

COMPETENCY SYSTEMS IN THE NEW WORLD OF WORK

by Pat McLagan

ARTICLE IN BRIEF

**Changes in the world of work require much more flexible approaches to work design and people management*

**Competency systems fall into 3 categories:*

-Differential Psychology: focusing on innate, hard to develop competencies

-Educational/Behavioral Psychology: focusing on all competencies needed for a role

-Management Science/Industrial Engineering: focusing on defining the work rather than the person

**There are three ways competency systems are used in the world:*

-to accelerate national development (usually focusing on technical skills)

-to support leadership development

-to provide an infrastructure and language for knowledge management

**The optimal use of competency systems is to provide a framework for knowledge management, for integrating all people practices, and for supporting more flexibility and self-management.*

**Competency systems must help accelerate the business strategy, support customer-focus, have quality as the standard, help people focus their energy and learning, and be simple and quick to use.*

**The key components of a competency system are: a menu of outputs and competencies; personal work profiles, an simple tools for management and self-management.*

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Welcome to the New World of Work! It's a world whose geological plates have been rumbling around and under us for four decades, a world that has been sorting itself out through great clashes with the Old World as well as in molten flows of its own newly forming energy. The ultimate shape and topography of this New World isn't formed. It hasn't gelled. But its characteristics are becoming clear.

The New World of Work is *less secretive*. Information and communication technology are seeing to that. It is *more flexible and changing*. It innovates and improves in ever shorter cycles due to the vastly increased creative opportunities that an increasingly complex environment brings.

The New World of Work is more *customer-centered*. There are many potential providers of any product or service – unlike the old days when monopolies could dictate what the customer could buy. Customers know they have choices, and they make them!

The New World of Work is global. Design, production, and marketing themselves occur where the conditions are most favorable – where the best productivity opportunities are, and (for marketing) where the customers are. The Internet and e-commerce are rapidly changing all relationships!

Today's world is also more *value-aware*. Institutions of the Old World often tolerated – even required – non-value adding activities, excessive approvals, bureaucratic hurdles, multiple levels of supervision and control, systems and processes that contradicted each other. Now, we are trying to streamline organizations for simplicity in all the phases of work from the formation of a concept to its use by a customer as a product or service. Everyone – employees, suppliers, management, functional staff – must be value aware today.

This is moving the spotlight from top management to the people who do the direct work of transforming concepts into useful and used goods and services.

The New World of Work is more clearly *interdependent*. Nation-states and companies can no longer see isolation as a serious option. It is impossible in today's world of INTERNET, expanding markets, trade blocks, universal banking systems, and environmentally aware cultures.

Related to interdependence, this New World is also a clearly and consciously *participative* world. People who have information and whose commitment matters to performance must be involved in decision-making and problem solving. Productivity is lost, innovation constrained, and commitment forfeited when people are treated like children and dependants in the workplace. Vast volumes of research verify it: the price of non-involvement is too much supervision, poor quality decisions, a large gap between strategy and its implementation, rampant loss of key skills, and (ultimately) organizational death.

What does all this mean for how we govern institutions today and for the future? At minimum, we know there must be changes. We have attempted to make them. We've implemented quality programs, reengineered structures, brought in new work processes. We've introduced new concepts like "the learning organization, "self-managing teams", "economic value added", strategic initiatives". Yet the Old World crust is tenacious. Earthquakes and tremors from the emerging world crack the terrain. Some old practices fall into the gaps. But, in many organizations, the old terrain still dominates.

Massive quakes that will turn the world of work upside-down are certainly imminent. We know this as surely as we know that in years hence part of California will be under the sea. The New World is making its appearance. There are many ways to prepare for it

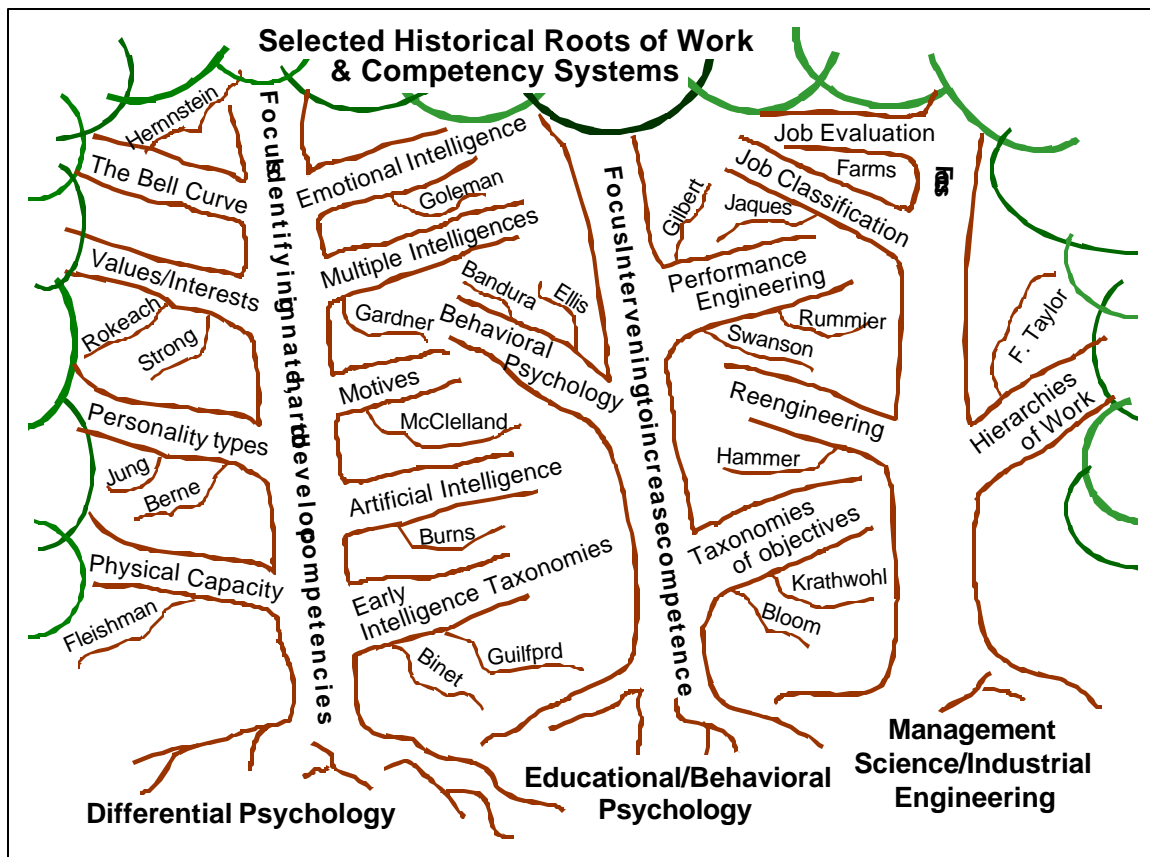
and even to hasten its arrival. But, among other things, approaches to people practices must be changed.

This is where competency approaches come in. But these approaches themselves must be transformed. This paper is about that transformation.

COMPETENCY APPROACHES THROUGH HISTORY

The search to understand, define, predict, and develop competence is a pervasive one. All of us are concerned about it in some way, if only for use in our own lives. Looking back, we can see several approaches to this search relative to the workplace. It is important to understand them so we can carry the learnings forward and put new methods into the context of a larger human search.

Broadly, there have been three main schools of competency research and practice that



affect the idea of workplace competencies (Figure 1). Each grew out of its own philosophical framework, and therefore, has produced its own kind of language and applications.

The Differential Psychology Approach

One is grounded in the psychology of individual differences. This is a branch of psychology that tends to focus primarily on personal characteristics that are innate, genetically determined, or hard to develop. Another is based in educational and behavioral psychology. This is a branch of psychology that is concerned about how we can inter-

vene to increase levels of competency. The third is management science and industrial engineering. Here the focus is on using scientific method to create an effective economic machine. The Differential Psychology Approach.

The quest to understand and measure human capabilities – especially those that are harder to develop – has been going on for many years. There are several emphases that characterize these human difference based approaches:

- they tend to *focus on intellectual emotional, physical and affective* characteristics of people: on intelligence, cognitive capabilities, hard to develop physical abilities, values, personality traits, motives, interests, and emotional qualities. That is, they focus on process capabilities and drives vs. on subject matter or knowledge areas: the content of thought or action.
- They single out those *qualities that superior or “maximum” performers possess* that average or “typical” performers don’t exhibit. The “bell shaped curve” is an important tool here, for the underlying belief is that human talents are distributed in a bell-curve, with very few people at the very top and bottom ends of the curve.

Thus, the “competency models” created within this framework include the following types of competencies:

Intellectual or Cognitive Skills

- Intelligence
- Inductive thinking
- Deductive thinking
- Spatial, 3D thinking
- Memory

Motives

- Achievement drive
- Power drive
- Affiliation drive

Personality characteristics

- Introversion
- Extroversion
- Feelings-orientation
- Thinking-orientation

Values

- Valuing security
- Valuing freedom
- Valuing recognition

Physical abilities

- Visual perception
- Eye-hand coordination
- Body coordination

Emotional Intelligence

- Empathy
- Self-awareness
- Optimism

Clearly, there is overlap across the categories above. The reality is that human capabilities are complex and overlapping. When we describe them, we are naming very intangible things – phenomena we can only see indirectly. No one has seen a competency – only its evidence, through tests and behavioral observation. The point, for now, is that many investigations into human performance have focused on what makes us different, and on making us aware of those differences so that we can get the right match of innate capabilities and work. The major proponents of a “differential” approach include:

- Various early investigators of the 20’s through 60’s like Kelly, Binet, Guilford, Fleishman, Rokeach who used a broad range of techniques to identify key elements in the human personality.
- Investigators whose work has pointed to the “bell shaped curve” of human performance, like Herrnstein and Murray.
- More recent investigators like Gardner and Goleman who propose a multifaceted view of human intelligence and capability.
- David McClelland, Boyatzis and Spencer. Their work to understand human motivation and the differences between superior and average performers has led and helped shape the competency field in this area.

People who work out of a primarily “differential” point of view tend to have favorite views of the application of competencies in the workplace. Their major concern is for assessment, selection, work design, and succession. Training is a concern, but generally a secondary one, except to compensate for early childhood or cultural deprivations that may have retarded the development of natural strengths.

The Educational and Behavioral Psychology Approach

While the “differential” approach emphasizes the unique and primarily innate abilities that people bring to their life and work, the “educational, behavioral” approach is driven by a desire to shape and develop people so that they can be successful. It’s important to note that differential proponents also have this concern, but it is not their main focus. Most psychologists and educators agree that human capabilities are shaped by some combination of nature and nurture, genes and education, what we’re born with and what we learn through experience. It’s a matter of emphasis. And these emphases have shaped the approaches to competency modeling and applications.

The educational behavioral approaches lead to the creation of competency models and applications that have these focuses:

- the competency models include area of *content mastery* as well as some of the process and affective capabilities that the differential approach emphasizes
- the models include *all competencies that are important to good performance*, whether they distinguish superior/maximum performers from average/typical performers or not
- there is a concern *for the performance environment* – making it supportive of superior/maximum performance. This is based on a belief that environment is often a more powerful determinant of behavior than genetics.

Thus, the competency models that emerge from this approach include knowledge or content areas as well as descriptions of intellectual, emotional, physical, and affective characteristics. They include, for example:

Business knowledge areas

- Industry Knowledge
- Knowledge of the organization's products and services
- Knowledge of the business as an economic entity
- etc.

Technical knowledge areas

- Engineering knowledge
- Finance/Accounting understanding
- Sales process knowledge
- Understanding of individual psychology
- Knowledge of world politics
- etc.

The educational/behavioral camp has also produced a variety of ways to show mastery levels for a competency area. These have taken the form of “taxonomies” or categorization schemes. One example is the scheme used by the US Government to classify jobs in The Dictionary of Occupational Titles. First, determine the ratio of *data* to *people* to *things*- related work. Then for each area, identify the level of behavior complexity required. For the “data” category, complexity ranges from simply matching information to using information to come up with unique and creative solutions to complex problems. For “people”, the range is from “taking instructions” to “mentoring”. For “things”, competency levels vary from just handling something to doing a complex machine set-up.

The educational/behavioral approach uses competency models as a departure point for designing performance and educational strategies to develop and support optimal performance. Selection, assessment, and succession practices are a concern, but the main intent of models is to understand what performance requires in order to engineer the

education and conditions that will make high performance by average people possible. This emphasis distinguishes the educational behavioral approach from the differential view.

Some of the chief proponents of the educational/behavioral approach are Bloom, and Krathwohl who created categories of behavioral objectives for educators. Skinner, Garfield and other behaviorists focused on creating an environment for high performance – including creating an environment of positive thought and self-direction in people’s minds to help them focus and shape their own performance.

The Management Sciences Approach

The “management sciences” approach has been a bit more pragmatic. It is driven by the need to create and defend job evaluation and pay systems and to manage people on a day-to-day basis. This approach creates job and task descriptions. It has these characteristics:

- the approach focuses first on *defining the work* that needs to be done, and then on defining *the qualities of people* who must do the work.
- a great deal of effort goes into *analyzing the work*, usually through a task analysis technique where researchers base the job description on their observations of what current performers do. Often the description focuses on what the best performers do.

The product of this approach is a job description or, more recently, a description of the tasks in major work processes. Tasks are often arranged from most to least complex and uncertain or volatile. People doing work at the higher end of the complexity/uncertainty continuum (e.g., a research scientist or an executive) would receive a higher job grade and more pay than those at the lower end of the continuum.

The models that emerge from this process include task and activity lists, descriptions of tools and processes that make superior performance possible, and lists of personal competencies that researchers determine are related to job performance. The competency lists are usually not categorized as precisely as the lists produced by the other two approaches, for the competency lists are generally peripheral – a means to another end, like decisions about pay or job grade.

Job evaluation consultants, personnel administrators and compensation specialists, re-engineering and total quality experts, and task analysts are the major purveyors of this approach. Taylor, Hammer, and Jaques are some of the key thought leaders.

THE STATUS OF COMPETENCY PRACTICE TODAY

The mid-90’s saw a dramatic rise of interest in competency models and approaches. This continues throughout the world. Interest is surging in highly developed countries where large percentages of the workforce are doing knowledge (competency)-intensive work. But it is also escalating in underdeveloped and developing nations.

On a macro level the increased interest in competencies is probably happening for a number of reasons. First, a *nation’s economy* is largely determined by its people’s com-

petencies. And, as Lester Thurow points out, knowledge investments are societal in nature. If the competencies in a society are supportive of highly technical and value-adding work, then that kind of work will emerge in and be exported to the nation. If the competencies are very basic and suitable only for resource extraction and manual labor, then that lower value-adding work will move to the country. Work that doesn't add much value is worth less in the global market – and the economic destiny of the nation is jeopardized. Work that adds high value, is worth more in the global market and rewards the nation with a higher GDP. The point is, added value is a function of human competence. Thus, competency identification, measurement and development become major concerns for everyone, whether a nation has a less or more developed status.

Second, the interest in competencies is rising in direct response to *cost and competitive pressures* in individual industries and organizations. Whatever the work, competent people are more productive. There is less waste and rework. Time is money when people take months and even years to stumble their way to competence on the job. Many never achieve it. More focused development and management of competencies accelerate the performance curve.

Third, most organizations and many nations are having to compensate for their *exclusive and discriminatory practices of the past*. In the developed nations, this means opening up the entire range of work options to women, disabled people, and non-white races. In underdeveloped and developing nations, it means transcending social and tribal barriers so that everyone can fully access work opportunities. In places just emerging from the bureaucratic and depleting morass of communism, the concern is to rekindle the human spirit and capabilities and to make high performance a priority for everyone. For South Africa and other places where institutional discrimination was the norm, a competency approach can help bring the masses into the workplace mainstream. It can do this partly by acknowledging competencies developed through life and other experiences rather than through education and more traditional career experiences. And, in this situation, a competency approach can help pinpoint and focus personal and institutional development investments.

Three Key Uses of Competency Practices Today

The combination of the various competency approaches and the needs of nations and organizations has caused three dominant competency policies to coexist in the world today. (Figure 2)

For most developing nations, competency approaches are playing a major national social and industrial policy role. This is happening in order to *facilitate the nations' transitions* to an industrial or post-industrial economy and to accelerate social equity. This competency policy takes the form of national accreditation and development strategies which focus primarily on technical and trade skills and on professional competencies. New Zealand, Australia, South Africa, Singapore, Germany, and even the UK are actively pursuing this type of policy. The policy leads to elaborate national qualification/certification structures to ensure the reliability and validity of the competency practices. These structures have strong political overtones in nations where there have been severe breaches of human rights in the past.

3 Dominant Competency Policies in the World Today

Policy Focus	Goal	Key Systems & Applications
1. National Industrial Policy	Accelerate national transition to industrial or post-industrial economy: facilitate social equity	National accreditation & certification structures
2. Leadership succession for late-stage industrial institutions	Facilitate replication of best leadership competencies	Leadership success & preparation
3. Infrastructure for the Knowledge Institution/Learning Organization	Increase the goal directed synergy & self-efficacy of all parts of the performance system	All HR & management practices for all people are affected and made participative & transparent

Figure 2

In the last three decades, companies in the more developed nations have used competency approaches in another way: to support efficiencies related to the late stages of the Industrial Age. Here competency approaches primarily ensure *skills replication*, especially in the form of leadership succession. The emphasis is on selecting and expanding the numbers of people who perform like the best of the recent past. Here is where the “superior/maximum performer” methods (the differential approach described earlier) are most likely to be used.

The third policy is one that response to the *emerging requirements* of the Information Age. It assumes that knowledge, or competence, is the basic asset of today’s institutions. The knowledge organization is viewed as a transparent network of capabilities where the best performance occurs when every part is organizing itself to use competencies to respond to and shape the environment. The Information or Knowledge Age competency policy borrows this concept of “self-organization” from the New Physics. Its intention is to increase the goal-directed synergy of all parts of an organization. This has dramatic effects on the nature and uses of competency models and on the research processes used to create them. Generally the Information Age models are very flexible and the processes of developing them highly participative.

THE NEXT GENERATION COMPETENCY APPROACH AND POLICY

The Need for National or Industrial Sector Policy

At first glance, it seems that the competency approach and policy we select should relate to the nation’s development stage and to the nature of a company’s work. On a macro level, a nation’s decision makers must critically assess the nature and extent of

the nation's competency. Here are some of the questions to answer in doing this assessment.

- Where is the nation in terms of GDP per person (according to *The Economist*, for the most productive/value-adding nations the figure is about \$16,000 GDP per person, for the least it's less than \$2,000).
- Where does the nation's wealth come from? That is, what is the industry mix?
- How is the country's productivity growth faring in comparison with others?
- What are the literacy levels in key areas that are the foundation for adding value in the workplace (emotional and interpersonal competence and computer literacy as well as language literacy and numeracy)?
- What industries are moving into the country and which are the world's market willing to invest in?
- What is the desired 5, 10, 20, and even 50 year socio-economic scenario for the nation? What are the competency implications? What are the gaps:
 - the primary, secondary, and tertiary education system?
 - unions?
 - government labor, education, and trade departments?
 - industry groups?
 - companies?

For lesser developed nations, a national policy to accelerate competency development is probably a good idea. But recent economic studies ("Economic Freedom: Of Liberty, and Prosperity". *The Economist*, January 13, 1996) suggest that such a policy must be part of a larger strategy to democratize the nation, support growth, and remove barriers to participating in the global economy.

In the more developed nations, initiatives to accelerate competency development can occur within various industry sectors. The nature of work in these nations is shifting to high value-adding categories (knowledge work). At the same time, the lesser value-adding work is moving to countries with lower value-adding competencies. This is currently causing massive dislocations and retrenchments as work in the more developed nations moves to accommodate the New World of Work landscape.

In this context, competency policy should be a matter of urgent interest to industry sectors (see Figure 3). How can companies in an industry sector, with relevant union involvement and even government support, work together to facilitate career movement within the sector. And how can they provide successful outplacement and skills transfer for displaced staff. It makes no sense to fight the movement of low value-adding work to the less developed nations or to fight to protect artificially high wages for low value work. The new economy is global and work will migrate to the lowest cost locations. Attempts to delay the inevitable will only increase the price that people and the nation will pay when future dislocations occur. There is also the high price we all pay when poorer na-

tions, excluded from the world economy, fall apart economically or turn to violence or war.

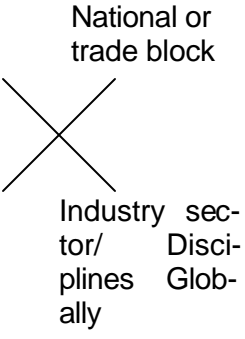
Next Generation Policy		
Policy Focus	Goal	Key Systems & Applications
<p>4. Matrix</p> 	<p>Optimize competencies globally; ensure competency strength and flexibility within industry & discipline groups to ensure fluid match of people & work; move accountability for self-management to all people</p>	<p>All HR & Management practices for all people made participative & transparent; transorganizational career movement and contracting for competency become the norm</p>

Figure 3

The point is, competency policies at a national or sector level are becoming more important, regardless of the nation’s or industry’s development stage. The policies can ensure that the world’s economic development – with nations now so interdependent – can proceed in the best interests of all.

The Next Generation of Competency Models and Systems

Whether a company’s work is low or high value-adding, the New World dynamics affect how we view people at work. Old assumptions about effective work structures, management practices, and even the concept of an organization are under attack. Regarding work structures, companies in all industry segments are abandoning deep hierarchies in flatter, more networked structures.

At the same time, management approaches based on secrecy, on a “superior-subordinate” view of workplace relationships, and separating thinking from doing and rights from accountabilities, are being replaced. The emerging management philosophy stresses partnership, mutually beneficial work contracts, and high performance/high involvement management/staff interactions.

And all this is happening while we change our view of what an organization is and includes. The concept “organization” today encompasses all the contributors to the final product of service, whether they are full of part-time employees, contract workers, supplier institutions or consultants. It’s the virtual organization rather than the one on the direct payroll or bounded by the company’s bricks and mortar.

Changes in Our View and Definition of Work

As all this changes, it is forcing massive changes in how we must view and describe work. Figure 4 describes some of the key shifts.

The Traditional View	In The New World of Work
<ul style="list-style-type: none"> work and competency requirements can and should be defined in relatively distinct and <i>stable units called "jobs"</i> 	<ul style="list-style-type: none"> work and competency requirements must be responsive to business and customer issues. They must be defined in <i>small units</i> that can be allocated amongst people to optimize workload and competency utilization. "Jobs" become whatever a person is responsible for at a given moment, not a fixed package of work elements
<ul style="list-style-type: none"> design and delivery requirements for products and services should be driven by <i>technical requirements and organizational capabilities</i>: customers can then be persuaded to buy what is produced and available 	<ul style="list-style-type: none"> the <i>customer's requirements and needs</i> are the main consideration in designing and delivering products and services
<ul style="list-style-type: none"> the performance standards for workers are the "<i>minimums</i>". It is desirable to exceed these, if possible 	<ul style="list-style-type: none"> workers should set <i>quality</i> standards as their goal. Exceeding them is desirable only if it leads to new standards and increases competitive advantage for a customer's business without raising costs beyond what the customer is willing to pay
<ul style="list-style-type: none"> descriptions of work and competency are <i>personnel tools</i>, used primarily to support decisions about job grade, pay, and placement 	<ul style="list-style-type: none"> descriptions of work exist primarily to help <i>individuals and teams focus their resources and energy</i>. They must be user friendly and used by the people doing and managing the work, as well as useful for broader human resource practice applications
<ul style="list-style-type: none"> descriptions of work and competency should be developed for <i>jobs</i> and by <i>trained experts</i>: job analysts, psychologists, personnel staff 	<ul style="list-style-type: none"> descriptions of work should be developed as a list of work and competencies for the entire organization – without the job as an organizing unit. They should be developed <i>in a participative process by people who know the work</i> (work experts) and have a good perspective on the future (visionaries). Analysis experts should play only a facilitative and coordinative role
<ul style="list-style-type: none"> validity of work and competency descriptions is a function of <i>the rigor of the research and analysis process</i> 	<ul style="list-style-type: none"> validity of work and competency descriptions is a function of both good <i>analysis process and the interaction of work experts and visionaries</i>. The participation process adds value to the quality and validity of any models.
<ul style="list-style-type: none"> people practices (training, selection, career development, performance management, pay systems, work design, etc.) are personnel practices and peripheral to the main work of the business. They are generally disconnected practices and not important topics for the strategic agenda 	<ul style="list-style-type: none"> people practices are <i>important managerial & worker concerns</i> which create the culture and have proven and researched ability to <i>significantly</i> enhance or retard productivity and performance. They are key success factors for implementing the organization's strategy and ensuring its survival

Figure 4

As we move into the New World of Work, the pressure is on to rethink and transform how we describe work and competency requirements and to reposition, redesign, and integrate the full range of human resource and management practices.

The Emerging Look of Work and Competency Descriptions

In the turbulent and shifting New World of Work, there is a clear advantage to describing anyone's work and competency requirements. In fact it is probably more important today than in the more stable past. Without flexible, but focused work and competency descriptions, people are at the whim of day-to-day pressures and demands that in the larger picture may not be real priorities. But how do we get both flexibility and focus?

The answer is, "through a loose/tight approach". This occurs by creating menus of work and competency elements, defined at a level of detail that enables anyone to assemble a current work profile by drawing from the items on the menu. The menus must list all the key tasks or outputs (the work elements) and competencies that are relevant to doing the organization's work and accomplishing its strategies.

Creating menus for the total organization has several important advantages:

- It provides a *common language* about work and competencies that can be used by everyone to describe their work, assured that they are using the same terminology to describe the same work elements.
- It significantly – by orders of magnitude – *reduces the time required* to do work and competency analysis. Developing all the job descriptions for an organization can take weeks, months, and even years. Completing a menu of work and competencies for an entire organization takes a few days.
- It provides a relatively *stable yet flexible picture of the work and competencies of the organization*. The allocation and organization of the work (how work elements are distributed amongst units, teams, and jobs) is usually more unstable and flexible than the nature of the work itself. The menu approach thus mirrors where the real world requires stability and flexibility. This makes it possible to design systems that work *with*, rather than *against* the real world of work.
- It makes it easy to *connect the business strategy to human resource implications*. When business strategies are developed or revised, make changes in the work and competency menus to make them support the new strategies. (The connection between business strategy and human resource implications has been a problem for most companies in the past: they had no systematic way to make the link.)

THE NEXT GENERATION OF HUMAN RESOURCE AND MANAGEMENT PRACTICES

For years many organizations have struggled to bring discipline and consistency into their people systems. The result has been a proliferation of directives, procedures, forms, manuals and training. Yet, few of these have actually captured the hearts of either management or staff. So, Personnel staffs have grown in order to ensure compliance or to pick up the pieces that the people themselves don't implement. Try as we might, it has been almost impossible to get managers to use systematic selection processes, to take performance management activities seriously, to counsel and coach for development or career management. And, try as we might to make it different, restructuring decisions are more likely to be expedient responses to cost pressures than to be activities designed to make competent performance possible.

Most human resource management practices, therefore, find themselves in a vicious cycle where forms are continually changed and actions occur without causing any real improvements or creating broader commitment by users.

Fortunately the dramatic changes occurring in the New World of Work provide us with yet another chance to make our people practices work. The fact is, many of the old methods are clearly not suitable for the new age. They are too secretive and past-oriented, and too dependent on hand-holding or cajoling by personnel staff. The old practices are also based on a manager-worker relationship (superior/subordinate) that is outdated.

We may never see the day when people everywhere in the organization clamor for more human resource practices and systems. But, these processes can make far greater contributions to the organization's success and to the quality of people's work life. And they can be implemented with less resistance than we are used to.

It's vital to make progress in this area. A growing and impressive body of research (see summary in Chapter 3: "The Profits of Participation" in McLagan, P., and Nel, C. 1995) is establishing a very strong relationship between participative human resource practices and bottom line performance. It strongly supports the need for congruent, integrated sets of people practices. It also confirms that staffing, development, performance management, assessment, and reward practices that both involve people and align them with the business' goals are the best.

A common language about work and competencies coupled with participative people practices is what organizations need. This combination makes it possible to create the conditions that the research shows cause high performance.

When we take all of the above into account, it is clear that the success of people practices in the New World of Work must have at least these characteristics:

- be very *user friendly*
- be short on forms and *long on communication* is important because all people practices require some level of conversation and agreement among a variety of stakeholders.

- support high levels of *self-management*. This is needed to minimize the high costs of supervision and to maximize personal accountability. Individuals in complex environments are the only people who truly know what their own commitments are!
- clearly support *adding-value* and *high performance*: be real vehicles for *strategy implementation*
- help create a *participative* and *shared accountability culture*.
- incorporate the best relevant *processes* for the practice (e.g., the best appropriate method for selection, or training, or career management, etc.)
- create *more energy than they use*. The practices should energize people and help them add more value, not deprive them of motivation or encourage them to “just comply” or “beat the system”.
- be supported by *simple* (perhaps even one page) *tools* that people will want to use again and again.
- use a common language about work and competencies.

So, a common and streamlined language about work and competencies is the way to resolve the problem of integrating and revitalizing people management in any business. But, in today’s New World of Work, the language is only part of the solution. People practices must be transformed to support high performance and to help create the high involvement culture that makes such performance possible. These practices will not emerge naturally from the operating assumptions of the past “superior/subordinate” culture. The New World of Work requires something new. And people must become aware enough of this New World to want to put the new practices to use.



**The
Competency
Application
Wheel**

Figure 6

IN SUMMARY

The landscape of work is changing for everyone everywhere. Driven by global interdependencies, effects of technology, and new views of governance, companies find themselves in the midst of massive quakes that are changing the name of the game. Although these changes seem to apply primarily to knowledge work organizations, all types of industry are affected. For, all types of industry depend on their ability to add value to their inputs. Adding value to primarily a problem of human competency.

For decades, organizations and nations have been concerned about defining, developing, and putting human competencies to use. In the past, organizations have approached this problem in one of three ways. Some identify and deploy hard-to-develop competencies that distinguish the few superior performers from the greater numbers of typical performers (the differential approach). Others focus on all competencies needed for the work and set up conditions to support and develop them (the educational/behavioral approach). A third group defines the work and tasks that need to be done (the management science approach).

All three approaches are in use throughout the world. But, nations tend to employ these approaches to support three different policy initiatives. These policies determine how, where and under what conditions the various approaches will be used. Some competency management for example, is driven by national industrial policy. This policy is being implemented in nations where it is clear that accelerated economic development is needed. It requires coordinated government and business action. For those industries and companies that are in the very mature stages of the Industrial Age, competency systems reflect a skill replication policy. The goal of skill replication is to get fast and efficient diffusion of what is working and to minimize reinvention and even innovation. For those companies that see the new paradigm of the Knowledge or Information Age emerging, competency policy focuses on creating the learning organization; optimizing organizations' abilities to respond, adapt, and innovate.

The next generation of competency systems will draw on past learnings. But, it will be different in fundamental ways, for it must help organizations and nations be successful in the New World of Work. On the policy level, the next generation of competency approaches must recognize that the economy is a global, not purely local matter. Our past views of national and organizational people management and movement must change. Individual organizations will, of course, increasingly view their competencies as a key to competitive advantage. But industry sector and national cooperation will also be vital for overall development and career movement.

On a more technical level, the next generation of competency systems will not use the job as the unit of analysis. It will, instead, define work and competency requirements for an entire organization, industry, or profession. Individuals and teams can then use the lists of work elements and competencies as a menu for selecting descriptors of their work right now.

The next generation of competency systems will also transform the business' practices. These practices will be user-friendly, participative, oriented to high performance. They will be simple, and emphasize conversations and agreements rather than forms and paperwork. The practices will also mutually support each other. The days when we select people against one set of criteria, develop them to another, and promote based on

something else must be numbered. The New World of Work requires a much more thoughtful approach to cultivating and using people's capabilities. The nations and organizations that discover how to do this well will survive and thrive in the vastly different world that is taking shape in our lifetimes.

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*Pat McLagan has consulted extensively with major corporations, government institutions, and non-governmental organizations (NGO's). She is the author of many books, articles and handbooks on competencies, management, the New World of Work, and human resource practices. **The Age of Participation: New Governance for the Workplace and the World**, which she co-authored, presents the overall philosophy of the New World of Work that competency systems are part of. Pat is a recognized leader in the management field, with operation centers in the USA and South Africa. She is the 15th person and 2nd woman to be inducted in the HR Hall of Fame and is also a member of the International Hall of Fame for Adult and Continuing Education. She currently serves on the Council of Governors of the American Society for Training and Development.*