

COMPETENCY AND HUMAN RESOURCE MANAGEMENT

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Resumo

O relatório explica o conceito de competência e como a competência está ligada à performance e à evolução na carreira de cada indivíduo. Os autores também estudaram alguns modelos de mapas de competências e instrumentos de avaliação na gestão de desempenhos. Uma empresa pode ter uns recursos humanos muito competentes e mesmo assim estes, não responderem às necessidades da empresa. É aqui que os mapas de competências e os instrumentos de avaliação podem dar uma ajuda aos responsáveis de recursos humanos, na medida em que os ajudam a escolher as pessoas certas para os lugares certos.

Abstract

The essay explains the concept of competency and how competency is linked to performance and one's career development. The authors also look into some models of competency mapping and appraisal tools for performance management. A business might possess extremely capable human resources, but they might not work on the position that suits them. This is where competency mapping and the appraisal tools come to help the HR experts choose who should work on what position.



"Trainee reaction was the strongest determinant of on-the-job application of the new management principles."

David D. Dubois

How many managers really try to assess the human resources (HR) they have? It's a good question to ask because, for sure, many managers have no idea what potential their HR has. A person might bring something significant to your company if given the opportunity. A person may be capable, but that doesn't have any relevance unless she/he proves it. When managers are looking for personnel, they usually design a job description and employ someone based on qualifications only. However, this hasn't proved to be a good technique as the competencies of the candidate are not taken into consideration.

Things have changed lately and some companies are conducting tests so that they identify what knowledge, skills, ethics and attitude the candidates have. Also, personality tests are applied to know certain attributes such as extroversion, assertiveness and so on.

1. COMPETENCY

Competency is a skill, a personal characteristic or a motive demonstrated by various behaviors which contribute to outstanding performance in a job. Generally, competency is the quality of being adequately or well qualified, having the ability to perform a job.

The competencies might be group as follows (Tucker and Cofsky, 1994):

- Knowledge;
- Skills;
- Self-concepts;
- Motives;
- Traits.

Since the early 1970s, organizations have been using competencies to help recruit, select and manage personnel with outstanding performances. Recent researches by Daniel Goleman and Rick Boyatzis have reinforced and emphasized the importance of competencies as essential predictors of outstanding performance.

2. COMPETENCY MAPPING

Competency mapping determines the extent to which the various competencies related to a job are possessed by an employee. Therefore, competency mapping is a process a HR expert uses to identify and describe competencies that are most crucial to success in a work situation.

A company can save a lot of money on training by efficiently using Knowledge Management. HR experts should that a person might be expert in one aspect but lack in others. If this information is put to good use and the person works on the position that suits him/her, the company will reduce the cost of training.

In a company, competencies tend to fall into two broad categories (Garrett, 2007):

- Personal functioning competencies, which include broad success factors and are often focused on leadership or emotional intelligence behavior;
- Technical competencies, which include specific success factors within a given industry or position.

Although the competency mapping definition given above refers to individual employees, companies also map competencies, but from a different perspective. Some of the strategies used by companies to map competencies are (Garrett, 2007):

- Core competencies, required for the company's success;
- Business Unit Competency Sets;
- Position Specific Competency Sets;
- Competency Sets defined for each job in particular.

Competency Management is defined to encompass all methods and instruments used in a company to systematically assess current and future competencies required for the work to be performed, as well as to assess available competencies of the HR.

3. COMPETENCIES AND CAREER DEVELOPMENT

In order to be “visible”, competencies need to be demonstrated by individuals. The most common place where the competencies are demonstrated is within the scope of a particular job or project. But competencies can also be demonstrated by individuals doing volunteer work in the community, by being part of professional associations, by doing well in a school project or even by being a good family person.

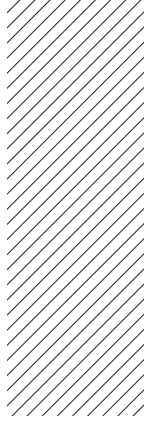
Companies use cutting edge technologies in order to select the best applicants for a job but also to manage the internal roles. This is called “competency-based interviewing and selection” (Garrett, 2007). Many companies that use competency-based interviewing for recruiting will later use the same competencies to encourage future development, to assess performance and to plan the succession in a company.


The need for mapping individual competencies also extends to the individual contractors seeking project work. Freelancers in particular need to know exactly what their competencies are as the potential service buyers will follow a “how to choose the right freelancer” model in order to get the best out of their contractors.

Although it might sound hard to do, mapping the individual competencies really gives the individual a clear sense of true marketability in today's job market since someone who knows their competencies can compare them with the ones required for a position of interest. HR experts see a person who takes time to map their own competencies as a “well-prepared candidate” as knowing them demonstrates self-confidence as the potential employees can articulate his/her competitive advantages.

3.1. COMPETENCY AND PERFORMANCE

The performance of a company depends not on the human asset but the HR having the right match of competencies and their level for performance requirements as it's not the machine or process that does the job, but it's the human behind them which determines the performance of a company.





Tools such as goal-setting, incentives, career planning, performance appraisal, and succession planning are used to further improve the performance of the employee. In order to select the employees with the right characteristics for a certain job, companies recruit people based on qualifications and conduct interviews. But this approach is not effective at all. Therefore, in order to improve performance, companies must use reliable techniques and identify the right competencies and their levels. Detailed job description comprising both primary and secondary activities help the company (and employee) to know what competencies are needed in the job.

3.2. PERFORMANCE APPRAISAL. HOW TO DO IT?

The history of performance appraisal is quite brief. As a distinct and formal management procedure, it only dates from the time of the Second World War, yet, in a broader sense, it is very ancient.

Dulewicz (1989) stated that there always existed “a basic human tendency to make judgments about those one is working with, as well as about oneself”. Therefore, performance appraisal is both universal and inevitable.

In most companies, performance appraisal is based on the rating given by a superior. But this is subjective. A person in good relations with the superior is likely to be benefited in his/her performance appraisal irrespective of his/her working ability. The human inclination to judge, hence, can create serious ethical, motivation and legal issues in the workplace. Without a structured performance appraisal system, there is little chance that the appraisals will be lawful, fair and accurate.

Lately, many companies are using the process of 360 degree feedback to compare an individual's self assessment of his/her own performance against key position and company competencies. Then, the 360 feedback received is used as input to the Individual Development plan (Garrett, 2007). David McClelland explains that “definitions for various competencies, which contain real-life examples of more competent behavior, provide specific guideposts as to how to develop the competency. The feedback information also provides a basis for career counseling or explaining why a person should or should not be promoted.” (McClelland, 1988)

The HR department designs a performance appraisal method in order to check what the competencies are and how they are displayed by the employee during his/her job. Then, a comparison is made between the competencies that the direct boss of that employee was looking for and the competencies being displayed by the employee in his/her job. This provides the gaps and missing links which should be address by training.

The degree to which these competencies are required in performing a job also matter a lot. The competencies which are extremely essential for a job are also named Core Competencies.

3.3. APPRAISAL TOOLS AND TECHNIQUES

The assessment of performance is the most critical component of performance management. In order to measure and appraise your employees' performance, the following steps should be taken:

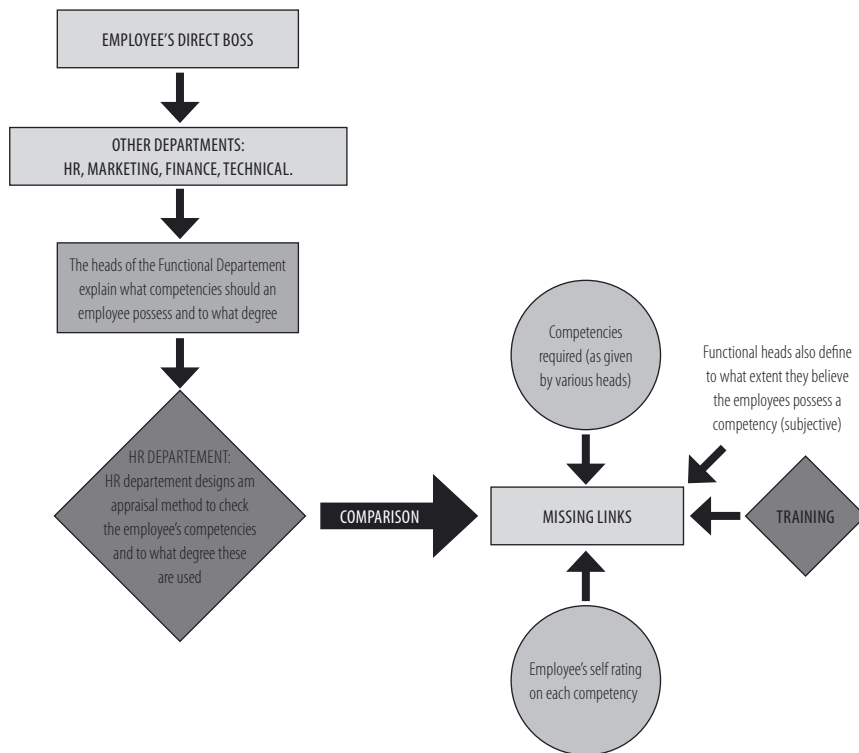


Figure 1 - Model of Competency Mapping

[Adapted from Shippmann, J. S., Ash, R. A., Battista, M., Carr, L., Eyde, L. D., Hesketh, B., Kehoe, J., Suri, G. and Vohra, N.(2004). Competency Mapping in Performance Management. in Sumati Reddy. Human Resource Management. Best Practices and Cases. ICFAI University Press. India., pg. 67].

There are several methods and techniques available for managers to appraise the performance of their employees: the traditional methods and the modern methods.

The traditional methods have serious weaknesses, therefore we will take a look at the modern performance appraisal methods in order to understand their mechanisms involved in the appraisal.

A. Assessment Center

This concept was first developed in the 1930s by a German Army General. The purpose of the assessment center was to test candidates in social situations using a number of assessors through a variety of procedures. The essence of the assessment center is job-related simulations. These simulations involve competencies that employees feel are important for the success of their job. The evaluators observe the participants (employees) as they perform in these simulations.

The assessment center uses situational exercises such as business games, role playing and group discussion and evaluates the participants both individually and in group situations.

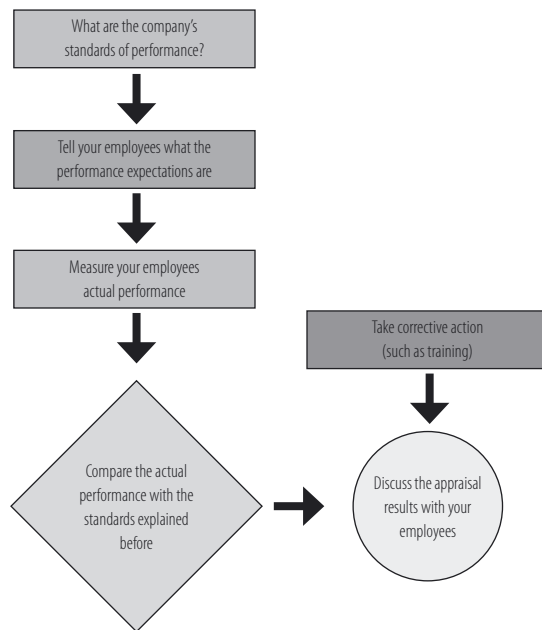


Figure 2 - Steps to perform Performance Appraisal

[Adapted from: Dutta, A. and Singh, M.K. (2004). Appraisal Tools for Today's Performance Management. in Sumati Reddy. Human Resource Management. Best Practices and Cases. ICFAI University Press. India., pg.73].

B. MBO – Management by Objectives

MBO was proposed in 1954 by Peter Drucker, in his book “The Practice of Management”. The book was written based on the results of Drucker’s study of managerial practices at GM. Though the method is quite old, it’s still considered relevant. The tool incorporates the joint participation of both the employees and their superiors. Unlike traditional methods, MBO redefines the role of the manager (or maybe leader?!) from a judge to a helper. Then, this technique focuses on what the employees produce as a result of their performance and shifts the employees’ orientation toward future actions instead of past behaviors, which is of crucial importance in today’s modern companies.

C. BARS – Behaviorally Anchored Ranking Scale

BARS was developed in 1963 by P.C. Smith and L.M. Kendall. They replaced the numerical anchors of traditional tools with behavioral examples of actual work behaviors as BARS allows superiors to rate employees on observable behavioral dimensions.

D. 360-degree Feedback

360-degree Feedback is a unique tool in which any party involved with the person rated (employee) evaluates him/her. This approach gets the employee evaluated horizontally, vertically and diagonally, therefore the ratee gets evaluated by: the superiors, the customers, the peers, the subordinates and the suppliers, for example. Such evaluation can take place through BARS (one of the modern methods) or through traditional methods such as graphic rating scale or grading method.

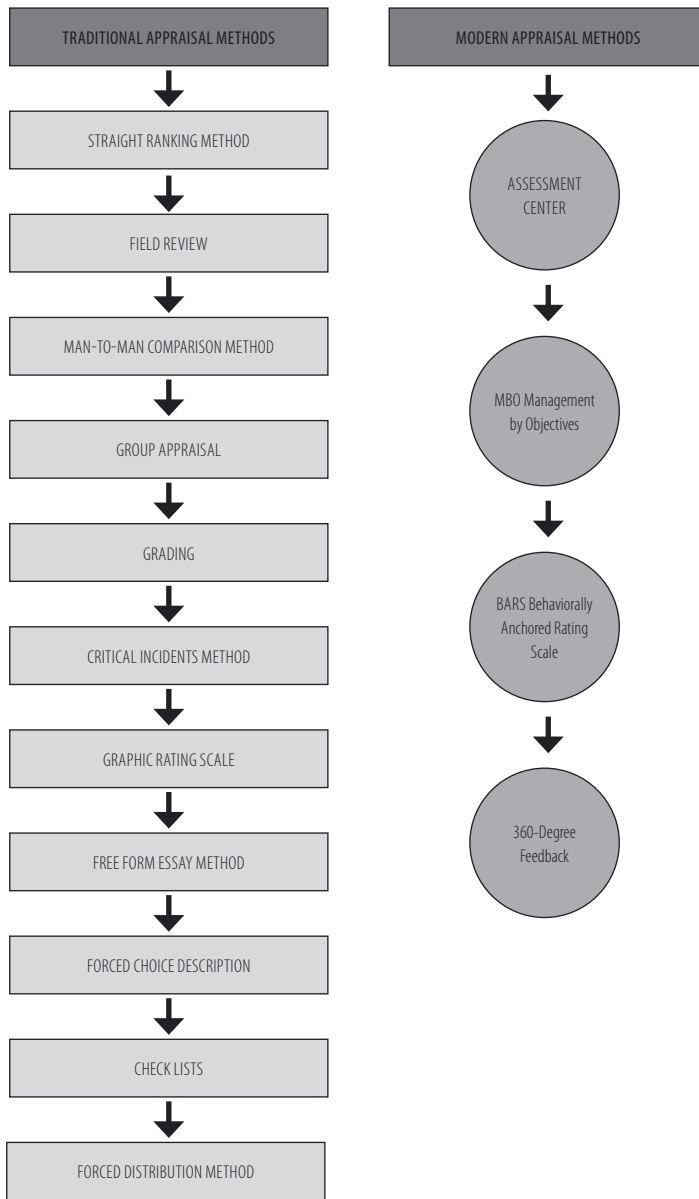


Figure 3 - Performance Appraisal Methods

[Adapted from: Dutta, A. and Singh, M.K. (2004). Appraisal Tools for Today's Performance Manement. in Sumati Reddy. Human Resource Management. Best Practices and Cases. ICFAI University Press. India., pg.74].



3.4. REAL LIFE SITUATIONS

Each company chooses their own performance review method, based on which they'll offer incentive pays. However, studies have shown that these incentive pays do more harm than good for the employees. In his article *Incentive Pay Considered Harmful*, Spolsky explained that the most stressful time of the year while he worked in two major companies, was the twice-yearly performance review period. Both at Juno and Microsoft, the performance review methods were the same and both failed to produce the expected results, as everybody received incentive pays that were completely random. The system used never took into account the employees' unique and different talents. Such systems do a lot of bad to the employees' self esteem as everybody thinks they've done a good job and that the reviews are correct, but in the end, most people will be disappointed by their reviews.

Alfie Kohn, in his article *Why Incentive Plans Cannot Work* concludes that "incentives (or bribes) simply can't work in the workplace" as several studies, over the last three decades, have shown that "people who expect to receive a reward for completing a task or for doing that task successfully simply do not perform as well as those who expect no reward at all".

So what is the alternative? Simply not performing any performance-review and running away from even thinking of offering a bonus for a "job well done"? The authors of this article organized a small study, asking a network of professionals, both employees and managers, the question "Employee appraisal: do you do it or not?" Even though only 14 persons responded the question, but the general reaction to the question can be summarized in the next few lines:

- Offering incentives based on performance appraisal are a bad idea, as seen from the employee's point of view. However, as seen from the manager's point of view, the incentives (money or not) are considered a good idea, which will motivate people to work better. Luis Cardoso, a manager working in the IT industry explains: "Initially there were no incentives whatsoever. That was one of the things we first changed. People DO work better when properly recognized. We should point out both their negative and positive things. And when someone is a good worker or even exceeds that, he or she should be awarded. There are many kinds of awards. Of course money is the simplest way. But different people often have different expectations. My best workers were often rewarded with annual gratifications (money) and/or were transferred to a better position or department at the Company."
- Others have suggested that the 360-degree Feedback is a good method for appraisal. For example, Bryan Hendricks, working in the IT industry, explains that "This [n.a. 360-degree feedback] is particularly effective when the functional team (employee and her upstream and downstream customers) isn't the same as the hierarchical team (employee, peers and supervisor). It gives the supervisor a perspective on "services rendered to customers" in addition to the "administrivia" that is typically most visible to the supervisor".
- Other managers use a so-called "round table appraisal" when they appraise their staff individually, discussing their strengths and weaknesses. Of course, this can be performed in a small company only and can be effective only in certain departments.
- Others have suggested using SMART (Specific Measurable Attainable Realistic Tangible) goals to establish how each skill will be measured.

A conclusion? It's hard to determine what methods works for what company and whether the employees are pleased with the results. However, there will always be a gap between what a manager believes would work best and what the employee think about the same method.

CONCLUSION

When companies set specific goals for their employees and then evaluate them on how they meet or exceed the goals, usually the results speak for themselves. Employees either achieve the goal or not, which is much easier to evaluate than the traditional review in which evaluators either overrate or underrate their employees.

The companies which are pioneering modern performance management methods are involved in an ongoing endeavor in which the ultimate company's vision is that everyone is doing exactly what they need to do, when it needs to be done and sees the potential rewards or penalties of their actions. This approach can only be based on competencies. Personality tests might reveal competencies which the employees haven't displayed in their work so far and training will further increase the competencies.

But most managers seem to overlook the most important thing: happiness. When employees have success achieving their goals, they are happy and this has a major impact on the company's revenues and profits.

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