Analysis of the Construct of Competence from a Management Perspective

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Abstract: Competence-based approaches have become widespread and effective tools in HR management. Their main aim is to identify those personal employee characteristics which differentiate high-performing employees from the less effective ones. Despite the widespread nature of the methodology, the literature shows that as regards the application of competences, several questions still lack unequivocal answers. Competence is a complex term, which can be broadly interpreted as operative intelligence covering not only „whats", but „hows" as well. However, when defining the term, some consider competence as a deep and persistent part of the personality, while other interpretations claim that it is a result of workplace socialisation. There is agreement that competence is linked to outstanding performance but it is debatable how outstanding performance should be defined. Thus, the various interpretations differ in these issues: whether competence depends on personality or on the situation, whether it can be developed, and whether it is linked to the individual, the position or the organization.

Keywords: competence, performance, competence-based HR management

Introduction

The advance of service and knowledge based industry, fast technological changes and the shortening of product lifecycles put the utilization of internal resources into foreground. It became more and more important for the organisations to mobilize their human resources in order to perform their tasks. Armstrong (2014) has the view that the task of human resource management is to ensure the success of the organisation through the people involved. In order to achieve a competitive advantage, effective development programmes are needed, and the starting point of these is the exact definition of excellence (Sandberg, 2000). Companies need a tool that makes those characteristics that enable effective performance understandable to leaders as well leading to successful operation of the organisation. Competence-based approaches endeavour to achieve this. Both the sensibly increasing demand towards the organisations and the results of theoretical research strengthen the process of competences becoming management tools,

therefore by today competence-based approaches became widespread, effective instruments (Winterton-Delamara, 2005).

Despite the widespread nature of the methodology, several questions remain unanswered as regards the nature and use of competences. Given that competence is an abstract term, there is no common agreement even on defining this term, and finding the origin of competences presents further issues. In our study we analysed the construct of competence as interpreted in human resource management along three questions that fundamentally define its usability in corporate practice and how far it can become a useful management tool in the hands of experts in the HR area and corporate leaders:

- How are competences connected to workplace performance?

- How can competences be managed in a corporate environment?

- How can human resource management be built on competences?

1   Competences and workplace performance

Competency research is an achievement of the HR management of the 80s that should define in a workplace environment those factors that differentiate high-performing, effective employees from the less effective ones.

There are several definitions for the term 'competence' (Mohácsi, 2003; Szelestey, 2008):

- „The personality trait of those with an outstanding performance, more exactly the quality of the person that is indispensable for an effective performance in a given job or role" (D. C. McClelland and G.O. Klemp)
- „Competencies are fundamental, defining traits of an individual, that are in causal relationship with efficient and / or outstanding performance according to the level of criteria" (R. E. Boyatzis)
- „The personality trait of the individual that is in causal relationship with efficient and / or outstanding performance in a job or situation as required by previously defined criteria" (L.M. Spencer and S. M. Spencer)
- „A set of behaviour patterns that the employee has to apply in order to perform tasks and functions in a job competently" (C. Woodruffe)
- „Knowledge or skill necessary to perform a given task or role" (R. E. Quinn)

The most important common element of the definitions is that competence **is linked to effective and/or outstanding performance** (Sanches-Levine, 2009. A

personality trait is a competence only if it has relevance from the viewpoint of performance. This follows from the basic goal to emphasise in competence research the identification of characteristics that differentiate those with an average performance from those with an outstanding performance. As opposed to the previously used requirement profiles that tried to enumerate exclusively or almost exclusively basic criteria required for the job, competence-based approaches focus on identifying the important factors. In fact, if we look at the most pressing need of organisations, which is to keep their competitiveness in a rapidly changing environment, looking for excellence becomes the most important factor. They need employees and leaders who can stand out; who can give a certain plus compared to the employees of the competitors and therefore provide a competitive advantage. Schipman and his colleagues (2000) point out that the competency models can influence the everyday behaviour of the employees in order to they connect this behaviour with the broader goals of the organisation.

The starting point of defining competences is defining effective and/or outstanding performance. Seeking excellence starts with separating outstanding and less effective employees. After this, the characteristics that are the reason for the differences can be found by the comparison of the two groups. (McClelland, 1973). **Defining the performance** may, however, be problematic according to the literature and may present several problems in practice, primarily due to the issue of measurability. Due to the intensive development of information technology and the fundamental changes in the service industry performance could be best defined via a **multidimensional approach** rather than along a single dimension (Neely et al., 2004). Consequently, good, effective performance derives from a combination of task-oriented (hard) and emotional (soft) competences. Hard (technical) competences shown at the workplace are more easily recognised and identified, and therefore measured. On the other hand, soft or social competences are far more subjective, and there are therefore harder to grasp, measure and define. We consider these to be very subjective as not all people are able to interpret these in social interactions and often being unaware of even their own social skills (Juhász, 2008).

In the approach of Boyatzis (1982) effective performance in a job is a special result (output) of the job that may be achieved through special actions and is in harmony with the organisational environment (it strengthens organisations procedures, frameworks and concepts). This means that in Boyatzis' complex model (Figure 1) effective performance manifests in various actions and behaviours that are created in the reaction of the job requirements (what the individual should do), the organisational environment (how the task should be done) and personal competences (why the individual acts a certain way). If there is harmony among these factors, effective performance can be presumed. (Boyatzis, 1982) So this definition formulates a close relation, a harmony between individual traits, the job and the organisation that can be well observed in praxis. Also other authors emphasise *the importance of the organisational environment in the*

relationship of competences and performance. (Cardy-Selvarajan, 2006) and (Wilkens (2004)) display the organisational interactions of competencies and how they are built upon each other. Prahalad, Hamel (1990) and Srivastava (2005) emphasize *the strategic nature of competences*.
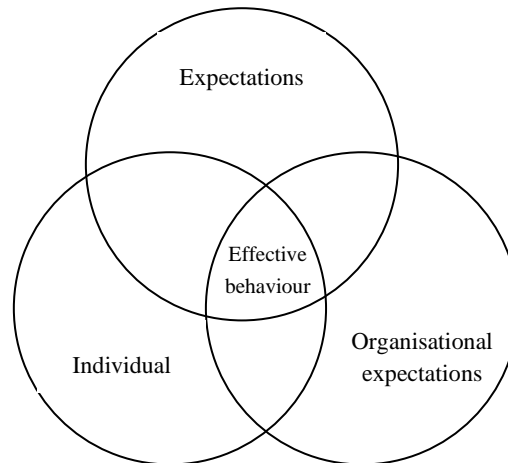

Figure 1: the model of effective performance (Boyatzis, 1982)

Another aspect that is worth taking into consideration about the expected performance is that the opinion of the organisations on effective performance is also changing dynamically. Consequently, *the validity of a competence changes alongside the changes in the business environment*. Therefore organisations need a flexible framework that enables in the present and in the future a change in the expectations defined by a competence. Sparrow and Bognanno (1995) reflected to this problem when they defined future, mature, transitional and stabile competences. Future competences, although not relevant in the present, may have a significant role if a given strategy is followed in the future. Mature competences are those which had an important role in the life of the organisation in the past, but, due to a change in strategy, are less important in the future. Transitional competences are important in the period of performing a change and serve the smooth performance of the change, but lose their meaning afterwards. Such „change competence" is, for example, the ability to live with insecurity, to manage stress, pressure and conflicts. The fourth is the group of stabile, permanent competences that are as important today as they will be tomorrow. These are in the centre of effective performance, they are not affected by the change or direction of a strategic plan, but they are linked to continuity and execution. Adding a time dimension to competence may further refine process of competences becoming effective management tools.

2 Competences as management tools

The essence of competences can be summarised well with this definition that properly reflects why competences can become effective management tools: **„competence is a more broadly interpreted operative intelligence that knows not only „what", but „how" as well**. Competence transforms knowledge into action, building a know-how bridge between knowing and realising something. Knowing means in this sense the ability to use what was learned, the ability to solve a problem or to clarify a situation (Szelestey, 2008, p8).

Summarising the characteristics of competences the approach of Parry points out four criteria (Szelestey, 2008) that define how far competencies can be managed:

- it has an effect on a main aspect of the job

- it correlates with work performance

- it is measureable

- it can be developed.

Some authors consider these statements about competences to be debatable. Therefore, many consider the competence based approach a „fuzzy concept". (Winterton-Delamare, 2005) Actually, Parry's points are important criteria for the practical applicability of competences and made competences into useful tools of HR management practice.

An important common feature of the definitions *is linking competences to performing a specific job, task or role*. Competence-based approaches can be used very well in the everyday life of organisations because they focus on the connection between the person in the job and his or her tasks. (Sanchez-Levine, 2009) This must be emphasised because as compared to the previously used aptitude tests the matter of job suitability is removed from the level of general personal evaluation. IQ tests and the various personality tests often put the whole personality in the focus of evaluation. Competence-based selection moves forward and focuses exclusively on the aspects that are of importance for the employer (McClelland, 1973). Linking the competences to jobs or tasks is also very important because the competences of the individual actually become useful when performing a specific task. In fact, individual competences and the tasks performed are in close interrelation (Bandura, 1996). That is because the individual's competences can be developed by practice, i.e. by performing tasks. Consequently, the individual may extend his or her competences while performing the job, becoming more competent for other tasks or solving new situations. The individual who performs the job with a given competence set also has an effect on the job itself, as, depending on how he or she performs the given tasks, the job and the individual's role in the organisation is being formed.

A further common feature of the definitions is that they use ***competences as collective terms***. In this sense, competence is an inventory, where personality traits, motivations, affinities, abilities, special skills, knowledge etc. may go. According to the definition of Leplat, the term of competence combines its elements in a structural and dynamic manner (Szelestey, 2008). Winterton and Delamare (2005) put these elements in a multidimensional model (Figure 2). Based on the Spencer and Spencer iceberg model, abilities and knowledge are more visible, superficial characteristics of one's personality while the concept of self, traits and motivations are far more hidden, forming the core of personality (Szelestey, 2008). This also means a significant step ahead compared to the job aptitude tests applied before. By not excluding any characteristics as a possibly distinguishing mark of excellence in a job it makes possible to emphasise the relevant factors in selection, increasing the rate of successful selections. However, this level of flexibility in the concept divides the experts as concerns the evaluation of the roots of competence and the possibilities of development.
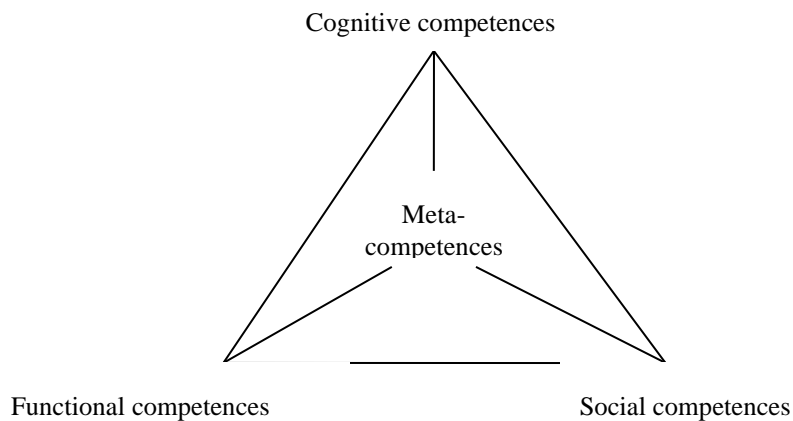
Cognitive competences

Meta-
competences

Functional competences   Social competences

*Figure 2: Competences in a multidimensional approach
(Winterton-Delamare 2005)*

The greatest difference in the definitions is in the ***interpretation of the nature of competences*** (Szelestey, 2008). One interpretation considers competences to be a fundamental part of the person, a deep and permanent part of personality, which makes behaviour predictable independently from the situation. In a workplace context this means that we may expect generally outstanding performance from an employee with a competent personality trait. (Juhász, 2008.) This viewpoint is confirmed by researches that explain the outstanding performance of competent persons with their high level of interpersonal skills. Those who manage their interpersonal relationships efficiently and have a positive self-view, whose behaviour is controlled, regulated, who are dutiful are useful members of the organisation. On the other hand it is hard to work with people who are cumbersome, narrow, inflexible, whose level of interpersonal skills is lower. In

other interpretations, competence develops during workplace socialisation. In the definition of Béla Buda 'socialisation marks a process during which humans – due to their peculiar biological and psychological traits and tendencies becomes socially competent. In this procedure those attributes are developed that enable him for effective action in his environment and society and to dynamically uphold his established status in life." (Szelestey, 2008, p5) The important part of this complex definition is that competency is partly an inherited attribute and party formed by the environment. Thus, during workplace socialisation (Bandura, 1996) we are continually developing our skills and abilities, extending our set of competences by expanding our knowledge, predicting effective, successful future performance.

These two extreme approaches bear fundamentally different messages for leaders and HR experts. Traditional researcher approaches used for identifying competences relevant in a workplace environment also distinguish person- and job-focused approaches. (Sanchez-Levine, 2009). In the first interpretation selection should find the most gifted persons, those with the best talents. In the second interpretation, the selection of the most experienced persons, those with decades of employment will bring a higher result for the organisation. However, it would be hard to support the exclusive truth of either conclusions. While the first leaves out of consideration the role of experience, learning and self-development, the other underestimates the competences of young employees starting in a job. Altogether it would be an extreme approach to put competences in the category of fundamental traits or abilities that can be learned during workplace socialisation. Depending on how an interpretation explains the system of relationships behind the elements of behaviour, competence gains different meanings. All this shows that the nature of competences is rather complex.

From the viewpoint of corporate practice *the development of competences (and to what extent they can be developed)* is of key importance. The greatest difficulties can be found during the development of soft, emotional competences. In their common work, Boyatzis, Golemann and McKee claim that „emotional intelligence has genetic components at well, but learning plays a significant role. People may differ in their talents, but anyone can develop, from whenever he starts (Boyatzis et al., 2003). Summing up their research results, the most effective form of training is a training programme that starts at the youngest possible age with ample practice opportunities possibly in a corporate environment ensuring a high level of motivation of the participants. Leplat points out (Szelestey, 2018) that nobody becomes naturally and spontaneously competent, people become an expert through personal and social procedures (which combine theoretical and practical learning). Based on this it can be said that personal traits that are relevant in a workplace environment can be developed (to a different degree and extent) and exactly because it can be gradually developed, it may be subject to management.

According to the basic goal of competence based approaches the aim was to define characteristics that are easily understandable and visible for leaders. Measurement helps leaders and HR experts during the selection procedure in the evaluation of selection criteria, and at the same time it may become an important part of continuous evaluation and is an important starting point and control criteria of development programmes. Consequently, *measurability is a fundamental requirement towards competences.* Competences give criteria that manifest in behaviour or actions and this makes possible the measurement of characteristics that are hard to grasp or observe – this plays a fundamental role in the spread of the use of competences. Measurement may be therefore performed with scales qualifying by behaviour forms or scales observing behaviour (Karolinyné et al., 2004). Despite this, measurement remains a fundamental issue in competencies becoming management tools. One important basic idea of the approach is to also consider soft factors which significantly influence work performance, these can be, however, measured difficultly or only to a limited extent due to their subjective nature. If competence requirements are defined unequivocally for the members of the organisation, the measurement of competences described by behaviour qualities or forms may iron out these issues.

3   Competency based HR management

The use of competences in praxis can be divided into two sections. In the first step, the competences required for a given job are defined. The basic question of *competence based workforce planning* is „what size of workforce with what competences will be required for performing the tasks of the organisation at a good/outstanding level." (Koncz, 2004, p234) Competencies that are important for the organisation can be organised in competency profiles, competency models (Sandberg, 2000). If the competence model was developed involving employees from various levels in the organisation, it can transmit effectively the expectations of the organisation segmented to the individual level thanks to the common language and interpretation of leaders and employers (Tóthné Téglás, 2016). The fundamental goal of competency models is to make performance predictable based on it. Such models may be developed for organisational groups, entire organisations, organisational levels (e.g. leaders, mid-level management, employees or job groups (for a job of key importance, e.g. salespersons) (Mohácsi, 2004). However, whether a competency model applied in a given organisation actually becomes „live", useful, will be decided by its professional development and introduction. (Klein, 2001)
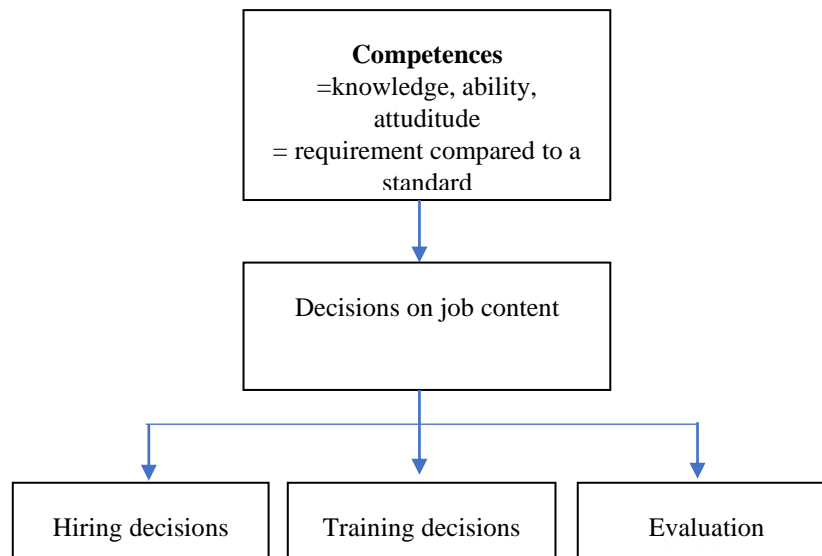
Figure 3: The use of competences in HR management (Simon, 2006)

As shown by Figure 3, ***competency models applied by the organisation may be used in several areas of HR management and may be the starting point of HR measures and planning*** (Armstrong, 2014; Shippman et al., 2000; Koncz, 2004; Simon, 2006; Henczi-Zöllei, 2007; Mohácsi, 2004) In selection, career planning and succession-related development the comparison of personal and job requirement profiles gives an important guidance to decide suitability questions and to assemble development programmes. Competency models may be made into important parts of employee and leader evaluations as this is shown by the use of competency-based performance evaluation systems and systems combining various performance dimensions (results and competences) getting widespread in practice. In some places they are even used to create competency based remuneration systems. Often it serves as a very effective instrument for organisations before transformation. (Mohácsi, 2004) The development of a new competency model corresponding to the changes forces the leadership to reconsider new expectations and those could be transmitted and 'translated' for the employees by the model in a clear manner.

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