Competence-based Operation in Human Processes of Companies

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SUMMARY

Since our environment is changing ceaselessly, and ever more dynamically, companies should also improve and develop steadily; they should become more efficient and more modern. Nowadays, a good product or service and a lean organization is not a guarantee of success. In this harsh competition continuous innovation is more and more important to change over and over again and thus develop our operation and the processes which create the value. In business processes the human factor has always been important; however, nowadays there is a growing amount of research about how to contribute to the more efficient operation of companies. The structural utilization of the competence research results and competence-based human resource management is a significant policy.
Keywords: innovation; process innovation; human resource management; competence management
*Journal of Economic Literature (JEL) code: O31*

INTRODUCTION

In the more and more growing economic competition only innovative, flexible, quickly responding companies which provide cheap but excellent quality can stay alive. In the last decades the significance of the human factor has been stressed by the world management press, emphasizing that human performance is the gage of all success. In the background of trends in business, the appraisement of human resources obviously exists within the whole operation structure of a company (Chikán 2000). The basic surmise of human resource management is that human beings are the social capital, a valuable factor which is able to develop, and this is definitely a determinative factor in achieving competitive edges. By now the economic environment of companies has essentially been re-arranged. Only those companies can stay alive which are able to renew continuously and are ready to change. (Deák, 2005.) So obviously a companies' conformation to the successful market events mainly depends on the efficient management of its human resources (Kotter 1999).

ROLE OF HUMAN RESOURCE IN VALUE CREATING PROCESSES OF COMPANIES

Process management as a style of living has infiltrated business life. When in the 1990s several experts (e.g. Hammer and Champy 1993) introduced these expressions, the process-based approach of organizational operation was a controversial

novelty; however, currently it is applied routinely all over the world. There are just a few directors who cast doubts on the idea that the efficient management of processes and the reconstruction of business processes can enhance the performance extremely, enabling the organizations to provide higher value to the customers. Considering all the industries, the most different sized companies achieved extreme improvement in expenses, quality, speed, and ability to produce profit and in other key factors, so as to concentrate on customer service and internal processes, what were checked and re-arranged.

If Enterprise Resource Planning (ERP) is completed with the tools of process management, the daily operation becomes smoother and smoother, with fewer and fewer mistakes, to be fulfilled more and more efficiently. (Hammer and Champy 1993).
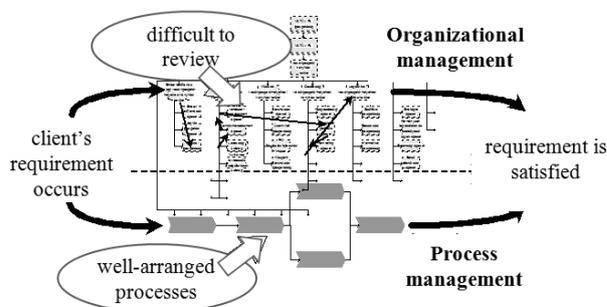
(on the basis of IDS Scheer in Innovation management research and practice)

Figure 1. Traditional (function-based) and Process-Oriented Approach

The process is how the company evolves and transmits the value to the clients, even if it is not acknowledged by the company. As illustrated in Figure 1, in the traditional, functional organizations the processes are invisible, disrupted, anonymous and almost unmanaged. They show examples of inevitably bad performance. Contrarily, the advantage of the process-based approach (Tenner and DeToro 1998) is to increase value by transforming inputs into outputs (into benefits or services) with continuous combinations of people, methods and tools.

According to a different analysis of business processes, there are three process types which are bound up with each other (Dobák, 1999.):

Management processes: showing the way to the other processes. The knowledge-based processes are based on the experience of human experts; they require creativity, research and analytic ability.

Core processes: producing outputs (value) from inputs for the external customers. These are relatively stable, re-accomplished operations which can be standardized. Among them there are primary, so-called key/primary processes considering the business aims.

Supporting processes: supporting one or more other processes, usually with indirect input service. For instance, such activities which should be executed to ensure the infrastructural background and to serve the basic activity.

Figure 2 demonstrates a general business process model with examples of process categories.
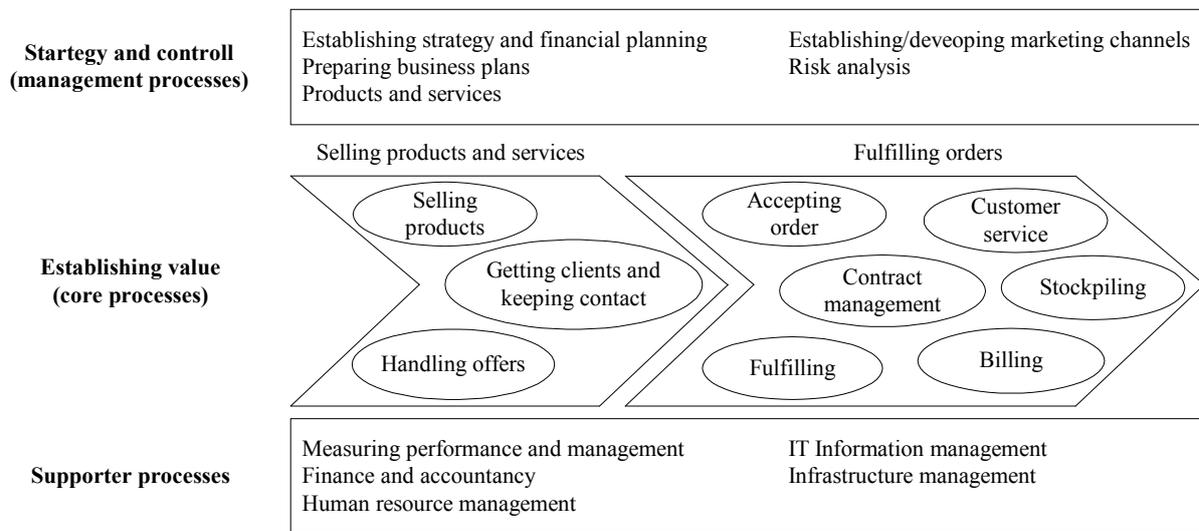
Source: Bálint, Á. in Innovation management research and practice

Figure 2. General Business Process Model

The role of human being has never been negligible in the value-making processes; however, nowadays it is becoming the basis of competitive benefits, as even the most developed technology will not be able to respond to the constant changes, and the technologies become out-of-date one after the other (Tenner and DeToro 1998).

Many companies which were waiting for a miracle to solve their business problems by these process-approached changes had to confess that the process-based change is hard. Contrary to the widespread theories, creating new business processes is more than reorganizing the work processes - who does which tasks, where and in which order. To activate the new processes, the process approach should appear at the companies also regarding the human resource management. They should find a staff with appropriate competencies, the scope of activities should be defined more clearly, more enhanced and targeted training is needed to support the scope of activities. Furthermore, the decision-making should be ensured for the staff in the forefront of company, and it is also necessary to reorganize the bonus systems; the processes and the results should be in the limelight. Accordingly, as a part of the business

process innovation, it is essential to audit the human processes well and to manage them consciously.

If these all would not be enough, companies should re-arrange their organizational culture by focusing on teamwork, personal responsibility, and the importance of the customer. They have to re-define the roles and responsibilities in such a way that the managers should not see the activities but the processes, and they should not control people but develop them. Moreover, the information system has to be re-arranged in such a way that they should promote the smooth operation between functions, and they should not support only certain department. (Hammer and Champy 1993).

APPEARANCE OF COMPETENCE RESEARCHES

Competence is a more and more often mentioned definition, a tool, a brick of the knowledge-based economy that is the acquaintance with something, the ability to do something and the willingness to do it, jointly. It is the rest of the new capital, the intellectual capital. However, we can speak about

organizational competencies as well, that is something which is done better by the organization than by its rivals; after all, it is related to the human being (Davenport and Prusak 2001).

Competence research can be dated back to the '60s. Industrial psychologists have always been interested in finding the factors which can predict the excellence in the most authentic way, and in finding the best employee for a company, and in getting back its investments in man-power development. With entrants to the labour market companies mainly relied on school certificates; however, these did not always show an obvious correlation with excellent performance. Success at school did not lead automatically to excellent performance at work. They thought that behaviour would be the clue, so the candidates were put through never-ending personality tests. However, these too proved not to be make reliable predictions.

Later several researchers tried to solve the problem. McCelland, a professor of Harvard University, established competence research and the basis of preparing models. He inverted the question: What is the thing that the best ones (in performance) are better at than the average performing ones?

THE RELATIONSHIP BETWEEN COMPETENCE MANAGEMENT AND HUMAN RESOURCE MANAGEMENT (HRM), FIELDS OF APPLICATION

There are several definitions for the word 'competence' even in human field. To define it more precisely, in Table 1 I review some of the definitions of 'competence':

Table 1
Definitions of Competence

Author	Definition
American Management Association	'The individual's generalizable knowledge, motivations, inmost personalities, social roles, or skills and abilities are the ones, which can be connected to the outstanding performance in a position.'
C. Woodruffe	'A set of behaviour, which should be used by the person in the position to comply with the scopes of activities and functions well.'
G.O. Klemp and D.C. McClelland	'The excellently performed people's personality, actually the individual's feature, which is essential to achieve efficient performance in a certain scope of work or position.'
R.E. Boyatzis	'The personality resulting in the individual's efficient and/or outstanding performance in a position.'
L.M. Spencer and S.M. Spencer	'The personality, which has cause and effect relationship with efficient and/or outstanding performance in a position or situation defined by previous criteria.'
R.E. Quinn	'The necessary knowledge and ability to fulfil a certain duty or role.'

Source: On the basis of Boyatzis (1982), p21; Klemp and McClelland (1986), p32, p6; Spencer and Spencer (1993), p9; Woodruffe (1993), p29.

The common feature of these definitions is that the experts consider competences as a set of features which can describe a kind of behaviour or manner, and they are usually combined with the features needed to achieve outstanding performance. The competences divide the values and goals considered important by the specific organization into behaviours, thereby they contribute to accomplish business purposes as they enable deeper insight for the employees. In the so-called competence dictionaries you can find the skills and abilities defined with patterns of manner and behaviour, which answer how to achieve the performance goals.

POSSIBILITIES FOR PRACTICAL APPLICATION OF COMPETENCES IN THE COMPANIES' HUMAN PROCESSES

The use of competences has an appreciable influence on the successful operation of an organization. In practice the qualifications – including competencies – can be sorted into a dictionary. On the one hand its elements can be assigned to the employees, whereby the so-called individual (employee) profiles can be compiled. On the other hand the competences in the dictionary can be assigned to the scopes of activities, whereby the so-called job requirement profiles can be complied. The most essential function of the system is to compare the individual and the job requirement profiles, which is the basis of almost every human action or plan (e.g. selection, training, career planning, succession planning, etc.).

Measuring competences and applying business competence models can be beneficial in several areas of business human processes (Figure 3.).

(Henzi and Zöllei 2007)

Figure 3. Connection Between Competence Management and Human Resource Management

On the basis of competence the scope of work can be analysed and evaluated, and thereby a competence-based basic wage system can be evolved. In the competence-based human system the individual employee performance evaluation system can also be established. These all represent the extensive applicability of the new human management techniques. The organization that directs its steps towards

establishing competence management can apply the well-defined competences in the human subsystems to be developed. (Goleman, 1981.) Therefore a common terminology and a common set of interpretation based on it are ensured for both the employees and the managers.

In practice there are several competence models. You can find significant intuitive differences in competence research, mainly concerning the orientation and methods of studies. I focus here on two completely different methods. Their short description can be found in Table 2.

Table 2
The Different Approaches of Competence Research
Based on Martin and Staines (1994)

	"Income" Approach	"Outcome" Approach
In the focus	personal features, e.g. power, motivation, which are or should be accomplished by the individuals	MCI standards, fields of competence or competences
Representatives	e.g. McBer	Management Charta Initiative
Orientation	person-oriented	task-oriented
Definitions	competences = person-oriented varieties, which are used by the individuals during their work	fields of competence = task-oriented results, which are related to the efficient work performance
Identification and evaluation	psychometric evaluation, expert's report, testing and examination	Analysis of function, survey, evaluation during work

In general the competence model (Freudenberg, 2004.) systematically approaches to each other the identified and the weighted competences (how), which enable goals to be achieved (what). All models can concern three levels: the whole organization (which can appear in strategic resource planning and in change management), the scope of activities (which can manifest in scope of work planning and in management), and the individual (which can be developed as a career plan).

In the last years the incursion of competence-based approaches entailed the appearance of the more and more accretive competence models. Based on Berryman (2000) the competence model describes the special combination of knowledge, abilities and features that are necessary for efficient performance. The models can function as an applicable tool in selection, training, development, evaluation and planning. Their benefit affects several fields of the organization, which is a problem for many employers. The primary aim of the competence model is to be able to predict further outstanding performance on the basis of it. Such models can be prepared for groups of organizations, for whole organizations, organizational levels, or sets of scopes of work.

According to Kleins (2004) the following should prevail for the competences within competence models:

Combined with behaviour

On the basis of observing the behaviour of the staff, competences are used to mark a set of behaviour. In this way HOW? is more important than WHAT?.

Observable

Only the *observable* patterns can be used. The hidden features (honesty, belief, maturity) cannot.

User-friendly

The language used by the competences should be clear, should use universally accepted definitions, and should reflect the culture of the certain company, enabling the employees to identify with the firm and to increase the proprietary feeling.

Planning

The competence model has future relation as well. You should keep in mind the changes in the organization's needs, otherwise it can become useless soon.

Separate

The occurrence of the same behaviour pattern under several designations can evoke doubt in the evaluators. Therefore it is important to eliminate overlap, and to be able to discriminate among the classes properly.

The following table reviews the advantages and disadvantages of applying competence models for a company.

Table 3
Advantages and Disadvantages of
Applying Competence Models (Henzi and Zöllei 2007)

Advantages	Disadvantages
Promotes change in culture	It is expensive and time-consuming to develop
Directly connects to the strategy	Its introduction needs to have thorough preparation
The utter accomplishment of the company strategy	
Common language	
Efficient support of managerial work	
Collects user-friendly information by IT support, the model is easy to apply	
Can be accomplished at any fields of HRM	
Cost-effective	
Enables comprehensive comparison	
Development-oriented among the employees	
Concentrates on the main behaviour detachedly	

In conclusion we can say that the competences have an influence on every field of human resource management. Companies can increase their efficiency by focusing on their human processes, and establishing specific business competence model, thereby enabling to companies match their human resources with the human resource needs, as there has always been and will always be a shortage of creative, communicative staff, who are able to identify with the organizational goals, to adapt changes easily, and to know the way about the information.

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