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## COMPETENCY MODELS AND THE GENERATIONAL DIVERSITY OF A COMPANY WORKFORCE

**ABSTRACT.** This paper aims to present an analysis of employee competencies across different generations, placing emphasis on their attitudes towards the labour market and future perspective concerning work, as determining factors in creating competence models encompassing employee diversity management.

A competence model is a set of competencies that stem from the company strategy and allows it to fulfil its goals in accordance with its values and an expected work style. It is one of the basic tools of human resource management, used in a wide variety of scenarios ranging from the recruitment of employees, shaping career paths, conducting training/development programmes and regular assessments, to designing motivational and pay schemes. The literature on the subject quotes many definitions of competencies, as well as examples of many contemporary competence models. Owing to their scope of interests, the authors decided to analyse selected competence models with regard to the manner in which “competences” are defined and the differences between employee-oriented and job-oriented models. The authors used G. Filipowicz’s approach (who created a combined definition of competences embedded in a coherent model) to create a research tool used to scrutinize the skills and attitudes of individuals coming from three different generations. The research results allowed the authors to draw conclusions concerning the avenues of designing competence management models of diverse employees (i.e. in respect of age and knowledge) by creating a suitable work environment, including a pro-effective organizational culture and building employee commitment – which will make it possible to create a new work model, tailored to the needs of individual companies.

**JEL Classification:** J24, J53, J54, J62

**Keywords:** generations, generational diversity, companies, labour management.

## Introduction

Currently, no one questions the fact that human capital is the most valuable asset of every organization. However, simply having a team of employees does not mean that a company is destined for success. The true asset is certain desired employee characteristics. In short, a company's potential is equal to the total competence potential of its workforce. Therefore, competence management becomes a key human resource management tool used by organizations operating in today's enormously competitive market (Sienkiewicz, Jawor-Joniewicz, Sajkiewicz, Trawińska-Konador, Podwójcic, 2013).

The ultimate goal of management is to create a system in which an institution's employees cooperate in a way that minimizes the impact of their weaknesses, while making best use of their talents and strengths (Drucker, 1976). Thus, competence models can be used as signposts and guidelines when defining, refining and evaluating knowledge, skills and attitudes of any organization's professional workforce (Wyrozębski, 2009).

The growing interest in practical application of human resource management systems, based on a model of competence, refers us to the meaning of the basic concepts of competence, including professional competence. Both business experience and research confirm that the decisive factor for the success of almost any organization are activities allowing for the use and development potential of employees. Therefore, there are becoming more diverse competency models in practice of companies' management. facilitate the implementation of systems of competency and help not only to plan, organize, but also to assess the work in this field.

### 1. Competence models – the employee-oriented and job-oriented approaches

The competence model is an approach to management centred around employee competence, unlike classical management models which focused on the qualifications and/or characteristics and intelligence of individual employees. The qualifications-based model assumes that job positions should be assigned to candidates on the basis of their education. Many scientific theories were drawn up which claim that professional success is dependent on an individual's intelligence and personality traits. However, subsequent research did not prove those hypotheses (Uniwersalny Model Kompetencyjny, 2012). In the traditional model employee recruitment, and later training, development and evaluation decisions were based on analyses of tasks assigned to specific job positions (Sienkiewicz, Jawor-Joniewicz, Sajkiewicz, Trawińska-Konador, Podwójcic, 2013). This did not take into account the talents of individual employees and the means that they employ to achieve specific goals. These shortcomings are addressed by the competence model. All decisions regarding the company's human resource policy are taken in line with a set of clear principles (keeping in mind the employees knowledge, skills, etc.) which allows it to achieve a more effective growth rate than would be possible when utilizing traditional models. T. Oleksyn defined competence management as a "complex of actions that leads to increasing the value of human capital and the organization's functional effectiveness. It encompasses the establishment of competence standards, planning and organizing actions associated with shaping competence within the organization, inspiring and motivating employees to undertake professional training and to take on new, or broaden their existing organizational roles, as well as exerting control over all processes associated with the above actions (Sidor-Rzeczowska)".

At this point, an exhaustive definition of competences is in order. Generally speaking, the term "competences" includes skills, but also motivation, values, ambitions and attitudes. The wealth of literature on the subject usually follows two main approaches to defining competences, depending whether the term is used to describe employees (what competences

does an employee have and where do they stem from?) or job positions (what competences are required for this job position?). Therefore, two main approaches are presently recognized, i.e. employee-oriented and job-oriented.

The first approach (i.e. employee-oriented) defines the properties or characteristics of a person (e.g. knowledge, skills, talents, attitudes) which allow them to work effectively and lead to certain types of behaviour at work. A definition drawn up by Dubois and Rothwell may serve as an example of this approach. According to them, competences are a set of tools that employees use in a variety of ways to carry out specific work tasks. This includes: knowledge and skills, but also more abstract types of competence such as: patience, perseverance, flexibility and self-confidence. Dubois and Rothwell regard these competencies as essential in performing any kind of job, because a lack of competences leads to a lack of results and, therefore, a lack of organization (Dubois, Rothwell, 2008).

Other authors (Friesen and Anderson) define competences as an integrated utilization of knowledge, skills, values, experience, contacts, external sources of knowledge and problem solving tools for performing various types of activity or overcoming difficult situations (Friesen, Anderson, 2004).

The second approach outlines a series of actions essential for performing a job which are then used to draw up a profile of an ideal candidate. Thus defined actions are then used to describe the personal characteristics of an employee suited for a given job. All definitions of competencies encompass a certain set of characteristics which are essential for performing a specific job (Woodruffe, 2003). The Report of the Competencies Workgroup defines competencies as employee characteristics that contribute to a successful completion of work tasks and achieving organizational results. Competencies include: knowledge, skills, attitudes and other characteristics, such as values, motivations, initiative and self-discipline (Report of the Competencies Workgroup). Nordhaug and Gronhaug define competences as a capability to perform work in a given profession (Nordhaug, Gronhaug, 1994). Woodruff's definition is similar – a set of behaviours that an individual must exhibit in order to carry out tasks to completion (Woodruffe, 2003).

## **2. Competence management according to Grzegorz Filipowicz's model**

There are numerous competence models, as well as various ways of implementing them in an organization. However, many of these models include all competencies that are required from employees of a given organization, grouped into separate profiles corresponding to specific positions and organizational roles (Filipowicz, 2004). The desired competencies vary depending on the company's or the organization's profile, however, there is a set of general competencies which are desirable in all employees.

Some authors regard the aforementioned definitions, which distinguish two types of competencies (solely employee-oriented or job-oriented), as too limited and, therefore, decided to combine them into a single, cohesive model. This approach allowed for drawing up a more exhaustive description of complex competences, such as leadership skills, problem solving and decision making.

One of the proponents of this approach is Grzegorz Filipowicz. In his opinion, competencies are "dispositions in the area of knowledge, skills and attitudes which make it possible to perform work tasks at a desirable level (Filipowicz, 2004)". The author distinguished two basic competency categories: basic and executive. Competencies falling into the former category are a foundation for further competencies, they serve as proof that an individual is "ready" to exhibit certain types of behaviour falling into three sub-groups: cognitive, social and personal (Uniwersalny Model Kompetencyjny, 2012).

Basic competencies influence the quality of performed work tasks (associated with their individual completion) and the speed at which decisions are made. The following behaviour types are specific for this category of competencies: analytical thinking and creativity. At the same time, the category includes competences that are indispensable when working and communicating with other people (e.g. communication skills, relationship-building skills and teamwork skills). The next category is associated with specific actions performed within a company (e.g. giving presentations) and has been divided into the following types of competencies: business, company and managerial (Filipowicz, 2004). This group includes competencies that are essential for leading a team of employees and have a decisive impact on the effectiveness of company management (e.g. competent management in many areas (conflicts, information, processes), coaching and leadership). Executive competencies affect the execution of tasks associated with specific professions, jobs or functions. They are closely tied to the specialization of a certain group of job positions. This category includes all types of analyses, diagnosing, as well as all other types of proficiencies (e.g. language skills, the ability to use a computer system, etc.) (Filipowicz, 2002).

### **3. Study results concerning competences possessed by employees from different generations – a comparative analysis**

The authors of this paper have conducted a study (in Poland, in the first quarter of 2013) with the aim of analysing the competences considered important from the employer's and employees' point of view, possessed by employees of various ages. The sample consisted of 850 individuals who were divided into three separate groups on the basis of their date of birth: the Baby Boomers (BB Generation) (1949-63), the X Generation (1964-1979) and the Y Generation (1980-1994). Respondents were asked to select their preferred attitudes and values by rating each one on a scale of 1 to 3. Some questions featured the Likert scale. This paper presents some of the study's findings. To describe competences and distinguish between their various types, the authors adopted Grzegorz Filipowicz's definition of competences. This allowed them to create a list of basic competences which was then verified by the respondents.

The study results show that motivational factors are similar across all three generations. A sense of being useful to others can be seen as the main source of motivation among members of all three generations: the BB Generation (26%), the X Generation (17%), the Y Generation (19%). The need for recognition is also prevalent among members of all three generations: 13%, 14%, 16% respectively. The above results are in line with the basic motivational factors outlined in Herzberg's theory of motivation.

The below chart presents the answers given to the following question: Which of the competencies that you possess does your employer expect from you?

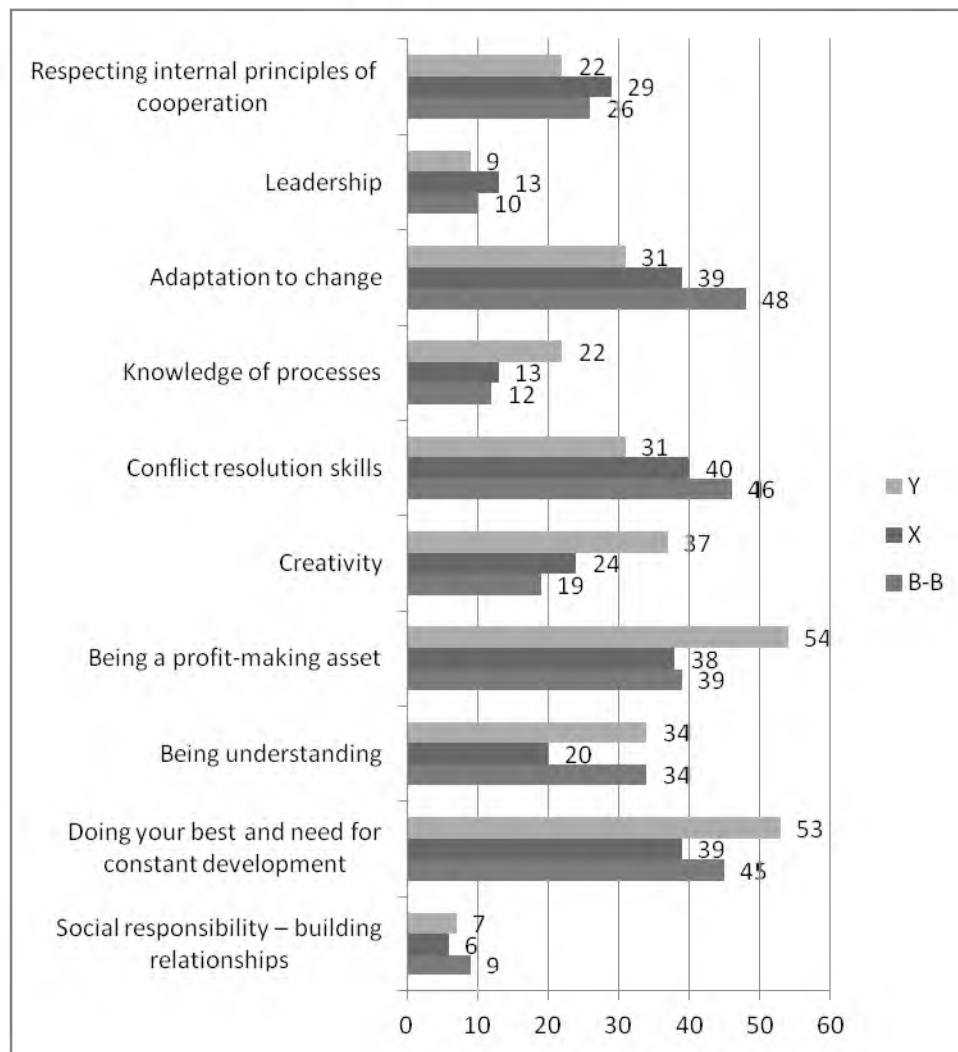


Chart 1. Competences expected by the company – by generation

Source: Authors' research.

Analyzing the results of the research, we notice that four answers were the most frequent among respondents:

- constant development requires you to do your best (most frequent answer among members of the Y Generation);
- being a profit-making asset for the company – as the main business competence;
- adaptation skills (the ability to embrace change);
- conflict resolution skills.

Knowledge of processes, including the skills necessary to use computer systems and conduct analyses, is more common among members of the Y Generation, as is creativity, which has an impact on the quality of performed tasks, as well as the number and innovative problem solving mechanisms implemented in companies.

Feeling unneeded was considered the most discouraging factor by members of all three generations (29% Y, 22.4% X and 21.9% BB). This conviction was the strongest among the Y Generation. Members of this generation also think that individualistic behaviours of others (19.7%) have a negative impact on teamwork and communication between employees. Baby Boomers were more critical towards a lack of leadership and ethics (12.8%).

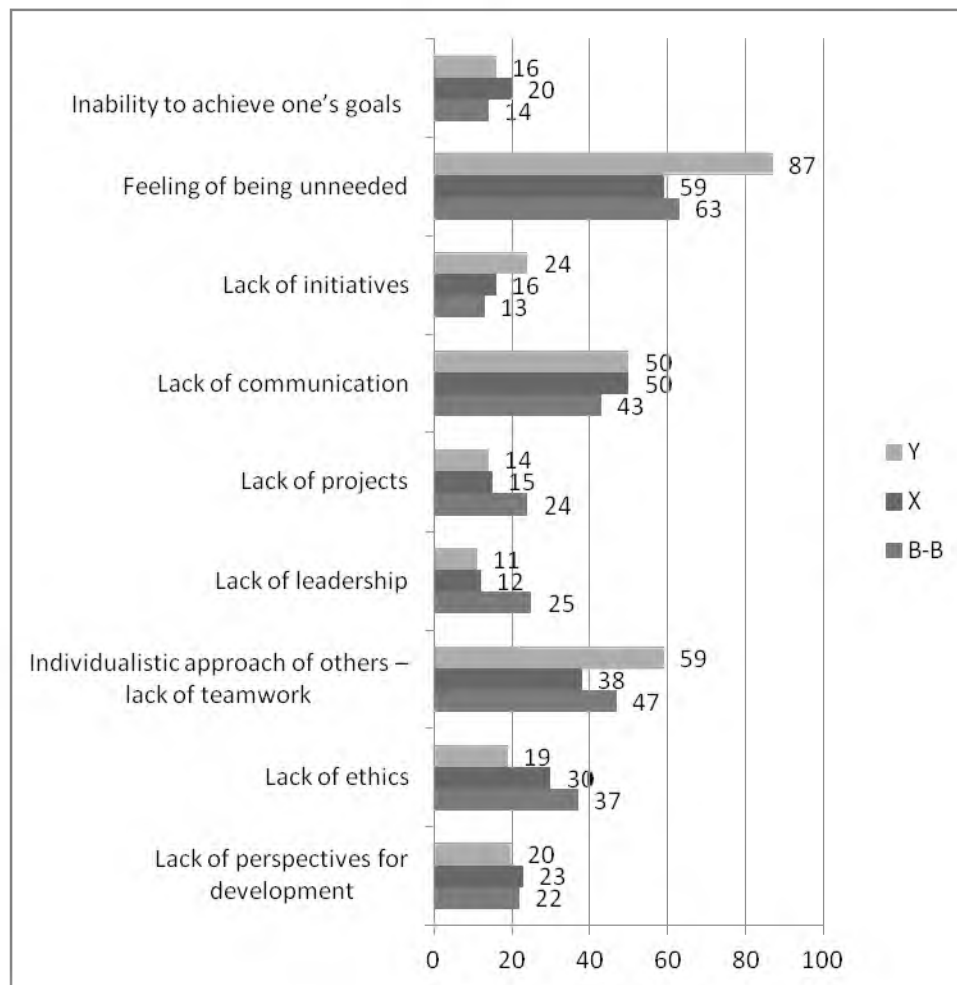


Chart 2. Discouraging factors – by generation

Source: Authors' research.

Companies use competences, or rather the differences between competences, to build competence-based human resource management models, but the aforementioned diversity has an impact on intergenerational cooperation and the vision that each employee has of his own place in the organization.

#### 4. Future perspectives of the three generations

In order to find out the respondents' future perspectives, the authors of the study asked them a question about their future on the labour market. *Chart 3* shows that "I can only depend on myself – I am building my future on my own" was the most frequently chosen answer, which reflects the respondents' disillusion and loss of trust in the institution of the state. The answer was most prevalent among members of the Y Generation (35.0%) and less frequent among members of the other two generations (26.4% among BB and 27% among X). Once again, the opportunism that is often attributed to the Y Generation does not seem to be its distinguishing characteristic. We may also conclude that members of each generation wish to take control over their careers, however, the means of achieving this goal differ. Other most frequently chosen answers include (in order of frequency): importance of teamwork; the need to find balance between private and professional life and keeping up with trends present in the macro environment. The least frequently chosen answers are associated with stress, e.g. a lack

of vision for the future and the inability to benefit from profits available to employees in the past.

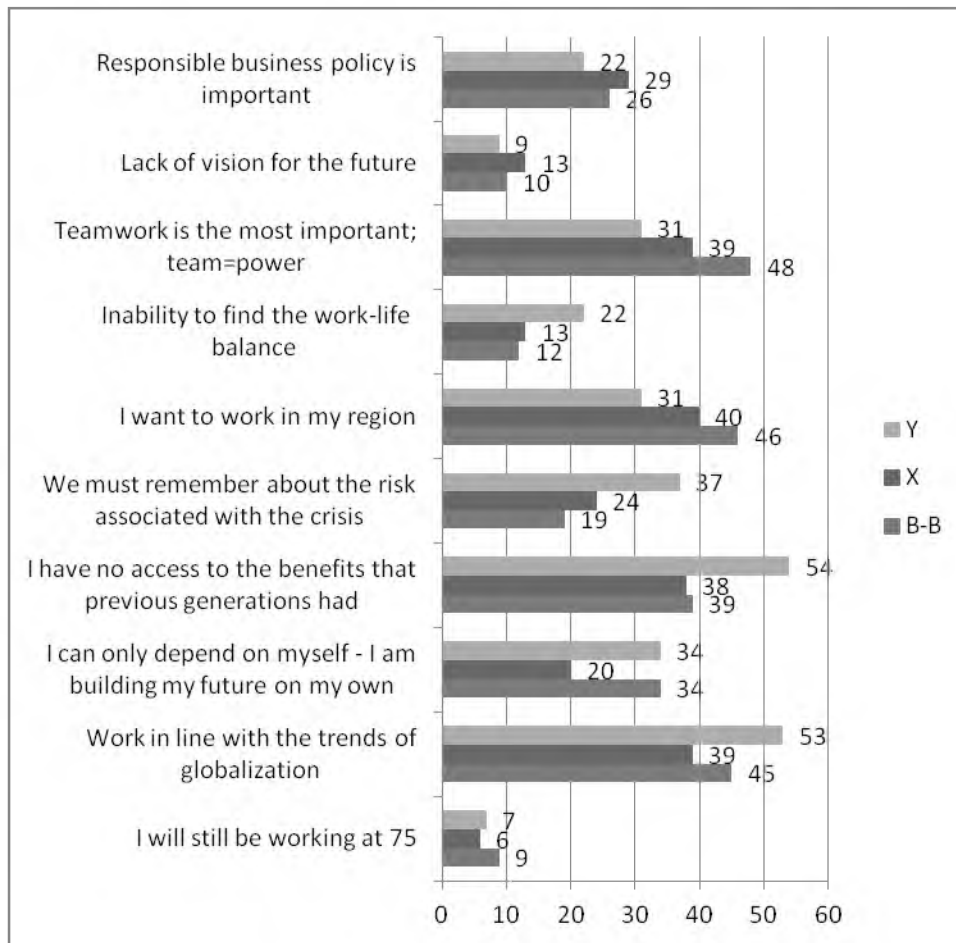


Chart 3. The most important future perspectives by generation

Source: Authors' research.

When asked about future perspectives on challenges that businesses will face, respondents most frequently pointed to innovation (21.2% among X, 21.9% among BB and 23.7% among Y), meeting the needs of clients (19.1% among BB, 19.3% among Y and 20.0% among X) accommodating new generations (17.7% among X, 18.4% among BB and 21.0% among Y) mainly with the use of new methods such as mentoring and coaching.

The next issue the authors wished to focus on, were the differences in attitudes towards work time between employees coming from different generations. Most respondents were of the opinion that striking a balance between private and professional life is essential (33.0% among BB, 38.4% among X and 34.0% among Y) which gives us some insight into the factors that individuals take into account when thinking about work types and work time. Being able to manage one's own time (respectively 17.0%, 15.6% and 22.3%) and undertaking stress-relieving activities (respectively 19.4%, 15.6% and 16.3%) will provide an opportunity for growth. The chart shows that members of the Y Generation are less sensitive to extending work time in order to be able to complete all responsibilities, owing to their multi-tasking skills. Members of the remaining two generations prefer doing one task at a time – they need to finish one task in order to start working on the next one.

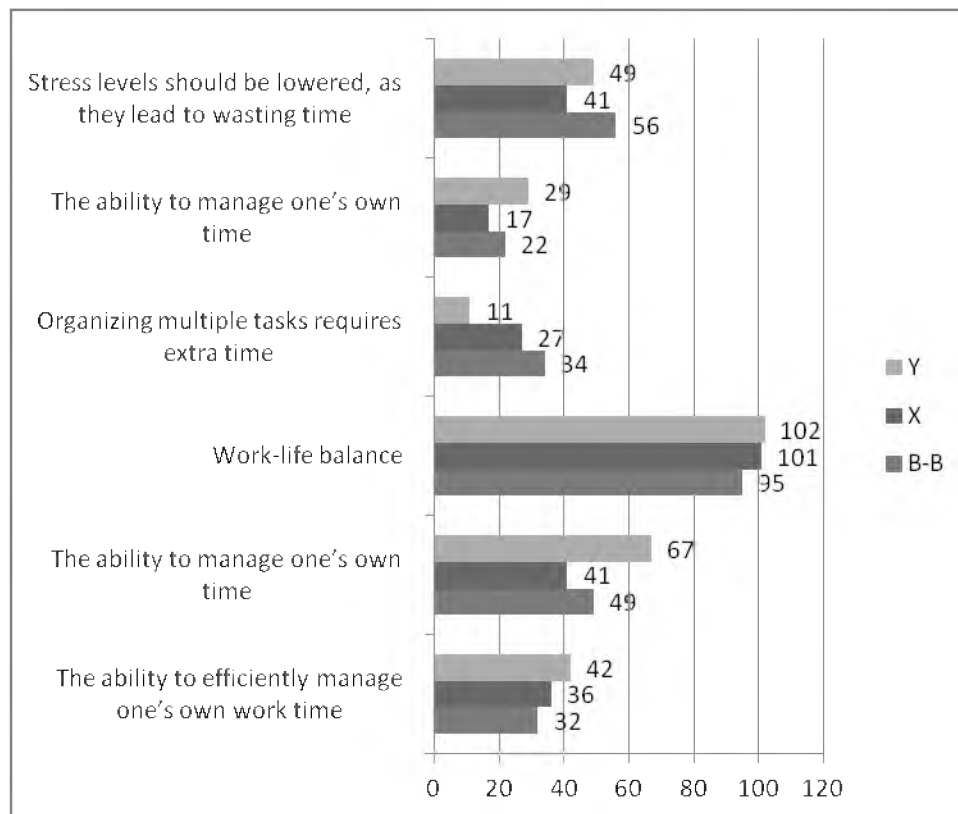


Chart 4. Attitudes towards work time – across generations

*Source:* Authors' research.

Our empirical research lead us to the conclusion that opinions concerning the Y Generation should be treated as relative. Based on the results of our study, we believe that employers should be wary of the widespread opinion that members of the Y Generation will be particularly hard to manage due to their inherent characteristics.

## Summary

Contemporary literature increasingly often sees the term “human resources” being replaced by “human capital” which attests to the growing awareness of the importance that the human factor has in the age of a knowledge-based economy. Successful management of employees requires conscious verification and development of their skills and attitudes, as well as making effective use of their intellectual potential. It is important to recognize and understand the fact that every human is an individual being, with their own consciousness, specific personality traits, talents, skills, knowledge and experience which they contribute to the organization. This should be placed at the core of creating and improving human resource management models, especially competence models which encompass managing employee diversity. Competence management models should have the ultimate aim of achieving an optimal combination of work environment and employee potential that would benefit both the company and the employees. The results of the authors' study show that the Y Generation's attitude towards work does not set it apart from the other two generations, however, depending on their age, employees have different preferences, attitudes and habits. This breeds additional questions concerning the practical application of specific competence management methods (customized, generation-differentiated). The authors plan on conducting further research on the subject in the future.



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