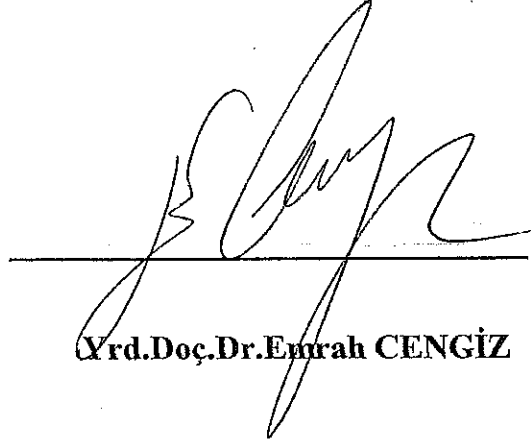## ADVISOR: PROF. DR. MURAT FERMAN

İSTANBUL 2003

The thesis is submitted by *Gaye Kalkavan* to the Institute of Social Sciences
of Işık University in partial fulfillment of MBA Degree approved by;

Prof.Dr.Murat FERMAN
(Thesis Advisor)

Yrd.Doç.Dr.Yaşar ONAY

Yrd.Doç.Dr.Emrah CENGİZ

SUMMARY

Competencies are a composite of knowledge, skills and behaviors that are required for effective performance in a job. Competency approach have been known and implemented for almost three decades. Especially in the last five to ten years, their benefit to help selection and development efforts in organizations had improved significantly. It is important for the corporations to measure employee performance effectively against sound, measurable, observable criteria which help them see where workforce stands with respect to achieving organizational performance and development. Systems or tools are required to measure whether its people possess the abilities critical for its success. Competencies or competency models gain emphasis and create great value for organizations by providing a common language and measurable tool that is used across human resources systems, determining the requirements for successful performance and linking management of people through shaping employee behaviors with business results and strategic direction of the company.

In the first part, an overview of the concept of "*Competency*" is introduced. This part begins with a general introduction of the alignment of strategic human resources management with corporate strategy and is followed by the definition of the term "competency" made from several different points of view in the literature and the history of the competency movement arising from USA, UK, Australia and the leading names in the invention of the competency approach to HR management. After that background information, the categories of competencies, main objectives generally pursued by the companies toward using competency systems, the benefits of using the competency-based applications in each human resources system, challenges to the competency movement are discussed. Finally, this part ends with a discussion about the future trends in the competency movement.

In the second part, the concept of "*Competency Modeling*", contemporary approaches in developing competencies and competency models are discussed. Secondly, the methodological steps in developing competency models and data

collection methods in competency development are comprehensively examined. Following that information, classifications of the competency model is discussed. Then some of the common methods used for rating an employee's level of competency are explained. Finally this part ends with some of the company examples which currently implement the competency-based human resources management systems in Turkey.

In the third part, integration of competency models into each human resources management systems will be discussed. In each of the systems, the indicators of a need for a competency-based system, the contributions that competencies can make, the steps in developing the system are investigated. This part ends with a discussion about the integrated human resources management information systems endorsed through technology.

In the fourth part, competency-based human resources management systems of a national and multinational company are investigated. A descriptive study on current competency-based human resources management systems of both companies is provided including their background, corporate objectives, the objectives of implementing competency-based human resources management systems, the methodological steps in developing the systems in the companies, the challenges faced in executing competency applications, and the contributions that competencies have provided to both organizations. The results of the case studies revealed significant similarities and also some differences which arise due to national and multinational variations in practices.

ÖZET

Yetkinlikler, bir işte üstün performans için gerekli olan bilgi, beceri ve davranışlar bütünüdür. Yetkinlik, bir yaklaşım olarak yaklaşık otuz yıldır yazında yer alan ve aynı zamanda işletmeler tarafından uygulanmakta olan bir kavramdır. Özellikler, son yıllarda işletmelerin işe alma ve gelişim uygulamaları gibi insan kaynakları süreçlerindeki faydaları bakımından yetkinlik yaklaşımı kayda değerdir. İşletmeler için çalışanlarının performansını ölçülebilir, gözlemlenebilir kriterler doğrultusunda değerlendirebilmeleri, yüksek örgütsel performans ve gelişim hedeflerine ulaşmaları açısından son derece önem kazanmaktadır. Yetkinlikler ya da yetkinlik modelleri günümüz işletmeleri tarafından tüm insan kaynakları yönetimi süreçlerinde kullanılabilen bir yöntem olup, çalışan performansının değerlendirilmesinde örgüt içinde ortak ve ölçülebilir bir dil kullanılmasını sağlayabildiği ve rekabet avantajı yaratabildiği ölçüde işletmeler için değer yaratan bir yaklaşım olarak karşımıza çıkmaktadır.

Tezin ilk bölüm, "Yetkinlik" kavramını ve genel çerçevesini açıklamaktadır. Bu bölümde öncelikle, kurumsal stratejinin stratejik insan kaynakları yönetimi ile uyumlaştırılmasına ilişkin kapsamlı literatür sunulmaktadır. Ardından, "yetkinlik" kavramı literatürdeki farklı bakış açıları tarafından ele alınmakta ve kavramın Amerika Birleşik Devletleri, İngiltere ve Avusturalya kökenlerine dayanan tarihçesine yer verilmektedir. Bu kısımdan sonra, yetkinliklerin sınıflandırılması, işletmelerin yetkinlik modellerini kullanmalarındaki temel nedenler, yetkinliğe dayalı insan kaynakları uygulamalarının sağladığı faydalar ve diğer taraftan yetkinlik yaklaşımının örgütler için beraberinde getirdiği zorluklar tartışılmaktadır. Son olarak bu bölümde, yetkinlik yaklaşımlarındaki geleceğe yönelik öngörülere değinilmektedir.

Tezin ikinci bölümünde, "Yetkinlik Modeli" kavramını açıklarken, yetkinliklerin ve yetkinlik modellerinin geliştirilmesindeki temel ve güncel yaklaşımlar açıklanmaktadır. Yazına ilişkin bu bilgilerin ardından, yetkinlik modellerinin geliştirilmesinde kullanılan yöntemsel adımlar ve gerekli yetkinliklerin geliştirilmesine ilişkin veri toplama süreçleri kapsamlı olarak anlatılmaktadır. Daha

sonra, çalışanların yetkinliklerinin değerlendirilmesinde kullanılan yöntemlere değinilmektedir. Son olarak bu bölümde, Türkiye'de yetkinliğe-dayalı insan kaynakları yönetimi sistemlerini uygulamakta olan bazı işletmelerden örnekler verilmektedir.

Üçüncü bölümde, yetkinlik modellerinin her bir insan kaynakları yönetimi sistemine entegrasyonu açıklanmaktadır. Buna göre, her bir insan kaynakları uygulaması için, yetkinliğe-dayalı yaklaşım ihtiyacının temel gerekçeleri, yetkinliklerin ilgili insan kaynakları uygulamasına sağlayacağı fayda, ve yaklaşımın ilgili sisteme entegre edilme adımları tartışılmaktadır. Bu bölüm, teknoloji kanalı ile entegre insan kaynakları yönetimi bilgi sistemlerinin yaratılmasının sürecin yönetimine sağlayacağı katkılar tartışılmaktadır.

Dördüncü ve son bölümde, bir çokuluslu ve bir de yerel büyük ölçekli işletmenin yetkinliğe dayalı insan kaynakları yönetimi sistemleri kapsamlı olarak incelenmektedir. Her iki işletmeye yönelik, bu işletmelerin yetkinliğe dayalı insan kaynakları yönetimi kurma çabalarındaki hedefleri, yetkinliğe dayalı insan kaynakları yönetimi süreçlerinin oluşturulmasında izlenen yöntemler, bu süreçlerin uygulanmasında karşılaşılan zorluklar ve aşılmasına yönelik alınan önlemler ve yetkinlik yaklaşımlarının bu iki işletmeye sağladığı faydalar detaylı olarak irdelenerek açıklanmıştır. Elde edilen bulgular, her iki örnek olay işletmesine yönelik birçok benzerlik göstermekle birlikte; çokuluslu ve yerel işletme ayrımında da birtakım farklılıklar bulunduğunu ortaya koymaktadır.

ACKNOWLEDGEMENTS

TABLE OF CONTENTS

PART III: INTEGRATING COMPETENCY MODELS INTO HUMAN RESOURCE MANAGEMENT SYSTEMS

PART IV: **IMPLEMENTATION OF COMPETENCY-BASED HUMAN RESOURCE MANAGEMENT SYSTEMS: CASE STUDIES OF A MULTINATIONAL COMPANY IN FMCG INDUSTRY AND A HUMAN RESOURCE SERVICE COMPANY**

LIST OF TABLES

LIST OF FIGURES

LIST OF ABBREVIATIONS

(US)	United States
(SHRM)	Strategic Human Resource Management
(HR)	Human Resources
(CBM)	Competency-Based Management
(KSAO)	Knowledge, Skills, Abilities and Other Characteristics
(AACSB)	American Assembly of Collegiate Schools of Business
(AMA)	American Management Association
(SME)	Subject Matter Experts
(IQ)	Intelligence Quote
(BEI)	Behavioral Event Interviewing
(OECD)	Organization for Economic Co-operation and Development
(JACMTF)	The Job Analysis and Competency Modeling Task Force
(SIOP)	Scientific Affairs Committee of the Society for Industrial and Organizational Psychology
(AMA)	American Management Association
(PCİ)	Pişirici Cihazlar İşletmesi
(MCI)	The Management Charter Initiative
(CFO)	Chief Financial Officer
(CEO)	Chief Executive Officer
(CSC)	Corporate-Specific Competencies
(UK)	United Kingdom
(IHRMIS)	Integrated Human Resources Management Information Systems
(FMCG)	Fast Moving Consumer Goods
(CEMA)	Central Europe and Middle East

INTRODUCTION

In today's competitive business world, sustainable competitive advantage is the fundamental factor for achieving organizational strategies. A company may achieve competitive advantage through its technological tools, processes, differentiated products or resources in the sense of capital and people when one or several of these factors exceed those of competitors. Capital, technological tools are rather available to organizations, and therefore the alternative sources that provide sustainable competitive advantage to organizations are rare. Based on this reason, many companies have realized that the key to achieving and maintaining effective performance and gaining competitive advantage is the skills, abilities of their employees. Today most of the organizations consider their people as a vital competitive source which helps successful strategy implementation and execution. Human resources management practices are integrated into the organization's overall strategy to enable competitive advantage which brings the idea of Strategic Human Resources Management (SHRM).

Organizations have been searching for ways to measure employee performance effectively against sound, measurable, observable criteria which help them see where they stand with respect to achieving organizational performance and development. For this reason, organizations need to find systems, tools or criteria to assess whether the prospective and/or current employees have the required abilities and skills for successful performance. A competency-based management (CBM) perspective have been in use by US, UK and many other European countries as an effective and consistent tool to assess prospective employees' potential to succeed, to measure current employee performance that ensures feedback and coaching for development. It is increasingly spreading throughout the OECD countries and northern European States.

Turkey was first introduced to competency-based human resources applications in about five to ten years ago. The movement has been driven by the new business and human resources perspectives, fast know-how transfer from outside especially the US and UK, the diffused influence of the affiliates' practices that operate in Turkey,

and also seminars, Internet and electronical resources. Competencies or competency models are gaining increasing importance in organizations which focus on effective performance, learning and growing of their employees, as well as creating increased collaboration among them. Competency models provide an opportunity for the organizations in terms of their development and implementation of people-related processes such as enhancing individual motivation and direction, selection, development, promotion and rewarding processes. This quite new phenomenon creates a standard, common set of criteria to describe high performance in an organization.

Thus, this thesis is written with the primary aim of providing a comprehensive theoretical framework of competency modeling and competency-based human resource practices implementation. It seeks to portray the implementation of those competency-based human resources applications in two diverse companies one of which is an affiliate of a multinational organization in FMCG industry. The other is a native HR company belonging to a Group operating in Turkey. This has been done in order to identify the perceived effectiveness of the competency model in executing human resource management systems.

The thesis begins with a consideration of how the concept of competencies and competency modeling has come to occupy so much of the contemporary human resources management literature. Therefore, in the first part of the thesis, the overview of competency concept and its alignment with the overall organization and human resources management and the evolution of competency will be discussed in order to get an idea about the emergence of competency thought. Further founders of the concept of competency, benefits, types of competencies, challenges to and future of the competency movement will also be given in the first part.

Having identified the concepts that are provided in the first part, concept of "*Competency Modeling*", contemporary approaches in developing competencies and competency models, the methodological steps in developing competency models and data collection methods in competency development, common methods used for rating an employee's level of competency are discussed. Finally, some examples of

which currently implement the competency-based human resources management systems in Turkey will be given in the second part.

In the third part, integration of competency models into each human resources management systems will be discussed. Then a discussion about the integrated human resources management information systems endorsed through technology will be explained.

In the fourth part, two case studies will be given to provide information about the implementation of competency-based human resource applications in two specific business industries: the FMCG industry and Human Resource Service Industry. The Company in FMCG industry has a US (United States) origin and the Human Resource Service Company has a native origin. The case studies were conducted as exploratory research and the data for this research was collected from primary and secondary sources. The main data for both research is collected through in-depth and personal interviews. The companies' current competency-based human resources applications, the main indicators of needs and objectives of implementing competency-based human resources management systems, the contributions that competencies have made, the methodological steps in developing the systems in the companies, the challenges faced in executing competency applications, and the general and future evaluations of both organizations will be examined in an attempt to identify the perceived effectiveness of the competency model in executing human resource management systems.

PART I

OVERVIEW OF COMPETENCIES

In this part, the alignment of human resources management with corporate strategy and the organizational context, a competency-based perspective to human resources management, definition and history of "competency" concept, competency framework structures, goals, benefits of competencies for human resources management systems, challenges to the competency movement, and the future of the competency movement will be discussed.

1.1 THE CORPORATE STRATEGY AND ORGANIZATIONAL CONTEXT AND ALIGMENT OF HUMAN RESOURCES STRATEGY

The heart and soul of managing a business enterprise goes through the tasks of crafting, implementing and executing corporate strategies. A *corporate strategy* is the game plan, management is using to stake out a market position, conduct its operations, attract and satisfy customers, complete successfully, and achieve organizational objectives.[1] In other words, corporate strategy is the identification of the purpose of the organization and the plans and actions to achieve that purpose.[2]

The first task of strategic management is forming a *strategic vision* and *business mission* for the company. Management's views and conclusions about the organization's long term direction, the pursued technology-product-customer focus, its future business scope make up the *strategic vision* of the company. A strategic vision thus reflect's management's aspirations for the company and gives a panoramic view of "where the organization is going", spells-out long-term business plans. The *mission statement* reflects the company's present business scope, point to the company's present products and services, types of customers it serves, technological and business capabilities it has.[3]

---

[1] Arthur A. Thompson, A. J. Strickland III, **Crafting and Executing Strategy: Text and Reading**, 12.th edition, McGraw-Hill Companies Inc., Singapore, 2001, p.3.
[2] Richard Lynch, **Corporate Strategy**, 3rd. Edition, Prentice Hall, Italy, 2003, p.6.
[3] Thompson and Strickland, **op.cit.**, p.6.

The second task in strategic management is *setting financial and strategic objectives* that are yardsticks for tracking an organization's performance and progress. In other words, these objectives are about converting the vision and mission statements into specific performance targets for the company to achieve. The third step is crafting an organizational strategy which consists of the actions and business approaches that management employs to achieve targeted organizational performance. "Objectives" are the "ends", and "strategy" is the "means" of achieving them.[4]

Other important issues within the organizational context are *corporate culture and influence of shared values. Corporate culture* is defined as the way of life of an organization that is manifested at and transmitted across all organizational levels and to succeeding generations of employees.[5] An organization's policies, norms, practices, traditions, history, values, beliefs, core ideology and ways of doing things combine to create a culture.[6] This is reflected in its structures, systems and approach to the development of corporate strategy. The company culture derives from its past, its present, its current people, technology, and physical resources and from the aims, objectives and values of those working in the organization. Each organization has a culture that is unique because each organization has a different combination of the above. Culture influences every aspect of the organization and has an impact on its performance. It is a natural mechanism through which leaders, managers and workers develop and implement their strategies. So it is one of the important factors that influences the development of corporate strategy.[7] The stronger the company's culture, the more that culture is likely to shape the strategic actions. This means the culture-related beliefs are deeply ingrained within the management's strategic thinking and actions and widely shared by managers and employees. They guide how the organization does business and responds to external events.[8]

---

[4] **Ibid.**, p.9-10.
[5] Michael Zwell, **Creating a Culture of Competence**, John Wiley & Sons, Inc., New York, 2000, p.64.
[6] Thompson and Strickland, **op.cit.**, p.63.
[7] Lynch, **op.cit.**, p.257.
[8] Thompson, Strickland, **op.cit.**, p.63-64.

According to Richard Lynch every organization has to manage its strategies in three main areas:[9]

1. The resources strategy (the organization's internal resources),
2. The environmental strategy (the external environment within which the organization operates),
3. Adding value (the organization's ability to add value to what it does).

1. The resources strategy. The resources of an organization include its human resource skills, the investment and capital in every part of the organization. Organizations should develop corporate strategies to optimise the use of these resources.

2. The environmental strategy. Environment encompasses every aspect external to the organization itself, economic and political circumstances, competitors, customers, suppliers. Organizations should develop corporate strategies that are best suited to their strengths and weaknesses in relation to the environment in which they operate.

3. Adding value. There is a need to add value to the supplies brought into the organization. An organization must take the supplies it brings in, add value and deliver its output to customer.

Related to the issue above, there are both *environmental factors* (external) and *organizational factors* (internal) in crafting strategy: [10]

All organizations function in a broader community of society. In terms of the *environmental factors*, the organization's strategies and decisions are influenced by *social, political climate, regulatory issues, economic considerations and changes*. What a company can do strategically is limited to these legal requirements, government policies, ethical and societal expectations. An *industry's competitive conditions and overall attractiveness* are significant strategy determining factors. A

---

[9] Lynch, **op.cit.**, p.8-10.
[10] Thompson, Strickland, **op.cit.**, p.59-62.

company's strategy has to be aligned with the nature and mix of competitive factors in play-price, product quality, performance features, service, warranty, and so on. A well-conceived strategy aims at capturing a company's best growth opportunities and defending against external threats to its well-being and future performance. All these factors are effective in crafting the company strategy and can limit or shape the strategic actions a company can or should take.

In terms of the *organizational considerations*, one of the realities that shape strategy is the amount and quality of the resources (capital, technology, human resource, intellectual property, etc.), competencies and capabilities needed to execute a strategy proficiently. As a rule, a company's strength should be grounded in its resource strenghts and what it is good at doing (its competencies and competitive capabilities). In addition the size, complexity and maturity of the organization, critical human resource requirements, the business or industry it operates, its market coverage are the other strategy shaping factors internal to the company.[11]

Winning business strategies should be grounded in *sustainable competitive advantage*. A company has competitive advantage whenever it has an edge over rivals in attracting customers and defending against competitive forces. A company's competitive strategy consists of the business approaches and initiatives it undertakes to attract customers and fulfill their expectations, to withstand competitive pressures and to strengthen market position. The core of a company's competitive strategy consists of its internal initiative to deliver superior value to customers.[12]

As conceived by Prahalad and Hamel, an organization's competitive strategy is composed of design components called core competencies which refer to the collective learning and coordination skills behind the firm's product lines.[13] According to their definition "core competencies are the collective learning in the organization especially how to co-ordinate diverse production skills and integrate

---

[11] Adapted from, Robert J. Greene, "Culturally Compatible Reward Strategies", **American Compensation Association**, 1998, Vol. 4, Issue. 3.
[12] Thompson, Strickland, **op.cit.**, p.149-150.
[13] Jeffery S. Schippmann, Ronald A. Ash, et.al., "The Practice of Competency Modeling", **Personnel Psychology**, 2000, Vol. 53, Issue. 3, p.712.

multiple streams of technologies... core competency does not diminish with use, competencies are enhanced as they are applied and shared.".[14] They made the case that core competencies are the source of competitive advantage and enable the firm to introduce an array of new products and services.[15] Core competency links an organization's essential values and business to those of its employees. Fogg defines organization core competency as "those few internal competencies at which you are very, very good, better than your competition, and that you will build on and use to beat the competition and to achieve your strategic objectives."[16]

Implementing and executing strategy neccessiates converting the organization's strategic plan into actions and results. A successful strategy implementation and execution depends heavily on competent personnel. Building a capable organization is a top priority in strategy execution. One of the components of building a capable organization is *structuring the organization* and work effort. It means organizing business functions, processes, function/unit relationships, value chain activities, workplace design in a manner conducive to successful strategy execution. The other component is staffing the organization which involves putting *recruiting, developing and retaining employees* with the needed experience, competencies, technical skills and intellectual capital. [17] The important role of human resources management function and its related concepts and comes into play.

---

[14] C. K. Prahalad, Gary Hamel, "The Core Competence of the Corporation", **Harvard Business Review**, 1990, p.82.
[15] **http://www.quickmba.com/strategy/core-competencies/**, 02.01.2003.
[16] Scott Cooper, Eton Lawrence, James Kierstead, et.al., "Competencies – A Brief Overview of Development and Application to Public and Private Sectors", **Public Service Commission of Canada**, 1998, p. 4.
[17] Thompson and Strickland, **op.cit.**, p.346-351.

Human resources(HR) is therefore essential during the development of corporate strategy because of the need to explore people-related strategies at an early stage.[18] The following are the main reasons to consider HR during corporate strategy resource analysis and strategy development:[19]

1. People related strategies may be an integral part of the company strategy, for example a change in the organization's way of conducting its business. The purpose of such a change may be to achieve greater efficiency from people.
2. The increased technological skills of many commercial processes may mean that an analysis of the existing human resources is essential for an accurate assessment of the options that are available.
3. Research and writings on organizational change and culture have emphasized the importance of values and cultures in the development of organizational structure. They can not be added on afterwards.
4. The resource-based view of strategy development clearly identifies the role of network of people in an organization and their relationships with each other as a key element of strategy. (The resource-based theories concentrate on the chief resources of the organization as the principal source of corporate strategy. The source of competitive advantage lies in the organization's resources[20]).

Whether it is a state-of-the-art reward strategy, comprehensive management devlopment, or competency based performance management, human resources programmes must meet two requirements to be truely value adding and strategic:[21]

- They must be integrated with the organization's critical success factors;
- There must be a clear link with business benefits.

Some examples to critical success factors for an organization operating in the fast moving consumer goods industry may be excellent market intelligence to understand consumer demands and trends, capability to innovate and translate into marketable

---

[18] Lynch, **op.cit.**, p.255.
[19] **Ibid.**, p.253-254.
[20] **Ibid.**, p.55.
[21] Nick Boulter, Murray Dalziel and Jackie Hill, **People and Competencies: The Route to Competitive Advantage**, Hay McBer, London, 1996, p.39.

products, fast time-to-market for new/revised products, good relationships with distribution channels.[22]

Therefore the organizations which understand the link between their business results and people will be the successful organizations of the future and secure a true competitive advantage. By understanding this link, they will be able to vastly improve the performance of people in their organization, and achieve in reality the propositions that 'people are our most important assets' and 'people are our source of competitive advantage.' Understanding this link requires a different kind of clarity about external strategic objectives, internal critical success factors' (CSF) and 'people factors' or levers and integrated solutions. Boulter, Dalziel and Hill present a powerful way of making the link between people and results, called "**The Business Benefits Trail**". This trail helps organization not to ignore critical success factors to make a quality assessment of which organization levers (leadership, values and culture, work processes, individual and team capabilities, organization and job design, reward,etc.) needed to change and how they needed to change to achieve the desired strategy. [23]

Figure 1.1. Business Benefits Trail
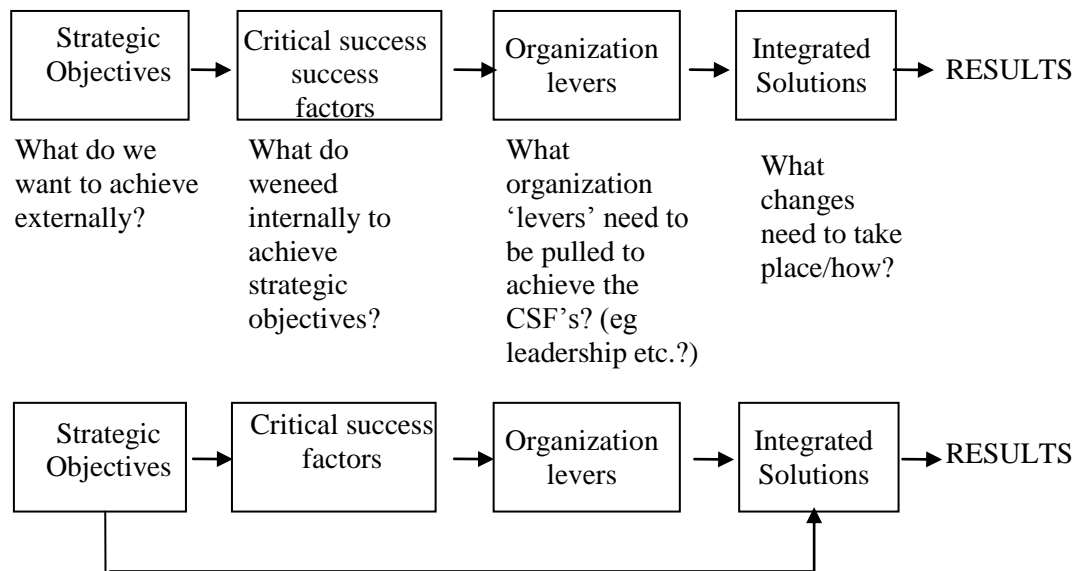
Source: Nick Boulter, Murray Dalziel and Jackie Hill, **People and Competencies: The Route to Competitive Advantage**, London:Hay McBer, 1996, p.37.

---

[22] **Ibid.**, p.37-38.
[23] **Ibid**.

Boulter, Dalziel and Hill argue that if there is no clarity about the organization levers and how they relate to critical success factors, there is no way to define what people need to do differently in order to achieve the desired strategy.

People are a vital competitive source in most organizations. The adaptability of people to changes in the organization may be a source of real competitive advantage in fast-moving markets. As the former head of planning at Royal Dutch/Shell, Arie De Geus has said:[24]

" *The ability to learn faster than your competitors may be the only sustainable competitive advantage*."

In this context "strategic thinkers are looking to the work force for a much more significant contribution such that employees are being asked to be a source of competitive strength and vitality." Human resources management function in an organization have become partner of a strategic vision that will yield the company's competitive advantage. ***Strategic Human Resources Management*** (SHRM)*,* is the idea that human resources management practices are integrated into the business strategy and can be used to gain or enhance a competitive business advantage. SHRM practices are integrated into the business strategy. When an organization embraces SHRM, the human resources planning process does not follow the business plan but it is a part of business planning. SHRM transcends the human resources management from the micro level (individual personnel issues) to the macro level (business strategy).[25]

---

[24] Lynch, **op.cit.**, p.254.
[25] George C. Tokesky, Joanne F. Kornides, "Strategic HR Management is Vital", **Personnel Journal**, 1994, Vol.73, Issue 12, p.115.

SHRM differs from traditional HRM practices in terms of:[26]

- Analysis and scanning of the business and socio-political environment, seeking out new ideas and trends such as trends in organizational structure, government regulation, demographic trends, competitor human resources analysis, changes in technology.

- Making assessment of human resources against current and future business strategies, and identify any gaps. In terms of culture, internal analysis is important in the sense that sub-cultures and unit cultures may be different from the corporate culture, the wrong culture may be a barrier to change.

- SHRM provides management with not only analysis, but also organization design recommendations.

- SHRM planning is part of the business plan. Rather than the traditional HR planning elements, such as training schedules, administrative processes and budgets, strategic macro HR questions are asked. Being part of the business plan, SHRM tries to monitor and manage whether the organization's culture support the long-term business strategy or not, the organization's strategy is consistent with the busines strategy or not, whether performans standards and measures are right, human resources systems are effective such that selection, training, compensation and benefits, performance measures and communications support business strategy.

Figure 1.2 illustrates below the alignment of human resources strategy with corporate strategy and organizational context.[27]

---

[26] **Ibid.**, p.115-118.
[27] Greene, **loc.cit**.

Figure 1.2 Corporate Strategy and Organizational Context and Human Resources

Vision

Mission

Environmental Realities

Competition
Economic changes
Natural resources
Social changes
Political changes
Current Norms
Labor/skills supply

Culture

History
Core Ideology
Current Norms

Organizational Strategy

Objectives
Core Competencies
Strategy for Competitive Advantage
Critical Success Factors
Performance Criteria/ Standards

Organizational Realities

Industry/business
Product
Competitiveness
Geography
Critical human
requirements
Stakeholder
expectations
Product
competitiveness
Resources:
Capital
Human resources
Technology

Organizational Structure

Human Resources Strategy

Culture
People
Process
Technology

HUMAN RESOURCES MANAGEMENT

Source: Adapted from, Robert J. Greene, "Culturally Compatible Reward Strategies", **American Compensation Association**, 1998, Vol.4:3, P.60-71.

1.2 HUMAN RESOURCES MANAGEMENT AND SUSTAINED COMPETITIVE ADVANTAGE: A COMPETENCY-BASED PERSPECTIVE

In today's global and fiercely competitive business world, distinctive products, providing continuous capital flow and contemporary technological developments are the inevitable conditions for entry to the marketplace.[28] Many organizations, academics and management practitioners have been investigating about the factors that will contribute to gaining and maintaining long term competitive performance and to the success of the company.

The dynamics of business has entered a transformation in the last decades. Beginning with the US firms, global competition emerged in the 1970s, and has become a way of life in the 1990s. Firstly the competition was based on price and great difference in wage rates were seen between the US firms and its major competitors. Driven largely by the Japanese, the competition then shifted to quality especially in automotive industry and extended to other industries, too. "Today, globally competitive prices and world-class quality are simply the baseline for companies. The real competitive action swirls around customization, service, speed and innovation."[29]

Historically senior management in organizations has not been aware or considered the link between people and bottom line business results. It is based on a misguided view that 'strategy' or 'process' is more important than people. Today, what is coming through clear and strong is that people are the critical success factors for the company.[30] The dynamics of the marketplace have changed such that customers got rid of their traditional roles and play an active role in creating and competing for value. "As capital and technology became increasingly available to virtually anyone anywhere, the search of corporations for sources of sustainable competitive

---

[28] Anntoinnette D. Lucia, Richard Lepsinger, **The Art and Science of Competency Models:Pinpointing Critical Success Factors in Organizations**, Jossey-Bass/Pfeiffer, San Francisco, 1999, p.1.
[29] Lee Dyer, Todd Reeves, "Human Resource Strategies and Firm Performance", **The International Journal of Human Resources Management**, 1995, Vol. 6, Issue. 3, p.656-657.
[30] Boulter, Dalziel and Hill, **op.cit.**, p.35-36.

advantage increasingly pointed inward towards organizational capability and more specifically to the strategic management of human resources."[31]

Any performance gap that goes on within a company such as poor capital equipment, inefficient distribution channels, lousy products, ineffective marketing or bad resource allocation, it always comes back to people who have a direct role in each of the mentioned activities to contribute to their optimum level.[32]

All these developments and competition among companies led them to focus on the *effective performance* issue in terms of their *organizational resources*. If an organization wants to maintain its position or even be more competitive in the business environment, the organization should know what it wants to strengthen in the organization and how it can utilize its *resources* to perform effectively.[33]

Augustine A. Lado and Mary C. Wilson, based on a stream of research wrote that organizational resources and capabilities that are rare, valueable, nonsubstitutable, and imperfectly imitable form the basis for a firm's sustained competitive advantage. This refers to a resource-based view.[34] The resource-based view is a conceptual framework for understanding firm level growth, using resources as the basic building blocks. These resources may be financial, human, intangible, physical, organizational or technological and they interact with the competitive environment to determine the firm's economic performance. "The way that management conceptualizes the firm's resource base influences the rate and direction of a firm's growth."[35] Looking at the human side of resources, the resource-based view suggests that human resources systems contribute to sustained competitive advantage through facilitating the development of competencies that are firm specific, produce complex social

---

[31] Dyer, Reeves, **loc.cit.**

[32] Boulter, Dalziel, Hill, **op.cit.**, p.35-36.

[33] Gijs Houtzagers, "Empowerment, Using Skills and Competence Management", **Participation and Empowerment: An International Journal**, 1999, Vol. 7, Issue. 2, p.27.

[34] Augustine A. Lado, Mary C. Wilson, "Human Resource Systems and Sustained Competitive Advantage: A Competency-Based Perspective", **The Academy of Management Review** , 1994, Vol. 19, Issue. 4, p.699.

[35] Howard Thomas, Timothy Pollock, "From I-O Economics' S-C-P Paradigm Through Strategic Groups to Competence-Based Competition: Reflections on the Puzzle of Competitive Strategy", **British Journal of Management**, 1999, Vol. 10, p. 134.

relationships, are embedded in a firm's history and culture and generate tacit organizational knowledge.[36]

Researchers based on a behavioral psychology perspective argue that human resources management practices can contribute to competitive advantage as long as they reinforce the set of role behaviors that result in decreasing costs and/or improving product differentiation. Strategic human resource management has also espoused the behavioral paradigm. Given that sustained competitive advantage rises more from a firm's internal resources, development of organizational competencies facilitated by the human resources division in organizations is warranted.[37]

Sustainable competitive advantage is no longer based on technology or machinery. Corporate leader claim "People are our most important advantage."[38]

Lucia and Lepsinger in their book argue that "many organizations find that the key to gaining competitive advantage is the ability of the *employees, workforce to maximize these advantages.* A company's technological tools are only as useful as its employees' ability to employ them." Therefore it is important to find out whether the employees have the required abilities and skills for successful performance.[39]

On the other hand, the ability of the company to perform effectively through its resources, employees requires the company to find systems or tools to assess and develop employee performance against sound, measurable, observable criteria. Because it is difficult for an organization to measure whether its people possess the abilities critical for its success. The requirements for effective performance for companies vary from one business to another or one job role to another within the organization.[40]

---

[36] Lado and Wilson**, op.cit.**, p.699.
[37] **Ibid**.
[38] Laurie J. Bassi, George Benson. "The Top Ten Trends", **Training & Development**, 1996, Vol. 50, Issue. 11, p.27.
[39] Lucia and Lepsinger, **loc.cit**.
[40] **Ibid**.

Therefore a competency-based management (CBM) perspective have begun to be used by many companies as a strategy to deliver spectacular organizational gains because competency is emerging as the important dimension of human development for employability and corporate competitive advantage and national economic success.[41]

Competencies are intimately linked to strategy with all its implications and it is a central issue for managers seeking competitive advantage. Therefore CBM offers a strategic direction for the entire organization. [42]

1.3 COMPETENCY-BASED HUMAN RESOURCES MANAGEMENT AND ORGANIZATIONAL DEVELOPMENT

Traditional management practices involving narrow, rigid job descriptions and classfications are not compatible with the new organizational environments, the increasingly dynamic nature of work, the need for greater flexibility and less hierarchy. [43]

Today there are many organizations that develop their human resources systems without aligning them to overall business strategy which causes an ineffective unproductive workforce. On the other hand, a growing body of organizations believe and aim to integrate its human resources systems and align them with business strategy in order increase the performance and satisfaction level of employees. There is an increasing attraction towards developing and using competencies in every human resources practice.

As Jim Kochanski note "competency-based management(CBM) is an approach that reduces complexity, adds capacity, and increases overall capability. CBM involves

---

[41] Terry Meyer, Paul Semark, "A Framework For The Use of Competencies For Achieving Competitive Advantage", **South African Journal of Business Management**, 1996, Vol. 27, Issue. 4, p.96.
[42] **Ibid**.
[43] Jim Kochanski, "Competency-Based Management", **Training & Development**, 1997, Vol. 51, Issue. 10, p.40-45.

identifying the competencies that distinguish high performers from average performers and condenses core competencies from the complex web of roles, responsibilities, goals, skills, knowledge, and abilities that determine an employee's effectiveness."[44]

Schoonover has developed a "Systems Approach To Competency-Based Development", as illustrated in Figure 1.3. This figure demonstrates how the practices of an integrated human resources approach and larger organizational issues fit together. [45]

As illustrated in the figure, Schoonover says " Competencies as the linchpin of such a system articulate how individual behavior supports a team's best practices, core processes, vision and strategy. They also serve as the common language and standards embedded in the entire range of performance development processes and tools. As with all large-scale change initiatives, successful implementation of competencies depends primarily on designing and sustaining a consistent process over a significant period of time."[46]

---

[44] **Ibid**.

[45] Stephen C. Schoonover, "Implementing Competencies: A Best Practices Approach", 2002, **http://www.schoonover.com/ResourceCenter/article9.htm**, p.5, December 24, 2002.

[46] **Ibid**.

Figure 1.3 A Systems Approach To Competency-Based Development

CBM may seem to be a part of traditional human resources management in organizations involving programs for hiring, evaluating, developing and rewarding employees. CBM represents a culture change toward employees's greater self-direction and responsibility. However CBM differs from the traditional management with 3 important elements: [47]

- "a carefully defines strategic direction for the overall capacity of an organization,

---

[47]Kochanski, **loc.cit**.

- clearly articulated descriptions of the individual competencies that distinguish high performance,

- simplified management and human resources development programs aimed at reinforcing the identified competencies."

1.4 DEFINITION OF COMPETENCY

There has been a long-term and great debate with regard to what a competency really means. The term competency has been defined in the literature from several different points of view such that a variety of professions used the term each with their own agendas. Psychologists refer to the concept as a measure of ability and argue that the underlying traits or capacity of a person is the reason of observable effective performance. Management teorists applied a functional analysis to define how organizational goals were to be best achieved through improved individual performance whereas, HR specialists viewed the concept as a technical tool to implement strategic direction through the tactics of recruitment, placement, training, assessment, promotion, reward systems and personnel planning. [48]

There appears to be two clearly different approaches applied to the concept of competency one of which is the American approach argued by Boyatzis, Ulrich that defined competency as the underlying attributes of a person. The other approach is a UK originated behaviorist approach to learning. Competency is seen as a set of performances or defined as an observable performance in a job.[49]

Therefore, there is no widely accepted single definition of the term competency. However, one factor that united the literature about this issue is that the purpose of defining competent performance or competencies was to improve human performance at work.[50]

---

[48] Terrence Hoffman, "The Meanings of Competency", **Journal of European Industrial Training**, 1999, Vol. 23, Issue. 6, p.275-286.
[49] **Ibid**.
[50] **Ibid**.

According to a synthesized agreement at a conference in Johannesburg in 1995, competency is defined as follows:[51]

"A cluster of related knowledge, skills, and attitudes that affects a major part of one's job (a role or responsibility), that correlates with performance on the job, that can be measured against well-accepted standards, and that can be improved via training and development."

In the general literature review, 3 main points have been taken toward a definition of the term. Competencies were defined as:[52]

1. Observable Performance

This definition takes a behaviorist perspective as to focusing on the output, tasks through establishing observable and measurable performances for assessment. Competencies are precisely defined as visible performances or behaviors of an individual. "A visible demonstration through a performance on the job was seen to be a better way to prove competence."

2. The Standard or Quality of the Outcome of the Person's Performance

Competencies are perceived not only as the outcome but the quality of the outcome. The main focus is to determine standards for assessment. Measuring efficiency at work or achievements in productivity are some of the applications of quality of performance. By providing standards of performance, individuals can find an opportunity to compare their quality of achievements with a reference point.

---

[51] Lucia, Lepsinger, **op.cit.**, p.5
[52] Hoffman, **loc.cit**.

3. The Underlying Attributes of a Person

This third point differs from the first two definitions of competency. It focuses on the inputs, skills or abilities of individuals and chooses the required individuals with defined inputs to come up with competent performances.

Competencies are defined here as underlying characteristics of a person. As Hunt and Meech says "The focus is not on the task as such but the underlying ability, the set of a person's skills, knowledge and personal characteristics." This view emphasizes the type of traits or attributes an individual should possess as competencies to perform at a competent level.

A related definition of competency is made by Lucia and Lepsinger as "an underlying characteristic of an individual which results in effective and/or superior performance on the job."[53]

Lyle M. Spencer and Signe M. Spencer define competency as;[54]

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

"Underlying characteristic" means that the competency is deep, instinct and enduring part of a person's personality and can predict behavior in a wide variety of situations and job tasks.

"Causally related" means that a competency *causes* or *predicts* behavior and performance.

"Criterion referenced" means that the competency actually predicts whether someone does good or poorly, as measured on a *specific criterion* or standard. For instance, the dollar volume of sales for salespeople is a criteria.

---

[53] Lucia, Lepsinger, **op.cit.**, p.7.
[54] Lyle M. Spencer, Jr., PhD, Signe M. Spencer, **Competence At Work: Models for Superior Performance**, John Wiley & Sons, Inc., New York, 1993, p.9.

Spencer and Spencer discuss 5 types of underlying competency characteristics that are motives, traits, self-concept, knowledge and skill.[55]

a. *Motives* refer to the things a person consistently thinks about or wants that cause action. Motives "drive, direct and select" behavior toward certain actions or goals and away from others. For instance, achievement motivated people consistently set challenging goals for themselves, take responsibility for accomplishing them, and use feedback to do better.

b. *Traits* refer to physical characteristics and consistent responses to situations or information.

c. *Self-concept* refers to a person's attitudes, values, or self-image. Self-confidence which means a person's belief that he or she can be effective in almost any situation is part of that person's concept of self.

d. *Knowledge* refers to information a person has in specific content areas. A surgeon's knowledge of nerves and muscles in the human body is an example.

e. *Skill* refers to the ability to perform a certain pysical or mental task. Filling a tooth without damaging the nerve is a dentist's physical skill.

As illustrated in Figure 1.4 below, among these 5 characteristics, motives, traits are *central competencies* and are most difficult to develop because they are hidden in the personality. Knowledge and skills are *surface competencies* and are most easy to develop because they are visible through action. Some organizations select on the basis of knowledge and skill competencies and conduct training or employee development programs to provide the improvement in employees. They assume that successful candidates or employees possess core motive and trait competencies (the central competencies). Spencer says that as they are more difficult to assess and develop; it is most cost-effective for organizations to select for these central competencies and teach the knowledge and skills required to do specific jobs.

---

[55] **Ibid.**, p. 9-11.

It is also argued that the more complex the job or role, the more likely it is that the very best performance is driven by the characteristics which are at the lower levels in the iceberg rather than task-related skills and knowledge at the top. Selecting on the basis of qualification or skill is therefore not going to help choose the very best performers in these jobs. [56]

Figure 1.4 Central and Surface Competencies
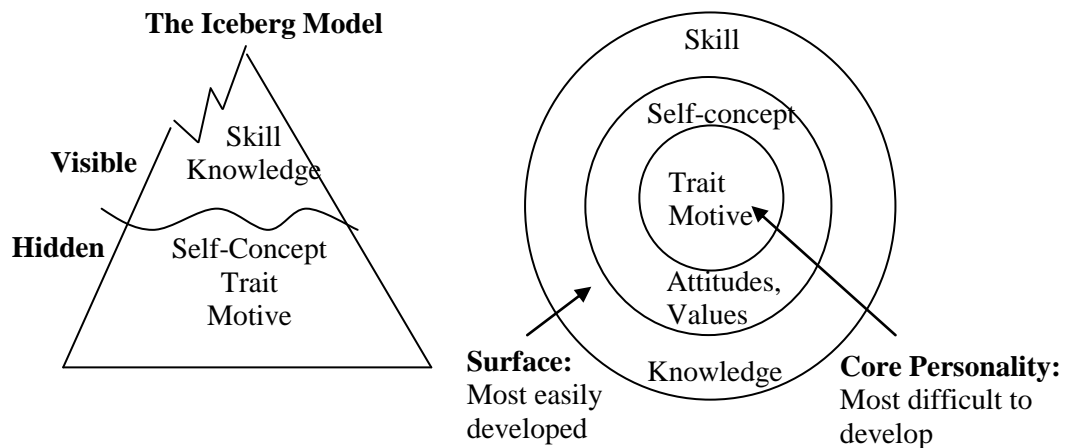
Source: Lyle M. Spencer, Jr., PhD, Signe M. Spencer, **Competence At Work: Models for Superior Performance,** John Wiley & Sons, Inc., New York, 1993, p.11.

Causal relationships in the competency definition refers to the fact that competencies always include an intent which is motive, trait force that *causes* action toward an outcome.[57]

Criterion reference is seen as critical to the definition of competency. A characteristic is not a competency unless it predicts something meaningful in the real world. A characteristic or credential that makes no difference in performance is not a competency and should not be used to evaluate people.[58]

In addition to motives, traits and skills, values also influence an individual's behavior. Many organizations have identified values and communicated them to their employees, emphasizing the part that values should play in the day-to-day

---

[56] **Ibid.**, p. 11-12.
[57] **Ibid.**, p.12.
[58] **Ibid.**, p.13.

management of the organization. Some organizations have integrated values into their competency frameworks by ensuring that examples of behaviors are consistent with the values.[59]

A related argument is made by Anntoinette D. Lucia and Richard Lepsinger that competency is essentially a pyramid as shown in Figure 1.5, the bottom of which includes innate talents which are aptitude and personal characteristics. The second level of the pyramid involves the skills and knowledge that can be gained through learning, effort and experience. At the top of the pyramid lies the behaviors that are a composite demonstration of all the innate and learned abilities.[60]

Figure 1.5 Competency Pyramid
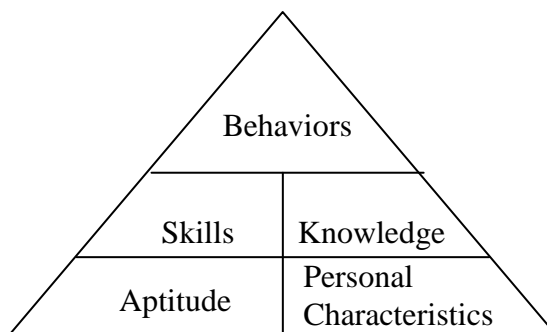
Source: Anntoinnette D. Lucia, Richard Lepsinger, **The Art and Science of Competency Models:Pinpointing Critical Success Factors in Organizations**, Jossey-Bass/Pfeiffer, San Francisco, 1999, p.7.

The characteristics of a person are said to be probably the most complex to develop and least measurable among all the other components. A personal characteristic is defined as "an aptitude, innate talent, personality trait, or inclination that suggests a potential to acquire or use a particular kind of skill or knowledge." For instance; a mathematical aptitude demonstrates a potential for acquiring accounting skills or a personality trait such as self-sufficiency may suggest high performance independently with little supervision and control. A growing body of opinion assert

---

[59] Steve Whiddett, Sarah Hollyforde, **The Competencies Handbook**, London, Institute of Personnel and Development, 1999, p.4.
[60] Lucia, Lepsinger, **op.cit.**, p.7.

that even traits that might seem to be innate and non-quantifiable such as charisma "can be measured and developed" when they are translated into behavioral terms. [61]

Lucia and Lepsinger argue that the expression of the abilities, knowledge and skills in behavioral terms is crucial. The first reason is that "For a competency model to be useful as a human resource tool, it must not only define the competencies neccessary for effective performance but provide examples to illustrate when a particular competency is being demonstrated in a job. Second, although innate characteristics are fixed in a person for the most part, behaviors can be modified and taught. For instance, it might be difficult or impossible for a person lacking empathy to develop that trait but empathetic behaviors, such as listening to customers' needs or addressing their concerns can be fostered through training and development."[62]

Some of the most frequently cited definitions of competency from the literature include:[63]

- A mixture of knowledge, skills, abilities, motivation, beliefs, values, and interests. (Fleishman, Wetroge, Uhlman, & Marshall-Mies, 1995).
- A knowledge, skill, ability, or characteristic associated with high performance on a job. (Mirabile, 1997).
- A combination of motives, traits, self-concepts, attitudes or values, content knowledge or cognitive behavior skills; any individual characteristic that can be reliably measured or counted and that can be shown to differentiate superior from average performers (Spencer, McClelland, & Spencer, 1994).
- A written description of measurable work habits and personal skills used to achieve work objectives. (Green, 1999).

The American Compensation Association defines competency as "... individual performance behaviours that are observable, measurable and critical to successful individual or corporate performance."[64]

---

[61] **Ibid.**, p.6.
[62] **Ibid.**, p.7.
[63] Schippmann, Ash, et.al., **op.cit.**, p.706.
[64] Cooper, Lawrence and Kierstead, et.al., **loc.cit.**

Competencies are the demonstrable activities through which the productivity of a worker/employee or group of workers/employees are analyzed for successful performance in a job and that make an employee valuable to the overall success of the organization.[65] Competency models today are seen as useful in ensuring that employees are doing correctly, identifying the requirements for effective performance. A competency management provides the enterprise with a steady picture of what skill gaps exist and where the workforce is in terms of their current skills, competencies against expected competencies, offers development programs aimed at reinforcing the expected competencies. Competency models help organizations align internal behaviors and skills with the strategic direction of the company as a whole.[66] Therefore, CBM is a core strategy for understanding where the organization is and how it is doing for achieving success.[67]

The competency paradigm actually is a breaking down of behavior into its component parts. To the extent that it can forecast the requirements of the future, help explain why some people perform better than others, help people improve their performance and the organization achieve its objectives, competencies become a useful concept. [68]

1.5 COMPETENCIES AND KSAO'S

HR researchers and practitioners, authors try to clarify the over the similarities and differences between competencies and knowledge, skills, abilities and other characteristics (KSAO's).

As Michael Zwell argued "the biggest confusion exists between competencies and skills". Skills, as he mentioned refer to the mastery of techniques and knowledge that apply to a specific area or profession. For instance sales skills include handling objections, closing sales; managerial skills involve writing and forecasting." Skills

---

[65] Kevin Ford, "Competencies in the Real World: Performance Management for the Relationally Healty Organization", **Compensation and Benefits Review**, 2001, Vol. 33, Issue. 4, p.25-33.
[66] Lucia and Lepsinger, **op.cit.**, preface.
[67] Samuel Greengard, "Competency Management Delivers Spectacular Corporate Gains", **Workforce**, 1999, Vol. 78, Issue. 3, p.104.
[68] Zwell, **op.cit.**, p.24.

by themselves do not differentiate superior performers from average performers. Today some companies mix the term "competency" and "skills" and use the word "competency" to mean skills. This cause the companies to disregard the importance of competencies in determining superior performers. For instance, understanding a balance sheet for a chief financial officer (CFO) requires skills and knowledge. However, it is not a competency such that superior CFOs understand balance sheet better than average CFOs. On the other hand, to the extent that CFOs build partnerships with chief executive officers (CEO) and influence the organization using their financial acumen as a tool, these CFOs are differentiated from average CFOs and it becomes a competency.[69]

As George E. New also put it in hic article, "two employees who possess the same level of skills may differ in their performance of the same job because they have distinctive competencies. The better person will not only have the necessary level of skills required to do the task, but he/she will also be able to apply them rapidly, accurately."[70]

Based on what is mentioned above, it can not be argued that skills are not important. A base level of skill is required to do a job but it is just not satisfactory to demonstrate successful performance. People having basic skills and are found to be strong in the required competencies, will acquire whatever further knowledge and skills they need, in order to become superior performer in that job. So focusing on competencies brings to organization the ability to determine the difference between strong and weak performance.[71]

Therefore, a competency is not a skill and/or knowledge but it is a comprehension of skill, knowledge and demonstrated behavior. It is competencies, not knowledge or skills that differentiate superior performers.[72]

---

[69] **Ibid.**, p.22-23.
[70] George E. New, "A Three-Tier Model of Organizational Competencies", **Journal of Managerial Psychology**, 1996, Vol. 11, Issue. 8, p.44.
[71] Zwell, **loc.cit**.
[72] **Ibid**.

Traditionally the acronym KSA or KSAO has been taken as the shorthand for attributes of the individual related to job performance. Originally the acronym was KSA, which stands for Knowledge, Skills, and Aptitudes, however, over the years, the acronym has changed as KSAO which stood for "Knowledge, Skills, Abilities and Other Characteristics" as being used currently.[73]

According to the Public Service Commission of Canada, Learning Resource Network;[74]

"Competencies are general descriptions of the *abilities* necessary to perform successfully in areas specified. Competency profiles synthesize *skills, knowledge, attributes and values*, and express performance requirements in behavioral terms..."

According to James Kierstead, competency definitions are composed of elements, either explicitly or implicitly, elements that are KSAO's. Competencies reflect a higher level of analysis above KSAOs. Competencies differ from KSAO's in that competency-based HR activities clearly shifted level of analysis from the job and its related tasks to the individual and what he or she is capable of. This shift is extremely important in the context of the modern workplace, where then environment demands that organizations structure around projects and the work to be done, rather than around clearly deliniated and narrowly defined jobs.[75]

---

[73] James Kierstead, 1998, Competencies and KSAO's, **www.psc-cfp.gc.ca /research/personnel/ comp_ksao _e.pdf**, p. 3, 01.01.2003.
[74] **Ibid.**, p. 3-4.
[75] **Ibid.**, p. 4-5.

1.6 THE RELATIONSHIP BETWEEN COMPETENCIES AND CORPORATE CULTURE

There are three cornerstones that form the foundation for organizational success:[76]

1. The competence of its leadership
2. The competence of its employees
3. The degree to which the corporate culture fosters and maximizes competence.

By strengthening these cornerstones, organizations can improve almost every aspect of their functioning and come closer to achieving the vision.

Organizational culture refers to the set of beliefs, values and learned ways of managing that govern organizational behavior and is unique. Culture that is the filter and shaper through which strategy is developed and implemented, influences performance and corporate strategy.[77]

Corporate culture plays a key role in determining the degree to which employees demonstrate the competencies that determine success. The competencies are interwoven throughout corporate culture. If behavioral competencies are the traits and characteristics that determine individual performance, the corporate culture determines the extent to which competencies manifest themselves throughout the company. The following are some of the ways that corporate culture affects competence.[78]

- *Hiring and selection practices determine which employees are brought into the organization and their degree of proficiency on competencies*. How people are hired is an important cultural process that relates to organizational standards, values, beliefs, reward systems,decision-making processes, and so on.

- *Reward systems communicate to employees how the organization values competence*. If employees weak in teamwork receive the same compensation and

---

[76] Zwell, **op.cit.**, p. 9.
[77] Lynch, **op.cit.**, p. 263.
[78] Zwell, **op.cit.**, p. 68.

recognition as those strong in teamwork, employees are unlikely to focus their attention on working well together and helping others.

- *Corporate philosophy- mission, vision, and values- relates to all the competencies*. Organizational values are communicated to employees every day in thousands of small ways. If quality is important in the culture and managers demonstrate its importance through their words and actions, employees will demonstrate more of the key behaviors associated with this competency.

- *Commitment to training and development communicates to employees the importance of the competency of continuous development*. If organizations do not support employees to improve their skills and competencies, employees are less likely to be strong in the competency.

- *Organizational processes that develop leaders directly affect leadership competencies*. These programs, including leadership training, mentorships, and not only help develop better leaders, but also transmit a set of values and beliefs about how leaders should act and manage, and how employees should be treated.

These are a few of the ways that corporate culture affects the employees proficiency in demonstrating different competencies. If competency is examined only from the individual perspective, one of the key factors that causes success or failure is missed that is corporate culture. In order to design and implement a corporate culture change strategy to create a culture of competency, it important to understand corporate culture and how it affects competence.[79]

---

[79] **Ibid.**, p. 68-69.

1.7 COMPETENCY FRAMEWORK STRUCTURE

There are different ways that organizations present their competencies. Usually competencies are designed in some structured framework as depicted in Figure 1.6.

Figure 1.6 A Typical Competency Framework Structure
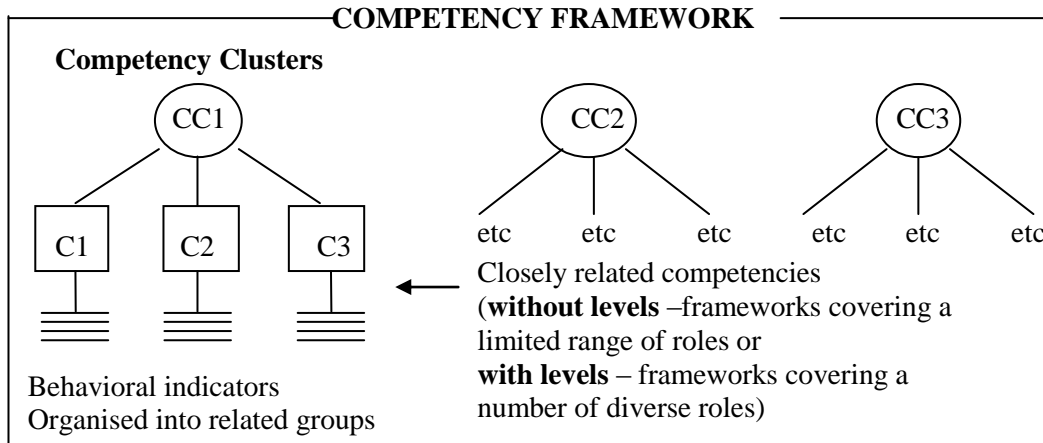
Source: Steve Whiddett and Sarah Hollyforde, **The Competencies Handbook**, Institute of Personnel and Development, London, 1999, p.5.

Some of the concepts and terms that constitute a typical competency framework structure is discussed below.[80]

Behavioral indicators

Behavioral indicators are examples of effective behaviors that can be observed when a person displays a competency. For instance behavioral indicators for "*Working With Information*" include;

- ✓ Accurately identifies the type and form of information required.
- ✓ Obtains relevant information and maintains it in appropriate formats.

Competencies

A collection of related behavioral indicators will constitute a competency. A competency can be designed with levels or without levels:

---

[80] Whiddett, Hollyforde, **op.cit.**, p. 6-12.

a. Competencies without levels

When a framework covers jobs that have very similar behavioral demands, each competency will include a single list of behavioral indicators. In this type of a framework, all behaviors will be related to all jobs. For instance, a specific framework which covers only senior management jobs in an organization may include a single set of effective behavioral indicators. For example for the competency "Planning and Organizing" the single list of behavioral indicators are;

- ✓ Produces plans which distinguish between immediate and long-term priorities (eg weeks to three years).
- ✓ Produced plans which specify clear departmental objectives.
- ✓ Co-ordinates activities of the department in line with business plans.

A single list is all that is required because all the three behavioral indiciators will apply to all senior management jobs."

b. Competencies with levels

"When a framework covers a wide range of jobs with different degrees of demands, the behavioral indicators within each competency may be divided into seperate lists or "levels". This enables a range within a competency to be described under one competency heading, if the competency framework covers a wide range of jobs or roles." For example, both administrative and management roles are expected to demonstrate the competency "Planning and Organising". These different roles requires different behaviors for planning and organizing, however leveling enables seperate lists of planning and organizing behaviors to be included in the same framework, avoiding the need for a seperate framework for each role. Generally 2 methods of leveling are used:

"One method of leveling is to split behavioral indicators into groups and label them such that the more complex the behaviors, the higher the level. Some organisations relate levels directly to job grades. For instance; in some frameworks all Level 1 competencies are tied to particular job grades, all level 2 competencies are tied to the next band of job grades, and so on. But although there is usually some connection

between levels and the seniority of a job, it is not always a direct relationship. For example, a senior management position may not require the job-holder to have the highest level of competence for "managing relationships", whereas a more junior complaints-handling or account-management role may. Therefore many organizations avoid using existing grade structures to dictate competency levels."

Another method of leveling is used only where the framework relates to a single job grade or role. This method is by the expected performance of a job-holder and is intended for when it is necessary to assess different degrees of competency in a group of individuals. A framework may include 3 different degrees of competency each of which has a list of indicators such as;

- "Threshold competency- usually a minimum requirement to perform the job effectively
- Outstanding competency – usually an expected level of performance for an experienced job-holder.
- Negative demonstrations of competency – ususally those behaviors which would be counterproductive to effective performance at any level in the job."

For instance, threshold behavioral indicators may be used to assess job applicants; outstanding competencies could be used to assess job performance of experienced staff; the negative indicators may be used in identifying disqualifying factors or development needs.

Competency titles and descriptions

A title and some of description are given to competencies. A title should be descriptive, easy to remember and is usually very short and distinguishes the competency from other competencies. Some examples of competency titles are;

- Managing relationships
- Teamworking
- Influencing

- Gathering and analysing information, etc.

Many frameworks also include competency descriptions which include two main approaches. In the first approach, a summary of behaviors contained within the competency is produced. For instance for the competency "*Planning and Organizing*", the description will be; "*achieves results through detaied planning and organization of people and resources to meet goals, targets, or objectives within agreed time-scales.*" This approach works best when competencies summarize a single list of behaviors without levels.

In the second approach, instead of a summary, a reason is provided for the competency, that is description of why the competency is important to the organization. This approach works best when competency frameworks contains levels of behavioral indicators to cover the related roles in the organization, instead of trying to summarize a wide range of behaviors that would cover all the roles. For instance, a competency such as "*Influencing*", may have five levels. At one level, influencing may be related to "*presenting clear documents and facts in support of a case or demonstrating focus or commitment to a product*". At another level, it may be related to "*developing and communicating a vision for the organization as well as influencing the marketplace and professional bodies*".

Competency Clusters

A competency cluster refers to "a collection of closely related competencies, usually three to five per cluster". Clusters of competencies are usually related to "Thinking, Acting and Interacting". In addition some organizations provide cluster descriptions to pinpoint the kind of competencies within each cluster. Competency clusters are useful in the sense that they help communicate the scope of the competency framework.

Competency Framework

A total collection of clusters, competencies (with or without levels) and behavioral indicators are called competency framework. The level of detail in the competency framework depends on the intended application such that detailed behavioral indicators may be used for a specific department or purpose, or very broad generic behavioral indicators are developed for the whole organization or business unit. The ideal useful number of competencies within the frameworks are found to be between 8 to 12. As Robert Wood also argued "the most common number of competencies is between eight to twelve, although there is a great variation between the two."[81] The higher the number of competencies within frameworks, the more difficult it is to implement because in large detailed frameworks, the differences between competencies can be very small. Example of a competency framework is demonstrated in Figure 1.7.

---

[81] Robert Wood, Tim Payne, **Competency-Based Recruitment and Selection**, John Wiley & Sons Ltd., West Sussex, 1998, p. 26.

Figure 1.7 A Typical Content of A Competency Framework

```
┌──────────────────── COMPETENCY FRAMEWORK ────────────────────┐
│                                                              │
│                  ╭─────────────────────╮                     │
│                  │  COMPETENCY CLUSTER  │                     │
│                  │  Working with people │                     │
│                  ╰─────────────────────╯                     │
│   ╭──────────────────────────────────────────────────────╮  │
│   │   COMPETENCIES with levels                            │  │
│   │                                                       │  │
│   │ ☐ Managing relationships                              │  │
│   │     Level 1: Builds relationships internally          │  │
│   │             Level 2: Builds relationships externally  │  │
│   │                   Level 3: Maintains external networks│  │
│   │ ☐ Teamworking                                         │  │
│   │     Level 1: Is a team member                         │  │
│   │             Level 2: Supports team members            │  │
│   │                   Level 3: Provides direction for     │  │
│   │                            the team                   │  │
│   │ ☐ Influencing                                         │  │
│   │     Level 1: Projects positive image                  │  │
│   │             Level 2: Influences the thinking of others│  │
│   │                   Level 3: Changes the opinions of    │  │
│   │                            others                     │  │
│   ╰──────────────────────────────────────────────────────╯  │
│                                                              │
│                  BEHAVIORAL INDICATORS                        │
│                 (for Managing relationships)                 │
│                                                              │
│  ╭───────────────╮  ╭───────────────╮  ╭───────────────╮    │
│  │ Level 1:      │  │ Level 2:      │  │ Level 3:      │    │
│  │ Builds        │  │ Builds        │  │ Maintains     │    │
│  │ relationships │  │ relationships │  │ external      │    │
│  │ internally    │  │ externally    │  │ networks      │    │
```

Level 1:
Builds relationships internally
Adapts personal style to develop relationships with colleagues.

Adapts form and presentation of information to meet the needs of the audience.

Identifies and maintains regular contact with individuals who depend on or who influence own work.

Level 2:
Builds relationships externally
Takes account of the impact of own role on the needs of external contacts.

Maintains regular two-way communication with external contacts.

Identifies and nurtures external contacts who can contribute to the business.

Level 3:
Maintains external networks
Takes account of different cultural styles and values when dealing with external organizations.

Actively manages external contacts as a business network.

Identifies and makes use of events for developing external network.

Source: Steve Whiddett and Sarah Hollyforde, **The Competencies Handbook**,

Institute of Personnel and Development, London, 1999, p.14.

1.8 THE APPLICATION OF HUMAN RESOURCES MANAGEMENT PRACTICES BEFORE COMPETENCIES

The question of what predicts performance has been the subject of scientific inquiry for the past two hundred years. Many factors that determine performance and behavior have been investigated and proposed by the scientists. Some of these factors considered were size and shape of the head, skin color, social class, birth order, hand writing, religion, intelligence quotient (IQ), astrology, heredity, gender, age, religion, and so on. Some other factors that have been used as criteria to determine performance in the workplace are technical skills, years of experience, education, certification and personality traits.[82]

Before competency analysis and competencies, there was job analysis and criteria, or "dimensions". Job descriptions including the key tasks and responsibilities would be developed and the skills, abilities, experience and personal attributes of a successful person would be specified based on these job descriptions. This is called "person specification" for selection process.[83]

It is claimed by many employees that traditional HRM systems were not based on clear and objective performance expectations and measures. Critical human resource decisions appear arbitrary, that they are not based on objective set of criteria that is generally accepted within the organization. This is true for each and every human resource system, selection, training and development, appraisal or succession planning.[84]

---

[82] Zwell, **op.cit.,** p. 22.
[83] Wood, Payne, **op.cit.,** p. 23.
[84] Lucia, Lepsinger, **op.cit.,** p. 9.

1.9   THE HISTORY OF COMPETENCY MOVEMENT

The competency movement has no single origin and the concept can be traced back to the medieval guilds in which apprentices learned skills by working with a master.[85] Concepts of human resources such as specialization based on skill, rewarding and pushing methods of motivation, hierarchial coordination were common throughout the Middle Ages and throughout the Industrial Revolution, where a change took place from agricultural to industrial societies.[86] The Industrial Revolution gave rise to the study of work and jobs and the skills needed to do those jobs. In 1911, Frederick Taylor, the father of Scientific Management, brought the philosophy that "Workers's increased production was to be linked to raises and bonuses".[87] The Industrial Psychology brought the recognition of the importance of the individual and employees' individual differences were emphasized when unemployment rate increased 20 % in the years after WWI. In addition to all these developments, the advent of the human relations school of management thought in the 1930s guided academicians and practitioners to focus on both how to organize work and how to motivate workers.[88]

In the 1930s, functional analysis of jobs was brought forward by Roosevelt administration in the USA and Post-war, these analysis was continued which provided a dictionary of occupational titles and lists of knowledge and skills linked to different occupations.[89] During the 1970s, there was an ongoing shift to a service-oriented economy and hence economic competitiveness began to be emphasized. Improving the quality of education and general skills, investigation of knowledge and competence for understanding the basis of excellence in the employment industry were challenges to the US for increasing economic competitiveness.[90]

---

[85] Sylvia Horton, "Introduction – The Competency Movement: Its Origins And Impact On The Public Sector", **The International Journal of Public Sector Management**, 2000, Vol 13, Issue: 4, p.306.
[86] Mary Felice, 1998, "Human Resources Competencies Over Time", **http://www.psc-cfp.gc.ca/research/personnel/comp_history_e.htm**, 21.10.2002.
[87] **Ibid**.
[88] Horton, **loc.cit**.
[89] **Ibid**.
[90] **Ibid.**, p.307.

Furnham states that while the term competence is new and fashionable, the concept is old because psychologists who were interested in personality and individual differerences, organizational behaviour and psychometrics have long debated these questions of personality traits, intelligence and other abilities."[91]

In the early 1970s, David McClelland, a Harvard University Proffesor in psychology, wrote the article "Testing for Competence Rather Than for Intelligence" in American Psychologist in order to clarify whether intelligence tests could reveal abilities that are related to job success. The research that began with this article aimed to clarify one fundamental issue: "What is it that differentiates strong performers from average performers? If these differentiators are known and can be measured, they can be used to hire better employees, assess and appraise employees, and help them improve their performance."[92] These differentiating characteristics have come to be called *"competencies"*. Therefore, this article opened the discussion on how to test for competency. Mc Clelland developed a set of personality tests to identify which attitudes and habits were shared and demonstrated by high achievers after a workshop with a high-ranking official with the United States Information Agency. [93] He was critical of intelligence quote (IQ) and other personality tests as determining factors for achievement and argued that it made more sense to evaluate skills and competencies that distinguished star performers.[94] After a lot of research and interviews with standard and outstanding employees in order to come up with a picture of competencies performed by outstanding performers, he identified competencies relevant to job performance. So Mclelland determined that the differences between superior performers and marginal performers were found in the concept of competencies rather than traditional aptitude predictors(School Grades and Test Scores).[95]

[91] Cooper, Lawrence and Kierstead, **op.cit.**, p.5.
[92] Zwell, **loc.cit**.
[93] Lucia, Lepsinger, **op.cit.**, p.15.
[94] **http://www.th-record.com/1998/04/04-03-98/harvar.htm**, 18.11.2002.
[95] Ford, **loc.cit**.

"In 1973, Mc Clelland and fellow psychologist David Berlow founded the company McBer Associates to put his ideas on competency testing into practice."[96] The McBer Company commissioned by American Management Association, undertook a research into successful managers in order to determine their attributes and characteristics. The research concluded that successful managers were differentiated from less successful managers through a range of factors which were personal characteristics, experience, motives and other attributes.[97] The "competency" term was adopted and popularized by Richard Boyatzis in his book, *The Competent Manager: A Model for Effective Performanc*e which outlines competence as applied to managerial work.[98] He then developed a generic model of management competencies based on the hundreds of projects undertaken by McBer Associates.[99]

There are different approaches to competency movement developed mainly both in USA, UK and also in Australia.[100] The following parts underlines and examines different perceptions with regard to the concept.

1.9.1 The American Approach

David Mc Clelland, *Richard Boyatzis* and *Lyle M. Spencer* are the leading names in developing competency term and competency models and their approaches are explained below.

1.9.1.1 Mc Clelland's Competency Approach

David McClelland is the professor with whom the study of competencies began in early 1970s. In 1973 McClelland published an article *Testing for Competence Rather Than for Intelligence*" in American Psychologist. He asks "Do intelligence tests tap abilities that are responsible for job success?" and opened the discussion on how to

---

[96] Lucia, Lepsinger, **op.cit.**, p.18.
[97] Horton, **op.cit.**, p.308.
[98] Wood, Payne, **op.cit.**, p.27.
[99] Horton, **loc.cit**.
[100] Stuart, Lindsay, **op.cit.**, p. 26-33.

test for competency.[101] He reviewed studies indicating that traditional academic aptitude and knowledge content tests as well as school grades and credentials:[102]

1. Did not predict job performance or success in life.
2. Were often biased against minorities, women, persons from lower socio economic strata.

Then he examined research methods that would identify "competency" variables, which could predict job performance and were not biased (or at least less biased) by race, sex, or socioeconomic factors. These methods are;[103]

1. Use of Criterion Samples. This method compares people who have clearly had successful jobs with people who are less successful in order to identify those characteristics associated with success.

2. Identification of Operant Thoughts and Behaviors Causally Related to Successful outcomes. Instead of "respondent measures" such as self-report and multiple-choice tests whic rarely represent real-life and job situations, competency measures should involve open-ended questions to find how an individual generate behavior. This method is based on the idea that the best predictor of what persons can and will do in present and future situations is what they have actually done in similar past situations.

These methods were used with the U.S. State Department Foreign Service Information Officers, and the question was "If traditional aptitude tests do not predict job performance, what does?". He requested a criterion sample of superior performers and a contrast sample of average performers. The Behavioral Event Interview (BEI) technique (explained in detail in Part 2) was also developed at this time to observe the superior and average people doing their daily work and see what

---

[101] Felice, **loc.cit**.
[102] Spencer, Spencer, **op.cit.**, p.3.
[103] **Ibid.**, p.3-4.

the best ones did that average did not. They found competency characteristics that differentiated superior from average people.[104]

He demonstrated that behavioral traits and characteristics are much more effective than aptitude tests in determining who is and who is not successful job performance.[105]

David McClelland's approach to competencies was driven by the need to identify the relevant job performance criteria to differentiate between superior performers and average performers. David McClelland's approach to competencies was a behavioral one paying attention to the individual's thinking patterns or feelings, to individaul experiences and perceptions of events. He argued that the task of identifying the right person for the job was based on focusing on highly successful people without making assumptions about their role, paying attention to what they actually do in order to reach a list of activities, competencies required from the job and select the best fitting individual based on those criteria.[106]

According to McClelland, competencies can be taught and learned. Based on his deep research in some of the poorest sectors of the world economy like Malawi, Ecuador, Ethiopia, it was found that competencies like "Achievement Motivation" can be developed so that those who have been through training become more active and successful small business people.[107]

McClelland argued "the plans and work designs help people to understand how their work fits together but such plans only work well if the people involved in them have the competencies that go with performing such jobs well. So the first step according to him is to identify people with required competencies and putting them in place but it often works just as well to train people to develop the competencies they need for the work they are doing."[108]

---

[104] **Ibid.**, p.4-5.
[105] Zwell, **loc.cit**.
[106] Lucia, Lepsinger, **op.cit.**, p15-18.
[107] Boulter, Dalziel, and Hill, **op.cit.**, p.18-19.
[108] **Ibid.**, p.19.

1.9.1.2 Boyatzis' Competency Approach

Richard Boyatzis was known to be one of the other important names in the competency debate with his book "*The Competent Manager: A Model for Effective Performance*". According to him the competency of managers in the US economy was too important. In his words "it is the competence of managers that determines, in large part, the return that organizations realize from their human capital or human resources."[109]

Boyatzis argued that effective performance of a job may be clarified by examining the achievement of ouput objectives or at the proper running of procedures and processes. In some jobs, when performance measures and goals are available it is easy to assess performance (e.g., sales per month for a sales person). In other jobs, that measures of performance are not available, it is difficult to assess ot interpret effective performance. He mentioned that in determining what constitutes effective and ineffective job performance, a number of factors should be measured. He made a comprehensive definition of effective job performance "*Effective performance of a job is the attainment of specific results (i.e. outcomes) required by the job through specific actions while maintaining or being consistent with policies, procedures, and conditions of the organizational environment.*" The important point according to Boyatzis is that the specific actions cause or lead to specified results. And he questions "What enables a person to demonstrate the "specific actions" that lead to the "specific results?". Certain characteristics or abilities of the person enable him or her to reveal the specific actions and he called them as "*competencies*". So the capability that an individual brings to the situation is called individual's competencies. Second the responsibilities of the job require the demonstration of specific actions to produce desired results. These requirements of the job are *the job's demands on the person*. Finally all these events occur in an *organizational environment* with policies, procedures, culture, having a direction such as mission, purpose, corporate strategy. All these factors contribute to the internal organizational environment. The internal organization also translates the external environment (social, political community, industries, economic conditions) to its members. The

---

[109] Richard E. Boyatzis, **The Competent Manager: A Model for Effective Performance**, New York, John Wiley & Sons, Inc., 1982, p.1.

graphic illustration in Figure 1.8 of the *model* suggests that effective performance will take place only if all three of the factors are consistent.[110]

Figure 1.8 A model of effective job performance.
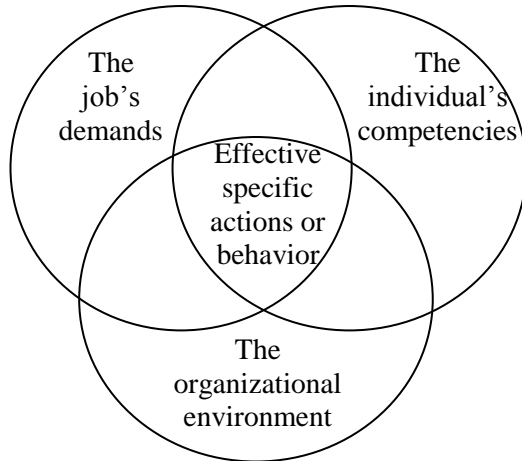
Source: Richard E. Boyatzis, "**The Competent Manager: A Model for Effective Performance**", John Wiley & Sons. Inc., New York, 1982, p.13.

The model describes that the job demands component reveals primarily *what* a person in the job is expected to do. The organizational environment component shows some aspects of what a person in a management job is expected to do but primarily reveals *how* a person is expected to respond to the job demands. The individual's competencies component reveals what a person is capable of doing, it reveals *why* a person may act in certain ways.[111]

He quoted Klemp's definition of competency as "*an underlying characteristic of a person which results in effective and/or superior performance in a job.*"[112]

Boyatzis competencies are real aspects of human-beings. He determined 21 types of characteristics or competencies clustered into common 6 themes. He emphasized the concept of competencies to be both rich and detailed. While in many modern competency frameworks, "observable behavior" is concerned based on the behaviourism approach, Boyatzis was concerned to include a wider range of

---

[110] **Ibid.,** p.11-13.
[111] **Ibid.,** p.16.
[112] G.O. Klemp Jr., "The Assessment Of Occupational Competence", **Report to the National Institute of Education**, Washington, DC, 1980.

psychological aspects in his model. He specified 3 levels of a competency and identified these three components for each competency.[113] The levels are ;[114]

1. *Motive and trait level*. A motive is a "recurrent concern for a goal state, which drives, directs, and selects behavior of individual." A trait is a characteristic way in which the person responds to an equivalent set of stimuli. Both exist both at conscious and unconscious levels within people. Traits are easier to arouse than motives.

2. *Self-image and social role level*. Self-image refers to a person's perception of himself or herself and the evaluation of that image. This incorporates both self-concept and self-esteem. Social role refers to a person's perception of a set of social norms for behavior that are acceptable and appropriate in the social groups or organizations to which he or she belongs.

3. *Skill level*. Skill is the ability to demonstrate a system or sequence of behavior that are functionally related to attaining a performance goal.

For example, a peson who has a high efficiency orientation would be *motivated* primarily by a high need for achievement, would have a *self-image* of "I can do better" and "I am efficient", might take a *social role* such as "innovator", and might exhibit observable *skills* such as 'goal-setting, planning, and organizing resources efficiently'.[115]

The dynamic aspects (i.e., the interaction) of the components of the conceptual model used can be described in terms of a force-field representation as shown in Figure 1.9.

---

[113] Wood, Payne, **op.cit.**, p. 24.
[114] Boyatzis, **op.cit.**, p. 28-33.
[115] Wood, Payne, **op.cit.**, p. 25.

Figure 1.9 Dynamic Interaction Of Components Of Job Performance And Levels Of Competencies
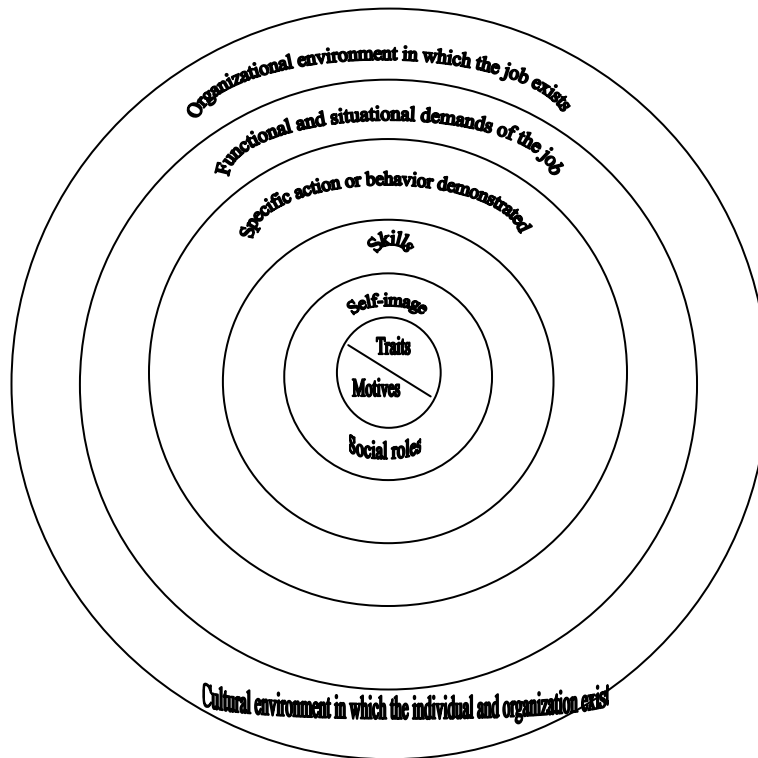
Organizational environment in which the job exists

Functional and situational demands of the job

Specific action or behavior demonstrated

Skills

Self-image

Traits

Motives

Social roles

Cultural environment in which the individual and organization exist

Source: Richard E. Boyatzis, **The Competent Manager: A Model for Effective Performance**, John Wiley & Sons, Inc., New York, 1982, p.12-13.

As a result, Boyatzis' approach to competencies concentrated on identifying the characteristics of *superior performers* and was driven by the need to make corporations more effective through selecting, developing and rewarding the right people.[116]

1.9.1.3 Spencers' Competency Approach

According to Lyle M. Spencer and Signe M. Spencer, competencies are defined as "the underlying attributes, skills, traits, knowledge and motives of a person which have been causally related to superior managerial performance."[117]

---

[116] **Ibid.**, p. 26.
[117] Stuart, Lindsay, **loc.cit.**

Spencer and Spencer wrote the book "Competence At Work: Models for Superior Performance" in 1993. They defined five types of competency characteristics which are motives, traits, self-concept, knowledge and skills. They demonstrated them within an "Iceberg Model" which is deeply explained in the "Definition of Competency" Section.

In 1989, they decided to look at the competencies found in all more than 200 jobs for which competency models were available. Reports of competency models were organized into three to six clusters each of which contains two to five competencies. Each competency has a narrative description and three to six behavioral indicators. They developed a competency dictionary in generic form and desgined to cover behavior in a wide range of jobs and to be adapted for many applications.

As a result, the US competency movement focuses on the abilities, aptitudes, talents hence inputs that a person brings to a job, which enables them to perform satisfactorily or exceptionally.[118] Therefore, the US model focuses on individual managers' characteristics and links these to the context of peformance.[119] The concern is much more on identifying competencies for managerial positions. The US model of competencies is input oriented, so the emphasis is much more on the potential of the person. With regard to the terminology the term "competency" and the plural "competencies" are used in the US.

---

[118] Horton, **op.cit.**, p. 310.
[119] **Ibid**.

1.9.2   The British Approach

The wave of competency movement, its ideas, concepts and theories started to leap to the UK from the US through educational institutions, management consultancy firms in the UK due to the same environmental context, i.e. changing technology, increased competition, the search for competitive advantage. However, still there is a distinction between the US and UK approaches with respect to the terminology, target, description, the purpose and focus of the term. [120]

This move was welcomed by the UK as a necessary initiative against a growing skills gap, rising unemployment and country's poor economic performance.[121] The government has taken a different approach, the objective of which is to raise the minimum standards of performance at work nationally.[122]

Due to the poor training record in the UK, the Manpower Services Commission was instructed by the government, to establish a system for setting standards across all sectors in the industry. Industry Lead Bodies were created to develop new standards and the National Council for Vocational Qualifications (NCVQ) was assigned to coordinate their work into a national framework which consists of five levels ranging from operational skills to strategic management skills. These national vocational qualifications were considered as alternatives to the traditional educational qualifications conferred by academic examination bodies. So instead of focusing on internal characteristics of a person, the British government, by the help of the National Council for Vocational Qualifications (NCVQ), has focused on defining the tasks and outcomes required of the job. As in the USA, there was a concern about the standard of management in the UK in order to improve the low standing of British management compared to its major competitors. The Management Charter Initiative engaged in the developing of the professional manager act in 1987. The British approach of competencies involved not only the managerial positions but also manual, technical, administrative, professional positions.[123]

---

[120] **Ibid**.
[121] **Ibid**.
[122] Wood, Payne, **loc.cit**.
[123] Horton, **loc.cit**.

The UK model competencies are defined in terms of standards of performance based on the outputs of employees. It also represented a normative threshold. The Management Charter Initiative defined competence as "The ability to perform the activities within an occupation or function to the standard expected in employment." The UK model, generally focuses on the employment industry, occupation, and performance requirements of job positions. The emphasis is much more on the demonstrated proficiency rather than potential.[124]

Related to the definition, another divergence between the US and UK approaches to competency is that the purpose of the US competency approach is to identify superior, excellent performers themselves or their potential. However, the UK model, generally focuses on identifying the demonstrated proficiency, *minimum standards* linked to occupational performance.

With regard to the terminology, the term "competence" and the plural "competences" are used in the UK.

Despite the fact that there is a significant distinction in the competency movement in both countries in terms of the purpose, focus and target, still the approaches have tended to converge in the recent decade. While the American approach has began to focus more on the output, demonstrated behavior of employees when defining competencies, the British approach has started to identify superior, exceptional employees.[125]

---

[124] **Ibid.**, p. 311.
[125] **Ibid.**, p. 312.

Table demonstrates the main distinctions between the approaches. [126]

Table 1.1 Competencies versus Competences

	Competencies	**Competences**
Origin	USA	UK
Purpose	Identify superior performers	Identify minimum standards
Focus	The person	The job/role
Summary of...	Personal Characteristics	Tasks/outputs
Target	Manager	Everyone, but less so managers

Source: Robert Wood, Tim Payne, **Competency-Based Recruitment and Selection**, John Wiley & Sons Inc., West Sussex, 1998, p.25.

1.9.3 The Australian Approach

In Australia, competence is defined as a complex structure of attributes necessary for the performance of specific situations. It is a complex combination of attributes (knowledge, attitudes, values and skills) and the tasks that must be performed in determined sitations. This definition atcually reflects a holistic approach, to the extent in which it integrates and relates attributes and tasks, permits various intentional actions to occur simultaneously and considers the context and culture of the work place. It allows to incorporate the ethics and values as elements of a competent performance.[127]

1.10 THE INTERNATIONALISATION OF THE COMPETENCY MOVEMENT

The competency approaches have not only been applied in the US and UK private and public organisations but started to spread internationally. Human resources management is defined as a process of improving an organisation's performance the

---

[126] Wood, Payne, **loc.cit**.
[127] **http://www.ilo.org/public/english/region/ampro/ cinterfor/temas/complab/xxxx/1.htm**, 03.12.2003.

capabilities of its employees.[128] It is therefore considered as the key to organisational success. Today's strategic human resources development which involves long-term development of people within organisations drives this movement of competency. Competencies are considered to provide a measurable and common language and a reference point for the employees to measure their performance level and identify any required developmental areas.[129]

Today modern competency frameworks are inspired by both UK and US approaches and usually include a mixture of behaviors, values, tasks, outputs and personality characteristics due to a necessity to simplify the concept in practice and to measure more easily.[130]

Although the competency movement originated in the US and the UK, it is now an international phenomenon. In general, the northern European States have been quicker to adopt Human Resources Management and HRM innovations and competency is also practised increasingly throughout the OECD (Organization for Economic Co-operation and Development) countries and beyond which promotes the sharing of best practice and benchmarking.[131]

1.11   THE GOALS OF COMPETENCIES

The increasing emphasis and implementation in competencies and competency models by many organizations is based on the fact that they can address various business needs of the organizations.

A survey conducted by Behavioral Technology to 134 people in diverse organizations about the design and objectives of competency systems has indicated the objectives pursued by the companies toward the using competency systems.

[128] Jerry W. Gilley, Ann Maycunich, **Organizational Learning, Performance and Change: An Introduction to Strategic Human Resource Development**, Perseus Publishing, New York, 2000, p.5.
[129] Horton, **op.cit.**, p. 313.
[130] Wood, Payne, **op.cit.**, p. 27.
[131] Horton**, op.cit.**, p.314.

According to the survey the objectives are ranked from the most strongest to the least as follows:[132]

1. Link interviews, appraisal, coaching, training, anc compensation to vision, mission, values and culture.
2. Plan for the skills needed to grow the organization.
3. Communicate valued behaviors.
4. Clarify the focus of our leadership.
5. Focus attention on quality / customer-oriented behaviors.
6. Close skill gaps.
7. Develop competitive advantage.
8. Identify selection criteria for interviews.
9. Structure the topics discussed in a performance appraisal.
10. Develop a 360 degree feedback system.
11. Plan for succession.
12. Orient managers to corporate strategy and culture.
13. Encourage cross-functional cooperation.
14. Guide promotional decisions.
15. Ease the flow of people across business and global boundaries.

Schoonover Associates, Inc., Arthur Andersen and The Society for Human Resource Management (SHRM) also conducted a survey of over 300 organizations in US. The survey focused on current practices related to competency-based HR applications. According to the results of study, the most prevalent objectives for initiating competency interventions were;[133]

1. Enhancement of performance expectations
2. Provision of an integrated HR process
3. Alignment of behavior with core values

---

[132] Green, **op.cit.**, p.11-12.
[133] Stephen C. Schoonover, Helen Schoonover, Donald Nemerov, Christine Ehly, 2000, Competency-Based HR Applications: Results of a Comprehensive Survey 2000, **http://www.ilo.org/public/english/region/ampro/cinterfor/temas/complab/xxxx/1.htm**, Schoonover Associates Inc., Arthur Andersen and Society for Human Resource Management, p. 8, 03.12.2003.

A research project of the American Compensation Association(ACA) in cooperation with Hay Group, Hewitt Associates LLC, Towers Perrin and William M. Mercer Inc. was undertaken related to the extent of competency-based HR applications of 217 North American companies in US. The ACA database was combed in an effort to identify companies with competency-based HR applications as well as those that had considered competencies but opted not to implement them. Sets of detailed questionnaires were mailed to numerous prospective firms.[134] Based on the research results, the key objectives of competencies as perceived by those companies are;[135]

1. Competencies are used to "raise the bar" on all employee performance. Respondents said that "raising the bar" is a key objective of competencies, as opposed to using competencies to establish a baseline for performance. They tailor their HR applications to focus on individual performance. Competencies are defined thoroughly by using high performers and functional experts as a primary source of input. They are often supported with scaled levels to illustrate increasing levels of proficiency. This provides individuals with detailed road maps for increasing their capabilities incrementally.

2. Competencies are used to focus on an organization's culture and values. The research results indicated that companies use competency-based applications to communicate values to the workforce and to build proper culture for success.

3. A Human Resource Development System that reflects the values and supports the mission of the organization.

4. A closely linked and effective system of selection, hiring, orientation, performance management, training and development, career development and succession planning.

---

[134] American Compensation Association (ACA), Hay Group, Hewitt Associates LLC, Towers Perrin, William M. Mercer Inc., **Raising The Bar: Using Competencies To Enhance Employee Performance**, Scottsdale, US, American Compensation Association, 1996, p. 5.
[135] Ibid., p. 7.

1.12   THE BENEFITS OF COMPETENCIES

Enterprises have begun to realize that their main source of differentiation and competitiveness is their people. Enterpreneurial organizations orient their competitive efforts toward the strengthening of their human assets and for this reason they put increasing emphasis in competencies and competency models.[136] The benefits provided by the application of competency models are; [137]

Clarifiying Job and Work Expectations

Employees in the organizations usually complain about the inefficiency or arbitrariness of human resources processes (selection, training and development, appraisal, etc.) such that they are not based on objective set of criteria that is generally excepted and known by the members of the organization. By establishing a competency model in the organization, this concern and doubt can be tapped. In recruitment and selection process of human resources a competency-based model ensures that all interviewers are looking for the same and standard set of abilities and characteristics. In training and development and appraisal systems, a list of behaviors and skills, which the employees are expected to demonstrate, are defined within the model in order to meet satisfactory levels of performance.

The clarification of the specific job requirements or performance expectations through competency modeling, guide employees toward skills, knowledge or behaviors they are expected to develop. By this opportunity, employees will have a road map for recognition, reward and advancement.

Maximizing Productivity

As organizations take steps to manage cost, there is much more to do than reenginering and various other processes to ensure competitiveness. It is essential that people have the specific skills, knowledge, and characteristics to be effective.

---

[136] Schoonover, Schoonover, Nemerov, et.al., **op.cit.**, p.6.
[137] Lucia, Lepsinger, **op.cit.**, p.9.

Using competency models in human resources applications help identify the skills gaps of individuals and therefore guide the way to conduct efficient and relevant training and development activities. Competency based performance management evaluate employees based on a list of skills, behaviors and practices to maintain successful performance so that maximum productivity can be ensured by filling any skills gaps through training and development.

Adapting To Change

The jobs in the organizations are not stable and persistent in today's rapidly changing and challenging business environment. New knowledge, skills and behaviors are required to be developed by the employees. Therefore jobs can be very different from what it had been years before. Related to this issue, competency models play an important role in identifying what skills and behaviors are necessary to meet the different current needs and probable needs of the future. For instance; the selection criteria is adjusted to the changing demands of the role, in the case of skill gaps the training needs are identified and trainings are conducted to ensure continous high performance.

Aligning Behavior with Organizational Strategies and Values

Competency modeling is one of the best ways to communicate organizational strategies and values of senior management to the employees. In other words, competency models accomodate the organization's values (i.e., teamwork, respect for individual, innovation, initiative) and strategies by translating them into specific behaviors. Employees appraised based on the competency-based performance appraisal system can be differentiated in terms of whether they exhibit the behaviors that support these values or not.

One of the other benefits of competencies is that the definitions or concepts provide easiness and common understanding of what is meant when talking about influence, teamwork, etc. Also organizations that adapt competencies to their human resources management applications will sense the positive view, perspective from the

employees. "The language of competencies provides a means for translating the concept of a high-performance culture into terms that people can embrace.[138]

The benefits of using competency models for human resources management systems (selection, training and development, performance management and career planning) are explained below. [139]

1.12.1 Benefits of Using a Competency-Based Selection System

a. Provides A Complete Picture of Job Requirements

A selection process usually emphasizes narrow aspects of job requirements, such as computing and accounting skills and knowledge, without considering the other qualities needed for effective performance. A competency model provides a complete picture of what it takes to perform the work, so that interviewers can identify characteristics required to do the job well in addition to required skills and knowledge. For instance, an employee can be considered successful, if he or she has the ability to work as part of a team, to balance multiple priorities and to interact with people whom the candidate has no direct authority. Competency models also provide a method for interviewers to provide candidates with a clear picture of what will be expected of them.

b. Increases the Likelyhood of Hiring People Who Will Succeed

Determining whether the candidate has the potential to succeed in the job during the interviewing process is a difficult and risky task. However, when a validated competency-based selection system is established and used, interviewers can look for competencies that have a strong correlation to high levels of performance on the job and can screen out candidates who lack a critical set of skills, knowledge or characteristics or who do not illustrate a potential to develop. They can focus on those candidates who have a strong potential.

---

[138] Zwell, **op.cit.**, p. 24.
[139] Lucia, Lepsinger, **op.cit.**, p. 22-35.

These competency guidelines which help the human resources practitioner hire candidates also help tracking these employees on the basis of how-well they are performing after hiring so that the success of the competency-based selection process is evaluated.

c. Minimizes Investment in People Who do not Meet Expectations

The organization spends too much wasted time and money in hiring and training people who fail to perform the job they have been hired to. This has a tremendous impact on the productivity and profitability of an organization. Secondly, it is also costly to put together a severance package and search for a new candidate. Therefore productivity is again badly affected until the replacement is up to full performance capacity and personnel changes can be distruptive for the affected team or work unit.

Using a validated competency model to select candidates who have a higher likelyhood of meeting expectations can help minimize the time, dollars, and energy spent in selecting and training unsuccessful candidates.

d. Ensures A More Systematic Interview Process

Usually selection decisions are based on the interviewer's initial impression of the job candidate. The interviewer may be impressed or concerned with how well his or her technical knowledge or experience fit with the job's requirements. However, this is only part of the information needed to determine if a candidate will succeed or not.

In a competency-based selection interview, interviewers should be consistent with what they look for and how to identify if a candidate is right for the job. A competency model helps to make sure that all interviewers concentrate on the critical job-related factors required for success. It can also facilitate agreement in hiring decisions by ensuring that everyone involved in working from the same criteria.

e. Helps Deliniate Trainable Competencies

A candidate may possess a majority of the basic skills required and influence the interviewer positively although he or she has a few gaps in his or her skills. What the interviewer should do is to determine whether these gaps can be covered through training and development. If the candidate is not very knowledgable at a specific software application, the candidate may be hired but assigned to a related training program. However if the person indicates that he or she is not comfortable with computer technology, different decisions of hiring or not hiring can be considered depending on the candidate's willingness and ability to learn the necessary technology.

A competency model can clarify the competencies most relevant to success and can pinpoint the attributes and capabilities that are more easily developed through training and those that are less trainable so that the interviewer can make a realistic decision accordingly.

1.12.2 Benefits of Using a Competency-Based Training and Development System

a. Enables Focus On Relevant Behaviors and Skills

Competency models play an important role in keeping employee and organization focused on the skills, knowledge and characteristics that affect job performance. These model help people assess their current capabilities and determine behaviors they need to develop to improve effectiveness. So individuals can be more proactive and initiative in their own development.

b. Ensures Alignment of Training and Development

Management in organizations must perceive training and development as relevant to business goals before they will support them. An effective training and development system must take a long-term view of organizational needs and it must focus on

developing the talent currently available in the workforce in order to meet those needs. A well constructed competency model includes not only behaviors that are indicators of effectiveness on the job but also those required to support the organization's strategic direction and to develop and maintain the culture needed to achieve its business objectives.

c. Makes the Most Effective Use of Training and Development

Focusing on a well-constructed competency-based training program and on-the-job development activities on the skills and behaviors that support strategy and culture of an organization ensures that time and money devoted to them will be well spent.The competency model helps remove the guesswork of where to focus scarce resources by differentiating between programs with the most impact on performance and those with little relevance to behaviors people need on the job.

d. Provides A Framework for Bosses and Coaches

Providing ongoing feedback, identifying the most useful on-the-job development opportunities, reinforcing concepts and techniques learned in training programs is an important part of any training and development system, and this is part of the role of the boss or coach. The model ensures that both the boss or coach and the direct report have a shared picture of what it takes to succeed in the job.

1.12.3 Benefits of a Competency-Based Performance Management System

a. Provides a Shared Understanding of What Will Be Monitored and Measured

Integrating the competency model into appraisal forms ensures a balance between *what* gets done and *how* it gets done. It signals that the organization is concerned not only with results but the behaviors and manner with which those results are achieved. The competency model together with specific business objectives that have been developed with direct report will make up the performance criteria to measure

effectiveness and success in that position. Therefore subjectivity and misunderstandings among employees about what is expected of them during the appraisal can be minimized.

b. Focuses and Facilitates the Performance Appraisal Discussion

Managers are usually having the challenge of discussion an employee's behavior in a manner that is focused and useful and does not lead the individual to be defensive. However, a competency-based appraisal system provides managers with clearly described skills, knowledge and characteristics that are important to success and examples of behaviors. A competency model provides a manager with a roadmap of where to begin the discussion and what areas to focus on.

1.12.4   Benefits of Using A Competency-Based Career Management and Succession Planning System

a.   Provides a Method To Assess Candidate Readiness

A competency model together with a 360-degree feedback process works well to assess candidate readiness. The competency model includes a list of expected behaviors required by the job as criteria. The 360-degree feedback can further help providing data from different people who are directly affected by the candidate's day-to-day behavior.

b.   Focuses Training and Development Plans to Address Missing Competencies

Effective succession plans both identify individuals who are ready for promotion and create a road map for developing other high-potential candidates and identify the areas that require improvement before a candidate can advance in an organization. As a result candidates can also prepare themselves for the particular role in the future.

c. Allows An OrganizationTo Measure Its Bench Strength

A competency-based succession planning system allow a company to assess it bench strengths. Individual and aggregate assessments of competency levels and relevant behaviors can help identify the presence or absence of key capabilities at an organizational level. For instance, the organization can determine if its selection and training systems are successful in attracting and developing people with the right mix of skills, knowledge, and characteristics required to ensure the business's success over the long term.

1.12.5 Benefits of Using A Competency-Based Compensation Management System

Benefits of a competency-based compensation management system is explained below. [140] [141]

a. Rewarding Performance Fairly

Measuring competence allows superior performers to be distinguished from other employees, without hierarchy or cumbersome job measurement. Systems that reward employees for demonstrated competence distinguished between the superior and average performers and provides fairness and equity to the system.

b. Recognition of Achievement

Establishing a competency-based pay and compensating for demonstrated competencies also shows that employee achievement is recognized and high levels of performance is reinforced.

---

[140] Whiddett and Hollyforde, **op.cit.**, p. 156.
[141] Donald S. Nemerov, "How To Design A Competency-Based Pay Program", **Journal of Compensation & Benefits**, 1994, Vol. 9, Issue. 5, p. 46-54.

c. Retention and Attraction of Staff

The system reflects the approach that experienced people performing to a high standard are valuable to the organization and employees are motivated and feel that they get what they actually deserve which enables the retention of current staff and attraction of candidates.

d. Confirmation And Support Of The Organization's Culture.

Competency-based system is a better means for influencing and reinforcing job behavior that advances the goals of the business. The value an organization places on behaviors and the culture fostered is also endorsed through competency-based compensation management.

1.13   CATEGORIES OF COMPETENCIES

Every organization has its own set of names for particular competencies and its own way of classfiying them. Based on the researcher's investigations, and many articles argue about three-to-five discrete categories of competence each of which reflects a different aspect of behavior at work. In this section, the different types of competencies addressed by different authors are explained.

1.13.1 Two Major Categories

Nevertheless, in defining what is meant by competency, there are two major categories to emphasize:

a.   Threshold Competencies

"Threshold competencies are the essential characteristics, i.e. usually knowledge or basic skills, such as the abiliy to read, that everyone in a job needs to be minimally effective but that do not distinguish superior from average performers. A threshold

competency for a salesperson is knowledge of the product or ability to fill out invoices.

b. Differentiating Competencies

Differentiating competencies refer to disinguishing superior from average performers. For example, achievement orientation expressed in a person's setting goals higher than those required by the organization, is a competency that differentiates superior from average sales people."[142] McLagan assert that "differentiating competencies are popular in the competency world because many companies use competency models for selection and succession and therefore they search for characteristics that distinguish qualified from unqualified candidates."[143]

1.13.2   Competency Framework of Michael Zwell

Michael Zwell mentions five categories of competencies which are task achievement, relationship, personal attribute, managerial and leadership, each of which reflects a different aspect of behavior at work. These categories are to some degree developmental, in the sense that people tend to progress up through the categories as they advance in their careers. In the first years of their careers, people begin as individual contributors. They are responsible for performing tasks and accomplish objectives through their labor. Many employees stay in their entire careers at this individual contributor stage. Task achievement, relationship and personal attribute competency categories are important. When people take on responsibility of supervising people and managing projects, managerial and leadership competencies become more important. Success on the job is determined more by how well subordinates do than by direct individual contribution.[144]

Each competency is discussed in terms of its contribution to successful performance. Each of the competencies is broken down into key behaviors, smaller units of

---

[142] Spencer and Spencer, **op.cit.**, p. 15.
[143] Patricia A. McLagan, "Competencies:The Next Generation", **Training and Development**, 1997, Vol. 51, Issue. 5, p. 40-47.
[144] Zwell, **op.cit.**, p. 25.

behavior that, when demonstrated, result in proficiency in the competency. The competency categories are explained below. [145]

Task Achievement Competencies

The competencies in this category refer to what employees work toward, the way employees work toward it and how they work. These are the competencies associated with performing a job well. They are used to identify whether employees are highly motivated and driven toward accomplishing something, are adaptable to changing circumstances, are concerned with quality, are able to get things done in an organization. These are the kind of capabilities that make employees an effective worker and an effective achiever.

Task achievement competencies include results orientation, managing performance, influence, production effeiciency, flexibility, innovation, concern for quality, continuous improvement and technical expertise. Some examples of this category of competencies with key behaviors is shown in Table 1.2. below.

Table 1.2 Sample Key Behaviors for Some of Task Achievement Competencies

Competency :	*Results Orientation*	*Flexibility*	*Concern for Quality*
Sample Key Behaviors:	• Sets achievable goals. • Strives to achieve goals. • Develops standards against which to measure behavior and performance.	• Promptly switches strategies or tactics if the current ones are not working. • Operates well in situations when the consequences of decisions and actions are unclear.	• Carefully prepares materials, approaches, and resources. • Monitors accuracy and quality of others' work and takes actionto correct mistakes.

Source: Michael Zwell, **Creating a Culture Competence**, John Wiley & Sons, Inc., New York, p.26-32.

---

[145] **Ibid.**, p. 26-53.

Relationship Competencies

This category includes competencies that relate to traits and characteristics involving relationships and interactions between self and others, communicating with and working well with others and satisfying their needs. The ability to related positively and constructively with bosses, colleagues, subordinates and customers is an essentail aspect of job success. Relationship competencies include teamwork, service orientation, interpersonal awareness, organizational savvy, relationship building, conflict resolution, attention to communication, cross-cultural sensitivity. Some examples of this category of competencies with key behaviors is shown in Table 1.3 below.

Table 1.3 Sample Key Behaviors for Some of Relationship Competencies

Competency:	*Teamwork*	*Service Orientation*	*Interpersonal Awareness*
Sample Key Behaviors:	• Fulfills commitments to other team members. • Provides others with feedback to help them be better team members.	• Responds to customer requests in a timely, professional manner. • Elicits feedback from customers to monitor their satisfaction.	• Listens attentively to people's ideas or concerns. • Approaches others about sensitive issues in nonthreatening ways.

Source: Michael Zwell, **Creating a Culture Competence**, John Wiley & Sons, Inc., New York, p.33-36.

Personal Attribute Competencies

The competencies in this category are considered as intrinsic to an individual and reflect the traits and characteristics that relate to what individuals believe, how they think, how and what they feel, and how they learn and develop. People's ability to achieve tasks and their relationships with others are affected by these competencies. Moreover, these competencies are related to their sense of self-identity. Personal attribute competencies include integrity and truth, self-development, decisiveness,

decision quality, stress management, analytical thinking, conceptual thinking. Some examples of these competencies with key behaviors is shown in Table 1.4. below.

Table 1.4 Sample Key Behaviors for Some of Personal Attribute Competencies

Competency	*Self-Development*	*Decisiveness*	*Analytical Thinking*
Sample Key Behaviors:	• Identifies personal skill areas to be developed. • Seeks feedback on personal strengths and weaknesses.	• Makes decisions in a timely manner when the options and consequences are clear. • Takes charge of a group when it is necessary to facilitate either action or decision.	• Breaks down concepts, issues, and problems into their component parts. • Analyzes the costs, benefits, risks and changes for success in a decision.

Source: Michael Zwell, **Creating a Culture Competence**, John Wiley & Sons, Inc., New York, p.40-45.

Managerial Competencies

These are the competencies that relate to managing, supervising and developing people. They determine whether someone will be an excellent manager. A number of competencies from the previous three categories such as influence, decisiveness, decision quality, integrity and truth, etc. are also important managerial competencies. Other competencies in this category are building teamwork, motivating others, empowering others, developing others. Some examples of this category of competencies with key behaviors is shown in Table 4 below.

Table 1.5 Sample Key Behaviors for Some of Managerial Competencies

Competency	*Building Teamwork*	*Motivating Others*	*Developing Others*
Sample Key Behaviors:	• Establishes direction for projects and assignments for team members. • Helps remove organizational barriers and identifies resources to assist the team.	• Promptly recognizes and tackles morale problems. • Uses a variety of approaches to energize and inspire others.	• Provides accurate feedback on individual strengths and weaknesses. • Helps others examine the barriers to their growth and development.

Source: Michael Zwell, **Creating a Culture Competence**, John Wiley & Sons, Inc., New York, p.46-49.

Leadership Competencies

This category involve competencies that relate to leading an organization and people to achieve an organization's purpose, vision and objectives. The development of the leaders is one of the elements of an organizational culture that needs to be strong if the organization wants to be successful over the long term. It is necessarily mentioned that every competency in the managerial category is also important for organizational leaders. The personal attribute competency of conceptual thinking is also usually a necessary component of leadership, because it is important for leaders to see the big picture and identify, focus attention on the most important issues facing the organization. In addition there is a following list of leadership competencies, visionary leadership, strategic thinking, entrepreneurial orientation, change management. Some examples of this category of competencies with key behaviors is shown in Table 1.6 below**.**

Table 1.6 Sample Key Behaviors for Some of Leadership Competencies

Competency	Visionary Leadership	Strategic Thinking	Change Management
Sample Key Behaviors:	• Explains the vision and mission to others within and outside of the company. • Ensures that organization's strategic plan and business practices are consistent with vision and mission.	• Understands the organization's strenghts and weaknesses. • Utilizes knowledge of industry and market trends to develop and champion long-term strategies.	• Accurately identifies and assesses the current situation, including cultural elements supportive and resistant to change. • Provides resources, remove barrriers, and acts as an advocate for those initiating change.

Source: Michael Zwell, **Creating a Culture Competence**, John Wiley & Sons, Inc., New York, p.50-51.

1.13.3 Competency Framework of Terry Meyer and Paul Semark

Terry Meyer and Paul Semark proposed a framework for competencies consisting of four categories which are national, organizational, occupational, generic individual, in order to contextualize any particular approach at various levels. The framework is able to position different approaches to competency in the appropriate context and it demonstrates the linkages between categories such that a higher category of competency − i.e., organizational- provide a context for a lower category of competency – i.e., occupational competency.[146]

Based on the framework, competencies are positioned into four main categories/levels and each level of competency has a linkage to an external driver as shown in Table 1.7. [147]

Table 1.7   Proposed Framework

Category	**Sub-category**	**External Driver**
National Competencies	--	National Economic strategy
Organizational Competencies	--Core --Strategic	Corporate Strategy
Occupational Competencies	--Vocational --Managerial	Individual Career Management
Generic/Individual Competencies	--Meta-Competencies	Personal Motivation and Ability

Source: Terry Meyer, Paul Semark, "A Framework for the use of competencies for achieving competitive advantage", **South African Journal of Business Management**, 1996, Vol 27, Issue 4, p.96-84.

---

[146] Meyer, Semark, **op.cit.**, p.96-103.
[147] **Ibid**.

Four different categories of competencies are explained below.[148]

1. National Competencies

"National competencies can be defined as the cluster of competencies developed around strategic industries in a particular country. With increasing international competition, the needs for current and future strategic competencies must be reflected in the formal educational, training and R & D centres of excellence supported by the industry and government." For instance a strategic competence in software programming is developed in India and a high-tech academy was aimed to be established in Malaysia, and Motorola and Intel were taken as partners to support the country's drive towards hi-tech manufacturing.

In today's rapidly changing global economy national competency building is an obligation and provide a competitive opportunity. These competencies should be defined and developed proactively, using international benchmarking to ensure world class practice. Developing national competencies is the way to provide integration of education, economic, training and national policy.

2. Organizational Competencies

Two types of organizational competency are identified at an organizational level as *core* and *strategic*. Core competency, as forming the basis for strategic direction and organizational design, is also defined by Prahalad and Hamel (1990) in the Harvard Business Review as "the combination of individual technologies and production skills that identify a company's myriad product lines". A core competence is something a company does well relative to other internal activities. There are a variety of competencies demonstrated by different companies, i.e. skills in manufacturing a high-quality products, good after-sale service, etc.

When a company has a core competence or competencies, it has the potential to achieve a competitive capability against rivals. According to Snyder and Ebeling

---

[148] **Ibid**.

70

"Tangible value added activities that are performed more effectively and at lower cost than that of the competition. These uniques and enduring activities constitute a firm's core competence."

Tampoe (1994) argued that organizational features other than core competencies such as distinctive capabilities, end products and core businesses can be imitated by competitiors and vulnerable over time. In this sense core competencies are different from these features and should have some other characteristics as proposed by Tampoe. Core competencies are;

- essential to corporate survival in the short and long term,
- invisible to competitors, difficult to imitate,
- unique to the corporation and few in number,
- a mix of skills, resources, processes,
- a capability which the organization can sustain over time,
- greater than the competence of an individual,
- essential to the implementation of the strategic vision and strategic decisions of the corporation for instance, downsizing, joint ventures, alliances, etc.,
- marketable and commercially viable.

"Core competence is therefore a compound of tangible and intangible features. It includes the core technologies and processes resident in the organization as well as the occupational, technical, managerial and generic individual competencies of all the employees of the business which contribute in essential ways to its mission. It is the orchestration of these that provides the value added to individual performance and hence the firm's competitive advantage."

Within the organizational competencies are also strategic competencies or capabilities. "Unlike core competencies, strategic competencies can be imitated by competitiors relatively easily and therefore with the changing technology, processes and business strategy, these competencies can change."

Organizations aim to acquire strategic capabilities by undertaking joint ventures, take overs, and alliances. "When new technologies, or systems are required in the company, existing competencies should be supplemented by strategic recruitment. They need to be reflected not only in business strategy and focus but also be reflected in occupational and individual competencies possessed by members of the firm so that human resources development and competency development are integrated in to the strategic value for the organization."

So, organizational competencies have an important feature that they are residing in both individuals and also incorporated in the records, processes and technology of an organization. Therefor they are much more than the accumulation of individual competencies. It is much better to institutionalize these competencies within the organization, because employees are transient in organizations.

3. Occupational Competencies

Occupational competencies are those competencies that are required to perform in a particular occupation, job role or profession. Occupational competencies have two distinct subsets of competencies; vocational and managerial.

"Vocational competencies refer to the technical competencies necessary to perform according to standards required by a job and are by definition linked to occupations, within or across industries and to specific jobs."

The most controversy and debate seems to arise in defining managerial competencies. One side supports the Management Charter Initiative (MCI) in the UK and tries to define national competency standards for management which are related to the function of management beyond the individual in accordance with the NVQ approach. Other side argues that management competencies especially the leadership component of it needs to be specific to the corporation and is linked to individual abilities reflecting an American view. Related to this, Brown in 1993 defined two major American views of managerial competence one of which is the American Assembly of Collegiate Schools of Business (AACSB) that defines a list of seven

competence categories, nine skills and personal characteristics. The other approach belongs to the American Management Association (AMA) McBer approach that identifies five clusters of competence and a six-stage process for achieving competence.

As a result, the big debate related to management competencies swirls around the UK MCI performance approach which supports the idea that behavior required for effective job performance is important, not the inderpinning attributes and the American attribute approach which argues that competencies are inferred from individual behavior.[149]

4. Generic Individual Meta-Competencies

These competencies transcend specific jobs but are important for effective functioning in a modern economy. They tend to be long term in a person's life as opposed to vocational competencies.

"Meyer identified the following generic competency clusters necessary to function effectively in the modern world of work.

- The ability to locate and interpret relevant information from written, electronic and human resources and apply it to solve complex, multi-dimensional problems, using processes analysis.
- The ability to communicate effectively with diverse groups of people and individuals on complex issues,
- The ability to apply scientific and mathematical concepts and use relevant technology effectively,
- The ability to operate effectively in multi-disciplinary teams.
- The ability to use time effectively to manager a variety of tasks,
- The ability to manage one's own, often multiple career and balance occupational, family, community and other demands effectively."

---

[149] **Ibid**.

1.14   CHALLENGES TO THE COMPETENCY MOVEMENT

Competency movement and it applications are not without some challenges. Paul C. Green in his book talked about a survey with 134 people in diverse organizations conducted by Behavioral Technology. According to the survey findings, a competency system has challenges associated with developing and installing it and the system can be sunk if those challenges are not considered. These challenges are participation, measurement, negative feedback, job relatedness and expense as will be explained below supported by the writings of Lucia and Lepsinger about some common objections to competency movement. [150] [151]

1. Participation

The executive buy-in on competencies is one of the most critical factors for successful competency development and implementation of competency applications. In addition, developing and defining competencies with the executives without input from the rest of the organization may actually waste the opportunity and winning of acceptance and application by all members of the organization. On the other hand, the only value of participation is not to get acceptance of new ideas. Participation is a mechanism for making competencies more reflective of the true causes of performance. Some examples of using participation are;

- "A leadership council is created that involves representatives from members of small business units. In a series of meetings they link human resources to overall business planning and develop competencies reflecting skills needed in the future.

- Every person in the organization is given the opportunity to participate in developing the competency model."

"Competencies are more meaningful when a sizable percentage of people in the organization are involved in the process and present their opinion. Participation is a key to the successful installation of a competency system. During participation, behavioral language is used to link what needs to be done with individual actions.

---

[150] Green, **op.cit.**, p.12-19.
[151] Lucia, Lepsinger, **op.cit.**, p.153.

Competencies become the tools for direction and change. Competencies that are accepted become the elements of language used in everyday communications. The result is the more specific expression of feelings behind facts, and the development of accurate performance measures."

2. Measurement

Any time employees do not get hired or promoted, they can ask the reasons of any result. Therefore the measures used in deciding, should be reliable and valid. Therefore, a competency system should support an objective measurement system. In terms of reliability, competencies should be consistent across time and across judges. In terms of validity, the required competencies/measures to assess candidates or employees against should be able to predict future job performance.

3. Negative Feedback

When an organization is able to use competencies to measure performance objectively, the organization will experience conflict when some people do not earn good performance scores. The accuracy of the performance measurement is critical and important when it affects compensation, promotion and career opportunities.

When the competency model is to be used for 360-degree feedback or appraisal, people may fear that getting and giving negative feedback could destroy on-the-job relationships and interfere with getting work accomplished. It is usually difficult for managers to talk to an employee about his/her low performance on a competency measure. Secondly, some competency models involve competencies with behavioral descriptors that do not allow for ratings of low performance. Other models involve a threshold of minimum acceptable performance in different jobs which provides little room to rate low or undesirable performance. These kinds of approaches are not oriented to describe negative performance.

An ideal competency model should be designed such that the rating anchors should allow for ratings of high, average and low performance. Negative feedback is

necessary and valuable when it helps an employee recognize a performance problem, describe the criteria for receiving no salary increase, losing one's job, suggesting the required training and learning experiences. So competency system must face and manage the challenge of introducing performance measurement that is both acceptable and representative.

4. Job Relatedness

Organizations have a responsibility to make job-related personnel decisions. As Green mentions, organizations should have structured interviews that directly relate to the specific job under consideration. The interviews should be based on the unique competencies required for doing that particular job. The job-related process should also be applied to performance appraisal. So competency systems that have an impact on employment should be job-related.

On the other hand, there is a particular challenge in developing competency based, job-related interviews and appraisal forms because jobs are changing so quickly, so should the competencies and behavioral indicators. This means that the competency systems that are integrated in human resources processes should be managed in a dynamic process in terms of not losing the objective it is aimed at.

5. Expense

The departments, functions and businesses within an organization try to find ways to allocate their resources in order to achieve the optimum benefit. Each program must be justified in terms of productivity and dollars. In the case of competency models, it may not be easy to point to direct financial savings, as may be possible with, technology upgrades or elimination of certain jobs. Therefore, the money, time and people requested for developing and implementing competency models may seem unnecessary, time-consuming and costly to people who are sceptical about human resources initiatives.

As Green mentions development of competency-based interviews and appraisals for each job can be very costly to the organizations. Today , technology is being developed to address the competency challenge by forming cost-effective, computer –driven support for different human resources processes such as Internet helping to get employees and cadidates together more quickly in recruiting, job analysis software creating "job-related", structured interviews or computerized 360-degree feedback systems for coaching and performance appraisal.

6. Needlessness

Another rejection to competency models is "A competency model simply is not necessary." Some people or organizations may not see the need for intoducing competency models into current human resource systems. This objection is based on the belief that most employees already know what they and others need to do to be effective. Contrary to the assumption, competency models help identify what is required to help the organization succeed, in other words determines which behaviors are emphasized and which are not. The competency movement faces this challenge to overcome and should strive to convince people in organizations with regard to its use.

As explained below, 5 main critiques of competencies have been discussed by Binna Kandola at the 1996 British Psychological Society Occupational Psychology Conference:[152]

1. Living in the Past

The common techniques such as behaviorally based interviews, critical incident and repertory grid interviews are used to identify competencies. These techniques are said to have a drawback that is they help identify the characteristics of people who have been successful until today, bowever they claim nothing about what people will need in the future. Kandola argued that organizations will use competency frameworks to shape their futures based on the evaluations of the past.

---

[152] Wood, Payne, **op.cit.**, p.29-32.

The solution to this problem has been suggested by Steven Covey, that is "beginning with the end in mind". For instance, if the organization wants to reshape its future, the board members can do a visioning exercise and plan their five-year strategic objectives. While doing this, they can identify the behaviors their managers will need to achieve these goals. So this provides a future oriented competency development and evaluation perspective.

2. Irreconcilable Differences

Identifying the differentiating characteristics of highly effective and less effective staff through a few approaches such as behavioral event interview is critical in the sense that some differences may be irrelevant, some undifferentiating things may be important, there will be characteristics that the organization needs but none of the successful people have. It is possible that the variables that differentiate the two groups have nothing to do with performance, but merely reflect stereotypes or assumptions of the organizational culture. For instance a competency framework may include an indicator of analytical ability which is "is under thirty" although age has nothing to do with the competency or with performance on the job. The key to minimize such problems is to use a variety of approaches to competency identification, choosing from different types of interviews, focus groups, visioning exercises, consultation sessions and questionnaires.

3. Poor Quality

Many of the organizations develop their competency frameworks with too many competencies. Another problem refer to the quality of the behavioral indicators. These indicators can be poorly classified, misleading, impossible to measure or dicriminatory. The greater the difficulty of classifying indicators, the less useful the competencies. The important criteria for writing behavioral indicators are shown below in a check list:

Each indicator should:

- describe directly observable behavior, or other specific evidence of an individual's competency
- describe just one piece of behavior or evidence
- not be duplicated under two or more competencies
- include a verb phrase, i.e., describe action
- include enough contextual information to make the action meaningful
- be fair.

4. Cloning

As Kandola mentions, competency standards reduce the diversity in the organizations which causes reduce the creativity, capacity for innovation, diversity of approaches, problem solving skills, etc. The activities of the organizations slow down without innovation and they are condemned not to survive. Therefore Kandola recommends that organizations develop not detailed but more generalized descriptions of competencies that are expected of the employees to meet. For instance, each person's objectives and organizational values should be made clear to employees to work within those parameters. In terms of the organizational values, values can be seen as the guiding but not defining how employees should behave. So they can be used to set the boundaries of unacceptable behavior, but leave the possibilities of acceptable behavior up to the imaginations of the talented staff.

Competencies provide the mechanism for economically developing human resource applications such as structured interviews, performance discussion forms, goals for coaching and instructional objectives. When used together with technology, it is able to reduce expenses and is an effective and efficient tool for integrating human resources processes.

1.15   THE FUTURE OF COMPETENCY MOVEMENT

Most observers agree that the future business environment will include:[153]

- An ever-increasing pace of technological and societal change
- A further shift to an information economy requiring highly skilled knowledge workers
- Intensifying global competition
- Fragmentation of markets into specialized niches
- Diversity – employees and customers from every race, sex, country and culture in the world.

These trends will create a tight labor market for the most needed knowledge workers. Against these changes, organizations will need to innovate more rapidly, continually improve service, quality, productivity, and marketing to, managing, and motivating more diverse kinds of people. Successful organizations will be flatter and have fewer managerial levels and fewer middle managers, responsibility and decision making will be psuhed down to workers who are more and frequently involved with customers and production. Empowered knowledge workers will be doing much of the work in temporary multidisciplinary teams.[154]

Spencer and Spencer argue that future competency research will be accelerated by at least four developments:[155]

1. Rapid Growth of the Worldwide Competency Data Base. This will produce more precise generic models for superior performance in more economically important jobs and more detail about cultural differences in competency expression.

---

[153] Spencer and Spencer, **op.cit.**, p. 342.
[154] **Ibid.**, p. 342-343.
[155] **Ibid.**, p. 345-347.

2. Advances in Measurement. More precise scaling of competencies and more operant tests of nontraditional abilities should produce more and better methods of assessing and credentialing competencies.

3. Increased Use of Competency-Based Selection with Diverse Populations. In the future, better competency assessment methods will better reveal what people can do – regardless of race, age, sex, formal education, redentials, or previous work histories.

4. Use of Computers and Artificial Intelligence Programs. This will evolve into "Integrated Human Resources Information Systems"(HRIS) which is currently started to be established and implemented in some of the corporate organizations using competency models. Other organizations are obliged to establish HRIS in the coming years, to be able to provide the reliable recording of employee information and follow-up. This development will help:

- Determine the competency requirements of jobs.

- Assess employees' competencies. (e.g., advances in voice recognition "natural language" computer linguistics may enable a computer to "listen to", score, - and perhaps even conduct- Behavioral Event Interviews in real time.)

- Make optimum job-person matches using increasingly sophisticated pattern-matching algorithms.

- Provide development advice or actual training based on assessed gaps between competencies people have and those needed to perform their jobs well.

- Provide "help screen" and assistance, including "modeling" examples of how to handle any of many difficult interpersonal situations.

Schippmann, Ash, et.al. also mentioned that an increasing number of organizations are using competency modeling in running their human resources management systems. For the future, there are possibilities for improved practice. The competency modeling implementation proces will be more technologically driven with improved

software applications (e.g., computerized expert systems that help to develop models).[156]

These services will all be online and instantly available to managers, and employees wherever they are. Computers will keep up-to-date inventories of the competencies of all people in an organization, so that it can instantly know what and where its human assets are to respond to any opportunity or change in its environment.[157]

Another point that is questioned for the future refers to "how new and fast developing roles that will work in the future will be defined." The best approach is to look for similar jobs, if they exist. These jobs can be in the organization, outside the organization. It is possible to conduct interviews with outstanding performers in other organizations and it is important to investigate the deeper competencies, the motives and cognitive or thinking patterns of those in the study. A second approach is to define the seperate elements of the job and to look for jobs which reflect those elements conducting BEIs and expert panels around those elements will provide a good basis for a model when the elements are merged. A third approach is to focus on the environment in which these jobs will be performed, what will be different from now, and the competencies that will be most important to success.[158]

Human resources management adds value when it helps organizations and individuals do better than their present level of performance. The competency approach is fairer, freer and more effective in this respect. Competencies provide a common language and method that can integrate all human resource functions and services- selection, performance appraisal, career and succession planning, training and development and compensation- to help employees, firms and even societies be more productive in the challenging years ahead.[159]

[156] Shippmann, Ash, et.al., **op.cit.**, p. 731.
[157] Spencer, Spencer, **loc.cit**.
[158] Boulter, Dalziel and Hill, **op.cit.**, p. 59-60.
[159] Spencer, Spencer, **op.cit.**, p. 347.

PART II

DEVELOPING COMPETENCY MODELS

In this part, the contemporary approaches in identifying competencies and competency models, the methodological steps in developing competency models, and some company examples of competency-based human resources systems in Turkey will be discussed.

2.1 THE CONTEMPORARY APPROACHES IN IDENTIFYING THE COMPETENCIES AND COMPETENCY MODELS

Jon P. Briscoe and Douglas T. Hall argue that competencies are developed and used for for two most common applications, one of which is executive selection and development and the other is suggesting development needs and training for executives or lower level managers who wish to become executives. Based on this current popularity of competencies, they conducted a research to identify how and why organizations are using competency approaches in a sample of 31 leading American organizations with strong involvement in executive development efforts. According to this research, a central finding was that competency models are not only based on research and behavioral data but are created in different ways. According to the research there are three major approaches that organizations use to create competency models.[160]

2.1.1 Research-Based Competency Identification Approach

12 organizations of the total 31, used a research-based framework. This traditional approach is popularized by David Mc Clelland and Hay/McBer Consulting practice. Executives who are perceived to be top performers are asked to example the critical behavioral incidents that are crucial for success. According to this

---

[160] Jon P. Briscoe, Douglas T. Hall, "An Alternative Approach and New Guidelines for Practice", **Organizational Dynamics**, 1999, Vol. 28, Issue. 2, p. 37-52.

approach, superior performers, different from good performers are thought to demonstrate these behaviors consistently. "Behavioral Event Interviewing" (BEI) is used in this process

.

2.1.1.1 Advantages and Limitations of Research-Based Competency Approach

Research-base competencies have face validity because the behaviors that are correlated with successful performance are reflected in the competencies. Secondly, the involvement of executives in the development of the framework, then shows enthusiasm for the competencies later.

One disadvantage of this approach is that competencies developed may not be comprehensive enough to tap all the needs. Second disadvantage is that since the research-based framework is developed based on the BEI, it is very costly in terms of time, money and labor. Finally, this approach is criticised on the basis of focusing on past, current behavior in order to develop future competencies. Because the future is related with rapid change and current performance requirements will not be in accordance with the future requirements.

2.1.2 Strategy-Based Competency Identification Approach

With the changing conditions, strategies of a company, the skills requirements for the superior people and the competency needs also change. A constantly changing company in terms of its strategies, roles, skill needs and challenges can not benefit from a research-based competency approach which focuses on past or current behavior to predict future success. For this type of a company, past superior behaviors, desired competencies exhibited by executives can not be predictive of future competency needs but future competencies are driven by the strategic direction, goals of the firm. To the degree that a company is able to accurately forecast the future, ensue strategy to that future and the inferred competencies feed

strategic performance, this approach will provide efficient and effective results. In this research, 9 of the organizations used a strategy-based competency approach.

2.1.2.1 Advantages and Limitations of Strategy-Based Competency Approach

Following a strategy-based competency approach is advantageous for companies in rapidly changing environments. In a less certain future situation, this approach provides the companies to focus upon learning new skills, position themselves and their leadership for the future.

This advantage of drawing a picture of the future situation is on the other hand criticised for its potential inability to respond to an unknown weakness. The better and more accurate the future is predicted, the more effective is the strategy-based approach.

2.1.3 Value-Based Competency Identification Approach

This approach is found to be used in four of the organizations in the research and is based on the view that competency frameworks are derived from the normative cultural values of the organization. Values-based competency approaches reflect both the normative or cultural values of the company and sometimes reflect the attitudes, feelings even the exact language (words, phrases) of the executives when defining competencies.

2.1.3.1 Advantages and Limitations of Value-Based Competency Approach

Developing competencies based on the values of the company provides stability and consistency in conducting business, meeting customer needs.
Values-based competency approach provides the simplicity when developing competencies. This increases the likelyhood that the competencies are used.

One disadvantage of a values-based approach is that it does not attempt to reflect a scientific method as the research-based approach. Another potential limitation is that if the values are not regarded as contributing to the success of the company or emerging business challenges, then this competency framework will be ineffective.

2.2   THE CONCEPT OF COMPETENCY MODEL

"A competency model is a decision tool that describes the key capabilities for performing a specific job." [161] "It defines the output from the analysis that differentiate high performers from average and low performers." [162] Competency models are decision tools to be used in the future, they should be aligned with future job requirements. The perspective to take in order to relate the model to future needs will depend on the changeability / variability of the job. Therefore, if the job environment remains stable and good performers are achieving successful results, then the model can be developed based on interviewing the current successful performers and documenting how they perform and behave. This refers to a research-based perspective. Secondly, if the job changes, then a strategic and futuristic perspective will be taken on the job by looking at corporate and unit strategy, structure, future tasks and relationships, by brainstorming scenarios or develop a list of job functions. This requires time, effort and management involvement. [163]

Competency models are established in different formats based on the methods used to gather data, customer's requirements, and the particular orientation of the people creating the model. [164]

---

[161] Pat McLagan, "Competency Models: Great Ideas Revisited", **Training & Development**, 1996, Vol. 50, Issue. 1, p. 40-47.
[162] Richard J. Mirabile, "Everything You Wanted To Know About Competency Modeling", **Training & Development**, 1997, Vol. 51, Issue. 8, p. 75.
[163] McLagan, **loc.cit**.
[164] Mirabile, **loc.cit**.

2.2.1 Competency Modeling and Job Analysis / Job Descriptions

Job analysis is the systematic process of collection and organization of information for each particular job in an organization which identifies tasks, duties and responsibilities of a particular job.[165]

When the history is examined, around the turn of the 20th century, the importance of job analysis grew with the successful studies of time-and-motion experts and efficiency engineers like Frederick Taylor and Frank and Lillian Gilbreth. Especially just before the World War I, the importance of job analysis was recognized by the US as an approach for collecting facts about military jobs. After the war, the usefulness of job analysis was understood such that job analysis procedures underlie the development of most HR interventions.[166]

A job description is a summary statement of a job's important duties, responsibilities, working conditions, job specifications derived from the job analysis process.[167] It should demonstrate what the organization expects the person doing the job or what kinds of duties and responsibilities the employee is assigned. However it does not involve rules, procedures, work objectives or desired abilities, personal attributes.[168]

An article by Philip C. Grant argues that job description is not an efficient tool for managing human resources. As asserted by the article, job descriptions have some missing parts for operative employees in terms of planning, communication, control responsibilities, decision-making responsibilities, self-management obligations and temporary or unplanned assignments:[169]

What is important in *planning, communication, control responsibilities* is that managers plan work and control performance and operative employees do what

---

[165] Luis R. Gomez-Mejia, David B. Balkin, Robert L. Cardy, **Managing Human Resources**, 3rd. Edition, Prentice Hall, New Jersey, 2001, p. 64-68.
[166] Jeffery S. Schippmann**, Strategic Job Modeling: Working at the Core of Integrated Human Resources**, Lawrence Erlbaum Associates, New Jersey, Mahwah, 1999, p. 7.
[167] Gomez-Mejia, Balkin, Cardy, **op.cit.**, p. 71.
[168] Philip C. Grant, "Job Descriptions: What's Missing", **Industrial Management**, 1997, Vol. 39, Issue. 6, p. 9.
[169] **Ibid.**, p. 9-10.

managers plan. However, planning and control responsibilities seen in managerial job descriptions but not in operative workers'. Managers also expect their employees to be sensitive to the existence of problems and to communicate detected problems. Employees also are expected to provide suggestions for innovation and improving productivity, monitor the quality of the design of their jobs and suggest changes for upgrading job descriptions. Although performance of those functions are important, they are usually part of a set of formal responsibilities. Second missing point refers to *system-wide responsibilities*. Job descriptions isolates a set of responsibilities belonging to a limited functional domain without indicationg any responsibility beyond these immediate boundaries. Third factor is the *decision-making responsibilities*. He argued that those responsibilities are not precisely defined, there is a confusion of who is supposed to make which decisions. Defining decision-making responsibility avoid problems in the organization. Fourth is employees are expected to engage in *self-management activities*, be aware of the variables that affect their performance and to initiate corrective action when needed and manage themselves. However, organizations neglect to state this type of preparation as a formal duty in job descriptions. Final factor Grant mentions as missing are the incompleteness of job descriptions in the case of *temporary work and unplanned assignments*.[170]

The article mentions that when these are ignored, they cause limited utility for building up reward systems, recruiting right applicants, training workers, hence processing human resources functions, [171] Though, the article makes no discussion about the use or contribution of competencies or any other tool as replacing or complementing job descriptions.

Before comprehensively investigating the research done in the field, it is better to demonstrate the pros and cons of the concepts.

Many different approaches of conventional job analysis have evolved differing in terms of *focus* and *method* aspects of the analysis. As explained below, the focus of

---

[170] **Ibid.**, p. 11-13.
[171] **Ibid.**, p. 13.

job analysis refer to the type of information targeted and collected and type of descriptive variables used to characterize the work. The method of job analysis refer to the procedures used to collect information.[172]

a) **Focus Differences Across Approaches:** *Worker-oriented* approaches target individual differences and necessary job incumbent characteristics. This approach is considered as competency-based. *Work-oriented* approaches target job activities, outcomes and job characteristics.

b) **Method Differences Across Approaches**: Rational approaches rely on interviews, focus groups and observation to collect information about the job. Empirical approaches rely on gathering data, primarily from questionnaires to build the target job.

Most job-analysis techniques are focused on discovering *job(work) characteristics,* meaning job analysis is work-and task-focused. *J*ob analysis deals with "what" is accomplished and with this feature provides actually a static view of the job and detailed information. It contradicts with today's flexible and innovative environment because any advancement in information technologies and ways of doing business can make the most useful job analysis useless. Therefore in this environment of change and innovation and the importance of fit between employees and organization especially in the selection process, it is better to focus on *worker characteristics* rather than *job characteristics* in job analysis.[173]

Today's incredibly competitive and changing business environment, requires organizations to take some actions in terms of flattening their structures or becoming matrix organizations, forming into self-managed teams.[174] As Jim Kochanski wrote traditional management practices are too complex, and they are not aligned with the new organizational environments. Narrow job description and classifications do not fit with the increasingly dynamic nature of work and are also counter to the reality of constant change within organizations and the need for greater flexibility and less

---

[172] Schippmann, **op.cit.**, p. 7-10.
[173] Gomez-Mejia, Balkin and Cardy, **op.cit**., p. 71-74.
[174] Schippmann, Ash, et.al, **op.cit.**, p. 704.

hierarchy. Instead, organizations need broader roles that encourage fewer boundaries, employees should strive for broad skills that increase their flexibility and speed.[175] With these changes, traditional *job analysis* procedures may be unable to continue to play a central role in the new human resources management environment. So with this drawback, the practice of *competency modeling* has exploded onto the field of human resources over the past several years.[176]

Competency modeling is a mechanism that integrates the human resources processes and include both *work descriptors* and *person descriptors* in the people processes. Performance management, work design, evaluation should focus on the work part and the competencies used in these processes should be composed of work related descriptors. Career development and selection should focus more on the person and the person related descriptors such as knowledge, skills and attitudes are specified in these processes.[177]

Competency field bears many other reasons to go beyond traditional job analysis and job descriptions and to have more emphasis and benefits for human resources functions:

- Competencies provide the integration of each of the human resources functions such as selection, development, training, evaluation, pay systems, compensation management by providing a common language that applies across all human resources functions.
- Secondly organizations are investigating ways to align human resources practices to their business strategies. Organizations that base their human resources functions to competency modeling and that develop competency models based on the strategic direction, goals of the company will be able to maintain the alignment of the human resources functions to strategic goals against any strategic shifts.[178]

---

[175] Kochanski, **op.cit.**, p. 40-45.
[176] Schippmann, Ash, et.al., **loc.cit**.
[177] McLagan, **op.cit.**, p. 40-47.
[178] **Ibid**.

In general, the focus in job descriptions is to clarify the job destination, or define *what* the employee should do; whereas the focus in competency modeling is to show *how* the employees should do, or provide the means for achieving those outcomes by defining the skillsets, capabilities required for successful performance in a job.

The turbulent practice environment with respect to competency-driven applications led HR researchers and practitioners investigate and review the practice. An indepth and 2-year research has recently been done by a work group called The Job Analysis and Competency Modeling Task Force (JACMTF), that is sponsored by the Professional Practice Committee and the Scientific Affairs Committee of the Society for Industrial and Organizational Psychology (SIOP). This research and its results are explained below: [179]

The JACMTF, work group investigated the antecedents of competency modeling, examined the current range of practice and compared and contrasted competency modeling and job analysis in terms of their strengths and weaknesses. JACMTF identified and defined a conceptual framework based on a 10-dimension(criteria) Level of Rigor Scale in order to see the level of effort in managing these variables by each of the approaches. The variables are as follows;

1- The method of investigation – The thinking behind the selection method for collecting information in different jobs (e.g., interviews, focus groups, observations, questionnaires, etc.)

2- The type of descriptor content collected – The reason for using a descriptor type or mixture of descriptors (e.g., KSAOs, competencies, work context, performance standards)

3- Procedures for developing descriptor content – The extent to which a sample of content experts or content from the literature is involved in selecting and developing the descriptors.

4- The detail of the descriptor content – The extent to which the descriptors are written at a detail (i.e., narrow vs. broad).

---

[179] Schipmann, Ash, et. al., **op.cit.**, p. 703-740.

5- Link to business goals and strategies – The extent to which there has been an effort to identify and link to the broader organizational goals and long-term strategies of the organization.

6- Content Review – The extent to which the organization's job content experts provide input and feedback on descriptor content meaning.

7- Ranking Descriptor Content – The extent of the effort to provide a ranking of descriptor content in order to prioritize the categories and items (i.e. in terms of importance for job success, frequency of occurence, difficulty to learn, etc.)

8- Assessment of Reliability – The extent to which there is an effort to assess the consistency or reproducibility of the results.

9- Item / Category Retention Criteria – The extent to which there are rationally developed and applied criteria for retaining or deleting content.

10- Documentation – The extent to which there is an effort to provide documentation for the research approach, methods used, experts involved.

For literature search purposes the task force interviewed 37 subject matter experts (SMEs) from various backgrounds in order to come up with the development and use of competency models. Although the SMEs regarded the competency modeling and job analysis as the same, they argued that processes are different. In another sense, job analysis is seen as more task-focused dealing with "what" is achieved, where as competency modeling is seen as more employee-focused dealing with "how" job, objectives are achieved.

Based on the analysis, it was found that job analysis or competency modeling is not singular approaches to studying work. Each can be more rigorous when compared to the other one in different areas. One important distinction is that in job analysis approaches different types of input content (e.g., KSAs or competencies, and/or performance standards) their combinations are used; whereas in competency modeling approaches, the same type of input content (competencies) are used. Therefore, job analysis practice is better at managing and controlling the variables that can impact the quality of the resulting information, providing the consistency and reproducibility of the results.

Competency approaches are found to be more rigorous in understanding an organization's business context and competitive strategy. It is more likely to establish an alignment between individual competency requirements and broader organizational goals than job analysis practice. Competency modeling approaches are also viewed as being able to produce the kind of comprehensive and thorough documentation and reporting similar to job analysis approach.

There is also a second group of variables between competency modeling and job analysis in order to understand the market appeal of competency methods. These variables were used to compare and contrast the competency modeling and job analysis approaches. The list of the variables is as follows;

1. The extent to which there is a focus on core competencies which help to describe the similarities across jobs, segments, job levels.
2. The extent to which there is an effort to identify and document the functional knowledge or technical skills associated with a job.
3. Areas of content related to long-term organizational fit versus short term job match.
4. The extent to which there is an attempt to include personal value and personality orientations in defining a job, work role, etc.
5. The extent to which the category labels and descriptor content are written in the language of the client organization.
6. The extent to which the approach is used to drive training and development applications.
7. The extent to which the approach is used to drive selection, performance appraisal applications.

These 7 variables were rated using a 5 point scale in terms of "expression of amount". (e.g., from 5=a significant extent to 1=hardly any or none). This rating aimed to identify the extent to which each of these variables characterize the competency and job analysis approaches. One of the main difference is that the descriptor items in the competency modeling is far more detailed than in job analysis such that descriptions are general in nature and common, i.e., for an occupational

group or entire level of jobs. Secondly, job analysis approaches tend to focus on technical or functional skills associated with a job than competency modeling. Thirdly, the content of the competeny modeling are more likely to include values and personality orientations and to emphasize the long term organizational fit. Many focus groups and review sessions are conducted to determine and verify whether the descriptive content covers the language suitable to the organization. Therefore there is more buy-in from the customers. Finally, the research reflects that competency modeling is more likely to drive training and development applications and job analysis to drive selection, performance appraisal applications.

2.2.2 Competency Modeling and Implementation Process

Developing a good competency model requires investing time and effort for organizations. The competencies shape the behaviors of individuals through the implementation of people-management procedures.[180] There are many techniques and variables used to produce a competency framework. On the other hand, a general competency modeling and implementation process is composed of 9 stages:

1. Determination of Objectives and Scope

2. Clarification of Implementation Goals and Standards

3. Creation of an Action Plan

4. Determination of Performance Effectiveness Criteria

5. Identification of a Criterion Sample at Various Performance Levels

6. Data Collection

7. Data Analysis and Development of a Competency Model

8. Validation and Finalization of a Competency Model

9. Designing Competency-Based Human Resources Management Systems

10. Implementation of the Competency Model in Human Resources Functions.

---

[180] Whiddett Hollyforde, **op.cit.**, p. 29.

The modeling process is shown in Figure 2.10 below.

Figure 2.10 Competency Modeling Process

Determination of Objectives and Scope	• *Business need* • *Job, function, SBU* • *Method*
Clarification of Implementation Goals and Standards	• *Quantity, quality* • *Timing*
Creation of An Action Plan	
Determination of Performance Effectiveness Criteria	• *Sales data, profits, productivity measures* • *Supervisor nominations* • *Peer, subordinate ratings*
Criterion Sample at Various Performance Levels	• *Customer ratings*

Data Collection

Job Task / Function Analysis — *Behavioral Event Interviews (BEI)*

Surveys — *Expert Panels*

Direct Observation — *Computer-Based Expert Systems*

Data Analysis and Development of Competency Model

Validation of Competency Model — • *Focus groups, surveys*
 • *BEI, questionnaires*

Design Competency-Based Human Resources Systems

Implementation of Competency-Based Systems

| Selection | Training Management | Performance Management | Career Management | Compensation Management |

Source: Adapted from Lyle M. Spencer, Signe M. Spencer, **Competence At Work: Models for Superior Performance**, John Wiley & Sons, Inc., New York,1993, p.95. Anntoinette D. Lucia, Richard Lepsinger, **The Art and Science of Competency Models: Pinpointing Critical Success Factors in Organizations**, Jossey-Bass/Pfeiffer, San Francisco, p.51-63.

2.2.2.1 Determination of Objectives and Scope.

There are four steps in this process as explained below:[181] [182]

The first step is to identify business needs or needs that the competency model will address. In this process, an organization identifies its goals and critical success factors and develop strategic plans for reaching the goals. For instance, if one company identifies one of its strategic business unit as a significant source of much of the firm's future growth, the assumption is that the growth depends on the company's ability to attract, develop and retain innovative technical managers with entrepreneurial skills for this business unit.

A clearly defined business need provides ongoing support for the project and that the efforts of all participants remain focused on a clear objective. For instance, a business need of maximizing productivity can facilitate a requirement for to improve selection, training and development systems so that people are hired who demonstrate the skills, behaviors, and traits needed for high productivity. In this step, the objectives and scope of the project in terms of what jobs, functions or business units the organization will target, the method to be used to develop the model and the responsibles to carry out the work are determined.

The second step is to identify the jobs, functions or business units that require enhancement and that the model will target. If the organization aims to increase the productivity of people in a particular job, such as sales associate, a competency model should be developed to enhance the selection, training and development and performance management of employees in that role.

---

[181] Lucia, Lepsinger, **op.cit.**, p. 51-55.
[182] Spencer, Spencer, **op.cit.**, p. 93-94.

An organization should put emphasis on identifying jobs to be studied, especially jobs that have high value in relation to the organization's strategic plans and structure for carrying out those plans. Critical jobs are those value-added "make or break" positions, that define strategy and direction, or carry responsibility for achieving major strategic outcomes, for controlling critical resources. Analysis of these factors is done by reviewing business plans and interviewing leadership.

The third step is to determine the method for developing the competency model. The organization can either start from scratch or start with a validated competency model. In the former case, data to build competency model will be collected internally from interviews, incumbents and informed observers, focus groups and on-the-job observations. The data are also analyzed internally to identify the competencies seen as significant to effective performance. This approach is appropriate for developing a competency model for any job, function, or role in the organization. The drawback is that it is not time-efficient, however yields results that are role-and company-specific.

In the latter approach, the primary difference is the use of a validated model as the beginning point replacing interviews, focus groups, etc which saves time on data collection, analysis and validation. Being a generic model, technical skills and knowledge required for success are not comprehensively analyzed in this method. This method is appropriate for leadership and management roles that cut across several functions and for positions that require limited technical skills and knowledge.

The fourth step refers to the determination of the size and makeup of the project team. The ideal range to serve the needs of most projects is from five to nine people. The make up of the team should include individuals who will be responsible for implementing and using the competency model, key stakeholders who will be affected by the project, a visible sponsor who can act as its advocate within the organization, and individuals with experience in competency modeling.

2.2.2.2 Clarification of Implementation Goals and Standards

First, the intended result of the project and the implementation standards and goals are established early in the process in order to provide direction for the project and to act based on the deadline of the project. The goals should be specific, challenging, attainable and measurable objectives inclusive of an expected completion date expressed in terms of performance or output. An example to a goal statement is "To develop a competency model for senior-level executives that can be used for training and development in each line of business by the end of the second quarter."

Secondly, implementation standards address the quality, quantity, and timing that must be met to achieve the goal. Examples of standards could include "The project does not exceed budget." or "Data collection does not distrupt day-to-day activities."[183]

2.2.2.3 Creation of an Action Plan

In this stage, an action plan is developed as the primary tool to manage the workload, review and appraise project progress and communicate with project team members and key stakeholders about the work to be done. It helps determine the resource requirements (i.e., people, time, money, and technological tools) for the project's completion. There are 4 main substages:[184]

The first thing is that an action plan should include action steps, accountabilities (responsibles), schedule and resource requirements (i.e., people, money, etc.).
Secondly, in addition planning of the potential obstacles (i.e., time, control, availability of people, money, resistance, skill gaps) in advance will lessen the impact of any unforeseen event.
The third step is that in the case of any problems that occur despite the efforts to prevent them, contingency actions should be developed.

---

[183] Lucia, Lepsinger, **op.cit.**, p. 55-56.
[184] **Ibid.**, p. 56-61.

The fourth and final step is that, formal and informal ongoing communication about the progress of the project is important. Regular meeting times help to clarify and resolve any problems before the deadlines because the project manager can receive information from the accountable individuals for the completion of each action step.

2.2.2.4 Determination of Performance Effectiveness Criteria

Sound criteria or measures that describe superior or successful performance in the job is most important step in a competency study. The most ideal criteria are "hard" outcome measures, such as sales or profit results for managers, publications, articles for researchers. If hard criteria are not available, ratings by managers, bosses, subordinates, and/or customers and clients can be used. Research indicates that peer ratings have high criterion validity, which means they do predict hard performance outcomes.[185]

Therefore, the quality of the performance effectiveness criteria and ratings are important such that it should offer a useful measurement tool for identifying whether employees who have the required competencies demonstrate successful performance.[186]

2.2.2.5 Identification of a Criterion Sample at Various Performance Levels

The job effectiveness criteria or ratings are used to identify a number of superior performers and a comparison group of average performers. Another group of poor (ineffective) performers can be clarified if the purpose of the study is to establish competency levels that predict minimal success in a job (e.g., to set a cut-off score for hiring). The hard criteria and ratings are invaluable in identifying a good criterion sample. The best way to make sure that best superstars are identified, several criteria should be used and people who are rated highly on all the criteria should be selected.[187]

---

[185] Spencer, Spencer, **op.cit.**, p. 94-96.
[186] Lucia, Lepsinger, **op.cit.**, p. 63.
[187] Spencer, Spencer, **op.cit.**, p. 96.

It is claimed that at least 20 people, 12 being superior and 8 being average, should be included for each job study. In this step the organization should determine what successful performance (such as job outputs or results) looks like and differentiate the behavior of successful performers from average or low performers.[188]

2.2.2.6   Data Collection

Data collection methods alters according to which style of competency model is being used. Generally there are six main data collection methods that are used to develop classic competency models. These are Behavioral Event Interviews (BEI), expert panels, surveys, competency model database "expert system", job/function task analysis, direct observation. Each method will be explained in section 2.2.3.[189]

2.2.2.7   Data Analysis and Development of a Competency Model

This stage involves examining the raw data collected during the interviews, focus groups, and day-in-the-life observations for themes and patterns, which are then analyzed to identify relevant competencies.[190] In addition, data from all sources and methods are analyzed to clarify the skill competencies and personality that distinguish superior from average performers. This stage is also named as "*hypothesis generation*", "*thematic analysis*", or "*concept formation*".[191]

The analysis result in a preliminary list of skills, knowledge, and characteristics required by the job, which is referred to as an "interim competency model."[192] The interim competency model is established through the following steps:[193]

1   The behavioral statements which have been collected during the data collection stage should be written up and coded.

---

[188] **Ibid.**, p. 97.
[189] **Ibid**.
[190] Lucia, Lepsinger, **op.cit.**, p. 80.
[191] Spencer, Spencer, **op.cit.**, p. 104.
[192] Lucia, Lepsinger, **loc.cit**.
[193] Whiddett, Hollyforde, **op.cit.**, p. 42-46.

2   The analysts should be grouped into small teams having some set of statements. These teams should group the statements into broad categories and share results with each other to come up with agreed categories.

3   Each team subdivides the statements within categories into smaller groups of related behaviors and compare their work in order to work together to agree basic structure of the competency framework – the competency clusters and the competencies.

4   The team produces titles for individual competencies and competency clusters.

5   The statements under each competency title should be reviewed and if necessary rewritten or eliminated in the case of any duplication.

6   If leveling is appropriate, the competency levels should be identified directly from the data.

These steps result in the production of a first draft of a competency framework in other words "*interim competency model*" as explained above.

This model will be used as the basis for additional data collection and will be circulated to other stakeholders and incumbents for further refinement.[194]

2.2.2.8   Validation and Finalization of a Competency Model

What has been gathered should be further tested and refined with a broad number of stakeholders and incumbents. Further testing is critical to ensure that:[195]

- The competencies actually relate to all roles in the target population.
- The draft competency framework is meaningful in the eyes of intended users.
- The behaviors actually differentiate between good and less good performance.

[194] Lucia, Lepsinger, **loc.cit**.
[195] Whiddett, Hollyforde, **loc.cit**.

In other words, the model should have *face validity* in order to be used effectively. This means that the competencies described in the model must make sense to those performing the job. In addition it must be validated as a predictor of successful performance. The competencies must be demonstrated by top performers in the job. Ensuring both types of validity, is critical to gaining the full support of all levels of management and rest of the employees in the organization.[196]

The validation stage provides individuals the opportunity to involve in the production of competencies who were not closely involved in earlier stages.[197] Therefore the purpose of the validation stage is to examine the accuracy and relevance of the interim competency model with a wider number of accountables and stakeholders. This process of involving people is important because it ensures that all relevant competencies are captured and ownership and buy-in is built among those who will be affected by implementation of the final model.[198]

Based on the emphasis given to validation of the study (interim competency model), two techniques which are *focus groups* and *surveys*, are used for gathering data with regard to how people currently in the position or role feel that the competencies reflect the skills, knowledge, abilities and personal characteristics necessary to succeed. It is recommended to start with focus groups to achieve detailed information about the interim model, then a survey can be conducted to receive feedback and data from a wide audience.[199] The objective of this data gathering should focus on; [200]

- The perceived relevance of the competencies for an individual's job,
- Perceptions of job-holders about the language used within the model.

The data received from these two new sources will help determine the extent to which the needed competencies are shared by most people and competencies may be added and deleted or refined. This ensures that key elements and critical success

---

[196] Lucia, Lepsinger, **op.cit.**, p. 93.
[197] Whiddett, Hollyforde, **op.cit.**, p. 47.
[198] Lucia, Lepsinger, **op.cit.**, p. 94.
[199] **Ibid**.
[200] Whiddett, Hollyforde, **loc.cit**.

factors of the job are captured by the involvement of a wide range of people so that the refining of the model is complete.

Having found the high face validity of the interim competency model, it is ensured that the model contains the skills, knowledge, and characteristics required for success on the job. An additional step of model validation is recommended. This step is to test how well competencies predict success and distinguish between successful and less successful performance. The necessary steps to set up and conduct the study include the following:[201]

- Converting the list of competencies into a 360-degree feedback questionnaire. The behavioral items within each competency related to job are arranged in a survey format. A rating scale with this list of behaviour items allows managers, direct reports, colleagues and customers to rate the importance of the competency, how often it has been used, how often it should be used.

- Distributing 360-Degree Questionnaire. Employees (a second criterion sample) who are above, at and below the performance criteria developed during the first stage of the project are chosen and those employees should have colleagues and direct reports. These employees should give the questionnaires to the colleagues, direct reports and supervisors to be completed. The strength of the relationship between the competencies and the aggregate ratings of the different performance groups are analyzed. If there is a significant correlation between the competency and the high performance group, the competency is said to have *concurrent validity*. Significant differences between competency scores of high performers and low performers are also considered. If the relationship between a competency and the high performance group is weak, the clarity of the behavioral descriptions or performance criterion should be reviewed.

---

[201] Lucia, Lepsinger, **op.cit.**, p. 104-106.

Based on the 360-degree data analysis, the model is finalized by eliminating items that do not correlate with effectiveness. Finally, the competency model and its behaviors can become the basis for developing or enhancing tools used for human resource decision making.[202]

2.2.2.9 Designing Competency-Based Human Resources Management Systems

The form which the competency model takes and the content of the dictionary depends on the intended use. For example; if the model is to be used for selection, the selector may need to have examples of competencies which are difficult to develop and therefore make selection decisions based on these. For performance management, the competencies may be most helpfully presented in a way which links them to specific deliverables. This can help people see that a lack of a certain competency or set of competencies gets in the way of their overall performance. It can then become a focus for development.[203]

2.2.2.10 Implementation of the Competency Model in Human Resources Functions

After the model is validated, it can be implemented within the business. The main challenge is the integrating of competency model to human resources management systems. Implementation requires that users should be trained for the use and interpretation of the competencies. Tools may be needed to assist users further. Implementation becomes much easier if the company has the support of the responsibles for applying the model as well as those who will be affected by it.[204]

The integration of competency model to each human resource management system (recruitment and selection, training and development, performance management, career management, compensation management) will be explained comprehensively in Part 3.

---

[202] **Ibid.,** p. 108.
[203] Boulter, Dalziel and Hill, **op.cit.,** p. 58-59.
[204] Whiddett and Hollyforde, .**op.cit.,** p. 52.

Analysts keep refining the definition of competencies determined during data collection, until each definition has acceptable interrater reliability. "Interrater reliability" refers to the idea that two or more people can read the same story and agree on whether or not it contains a competency. Finally, a behavioral codebook is developed which describes the competencies predictive of job performance. The behavioral codebook provides the competency model for the job. This model can be used for selection, training, performance appraisal, career planning, etc.[205]

2.2.3 Data Collection Methods in Competency Development

As mentioned in the data collection section, there are different data collection methods to develop competency models. Spencer and Spencer mentioned 6 data collection methods with advantages and disadvantages.[206]

a. Behavioral Event Interviews

"Behavioral Event Interview (BEI)" technique is developed by David C. McClleland, professor of psychology at Harvard University, and colleagues from McBer and Company. Superior and average performers are interviewed using this technique. The BEI is derived from Flanagan's Critical Incident Method. In the Critical Incident Method, employees are interviewed to identify and describe the most critical situations they have faced on their jobs. They generally describe what the situation or task was, who was involved, what they did and what the result was.

On the other hand, the BEI method developed by McClelland goes beyond Critical Incident Method in important ways. There is a "thematic apperception test (TAT)" that provides data about the interviewees's personality and cognitive style (e.g., thinking, feeling of an individual in a situation). This enables interviewers to measure competencies such as achievement motivation, problem solving. In Flanagan's method, aspects of the job are identified like in job task analysis. However in BEI method, competencies needed to do the job well are identified. For

---

[205] Spencer and Spencer, **op.cit.**, p. 105.
[206] **Ibid.**, p. 97-104.

instance; asking people to explain the most critical situations they have experienced produces data on the most important skills and competencies. Interviewees may tell vivid "short stories" about how they handled the toughest, most important parts of their jobs, and, demonstrate their competencies to do the job.

Advantages of the BEI Method

- Empirical Identification of Competencies Beyond or Different From Those Generated By Other Data Collection Methods.
- Precision about How Competencies are Expressed. This refers not only to the "use of influence" but how influence is used to deal with specific situation in a specific organization's political climate.
- Freedom from Gender and Cultural Bias. The BEI approach has been used by many organizations because it is predictively valid without being biased against minority candidates.
- Generation of Data for Assessment, Training and Career Pathing. Behavioral Event Interviews provide very specific descriptions of effective and ineffective job behaviors that can demonstrate and teach others what to do and what not to do. A significant by-product of these interviews is a wealthy of lively short stories about the job situations or problems which can be used to develop relevant case, studies, simulations and role plays for training.

Disadvantages of the BEI Method

- Time and Expense. The BEI method is time-consuming because it takes time to conduct and analyze the BEI. For instance 3 person-days to conduct and analyze and average transcription cost of $ 100.
- Expertise Requirements. Deep training and expertise is required to able to get good data.
- Missed Job Tasks. The BEI focuses on critical job incidents, BEI data may miss less important but still relevant aspects of a job.
- Impractical for Analysis of Many Jobs. Labor time, expense, expertise requirements make BEI studies impractical for analyzing a large number of jobs.

b. Expert Panels

In this method, a panel of experts is asked to brainstorm personal characteristics employees need to perform the job at an adequate (minimally acceptable, or threshold level) and a superior level.

The experts can be supervisors for the positions studied, excellent performers of the jobs, ouside experts, human resource professionals who know the job well. The important thing in expert panels is that average performers should not be included in these panels because they do not know what it takes for superior performance.

Advantages of Expert Panels

- It is a quick and efficient collection of a great deal of valuable data.
- Panel members become knowledgeable in competency concepts, assessment methods, and their involvement can develop consensus about and support for study findings.

Disadvantages of Expert Panels

- When the expert panels talk about the important items employees need to perform, they may unintentionally identify folkloric, traditional items but do not predict competent performance. For instance, senior military leaders' belief that "moral courage", an important indicator to be a good officer may be indicated by BEI as unimportant. Because the "moral courage" is an ethical choice, not a competency.
- Expert panels may ignore the competency factors because of lacking psychological or technical vocabulary.

Spencer and Spencer argue that competencies are best verified by BEI or direct observation data.

c. Surveys

In survey method, expert panel members and other employees in the organization rate competency items (competencies or behavioral indicators) according to importance in effective job performance, how competency is required. A survey focuses on specific skills one at a time and;

1. identifies how much the skill distinguishes superior from average performers. For instance; achievement orientation distinguishes superstars from average salespeople, this would be an important competency to select for or teach potential sales people.

2. survey focuses on whether failure is likely if employees do not have the skills. For instance, honesty and basic numeracy are important competencies for bank tellers.

3. how reasonable it is to expect new hires to have this characteristic. For example, it is reasonable for a high tech sales person to possess specific product knowledge, but this proprietary knowledge is not expected of many applicants.

4. Whether the skill can be developed. Achievement orientation and initiative are hard to develop for example, while specific product knowledge is easier to teach.

Analysis of the ratings of performance characteristics statistically provides a numerical ranking of skills according to importance in superior performance and to the leikelyhood that they will be priorities for human resource selection, training or job design efforts.

Advantages of Surveys

- This method facilitates quick and cheap collection of sufficient data for statistical analyses. It helps study large numbers of jobs efficiently and identify trends in competency requirements at different times.
- Conducting survey provides employee contribution to the process and builds consensus for study findings.

Disadvantages of Surveys

- Data are limited to items and concepts included in the survey and therefore often miss competencies not included by those who constructed the survey.
- The method can be inefficient such that a survey asks many questions to everyone in the organization, however the jobs studied may include only a subset of items.

d) Computer-Based "Expert" Systems

A computerized expert system can pose questions including an extensive knowledge base of competencies identified by previous studies, to researchers, managers, or other experts. The expert system manages the analysis process and provides a detailed description of competencies required for adequate and superior job performance.

Advantages of Expert Systems

- Access to Data. Access to several hundred competency studies in the database can provide comparison data for reality-testing competencies suggested by other data collection methods.
- Efficiency. They serve as "smart" questionnaires, narrow questions to those relevant to the job being analyzed, instead of providing answers on all questions from all the respondents as surveys do.
- Productivity. Expert systems analyses can provide in an hour what other competency study methods require days or weeks to produce. Expert systems do not require highly trained experts, saving labor time and expenses.

Disadvantages of Expert Systems

- Data collected through expert systems depend on the accuracy of responses to questions. Similar to panels, surveys, and other data sources, expert systems may be more vulnerable when used in an unsupervised setting.

- The method may overlook specialized competencies not in the database. It is a drawback that they can not find out new competencies or organization-specific nuances of known competencies.

- There may also be high costs of system hardware and software.

e) Job Task / Function Analysis

Employees or observers list in great detail each task, function, or action the jobholder performs in a given period of time. Data are collected using written questionnaires, time logs, individual or panel interviews. Interviews are probably the best method of data collection because the interviewer can probe and ask-follow-up questions.[207]

Advantages of Job Task / Function Analysis

- It produces very complete job descriptions for job design, compensation analysis and some competency analysis. For instance, specification of the technical tasks required in a job can be used to deduce the cognitive skills needed for the job.

- It can serve as a useful check of evidence from BEIs and can validate or elaborate on data collected by other methods.

Disadvantages of Job Task / Function Analysis

- It provides the characteristics of the job rather than those of the people who do the job well.

- It is sometimes not very practical due to the too detailed task lists. They do not seperate the truly important tasks from the routine activities.

---

[207] Mirabile, **op.cit.**, p.75.

f) Direct Observation

Employees are directly observed performing (critical) job tasks, and their behaviors are coded for competencies.

Advantages of Direct Observation

- Direct observation is a good way to identify or check competencies suggested by panel, survey and behavioral event interview data.

Disadvantages of Direct Observation

- It is expensive and inefficient in the sense it takes a lot of observer time to have a chance of seeing something important because most people experience only a few critical incidents a year on their jobs.

2.2.4   Classification of the Competency Model

Anna Carroll and Judith McCrackin in their article, "The Competent Use of Competency-based Strategies for Selection and Development" discussed about four categories of competencies that can leverage individual, team and organizational performance. These competencies are; [208]

- Key – for all employees
- Team – For groups that are interdependent and project-focused.
- Functional - Finance, Research and Development, Marketing, etc.
- Leadership and Management.

---

[208] Anna Carrol, Judith McCrackin, "The Competent Use of Competency-based Strategies for Selection and Development", **Performance Improvement Quarterly**, 1998, Vol. 11, Issue. 3, p. 3.

George E. New also provided a framework for the assessment of a person's competencies and identified three discrete categories of competence: [209]

- Job Specific Competencies
- General Management Competencies
- Corporate Specific Competencies

The categories within one framework correspond/match to categories within the other framework in terms of sharing the common content and meanings. However, the names given to each category may be different from one framework to another. The corresponding categories are shown in the figure and explained below:

Table 2.8 Competency Framework of George E. New and Anna Carroll and Judith McCrackin

Framework 1 (Carroll and McCrackin)	**Framework 2 (New)**
Key Competencies	Corporate-Specific Competencies
Leadership and Management Competencies	General Management Competencies
Functional Competencies	Job Specific Competencies
Team Competencies	--

Source: Adapted from Anna Carrol, Judith McCrackin, "The Competent Use of Competency-based Strategies for Selection and Development", **Performance Improvement Quarterly**, 1998, Vol.11, Issue.3, p.3. and from George E. New, "Reflections: A three-tier model of Organizational Competencies, **Journal of Managerial Psychology** 1996, Vol.11, Issue.8, p.44.

---

[209] George E. New, "Reflections: A three-tier model of Organizational Competencies, **Journal of Managerial Psychology**, 1996, Vol. 11, Issue. 8, p. 44.

2.2.4.1 Key / Corporate-Specific / Core Competencies

Carroll and McCrackin argue that *"Key Competencies"* refer to the elements of behavior that are important for all employees. They are used as part of a crucial selection criteria in the sense that they help the organization ensure that new recruits are a good match to culture and general peformance standards and they underpin organizational values, desired culture and performance expectations in such areas such as teamwork or customer service. They also pointed that a company's key competencies provide a distinctive "thumbprint" such that profiles from various companies can be very different even for commonly seeming areas such as customer service. Each organization may expect different types of behavior to meet the criteria of customer service. For instance, one of two companies, in the same industry may reinforce making recommendations derived from personal experience as customer service behavior; and the other may reinforce building rapport. By this sense, key competencies are also corporate-specific.[210]

New in his article, discussed about *"Corporate-Specific Competencies"*. As he wrote " Corporate specific competencies (CSCs) are the means by which a person adjusts his/her way of working in order to operate within the culture of an organization, irrespective of the particular role which one occupies." Therefore no matter what the level and position of an employee is, he/she should be able to demonstrate CSCs in line with the company's culture as one of the criteria to be successful. "Corporate culture consists of a framework of basic assumptions, values and artefacts which are often taken for granted and shared by the members of an organization and is often unique as it develops in response to the particular circumstances encountered in its history." CSCs required to do well in an organization, may not fully correspond with the requirements of another organization having a different culture. The activities of two firms may be similar but each can have different ways of doing things based on their cultures, has a different history, etc. For instance, a manager hired to that company may find it difficult to succeed because the set of CSCs he has, may not fully correspond with the culture of that company.[211]

---

[210] Carroll, McCrackin, **op.cit.**, p. 3-4.
[211] New, **op.cit.**, p. 46.

This uniqueness of CSCs to each organization correspond with that of key competencies as explained above. Based on the research from two studies, Key competencies and Corporate-Specific Competencies actually refer to the same issue, however only they are called with a different name by the authors. Even in other resources key / corporate-specific competencies can be named as *core competencies*.

Competency modeling practice has been likely driven by the field of business strategy and a concept known as "core competencies".[212] The term "core competencies" has long been established as a key concept in relation to the competitiveness of companies."[213]

This popularity of core competencies incited much of the interest in individual-level competencies by emphasizing the importance of "people-embodied skills" necessary to building core competence. Therefore the concept of core competency has had a great influence on human resources discipline and caused a necessity to identify these "human skills that embody core competencies". Core competencies refer to design components of an organization's competitive strategy and "to the collective learning in the organization".[214]

Core competency as a result, can refer to either an organization or an individual and resource-based analysis suggests a strong link between individual and organization core competency is a good way to achieve sustained competitive advantage.[215]

Employee core competencies are defined as "*those behaviors that are relevant and necessary to all members of an organization, not matter what their level or role*". The term "core competencies" as will be explained here are meant to cover the behaviors that are shared by all members and levels of the workforce rather than a business's unique strengths.[216]

---

[212] Schippmann, Ash, et.al., **op.cit.**, p. 709.
[213] Anders Drejer, "Illustrating Competence Development", **Measuring Business Excellence**, 2001, Vol. 5, Issue. 3, p. 6.
[214] Schippmann, Ash, et.al., **op.cit.**, p. 712.
[215] Cooper, Lawrence, Kierstead, **op.cit.**, p. 4.
[216] Lucia and Lepsinger, **op.cit.**, p. 8

It is also important here to mention that this category of key / corporate-specific or core competencies are developed within the model such that they are relevant and necessary to all members of an organization, no matter what their level or role. The term "key / corporate-specific or core competencies" as used here refers to behaviors illustrated by all levels of the workforce rather than a business's unique strengths as they are sometimes understood.[217]

Example of a key / corporate specific competency is shown below:[218]

Competency:	Results /Quality Orientation
Definition:	Drives to complete work product within deadlines and within performance standards to achieve superior value for the business.
Behaviors:	Sets high standards for the quality of own and other's work. Adopts or develops techniques for quality assurance and organizational excellence. Anticipates problems that may interfere with the quality of results or goal achievement and develops possible ways of overcoming them. Holds people responsible for checking the accuracy of their work and the work of others.

A review of the literature shows that the term is not uniform and has different meanings in widely different contexts from national to individual which will be explained below. However, the framework whick will be comprehesively explained in the thesis, will be restricted from organizational competencies and individual competencies within the organization for the overall corporate success.

---

[217] **Ibid**.

[218] Christine M. Ehly, Malia A. Mixon, **Competency Model Building & Competency-Based Pay Training**, Arthur Andersen, Chicago, 1999, p. 8.

2.2.4.2 Leadership and Management / General Management Competencies

George E. New define "*General Management Competencies*" as " the ways in which a person interacts with other people (peers, superiors, staff or subordinates) in an organization." GMCs are an important requirement in any job regardless of the type of the organization or the seniority of the position held because interaction with people is a requirement in any job.

Carroll and McCrackin assert that "specific challenges of the workplace of the future include the growth of outsourcing and the expansion of remote, contract, or temporary workers, continuing technology migration, the growth of information access and information networks, the continual reengineering of work and the growth of internal and external business partnerships. These challenges demand a clear focus on relevant *leadership and management competencies*." According to Carroll and McCrackin investment in developing leadership competency models and linking leadership and executive development to strategic focus delivers a high value to the organization.[219]

Example of a leadership competency, its definition and behaviors are illustrated below:[220]

Competency:	Developing People
Definition:	Champions continuous learning, recognizes employee development needs and opportunities, provides on-going feedback and coaching
Behaviors:	Recognizes and rewards accomplishments within the organization. Provides challenging and stretching assignments globally for employees.

2.2.4.3

---

[219] Carroll, McCrackin, **op.cit.**, p. 5.
[220] Ehly, Mixon, **op.cit.**, p. 9.

2.2.4.4 Functional / Job Specific Competencies

" Job specific competencies (JSCs) are the aspects of activities in a particular role or position which are associated with effective performance. Each job requires certain competencies in order for the job holder / employee to be successful. As each function in each organization has its own distinct cluster of competencies, the range of JSCs are infinite. These JSCs are often not transferable and do not therefore indicate favorable performance in other functions."[221] In addition, McClelland and Boyatzis mention that occupying the required JSCs in a particular position is the way to achieve successful performance and successful performance is frequently a cause for an employee's promotion.[222]

A similar definition is made by Carroll and McCrackin with just a difference in the name given to these competencies. The term "functional" is used instead of "job-specific" for this type of competencies. Functional competencies are defined as describing the more specialized knowledge and skills for roles such as project manager, customer service representative, and manufacturing engineer. Carroll and McCrackin also assert that in establishing functional competencies, the descriptors should be avoided from being so technically detailed that they lose their pratical purpose. Secondly, it is mentioned as "competency descriptions should be broad enough to be used by a range of people in the same role but may be differentiated by levels in order to detail the attributes associated with entry to more senior levels."[223]

Example of a functional / job-specific competency, its definition and behaviors are illustrated below:[224]

---

[221] New, **loc.cit**.
[222] David C. McClelland, Richard E. Lepsinger, "Leadership Motive Pattern and Long-Term Success in Management", "**Journal of Applied Psychology"**, 1982, Vol.67, Issue. 6, p. 737-43.
[223] Carroll, McCrackin, **op.cit.**, p. 4.
[224] Ehly, Mixon, **op.cit.**, p. 10.

Competency:	Financial Analysis / Planning
Definition:	Uses key financial information to evaluate and select optimal solutions for the company and identifies financial problems and opportunities.
Behaviors:	Provides timely and accurate data for financial planning/ analysis.
	Uses standards business and financial analysis instruments and tools in planning.
	Analyzes and solves complex financial transactions and problems.

2.2.4.5 Team Competencies

One more category of competencies is defined according to Carroll and McCrackin's article, which is "*team competencies*". They are defined as "describing specific capabilities and characteristics of a team as a work unit, used by organizations that have embraced team-based work systems and can provide a clear focus for team assessment and development."[225]

The research on high performance teams show that the following team competencies are important:[226]

- Setting collective goals,
- Establish priorities,
- Define roles,
- Identify and solve problems,
- Establish effective work processes,
- Manage conflict constructively,
- Create and sustain an environment of trust and collaboration,
- Maintain an outcome focus.

---

[225] Carroll, Mc Crackin, **loc.cit**.
[226] **Ibid**.

Example of a team competency, its definition and behaviors are illustrated below:[227]

Competency:	Generate and Refine Ideas
Definition:	Uses skills in reframing questions and come up with new and sound ideas.
Behaviors:	See what most other people miss
	Building on ideas, or asking questions that reveal hidden assumptions
	Focusing on possible solutions after weighing the alternatives
	Keeping ideas that are promising.

2.2.5 Measurement of Competency

Whatever competency modeling method is utilized, the effectiveness of the model depends on how well the competencies are measured. Some of the common methods used for rating an employee's level of competency against a model or profile are explained below.[228]

2.2.5.1 The 1 to 5 "School Grading" System – Likert Scale

The most common system of measurement for competencies seems to be a legacy from the grading system used throughout the educational system such that where "A" is outstanding, "B" is good, "C" is fair, "D" is poor, "F" is failing. In the corporate world, the scale from A to F is reflected as "5" is "outstanding", "4" is "exceeds expectations", "3" is "meets expectations", "2" is "below expectations", "1" is "far below expectations".[229] This method is also called "Likert Scale" or "Absolute Rating Scale".[230]

---

[227] Caela Farren, "How To Eliminate The Generation Gap In Today's Work Team", **Employee Benefit News,** 1999, Vol. 13, Issue. 7, p. 34-38.
[228] Zwell, **op.cit.,** p. 222.
[229] **Ibid**.
[230] Mirabile, **op.cit.,** p. 76.

Such scales help establish absolute levels of criticality or proficiency level for each competency and the competency level of an individual.[231] This grading system is the most common rating method for both selection and performance appraisal.[232]

One disadvantage of this method refers to the subjectivity of the measurement. If expectations are not clearly identified, then an employee's expectations can be quite different from another's. Secondly it is argued that when the competency of employees are low, they can rate other employees higher than their actual proficiency. Because if they rate them lower this would lower their self-image.[233] In other words, these rating scales also tend to produce ratings that cluster around the middle or above the middle of the scale range, known as *central tendency error*.[234] The subjectivity of the measurement decreases the effectiveness of competency assessment. Training is neccessary in this process in order to define and align everyone's expectations so that they are rating the same behavior.[235]

Second problem is that the feedback from the rating provides little useful information to help employees improve their behavior and performance. The grade that is achieved does not do much to help students know what they need to learn or how they should act differently in the future.[236] These rating scales are limited in how well they can differentiate performance levels.[237]

2.2.5.2 Forced-Distribution Rating Scales

This scale is similar to absolute rating scales such that it provides standard descriptions for each level. The difference between those two types of scales is that forced-distribution scales are restricted to how many times a particular rating can be

---

[231] **Ibid**.
[232] Zwell, **loc.cit**.
[233] **Ibid.,** p. 223.
[234] Mirabile, **loc.cit**.
[235] Zwell, **loc.cit**.
[236] **Ibid**.
[237] Mirabile, **loc.cit**.

used for a job or employee. For instance, the restriction in a five point rating scale is that rating 5 can used only twice, and so on down the scale.[238]

The disadvantage is that such scales do not show absolute levels of performance difference between people but only in relative terms. For instance two employees can be rated 5 for leadership competency, but one of them may actually have twice the level of competency.[239]

2.2.5.3 Paired Comparison Ratings

Paired comparison rating scales requires the ranking of all competencies against each other, until all possible pairs are ranked. The result yields the ranking of all competencies from highest to lowest in terms of their criticality to a job. In employee ratings, all employees are ranked against each other until all possible pairs are ranked. As a result, a rank order listing of the most competent employees is achieved using some measure of competency as the criterion for comparison. The advantage is that it provides a solid sound outcome. The disadvantage is that in large organizations the number of possible pairs can be extremely large. For instance, if 20 employees are ranked the number of combinations is 190.[240]

Michael Zwell also explains the Behaviorally Qanchored Rating Scale and Competency-Matrix as follows: [241]

2.2.5.4 Behaviorally Anchored Rating Scales

Behaviorally anchored rating scales are scales in which each rating level is defined by specific, observable behaviors.

There are many advantages of behaviorally anchored rating scales over the traditional 1 to 5 rating system. Raters have a guidance on how to rate people based

---

[238] **Ibid**.
[239] **Ibid**.
[240] **Ibid**.
[241] Zwell, **op.cit.**, p. 223-225.

on either the behavior that they have observed in the case of employees during performance appraisal process, or behavior that was described in detail in the case of candidates in the interview process.

A second advantage is that this method helps communicate the meaning of competencies in an organization and also organizational expectations about how they will be operationalized. While employees evaluate themselves or others using the scales, they practice the desirable and recognized behaviors by the organization. In time, this changes the organizational vocabulary among the employees as the concepts and behaviors become part of the organization.

This scale keeps employees from stucking at their current level of performance and help them create a picture of what they could be doing if he or she were more proficient in the related competency. This helps managers, employees develop positive vision of themselves and their subordinates.

The training time required to develop employees is reduced by the behaviorally anchored rating scales. Because in the case of "1" to "5" school grading system, teaching employees difference between "3" and "5" in terms of behavioral indicators will be more difficult and time-consuming.

The main disadvantage of this kind of a scale is that employees may exhibit different behaviors at different rating levels. For instance, an employee on a competency of "decision quality" may be strong at identifying long-range consequences of different options at a rating of "5" but weak at identifying trends in the marketplace at a rating of "2". This creates confusion related to along which point in the scale the employee competency will fit and causes employee frustration.

2.2.5.5 The Competency Matrix – Level and Proficiency

In this method, the levels of proficiency on competencies in terms of a set of behaviors expected for a grade level or rank at a particular position is defined. *Job titles* (staff accountant, senior accountant, manager, etc. in an accounting firm) are used instead of *numbers* in the rating system.

The advantage of this method is that employees know and understand the expected level of proficiency for each competency at each job level so that they are conscious of the behaviors they should demonstrate to be promoted and meet expectations at each job level.

2.2.6 Comprehensiveness / Detail in Building The Competency Model

Deciding on the level of detail to use to describe the competencies is one of the most controversial and difficult issues to address in building a competency model. This decision enlightens how long it takes to build the model and what applications it will be used for, including the capability to compare information across jobs and people. In deciding the level of detail in building competency model, the important question to consider is "What is it that is trying to be accomplished by building the model?" [242] It is mentioned that the more detail that is created in the model:[243]

- The longer it takes to complete the model,
- The more money it requires,
- The less the results are generalized,
- The less information across jobs can be compared,
- The more the possible range of acceptable performance is restricted,
- The more creative and alternative ways to achieve the same results are inhibited,
- The faster the information becomes obsolete,
- The more specific expected outcomes can be articulated,
- The more specific the performance management becomes,
- The more performance levels and people can be differentiated.

---

[242] Mirabile, **loc.cit**.
[243] **Ibid**.

2.3 IMPLEMENTATION OF COMPETENCY-BASED HUMAN RESOURCES SYSTEMS IN TURKEY

Some of the company examples in Turkey and their recent competency-based human resources management systems applications are explained below:[244]

KOÇBANK

Koçbank has been using competency-based performance management system the results of which has been reflected to compensation, training and career planning. Each organization has a vision and strategic objectives to attain that vision. Koçbank view performance management as an important process to announce the organization's strategies to employees and to determine its expectations about this issue and to transform the organization's strategic objectives into individual objectives. The following personnel functions use the employee information received from performance appraisal in the company. [245]

Compensation. The objective is to provide the motivation of the high performing employee and to establish a relationship between success and compensation. Since the objective is success, the salary of the high performing employee is increased and average or low performing employee receives an average increase in his or her salary.

Training. The training needs of the employees can be determined through meetings with the employee and his or her manager. The results of the employee performance appraisals are used as the input for the training needs analysis of the whole organization and to determine the employees' training needs.

Career Planning. The approach of the company is that performance management is a process that demonstrates what managers expect from employees, what responsibilities the employees will have in order to reach the organization's general objectives. From the employees point of view, it is a process through which they can

---

[244] Ahmet Türkselci, **IV. Performans Yönetimi Zirvesi**, Ceylan Intercontinental Oteli, Istanbul, 18-19.12.2002.

[245] **Ibid**.

understand what is expected of them and what requirements they need to realize these expectations. Therefore, through performance management system the manager can clarify employees' strong and weak areas, measure his or her job success and determine who should be developed in what areas. As a result, they provide data for deciding on employee promotion, receiving trainings required for new positions, transfering to different jobs based on their skills and abilities.

COCA-COLA, Turkey (Eurasia and Middle East Function)

The human resources implementations used in Coca-Cola Turkey has actually been applied globally throughout the world. In Coca-Cola Turkey competency is defined as "the combination of required knowledge, skills and behaviors to perform effectively at a job." The important criteria in competencies are they should be observable, understandable and aligned with goals. The performance management system applied in the company is goal and competency-based. The standardized inputs for employee development are annual performance development plan, strategic human resources evaluation and 360-degree feedback system. The information obtained from these results are reflected to the employees' career planning, training and compensation.[246]

ARÇELİK PİŞİRİCİ CİHAZLAR İŞLETMESİ (PCİ)

The performance management system in the company is goal and competency-based. The competency model involves 3 types of competencies which are key/corporate-specific, function-specific and management and leadership competencies. This model has been integrated into the performance management system of the company. Moreover, the company has also developed a 360-degree feedback system for its employees so that each member of the company can evaluate colleagues at various levels (managers, peers, subordinates-if exists-, customers, etc.) A technological infrastructure has also been developed for the continuous follow-up and recording of the data and results. Therefore a human resources management information system software package has been developed. A pilot study of the performance management

---

[246] Rengin Onay, **IV. Performans Yönetimi Zirvesi**, Ceylan Intercontinental Oteli, Istanbul, 18-19.12.2002.

system has been conducted for managers in order to test the process and take corrective action if required. The objective of the company is to extend the application to all members of the company and to use performance appraisal results for training, career planning and compensation systems.[247]

---

[247] Nihal Mamatoğlu, **IV. Performans Yönetimi Zirvesi**, Ceylan Intercontinental Oteli, Istanbul, 18-19.12.2002.

PART III

INTEGRATING COMPETENCY MODELS INTO HUMAN RESOURCES MANAGEMENT SYSTEMS

In this part, integration of competency models into each human resources management systems will be discussed. In each of the systems, the indicators of a need for a competency-based system, the contributions that competencies can make, the steps in developing the system are investigated. Also, the integrated human resources management information systems endorsed through technology will be discussed.

3.1 COMPETENCY-BASED SELECTION SYSTEM

Competency-based recruitment and selection method is based on the following hypothesis:[248]

"The better the fit between the requirements of a job and competencies of the jobholder, the higher the performance and job satisfaction will be".

The primary purpose of selection is to place individuals who can make effective and worthwhile contributions to an organization into appropriate jobs or roles.[249]

Successful job-person matching depends on;[250]

- Accurate assessment of individual competencies,
- Competency models of jobs,
- A method of assessing the "goodness of fit" between a person and a job.

---

[248] Spencer, Spencer, **op.cit.**, p. 239.
[249] Whiddett, Hollyforde, **op.cit.**, p. 53.
[250] Spencer, Spencer, **loc.cit**.

Selection is not just about assessing job performance. In the early stages of selection, selectors may need to screen out applicants who are unsuitable before the more costly process of assessing applicants while they undertake realistic job tasks. Criteria such as qualifications and experience may feature more at the early stages of selection whereas competencies may become more prominent criteria later in the process. Nevertheless, competencies can make important contributions at most stages in selection.[251]

Lucia and Lepsinger mention that many organizations encounter less resistance than when they use competency models in other human resources management processes. Also, the impact of competency-based selection on the quality of new hires is easier to measure.[252]

Julian Aviss argued that meaningful competency frameworks help define the appropriate recruitment attributes of talented managers. What ever the organization's success criteria is, such as competencies, capabilities, or critical factors, they are often used for development purposes and the basis for selection and used as standards that recruiters can benchmark candidates against.[253]

Competency-based selection is the oldest application among all human resource systems that traces back to Mc Clelland's early work with competencies for selection purposes.[254]

3.1.1　The Indicators of a Need for Competency-Based Selection

The following issues suggest a need for competency-based selection: [255]

---

[251] Whiddett, Hollyforde, **op.cit.**, p. 54.
[252] Lucia, Lepsinger, **op.cit.**, p.113, p. 115.
[253] Julian Aviss, "Recruiting Talented Managers", "**Strategic Communication Management**", 2001, Vol. 5, Issue. 3, p. 8.
[254] American Compensation Association (ACA), Hay Group, Hewitt Associates LLC, Towers Perrin, William M. Mercer Inc., **op.cit.**, p. 8.
[255] Spencer, Spencer, **op.cit.**, p. 240.

Poor Performance or Productivity in a Critical Job. The staff of a company may not be qualified, therefore not working effectively enough and is not on a par with its competitors and the company may be in need of better people.

High Turnover / Poor Retention. This is usually due to a high failure rate among new hires. It is very costly to keep bringing new people, training them and then having them fail or quit because they are unhappy in their jobs. Competency-based selection increases performance and also decreases turnover rates. Retention increases with qualified employees, their high performance and satisfaction because satisfied employees are less likely to quit and good performers neet not be fired. People who are the best fit to the jobs hired, enjoy their work more, be more motivated and this produces a better organizational climate.

Succession Planning. There may be an organizational need to identify new hires with the potential to become future managers or leaders.

Long Learning Curve Times. A lengthy training period may transpire before new hires become productive (defined as the average productivity of experienced job incumbents). Competency-based selection can cut new hire learning curve periods by 33 to 50 percent. New hires possessing the competencies to do a job become fully productive faster.

Organizational Change. Employees can be passed on to some new jobs from old jobs due to any change in an organization such as globalization, privatization, growth, cultural change, or downsizing. In the case of any change, a company should position itself accordingly. For instance, globalizing organizations need to know which employees have the competencies to perform in foreign environment. Privatizing agencies should identify which government bureaucrats possess the competencies to become entrepreneurs in a free market. Growing firms need to know which employees have the competencies to adapt and be successful in their future structure and culture. In the case of downsizing, the organization should know which of the emloyees it should keep and others it should send away.

Determining Training Needs at Entry. A gap between the competencies needed and what the organization can hire for, indicates the training new hires will need.

3.1.2   The Contribution of Competencies To Selection System

Competencies provide a framework for giving and collecting information about jobs and job applicants. The main contributions of competencies to selection system are as follows:

Examples of behaviors necessary for effective performance in the job. In the selection process the competencies and competency levels which are critical for effective job performance should be identified. Restricting competency assessments to competencies that are critical for performance at the required level reduces time and effort needed to develop and manage selection. It is also useful to identify additional 'desirable' competencies which are important in the job. This is helpful when some applicants appear equally suited for a vacancy.

Once the "recruitment-critical competencies / levels have been idenfied, detailed examples of behavioral indicators can be developed. The behavioral indicators within generic frameworks must be made more precise when used in selection in order to increase the consistency of assessments. Behavioral indicators are needed which provide clear and detailed examples of what each competency looks like when observed in the particular vacant job or role. [256]

Making reliable decisions in competency-based assessments. Evaluating evidence of competency requires clear and unambiguous decision rules. An important consideration for any assessment is that decisions should be both reliable and relevant to the vacancy. Assessment decision rules are applied after evidence of candidate competency has been collected. In competency-based selection these decision rules usually apply to:[257]

---

[256] Whiddett, Hollyforde, **op.cit.,** p. 54-59.
[257] **Ibid.,** p. 81-88.

Turning evidence into competency assessment ratings – Competency-based questionnaires such as those used for applications, are relatively straightforward because competency scores can be related directly to ratings. There are two ways competency ratings are produced. One is converting scores from tests and questionnaires and second is comparing written evidence with behavioral indicators.

Combining ratings from different exercises – In the case of selection process which use a combination of assessment methods / exercises, there will be more than one rating for each competency. Scores are usually combined to produce a single rating for each competency, by averaging the ratings obtained from each competency or discussing the evidence for each competency rating and then reach consensus on an overall rating for each competency

Turning ratings into accept / reject decisions – In this final step, based on the overall competency ratings of each applicant, it is decided that which of the applicants pass or fail.

Competency-based assessment feedback. The competency ratings and evidence of competency from different assessment methods can be used to follow up with candidates after selection decisions have been made. The competencies enable feedback to be based on words rather than numbers. The words can be drawn directly from behavioral indicators and used to compare what was sought with what was observed.[258]

Using competencies to monitor selection.[259] Competencies can play a useful role when monitoring the decisions and actions taken during selection. Records of selection decisions and ratings of competency, if regularly reviewed and acted upon, can help organizations to improve their selection process by;
- Preventing unfair selection decisions
- Maintaining, or improving, the effectiveness of selection decisions.

---

[258] **Ibid.**, p. 88-89.
[259] **Ibid**.

Records of the ratings which individual applicants received against competencies can be used to assess;

- Fairness – such as how assessors assign ratings to evidence
- How well individuals who received high scores on competencies subsequently performed, using competencies in the job.

3.1.3 Steps in Developing A Competency-Based Selection System

Spencer and Spencer argue that there are 7 steps in developing a competency-based selection system:[260] [261] [262]

3.1.4 Develop Competency Model(s) for the Target Job(s)

The rule is to involve as many people as possible who will use the model. The reason for this is that managers who have been trained in and conducted Behavioral Event Interviews (BEI) and worked with researchers to identify competencies believe in the model and are much more likely to implement it. The competency model dictionary is formed which defines the specific competency levels that predict threshold and superior performance in the jobs studied and becomes the template used to select or place employees.

3.1.5 Select or Develop Assessment Methods

Selection methods are chosen from the interview, test, assessment center, biodata, and rating methods on the basis of cost effectiveness, administrative ease and candidate acceptability. Valid methods such as assessment centers, may be too costly and difficult to administer. The authors' experience is that the Behavioral Event Interview is the most cost-effective selection tool.

---

[260] Spencer, Spencer, **op.cit.**, p. 241-242.
[261] Lucia, Lepsinger, **op.cit.**, p. 116.
[262] **Ibid.**, p. 116.

3.1.6 Train Assessors in the Assessment Method

Organization staff who will conduct assessments need to be trained according to each assessment method. The interviewer must be able to use the library of questions effectively, probe for specifics rather than generalities, and interpret responses in terms of the competencies.

3.1.7 Assess the Competencies of Candidates for Jobs

Candidates are evaluated based on the competencies critical to effective job performance.

3.1.8 Make Job-Person Match Decisions

In competency-based HR systems, selection and placement decisions are based on the fit or match between job competency requirements and person competencies. The underlying premise is that "the better the fit between the requirements of a job and competencies of a person, the higher the person's job performance and job satisfaction will be."

3.1.9 Validate the Selection System

This step is not obligatory but desirable. Organizations should track the performance of people selected using competency assessment methods to confirm the validity and return on investment in the method.

Using a validated competency model helps ensure that hiring decisions are based on criteria that specifically predict success on the job. Making poor selection decisions causes high cost of training, recruitment and lower productivity. Given this cost, hiring based on criteria that have been proven relevant to performance offers great value.

3.1.10 Develop a Competency-Based Job and Person Data Base and Matching System.

Once more than a few jobs have been studied and people assessed, a computer is required to keep track of job-competency requirements, employee competencies, and job-person match data.

3.1.10.1   Competency Assessment Methods

Assessment of candidates can involve a variety of methods: Behavioral Event Interviews, tests, assessment center simulations, biodata, review of performance appraisal reports, and superior, peer, and subordinate ratings.[263] Table 3.9. below, there is a list of assessment methods in descending order of criterion validity correlations with job performance.[264]

Table 3.9   Assessment Methods with Criterion Validity Correlations

Assessment Method	r
Assessment Centers	.65
Interviews (behavioral)	.48-.61
Work-sample tests	.54
Ability tests	.53
"Modern" personality tests	.39
Biodata	.38
References	.23
Interviews (nonbehavioral)	.05-.19

Source: Lyle M. Spencer, Signe M. Spencer, **Competence At Work: Models for Superior Performance**, John Wiley & Sons. Inc., New York, p.242.

---

[263] Spencer, Spencer, **op.cit.**, p. 242.
[264] **Ibid**.

Assessment methods are grouped and explained as below:[265] [266] [267]

a. The Behavioral Event Interview (BEI)

The Behavioral Event Interview can be used as a psychometric instrument to assess individual competencies. As explained before, in this kind of an interview, the individual is asked to describe what he or she actually did in critical job or life situations. Numerous studies have shown the validity of structured "behavioral" interviews. BEIs are focused to give the interviewee an opportunity to demonstrate a specific competency required by the job. For instance probes for Achievement Drive include, "Tell me about a time you accomplished something on your own," "…. about the most challenging situation you have faced in your job." or "…. about a time you did something new." The questions are designed to provide specific behavioral evidence of what the candidate has done in the past. These kinds of interviews are also called *backward looking interview*. The candidates answers are later analyzed and marked against the behavioral indicators relating to the competencies.

An important aspect of this structured method is to make sure that all people being assessed are asked the same questions and given equal time to respond.

b. Forward Looking Interviews

Forward looking interviews are like the backward with one important difference that they look forward to what a candidate might do. Instead of asking "Can you give me an example of ….", they ask "Consider this situation….. what would you do?" Because of this format they are usually referred to as situational interviews. According to some Canadian investigators, a situational interview is more likely to be a measure of practical than traditional intelligence and prior work experience and the way it shapes tacit knowledge is more salient. Situationl interviews can be particularly useful when faced with the task of recruiting from a set of very

---

[265] **Ibid.**, p. 242-259.
[266] Wood, Payne, **op.cit.**, p. 98-99.
[267] S. Boyle, J. Fullerton and M. Yapp, "The Rise Of The Assessment Centre: A Survey Of AC Usage In UK.", **Selection and Development Review**, 1993, Vol. 9, p. 1-4.

experienced people where it might be difficult to distinguish between their answers to a backward looking interview. Recent studies have shown that past questions are somewhat more effective. Unless the consideration is very experienced people, the backward looking interview is preferred.

c. Tests

Many standard work-sample, mental ability, and personality tests can be used to measure competencies. In addition new tests of "practical intelligence" have been developed to measure specific competencies not assessed by traditional psychological tests. Tests are composed of two main groups one of which is "operant" tests and the other is "respondent" tests. "Operant" tests require the test taker to act in a competitive group and argue effectively, such as picture story exercise, analysis or argument, Rorschach. "Respondent" tests involve asking test takers to choose from a list of responses such as organizational climate survey, personality tests, knowledge tests. Comparing the two, "operant" tests that require behavior as close to that needed in actual critical job incident as possible are preferred, such as critical work-sample tests.

d. Assessment Centers

Assessment centers are characterized by multiple candidates, assessors or observers, exercises, simulations or tests, criteria or competencies. Assessment centers lend themselves most easily to the measurement of competencies. The first commercial application was by AT&T in the USA around 1954. AT&T had a place called "assessment center" and it is from here that the name originates. A survey of 907 organizations in United Kingdom (UK) employing over 1000 people found that, on average, around 50 percent of private sector and 39 percent of public sector organizations used assessment centers rising to over 60 percent in some industries, such as food, drink and tobacco, banking, finance and insurance; and police and fire. The survey also found that organizations used assessment centres for a range of applications, such as graduate recruitment, external (non-graduate) recruitment, internal promotion and career development.

In a typical assessment center, applicants who have applied for a position (managerial, etc.) using an applicant form, are sifted with other selection tools and those who remain will be further screened using a competency-based interview. The assessment center is designed to measure certain competencies and different exercises are conducted to measure them. Normally all competencies are measured by at least two exercises or tests and no exercise was intended to measure more than five competencies. Also each candidate is marked at least once by each of the assessors.

There are many different assessment center exercises used to observe and code for competencies in candidates:

In-Basket Exercises. Test-takers are presented with management problems, such as employee requests for time off, decisions about allocation of resources, conflicts among co-workers, threats from the union, etc. Subjects' responses can be coded for information seeking (trying to get additional information before acting), analythical thinking (dealing with problems in priority and logical consequence order), concern for order, use of concepts (mentioning policies or decision rules being followed, or even concept creation (recongnizes emerging patterns in problems being presented and develops an "overarching" strategy for dealing with them.)

"Stress" Exercises and Interviews. Subjects are exposed to very stressful situations and intrusively questioned about their motives and behaviors. These exercises test for self-control and influence skills under stress.

Presentation Vision / Strategy Speeches. Subjects are asked to prepare a presentation for the Board of Directors on their organization's mission, vision, strategy and their work group's mission and strategy in relation to it.

Leaderless Group Exercises. Several test-takers in a group are given one or more problems to solve that require input or consensus from all group members. The responses of each candidate may be coded for many competencies, i.e., information

seeking, interpersonal understanding, impact and influence, teamwork and cooperation, and team leadership.

"Treasure Hunt" Exercises. Subjects are given the task of getting unusual physical objects and facts ,i.e., capital gains tax rates in Luxembourg under several time constraints. Respondents behaviors are coded for initiative, information seeking and self-confidence.

Role Play. In these exercises the candidates are asked to role-play dealing with an irate customer, a poor-performing employee, influencing a sales prospect, negotiating with a vendor, government official etc.

Peer Coaching and Counseling Exercises. Subjects are given the role of counselor and asked to help a real colleague solve a problem or integrate assessment data about him or herself. "Counselors" are scored for interpersonal understanding, impact and influence, directing and developing others' competencies.

In designing assessment centers, the rule is that exercises should be as close as possible to the actual critical situations a subject will face on his or her job. For instance, BEI critical incidents are argued to be an excellent source for realistic exercises because BEIs focus on the most difficult situations an organization's best performers have to deal with. Assessment centers have great advantages because they measure operant behavior in exercises similar to actual job tasks. If the best predictor of future behavior is past behavior in similar situations, realistic assessment centers should provide "work sample" data that will predict actual job performance.

e. Biodata

Biodata (biographical data) consist of facts about a person's past life: education, work experiences, family, leisure-time activities, and so on, that provide evidence of competency expression. The interviewer takes the candidate through their CV, exploring their experience, their motivations for job changes or other significant

decisions and their aspirations. The interview is structured by chronology, but it is very important to have a clear set of criteria such as competencies against which to evaluate the information gained.

f. Ratings

The candidates can be rated by managers, peers, subordinates, customers, outside experts (human resources asssessors) which is called "360-degree" ratings by people "all around" the person being assessed.

3.2 COMPETENCY-BASED TRAINING AND DEVELOPMENT SYSTEM

"*Training*" refers to encompassing activities and events which concentrate on the learning and practice of specific techniques. "*Development*" refers to a broader concept and takes learning on the development of skill and expertise.[268]

There are many purposes of training and development from both the organization and individual perspectives. Training and development provides;[269]

- people to stay employable throughout a lifetime during which jobs and careers may change – a willingness to continue learning and developing is becoming an essential part of continuous employability.
- employees to learn methods and techniques required to do specific tasks – i.e., people who are new to a job, people having to use new equipment, processes, procedures.
- development of future successors – minimizing the costs of recruiting externally and maximizing the benefits of keeping in-house knowledge and experience in the business.
- increasing resources from existing staff – increasing the capacity of people in the organisation to be skilled in more than one area.

---

[268] Whiddett, Hollyforde, **op.cit.**, p. 122.
[269] **Ibid.**, p. 123.

- Motivating, attracting and retaining key staff – as fragmenting the workforce (i.e., with the use of outsourcing and contract staff) continues, and as fewer people join the job market each year.

In the pursuit of a successful organisation or career, training and development usually serve one or both of the following purposes:[270]

- To ensure that techniques and skills meet current needs.
- To ensure that techniques and skills are prepared to meet future needs.

The responsibility associated with competency-based training can not be understated. Inadequate design and implementation of a training program or implementation of a program not tailored to an organization's needs can often lead to capital losses in the form of retraining employees, employee benefits paid to seperated personnel and constant restructuring of a less than adequate training program. Organizations now demand that their employees possess the skills needed to function effectively in this complex environment. Especially employees in managerial positions are expected to make critical judgements and decisions, solve highly complex problems, think critically and form productive relationships with clients, co-workers and other organizations.[271]

Many organizations have begun introducing competencies into these systems through 360-degree feedback questionnaire which is similar to a competency model in that it contains a list of behaviors for effective performance. 360-degree feedback is now used in many training and development systems to create awareness of the need for change, to focus people on their strengths and development needs, to identify organizational development needs, and to monitor improvement in behavior on the job.[272]

---

[270] **Ibid**.
[271] Ronald R. Sims, John G. Veres III, Susan M. Heninger, "Training For Competence", **Public Personnel Management**, 1989, Vol. 18, Issue. 1, p. 102.
[272] Lucia, Lepsinger, **op.cit.**, p. 120.

Julian Aviss noted that incentives salary and fringe benefits are losing their appeal for attracting potential talented recruits. Only if an organization puts money into individual development, it sends a very powerful message to these recruits. Strategic training should be replaced by operational training in organizations to spend money on. A link has been established between recuritment and training, that is by integration recruitment, motivation and development initiatives into overall strategic plan, the accountables can help to ensure that the organization has the right people with the right skills to take the business forward.[273]

The results of a project funded through the National Centre for Vocational Education Research in Australia in 1998 and entitled "Evaluating the Contribution of Competency-Based Training" is worth mentioning. The purpose of the study was to undertake a multidimensional evaluation of competency-based training (CBT) within enterprises and investigate the extent to which it was meeting the requirements of various stakeholders, industry, employer, training personnel and workers. The study was designed in two main parts one of which is a telephone survey with hundred and ninety-five company training managers throughout Australia and eight detailed case studies of competency-based training in different types of enterprise.[274] Three broad interrelated areas of benefit to industry and enterprises were identified:[275]

a. Workplace-relevant training for workforce planning. CBT was commonly associated with securing the following:

1. improved productivity, efficiency, effectiveness and quality
2. increased skills for achieving business goals, for example, organizational flexibility, through multi-skilling and cross-skilling, and registration to apply for tender within industry.
3. recognised skills, including recognition of prior learning, and quality credentials as 'useful marketing tools'.
4. reduced safety and production costs

---

[273] Aviss, **loc.cit.**

[274] Dianne Mulcahy, Pauline James, "Evaluating the Contribution Of Competency-Based Training : An Enterprise Perspective", **International Journal of Training and Development**, 2000, Vol. 4, Issue. 3, p. 161-162.

[275] **Ibid.**, p.163-165.

5. improved motivation to achieve where competency is linked to pay rises.

6. career paths: 'When someone wants to undertake further training, the things one needs to do are clarified.'

b. Managing change. Competency training was assumed to be fundamental if workers were to adjust to changing organizational structures and business practices.

c. Consistency and accountability: CBT ensures a greater accountability of individuals to perform. CBT provides standardization of skill levels across industry generally making skills easier to manage, monitor and assess, gives more direction to training, is easier to link to on-on-the-job performance, easier for a supervisor or manager to check off competencies.

In addition, the case studies revealed that CBT has made significant contributions to employers such that it helps learning be achieved on-the-job. Secondly, competencies can be developed which are suited to employers' immediate needs as well as lead to a recognised qualification for employees. Overall competency-based training was found to be beneficial to employers because they could set standards and use standards already set for particular purposes like providing market edge for the enterprise.[276]

Competency-based training and development activities include formal training programs, development center feedback, self-development resource guides, computer and interactive video-assisted self-instruction, job assigments, mentoring relationships, and organizational structure, process and culture interventions desgined to increase individuals' competence.[277]

Competency-based training and development and career management systems follow performance system in order of use of frequency.[278]

---

[276] **Ibid.**, p. 165.
[277] Spencer, Spencer, **op.cit.**, p. 286.
[278] American Compensation Association (ACA), Hay Group, Hewitt Associates LLC, Towers Perrin, William M. Mercer Inc., **loc.cit**.

3.2.1 The Indicators of a Need for Competency-Based Training and Development System

The following issues indicate a need for a competency-based training and development system:[279]

A Straightforward Need to Increase Performance. There may be a great competition among competing firms in the industry in terms of qualifications and performance of the workforce and the need to develop employees.

A Desire to Reducing Learning Curve Time from Job Entry to Full Productivity. Competency-based training designed to teach new hires all the algorithms superior performers use to do the job well and the competencies underlying superior performance can reduce learning curve times by a third half and result in higher average performance. Because competency-based training teaches to the template for superior performance trainees's performance can be significantly increased.

A Need to Communicate, Teach or Reinforce Skills. The organisation may require to implement a new vision, strategy or philosophy such as Total Quality Management (TQM) and therefore will need to communicate, teach or reinforce skills accordingly.

A Need to Provide Employees with the Feedback They Need to Make Development or Career Path Decisions. For instance feedback that compares competencies likely to be required in future jobs with individuals' current levels of competence can motivate employees to identify needs for personal development.

---

[279] Spencer, Spencer, **op.cit.**, p. 293-294.

3.2.2 The Contributions of Competencies To Training and Development System

Competencies provide a framework for training and development and the main contributions of competencies to training and development are as follows; [280]

The objective review of training and development needs. There are several ways in which training and development needs can be recognized:

- Performance reviews, formal and informal
- Multi-rater / 360-degree reviews
- Assessment exercises for selection
- Assessment exercises for development
- Self-review
- Career-development interviews

The design of training and development activities. Designing training and development should refer to considering following activities:

- The learning objectives of the participants, team and department and / or organization- The reason a training and development event is designed is that there should be either an individual or a group need.
- Current competency levels of the participants – Although an event is designed to meet certain learning objectives, the current competency level of participants will help structure the material. There are ways of finding out competency levels of event participants, pre-event questionnaires for participants, performance ratings, a skills audit, personal knowledge of participants.
- Situation(s) in which the learning will be put into practice-The best training and development events are those which relate not only to current skills but also to the actual situations, environment in which the participants needs to use the skills. The closer the link to "reality", the better.

---

[280] Whiddett, Hollyforde, **op.cit.**, p. 125-153.

- Available training expertise, internally or externally- Trainers should be skillful enough to support the development activities they are responsible for. Competencies should be linked to a system which identifies who can do what in the way of delivery and/or support.
- Available resources (i.e., money, time, materials, and space.).

The selection of an appropriate training and development activity. Once a training and/or development need has been identified, an appropriate way of meeting that need should be found. Competency frameworks can be used to identify suitable trainings and activities by matching trainings and activities against each competency level and even against behavioral indicators.

The evaluation of activities to ensure that they are in line with the original training and development needs and the organisation strategy. The successful outcome of any training should ensure that individuals learned the techniques they were supposed to learn (i.e., the event achieved its objectives), in the longer term the individuals successfully put techniques into practice through undergoing development activities (i.e., the individuals achieved their objectives). Over time these should ensure that the organization achieves its own training objectives in line with the organization's strategy.

Monitoring progress toward a training and/or development goal. Progress has traditionally been monitored largely through serving time and passing various exams, tests. The system could measure the expertise of the individual but missout on the measurement of behavior. There are three main forms of monitoring the progress of an individual:

- Within a job. This kind of monitoring is where progress towards a specific goal is measured. The goal is the successful achievement of a level of competence required to carry out a job successfully.

- Within an organization. This kind of monitoring refers to focusing on the progress of an individual to a level within an organization rather than within a specific job.

- Within a profession. Measurement of progress within a profession is conducted and/or controlled by bodies outside the organization in which the individual is employed. Progress is often measured through the results of examinations and tests. Competency frameworks may well play a part in the criteria for success, but there is usually a heavy emphasis on knowledge rather than behavior.

3.2.3 Steps in Developing Competency-Based Training and Development System

The following steps should be completed in developing a competency-based training and development system:[281] [282]

1. Development of a Competency Model.

Skills, knowledge and characteristics can be abstract concepts that do not easily lend themselves to direct observation. Competencies must be defined and definitions of competencies must include behaviors that further define and clarify them in order to prevent misinterpretations by different people.

2. Identifying Strengths and Development Needs

Competency models show the behaviors most relevant to effective performance, and 360-degree feedback details behaviors needed on the job. Both together help pinpoint areas that need to be developed to enhance job performance.

---

[281] Spencer, Spencer, **op.cit.**, p. 294-298.
[282] Lucia, Lepsinger, **op.cit.**, p. 124-131.

3. Identification of Which Competencies are Cost-Effective to Train or to Select for

Core competencies and traits like achievement motivation and initiative can be trained, but it may be more cost-effective to hire a person who already has these competencies than to try to instill achievement motivation in someone who does not have it. The rule is: Selection is prepotent over training.

4. Select Most Cost-Effective Development Options

Addressing weaknesses in the feedback process requires knowing one's training and development options. Competency-development options include formal competency-based training, development center feedback, self-development resource guides, computer and interactive video-assisted self-instruction, job assigments, mentoring relationships, and organizational structure, process and culture interventions designed to increase individuals' competence. Competency-development options are explained in detail in Section 3.2.4. below.

4. Develop Assessment Methods and Training Curricula (where applicable)

Following the methods outlined for teaching competencies, development center assessment instruments, training and self-development resources are developed. Cirricula should focus on the competencies that make the most difference in job performance.

5. Train Trainer (where applicable)

Trainers should be taught the competency content and competency development process skills, when trainers are required as leading the competency-based training.

6. Evaluate Training Results

Evaluation of competency-based training programs should include assessment of on-the-job behavior change. Experience has shown that ongoing support of training and development experiences provides internalized learning that becomes a natural part of day-to-day behavior. People can receive information on how well they currently exhibit a competency, attend training programs, or take a job assignment specifically to develop a competency, but without follow-up support they are likely to revert to their formal behavior.

Evaluation of competency-based training programs should also include "hard" result outcomes such as increase in revenues, productivity or quality, client service measures, reduction in turnover, grievances, and other "people problems".

3.2.4   Competency Development Methods/Trainings

Some of the competency-development training options are explained below:[283]

Competency-based Training Programs. Formal competency-based training programs are designed and conducted as classroom courses led by a stand-up trainer and using all adult experiential learning inputs: reading, lectures, live or video demonstrations, instrumented feedback, role plays and simulations, and self-assessment reflection exercises.

Development Centers. Development centers are one-day to two-week assessment centers in which participants take tests and are observed in various exercises (presentations, leaderless group discussion, role plays, competitive business or negotiation simulations), and then are given feedback on the competencies they have demonstrated.

---

[283] Spencer, Spencer, **op.cit.**, p. 295-296.

Development centers are different from assessment centers because development centers aim to develop participants rather than to provide the organization with data on which to make hiring, placement or promotion decisions.

Self-Development Resource Guides. Self-development resource guides are "read these books, take these courses, engage in these activities, seek these assignments, do a developmental rotation in these jobs" prescriptions for development of specific competencies. These guides are usually custom-developed to reference an organization's training offerings, career path opportunities.

Computer- and Interactive Video-Assisted Training. These types of training can teach even interpersonal competencies using behavioral modeling techniques.

Developmental Job Assignments. Job assignments are given to trainees to help them develop specific competencies such as job assignment of giving presentations to technically competent junior engineers.

Mentors. Learner can be assigned to work for a senior manager who is widely acknowledged master of a competence the learner needs to develop.

External Development Activities. Learners may be encouraged to develop competencies in volunteer or even moonlighting jobs outside the work environment. Research indicates that tecnhical and scientific personnel frequently have learned managerial competencies in off-job leadership roles such as coaching children's sports teams.

Organizational Structure, Process and Culture Interventions. Organizational structure, process and culture interventions can be designed to increase employees' competence for instance, programs designed to increase achievement motivation, innovation, and entepreneurship in staid firms.

3.3 COMPETENCY-BASED PERFORMANCE MANAGEMENT SYSTEM

A performance management system (PMS) is the cycle of managers working with subordinates to:[284]

1. *Plan Performance*. Define job responsibilities and expectations, and set goals or objectives for a performance period.

2. *Coach/Manage*. Offer feedback, support, and reinforce development throughout the performance period.

3. *Appraise Performance*. Formally evaluate performance at the end of the performance period.

In recent years, the emphasis in PMS has been on "*performance*", in other words the "what" of behavior. The focus has been on the specific quantitative monetary, productivity, or quality results achieved in the recent *past*. *Rewards* (performance-based bonuses, merit awards) are emphasized.[285]

Today, many organizations are more interested in future-oriented, development-focused appraisal and qualitative assessment. This means that the "*how*" of performance has been emphasized which refers to the management and appraisal of *competence*. A competency approach brings a different perspective to performance management such that performance is considered in terms of the process competencies employees use to achieve the job results.

A "mixed model" of performance management (PM) or a "total PM" approach that combines planning, management and appraisal of both peformance results and competency behaviors, is preferred by the organizations. Therefore mixed models assess and reward both performance and competence, in other words both what employees actually "delivered to the bottom line" and how they did it. The "how"

---

[284] Spencer, Spencer, **op.cit.**, p. 264.
[285] **Ibid.**, p. 266.

refers to the characteristics and behaviors they showed that predict superior performance in their present job or in future jobs.[286]

A competency-based appraisal system is no more difficult to implement than using models without competency. All appraisal systems include guidelines by which capabilities should be reviewed and evaluated during the performance discussion. Competency-based appraisal increases the likelyhood that appraisal discussions are clear, focus issues that directly relate to job performance, and achieve a balance between business objectives and how these objectives are achieved.[287]

The balance of performance and competencies in mixed models are shown in Table 3.10. For instance in a line job, 90 percent weight may be given to achievement of performance results and 10 percent weight may be given to demonstration of competency behaviors. At the other extreme, in a service position competencies may weight 100 percent. Performance objectives for a staff job might give equal to results and demonstration of competency behaviors.[288]

In most mixed models, achievement of performance results is quantified, past oriented, and tied to unit goals, based on a short term and used to make compensation decisions. On the other hand, the competency portion is more qualitative, future-oriented, measure the "how" of performance results and used for employee development and career path planning.[289]

[286] **Ibid**.
[287] Lucia, Lepsinger, **op.cit.**, p. 131-132.
[288] Spencer, Spencer, **op.cit.**, p. 266.
[289] **Ibid**.

Table 3.10 Performance-Based and Competence-Based Appraisal Approaches

PERFORMANCE ("pay for results") (50%-90%)	COMPETENCIES ("pay for skill") (10%-50%)
• "**What**" of performance	• "**How**" of performance
• **Quantitative**: Tied to unit goals	• **More** qualitative
• **Short time frame**: One year, past performance	• **Longer time frame**: Future performance in present and future jobs
• **Reward oriented**	• **Development** (behavior change) **oriented**

Source: Lyle M. Spencer, Signe M. Spencer, **Competence At Work: Models for Superior Performance**, John Wiley & Sons, New York, 1993, p.266.

There are many reasons to have a performance management process both from an organizational and individual point of view. From an organizational point of view these include:[290]

- Managing poor performance (identiying training and development needs for the current role)
- Motivating staff (setting challenging and stretching objectives and providing positive feedback)
- Rewarding good performance (either through pay or some other rewards)
- Reinforcing stated organizational values and culture
- Identifying training and development needs for future roles
- Succession planning (identifying individuals capable of moving to other jobs in the future)
- Auditing (finding out what strenghts and development needs exist in the organization)

From an individual's point of view they include:[291]

- Identifying how well the individual is performing in his or her job or role
- Identifying training and development needs for the current role
- Rating performance for reward

---

[290] Whiddett, Hollyforde, **op.cit.**, p. 92-93.
[291] **Ibid.**, p. 93.

- Identifying potential to move to another role.

In summary, performance reviews focus on the following purposes:

- Establishing levels of performance
- Identifying needs for performance improvement
- Identifying development potential for succession
- Discussing career interests/direction.

Competency-based performance management is the most common application among all human resource systems.[292]

3.3.1 The Indicators of a Need for Competency-Based Performance Management System

The following indicates a need for competency-based performance management system:[293]

Unequal or Unfair Job Performance Standards. Job performance standards and appraisal criteria are seen as unequal or unfair because;

- Employees may have little input into the performance goals set for them,
- There is inequality in equivalent jobs in terms of the level of performance to receive a good evaluation or reward (for instance one group of employees are said to achieve at a higher level than others in equivalent jobs),
- Regardless of the absolute level of their performance, employees are graded on a "bell curve" so that most workers are rated average or below average.
- Expected results are not under workers' control.

---

[292] American Compensation Association (ACA), Hay Group, Hewitt Associates LLC, Towers Perrin, William M. Mercer Inc., **loc.cit**.
[293] Spencer, Spencer, **op.cit.**, p. 267.

Bureaucratic and Too Much Paper Work. Performance appraisal is seen by managers and employees as a bureaucratic "paperwork" exercise that they do not take seriously because it has little impact on employee performance or development.

Does Not Help Skill or Career Development. Employees think that PMS does not address their questions about skills development or career advancement.

Little Impact on Management. The performance management system is seen as having little impact on actual management. It does not lead managers to do their jobs better or to develop, provide feedback to their employees.

Not Aligned with Company Strategy. The performance management system does not reflect or reinforce the organization's strategy because it fails to focus employee behavior on strategic priorities such as quality or service.

Giving High Ratings. Performance ratings are inflated. For instance if 95 percent of employees is rated "4 (very good)" on a scale of 1 to 5, employee ratings are not of any use for promotion decisions or succession planning.

"Mixed Model" performance plus competency PMS are particularly appropriate for:

Uncertain Environments. In uncertain and rapidly changing environments where results are not under employee control, hard results objectives are often rendered irrelevant by external events, evaluation must be based on whether employees demonstrated the right behaviors. The less control they have over results, the most performance should be based on expression of competencies.

Qualitative/Process Service Jobs. If there are no measurable outcomes in a job, qualitative skills meaning competencies are the best indicators of employee performance. The more subjective the output, the more it is important to appraise competency behaviors.

Self-Managing Teams. The more important team performance is, as opposed to individual performance the more important it is to appraise teamwork and cooperation behaviors of individual workers.

Jobs Intended for Development of Future Performance. The appraisal should be based on demonstrations of improved competencies, when the job or organization's objectives for employees stress development of skills.

Changing Organizational Strategy, Focus or Markets. In changing environments and organizations, employees' potential to contribute to the firm in the future may be more important than their past performance. In this case, the PMS should stress development and appraisal of competencies.

3.3.2   The Contributions of Competencies To Performance Management System

The main contributions of competencies to performance management system is explained as follows:[294]

Identifying factors relevant to performance in the job. Specific and measurable targets and otucomes are one type of job-performance measure. They are measurable indications of a job-holder's progress towards fulfilling the purpose of the job. However, today performance is not only seen as "what" an employee achieves but seen also to be about "how" the job is carried out. Therefore in many organizations performance is reviewed both from "what" is achieved and "how" it is achieved. This helps implementers avoid narrow views of performance and underestimation of factors relating to job performance. A lot more information is available to review performance.

So, "the achievement of objectives" and "behavioral performance" are the two areas that performance can be summarized. Behavioral performance information can be

---

[294] Whiddett, Hollyforde, **op.cit.**, p. 94-120.

collected using direct evidence of competency, ratings of competency or feedback on competency observed by those close to the job. At this stage in the process, competencies can provide a structure for collecting evidence of behavioral performance. So it is necessary to identify competencies and levels of competency that are required in the job being reviewed.

Collecting information on performance. Competencies help collect information on performance of the employee. There are three basic forms that information can be collected which vary acoording to the availability of performance information and purpose of the review. The first form is *ratings of performance* that is used by many organizations. This is useful when an overall performance rating needs to be achieved such as for pay reviews. The second form used is *comments on performance* where the purpose is to increase an individual's understanding of how he or she is perceived by others. The third form is called *examples of performance* which is required when the individual is new to a role and is asked to provide examples of outputs from his or her assignments.

Other ways of collecting evidence of competency performance are to use assessment and development centre process(ADC), records of achievement, assignments or questionnaire. In questionnaires "360-degree" or "multi-rater" process can be used where feedback is provided by those individuals (manager, peers, subordinates, customers, etc.) with whom the job-holder's job requires regular interaction.

Organizing the information. After collecting the information through various techniques, the information should be organized into meaningful results. In questionnaires, score or ratings should be combined and analyzed; in records of achievements or assignments, they are rated against competencies before they are discussed. Examples from ADCs are evaluated at the center by facilitators.

Discussing the information. The next step, is to discuss the competency feedback information with the employee. Performance reviews which do not consider the personal and organizational factors the individual is subject to, tend to place too

much responsibility for performance on the individual. The importance of these factors can be recognized and considered only once behavioral competencies and output performance have been established.

Agreeing outcomes. Competencies also provide a useful structure for feeding back or discussing behavioral performance. It should not be forgotten that the purpose of the feedback is to ascertain the level of individual's performance, to arrive at the overall view of performance which leads to some form of action such as development plan or pay adjustment.

In brief, reviews that focus on limited information do not produce a fair view of overall performance. In order for a performance review to be effective, it must focus on what an individual does (outputs); how he or she does it (behavior/competency), and the personal and organizational factors that may influence these things.

3.3.3 Steps in Developing Competency-Based Performance Management System

The following steps should be completed in developing a competency-based performance management system:[295] [296]

1. Identify Competencies and Relevant Behaviors Required For Superior Performance

These are the competencies needed to implement a desired strategic change. What is wrong in many performance systems is the lack of sufficient information for appraisers to effectively and accurately monitor and evaluate performance such that the measurement of *what* has been accomplished is emphasized with little attention to *how* it has been accomplished. Competency-based performance management

---

[295] Spencer, Spencer, **op.cit.**, p. 268-270.
[296] Lucia, Lepsinger, **op.cit.**, p. 132-136.

addresses this by providing specific behavior examples against which to measure performance ensuring that both the *what* and *how* are evaluated.

2. Develop A "Mixed Model" Performance Management System

For assessing both performance results and competency behaviors that predict performance in the job, a "mixed model" performance management system is developed

3. Train Managers And Employees In Performance Management

Performance coaching involves:

a. Agreement between manager and employee on his or her actual levels of competence. "360 degree" ratings by colleagues that the employee has close relationship with (i.e. by his or her boss, and a sample of peers, subordinates, and customer who know the employee's work well) helps the easiest and subjective assessment on the employee's competency levels. The average of these ratings is compared with the employee's self-assessment of his or her competencies.

b. The employee identifying the "desired" levels of competence he or she wants to develop to meet his or her own performance or career advancement goals.

c. Agreement on a "contract" between employee and manager on,

- The employee's competency development goals and the action steps he or she will take to attain them,
- The help and support the manager will give the employee.

This coaching appraoch uses the principles of "self-directed change" theory, which holds that adults change on when they,
- Feel it is in their own best interests to do so
- Feel dissatisfied with their existing situation or actual level of performance.
- Are clear about a desired situation or level of performance

- Are clear about action steps they can take to move from the actual to the desired situation or level of performance

With competency-based performance management system, the focus of appraisal has been shifted from organization results achieved to employee behaviors and competencies demonstrated. The inclusion of competencies to performance management system has important implications for management. The most important factor in implementing a competency-based performance management system is training managers to provide this coaching and development assistance. Managers commit themselves to provide employees with formal training, coaching, and other competency development activities during the performance period so that employees understand the PMS works, what their role is, how to assess themselves.[297]

3.4 COMPETENCY-BASED CAREER PLANNING SYSTEM

Career planning is defined as "a continuous process that requires the organization to plan the promotions and other improvement alternatives of an employee in line with his or her knowledge, skills, abilities, desires and objectives and identify the ways for the employee to attain these career objectives."[298]

Competency-based career planning system refers to "the continual process of identifying the competency requirements for *jobs*, assess candidate competencies, evaluate job-person matches and selecting competent employees ready to move into jobs in the organization when the jobs become vacant ." Career path "progression maps" identify "feeder" jobs for lateral or higher level "target" positions within a job family or across job families. [299]

[297] Spencer, Spencer, **op.cit.**, p.270.
[298] Zeyyat Sabuncuoğlu, **Personel Yönetimi**, Rida Ofset, Bursa, 1994.
[299] Spencer, Spencer, **op.cit.**, p.276.

Succession planning is defined as "an ongoing system of selecting competent employees ready to move into *critical key jobs* in the organization when the jobs become vacant." Ren Nardoni makes a similar definition of succession planning:[300] "Succession planning is the process of developing key organizational people through a process that identifies candidates and tracks their potential."

Job-person matches are made between existing employees and future jobs they might assume. Traditionally, these future jobs were usually higher level positions. In the current environment of downsizing and rapid organizational change, succession planning may be for key jobs above, at the same level or even below the job an employee occupies. Increasingly succession planning is for lateral job moves i.e. to a different function, project team or geography.[301]

Similarly Nardoni argues *succession planning* was a narrowly focused program previously that covered only a small percentage of senior executives and a few key positions, today succession planning has gone *global* in the organizations. Faced with the challenge of upgrading employee skills, talents, and leadership capabilities enterprisewide, companies are using modern technology to support a broadly expanded succession planning process. The planning process now covers *all or most employees, positions* in all functions and wherever the company does business and many developmental activities all defined by the human resources competencies the company needs to succeed in today and in the years ahead. [302]

Succession planning is regarded in this section as covering all or most of the employees, positions in the organization, therefore can be used interchangeably with *career planning*.

---

[300] Ren Nardoni, "Competency-Based Succession Planning", "**Information Systems Management**", 1997, Vol. 14, Issue. 4, p.60-63.
[301] Spencer, Spencer, **loc.cit.**
[302] Nardoni, **loc.cit**.

Competency-based succession planning/career planning systems unify corporate and individual objectives in human resources (HR) development and the following key objectives are targeted in today's business environment:[303]

For employees, the system provides up-to-date information on a company's current and future needs, the development activities required to achieve needed competencies.

For employers, the system permits human resources development that coincides with strategic plans, the creation and management of development programs that are sharply focused on the needed HR competencies, and a process that supports the development of people already in place in an era of fewer promotions and fewer stepping stones to the top.

Today, competency-based succession planning systems are enabled by technology that permits the integration and use of data files on the three main components of succession planning: people, positions, and development activities.[304]

The usual criteria for a successful succession planning planning system include;[305]

1. One or two well-qualified internal candidates are identified as ready to assume any key job when it becomes vacant.
2. A record of successful promotions (or other job placements).
3. Few superior performers leave the organization because of "lack of opportunity."

Jobs at an given level are called feeder positions for higher levels on the job ladder and for lateral move to positions in other job families. A competency-based career planning system assesses how many employees in which feeder jobs, have or have the potential to develop the competencies to perform well in key target jobs.

---

[303] **Ibid**.
[304] **Ibid**.
[305] Spencer, Spencer, **loc.cit**.

There are two ways of doing this:[306] [307]

a. **Competency Comparison:** In this step the competencies of people in feeder job with the competency requirements of the target job are compared. The individual competencies and competencies required for the job are placed a job-person fit profile so that it can decided which position the person is a good match for.

b. "**Weighted Absolute Difference** "and "**Profile Comparison" Methods:**

Either method can be used to calculate a percentage or correlation statistic showing the similarity or difference in competencies required by the two jobs.

The *Weighted Absolute Difference Method* calculates how much a person differs from the competency requirements of the job on each competency, and multiplies these differences by a weight based on the importance of each competency and sums the weighted differences for all competencies. The best candidate is the person with the lowest total difference from the competency requirements of the job. Table 3.11 illustrates a "weighted absolute difference" calculation for matching a technical professional with industrial chemist and oil refinery jobs. As seen from the table, it is also worth mentioning that, the weighted absolute difference method penalized a person for having more of any competence than job requires (see fourth job).

---

[306] **Ibid.**, p.277.
[307] **Ibid.**, p.255-257.

Table 3.11 Weighted Absolute Value Job-Person Match Analysis

Competency	Job required	Person Score	Difference	Weight	Weighted Absolute Value
FIRST JOB					
Achievement	90	95	5	3	15.0
Technical Expertise	90	80	-10	2	20.0
Cognitive	95	95	0	3	0
Influence	55	45	-10	1	10.0
Total	330				45.0
% MISTMATCH (weighted absolute value/job total)			13.6 %		
%FIT (1-% mismatch)			86.4 %		
FOURTH JOB					
Achievement	50	95	45	1	45.0
Technical Expertise	60	80	20	1	20.0
Cognitive	85	95	10	2	20.0
Influence	85	45	40	3	120.0
Total	280				205.0
% MISTMATCH (weighted absolute value/job total)			73.2 %		
%FIT (1-% mismatch)			26.8 %		

Source: Lyle M. Spencer, Signe M. Spencer, **Competence At Work: Models for Superior Performance**, John Wiley & Sons, Inc., New York, 1993, p.256.

The Profile Comparison method correlates the rank order of the competency requirements of a job (on the basis of "most important" to "least important"for performance) with the average rank order of a person's competencies (on the basis of "most" descriptive to "least descriptive"). The best candidates is the person with the highest job-person rank order correlation. Table 3.12. shows the rank order correlations between the person and the two jobs (first job rank and fourth job rank). The person is clearly a better match for the first job rank which has a higher correlation coefficient (.85).[308]

---

[308] **Ibid.**, p.257.

Table 3.12 Profile Comparison (Correlation*) Method Job-Person Match Analysis

Competency	Person Rank	First Job Rank	Fourth Job Rank
Achievement	1.5	2.5	4
Technical Expertise	3	2.5	3
Cognitive	1.5	1	2
Influence	4	4	1
Person-Job Rank Order Correlation		.85	-.55

Source: Lyle M. Spencer, Signe M. Spencer, **Competence At Work: Models for Superior Performance**, John Wiley & Sons, Inc., New York, 1993, p.257.

3.4.1. The Indicators of a Need for a Competency-Based Career Planning /Succession Planning System

The following issues indicate a need for competency-based career planning/succession planning systems:[309]

Poor Promotion or Placement Outcomes. The company may have an experience that too many people promoted or transferred to new responsibilities or positions fail or quit. For instance, a sales person can bet promoted to a sales manager position but then he or she is found to lack essential interpersonal understanding or influence skills.

Cutting of Middle Management or Downsizing. There may be a need to redeploy employees to marketing or line management jobs or managers back to individual contributor roles in the organization. "Lean and mean" organizations offer fewer vertical promotional or career path opportunities with the result that more career planning is lateral. For instance, in downsizing organizations, the important issue is to identify managers who have kept up with their technical and professional competencis so they are able to return to individual contributor roles.

---

[309] **Ibid.**, p.279.

Organizational Changes. Different competencies may be required of employees due to the organizational changes. Globalizing firms need employees with the competencies to function in different parts of the world. Privatizing firms should determine which government bureaucrats have enough achievement motivation to become entrepreneurs and business people. In stagnant firms, employees with innovative and entrepreneurial competencies are required to survive in markets with shorter product life cycles and fast moving foreign competitors. For downsizing firms, the management should properly decide which employees have the competencies to fill demanding "same amount of work with fewer people" jobs in the new, smaller organization.

Engaging in Mergers, Acquisitions and Reorganizations. Mergers, acquisitions and reorganizations require the surviving firm to decide which existing employees are needed for which jobs in the new structure. Merger efficiencies come from elimination of the double headcounts such as two marketing departments, two sales forces. Similar to downsizing organizations, the question of who stays and who is going to be dismissed is determined by which employees have the competencies to succeed in the firm's future jobs.

3.4.2   The Contributions of Competency-Based Career / Succession Planning System To Employees and Employers

The mechanization of succession planning information and processes on a system accessible to employees-either online or through computer-generated reports-provides the tool needed to address a central issue of human resources development today.

A competency-based succession planning system provides the climate needed to support a corporate culture where individual development flourishes.

The main contributions or benefits of competency-based succession planning/career planning system to *employees* is explained as follows:[310]

Receipt of up-to-date information by all employees. All employees must receive the same, up-to-date and accurate information about the company's current and future needs in HR skills and competencies.

Linkage of competencies with specific developmental activities. Competency-based succession/career planning system links competencies with the developmental activities which helps employees learn what they need to do in development to be a part of the company's future plans or make themselves more valuable in tomorrow's workforce.

Access to development activities. Online or using computer-generated applications, employees have direct access to course enrollments, job openings- tuition reimbursement plans, CBT (computer-based training) programs, or other developmental activities of their choice.

Access to individual development profiles. By being able to assess their individual development profiles at any time, employees know where they stand in their own progress and are reminded of their strengths and development needs, appraisal results and personal objectives. Access to the profiles also provides the opportunity to enter self-assessment and changes to personal development plans.

The main contributions or benefits of competency-based succession planning/career planning system to *employers* is explained as follows:[311]

Providing information needed for planning and development. A system that identifies human resources by their competencies (skills, talents, knowledge, and

---

[310] Nardoni, **loc.cit**.
[311] **Ibid**.

other capabilities needed by the company to achieve business objectives) provides the information necessary for human resources planning and development.

Linking development activities to operational and strategic objectives. Competency-based succession planning / career planning systems provide development activities be created and implemented based on operational and strategic objectives. The company's development activities for human resources focus on the critical needs dictated by business plans which helps great savings in the training and development budget.

Providing a solution to the problem of motivating employees to pursue in-house career tracks. Competency-based management development offers a solution to the problem of motivating career-minded employee to pursue individual development.

Streamlining the task of filling key positions. The system helps company know that at any given time who's ready to fill an opening or be considered for a key position that requires specific skills or competencies. This is especially important in today's information age, when major firms have hundred or thousands of such positions and any delays caused by the time required to fill them can result heavy damage on the business.

3.4.3 Steps in Developing Competency-Based Career Planning /Succession Planning System

The following steps should be completed in developing a competency-based performance management system:[312]

---

[312] Spencer, Spencer, **op.cit.**, p.279-281.

1. Identify Jobs

Identifying jobs in the organization's structure or the structure it wants for the future usually includes identifying the firm's strategy, its critical value-added jobs and key feeder jobs to these target jobs.

2. Develop Competency Models For Target And Feeder Jobs

This step involves the development of competency models for each of the several steps in a job family ladder. BEIs can be conducted with superior performers and average performers at each level and analyzed to identify competencies required for a superior performance at the level and also to pinpoint how the competencies change or grow as an employee advances up the ladder.

Competency models have two applications in career planning systems. First they may be used as the basis for assessing and identifying high-potential employees. They provide easiness to look at the current pool of employees and determine the one who have the potential to fill key positions in the future. Second, the models help ensure that candidates who have the potential to fill more senior positions in the future are hired.

3. Assess Candidate Performance Against Competencies for Target Jobs

Similar to the competency-based selection process, the main substeps are identifying cost-effective assessment methods and training assessors to evaluate candidates for (and incumbents in) target jobs. Assessment for career planning can require considerable resources. Each level down an organization goes in assessing people in feeder jobs increases the population to be assessed. For example if span of control is seven employees in a feeder job to each high level job, one level down requires 7 assessments, two levels 7x7= 49 assessments, and three levels 7x7x7=343 assessments.

Although some succession planning systems hide the identity of high-potential managers a closely guarded company secret, the best systems should communicate to a candidate what he or she must do to an effective contributor to the organization. These systems must also clarify what this means in terms of development (shared responsibility and personal commitment) and the individual'a future career (no guarantee of promotion: career advances are earned based on performance results and organizational needs.)

4. Make Decisions About Job Incumbents And Candidates

Job incumbents are evaluated based on their competencies to do their jobs and based on their potential to go higher in the future. People are usually classified as;

a. *Promotable*, either:
　1. Ready now, or
　2. Developable (may be ready in the future if they meet specific competency requirements to the level required by the future jobs for which they are candidates.)
b. *Not promotable*:
　1. Competent in their current job and / or,
　2. Have potential to transfer laterally to some other job
c. *Not competent* in their current job and not a fit with other jobs in the organization as it will be in the future. These people are candidates for early retirement or outplacement.

If as a result, there is no one promotable or developable for the considered jobs, the only alternative is to recruit new hires with needed competencies.

5. Develop a Human Resource Management Information System

Succession planning or career planning for more than a few positions requires a computerized human resource information system to keep track of the competency

requirements of all jobs, competencies of these people assessed, and evaluation of possible job-person matches.

6. Alignment Among All Human Resource Management Systems

Succession planning/career planning system is unique among human resource management processes in that it depends a great deal on the quality of input from other HRM systems. The best succession planning/career planning system can not succeed if the selection, training and develeopment and appraisal systems all do not work effectively. These systems should be designed to ensure that those candidates who have the required capability or potential are hired, their ability is enhanced, and their potential is nurtured through learning experiences, coaching, and feedback.

3.5   COMPETENCY-BASED COMPENSATION MANAGEMENT SYSTEM

"*Compensation*" refers to the financial rewards individuals receive for their work and "*grading*" refers to structures which distinguish between jobs on the basis of perceived value to the business, it is perceived value which a job adds to the organization. Compensation is linked to the performance of the employees. Most often, pay and grading are linked when job grades set the limits for the rewards available to an employee. The reward structure is overlaid on the grading structure, indicating the range of reward for ranges of job grades. The job grading structure is therefore the basic rationale for the distribution of the pay budget and the employee's performance determines what pay he or she will receive within the grade limits.[313]

Compensation management refers to the methods used to set fixed and variable pay for the jobs in the organization. These methods can be arrayed on a continuum from unstructured to highly structured:[314]

- *Unstructured "Free Market" Nonystems*. All compensation is set by one-off negotiations between employer and employee. "Free market" pay negotiations

---

[313] Whiddett, Hollyforde, **op.cit.**, p.155-156.
[314] Spencer, Spencer, **op.cit.**, p.304-305.

are often found in "star" occupations such as professional sports, and investment banking.

- *Whole Job Ranking and Paired Comparison Systems*. Jobs are ranked on their difficulty or importance to the organization, and employees in "harder, more valuable" jobs receive higher pay.

- *Classification Systems*. Jobs are rigidly classified, and the people holding them are paid by level and grades within the level.

- *Highly Structured Factor Comparison Systems*. Jobs are analyzed in terms of their knowledge, and skill requirements, and the amount of responsibility or "accountability" employees in them assume. Knowledge, skill and accountaibility factors are measured on specific scales, with each scale level worth a certain number of job measurement points. The sum of these factor points gives a point total for the job. The points totals for all jobs in an orgaization are related to pay by multiple linear regression statistics.

From the employee's point of view the reward structures within a job grade represent earning potential and job performance reflects current reward. When competencies are included in performance reviews and job grading, the expectations should therefore be that ratings of competency will have a direct influence on an individual's earnings. Where there is a direct link between competency ratings and the financial reward an individual receives, this is called "***competency-based compensation***".[315]

The factors influencing the pay policy and structure differentiates depending on what system that organization has put in place. However, general factors influencing the pay policy are;[316]

- The contribution of the individual
- The value of the individual to the organization
- The scarcity of potential job-holders
- Time spent in the company and job
- The cost of living

---

[315] Whiddett, Hollyforde, **op.cit.**, p.156.
[316] **Ibid.**, p.158.

- The financial position of the company

- Other benefits, bonuses, incentives to make up an overall remuneration package

- The frequency of pay reviews

- How quickly changes may be neede to respond to market pressures

- Agreements with unions, staff associations, etc.

- Legal restrictions

The factors that influence the grading policy and structure are likely to include:[317]

- The contribution of work outputs to the organization

- The organizational structure

- The organization's size

- External benchmarking

- The job evaluation system / policy.

Competency-based compensation is compensation for individual characteristics, for skills or competencies over and above the pay a job or organizational role itself commands. Individual characteristics that merit higher pay may be demongraphic factors (seniority, minority status), or competencies (experience, potential, creativity, entrepreneurial initiative, loyalty, institutional memory, mobility or fluency in other languages).[318]

However, competency-based compensation is the least common application among all human resource systems. It is considered as an application that is usually established after other competency-based HR systems are in use.[319]

---

[317] **Ibid.**, p.159.
[318] Spencer, Spencer, **op.cit.**, p.305.
[319] American Compensation Association (ACA), Hay Group, Hewitt Associates LLC, Towers Perrin, William M. Mercer Inc., **loc.cit**.

3.5.1 The Indicators of a Need for a Competency-Based Compensation Management System

The following issues indicate a need for competency-based compensation management systems:[320]

Inability to Attract "Good" Employees. If the company is unable to attract (i.e. more competent than average) employees, it may require a need for competency-based compensation.

The Wrong Perception of Competency-Based Pay by Employees. The perception that people with certain competencies add more value to the firm than those without them in identical jobs may necessiate a need for competency-based compensation. (the person "worth as many people as languages he or she speaks).

Job-Based Pay not Fitting to the Changing Environments. The perception that job-based pay systems are inappropriate when change is so fast that the very concept of a stable job may have lost its meaning. The value added to the firm is a function of the individual's competencies rather than a hard-to-define position.

Motivating employees having potential future value. There may be a need for incentives to motivate employees to maintain and enhance state-of-the-art skills. Especially when an employee's development and potential future value are worth more than his or her present position or performance.

Avoiding the Negatives a Traditional Job Evaluation System Brings. A traditional job evaluation system may appear to reward "empire building" with the very things the firm is trying to avoid: managing many employees, big budgets, or large asset bases because these are worth more "accountability" factor points that can justify higher pay.

---

[320] **Ibid.**, p.305-306.

The need to justify compensation of knowledge workers who do not manage many people or assets. An employee may not have many people to manage in his position but he or she may be the only person who knows the job he or she occupies very well. Therefore, the organization should regulate his or her pay in order to maintain motivation and to retain him or her.

The Perception That Highly Structured Compensation Systems Promote Bureaucracy. Rigid hierarchies, narrow job descriptions, and restrictive job classifications, which reduce organizational flexibility, and are incompatible with the "flat" structures and "empowered" employees organizations are moving to in the future.

The Perception That Job-Based Pay Systems Treat Employees as "Commodities". Instead of valuing individual differences, job-based pay systems may be seen as inhibiting employee initiative and creativity. Advocates of competency-based pay place a higher value and reward individual development as well as competencies such as willingness to collaborate in teams and flexible attitudes toward change.

3.5.2 The Contributions of Competencies To Compensation Management System

The main contributions of competencies to compensation management system is explained as follows:[321]

Help identify which grade a certain job belongs to. Although some job evaluation systems have included competency-like factors, such as "decision-making" very few incorporate competency framework directly into their equations for establishing the relative worth of a job. Where competencies have been brought into pay and grading, the most common application appears to be in setting pay bands.

---

[321] Whiddett, Hollyforde, **op.cit.**, p.159-160.

Each of the compensation methods, mentioned above, "unstructured freemarket nonsystems, whole job ranking and paired comparison systems or highly structured factor comparison system, requires a valuation of what is important to the organization. In other words, the features of a job that make it worth more or less than other jobs can be, the size of the budget controlled, complexity of the decisions made by the employee, number of staff manager, knowledge required to do the job, etc. Actually those features refer to outputs, the result of tasks, the "*what*" of the job. Some organizations are now introducing inputs, the "*how*" of the job into job evaluation and grading and this is where competencies start to have a role.

In an integrated competency-based HR approach, it makes sense to include the factors that are considered in recruitment, training, development and performance management into the job evaluation and grading system. This is not a straightforward process because grading is about jobs rather than performance. If a competency framework exists for that organization, it seems reasonable for establishing a relationship between competency level required to do the job and the job level within the organization. However, although there may be a relationship between the job level and the competency level required to undertake that job, it is unlikely to be appropriate to use competency levels to set grading structures. The reason for that is the competency framework is designed to show different levels, within each competency or behavior. Some competencies may have a different number of levels from another or the same job may require a different level of each competency.

Therefore, a better use of competency frameworks is to *overlay the competency profiles for each job on the grading system*. This is then used to link the results from assessment process (such as performance reviews) with the level of pay an individual should receive. The decision of where to position the pay of an employee is based on the achievement of certain levels of competency. For instance, the job may require a competency at level 2. Employee who have not reached that level of competency may be paid differently from those who have.

When competencies become a feature of job evaluation system, competency frameworks could help in the collection of data. This can be by providing a structure

to elicit information about each job's requirements. If the jobs already have competency profiles, the behaviors of the competencies can be used to structure questionnaires or interviews. For example a job requiring a competency of "achieving results" might result in questions to employees such as "how would someone in this job estimate resources to achieve plans?" etc. It should be paid attention that the information is being gathered about the job not about the person in the job. Once jobs are evaluated, they have to be matched against an agreed grading system. The grading systems vary from one organization to the other. Grading systems can be based on;

- Straightforward hierarchies – i.e. grades 1-10 with 1 the most junior and 10 the most senior.
- Various types of job- i.e. management, technical, clerical, executive
- Levels within grades – i.e. four different levels within each grade, so a job might be Grade 1 but there might be a trainee, expert and coach level.
- Roles – i.e. researchers, consultants, senior consultants, and partners in a professional organization.

Organizations may have a number of different grading sytems in place to take account of different needs within different parts of the business.
Having agreed on a grading system, it is used to set pay. There are various methods for setting pay against grading. These include systems where basic pay is;

- Set very precisely against each level/grade –i.e. every person on the same level/grade will earn the same basic pay
- Set as a range between minimum and maximum –i.e. people on the same level/grade could be on different salaries, but not less than the minimum or more than the maximum.
- Not to set any limits – i.e. negotiated with the employee based on what they can bring to the organization.

The grading system is unlikely to change unless there is an organizational change however, pay levels may change.

Very few organizations are using competencies alone to evaluate jobs and create grading structures. In most cases, the contribution that competencies make to these activities is in providing additional information to create a more rounded picture of a job than concentrating only on what outputs are produced. If competencies are used in other people-management activities, the message is that these behaviors are valued. If job evaluation is about measuring the elements of a job which an organization values, it makes sense to include competencies in that process.

Determining how much pay, within a set band, an individual should receive for the job he or she does. There are various component parts to "pay" which include basic pay, commission, bonuses, profit-sharing, allowances. Many of these will be linked either to length of service or to the grade or role an employee occupies. Other elements of pay are often linked to performance of an individual (such as basic pay in performance related pay schemes or commission). Competency frameworks can contribute where pay is linked to performance. The main advantage of using competencies to set pay bands is that it should help to:

- *Link job performance to reward*. The outcomes of performance review or assessment are likely to be in the form of one or more ratings. This may be based on outputs (i.e. what has been achieved) or inputs (i.e. how it has been achieved) or a combination of both. Whatever rating approach is used there should be some link between the rating (i.e. performance of an individual) and the resulting pay decision and employees should know it. The link between performance reviews and compensation must also tie in with pay and grading policy. In communicating these policies, the competency framework should be referred to. This shows that the organization give importance to behavior in performance. If the people in an organization have access to the framework, there should be no secrets over how their performance links with their pay when it comes to competencies.

- *Make job value appear more open*. Many job evaluation systems are complex and job analysts should be trained in various techniques in order to understand and use them effectively. This can often make job analysis a bit of a mystery to most people in the organization. The advantage of using competency-based approach is that the competency framework is available for eveyone to see. So the competencies in someone's role/job profile are the ones that were not only used to recruit them, but also the ones that contribute to their job grade and will be part of his or her performance objectives. This still keeps other aspects of job evaluation system "hidden" but it is a step in the direction of openness.

- *Demonstrate a developmental progression for reward*. As mentioned some organizations overlay their competency framework on their grading structure to help decide on levels of pay. Obvsiously, each job may require a wide range of different competencies and the organization should decide which ones should directly be linked with pay. If achievement of a certain level of competency is rewarded, then the quesiton of over-achievement should be considered. The organization may pay employees who achieved higher competency levels than expected if the organization encourages a learning culture or a pool of talent is nurtured for succession planning reasons. In this case, the organization should decide;

  - How people can over-achieve,
  - Who is going to rate their performance,
  - What will happen if over-achievement equals levels of competency that are outside the pay limit for their grade.

When rewarding over-achievement of competency levels, there should be a balance which is between encouraging people to improve to meet whatever the objective of the policy is, and the danger of raising competency levels beyond that which is required in the short or medium term.

3.5.3   Steps in Developing a Competency-Based Compensation Management System

The following steps should be completed in developing a competency-based performance management system:[322]

1. Identify Key Factors

In this first step, job role requirements, person competencies that predict performance and performance results for each level in a job family are identified. Bases for compensation can be diagrammed on two axes, as shown in Figure 3.11. The first axis is "*individual to organization*" and the other is "*input to output*".

Figure.3.11   Compensation System Variables
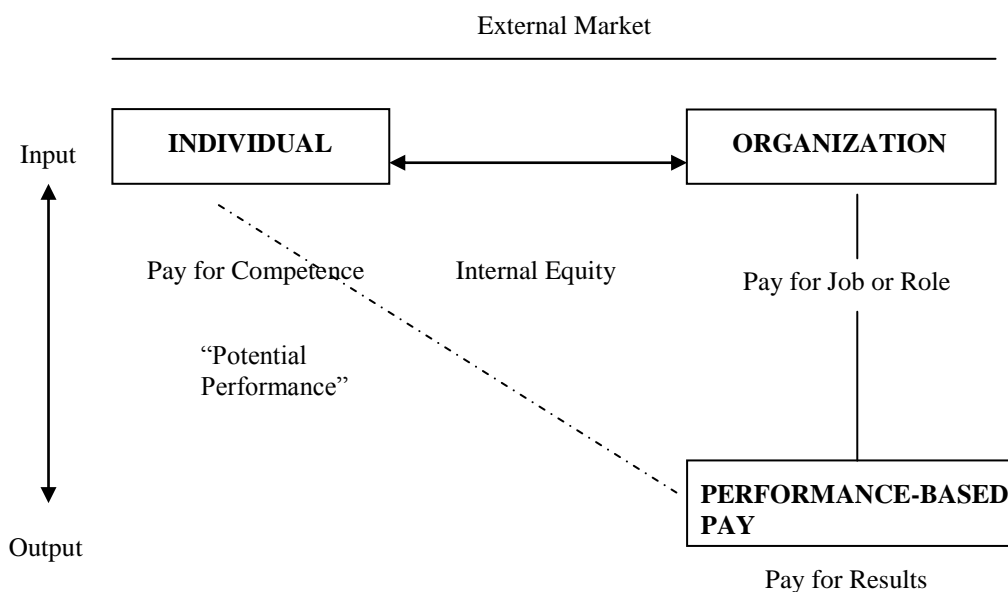
External Market

Input

| INDIANIDUAL | ⟷ | ORGANIZATION |

Pay for Competence   Internal Equity   Pay for Job or Role

"Potential
Performance"

PERFORMANCE-BASED
PAY

Output

Pay for Results

Source: Lyle M. Spencer, Signe M. Spencer, **Competence At Work:Models for Superior Performance**, John Wiley & Sons. Inc., New York, 1993, p.307.

Traditional compensation systems pay for an organizational job or role. In this case, organizational input requirements such as technical knowledge, problem solving, and accountability (number of people and dollar value of assets managed) are considered. Performance –based pay systems supplement base salary determined by

---

[322] Spencer, Spencer, **op.cit.**, p.306-311.

organizational role with additional pay for achieving organizational outputs which are actual performance results, economic benefits brought into the firm. There are also pure performance-based pay systems without any base salary such as piecework and full commission sales. Employees get paid only when they perform and in direct proportion to their sales, productivity. Competency-based pay systems pay for individual input characteristics, for the ability to add economic value to the firm at some future point in time.

Organizational job, performance and individual competency pay decisions are also influenced by external market and internal equity variables. Individual characteristics such as an MBA from a business school may have higher external market prices. Internal equity such as MBAs hired in previous years may limit the price a firm is willing to pay. The key to rational competency-based pay is the clarity about the dashed diagonal between individual competency inputs and organizational outputs shown in the Figure 3.11.

2. Determining Relative Percentage

The relative percentages of total compensation the organization wants to pay *for job role*, *person competencies* and *performance results* are decided. Competency-based pay systems usually include all three basic factors: base-pay based on organization job or role plus additional pay for competencies either brought to the job or acquired or demonstrated in it, plus pay for individual, team or organization performance results.

Fixed pay (salary) is set by base pay for the job plus additional pay based on competencies a person brings to the job that predict better than average performance. *Variable pay* can include additional compensation for competencies demonstrated on the job or acquired while in it. ("pay for skills"), and for actual performance by the person, his or her team, or profit sharing based on the organization's economic results. The components of pay are illustrated in Figure 3.12 below.

Figure 3.12 Job/Person Competencies, Results/Components of Pay
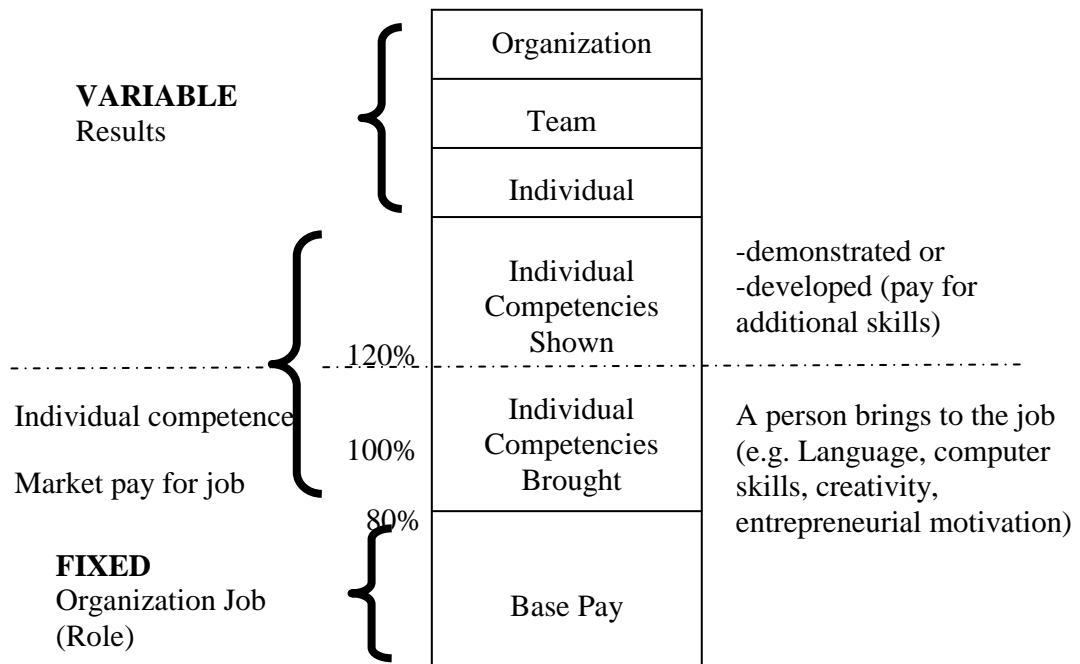
VARIABLE Results	Organization
	Team
	Individual
Individual competence	Individual Competencies Shown — 120%
Market pay for job	Individual Competencies Brought — 100% — 80%
FIXED Organization Job (Role)	Base Pay

-demonstrated or -developed (pay for additional skills)

A person brings to the job (e.g. Language, computer skills, creativity, entrepreneurial motivation)

Source: Lyle M. Spencer, Signe M. Spencer, **Competence At Work:Models for Superior Performance**, John Wiley & Sons. Inc., New York, 1993, p.311.

A general trend in compensation is to increase the variable pay components of pay for example, to put 20 to 100 percent of pay "at risk" conditional on demonstration of competence and results.

As a result, the key role that competencies play in these compensation and grading processes is to improve the completeness of information being used to grade jobs and allocate pay. Competencies are not the process itself, but become a factor in the process. Job evaluation and grading systems are the ones in which competencies are least likely to be used. Pay is often set within pay bands or at specific points on a scale against benchmarks which do not include the explicit consideration of competencies. Organizations that take an integrative approach to their competency framework need to ensure that the value they are placing on behaviors is supported through all of its people-management processes, including pay and grading.[323]

---

[323] Whiddett, Hollyforde, **op.cit.**, p.173.

3.6 INTEGRATED HUMAN RESOURCES MANAGEMENT INFORMATION SYSTEMS (IHRIMS)

An integrated human resource management information system (IHRMIS) is a database shared by all human resource functions that provides a "common language" and integrated all human resource services.[324]

3.6.1 The Indicators Of A Need For An Integrated Human Resources Information System

The main indicators of a need for an integrated human resources information system is as follows:[325]

- **Fragmentation**. In many organizations each human resources system or service is executed seperately from each other and therefore each can use confliciting languages and systems. For instance the set of characteristics used by recruiters may be different from performance appraisers and even another set of knowledge and skills may be trained by the training department.

- **Inefficient Use of Resources**. Fragmentation causes inefficient use of resources, such as duplicated computers, and data bases, duplicate staffs, and excessive head count.

- **Confusion and Conflicting Messages**. It is difficult and meaningless for managers and employees to learn these different languages and they become confused about what is really important.

---

[324] Spencer, Spencer, **op.cit.**, p.315.
[325] **Ibid.**, p.318.

3.6.2   Functions in an Integrated Human Resource Information System

An integrated human resource integration system includes:[326]

1. Organizational Chart. An organizational charting function creates a database record "file-folder" for each job in the firm. The firm's organization chart is updated instantly and is always current.

2. Job Description And Analysis. The system asks questions and lets users input data to develop job descriptions, competency model profiles of the requirements for jobs, and job-measurement points for compensation planning.
Job description: A computer-generated job description include:

a. Job title (identifying information; i.e. a job number referencing the job's level, numbering from the CEO down, or the lowest job level up, and the job family funcion or track)
b. Job content: Tasks and responsibilities
c. Job accountabilities: Performance standards or objectives and measures for the job.
d. Job measurement data: Used to set compensation for the job
e. Competency requirements: Definition of the skill and characteristics required for adequate and superior performance in the job.

Job Competency Requirements Analysis. A job competency analysis expert system asks a series of "branching" questions, for example "Does this job require dealing with people ?" A "yes" to this question triggers a series of additional questions. For example "Does this job involve cooperating in a team? Dealing with conflict? Influencing others?"etc. If the answers to these questions are "yes" then Interpersonal Understanding and Impact and Influence competencies are flagged as being required by the job. A "no" answer to the "dealing with people" question, eliminates many interpersonal skill-related questions and branches to the next core question. The system runs in this way.

---

[326] **Ibid.**, p. 316-318.

1. **People assessment.** A similar process can be used to assess employees or competencies. The system can ask questions about the extent to which a person demonstrates each of the competencies required by a given job. These question can be formatted as a "focused" behavioral event interview protocol or as a competency-based performance appraisal form.

The system records and evaluates data from all assessment methods and appraisal forms to develop (or update) individual competency profiles, which can be compared with competency requirements profiles for various jobs.

2. **Job-Person Matching.** An expert system built into the integrated human resource information system can also be used to assess the match between a given job's competency requirements and an individual competencies. A user can give the computer a list of individuals and have the computer find the person(s) best macthes to a given job. The job-person matching system can also be used for selection, promotion decisions and succession planning.

3. **Development Advice.** The job-person matching system can also be used for development planning. The competency requirements for the job and employee's competencies are matched and the gaps are identified. The system can show any gap in the competencies and advice the employee to develop this competency through in-class or on-the-job training, etc.

4. **Training Needs Assessment**. The levels of competencies in a multiple-employee job such as sales people are examined in the employee competence data base and these data can bse used fo training needs assesment (i.e. necessary training should be given to sales people who are not at the desired level of competency.)

5. *Development and Career Path Manager*. An IHRMIS can track employee progress against development and career advancement plans.

6. **Administration**. IHRMISs can provide help in administrative issues, record keeping, program management, reports-generation, and competency-based training.

Similarly, Michael Zwell argued that internet applications can make it significantly easier to administer a selection process, create job descriptions effectively, complete appraisals on-line, track self-progress and development on goals, succession planning and high potential tracking.[327]

3.6.3   The Benefits of an Integrated Human Resources Information System

Enabling competency and human resources applications through technology is receiving much attention. Many companies envision on-line delivery of human capital programs (e.g.i Internet, Intranet, Extranet) as a future competitive advantage. The most frequently used technology applications were either relatively "passive" one-way communications (e.g., job descriptions and postings) or selective, interventions such as completing appraisals on-line, providing access to training based on competencies. Technology was infrequently applied for more dynamicm strategic uses such as development planning, career pathing, succession planning or strategic HR planning.[328]

A survey conducted by Schoonover Associates, Inc., Arthur Andersen and The Society for Human Resource Management (SHRM) on over 300 organizations in US demonstrates that the following capabilities are expected by the users in their technology support (in order importance):[329]

- Ease of use
- Access to data
- Security of data
- Flexibility of reporting

---

[327] Zwell, **op.cit.**, p.323-326.
[328] Schoonover, **loc.cit**.
[329] **Ibid**.

Low Cost, Quality of Reporting, sophistication of data analysis, decentralized access and web-based are the other capabilities mentioned by some of the organizations.

As Michael Zwell, mentioned the process of centralizing data across an entire organization is now simple, no matter where employees and offices are located. It is possible to integrate all of the applications into one updates, easy-to-use system for virtually every HR application. Human resources professionals can now focus on the functions that create true value for the organization.[330]

3.6.4 The Challenges to Integrated Human Resources Information System on the Internet

The main problem with using the IHRMIS on the Internet is not related the Internet but rather to people's resistance in using computers in general. The resistance can be categorized as follows:[331]

Learning difficulties. A significant proportion of the employee population has difficulty learning and when they do not recognize it, they try to find other reasons to avoid using the new application.

Emotional resistance to change and doing things differenlty. Internet and e-mail is a new way of communicating and employees may be comfortable with keep up with their old way of communicating.

Emotional resistance to electronic processes. Some people have a particular resistance to computers. Therefore learning a complex system is upsetting for many people.

---

[330] Zwell, **op.cit.**, p. 323.
[331] **Ibid.**, p. 328-329.

In addition to the people factor, the Internet may not be a perfect solutişon for managing and administering HR applications which run slowly than client-server applications. Fear of security is sometimes another concern.

As a result, whatever the cause of resistance, organizations should develop training programs that consider these issues so if th systems are actually easy to use and save time and improve organizational process and productivity then these new systems will be used.[332]

---

[332] **Ibid.**, p.329.

PART IV

IMPLEMENTATION OF COMPETENCY-BASED HUMAN RESOURCE MANAGEMENT SYSTEMS: CASE STUDIES OF A MULTINATIONAL COMPANY IN FMCG INDUSTRY AND A HUMAN RESOURCE SERVICE COMPANY

In this part, a national company in HR service industry and a multinational company in FMCG (Fast Moving Consumer Goods) industry are investigated. The objective of the case studies, information gathering used in the studies, limitations of the case studies, background of the companies, implementation of competency-based human resources management systems in the companies and conclusions drawn from the case studies will be discussed.

The main reason for choosing these two companies is that the HR Company is one of the well-established and well-known HR companies serving professionally to both the companies of the Group it belongs to and non-Group companies. It is considered to be a good example in terms of tracking and applying the best practices and know-how about human resources all over the world. The multinational Company in FMCG industry is chosen to represent the extent of multinational expertise and practices about the competency-based human resources applications, the decision of which originates from its International Head Office and also to reflect how the enterprise standardized and extended the practices to affiliates all over the world.

4.1 CASE STUDY ON THE IMPLEMENTATION OF COMPETENCY-BASED HUMAN RESOURCE MANAGEMENT SYSTEMS IN A MULTINATIONAL COMPANY IN FMCG INDUSTRY

The case study done with an affiliate of a multinational company in FMCG Industry operating in Turkey is comprehensively discussed below:

4.1.1 The Objective Of The Case Study

The main objective of this case study is to investigate;

- the organization and management's view on the concept of "competency" and its perceived importance
- indicators of needs for, and the objectives implementing competency-based human resources systems
- the contribution that competency approach has brought
- the methodological steps in developing competency-based human resource systems (selection, training and development, performance management, career management, compensation management) in the Company
- the challenges faced in executing competency-based HR applications, and the general and future evaluations of the Company.

4.1.2 Data Collection Of The Case Study

In the data collection process, a questionnaire of 102 questions including structured and unstructured types has been developed (See Appendix 1). The content of the questionnaire was composed of 5 main parts which are;

1. General Information About The Company
2. Situational Analysis of Human Resources Systems Before Establishing Competency-Based Implementations
3. The Development and Implementation of Competency Model
   3.1. The Scope of The Competency Model

In this exploratory case study, the data was collected through personal interview method using the questionnaire explained above. The topics that were going to be discussed during the meetings were dwelled upon as a pre-test before conducting face-to-face meetings.

A 2-hour meeting was conducted to complete the interview form by two Human Resources Executives simultaneously in the Company. Following the meetings, any missing or incomplete information was also gathered through telephone conversations and e-mail. Afterwards, the information gathered were compiled systematically within a case study framework.

It is also important to note that the given information by the executives and achieved results should be considered according to the indicators given in the questionnaire.

4.1.3 Limitations Of The Case Study

The Company has first been established in Turkey as an affiliate in 1993 belonging to CEMA (Central Europe and Middle East) Region within Company International. Since 1994, the Company has been using competency models and competency-based HR applications as being a part of the multinational organization. Therefore, one of the limitations of the case is that it is not possible to make a situational analysis of human resources management systems of the Company in Turkey before the establishment of competency-based HR applications. To gather that information and

make the analysis, an action should have been taken to communicate with the Region Head, the affiliate in Turkey is reporting to and this was not very feasible in terms of the time limits of the study and difficulties in reaching the accountables.

Another limitation of the case is that because it is part of a multinational organization, management in Turkey was not responsible for developing the competency model. Rather the methodology has been conducted by the Company International and having completed the model, it was announced to be implemented by all affiliates. Therefore the information with regard to the competency development methodology would only be achieved by communicating with an accountable department or employee(s) from the Company International. Considering the time limits of the study and difficulties in reaching the accountables, it was also not found to be very convenient.

Finally, the competency framework was allowed to be demonstrated in general, meaning that only the names of the competencies are presented within the framework. The definition of each competency and its behavioral indicators were not illustrated in the thesis for conforming to the confidentiality issues of the Company.

4.1.4 Information About The Case Company

In this section, the history and foundation of the Company, its mission, values and objectives and organization chart with business functions are discussed.

4.1.4.1 History and Foundation

Founded in the 19th century, the Company incorporated as a small establishment in New York City. In 1960, it remained the smallest among the six major companies in its industry in the U.S. By 1983, the Company USA had become the largest company in its related FMCG industry in the country, and it remains the industry leader today because it continues to build on and improve upon those attributes.

Company has grown into a worldwide organization. With its position in the United States firmly established, the Company USA decided to market its products around the world. In 1954 it set up in Australia and by the mid-1950s the Company International was launched. The head office of the Company International is currently based in Lausanne, Switzerland.

Since it was formed, Company International has worked hard to establish a presence in countries and territories around the world, including Central and South America as well as Japan. Between 1981 and 2001 production volumes grew from 249 billion to almost 700 billion. Operating income grew proportionately.

Today Company International alone employs over 40,000 people and is one of the largest companies in FMCG industry in the world outside the United States. It operates or own more than 50 factories around the world and sell products in over 160 markets.

But it was in the 1990s that the strictly controlled markets of Eastern Europe were thrown open to enterprise, and the Company International acquired controlling interests in several factories in Lithuania, Russia and Poland, while building new factories in cities such as Russia's St Petersburg and Almaty in Kazakhstan. Company International established its presence as an affiliate in Turkey in 1993. Affiliate in Turkey belongs to the CEMA region today.

Today, Company International's products represent almost 14% of the world's related FMCG market.

4.1.4.2 Mission and Values

Mission;
"Committed people; proud traditions; a great future."

Values;

The values of the Company have been examined to identify the extent of the alignment established between Company values and competencies. However, for confidentiality purposes it has been decided to give an overview about the values of the Company. According to this, the Company multinationally pursues values of;

- Integrity, Trust and Collaboration,
- Achievement Motive For Excellence And Superior Results,
- Creativity and Innovation,
- Encouraging The Diversity Of Employees.

4.1.4.3 The Organization Chart and Divisions

The organization chart of the Company affiliate in Turkey in terms of 6 head divisions is shown in Figure 4.1. The hierarchial levels within organization vary depending on the division. For example while the sales function has 7 hierarchial levels, the Human Resources function has only 5 levels. Therefore the Comapny pursues a leaner and meaner organization structure. The total number of employees currently working for the Company affiliate in Turkey is 1500.

Figure 4.13 Organization Chart of the Company in Turkey with main Divisions.

```
                                    ┌──────────────────┐
                                    │ Managing Director│
                                    └──────────────────┘
                                              │
  ┌──────────┬──────────┬──────────┬──────────┼──────────┬──────────┬──────────┐
┌────────┐ ┌────────┐ ┌────────┐ ┌────────┐ ┌────────┐ ┌────────┐ ┌────────┐ ┌────────┐
│Sales and│ │Marketing│ │Human    │ │Finance, │ │Corporate│ │Law     │ │Business │ │Operation│
│Distrib. │ │Director │ │Resources│ │ICS,     │ │Affairs  │ │Director│ │Develop. │ │s        │
│Director │ │         │ │Director │ │Director │ │Director │ │        │ │& Plan.  │ │Director │
└────────┘ └────────┘ └────────┘ └────────┘ └────────┘ └────────┘ │Director │ └────────┘
                                                                   └────────┘
```

Sales and Distribution Director | Marketing Director | Human Resources Director | Finance, ICS, Director | Corporate Affairs Director | Law Director | Business Development & Planning Director | Operations Director

194

4.1.5 Situational Analysis of Human Resources Management Systems Before Establishing Competency-Based Implementation

Making a situational analysis of human resources management systems of the Company in Turkey before the establishment of competency-based HR applications is not possible because since 1994, the establishment of the Company in Turkey, it has been using competency models and competency-based HR applications as being a part of the multinational organization.

4.1.6 Competency Modeling Process

The competency modeling process of the Company is explained comprehensively below:

4.1.6.1 The Development of the Competency Model

Until last year, Human Resources Management practices of each affiliate were operated specific to the region it was responsible for. Therefore, each affiliate responsible for its region was reporting to the Human Resources Division of the Region Head with regard to human resources applications. The competency modeling and competency-based human resources practices were used by affiliates in the past years. However, different affiliates were at different stages of the competency-based HR applications.

Currently, the policies and procedures have changed such that all the human resources practices of regions are united and standardized under the Company International Head's decision and control. Company International announces its standardized HR decisions, know-how and operations through Regions to countries. Therefore, the practices have been standardized for all regions and belonging affiliates. CEMA, that Company in Turkey belongs to, was the most developed region in terms of HR, as explained. When the standardization took place, competency-based HR applications in countries belonging to CEMA were shaped to be more simplistic to match with the applications in other regions.

As the other affiliates, Company, Turkey and its human resources processes are currently dependent on the International Division which announces its standardized HR decisions, know-how and operations through CEMA. Therefore, the concept of "competency" and "competency modeling" started to be applied in the same way with the establishment of the Company in Turkey so as to provide the standardization of human resources practices internationally. The competency-based HR applications has started by 1994.

It is also important to mention that, the book "Competence At Work" written by Lyle. M Spencer and Signe M. Spencer was the philosophy that inspired the Company International during the development of the competency model.

Therefore, the main indicator of a need for implementing a competency-based human resources management systems in Turkey office arised from the already applications multinationally. The transition was conducted internationally and thus was an inevitable one. Therefore, it is better to explain the indicator of a need for competency-based applications on an international basis.

The organization and management decided to make a transition to competency-based HR applications based on the belief that it would provide a contemporary and robust system to people management and align employee behavior with strategic direction of the Company as a whole. It would enhance the selection and hiring of effective candidates by examining competencies that have a strong correlation to high levels of performance on the job and by focusing on those candidates who have a strong potential. Secondly, organizational training and development needs would be met effectively, by focusing the employee and organization on the skills, knowledge and characteristics that affect job performance. So the organization's strategic direction would be supported.

4.1.6.1.1 Definition of the Competency Concept

The concept of competency has been defined by the organization as:

"A *collection of traits, knowledge, skills and behaviors necessary to perform a job effectively.*" The definition reflects the way Spencer and Spencer defined the competency as a composite of *motives*, *traits* (personal characteristics), *knowledge* and *skills*.

4.1.6.2 The Objectives of Developing Competency-Based Human Resource Management (HRM) Systems

The most important perceived objectives of competency modeling and competency-based HRM systems for the Company, hence Company International are explained as follows;

- To align behaviors with core values and objectives of the company
- To raise the bar of the competency levels of all employees, enhancing performance expectations.

Secondly important objectives are;

- To focus both on *what* gets accomplished and *how* results are accomplished (for supervisory and higher levels),
- To spport superior performance in critical jobs/roles,
- To provide an integrated vehicle for human resources management systems,
- To provide a career framework and success criteria by positions.

The other considered objectives are also to communicate generic leadership skills for critical roles (supervisory and higher levels), and develop specific roles.

According to the results of the study, the following objectives were realized in the organization since the beginning of the applications:

- Aligment of behaviors with core values of the company (for example, integrity and achievement orientation are very important in doing jobs which are also integrated into the values of the Company International. An employee should conduct his or her job within the established policies and procedures.)
- Raising the bar of the competency levels of all employees, enhancing performance expectations
- Focusing both on *what* gets accomplished and *how* results are accomplished (for supervisory and higher levels)
- Providing an integrated vehicle for human resources management systems
- Communicating generic leadership skills for supervisory and higher levels

The Approach In Developing Competency Model

The factors that the organization considered in developing competency model were;

- The vision, mission and strategies of the company
- Company culture and values
- Current job requirements
- Changing business and market conditions

Changing environments, markets and business focus may require a change in the strategies of a company. Therefore the business need in terms of the skills requirements for the superior people and the competency needs also change. Therefore while developing the competencies, the company focused on the business need, strategic direction, goals of the firm. Competency development approach is strategy-based and future oriented. The idea is that the inferred competencies will feed the strategic performance.

The development of the competency framework is also influenced by the corporate cultural values of the organization. For instance; *integrity*, having a *collaborative spirit*, being *creative* are some of the values of the organization which are also found within the competency framework such as Integrity, Teamwork and Cooperation and Creative Thinking.

4.1.6.3 The Framework of the Competency Model

As explained above the competency framework of the Company is actually the announced and standardized competency framework by the Company International. Therefore the competency framework is valid for and used by all the affiliates.

The competencies have not been developed in a detailed way, rather more generalized descriptions of competencies are developed in order to create a model that fits the overall organization corporate-wide and provide the capability to compare information across jobs and people.

There is one main structure for the arrangement of competencies. There are no competency clusters but only competencies each including a definition and related behavioral indicators. Secondly, there is no category differentiation within the competency model framework such as functional-specific competencies, managerial competencies, etc. Actually the Corporate-wide Competency Model is based on the core competency perspective such that any employee working for the company should possess or have the potential to demonstrate most of these competencies. However, depending on the position, role or level, the competencies required for the job and organization are selected from this standard pool (competency framework) and explored in the candidate during the interview. For example the following core competencies are explored in every candidate and also for hiring managerial position the competencies such as "Vision & Strategy" and "Coaching & Leading Others" are explored. The most important key competency that is measured for all candidates is "Achievement Orientation".

In the higher positions, the weight of the last three competencies "Communication and Influence", "Vision and Strategy", "Coaching and Leading Others" are increased.

The Company's Competency Framework is shown below:

- Integrity   (core)
- Teamwork & Cooperation   (core)
- Analytical & Learning Capability   (core)
- Achievement Orientation   (core)
- Creative Thinking   (core)
- Interpersonal Understanding   (core)
- Customer Service Orientation   (core)
- Communication and Influence
- Vision and Strategy
- Coaching and Leading Others

4.1.6.4 The Methodology of Competency Development Process

As explained in the limitations section of the study, the methodology has been conducted by the Company International and having completed the model, it was announced to be implemented by all affiliates. Therefore, the methodology development is not a company-specific but a standard process completed by the International Division.

On the other hand, as mentioned by the interviewees, the Company International developed the competency model using the Lyle M. Spencer and Signe M. Spencer's Book "Competence At Work" as a guide. Therefore the methodology in competency modeling process was heavily driven from this book and the view of the authors. Therefore based on the approach of the book, the steps taken generally in the competency study design can be inferred as follows:

1. Determination of Objectives and Scope

2. Clarification of Implementation Goals and Standards

3. Creation of an Action Plan

4. Determination of Performance Effectiveness Criteria

5. Identification of a Criterion Sample at Various Performance Levels

6. Data Collection

7. Data Analysis and Development of a Competency Model

8. Validation and Finalization of a Competency Model

9. Designing Competency-Based Human Resources Management Systems

10. Implementation of the Competency Model in Human Resources Functions

4.1.6.5 The Measurement of Competency

The Company in Turkey was measuring competencies based on the "Grading or Likert Scale". However, due to the standardization of competency-based applications throughout the International Division, rating scales were put up. The main reason for quitting this practice was to simplify the competency-based practices so that the Regions and belonging affiliates that have been left behind in competency and HR applications can catch up with the others and the human resources practices can be at the same level and standardized throughout the affiliates within the Company International.

Rather the behavioral event interview is used for measuring competencies. For instance during the interviews in the selection process, candidates are interviewed to identify and describe the most critical situations they have faced on their jobs. They generally describe what the situation or task was, who was involved, what they did and what the result was.

In the performance review meetings between the manager and employee, the manager should put forward the previous events for each competency, the role the employee took, how he or she behaved, what he or she acheived. For below supervisory positions, the employees performance were not evaluated based on competencies but results of the employee's goals set for the completed year.

4.1.7 The Implementation of the Competency-Based Human Resource Management Systems

Different competency-based human resources management systems are used at different levels and roles in the organization. According to this, the following competency-based applications are used throughout the entire organization at all levels:

- Selection System
- Training and Development System
- Performance Management System*
- Career Management System
- Compensation Management System**

*Performance Management System, is used based on the performance results and competency behaviors for supervisory and higher roles. For the positions below the supervisor, the employees are only rated based on the performance results. Currently, there is no competency model for sales representatives in the organization. Their performance are also rated based on the performance results or outputs.

**Competencies affect the compensation package of the employee indirectly and to a certain extent as will be explained in the Compensation Management Section below.

4.1.7.1.Competency-Based Selection System

The main indicators of a need for a competency-based selection system in the company is being able to hire candidates who have to potential to demonstrate higher performance or productivity critical jobs.

The main objectives of the company for developing a competency-based selection system are;

- To provide a complete picture of job requirements
- To increase the likelyhood of hiring people who will succeed in the job in question and also future jobs
- To ensures a more systematic and standard interview process which interrogates the identical standard specific to the role in candidates.

The interviewees argued that minimizing the investment (time and money) in people who do not meet expectations has not been one of the objectives or main concerns of the Company multinationally however, this result was also achieved as a result of the initiatives. According to the opinions of the interviewees, these objectives explained above have been realized by the company.

The main steps followed in developing a competency-based selection system in the company are explained below:

1. Developing competency model for the jobs in the company
2. Selecting and developing assessment methods
3. Training assessors in the assessment method with "Interviewing Skills" training,
4. Assessment of competencies of employees who apply the positions
5. Making decisions of which employees to select for the positions

4.1.7.1.1   Competency Assessment Methods

Assessment Center is used for some of the position hirings in the company. The exercises used to observe and code for competencies in candidates are "*leaderless group discussions*, *competency-based behavioral event interviews*, *role plays*, *ability tests*." Leaderless group discussions and role play exercises are used in the interviews for the line positions for instance, sales positions. In addition, stres interviews are argued to be an ineffective exercise to measure competencies.

For hiring the other positions where assessment center is not used as a tool, competency-based interviews are definitely conducted. Sometimes in order to speed

up the interviewing and decision-making process of the interviewers group interviews -with one candidate and more than one intervewier at a time - can be conducted.

The other measurement tool used to assess candidate's skills, abilities, and personality characteristics as a contributing factor for assessing successful performance potential are tests. The most common tests used are *ability tests* and *personality inventory*. The personality inventory is usually used for more senior positions and is not used an hiring criterion. Rather it is conducted to recieve supporting information about the candidate in addition to the hiring criteria.

4.1.7.1.2 Competency Assessment Process and Evaluation

In addition to competency criteria, the candidate's experience, knowledge of foreign languages, references and also the candidate's approach to the industry are taken into consideration for position hiring decisions. Candidates approach to the industry is critical especially for sales and marketing positions when marketing and selling of the product gains emphasis. Secondly, for the measurement of the employees techical skills and knowledge, job descriptions are used to assess what the employee knows, and to what degree he is experienced at.

For hiring supervisory and higher level positions, behavioral event interview is used to assess the output and behavior dimensions, in other words how the employee did his job previously, the role the employee took, how he or she behaved, what he or she acheived. Therefore both the "what" and "how" of behavior is examined in the candidates.

The decision authority in the selection process are the direct report of the position, human resources executive. In addition for hiring senior positions such as managers, directors, General Manager and Human Resources Director play an important decision-making.

Based on the interviewees' opinions and experiences, the competency-based selection system definitely ensured high probability of hiring the right people for the right jobs and also people who are in line with company culture and values. In addition, interviewer clarifies not only job-related knowledge and experience of the candidate but also can visualize his or her demonsrated behavioral indicators while doing the job. Secondly, it enables employers to conform to a systematic standard process. Competency-based criteria also helps improve the communication between the manager of the position and human resources manager with regard to sharing examples of data for why the candidate is appropriate for the position or not.

4.1.7.2 Competency-Based Training and Development System

The main indicator for developing competency-based training and development system is a need to strengthen the organization's vision, strategy and values and cover up the development needs through reinforcing the required behaviors and skills of employees.

The main objectives of the company for developing a competency-based training and development system are;

- To help management ensure that training and development activities are in line with business needs and organizational strategies
- To enable employees, managers, and organization focus on the relevant skills, knowledge and characteristics and developing them on the methods, techniques and competencies required to do specific tasks that provide effective performance in their current and future jobs.

The interviewees argued that realizing these objectives creates an indirect benefit for the company although it is not a direct objective of the company. The benefit is that the management was able to make the most effective use of training and development by making sure where to focus scarce resources (time and money) and hence provided cost-saving. The interviewees mentioned that these objectives explained above have been realized by the company.

The main steps followed in developing a competency-based training and development system in the company are explained below:

1. Developing the competency model
2. Identifying strenghts and development needs of the employees and organization
3. Identifiying competencies that can be instilled in current employees through training and identification of competencies that are found to be more feasible to maintain through hiring new employees who already have these competencies
4. Developing effective training and development methods
5. Training the trainers on those methods
6. Evaluating training results (The feedback from the training participants-regarding to what extent they have been applying the knowledge, teories, notions and perspectives they gained during the training in their actual jobs- are heavily emphasized. The feedback received is an informal kind and yet a systematic statistical measurement has not been developed.)

Although it is impossible to make a comparison between the competency-based training and development and prior training practices, competency-based training development system help employees focus on the skills and behaviors for achieving their goals and so the most impact on performance will be achieved.

4.1.7.3 Competency-Based Performance Management System

The most important indicator of a need for involving competencies in performance management system is to ensure that the employee performance management system reflect and reinforce organization's vision, objectives, values and culture through focusing employee behavior on strategic priorities. Job performance effectiveness criteria are derived from these priorities and employee performance can be benchmarked against these criteria to track the gap and take precautions for development.

The performance management system is applied in two different ways based on the hierarchial levels:

- **Results/Goal-Oriented Performance Management**: The emphasis in this case is on evaluating on an annual basis whether the objectives, goals that has been determined for the employee at the beginning of the year is achieved at the expected level. The employee objectives are determined based on the responsibilities in job descriptions. The competency criteria are not considered in this performance appraisal process. This system is used for the positions below the supervisor level. Secondly, the employees at these positions are rated based on the values of the Company.

- "**Mixed Model**" /**Total Performance Management**: The "mixed model" refers to the assessment of both performance results or achievement of objectives and competency behaviors that predict performance in the job. This model is used for the supervisory and higher levels in the organization. The employee objectives are determined based on the responsibilities in job descriptions. Therefore, job descriptions are taken into consideration during the performance appraisal system. Competency appraisal involves the evaluation of behaviors, knowledge, ability and personal characteristics because these factors are also considered to be within the definition of the competency. The main reason for using a mixed model of performance management is that;

Because the internationally standard implementation is a recent one and has been applied for one year, including competency ratings within the performance appraisal process is restricted to higher level positions for the first years. The mixed model implementation including competencies may be extended to the overall organization in the coming years as the purpose and ways using the model is further acknowledged.

Mixed model helps evaluate managerial positions by not only "*what*" results they have achieved but also "*how*" they achieved those results. The company encourages individuals to conform to the cultural values while doing their jobs. Therefore it emphasizes both result-oriented and qualitative, development-oriented assessment which considers characteristics and behaviors, individuals show that predict superior performance in their present job or in future jobs. For instance, it is never encouraged nor permissible to attempt different detrimental selling alternatives for the sake of making a great deal of sales. Attaining long-term objectives and sustainability is much more important for the company and this is what is reinforced corporate-wide.

The main objectives of the company for using competency criteria within the performance management system are;

- To provide observable and measurable criteria and minimize subjectivity in appraisal process
- To provide a shared understanding of what will be monitored and measured, and ensures a balance between *what* gets done and *how* it gets done for supervisory and higher level
- To sustain the alignment of the goals of the employees with corporate goals
- To identify needs for performance improvement and development
- To reward successful or effective performance
- To identify training and development needs for future roles
- To identify employees' developmental potential for improvement through discussing their career path and expectations

The interviewees claimed that these objectives explained above have been attained by the Company. Attaining these objectives also reinforce organizational values and culture.

The main steps followed in developing a competency-based performance management system in the company are explained below:

1. Identifying competencies and relevant behaviors required for superior performance currently and in the future
2. Developing a "mixed model" performance management system for assessing both achivement of objectives and competency behaviors that predict performance in the job
3. Training managers and employees in performance management i.e., coaching for performance improvement.

4.1.7.3.1 Performance Evaluation Process

The performance review meetings are conducted between employee and his or her direct manager. In the annual performance review process, the appraiser is the direct manager of the employee. The manager reviews the employee before the meeting. An intranet performance management database system has been established at and communicated to all the affiliates. Finally a comprehensive training was given to the population who is responsible for appraising performance.

The manager is able to access to the database which opens up a screen showing the names of his or her subordinates and their information. The manager enters each employee's performance ratings on the. Having completed the performance ratings of the employee and approved them on the database, the system sends to information to the next higher level manager, the second appraiser. Then the performance appraisal results are sent to related Director and also General Manager to get their approval. The performance ratings of each employee is electronically collected in the Human Resources Department of each affiliate. Finally all the performance results of

the affiliates are electronically consolidated in the Company's International Division. Therefore, everything in the process runs electronically.

The performance meeting is conducted in face-to-face discussions between the manager and his or her direct subordinate on the hard document. They come together after the approval of General Manager to discuss the employee's overall performance. There are two important issues in the performance meetings. The first refers to the *output*, "what the employee achieved" and is compared against the objectives set at the beginning of the year. In the case of supervisory and higher levels in addition to the "*what*" of performance, the "*how*" of performance, meaning that how the results were achieved, how they behaved are appraised. The competency appraisal also involves the appraisal of skills, abilities and personal characteristics which can be seen in the definitions and behavioral indicators of the competencies. For instance, the competency "Integrity" involves a personality characteristic within its definition named as "genuinity" or "trustworthy".

The second issue in the meetings refers to the *developmental plan* of the employee. Based on the performance rating results against expected criteria, the training and development needs of the employee are determined for current and future roles.

The important issue to consider is that for supervisory and higher level positions, a high rating achieved from the "what" of performance but a low rating achieved from the "how" of performance has a decreasing effect on the total performance score. On the other hand, a high rating achieved from the "*how*" of performance but a low rating achieved from the "*what*" of performance does not increase the total performance score. As a result, low competency ratings generally have a lowering effect on the total performance score in the case of high performance results. But high competency ratings does not purely have an increasing effect on the total performance score in the case of low performance results.

Before the standardization of the HR systems under the Company International policies, in addition to the managerial appraisal, each individual rated himself or

herself. Secondly, 360-degree feedback process was also in use. With the new practices, these applications were put away.

It was mentioned that the performance review process provides information for training and development and career management systems. Compensation management system is also influenced by the results of performance appraisals. However, the competency evaluations influence supervisory and higher job levels compensation to a certain extent but do not have any influence on the compensation package for the positions below supervisor levels. The performance management system either "results-oriented" or "results and competency-based" has contributed significantly and positively to the organization in terms of aligning employee objectives with the corporate objectives and vision, tracking performance results, identifying what strenghts and development needs exist in the organization and career improvement, and also reinforced the employees trust and confidence in the process.

4.1.7.4 Competency-Based Career Management/Succession Planning System

The main indicators for developing a competency-based career management system in the company was that the Company International needs its employees to be equipped with the corporately accepted competencies to be able to work in different parts of the world. Therefore the Turkey affiliate adopted a standardized career planning system.

The main objectives of the company for developing a competency-based career planning system are;

- To provide a method to assess candidate readiness - identify and define a list of expected behaviors required by the job as criteria that helps to assess candidate readiness.
- To help determine training and development plans to address missing competencies

- To provide a measurable and systematic method for filling the vacant positions due to promotions, terminations, etc.

According to the opinions of the interviewees, these objectives explained above have been realized by the company.

The main steps followed in developing a competency-based selection system in the company are explained below:

1. Identifying jobs
2. Developing competency models for target and feeder jobs
3. Monitoring and evaluating performance against competencies for target jobs
4. Making decisions about job incumbents and candidates.

4.1.7.4.1   Career Planning Process

Career planning process is conducted by a corporate-wide intranet database system. Database provides data for each and every employee with regard to his or her employment record, including how long he or she has been working for the company, what areas is he or she expert at, etc. Career planning for each employee is composed of two parts: *Assessment Of Skills* and *Development of Needs*. Based on the employees performance review results and managers' recommendations for development(job assignments, projects, etc.), the information is reflected in the career planning. The employees developmental profile is continuously tracked from career planning by the affiliate's Human Resources Department. For senior positions, the follow-up is much more comprehensive. The total of the employees career advancement planning record are electronically consolidated in the Company International for final decision and future planing.

The interviewees mentioned that their career planing/succession planning process is executed very successfully. For instance, 96 % of the promotions or lateral transfers given last year were based on a systematic planning.

212

The system's success does not purely come from competency results which helps assess how many employees in which feeder jobs, have or have the potential to develop the competencies to perform well in key target jobs. As mentioned before the performance review process differs between below supervisory positions and supervisory and higher positions. In the former case, the employees objectives are evaluated. In the latter case, both employees objectives and competency behaviors are reviewed. Therefore the competency issue plays a role in the career planing system to a certain extent.

The most commonly used tool to assess employee developmental and promotional potential is conducting Assessment Centers (AC). In AC, the expected competencies for the target positions is examined in the candidate employees who are seen as potential for future roles. The evaluation and decision of whom to promote is based on this AC results.

The system's success also depends on the mechanization of succession planning information. System accessible to employees online provides them with the same, up-to-date and accurate information about the company's current and future position needs and needs in HR skills and competencies. Secondly, by being able to assess individual development profiles (strengths and development needs, appraisal results and personal objectives) at any time, it is possible to see who stand where in their own progress. The system helps company know that at any given time who's ready to fill an opening or be considered for a key position. This is especially important for the Company having hundred or thousands of such positions multinationally.

4.1.7.5 Compensation Management System

The Company does not have a pure competency-based compensation management system. Rather the compentencies have an influence on the compensation system within the variable pay as part of the performance criteria, which will be explained in detail below. Therefore it is better to consider competencies within the compensation system in this respect.

The main factors that influence the compensation policy and structure include the following:

- External market and benchmark study results
- Job evaluations (know-how, problem-solving, accountabilities –criteria)
- Individual competencies demonstrated
- Individual, or organization performance results (based on measures such as meeting project deadlines, delivering good quality products/service, etc.)

The main objectives of the company for involving results of competency evaluations in compensation management system are;

- To provide employees with sufficient information about the criteria for establishing compensation package in addition to HAY job evaluation method.
- To clarify which job belongs to which grade level for Human Resources Function and Personnel.
- To reinforce the fairness of the compensation management system from employees perspective.

According to the opinions of the interviewees, these objectives explained above have been realized by the company.

Fixed(base) pay is determined by the job evaluation studies and external market benchmark results according to which the Company takes its position. The Company uses HAY job evaluation method. The criteria for job evaluation include know-how, problem-solving, accountabilities which refers to responsilibities of the job, span of control (people and budget), and the extent of criticality, "impact" of the job for the company. Based on the criteria the total score for each job is determined and located against pay grades each of which correspnds to a pay range.

Based on the results of the benchmark studies, the Company positions its compensation structure as 75 percent higher and 25 percent lower than what the benchmark companies pay in the market.

The variable pay includes additional compensation for competencies demonstrated on the job and actual performance of the employee based on the determined objectives at the beginning of the year. These are the performance criteria for supervisory and higher positions. For below supervisory positions, the variable pay is only based on the criteria whether the employee has attained objectives set at the beginning of the year. As the grade level increases, the accountabilities of the job also increase, therefore the relative percentages of total compensation the organization wants to pay for *performance* also increases. The individuals who perform superiorly and meet or exceed the expected performance criteria receive a significant amount of merit(performance) pay.

Today the influence of variable pay (performance and competencies) on employee compensation package is between 0-16 percent. The interviewers claimed that the Company has a performance management system that rewards superior performance.

4.1.7.6   Measurement of Effectiveness

The company is currently not measuring the effectiveness of competency-based human resources systems. However, employees are asked to fill out the training assessment forms. This informal feedback process is the most commonly used method. The success criteria in these evaluations is the extent to which employees are able to apply the knowledge, notions, perspectives or behaviors they learned during the training to their actual jobs. Yet a systematic statistical measurement has not been developed.

4.1.7.7   Integrated Human Resources Management Information Systems (IHRMIS)

The interviewees mentioned that some of their human resources systems are executed through technology. The currently used technological applications are intranet data bases used for performance appraisals and career and succession planning both of which has been applied throughout the affiliates and consolidated in the Company International. So the systems provide decentralized access to the affiliates. All the databases are currently being carried to an HR module of SAP software program for providing the integration and reinforcing unique language among all human resources systems. The databases will be integrated into this new software program and will be running independently, however the employee data processed will be the same. It is going to be in use within one year.

The main indicators for developing an integrated human resources management system is the need to centralize data across the company and corporate-wide, to integrate all of the applications into one updated, easy-to-use system for virtually every HR application.

The functions to be included and used in the integrated human resource integration system are;

- Job Descriptions

- Recruitment and Selection System

- Career Planning And Succession Planning System

- Performans Management System

Training management system and training needs assessment is run through another independent software program.

According to the interviewees' opinions the following four capabilities are crucial when executing human resources system through technology in the Company International:

- Security Of Data

- Continuity And Follow-Up of The Data in the System

- Quality Of Reporting

- Sophistication Of Data Analysis

- Flexibility of Reporting

The interviewees believe that the new technology is very beneficial to both employees and managers and will continue to add more value in the future. The main benefit is:

- To reinforce the confidence and belief of the employees to the system that the applications are executed in a stable way and of good quality.

4.1.8 Conclusion Of The Case Study

The Company, since its establishment in Turkey has been using competencies for a range of human resources system. The competency framework has recently begun to be used based on a standardized structure throughout the affiliates, which reports to Company International.

Generally the competency approach to human resources management is the strategic decision and demand of the HR and Non- HR Executives top in the organization's hierarchy who believe that the framework will align the behaviors and skills of the employees with the strategic direction of the Company International and will provide standardization and a common language for describing what is meant by effective performance in all the affiliates operating in different parts of the world. As a result, a common understanding and unity is maintained.

According to the overall information received from the study, the Company in Turkey and employees are highly satisfied with executing competency-based human resources systems in the organization. Actually, the performance management system is applied in two different ways, one of which is the "*mixed model*" and the other is "*results-oriented*" performance management used based on the hierarchial levels. According to interviewers, employees believe that there is a consistency and clarity about what they should achieve and also how they should behave to meet the desired level of performance. From an organizational point of view, competency management is a core human resources strategy to help align internal behaviors and skills with the strategic direction of the Company as a whole.

Briefly, the following objectives have been accomplished by designing and installing competency framework in human resources systems throughout the Company International:

- Providing a complete picture of job requirements
- Increasing the likelyhood of hiring people who will succeed in the job in question and also future jobs.
- Ensuring a more systematic and standard interview process through which the identical standards specific to the role in candidates are queried.
- Sustaining the alignment of the employees' goals and behaviors with corporate objectives.
- Identifying missing competencies and determine training and development plans to address them for performance improvement and development and future roles
- Identifying employees' developmental potential for improvement through discussing their career path and expectations.
- Helping management ensure that training and development activities are in line with business needs and organizational strategies.
- Enabling employees, managers, and organization focus on the relevant skills, knowledge and characteristics and developing them on the methods, techniques and competencies required to do specific tasks that provide effective performance in their current and future jobs.
- Rewarding successful or effective performance.
- Providing observable and measurable criteria, minimizing subjectivity and a shared understanding of what will be monitored and measured, and ensuring a balance between *what* gets done and *how* it gets done for supervisory and higher levels.
- Providing a method to assess candidate readiness- identify and define a list of expected behaviors required by the job as criteria helps to assess candidate readiness.
- Providing a measurable and systematic method for filling the vacant positions due to promotions, terminations, etc.
- Providing employees with sufficient information about the criteria for establishing compensation package in addition to HAY job evaluation method.
- Clarifying which job belongs to which grade level for Human Resources Function and Personnel.
- Reinforcing the fairness of the compensation management system from employees perspective.

Based on the interview results, one of the main challenges the organization faces about the competencies is that being obliged to apply the corporate-wide competency standards carry the risk of restricting the diversity in the organizations which may lead to limited room for innovation, creativity, diversity of approaches which may naturally arise due to cultural variations etc. Due to the environmental, organizational or market changes and business needs, the competency framework should take shape corporate-wide. However, it is not granted the framework to be modified by the affiliate against those changes taking place locally. The point of view is that it could have been much better if the policy of the Company International about the competency framework was more flexible in considering the local differences.

Based on this thinking, the recommendation is to review the competency framework corporate-wide annually or once in every two years and reformulate the necessary changes in the framework and enable employees to obtain those behaviors and skills in order to be able to keep up with the competitive environment.

The other challenge is that the benefits of the design and implementation of competency applications are provided in the long-term because the framework is designed in line with the long term Company objectives.

As being part of a multinational and corporate organization, the Company in Turkey highly emphasizes its employees as one of the most important key to success and achieving competitive advantage. This is even very clear in the mission statement *"Committed people; proud traditions; a great future"* which frankly reveals the Company's direction to excellent success. The buy-in and support of executive management is already ensured. Therefore the Company International and its Executive Management have continuously been working on its human resources management systems. They have considered "competency" concept as one of the key factor in determining how the human resources systems can be organized and in making its human resources highly effective.

Consequently, the standard competency framework applied in the affiliate in Turkey and throughout the organization is regarded as an effective tool to agree on a common language, to define what is understood by superior performance in the organization. Secondly, the framework offers an opportunity to maintain a consistency and validity when performance of employees are reviewed in different affiliates so that mobility and transfers between affiliates are enabled.

Further the competencies have been interwoven with corporate culture and therefore competencies and their behaviors fosters the corporate culture and Company values.

Some of the human resources systems are executed through technology from intranet databases and the objective is to enable all competency-based applications with technology that helps the integration of all systems.

Finally, although the human capital impact or effectiveness of these interventions have yet not been measured, the management realizes the importance of human capital and that human resources systems based on the competency framework maximizes the human capital of the organization. It is, as they believe, how human resources management adds value to the organization.

4.2 CASE STUDY ON THE IMPLEMENTATION OF COMPETENCY-BASED HUMAN RESOURCE MANAGEMENT SYSTEMS IN A HUMAN RESOURCE (HR) COMPANY

The case study done with HR Company in Turkey is comprehensively discussed below:

4.2.1 The Objective Of The Case Study

The main objective of this case study is to investigate;

- the organization and management's view on the concept of "competency" and its perceived importance
- indicators of needs for, and the objectives implementing competency-based human resources systems
- the HR applications in the HR Company prior to "competency" criteria
- the methodological steps in developing competency-based human resource systems (selection, training and development, performance management, career management, compensation management) in the Company.
- the challenges faced in executing competency applications, and the general and future evaluations of both organizations.

4.2.2 Data Collection Of The Case Study

In the data collection process, a questionnaire of 102 questions including structured and unstructured types has been developed (See Appendix 1). The content of the questionnaire was composed of 5 main parts which are;

1. General Information About The Company
2. Situational Analysis of Human Resources Systems Before Establishing Competency-Based Implementations
3. The Development, Implementation of Competency Model
    3.1. The Scope of The Competency Model

3.2. The Methodology Used In Developing Competency Model

3.3. The Implementation of The Competency-Based Human Resources Systems

3.4. The Contribution of Competency-Based Applications To The Organization

3.5. The Technology Used To Provide The Integration Human Resources Management Systems

4. General Evaluation

5. Demographic Information

In this exploratory case study, the data was collected through personal interview method using the questionnaire explained above. The topics that were going to be discussed during the meetings were dwelled upon with the interviewees as a pre-test and necessary additions to and removals from the questionnaire were completed before conducting face-to-face meetings.

For HR Company, two 2-hour meetings were conducted to complete the interview form by the Senior Vice President and Supervisor simultaneously in the company. Following the meetings, any missing or incomplete information was also gathered through telephone conversations and e-mail. Afterwards, the information gathered were compiled systematically within a case study framework.

4.2.3 Limitations Of The Case Study

Finally, the competency framework was allowed to be demonstrated in general, meaning that only the names of the competencies are presented within the framework. The definition of each competency and its related behavioral indicators were not illustrated in the thesis for conforming to the confidentiality issues of the Company.

4.2.4 Information About The Case Company

In this section the history of the HR Company, its vision, mission, strategies and values are explained. Inaddition the organization chart of the Company is illustrated.

4.2.4.1 History and Foundation

The HR Company was founded in January 2000 as a powerful testament of the Group's commitment to all its employees and their potential.

The HR Company can best be described as a "*supermarket of HR services, and products*". What clearly differentiates the Company from other mainstream HR companies is that it carries on massive operational chores as well as providing organizational development, training consultancy, and running a state of the art assessment center and an efficient recruitment process.

4.2.4.2 Mission, Vision, Philosophy, Objectives and Values

The company's main **philosophy** of human resources being "*Choosing the right person for the right job and developing the right employee in line with the right needed competencies.*" has been petrified with standardization of human resources practices and procedures.

Since the HR Company has defined its mission, vision, objectives and values only in Turkish, they are given below in Turkish language.

Mission

"Şirketlerin insan potansiyelini geliştirerek rekabet avantajı sağlayacak ve başarıyı sürekli kılacak çözümler üretmektir."

Vision

"Alanında ilk akla gelen ve tercih edilen stratejik ortak olmak."

The Objectives

"Kurumların insangücü değerini arttırmak, çalışma kültürlerine katkıda bulunmak ve insan kaynaklarının her alanında gereksinim duyulan hizmetleri kurumlara sunmaktır."

Having the opportunity to be exposed to various business lines and cultures outside of the group has proven to be a highly challenging and rewarding experience for the Company, required developing their competencies and thus enabled the workforce to serve both Group and non-Group partners more effectively.

HR Company, with this firm belief, has the ultimate objective of supporting the performance and customer centric work culture of the Group Companies.

Values

İşinin Ehli Olmak: İşinin gereklerini iyi bilmek ve iyi yapabilmektir. İşine, takımına ve şirketine değer katmaktır. Şirketteki rolünü iyi anlamak ve doğru yönde çalışmaktır. Doğru işi verimli yapmaktır.

Açıklık Ve Dürüstlük: Bilgi ve izlenimlerini, istek ve içtenlikle, doğruluğunu bozmadan paylaşmak ve sözüne güvenilir olmaktır.

Bireye Saygı: Bireylerin zamanına, özel yaşamına ve tüm insani haklarına saygı duymaktır. İş programlarının yapılması sırasında, işin önceliklerinin yanı sıra çalışanların tercihlerinin göz önünde bulundurulmasıdır. Verilen sözlerin tutulmasıdır. Görevlendirilme ya da herhangi bir değişiklikte bireylere bir açıklama

borçlu olmaktır. Bireylerle ilgili girişimlerde keyfi olmamaktır. Yaratılan katma değerin adil dağıtılmasına özen göstermektir.

İlkeli Ve Tutarlı Olmak: Karakter sahibi olmak, kişilikli olmak, sözünün eri olmak, özü sözü bir olmak, güvenilir olmaktır. "Ya olduğun gibi görün, ya da göründüğün gibi ol" sözüne uygun davranmaktır. Olaylara kısa vadeli bakmamaktır. Ekonomik çıkarlar için ilkeleri çiğnememektir.

Özdeşlik, Aidiyet, Kurumdaşlık: Ortak değer, hedef ve inançların paylaşılması, yön, duygu birliğinin olmasıdır. Kendini kurumun bir parçası gibi hissetmektir. Aynı geleceğe bel bağlamaktır.

4.2.4.3 The Organization Chart and Divisions

The HR Company revolves around two major departments namely The Training Center and the Human Resources Services Center. The total number of employees working for the HR Company is 70. Out of these 70 employees, 7 employees are at managerial positions, 60 employees are white-collar employees and 3 are blue-collar employees.

Figure 4.14 Organization Chart of the Company
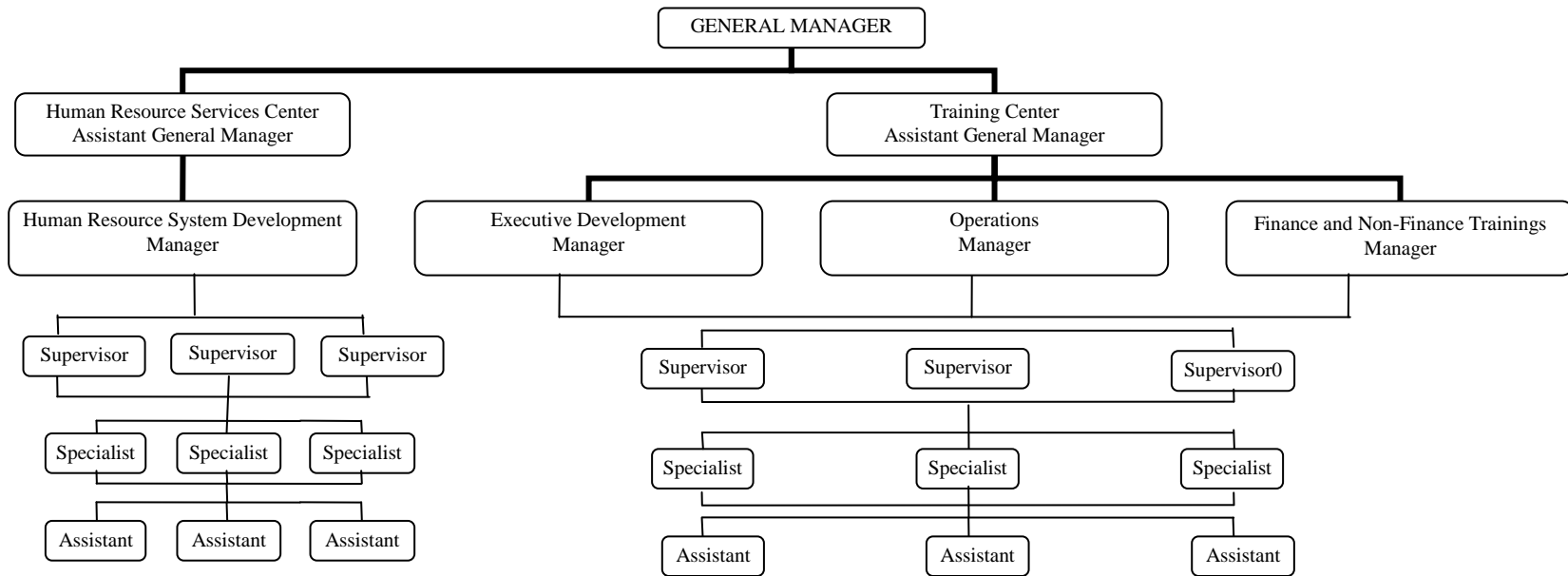
The Training Center

The Training Center is a very busy and a highly specialized unit which runs a complete training process starting with the needs analysis to the measurement of the impact of the training, to the actual development of the materials and the curriculum and encompassing several other phases in between.

HR Company also pioneers in e-learning area in Turkey by the establishment of a training portal; www.sanal-kampus.com. The portal hosts computer skills, technical skills and personal development programs for both personal users and companies accompanied with a learning management system to track attendance and development.

The Executive Search & Watch and Leadership Development is also a department reporting to the training center. This line carries on a vital activity by assessing candidates for the leadership programme of the group called "Geleceğin Doğuşu" and carries on individual and team oriented programs to meet the developmental needs of the participants.

Some figures

- 820.000 hours of training,
- 65.000 Group Employees trained,
- 3.200 sq m of training facilities.

The Human Resources Services Center

The Human Resources Services Center basically runs two lines. The assessment and recruitment and the HR systems development act as internal consultants to carry on projects involving job design, organizational re-design, performance management, compensation schemes, career planning. The Company aims to provide the necessary human resources systems development and deployment services to enable companies

to reach the aspired level of competitiveness in line with their overall business strategy.

The main goal of assessment and recruitment center is to select the right high potential candidates for the right positions and thus to increase the intellectual capital of the companies by attracting the most talented and qualified work force. A wide range of tools such as psychometric tests, in-tray exercises and other various types of assessment medium are implemented for assessment purposes.

Some figures

- 315 new employees placed
- 6029 people participated in the Assessment Center activities
- 908 days of HR conslutancy delivered.

The new body established, namely Senior HR Committee comprising of the heads of each strategic business line, has proven to be the guardian of the Company's solid determination in pursuing the shared services approach in human resources. Shared services modeling in recruitment enables achievement of economies of scale by execution of mass recruitment for common work force needs.

4.2.5 Situational Analysis of Human Resources Management Systems Before Establishing Competency-Based Implementations

In this part the applications (criteria used, methods, decision authority, etc.) with regard to the human resources management (HRM) systems in the HR Company prior to the integration of competency model into HRM systems are discussed.

4.2.5.1 Recruitment and Selection System

In the recruitment and selection system, some of the factors that have been used as criteria to determine performance in the workplace are technical knowledge of the related profession/job, years of experience, certification, referances and physical appereance, rather than competencies.

The main evaluation tools used were one-on-one interviews, written exams and personality tests. The decision to hire or not were given by the direct manager of the position and human resources manager. For selection of Management Trainees (MT) to the "talent pool", the top management (General Manager) takes role in the decision making-process.

According to the opinions of the interviewees, the recruitment and selection system was executed successfully however a need for a competency-based system was also appreciated.

4.2.5.2 Training and Development System

Training and development programs were not planned systematically and regularly and not tailored to the organization's strategic business plans, budget, requirements. Training was not considered to be a strategic investment but a cost to be budgeted. It was through the decision of direct reports (managers) that employees could be given some trainings.

Based on the interviewees' point of view, the training and development system were not executed successfully in the organization before the competency approach.

4.2.5.3 Performance Management System

Before competency models were integrated into the performance management system, the appraisals were carried out through an appraisal form. The employee was only evaluated by his or her direct report. The discussions of performance reviews were done in an open system where the two parties (appraiser and appraisee) can communicate. A competency-based performance management system was required to standardize the appraisal process.

4.2.5.4 Career Management System

Organization-wide career planning and succession planning were not put into practice before competency-based applications. However, the promotions, rotations and lateral move decisions were based on performance appraisal results and vacancy. The interviewees mentioned that career management system in the organization was not processed successfully.

4.2.5.5 Compensation Management System

According to the findings, compensation system was based on clear standards and criteria known by the employees. The results of the performance management system was one of the criteria used within the compensation package. The interviewees argued that the compensation management system was implemented properly.

4.2.6   Competency Modeling Process

4.2.6.1   The Development of the Competency Model

The concept of "competency" and "competency modeling" was learned through occupational follow-up, international trainings, seminars, conferences and the applications of other companies in the industry. The competency modeling process was completed in 8 months and the implementation has started by the beginning of 2000.

As a human resources service organization established to contribute to the success of Group Companies, the HR Company has been establishing the competency-based systems to these companies. One of the main reasons for perceiving a need for developing a competency-based human resources management system in the HR Company is the development and implementation of competency modeling in the other Group companies. Therefore, the HR Company felt the need to develop and use the competency-based human resources applications in their organization, too.

4.2.6.1.1   Definition of the Competency Concept

The concept of competency has been defined by the organization as the integration of the following components:
- Personal characteristics
- Motivation
- Knowledge, skills
- Behavior

This definition of the organization represents the "Competency Pyramid" of Lucia and Lepsinger where competency is seen as a pyramid the bottom of which includes aptitude and *personal characteristics*. At the second level of the pyramid the *skills* and *knowledge* that can be gained through learning, effort and experience. At the top of the pyramid lies the *behaviors* that are a composite demonstration of all the innate and learned abilities. The pyramid only excludes the motivation factor. The

definition also reflect the way Spencer and Spencer defined the competency as a composite of *motives*, *traits* (personal characteristics), *knowledge* and *skills*. Actually, the company's definition of the "competency" takes the intersection of both perspectives.

4.2.6.2 The Objectives of Developing Competency-Based HRM Systems

Competency initiatives should be tailored to some organizational objective, or desired outcome. In this case, the most important perceived objectives of competency modeling and competency-based HRM systems for the HR Company are explained as follows;

- To establish a concrete and objectives tool as an effective management technique
- To provide an integrated vehicle for human resources management systems
- To align behaviors with core values of the company
- To provide a career framework and success criteria based on management levels
- To raise the bar of the competency levels of all employees, enhancing performance expectations
- To support superior performance in critical jobs/roles
- To focus both on what gets accomplished and how results are accomplished
- To develop bands and levels of competencies

According to the results of the study, the following objectives were realized in the organization since the beginning of the applications:

- To establish a concrete and objectives tool as an effective management technique
- To raise the bar of the competency levels of all employees, enhancing performance expectations
- To support superior performance in critical jobs/roles
- To focus both on *what* gets accomplished and *how* results are accomplished
- To develop bands and levels of competencies.

The Approach In Developing Competency Model

The factors that the organization considered in developing competency model were;

- Company culture and values
- The vision, mission and strategies of the company
- Current job requirements
- The interviews conducted with employees in positions/jobs.

4.2.6.3   The Framework of the Competency Model

The whole competency framework involves 3 main structures for the arrangement of competencies:

a. **Core (unbreakable) Competency** refer to competency with related behavioral indicators. The functional competencies are mostly developed based on this structure.

b. **Compound Competency** refer to a collection of closely related competencies each of which reflects its own behavioral indicators.

c. **Super Compound Competency** refer to a collection of closely related compound competencies each of which includes related competencies with behavioral indicators. Managerial competencies are mostly developed based on this structure.

A total collection of super competency clusters, competency clusters and core competencies with levels and behavioral indicators are called competency framework. In addition the projection of the competency framework and an example super competency cluster is illustrated below.

Figure 4.13 Competency Framework of the HR Company
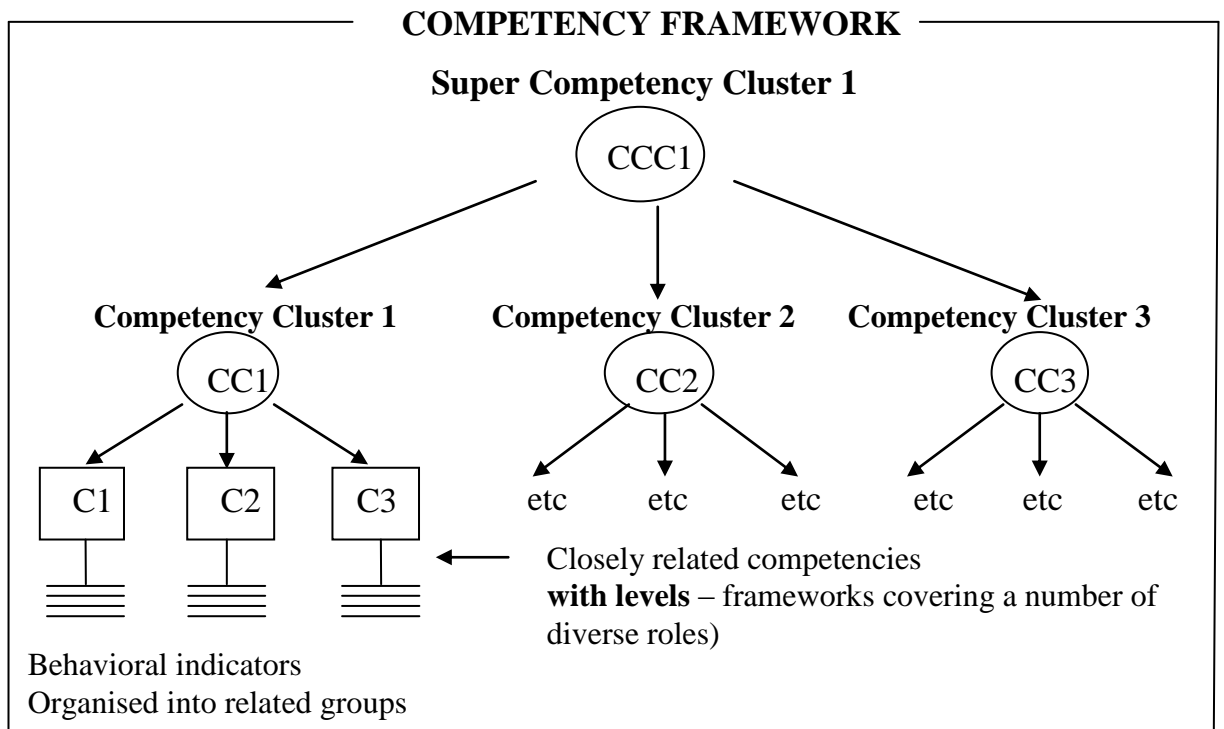
The competency model framework is composed of 4 main classifications of competencies:

a. **Core/Key Competencies** refer to the competencies and their behavioral indicators that are important for all employees.

b. **Functional Competencies**, refer to the competencies and the aspects of activities in a particular role or position which are associated with effective performance

c. **Managerial Competencies** refer to the ways in which a person interacts with other people (peers, superiors, staff or subordinates) in an organization.

d. **Leadership Competencies** refer to the ways in which a person influences, motivates employee behavior and add value to the organization.

The Company's Competency Model with categories is shown below:

A. KeyCompetencies

- Flexibility
- Communication
- Job Accountability
- Quality-Orientation
- Self-Motivation
- Customer-Orientation
- Teamwork

B. Managerial Competencies

- Knowledge Management
- Relationship Management
- Decision Making
- Coaching & Mentoring
- Organizational Awareness
- Performance Management
- Strategic Outlook
- Commercial Orientation

C. Functional Competencies(Competencies specific to jobs are taken from this pool)

- Detail Orientation
- Influence
- Facilitation
- Entrepreneurship
- Delegation
- Motivating Others
- Persuasion
- Analythical Thinking
- Information Gathering
- Creativity
- Understanding of People
- Developing Network
- Planning and Organization
- Problem Solving
- Result Orientation
- Reconciliation

D. Leadership Competencies (These are the leadership competencies of all the Group Companies.)

- Strategic Thinking
- System Approach
- Customer Orientation
- Teamwork Orientation
- Human Resources Orientation
- Leadership
- Governance
- Performance Management

4.2.6.4   The Methodology of Competency Development Process

The main steps pursued in developing competencies were as follows:

1. Determination of Objectives and Scope

2. Clarification of Implementation Goals and Standards

3. Creation of an Action Plan

4. Determination of Performance Effectiveness Criteria

5. Identification of a Criterion Sample at Various Performance Levels

6. Data Collection

7. Data Analysis and Development of a Competency Model

8. Validation and Finalization of a Competency Model

9. Designing Competency-Based Human Resources Management Systems

10. Implementation of the Competency Model in Human Resources Functions

Three mostly used data collection methods in developing competency model and categories of competencies are *focus group meetings*, *behavioral event interviews* (BEI) and *expert systems*. Having analyzed the data, the next step is the development of the competency model. Here, the important competencies were clarified, definition of these competencies, related behavioral indicators and opposite behavioral indicators were clarified. In this step, a sample group representing the Company population has been chosen and asked their perception of the competencies.

Having received the data, a correlation study was done to understand the relationship between the written competencies, their definitions and behavioral indicators and the perceptions of the sample group about them. The objective of this study was to understand whether the competencies, definitions and behavioral indicators were understood in the same way by the employees. Based on the results, the necessary corrections were made to finalize the competency framework and its content.

In addition, the system developers are continuously dwelling upon the model and make any necessary wording changes in case of any misunderstanding of the meanings of descriptions.

4.2.6.5 The Measurement of Competency

The system of measurement for competencies were 1 to 5 Likert Scale. Although these rating scales have the risk to produce ratings that cluster around the middle or above the middle of the scale range, known as central tendency error, the interviewees claimed that especially the interviewers in the recruitment stage are professional and highly experienced in this field. Therefore they do not have this common problem related to Likert Scale. Secondly, the measurement tool developed in the performance appraisal process, is usually 1 to 4 or 1 to 6 rating scale in order to minimize the appraisers' ratings of appraisees cluster around the middle of the scale range.

4.2.7 The Implementation of the Competency-Based Human Resources Systems

The competency-based HR applications are applied throughout the entire organization at all levels. The competency-based applications are used in the following human resources systems:

- Selection System
- Training and Development System
- Performance Management System (started in 2002)

In addition, the HR Company aims to implement competency-based career planning (promotion, rotation, succession planning) system. For the compensation system, it is argued that in terms of the market and economic conditions of the country, the competency-based compensation management is not very practical and applicable. Competencies affect the compensation package of the employee indirectly and to a small extent as will be explained in the Compensation Management Section below.

4.2.7.1 Competency-Based Selection System

The main indicators for developing a competency-based selection system in the HR Company is different from the common indicators as experienced by some other organizations (explained in the theoretical framework.). The requirement was to hire the right person for the right job and the management believed in the scientific characteristics, truth and soundness of the system.

The main objectives of the HR Companyfor developing a competency-based selection system are to;

- Provide a complete picture of job requirements
- Increase the likelyhood of hiring people who will succeed in the job.
- Ensure a more systematic interview process

- Minimize the investment (time, money) in people who do not meet expectations

According to the opinions of the interviewees, these objectives explained above have been realized by the company.

The main steps followed in developing a competency-based selection system in the HR Company are explained below:

1. Developing competency model for the jobs in the company
2. Selecting and developing assessment methods
3. Training assessors in the assessment method
4. Assessing competencies of employees who apply the positions
5. Making decisions of which employees to select for the positions
6. Tracking the performance of people selected using competency assessment methods (this step is going to be completed after receiving the performance review data for year 2002.)

4.2.7.1.1 Competency Assessment Methods

Assessment Center is the most significant and mostly used method for almost all of the position hirings in the company. The exercises used to observe and code for competencies in candidates are *"In-basket" exercises*, *leaderless group discussion*, *competency-based job interview*, *role plays* and *presentations*. Presentations differ in terms of the division, Training or Human Resources, that the candidate is going to be hired. If the hiring is going to be done for Human Resources Center, they are given a pre-assignment on a topic to make an analysis presentation and asked to be parepared to present it on the day he or she is invited. If the hiring is going to be for Training Center, the candidates are also given a training related subject to make a presentation.

The other measurement tool used to assess candidate's skills, abilities, and personality characteristics as a contributing factor for assessing successful

performance potential are tests. The most common tests used are *carefulness tests*, *ability tests* and *personality inventory*.

There is also a *job-related test* given to candidates which involves a one page framework of human resources management concepts, from the body of current law, to assessment center applications,etc. on which the candidate rates his or her degree of experience on a 1 to 5 "experience" rating scale. Afterwards, during the competency-based interview process, the items that are marked by the employees as "experienced" (either "low" or "high"), are comprehensively probed to ensure to what extent he or she is experienced at the concepts and applications.

4.2.7.1.2 Competency Assessment Process and Evaluation

In addition to competency criteria, the candidate's experience, presentability and references are taken into consideration for position hiring decisions. Secondly, for the measurement of the employees' techical skills and knowledge, job descriptions are used to assess what the employee knows, and to what degree he is experienced and competencies are used to assess the behavior dimensions, in other words how the employee did his job. The important priority here is the job-related knowledge and experience of the employee. This means that even if the employee scored at the highest expected level for the competencies, he or she also should meet the necessary requirements of knowledge and experience expected from the job.

The decision authority in the selection process are the direct report of the position, human resources manager and sometimes also Assistant General Manager i.e. for "management trainee" positions.

Based on the interviewees' opinions and experiences, the competency-based selection system and tools accompanying the system contributed to the organization and management in different ways one of which is, it helps the interviewer clarify not only job-related knowledge and experience of the candidate but also helps visualize his or her demonstrated behavioral indicators while doing the job. As a

result according to their view, this further strengthened the probability of hiring the right person for the right is job. Secondly, it helps them be more disciplined and conform to a systematic standard process. The third contribution is that the results of the interviews provide data of behavioral indicators the employee demonstrated and so can be compared with the required behaviors of each competency in the particular vacant job or role. This also helps improve the communication between the manager of the position and human resources manager with regard to sharing examples of data for why the candidate is appropriate for the position or not against selection criteria.

4.2.7.2   Competency-Based Training and Development System

The main indicators of a need for a competency-based training and development system is different from the common indicators as experienced by some other organizations (explained in the theoretical framework.). The main necessity was basicly to manage training and development system more effectively and efficiently.

The main objectives of the HR Company for developing a competency-based training and development system are;

- To help management ensure that training and development activities are in line with business goals and organizational strategies.
- To enable employees, managers, and organization focus on the relevant skills, knowledge and characteristics that affect job performance.
- To make the most effective use of training and development by ensuring that time and money saved to them are spent efficiently, by removing the guesswork of where to focus scarce resources by differentiating between programs with the most impact on performance and those with little relevance to behaviors people need on the job.

The interviewees, these objectives explained above have been realized by the company.

The main steps followed in developing a competency-based training and development system in the HR Company are explained below:

1. Developing the Competency Model
2. Identifying strenghts and development needs of the employees and organization.
3. Identifiying which competencies can be developed from current employees through training and which competencies should new candidates be selected for.
4. Developing effective training and development methods
5. Training the trainers
6. Evaluation of the training results.

As a result, in terms of orienting the training and development activities toward a regular and goal-oriented, systematic and progress-oriented direction, moving to a competency-based system reformed the training and development process of the HR Company when compared with the prior training practices as mentioned by the interviewees.

4.2.7.3 Competency-Based Performance Management System

The most important indicator of a need for a competency-based performance management system is that job performance standards and appraisal criteria were not at a satisfactory or adequate level.

The new performance management system is based on a "*mixed model*" which include the assessment of both performance results or realization of objectives and competency behaviors that predict performance in the job. Wihtin the competencies in addition to behaviors, knowledge, ability and personal characteristics are also evaluated because these factors are also considered to be within the definition of the competency. The main reasons for using a mixed model of performance management including competency criteria are as follows;

- In the changing uncertain market environment, where results can be controlled to a small extent, mixed model helps evaluate not only the "*what*" results have been achieved but also the "*how*" the results have been achieved, characteristics and behaviors they showed that predict superior performance in their present job or in future jobs.

- Secondly there are both measurable and some unmeasurable performance outcomes in some of the jobs of the organization due to the service the HR Company gives and qualitative skills are also meaningful to assess. Therefore competencies contribute to determining of employee performance.

- The HR Company emphasizes future performance therefore developed the performance management system based on appraisal of competencies in addition to achievement of objectives.

- Finally teamwork and cooperation competencies are required to be possessed and demonstrated in the job which makes the competency concept critical for employee performance.

The main objectives of the HR Company for using competency criteria within the performance management system are to;

- Provide observable and measurable criteria and minimize subjectivity in appraisal process
- Provide a shared understanding of what will be monitored and measured, ensures a balance between *what* gets done and *how* it gets done
- Identify training needs for performance improvement and development.
- Reinforce stated organizational values and culture
- Identify training and development needs for future roles
- Identify employees' developmental potential for improvement through discussing their career path and expectations.

Based on the stated objectives, It was argued that the system has provided observable and measurable criteria and minimize subjectivity in appraisal process for the first year of the implementation.

The main steps followed in developing a competency-based performance management system in the HR Companyare explained below:

1. Identifying competencies and relevant behaviors required for superior performance currently and in the future.
2. Developing a "mixed model" performance management system for assessing both achivement of objectives and competency behaviors that predict performance in the job
3. Training managers and employees in performance management i.e., coaching for performance improvement.

4.2.7.3.1 Performance Evaluation Process

The performance review meetings are conducted in face-to-face discussions between employee and manager. In the annual performance review process, the appraiser is the direct manager of the employee. The employee also reviews himself or herself before the review and two parties come together to discuss the employee's performance. Data is recorded manually on the performance review form. On the other hand, a software package for human resources module is being currently constructed which helps employees get rid of paperwork and provide them with enhanced tracking of results and development.

360-degree feedback process is also in use however, the data received are used for development purposes not as data for determining employee performance grade. In this process the developmental data are received from;

- Self-assessment
- Direct-report assessment
- Peer assessment
- Subordinate assessment (if exists)

It was mentioned the performance review process provide information for training and development and indirectly compensation management and that the mixed model performance management system has contributed significantly and positively to the organization in terms of establishing levels of performance, finding out what strenghts and development needs exist in the organization and identifying needs for performance improvement.

4.2.7.4 Career Management/Succession Planning System

Currently there is no competency-based career management/succession planning system in the company. The reason for this is that it is a small HR Company with 70 employees that they do not feel the need of a career map. However as the HR Company staff expands, the management is planning to establish the system in the near future.

The main indicators of a need for a competency-based career management system is that the HR Company engaged in a reorganization of their human resources systems most of which are established on a competency framework. The competency-based systems help the HR Company ensure that those candidates who have the required competencies or potential are hired, their ability is enhanced, and their potential is nourished through learning experiences, training, coaching, and feedback. Career planning process receives enough and qualified input from other HRM systems to establish a competency-based system. The integration of all human resources systems is what makes the process unique. Therefore , the inclusion of competency model within the career planning process in addition to selection, training and performance management will provide the necessary consistency and continuity.

Due to this organizational changes, the management requires to decide systematically which existing employees are needed for which jobs in the new structure, which employees have the competencies to succeed in the firm's future jobs, which employees are developable when they meet certain competency requirements.

In the current career planning process, the decision of promotions or lateral transfers to other jobs are based on the performance results of the employees. Since performance is one of the main criteria for decision-making, the total score of performance results and competency behaviors of employees play a role in the decision. However, the decision is not based on such a methodology where the competency requirements of feeder job and target job are compared using some methods to calculate the correlation showing the similarity or difference in competencies required by the two jobs.

4.2.7.5 Compensation Management System

The HR Company does not have a pure competency-based compensation management system. According to the interview results, compensation management system is neither purely linked to competencies nor the performance outputs. Rather the compentencies have an influence on the compensation system within the variable pay as part of the performance criteria, which will be explained in detail below. Therefore it is better to consider competencies within the compensation system in this respect. The main factors that influence the compensation policy and structure include the following:

- External market and benchmark results
- Job evaluations
- Individual competencies demonstrated
- Individual, or organization performance results (based on measures such as meeting project deadlines, delivering good quality products/service, etc.)

Fixed pay is set by the job evaluation studies and external market benchmark results according to which the HR Company takes position. The Company uses HAY job evaluation method. The criteria for job evaluation include know-how, education and accountabilities (the extent of job criticality) which refers to responsibilities of the job, and the level of criticality of the job for the company.

The variable pay includes additional compensation for competencies demonstrated on the job and actual performance of the employee based on the determined objectives at the beginning of the year. Minimum 50 percent weight is given to achievement of performance results and maximum 50 percent weight is given to demonstration of competency behaviors. This also emphasizes that employee should attain their objectives. The variable pay provides the movement of the pay between the minimum and maximum points within the grade.

The relative percentages of total compensation the organization wants to pay for job role, person competencies and performance results are very small for the variable pay. The interviewees dwelled upon the fact that, today the influence of variable pay (performance and competencies) on employee compensation package is as small as 5 percent. This is due to the economical crisis in Turkey which compelled most of the organizations to change their compensation policies and structures. Before the crisis, the influence of performance results on compensation package was much higher (around 18 %). This enabled management to differentiate between the superior performers and average or low performers. However, in Turkey's current situation, compensation is heavily determined by the external market conditions and it gets harder to reward effective performers. The interviewees also added that establishing a competency-based compensation management seems not very possible and convenient in the near future. Any reformation in this condition, only depends on the enhancement of the market and business environment.

Based on the opinions of the interviewees and the facts, the performance review results – both competencies and performance outputs seems to have a very small influence on the compensation package and therefore, serving the purposes of

motivating superior employees, rewarding performance become difficult. In this situation, the recongnition of successful achievement of the employees by their manangers gains more emphasis.

4.2.7.6 Measurement of Effectiveness

The HR Company is currently not measuring the effectiveness of competency-based human resources systems. However, for the year 2003, the first objective is to track the success of the competency-based selection process systematically by looking at all the high-potential employees who have been hired for each unit on the basis of how well they are performing. Second objective is to examine the turnover rates of the employees who have been hired through the competency-based selection method. These will be a measurement of the effectiveness of the competency-based selection.

4.2.7.7 Integrated Human Resources Management Information Systems (IHRMIS)

The interviewees mentioned that their human resources systems are not executed through technology but the staff has currently been working on a software program for running human resources systems from an integrated data base. In the near future they will be enabling their human resources applications through technology.

The main indicators of a need for an integrated human resources management system is to avoid any fragmentation and conflict between human resources systems, to provide a common language and carry this to technological environment.

The functions to be included and used in the integrated human resource integration system will be;

- Job Desciptions
- Recruitment and Selection System
- Training and Development System

- Career Management and Succession Planning System
- Performans Management System

According to the interviewees' opinions the following capabilities are crucial when executing human resources system through technology:

- Ease Of Use
- Access To Data
- Security Of Data
- Flexibility Of Reporting
- Quality Of Reporting
- Sophistication Of Data Analysis
- Being Web-Based

The interviewees believe that the new technology will beneficial to both employees and managers. The main benefits can be as follows:

- To reinforce the confidence and belief of the employees and managers to the system
- To further clarify the development and career opportunities in the minds of the employees and managers
- To be an effective self-management and people management tool for individuals in the organization.

4.2.8 The Evaluation of the Case Study

According the overall information collected during the interviews, the competencies or competency model is considered as a scientific, measurable, observable and effective tool which helps assess and develop employee performance against. Competencies are being used for a range of human resources systems including selection, training and development, performance management.

Briefly, the following objectives have been accomplished by designing and installing competency framework in human resources systems in the HR Company:

- Providing a complete picture of job requirements and ensure a more systematic and standardized interview process
- Increasing the likelyhood of hiring people who will succeed in the job
- Minimizing the investment (time, money) in people who do not meet expectations
- Providing observable and measurable criteria, minimizing subjectivity and a shared understanding of what will be monitored and measured, and ensuring a balance between *what* gets done and *how* it gets done for supervisory and higher levels.
- Identifying training needs for performance improvement and development and for future roles
- Reinforcing stated organizational values and culture
- Helping management ensure that training and development activities are in line with business goals and organizational strategies.
- Identifying employees' developmental potential for improvement through discussing their career path and expectations
- Making the most effective use of training and development by removing the guesswork of where to focus scarce resources and by ensuring that time and money saved to them are spent efficiently
- Enabling employees, managers, and organization focus on the relevant skills, knowledge and characteristics that affect job performance.

Through designing and implementing competency-based applications in most of the human resources systems, an integrated framework is established to maximize the human capital of the organization.

The fact that career management system is not executed competency-based is due to the small structure of the organization and limited number of employees within the organization. However, the idea is to build a competency-based career management system as the staff volume expands in the coming years. For the compensation management, according to the interview results, the case is regarded as somewhat different specific to Turkey. External market conditions are seen as the most important determinants of employee pay and for the present, establishing a competency-based compensation management seems not very possible and convenient in the near future according to their opinions. One of the main disadvantages of this condition is that it gets harder to reward effective performers, motivate them and to differentiate between those superior and average performers.

One of the main challenges the organization faces about the competencies is that they can not be stable and used for a long period of time without any change. The organization is considered as the "*supermarket of HR services, and products*" and serve both Group and also non-Group partners more effectively. Each partner/ company crafts its own strategies and business plan. Due to the changes in economical, political, societal conditions, the strategies of the companies also are altered. Therefore as the organization's main activity is to serve these companies in HR related areas, its employees should be equipped with new competencies, skills and practices to catch up and implement the best practices. As a result, the HR Organization should continuously renew its competency model based on the business needs and develop employees to enable them demonstrate necessary competency criteria.

The current initiatives are toward automating the human resources systems and tools to minimize the paperwork and to enable an effective self-management process by which employees have access to data.

In consequence, as being a service organization of which the only and value adding capital is its employees, the HR Company and Management highly realize "the value of their people" as the key to succeed in the current contention for competitive advantage. In order to achieve their business strategy and reinforce their core values through providing the best service to its clients, the HR Company needs value adding, quality and customer-oriented, communicative and excellently performing employees. Competency model is considered by Management as highly beneficial in ensuring those and creating an athmosphere of productivity and motivation through clarifying the criteria required for effective performance.

CONCLUSION

The intense competition among companies to achieve sustainable competitive advantage led them to investigate about the factors that will contribute to gaining and maintaining long term competitive performance and to the success of the company. Differentiation takes place through internal initiative such as development of technological tools and systems, product innovations, capital, effective distribution channels, people or a combination of some of these factors which make up the company's competitive strategy.

Today, many organizations have realized that workforce is an important source of competitive advantage. An important stage in this process is the Industrial Revolution during 1800s when a transformation took place from agricultural to industrial societies and which then led to the study of work and jobs. Taylor's contributions to management and the rise of the Industrial Psychology brought the importance of the individual and individual differences. 1930s advent of Human Relations School of Management thought based on the idea to motivate workers and 1970s shift to service-oriented economy, the basis of employee excellence started to be emphasized. As a result, the skills, abilities and development of the workforce gains more emphasis which brought the recognition of human resources management function in organizations. However it has been more difficult for management to measure the effectiveness of its employees and clarify the real value-added of human resources management to the organization.

An important milestone for clarifying the requirements for effective performance is "competency" approach, which refers to the collection of knowledge, skills, and behaviors required to perform superiorly in a job. Through which the studies of David McClelland, Richard Boyatzis and Lyle M. Spencer and Signe M. Spencer and many other names, the competency movement has been in use for more than three decades.

The organizations which adopt the competency approach, develop their company-specific competencies such that they are organized within a competency framework

or a competency model that offer a complete set of criteria that is understood in the same way by all employees for effective performance. The development and implementation of the competency model should be based on pursuing certain methodological steps.

The organizations that develop competency models provide themselves with an effective human resources tool or criteria that is extended to and used for selection, training and development, performance management, career planning and compensation management. Therefore competency models help the integration of all human resource management systems by promising one set of criteria for all systems.

The primary outcome of competency models to the overall organization is aligning individual behavior with organizational strategies, goals and values through translating those values and strategies into specific behaviors.

Competency-based selection helps ensure the fit between the job requirements and person competencies. The contributions of competency models to selection system includes providing examples of behaviors necessary for effective performance in the job, making reliable decisions in competency-based assessments, by turning evidence into competency assessment ratings and by combining ratings from different exercises and providing a framework that helps measure the "how" of the job. Competency-based selection is the oldest application among all human resource systems that traces back to Mc Clelland's early work with competencies for selection purposes.

Competency-based training and development is crucial to ensure that each of the employees' competencies are enough to meet the current and future needs of the organization. The contributions of competency models to training and development system are objectively reviewing the training and development needs that are line with the organizational direction and strategies and ensuring the proper design of training and development activities in terms of participants, their current competency levels, the expertise of the trainers, available resources.

Competency-based performance management contributes to the organizations in identifying factors that assesses "*how*" the job is carried out in terms of behavioral performance, in addition to "*what*" the employee achieved in terms of performance objectives. Competency-based performance management is the most common application among all human resource systems.

The contributions of competency-based career management for employees are linking competencies with developmental activities, promoting employees for higher level positions or transfering them to lateral positions based on the match between the competency requirements and actual competency levels of employees, not on seniority or other criteria.

Competency-based training and development and career management systems follow performance system in order of use of frequency.

Competency-based compensation management contributes to the organization in providing employees with sufficient information about the criteria that make up an employees compensation package and reinforcing the fairness of the compensation management system from employees perspective. However, competency-based compensation is the least common application among all human resource systems. It is considered as an application that is usually establishes after other competency-based HR systems are in use.

The competency movement has been used tremendously throughout the US and UK where it originated. As now being an international phenomenon, competency is also practised increasingly throughout the OECD countries, European countries including Turkey.

In this research, an explanatory study on current competency-based human resources management systems in a national and multinational company was performed which involves the Companies' background, corporate objectives, the objctives of implementing competency-based human resource management systems, the contributions that competencies have made, the methodological steps in developing

the systems in the companies, the challenges faced in executing competency applications, and the future foresights of both organizations. The main common findings obtained from both case studies are summarized below:

- Competency frameworks ensure a common, standard, measurable and observable set of criteria that helps minimize subjectivity and a systematic approach that can be implemented across all the human resource management systems.

- The requirements for effective performance for companies alters from one organization to another and also from one job role to another within the organization. Therefore competency models should be designed tailored to each organization.

- Competency-based HR applications help align individual behavior and skills with organizational strategies, goals and values and direction of the company as a whole through revolving those values and strategies into specific behaviors as performance effectiveness criteria.

- Competency approach reinforces stated organizational values and culture.

- Employees with the required competencies in an organization are a vital source of competitive advantage for the Companies.

- Competency frameworks provide a complete picture of job requirements and ensure a more systematic and standardized interview process for selection system through which the identical standards specific to the role in candidates are queried.

- Competency-based selection increase the likelyhood of hiring people who will succeed in the job in question and also future jobs.

- Any gaps in competencies determine the training and development activities. The leading method is training needs assessment based on identifying the employee's current and future competency levels. The tool used in the Company is supervisory assessment and in HR Company multi-rater assessment.

- Training needs for performance improvement and development and for future roles are clarified by competency-based training.

- Competency-based training and development help management ensure that training and development activities are in line with business goals and organizational strategies.

- Competency-based training makes the most effective use of training and development by removing the guesswork of where to focus scarce resources and by ensuring that time and money saved to them are spent efficiently or effectively.

- Identify training and development needs for performance improvement and development for current and future roles.

- Employees, managers, and organization are enabled focus on the relevant skills, knowledge and characteristics that affect job performance.

- Competency data are use for employee development, promotion, training decisions.

- Applying competency based performance raises the bar of the competency levels of all employees and enhances performance expectations.

- Competencies and results are rated in performance reviews. The "mixed model" (including both performance results and *competency behaviors* that predict performance in the job) provide a shared understanding of what will be monitored and measured, ensures *how* the work gets done in addition to *what* gets done.

- Mixed-model performance management helps provide observable and measurable criteria and minimize subjectivity in appraisal process.

- Employees' developmental potential for improvement are identified in competency-based performance management through discussing their career path and expectations.

- The alignment of the goals of the employees with corporate goals are ensured with the new system.

- Competency-based career planning provides a method to assess candidate readiness- identify and define a list of expected behaviors required by the job as criteria helps to assess candidate readiness.

- Competency-based career planning helps assure a measurable and systematic method for filling the vacant positions due to promotions, terminations, etc.

- Employees' developmental potential for improvement are identified through discussing their career path and expectations.

- Competency-based career planning identifies missing competencies and determine training and development plans to address them for performance improvement and development for future roles.

- Competency-based training and development system enables employees, managers, and organization focus on the relevant skills, knowledge and characteristics and developing them on the methods, techniques and competencies required to do specific tasks that provide effective performance in their current and future jobs.

- Competency applications help reward successful or effective performance.

- In both case studies, it is identified that compensation structures include external market and benchmark results, job evaluations, individual competencies demonstrated, individual, or organization performance results. Both companies do not have a pure competency-based compensation management system. Compensation management system is neither purely linked to competencies nor the performance outputs. Rather the compentencies have some or very small influence on the compensation system within the variable pay, as part of the performance criteria.

- Involving results of competency evaluations in compensation management system are to provide employees with sufficient information about the criteria for establishing compensation package in addition to HAY job evaluation method. In addition, in the HR Company, establishing a competency-based compensation management is questioned for Turkey's current situation where external market conditions are seen as the most important determinant of employee pay.

So, there is an evolving shift of collecting and processing employee information from manual applications to software applications. A database shared by all human resource functions is required to provide a "common language" and integrates all of the competency-based applications into one centralized, updated, easy-to-use system for virtually every HR system as called Competency-based Integrated Human Resources Management Information System. (IHRMIS). The establishment of this integrated information system helps reinforce the confidence and belief of the employees to the system that the applications are executed in a stable way and of good quality and further clarify the development and career opportunities in the

minds of the employees and managers. It is an effective self-management and people management tool for individuals in the organization and in the near future it seems that all the human resources systems will be and should be executed through technology.

The findings of case studies on competency-based HR systems revealed that the competency approach provided many benefits and opportunities that support the theoretical framework and have been discussed there.

With the fast technological change, global competition and the organizations' need for knowledge workers and its awareness that the workforce is one of the most important factors for achieving competitive advantage, competency frameworks are used by an increasing number of organizations for executing their human resources management systems both internationally and in Turkey. Competency approach is becoming more practical and a more robust tool with opportunities in the future. With improved software solutions, competency-based human resource management systems will be executed through techonology that provides an online up-to-date database accessible to employees in the organization. For the employers part, the HRIS helps consolidate the information about all the people in the organization so that they can know at any time what competencies are missing or need further development, what experiences are required, determine who to reward, identify where the employees stand in terms of achieving their goals that help attain organizational goals and objectives, can make effective job-person matches, identify whom to place for the target positions. As a result, management will be aware where its workforce stand to be able to respond to any changes in the environment.

As a result, competency approach by providing common set of criteria ensures uniqueness and significantly contributes to human resources management systems and processes. Organizations have realized that properly designed and skillfully handled, the approach leads to individual and organizational performance enhancements.

In the future, it may be useful to undertake a more comprehensive research about the implementation of competency-based human resources systems of companies in Turkey and also of companies that have thought about competencies but did not implement them so that a general picture of the country-wide applications will be achieved. The researchers can investigate which human resources systems are the most and least commonly used, the results each competency-based application in terms of benefits, contributions and challenges, the meanings of the results for the companies. Second implications for furher research can be to examine the industry-wide differences, in terms of how convenient it is to design and implement competency-based applications per industry. The benefits and challenges of the competency applications for each industry can be researched.

Finally, studies regarding the measurement of effectiveness or return on investment (ROI) of competency-based human resource management systems can be conducted. as a another case study for further research or as a comprehensive research in Turkey.

BIBLIOGRAPHY

BOOKS AND JOURNALS

AMERICAN COMPENSATION ASSOCIATION (ACA), HAY GROUP, HEWITT ASSOCIATES LLC, TOWERS PERRIN, WILLIAM M. MERCER INC., **Raising The Bar: Using Competencies To Enhance Employee Performance**, Scottsdale, US, American Compensation Association, 1996, p.5.

AVISS J., "Recruiting Talented Managers", "**Strategic Communication Management**", 2001, Vol.5, Issue.3.

BASSI L. J., BENSON G., "The Top Ten Trends", **Training & Development**, 1996, Vol. 50, Issue 11.

BOULTER N., DALZIEL M. and HILL J., **People and Competencies: The Route to Competitive Advantage**, London, Hay McBer, 1996.

BOYATZIS R. E., **The Competent Manager: A Model for Effective Performance**, New York, John Wiley & Sons, Inc., 1982..

BOYLE S., FULLERTON J. and YAPP M., "The Rise Of The Assessment Centre: A Survey Of AC Usage In UK.", **Selection and Development Review**, 1993, Vol.9.

BRISCOE J. P., HALL D. T., "An Alternative Approach and New Guidelines for Practice", **Organizational Dynamics**, 1999, Vol. 28, Issue:2.

CARROL A., MCCRACKIN J., "The Competent Use of Competency-based Strategies for Selection and Development", **Performance Improvement Quarterly**, 1998, Vol.11, Issue.3.

COOPER S., LAWRENCE E., KIERSTEAD J., et.al., "Competencies – A Brief Overview of Development and Application to Public and Private Sectors", **Public Service Commission of Canada**, 1998.

DREJER A., "Illustrating Competence Development", **Measuring Business Excellence**, 2001, Vol. 5, Issue.3, p.6.

DYER L., REEVES T., "Human Resource Strategies and Firm Performance", **The International Journal of Human Resources Management**, 1995, Vol. 6, Issue. 3.

EHLY C. M., MIXON M. A., **Competency Model Building & Competency-Based Pay Training**, Arthur Andersen, 1999.

FARREN C., "How To Eliminate The Generation Gap In Today's Work Team", **Employee Benefit News,** 1999, Vol.13, Issue.7.

FORD K., "Competencies in the Real World: Performance Management for the Relationally Healty Organization", **Compensation and Benefits Review**, 2001, Vol.33, Issue.

GILLEY J. W., MAYCUNICH A., **Organizational Learning, Performance and Change: An Introduction To Strategic Human Resource Development**, New York, Perseus Publishing, 2000, p.5

GOMEZ-MEJIA L. R., BALKIN D. B., CARDY R. L., **Managing Human Resources**, 3rd. Edition, New Jersey, Prentice Hall, 2001.

GRANT P. C., "Job Descriptions: What's Missing", **Industrial Management**, 1997, Vol.39, Issue.6.

GREENE R. J., "Culturally Compatible Reward Strategies", **American Compensation Association**, 1998, Vol.4, Issue.3.

GREENGARD S., "Competency Management Delivers Spectacular Corporate Gains", **Workforce**, 1999, Vol. 78, Issue: 3.

HOFFMAN T., "The Meanings of Competency", **Journal of European Industrial Training**, 1999, Vol. 23, Issue.6.

HORTON S., "Introduction – The Competency Movement: Its Origins And Impact On The Public Sector", **The International Journal of Public Sector Management**, 2000, Vol. 13, Issue. 4.

HOUTZAGERS G., "Empowerment, Using Skills and Competence Management", **Participation and Empowerment: An International Journal**, 1999, Vol. 7, Issue 2.

KOCHANSKI J., "Competency-Based Management", **Training & Development**, 1997, Vol. 51, Issue.10.

LADO A. A., WILSON M. C., "Human Resource Systems and Sustained Competitive Advantage: A Competency-Based Perspective", **The Academy of Management Review** , 1994, Vol.19, Issue.4

LUCIA A. D., LEPSINGER R., **The Art and Science of Competency Models : Pinpointing Critical Success Factors in Organizations**, San Francisco, Jossey-Bass / Pfeiffer, 1999.

LYNCH R., **Corporate Strategy**, 3rd. Edition, Italy, Prentice Hall, 2003.

MAMATOĞLU N., **IV. Performans Yönetimi Zirvesi**, Ceylan Intercontinental Oteli, Istanbul, 18-19 December 2002.

MCLAGAN P. A., "Competencies:The Next Generation", **Training & Development**, 1997, Vol. 51, Issue. 5.

MCLAGAN P., "Competency Models: Great Ideas Revisited", **Training & Development**, 1996, Vol.50, Issue.1.

MIRABILE R.J., "Everything You Wanted To Know About Competency Modeling", **Training & Development**, 1997, Vol. 51, Issue.8.

MCCLELLAND D. C., LEPSINGER R. E., "Leadership Motive Pattern and Long-Term Success in Management", "**Journal of Applied Psychology"**, 1982, Vol.67, Issue.6.

MEYER T., SEMARK P., "A Framework For The Use of Competencies For Achieving Competitive Advantage", **South African Journal of Business Management**, 1996, Vol 27, Issue. 4.

MULCAHY D., JAMES P., "Evaluating the Contribution Of Competency-Based Training : An Enterprise Perspective", **International Journal of Training and Development**, 2000, Vol.4, Issue.3.

NARDONI R., "Competency-Based Succession Planning", "**Information Systems Management**", 1997, Vol. 14, Issue. 4.

NEMEROV D. S., "How To Design A Competency-Based Pay Program", **Journal of Compensation & Benefits**, 1994, Vol.9, Issue.5.

NEW G. E., "A Three-Tier Model of Organizational Competencies", **Journal of Managerial Psychology**, 1996, Vol.11, Issue. 8.

ONAY R., **IV. Performans Yönetimi Zirvesi**, Ceylan Intercontinental Oteli, Istanbul, 18-19 December 2002.

PRAHALAD C. K., HAMEL G., "The Core Competence of the Corporation", **Harvard Business Review**, 1990, p.82.

SABUNCUOĞLU Z., **Personel Yönetimi**, Bursa, Rida Ofset, 1994.

SCHIPPMANN J. S., ASH R. A., et.al., "The Practice of Competency Modeling", **Personnel Psychology**, 2000, Vol. 53, Issue. 3.

SCHIPMANN J. S., **Strategic Job Modeling:Working at the Core of Integrated Human Resources**, Lawrence Erlbaum Associates, New Jersey, Mahwah, 1999.

SIMS R. R., VERES III J. G., HENINGER S. M., "Training For Competence", **Public Personnel Management**, 1989, Vol.18, Issue.1.

STUART R., LINDSAY P., " Beyond The Frame Of Management Competencies: Toward A Contextually Embedded Framework Of Managerial Competence In Organizations", **Journal of European Industrial Training**, 1997, Vol 21, Issue. 1.

THOMAS H., POLLOCK T., "From I-O Economics' S-C-P Paradigm Through Strategic Groups to Competence-Based Competition: Reflections on the Puzzle of Competitive Strategy", **British Journal of Management**, 1999, Vol.10, p.134.

THOMPSON A. A., STRICKLAND III. A. J., **Crafting and Executing Strategy: Text and Reading**, 12.th edition, Singapore, McGraw-Hill Companies Inc., 2001.

TOKESKY G. C., KORNIDES J. F., "Strategic HR Management is Vital", **Personnel Journal**, 1994, Vol.73, Issue 12.

TÜRKSELCİ A., **IV. Performans Yönetimi Zirvesi**, Ceylan Intercontinental Oteli, Istanbul, 18-19 December 2002.

WHIDDETT S., HOLLYFORDE S., **The Competencies Handbook**, London, Institute of Personnel and Development, 1999.

WOOD R., PAYNE T., **Competency-Based Recruitment and Selection**, West Sussex, John Wiley & Sons Ltd., 1998.

ZWELL M., **Creating A Culture of Competence**, New York, John Wiley & Sons, Inc., 2000.

ELECTRONIC RESOURCES

FELICE M., 1998, "Human Resources Competencies Over Time", **http://www.psc-cfp.gc.ca/research/personnel/comp_history_e.htm**, 21.10.2002.

http://www.th-record.com/1998/04/04-03-98/harvar.htm, 18.11.2002.

http://www.quickmba.com/strategy/core-competencies/, 02.01.2003.

http://www.ilo.org/public/english/region/ampro/cinterfor/temas/complab/xxxx/1. htm, 03.12.2003.

KIERSTEAD J., 1998, Competencies and KSAO's, **www.psc-cfp.gc.ca /research/personnel/ comp_ksao _e.pdf**, 04.01.2003.

KLEMP G.O. Jr., "The Assessment Of Occupational Competence", **Report to the National Institute of Education**, Washington, DC, 1980.
http://www.ilo.org/public/english/region/ampro/cinterfor/temas/complab/xxxx/1. htm, 03.12.3002.

SCHOONOVER S. C., SCHOONOVER H., NEMEROV D., EHLY C., **Competency-Based HR Applications: Results of a Comprehensive Survey 2000**, **http://www.ilo.org/public/english/region/ampro/ cinterfor/temas/complab/xxxx/1.htm**, Schoonover Associates Inc, Arthur Andersen and Society for Human Resource Management, 03.12.2003.

SCHOONOVER S. C., "Implementing Competencies: A Best Practices Approach", p.5, **http://www.schoonover.com/ResourceCenter/article9.htm**, December 24, 2002.

APPENDIX 1 (INTERVIEW QUESTIONNAIRE)

<div align="center">

IŞIK ÜNİVERSİTESİ

İKTİSADİ VE İDARİ BİLİMLER FAKÜLTESİ

EXECUTIVE MBA PROGRAMI

YÜKSEK LİSANS TEZ ÇALIŞMASI

</div>

Sayın İnsan Kaynakları Yöneticisi,

Bu çalışmanın amacı, kurumunuzda yetkinlik öncesi yürütülen insan kaynakları sistemleri ve mevcut yetkinlik bazlı insan kaynakları sistemlerinin uygulamalarına yönelik bilgi toplanması ve yetkinlik uygulamasının gerek çalışanlar gerekse kuruma katkılarına ilişkin görüşlerinizin ve değerlendirmelerinizin belirlenmesidir. Bu araştırma, "Yetkinlik Bazlı İnsan Kaynakları Sistemleri Uygulamaları" başlıklı yüksek lisans tez çalışmasının vaka araştırması bölümünü oluşturacaktır.

Formda seçenekli ve açık uçlu olmak üzere toplam 102 soru yer almaktadır.

Tez kapsamında şirket tarafından onaylanmadığı taktirde, vaka çalışmasının yapıldığı şirket adı, kesinlikle belirtilmeyecektir.

Yardımlarınız ve katkılarınızdan ötürü şimdiden çok teşekkürler.

Saygılarımla,

Gaye KALKAVAN

IŞIK UNİVERSİTESİ
İktisadi ve İdari Bilimler Fakültesi,
İşletme Bölümü Uzmanı

IŞIK ÜNİVERSİTESİ
İKTİSADİ VE İDARİ BİLİMLER FAKÜLTESİ

EXECUTIVE MBA PROGRAMI

YÜKSEK LİSANS TEZ ÇALIŞMASI

İÇERİK: **YETKİNLİK BİLGİ FORMU**

AMAÇ: **VAKA ÇALIŞMASI YOLUYLA ŞİRKETTE UYGULANAN YETKİNLİK BAZLI İNSAN KAYNAKLARI SİSTEMLERİ HAKKINDA BİLGİ TOPLANMASI**

DANIŞMAN: **PROF. DR. MURAT FERMAN**

TEZİ HAZIRLAYAN: **UZM. GAYE KALKAVAN**

1. GENEL BİLGİLER:

1) Kurumunuzun vizyonunu tanımlar mısınız?

2) Kurumunuzun misyonunu tanımlar mısınız?

3) Kurumunuzun "Hedefleri" nelerdir?

4) Kurumunuzun "Stratejileri" nelerdir?

5) Kurumunuzun stratejilerine göre "kritik başarı faktörleri" nelerdir?

6) Kurumunuz insan kaynakları kapsamında "Yetkinlik"i nasıl tanımlıyor?

2. YETKİNLİK BAZLI İNSAN KAYNAKLARI SİSTEMLERİNİN UYGULANMASINA GEÇİŞTEN ÖNCE DURUM TESBİTİNE YÖNELİK SORULAR:

Dikkat: 7'den 29'a kadar olan sorular <u>yetkinlik bazlı insan kaynakları sistemlerinin uygulanmasına geçişten önceki insan kaynakları faaliyetlerine ilişkin</u> cevaplanacak sorulardır!!

a) <u>İşe Alma ve Yerleştirme Sistemi</u>

Yetkinlik-Bazlı Uygulamalardan Önce;

7) İşe alma ve yerleştirme sürecinde kullanılan <u>kriterler</u> nelerdi?
   (Birden fazla seçenek işaretlenebilir.)

   ( ) Eğitim başarı puanı
   ( ) Deneyim
   ( ) Kıdem
   ( ) Dış görünüş
   ( ) Referanslar
   ( ) Diğer _____

8) İşe alma ve yerleştirme sisteminde hangi <u>değerlendirme araç/araçlarını</u> kullanıyordunuz? **(Birden fazla seçenek işaretlenebilir.)**

   ( ) Birebir mülakat
   ( ) Grup mülakatı
   ( ) Kişilik testleri
   ( ) Yazılı sınav
   ( ) Diğer _____

9) İşe alma kararı kim ya da hangi <u>kademe/kademeler</u> tarafından veriliyordu? **(Birden fazla seçenek işaretlenebilir.)**

( ) İşe alınacak kişinin yöneticisi tarafından
( ) İnsan kaynakları yöneticisi tarafından
( ) Üst yönetim tarafından
( ) Diğer _____

10) Bu haliyle işe alma ve yerleştirme süreci sizce ne kadar başarılı oluyordu?

b) <u>Eğitim Yönetimi Sistemi</u>

Yetkinlik-Bazlı Uygulamalardan Önce;

11) Eğitim ve Geliştirme programları var mıydı?

( ) Evet
( ) Hayır

12) Yukarıdaki soruya cevabınız "Evet"ise, genelde hangi tür eğitimler, hangi iş kolları / organizasyon kademelerinde uygulanıyordu?

	Yönetici / Liderlik Geliştirme Progr.	**İş Koluna Yönelik Eğitim Progr. (Satış teknikleri, endüstriyel ilişkiler, vs.)**	**Kişisel ve Profesyonel Gelişim Progr.(Etkin İletişim, Takım Çalışması, vs.)**
Organizasyonun tüm kademelerinde			
Belli iş kollarında (satış, pazarlama)			
Yönetici kademelerinde			
Üst düzey yönetici kademelerinde			

13) Eğitim ve Geliştirme programlarına katılım için dikkate alınan <u>unsurlar</u> nelerdi? **(Birden fazla seçenek işaretlenebilir.)**

( ) Şirkette belli bir kıdeme ulaşmış olmak
( ) Doğrudan bağlı olunan yönetici tarafından verilen karar
( ) İnsan kaynakları departmanı tarafından yürütülen eğitim ihtiyaç analizleri
( ) Diğer _____

14) Bu haliyle eğitim sistemi sizce ne kadar başarılı oluyordu?

c) **Performans Yönetimi Sistemi**

Yetkinlik-Bazlı Uygulamalardan Önce;

15) Kurum içi performans değerlendirme yapılıyor muydu?

( ) Evet
( ) Hayır

16) Performans değerlendirmelerinde kullanılan kriterler nelerdi?
   (Birden fazla seçenek işaretlenebilir.)

( ) Yetkinlikler öncesi kullanılan bir form üzerinden değerlendirmeler
   yapılmaktaydı.
( ) Şirket değerlerine dayalı bir değerlendirme yapılmaktaydı.
( ) Bireysel hedeflere dayalı bir değerlendirme yapılmaktaydı.
( ) Her yöneticinin kendine özel bir değerlendirme yöntemi vardı.
( ) Diğer _____

17) Performans değerlendirmeleri açık sistemde mi yapılıyordu?

( ) Evet
( ) Hayır

18) Değerlendirmeler hangi kademe/kademeler tarafından yapılıyordu?
   (Birden fazla seçenek işaretlenebilir.)

( ) Çalışanın ilk kademe yöneticisi yöneticisi
( ) Çalışanın ikinci kademe yöneticisi
( ) Diğer _____

19) Bu haliyle performans yönetimi sizce ne kadar başarılı oluyordu?

d) **Kariyer Yönetimi Sistemi**

Yetkinlik-Bazlı Uygulamalardan Önce;

20) Kurumunuzda kariyer planlama yapılıyor muydu?

( ) Evet
( ) Hayır

21) Kurumunuzda yedekleme planlaması yapılıyor muydu?

( ) Evet
( ) Hayır

22) Kurumda terfiler ve/veya yatay geçişler için hangi <u>kriter/kriterler</u> esas alınıyordu?
(Birden fazla seçenek işaretlenebilir.)

( ) Kıdem
( ) Yaş
( ) Kadro açığı
( ) Performans değerlendirme
( ) Diğer _____

23) Bu haliyle kariyer yönetimi sizce ne kadar başarılı oluyordu?

e) <u>Ücret Yönetimi Sistemi</u>

Yetkinlik-Bazlı Uygulamalardan Önce;

24) Kurumunuzda belli standardlara ve kriterlere dayalı bir ücret sistemi uygulanıyor muydu?

( ) Evet
( ) Hayır

25) Yukarıdaki soruya verilen cevap "Evet"ise, ücret yönetimi sürecinde kullanılan kriterler nelerdi? **(Birden fazla seçenek işaretlenebilir.)**

( ) Kıdem
( ) İş değerleme kriterleri
( ) Performans değerlendirme
( ) Diğer _____

26) Bu haliyle ücret yönetimi sizce ne kadar başarılı oluyordu?

<u>Genel Olarak,</u>

27) Tüm bu insan kaynakları sistemlerine ilişkin çalışan bilgileri ve sonuçları kayıt altında tutuluyor muydu?

( ) Evet
( ) Hayır

28) Yukarıdaki soruya cevabınız "Evet"ise, bu kayıtlar hangi ortamda tutuluyordu?

( ) Manuel ortamda
( ) Bilgisayar ortamında
( ) Diğer _____

3. YETKİNLİK MODELİNİN KURULUŞ, UYGULAMA VE SONRASI

Dikkat: 29'dan 85'e kadar olan sorular <u>yetkinlik bazlı insan kaynakları sistemlerinin uygulanmasına geçişle birlikte gelişen insan kaynakları faaliyetlerine ilişkin</u> cevaplanacak sorulardır!!

3.1. YETKİNLİK MODELİNİN KAPSAMI

29) Hangi kanal / kanallar vasıtasıyla yetkinlik kavram ve uygulamalarından haberdar olundu? **(Birden fazla seçenek işaretlenebilir.)**

( ) Sektördeki rakip şirketlerin sistemi kurmaya başlamasıyla
( ) Sektör dışındaki şirketlerin sistemi kurmaya başlamasıyla
( ) Kongre ve/veya seminerler yoluyla
( ) Diğer _____

30) Kurumunuzda yetkinliğe dayalı bir sisteme ihtiyaç olduğuna dair ne gibi göstergeler oldu? **(Birden fazla seçenek işaretlenebilir.)**

( ) İşe alma ve yerleştirme sürecinin belli kriterlere dayanmayışı ve çalışanların bundan duyduğu memnuniyetsizlik
( ) Şirket çalışanlarının mevcut performans değerlendirme sürecine inanmayışı
( ) Şirket çalışanlarının verim ve performans düşüklüğü
( ) Ücretlendirme sisteminin neye göre yapıldığının çalışanlar tarafından bilinmemesi ve onlarda yarattığı rahatsızlık
( ) Şirkette belli kriterlere dayalı bir kariyer ve yedekleme planlamasının bulunmaması
( ) Terfilerin performans dışında kıdeme bağlı oluşu
( ) Diğer _____

31) Yetkinliklerin ve/veya yetkinlik model(ler)inizin <u>temel hedefi/hedefleri</u> nedir?

(Önem derecesine göre sıralandırınız. 5-Cok önemli,.... 1-Çok önemsiz)

	1	2	3	4	5
( ) Davranışları varolan şirket değerleri doğrultusunda düzenlemek					
( ) Çalışanlardan beklenen performansı ve beceri düzeylerini artırmak					
( ) Hangi işin yapıldığına odaklanmakla birlikte, işin nasıl yapıldığına da odaklanmak					
( ) Genel liderlik yapısını oluşturmak					
( ) Bütün fonksiyonel alanları geliştirmek					
( ) Spesifik roller geliştirmek					
( ) Kritik rollerde daha yüksek performansı desteklemek					
( ) Kariyer yapısını veya yönetim seviyelerine bağlı başarı kriterlerini oluşturmak					
( ) Entegre insan kaynakları uygulamalarını geliştirmek					
( ) Yetkinlik grupları veya seviyeleri oluşturmak					
( ) Diğer _____					

32) Yukarıdaki soruda, belirlenmiş olan hedefleri baz alarak, yetkinlik bazlı programlarınızın <u>gerçekleşen hedeflerini</u> belirtiniz?**(Birden fazla seçenek işaretlenebilir.)**

( ) Davranışları varolan şirket değerleri doğrultusunda düzenlemek
( ) Çalışanlardan beklenen performansı ve beceri düzeylerini artırmak
( ) Hangi işin yapıldığına odaklanmakla birlikte, işin nasıl yapıldığına da odaklanmak
( ) Genel liderlik yapısını oluşturmak
( ) Bütün fonksiyonel alanları geliştirmek
( ) Spesifik roller geliştirmek
( ) Kritik rollerde daha yüksek performansı desteklemek
( ) Kariyer yapısını veya yönetim seviyelerine bağlı başarı kriterlerini oluşturmak
( ) Entegre insan kaynakları uygulamalarını geliştirmek
( ) Yetkinlik grupları veya seviyeleri oluşturmak
( ) Diğer _____

33) Grup bünyesinde yetkinlik bazlı insan kaynakları uygulamalarına ne zaman başladınız ve insan kaynakları uygulamalarının kurulması ne kadar zaman aldı?

34) Şirketinizin aradığı yetkinlikler aşağıdaki hangi kriterler gözönünde bulundurularak belirlenmektedir? **(Önem derecesine göre sıralandırınız. 5-Çok önemli,..., 1-Çok önemsiz)**

	1	2	3	4	5
Şirket kültürü ve değerleri					
Mevcut iş gerekleri					
Yüksek performansa sahip çalışanlarla yapılan görüşmeler					
Değişen iş koşulları					
Şirketin misyon ve vizyonu ve stratejileri					
Ülkenin insan kaynakları profili					
Rakip şirketlerin insan kaynakları profili					
Diğer					

35) Uygulanan yetkinlik modeli kapsamında hangi kategorilerde yetkinlikler tanımlanmış ve kullanılmaktadır? **(Birden fazla seçenek işaretlenebilir.)**

( ) Temel Yetkinlikler
( ) Yönetici ve Liderlik Yetkinlikleri
( ) Takım Yetkinlikleri
( ) Teknik / Fonksiyonel Yetkinlikler
( ) Diğer _____

3.2. YETKİNLİK MODELİNİ OLUŞTURMA YÖNTEMİ

36) Yetkinlik kategorilerini oluştururken hangi <u>veri toplama yöntem/yöntemleri</u> kullandınız?
(Birden fazla seçenek işaretlenebilir.)
( ) Fokus grup toplantıları
( ) Davranışsal olay mülakatı
( ) Uzman gruplar
( ) Gözlem
( ) Kritik vaka tekniği
( ) Diğer _____

37) Yukarıdaki soruya göre, bu yöntemleri belirlerken hangi faktörleri gözönünde bulundurdunuz? **(Birden fazla seçenek işaretlenebilir.)**
( ) Bu işe ayrılan bütçe
( ) Zaman
( ) Yetkinlik sistemi konusunda uzman kişi sayısının azlığı/çokluğu
( ) Üst yönetim kararı
( ) Diğer _____

38) Kurumunuzda yetkinliklerin değerlendirilmesinde hangi yöntemini kullanmaktasınız?

( ) Derecelendirme Yöntemi (Likert Ölçeği)
( ) Zorunlu Tercih Yöntemi
( ) İkili Karşılaştırma Yöntemi
( ) Kritik Olay Yöntemi
( ) Diğer _____

39) Kurumunuzun hangi kademelerinde yetkinlik bazlı sistemleri uygulamaktasınız? (Birden fazla seçenek işaretlenebilir) **(Birden fazla seçenek işaretlenebilir.)**

( ) Tüm organizasyonda (Mavi yaka ve beyaz yaka olmak tüm pozisyonlarda)
( ) Memur kademesinde çalışanlar
( ) Yönetici adayları (Management Trainee)
( ) İlk kademe yöneticiler / Takım liderleri (Supervisor, Yönetmen, vs.)
( ) Orta kademe yöneticiler (Müdür)
( ) Üst kademe yöneticiler (Genel Müdür Yardımcısı, Direktör, Genel Müdür)
( ) Yönetim Kurulu (Başkan)

40) Yetkinliklerin güncelliğinin sağlanması adına ne gibi faaliyetleriniz var? Kaç dönemde bir konu ile ilgili çalışmalar yürütmektesiniz?

3.4. YETKİNLİK BAZLI İNSAN KAYNAKLARI SİSTEMLERİNİN UYGULANMASI

41) Aşağıda yetkinlik bazlı uygulamalardan hangilerinin kullanımda olduğunu; geliştirilmekte olduğunu veya ileride uygulanmasının düşünüldüğünü belirtiniz.

	Kullanılıyor	Geliştiriliyor	Kullanılması Düşünülüyor
İşe Alma Ve Yerleştirme	☐	☐	☐
Eğitim ve Gelişim Planlama	☐	☐	☐
Performans Yönetimi	☐	☐	☐
Kariyer Planlaması (Terfi, Rotasyon, Yedekleme)	☐	☐	☐
Ücretlendirme	☐	☐	☐
İş Tanımları	☐	☐	☐

a) İşe Alma Ve Yerleştirme Sistemi

42) Yetkinlik bazlı işe alma ve yerleştirme sistemine kurumunuzda neden ihtiyaç duyuldu? **(Birden fazla seçenek işaretlenebilir.)**

( ) Kritik rollerde başarısız performans ya da verimliliğin görülmesi
( ) Yüksek personel devri hızı
( ) Yedekleme planlaması ihtiyacı
( ) Çalışanların öğrenme sürecinin uzun olması
( ) Organizasyonel Değişim (Globalleşme, Büyüme, Kültürel Değişim, Küçülme)
( ) Eğitim ihtiyaçlarının adayların işe alım döneminde belirlenmesi ihtiyacı
( ) Diğer _____

43) İşe alma ve yerleştirme sisteminin yetkinlik bazlı uygulamalarında hedefiniz / hedefleriniz nelerdir? **(Önem derecesine göre sıralandırınız.   5-Çok önemli, ... 1-Çok önemsiz)**

	1	2	3	4	5
Her işin gerekliliklerini sergilemek					
Bulunacakları pozisyonda başarılı olabilecek adayların işe alınmasını sağlamak					
Sistematik bir mülakat süreci sağlamak					
Şirketin beklentilerini karşılamayacak kişilere yapılacak yatırımı (zaman ve para) minimuma indirmek					
Diğer					

44) Yetkinlik bazlı işe alma ve yerleştirme uygulamalarında bu hedeflerinizin hangileri gerçekleşmiştir? **(Birden fazla seçenek işaretlenebilir.)**

( ) Her işin gerekliliklerini sergilemek
( ) Bulunacakları pozisyonda başarılı olabilecek adayların işe alınmasını sağlamak
( ) Sistematik bir mülakat süreci sağlamak
( ) Şirketin beklentilerini karşılamayacak kişilere yapılacak yatırımı (zaman ve para) minimuma indirmek
( ) Diğer _____

45) Yetkinlik bazlı işe alma ve yerleştirme sisteminin geliştirilmesi sürecinde hangi adımlar izlenmiştir? **(Birden fazla seçenek işaretlenebilir.)**

( ) 1.Hedeflenen işler için yetkinlik modelinin geliştirilmesi
( ) 2.Değerlendirme metodlarının belirlenmesi / geliştirilmesi
( ) 3.Değerlendiricilerin değerlendirme metodlarının uygulanması konusunda eğitilmesi
( ) 4.Adayların başvurdukları pozisyonun yetkinliklerine göre değerlendirilmesi
( ) 5. İşe uygun adayların belirlenmesi
( ) 6. Seçme sisteminin geçerlilik testinin yapılması
( ) 7.Yetkinlik bazlı iş ve kişi profili veritabanı eşleştirme sisteminin oluşturulması
( ) 8.Diğer _____

46) İşe alma ve yerleştirme sürecinde genelde hangi pozisyon/pozisyonlar rol oynar?
(Birden fazla seçenek işaretlenebilir.)

( ) İnsan Kaynakları yöneticisi
( ) Pozisyonun ilk kademe yöneticisi
( ) Pozisyonun ikinci kademe yöneticisi
( ) Diğer_____

47) Yetkinliklerle beraber diğer hangi kriterleri gözönünde bulunduruyorsunuz?
(Birden fazla seçenek işaretlenebilir.)

( ) Eğitim başarı puanı
( ) Deneyim
( ) Kıdem
( ) Dış görünüş
( ) Referanslar
( ) Diğer _____

48) İşe alma ve yerleştirme sürecinde genelde hangi tür testler kullanılmaktadır?
(Birden fazla seçenek işaretlenebilir.)

( ) Resimli hikaye testleri
( ) Öğrenme hızını belirleyen testler
( ) Rorschach
( ) Doğal yetenek testleri
( ) Watson-Glaser Kritik Düşünce testi
( ) Seligman Anketi
( ) Kişilik testleri
( ) Diğer _____

49) Değerlendirme merkezi uygulamalarında hangi değerlendirme araçları kullanılmaktadır?
(Birden fazla seçenek işaretlenebilir.)

( ) "In-Basket" Çalışması
( ) Stres Mülakatı
( ) Prezentasyon
( ) Lidersiz Grup Tartışması
( ) Job Interview
( ) Rol oyunları
( ) Diğer _____

50) İş tanımları, işe alma sürecinde (yetkinliklerle beraber) nasıl bir rol oynar?

( ) Aday pozisyonun iş tanımı ve pozisyondan beklenen temel yetkinlikler üzerinden değerlendirmeye tabii tutulur.
( ) İş tanımı dikkate alınmaz. Aday sadece temel yetkinlikler üzerinden değerlendirmeye tabii tutulur.
( ) İş tanımı dikkate alınmaz. Aday temel yetkinlikler ve teknik yetkinlikler üzerinden değerlendirmeye tabii tutulur.
( ) Diğer _____

51) İşe alma ve yerleştirme sürecinde hangi değerlendirme yöntemlerini kullanmaktasınız? Kullandığınız yöntemler kademe / pozisyon bazında farklılık gösteriyorsa, bu yöntemleri hangi kademeler / pozisyonlar için kullandığınızı belirtiniz. **(Birden fazla seçenek işaretlenebilir.)**

( ) Birebir davranışssal mülakat   _____
( ) Grup mülakatı   _____
( ) Lidersiz Grup Tartışması   _____
( ) Değerlendirme Merkezi   _____
( ) Yazılı Sınav   _____
( ) Diğer   _____

52) İşe alma ve yerleştirme süreci için yetkinlik modelini kullanırken hangi yetkinlik kategori/kategorileri rol oynar? **(Birden fazla seçenek işaretlenebilir.)**

( ) Temel Yetkinlikler
( ) Yönetici ve Liderlik Yetkinlikleri
( ) Takım Yetkinlikleri
( ) Teknik / Fonksiyonel Yetkinlikler
( ) Diğer _____

53) Bir önceki soruda temel yetkinlikler işaretlendi ise, adaylarda en çok hangi temel yetkinlikler aranmaktadır?

54) Kurumunuz, yetkinlik bazlı eğitim yönetimi sistemi ile başarılı / kalifiye adayları firmaya çekmede bir önceki sisteme göre ne kadar başarılı olmuştur?

    a) Çok başarılı olmuştur. Geçmiş tüm sistemlerden çok daha etkin işlemektedir.
    b) Oldukça başarılı olmuştur; zamanla daha da mükemmele gidecektir.
    c) Fikrim yok.
    d) Oldukça başarısız olmuştur.
    e) Kesinlikle çok başarısız bir sistemdir.

b) Eğitim Yönetimi Sistemi

55) Yetkinlik bazlı eğitim yönetimi sistemine kurumunuzda neden ihtiyaç duyuldu? **(Birden fazla seçenek işaretlenebilir.)**

    ( ) Performansın arttırılması konusunda hissedilen ihtiyaç
    ( ) Çalışanların öğrenme eğri süresinin düşürülmesi ile işe ilk girişten itibaren tam verimliliğinin sağlanması
    ( ) Organizasyonun yeni vizyon, strateji veya felsefesini çalışanlara duyurma, öğretme ve pekiştirme ihtiyacı
    ( ) Çalışanlara gelişim alanları konusunda geribildirim sunma ve onları motive etme ihtiyacı
    ( ) Diğer

    _____

56) Eğitim sisteminin yetkinlik bazlı uygulamalarında hedefiniz / hedefleriniz nelerdir?
(Önem derecesine göre sıralandırınız. 5-Çok önemli, ... 1-Çok önemsiz)

	1	2	3	4	5
İsteğe, talebe göre değil ihtiyaca göre eğitimleri belirlemek- eğitim ihtiyaç analizlerini etkin bir şekilde yapmak					
Eğitim ve gelişim olanaklarının çalışanlara sunulmasını ve çalışanların gelişimini sağlamak					
Zaman ve para bakımından eğitim ve gelişimde etkinliği sağlamak					
Çalışanların motivasyonunu ve kurumda kalıcılığını sağlamak					
Diğer					

57) Yetkinlik bazlı eğitim uygulamalarda bu hedeflerinizin hangileri gerçekleşmiştir? **(Birden fazla seçenek işaretlenebilir.)**

( ) İsteğe, talebe göre değil ihtiyaca göre eğitimleri belirlemek- eğitim ihtiyaç analizlerini etkin bir şekilde yapmak
( ) Eğitim ve gelişim olanaklarının çalışanlara sunulmasını ve çalışanların gelişimini sağlamak
( ) Zaman ve para bakımından eğitim ve gelişimde etkinliği sağlamak
( ) Çalışanların motivasyonunu ve kurumda kalıcılığını sağlamak
( ) Diğer _____

58) Yetkinlik bazlı eğitim sisteminin geliştirilmesi sürecinde hangi adımlar izlenmiştir? **(Birden fazla seçenek işaretlenebilir.)**

( ) 1. Yetkinlik modelinin geliştirilmesi
( ) 2. Adaylarda eksikliği görülen ve eğitimle geliştirilmesi mümkün olan maliyeti düşük yetkinliklerin belirlenmesi.
( ) 3. Bu yetkinlikler için maliyet etkinliği sağlayan eğitim ve gelişim araçlarının belirlenmesi (yönetici geliştirme merkezleri, bilgisayarlı eğitimler, vs.)
( ) 4. Değerlendirme metodlarının geliştirilmesi
( ) 5. Eğiticilerin eğitimi
( ) 6. Eğitim sonuçlarının değerlendirilmesi
( ) 7. Diğer _____

59) Kurumunuz tarafından kullanılan yetkinlik bazlı eğitim sistemi bir önceki sisteme göre ne kadar başarılı olmuştur?

a) Çok başarılı olmuştur. Geçmiş tüm sistemlerden çok daha etkin işlemektedir.
b) Oldukça başarılı olmuştur; zamanla daha da mükemmele gidecektir.
c) Fikrim yok.
d) Oldukça başarısız olmuştur.
e) Kesinlikle çok başarısız bir sistemdir.

c) Performans Yönetimi Sistemi

60) Yetkinlik bazlı performans değerlendirme sistemine kurumunuzda neden ihtiyaç duyuldu? **(Birden fazla seçenek işaretlenebilir.)**

( ) Performans standartlarının ve değerlendirme kriterlerinin yeterli seviyede ya da adil olmaması
( ) Performans değerlendirme sürecinin çalışanlar tarafından sadece prosedürel bir iş olarak görülmesi ve ciddiye alınmaması.
( ) Çalışanların eski değerlendirme sisteminin kişisel gelişimleri ya da kariyerleri için bir katkı sağladığına inanmamaları
( ) Performans yönetimi sisteminin kurumun stratejisini yansıtacak nitelikte olmaması, örn; çalışan davranışlarının kalite ya da servis gibi stratejik önceliklere yönlendirmemesi
( ) Çalışanların hep en yüksek puanlar üzerinden değerlendirilmesi ve değerlendirme sisteminin bir anlamının kalmaması
( ) Diğer _____

61) Performans değerlendirme sürecinde hedeflerle birlikte yetkinliklerin kullanılmasının nedenleri nelerdir? **(Birden fazla seçenek işaretlenebilir.)**
   ( ) Hızlı değişen ve belirsiz çere koşulları dolayısıyla çalışanın ne yaptığı ile beraber nasıl yaptığının da değerlendirilebilmesi
   ( ) Hizmete dayalı, kalitatif, ölçülemeyen sonuçları olan işlerin bulunması
   ( ) Değişen organizasyon stratejileri, hedef ve pazarları
   ( ) İşlerin takımlar halinde yürütülmesi sonucu, takım yetkinliklerinin de ön plana çıkması
   ( ) Diğer _____

62) Performans yönetimi sisteminin yetkinlik bazlı uygulamalarında hedefiniz / hedefleriniz nelerdir? **(Önem derecesine göre sıralandırınız.   5-Çok önemli, ...1-Çok Önemsiz)**

	1	2	3	4	5
Sistemi ölçülebilir ve gözlemlenebilir kriterlere dayandırarak subjektif değerlendirmeyi minimuma indirgemek					
Çalışanın ne yaptığı ile beraber nasıl yaptığının da değerlendirilebiliyor olması – çalışan davranışına odaklanmak					
Performans değerlendirme görüşmelerine hız vermek ve devamlılığını sağlamak					
Kurum hedefleri ve birey hedeflerinin ilişkilendirilmesini sağlamak					
Çalışanların motivasyonunu arttırmak					
Başarılı performansı ödüllendirmek					
Eğitim ve geliştirme ihtiyaçlarını belirlemek					
Kurumsal değerleri ve şirket kültürünü güçlendirmek					
Kariyer yolunu ve beklentilerini görüşerek, ilerlemek için gelişim potansiyelini tesbit etmek					
Diğer					

63) Yetkinlik bazlı performans yönetimi uygulamalarında bu hedeflerinizin hangileri gerçekleşmiştir? **(Birden fazla seçenek işaretlenebilir.)**

( ) Sistemi ölçülebilir ve gözlemlenebilir kriterlere dayandırarak subjektif değerlendirmeyi minimuma indirgemek
( ) Çalışanın ne yaptığı ile beraber nasıl yaptığının da değerlendirilebiliyor olması – çalışan davranışına odaklanmak
( ) Performans değerlendirme görüşmelerine hız vermek ve devamlılığını sağlamak
( ) Kurum hedefleri ve birey hedeflerinin ilişkilendirilmesini sağlamak
( ) Çalışanların motivasyonunu arttırmak
( ) Başarılı performansı ödüllendirmek
( ) Eğitim ve geliştirme ihtiyaçlarını belirlemek
( ) Kurumsal değerleri ve şirket kültürünü güçlendirmek
( ) Kariyer yolunu ve beklentilerini görüşerek, ilerlemek için gelişim potansiyelini tesbit etmek
( ) Diğer _____

64) Yetkinlik bazlı performans yönetimi sisteminin geliştirilmesi sürecinde hangi adımlar izlenmiştir? (**Birden fazla seçenek işaretlenebilir**.)

( ) 1. Bugün ve gelecekte üstün performans gösterilmesi beklenen yetkinliklerin belirlenmesi
( ) 2. Hedeflerin ve yetkinliklerin yer aldığı karma bir performans sisteminin kurulması
( ) 3. Çalışanların ve yöneticilerin performans yönetimi konusunda eğitilmesi
( )4. Diğer _____

65) Kurumunuzda çalışanlar hangi kriter/kriterler üzerinden değerlendirilir? **(Birden fazla seçenek işaretlenebilir.)**

( ) Hedef bazlı değerlendirme
( ) Yetkinlik bazlı değerlendirme
( ) Becerilere göre değerlendirme (örn; analitik düşünce)
( ) Kişisel özelliklere göre değerlendirme (örn; kendine güven)
( ) "Balanced Scorecard" uygulaması
( ) Diğer _____

66) Performans değerlendirmeler hangi şekilde gerçekleştirmektedir?

( ) Açık sistemde   ( ) Kapalı sistemde
( ) İnternet ortamında   ( ) Kağıt üzerinde

67) Performans değerlendirme sürecinde değerlendiriciler kimlerdir? **(Birden fazla seçenek işaretlenebilir.)**

( ) Kişisel değerlendirme
( ) İlk kademe yönetici(ler)
( ) İkinci kademe yönetici(ler)
( ) Çalışma arkadaşları
( ) Müşteriler
( ) Varsa astların değerlendirmesi
( ) Tedarikçiler

68) "İşe alma sürecindeki değerlendirme" ile "performans değerlendirme dönemindeki değerlendirme" arasında bir ilişkilendirme kuruldu mu? (Üstün başarı göstermesi beklenen adayları işe aldıktan sonra, performans değerlendirme dönemlerinde başarı düzeylerine bakılarak işe alma ve yerleştirme sürecinin ne ölçüde başarılı olduğuna dair tesbit yapılmakta mıdır?)

69) Performans değerlendirme hangi insan kaynakları sistemlerine etki etmektedir? **(Birden fazla seçenek işaretlenebilir.)**
( ) Ücret yönetimi
( ) Kariyer yönetimi – terfi( ), transfer( ), rotasyon( ), yedekleme planlaması( )
( ) Eğitim ve gelişim planlama ve uygulaması
( ) Ödüllendirme
( ) Diğer _____

70) İş tanımları performans değerlendirme ve geliştirme sürecinde (yetkinliklerle beraber) nasıl bir rol oynar?

71) Kurumunuz tarafından kullanılan yetkinlik bazlı performans sistemi çalışanların objektif değerlendirmelerinde ve gelişimini sağlamada ne kadar başarılı olmuştur?

a) Çok başarılı olmuştur. Geçmiş tüm sistemlerden çok daha etkin işlemektedir.
b) Oldukça başarılı olmuştur; zamanla daha da mükemmele gidecektir.
c) Fikrim yok.
d) Oldukça başarısız olmuştur.
e) Kesinlikle çok başarısız bir sistemdir.

d) Kariyer Yönetimi Sistemi:

72) Yetkinlik bazlı kariyer yönetimi sistemine kurumunuzda ihtiyaç varsa nedenleri nelerdir? **(Birden fazla seçenek işaretlenebilir.)**

    ( ) Yükselmeler, yatay geçişlerin sonuçlarının başarılı olmaması
    ( ) Yöneticilerin ya da belli pozisyonlarda çalışanların ve rollerinin yeniden belirlenmesi
    ( ) Organizasyonel değişimler sonucu çalışanların farklı yetkinliklerle donatılması ihtiyacı
    ( ) Diğer _____

73) Kariyer yönetimi sisteminin yetkinlik bazlı uygulamalarında hedefiniz / hedefleriniz nelerdir? (**Önem derecesine göre sıralandırınız. 5-Çok önemli, ...1-Çok önemsiz**)

	1	2	3	4	5
Çalışanın kariyer gelişiminde etkin ve doğru hazırlığı yapması için gerekli aktiviteleri tanımlamak					
Organizasyonun insan kaynağı bakımından güçlü ve zayıf yönlerini belirlemesini sağlamak					
Yeni kadroların ve atanma ve ayrılma gibi nedenlerle ortaya çıkacak boşlukların doldurulmasına ilişkin sistematik bir yöntem sunmak					
Diğer					

74) Yetkinlik bazlı kariyer yönetimi uygulamalarında bu hedeflerinizin hangileri gerçekleşmiştir? (**Birden fazla seçenek işaretlenebilir**.)
    ( ) Çalışanın kariyer gelişiminde etkin ve doğru hazırlığı yapması için gerekli aktiviteleri tanımlamak
    ( ) Organizasyonun insan kaynağı bakımından güçlü ve zayıf yönlerini belirlemesini sağlamak
    ( ) Yeni kadroların ve atanma ve ayrılma gibi nedenlerle ortaya çıkacak boşlukların doldurulmasına ilişkin sistematik bir yöntem sunmak
    ( ) Diğer _____

75) Görüşünüze göre, kurumunuz yetkinlik bazlı kariyer yönetimi sistemi ile yeni kadroların ve ortaya çıkan kadro boşlukların etkin ve doğru şekilde doldurulmasında, bir önceki uygulanan sisteme göre ne kadar başarılı olmuştur?

    a) Çok başarılı olmuştur. Geçmiş tüm sistemlerden çok daha etkin işlemektedir.
    b) Oldukça başarılı olmuştur; zamanla daha da mükemmele gidecektir.
    c) Fikrim yok.
    d) Oldukça başarısız olmuştur.
    e) Kesinlikle çok başarısız bir sistemdir.

e) Ücret Yönetimi Sistemi:

76) Yetkinlik bazlı ücret yönetimi sistemine kurumunuzda ihtiyaç varsa nedenleri nelerdir? (**Birden fazla seçenek işaretlenebilir.**)
( ) Kalifiye adayların firmaya başvuruda bulunmamaları
( ) Belli yetkinliklere sahip çalışanların bu yetkinliklere sahip olmayan çalışanlara göre firmaya daha çok değer katacağı düşüncesi
( ) İş/görev-bazlı ücret sistemlerinin, değişimin çok hızlı olması ve dolayısıyla işlerin değişim gösterdiği ortamlarda uygun olmayacağı düşüncesi
( ) Çalışanları motive etmek için teşvik unsurlarına duyulan ihtiyaç
( ) Detaylı yapılandırılmış ücret sistemlerinin gelişimi ve kullanımının pahalı olması
( ) Detaylı yapılandırılmış ücret sistemlerinin bürokrasiyi arttırması, örn, keskin hiyerarşik sınıflar, dar görev tanımları, vs.
( ) İş/görev-bazlı ücret sistemlerinin çalışanları kişisel farklılıklarını dikkate almadığı, çalışan girişimi ve yaratıcılığını kısıtladığı düşüncesi
( ) Diğer _____

77) Ücret yönetimi sisteminin yetkinlik bazlı uygulamalarında hedefiniz / hedefleriniz nelerdir? (**Önem derecesine göre sıralandırınız. 5-Çok önemli, ..., 1-Çok önemsiz**)

	1	2	3	4	5
Tüm çalışanlar tarafından ücretlerin neye göre ayarlandığının bilinmesi					
Hangi işin hangi ücret bandında yer aldığının netleşmesi					
Ücret yönetimi sisteminin adil bir hale getirilmesi					
Diğer					

78) Yetkinlik bazlı ücret yönetimi uygulamalarında bu hedeflerinizin hangileri gerçekleşmiştir? (**Birden fazla seçenek işaretlenebilir.**)

( ) Tüm çalışanlar tarafından ücretlerin neye göre ayarlandığının bilinmesi
( ) Hangi işin hangi ücret bandında yer aldığının netleşmesi
( ) Ücret yönetimi sisteminin adil bir hale getirilmesi
( ) Diğer _____

79) Kurumunuz ücret sisteminde ücret ödemeleri hangi doğrultuda gerçekleştirilmektedir?

( )İş bazında (çalışanın görevlendirildiği belli yetki ve sorumluluklarla sınırlandırılan çoğunlukla durağan kabul edilen görev, ücretlendirme uzmanı, finansal analist, vs.)

( )Rol bazında (Benzer bilgi, beceri ve yetenek gerektiren ve sürekli değişen sorumluluklar bütünü, insan kaynakları profesyoneli, vs.)

( ) Kişi bazında (pozisyondan bağımsız olarak kişinin sahip olduğu nitelikler)

( ) Diğer _____

80) Değerlendirme süreci ve ücretlendirme arasında bir ilişki var mıdır? Değerlendirme ücrete yansımakta mıdır?

( ) Evet

( ) Hayır

81) Kurumunuzun yetkinlikleri ücret sistemine etki ediyorsa, yetkinlikler ücret sistemine nasıl yansımaktadır? **(Birden fazla seçenek işaretlenebilir.)**

( ) Ücretlendirmede yetkinliklerin temel ücret kısmını oluşturması

( ) Ücretlendirmede yetkinliklerin değişken ücret kısmını oluşturması

( ) Prim – Teşvik Ödemeleri (değişken ücret)

( ) Yetkinlikler ücrete etki etmemektedir.

( ) Diğer

82) Kurumunuzun hedefler ücret sistemine etki ediyorsa, bu hedefler ücret sistemine nasıl yansımaktadır? **(Birden fazla seçenek işaretlenebilir.)**

( ) Doğrudan ücret artışları (temel ücret)

( ) Prim – Teşvik Ödemeleri (değişken ücret)

( ) Hedefler ücrete etki etmemektedir.

( ) Diğer

_____

83) Görüşünüze göre, kurumunuz yetkinlik bazlı ücret yönetimi sistemi, bir önceki uygulanan sisteme göre ne kadar başarılı olmuştur?

a. Çok başarılı olmuştur. Geçmiş tüm sistemlerden çok daha etkin işlemektedir.

b. Oldukça başarılı olmuştur; zamanla daha da mükemmele gidecektir.

c. Fikrim yok.

d. Oldukça başarısız olmuştur.

e. Kesinlikle çok başarısız bir sistemdir.

f) İş Tanımları

84) Yetkinlikler ile iş tanımları arasındaki ilişki nasıl yapılandırıldı?
( ) Yetkinlikler iş tanımlarının yerini aldı.
( ) Yetkinliklerle iş tanımlarını entegre eden bir yaklaşım izlendi.
( ) Diğer _____

85) Yetkinliklerin iş tanımlarının yerini alması veya iş tanımlarına entegre edilmesi ne gibi avantajlar sağladı? (**Önem derecesine göre sıralandırınız. 5-Çok önemli,....1-Çok önemsiz**)

	1	2	3	4	5
Bireysel yetkinlik ihtiyaçları ile organizasyonel hedefler arasında bağlantı kurması					
İşin doğasındaki değişime daha çok ve hızlı uyum sağlayabilmesi					
Yetkinliğe dayalı uygulamaların rol profillerini ve rollere ilişkin davranışsal göstergeleri ayrıntılı bir şekilde sunması					
Yetkinliklerin işe alma, eğitim, geliştirme, performans yönetimi, yedekleme gibi insan kaynakları süreçlerinin bütün alanlarında kullanılabilmesi					
Diğer					

3.4. YETKİNLİK BAZLI İNSAN KAYNAKLARI SİSTEMLERİNİN KURUMA KATKISI

86) Kurumunuzda yetkinlik bazlı sistemlerin etkinliği ölçülüyor mu?
( ) Evet
( ) Hayır

87) Cevabınız "Evet"se hangi alanlarda kullanıyorsunuz? (**Birden fazla seçenek işaretlenebilir.**)

( )Verimlilik (Satış, üretim, vs.)
( ) Personel Devir Oranı
( ) ROI (Yatırımın Geri Dönüşü)
( ) Çalışan Memnuniyeti
( ) Yetkinlik Beceri Puanları
( ) Performans Puanları
( ) Yöneticilerin Görüşlerine Dair Bilgi Edinme
( ) Diğer
_____

88) Bu alanlarla ilgili sonuçlar nelerdir?

89) Yetkinlik bazlı sistemlerin etkinlik sonuçları ile yetkinlik öncesi uygulamalar arasında karşılaştırma yapabileceğiniz sonuçlar elinizde mevcut mudur? Varsa, bunlar nelerdir?

( ) Evet
( ) Hayır

3.5. TEKNOLOJİ KULLANIMI

90) Kullandığınız Yetkinlik bazlı insan kaynakları uygulamalarını bilgisayar ya da intranet ortamına taşıdınız mı?
( ) Evet
( ) Hayır

91) Yetkinlik bazlı insan kaynakları bilgi sistemlerinin hangi özelliği/özellikleri kurumunuz için önemlidir? **(Önem derecesine göre sıralandırınız. 5-Çok önemli,...,1-Çok önemsiz)**

	1	2	3	4	5
Sistemin uygulanmasındaki devamlılığın ve çalışanlar tarafından takip edilebilirliğinin arttırılması					
Kullanım kolaylığı					
Bilginin güvenilir olması					
Raporlama esnekliği					
Raporlama kalitesi					
İleri analiz tekniklerini uygulama ımkanı sağlaması					
Bilginin kolay ulaşılır olması					
Düşük maliyet					
Diğer					

92) Yetkinlik bazlı insan kaynakları bilgi sistemleri yöneticiler ve çalışanlar için fayda sağladı mı?

( ) Evet
( ) Hayır

93) Evetse, bu fayda en cok hangi konu/konularda olmuştur? **(Önem derecesine göre sıralandırınız. 1-En önemli, 2, 3, 4.....)**
( ) Yöneticilerin sisteme olan güveninin sağlamlaştırılması
( ) Diğer çalışanların sisteme olan güveninin sağlamlaştırılması
( ) Yöneticilerin zihninde kurumdaki kariyer ve gelişim olanaklarının açıklık kazanması
( ) Diğer çalışanların zihninde kurumdaki kariyer ve gelişim olanaklarının açıklık kazanması
( ) Diğer _____

94) Kurumunuzda, yetkinlikleri değerlendirmek için hangi alanlarda bilgi sistemlerini kullanmaktasınız?

( ) İş tanımları
( ) İşe Alma ve Yerleştirme
( ) Eğitim ve Gelişim Planı
( ) Kariyer planlaması
( ) Yedekleme planlaması
( ) Performans yönetimi
( ) Ücretlendirme
( ) Diğer _____

4. GENEL DEĞERLENDİRME

95) Yetkinlik bazlı insan kaynakları uygulamaları başladıktan sonra, çalışanlardan gerekli geri bildirim (feedback) alındı mı?

( ) Evet
( ) Hayır

96) Yukarıdaki soruya verilen cevap "Evet"se, sistemin uygulamalarına ilişkin çalışanlarda ve şirkette ne gibi pozitif/negatif yansımalar hissedildi?

	Olumlu (+)	Olumsuz (-)	Açıklama
İşe Alma ve Yerleştirme			
Eğitim ve Geliştirme			
Performans Yönetimi			
Kariyer Yönetimi			
Ücret Yönetimi			

97) Size göre, yetkinlik-bazlı insan kaynakları uygulamalarını yürütürken yetkinlik sistemi ile ilgili ne gibi zorluklar yaşamaktasınız?

( ) Yetkinliklerin değişen çevre şartlarına hızla uyum sağlayabilecek esneklikte olmaması

( ) Üstün performans gösteren kişileri ayırt edici nitelikteki bir sistemin bazen çok uç noktalarda hedefler belirlenmesinden dolayı çalışanların bir kısmını demotive etmesi

( ) Yetkinliğe dayalı değerlendirmenin yüksek maliyetli olması

( ) Sistemin basma kalıp bir standarda ulaşması sonucu yetkinliklerin şirkete bir rekabet avantajı sağlamama riski

( ) Uygulama aşamasında konu ile ilgili uzman personel yetersizliği

( ) Bazı yetkinlikler için ölçülebilir kriterlere dayalı değerlendirme yapmakta zorlanılması

( ) Diğer _____

98) Genel olarak yetkinlik-bazlı insan kaynakları uygulamalarını bugün kurumda kuruyor olsaydınız, neyi/neleri farklı yapardınız?

99) Tüm soruları dikkate alarak, şu an kullanmakta olduğunuz yetkinlik bazlı sistemlerin yöntimi hakkındaki düşünceleriniz nelerdir?

5. DEMOGRAFİ BİLGİLERİ:

100) Toplam Kadrolu Çalışan Eleman Sayısı:

Yönetici Sayısı:

Beyaz Yakalı Çalışan Sayısı:

Mavi Yakalı Çalışan Sayısı:

101) Şirket organizasyonundaki seviye sayısı:
a) 3
b) 4
c) 5
d) 6
e) 7+

102) Şirketin orijini:
a) Yerli

b) Yabancı

c)   Uluslararası merkez ofis _____