

The Development Of Competencies To Articulate Values.

Introduction

The purpose of the paper is to:

1. Describe the theory behind the use of Values in organisations;
2. Describe the theory behind the development of Competencies for individuals in organisation;
3. Describe how these two theories can be combined to develop Values based Competencies for an organisation; and
4. To provide an example if an organisation where this has been done successfully.

A lot of organisations have developed competencies for positions which have tended to focus on the technical aspects of the jobs. There is a significant amount of literature available now which suggests that an organisations “best” people, from a technical perspective will leave the organisation if their values are in conflict with those of their employer. This basic conflict, at a personal values level, causes stress for the employee, loss of production, industrial accidents, industrial sabotage, and eventually disengagement through resignations or forced termination. None of which an organisation let alone an individual wants to have happen to them.

This paper suggests a way in which this can be addressed quickly and effectively and allow people to make much more reasoned decisions about whether the organisation is a place they want to work in at the beginning of any engagement. People who choose to buy into the organisation do so because they see that the organisation demonstrates the same values as they do. The base level stressor identified above no longer exists and the relationship between the employer and employee is significantly improved. A winning outcome for both parties.

A note of caution should be sounded here however. If the organisation says that these are its values and then senior management does not behave in a manner which is congruent with these, the outcome listed above will be significantly worse than if they had not identified their competencies in the first place. In this situation the organisation would have been better to, “remain silent and be thought a poor employer, than to open their mouths and remove all doubt” to paraphrase an of use homily.

Why base an organisation on values?

Traditionally values statements are statements about what an organisation wants to value, or what it think it should value, or even how they would like others to view them. Unfortunately it is only an accident if they actually state what the real values of the organisation are in their corporate plans. It is an even bigger accident if Senior Managers actually happen to model them.

There is, however, a considerable body of research which supports the of building organisations of excellence based on commonly held values (Hall, 1995). This research also is clear that unless there is a clear understanding of what those values are, and in particular how others would recognise when those values were being demonstrated by others, and that they are consistently modelled by those people who hold institutional power, those values will indeed be worthless platitudes written on pieces of paper.

Congruence between the stated values and the behaviour of the Senior Managers of the organisation is the key to a successful values driven culture. If people know exactly what to expect from the others in the organisation and then choose to work there it is likely that they will share the values of those others already in the organisation. In this case they are unlikely to ever be put into a position by the organisation where they are required to do something that conflicts with their basic beliefs. This means in turn that they are likely to be more able to focus on their work with those unnecessary stressors being removed.

What are values?

Values are the priorities we live our life by. They are the very basic things which underpin our entire behaviour. Our foundation (core) values are the values we learnt as being truisms as a child. The reason we learned them is that they gave us meaning to our lives, they were the things which motivated us. They are specific to us as an individual but can be the same as other people. Others can have some insight into our values by observing the way we behave.

Behaviours (Competencies) are the things we do as individuals and as part of a group. They are the window to the world of our values. We will generally behave in a manner dictated by those values we hold to be important. These are therefore individual, but can also be shared with others in a group. If we do not share values then we will behave differently from each other. If we do share values and we belong to the same organisation, those values will determine the corporate culture of that organisation.

Culture is “the way we do things here”. It belongs to a group of people and exists within defined boundaries i.e. family, organisation, ethnic group, or country. Corporate Culture is about the way the organisation as a group behaves. The organisation’s behaviour is defined by the way the majority of the people in the organisation behave.

Organisational Culture

Organisational Culture can be analysed at 3 different levels: Visible Artefacts, Values, and Underlying Assumptions

Visible Artefacts (Corporate Culture)

These comprise the constructed environment of the organisation. Architecture, technology, office layout, dress codes, visible or audible behaviour patterns, public documents such as corporate plans etc., and employee orientation materials. At this level data is easy to obtain but is sometimes difficult to interpret. The how and what questions about the organisation are easy to answer and may have been done in

Corporate Culture surveys and Stakeholder Surveys undertaken, but **why** the organisation behaves the way it does is more difficult. This is not answered, nor can it be in the surveys conducted by organisations in the past. The why is about their values.

Values

To determine why they behave the way they do, it is necessary to seek out our values. Values govern the way individuals, and therefore collectively the organisation as an organisation, behaves. Traditionally in organisations this has been done by talking to key senior managers of an organisation, or by analysing things such as corporate plans and mission and values statements. The disadvantage of this approach is that what is defined is the espoused values of the organisation, those values they would like to have, or believe they should have, rather than the values they actually have. For this reason the underlying motives for the behaviour remains concealed.

Underlying assumptions

To have a real understanding of Corporate Culture and to ascertain the organisation's Values and overt behaviour it is important that they ascertain the underlying assumptions these are based on. These determine the way people as individuals, and the Senior Management Team as a group, perceive, think and feel. These assumptions by the individuals and the group evolve over time as learned responses that stem from patterns of espoused values (Hall, 1995);

- as a particular pattern leads to a behaviour, and
- as that behaviour begins to solve problems or reduce anxiety, that caused the pattern to emerge in the first place, then
- the assumptions behind the pattern of values is gradually internalised as an underlying assumption about how things really are.

As the assumption is increasingly taken for granted as being correct, it drops out of awareness and becomes sub-conscious.

In any group where there is a hierarchical structure, the values of the organisation, the way that organisation behaves the way it does, is a reflection of the cumulative values of the individual or individuals who exercise power in the structure. Senior Managers in the organisation. They are the ones who determine how the organisation is going to behave. For this reason to really develop the organisation's culture they need to first identify underlying assumptions which operated within the Senior Management Team and then to change these patterns of behaviour to reflect behaviour related to the values the organisation wishes to build itself as an organisation upon..

This identification can be done using a validated instrument.

The Case Study

The tool, the Hall-Tonna Inventory of Values, was administered to a Senior Management Team and the result indicated that the shared values of the team would lead them to *“talk as if it is participative but its behaviour will tend to be maternalistic or paternalistic, listening to others in a caring way but not taking what*

they say to seriously. Ultimately leadership will find it more difficult to delegate and will make decisions in an authoritarian way while expecting others to be loyal and respectful”.

The next step

This result was obviously not expected nor did it fit with the sort of statements they were making about “empowerment” and “teamwork” at the time.

As a result of a very public challenge at an all staff meeting, for the organisation to develop a set of values which everyone could understand and “buy into”, a small group of 6 people was charged with that task.

The process

After an initial meeting the group knew that to have the desired level of commitment to the values being developed, everyone in the organisation needed to be able to have their say. To do this a number of small hui (meetings) were held in head office and the group went out to meet with Regional staff in their “cluster group” meetings.

The process followed to collect the information was as follows. Staff were asked to simply think of words which they believed reflected the values the organisation should aspire to. These were listed on a board and typically there would have been between 30 and 50+ words listed by each group.

Each participant then had the opportunity to weight their relative importance by the simple expedient of ticking the four that they personally believed were critical. This often meant that they would choose words that others had suggested which indicated that they were being objective and critical during this phase.

The list (top scoring at the top and lowest at the bottom) was then put onto the board.

It was critical to the exercise that when a values word was to be used in the organisation everyone had a common understanding of what this meant. This meant that the groups had to develop a commonly held set of indicators, behaviours (competencies) which they would know would indicate that the individual was displaying those important values. This meant that if the word “honesty” was given a high priority, the group would then have to agree on how they would know that an individual was displaying the value of “honesty”.

The only way one person could do this to another was through observing some measurable behaviour. For example the Virtues Group which has developed values for schools, have statements which they call signs of success. For honesty they say that *“I am being honest when I say what I mean and mean what I say, make promises I can keep, admit my mistakes, refuse to cheat lie or steal, tell the truth tactfully, and am true to myself and do what I know is right”*. These sort of measures remove any possible ambiguity from the word honesty, it is described contextually in that it states that within the context of our (corporate, school etc.) culture “honesty” is about doing these things, behaving in this way.

Once they had agreement on the highest priority words they looked to group the behaviours which would reflect them and this was sent out again to all staff to comment on. Final adjustments were made and then the overarching whakataukī (proverbs) were applied to capture the essence of the value within te reo Māori

without resorting to a direct translation which was considered to remove a lot of the finer meaning of the value which was captured within the whakataukī itself.

Again the suggestions were circulated and received very positive comment from staff. They were then printed and signed by each of the Members of the Senior Management Team of the organisation to ratify their individual commitment to them.

What has happened since then?

There have been a number of initiatives being developed using the agreed values statements and the behaviours (competencies) associated with them. They have been:

- The development of a Job Description template which moves from the traditional competencies used in the organisation for the last 4 years to those which relate specifically to the agreed values.
- The development of a new 360 degree performance review system for all staff so that everyone will be able to get constructive feedback on how others see them behaving against the competencies which relate to the agreed values. This is particularly important if the organisation is serious about changing “the way we do things around here” (our culture) to that which reflects our agreed values.
- Negotiations have been started about producing a poster which will reinforce the organisations (senior management’s) commitment to the values and the associated behaviours (competencies) which relate to them.

Shifting the culture of the organisation, which is exactly what they are doing in the exercise, is a long and difficult process, but they believe the potential gains are worth the time and investment they are making to it.

Why (behaviours) Competencies?

Contrary to the perceptions of many people, competencies are not a new concept. Competency-based human resource practices have been in use for decades, but principally as assessment and development tools. Only in the recent past have competencies emerged as a broad-based human resource tool for many organisations.

In a Mercer (Gaugler & Thornton, 1989), a consulting company in the United States, survey of 3,000 firms, 12% reported having a competency-based performance assessment process. While this may overstate the true prevalence of these systems, more and more organisations like AETNA, Holiday Inn, Monsanto, and Salomon Brothers have developed and implemented competency-based practices over the past decade. Competencies are seen by some organisations as the answer to a problem, how to effectively manage and motivate employees in a new work environment characterised by:

- greater focus on integration and improvement of work processes
- increased demands on people to acquire and demonstrate new behaviours and skills
- a reduction in the number of traditional jobs and the elimination of career paths and ladders

- an increased focus on teamwork and team performance
- a focus on the organisation's people as the source of competitive advantage.

According to Mercer, organisations report that the competency-based systems they have put in place have:

- *Raised the performance bar.* Because competencies are based on the behaviours that distinguish excellent performers, the goals set for individuals are higher than before. This increases everyone's performance level. Where these are applied to values this has meant that more people are likely to display the behaviours associated with the values, more often and therefore build the culture of the organisation on the desired values.
- *Helped align individual behaviour with business strategies.* Organisations that are relentless in linking their competency models to the organisation's strategic values report that individuals' actual behaviours are better aligned with these values. Just as important, individuals see this linkage. It is an important motivator for people to be able to clearly see how their behaviour is clearly linked to the organisation's business strategies.
- *Provided a new employer-employee contract.* Gone are the days when employees are promised job security and fair pay in exchange for loyalty and a fair day's work. Many organisations are looking to replace this old contract with a new one, one in which the organisation provides individuals with the opportunity to develop and use new skills and knowledge in exchange for their loyalty and labour. For these organisations, competency-based human resource systems provide a vehicle for assessing needs and developing the necessary competencies. Where the competencies are linked to values the relationship between the organisation and the employee becomes much more explicit and employees can make reasoned choices about whether to work for the organisation or not. This dramatically reduces the problem of "bad fit" between the organisation and the individual and therefore staff turnover.
- *Changed the measure of success.* For organisations looking to de-emphasise "ladder-climbing" and title acquisition, competencies have introduced a new way to measure success. While broad-banding tends to de-emphasise titles and levels, it fails to offer a replacement for them. Competencies can provide a substitute measure or indicator of an individual's growth and performance success.
- *Provided a spark for creating a culture of learning.* Many organisations believe that competencies enable them to sustain a culture where people want to learn and develop. Competencies can help clearly identify a road map for success, provide tools for self-development, and reward employees when they acquire and demonstrate the mastery of relevant behaviours.

What are competencies?

While competencies have become a mainstream concept, there is much confusion about how to define them (Boam & Sparrow 1992). Current definitions run the gamut from the key capabilities of an entire organisation to job knowledge or technical performance criteria of an individual. The basic definition of competencies has however remained relatively unchanged for the past 25 years. Competencies are those **behaviours** that excellent performers exhibit much more consistently than average performers. When applied to values they are those behaviours that distinguish excellent performance against the desired value.

In defining what competencies are, it is also important to understand what competencies are not. Competencies are not a psychological construct. For example, there is no single behaviour that could be termed “Honesty.” The value called “Honesty” is a grouping of behaviours (competencies) that, taken together, and in the context of their job, describe how an employee demonstrates honesty through behaviour on the job. Competencies, therefore, are a collection of observable behaviours that require no inference, assumption or interpretation on the part of the observer. Further, the act that they are observable means that they are also observable. The statements, typically referred to as “behavioural indicators”, are grouped according to a central message or theme, which becomes the title of the competency. Most competencies are presented in the form of a model, or grouping of competencies to represent excellence in a particular work context.

Some organisations, competencies typically exclude “baseline” behaviours, those behaviours that are common to average and excellent performers. The overriding reason for excluding base-line behaviours is to maintain a focus on excellence. The organisations which use this approach often refer to their competencies as “Key” or “Core” competencies (Guptara, 1988).

Are they skills or traits?

Most human resource professionals agree that competencies are behaviours demonstrated by excellent performers (Boam & Sparrow 1992). But there is some debate over the attributes underlying these behaviours. Some professionals believe that only behaviours related to an individual’s skill and knowledge should be considered competencies.

They argue that, since these types of behaviours are the only ones that can be learned and developed, they alone should be defined as competencies. Other professionals believe that such a definition is too limiting, and that behaviours related to intrinsic factors such as traits, attitudes and motives (values) should be included. These experts argue that, while it is true that these values driven behaviours are more difficult to learn and develop, they do distinguish excellent performance and one can hire and train for them. Both sides in this debate have merit. However, an organisation’s approach should be influenced most by how the organisation plans to apply competencies. This paper argues that the nature of today’s organisations are such that although it is more difficult to learn and develop values based competencies, these are the key to business success.

Organisations utilising competency-based human resource systems are trying to drive excellent, not average, performance. Thus identifying “baseline” behaviours runs the

risk of encouraging average performance or, at a minimum, wasting development time on behaviours that most members of the work force are already exhibiting. Competencies are important because they provide employees with a road map of the kinds of behaviours that will result in excellent performance. How employees do their jobs now represents the competitive edge for organisations in all industries. Excellent customer service and total quality performance can happen only when attention is paid to how employees carry out their tasks. When organisations know the competencies required for excellent performance in that organisation, they can select and develop employees to perform at that level. And when employees are performing at an optimum level, the overall performance of the organisation is maximised.

How do you develop them?

Regardless of the competency model being created, the development process is generally the same.

- *Step 1* – It all begins with clarification of the business strategy, short- and long-term competitive challenges, and the desired culture for the organisation. At this point, it is particularly important to specify how the competency model will be used (e.g., selection, performance management, career development, training). One must also identify and plan for the parameters that the model and its applications will need to meet. These may include EEO guidelines (especially for selection and performance appraisal), meeting the requirements of the Joint Commission on the Accreditation of Healthcare Organisations (especially for competency-based performance appraisals and job descriptions), etc.
- *Step 2* Gathering Data for Models. The primary difference in how the model-building process is executed lies in how data about success factors are gathered. In general, there are five approaches to gathering data. They vary by:
 - *efficiency* – the resources required to build the models
 - *buy-in* – the broadbased acceptance achieved
 - *validity* – the degree to which the models reflect behaviours actually demonstrated by exceptional performers in the organisation. Each of these approaches is described below.

Behavioural Event Interviews

- This is the approach most frequently associated with building competency models. It generally involves interviewing excellent performers (and sometimes a matched group of average performers) and soliciting success stories. The goal of these interviews is to identify those behaviours that were critical to attaining a successful outcome. By interviewing a large-enough sample of successful performers and comparing their success stories to individuals who are less successful, one can identify key themes and groups of behaviours that support excellent performance.

Other Individual Interview Techniques.

- In some instances, eliciting specific behavioural events from top performers requires too many resources to make it worthwhile. In other situations, the pace of change in an organisation makes “past success” of limited relevance to defining current or future success factors. In these situations, organisations often use key management or stakeholder interviews to get input on successful behaviour. Another alternative is to conduct benchmarking interviews with representatives from selected competitors or companies with proven success in confronting similar work challenges.

Focus Groups.

- With this approach, individuals who know a job, function, or the organisation are asked to identify competencies that are common among successful performers (and perhaps average performers) or to outline critical incidents or events where successful performance was exhibited. Focus groups provide for broader organisational input than interviews, and can focus more effectively on future-oriented success factors.

Surveys.

- Another alternative is to query stakeholders or other knowledgeable individuals with a written survey. A list of behaviours is distributed with instructions. Respondents indicate the degree to which they believe each behaviour distinguishes excellent performance within the organisation. They may also make any revisions to the model they think appropriate.

Expert Databases.

- A final approach is to use expert knowledge from previously developed models. By indicating the job and/or performance expected, organisations can now access databases and identify competencies demonstrated as important in other organisations with similar work environments.

In practice, few organisations rely solely on one approach. Most organisations use a combination of approaches to strike the proper balance of validity, efficiency, and buy-in.

Some applications of competency models require that the behavioural indicators be listed in a deliberate sequence called “scaling.” There are currently two very different approaches to scaling the competencies (Jacobs, 1989). One is the **Behaviourally Anchored Rating Scale**. With this approach, each competency is described behaviourally along a continuum from low to high. Each point along the continuum has a separate behavioural descriptor. The rater identifies the individual’s level of competence by selecting the behavioural descriptor that best represents the individual’s actual behaviour. In practice, most scales have from four to six levels since it is often extremely difficult to reliably distinguish more than six discrete levels of performance within a competency. In certain cases where rating on some

continuum is important (e.g., in making pay decisions), this approach is extremely useful because it provides a relatively objective anchor for the rating. However, it is often less effective as a developmental tool since it provides only a single behaviour at any one level to guide performance improvement. Where organisations provide multiple behavioural anchors at each level of the competency, it may be “overkill” as a developmental tool since this type of scale is more difficult and time-consuming to create.

The other is the **Conventional Rating Scale**. An alternative approach is to develop a list of behaviours for each competency and have the rater indicate the extent to which the individual exhibits each behaviour (e.g., from never to consistently). The advantage to this approach is that it provides a more complete list of behaviours for assessment and training. For most people, success comes not from their ability to behave in one way or another, but from their ability to perform a range of behaviours consistently. In general, we have found this approach to be more conducive to situations where coaching and development are the primary goals and rating the secondary goal. Its disadvantage is clearly the subjectivity of the rating. If person-to-person comparisons are going to be made, it is important that organisations use ratings such as “seldom” or “frequently” in a consistent manner.

Conclusion

The use of competencies to provide behavioural indicators for organisational values I believe will become a much more widely applied model. It provides clarity to what are often unclear concepts, misunderstood by both management and staff in organisations. This misunderstanding provides a flashpoint for stress and conflict which can quite simply be avoided by adopting the approach outlined in this paper. The culture of the organisation will be grown from this process and will have structure and clarity. The alternative, which most organisations currently experience, is a culture which grows randomly based on the whims of the people with the institutional power. Unstructured and unexplained. Little wonder that the “traditional” organisation is disappearing and those with a clear values base are growing. People prefer to work for the latter.

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