

Management by Competence

Abstract

Management by competence is an effective human resource management strategy that enables organizations to maximize the potential of their employees and achieve strategic goals. By identifying, developing, and appropriately utilizing competencies, organizations can increase their efficiency, employee motivation, and ability to adapt in a dynamic business environment.

KEYWORDS: Competency Management, Human Resource Management, Competency Identification, Skill Development, Employee Assessment, Employee Assessment Service Learning, Service Learning

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1 | Admission

Management by competence is a modern approach to human resource management, that has gained importance in recent decades. This concept focuses on identifying, developing, and using the employee competencies to achieve strategic goals of the organization. Competences, understood as a set of knowledge, skills, attitudes and behaviors, play a key role in the efficiency and competitiveness of enterprises^[1]. This article aims to present the structure and importance of competency management and

¹ Michael Armstrong, *A Handbook of Human Resource Management Practice* (Londyn: Kogan Page Publishers, 2012).

to discuss its key elements, benefits and challenges^[2]. The Service Learning method and the right to good administration will also be discussed.

2 | Competency identification

The first step in competency management is to identify the competencies necessary for individual job positions. This process begins with an analysis of workplaces and consultations with employees and managers. The goal is to understand the organization's strategy and goals and to determine which competencies are key to achieving those goals^[3]. Tools such as competency matrices and competency profiles are used to precisely define the set of skills, knowledge, behaviors, and attitudes required for different positions^[4].

Competencies can be defined as a set of knowledge, skills, attitudes, and personality traits that are necessary to perform specific professional tasks effectively^[5]. In the literature on the subject, competencies are often divided into three main categories: technical, behavioral and contextual^[6]. Technical competencies refers to specialist knowledge and skills related to the performance of specific professional tasks^[7]. Behavioral competencies include personality traits and social skills, such as communicativeness, teamwork, leadership and time management^[8].

² See Joanna Moczydłowska, *Professional Competence Management and Motivating Employees* (Warsaw: Difin, 2008). Tadeusz Oleksyn, *Competence management* (Warsaw: Wolters Kluwer, 2014); *Employee Management*, ed. Lidia Zbiegień-Maciąg (Kraków: AGH University Scientific and Didactic Publishers, 2002).

³ Richard Boyatzis, *The Competent Manager: A Model for Effective Performance* (Nowy Jork: Wiley, 1982).

⁴ David Dubois, *Competency-Based Human Resource Management* (Palo Alto: Davies-Black Publishing, 2004).

⁵ David McClelland, „Testing for Competence Rather Than for Intelligence” *American Psychologist*, 1 (1973): 1-14.

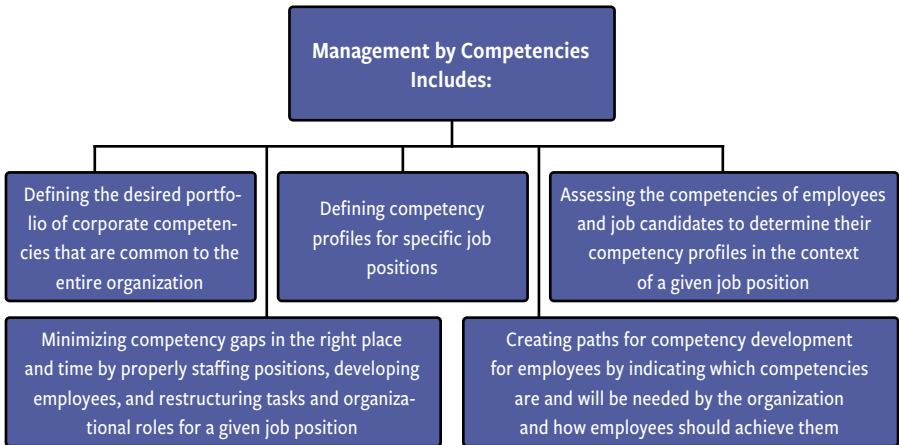
⁶ Lyle Spencer, Phd Signe M. Spencer, *Competence at Work: Models for Superior Performance* (Nowy Jork: Wiley, 1993).

⁷ Scott Parry, *The Quest for Competence* (Minneapolis: Training, 1996).

⁸ Daniel Goleman, *Emotional Intelligence: Why It Can Matter More Than IQ* (Nowy Jork: Bantam Books, 1995).

Contextual competencies relate to the ability to adapt and manage in a changing environment, including the ability to learn quickly, to innovate and to think strategically^[9].

Graph 1. Management by competence, ed. Own.



Competency identification is a process that requires close collaboration between HR and the organization's management^[10]. In order to effectively identify key competencies, it is necessary to conduct a detailed analysis of the company's strategy, its goals, and current and future market needs^[11]. A key tool in this process is competency profiles, which define the competencies required for each position. These profiles should be updated regularly to reflect the changing needs of the market and the organization.

An important element of competency identification is also taking into account the needs and expectations of employees^[12]. The modern approach to management by competence assumes that employees want to derive satisfaction from their work and want to take positions in accordance with their skills and preferences^[13]. They want to be treated fairly and

⁹ Boyatzis, *The Competent Manager: A Model for Effective Performance*.

¹⁰ David Ulrich, *Human Resource Champions: The Next Agenda for Adding Value and Delivering Results* (Boston: Harvard Business Review Press, 1996).

¹¹ John Raven, John Stephenson, *Competence in the Learning Society* (Nowy Jork: Peter Lang, 2001).

¹² Grzegorz Filipowicz, *Competence management in the organization* (Warsaw: Wolters Kluwer, 2016).

¹³ Kazimierz Perekuda, *Management through competence* (Warsaw: PWN, 2013).

expect clear information about expectations. Managers are looking for objective tools to manage employees. This makes management by competence a tool that facilitates managerial decisions by defining competence standards, planning activities related to shaping competences, inspiring and motivating employees^[14].

3 | Competency assessment

The next stage of management by competence is the assessment of employees' competencies. Regular competency assessments can take many forms, such as 360-degree feedback, competency tests, structured interviews, or self-assessments. These assessments allow for systematic monitoring of the level of competence of employees and identification of competence gaps^[15]. The 360-degree feedback method, which includes feedback from all levels of the organization – from supervisors, co-workers, subordinates to customers – gives a complete picture of the employee's competencies^[16].

These assessments allow for systematic monitoring of the level of competence of employees and identification of competence gaps. Competency assessment is a key element of competency-based management. Regular employee evaluations, which can take many forms, such as annual, quarterly, or project evaluations, allow for systematic monitoring of employee competencies. Specialized competency tests the level of technical, soft and leadership competencies. The 360-degree feedback method, including feedback from all levels of the organization – supervisors, co-workers, subordinates to customers – gives a full picture of an employee's competencies.

Competency assessment does not end with a single process. This is a cyclical process that should be repeated regularly to monitor progress and make necessary adjustments^[17]. A key element of competence assessment is also feedback – feedback that helps employees understand their strengths and areas for improvement. Feedback should be constructive, specific and

¹⁴ Oleksyn, *Competence Management*.

¹⁵ Filipowicz, *Compendium of knowledge about competence management*.

¹⁶ Armstrong, *A Handbook of Human Resource Management Practice*.

¹⁷ Dubois, *Competency-Based Human Resource Management*.

aimed at the further development of the employee. Properly conducted feedback motivates employees to develop and improve their skills, which translates into higher efficiency for the entire organization^[18].

In the competence assessment process, it is also important to use appropriate indicators to assess competencies. Indicators are observable behaviors that indicate the possession of a given competence. Defining indicators is not a simple task; it requires answering the question: What behaviors will indicate that a person has a given competence? Several indicators can be assigned to one competency, for example, team management can include monitoring tasks, recognizing the successes of team members, and taking care of the development of team members. The more measurable the indicators, the better.

4 | Competence development

Competence development is a key element of management by competence. Organizations prepare training programs that can be delivered internally or by external trainers, covering both technical training and soft skills development. One-on-one support through mentoring and coaching helps employees develop their skills in a more personalized way. Individual development plans are also created that identify areas for improvement and the steps needed to implement them, including career development opportunities^[19].

The process of management by competence consists of several key steps. The first step is to identify the competencies, which consists in defining what competencies are necessary to implement the organization's strategy. At this stage, competency profiles are created for various positions. This is followed by an assessment of the current competencies of the employees to identify the skills gaps. This can be done through a variety of methods, such as 360-degree feedback, competency tests, or interviews. The next stage is competence development, i.e. the development and implementation of training and development programs that are aimed at filling the identified

¹⁸ Goleman, *Emotional Intelligence: Why It Can Matter More Than IQ*.

¹⁹ Armstrong, *A Handbook of Human Resource Management Practice*.

competence gaps. This can include training, mentoring, coaching, and job rotation programs^[20].

Competence development is not just about training. It is also about everyday experiences, projects, special tasks and new challenges that allow employees to develop their skills and gain new experiences. Organizations should create an environment that is conducive to continuous learning and competence development. It is crucial that the competence development is a continuous and systematic process, not a one-off activity^[21].

The creation of an organizational culture conducive to the competence development is also an important element. Such a culture should promote continuous improvement, innovation and openness to change. In organizations that focus on competence development, employees are more motivated and engaged, which translates into better results and greater competitiveness in the marketplace^[22].

Table 1. A process of continuous improvement of competence management

Aspect of continuous improvement	Description	Activities and tools
Technological changes	They require employees to constantly update their skills and adapt to new tools and ways of working.	Regular technology training, certifications, e-learning programs.
Globalization	Companies need to be more flexible and innovative, which requires global competence from employees.	International projects, exchange programs, intercultural training.
Demographics	Cultural diversity and the changing age structure of the workforce require the development of intercultural competences and diversity management.	Diversity and inclusion programs, diversity management training, mentoring.
New business models	They require new competences, such as independence or the ability to work in a changing environment.	Training in new business models, coaching, mentoring.
Changes in legislation	New legal regulations may affect the required competences in certain industries.	Courses and training on current regulations, legal seminars, consultations with legal experts.

²⁰ Dubois, *Competency-Based Human Resource Management*.

²¹ Ulrich, *Human Resource Champions: The Next Agenda for Adding Value and Delivering Results*.

²² Boyatzis, *The Competent Manager: A Model for Effective Performance*.

Customer expectations	Growing customer expectations require continuous development of competences related to customer service and quality management.	Customer service training, quality management programs, customer feedback.
Speed of transformation	Companies need to constantly review and update employee competencies to stay competitive.	Regular competency audits, dynamic training programs, succession planning.
Personal development	Employees expect opportunities for personal and professional development, which builds commitment and loyalty.	Personal development programs, career coaching, career paths.

5 | Use of competencies

Effective use of competencies involves matching roles and tasks to employees, which increases their efficiency and job satisfaction. Promoting internal promotions and turnover allows employees to develop new competencies and use them in different contexts, which increases the internal mobility of the organization. Creating motivational systems that reward competence development and goal achievement is an important part of competency management. These schemes may include financial bonuses, additional days off, in-kind rewards, or other forms of recognition. Providing constructive feedback on a regular basis and publicly acknowledging employees' achievements strengthens their commitment and motivation to develop^[23].

Effective competence management also involves the proper allocation of tasks and projects in accordance with the skills and potential of employees. Finally, this process requires continuous monitoring and evaluation of the effectiveness of competence management to make necessary adjustments and improve processes. The implementation of management by competence brings many benefits to both the organization and its employees. It increases the efficiency of the organization through better matching of employees to jobs and tasks, leading to an increase in operational and strategic efficiency^[24].

The use of competencies also includes creating career paths that align with employees' aspirations and the needs of the organization. Employees

²³ Perechuda, *Management by competence*.

²⁴ Raven, Stephenson, *Competence in the Learning Society*.

should have a clear vision of their career and development opportunities within the organization^[25]. Incentive systems, such as promotions, salary increases, bonuses, and awards, should be linked to competency achievements, which further motivates employees to continuously develop^[26].

6 | Benefits and challenges of competency management

The implementation of management by competence brings many benefits to both the organization and its employees. It increases the efficiency of the organization by better matching employees to the roles that best match their competencies. Effective competency management can lead to higher productivity and better organizational performance. Employees who have clearly defined development paths and feel that their competencies are valued and developed are more motivated and engaged. Management by competence can also contribute to greater job satisfaction and lower employee turnover^[27]. However, implementing such management also comes with some challenges, such as the cost and resources needed to identify, evaluate, and develop competencies, as well as resistance from employees who may not understand the benefits of this approach^[28].

The benefits of competency management also include better talent management. Organizations can effectively identify, develop, and retain their best employees, which is critical to long-term success. Increased operational and strategic efficiency, better employee matching, greater engagement and motivation, and better talent management are just some of the many benefits of competency-based management^[29].

One example of the effective implementation of management by competence is Google, which is known for its innovative approach to talent

²⁵ Ulrich, *Human Resource Champions: The Next Agenda for Adding Value and Delivering Results*.

²⁶ Filipowicz, *Competence management in the organization*.

²⁷ Dubois, *Competency-Based Human Resource Management*.

²⁸ Armstrong, *A Handbook of Human Resource Management Practice*.

²⁹ Ulrich, *Human Resource Champions: The Next Agenda for Adding Value and Delivering Results*.

management. Google invests in the development of its employees' competencies through a variety of training and development programs^[30]. General Electric (GE) has a competency-based management model for years, which includes both the development of leaders and technical employees. GE is known for its Leadership Development Program. IBM also implements management by competence, emphasizing the development of technological and leadership competencies for its employees.

Challenges in implementing competency-based management include the costs and resources needed to identify, evaluate, and develop competencies, as well as resistance from employees who may not understand the benefits of this approach. It is important that communication is transparent and that employees are involved in the process^[31]. The world of work is constantly changing, which means that competencies that are critical today may be less relevant in the future. Organizations need to be flexible and willing to adapt their competency models to changing market conditions.

Implementing and maintaining a competency-based management system can be costly and time-consuming, especially in large organizations. Some employees may resist change and new requirements, which can hinder the process of implementing management by competence. Assessing some competencies, especially behavioral and contextual ones, can be difficult and subjective. It is crucial that competency management is supported by appropriate technological tools and processes that facilitate the identification, assessment and development of competencies^[32].

7 | Service Learning and the right to good administration

Service Learning is a pedagogical method that combines experiential education with service to the community. At the higher education level, Service Learning involves engaging students in practical projects that respond to

³⁰ Boyatzis, *The Competent Manager: A Model for Effective Performance*.

³¹ Armstrong, *A Handbook of Human Resource Management Practice*.

³² Perechuda, *Management by competence*.

real social needs, while at the same time related to their curriculum^[33]. It is a tool that not only develops students' professional competences, but also shapes their social attitudes, such as empathy and responsibility^[34].

Service Learning transforms the way classes are conducted, changing the role of the teacher and the approach of the students. The inclusion of social partners connects the classroom with real problems and challenges of the present day. As a result, students not only gain theoretical knowledge, but also learn how to apply it in practice, which significantly increases their commitment and motivation to learn. This method is widely used in various educational systems around the world and is also enjoying growing interest in Poland^[35].

The right to good administration, derived from the principles of the rule of law, is a key aspect of the relationship between the individual and the state. Principles such as access to information, the right to a fair trial, the right to a fair administrative procedure and the obligation to state reasons for decisions are the cornerstones of good administration. These rules aim to ensure transparency and fairness in administrative activities, protecting citizens from arbitrariness and abuse by administrative authorities^[36].

The implementation of these principles in administrative practice requires continuous monitoring and improvement of processes to adapt to changing social and economic needs. Examples of effective competence-based management in public administration show that it is possible to achieve high standards of efficiency and transparency, while respecting the rights and needs of citizens^[37].

³³ Janet Eyster, Dwight Giles, *Where's the Learning in Service-Learning?* (San Francisco: Jossey-Bass, 1999).

³⁴ The didactic idea of Service Learning combines experiential education and service and collaboration with the community. Hence, it is also referred to as community engaged learning or community-based learning. In Polish, the term can be translated as Service Learning or learning through engagement. However, neither of these translations fully captures the understanding of the concept, so we will use the English name in this handbook: Service Learning (SL). Service Learning is applied at different levels of education, both formal and nonformal. See: https://www.kul.pl/baza-wiedzy-o-service-learning,art_104710.html [accessed: 01.05.2024]

³⁵ David Kolb, *Experiential Learning: Experience as the Source of Learning and Development* (Upper Saddle River: Prentice Hall, 1984).

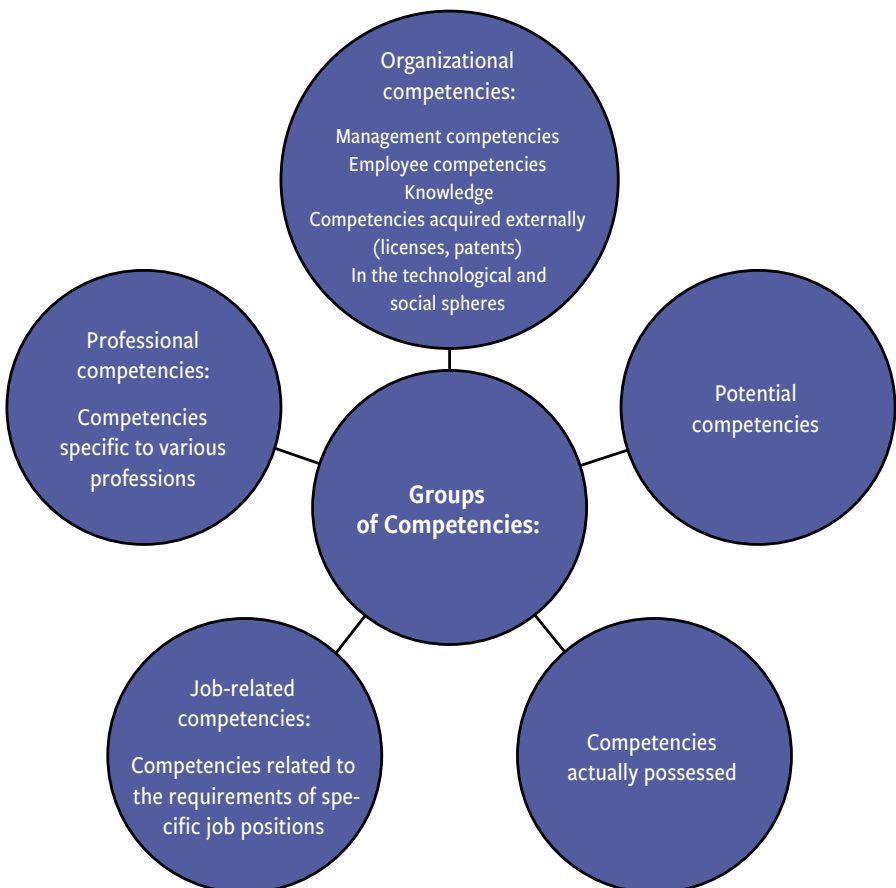
³⁶ B. Banaszak, *Administrative Law* (Warsaw: Wolters Kluwer, 2015).

³⁷ Jürgen Habermas, *The Theory of Communicative Action* (Boston: Beacon Press, 1984).

The right to good administration also has a procedural aspect, providing individuals with the opportunity to cooperate in the administrative process and to protect their legal interests. This principle imposes obligations on administrative authorities, such as reliability and impartiality in handling cases, timeliness, the right to be heard and the right to obtain a statement of reasons for decisions. This gives the citizen a guarantee that his or her case will be considered in a fair and lawful manner.

Graph 2. Competence groups.

Source: https://mfiles.pl/pl/index.php/Zarzadzanie_kompetencjami [01.05.2024]



8 | Dignity management in administration

Dignity-based management (DBM) is a management in which motivating to work in administration and managing the work process is based on the need for self-dignity of working and managers. DBM assumes that every person in an organization has an internal need for dignity and respect, which are crucial for their motivation and job satisfaction.

In the context of DBM, recognizing the dignity and value of each employee is critical to building a positive work culture. Employees who feel respected and valued are more engaged and motivated to perform better. Transparency and honesty are core principles at DBM, which means open and honest communication with employees at all levels of the organization. This allows employees to be clear about their goals and expectations, which increases their sense of security and stability at work.

Including employees in the decision-making process is another important element of DBM. Ensuring that employees have a real say in the decisions that affect them not only increases their engagement, but also improves the quality of the decisions they make by taking into account diverse perspectives and experiences. Supporting employees in their professional and personal development by providing the right resources and opportunities is also a key aspect of DBM. Organizations should invest in the competence development of their employees through training, mentoring, and coaching, which allows them to achieve their professional and personal goals^[38].

Integrating DBM with management by competence creates a holistic approach to human resource management. This means focusing not only on developing the skills and knowledge of employees, but also on building valuable relationships and a work environment based on respect and dignity. In this way, organizations can create dynamic, productive, and satisfied teams capable of meeting today's market and organizational challenges^[39].

³⁸ Richard Sennett, *Respect in a World of Inequality* (Nowy Jork: W.W. Norton & Company, 2003).

³⁹ Banaszak, *Administrative Law*.

9 | Management by competence in the context of business ethics and CSR

Competency management is a key approach in organizations that focuses on identifying, developing, and using employee competencies to achieve the organizational goals. In the context of business ethics and corporate social responsibility (CSR), management by competence plays an important role in promoting ethical behavior and implementing CSR activities^[40].

The competence management system includes processes such as candidate selection, competence assessment, professional development planning and evaluation of the effects of training. Employee competencies can be divided into hard, soft, positional, and professional competencies. Implementing a competency management model ensures that employees apply appropriate ethical behaviors, which brings many benefits to the organization, such as increasing employee motivation, improving operational efficiency, maintaining competitiveness in the marketplace, and reducing staff turnover.

Corporate social responsibility (CSR) includes activities aimed at achieving a positive impact on society, the environment and the economy. CSR can be divided into three areas: environmental, social and economic. Organizations can use a variety of CSR tools, such as standards and guidelines, management systems, codes of ethics, training programs, audits of company operations, stakeholder consultations, partnerships with NGOs, and marketing activities^[41].

Competence management in the context of business ethics and CSR is not only a tool for improving efficiency, but also a way to build an organizational culture based on continuous improvement and employee development. With this approach, organizations can better respond to changing market conditions, attract the best talent, and build lasting relationships with stakeholders^[42].

⁴⁰ McClelland, *Testing for Competence Rather Than for Intelligence*.

⁴¹ Michael E. Porter, Mark Kramer, „Creating Shared Value” *Harvard Business Review*, February (2011): 4-17.

⁴² A. Carroll, „The Pyramid of Corporate Social Responsibility: Toward the Moral Management of Organizational Stakeholders” *Business Horizons*, 4 (1991): 39-48.

10 | Summary

Competency management and dignity management are two complementary approaches that can significantly improve employee effectiveness and satisfaction. By systematically identifying, assessing, and developing competencies and respecting the dignity of employees, organizations can create dynamic, productive, and satisfied teams capable of meeting today's market and organizational challenges. In an era of constant change, competency management is becoming a key element of effective management and long-term success.

Examples from companies such as Google, General Electric and IBM show that the effective implementation of management by competence can contribute to the organization's innovation, stability and competitiveness. Organizations that effectively manage competencies are more flexible, better adapted to market and technological changes, and more competitive. Management by competence is not only a tool to increase efficiency, but also a way to build an organizational culture based on continuous learning, development and innovation.

The right to good administration and the Service Learning method are additional elements that enrich the approach to competence management. They support competence development in both educational and administrative contexts, ensuring that individuals and organizations are well equipped to face contemporary challenges. Putting these principles and methods into practice can contribute to a more just, efficient, and innovative society.

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