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Competency Approach to Human Resources Management: Outcomes and Contributions in a Turkish Cultural Context

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This article examines the competency approach to human resources management (HRM) in organizations through a review of literature and theories on the competency perspective. Building on previous theory and some empirical evidence, a new competency framework is developed. The main purpose of the article is to examine the effectiveness of the competency approach as a human resources strategy for promoting expected roles, skills, and behaviors in organizations. The article also examines potential challenges to implementing a competency approach to HRM in a special cultural context. This is provided by a case study in a multinational, fast-moving, consumer goods company in Turkey. One of the findings of the study is that there are challenges to implementing the competency approach due to the cultural differences between home and host countries. If properly designed, however, the competency approach can enhance selection, development, promotion, and reward processes to meet both individual and organizational needs.

Keywords: competency; human resources management; competency model; culture; Turkey

In today’s competitive business world, sustainable competitive advantage is the fundamental factor for achieving organizational strategies. Lucia and Lepsinger (1999) have mentioned that creating distinctive products, providing continuous capital flow, and developing contemporary technologies are the inevitable conditions to enter to the marketplace. Ulrich and Lake (1990, as cited in Dyer & Reeves, 1995) have stated, “As capital and technology became increasingly available to virtually anyone, anywhere, the search of corporations for sources of sustainable competitive advantage increasingly pointed inward towards organizational capabilities” (pp. 656-657). Many organizations have found that the ability of their workforce is the key to gain
competitive advantage. Houtzagers (1999) has suggested, “any performance gap that goes on within a company such as poor capital equipment, inefficient distribution channels, lousy products, ineffective marketing or bad resource allocation always comes back to people who have a direct role in each of these activities” (p. 27). According to McLagan (1997) today’s organizations are more concerned about their “human competence base” and its development. For organizations to perform effectively, they need systems to assess and develop employee performance against conceptually sound and measurable criteria, because it is necessary for an organization to know whether its people possess the abilities critical for success to adapt to changing demands (Lucia & Lepsinger, 1999). An important milestone for clarifying the requirements for successful performance is the competency approach.

The competency movement has been in use in business through the groundbreaking work of David McClelland (1973), Richard Boyatzis (1982), Spencer and Spencer (1993), and many others in the field for more than three decades. The term competency has been defined in the literature from several different points of view. However, one factor that united the literature was that the purpose of defining competent performance or competencies was to improve human performance at work (Hoffman, 1999).

This study examines the competency approach to human resources management (HRM) in organizations primarily by reviewing the literature and theories on the competency perspective. Building on previous theory and some empirical evidence, a new competency framework is developed. The main purposes of the article are as follows:

- Identify whether the competency approach to human resources practices could be considered an effective tool for reinforcing the expected HRM roles, skills, and behaviors in enterprises.
- Examine the competency approach and the potential challenges it may bring in a special cultural context, because Turkey is an emerging economy with a deep cultural heritage, where traditional values are blended with modernized and industrialized business values. This perspective is provided by a case study in a multinational, fast-moving, consumer-goods firm in Turkey.

A Literature Review of the Competency-Based Perspective

The competency movement in the human resources field has been studied since the beginning of the 1970s. David McClelland, an American professor, started the study of competencies in the early 1970s. McClelland (1973) demonstrated that behavioral traits and characteristics were much more effective than aptitude tests in determining who was successful in job performance. As cited in Lucia and Lepsinger (1999), his approach to com-
petencies was based on employee’s actual behavior and differentiated between superior and average performers.

Boyatzis (1982) was another leading researcher who specifically focused on the importance of managers’ competencies. Boyatzis defined the term competency similar to Klemp’s (1980) definition. According to both Klemp (1980) and Boyatzis (1982) competency is an underlying characteristic of a person, resulting in superior performance in a job. Boyatzis (1982) noted that a model of effective performance existed when the factors—organizational environment, job demands, and individual competencies—were aligned with one another. Boyatzis (as cited in Wood and Payne, 1998) concentrated on identifying the characteristics of superior performers and was driven by the need to make corporations more effective through selecting, developing, and rewarding the right people.

Lyle M. Spencer and Signe M. Spencer (1993) defined competencies as “the combination of underlying attributes, skills, traits, knowledge and motives of a person which have been causally related to superior performance in a job” (p. 9). Competency was defined by Lucia and Lepsinger (as cited in a synthesized agreement at a conference in Johannesburg, 1995) as “a cluster of related knowledge, skills, and attitudes that affects a major part of one’s job (a role or responsibility), that correlates with performance on the job, that can be measured against well-accepted standards, and that can be improved via training and development” (p. 5).

According to Meyer and Semark (1996), the competency-based management (CBM) perspective has been used by many firms to deliver spectacular organizational gains. Yet researchers basing their views on a behavioral psychology perspective have argued that HRM practices could contribute to a competitive advantage as long as they reinforce the skills, attitudes, and behaviors (competencies) that result in decreasing costs and/or improving product differentiation (Lado & Wilson, 1994). Therefore, the important role of human resources practices in contributing to a firm’s competitive advantage overlaps with the concept of competency as a human resources strategy for effective performance.

Studies of the competency approach emphasize that this concept usually includes underlying attributes, skills, traits, knowledge and attitudes that are required for successful performance in a job (Boyatzis, 1982; Spencer & Spencer, 1993). The individual competencies required for one’s job have been identified. However, it is equally important to consider the external and organizational environment in formulating competencies, which was taken into account in Boyatzis’s (1982) work. Economic, social, political, industry, strategic, and competitive factors, as well as the availability of human resources are all necessary for developing competency standards. Nevertheless, competency models should be installed so as to be aligned with organizational strategy.
Thompson and Strickland (2001) argue that the soul of managing a business enterprise goes through the tasks of crafting, implementing, and executing corporate strategies and business approaches that management follows to achieve targeted organizational performance. A corporation can achieve success in business strategies as long as it creates sustainable competitive advantage. The competitive advantage can be achieved through resources—that is, technology, capital, and the workforce of the organization. Among these factors, the human factor is a crucial source of competitive advantage. According to the resource-based view of the firm (Barney & Wright, 2000), the role of a network of people in an organization and their relationships with each other are key elements of strategy. The HRM function in an organization has become a partner of a strategic vision that will help foster the company’s organizational performance.

One of the important concerns of the HRM function has been to identify the correct tools to evaluate employee performance. Competency-based management has been emerging as an important dimension of human development for employability and corporate competitive advantage (Meyer & Semark, 1996).

The human resource function is very crucial to support a broad range of business objectives that require competent employees (Torraco & Swanson, 1995). The success of long-term implementation of competencies depends on the alignment of competencies with the organization’s vision. Competencies impact systems that actively support the organization’s vision, strategy, and key capabilities so that individuals can understand how their behaviors support these strategies. Second, competencies produce the most significant change and development for employees’ performance when they are applied across a range of human resources development processes (Schoonover, 2002). Swanson (1994) (as cited in Torraco & Swanson, 1995) emphasize that enhancing employee expertise through human-resource practices would increase the likelihood of achieving business objectives.

Carrol and McCrackin (1998) argue that competencies are generally organized into three main categories. The first is the core competency category, which was first proposed by Prahalad and Hamel (1990). A core competency forms the basis for strategic direction; it is something a company does well relative to other competitors. Because the workforce of the organization is crucial in terms of creating strategic value and organizational performance in the organization, the concept has influenced the HRM practices. Core competencies refer to the elements of behavior that are important for all employees to possess as, for example, a core competency in “results/quality orientation.” It is much better to institutionalize these competencies within the organization because employees are transient. The second category is leadership/managerial competencies. This category involves com-
petencies that relate to leading an organization and people to achieve an organization’s objectives that relate to managing, supervising, and developing people. Some examples include “visionary leadership,” “strategic thinking,” and “developing people.” The third category is functional (job-specific) competencies, those that are required to be performed in a particular job role or profession.

Integrating Competencies into HRM Practices

A competency framework structure. Competencies are usually designed in some structured framework as depicted in Figure 1. Behavioral indicators are examples of effective behaviors that can be observed when a person displays a competency. These indicators are important as a useful human resources tool to illustrate when a particular competency is demonstrated in a job. A collection of related behavioral indicators constitutes a competency (C). Then, the competency is described and provided with a title. A collection of closely related competencies make up a competency cluster (CC). Finally, a total collection of clusters, competencies, and behavioral indicators is called a competency framework (Whiddett & Hollyforde, 1999).

Briscoe and Hall (1999) identify three main approaches that organizations use to create competency models. The first is the research-based approach in which top-performing executives are asked to give examples of critical behavioral incidents that are crucial for success. The idea is that superior performers are different from good performers and are thought to demonstrate these superior behaviors consistently. Second, a strategy-based approach is based on the idea that a company experiencing changes in its strategic goals will also drive a need for change in the competency
requirements for its employees. Finally, a value-based approach is based on the view that competency frameworks are derived from the normative cultural values of the organization.

The application of competency models to HRM. In this section, we apply competency models to five areas of HRM practice—selection, training and development, performance management, career planning, and compensation management.

Selection. Competency-based selection is the oldest application among all human resources systems and can be traced back to McClelland’s (1973) early work with competencies for hiring purposes. Competency-based models have been used by many organizations to identify suitable candidates at the recruitment stage. The purpose is to establish the “behaviors” needed in a particular job and the extent to which these are possessed by different candidates (Rowe, 1995). A competency model provides a complete picture of what it takes to perform the work so that interviewers can identify characteristics required to do the job well. Records of selection decisions and ratings of competency, if regularly acted upon, can help organizations improve the process by preventing them from making unfair decisions and improve the effectiveness of selection decisions.

Spencer and Spencer (1993) pointed out that assessment of candidates may involve a variety of methods. For instance, assessment centers and behavioral (competency-based) interviews have the highest level of criterion validity correlation with job performance.

Training and development. An effective training and development system must take a long-term view of organizational needs and it must focus on developing the talent currently available in the workforce in order to meet those needs. A well-constructed competency model includes not only behaviors that are indicators of effectiveness on the job but also those required to support the organization’s strategic direction, as well as develop and maintain the culture needed to achieve business results (Lucia & Lepsinger, 1999).

Performance management. Today, performance is not only seen as “what” (objectives) an employee achieves but also viewed as “how” (competencies demonstrated) the job is carried out. Many organizations use competency-based models as a part of their employee development centers. The objective here is to assess individuals’ strengths and weaknesses so that future development is identified (Rowe, 1995). The competency, as a measurement tool, identifies behavioral factors relevant to performance in the job (Whiddett & Hollyforde, 1999). The performance management process becomes stronger when employees are appraised on both objectives (what) and behavioral performance (how), referred to as the “mixed model.” The “mixed model” provides a shared understanding of what will be monitored and measured, and ensures an understanding of how the work gets done in addition to what gets done.
Career planning. According to McLagan (1996), the competency approach is an effective tool to be used as a criterion for career development. Competency-based career-planning systems link competencies with the developmental activities, which help employees learn what they need for further development. Competency-based career planning provides a method to assess candidate readiness and helps an HR professional assure a measurable and systematic method for filling the vacant positions due to promotions, terminations, and other personnel transitions (Lucia & Lepsinger, 1999).

Compensation management. Competency-based pay provides a link between competency ratings and compensation (Whiddett & Hollyforde, 1999). As in the performance-management process, a mixed-model approach to compensation is desirable. The important aspects of how a job is performed are ignored when organizations concentrate on pay for results only. On the other hand, organizations may not adequately evaluate results if they only focus on pay just for the use of competencies. Establishing compensation for demonstrated competencies, that is, both what is accomplished and how it is accomplished, provides fairness and equity and distinguishes between superior and average performers. However, as identified by the American Compensation Association (1996), competency-based compensation is the least common application of competency models among all HRM practices.

Characteristics of the Turkish Cultural Context and HRM

The human resources management field has undergone rapid change in Turkey in the past decade and a half. Additional challenges and forces that affect the implementation of sound HRM systems lie ahead. Based on the popular study of Hofstede's (1980) four dimensions of culture—“power distance,” “uncertainty avoidance,” “individualism/collectivism,” and “femininity/masculinity”—and in terms of its cultural environment as a Muslim society and a secular state, Turkey was found to be more collectivistic and more hierarchical than the Western cultures. As Aycan (2001) mentions, with a young, educated workforce, Turkey today is more aligned with Western industrialized societies and has oriented toward moderate collectivism and hierarchy and strong uncertainty avoidance. Another significant cultural characteristic of Turkey is paternalism, which refers to “a subordinate superior relationship whereby people in authority provide support to those under care and whereby subordinates show loyalty, and compliance to the person” (Aycan, 2001, p. 253).

Authority relations in Turkey are based on obedience and respect for authority. In private and public organizations, there is a high power distance, strong centralized decision making and strong uncertainty avoidance. Turkish employees are afraid of expressing disagreements with their
superiors, and they do not have autonomy in the work environment (Wasti, 1998).

According to Aycan (2001), there is a divergence among organizations in adopting effective HR practices. Some organizations really perceive “employees” as their strategic partners and try to implement human resource strategies. The competency approach is one of the significant tools that some of these salient organizations pursue. However, the most important challenge is setting up culture- and company-specific systems that follow current global trends. Wasti (1998) argues that it is highly questionable to apply North American HRM practices to the Turkish culture. It is clear that whatever the new system is, it should go through a process of cultural adaptation and should prepare the workforce for a new system in which employee competencies are integrated with organizational strategy.

The HRM applications in Turkey are not implemented in a generalized and standard fashion. However, large-scale domestic and multinational organizations are now trying to implement competency-based HRM practices with the objective to recruit, appraise, and develop their employees in line with their corporate strategies and culture (Akalp, 2003; Onay, 2002). Other small- and medium-sized enterprises (SME) have not simply gone beyond traditional personnel administration processes. They need more time and effort to primarily establish and implement effective HRM practices before embracing the competency approach.

The Application of Competency-Based HRM in Turkey: Case Study Evidence

Competencies and competency-based (HRM) practices have been widely used by many enterprises around the world for more than three decades. The case study is important in the sense that it links theory and practice in an important way by representing one of the best companies practicing competency-based management of human resources as a multinational enterprise in Turkey. Founded in the 19th century, the company originates in the United States. From the mid-20th century on, the company grew into a worldwide organization and established many affiliates around the world. Today the company sells its products in more than 100 markets. The affiliate in Turkey was established in 1992 and has been in operation since then.

Research methodology. The study adopts a qualitative case methodology based on in-depth interviews with individuals responsible for HRM (called “HRM executives”) from three units: HR strategy articulation, recruitment and selection, and employee development and compensation. The interviews were based on a semistructured questionnaire used to conduct face-to-face interviews. Further questions arising from the interviews were identified by telephone calls and e-mails. In addition, the same questionnaire was administered
to 10 employees and 10 managers in the company in order to get their views about the implementation of the competency approach. Employees were randomly selected from a nonmanagerial employee group who hold university degrees. Managerial positions were also selected from a group of supervisors and managers who hold a university degree or higher level of education. Equivalent replies to each structured and unstructured question are grouped together. All interview data was then codified for each question in a frequency table and compiled to reach the majority of the overlapping replies. The secondary data about the company and HRM practices were received from various public sources.

There are limitations to the use of a case study. It is recognized that conducting this study based on qualitative case methodology hinders the generalization of results over populations. However, this approach can be useful for contributing to theory building (for example, see Yin, 1994).

The management of the company in Turkey was not responsible for developing the competency model. Rather, the competency method was developed by the headquarters of the company. It then had to be implemented by all affiliates that demonstrated a standardization approach by company headquarters. This meant that the information about the competency method was not easily accessible considering the difficulties in reaching those executives at company headquarters. However, the crucial evidence from the interviews showed that the competency approach of Lyle M. Spencer and Signe M. Spencer (1993) was the philosophy that inspired the competency model used by company headquarters.

It is also necessary to clarify that the company executives requested that the name of the company would not be identified in the article. The information used in the case study came from confidential sources within the company.

*The competency framework structure.* The competency framework consisted of competencies, not competency clusters, each involving a definition and related behavioral indicators. Adoption of this competency perspective meant that any employee working for the company should possess or have the potential to demonstrate most of these competencies. The competencies required for the job and organization were selected from the competency framework depending on the position, role, or level of responsibility. The competency framework of the company is shown in Figure 2.

As stated, the company used Spencer and Spencer’s (1993) model in developing the competency model. Identifying superior performers was considered as the key to the company’s success. In addition, strategic market and business needs were also integrated into the competency model so that the inferred competencies would contribute to strategic performance.

Another factor that also influenced the development of the competency framework was the corporate cultural values of the organization. For
instance, integrity, having a collaborative spirit, and creativeness were some of the organization’s values and were reflected within the competency framework as “Integrity,” “Teamwork and Cooperation,” and “Creative Thinking.”

**Competency-based selection.** The main requirement for conducting a competency-based selection system in the company was to hire people who have the potential to make effective and valuable contributions to the jobs and/or roles they occupy and, hence, contribute to the overall success of the company. Competency-based selection was useful for assessing the output and behavior dimensions in the company. It clarified how the employee did his or her job previously, the role the employee took, how he or she behaved, and what he or she achieved. Assessment centers and behavioral event interviews were the main competency-based selection methods used by the company.

The evidence from the interviews with HRM executives, managers, and employees suggests that the competency-based selection system definitely ensured objectivity and a high probability of hiring the right people for the right jobs. In addition, it ensured hiring people who matched the company’s strategies, culture, and values. As mentioned by the employees, there were different understandings of the competency constructs measured. The competencies sampled in the instruments are developed by company headquarters to be used in multicultural settings. However, we should emphasize that it is unclear whether the constructs that were measured have the same conceptual meaning in the culture in which they were assessed.

**Competency-based training and development.** According to the evidence from the HRM executives, the company in Turkey pursued a multicultural training system so that it could meet the needs of the employees in Turkey. As mentioned, this approach enabled executive management to make the most effective use of training and development by being sure about where to focus on scarce resources (i.e., time and training costs). The evidence from the interviews indicates that the competency-based training development system help-
ed employees focus on their goals, skills, and behaviors, so the greatest impact on performance would be achieved.

**Competency-based performance management.** The need for involving competencies in the company’s performance-management system stems from the fact that the system reflected and reinforced the organization’s vision, objectives, values, and culture by focusing employee behavior on strategic priorities. The performance-management system was applied in two different ways depending on the hierarchical levels in the company. First, *Results/Goal-Oriented Performance Management* was used for the positions below the supervisory level. The emphasis in this case was evaluating on an annual basis to show whether the goals set for the employee at the beginning of the year were achieved at the expected level or not. The competency criteria were not considered in this performance appraisal process.

Second, the "Mixed Model"/Total Performance Management approach referred to the assessment of both performance results and competency behaviors that predicted performance in the job. This model was used for positions above supervisory and higher levels in the company. Assessment of competencies involved the evaluation of behaviors, knowledge, ability, and personal characteristics because these factors were also considered to be within the definition of the competency. The mixed model evaluated managerial positions by showing not only what results they achieved but also how they achieved those results.

The evidence from the case suggests that the performance-review process provided more accurate and objective information for training and development and career-management systems. Still, employees mentioned that they somehow felt that the performance evaluations were unjust for some employees. This could be attributed to the one-way feedback from managers and the managers’ caution about giving negative feedback. Therefore, this provided little room to rate low or undesirable performance and sometimes caused inequality in the eyes of the high-performing employees.

**Competency-based career management.** The main objectives of the company for developing a competency-based career planning system were to define a list of expected behaviors required by the job that helped assess candidate readiness and to provide a measurable and systematic method for filling the vacant positions due to promotions, terminations, and other personnel transitions.

As mentioned, the performance-review process differed depending on the hierarchical level of the positions. In nonmanagerial positions, objectives of employees were reviewed. For supervisors or higher, both objectives and competency behaviors were reviewed. Therefore, to a certain extent the competency issue played a role in the current career planning system.

The most commonly used tool to assess an employee’s developmental and promotional potential was the *assessment center (AC)*. An assessment center is composed of a variety of testing techniques, which allow candi-
dates to demonstrate job-related dimensions of performance (worker characteristics) in job simulation exercises that simulate the important conditions and contexts that occur on the target job(s) (Joiner, 2002). In an AC, the expected competencies for the target positions were examined in the candidate employees who were seen as having the potential for future roles. The evidence from the case analysis suggests that if extended to all employees, competency-based career management could enable a fairer methodology to determine development plans and assesses employee readiness for promotions, transfers, or terminations.

Competency-based compensation management. The competency criterion in the company’s compensation policy was a factor in their compensation practices. The pay system in the company is composed of base pay, based on the job or role, and variable pay, for competencies and performance results (individual, team, or organization). Base (fixed) pay was determined by the job evaluation studies and external market benchmark results. The company used the Hay job evaluation method. The criteria for job evaluation included know-how, problem solving, and accountabilities. Based on the criteria, the total score for each job was determined and located against pay grades, each of which corresponded to a pay range.

Variable pay included additional compensation for competencies demonstrated on the job and actual performance results of the employee based on the objectives. For positions below the supervisory level, the variable pay was composed of only one criterion: performance results (objectives). The variable pay, including both competencies and objectives, was applied for positions at the supervisory level and higher. As the grade level increased, the accountabilities of the job also increased. Therefore, the relative percentage of total compensation the organization wanted to pay for performance also increased. The individuals who demonstrated superior performance and met or exceeded performance expectations received performance pay (variable pay). Therefore, the assessment of competencies had a modest influence on compensation.

Challenges to Adopting the Competency Approach to HRM

The evidence from the case study suggests that the competency framework should be adopted systemwide to account for the environmental, organizational, and market factors. However, it is not clear whether the framework will be modified by the affiliate because of changes taking place locally. We believe that company headquarters should be flexible in applying the competency framework, especially when considering local differences.

Employees and managers recommended that an organization-wide review of the competency framework should be conducted every 1 or 2
years. This review should include making the necessary changes in the framework and ensuring that employees possess the behaviors and skills required for superior performance in the regional and worldwide competitive environment.

Competencies are more meaningful when a significant ratio of employees in the organization are involved in the process and present their opinion. In addition, both employees and managers mentioned that it would be much better if they were given the chance to develop competency indicators; however, this was not possible because the company was required to conform to corporate HR practices.

Employees also argued that they would like to be evaluated based on the mixed model so that they could be treated equally with other positions. They believed that this would reinforce their trust and confidence in the process. Although they knew that the competency model was adapted to company purposes, employees sometimes felt a lack of trust. On the other hand, they could not express their ideas to their managers or to the HR Department. In terms of Turkey’s cultural setting and human composition, the case provided evidence that employees still felt power distance between themselves and management when expressing their expectations. In addition, the Turkish company is an affiliate of the parent corporation and mostly host nationals were employed. The fact that these people were reluctant to give negative feedback in Turkey should also be taken into consideration.

These culturally embedded behaviors were actually in contradiction to how competency-based HRM should be implemented because the competency approach allows employees to be more independent and to have open, two-way communication with managers and to negotiate with them during appraisal discussions. However, being in a moderate power distance culture (Aycan, 2001), both parties are not comfortable with the processes. Due to the managers’ unwillingness to provide negative feedback, the system may not be implemented completely and effectively.

A New Competency Framework

All organizations function in a broader social community. According to Thompson and Strickland (2001) an industry’s competitive conditions and overall attractiveness are significant strategy-determining factors. A well-conceived strategy aims at capturing a company’s best growth opportunities and defending it against external threats to its well-being and future performance. In addition, Thompson (2001) stated that economic developments influence the degree of success or profitability any organization can have. Economic conditions are also influenced by the political and social developments. Rodrik (1997) argued that political instability, constitutional breakdowns, frequent cabinet changes, or even military coups can negatively
affect economic developments in a country. When the sociocultural environment is considered, continuous change in the tastes and values of customers and changes in the demographic characteristics of the population directly influence the particular business strategies of any company.

The internal forces that influence competencies include organizational culture, the availability of resources, and product competitiveness. Moreover, the organization’s policies, norms, practices, traditions, history, values, beliefs, core ideology, and ways of doing things combine to create its culture (Thompson & Strickland, 2001). Culture is one of the important factors that influence the development of corporate strategy (Lynch, 2003). The stronger the organization’s culture, the more that culture is likely to shape the organization’s strategy. An internal audit should be done to formulate corporate goals and strategies, to assess the culture of the organization, and to assure that these elements are all in alignment (Torraco & Swanson, 1995).

One of the realities that shape strategy is the amount and quality of the resources (capital, technology, human resource, intellectual property, etc.), competencies and capabilities needed to execute a strategy proficiently. Specifically, technology adds an extra element to differentiate the organization and enable it to develop a sustainable competitive advantage (Lynch, 2000). A company’s ability to create and implement strategies in a supportive culture is also dependent on its success in attracting, developing, and retaining skilled employees.

Another aspect that contributes to a company’s objectives and strategies, and that is the key to gain competitive advantage, is the performance of the product (Baker, Hart, Black, & Abdel-Mohsen, 1996). The products and the marketing of those products should achieve world-class standard in every respect (reliability, design, functionality, service, etc.) in order for the organization to gain significant market share in global markets. Therefore a shared vision and strategy should support the essential elements to which the organization is committed, such as being a world-class manufacturer, a quality organization, and so on (Thompson, 2001).

A successful strategy implementation and execution depends heavily on competent personnel (Thompson & Strickland, 2001). Recruiting, developing, and retaining the right employees are crucial for successful strategy execution. The human resources function plays an important role in developing a sustainable competitive advantage through using people efficiently and effectively as a resource. The human resources function in an organization today partners with top management in designing and implementing their corporate strategies (Dessler, 2005). An HR department monitors whether the organization’s culture supports the long-term business strategy, whether the organization’s strategy is consistent with the business
strategy, whether performance standards are right, and how well human resources systems support business strategy.

As building capable and competent personnel is a top priority in company success, it is important to find out whether the employees have the required abilities and skills for successful performance. Because it is difficult for an organization to measure whether its people possess the abilities critical for its success, the company should find systems or tools to assess and develop employee performance against sound, measurable, observable criteria (Lucia & Lepsinger, 1999). Therefore, a competency approach should support employee development and increase productivity. Competencies are the foundation for an entire HR management function and they can be integrated with all HR systems—recruitment, selection, training, career development, performance management, and workers’ compensation (Dubois, Rothwell, Stern, & Kemp, 2004). This integration is important in the sense that the data received from each function within the HR system (i.e., performance management, training and development, compensation, and so on) will be an input for another part of the HR system. For instance, the competency-based performance results of an employee will enable HR managers to identify what kind of training and development needs are required.

According to Dubois et al. (2004), competencies are valuable when they are aligned with a shared vision, organizational objectives, business strategies, and the external environment. Similarly, Pritchard (1997) stated that competencies are a way to integrate HR strategy with corporate strategy and add performance value to the organization. By focusing on competency applications, organizations are using competencies to integrate selection, training, performance appraisal, career development and compensation. In recruitment and selection, competencies are used to hire employees; in training and development, competencies are used to identify suitable training needs and close gaps in employee’s performance. In performance appraisal, competencies are used to identify factors relevant to performance in the job and compare how a job is done to the results achieved. In career development, competencies are used to promote employees or help identify who is ready to fill a vacant position. In compensation, pay can be based on the certified skills and competencies used on the job.

It is worth emphasizing that the applicability of the competency approach may differ depending on the national culture as well as corporate culture. Dubois et al. (2004) emphasized that the demonstration of a competency is linked to the corporate culture that, at the same time, is influenced by the national culture. This applies to the Turkish cultural context where private business has been based on family ownership since the 1940s. Today there is an emergence of the professional management perspective in which businesses are more oriented toward adopting international management theo-
ries and practices (Nichols, Sugur, & Demir, 2002). The important concern here is in what respect these professional managers know and implement these management practices. It is worth noting that Turkey has slowly been going through a cultural transformation from being more collectivistic and hierarchical to a moderately collectivistic and hierarchical society (Aycan, 2001). Such cultural transformation has been enabled by the introduction of new Western managerial techniques into Turkish organizations, including public organizations (Ateş, 2004).

Research has shown that the requirements for a talented workforce and the strategic management of human resources have been felt due to developments in globalization, competition, and technology in Turkey (Baran, Karabulut, Semerciöz, & Pekdemir, 2002). Research results stated by Aycan (2001) indicate an increasing number of organizations have started applying the competency approach to selected human resources practices; it is likely that they will extend the approach to all human resources practices.
Future Trends in the Competency Approach to HRM

In line with Spencer and Spencer’s (1993) view, today’s organizations face an ever-increasing pace of technological and societal change, a further shift to an information economy requiring highly skilled knowledge workers and intensifying global competition. These trends have created a tight labor market for the most needed knowledge workers who, in turn, change the way competency-based HRM is executed. In this environment, competency-based HRM is most effective when it is based on reliable monitoring of employee performance and follow-up.

Enabling competency and human resources applications through technology is receiving increasing attention. The use of technology can evolve into integrated human resources information systems (HRIS), which have recently been implemented in some of the organizations using competency models. Schippmann et al. (2000) also mentions that improved software applications will ease the implementing of technology-mediated competency modeling.

HRIS bring many advantages such as ease of use, sophistication, security of data, flexibility of reporting, low cost, and most important, the integration of human resource information into all aspects of the organization. On the other hand, HRIS may create resistance from employees due to emotional resistance to change, resistance to technology due to learning difficulties, and fear of measures taken to ensure the security of information. Still, as the world moves toward accelerated technologies, it is necessary for organizations to adjust and educate personnel for the benefit of the entire system.

Conclusions

The competency approach is an effective measurement tool that helps employees agree on a common language and comprehend what is understood by superior performance. Moreover, competency management is a core human resources strategy to help align internal behaviors and skills with the strategic direction of the organization as a whole. As shown in the Turkish case, cultural settings of the organization should be taken into account in developing the model as well as the way the system is aligned with local norms, attitudes, and behaviors.

The primary outcome of competency models is aligning individual behavior with organizational strategies, goals, and values through translating those values and strategies into specific behaviors. Today, organizations realize that if properly designed and skillfully handled, the competency approach leads to individual and organizational performance enhancements. Competency models therefore help the integration of all HRM practices.
One of the fundamental challenges of the competency approach is the risk of restricting the diversity in the organization, because all the members are obliged to apply the same corporate-wide competency standards. This may limit innovation and the diversity of ideas in the organization.

An implication for further research is to conduct an industry-wide analysis in competency-based HR practices in Turkey (or another country) to determine differences in competency model design and/or implementation. The benefits and challenges of the competency applications in specific industries could be examined accordingly. Future research could also identify differences in competency model design and/or implementation by organization characteristics (for example, differences in mission, culture, organization size, and structure). The competency approach should also be further analyzed and studied by human resources advocates and academicians for its performance contributions, calculated return on investment, and potential challenges so that future competency-based HRM practices will be conducted purposefully and effectively.

Note

References


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