

COMPETENCIES IN PRACTICE: AN INTERVIEW WITH HANNEKE C. FRESE

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In this interview with Hanneke C. Frese, we explore a few of the issues associated with the practical application of competency models. Hanneke has broad international experience in a number of organizational settings and has observed both the advantages and the challenges of implementing competency frameworks. In addition, we discuss the contribution that competency modeling can make to the firm and areas for future development and application of these models.

Hanneke, competencies have been with us for many years now as a concept, and possibly HRM fad or fashion. In that time, we have seen arguments for and against their importance, and numerous definitions. We are interested in your view—what would be your working definition of competency or “a competence”?

A competency describes a combination of skills, attitudes, and behaviors that an individual or an organization is competent at, that is, the ability to deliver; perform (a set of) tasks with relative ease and with a high level of predictability in terms of quality and timeliness. Sometimes, competencies are described in a rather aspirational manner, that is, they articulate what we would like an organization or an individual to be better at. Competencies are important, as they help to communicate what an organization or individual stands for or what the expectation is. There are indeed multiple interpretations of the concept, which can be confusing. Equally, it can be confusing for employees if competencies are described that are vague or unclear in terms of fit. Nevertheless, I feel the proper and careful use of competencies is important as it can enhance clarity and transparency and build trust.

What has been your experience with competencies and competency frameworks?

I have had a number of different experiences with competency models. At Citibank, much work was done to define the Talent Management Agenda, as well as a Succession Plan model that was developed simultaneously. These programs date from before Citi's merger with Travelers and may have totally changed since then. However, at the time, senior HR professionals were consistently trained in interview techniques and were required to obtain accreditation in interview and assessment skills.

The interviews focused entirely on exploring the candidates' competencies based on evidence and the context in which the competency was developed or applied. So, if it appeared that a candidate had great leadership or implementation skills, we would explore the context in which that took place. As candidates worked internationally and moved around the world, it was then possible to explore the same competency but in an entirely different context. We used the models now also described in *The Leadership Pipeline* (coauthored by Ram Charan, Steve Drotter, and James Noel). The descrip-

tions of competencies required at different levels of management, which are illustrated in this work, are very useful.

In addition, we used the International Living and Working Index (ILWI) designed by Professor Dan Kealy. His empirical research established the relevance of a number of skills, attitudes, and behaviors for successful performance on an overseas assignment. This competency model helped us gauge the candidate's readiness to take up international assignments.

Another example of working with competency models took place when I was at Zurich Re (the reinsurance division of Zurich Financial Services, which became Conventium after the initial public offering). Through extensive interviewing of specialists in both the actuarial and underwriting positions, we began to understand that these two job families were more similar than dissimilar and that we could actually work with one competency model in which just a couple of ingredients differed. This helped both groups (where there was some natural competition) to work more closely together.

Are you saying that at Citibank, competencies were measured using interviews in some cases, but questionnaires (International Living and Working Index) in others? Why would there be differences in measurement approaches?

In both cases, we used interviews to establish the competencies and deepen our understanding of the level of predictability of candidates being successful. The ILWI approach, which included a questionnaire to be completed by the candidate, was used in addition to the more general competency-based assessment interviews, in case high-potential managers or specialists were being considered for an assignment in another country.

It sounds like quite a diverse set of contexts where you have used the competency approach. In any of these contexts, what differentiated this approach from a more traditional job-analytic method of defining and assessing human capital needs?

The reality is that the normal way to use proper processes is not always how it works in corporate life! The job analysis I have been involved with focused on task and behavior analysis, and it would seem logical that the findings would then roll up into organizational competency models. But in reality, that does not always appear to be the case. In my experience, task/behavior analysis is often done to justify filling a position, to have a basis for a job description and candidate profile to use for searching candidates, to be used as the justification for a promotion or a salary increase, etc. It may sound

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controversial, but you could almost argue that traditional job analysis describes and measures the status quo. Useful indeed, but not as a single tool.

Some of the competency models that were put together were not disconnected from the traditional job-analysis method but were produced separately, that is, taking a step back from the analysis and then creating an overarching methodology, which also included aspirational aspects to drive the organization forward. For instance, the task/behavior analysis could show low levels of innovation and a high level of technical competency. In one such case, we correlated our findings with information obtained through a 360-degree feedback analysis. However, management may feel an urgent need for people to be more innovative, and in order to communicate that, and give people permission to be more innovative, we implemented a companywide competency model, which included innovation. So, in other words, the competency model says, "We are innovative," but in reality that described the desired, rather than the current state.

These types of companywide competency models, sometimes only applicable to the higher echelons of management, were used to *create a common language*, because a decentralized organization needed to begin to *create a stronger common context*. This way, the competency model also became a tool in terms of communication, creating leadership brand, etc.

It sounds like the competency approach was filling a gap that more "traditional" or "text-book" approaches to job analysis were not able to fill. Building on your previous comments, what do you see as the advantages or strengths of this approach?

Job analysis, by definition, looks at how things are done today. A number of tasks performed today may actually be obsolete. Without great care and good insight into the strategy of the organization, job analysis may prolong the status quo and reinforce that tasks currently performed are the right ones. A clear advantage of the competency

approach can be the fact that it helps to articulate the future; it looks forward to what the company aspires to do. When employees read competency models, they can seem a little foreign to them. It can cause some friction in how they see their organizations and their roles in them. This process can, however, be vital for the organization to move forward, to innovate, and to continue to add value. Clearly, a prerequisite to this functioning properly is a cohesive strategy between how the company presents itself to its stakeholders, through its external brand, the alignment of the employee value proposition and the articulation of the competencies and "leadership brand" so that the communication strategy underpins the vision of the organization.

As a follow-up to this, did you observe any weaknesses or difficulties implementing the competency approach? For example, in application, do you think that the managers and executives to whom the competency model was applied were receptive, and why or why not?

The difficulty is that various functional experts within the organization actively need to work together to create alignment. Only then is it possible for the CEO to speak clearly about the vision of the company and what is needed to perform to expectation in the future. Those responsible for strategy, finance, human resources, leadership development, communication, marketing, brand management, etc. all need to be aware of what is going on in each other's area of functional expertise. They need to understand from each other's activities what the cause and effect is of their decisions for the others. If the strategy calls for offshoring, launching a new product, entering a new market, merging with another company, etc., all of these activities will impact the other functions and can support or undermine the competencies. Even in some of the most successful companies, this connectivity does not always exist, and a competency model that is not totally and clearly aligned can cause confusion and undermine trust. As we all know, trust is a commodity that is in short supply in many organizations. And without trust, there is no

innovation; without innovation, there is no sustainable future.

Can you provide specific examples of where the managers were receptive and where they were not?

It is ultimately a matter of communication, gaining and building trust as well as speaking to the hearts of employees. Those managers who were not receptive to new competency models were suffering from a more general sense of malaise: they had lost trust in management, had low levels of general motivation, and had become cynical. If employees understand how new competencies can help shape the future of the organization, if they are given sufficient means and time to develop the new skills, attitudes, and behavior, they are more likely to perform in alignment with the stated direction. If employees trust their management's strategy is the right one, they (regardless of level) will align themselves. It reminds me of the simple saying that "a leader is only a leader if he or she has followers." Therefore, leaders need to take sufficient time to communicate and build trust. In many organizations where the focus hardly goes beyond the next quarterly report, this is a tall order. Those companies that understand the value of truly engaging their employees also emotionally will differentiate themselves from the pack in the long run.

You previously mentioned that, as a result of the aspirational and future-oriented nature of competency models, employees may find them somewhat foreign to their current work context. What recommendations or experiences would you share that can help organizations to smooth the way and promote acceptance of a competency framework?

Yes, that is correct: aspirational competency models can seem a little foreign, and what is new and unknown may be inspiring and exciting to some employees and unsettling and demotivating to others. Future-oriented competency models fundamentally change the Employee Value Proposition. Assume that someone joined a conservative organization that holds a steady course and

does not take too much risk. Candidates who select such an organization have a certain expectation of the future, the value the management team espouses, and the behaviors that are expected of the employees. Assume that at some point the market changes, a new management is appointed, and there is a merger. The new leadership begins to hire new employees who have different profiles and behave differently. They tell the candidates, "Join us, because this is where change will happen, we will shift our business model, we need people who take initiative, and are not shy to come up with radical, innovative plans." In the beginning, these new employees will feel friction: there is not much in the organizational culture that helps them to behave the way they have been told to. Despite having been given permission to be radical and innovate, the environment tries to hold them back. After a few months, the new competency model is announced. The new employees are re-energized, because here it is for all to see in black and white, and they continue with renewed enthusiasm. If they had worried about having made the right decision, now the level of trust they have in the management has jumped up. This really is the place to be!

The employees who had been with the company for years felt uneasy about the new employees. These new people are very different; they do not behave the way they were supposed to. They are dangerous because they talk about taking risks and doing things that have never been done before. But now it is in writing that this is actually what management wants. The long-term employees feel that the rules of the game have shifted (true!), their profiles are not aligned anymore, they may not be able to behave according to the new situation or they may not want to because they still do not believe that it is in the best interest of "their" organization. They thought management was acting strangely but now they really begin to distrust their leaders. Some will start to look for a new job because they see the writing on the wall. Others will hope that the board will fire the management team and that things will go back to normal.

What can management do to keep the trust of both groups and help the long-term employees to ease into the new world? Communicate, communicate, communicate! Hold a steady course, don't overcomplicate the messages, have focus groups, and set up project work wherever possible so that the new employees and the long-term employees can work together and share knowledge and ideas. There are numerous ways to do this, and it is not brain surgery. But it takes time and attention. This is why it is so important for all the functional teams to work together so that the external brand and the internal brand, that is, the Employee Value Proposition, stay aligned—always—but certainly in times of rapid change.

Looking at the HR function itself for a moment, it seems clear that competency frameworks offer a fairly direct link between the resource that this function acquires and develops—human capital—and an organization's strategic goals. Have you seen any evidence that implementing competency frameworks can help increase the participation of HR within the strategic planning process? Or does it tend to be the HR functions that are already integrated with strategic planning that then have the opportunity to implement competency frameworks?

The level of collaboration between those responsible for the strategy planning process and HR varies from organization to organization. In some cases, an external consultant may be appointed and talk to all stakeholders and recommend a new strategy that includes suggestions on the competency framework that will underpin the new direction. Hopefully, the HR professionals have been included in that thought process regardless of whether this strategic work is done by internal or external professionals! The more HR is included in these discussions, the faster the organization will

change, because HR can support the transition, help hire the new profile employees, act as advisors and counselors to long-term employees who find it hard to deal with the change, etc. However, as I said before, this really varies from organization to organization. In some cases, if the HR function finds it hard to adjust to the new direction, they may actually stand in the way of change. Therefore, if the HR function is involved early on, understands the strategic direction, is a voice at the table that is not shy of pointing out the risks, and feels part of the end decision, the HR function will be well positioned to help guide the human capital in the right direction.

What do you think is a useful future direction for the development and assessment of competence, in both research and in practice? How might we expect to see competencies applied to useful effect in organizations of the future?

My sense is that in a rapidly changing marketplace, we will continue to use competencies to describe what it is that we expect people to focus on. We are beginning to see a trend that says knowledge workers do not need to be managed: manage their environment, the context they work in, and leave them free to do their work and to innovate. If this is so—and I think it is—then that requires leadership competencies that focus even more on facilitating, creating favorable conditions for professionals to work and excel. Equally, new competencies are required that help manage value chains that are becoming more global and more complex. We are in a playing field that is forever changing: from managing people to managing context, from telling and controlling to coaching and facilitating. How we do this in a new world where trust is in short supply will depend on whether we excel at the right competencies.

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