CHAPTER 2

LITERATURE REVIEW

The purpose of this chapter is to provide a theoretical foundation that is relevant to the development of a conceptual model for this study. This chapter contains an examination and analysis of current academic and practitioner literature. The literature review is based on the critical evaluation of a variety of studies ranging from phenomenal studies and articles to books focused on the aspect of competency and related attributes identified for the study, i.e., definitions, human resource models, history and evolution of competencies, competence and competency frameworks, performance management, and competency based performance approach.

This chapter discusses literature description of various concepts related to the competencies. The chapter starts with the description of various human resource models, and then moves on to describe the history and evolution of competencies. It then expands to find out how competencies have been defined in the literature; afterwards it investigates previous studies on the classification of competencies. Further the chapter discusses the competence and competency frameworks. The chapter also reviews in detail competency based human resource models and global HR competency models. The chapter ends with the conclusions drawn based on literature review.

2.1 Background

In today’s changing business environment of globalization and accelerating competition, organizations face mounting challenges to appropriately utilize each individual’s knowledge, skills and potential to optimize performance. In this new era, HR is becoming the source of an organization’s competitive advantage [Legge (1995)]. The resource based approach considers HR as a unique source of competitive advantages of the firm [Lorange and Murphy (1984); Boxall (1991); Lundy (1994); Storey (1998)]. Armstrong and Baron [Armstrong and Baron (2002)] stated that: ‘People and their collective skills, abilities and experience, coupled with their ability to deploy these in the interests of the employing organization, are now recognized as making a significant contribution to organizational success and as constituting a significant
source of competitive advantage. The notion that HR should be regarded as a valuable asset, in other words treated as human capital, was originally advanced by Beer et al. [Beer et al. (1984)]. HR is the resource that lies within employees, by whatever term it is called, as “people”, “human capital”, “intellectual capital”, or “talent”, and it is progressively more acknowledged as important to the success and competitive advantage of an organization [Boudreau and Ramstead (2007)].

In recent years, much concern has been shown for the strategic involvement of the HR and its effect on the firm’s performance [Rangone (1999); Analoui (2000)]. The debate has led to the creation of a resource-based model of HRM [Boxall (1996)], identifying HR as being responsible for increasing organizational success [Kakabadse and Kakabadse (2000)] and a realistic indicator of the improved organizational effectiveness [Analoui (1999a); Analoui (2002)].

Traditionally, HR professionals have had a relatively limited involvement in the organization’s affairs and goals, with activities being targeted mainly at the operational level. Consequently, the justification of the presence of human resource staff is mainly to enjoy economies of scale and specialization. Generally HRM seems to be playing a secondary role at a time when the capability to harness a firm’s human resources should be more in demand and more valued than ever before [Lengnick-Hall and Lengnick-Hall (2003)]. It has even been suggested that there is a link between a firm’s performance and the utilization of its human resources [Baird and Meshoulan (1988)].

In the modern era, organizations are increasingly looking at HR as a unique and valued asset that ushers in sustained competitive advantage. At the same time, the fast changing business scenario with increasing globalization, changing demographics of the workforce, technological changes, intellectual capital, never ending organizational changes lead to increased importance of managing human resources.

HR professionals will have to learn to adapt to the environmental transformation. The new demands are being placed on HR staff are to develop leaders and more generally to recruit and retain a quality workforce. Alongside this, there needs to be an increase in workforce performance in the face of competition, and so the compensation needs to be aligned with business strategy. It then also becomes essential to develop employees in order to achieve the organization’s goals. Individual capabilities within the organization as a whole are becoming
more important than purely within a defined job, and hence, individuals are being recognized as capable of influencing an organization’s success [Brewster et al. (2000); Porter (1998)].

Concentrating on HR’s direct influence on the organization, Ulrich et al. (1995) carried out a large-scale survey in the United States (US) looking at specific competencies in HR in order to produce benchmarking standards. One of the recent developments they identified was the emergence of HR ‘business partners’, resulting in a need for the professional growth of HR practitioners themselves, and the need to contribute to the organization’s competitive stance as a whole.

However, the HR function currently has to respond to major changes in its complex, competitive, and challenging environment: lowering costs, enhancing quality, ensuring that the organization is tapping into the full potential of its employees and creating stronger business links, hence becoming a ‘business partner’. A business partner is “someone who works alongside senior managers, providing the link between business and organizational strategies, providing support and challenge to the senior team, and developing credible initiatives in a setting of ongoing cost reduction” [Kenton and Yarnell (2005)].

The notion that organizations need to find new ways to manage in a global and turbulent environment is now a well worn concept. Organizational leaders increasingly acknowledge that managing people is vital to organizational success, and that there is a connection between the success and managing human resources of an organization. The challenge for the future for HR appears to lie in sustaining a balance between strategic and technical roles, and shifting from being a provider to being an enabler in personnel management. This includes facilitating change and being an innovator in the face of change and may involve the use of core HR staff whilst outsourcing appropriate activities and devolving responsibilities to the line and to the employees themselves [Bell (1999)].

In the struggle to rethink new approaches to HR, many private business and government entities are moving towards competencies and competency-based systems as the answer to meeting organizational needs. Competencies reflect skills and knowledge and have suited the need for a multi-skilled workforce in a climate of doing more with less, downsizing, economic rationalism, turning a profit and reducing costs.
2.2 The Emerging Roles of HR Professionals

The Webster’s New World Dictionary and Thesaurus define a professional as “those engaged in some sport or in a specified occupation for pay” [Agnes (1996)]. A professional is “a person who is qualified to practice in addition to having a specific body of knowledge and ethical code of conduct” [Brewster et al. (2000)].

In this study, the term *HR professional* is synonymous with the term *HR practitioner*. For the purpose of our study, the term ‘HR professional’ is used to describe those who work in an employing organization, or as a consultant, resource-provider, academic or educator, whose primary professional focus is on the management and development of people for the broad world of employment [Brewster et al. (2000)].

The *roles of HR professionals* have been extensively discussed in the literature and in textbooks of HRM [e.g. Schuler and Huber (1993), Purcell (1995), Boudreau and Ramstead (2007), Compton (2009), Flamholtz (2005), Phillips (2005), Nankervis et al. (1999), and Ulrich and Brockbank (2005)].

The role of human resources has been evolving for some time. The shift from "personnel" to “human resources”, for example, was part of the movement to acknowledge the value of employees as an organizational resource, and was an attempt to remove some of the stigma that was coming to be associated with slow, bureaucratic personnel departments. This shift in the label was accompanied by a call for HR to become a strategic partner with the leaders of the business to contribute to significant business decisions, advice on critical transitions, and develop the value of the employee, in short, to have a seat at the table. The changing business scenario, mainly driven by factors like globalization, mergers and acquisitions, technology, outsourcing, and workforce demographics, is influencing all functional areas within an organization, including HR. In this competitive business world, where change is inevitable, the roles of HR Professionals are changing constantly. They are not confined to the so called traditional activities of personnel management. To remain competitive, they must play new roles which are closely linked to the success or failure of an organization.

In the book, “*Human Resource Champions*”, Dave Ulrich (1997), one of the best thinkers and writers in the HR field, and a professor at the University of Michigan, recommended three additional roles for the HR professionals which are critical in today’s organizations. The HR
professionals who understand these roles are leading their organizations in areas such as organizational development, strategic utilization of employees to serve business goals, and talent management and development.

(a) **Strategic Partner:** These days HR managers need to think of themselves as strategic partners in organizations to guarantee their viability and ability to contribute. In this role, the HR person contributes to the development of and the accomplishment of the organization-wide business plan and objectives. The HR business objectives are established to support the attainment of the changing strategic business plan and objectives. This strategic partnership impacts HR services such as the design of work positions; hiring; reward, recognition and strategic pay; performance development and appraisal systems; career and succession planning; and employee development. When HR professionals are aligned with the business, the personnel component of the organization is thought about as a strategic contributor to business success.

(b) **Employee Advocate:** As an employee sponsor or advocate, the HR manager plays an integral role in managing organizational change via his knowledge about and advocacy of people. This advocacy includes expertise in how to create a work environment in which people will choose to be motivated, contributing, and happy. HR professionals help establish the organizational culture and climate in which people have the competency, concern and commitment to serve customers well. In this role, the HR manager provides employee development opportunities, employee assistance programs, gain sharing and profit-sharing strategies, organization development interventions, due process approaches to problem solving and regularly scheduled communication opportunities.

(c) **Change Champion:** The constant evaluation of the effectiveness of the organization results in the need for the HR professional to frequently champion change. Both knowledge about and the ability to execute successful change strategies make the HR professional exceptionally valued. Knowing how to link change to the strategic needs of the organization will minimize employee dissatisfaction and resistance to change. HR professionals contribute to the organization by constantly assessing the effectiveness of the HR function.

**Summarizing** the above assertions, the role of the HR professionals is evolving with the change in competitive market environment and the realization that HRM must play a more strategic role in the success of an organization. In order to succeed, HR must be a business
driven function with a thorough understanding of the organization’s big picture and be able to influence key decisions and policies. In general, the focus of today’s HR manager is on strategic personnel retention and talent development. HR professionals will be coaches, counselors, mentors, and succession planners to help motivate organization’s members and their loyalty.

2.3 Human Resource Models

Tyson (1995) sets out three models of HRM namely the descriptive, analytical, and normative models. Each type of model examines HR at a different level of analysis. These are given in table 2.1. The descriptive model is all about how work changes with different settings and contexts. Studies show that three distinct models have emerged as a result of clustering of activities based on the three different dimensions in personnel management that include the levels of analysis, activities, and purpose. It varies from a basic administrative model (termed as “clerk of works”), to a sophisticated, industrial-relations oriented, systems model (often called “contracts manager”) and a business oriented function (often called the “architect”).

Table 2.1: HRM seen from the Perspective of Different Models [Tyson (1995)]

<table>
<thead>
<tr>
<th>Principle of unification</th>
<th>Description of HR work</th>
<th>Analytical of HR causes</th>
<th>Normative content/purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dynamic Structure</td>
<td>How work changes with different settings and contexts</td>
<td>How HR people are able to perform a role and why</td>
<td>What HR people should do</td>
</tr>
<tr>
<td>Ordering principle</td>
<td>Organization</td>
<td>Organization and society</td>
<td>Company management</td>
</tr>
<tr>
<td>1. Level of analysis</td>
<td>Work of HR people</td>
<td>Reasons for the work</td>
<td>Contribution of HR to organizations</td>
</tr>
<tr>
<td>2. Activities described</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Purpose</td>
<td>To elucidate what happens</td>
<td>To discover why HR work occurs and how it interacts</td>
<td>To improve organizational performance and to help management</td>
</tr>
</tbody>
</table>
The analytical models are all about the “how” and “why” of the roles of HR people [Tyson (1995)]. The contingency approach to understanding personnel management, since the work of Legge (1978) has seemed to offer the most fruitful line of inquiry.

Ackermann (1986) provides a more detailed contingency model considering five influencing determinants on HR strategies. These five determinants are: business strategies, environment, organizational structure, company size, and the availability of resources. Ackermann’s “model” or framework of HR strategies is given in figure 2.1.

Figure 2.1: A Contingency Model for HRM Strategies [Ackermann (1986)]

Ackermann defines human resource strategy as being “a pattern in a constant stream of HRM decisions” [Ackermann (1986)]. His research shows a characteristic pattern of individual
decision variables, which are interpreted as four factor-analytical types of HR strategies that include: development strategy-emphasizing training, long term planning and internal hiring; control strategy-emphasizing performance appraisal, performance rewards, job evaluation; administrative strategy-short term manpower planning, external hiring, low level human resource; and scanning strategy-emphasizing labour market scanning, attitude surveys, money incentives.

2.4 History and Evolution of Competencies

The concept of “competency” was first brought about by Philip Selznick (1957), Robert White (1959), and subsequently David McClelland (1973) remarkably developed the concept of “competency” as significant predictors of employee performance and success. Competencies emerged in the 1980s as a response to organizational changes and to wider changes in society [CIPD (2007)].

David McClelland has pioneered the competency movement across the world. His classic books on “Talent and Society”, “Achievement Motive”, “The Achieving Society”, “Motivating Economic Achievement” and “Power the Inner Experience” brought out several new dimensions of the competencies. In 1973, David McClelland, Professor of Psychology at Harvard University and founder of McBer and Company (now part of the Hay Group), wrote a seminal paper: “Testing for competence rather than intelligence”, which created a stir in the field of industrial psychology. McClelland’s research indicated that although traditional academic aptitude and knowledge content tests were good predictors of academic performance, they seldom predicted on-the-job performance. It raised questions about the reliability of intelligence tests as a predictor of job success and stated that ‘the correlation between intelligence test scores and job success often may be an artifact, the product of their joint association with class status’. McClelland went on to argue that the best predictors of outstanding on-the-job performance were underlying, enduring personal characteristics that he called “competencies”. Since then, McClelland’s findings have been cross-culturally validated by 30 years of global competency research carried out by McBer and later by the Hay Group. Hence, the history of competency can be traced to the early 1970s, when industrial psychologists and human resource managers were seeking ways to predict job performance. McClelland launched the competency movement in the USA by outlining an alternative to the accepted intelligence tests as an approach to predicting ‘competence’. While McClelland’s
(1973, 1998) work was focused on applications in the educational sector, greater interest was shown in business and industry. McClelland’s thinking provided a cogent argument against assuming that intelligence tests alone are sufficient to evaluate individual performance. It was the elements of accountability and performance inherent in his thinking that stimulated attention outside educational institutions. Since his study, the competence approach also has been widely utilized and applied in various areas, such as primary and secondary education, higher education, and organization studies. One of the first academics to take a keen interest in competencies was Richard Boyatzis, who was born and based in the USA [Boyatzis (1982)]. The use of the term “competency” and its meteoric rise to ‘business speaks’ is credited to Richard Boyatzis. His book, written in 1982, and entitled ‘The Competent Manager: A Model for Effective Performance’, proved to have considerable influence on the profession and, over the following two decades, competency frameworks, became an increasingly accepted part of modern HR practice.

In 1991, Gerald Bareeett and Robert Depinet [Bareeett and Depinet (1991)] came out with their paper “A reconsideration for testing for competence rather than for intelligence”, in which, they argued that though McClelland and his associates believed that intelligence testing should be replaced by competency based training, since 18 years they haven’t been able to produce any professionally acceptable empirical evidence for the same.

Patricia McLagan (1989), Signe Spencer (1993) and David Ulrich (1995) further developed the concept of “competency” for the organization’s survival and sustained competitive advantage. Measures of competence were initially developed in the US to aid recruitment because traditional tests of cognitive intelligence were held to be poor predictors of job performance [White (1959)]. Rather than testing for intelligence, competence-based selection aimed to identify individuals having a psycho-social attributes associated with superior performance [McClelland (1973)]. This approach was brought to Europe by American companies having transnational operations and especially by the consulting firm Hay McBer because one of the founding members was David McClelland, the main advocate of “competency” [McClelland (1976, 1998)]. It is worth noting that McClelland, like White, originally used the term “competence” and only later adopted the term “competency”, without any change in meaning.

During the 1980s, European competence-based approaches to education and training started to appear that were quite distinct from and independent of the US model, first in the UK, then in
France and later in Germany. In all three countries the focus has been more on occupations than individuals, but with quite different approaches to competence. They have become the three dominant European models, strongly influencing how competence is perceived in other Member States.

The UK adopted a competence-based training system centered on a unified national framework of vocational qualifications based on occupational standards of competence, grounded in functional analysis of occupations in a variety of contexts [Mansfield and Mitchell (1996)]. From a starting point that viewed competence as “the ability to perform activities in the jobs within an occupation, to the standards expected in employment” [LiP UK (1995)], the definition became expanded, following a government review of vocational qualifications in 1996, to “the ability to apply knowledge, understanding and skills in performing to the standards required in employment. This includes solving problems and meeting changing demand” [Beaumont (1996)]. It is interesting that government definitions made no reference to social or behavioural issues, despite the importance these had been accorded by employers. In practice, however, employers increasingly adopted hybrid systems that included behavioural as well as functional competences [Winterton and Winterton (2002)]. In the case of the occupational standards for managers developed by the Management Charter Initiative (MCI), a parallel set of behavioural “competencies” was developed to supplement the original functional standards.

The adoption of competence-based qualifications in the UK polarized the education and training community. The leading advocates of competence-based approaches mostly came from vocational training, and were often involved in developing, implementing or evaluating occupational standards in practice [Mansfield (1993); Mansfield and Mitchell (1996); Winterton and Winterton (1995, 1996)]. Critics largely came from education, and especially higher education, and viewed competence-based approaches as being inherently reductionist [Ashworth and Saxton (1990); Bates (1995); Burgoyne (1993); Hyland (1997); Stewart and Hamlin (1992a, b)].

The UK approach to competence-based qualifications influenced Commonwealth countries like Australia and New Zealand [Young (2003)] as well as other European countries, including Finland and Ireland, but France and Germany independently adopted quite different competence models, which in turn influenced other European member states.
2.5 Understanding Competencies

2.5.1 Meaning and Definition of the Term “Competency”

Competency has its origins in the Latin word ‘competentia’ which means “is authorized to judge” as well as “the right to speak” [Caupin et al. (2006)]. The English dictionary defines the word ‘competence’ as the state of being suitably sufficient or fit.

Competency means ‘the underlying attributes’ of an individual, such as knowledge, skills, or abilities. Boyatzis (1982) defined competency as ‘an underlying characteristic of a person which results in effective and/or superior performance in a job’. An underlying characteristic could include a motive, trait, skill, an aspect of one’s self image or social role, or a body of knowledge. Spencer and Spencer, who advanced Boyatzis’ original work, define competency as an ‘underlying characteristic of an individual that is causally related to criterion referenced effective and/or superior performance in a job or situation’ [Spencer and Spencer (1993)]. The use of this definition creates a focus on the required inputs of individuals in order for them to produce competent performances [Hoffman (1999)].

Decomposing in a more developable, acceptable, and defensible manner, competency is described as “a cluster of knowledge, skills, abilities, behaviours, and attitudes related to job success and failure” [Byham and Moyer (2000); Cooper (2000); Green (1999); Lucia and Lepsinger (1999); Parry (1996)].

A competency is the capability of applying or using knowledge, skills, abilities, behaviours, and personal characteristics to successfully perform critical work tasks, specific functions, or operate in a given position. Competencies are thus underlying characteristics of people that indicate ways of behaving or thinking, which generalizes across a wide range of situations and endure for long periods of time. Personal characteristics may be mental/intellectual/cognitive, social/emotional/attitudinal, and physical/psychomotor attributes necessary to perform the job [Dubois (1993); Lucia and Lepsinger (1999)].

Those who spend efforts in examining competency are immediately struck by the lack of uniform definitions, compositions, and methodologies which, of course, lead to misunderstanding, wandering, and waste [Cooper (2000); Dalton (1997)]. Strebler et al. (1997) asserted that the term has no widely accepted single definition. Its meanings defined by
standard dictionaries are broad, vague, and inferred which subject to a variety of interpretations.

However, since early pioneering investigations, it is generally agreed that competency can be clinically defined as “a person’s underlying characteristics that are related to effective or superior performance in a job or situation” [Boyatzis (1982, 1996); Klemp (1980); Spencer and Spencer (1993)].

**This study seeks to probe deeper into the concept of competency, tracing its root and its role in the present context.** This study reviews global leading articles on competencies for the purpose of gaining in-depth insights into the competencies. Here is the snapshot of the extensive literature survey.

**Boyatzis** (1982, 2007) identified 19 generic competencies, that outstanding managers tend to have, and clubbed those 19 generic management competencies into five distinct clusters, as goal and action management, leadership, human resource management, directing subordinates and focus on others. Boyatzis defined competency as an “underlying characteristic of a person which results in effective and/or superior performance in a job.” Boyatzis adopted the term competency as a characteristic of an individual that is causally (change in one variable cause change in another) related to superior performance in a job. Boyatzis expanded the definition to include “a motive, trait, skill, aspect of one’s self image or social role, or a body of knowledge.

**Spencer and Spencer** (1993) who advanced Boyatzis’ original work defined competency as an “underlying characteristic of an individual that is related to criterion referenced effective and/or superior performance in a job or situation”. They classified competencies into two categories: threshold and differentiating competencies. Threshold competencies are “those essential characteristics that everyone must acquire to be minimally effective, but that does not distinguish superior performers from average performers”. Differentiating competencies are “those factors that distinguish superior from average performers”.

**McClelland** (1973) presented data that traditional achievement and intelligence scores may not be able to predict job success and what is required is to profile the exact competencies required to perform a given job effectively and measure them using a variety of tests. He defined ‘competence’ as “a personal trait or set of habits that leads to more effective or
superior job performance”, in other words, an “ability that adds clear value to the efforts of a person on the job”.

Cernusca and Dima (2007) in their research essay explained 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.

Kodwani (2009) has focused on the performance as the mantra of today’s business organization. People with right abilities are able to perform better. Competencies are the set of such skills and abilities (technical as well as behavioural) which are required for desired level of performance. Right competencies are the key to superior performance.

Rothwell et al. (2004) addressed competency efforts in the USA programs have evolved from an early focus on distinctions between best-in-class (exemplary) and fully-successful performers to become a link between organizational strategy and organizational and individual performance. Interests in competency-based approaches are growing. Training and development professionals are using competency models to clarify organization-specific competencies to improve human performance and unify individual capabilities with organizational core competencies.

Rothwell and Lindholm (1999) mentioned that employee competency efforts in the USA have evolved from an early focus on distinctions between best-in-class (exemplary) and fully-successful performers to become a link between organizational strategy and organizational and individual performance. Training and development professionals are using competency models to clarify organization-specific competencies to improve human performance and unify individual capabilities with organizational core competencies.

Rice (2006) reflected on the leadership development among healthcare executives in the USA According to the author, competency-based leadership development does not just drift, however it intentionally focuses on clear career aspirations.

LeBoterf (1998) said that competencies are not themselves resources in the sense of knowing how to act, knowing how to do, or attitudes, but they mobilize, integrate and orchestrate such
resources. This mobilization is only pertinent in one situation, and each situation is unique, although it could be approached as an analogy to other situations that are already known.

Gaspar (2012) found that competency based selection method is healthy, structured and comprehensive. Candidates are evaluated on the competencies they need to demonstrate, when inducted into the organization.

Page and Wilson (1994) after reviewing as many as 337 citations regarding competencies, defined it as “the skills, abilities, and personal characteristics required by an ‘effective’ or ‘good’ manager”. The point to note about this definition is the inclusion of directly observable and testable competencies, such as knowledge and skills, and the less assessable competencies related to personal characteristics or personal competencies.

Spector (1997) defined knowledge, skills, abilities, and other characteristics (KSAOs). “Knowledge” is what a person knows that is relevant to the job. “Skill” is what a person is able to do on the job. “Ability” (mental, physical, and psychomotor) is the capacity to learn a skill, and “other characteristics” include attitudes, beliefs, personality characteristics, temperaments, and values.

Hoffmann (1999) mentioned the applications of the use of the term “standards” to refer to a minimum acceptable level of performance, to the need to standardize performances across parts of a company, to manage change, and to higher levels of acceptable performance than before.

In an effort to provide a complete understanding of the different aspects that the term “competency” incorporates, some of the more frequently cited definitions from the literature include:

- A combination of tacit and explicit knowledge, behaviour and skills that gives someone the potential for effectiveness in task performance [Draganidis and Mentzas (2006)].
- Personal characteristics that contribute to effective managerial performance [Albanese (1989)].
- The characteristics of a manager that lead to the demonstration of skills and abilities, which result in effective performance within an occupational area [Hogg (1989)].
- The ability to perform effectively the functions associated with management in a work situation [Hornby and Thomas (1989)].
Those characteristics—knowledge, skills, mindsets, thought patterns, and the like—that, when used either singularly or in various combinations, result in successful performance [Dubois (1998)].

Competencies are measurable human capabilities that are required for effective work performance demands [Marrelli (1998)].

A capacity to mobilize diverse cognitive resources to meet a certain type of situation [Perrenaud (2000)].

Sets of behaviours that are instrumental in the delivery of desired results or outcomes [Bartram et al. (2002)].

The skills, knowledge, abilities and other characteristics that someone needs to perform a job effectively [Jackson and Schuler (2003)].

A meticulous analysis of the above definitions reveal that the differences in the following dimensions were distinguished: job versus role focus, context free versus context specificity; knowledge versus capability, behaviour versus ability, specificity versus generality; learnability versus unchangeability, performance versus development orientation; core versus peripheral capabilities, and the person versus the system as a carrier. Broadly, competencies have been defined to refer to three aspects:

1. Observable performance [Boam and Sparrow (1992); Bowden and Masters (1993)],

2. The standard or quality of the outcome of an individual’s performance [Rutherford (1995); Hager et al. (1994)], or

3. The underlying characteristics of a person [Boyatzis (1982); Sternberg and Kolligion (1990)].

Clearly, there is a wide range of definitions, underscoring the difficulty of pinpointing a standard definition of the term. Any analysis of competencies requires careful definition because of the considerable variance in the use of the term ‘competencies’ in the literature. From this critical literature review, it is clear that the definition of competency is one of the most fraught tasks in the research, with little agreement among researchers.

Although the meaning and definition of the term ‘competency’ is still subject to debate [Shippman et al. (2000)], for the purpose of our study, we adopted the definition of competency as ‘a cluster of related knowledge, skills, and attitudes that affect 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” [Lucia and Lepsinger (1999)]. Competencies conceptualized in such a way are “something that people actually do and can be observed” [Campbell et al. (1993)] and it also includes the collection of success factors necessary for achieving important results in a specific job. Success factors are combinations of knowledge, skills, abilities and other characteristics (more historically called “KSAOs”) that are described in terms of specific behaviours, and are demonstrated by superior performers in those jobs or work roles.

2.5.2 Confusion

There has been considerable debate about the difference between ‘competence’ and ‘competency’. In the recent years, many meanings and new labels have evolved through common usage for the term ‘competence’ and ‘competency’ [Strebler et al. (1997)]. Trying to draw a fine line between the (buzz) words such as competency/competencies, competence, capability, capacity, and proficiency is even more difficult and creates confusion [Byham and Moyer (2000); Cooper (2000); Mirabile (1997)].

Although in the 1980s and 1990s, HR professionals drawn a distinction between ‘competencies’ and ‘competences’, now the two terms are often used interchangeably [CIPD (2007)]. ‘Competency’ is more precisely defined as the behaviours that employees must have, or must acquire, for input into a situation in order to achieve high levels of performance, these are more commonly termed ‘soft’ skills and include such things as communication, problem solving. While ‘competence’ on the other hand relates to a system of minimum standards or is demonstrated by performance and outputs, these are commonly referred to as ‘hard’ skills as they include such things as operation, maintenance [CIPD (2007)].

The term ‘competence’ and ‘competent’ refer to a state or quality of being able and fit. Usually the term ‘competency’ (competencies in the plural) has been used to refer to the meaning expressed as behaviours that an individual needs to demonstrate, while the term ‘competence’ (competences in the plural) has been used to refer to the meaning expressed as standards of performance [Hoffmann (1999)]. Organizations in the private sector tend to use the term “competency model”, whereas those in the public sector use “competence model” [Strebler et al. (1997)].

Gilbert (1996) defined competence as “the state of being competent refers to having the ability to consistently produce the results (the worthy outcomes of behaviour) that are required
for the most efficient and effective achievement of the larger organizational goals”. Ulrich (1995) defined *competence* as “the ability to add value to the business; competence must focus on the process leading from changing business conditions to achieve sustainable competitive advantage”. *Competence* is most often used to describe what a person needs to know and able to do in order to undertake the tasks associated with a particular occupation. In this sense, *competence* is assessed in terms of a person's ability to demonstrate performance to the standards required for employment in a work context [Knasel and Meed (1994); Mansfield and Mitchell (1996); Miller (1991)].

Most often *competency* is used to denote the characteristics of an individual that are associated with superior performance in a job, the sense in which McClelland used the term, and in which it was subsequently used by other authors [Boyatzis (1982); Hay Group et al. (1996); Klemp and Spencer (1982); Spencer et al. (1997); Spencer and Spencer (1993)].

In an attempt to simplify the situation, some authors have associated ‘*competency*’ with the US approach and described this as an “input” in terms of attributes an individual must possess in order to perform competently, distinguishing this from ‘*competence*’ associated with the British approach as an “output” reflecting the demands of the job [Boak (1991); Burgoyne (1988); Rowe (1995); Tate (1995); Woodruffe (1991)].

Additionally, in spite of apparent differences in American and British usage, the term ‘competency’ and ‘competence’ are frequently conflated and used interchangeably [e.g. Boam and Sparrow (1992); Brown (1994); Mitrani et al. (1992); Snyder and Ebeling (1992); Spencer and Spencer (1993)] as already noted by several authors [Winterton and Winterton (1999); Woodruffe (1993)].

As a result, it is impossible to arrive at a definition capable of accommodating the different ways that the term competence is used: “as tacit understandings of the word have been overtaken by the need to define precisely and operationalize concepts, the practice has become shrouded in theoretical confusion and the apparently simple has become profoundly complicated” [Norris (1991)]. Grzeda (2005) associates ambiguity in the concept of competence with the practice of using the term as both an independent and dependent variable, in other words, to describe both the attributes a person must acquire and the demonstration of those in performance, or inputs and outputs [Hoffman (1999)].
2.5.3 Classification of Competencies

In order to set the context of theoretically derived competence classes, a brief review is given regarding some of the classification patterns in table 2.2. In literature different patterns for classification of competencies are given. Most often, researchers define classification according to their own theory and purpose of the study [Chyung et al. (2006); Mühlbacher et al. (2009)].

Katz and Kahn (1966) grouped competency into three areas which later expanded into the following four:
1. Technical or Functional (knowledge, attitudes, skills, etc. associated with the technology or functional expertise required to perform the role);
2. Managerial (knowledge, attitudes, skills, etc. required to plan, organize, mobilize and utilize various resources);
3. Human (knowledge, attitudes and skills required to motivate, utilize and develop human resources); and
4. Conceptual (abilities to visualize the invisible, think at abstract levels and use the thinking to plan future business).

Table 2.2: Kinds of Competencies

<table>
<thead>
<tr>
<th>Author(s)</th>
<th>Feature</th>
<th>Class</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jacobs (1989)</td>
<td>Differentiates between hard (analytical, organizational controlling) and soft competencies.</td>
<td>• Hard competencies</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Soft competencies</td>
</tr>
<tr>
<td>Boyatzis (1982)</td>
<td>Differentiates between average and effective performers on the basis of competencies exhibited by successful performers.</td>
<td>• Threshold competencies</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Performance competencies</td>
</tr>
<tr>
<td>Erondu and Sharland (2002)</td>
<td>Differentiates on the basis of managerial/hierarchical levels.</td>
<td>• Strategic</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Supervisory</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Individual</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Line Management</td>
</tr>
<tr>
<td>Kochanski and Ruse (1996)</td>
<td>Differentiates and categorizes competencies based on value of driving strategic advantage.</td>
<td>• Core</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Requisite</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Misfit Strategic</td>
</tr>
<tr>
<td>Robinson et al. (2007)</td>
<td>Differentiates and classifies competencies based on fluctuation in value over a period of time.</td>
<td>• Emergent</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Core</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Maturing</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Transitional</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Obsolete</td>
</tr>
</tbody>
</table>
There are five major components of competency [Tucker and Cofsky (1994)]:

1. **Knowledge**- This refers to the understanding acquired through learning and a body of information relevant to job performance. It is what people have to know to be able to perform a job, such as knowledge of policies and procedures for a recruitment process, or surgeon’s knowledge of Human Anatomy.

2. **Skill**- This refers to a person’s ability to perform a certain task, capabilities acquired through practice. It can be a financial skill such as budgeting, or a verbal skill such as making a presentation, or surgeon’s skill to perform a surgery.

3. **Self Concepts and Values**- This refers to a person’s attitudes, values and self image. An example is self confidence, a person’s belief that he or she can be successful in a given situation, such as a surgeon’s self confidence in carrying out a complex surgery.

4. **Traits**- Traits refer to physical characteristics and consistent responses to situations or information. Good eyesight is a necessary trait for surgeons, as is self control is an ability to remain calm under stress.

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

Competency can be best understood as a skill, a personal characteristic or a motive demonstrated by various behaviours which contribute to outstanding performance in a job, as shown in **figure 2.2**.

![Figure 2.2: Concept of Competency](image)
Behaviour is the observable demonstration of some competency. It is an essentially definitive expression of a competency in that it is a set of action that, presumably, can be observed, taught, learned, and measured. The result of a critical behaviour is a certain level of performance (figure 2.2). The level of performance (low, moderate or high) is always determined by the level of knowledge, skill and attitude.

Competencies have also been organized into the following categories:

1. **Core competencies** [Hamel and Prahalad (1994)]: A core competency forms the basis for strategic direction; it is something a company does well relative to other competitors. Core competencies refer to the elements of behaviour that are important for all employees to possess as, for example, a core competency in “result/quality orientation”.

2. **Functional competencies** [Ozcelik and Ferman (2006)]: These are job-specific skills required to perform a particular job role or profession.

### 2.6 Competence and Competency Frameworks

Since the publication of Prahalad and Hamel’s (1990) Harvard Business Review article “The core competence of the corporation”, the notion of competence has attracted a great deal of attention. From the standpoint of business studies, the term is related to the so called resource-based view of companies that had been introduced earlier. Prahalad and Hamel (1990) argue that competitive advantage stems in the long term when a firm builds ‘core competences’ that denote the complex bundles of skills, technologies, resources, capabilities, and processes that make a disproportionate contribution to customer value.

Lewis and Gregory (1996) make a difference between four views to competence: economics, corporate strategic management [Prahalad and Hamel (1990)], management of technology and learning [Leonard-Barton (1992)], and human resource management [Sparrow and Marchington (1992)]. Based on the concepts of competence, core competence, distinctive competence and dynamic capability used by these authors, Lewis and Gregory provide their own working definitions of the first three concepts, as is shown in table 2.3.

The competence analysis process proposed by Lewis and Gregory (1996) consists of activity and resource analysis and a strategic process review. Activities are suggested for evaluation by using the following metrics: importance, performance, imitability, transparency,
transferability, and replicability. Their scarcity, imitability, durability, retention, codification, embodiment, and importance all measure the uniqueness of the resources.

**Table 2.3:** Views to Competence [Lewis and Gregory (1996)]

<table>
<thead>
<tr>
<th>1. Economics: [Teece et al. (1992)]</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>A. Competence:</strong> When firm-specific assets are assembled into integrated clusters spanning individuals and groups, enabling distinctive activities to be performed.</td>
</tr>
<tr>
<td><strong>B. Core competence:</strong> Those critical to a firm’s survival. Should be derived with due reference to opportunities and threats facing the firm.</td>
</tr>
<tr>
<td><strong>C. Distinctive competence:</strong> The differentiated skills, assets and organizational routines allowing a firm to coordinate activities that provides the basis for competitive advantage in a particular market.</td>
</tr>
<tr>
<td><strong>D. Dynamic capability:</strong> The capacity of a firm to renew, augment and adapt its core competence over time. Capabilities thus reflect the firm’s latent competences.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2. Corporate strategic management: [Prahalad and Hamel (1990)]</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>A. Competencies:</strong> The collective learning in the organization, especially how to coordinate diverse production skills and integrate multiple streams of technology.</td>
</tr>
<tr>
<td><strong>B. Core competencies:</strong> Source of competitive advantage. 3 qualifying tests: access to a wide variety of markets; contributes towards perceived customer benefits; is difficult for competitors to imitate.</td>
</tr>
</tbody>
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<table>
<thead>
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<tbody>
<tr>
<td><strong>Core capability:</strong> The knowledge set that distinguishes and provides competitive advantage. Identifies 4 dimensions.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>4. Human resource management: [Sparrow and Marchington (1992)]</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>A. Competencies:</strong> Should be viewed as behavioural repertoires which some people carry out better than others.</td>
</tr>
<tr>
<td><strong>B. Core competencies:</strong> Those that remains important to a firm. It is these competencies that provide continuity.</td>
</tr>
<tr>
<td><strong>C. Transitional competencies:</strong> Those not currently important, not implied by the strategic plan, but change may only be implemented through their greater emphasis.</td>
</tr>
</tbody>
</table>

**Working definitions**

| **A. Competence:** Those activities which a company recognizes as containing unique resources. |
| **B. Core competences:** Those competences that management perceives as of central importance to the company’s goals and strategy. |
| **C. Distinctive competences:** Those competences that are recognized by the market and hence provide the basis for the organization’s competitive advantage in a market or markets. |

Despite the fact that the extractions of competence thinking are in the well-known resource-based view of firms, and that, for example the textbook of Hamel and Prahalad (1994) has been extremely popular; it appeared neither to be straightforward enough to find common
elements in competence literature nor existing meta-theoretical studies on these elements. Research was not only looking for definitions of concepts such as assets, skills, resources, capabilities and competence, but also interested in how these changes over time had been made explicit, i.e. on competence dynamics. Sanchez et al. (1996a, b) titled “Dynamics of competence-based competition”, became a key piece of related work. Although the word “dynamics” refers to competition and not to competence, the textbook includes several articles addressing competence changes.

Attempts to develop a framework for key workplace competencies in the US and UK were driven by the concerns of workplace change and the subsequent requirement to ascertain the supply of vital generic skills that employers required [Kearns (2001)]. Generic skills are defined as “those transferable skills, essential for employability which are relevant at different levels for most” [NSTF (2000)]. “Generic” competencies cover individual characteristics that involve coping with less programmed and technical tasks and more generic job situations [Agut et al. (2003)]. This is true as the “workplace” competencies are non-technical in nature.

2.6.1 The Concept of Competency Mapping

Competency mapping is being used by organizations widely today to assess the value of human capital and its development. The need to map and monitor the competence is perceived by most organizations as a tool to add value to their key resource areas [Nigam et al. (2009)]. As a result of competency mapping, all the HR processes like talent induction, management development, appraisals and training yield much better results.

Competency mapping is a process of identifying key competencies for an organization and/or a job and incorporating those competencies throughout the various processes (i.e. performance appraisal, training, recruitment) of the organization. Competency mapping is one of the most accurate means in identifying the job and behavioural competencies of an individual in an organization. Competency mapping is used to identify key attributes (knowledge, skills, and behavioural attributes) that are required to effectively perform job classification or any identified process.

Competency mapping is required to reinforce the corporate strategy, culture, and vision. Competency mapping establishes expectations for performance excellence, resulting in a systematic approach to professional development, improved job satisfaction, and better
employee retention. It increases the effectiveness of training and professional development programs by linking them to the success criteria (i.e., behavioural standards of excellence). It provides a common framework and language for discussing how to implement and communicate key strategies. It provides a common understanding of the scope and requirements of a specific role. It provides common, organization-wide standards for career levels that enable employees to move across business boundaries. Competency mapping identifies performance criteria to improve the accuracy and ease of the hiring and selection process. It provides a clear foundation for dialogue to occur between the manager and employee about performance, development, and career-related issues. Competency mapping identifies the success criteria (i.e., behavioural standards of performance excellence) required to be successful in their role. It supports a more specific and objective assessment of their strengths and specify targeted areas for professional development.

This new behavioural approach creates what “good” competencies might look like. Characteristics of a set of useful competency list are, for instance,

1. Exhibiting job-relatedness,
2. Observable and measurable against well-accepted job standards or criteria,
3. Being improved via training and development, and
4. Providing insights on determining how capable or fitness a person is in a job.

Competency mapping envisages development and sustainability of competency, based on the changing organizational requirements. Development of employees focuses on enhancing their competencies rather than preparing them for moving to jobs. In this way they can develop capabilities useful throughout the organization as it changes and evolves. The competence approach focuses on linking business strategies to individual performance efforts.

Competency mapping process helps the organization in developing a clear strategy for developing competencies of their workforce. Competency mapping identifies the competency of an individual or group of individuals in relation to job requirements. It consists of breaking a given role or job into its constituent tasks or activities and identifying the competencies (technical, managerial, behavioural, conceptual knowledge, attitudes, skills, etc.) needed to perform the same successfully. Competency mapping analyzes individual’s SWOT (Strengths, Weaknesses, Opportunities and Threats) for better understanding and helping to show them, where career development efforts are required.
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 used by a HR expert to identify and describe competencies that are most crucial to success in a work situation.

Competency mapping is one of the most accurate means in identifying the job and behavioural competencies of an individual in an organization. Every well-managed firm should have well defined roles and list of competencies required to perform each role effectively. Competency mapping identifies an individual’s strengths and weaknesses in order to help them better understand themselves and to show them where career development efforts need to be directed.

Once the competencies are assessed it is mapped against the requisite levels for the position/role. The mapping will entail providing the insight on the gaps in the competency levels displayed by the individual, if any. This is done by mapping the existing levels of competency exhibited by individuals against the desired competency levels for each of the roles for individuals. The gaps identified will be between the demonstrated competency levels against the expected competency levels.

2.6.2 Competency Models

A competency model (also known as competency mapping model) is a valid, observable, and measurable list of the knowledge, skills, and attributes demonstrated through behaviours that result in outstanding performance in a particular work context.

Competency model is a viable tool that can be utilized to prepare the current and future workforce and retain skilled incumbent workers to meet the job requirements and other needs of employers. Competency models as well can offer an assistive device for individuals to focus on their current competencies and refocus their competencies as necessary.

A competency model describes the combination of knowledge, skills and characteristics needed to effectively perform a role in an organization and is used as a HR tool for selection, training and development, appraisal and succession planning [McLagan (1989)]. A competency model is a collection of competencies and standards of performance, establishing qualifications for a specific job position [Cooper (2000)]. A competency model is a set of competencies that include the key behaviours required for excellent performance in a
particular role. A competency model is an organizing framework that lists competencies required for effective performance in a specific job, job family (e.g., a group of related jobs), and organization. Depending on the work and organizational environment, a group of 7 to 9 total competencies are usually required for a particular job and depicted in a competency model [Shippman et al. (2000)]. The model is organized into tiers of competencies and includes descriptions of the activities and behaviours associated with each competency. Competency models are often highly tailored to the organization. As such, the elements of a competency model communicate, in clear terms, the circumstances and conditions of performance. Individual competencies are organized into competency models to enable people in an organization or profession to understand, discuss, and apply the competencies to workforce performance.

A competency model is a set of core competencies that present the core values of an organization in current and future role [Draganidis and Mentzas (2006)]. For competency models to be useful, competencies must be correlated to job activities [Parry (1998)]. A competency model helps to strengthen HR systems, improve overall performance, and increase business impacts over time [Cook and Bemthal (1996); Parry (1996, 1998)]. The models always comprise of associated knowledge, skills, abilities, and other characteristics abbreviated as KSAOs which represent effective work behaviours [Kierstead (1998)]. These KSAOs are grouped into clusters, labeled, and defined in a systematic manner. The competency model basically addresses two important aspects: what skills, knowledge and characteristics are required to do the job and what behaviour has the most direct impact on the performance and success in the job.

A competency model is a narrative description of the competencies for a targeted job category, occupational group, division, department or other unit of analysis. A competency model describes the combination of knowledge, skills and attributes needed for superior performance, and is integrated into the functions of HR like selection, training and development, succession planning and performance management. McDaniel et al. (1998) suggests that competency models can be used for the following purposes: developing individual development plans; developing training curriculum; supporting in staffing decisions such as hiring, transfers, and promotions; carrying out succession planning; conducting performance appraisals; and developing job descriptions.
Competency models can be developed through in-house or imported, started either from scratch or with a validated competency model or both [Alldredge and Nilan (2000); Lucia and Lepsinger (1999)]. A competency model can be designed for an organization overall or for a position, role, level, function, or job within the organization [Zwell (2000)].

Briscoe and Hall (1999) identify three main approaches that organizations use to create competency models. The first is the research-based approach in which top-performing executives are asked to give examples of critical behavioural incidents that are crucial for success. The idea is that superior performers are different from good performers and are thought to demonstrate these superior behaviours consistently. Second, a strategy-based approach is based on the idea that a company experiencing changes in its strategic goals will also drive a need for change in the competency requirements for its employees. Finally a value-based approach is based on the view that competency frameworks are derived from the normative cultural values of the organization [Ozcelik and Ferman (2006)].

McLagan (1996) classifies six approaches that can be used for developing competency models and these are job tasks; results of work effort; outputs; knowledge, skills, and attitude (KSA); qualities of superior performances; and bundles of attributes. A competency model may define requirements for each distinct role or job in an organization, define core requirements for all employees, regardless of function or level, or define requirements only for specific levels/functions [Palan (2003)].

The combination of traditional job analysis and competency modeling methods can allow for a highly robust approach to competency modeling. There are many methods that can be used to include future-oriented job requirements in competency modeling projects. Although they vary in methodological rigor, all might yield some useful insight. One simple approach is to conduct a literature review [Rodriguez et al. (2002)] of emerging business models and their associated competency requirements. Given the fact that there is no one single correct way to develop competency models, several organizational context factors and other operational parameters, e.g. - timeline, financial and personnel resources - need to be taken into account.

Since competency models describe the qualities required of a worker to be successful in a position, on a team, and within an organization, a competency framework must be robust, dynamic, fluid, and flexible to change with technological, economic, and other changes [Dubois (1993); Lucia and Lepsinger (1999)]. They should be re-evaluated and refined, along
with the selection and other human resource tools developed and used with the competency model [Egodigwe (2006); Lucia and Lepsinger (1999); Patterson, Lane, Ferguson, and Norfolk (2001)]. According to the CIPD (2007), care should be taken in designing a competency framework to include only measurable components. It is important to restrict the number and complexity of competencies, typically aiming for no more than 12 for any particular role (preferably less), and arranging them into clusters to make the framework more accessible to the users.

A critical aspect of all competency frameworks is the degree of detail. If a framework is too general, i.e. containing only general statements, it will not provide enough guidance either to employees as to what is expected of them or to managers who have to assess their staff against these terms. If, on the other hand, it is too detailed, the entire process becomes excessively bureaucratic and time-consuming and may lose credibility. Many organizations develop their competency frameworks through an internal research program, sometimes aided by advisers from an external consultancy [CIPD (2007)]. Methods of developing a framework range from importing existing competencies, through to developing the entire thing from scratch. The best solution usually lies between these two extremes, namely internally generating a framework that builds in business relevance, as well as adapting existing models that have already been widely used and have proved successful.

Growing academic interest in the competency modeling is confirmed by the work of Alldredge and Nilan (2000); Bartlett and Ghoshal (1997); Kochanski (1997); Mirabile (1997); Pickett (1998); Punnitamai (1996); Shippman et al. (2000); and Winterton and Winterton (1999). Thousands of organizations throughout the world have joined the quest for competency studies [Bemthal and Wellsins (2001); Cooper (2000); Dubois (1998)].

In this research, the operational definition of a competency model is that it refers to “a list of competencies which are derived from observing satisfactory or exceptional employee performance for a specific occupation”. It provides identification of the competencies that employees need to develop, in order to improve performance in current job or to prepare for other jobs [Draganidis and Mentzas (2006)].
2.6.3 Context

Competencies are actually context-specific [Youn, Stepich and Cox (2006)], i.e., competencies differ in the degree to which they are context bound. Some competencies, such as learning competencies, are widely applicable and more important than others, whereas others are more bound to specific contexts. Since competence is defined as an underlying characteristic related to effective performance in specific task criteria, an understanding of such competence needs to be context specific.

While there are evidently some universal ‘core HRM competencies’, the specific competencies that HR professionals need are very context dependent and there are clearly enormous differences between knowledge-based industries (like IT) and mass-production industries (like motor vehicles and clothing).

The value of competency models lies in their holistic approach for examining the competencies that an individual possesses as required by a given industry or occupation [Mansfield (1989)]. For instance, a sales person and a cashier both work with customers, but generally require a different capacity or facility for interpersonal or computation skills. Such understanding can be used successfully to align workforce needs of organizations. Competence, in this sense, is more about framing an overall performance that is appropriate to a particular context. It is not about following simplistic recipes [Hager (1998)]. Competencies answer the question ‘What does a superior performer look like in a specific setting?’ In other words, effective competencies are linked to a particular organizational target or goal. Therefore, depending on the context, the design of competency models may be geared toward:

- The total organization (e.g., Core competencies or Values)
- A specific job (e.g., Compensation Analyst)
- A specific role (e.g., HR generalist, HR specialist)
- An entire function (e.g., Finance, Human Resource)

Before embarking on this journey an organization has to be very clear about the core competencies, business goals, and capability-building imperatives of the organization. The competency mapping process needs to be strongly integrated with these aspects.

Indeed, there are work contexts, and ways in which work is organized, but as stated, there are different competencies needed in different work contexts. This is one of the reasons why most
competency models being developed are built around identifying effective job behaviours in different job positions as well as work contexts.

Another body of critical literature emphasizes the importance of the work context. Hodkinson (1992) is critical of the competence approach for reducing the evaluation of performance to a dichotomy of ‘competent/not yet competent’ without taking into account the social and cultural context in which learning is taking place. Canning (1990) proposed a more pragmatic context-specific approach to competence based on good practice, while Fischer et al. (1993) noted that “people do not have competences independent of context”. Abstract, overly narrow and simplified descriptions of competence inevitably fail adequately to reflect the complexity of competence in work performance [Attewell (1990); Norris (1991); Sandberg (1994)]. Whitley (1989) found in a study that managerial work is closely linked to industrial context and cannot be easily isolated from their context and standardized across enterprises and industries. Studies comparing managers from different nations and environmental conditions reinforce this view. The content of managerial work across nations was found to be similar but actual performance seems to be context dependent.

Alternative interpretative approaches, derived from phenomenology, view competence as governed by the context in which it is applied: “worker and work form one entity through the lived experience of work” [Sandberg (2000)], so competence is constituted by the meaning that the work has for the worker in their experience [Dall’Alba and Sandberg (1996); Stoof et al. (2002)]. Interpretative studies, for example, with pilots [Dreyfus and Dreyfus (1986)], nurses [Benner (1984)], and police officers [Fielding (1988)], have demonstrated that attributes acquire context-dependency through individual’s experience of work. One of the advantages of the interpretative approach is in acknowledging worker’s tacit knowledge and skills [Polanyi (1967)], which can be overlooked if competence is treated as context-free since the way people work in practice seldom accords with the formal job description.

Thus there definitely has been discomfort and critique from academic and practitioner sources regarding context-independence of competency models.

### 2.6.4 Approach to Competence Assessment

Competence assessment is the assessment of individuals to identify gaps and weaknesses in individual’s competence.
In 2000, Fletcher outlined the standard approach to competence assessment, (see figure 2.3). He concluded that it is important to determine the answers to the following questions. First, what is it we want to assess? Assessment can be looking at someone’s ability to learn, or their progress within a development program, or their on-the-job performance. Second, why are we assessing? The reasons for carrying out competence assessment can be to identify gaps, appraise performance, carry out a skills audit etc. Third, is certification required? In terms of competence assessment, certification requires more than having attended a training course, i.e. it requires an assessment of whether the person can perform to a certain standard. Fourth, decide how to assess? For example, do you require a one-off demonstration of performance or do you want to know that people can perform to a specified standard over a period of time? Ideally competence should be based on the outcomes of performance and the assessment of individuals over a continuous period. It is vital to include enough contextual information to make the action credible.
2.7 Competency Based Human Resource Models

The research on managerial competencies gained momentum since Boyatzis (1982) identified the competencies specific to managerial effectiveness. Schoonover (2003) argues that environmental changes transform the way organizations create value and conduct businesses. Besides new capabilities, specific functional direction and particular set of roles, HR practitioners must also master competencies to meet the challenges. Although the three basic roles of HR specialist, HR generalist, and HR strategist still predominate, the responsibilities of each have expanded significantly.

Table 2.4: Previous Research on HR Competency Models

<table>
<thead>
<tr>
<th>Model/Research</th>
<th>Building Blocks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Boam and Sparrow (1992)</td>
<td>New technology; Drive for quality; Flexibility and responsive organization; Supply of resources; New competitive arrangements; Internationalization of business; and the Power of information.</td>
</tr>
<tr>
<td>Ulrich et al. (1995)</td>
<td>Business knowledge; HR delivery; and Management of change processes.</td>
</tr>
<tr>
<td>Lawson and Limbrick (1996)</td>
<td>Interpersonal skills; Proactive decision making skills; Human resource technical skills; Business knowledge; and Strategic focus skills.</td>
</tr>
<tr>
<td>Schoonover (2003)</td>
<td>Personal attributes; leadership and management competencies; HR core competencies; and HR role-specific competencies.</td>
</tr>
<tr>
<td>Brockbank and Ulrich (2003)</td>
<td>Business knowledge; HR delivery; Strategic contribution; Personal credibility; and HR technology.</td>
</tr>
<tr>
<td>Garret-Owens et al. (2003)</td>
<td>Strategic contribution and business mastery; Personal credibility; Expert HR delivery; and Culture change and mastery.</td>
</tr>
<tr>
<td>Bernthal et al. (2004)</td>
<td>Foundational competencies; Area of professional expertise; Workplace learning and performance roles.</td>
</tr>
<tr>
<td>Chen et al. (2005)</td>
<td>Business competency; Interpersonal competency; Analytical competency; Leadership competency; Technological competency; and Technical competency groups.</td>
</tr>
<tr>
<td>Ramlall (2006)</td>
<td>Knowledge of business; HR delivery; and Strategic contribution.</td>
</tr>
<tr>
<td>Junaidah (2007)</td>
<td>Business mastery; Human resource mastery; Change mastery; Organizational Culture mastery; and Personal credibility.</td>
</tr>
<tr>
<td>Ulrich et al. (2008)</td>
<td>Credible activist; Culture and change; Talent manager/Organization designer; Strategy architect; Operational executor; and Business ally.</td>
</tr>
<tr>
<td>Choi et al. (2008)</td>
<td>Personal communication; Legal compliance; Effective relationship; and Performance management.</td>
</tr>
<tr>
<td>Abdullah et al. (2011)</td>
<td>Generic/behavioural competency; Business competency; and Technical HR competency category.</td>
</tr>
<tr>
<td>Ulrich (2012)</td>
<td>Credible activist; Strategic positioner; Capability builder; Change champion; Human resource innovator and integrator; and Technology proponent.</td>
</tr>
</tbody>
</table>
As shown in table 2.4, building blocks are the competency domains of the model. A competency domain refers to a broad group to which homogenous and/or similar competencies belong. Each competency domain comprises of competencies (competency factors). According to Brockbank and Ulrich (2003), a competency factor is a variable that makes up the competency domain.

Findings from previous studies show that researchers have distinct perspectives about competency domains (as table 2.4 shows). It is obvious throughout the literature that different researchers advocate different approaches to HR competency modeling. Partially due to the disagreements over HR competencies and HR roles, the implementation of HR business partnering has hardly followed a solitary model and HR business partner competency models may face confrontations in building a new strategic role for HR professionals [Caldwell (2010)].

This section elaborates the previous studies conducted on HR competency models in the chronological order as mentioned in table 2.4.

McLagan (1989) developed a model of HRD practices that was referred to as the “Human Resource Wheel”. The wheel, as given in figure 2.4, shows the various HRD and HRM functions.

In McLagan’s model, the primary HRM functions include HR research and information systems, union/labour relations, employee assistance, and compensation/benefits. HRD functions focus on improving and developing individual employees and the organization through training and development, and career development. Functions that support both HRM and HRD are selection and staffing, performance management systems, and human resource planning [DeSimone et al. (2002)]. The “Human Resource Wheel” elaborates mainly the functional or technical competencies as required by the HR practitioners. This is important as the HR functions will support in developing the HR competency model.

McLagan (1989) carried out a study for the American Society for Training and Development (ASTD) to identify the HRD roles and competencies needed for HR departments to function effectively. The study reveals that the focus of the HR had expanded from traditional training and development activities to include career development and organizational development issues [DeSimone et al. (2002); McLagan (1989)]. The study carried out by McLagan is believed to be a primary effort to research broad-based HR competencies. Her work initially
examined competencies of HR development professionals and it was then generalized to all HR professionals [McLagan and Suhadolnik (1989)].

Boam and Sparrow (1992) outlined a number of business pressures creating the need for new competencies in organizations and these include: new technology, drive for quality, flexibility and responsive organization, supply of resources, new competitive arrangements, internationalization of business, and the power of information.

Ulrich et al. (1995) carried out a large-scale survey in the US looking at specific competencies in HR in order to produce benchmarking standards. There was the emergence of the HR business partner model resulting in a need for the professional growth of HR practitioners themselves, and the need to contribute to the organization’s competitive stance as a whole.
Ulrich et al. (1995) model combines various aspects of competence into three primary domains: knowledge of the business, HR functional expertise and management of change. They argued that management of change is critical, as the organization’s external rate of change must be matched by the internal rate of change for the organization to remain competitive. Irrespective of job role or job title, the elements of competence remain in the same order of importance, with any variation manifesting itself in weight alone. In the definition of the models it is already clear how individuals carrying out different models of personnel management will require different degrees of competence in different areas.

Lawson and Limbrick (1996) identified a list of required skills and personal attributes of human resource managers most frequently identified by CEOs. These skills among others are interpersonal skills, proactive decision making skills, human resource technical skills, business knowledge, and strategic focus skills.

A study by Schoonover (2003) covered a broad array of roles and responsibilities of an HR practitioner. Schoonover suggests that a competency framework structured into four building blocks is vital. These include personal attributes, leadership and management competencies, HR core competencies, and HR role-specific competencies [Schoonover (2003)]. Personal attributes category encompasses four competency areas: result orientation, commitment, continuous learning, honesty, and integrity. Leadership and management category encompasses eight competencies namely visioning and alignment, strategic thinking, networking, resource management, teamwork, process excellence, performance development, and goal setting. HR core competencies include eleven competencies that are stewardship, compliance, customer focus, coaching and consulting, talent management, technology expertise, vendor management, knowledge management, virtual teamwork, assessment and measurement of skills, and employee advocacy.

A 20-year, large-scale study using 360-degree surveys from over 40,000 HR professionals in hundreds of companies along with extensive reviews of academic work was conducted to evaluate every mainstream HR competency in companies representing a wide range of industries and sizes from Europe, Asia, Latin America, and North America [Brockbank and Ulrich (2003)].

Dave Ulrich and Wayne Brockbank from the RBL Group and the Ross School of Business at the University of Michigan conducted the Human Resource Competency Study (HRCS) to
generate three high-level dimensions with six HR competency domains from five waves of data collection (1988, 1992, 1997, 2002, and 2007) [Brockbank and Ulrich (2003, 2008)]. The categories of competencies were the business knowledge, strategic contribution, HR technology, personal credibility, and HR delivery, as shown in figure 2.5.

Figure 2.5: Major Categories of HR Competencies [Brockbank and Ulrich (2003)]

The study shows that strategic contribution had a 43% impact on business performance; personal credibility had 23% impact; HR delivery had 18% impact; business knowledge had 11% impact; and HR technology had only 5% impact on the business performance. The survey also reveals that HR does best at personal credibility, but this only had a moderate influence on business performance. Meanwhile, what HR professionals do only moderately well (making strategic contribution) had almost twice the influence on the businesses where it occurs.

Garret-Owens et al. (2003) reported a survey carried out pertaining to Human Resource Competency Model for HR professionals by the University of Michigan, USA. The purpose of the study is to identify the competencies that HR professionals need to perform their jobs successfully and to create a model that the Human Resource Academy could use for curriculum development. The study researched models from around the USA - from the corporate, government, and public institutions. The study focuses on four categories of HR
competencies: strategic contribution and business mastery; personal credibility; expert HR delivery; and culture change and mastery.

Richard (2003) related competencies to success in the role of HR, which includes networking and internal consultancy; interpersonal sensitivity; theoretical basis; strategic perspective; systems and process orientation; quantitative analysis and project management.

The “Human Resource Wheel” set out by McLagan (1989) and the exemplary functions of HR as given by Mathis and Jackson (2002) are basically the technical or functional competencies that are required of the HR professionals. The American Society for Training and Development (ASTD) further developed a competency model in 2004. This is given in figure 2.6. This model is broad to cover all workplace learning and performance (WLP) professionals that include even the HR practitioners [Bernthal et al. (2004)].

Figure 2.6: 2004 ASTD Competency Model [Bernthal et al. (2004)]
An individual can play more than one role. Roles occupy the peak of the model because a vast body of underlying skills and knowledge supports their execution [Bernthal et al. (2004)]. This ASTD competency model includes three layers of knowledge and skill areas: competencies, specific areas of professional expertise, and roles as given below:

- **Competencies** - The model divides the foundational competencies into three clusters of competencies: interpersonal, business/management, and personal. Altogether 12 competencies are identified in the three clusters.

- **Areas of Expertise (AOEs)** – These are specific technical and professional skills, and knowledge required for success in WLP specialty areas. The AOE s are positioned above the competencies because they direct and supplement the competencies through specialized skills and knowledge. All the AOE s rely on the specialized technologies, coaching, etc. to leverage and support their skills or knowledge.

- **Roles** – These are broad areas of responsibility within the WLP profession that require a certain combination of competencies and AOE s to perform effectively.

Bernthal et al. (2004) in a further study on ASTD competency model developed an improved version of the “Human Resource Wheel”. This is depicted in **figure 2.7**.

![Figure 2.7](image-url)
The improved “Human Resource Wheel” places more emphasis on business strategy. At the center of the wheel is the business strategy. As all the traditional HR and organizational disciplines and AOE, making up the “spokes” contribute to an organization’s success, they are aligned with the business strategy. This alignment drives and contributes to business performance. The left hand side of the wheel shows the AOE, which represent the WLP professional disciplines. The bottom left section highlights AOE that focus primarily on learning and development solutions as the means to improving performance. The upper left section represents AOE that are broader in focus. Traditional HR disciplines only appear in the upper right section of the wheel unlike in the model proposed by McLagan (1989) which places total emphasis on HRD and HRM.

Chen et al. (2005), using the competency groups of the American Society for Training and Development (ASTD) models for workplace learning and performance, researched the importance of the workplace competencies for the HR practitioners in Taiwan. The competency factors that were studied in the six competency groups are given in figure 2.8.

Figure 2.8: Workplace Learning Performance Competencies that are Important for Taiwan HR Practitioners [Chen et al. (2005)]
The workplace learning and performance competency groups that are important for the HR practitioners in Taiwan are: business competency, interpersonal competency, analytical competency, leadership competency, technological competency, and technical competency groups [Chen et al. (2005)].

Ramlall (2006) carried out a study on HR competencies and it was found that the most important competencies for the HR professionals were knowledge of business, HR delivery, and strategic contribution. However, in the study, the HR professionals, too, ranked their own competency levels and the highest ranked competencies were: the ability to deliver HR services, technical competencies in HR, ability to manage change, self-assessment of knowledge of the business, and the ability to manage an organization’s culture.

In Malaysia, Junaidah (2007) carried out an empirical study on the type and level of competencies possessed by the HR managers from the top management perspective. The competency domains studied include: business mastery, human resource mastery, change mastery, organizational culture mastery, and personal credibility. The sample of study consists of medium-sized Malaysian manufacturing companies with not more than 1000 employees. Based on the study, the HR managers are satisfactorily competent in business mastery, they are competent in human resource management mastery, unsatisfactorily competent in managing change mastery, fairy competent in managing culture mastery, and satisfactorily competent in personal credibility.

The most recent reworking of HR competencies by Ulrich et al. (2008) has suggested yet another redefinition of the competencies and roles of high performing HR professionals. They are now expected to operate in six competence domains as a credible activist, cultural steward, talent manager/organizational designer, strategic architect, business ally, and operational executor.

The primary purpose of the research is to provide empirical evidence on a global scale that assists both the HR departments and HR professionals to increasingly add greater value as defined by the customer and capital markets. The findings show that the HR professionals must be adept in six major competency areas that include credible activist; culture and change; talent manager/organization designer; strategy architect; operational executor; and business ally [Ulrich et al. (2008)]. The competency model is given in figure 2.9.
The findings show that the skills of HR professionals of organizations are more critical now than ever, accounting for 20% of its business results, and are increasingly becoming part of an organization’s competitive advantage. It, too, indicates that in order to be prepared for greater demand, the HR professionals must define, assess, and improve their performance against a set of specific competencies as given in the HR competency model.

Choi and Wan Khairuzzaman (2008) examined competencies and roles of HR professionals in the manufacturing companies in Malaysia. Based on the study, the top ranking competency factors are: personal communication, legal compliance, effective relationship, and performance management.

Abdullah et al. (2011) carried out a survey on 1100 HR practitioners and HR consultants working in the manufacturing and services-based organizations in Malaysia. The study reveals that the most important competency category was the technical HR competency category and the generic/behavioural competency category. The business competency category was found to be non-significant in the study. The competency domains significant in the HR practitioner
The latest HR competency model by Ulrich (2012) proposed that HR professionals must master six competencies: credible activist; strategic positioner; capability builder; change champion; human resource innovator and integrator; and technology proponent, as shown in figure 2.10. These competencies are based on research from more than 20,000 respondents (HR professionals and their line and HR associates) around the world, who completed assessments of HR competence on 140 behavioural and knowledge items.

Figure 2.10: 2012 HR Competencies [Ulrich (2012)]

Figure 2.11 outlines the evolution of the human resource competency studies carried out by the University of Michigan’s Business School from 1987 to 2002. The four grounded HR competency models have been further studied by other researchers globally. Among the four HR competency models, the HR competency model established in 2002 as given in figure 2.5 is a significant seminal study, because it emphasizes the importance of the competency
domain “strategic contribution”. The competencies given in all the HR competency models are actually competency domains [Ulrich et al. (2008)].

*Figure 2.11: Evolution of HR Competency Models from 1987 to 2002 [Ulrich et al. (2008)]*

### 2.8 Global HR Competency Models

In 2007, the HR competency study was further continued with its round five by the RBL Group and the University of Michigan’s Business School and it involved more than 10,000 HR professionals and line management employees in the US, Canada, Latin America, Europe, China, Australia/Asia Pacific, and India. The respondents of the survey include the HR
practitioners, peers of the HR practitioners themselves, and non-HR associates who are line executives and internal customers. The earlier rounds of the study were conducted by the University of Michigan in 1987, 1992, 1997, and 2002. This survey grouped the questions by likeness to yield six distinct competency domains. The domains were defined with the idea in mind that HR competencies include not just knowledge, ability, and values, but also the ability to use the knowledge [Ulrich et al. (2008)].

A study project was carried out by the World Federation of Personnel Management Associations (WFPMA) in 2000. The aim of the project was to develop a worldwide definition of who an “HR professional” is and does in terms of a global set of core competencies; how do different countries define the use of standards for what constitutes an HR professional; and what are the competencies they will need to be able to apply at the various levels of their professional activities from the operational to the most strategic levels. In the study, six terms: competences, capabilities, skills, knowledge, attributes, and characteristics are used interchangeably to represent “competencies” [Brewster et al. (2000)].

The study project carried out by WFPMA [Brewster et al. (2000)] categorizes the competencies into four broad categories of skills and knowledge. The competencies that were studied in the broad categories include: personal, organizational, managerial and functional. The WFPMA study project [Brewster et al. (2000)] observed that the technical or the functional HR competencies are relatively easy to acquire, although this was not necessarily the case a number of decades ago. In most countries, unlike the US, strategic HR competencies are still scarce. In the US, empirical studies show that organizations emphasize the importance of strategic HR competencies and not technical or functional competencies.

Although not explicitly labeled as a human resource competency model, the Human Resource Certification Institute [HRCI (2003)] which is affiliated to the Society for Human Resource Management (SHRM) of US has established an important body of knowledge of the HR field which outlines the breadth and depth of the knowledge necessary for the HR professionals. HRCI certifies the knowledge and competence of members of the profession [Mathis and Jackson (2002)].

The International Public Management Association for human resource of the US [IPMA (2005)] developed an IPMA-HR competency model. This is given in figure 2.12. This model adapted the business partner model as proposed by Ulrich (1997). The competency domains
included in the model are: business, leader, HR expert, advocate, and change agent. The model comprises of 23 competency factors that can possibly be grouped in both the generic/behavioural and business competency categories. No emphasis appears to be given to the technical HR competencies.

Figure 2.12: Competency Model for HR Professionals [IPMA (2005)]

The Human Resource Certification Institute (HRCI) is the certifying body for the human resource profession in the USA. There are two levels of assessments carried out by HRCI. The professional in human resource (PHR) certification measures the individual’s ability to apply HR knowledge at an operational level or technical level. The senior professional in human resources (SPHR) certification measures the individual’s strategic perspective and ability to address issues with organization wide impact. For both of the assessments, the HR practitioners are assessed in six functional areas of the human resource body of knowledge (HRBOK) that include: strategic management; workforce planning and employment; human resource development; compensation and benefits; employee and labour relations; and occupational health, safety and security [Bogardus (2004)].
The personnel standards lead body in the UK in association with the HR directors of leading organizations together with experienced senior practitioners in HRM developed a map of the personnel standards. As reported in a study by Employment Occupational Standards Council [EOSC (1994)], there are five areas of personnel work and two areas of general work covered by the standards. The areas grouped under personnel work are: strategy and organization; resourcing; development; reward, relations with employees. The areas grouped under general work areas are: professionalism and management [Smilansky (1997); EOSC (1994)].

Through a series of consultations and surveys across Australia, and in collaboration with authorities on HR in US such as Dave Ulrich and Wayne Brockbank, the Australian Human Resources Institute (AHRI) developed a “Model of Excellence” for the HR roles. This model recognizes that HR management consists of a number of interrelated activities, all of which need to be business driven [Stafford (2008)].

The “Model of Excellence” of the Australian Human Resources Institute also identifies the responsibilities of HR managers in the following areas: HR measurement reporting, HR compliance requirements, Occupational health and safety standards, and policies, Human capability profiling, Training and development programs, Negotiating awards/agreements, Risk management, Training needs analysis, and Recruitment and selection [Stafford (2008)].

In Hong Kong, Selmer and Chiu (2004) surveyed 3000 HR professionals, consultants, line executives, and academicians. This empirical study outlines that HR professionals should master both traditional and new skill areas including: HRM concepts and functional knowledge, communication, project management, international management, diversity management, market knowledge, international leadership, continuous change and innovation, strategic problem solving, community relations, business partnerships.

Selmer and Chiu (2004) asserted that in the study conducted by Hong Kong Institute of Human Resource Management and the University of Michigan’s Business School in 1998, the competency “change agent” was the biggest challenge faced by the HR professionals. Business firms must be flexible to change forms and structures to suit in the ever changing market environment. The study, too, observes that, as HRM responsibilities change from a function oriented to a process – oriented culture; HR managers need to initiate and coordinate business process or subsystems in order to offer services that contribute to organizational and business successes. Selmer and Chiu (2004) observed that technical competencies which
include knowledge and delivery of traditional HRM are still very important and relevant competencies in organizations.

In a survey conducted on HR professionals, results suggest that HR professionals needed to be more knowledgeable about financial management, external competition, and customer demands [Ulrich, Brockbank, Yeung, and Lake (1995)]. Mansfield (1996) proposed that every person is expected to hold “core” competencies irrespective of their position in organizations. These can also be called as “organizational competencies”. Another study, examining 300 HR professionals from various sectors, established a set of core HR competencies consisting of leadership style, management intuition, functional abilities, and personal attributes [Schoonver (1997)].

As reported in a study by the Royal Canadian Mounted Police [RCMP (1997)], a set of eight core competencies namely leadership, planning and organizing, personal effectiveness, flexibility, continuous learning, communication, interpersonal skills, thinking skills, and client-centered service were established. A “core” competency for RCMP refers to an individual’s demonstrated knowledge, skills, or abilities in areas that are central to successful performance in the RCMP, regardless of rank, responsibility, position, or function.

Dare and Leach (1999) reported that competencies identified in “Models for HRD Practice” by McLagan (1989) and later adapted as a definitive model of competencies by the American Society for Training and Development (ASTD) appears to continue to provide the basis for preparation of HRD professionals. These include: technical competencies, business competencies, interpersonal competencies, intellectual competencies.

In an empirical study carried out by Wharton and Browne (2006) in an Australian Company with regards to the competencies that are required for HR professionals, it was observed that the most important competency is people skills. Besides this, other important competencies are business acumen, HR delivery, influencing, and leadership.

Australian Institute of Management (AIM) revealed that emphasizing on individual development needs and individual effectiveness is one of the major issues impacting on management development [AIM (2002)]. They established competency frameworks and success profiles for reviewing employee’s performance and provide opportunities for their development [Sedro (2006)].
According to Chua (2009), some of the generic competencies that are important for HR professionals in North Asia are: inspiring trust loyalty, respect for each other, using teamwork and collaboration, continuous improvement, developing self and others, entrepreneurship, commitment and accountability, and social responsibility. But for South Asia, the generic leadership competencies that are important for the HR professionals are: inspiring trust and loyalty, respect for each other, using teamwork and collaboration, relationship building, impact and influence, developing self and others, entrepreneurship, customer service orientation, and social responsibility [Chua (2009)].

One of the leading thinkers about HRM is Professor Dr. Dave Ulrich. At a Conference in May 1999, he revealed some of research findings into competencies required if the modern HR practitioner is to be successful [Ulrich (1999)]. Five main competency groups were established, and the research enabled a success weight to be placed on each one of them: HR practices (contributed 16% to overall success), understanding the business (12% to overall success), ability to manage culture (19% to overall success), ability to manage change (24% to overall success), and personal credibility (being 29% to overall success).

Palan (2003) established a competency model for organizations by means of four categories such as core competencies, role competencies, behavioural competencies, and functional competencies. He argued that “core” competencies are unique to the organization and term first introduced by Prahalad and Hamel (1990) to be meant as “organizational strengths and strategic competitiveness”. Palan (2003) stated that the behavioural competencies are the underlying characteristics comprising a causal relationship with effective or superior performance and further divided into tasks, personal attributes, relationships, and service. ‘Behaviour’ in the competency context may be defined as “the observable set of actions that demonstrate a competency” [Cooper (2000)].

There is a large body of HR literature that postulates the need to develop an HR professional competency model. The reasons for this are in order to audit the current skills gap and to provide appropriate development to ensure that the HR function is able to add value [Brewster et al. (2000)]. The competency model can be developed using the senior management input (subjective approach) or through a conceptual framework such as functional analysis (objective approach). A number of surveys have already been carried out around the world to attempt to build both the subjective and objective approaches [Laabs (1996); Lawson and Limbrick (1996)].
Ulrich (1997) in his book, “Human Resource Champions”, stressed on the importance of HR as a strategic partner and the emphasis involves HR in several areas: involvement in strategic planning; decision making on mergers, acquisitions, and downsizing; redesigning organizations and work processes; ensuring financial accountability for hr results; attracting and retaining human resources; developing human resource capabilities; and identifying and rewarding performance.

Spencer and Spencer (1993) outlined some of the core competencies in their book “Competence at Work: Models for Superior Performance” include: self control, self confidence, organizational commitment, flexibility, expertise, information seeking, analytical thinking, conceptual thinking, achievement orientation, concern for order/accuracy/quality, initiative, interpersonal understanding, customer service orientation, impact and influence, organizational awareness, relationship building, directiveness, developing others, teamwork and cooperation, team leadership, strategic thinking, change leadership.

Butteriss (1998) in her book, “Reinventing HR: Changing Roles to Create the High Performance Organization”, classified the HR competencies by the types. Two broad categories are set out and those are “general” competencies and “HR technical” competencies. The “general” competencies include: business knowledge, customer service, innovation, change, risk taking, supporting organizational change, teamwork, leadership, interpersonal skills, and personal effectiveness. The HR technical competencies include: developing and delivering training; compensation management and benefits administration, health and safety, labour and employee relations, recruitment and staffing, and HR Information Systems/Payroll.

Schweyer (2004) in his book, “Talent Management Systems: Best practices in technology solutions for recruitment, retention, and workforce planning” outlined several skills and competencies that are required by HR practitioners. The general competencies required include: career planning, business acumen, decision making, managing change, performance management, delegation, team leadership, problem solving, facilitating meetings, consultation, presentations, and organizational awareness. The occupational competencies include: Microsoft excel, needs analysis, benefits research, recruitment and selection, labour relations, Microsoft word, training effectiveness, collective agreements, HR laws and policies, and pension administration. The relational competencies include: self confidence, results driven, strategic thinking, intuition, persuading and influencing, and coaching.
Armstrong (2001), and Lengnick-Hall and Lengnick-Hall (2003) emphasize that effective HR practitioners of tomorrow need to be experts on organizational analysis, design, and development. This is because HR managers can then enhance their roles as advocates of “soft” issues such as developing strategy-oriented leaders, establishing flexible organization structure, measuring value creation, and applying state-of-the-art change management solutions.

General Electric (GE) of the US established its own HR competency model. Its model comprises of four components, namely the: business mastery, HR mastery, change and process mastery, and personal attributes. From the model, it is evident that GE places great importance on competency-based HRM. Besides focusing just on HR mastery which is actually the technical or functional competency, the HR competency model, too, gives importance to generic, core, and business related competencies [Laming (1995)].

In India, very little work appears to have been done with regards to the competency development for HR professionals. Organizations in isolation appoint consultants to undertake assignments in the development of competency frameworks for the various positions in the organizations. The assignments are generally conducted for the “core” (generic) competencies, although some in isolation may establish the role specific and functional competencies.

2.9 Performance Management

‘Performance’ is one of the most dominant factors, which is inbuilt and is inherently found in all the issues of management. This is the one determinant which leverages ultimately human resources, co-creation of value system into an organizational excellence.

Armstrong and Baron (1998) describe performance management as “a strategic and integrated approach to deliver sustained success to organizations by improving the performance of the people who work in them and by developing the capability of teams and individual contributors”. As such, it establishes shared understanding about what is to be achieved and an approach to leading and developing people which will ensure that it is achieved. The nature of the strategy depends on the organizational context and can vary from organization to organization. In other words, performance management should be: strategic - it is about broader issues and longer-term goals, integrated - it should link various aspects of the
business, people management, and individuals and teams. It should incorporate performance improvement - throughout the organization, for individual, team and organizational effectiveness. Management theorists have come a long way through trial-and-error from performance appraisal and performance management to a competency-based performance management system (CBPMS) in an attempt to better manage the performance of employees [Robbins and Coulter (1996)].

In the 1980s, attention in performance management switched from the “objectives to be accomplished” to the “capabilities” which Boyatzis (1982) referred to as "competencies" of the individual in doing the job. This influential competency assessment model triggered a new concept of performance management. Individual performance ceased to be perceived as a single subjective process by the individual, but rather as an interaction between the environment, job requirement and competencies of the individual. In the same vein, McClelland (1985) advanced the need to focus on the characteristics of people who did a job well rather than on the job alone.

Competencies, or individual characteristics, were first recognized by McClelland (1973) as significant predictors of employee performance and success. A competency is the capability of applying or using knowledge, skills, abilities, behaviours, and personal characteristics to successfully perform critical work tasks, specific functions, or operate in a given role or position. Personal characteristics may be mental/intellectual/cognitive, social/emotional/attitudinal, and physical/psychomotor attributes necessary to perform the job [Dubois (1993); Lucia and Lepsinger (1999)]. Boyatzis (1982) and Fogg (1999) extend this definition to include both internal and external constraints, environments, and relationships related to the job or occupation. Motivations and perceptions of the work as well as talent are also viewed as influential to competently and successfully perform in a position [Fulmera and Conger (2004); Gangani, McLean, and Braden (2006)].

Many companies and governmental organizations have addressed issues such as organizational transformation, performance improvement, employee development, succession planning and etc. by the implementation of competency modeling programs, i.e. through strategic initiatives aimed at aligning employee performance with job requirements. A competency model is a list of competencies which are derived from observing satisfactory or exceptional employee performance for a specific occupation. The model can provide identification of the competencies employees need to develop in order to improve
performance in their current job or to prepare for other jobs via promotion or transfer. The model can also be useful in a skill gap analysis, the comparison between available and needed competencies of individuals or organizations. Competencies are the building blocks of competency models. For example, a competency model for an area sales manager might include competencies such as sales planning, team working, market competition, industry trends and strategic thinking [Draganidis and Mentzas (2006)].

Gilbert (1978) developed a performance matrix in which there are three horizontal elements: models, measures and methods. There are six vertical elements: the philosophical level (starting points, values and norms), the cultural level, the leadership level (institutional), the strategic level (performance as a function), the tactical level (tasks) and the logistic level. This matrix enables users to chart performance and to improve it with the aid of various methods and techniques.

### 2.9.1 Competency Based Performance Approach

Over the years, organizations and industry have utilized diverse approaches to performance management of employees. With a dire need for transformation so as to match environmental dynamics, the trend to use competency-based approaches for assessment, and development of workers has experienced a significant emergence. Organizations have turned their focus from skills acquisition and assessment to the competency modeling process for determining the needs of business and employers. Competency based human resource management (CBHRM) utilizes the concept of competency analysis to inform and improve the processes of recruitment and selection as well as performance management [Armstrong (2005)].

Competencies represent the language of performance. Two of the assumptions of competency-based human resource management (CBHRM) are that practitioners can identify the knowledge, skills, abilities, and other attributes (KSAO’s) required in a given organizational role and subsequently, measure or assess the degree to which these KSAO’s are possessed by individuals. As organizations evolve and create new strategic plans to meet ever-changing business challenges, they must also define their ideal talent profile. Talent profiles ought to be future-focused, answering such questions as, “What will people need to do to be able to achieve business goals?” “What kind of leadership is needed to achieve the targeted growth and profitability?” Talent profiles are based on competencies hence interviews and the selection process must be aligned accordingly. Competency model aligns talent with business
goals or the strategic focus of an organization. In a sense, an individual’s technical, as well as their personal characteristics and attributes must be a fit with the corporate culture in order to be hired by a particular organization and be successful on the job. Without these attributes or competencies, the individual is not considered qualified [King, King, and Rothwell (2001)]. In other words, the possession of these traits is assumed to lead to expected or desired performance. Assessing and evaluating performance of an individual through a competency-based performance appraisal system and providing guided training and professional development opportunities based on the competency model must also be included in an agency’s practices. A successful organization will consider the competency model when selecting and hiring new employees, but will also be using the competency model to develop and advance incumbent employees. In some companies, successful succession planning requires updating competency models or job descriptions, recognizing internal talent through assessment, and developing such talent through training [Egodigwe (2006)].

2.9.2 Performance Measurement

Radnor and Lovell (2003a) explain the term ‘performance measurement system’ as a means of gathering data to support and coordinate the process of making decisions and taking action throughout the organization. The measurement system is a crucial element in ensuring the successful implementation and execution of strategies identified by the organization in achieving their strategic goals [Fitzpatrick (2002); Radnor and Lovell (2003a)]. Armstrong and Baron stress that performance management is a tool to ensure that managers manage effectively. It also ensures that the people or team they manage:

- Know and understand what is expected of them.
- Have the skills and ability to deliver on these expectations.
- Are supported by the organization to develop the capacity to meet these expectations are given feedback on their performance.
- Have the opportunity to discuss and contribute to individual and team aims and objectives.

It is also about ensuring that managers themselves are aware of the impact of their own behaviour on the people they manage and are encouraged to identify and exhibit positive behaviours. So performance management is about establishing a culture in which individuals and groups take responsibility for the continuous improvement of business processes and of
their own skills, behaviour and contributions. It is about sharing expectations. Managers can clarify what they expect individual and teams to do; likewise individuals and teams can communicate their expectations of how they should be managed and what they need to do their jobs. It follows that performance management is about the interrelationships and about improving the quality of relationships - between managers and individuals, between managers and teams, between members of teams and so on, and is therefore a joint process. It is also about planning - defining expectations expressed as objectives and in business plans - and about measurement; the old dictum is ‘If you can't measure it, you can't manage it’. It should be applied to all employees, teams as well as individuals, not just managers. It is a continuous process, not a one-off event. Last but not least, it is holistic and should pervade every aspect of running an organization.

Over time, the focus and emphasis of performance have shifted away from individual output to inform the development or pay decisions, individual contribution to organizational objectives through output, behaviour and capability. As such, performance management is now as much about driving engagement and collecting information and data to provide better insight into the drivers of performance as it is about providing information about individuals.

Performance measurement can also be defined as the process of quantifying the efficiency and effectiveness of an action [Amaratunga et al. (2000)]. Therefore, performance measurement is the process of determining how successful or organizations or individuals have been in attaining their objectives and strategies [Evangelidizs (1983)]. A performance measurement system is an information system which is at the heart of the performance management process and it is of critical importance to the effective and efficient functioning of the performance management system [Bititci et al. (1997)]. Performance measurement has also been defined as “the systematic assignment of numbers to entities”. Churchman (1959) further suggests that the function of measurement is to “develop a method for generating a class of information that will be useful in a wide variety of problems and situations”.

Performance measures have been defined as the characteristics of outputs that are identified for purposes of evaluation. To manage performance effectively, individuals should know on what basis their performance will be measured. Measures should be transparent and applied fairly across the organization. Ideally, there should be a mix of individual and team measures, and measures relevant to both the inputs and the outputs of performance.
According to Pink et al. (2001), performance measurement can be addressed at three different levels, namely the individual performance measures, the performance measurement system (PMS) and the relationship between the PMS and its environment.

The causal chain between management development and performance involves three ascending levels [Leman et al. (1994)]:

- First-level outcomes involving improvements in the personal effectiveness of managers, such as focus on organizational objectives or greater motivation;
- Second-level outcomes involving improvements in the functioning of the organization, such as better customer relations or improved teamwork;
- Third-level outcomes reflecting improved business performance, such as increased market share or higher profit margins.

It was recognized that different performance measures and even different analytical techniques are appropriate at each level. Nevertheless, the three levels were thought to be interrelated in that, for improvements at a higher level to be attributable to the use of the management standards, it is necessary for benefits to be attributable to the standards at the below level.

2.10 Conclusions Drawn from Literature Review

Academic literature on the HR competency models is quite inadequate. The majority of the academic literature offered is largely on the study of competencies, generic skills, and workplace competencies, or on functional/technical competencies of HR practitioners. Probably limited work has been carried out in this field worldwide, and even in India.

The majority of the distinguished studies are carried out in particular by the Business School of the University of Michigan, US and WFPMA. The empirical study carried out by the Business School of the University of Michigan, USA in collaboration with the RBL Group has been carried out constantly and the most recent being that model established in 2007 [Brewster et al. (2000); Ulrich et al. (2008)]. A good number of the studies in the USA and the UK were commenced around the mid 1980s, and it looks like that interest has increased all the more in the twenty first century.
Khatri (1999) observed that, “the state of the HR function and competencies of HR managers is not satisfactory in Singapore”. A key constraint of preceding work in the strategic HRM field is the deficiency of in-depth studies and this type of research is enormously desirable in strategic HRM in building a broad model and framework [Khatri (1999)]. Almost every study in the strategic HRM field is rooted in the western context, while there is comparatively modest research in the eastern context [Khatri (1999)].

Boxall and Dowling (1990) observed that influential HRM texts are all Americans and the largest part of the noteworthy responses have been British so far. Accomplishing strategic HRM studies in other parts of the world, Asia in particular, would serve to meet the scarcity of empirical work in the field.

Hsu and Seat (2000) argued that in the academic literature, numerous well-known academic models of strategic HRM have been proposed by American or European researchers. Most of these models reflect the particular cultural characteristics of their country of origin and this occasionally questions the applicability of those western-oriented models in a diverse cultural and contextual environment [Hsu and Seat (2000)].

There are five dimensions of national cultures that Hofstede (2001) observed in his study on national work related values. Those include: power distance; individualism; uncertainty avoidance; masculinity; and short and long term orientation. These dimensions of culture influence the behaviour of organizations and perhaps due to this, HR competency-based models/frameworks developed in the West may not be appropriately applied in India. Hofstede and Hofstede (2005) asserted that even though overseas subsidiaries formally accept home culture, thoughts, and policies, they will inside work in accordance with the value systems and beliefs of the host culture.

Convergence of some HRM practices towards a more “western” model in eight different Asian countries (China, Hong Kong, Japan, South Korea, Philippines, Singapore, Taiwan, and Thailand) is taking place, especially regarding merit-based selection, performance-based pay, employment contracts, harmonized work conditions, and continuous in-house training [Rowley and Benson (2004)].

Zhu et al. (2007) examined different studies conducted and suggested that people-management system in China, Japan, Malaysia, South Korea, Taiwan, Thailand, and Vietnam
is of a “hybrid” model, merging features from the US and European models with the existing practices.

The studies conducted by Rowley and Benson (2004), Hofstede and Hofstede (2005), and Zhu et al. (2007), as mentioned above, demonstrate that the HRM practices in the Asian nations are affected by the local culture and diversity. Human resource management practices are also converging a bit and the HR models/frameworks developed in the east are affected by the models/frameworks developed in the west.

Extensive reviews and analysis were undertaken of competence and competency frameworks. They provide the individual with a map or indication of the behaviours that will be valued, recognized and rewarded.

For the purpose of this study, we adopted the definition of competency as “a cluster of related knowledge, skills, and attitudes that affect 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 through training and development” [Lucia and Lepsinger (1999)]. This definition is more practical as it recognizes a competency being bigger than a skill, includes knowledge, relates to performance, and can be developed.

Organizations today are operating in a much more complex, competitive, and challenging environment. HR professionals today are expected to operate more strategically and proactively. Ulrich et al. (2009) asserted that the competencies that all the HR practitioners once needed are no longer sufficient in the new world of HR challenges.

During the initial years of its inception in the late 1970s and 1980s, HRM was still in its quest for its form, and it was during this period, the HR models established were somewhat academic in nature. However, over time, especially in the late 1980s, 1990s, and the twenty-first century, the direction was towards the establishment of competency-based HR models. The HR competency-based models/frameworks developed by Ulrich et al. (2008), Brockbank and Ulrich (2003), McLagan (1989), Brewster et al. (2000), Bernthal et al. (2004), and others basically set out the activities that the HR practitioners must engage in to be successful in the HR profession. These models, too, are used by organizations to further map out their own HR models/frameworks. However, most of the models were developed and tested in the west and may not be appropriately applied in the Asia including India. There appears to be a dearth of research in the development of empirically tested local indigenous HR models/frameworks in
India. As outlined in the literature review, the researchers like Boxall and Dowling (1990), Khatri (1999), and Hsu and Seat (2000) asserted that more work needs to be carried out on HR competency modeling.

This research *Competency Mapping for Human Resource Professionals* is somewhat filling up the evident gaps in the area. This research is based on in-depth analysis of earlier prominent studies conducted by Brewster et al. (2000); Brockbank and Ulrich (2003); Spencer and Spencer (1993); McDaniel (1998); Butteriss (1998); Schoonover (2003); Schweyer (2004); Chen et al. (2005); IPMA (2005); Ulrich et al. (2008); and Abdullah et al. (2011) as given in the literature review. The approach undertaken is however slightly different as compared to the above given studies.

An extensive review of literature on the subjects relating to the framework which include competencies, individual competency framework, training needs and performance is done. This review of literature brought about a clear understanding of theories and concepts, which are pertinent to the thesis, as proved by other researchers. However, there were only a limited number of relevant researches conducted in developing countries, like India against a number of works in developed countries. This study, therefore, reviewed these concept studies abroad, especially the ones in the developed countries with a view to apply such literature to the contexts of India.

Various studies have been conducted on the dynamics affecting the performance and competency of HR Professionals in isolation and separation. However, integrated studies on the key dynamics and their effectiveness on performance and competency are very few and inconclusive. Therefore the need is to set the framework for linking competencies that are important to the HR practitioners with performance.

As outlined in the literature review, only a few empirically tested models have been developed in Asia, and particularly in India. There is an immense need to develop an HR professional competency model for a developing country like India, since the HR models/frameworks used as references, are developed in the other parts of the world. HRM is an organic field with great challenges and such studies must be carried out continuously to bring about a value in HRM.