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# STRENGTHENING THE USE OF COMPETENCES FOR ORGANIZATIONAL PERFORMANCE

Theoretical  
article

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## Keywords

Competency  
Competence development  
Competitive advantage

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## JEL Classification

J24

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## Abstract

*In the actual dynamic, challenging and highly competitive environment there are new milestones for successful organisations like: attracting the best qualified people, using and developing competences, creating multidisciplinary teams and harness top capabilities. This article aims to shape a new perspective on competence, particularly regarding the focus on competencies that will enhance the superior value creation. In this paper, I conceptualize the "competence" as accumulation of knowledge, skills and evidences of expertise that mutually reinforcing themselves to perform activities and superior value creation. The identification is based on observable behaviors that are relevant for high performance as key factor for obtaining and maintaining competitive advantage. Then I present the prerequisites for creating a framework for defining-identifying-developing competences in order to collect qualitative information. Finally, the development of competencies should be considered a source of competitive advantage if there are met some goals including strategical approach, collaborative network and responsibility for integrating competence development as an intrinsic part of sustainable development.*

### **A great interest on competence...**

From the labour market point of view, there is a new paradigm shift in order to increase people employability and respond to the employers request: a shift from the perspective of qualification (what workers know) to the perspective of competence (how they do what they know). From the company's perspective, there is a need for competent workers who are well educated, capable to raise their performance and stand out the company.

The Europe 2020 Strategy for turning the EU into a smart, sustainable and inclusive economy delivering high levels of employment, productivity and social cohesion sets out a vision of Europe's social market economy for the 21st century. For our economy to grow and remain competitive, we need more and better jobs. Fostering education and training systems is an indispensable and essential condition.

The European strategically framework emphasizes that there is a need the improvement of competences and skills according to the requirements of the labour market demands and new world of work challenges to support innovation and growth economies. The „New Skills for New Jobs” (2008) set out the agenda for better skills upgrading, anticipation and matching. „An Agenda for New Skills and Jobs” (2010) presents a set of concrete actions that will help for equipping people with the right skills for the jobs of today and tomorrow.

European Centre for the Development of Vocational Training (Cedefop) is actively engaged in analyzing the returns on company investments in skills, looking to collect robust evidence on this important issue. The reports shows that investments in skills are also beneficial to firms in the way they aid innovation (Cedefop, 2011). Major changes in work processes and work organization stimulate training needs and a well skilled workforce is an asset that makes it easier for companies to adapt to changes and to compete in new competitive markets.

Cedefop's 2012 report, „Trends in VET policy in Europe 2010-2012: Progress towards the Bruges Communiqué” is a step in evaluating how these short-term actions are implemented in Member States and candidate countries (Cedefop, 2012). There is a progress in several areas, notably in European and National Qualification Framework implementation, European quality assurance reference framework for vocational education and training, work-based learning, and reducing early leaving from education and training, but many policy measures are still in the planning stage. Areas where there has been less action so far require further attention, such as monitoring labour market outcomes and informing vocational education training (VET) provision, using

incentives, and the professional development of teachers and trainers. European tools and principles will need to interact and become more coherent to benefit European citizens fully.

An accepted vision stipulates that European VET systems should be more attractive, relevant, career-oriented, innovative, accessible and flexible, and should contribute to excellence and equity in lifelong learning. For this, we need flexible systems of education, assuring the validation of non-formal and informal learning results, including competences acquired in the work place, and competency-based approach which addresses job performance. So it should be given more attention to development of human resources in relation with economic performance and the success of the company, but until now it has been difficult to isolate the impact of individual contribution of employees as competence, knowledge, attitudes on organisations' result and performance.

### **...and the overall perceptions**

From organizations perspective, there is a serious concern to attract people with strong competences and develop these that facilitate the development of their business in a competitive environment.

For defining the concept of competence there is no limit to cognitive elements (involving the use of theory, concepts or tacit knowledge), it also encompasses functional aspects (including technical skills) as well as interpersonal attributes (e.g. social or organizational skills) and ethical values (Cedefop, 2014).

The Eurobarometer 417 „European area of skills and qualifications” (June 2014) presents the results of a survey coordinated by the European Commission, to collect the views of stakeholders on the problems faced by learners and workers with regard to the transparency and recognition of their skills and qualifications when moving within and between EU Member States, on the adequacy of the related European policies and instruments, and on the potential benefits of developing a “European Area of Skills and Qualifications” (European Union, 2014). The conclusions help us understand how experience and attitudes vary across different sections of European society.

What is the perception about the most important skills provided by education?

Many European citizens (62%) think that basic skills like reading and writing, and numeracy are the most important type of skill that education provides ahead of the other types of skill: job-specific/ professional skills (34%), skills that can be used in different jobs (30%), specialized skills in specific subjects, science, technology, law (26%) and foreign language skills (24%). In Romania, there is a similar perception about important skills, with small differences. For example, Job-specific/ professional skills e.g. to become an engineer,

accountant, nurse, mechanic etc. are more likely to be more valued by Romanian workers (38%) than Europeans (34%). On the other side, less Romanians (15%) consider that skills that can be used in different jobs e.g. problem solving, working with others are important at workplace, comparative with Europeans (30%). This reflects a need for more awareness of the value of these important skills that can improve the occupability of a person and successful transitions on labour market.

In Romania, there is a good framework at legislative, institutional, methodological level for recognition and validation of competences, supported as appropriate by national qualifications frameworks, respecting the European principles and guidelines.

Yet often to perform well, it is not enough just to have these skills evaluated. It is also critical to complement the skills with the necessary work experience, deep knowledge and right attitudes, as well as managerial capabilities and good schemes to put them in force for creating value. These collectively skills, knowledge and attitudes are things that organizations do better than the competitors in critical times.

#### **Prerequisites for an interdisciplinary approach on competency**

In the actual competitive world, classical theories need to be updated according to new theoretical and methodological knowledge. There were developed new approaches in the labor process management by adding knowledge for raising creative and innovative potential of human capital as a key element of modern competitiveness and source of innovation and strategic renewal.

I support the introduction of an interdisciplinary approach to the analysis of the concept of competence and its development, in order to achieve an overall understanding of the concept and phenomenon and their intrinsic relations with competitive advantage and organizational performance.

Interdisciplinary approach focused on the integration of concepts, ideas and methods from different disciplines as long as the „competence” have defining coordinates from the perspective of different disciplines (economics, sociology, psychology) and have effects on many areas (labor economics, management, human resources, etc.). This analysis requires a combination of different concepts and assumptions, causal mechanisms and methods to form a unique concept. In an integrative manner, all these dimensions converge to sustain competitive and dynamic organization like an alive system and a place of manifestation of complex processes.

Competence is not a simple concept. In the beginning, the term "competence" first appeared in

an article authored by R.W. White in 1959 as a concept for performance motivation. Its use varies widely, which leads to considerable misunderstanding.

Conceptually, the whole (competence) is greater than the sum of the parts (knowledge, skills, attitudes, organizational behavior, environment etc.) because the constituents collectively build their effect on each other. This is a principia idea in holistic approach.

This intangible nature of competence can present particular challenges, one of the most significant of which is its assessment. This is because there is a tendency to concentrate more on the tangible and the overt and less on the underlying (but possibly more critical) attributes of competence (Harris et al., 1995).

#### **From Competence to Competency: a broader approach**

Spencer and Spencer (1993) approach the competence as „an underlying characteristic of an individual that is causally related to criterion-referenced effective and/or superior performance in a job or situation”. More, they distinguish between „threshold competencies” as the essential characteristics of competence, and „differentiating competencies” which separate superior performers from average (Spencer L. and Spencer S., 1993).

The conceptualization often stresses on work performance, and the assessment is based on the observable outcomes and measurable or behavior. But performance is underpinned by the constituents of competence: personally skills, knowledge and abilities which collectively underpin and enable performance.

So, the competency is the ability to perform particular tasks and duties to the standard of performance expected in the workplace. It covers all aspects of workplace performance and involves performing individual tasks; managing a range of different tasks; responding to contingencies or breakdowns; and, dealing with the responsibilities of the workplace, including working with others.

Competency empowering the capability to apply relevant skills, knowledge and attitudes consistently over time, and in the required workplace situations and environments.

The broader accepted definition is not limited at cognitive elements (involving the use of theory, concepts or tacit knowledge) nor at „the ability to perform workplace tasks”. It also encompasses functional aspects (including technical skills) as well as interpersonal attributes (e.g. social or organizational skills) and ethical values.

So the literature suggests that „competence” can be made operational in two broad ways. One takes a view that competence is a personal construct, while the other grounds competencies in the context of an occupation and even a particular workplace. It

suggests that a balance needs to be struck between these two constructs.

Competence is a journey, not an end point that is, competencies go beyond formal education and training and experience. They are developed through the integration of all that has been learnt or experienced formally and informally, and in some cases relate to capacities which have been developed over a life span. Thus, this is a persuasive justification for the provision of opportunities for adults to develop and learn throughout life (Guthrie, 2009).

Even more, in highly competitive environment, companies needs abilities that cannot be easily imitated by competitors. Core competencies are what give a source of competitive advantages, in creating and delivering value to its products.

The conceptualization of core competency can be defined as „a harmonized combination of multiple resources and skills that distinguish a firm in the marketplace” (Prahalad and Hamel, 1990).

Core competency is the collective know-how in an organization, the capacity to put together diverse skills, competencies and attitudes, in an integrative manner. Core competence is communication, involvement and a deep commitment to working across organizational boundaries as long as competencies are corporate resources that may be relocated by corporate management.

### **An integrated action for organizational performance**

There are three required steps for building a framework of competency as a source of sustainable advantage: defining, identification and developing.

#### **The defining**

A competence which is central to company activities but which is not exceptional in some way should not be considered as a core competence, as it will not generate a differentiated advantage over rival businesses. There are three conditions that define the competences relevant to competitive advantage. Firstly, it should make a disproportional contribution to stakeholder value, secondly it's should open doors to other development opportunities; thirdly its should represent such a unique blend of tacit and explicit knowledge that it cannot be copied by competitors.

#### **The identification**

They suggest three coordinates to be applied to distinguish competencies should be taken in consideration for identifying those relevant for competitive advantage. First, core competencies provide potential access to a wide variety of markets, because enables the creation of new products and services. Secondly, competencies should make a significant contribution to the

perceived customer value and enables a business to deliver a fundamental customer benefit, the perceived customer benefits of the end product. Thirdly, a core competence should be difficult to imitate by competitors. This helps create sustainable competitive advantage as it is unique and difficult for competitors to do the same.

### **Developing competencies**

Core competencies are built through a long-term process of continuous identification, improvement and training. If a company invests in core competencies development in a sustainable approach, it will be capable to enter the emerging market and gain competitive advantage. This must add value to human capital and shape a strong corporative feeling and a good representation of strategically vision that characterize the global winners. Building synergies among workers competencies and organization capabilities and objectives comes to support creating the strategically framework for becoming more productive together than independently.

### **Conclusions**

Thus, while competence is still statically individually based, the competency is more focused on dynamic context of human resource management and development, inside the active organization. Competency is in relation with fulfilling activities at workplace, in a real situation and context, in order to achieve performance. In organizations competency is correlated with superior job performance and can be used as a standard against which to measure job performance as well as to recruit and hire employees and to build development strategy. But the organization must know what need for performance. Therefore it must be able to assess the desired skills and competence levels for the workforce and to compare these with the actual situation.

The development of competencies should be considered a source of competitive advantage if there are met some goals including strategically approach, collaborative network and responsibility for integrating competence development as an intrinsic part of sustainable development.

The scheme of defines - identify – develop is intended to yields a long term advantage to the company willing to prepare their human resources to become aware of their value and change perspectives approach, to acquire new levers to set their advantages for a challenging global development.

### **Acknowledgment**

This paper was co-financed from the European Social Fund, through the Sectoral Operational Programme Human Resources Development 2007-2013, project number POSDRU/159/1.5/S/138907

"Excellence in scientific interdisciplinary research, Doctoral and postdoctoral, in the economic, social and medical fields -EXCELIS", Coordinator the Bucharest University of Economic Studies.

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