

BUILDING COMPETENCY MODELS

Three Types of Models How to Select the Right One



Single Job Models

One-Size-Fits-All Models

Models for Multiple Jobs

Building Competency Models: Approaches for HR Professionals

Richard S. Mansfield

Two widely used approaches to competency model building—the single-job approach and the “one-size-fits-all” approach—have limitations when competency models are needed for multiple jobs. This article describes the requirements of a multiple-job approach to competency model building: a set of common building block competencies, provision for customization of competencies for individual job models, defined levels of performance for each competency, and a quick, low-cost approach to model building. The article concludes with a discussion of the competencies needed to implement the multiple-job approach and of trends in the workplace that are making this approach more attractive. © 1996 by John Wiley & Sons, Inc.

INTRODUCTION

Most HR professionals are responsible for providing systems and services for employees in a wide range of jobs and assignments. These systems and services may include a compensation system, processes for performance appraisal, performance management, employee selection, or a program to support self-development. Certain HR programs (e.g., compensation, succession planning, career development) may also involve differentiating the requirements of various jobs, assessing individuals against the requirements of jobs other than their current job, and comparing individual competency profiles with the requirements of particular jobs or assignments.

A competency model is a detailed, behaviorally specific description of the skills and traits that employees need to be effective in a job. Although HR professionals have been developing competency models for the past 20 years, most have not yet begun to use technology to support programs involving multiple jobs. The two most common ways of developing and using competency models—(1) the single-job competency model and (2) the “one-size-fits-all” competency model—provide neither effective ways to differentiate the requirements of various jobs nor ways to match individual competency profiles to a wide range of jobs or assignments.

This article discusses the strengths and limitations of these widely

used approaches from a human resource management perspective. It also outlines several conceptual and practical requirements for an alternative multiple-job approach and ways to implement each requirement. The concluding section describes some of the competency requirements for HR professionals who would like to implement this alternative approach.

THE SINGLE-JOB COMPETENCY MODEL

The first competency models were developed for single jobs and are the most common approach to competency modeling. Developing a single-job competency model starts with an identified critical job that line management or an HR professional sees as needing better selected or developed incumbents. The data collection usually includes both a resource panel or focus group of job holders and/or their managers and interviews with jobholders. The data gathering phase may also include interviews with customers and direct reports, surveys of additional job holders, and direct observation of job holders at work. Once this is complete, the next step is to analyze the data to distill it into a competency model that typically includes 10–20 traits or skills, each with a definition and a list of specific behaviors that describe what effective performers do and how to achieve effective results. For example, the following competency comes from the competency model for Account Representatives in a high-technology company:

Relationship Building

Definition: A concern for building strong, positive working relationships with customers.

- Asks questions to identify common bonds with the customer (shared interests, background, common friends, etc.)
- Uses existing relationships to get introductions or access to other key people, especially to those higher up, in the client's organization.
- Develops positive telephone relationships with executives' secretaries and enlists their help in getting onto their bosses' calendars.
- Spends time with the decision maker, rather than remaining at an operational level within the account.
- Demonstrates to the client that s/he values their relationship.
- Takes time to get to know the people at lower levels in the customer's account.
- Works to develop a breadth of relationships with staff in the customer's organization.
- Entertains the client or spends time with him/her in non-business settings.

Even with extensive and intensive data collection, developing a competency model usually takes several months and costs up to \$100,000 if the company retains a consulting firm. Before the organization can gain much value from the model, it must build human resources tools and a program based on the model. A typical program might include a competency assessment questionnaire to be completed by job holders, their supervisors, and their peers; a resource guide to help job holders form development plans based on their competency assessments; and a workshop to explain the competency model and provide training in development planning. Developing these tools and the program typically takes several more months and involves significant additional costs.

Despite the time and money involved, the single-job competency model approach continues to be widely used because it has certain strengths. The competencies provide a framework for describing key job requirements. The specific behaviors tell job holders what they must do to achieve superior results, and because job holders and their managers have contributed to the model in important ways, they are likely to feel ownership of the results. At the very least, the new, competency-based application is usually better than whatever existed before.

At the same time from an HR perspective, this approach has some significant disadvantages. The cost, time, and effort required to develop the competency model make its use impractical for more than a small proportion of jobs in the organization. Consider also the cost, time, and effort in light of the rate at which jobs are changing in many organizations and the fact that the shelf life of a competency model is likely to be two years or less. In addition, layering job-specific HR programs over broader organizational programs can lead to inconsistency. For example, how does the new selection program for Sales Representatives relate to the general selection policies and programs previously established by HR for the entire division?

Finally, because individual competency models often are not systematically connected to an organization's other competency models, it is difficult to compare the competency requirements of one job to the requirements of another job or an individual's competency assessments in one job to the requirements of another job.

THE "ONE-SIZE-FITS-ALL" COMPETENCY MODEL APPROACH

HR professionals who are seeking a broad, quick, and consistent impact for competency technology often adopt a "one-size-fits-all" competency model, by defining one set of competencies for a broad range of jobs (e.g., all managerial jobs). The first step is to identify the population for whom the model will apply, such as all managers. Instead of gathering data, a team charged with developing the competency model usually

selects concepts from available individual job competency models and from books and articles on leadership, business, organizational development, and human resource development. A consulting firm with broad experience in developing competency models may also supply a common model based on a distillation of concepts and behaviors from individual job models. Senior management then reviews and revises the model to ensure that it reinforces the organization's mission and values and any ongoing efforts to change the culture.

In addition to developing the common competency model, most organizations, also develop HR applications based on it, such as a competency assessment questionnaire, a resource guide for developing the competencies, and a performance management program for assessing and developing the competencies as part of the performance appraisal process.

This common competencies approach has a number of strengths. The competencies and HR programs based on them apply to a large number of employees. There is one consistent framework of concepts describing effective behaviors. The competency framework can be aligned with the unit's mission and values and with other key organizational initiatives. All employees in the group for whom the model is developed are assessed against the same competencies and, therefore, can be compared with each other. The cost of this approach is modest, given the breadth of its impact, and because the competencies are not based on any individual job, the competency model does not need to be updated every time an individual job is redefined.

The obvious disadvantage of the common competencies approach is that the competency model does not clearly describe what is needed in any specific job. People in the jobs covered in the model may see the competencies as espoused values rather than as skills they need to use to obtain results, or they may accept the value of the competencies but fail to see how to apply them in their own jobs. Because the common competency model does not differentiate among the requirements of different jobs, it is of limited use in guiding selection for specific jobs. A Vice President of International Marketing needs different competencies than does a Plant Manager, but what are these competencies? Note that the common competencies approach ignores technical skill/knowledge which is a key consideration in matching individuals to available job assignments.

A MULTIPLE-JOB APPROACH TO DEVELOPING COMPETENCY MODELS

As the pros and cons of these two most common approaches to competency model development illustrate, the time is ripe for a multiple-job approach to building competency models. The following section de-

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scribes the requirements of such an approach and assumes, for example, that an organization needs competency models for 25 professional and managerial jobs, as well as consistent programs and tools for performance management, professional development, and selection for these jobs, based on the competency models.

Using a Common Set of Building Block Competencies

The first requirement of this approach is that different models be built from a common set of building block competencies, or what Patricia McLagan (1988) calls a "job competency menu." This is necessary to facilitate matching individuals to jobs. For example, if an individual is assessed on the building block competencies, his/her profile could be compared with the requirements of any job for which a model had been constructed. Using a common set of building block competencies also permits companies to compare jobs for purposes of job evaluation. Finally, using a common set of competencies makes for more efficient training and development. For example, a training module based on a particular competency can be used with whatever individuals need that module, regardless of their jobs.

Identifying a common set of building block competencies requires experience building competency models for a wide range of jobs. Organizations that have built many single-job competency models and consultants specializing in competency work will be able to provide a draft set of building block competencies. Because the range of technical competencies is so vast, these building block competencies tend to include only non-technical competencies. A set of non-technical building block competencies typically includes 20 to 40 competencies, each with a definition and a set of 5 to 15 behaviors describing common ways in which employees demonstrate the competency. In the example below, notice that the behaviors do not specify where and with whom the competency is demonstrated, as would a competency in a single-job competency model.

Interpersonal Awareness

Definition: The ability to notice, interpret, and anticipate others' concerns and feelings and to communicate this awareness empathetically to others.

- Understands the most important concerns of others
- Knows what other individuals like and dislike
- Understands the reasons underlying others' behavior
- Notices what others are feeling, based on their choice of words, tone of voice, and other nonverbal behavior
- Anticipates how others will react to a situation
- Is aware of both the strengths and weaknesses of others
- Takes time to listen when others come with problems
- Acts to address the concerns of others

Before using a set of building block competencies for model building, organizations can customize it by using consistent organizational language and concepts and by adding those competencies that reflect skills and qualities being emphasized as part of ongoing organizational change efforts. This customization can be accomplished in a two- to three-hour meeting with key senior managers and human resources staff who will be involved in building the model.

Although it seems obvious, competency models must include technical skills. Many developers of early competency models focused on the behaviors and attributes that distinguished outstanding performers and assumed that technical skill/knowledge was unimportant. Technical skill/knowledge is often a primary consideration in deciding who to select for a particular assignment. Required technical skills and knowledge can be derived from an analysis of the key tasks or work outputs of the job.

Developing a set of technical competencies is especially important if certain technical skills apply to multiple jobs, as is the case in an Information Services department. To identify common technical competencies, human resources staff should meet with selected senior technical staff in appropriate units of the organization (e.g., Engineering, Information Services, Customer Service). At a minimum, these sessions need to identify the smallest number of technical skill/knowledge areas that need to be considered when making job-person matches. For each technical competency, it is also useful to define basic, intermediate, and advanced levels of proficiency by identifying the kinds of tasks that a person must perform effectively at each level. The set of technical competencies need not be exhaustive because competencies that are only relevant to a single job can be defined when the competency model is built for that job.

Allowing for Customization

The model building approach must allow customization because, although the same competency may be required for two different jobs, it often needs to be demonstrated in different ways. For example, consider the competency, "Initiative." A sales manager may demonstrate Initiative by developing a new incentive program for sales representatives. A general manager may demonstrate Initiative by restructuring a division and creating cross-functional teams to do work previously accomplished by several departments. To be useful to job holders, a competency model must describe specifically how competencies need to be demonstrated in specific jobs.

One way to customize a model is to develop job-specific behaviors that specify how, when, and with whom the competency is demon-

strated. During a model building session, job holders and their supervisors can identify job-specific behaviors to add to or replace the generic competencies. Another way to identify the behaviors is to conduct critical event interviews with effective performers in the job.

Defined Levels of Competencies

Any competency approach must define a consistent set of levels for the building block competencies to distinguish the extent to which a competency is required in different jobs. For example, one job may require a basic level of skill/knowledge in electrical engineering, while another job may require a much higher level. Levels also facilitate the accurate assessment of individuals, when, for example, identifying individuals who possess the competencies required for a particular assignment or job. With no defined levels of a competency, individuals are assessed according to the frequency and/or effectiveness with which they demonstrate the behaviors associated with effective performance, as is done when using 360 feedback. Such ratings, however, are influenced significantly by various forms of rater bias. For example, some raters concentrate most of their ratings at the high end of the scale or produce ratings with little variance. These kinds of rater bias can be minimized if a rater is presented with behavioral statements describing the different levels of a competency and is asked to select the statement that best describes the individual.

Each competency in the set of building block competencies needs a set of levels, but, because competency levels will be used to rate and compare individuals who are in different jobs, the levels of a competency need definitions that are independent of any specific job. Simplicity and consistency are important to those who will be using the competencies and explaining them to others in the organization. Contrary to the “just noticeable differences” approach described by Spencer and Spencer (1993), it is better to have the same number of levels for each competency—probably four or five—with consistent names for each level, such as Not Demonstrated, Developing, Capable, Outstanding. Descriptors of each level should be defined specifically for each competency. Table 1 displays the levels developed for the competency, “Customer Orientation.” Rating an individual for this competency would involve selecting the level that best describes the individual. Notice that the levels for each aspect form a logical hierarchy, so that, as one reads down a column, each successive level represents a higher degree of competency demonstration. Some competencies may have several dimensions that require separate ratings. For example, a competency called “Creativity” might have two dimensions requiring

Table I. Levels for the Competency: Customer Orientation.

Level	Description	Rating
Not Demonstrated	Shows little awareness or concern for the needs of the customer; typically focuses on own needs.	
Developing	Inconsistent in showing awareness and responsiveness to customer needs.	
Capable	Consistently shows awareness of customers' needs; is responsive to concerns expressed by customer.	
Outstanding	Consistently shows awareness and responsiveness to customers' needs. In addition, actively seeks information about customers' needs and concerns and uses this information to modify work processes and behavior.	

separate ratings: innovativeness of own work and sponsorship of innovation.

Defining the competency levels can begin while identifying building block competencies. Building a particular job competency model may reveal additional job-specific competencies for which levels are needed. To develop the levels for technical competencies, HR professionals can hold working sessions with highly skilled technical staff or other subject matter experts in the appropriate areas.

A QUICK, LOW-COST APPROACH TO DEVELOPING COMPETENCY MODELS

A multiple-job approach to competency model development should also include a quick, low-cost way to develop the competency model for a job or assignment. If they need 25 competency models, HR professionals will need a way to develop all of the models at reasonable cost within a three- or four-month period. Ideally, it should take no more than two days to identify the competencies needed for a new job or assignment, a

reasonable goal because competency requirements can be logically derived by analyzing key job tasks and the criteria by which their performance is assessed. More intensive data gathering and analysis can help refine the model for special purposes such as curriculum development or validating the model.

The approach should involve job holders and their managers to build support for the models and the HR applications derived from them. Since jobs are changing rapidly and many new jobs are being created as part of reengineering efforts, the process for building competency models also needs to focus more on future needs than on past needs. Implementing the approach involves convening a day-long focus group comprising 6–12 job holders, supervisors of job holders, and other subject matter experts. The agenda should include identification of:

1. ongoing and anticipated changes—in the organization, industry, marketplace, and technology—that are affecting the target job;
2. a core set of main responsibilities;
3. the most important tasks or work outputs for job holders;
4. the performance criteria for each key task;
5. the building block competencies and other skills needed for each key task or work output; and
6. job-specific behaviors by which the competencies are demonstrated.

This simple approach to model building is sufficient to identify the competency requirements of a job. For greater precision, additional data such as critical event interviews with superior performers in this and other organizations or interviews with clients or customers of persons in the target job, can be incorporated.

COMPETENCIES NEEDED TO DEVELOP COMPETENCY MODELS

Implementing this multiple-job approach to competency model development itself requires a number of competencies. Someone should have broad experience developing competency models to be able to bring or create a framework of common competencies. A project leader or champion needs initiative and strong influence skills to get diverse line and staff groups to participate in and support the process. It may be especially challenging to gain the support of various human resources

groups that are not under a single umbrella. Developing an effective strategy to gain the commitment of diverse groups requires in-depth knowledge of the organization, including the informal power structure. The project leader also needs a strong results orientation that involves balancing the need to set and achieve goals with the need to achieve high-quality results.

In addition to a project leader/champion, a successful model building effort needs project staff to lead focus groups, to analyze data, and to prepare written job descriptions that include the competency models. One key competency for project staff is the ability to think clearly and consistently using conceptual frameworks. Analytical thinking is required because the model building process involves identifying logical links among job tasks, performance outcome criteria, and competency requirements. Facilitation skill is also an obvious requirement for conducting the focus groups. A final competency requirement is written communication skill. The written job description should capture the competency requirements in clear, compelling language.

FUTURE DIRECTIONS IN THE DEVELOPMENT OF COMPETENCY MODELS

This paper has described three approaches to the development of competency models. All three are likely to become more widely used, because they all offer ways to unify and integrate a variety of HR programs. The single-job competency model provides a way to improve development and selection for a job seen as critical to the organization's success. Initiating such a project may require the approval of only one line manager, and there is no shortage of consultants and HR professionals with the skills to implement this approach. The "one-size-fits-all" approach to building competency models has the advantage of providing a simple, unifying framework for all HR programs for a family of jobs, such as managerial. This approach is more difficult to implement, because it usually requires approval of top management and may also require agreement of several independent HR groups. Implementing this approach, therefore, requires an effective champion from the HR function or from line management. In addition, someone must provide a credible framework of common competencies.

The multiple-job approach to developing competencies offers the dual advantages of a common conceptual framework and customization for individual jobs. This is the only approach that facilitates comparison of competency models with each other and comparison of employee profiles with multiple jobs. The multiple job approach is more cost effective than the single-job approach, if many competency models are

needed, but the multiple-job approach is the most difficult of the three approaches to implement. Like the “one-size-fits-all” approach, it requires approval of top management and agreement by various HR groups within the organization, but because of its complexity, the multiple-job approach is more difficult to explain. Thus an effective champion from the HR function is needed to gain support for the approach. Another essential requirement of the multiple-job approach is a set of generic competencies that can encompass the requirements of a diverse set of jobs; there are relatively few HR professionals and consultants with the experience and expertise to provide a good set of generic competencies.

Several trends in the workplace will make the multiple-job approach more attractive. First, as organizations accomplish more and more work through teams that are assembled for specific projects, it will become more important to develop efficient methods for locating employees with particular skill sets. With the multiple-job approach, the organization can assess all employees on a large set of technical and non-technical competencies. If these assessments are stored in a database, it is easy to locate individuals with required combinations of skills. The development of software applications designed to facilitate the matching of employee profiles with job requirements will also increase the attractiveness of the multiple-job approach, if the applications allow easy customization to meet particular organizational needs. Another organizational trend favoring the multiple-job approach is the increasing use of skill-based compensation which is often implemented when organizations implement cross-functional teams. Because jobs on these teams require a broader range of skills, organizations often implement skill-based compensation to encourage employees to develop the new skills. One final organizational trend which may foster increased use of the multiple-job approach to building competency models is decreased upward mobility. Today's flatter organizations offer fewer opportunities for promotion. To keep employees motivated, organizations will need to provide more opportunities for lateral moves. The multiple job approach facilitates matching employees to new, lateral assignments and also helps identify the new skills that an employee must develop in order to move to such an assignment.

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