

# 1 Competency Models

How to select for job specific competencies

## What are competencies and why are they important?

Competencies are abilities or attributes that are key to effective performance within a particular job. They demonstrate how a cluster of related knowledge, skills and abilities, along with personal attributes and tendencies, are applied in the context of specific job requirements.

More precisely, we define competencies as underlying, measurable characteristics of an individual that are reflected in observable behaviours<sup>1</sup>, which in turn drive successful performance in the workplace. They are the result of the abilities, attributes and tendencies that an individual possesses. When measured with accurate tools, such as the Talegent PATH personality questionnaire, competencies can distinguish between high and low performers in the workplace.<sup>2</sup>

## Difference between competencies, KSAs, and job analysis

KSAs, or knowledge, skills, and abilities, are a collection of specific learned capabilities that are acquired through practise or training and relate to carrying out a task well. These can include an employee's knowledge within a particular area, their skills, and their capacity to learn about a topic further.

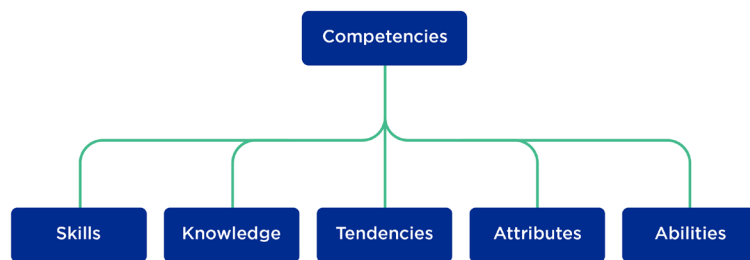


<sup>1</sup> Leigh et al., "Competency Assessment Models," 463-473.

<sup>2</sup> Rodriguez et al., "Developing Competency Models," 309-324.

The figure below illustrates the components that competencies often encompass.

Job analysis looks at *what* is required for the job and defines the position in relation to the tasks that are necessary to perform it. Competency models focus on how, by studying people who do the job well and defining the job by the characteristics and behaviours of these people.



Competency modelling can help distinguish between an organisation's top and bottom performers and show how proficiency of competency changes with position level.

### Review of competency models

Competency models are not without their critics and difficulties. Many issues have been raised concerning their validity, predictive ability, and general lack of empirical evidence to support each model. Competency models are sometimes argued to be too generic, or lacking evidence to support the choice of competencies within the model, often relying solely on face validity. Furthermore, they can often lack empirical data demonstrating a significant, positive relationship between the use of competency models and individual job performance or organisational success.<sup>3</sup> Psychologists have debated many of these issues among themselves in relation to competency models of leadership. Some purport that competency models are useless because they often assume:

<sup>3</sup> Markus et al., "Confounded by Competencies?" 117-126.

- A single set of characteristics adequately describes all effective leaders,
- Characteristics are independent of each other and the context,
- Having 'more' competencies makes a person a better leader (as opposed to having a combination of strengths and weaknesses)

As competency models are typically developed as bespoke for an organisation, there is no 'ideal' number of competencies. Research recommends the inclusion of 10 to 20 competencies, allowing models to be comprehensive and useful without being cumbersome or overwhelming.<sup>4</sup>

In response, other psychologists have stated that competency models have a long way to go, but are still a valuable resource for both individuals and organisations.<sup>5</sup> While not all models are well researched or developed, they were created to link to particular knowledge, skills, and abilities, which are well known to relate to individual performance and organisational success. They are also useful for self-development purposes and can help HR professionals to summarise a range of useful leadership behaviours which can then be used in selecting or developing new leaders.

From an organisational perspective, competencies are helpful because they allow senior management to openly communicate which behaviours are important, assess the performance of individuals, and link competencies to the strategic goals of the business. Additionally, they can provide an integrated model of behaviour that is relevant across many positions and leadership situations. It is concluded that while current competency models are far from being faultless, they still serve a variety of purposes for individuals and organisations. As with all scientific endeavours, they are continuously being improved upon by successive approximations, and can only stand to become more robust and valuable in the future

<sup>4</sup> Hollenbeck et al., "Theoretical and Practitioner Letters" 398-413.

<sup>5</sup> Hollenbeck et al., "Theoretical and Practitioner Letters" 398-413.

## **What is a competency model? How do you measure competencies?**

A competency model is an underlying construct framework that provides a rational, consistent and practical basis for the purpose of understanding people's behaviours at work and the likelihood of being able to succeed in specific roles and environments.

Psychometric assessments are useful to talent management professionals who focus on implementing strategic HR processes to help maximise the performance of an organisation's human capital. They are tied to measurable competencies that are designed to assess candidates' personality across a variety of domains. These assessments are capable of identifying how an individual is likely to conduct themselves in the workplace and recognises their strengths and weaknesses relative to a relevant population. Psychometric tools can effectively evaluate a variety of individual characteristics including sales potential, conscientiousness, cognitive ability, customer service potential, interpersonal effectiveness, and leadership ability, all of which have been proven to be essential for successful performance in a variety of jobs.

The Talegent competency model underpins all of Talegent's PATH personality assessments. The model informs the reports of the PATH personality questionnaire, providing a logical, practical, and consistent approach to describing candidates' results and effectively summarising the types of behaviours candidates are likely to display in the workplace. To do this, each competency is made up of scales from the PATH personality questionnaire which have been specifically selected to translate candidates' results into a series more meaningful and relevant messages. In some cases, these are combined with relevant cognitive results, so that the competency contains a blend of personality and cognitive components.

For example, an individual's scores on the PATH personality scales of Compliant, Reliable and Meticulous can be grouped together to give an overall picture of Adherence, one of the PATH competencies. In doing

so, the PATH Competency Framework can offer an advantageous indication of whether an individual is likely to succeed in a particular role.

The PATH assessments can be applied to roles with any number of applicants, whether you are shortlisting applicants for a leadership role position or narrowing down a pool of graduate applicants to find potential top performers.

Some of the primary uses of a competency model after recruitment is to support organisational change and development. This can include evaluating employees on skill sets and supporting their development of those that may be lacking. In using competency models, employers can accurately identify and measure which competencies an employee may need to develop. When managing changes in the organisation, such as promotions or restructures, organisations are able to ensure retention of key skills, and that peoples' capabilities and positions match.

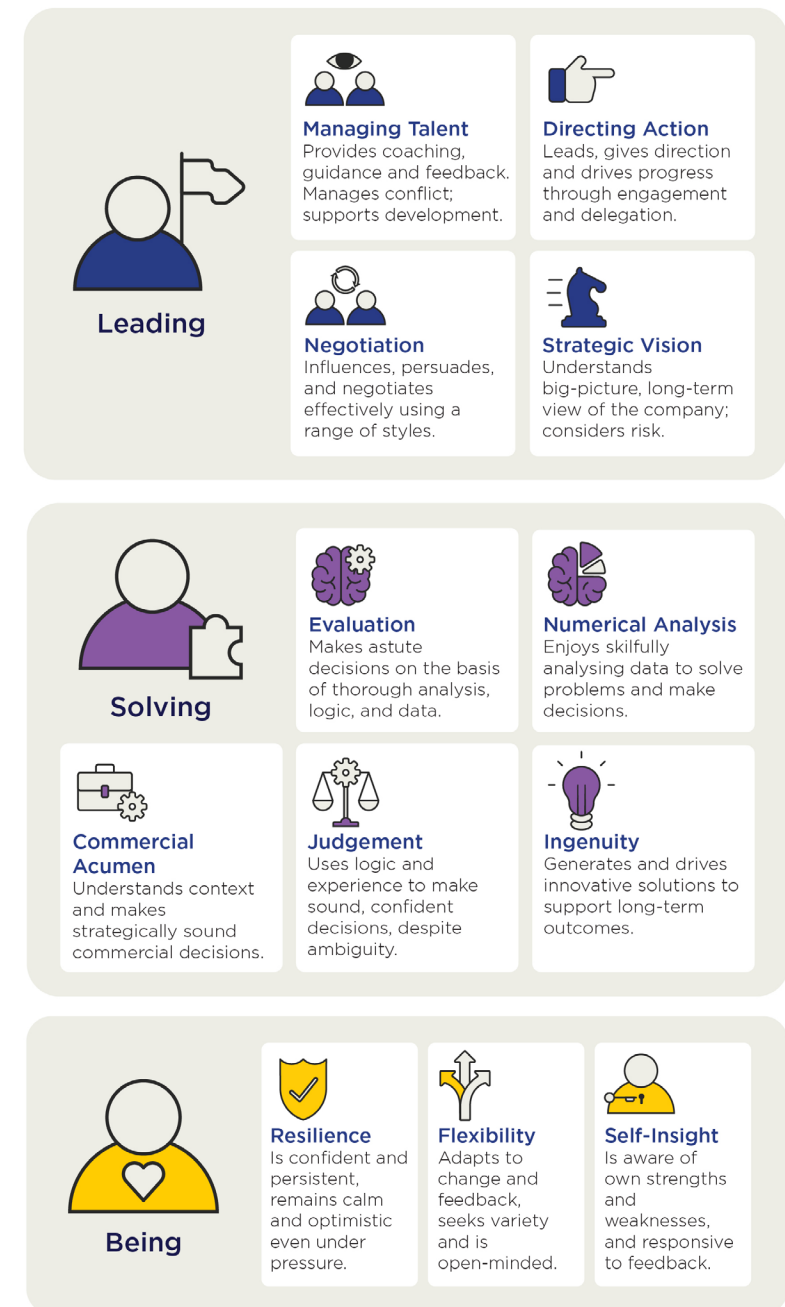
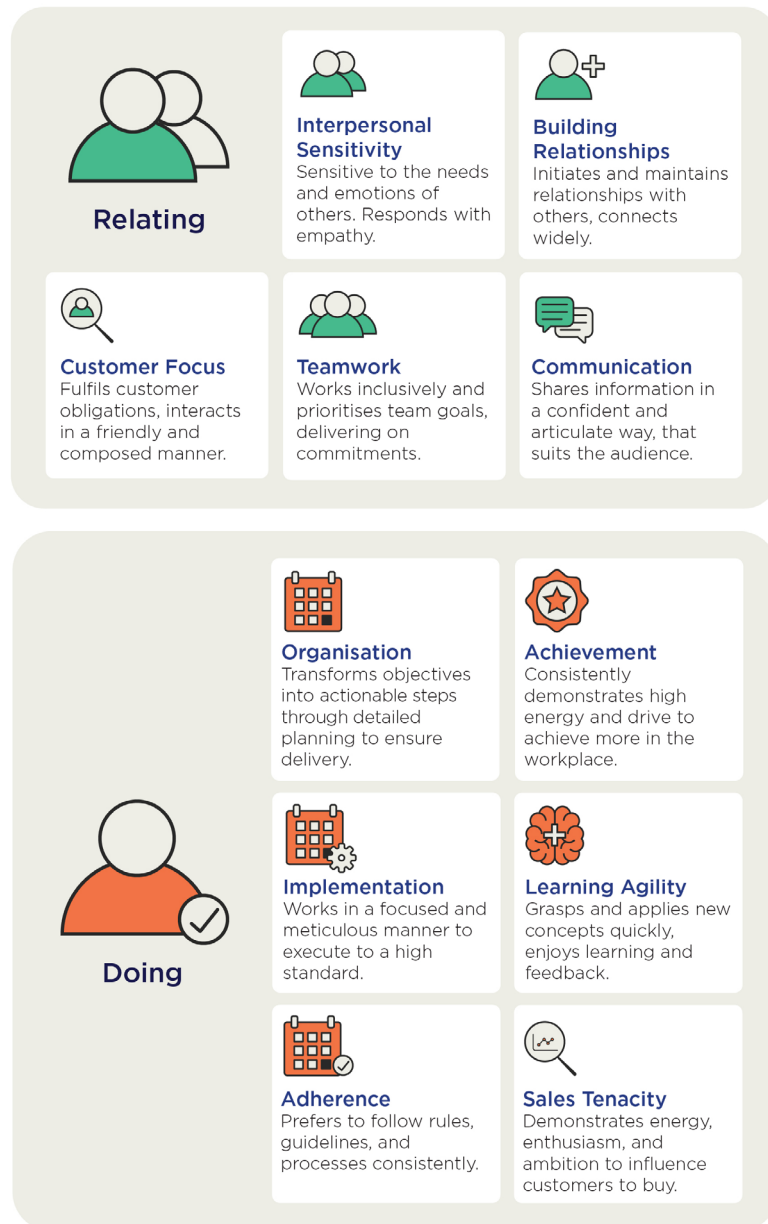
## **Key aspects of the competency model**

A usable competency model must contain observable and measurable competencies. The competencies need to be behaviourally anchored – focusing on behaviours and the 'how', rather than on actions and outcomes. A competency model should consider future-oriented job requirements and take into account the potential shifts in organisational vision, needs, and skill requirements. The chosen model should reflect the organisation; even if you do not have a tailored competency model, it is important that the one used reflects your organisation's culture. This can be done by adapting the language used, so that it relates to the organisational context and vernacular.

The PATH Competency Framework covers a comprehensive range of job-relevant competencies including previous models developed for our clients and models from other providers. There are five general clusters that cover 23 different competencies in an integrated model that can be applied across all levels and areas of an organisation.

This model brings together particular KSA's which are well known to relate to individual performance and organisational success, and

translates them into competencies that are relevant and meaningful to organisations. It allows senior management to openly communicate which organisational behaviours are essential and can be used to link leader behaviours to the strategic directions and goals of the business.



## Best practises in competency modelling

When using competency models, it is important to maintain best practise in order to collect and interpret the information gathered correctly.

To gather the correct information, the competencies need to be defined and linked to the organisation's goals and objectives. This way they can be easily tied to strategy and employee direction, this includes having a distinct label and detailed description. Competencies should also be defined at different levels of proficiency and can then be used to measure employees at all stages of the organisational hierarchy. When defined in terms of highly observable behaviours they can be used to motivate employees to develop skills and enable managers to assist in developing them.

Organisations should be measuring an appropriate number of competencies at the right level of detail. As each position is different, there is no ideal number of competencies to measure; however a smaller set of more specific competencies is better than a bigger amount that are only loosely defined. Using a competency library is a good starting point as it ensures all relevant competencies are considered.

## Why use competencies?

By measuring and developing competencies, organisations are better able to set effective and valid criteria for performance and encourage personal development. Employers can identify and train for any gaps in abilities and skills in current employees, developing them to the best of their abilities, and efficiently hire to fill any remaining skill gaps. Recruiting with competencies can help build the team and can also reduce hiring cost, time, and future training.

Competences can be linked to organisational objectives and strategy; this can improve an organisation's ability to turn their goals into productive employee behaviour. This can be done by measuring existing competencies to better match employees to projects that utilise and develop their strengths. It also helps to ensure the retention of essential staff when undergoing organisational changes.

Competencies can be applied across HR functions to align HR systems into a standard set across departments. By developing them from the top down, an organisation can more easily consider the current and future competency requirements needed to implement change in the organisation.

## Benefits and applications of a competency model

Competencies are helpful for management as they assist in communicating which behaviours are important for employees to maintain and can help assess individual performance. They can be used to link behaviours to the strategic directions and goals of an organisation, which helps provide an integrated model of leadership and behaviours that are relevant across the organisation.<sup>6</sup>

Competency models can help HR professionals to summarise a range of useful leadership behaviours which can then be used in selecting or developing new leaders. They are useful for all aspects of the employee lifecycle including selection, and professional self-development, performance appraisal and succession planning processes.

As competency models can be effectively tailored to specific briefs, such as for a particular job, position level, or industry; well-developed competency models are cost and time effective while producing a consistent and high-quality analysis for organisations.

Benefits of a competency-based approach include being able to identify behavioural standards of high performance. This helps in providing a specific assessment of strengths and areas for developmental, while also providing information on how to develop or enhance each area.

### For the company:

Competency models can streamline expectations for performance and provide a systematic approach towards professional development, which can increase the effectiveness of training and provide data on development.

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<sup>6</sup> Sanghi, *The Handbook of Competency Mapping*.

A competency model provides a common framework for how to communicate and reinforce corporate strategy, culture and vision. It provides common, organisation-wide standards for career levels that enable employees to move across business boundaries, offering common understanding and requirements of specific roles.

#### For managers:

Competency models provide more objective performance standards which help clarify performance expectations and foster open communication. A competency-based approach creates a base for more objective dialogues between managers and their direct reports or teams.

#### For training and recruitment:

By measuring specific competencies, employees can focus on the training needed to bridge any skill gaps they may have or build on the competencies they already possess. Long-term, employees will be more focused and will begin to perform to increased expectations.

Competency models can improve the accuracy and ease of hiring as employers are able to hire for the specific competencies that a position requires. When recruiting, competency models are the foundation of assessment centre design. As competencies are based on the behaviours a candidate possesses, and not the actions or outcomes of those behaviours, it is important to measure them correctly when recruiting.

Competency models function to create a productive work environment in which employees and managers are able to assess and develop their skills. Additionally, they allow employers to recruit candidates who best fit their organisation. When used correctly, these aspects can work together to increase job satisfaction and improve employee retention, stemming from an improved person-job fit.

### Key competencies for effective leadership

Leadership styles can vary between organisations and from person to person, but it remains one of the most important factors in running an organisation. There are vast differences in how well companies

execute basic tasks like setting targets and grooming talent, and those differences matter. Firms with strong leadership processes perform significantly better on high-level metrics such as productivity, profitability, growth, and longevity.<sup>7</sup>

Research findings suggest that managerial competencies are broadly similar in importance across cultural environments but can differ in response to the work environment.<sup>8</sup> Core management practices are essential when running a business and can't be taken for granted.

### Good Management Correlated with Strong Performance

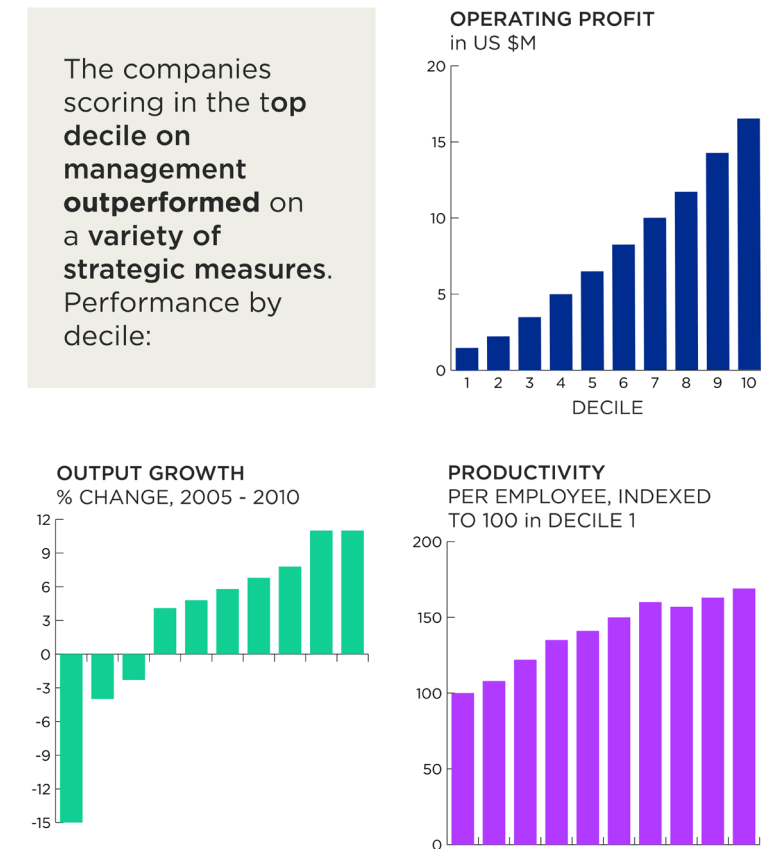


Figure 1. Good Management Correlated with Strong Performance<sup>9</sup>

<sup>7</sup> Sadun et al., "Why Do We Undervalue Competent Management?"

<sup>8</sup> Chong, "Managerial Competencies and Career Advancement," 345-353.

<sup>9</sup> Sadun et al., "Why Do We Undervalue Competent Management?"



As competency models are typically customised to an organisation, no empirical evidence exists to support many of the models in use by organisations today. Most models rely strongly on face validity, whereby the competencies that make up the model intuitively look and sound like they would be necessary for a particular role.

A study that investigated the existence of a broad set of competencies that exist across organisations in both British and Singaporean samples, found evidence of nine common competencies that could differentiate between high and low performance in management level professionals.<sup>10</sup> These competencies included: strategic perspective, analysis and judgment, planning and organising, managing staff, assertiveness and decisiveness, oral communication, energy and initiative, interpersonal sensitivity, and adaptability and resilience.

Similarly, a recent study asked 195 leaders in 15 countries over 30 global organisations to choose the 15 most important leadership competencies from a list of 74.<sup>11</sup> The competency groups that rose to the top were: strong ethics and safety, self-organisation, efficient learning, nurtures growth, and connection and belonging.

A well-organised leader will enable their workplace to run smoothly and encourage their employees to also build on their organisational skills. A leader with high ethical standards conveys a commitment to fairness, instilling confidence that both they and their employees will honour the rules. Similarly, when leaders clearly communicate their expectations, they avoid blindsiding people and ensure that everyone is on the same page.

Competencies associated with planning, organising and motivating others can be used to distinguish rapid career-advancing managers from those who stagnate, or experience slow-growing careers. Well-managed firms are more profitable, grow faster and are less likely to crash than organisations that lack managers with these key competencies.<sup>12</sup>

<sup>10</sup> Chong, “Managerial Competencies and Career Advancement,” 345-353.

<sup>11</sup> Giles, “Important Leadership Competencies”.

<sup>12</sup> Sadun et al., “Why Do We Undervalue Competent Management?”

## The Top 10 Leadership Competencies, Grouped Into Five Themes

When 195 global leaders were asked to rate 74 qualities, these rose to the top



Figure 2. The Top 10 Leadership Competencies, Grouped Into Five Themes<sup>13</sup>

## Competencies and Artificial Intelligence

Using artificially intelligent (AI) systems within HR, such as for recruiting, involves training the systems on massive data sets of candidate behaviour that are matched to previous hiring decisions or work performance. This training process brings human intelligence into systems that support recruiters' decision-making and enables them to focus on the more strategic elements of their roles. It is essential for AI technology to work alongside HR and recruiters and not to replace them<sup>14</sup>. In their recent Global Human Capital Trends Report, Deloitte found that leading companies are recognising that AI must be used to

<sup>13</sup> Giles, “Important Leadership Competencies”.

<sup>14</sup> Goldberg, Interview.

augment human decision-making, rather than replacing it<sup>15</sup>. Human oversight of AI systems is required to ensure that the AI system is performing optimally. By incorporating AI technology in this way, organisations are able to increase the speed and quality of human performance, rather than replace roles.

As competency models offer a standardised approach to determining the requirements for each job, they are critical to effectively leveraging AI. Using artificial intelligence systems requires a standardised way of measuring the requirements of any job, which competencies can help provide. To get the most from AI in HR, your competencies need to be<sup>16</sup>:

- Clearly defined
- Consistent across the business
- Differentiated by function, role, or level
- Updated at appropriate intervals
- Used to inform decision making in all areas of HR

### Competencies in AI recruitment

With the internet, the volumes of candidates applying for jobs has drastically increased, and the time expected to hear back has decreased. With this increased number of applications, it is practically impossible for recruiters to individually screen all the candidates for a given role in an objective way, let alone in a reasonable timeframe. This is an area that can be supplemented with online application systems and video interviewing, as well as with AI. Artificial Intelligence can be used to identify job requirements for specific positions, along with attributes that indicate a candidate is suited to a position. They can then rank candidates based on selection tools, for a final human decision.<sup>17</sup>

Assessing the soft skills and competencies required for the future can be difficult<sup>18</sup>, but with competency-based AI systems it can be made easier and more efficient.

<sup>15</sup> Deloitte, 2018 *Global Capital Trends*.

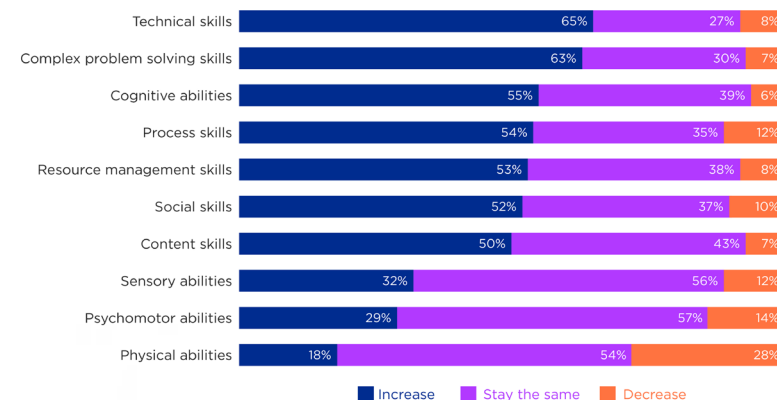
<sup>16</sup> Guenole et al., *Competencies in the AI Era*.

<sup>17</sup> Guenole et al., *Competencies in the AI Era*.

<sup>18</sup> Lobosco, "These 4 Ideas Are Shaping the Future"

### Measuring the competencies of tomorrow

A 2018 report by Deloitte<sup>19</sup>, which surveyed more than 11,000 HR professionals, found that as technology becomes more central to our work, organisations are increasing their focus on hiring for essential skills like complex problem solving, cognitive ability, and social skills. Hence it is crucial to assess these high demand skills in future talent.



n = 11,070  
Source: Deloitte Global Human Capital Trends survey, 2018.

Figure 3. Expected emphasis on workforce skills as AI/robotics are integrated.

The skills and abilities that will be important over the next decade have been an area of intense focus for organisations, governments, and special interest groups. Several reports from these groups have found that over the next decade the following skills will be increasingly crucial for work:

- Technical skills
- Cognitive ability
- Data analysis, interpretation, visualisation, and communication
- Interpersonal skills such as verbal and written communication and collaboration
- Complex problem solving
- Judgment and decision making
- Growth mindset and life-long self-directed learning

<sup>19</sup> Deloitte, 2018 *Global Capital Trends*.



The competencies of the future combine hard and soft skills such as technical ability, complex problem solving, and social skills. These can be difficult to measure using traditional assessments but are increasingly being measured through AI-powered assessments.

Competency models can improve the accuracy and ease of hiring by allowing employers to hire for the specific competencies that a position requires. By knowing which future skills and competencies are needed in the workforce, businesses can make sure they form part of candidate assessments, enabling them to hire for the future. A competency model creates a framework to promote key organisational strategies, providing an integrated model of leadership and behaviours that are relevant across the organisation. They are useful for all aspects of the employee lifecycle including selection, professional development, performance appraisal, and succession planning.

## Key Points

- Competencies turn drive successful performance in the workplace.
- The competencies of the future combine hard and soft skills such as technical ability, complex problem solving, and social skills.
- Competency models can improve the accuracy and ease of hiring by allowing employers to hire for the specific competencies that a position requires.
- These can be measured through AI-powered assessments.
- A competency model forms a framework to promote key organisational strategies and behaviours that are relevant across the organisation.

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