

# The Business Case for Competency Modeling

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## Why Competency Modeling?

More and more organizations are realizing the importance of building human resources tools and processes based on a common framework of what employees do in their jobs and the competencies required for success. Using an organization-wide competency model provides the alignment necessary to support and develop human capital, as well as promote a significant competitive advantage.

Competencies are collections of knowledge, skills, abilities and other characteristics such as motivations, values, interests and traits that are needed for effective performance. Two types of competencies are commonly used in organizations: Core Leadership Competencies and Functional Competencies. Core Leadership Competencies represent what is critical for effective performance across an entire organization, and Functional Competencies capture what else is important in a specific function or job family.

## Core Leadership Competencies

Core Leadership Competencies reflect the knowledge, skills and abilities valued by organizational leadership. The competencies reflect the culture, strategic vision and priorities of the organization. They typically include a definition and performance standards, which are specific and observable examples of behavior that cascade across multiple performance levels (e.g., Exceeds Expectations, Meets Expectations, Does Not Meet Expectations).

Core Leadership Competencies should be developed and validated in accordance with legal guidelines. First, interviews are conducted with leaders to gain an understanding of the organization's vision, successes, opportunity areas and anticipated changes. The information from the interviews is then used to develop a draft competency model, highlighting the key attributes (typically 7 to 12) valued by the organization. Next, leaders and/or employees refine the draft competencies in focus groups. In some cases, an online validation survey is created, administered, and analyzed to ensure that the competencies are job-related. Once the prior



steps are completed, the validated competencies are used in recruitment, assessment and selection, learning and development, performance management, workforce planning, and succession planning.

### **Functional Competencies**

Because every function or job family requires technical knowledge, skills and abilities for success, organizations develop and implement Functional Competencies to complement the Core Leadership Competencies. A Functional Competency also includes a definition and performance standards. In addition to performance standards, proficiency levels (e.g., novice, expert) may be used for developmental purposes. The proficiency levels provide employees with information to guide their advancement into higher-level positions within a given function.

Functional competencies are developed in a process similar to Core Leadership Competencies; however, the interviews and focus group participants are functional job experts and managers. Once developed, Functional Competencies are combined with the Core Leadership Competencies to define the full set of competencies that organizations use when they recruit for a specific position, assess candidates, onboard new hires, provide training and development opportunities, deliver performance feedback, and engage in succession planning activities.

### **Cascading Competencies**

Competency models should be relevant across multiple levels of employees. They can be cascaded by adjusting the definition and performance standards or proficiency levels to fit a specific level of employees. A competency written at a leadership level will include more strategic language, while a competency written at an entry level will include more basic language. The goal is for the language to build from level to level and thus create a clear, linear relationship across the hierarchy.

### **Legal Defensibility**

Because competencies serve as the foundation for human resource tools, they must comply with professional and legal guidelines. The Uniform Guidelines on Employee Selection Procedures, Standards for Educational and Psychological Tests, and Principles for the Validation and Use of Personnel Selection Procedures must be followed as competency models are developed and implemented. It is essential that competencies be linked to business strategy and goals, to ensure both usefulness and legal defensibility.

### **Integration and Alignment**

Well-developed, comprehensive competency models are extremely powerful when they serve as the foundation of an organization's human resources tools and practices. The integration of Core Leadership Competencies and Functional Competencies allows for alignment of these tools and practices. Not only will a consistent message be sent to employees about what the organization values, but employees will be recruited, selected, developed, promoted and rewarded based on the same set of standards regardless of where they sit in the organization.

Shared standards provide organizations with a flexible and dynamic foundation to leverage and support their competitive advantage.

### **Value Added**

As organizations seek to support and develop their human capital, Core Leadership Competencies and Functional Competencies offer an outlet to do so. Competencies provide organizations with the opportunity to align human resource tools and promote their competitive advantage in a legally defensible manner. The development, implementation and usage of competencies could make the difference in business success.

*For more information on legally defensible competencies, visit us at [www.APTMetrics.com](http://www.APTMetrics.com).*

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