

**COMPETENCY BASED HRM**

**Mrs.S.Prasanthi**

**Assistant Professor, Dept. of Management Studies,  
Vivekanandha College for Engineering for Women, Tiruchengode**

**ABSTRACT:**

“Competency work has become the leading logic model for diagnosing, framing, and improving leadership in general and human resource management in particular.”

Dave Ulrich

The Era of Talent has driven a marked increase of attention and investment in the talent management space as new vendors continue to enter to support an ever-growing demand for strategic human resources applications. Many of these competitors have entered via the software as a service (SaaS) delivery model, affording small and medium business (SMB) new less-costly options. Competency-based management systems define the job to be done and the consequent required skills to perform said job. The outputs of CBM systems are parameters input into production talent management systems. HR professionals mastering competencies become key participants in shaping the organization to deliver the productivity gains, increased retention, and improved performance organizations need. Competency Based HR Management more effectively translates strategic vision into the behaviors that deliver desired business goals. HR leaders using competencies are able to tackle critical organizational challenges, and achieve the recognition they merit from senior management. Competencies enable an organization to integrate strategic HR and business plans into one seamless overarching strategy to develop people, optimize resource allocation, enhance services, and create efficiencies. This is done through increased employee engagement, defined expectations and definitions of success customized to your business and internal processes, to maximize the use of resources.

**Keywords:** *Competence, Competency, Competency Based Management, Human Resource Management.*

---

## Introduction

Today's successful organizations have found that the ability of the human resource is the main key to achieve the competitive advantage and competency studies. The organizations are also alarmed the need for multi skill development. This phenomenon calls for future skill mapping through proper HRM practices. Competency based HR forms the base for Human Resource Management and also the overall strategic plan for the organization. Competency-based management supports the integration of HR and the regular business in order to assess the current human resource capacity based on their competencies against the capacity needed to achieve the vision, mission and business goals of the organization.

Competency is a process of identifying key competencies for an organization, the jobs and functions within it. 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. Competency analysis is not only done for Con-firmed employees of an organization and it can also be done for contract workers or for those seeking employment to emphasize the specific skills which would make them valuable to a potential employer. These kinds of skills can be determined, when one is ready to do the work. Competency mapping is one of the most accurate means in identifying the job and behavioral competencies of an individual in an organization. Competency Based HR Management more effectively translates strategic vision into the behaviors that deliver desired business goals. HR leaders using competencies are able to tackle critical organizational challenges, and achieve the recognition they merit from senior management.

Properly designed, competencies translate the strategic vision and goals for the organization into behaviours or actions employees must display for the organization to be successful. Competency-based Management (CBM) standardizes and integrates all HR activities based on competencies that support organizational goals.

## Competency: An Overview

It is the standardized requirement for an individual to perform a specific job properly. Competency standards are specifications of performance determined by an industry. They highlight the skills, knowledge, attitudes and behaviors, with the performance level required to operate effectively in a specific trade or profession.

Competencies and competency frameworks are proven tools for translating the strategic vision of an organization into the behaviors employees must display for the organization to be successful.

**According to Boyatzis (1982) :**

- A capacity that exists in a person that leads to behavior that meets the job demands within parameters of organizational environment, and that, in turn brings about desired results.

According to UNIDO (2002):

- A Competency is a set of Skills, related knowledge and attributes that allow an individual to successfully perform a task or an activity within a specific function or a job.

**WOODRUFEE (1991):**

☐ Competency: A person- related concept that re-fers to the dimension of behavior lying behind competent performer.

☐ Competence: A Work- related concept that re-fers to area of work at which a person is competent.

☐ Competencies: Often referred as the combination of the above two.

**Difference between Competence and Competency:**

Competence	Competency
Based on the results	Based on individual behavior
Describes the feature of the job	Describes the feature of the person
Consists of the various skills and knowledge required to perform a job	Consists mainly of fundamental characteristics of a person which result in effective and/or superior performance on a job
Measured by Performance on the job/efficiency	Measured in terms of behavior/attitude
Are specifically process oriented	Are typically result oriented
Are not transferable since each skill is more specific to perform the job	Are transferable from one person to another

---

**Linkage of Competency Based Management with Organizational Execution:**

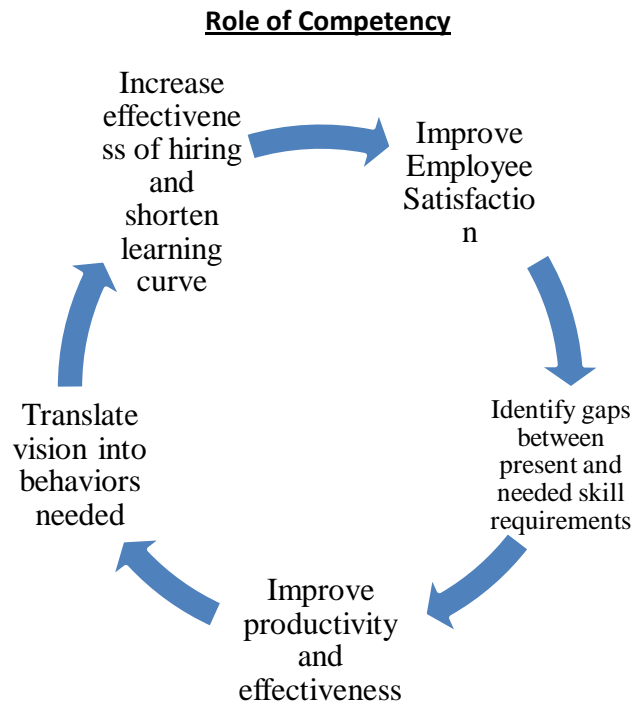
CBM solutions typically provide input into and drive all aspects of employee career development. This allows organizations to improve productivity in most areas of human capital management human. CBM is typically referred to as "strategic" in that it attempts to link organizational planning to job execution.

- Strategic human resource planning
- Competency architecture
- Competency dictionary
- Competency-based recruitment
- Competency-based learning
- Competency-based performance management
- Competency-based career development

The role of CBM is to shape and guide employee behaviour from "hire to retire". CBM helps Talent acquisition, Performance Management and Learning Management Systems to be more effective by assessing employees' skills and competencies. CBM also facilitates gap discovery and suggests learning methods (on the job, literature or formal courses) to help improve employee effectiveness.

A management methodology that standardizes and integrates all HR activities based on competencies that support organizational goals. In ever-greening organizations, HR professionals frequently face challenges in understanding the performance capability within their organization, formulating a plan to match organizational capability to mission, engaging and retaining the right people, and sustaining the organization's capability to perform over time.

**Role of Competencies:**



Competency Based HR Management plays a key role in:

- Understanding and defining the talent needed and available
- Addressing skills deficiencies
- Matching talent available to performance needs
- Matching the right people with the right skills to the right jobs
- Each is essential to aligning organizational capability to organizational mission.

**Competency Creates a Win-Win Environment:**

In a competency-based system, both the employer and the employee benefit. This is a result of establishing a transparent blueprint for recruitment, job expectations, performance evaluation, and advancement paths. Personal judgment and subjectivity are minimized, creating a more positive work environment and a stronger relationship between employee and employer.

**Advantages of Competency-Based HR System:**

Byham say that competency-organized human resource system has four advantages:

1. Decreased communication, training, and administration time. Managers must learn only one set of competencies and definitions for each position. It takes less training time to install each new subsystem or program because the competencies are understood, and major concepts, such as focusing on behavior and organizing behavior into competencies, are used throughout.

2. Subsystems validate one another. Information from different sources can be compared. Data from one component can be used to validate the effectiveness of the others. For example, performance review ratings can easily be used to validate the effectiveness of a selection or training subsystem.

3. Subsystems reinforce one another. The use of one subsystem supports and reinforces the use of others. Using the definitions and rating scales successfully in one subsystem reminds managers the importance of using them in other activities. For example, successfully using a performance management system organized around competencies would reinforce using a selection system organized around competencies.

4. The entire system and each subsystem can be validated using a content-oriented validation strategy (that is, the subsystem can be related to defined job requirements) (Byham: 7).

#### **Benefits of a Competency-Based System for Employers**

- Ensures that organization-funded training and professional development activities are cost-effective, goal-oriented and productive
- Enables employees to achieve a high level of competence in an efficient manner
- Records the employee's acquisition of the skills, knowledge, safety and other procedures relating to each task
- Reduces cost overruns caused by poor performance or miscommunication of job expectations
- Improves communication between employee and management
- Increases internal employee mobility, providing the organization with greater ability scale and flex as needed
- Establishes a framework for constructive feedback by management at scheduled training and performance appraisal intervals
- Clarifies job standards for performance appraisals
- Outlines employee development and promotional paths within the organization

---

### **Benefits of a Competency-Based System for Employees**

- Sets clear performance expectations for employees, enabling them to make better decisions and work more effectively
- Gives employees insight into the overall strategy of their team, department, and organization, leading to greater engagement and motivation
- Enables employees to be more proactive beyond their individual roles, by learning additional competencies that are valued by the organization
- Provides clear direction for learning new job skills
- Offers a reference resource for day-to-day requirements
- Increases the potential for job satisfaction
- Provides a mechanism for the recognition of employees' abilities
- Ensures that individual professional development and training milestones are recorded and acknowledged by the organization

### **Conclusion:**

A Competency is something that describes how a job might be done excellently; a Competence only describes what has to be done, not how. Core competency is something which cannot be copied and it is the pillar upon which individual rest. Moreover, Competency-based HRM is a core strategy to help align internal behavior and skills with the strategic direction of the organization as a whole. Competency models translate organizational strategies, goals and values into specific behaviors. Today organizations realized that if properly designed and skillfully handled, the competency model leads to individual and organizational performance enhancements and therefore helps the integration and promotion of all HRM practices.

### **References:**

1. Article -"Competency Mapping"- by K. Murali Mohan
2. Article -"The Art and Science of Competency Mapping"- by T.V. Rao,
3. Article-Byham, "Developing Dimension/Competency-Based Human Resource Systems", A Monograph

4. Article - Caupin et.al. (2006), "ICB – IPMA Competence Baseline version 3.0", International Project Management Association.
3. Article-Competency Management- A practitioner's Guide by R.Palaniappan, Specialist Management Resources
4. Article-Competency Mapping: A pre- requisite for HR Excellence - by Dr. Lovy Sarikal
5. Article-David Decenzo & Stephen Robbins. Human recourse management
6. Article-Donzelli. Alfaro. Walsh. Vandermissen. (2006), "Introducing competency management at ESA", ESA Bulletin (ISSN 0376-4265), No. 126, p. 72 -76
7. Draganidis and Mentzas.(2006), "Competency Based Management; a review of Systems and approaches", Information Management & Computer Security, Vol. 14 No.1, pp.51-64.
8. Ennis, (2008), "Competency Models: A Review of the Literature and The Role of the Employment and Training Administration (ETA)", U. S. Department of Labor.
9. Gangani, McLean, & Braden.(2006), "A Competency-Based Human Resource Development Strategy", Performance Improvement Quarterly,19 (1) pp. 127-140
10. LusaaandLepsinger, (1999), "The art and science of competency models: pinpointing critical success factors in organization", San Francisco: Jossey-Bass/Pfeiffer.
11. McClelland.(1973), "Testing for competence rather than intelligence", American Psychologist, p.1-14.
12. Ozcelik and Ferman .(2006), "Competency Approach to Human Resource Management outcomes and Contributions I a Turkish Cultural Context", Human Resource Development Review, 5, 1, pp.72-91.
13. Rowe. (1995), "Clarifying the use of competence and competency models in recruitment, assessment, and staff development", Industrial and commercial Training, 27 (11), pp. 12-17
14. Spicer.(2009), "Building a Competency Model", HR Magazine , 54 (4), pp.34-36
15. Xuejun Qiao and Wang. (2009), "Managerial competencies for middle managers: some empirical findings from China", Journal of European Industrial Training, Vol.33 Iss: 1, pp.69 -81
16. [http://www .Strategicmanagement.com](http://www.Strategicmanagement.com)
17. <http://www.addedv.com>