



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-

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