Chapter 1
A Dynamic Approach to Introduce Competency Frameworks: Application to the IT & Systems Management Domain

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ABSTRACT

Although a wide consensus exists about potential business benefits derived from Competency based HR management practices, reality shows that in practice, Competency Management deployment cases are scarce and difficult to implement. This HR business related problem directly affects IT Software industries, both in HRMS applications development and consultancy related services. Market indicators reflect ‘unbalance’ between potential organizational benefits and actual applications deployment. In this context, defining useful, business-oriented Competency Frameworks has become an important challenge for many organizations willing to progress along through continuous HRM improvement processes. This paper addresses the major issues underlying this Competency Management unbalance. A new business-oriented approach proposing an alternative, scope extended methodology is outlined in this publication, after field validation and wide acceptance from experts in functional HR management and IT Systems professionals from various large size organizations. Therefore, the findings resulting from this research work have both theoretical and practical implications in helping IT management in defining efficient HRMS Competency based applications and deployment strategies.

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INTRODUCTION: BACKGROUND AND INTEREST IN COMPETENCY BASED MANAGEMENT

Today’s Human Resources (HR) management evolution from a traditional functional support activity to a process-oriented, business-aligned scenario is shaping the way in which HR professionals work and the scope and architecture of Human Resources Management Systems (HRMS) provided by the Software Industry.

Traditionally, large size organizations focussed primary interest in this area towards Payroll and other basic administrative functions automation. Other required management activities such as recruitment or training were also performed in a semi or non automated or integrated manner, thus generating relatively large staff departmental units dedicated to HR, not directly linked to main organizational business.

Most recent organizational scenarios produced new efforts focussed to generate efficiency, transforming and automating most HR operations in place in which process flows were handled as ‘automated transactions’ and self-service tasks directly implicating employees became common, enhancing task-driven routines formerly performed by HR departments.

Within this background scenario, CM business interest appears very much linked to the new Human Capital (HC) paradigm (Blain & Dodd, 1999). Two new dimensions appear. The first is that a new strategic role is expected from HR, linked to what is known as Talent management. The second one is that HR becomes another component within the organization such as IT, Financial Management, Supply Chain Management, Customer Relations Management or any other, all of them driven to produce products or services generating value to the Customer. HC organizational Talent investment value (Cantrel, Benton, Laudal, & Thomas, 2006) needs now to be continuously measured and managed. Two associated facts are shaping the development of the new economy:

- The first is that the Talent market is becoming one of the levers of value determining success in most business markets. Independently of current financial crisis, business markets are generally growing while ‘Talent markets’, particularly in technology driven organizations, seems to be shrinking, so that Talent is considered a most valuable asset requiring new management approaches in today’s organizations. It is in this context where CM practices are viewed as a most valuable HR business approach to define, measure and manage these talent assets, the Human Capital of the organization.
- The second one is the growing contribution of Information Technology & Systems to most organizations business results. E-Business process transformation is boosting the development of new management approaches, such as HRMS’s.

It is in this comprehensive management context, conditioned by increasing business expectations from managing and developing organization’s workforce, where CM becomes the integrating key component in HC Management Systems (Sagi-Vela, 2004) reshaping today’s and future E-HRM implementation strategies. Analysts add HR professionals throughout the world have published research initiatives results validating the potential business benefits and performance improvement effects derived from implementing Competency based HR management practices. Probably the most significant starting point in building interest in CM comes from the publication of a most interesting book from (Boyatzis, 1982) in which the Competency orientation effect as a conceptual response to competitive business challenges is identified. CM usually pursues the following goals: