



# Developing Competency Models

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## Anatomy of a Competency

### Competency Model:

The entire set of competencies for a given job or jobs

### Competency Definition:

An overarching explanation of what the domain of behaviors covers

### Proficiency Levels:

Detailed, granular behavior levels for the job or jobs in question

- # of proficiency levels identified
- Specific behaviors for effective performance

In recent years there has been a significant amount of research regarding competency modeling and its uses in organizations. Since the early 1990's, improvements in competency model research and design have improved to more successfully link them to performance and to be useful tools on which to base employee measurement and inform organizational people systems.

## OVERVIEW OF COMPETENCY MODELS

*The Basics.* Competency modeling is conceptually broad, because a chief aim of competency modeling is to identify a set of core competencies required for successful performance across a set or all jobs in an organization (see Anatomy of a Competency). As such, competencies help create a shared understanding, common expectations, and clarity of expectations for performance and achieving organizational goals among all employees. Competencies are a collection of personal and behavioral characteristics (e.g., skills, knowledge, abilities, attitudes and motivation) that are needed for effective performance (Rodriguez, Patel, Bright, Gregory, & Gowing, 2002; Schippmann et al., 2000).

A set of multiple competencies together constitutes a model of behavioral expectations for employees, which can have many uses which will be discussed further herein. In general, competencies are different from other standards of performance, for example job analysis and subsequent job descriptions. Competencies highlight

important job-related information in a way that is focused on creating a common language around how work is accomplished rather than what is accomplished in a specific role. Although this is a different perspective, conducting a job analysis (identifying the what) is a good first step in developing competencies because understanding what the job is and those activities associated with the job are critical to determine how

(Rodriguez et al., 2002) by delineating proficiency levels of performance within a competency. These are also some of the key reasons why leaders are attracted to the use and implementation of competencies. Some organizations follow a different approach to competency modeling, however our practice aims to push organizations toward higher standards and focus on people development in the process.



**It is absolutely critical to link competency model development to the business and talent strategy.**

competencies can be grouped or aligned to similar jobs. Moreover, our approach to competency modeling, which is based on research and extensive experience, goes beyond setting minimum performance expectations within organizations and includes differentiating between average and outstanding performance (Lievens, Sanchez, & DeCorte, 2004), linking competencies to businesses strategy (Rodriguez et al., 2002), and describing employee development or change processes

*Different Types.* There are different types of competency models for different goals and thus it is important to identify the focus and purpose of such a model. Depending on the goals, models can become quite complex – outlining core competencies relative to all employees in an organization, delineating leadership/management competencies, and/or the need for technical/functional competences. However, at any level, the competency, proficiency levels, and individual behaviors should be supportive of the overarching business goals and strategy as well as the culture. In some cases, models are built to reflect the current organizational culture, whereas others are aligned to the aspire-to culture (i.e., behaviors are no reflective of the current ways of working, they represent a desired future state). In addition, competencies also vary in how the proficiency levels are aligned and performance in a competency is achieved. Some organizations choose to delineate progression across proficiency levels (see Example Competency: Profession Method), where effective performance at each level looks differently. Other organizations choose a building method for proficiency (see Example Competency: Building Method), in which the behaviors are additive. In this example, supervisors are the frontline and managers are the next step up in the hierarchy, then senior manager, and director. Thus, someone who is a manager is not only responsible for the behaviors within their level, but also for demonstrating those behaviors at the supervisory level.

## Example Competency: Progression Method

### BALANCING THE SCIENCE AND ART OF SELLING

*Balancing the Science and Art of Selling is focused on both the systematic and the creative aspects of selling. People who exhibit this competency regularly and systematically apply their understanding of complex business concepts, but also apply creativity, visioning, and innovation to the selling, marketing, and supporting of technology solutions and services.*

Level 1	Level 2	Level 3	Level 4
Creates clear plans to execute on sales opportunities and ensures metrics or conditions of satisfaction are agreed upon	Proactively plans for how his/her team can address potential customer/partner and territory issues and regularly checks in to ensure metrics are being met	Creates planning and metrics infrastructure for all team members to ensure predictability in the sales process	Creates best practice sales processes and coaches others on how to improve the business/financial side of selling
Takes creative approaches and creates innovative solutions to meet customer/partner needs	Develops and validates a mutually defined vision with customers/partners to meet current or future needs	Creates innovative solutions that help customers/partners realize new business opportunities	Develops innovative strategies that align business units or functions within the customer's/partner's organization that have not previously worked together, thereby creating new opportunities for growth
Effectively leverages individual strengths to achieve business goals	Identifies and leverages strengths of team members to accelerate sales growth and customer satisfaction	Actively seeks to develop additional skills that promote innovative customer approaches and shares practices with extended teams	Incorporates the strengths of self, the team, and the customer/partner to achieve business goals
Uses an appropriate mix of science and art when working with customers/partners	Uses a mix of art and science that helps the customer/partner see possibilities for their business that they haven't previously envisioned	Engages customers/partners with a variety of science and art approaches that are solving for both current and future needs	Seamlessly balances the science and art of selling in large, complex organizations

## Example Competency: Building Method

### DEVELOPING TALENT

*Demonstrates genuine interest in the learning and development of others and him/herself; provides mentoring, coaching, and feedback to others and seeks these opportunities for him/herself.*

#### **Director and Associate Director**

- Creates structures, systems, and processes that help develop employees
- Monitors structures, systems, and processes that help develop employees and makes appropriate adjustments
- Ensures that succession plans are in place for own role and for other manager and supervisor roles in his/her group as well as develops talent to ensure plan execution
- Ensures [company] competencies are applied consistently in his/her program/department

#### **Senior Manager/General Manager**

- Encourages managers/supervisors to think about employee capabilities and potential, including strategic hiring practices, talent development, and performance management
- Uses [company] competencies as a key component of talent management discussions

#### **Manager**

- Coaches/mentors others with supervisor/managerial responsibilities on how they are developing their employees
- Promotes the capabilities and potential of employees, looking for new roles, challenges, and opportunities for them across [company]
- Dedicates time to effectively onboard and train new employees to ensure their success
- Attracts and recruits internal and external people, taking into account individual capabilities and fit with the group and agency

#### **Supervisor**

- Gives direct and constructive feedback for both positive and negative behavior in a timely manner
- Helps employees develop the skill sets and area of expertise needed for their job
- Coaches employees by providing behavioral examples, emphasizing strengths, and developing improvement areas
- Openly shares development opportunities with employees and encourages employees to participate in stretch assignments or new challenges
- Helps employees set specific, measureable, attainable, relevant, and timely (SMART) goals and create meaningful professional development plans
- Supports employees in their career development

*Common Uses.* There are a variety of applications, and therefore benefits, of using competency models for leaders, employees, and organizations alike. When developed according to stringent criteria, competencies can become the basis of selection procedures (Bartram, 2005), performance management (Catano, Darr, & Campbell, 2007), promotion decisions (Morgeson, Levashin, & Campion, 2009), employee training and development programs (Schippmann et al., 2000), and support organizational change by linking competency measurement to future objectives of the organization (Lawler, 1994). The competency models we build for our clients are intended to be initially used for developmental purposes. By phasing in the use of a competency model, it allows the organization to become familiar with the new ways of behaving and setting those performance expectations. Then, more in-depth validation data can be collected to support the models use in other aspects of people systems, such as selection.

## **OUR DEVELOPMENT PROCESS**

Like any other employee or organizational tool, model or process, competency model development requires a rigorous and thoughtful approach. As such, our approach to competency modeling is highly aligned to academic research and best practices, while drawing on our unique experiences in developing such models with organizations. A highly rigorous approach to competency modeling is necessary to ensure its reliability, validity, and utility as an intricate tool to underlying organizations systems; this is particularly true when using competencies for selection procedures (Society for Industrial & Organizational Psychology, 2003). Our practices, as well as other best practice research (Catano et al., 2007; Rodriguez et al., 2002), combine the rigor of academic research while focusing on the broader organizational issues for which the model is being created. By following evidence-based principles in competency modeling and adjusting our approach to model creation and implementation, we are able to develop lasting and impactful solutions

with our clients that best meet their unique needs. Our approach involves, (1) business context, (2) process/methods of research and development, (3) edits and iterations, (4) feedback and validation, (5) alignment, (6) support materials, (7) establishing legal defensibility, and (8) implementation.

*Business Context.* It is absolutely critical to link competency model development to the business and talent strategy (Rodriguez et al., 2002) because if they don't align, the model will be ineffective and unsupportive of the strategy the organization is trying to achieve. Thus, clear articulation of the business and talent strategy aids in initial identification of potential competencies employees need to exhibit and be held accountable for, in order to achieve those goals. We work with senior leaders to understand current expectations for managers and employees, gain consistency across leaders of their expectations, and understand if those expectations will raise the performance bar to achieve future goals.

*Process/Method of Research and Development.* The most fundamental step to building a competency model is to conduct a thorough job analysis, and as previously noted it's a starting point for understanding what is needed to perform a job effectively. However, if an organization has thorough documentation of the tasks that the job requires, this step can be skipped as a stand-alone, and the documentation can be reviewed as a first step to understanding the roles within the organization. At this point, we conduct interviews or a focus group with the target group (i.e., who the model is being developed for) to identify and develop working, behavioral definitions of the competencies – this is the start of the model. For example, if the model being developed is geared toward managerial/leadership competencies, then interviews with senior leaders and managers is most appropriate. Likewise, if the competencies were being developed for sales function, we would want to interview people in sales. These discussions also include understanding and indicating



key behaviors that are associated with each competency and what the levels of proficiency would look like to allow for growth within the competency, and to support superior performance. This approach is a deviation from traditional job analysis in clarifying work/role expectations, because it incorporates growth as well as superior performance (vs. minimum expectations).

Following the construction of competency definitions, we conduct structured interviews with high-performing managers, and often also include employees in the targeted roles from across the organization. Collecting more detailed information about the role(s), examples, and feedback informs further model development, ensuring that the future competency model is applicable and appropriate given the organizational context and roles. Other ways to collect this detailed information include critical incidents techniques, rating the linkage of broad competency lists to organizational strategies or goals, conducting literature reviews of research on similar roles, reviewing existing job/competency information, and/or conducting scenario planning workshops (Campion, Fink, Ruggeberg, Carr, Phillips, & Odman, 2011; Gatewood, Field, & Barrick, 2008; Rodriguez, et al., 2002).

*Drafts and Iterations.* Based on the methods used to collect competency data and specific behaviors, detailed and highly descriptive competencies are developed. To accomplish the goals of creating shared understanding, setting clear, behavioral expectations for employees, and being intricately linked to business goals, competencies need to be very granular and specific. The anatomy of competencies helps us to achieve those goals. Each competency has a clear, descriptive title and detailed definition that described the competency in terms of observable behaviors. Next, levels of proficiency are further detailed describing observable behaviors needed for performance within and progression to the next level. It's not uncommon to have multiple iterations based on formative feedback from leaders and managers. The best models will result

from a tight partnership with the organization to ensure its ultimate applicability and utility for employees as well as achievement of future goals. Throughout the drafting and iteration process we work to ensure the intention of each part of the competency is captured and written appropriately.

This juncture of the development process can be the most difficult. There is a struggle between being detailed enough for establishing clear and concise behavioral expectations and creating a model that is simple and parsimonious (Schippmann et al., 2000). There is no ideal number of competencies or proficiency levels (Campion et al., 2011), it depends entirely upon organizational goals, preference, and the scope of the model. A general rule is to keep the number of competencies and the level of detail reasonable; typically this encompasses a balance between those that are viewed as the most critical to achieving business goals and ones that differentiate average from outstanding performance.

*Feedback/Validation.* At this point, it is critical to start building evidence for the model's validity as it applies to the specific employee roles for which it will be used. We start with building evidence of content validity – the extent to which each competency and definition represents all facets of what is important to the targeted role. A start to content validity is in documenting all of the steps up until this point that went into drafting the competency language. Then, we obtain ratings from individuals for whom the model is being designed for on how important each competency is to their role and how well each competency differentiates between performance levels (i.e., does it distinguish between outstanding and typical performers). Gathering ratings are critical not only for validating what is critical in terms of how the organization will work together to achieve goals, it is also an initial step for establishing legal defensibility of the model. If and when the model is to be used for selection or performance management, for example, then more validation procedures are

necessary to ensure that the competencies are job-related is vital from a legal standpoint (refer to the step on establishing legal defensibility for more details).

*Alignment.* A final review to ensure alignment of the model to organizational goals, strategy, and current culture or future culture aspirations is the next step. Additionally, any subsequent initiatives such as performance management, selection procedures, and training and development curricula, should be intricately tied to the competency model. For a competency model to be well-developed and implemented to the degree to which it was intended, this step cannot and must not be overlooked.

*Support Materials.* Competency modeling is an organizational development intervention (Cummings & Worley, 2008), and as such, it is important that an implementation plan and change management plan is outlined along with development of the model itself. This is particularly important in organizations which aren't familiar with, or have never used competency models. To ensure successful implementation and appropriate use of the model, creating support materials for change management is important. Some examples of materials we've developed to assist in implementation and ongoing professional development are documented introductions to the model, self-development guides, and one-on-one discussion facilitation guides for managers to use with employees. It is also important to ensure that HR Business Partners supporting and using the model in talent management are fully educated in the model, how it was developed, and how it should be used. They can then aid in the implementation of the model with managers and employees.

*Establishing legal defensibility.* In general, we approach competency modeling from a developmental perspective and, as such, create our models with this as the key aim. However, some models are immediately used to underlie selection and performance systems, and in those cases, prior to implementation, evidence

of the competency model's legal defensibility needs to be demonstrated (Equal Employment Opportunity Commission, 1978) beyond the initial content validation procedures noted earlier. There are extra steps that need to be taken to ensure that the models are job-related, and not discriminatory, but beyond the linkages described earlier. Following the principles for the validation of procedures used in selection procedures (SIOP, 2003) we can ensure that the models organizations implement are reliable and, over time, build stronger evidence of validity. In general, by following the rigorous research approach previously outlined, some validation principles are being met (e.g., content validity and some predictive validity based on differentiation ratings) during the development phase. However, it's important to remember that evidence of validity is built over time. Additional data is needed to perform validation tests and checks to ensure that competency models are an appropriate and legally sound method for selection and for ensuring its utility in other organizational systems. To understand and learn more about the intricacies of validation procedures, we refer the reader to Gatewood et al. (2008), SIOP's (2003) Principles for the Validation and Use of Personnel Selection Procedures and the EEOC's (1978) Uniform Guidelines on Employee Selection Procedures. Additionally, we recommend that until adequate evidence for the validity of the competency models has been documented, competencies should be used only for developmental purposes.

*Implementation.* For the initial roll-out of a competency model, managers need to be educated first. In our experience, managerial models are the first step to formalizing performance expectations and we tend to start there when building competency expectations. For this implementation, we partner with clients to help facilitate manager-only meetings and/or workshops so managers have an opportunity to learn the model, discuss how it would change the way they manage employees, role play examples discussions, and start working through their personal development plans. It

also helps to ensure that they have buy-in to the model and start taking ownership of the model before additional models for their employees are implemented. Once the manager sessions have been held, then it is generally acceptable to move on to developing (or implementing) the employee-based competency models.

In summary, our approach to competency modeling involves eight key steps including, identifying and understanding the business context to ensure the model is most relevant and applicable for the organizations needs; applying different process/methods to research and develop the model (e.g., interviews and/or focus groups); draft and iterations of the competencies; feedback and validation of the model; alignment of the model to business strategy and goals; creating support materials to aid in implementation and employee growth and development; establishing legal defensibility for various application of the model; and implementation. In our experience, proper development and implementation of a competency model varies. The development phases can last anywhere from 3 months to 6 months, depending on the size of the organization, availability of information, and the involvement levels of

support groups in the organization (e.g., HR and Legal). After that, implementation can take between 6 months to 12 months, spacing out implementation events to align to the rhythm of the business. In significantly large organizations where multiple models by function or profession are desired (which impact thousands of people), development and implementation can move more towards a multi-year timeline. Overall, like any undertaking or initiative, it's important to make sure it's the appropriate solution and that you take the best approach. As this is meant to be an introduction to competency modeling, we suggest reading the following resources in addition to the research articles referenced throughout this paper to learn more:

- Building Robust Competencies: Linking Human Resource Systems to Organizational Strategies, by Paul Green
- Everything You Wanted To Know About Competency Modeling, by Richard Mirabile
- The Art and Science of Competency Modeling: Pinpointing Critical Success Factors in Organizations, by Anntoinette Lucia & Richard Lepsinger

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## Consultant's Corner

Competency modeling is not a finite solution. The competencies or job requirements an organization needed to be successful and effective five years ago may be completely different today. Changing business contexts often require new ways of working and new or enhanced capabilities. It's important to pay special attention to the balance between the current requirements of a job and those behaviors that are necessary for future success. There are a variety of instances that could indicate whether or not new/updated competencies are needed for more effective performance. Maybe your employee survey results indicate low or a lack of capabilities in management, or you're a growing organization not having clearly articulated the performance expectations of your employees, or there are gaps between the current capabilities of the people in your organization and what it takes to achieve some future state. These are some practical examples underlying the competency models we've developed with organizations. Overall, taking a highly strategic approach will aid in understanding the needs and requirements for building the most appropriate and impactful competencies.

*Through customized business solutions, Paris Phoenix Group helps answer complex organizational questions around employee issues. Our consultants focus on understanding how the employee perspective fits into the organizational people system. Each of our customized solutions is founded on a rigorous research approach. This allows us to provide our clients with well-founded and effective solutions to meet their business needs.*