Introduction

This paper discusses the importance of good people management practices based on behaviour. Behavioural competency profiling provides the basis for:

- Selection
- Coaching
- Performance evaluation and assessment
- Career development
- Succession planning

The rate at which an organisation learns will determine its sustainable competitive advantage. No longer do competitive forces permit gradual continuous improvement toward strategic goals set by senior management. A workforce linked by shared values, trust, close communication and information sharing will also be closer to customers and markets. This superior understanding will ensure faster response to changing market imperatives that will drive competitive business success.

Four Studies Demonstrating:
The kind of people management that is key to business success

Institute of Work Psychology, University of Sheffield

Malcolm Patterson led a team that conducted a seven year study for the Chartered Institute on Personnel and Development (CIPD) on how people management practices affected business performance in 100 small to medium enterprises (SMEs).

The study evaluated the extent to which people management and other business policies and practices predicted organisational performance as measured by productivity and profitability. A positive correlation was found between HR practices, employee attitudes, organisational culture, and company performance. Additionally the report found that employee commitment and satisfaction are fundamental to improving business performance.

This study makes it clear that if managers would like to improve the performance of their businesses they should focus on the management of people.

Key findings were that people management accounted for 19% of the variability in profitability and 18% of the variability in productivity in organisations. Compare this with R&D (8%) and Quality, Strategy and New Technology (a mere 1% each).
The desirable personnel practices included strategies for the acquisition and development of employee skills and behaviours in the selection, induction and appraisals processes. Job design including the use of formal teams, skill flexibility, job responsibility and variety were also important contributors.

1998 UK Workplace Employee Relations Survey (WERS)

This survey sampled some 2000 workplaces and also obtained the opinions of approximately 28,000 employees. David Guest and a team of colleagues analysed the study for the CIPD and concluded that:

- **In the private sector** HR management, employee commitment and employee satisfaction correlated strongly with business performance in the private sector.

- **In the public sector,** people management issues were more integrated into strategic planning. But even here, it was found that people management strategies and policy implementation had a direct impact on employee attitudes and performance outcomes.

UK Future of Work Survey

This survey covered 835 private sector organisations. Also analysed by a team led by David Guest, this Survey established that higher levels of progressive HR practices coupled with effective and efficient implementation tended to have higher levels of employee commitment and quality and greater workforce flexibility. These practices correlated positively with higher levels of productivity and financial performance with high quality goods and services.

Research in the USA

Becker and Huselid conducted three surveys in the mid 1990s looking at the relationship between progressive HR practices and business financial performance in around 4,000 organisations. These surveys indicated that there was a strong relationship between the use of progressive HR practices and financial results. The 1996 survey showed that organisations implementing more progressive HR practices delivered 24% higher shareholder equity and 25% higher profits. As implementing changes in HR practices involves changes in management, the study observed that the implementation of advanced HR practices needs more evaluation around the implementation methodology to overcome the inherent problems of organisational change. Despite this observation, they conclude that there is compelling evidence of the link between progressive HR practices and business performance.
Competency Based HR Management Systems

Competencies and accountabilities are the cement that binds together all aspects of the HR system to ensure holistic organisational effectiveness. They provide a single cohesive structure on which to base the HR processes of recruitment, internal selection, performance management, coaching and succession management.

The diagram below shows how a valid competency framework integrates an organisation's HR system.

Competencies are groups of similar behaviours that are used to define those things that people do or the behaviours that people display when they are effective in their jobs.

- Behaviour is the visible output of the combined effect of a person’s knowledge, skills, experience and motivations (values, ethics, opinions, beliefs, etc.)
- Competencies define and summarise groups of similar behaviours
- Competencies work because they use the principle that behaviour predicts behaviour. That is, the way a person has behaved in the past is the best predictor of how they will behave in the future
- Competencies are the basic building blocks of an integrated HR system

### Integrated Competency Based HR System

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The benefits of an integrated competency based HR system include:

- A clear succession management system that is transparent and open, is accepted by stakeholders and staff and facilitates the selection of people who show potential in key leadership competencies.
- Reduced staff resignations / turnover.
- Increased percentage of positions filled by internal rather than external people.
- Improved results in the staff climate survey in the areas of career opportunities, training opportunities and morale measures.
- Clearer articulation of roles and accountabilities.
- Increased managerial job satisfaction through involvement in delivering skill development.
- Focused service to customers as people understand the behaviours that underlie effective customer service.
- More focused performance management by providing a clear basis for monitoring performance and building development plans.
- Targeted and effective career planning by defining areas of strength and development need and facilitating the selection of career options that leverage off strengths and assist in the improvement in areas of development need.
- Better performance development by giving employees and their manager or coach a library of specific behaviours on which to assess performance and structure feedback. This allows the feedback to focus on the objective behaviour rather than the person.
- Improved results from training programs.

Many different behaviours are used in effective job performance. This means that a competency framework or library of competencies is needed that covers all the behaviours that are important to organisational success. Each competency in this framework will cover a group of closely related behaviours and have a definition that summarises the behaviours that underlie the competency.

The role important competencies are defined or determined by a competency profiling process that will be discussed later.

Competencies can be likened to clothes rack in a clothing shop. The competencies are the clothes racks and the individual Behavioural Anchors are the ‘hooks’ on which we can ‘hang’ similar behaviour. The competencies provide the focus for gathering behavioural information and make analysis of that information easier. Competencies describe specific types or groupings of behaviours, for example, Communication, Planning and Organising, Sales Ability, Decision Making, Customer Focus, Initiative, Motivational Match, Self Management, Technical/Professional skills and Knowledge, and Impact are typical competencies.
In building an effective integrated HR management system it is important that the competencies that underlie that system be well structured. Many competency frameworks we see in practice are not well designed and the result is a less than optimum people management system. Our experience is that people who develop their own competency framework become closely attached to the framework and defend stoutly any changes to their bellowed offspring. Given this it is very important that you get the competencies right or use one that had been proved in application across a number of organisation.

Common problems include:

- Failure to include all the behaviours that are important to success in the organisation.
- Having a definition that is unclear and/or includes complicated ‘HR speak’ that the non HR practitioner or non psychologist find difficult to understand.
- Overlap other competencies, for example a Customer Focus definition that we reviewed recently included “communicate effectively with customers” in the Customer Focus competency, which overlaps both communication and customer oriented behaviours.
- Include motivational aspects in behavioural competencies, for example ‘a desire to help customers’ where desire reflects a degree of motivation that is better evaluated under the Motivational Match competency.
- Include technical and professional skills & knowledge in behavioural competencies, for example ‘customer database management skills’.
- Do not provide specific & individual behavioural anchors to use for performance evaluation, feedback & coaching. Rather the competencies rely on just the competency definition or the behavioural anchors are not specific and/or overlap several different behaviours. For example ‘Creates structure in communication and matches content and delivery style to the audience’.

Effective competencies have:

**Name**

The name describes the behaviour to which the competency relates, and Communication, Planning and Organising and Sales Ability are typical competency names

**Definition**

The definition of a competency summarises the behaviours that are characteristic of the competency. For example one definition for Building Successful Working Relationships or Teamwork is:

> “Working constructively and co-operatively with others. Encouraging, helping and supporting other team members. Recognising and using others’ contributions while focusing on team as well as individual goals. Addressing and handling conflict effectively”.
**Behavioural Anchors**

Behavioural Anchors are a list of individual behaviours that define the separate behaviours that when combined make up the competency. These are the behaviours or actions that people who are proficient in the competency, use to deliver a successful outcome. Behavioural Anchors help us to understand what actions are required or how activities must be undertaken to produce an effective result. The Behavioural Anchors are particularly important in providing focus for HR activities. Behavioural Anchors are used to evaluate candidates for performance reviews, assessment activities, selection processes, and 360º surveys and managers with direct reports use them to provide focus in performance management and coaching discussions.

For example behavioural anchors for the Communication competency could be:

- Creates structure in communication
- Matches content and delivery style to the audience
- Confirms understanding
- Thinks ahead, anticipates reactions and prepares in advance
- Persuades others directly
- Has personal impact and displays a positive persona or attitude
Behaviours and Motivators Matter

Success in a role involves the match of the needs of the role with the abilities, knowledge and motivations of the candidate. The requirement for successful performance in a role are summarised in the diagram below:

People must match the job critical requirements in all three aspects of proficient job performance to be fully effective in a job. For example if the person does not have the motivation to do the job (“Doesn’t Want To”), despite having the required skills and knowledge and behaviours, they will lack enthusiasm, probably not have high productivity and may be disruptive to others and not be successful in the role.

Similarly if a person lacks proficiency in a necessary behaviour (“Can’t Do”), such as say team-working skills, they will struggle in a job that requires high level team-working skills (“Can Do”) even if they have excellent knowledge and skills (“Know How”) and a good match to the motivations available in the job. In the same way if they have the qualifications and skills required for success (“Know How”) but lack some of the necessary behaviours and motivations they will not be successful.

Many selection and assessment programs focus on skill and knowledge, because they are easy to evaluate and these programs commonly overlook matching motivations and behaviours. Such an approach results in people being set-up for failure in a role unless they have high ability to learn. This approach also presumes that the organisation is prepared to allow the time for the person to learn the behaviours and that they can be learned. But even a good ability to learn will not address a motivational mis-match as motivations change very slowly over time, if at all.
Behaviours and motivations do matter. Changes in the business world have created an increased awareness and need for organisations to use behaviours, commonly called competencies or capabilities, to match people to jobs. Because of the “war for talent” people have more freedom to choose jobs they like and using job motivators to match people to roles from a motivational perspective is also more important. Some of the drivers to the use of behaviours and job motivators in the workplace are:

- **Managing the “Performance is behaviour” equation.** What people do, their actions, their behaviours generates business success. Performance is not the consequence of behaviour; it is the behaviour itself.

- **Defining roles in measurable terms.** Job descriptions are obsolete from the time they are generated. Defining jobs in terms of the important behaviours and motivators enables people to understand performance imperatives without the need to constantly update quickly changing job descriptions.

- **Forming the basis for 360º management surveys.** Organisations are increasingly using these surveys to provide people with data on how they impact others and how their performance is perceived. Behaviours underlie these surveys to give people insight into their strengths and development needs.

- **Objective behavioural assessment.** The objective nature of behavioural assessment though assessment centres and behavioural interviewing is finding increasing use because it provides more accuracy in the evaluation of people than traditional interview and assessment techniques.

- **Empowering workplaces through role clarity.** Providing people with an understanding of the behaviours that generate job success facilitates the empowerment of staff. Rather than listing the tasks that people must complete, defining the behaviours provide people with an understanding of how they can be successful in a role.

- **Addressing dis-satisfaction with predictive Psych Tools.** Personality tools have been used to predict the likelihood of people being successful in a role and are less accurate and have less community acceptance than performance evaluation based on behaviours. Behaviour predicts behaviour. Finding how people have behaved in the past is the best predictor of how they will behave in the future. Observing them perform in an assessment centre is an even more accurate evaluation of performance.
• **Bringing clarity to career paths.** Management levels have been reduced and organisations flattened, which means that every promotion decision is critically important to individuals and the organisation. Clear definition of the behaviours that are required at each management level and the associated motivators will assist in developing career plans and in making promotion decisions.

• **Winning the War for Talent.** The reduction in management talent available due to the baby boomer generation retiring in increasing numbers means that career aspirations and motivations for high potential staff need to be managed with more care and finesse.