



Competencies: Alternative frameworks for competitive advantage

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Abstract Competencies in organizations can be broadly classified as employee-level and organizational-level. Since organizational-level competencies are embedded in employee-level competencies, the identification of the latter is important for organizations interested in using competencies to achieve competitive advantage. In this paper, we present a model of employee competencies as a means to organizational competitiveness and discuss various frameworks for identifying employee competencies. In addition to the traditional frameworks, which are more suitable for organizations functioning in a static environment, we offer two alternative frameworks that can be useful in identifying competencies in a dynamic organizational environment. Once appropriate employee-level competencies are identified, a competency-based human resource system can be implemented to ensure that employees actually do possess the identified competencies.

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1. The importance of competencies

The importance of competencies to organizations cannot be overstated; in fact, they can be the key to competitive advantage. In order for an organization to succeed in its mission, organizational competencies must match strategic intent. Without the needed competencies, even well-conceptualized and well-stated strategies cannot be successfully implemented and realized. It is competencies

that allow the concept of strategic intent to be operationalized.

The concept of competency can be viewed differently within an organization. From a strategic management perspective, [Hitt, Ireland, and Hoskisson \(2005\)](#) define competencies as a combination of resources and capabilities. The combination of resources and capabilities in an organization can be classified as *core competencies* when they are valuable, rare, difficult to imitate, and difficult to substitute. As such, core competencies can be a source of strategic competitiveness. For example, the design of products appears to be a core competency for Apple and a key source of its

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strategic competitiveness. From a strategic perspective, competencies can be functions, processes, and routines in an organization. For instance, the employee- and family-oriented culture and emphasis on research and development at SAS Institute would appear to form core competencies for the organization (Watson, 2002; Wiscombe, 2002).

Competencies have also developed into a central concept in the area of human resource management (HRM). From the HRM perspective, competencies are viewed as capabilities of people. For example, a job may require the performance of a particular task which, to do well, requires specific employee knowledge, skills, or abilities. The profession of health administration, for instance, has been examined in terms of competencies needed for effective practitioner performance. In such a study, Shewchuk, O'Connor, and Fine (2005) found that health administrators require competencies in operations management, patient focus, political and ethical concerns, finance, and physician relationships. Delving more deeply, competencies in the operations management category include communication skills, team building, and listening skills, and those in the patient focus category include community knowledge, regulatory knowledge, and political savvy.

The concept of competency is central to the domains of both strategy and HRM, although the two frameworks are different lenses through which competencies are understood and developed. The strategic perspective focuses on competencies at an organizational level and deals with them in a more abstract fashion as a unique combination of resources and capabilities. HRM, on the other hand, views competencies as personal characteristics related to effective job performance. We do not contend that one perspective has a better or more correct view of competencies; rather, we believe there is advantage in aligning the concept of competencies across the two perspectives.

The focus of this paper is on employee-level competencies, and we present a model of employee competencies as a means for organizational effectiveness. Since organizational-level competencies are embedded in employee-level competencies, identification of appropriate employee-level competencies is an important aspect of a competency-based system. Thus, the major purpose of this paper is to present alternative frameworks for identifying and developing employee competencies. In addition to the traditional frameworks for identifying competencies, we present two alternative frameworks that should prove especially useful for organizations

that are facing dynamic, changing, and volatile markets. Before discussing the employee competencies model and frameworks for identifying competencies, let us review the concept of competencies.

2. What are competencies?

In their book chapter on the role of competency in developing organizational competitiveness, Turner and Crawford (1994) broadly classify competencies as belonging to one of two categories: personal or corporate. Personal competencies are possessed by individuals and include characteristics such as knowledge, skills, abilities, experience, and personality. Corporate competencies belong to the organization and are embedded processes and structures that tend to reside within the organization, even when individuals leave. These two categories are not entirely independent. The collection of personal competencies can form a way of doing things or a culture that becomes embedded in the organization. In addition, corporate characteristics can determine the type of personal competencies that will best work or fit in the organization. Our focus is on personal, or employee, competencies.

As the topic of competency increases in popularity, a great deal of variance across organizations exists regarding what constitutes a competency. For example, some organizations take more of a trait-based approach to identifying employee competencies, while others use more behaviorally based descriptions. Thus, it is important to consider the definition of competency, at least from a prescriptive framework. Next, we review the definition and types of competencies from an HRM framework.

2.1. Definition of competency

The employee competency construct can be traced back to an article by McClelland, in which the author does not directly define the word *competency*, but uses the term as a “symbol for an alternative approach to traditional intelligence testing” (McClelland, 1973, p. 7). In this approach, McClelland advocates the use of skill sets related to performance on the criteria based on criterion sampling. The use of the term competency was popularized in *The Competent Manager*, which defined the word as “an underlying characteristic of a person” that could be a “motive, trait, skill, aspect of one’s self-image or social role, or a body of knowledge which he or she uses” (Boyatzis, 1982, p. 21). This broad description would seem to potentially refer to any individual difference char-

acteristic; however, the context in which these individual differences are considered is job performance. Further, Boyatzis distinguished between job functions/tasks and competencies by pointing out that competencies are what people bring with them in order to perform jobs. Woodruffe (1992) defines a competency as “the set of behavior patterns that the incumbent needs to bring to a position in order to perform its tasks and functions with competence” (p. 17).

Woodruffe’s description of the term competency has some simple but important characteristics. First, employee competencies have to do with observable behavior. While operative variables such as personality traits, values, motives, and the like underlie behavior, these characteristics are revealed in observable and identifiable patterns of behavior. Second, the behavioral pattern is related to job performance. Third, and perhaps most implicit, is that the concept of competency can include the traditional knowledge, skills, and abilities (KSAs), but also go beyond these characteristics. Specifically, effective performance includes not only capability, but also the motivation or desire to perform. Kochanski (1996) offers a simple description of competencies as the success factors in an employee’s organization and profession. For example, competencies may be thought of as the factors that distinguish higher performers from average or lower performers in an organization. Similarly, Kennedy and Dresser (2005) recently defined competencies as anything employees have or acquire that contributes to organizational success.

In sum, employee competencies are characteristics associated with successful performance. These characteristics should manifest themselves in observable behavioral patterns that make a positive difference. It is important to recognize that there are a number of characteristics that may not have as direct an impact as KSAs on performance, yet can be important determinants of success. These underlying characteristics have been referred to as *below-the-waterline* characteristics by Hofrichter and Spencer (1996). For example, underlying characteristics such as values and personality may play as important a role in success as technical skills. However, it is important to carefully define and measure these underlying characteristics. As with any competency, below-the-waterline characteristics should be able to be defined as patterns of behavior.

The phrase *competency model* is often used interchangeably in the literature with the term competency. Mansfield (1996) defines competency model as a detailed and behaviorally specific

description of the characteristics employees need to be effective. A competency model might be considered the set of competencies associated with a job or role in an organization.

2.2. Types of competencies

Competencies have been identified and competency models developed from differing sources or perspectives. Perhaps the dominant model to date is the development and reliance on generic competencies. The fundamental assumption behind generic competencies is that a set of characteristics necessary for success across organizational settings can be identified. For example, Thornton and Byham (1982) identified a list of competencies for top management that includes leadership skills, general management skills, interpersonal skills, communication skills, creativity, and personality traits such as dependability and adaptability. Dulewicz (1989) identified a set of four clusters of competencies as important for middle managers. The four middle manager competency clusters include those categorized as:

- (1) Intellectual (e.g., strategic perspective, analysis, and judgments);
- (2) Interpersonal (e.g., persuasiveness, decisiveness);
- (3) Adaptability (e.g., resilience); and
- (4) Results orientation (e.g., initiative, business sense).

As described earlier, clusters of competencies for the health care administration profession have also been identified.

While the generic model is appealing, there are important disadvantages to a one-size-fits-all model for competencies. Simply stated, characteristics that lead to effectiveness in one organizational setting may not translate into effectiveness in another. There may be some competencies that are generic and transfer across organizations. However, many competencies may be unique to organizations, particularly those that have treated their human resource as an asset in creating a differentiated presence in the market. Further, application of a generic set of competencies may be resisted by employees. Participating in developing organizationally specific competencies can increase understanding of the competency framework and commitment to it.

The custom, or organic, model for identifying competencies can be time consuming and expensive. The effort may involve interviews and surveys as a means for identifying competencies. As involving as the process may be, several

organizations have taken steps to develop their own custom set of competencies.

As is evidenced by the preceding examples of generic competencies, a trait-based model for identifying competencies is common. Parry (1996) notes that a trait model is also common for many custom competency models developed in organizations. In contrast, the prescriptive definition we began with emphasizes observable behaviors rather than traits. In addition, some models emphasize results as competencies; for example, the ability to make sales might be considered a competency in some organizations.

The content choice confronted when considering competencies parallels the general content choice faced when considering performance appraisal criteria. As observed by Cardy and Dobbins (1994), in the field of performance appraisal, the three major types of appraisal systems include traits, behaviors, and outcomes. Of the three, behaviors have probably been the most widely recommended, since they are observable and changeable characteristics. Thus, behaviorally based systems may leave less room for error and bias, and can be useful for training and development purposes. Traits, on the other hand, are quite ambiguous and are considered to be relatively fixed characteristics of workers. As such, traits leave room for potential error and bias, and do not offer much hope for training and development purposes. Outcomes can be clearly measured, but pose problems in terms of inferring causality. For example, the outcome levels of a worker may be largely due to factors beyond his/her control. Outcomes can be more influenced by external or system factors than would traits or behaviors, as the latter are more directly under the control of the person. Thus, results can pose difficult problems for measurement and development purposes, since the causes of the outcome levels can be difficult to determine.

3. Model of employee competencies

As with other types of resources and capabilities, employee competencies have the potential to be sources of competitive advantage. However, to contribute to competitiveness, the competencies must, first and foremost, be aligned with the strategic direction of the organization. As presented in Fig. 1, employee competencies intervene between the organization's strategic vision and the level of competitiveness it realizes. As identified in the model, the identification of employee competencies is an important aspect of the process. Specifically, the strategic intent of the organization must be carefully considered and translated into appropriate competencies. Employee competencies must be aligned with and enable the strategic intent of the organization. While the translation issue can be simply stated, it can prove to be difficult in practice. What competencies are really needed to realize the strategic goals? What kinds of skills, knowledge, and other characteristics do employees need that will provide the organization a competitive advantage? These types of questions can be challenging for organizations trying to align their strategic intent with employee competencies. An organization may determine that it will compete in its industry through customer service. What does this strategic intent mean for employee competencies? Is quick delivery important, or will quality be emphasized? Even if the competency implications of a strategic vision are clear, other employee competencies can take center stage. For example, a salesperson who hits sales numbers may have the right customer service approach, but the short-term benefit of maximizing sales can overshadow the long-term goal of competing on the basis of quality of customer service.

There are fundamentally different frameworks for identifying employee competencies, and they are reviewed later in this paper. The link between the identified competencies and organizational

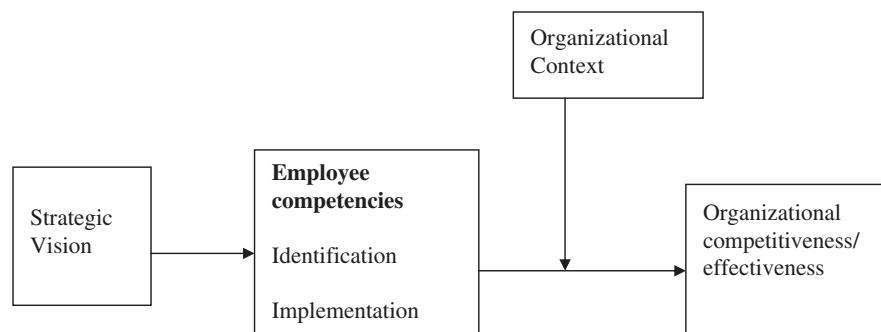


Figure 1 Employee competencies as means to competitiveness and effectiveness.

effectiveness is, as depicted by the model, moderated by the context. To be successful, an organizational context that is characterized by constant change requires a different framework for identifying competencies than a context that is stable and very slow to change.

Another important step in regard to employee competencies is their implementation. It is not enough to simply identify the needed competencies, they have to be put into action. Implementing employee competencies requires that they be used as standards which drive employee evaluation and development. If the competencies are really to make a difference in the day-to-day routine of how the work of the organization is performed, they need to be translated into criteria for assessing and developing employees.

Criteria serve to focus attention on what is important in an organization and drive recruitment and selection efforts. Further, they are used as the basis for performance appraisal, often determine compensation levels, and are used as a basis for personnel decisions such as promotion and termination. Thus, the criteria focused on can have a wide-ranging impact on the composition and behaviors of the human resource in organizations. Additionally, criteria can operationalize the strategic direction and value orientation of an organization. Criteria can make very real and concrete how an organization will transform itself into its future vision.

The criteria focused on in organizations have important and direct influences on organizational competitiveness and effectiveness. Focusing on the wrong or on deficient criteria may severely affect the performance of an organization and lead to its failure in the marketplace. Moreover, the criteria can be critical determinants of organizational culture and how the organization is viewed by people outside of the organization. For example, the extent to which an organization emphasizes factors associated with product quality or service can be quickly surmised by customers and become a characteristic that the marketplace associates with the organization.

Translating employee competencies into criteria operationalizes the strategic efforts of the organization. Without implementing competencies as criteria, the strategic vision or identified competencies might as well be rhetoric or documents put into storage. Making competencies real requires that they be translated into criteria. The process that depicts translation of strategic vision into criteria is graphically shown in Fig. 2. Following Cardy and Dobbins' (1994) work in this area, the figure presents a common HRM hierarchy of criteria

that begins with the ultimate level. The ultimate criterion could be the strategic vision for the organization; for instance, perhaps becoming a first-class service organization. These ultimate-level criteria need to be translated into conceptual-level criteria. For example, the ultimate goal of competing through excellent customer service might be achieved through speed, value, luxury, service, or a combination of these or other means. Each of these approaches would imply different types of employee competencies that would be needed to achieve the strategic vision. If the strategic vision of customer service is conceptualized as being achieved through speed, then employee competencies such as task-orientation, persuasiveness, and manual dexterity might be identified. Based on these employee competencies, operational-level criteria such as number of transactions per hour or number of customer service calls per day might be put in place. These criteria would operationalize and drive speed as the means by which customer service will be achieved in the organization. On the other hand, if the strategic vision of customer service is conceptualized as being achieved through quality, employee competencies such as social skill, adaptability, and being customer-oriented might be identified. Based on these competencies, operational-level criteria such as customer satisfaction and customer retention measures might be used.

Regardless of the standard, the criteria put in place make clear to everyone just what is important and what they should be focused on. It does

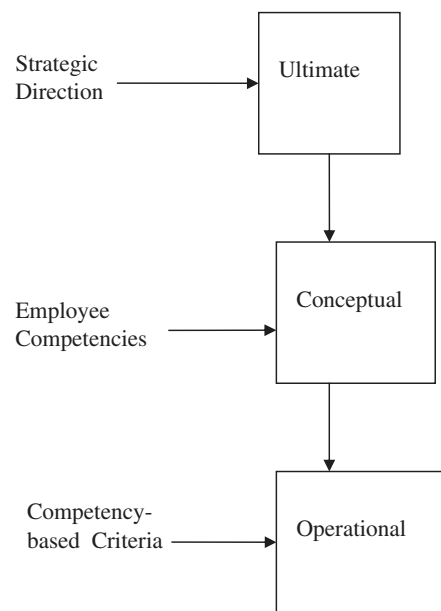


Figure 2 Levels of criteria and employee competencies.

little good to identify a strategy and associated employee competencies needed to achieve a competitive advantage if these competencies are not translated into performance criteria. Unfortunately, task performance and productivity can be short-term concerns for which operational measures are handy and routinely used. Staying with these criteria can mean that a new strategic direction never takes hold and becomes reality. An important management issue is whether employee competencies have been driven down into the level of operational criteria.

4. Frameworks for identifying and developing employee competencies

As mentioned earlier, the process of identifying and developing employee competencies is important in translating the strategic intent of an organization into organizational competitiveness. In this section, we discuss various frameworks for identifying and developing employee competencies, including two traditional approaches and two alternative approaches. Table 1 summarizes the four competency identification approaches based on the nature of competencies and organizational context. The two traditional approaches are labeled job-based and future-based. We label the job-based framework as such because the competencies are derived from an analysis of the job requirements. The future-based approach focuses on competencies needed to achieve a future strategic direction. This approach is still often based on an analysis of the job, but as the job will exist in the future. An alternative competency framework is labeled value-based because competencies in the framework are based on the values of the organization. A second alternative framework is referred to as person-based, as the competencies are based on characteristics of people rather than on task.

4.1. Job-based approach

The job-based framework for developing competencies is likely the most common. Under this approach, the development of competency criteria begins with

an analysis of present job requirements. The familiar tool of job analysis is the starting point for this process, and resulting job analysis findings drive the competency criteria. For example, competencies would reflect the most important and/or most time-intensive tasks and duty areas. Competencies might be identified through surveying or interviewing target employees regarding competencies needed on the job. A less rigorous, but common, approach is to identify required competencies by culling through a generic competency list.

Mansfield (1996) notes that the job-based approach has typically focused on developing competencies for a single job at a time. A multiple-job approach, however, offers advantages to the organization in that competencies can be used for a variety of jobs. Mansfield describes a multiple-job approach that consists of developing a broad set of competencies that span across various jobs in the organization. These competencies are defined and behaviorally described using generic language so that the competency descriptions can apply across a variety of jobs. Mansfield provides the example of interpersonal awareness as a generic competency that can be applied across all jobs and described in broad terms. Under the multiple-job approach, the organization develops an overall set of competencies that should capture the target population of jobs. Each job then can be described as a profile of various levels from the overall set. Some competencies may not apply to a job, while others may be present at high degrees.

Competencies developed with a job-based approach identify skills that reflect what is needed to perform the jobs in the organization. Therefore, the competencies speak to performance on the current job and are based on the assumption that the current job will not dramatically change. The competencies have a static nature. Further, they focus on the content of the job since they are based on a job analysis. Thus, the competencies center on what is done on the job. Job-based competencies would best fit in and promote organizational cultures that would be characterized as hierarchical and fixed. In this scenario, job expectations and

Table 1 Nature of competencies and organizational context as a function of the type of competency development approach

	Job-based	Future-based	Person-based	Value-based
Nature of competencies	Static-focus on what gets done	Directional change-focus on what needs to be done	Broad and emergent	Process-focus on how things are done
Organizational context	Fixed-static; hierarchical	Fixed-future oriented	Innovation-organic and dynamic; empowered	Strong process focused

the environment would be highly defined, and the environment would be static.

4.2. Future-based approach

Rather than being based on present job duties, competencies may be based on the mission and future strategic direction of the organization. In a conceptual consideration, [Lado and Wilson \(1994\)](#) have linked the future strategic orientation of the organization and competencies. In this approach, the future strategy of the organization drives the competencies that will be considered core and central to the interests of the organization. The future strategy drives the competencies, which in turn drive hiring, appraisal, training, and development activities. Thus, competencies provide a means for organizations to prepare for their future directions. Further, the competencies link the future strategy of the organization with the human resources, and provide a rational and common basis to the human resource management (HRM) functions. Thus, competencies can, theoretically, integrate HRM with business strategy and align the functions of HRM toward a common purpose. Two companies that use competency-driven strategy development models are Hughes Aircraft and Siemens ([Walker Group, 1997](#)). Hughes Aircraft defines strategic competencies required within the next 3 to 5 years consistent with its business strategy, and Siemens Business Communications replaced job-based systems with competency-based systems tied to business strategy.

The future-based approach yields competencies that are future-oriented and are based on what will need to be done in the organization in the future. The approach requires a clear vision of the organization's projected path and what job duties and tasks will exist. The culture associated with this approach could generally be characterized as future-oriented; however, there would still be a fixed nature to the culture since the competencies would be focused on specific areas of job performance.

4.3. Alternative frameworks for identifying competencies

The job-based approach would seem to fit well in organizational environments that are stable, emphasize a consistent set of tasks, and have clear functional responsibilities. The future-based approach to developing competencies is appropriate in situations where change is a planned and coordinated effort. Many of today's organizations, however, operate in dynamic environments that call for flexibility and ever-present short-term change. Moreover, even comprehensive long-term

plans can be significantly altered by unforeseen changes in the market. As [Collins and Porras \(1994\)](#) reported in their book on the habits of visionary companies, this has led some organizations to embrace the stability that can be found in value-based management. The remainder of this paper will explore the two previously mentioned alternative frameworks for identifying and developing employee competencies (the person-based and value-based approaches), both of which are based on the above aspects of change.

The person-based approach focuses on broad person skills and other individual attributes, and establishing an environment in which these skills can result in marketable products or services. The value-based approach emphasizes values as a stable framework for identifying competencies. While these values determine how things should get done, they do not identify which tasks should be performed.

4.3.1. Person-based approach

The person-based approach to developing competencies consists of identifying the individual attributes that will offer the organization the greatest potential in its human resources. Microsoft, for example, emphasizes overall intelligence as a key human resource competency. [Stross \(1996\)](#) reports that Microsoft managers look for intelligence above all else, including experience in programming, when hiring employees. This can be explained by the fact that the company believes its real competitive advantage is its "super-smart," highly intelligent workforce.

Competency development based on a person-focus may also be suitable for knowledge-based organizations that depend upon creativity and innovativeness of employees for organizational effectiveness. A job-based or future-based approach may be too mechanistic to engender competencies that foster creativity because these traditional approaches ignore individual interests and attitudes. In a case study of competency development for knowledge workers in Volvo, Sweden, [Lindgren and colleagues \(Lindgren, Stenmark, & Ljungberg, 2003\)](#) found that the company's competency development approach was focused on employees' interests; that is, things that excite them and they are passionate about. The focus on personal interests of knowledge workers in the company engaged employees in more information-seeking activities, which resulted in additional innovation and knowledge creation.

The person-based approach is consistent with the rationale underlying skill-based pay: that potential and "depth on the bench" are important

organizational assets. Having a deep pool of skills translates to innovation, flexibility, and possibility. On the downside, though, it may lead to chaotic conditions and require great faith in the potential of the human resource that marketable products and services will result. As indicated in [Table 1](#), the competencies associated with a person-based approach are broad and emergent. Broad characteristics (such as overall intelligence in the Microsoft example) would likely be the initial focus in order to develop broad potential. Through the development of products and services, other particular competencies that might be needed would eventually surface.

The culture associated with the person-based approach would be innovative and based on a bottom-up organizational process. The environment would be dynamic, and workers would be provided wide scope to pursue their ideas. This person-based approach can be illustrated by a recent case study of a competency-based human resource system implemented at a law firm ([Vaaler, 2005](#)). The approach for competency modeling in this law firm can be viewed as a bottom-up process since, as the author reports, the process involved soliciting comments and inputs on the nature of competencies. The firm also defined competencies in broad terms (i.e., general behaviors and attitudes) rather than specific outcomes. Consequently, the firm developed a set of generic competencies that can be applied to all the lawyers. Interestingly, although the firm defined the competencies in broad, abstract terms, they followed the definitions with concrete examples of observable behaviors for each competency. This is consistent with our assertion that it is necessary to translate competencies into operational-level criteria for effective human resource management. The behaviors cited by the law firm were used to develop manuals for guiding recruitment and performance appraisal processes. In another example of this approach, [Dainty, Cheng, and Moore \(2003\)](#) reported development of a competency-based performance model for construction managers. In this study, a broad range of behavioral competencies was developed based on extensive interviewing of construction managers. During these interviews, the managers were asked to recount examples of behaviors and actions that led to superior performance. As a result, the study identified 12 core behavioral competencies (e.g., composure, team performance) that were predictive of stellar performance.

4.3.2. Value-based approach

The value-based approach to developing competencies consists of identifying the core values the

organization wants to be known for and promote. As [Collins and Porras \(1994\)](#) observed, a focus on values can offer a stable anchor for organizations operating in turbulent environments, as an organization's values may be more steadfast than its strategy, which is subject to changes in the marketplace. Competencies developed from a value-based approach would focus on the process of work in the organization. They would specify how things should be done rather than what should be done, and would help to clearly establish a strong organizational culture of how work should be carried out.

The value-based approach can be effective in developing ethical competencies. Harry Jansen Kraemer, CEO of the global health company Baxter International Inc., believes that ethical conduct can only be assured when employees share the values that guide that conduct. Ethical values have become an important issue in the wake of recent scandals due to unethical conduct of business executives in companies such as Enron, WorldCom, and Tyco International. Developing ethical competencies is critical in order for organizations to be able to deal ethically with customers, shareholders, employees, and other stakeholders. [Spurgin \(2004\)](#) suggests that employees' ethical competencies may include knowledge of ethical philosophy, awareness of business ethics issues, and the ability to critically evaluate arguments on business ethics issues. Organizations that value ethics are in a better position to develop and sustain ethical competencies than organizations that adopt ethical orientation for short-term strategic considerations. A job-based approach may involve identifying specific codes of conduct for each position. But, in the absence of a supporting organizational culture that promotes, evaluates, and rewards ethical conduct, such a job-based approach may fail to elicit the desired ethical behaviors. Further, codes and rules cannot be developed for every possible situation. However, with the right values as guiding competencies, employees can be counted on to make ethical choices, even in situations that are ambiguous or were not anticipated with regulations. In other words, a value-based approach offers a better advantage for developing ethical competencies than traditional approaches.

Using a value-based approach can also be more effective than traditional approaches for developing multicultural or cross-cultural competencies. John Pepper, former CEO of Procter and Gamble, remarked that globalization has become an extremely important factor for organizations, almost to the point of being a cliché. Developing the

employee competencies necessary to be able to function effectively in the globalized business environment is one of the key challenges facing organizations in this century. As globalization is extremely dynamic, traditional approaches (which are more suitable for static environments) to developing cross-cultural competencies may be less effective. In a case study of competencies for global leaders at 3M, [Aldredge and Nilan \(2000\)](#) report that the company identified a global perspective as one of the key competencies. Included under the umbrella of this global perspective were such issues as working respectfully in a multicultural environment and awareness of global markets, suppliers, and resources. The 3M approach to developing global competencies was grounded in their values and culture. Multinational companies that have strong cultural competencies to work in host countries have definite competitive advantage. In a study of Asian multinational corporations and Western multinational corporations in China, [Luo \(1999\)](#) found that the Asian multinationals outperformed their Western counterparts. This was mainly due to the Asian companies' superior knowledge of Chinese markets and appreciation for Chinese culture. An organization that values and appreciates global diversity and the multicultural nature of the business environment is better placed to develop multicultural competencies.

5. Applied value of competency frameworks

The previous discussion provides a broad description and contrast of the primary approaches to the development of competencies. While these conceptual descriptions and distinctions should be clear, application of these frameworks needs to be considered. A basic but critical question addresses which framework will result in the best employee competencies. Other issues pertain to the use of competencies as the basis for criteria. For example, when operationalized as criteria, what might be the utility of each competency framework at the level of individual workers and at the team level? Many organizations currently employ team-based structures, and it is important to consider how proposed criteria could be utilized at both the person and team levels. We next turn to a consideration of these issues.

As depicted in our overall model, the impact of an employee competency framework is contingent upon the organizational context. The job-based approach to developing competencies requires a

stable and relatively unchanging context. Rapid change in technology or job requirements can result in employee competencies that become obsolete and worthless to the organization, yet the competencies and their associated criteria can remain past the point of usefulness. The future-oriented framework offers utility when specific direction and goals can be specified. When a future strategic direction can be stated at an operational level, the employee competencies needed to make the plan possible can be specified. The person-based framework is most suitable in an organizational context of dynamic change. Due to market forces, technology changes, and other variables, an organization may find that the context of its work does not offer a stable basis for identifying employee competencies. The process of its work, however, may remain quite stable. Thus, the person competencies needed to work effectively in that environment may be a stable competency framework. Finally, the value-based approach offers utility when an organization wants to establish or emphasize core values. Translating these values into employee competencies and criteria operationalizes the values and makes them real throughout the organization.

It might be noted that a value-based approach, in particular, may not lead to competitive advantage. Organizations emphasizing core values may not, in the short-run, be primarily concerned with profit and competitive advantage ([Collins & Porras, 1994](#)). Driving values throughout the organization, however, may be seen as the means to achieving an effective organization. Thus, the overall model includes organizational effectiveness as a possible outcome associated with the employee competency frameworks.

Another issue to consider has to do with the use of employee competencies as criteria. [Table 2](#) identifies some of the major uses of each of the four types of competency criteria at the level of individual workers and at the level of work teams. At the individual level, job-based competencies would be useful for the assessment of the levels of relevant skills. The criteria could be used in the assessment and selection of job candidates, and could be used for assessing current workforce members for purposes such as training, development, placement, and so on. At a team level, the job-based competencies could be used to determine the skills needed for a balanced and fully functioning team.

Future-based competencies could be used at the individual level as signals of the direction of the organization. Workers could clearly see what would be expected of them in the future. Further,

Table 2 Competency uses as a function of type and level of application

Level	Job-based	Future-based	Person-based	Value-based
Individual	Person skills assessment	Direction and fit	Generic requirements	Process requirements and fit
Team	Team requirements	Team projects and required skill development	Development of roles	Team process effectiveness

they could assess the extent to which their skills and interests fit with the overall direction and specific competencies. At the team level, the future-based competencies would be useful for identifying team projects necessary for achieving the future strategic vision. For example, teams may need to focus on competency areas and derive plans for how the needed skills should be developed in the organization. The strategic competencies may also make clear to established teams areas in which their skills need to be developed.

Person-based competencies would offer very broad requirements that could drive recruitment and selection efforts. These generic requirements might specify broad cognitive abilities and/or general personality characteristics. At the team level, person-based competencies, depending on their breadth, might be useful for developing roles within the team structure. For example, one worker may best fit the role of technical expert, another the role of team facilitator, and another the role of concept person. Competencies at the role level may prove most useful for the establishment or development of effective teams.

Value-based competencies would be useful at the person level for identifying how work should be carried out. In addition to establishing process requirements, the value-based competencies would provide a means for workers and prospective workers to assess their fit with the organization. This is consistent with the increasingly popular person–organization fit model of selection. Person–organization fit assesses the congruence between individual and organizational values. At a team level, the value-based competencies would provide useful guidelines for how the team should carry out its work. The competencies could be used as explicit criteria for assessing the effectiveness of the team work process.

The alternative approaches to the development of competency models offer new avenues and direction for practice. For managers, the person- and value-based approaches offer important tools for the development of criteria. Further, these alternative competency approaches may capture critically important facets that the other approaches may miss. As a practical matter, the

alternative development approaches should not be viewed as mutually exclusive tools. For example, an organization may combine various approaches and use all of them across different parts of its operation, or the job-based approach might be supplemented with the value-based approach. Further, to the extent that jobs in an organization include both fixed and variable tasks, both job-based and person-based approaches may prove useful. There are many possibilities, and an organization that takes the time and effort to find the right framework for identifying and developing employee competencies will find the process worth the while.

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