



# **Competency-based human resources management**

## **The lifelong learning perspective**

Warsaw 2014

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# Table of contents

<b>Introduction</b> (K. Trawińska-Konador, Ł. Sienkiewicz, A. Chłoń-Domińczak)	5
<b>Part 1. Introduction to competency-based human resources management in the context of lifelong learning</b>	7
1.1. The concept of competency-based human resources management (Ł. Sienkiewicz, K. Trawińska-Konador)	7
1.2. The lifelong learning perspective (K. Trawińska-Konador)	18
1.3. Competency-based human resources management in the context of lifelong learning. A review of the research (A. Jawor-Joniewicz, B. Sajkiewicz)	29
<b>Part 2. Empirical research – assumptions and results</b>	49
<b>Quantitative research</b> (Ł. Sienkiewicz)	49
2.1. Methodology of the Study	49
2.2. Competency-based human resources management system in the light of quantitative studies	63
2.3. Competency profiles	77
2.4. Sourcing employees based on competencies	90
2.5. Competency-based employee development	110
2.6. Appraisal and remuneration based on competencies	141
2.7. Sharing knowledge and codifying competencies	149
2.8. Functioning of competency-based human resources management and its perceived effectiveness	157
<b>Qualitative research</b> (K. Podwójcic)	166
2.9. Key findings of the qualitative research	166
<b>Part 3. Good practices in competency-based human resources management</b>	181
Introduction (Ł. Sienkiewicz)	181
3.1. Telekomunikacja Polska – case study (A. Jawor-Joniewicz, B. Sajkiewicz)	182
3.2. DHL Express (Poland) Sp. z o.o. – case study (A. Jawor-Joniewicz)	192
3.3. Dalkia Group Polska – case study (A. Jawor-Joniewicz)	200
3.4. Mondi Świecie SA – case study (B. Sajkiewicz)	209
3.5. A transport company – case study (B. Sajkiewicz)	219
<b>Conclusions and recommendations</b> (K. Trawińska-Konador, Ł. Sienkiewicz)	226
<b>Reference list</b>	233
<b>Appendix</b>	242



## Introduction

The quality of human capital and its use in the labour market proves to be an increasingly important factor of development in the contemporary world. This is due to a number of challenges related to demographic and globalization processes, as well as the development of new, innovative areas of the economy. As a result, human capital is becoming the main asset of an enterprise and more often than not, a determinant of its competitive advantage. However, this can only be achieved if sufficient attention is paid to the quality of human capital and its continuous development. The response is lifelong learning, embracing various forms, places and paths: formal, non-formal, and informal ones. The model of working in one place throughout life and pursuing one profession learned while young has proved to be insufficient; employees are more and more frequently faced with the prospect of having to refocus their professional careers, even several times in life, which requires the continuous upgrading of qualifications and development of competencies.

Employers with increasing frequency perceive the importance of employee competencies in today's highly competitive market: on the national, European and global levels. The development and management of competencies is becoming one of the key instruments of human resources management in enterprises. Organisations are looking for new methods and ways to maximise the use of employees' knowledge, skills and social competencies in ongoing operations and in the implementation of long-term strategies. In the broadest sense, all activities of an organisation are always based on the competencies of employed persons. Therefore, the main task and challenge of human resources management is to identify and develop competencies in a way that will enable the most efficient operation of the organisation. This is possible thanks to the development and implementation of competency models, which in consequence lead to seeking methods of the most effective management of employee competencies in organisations.

The appropriate determination of broadly understood learning outcomes was also one of the incentives for the development of the European Qualifications Framework, as well as the national qualifications frameworks developed in each EU country. The Framework, being one of the most important instruments recommended by the European Parliament and the Council to support lifelong learning policy, makes it possible to adequately systematise and compare qualifications comprising knowledge, skills and social competencies, which allows the identification of what a given person with a specific set of qualifications knows and is able to do, and what social competencies he/she has. The development and implementation of national qualifications frameworks in Europe is also intended to contribute to creating transparent and effective national qualifications systems enabling the comparison of qualifications obtained in different systems of education, as well as out of school, during the entire cycle of life and career.

The assumption of the work on the Polish Qualifications Framework is to make it possible to identify the demand for qualifications from employers and the supply of qualifications acquired through various forms of learning, and to confirm the learning outcomes attained. This will help employers to obtain competent employees and facilitate the assessment or modification of learning outcomes acquired in various educational institutions (vocational schools, higher education and training institutions, among others) in response to the needs of the labour market. Such an approach also supports learners in planning their personal and professional development, helping to shape a culture of lifelong learning.

This publication presents the results of the study ***Assessment of the Competency-Based Human Resources Management Process in the Context of Lifelong Learning***. The study was conducted by the Educational Research Institute as part of the work on the development of the Polish Qualifications Framework (PQF)<sup>1</sup>, modernising the system of qualifications in Poland based on the PQF, and

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<sup>1</sup> Within the systemic project: *The development of terms of reference for the implementation of the National Qualifications Framework and the National Qualifications Register for lifelong learning.*

performing studies aimed at identifying the role of employers in the learning process of adults in the context of relations between broadly-understood education and the labour market.<sup>2</sup>

The main objective of the study was to gather knowledge on how the demand of employers of medium-sized and large enterprises for qualifications and competencies is shaped in Poland and how employers utilise the available tools of competency-based human resources management (HRM). The study was based on the premise that, from the perspective of enterprises, it is desirable to enhance the competencies of employees, whose competencies are gradually becoming the most important asset of an organisation. The ability of an organisation to identify and retain the best employees and the ability to promote desired behaviours and attitudes are becoming key success factors. Updating the knowledge possessed by employees and developing new skills are frequently crucial for an organisation to stay afloat in the market, especially in high-tech industries and knowledge-intensive areas of expertise.

The presented results show how employers incorporate competency management in their business policies, in such areas as the verification of competencies and methods of developing and financing employee development activities. Such an approach to the issue, which had not been previously applied in Polish research, made it possible to assess the role of small and medium enterprises in the implementation of lifelong learning policy in Poland.

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<sup>2</sup> Within the systemic project: *Quality and effectiveness of education – strengthening of institutional research capabilities.*

# Part 1. Introduction to competency-based human resources management in the context of lifelong learning

## 1.1. The concept of competency-based human resources management

*The concept of competency is closely linked to human resources management. It is immediately related to the key strategic goal of HRM – winning and developing highly competent people who will achieve their goals quickly and thus will maximally increase their input into achieving the goals of the company (Armstrong, 2001, p. 248).*

### 1.1.1. Reasons for introducing competency-based human resources management

The concept of an employee as the most important asset of an organisation is currently commonly encountered both in the literature on the subject and in management practice. This is related to both the general development of management sciences and to the actual new role of human resources that arises from the transformation of the economy towards a knowledge economy. In the new economy, knowledge and its application become the most important sources of economic development and the value of enterprises. Competencies of employees as a potential source of value become especially significant in this perspective, because the long-term increase in the value of a company requires a high level of competency potential of its employees.

The position of a firm functioning within a knowledge economy increasingly depends on the quality of its intangible resources, i.e. human capital. Human capital plays a strategic role in the organisation and is perceived as a potential source of a firm's competitive advantage. Contemporary organisations are thus forced to seek instruments that will enable them to adequately diagnose, evaluate and develop the competencies of employees, because it is the **knowledge possessed by employees that largely determines the success of a company.**

The recognition of knowledge as a potential resource in providing a competitive advantage is manifested both at the macroeconomic level (national economies) and the microeconomic level (firms). This advantage increasingly depends on the knowledge possessed by an organisation's employees. The position of market leader will, therefore, be achieved not through physical and financial resources but through the potential that underlies human resources (Staniewski, 2008, p. 17). The theory of human resources may be linked in an obvious manner with the mainstream trend to promote the value and significance of competencies, assuming that the effective management of competencies possessed by employees builds the value of an organisation (Baron & Armstrong, 2012, p. 22).

**The competency-based approach seems especially significant in the case of knowledge-intensive firms (KIFs), particularly those that provide knowledge-intensive services (KIS).**

As Alvesson (2009, pp. 22, 138) claims:

- It is the exceptional importance of value and motivation of employees that differentiates knowledge-intensive firms from other organisations.
- Issues related to competencies are perceived as the most significant characteristics of knowledge-intensive organisations.
- The competitive advantage of knowledge-intensive firms is based mainly on an effective utilisation of human resources.

A strong knowledge base and emphasis on the development of competencies are, therefore, key characteristics of knowledge-intensive firms. Alvesson (2009, pp. 21, 38, 39) claims that the following factors related to the nature of a job and the way in which it is organised and managed differentiate knowledge-intensive firms from other organisations:

- 1) highly qualified employees that perform knowledge-based work by applying intellectual and symbolic skills,

1.1. The concept of competency-based human resources management

- 2) a considerably high level of autonomy and diminishing significance of an organisational hierarchy (with the dominance of self-organisation and diffused authority),
- 3) the application of adaptive, temporary forms of organisation (limitation of bureaucracy),
- 4) the need for widespread communication to coordinate and solve problems (resulting from the high level of uncertainty and awareness of problems related to team work),
- 5) idiosyncratic services delivered to a client (client-oriented services and services customised to a situation),
- 6) asymmetry of information and authority (often to the benefit of an employee and not the client – which results from the expert position of the employee),
- 7) subjective and uncertain quality evaluation (complex problems and solutions that include intangible elements require subjective and uncertain quality evaluation).

Thus, while the acquisition, retention and development of competent employees pose a significant problem for all companies, it is even more significant in the case of knowledge-intensive firms. The success of knowledge-intensive firms is thus directly dependent on their ability to manage human resources, especially in the competency perspective.

Transformation occurs within human resources management processes that increasingly often rely on relationships with employees formed on the basis of trust, reciprocity and provision of development opportunities within an organisation. As a result, a growing interest in alternative approaches to human resources management, including competency perspective, may be observed (Table 1.1.).

**Table 1.1. Key differences between the traditional HR model and the competency-based HR model**

<b>Traditional model of human resources management</b>	<b>Basis</b>		<b>Competency-based model of human resources management</b>
	Task analysis and job description lie at the base of the traditional model of HR. Task analysis determines the character of the process of recruitment and selection, induction, training, rewarding, appraisal and development of employees. Job description determines the scope of actions performed. It does not include the description of expected results formulated with the use of measurable and observable criteria.	Competencies are characteristics that enable individuals to perform their actions successfully and in an exemplary manner. Indication, formation and evaluation of competencies are crucial for the functioning of the competency-based human resources management model. The goal of an HR department is to discover such characteristics of an employee that allow them to perform their tasks successfully and in an exceptional manner, as well as to specify the rules of HR functioning with a special consideration given to the competencies of an employee.	
<b>The most important arguments for the application of this approach</b>			
	The essence of this approach leaves no doubt; it enables an easy adjustment to the adopted guidelines. People are grouped according to an organisational scheme which makes it possible to explicitly assign tasks to each employee and to require performance of those tasks.	This approach makes it possible to stimulate the effectiveness of actions and to utilise people’s skills in order to gain the strongest possible competitive advantage. Within this approach, differences in individual abilities to achieve specified results of work are taken into consideration. Exceptionally skilled employees perform their tasks much more effectively than other persons that hold the same position and achieve fully satisfying results. An organisation that is able to spot an exemplary employee and support their development may definitely be more effective without increasing the number of employees.	

Source: Dubois & Rothwell, 2008, p. 26.

A wide range of reasons for implementing the competency-based human resources system in an organisation may be found in literature on the subject and in the practice of firms. Reasons for the transition from job-based systems to competency-based systems relate to changes occurring in firms, usually as a result of a changing market situation. Generally speaking, the application of these solutions provides a response to questions that arise in human resources management, such as the following (McLagan, 1997, pp. 40–48):



- How to simplify and integrate human resources practices?
- How to transform the strategies of an organisation into performance by its employees?
- How to prompt employees to be innovative and take risks?
- How to transform human resources management in the organisation from administrative into a strategic process?
- How to form the functional structures when the concept of a job position as such is disappearing?

According to Oleksyn (2010, p. 40), the main universal purposes of competencies management include:

- to provide essential competencies – of individuals, of organisations and finally of the whole society that guarantee high quality of living and work,
- to achieve a high level of effectiveness and competitiveness,
- to provide and develop individuals' abilities to perform professional work, and thus enable them to become self-fulfilled, provide for themselves and their families and to lead a decent life in all socio-economic domains,
- to adjust competencies to changing needs, which requires supplementary training, and sometimes retraining, to changing jobs and organisational roles as well as to necessary flexibility.

As shown above, the challenges posed to contemporary human resources management are particularly complex and demanding. The interest in competency-based human resources management is also growing in the Polish market because of the desire, and sometimes the necessity, to increase the flexibility of human resources in a firm through multi-skilling. Thus, competency-based human resources management provides an alternative approach to the traditional model of human resources management in the face of changes occurring on the market.

### **1.1.2. Human resources management based on competencies and on competency models**

Competency-based human resources management has been actively developing in the USA and Western European countries since the beginning of the 1990s and it is a practical manifestation of the popularity of the concept of employee 'competencies' in personnel management. In accordance with the theoretical assumptions, competency-based management is a new trend in human resources management, which emphasises specific competencies utilised in a job, allowing for more individual management and development of competencies within individual career paths (Brockmann, Clarke, Méhaut, & Winch, 2008, pp. 227–244).

Therefore, assuming that competencies possessed by employees are one of the most valuable resources that a firm may have, the current role of HRM processes is not only to recruit, appraise and plan the development of employees, but primarily to adjust and utilize their competencies to meet the company's needs. One advantage of constructing competency management systems is the possibility of integrating all areas of human resources management on the basis of a competency-based approach. Applying a competency management system makes it possible to integrate activities in the areas of selection, motivation, performance appraisal, training and career path development. Among different models of human resources management, the competency-based approach is especially close to the idea of lifelong learning, which focuses on an individual as its main point of reference. In the competency-based approach, the point of reference is the employee who holds a specific job and not the job itself.

The concept of competency-based human resources management is, however, defined in different ways (Table 1.2.).

**Table 1.2. Competency-based human resources management – definitions**

<b>Competency-based human resources management</b>	
<b>SOURCE</b>	<b>DEFINITION</b>
Brockmann, Clarke, Méhaut, & Winch, 2008, pp. 227–244	Competency-based management is a new trend in human resources management that emphasises specific competencies utilised in a given job, allowing for more individualised management and more individual competency development within career paths. From this perspective, competencies are specific to companies or given jobs in an organisation.
Dubois & Rothwell, 2008, p. 53	Competency-based human resources management assumes looking at expected results and organisational requirements from the perspective of an employee rather than from the perspective of a job position held by an employee. Competencies then become the foundation for the functioning of the entire human resources management system. Competencies constitute the factor that determines the process of recruitment, selection, filling vacancies, induction, performance management and rewarding of employees. An organisation applies competency-based human resources management when all aspects of personnel management are focused on competencies and not on the traditional matters related to tasks or jobs.
Sienkiewicz, 2004	The competency-based human resources management system regards the appropriate application, 'activation' of the created competency model, since the competency model as such does not provide any added value if it is not applied in the practice of human resources management. 'Competency management' is a mental shortcut that is commonly used (it is used more often in Poland – in the English-language literature, it is used significantly less often). In fact, it refers to the 'competency-based human resources management system'.
<b>Competency management</b>	
<b>SOURCE</b>	<b>DEFINITION</b>
Oleksyn, 2006, p. 40	Competency-based management is a practical activity oriented towards the achievement of established goals that is performed with the observance of rationality principles, effort and ethics, whereby the following functions may be distinguished: planning, organisation, management of people and management of processes as well as supervision (control and correction).
Klett, 2010	Competencies management utilises competencies measurement and appraisal of all employees in order to determine an appropriate plan of career development that is compliant with the business goals of a company.

Source: A set of definitions based on the results of a literature study conducted by A. Jawor-Joniewicz and B. Sajkiewicz.

As indicated by the definitions presented in Table 1.2., 'competency management' is an alternative term used interchangeably. However, the term seems to represent a narrower concept. According to the definition adopted by the author for the purposes of the research and this study, the **competency-based human resources management system** is a set of coherent and mutually related practices of human resources management in all its areas: from individuals' entering an organisation (e.g. the processes of recruitment, selection and induction), through their effective functioning (e.g. the processes of performance appraisal and motivation), development (e.g. the processes of training and non-training development activities) to leaving the organisation by individuals (e.g. the processes of dismissal and outplacement). In the competency-based human resources management, all practices (and processes) of HRM are based on a common competency model (a set of competencies required from the employees of an organisation. Specifically, competencies may serve as the foundation for the following: strategic employment planning, recruitment and selection, developing job descriptions and evaluating jobs, training and development, performance appraisal, career planning and the employee remuneration system.

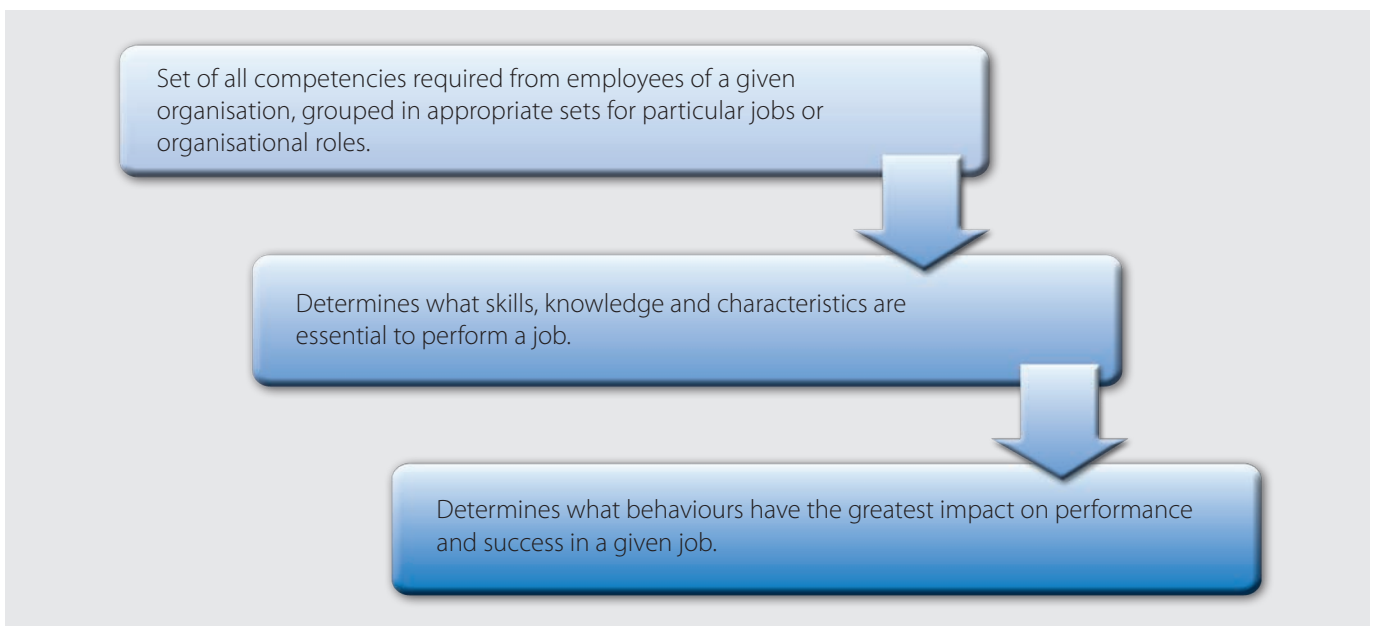
Competency-based human resources management assumes looking at expected performance and organisational requirements from the perspective of an employee rather than from the perspective of a job held by an employee, and organisations that apply this solution integrate all aspects of human resources management around competencies and not around issues related to tasks or jobs (Dubois, Rothwell, 2008, p. 53). The practical aspect of competencies management implementation, i.e. achievement of established, current and future, goals of an organisation has been emphasised

by many authors (e.g. Oleksyn, 2006, p. 40; Walkowiak, 2007, p. 30; Klett, 2010). Therefore, successful application of the concept of competencies in a firm is conditional upon introduction of practical solutions in the area of competency-based human resources management, the most apparent manifestation of which is constituted by competency models and competency profiles.

The construction of a competency model forms the basis for applying competencies in human resources management. Modelling competencies is an alternative to the traditional job analysis. It is a set of actions oriented towards the construction of an ideal profile, portfolio or competencies benchmark (Pocztowski & Miś, 2000, p. 71) focusing on a set of characteristics that an employee should possess in order to efficiently perform his/her professional duties (Steward & Brown, 2009, p. 134). The competency model is a document that includes a set (a list and descriptions) of all competencies that an organisation considers indispensable to realise its strategy and achieve its business goals, as well as to succeed in the conducted business activity.

As shown in Scheme 1.1., the role of the competency model is not only to specify the list of competencies required from all employees (or groups of employees or individual employees), but also to precisely define individual competencies within the categories of individual characteristics (knowledge, skills and other characteristics such as aptitudes and attitudes) and behaviours that have the most significant influence on performance in a given organisation. Thus, the competency model is a 'frame' for evaluating the quality of human capital from the perspective of the needs of an organisation.

**Scheme 1.1. The scope of the competency model**



Source: own study.

**Table 1.3. Competency models – definitions**

SOURCE	DEFINITION
American Society for Training and Development (available at www.astd.org)	The competency model determines the competencies necessary for performing specific professional or organisational roles. Simply speaking, the competency model helps to determine what people should know and do to be successful.
Juchnowicz & Sienkiewicz, 2006	The competency model is a set of all competencies required of employees in a given organisation that are grouped into appropriate sets for individual jobs or organisational roles. These sets are called competency profiles. Primarily, the competency model determines the following: <ul style="list-style-type: none"> <li>• What skills, knowledge and characteristic features are needed to perform a job?</li> <li>• What behaviours have the most significant impact on performance and success in a given job?</li> </ul> The model allows primarily those competencies to be recognised that are required for an adequate or exemplary performance of a job in the context of roles assumed by an employee, of responsibility and dependency in an organisation and in its internal and external surroundings.
Dubois & Rothwell, 2008, pp. 40–41	The competency model is the written characteristics of competencies required to achieve fully satisfying or exemplary results in a given job, in a given team, in a given section, department or organisation.
Fogg, 1999	The competency model determines competencies that are indispensable for the performance of specific professional or organisational roles. In other words, the competency model is a behavioural description of a job, which should be developed for each profession and each professional function.
Klett, 2010	Through determining the learning potential, the level of skills and resources, the competency model determines the critical components that influence the planning of useful development activities, surroundings and services, in order to help a learner acquire appropriate competencies.
Pocztowski & Miś, 2000, p. 71	Modelling of competencies is a set of actions oriented towards the construction of an ideal profile, a portfolio or a competency benchmark. Based on this, it is possible to identify a new competency gap and to undertake actions aimed at minimising this gap within a specified period of time.
Sienkiewicz, 2004	The competency model is a set of all competencies required from employees of a given organisation that are grouped into appropriate sets for individual jobs or organisational roles. Developing the competency model enables the concept of competencies in human resources management to be utilised.
Steward & Brown, 2009, p. 134	Modelling competencies is an alternative approach to the traditional job analysis which focuses on a set of characteristic features that an employee should possess in order to effectively perform his/her professional duties.
Szczesna & Rostkowski, 2004, p. 58	The competency model is a set of the most indispensable competencies (along with the level of performance) that an employee has or that is required from an employee in a given job.
Zingheim, Ledford, & Schuster, 1996, pp. 56–65	Competency models may be constructed at different levels – from the level of an organisation to the models for specific jobs or employees. Beginning with the model for the entire organisation (whereby a set of key competencies is considered), a set of competencies required from all employees of an organisation is prepared. At the other end of the scale, there are competency models constructed for jobs. An attempt to combine the best features of both approaches is an intermediate solution. All solutions have their advantages and disadvantages and the choice of the best one depends on the strategic goals of an organisation, as well as on specific plans related to the application of these models.

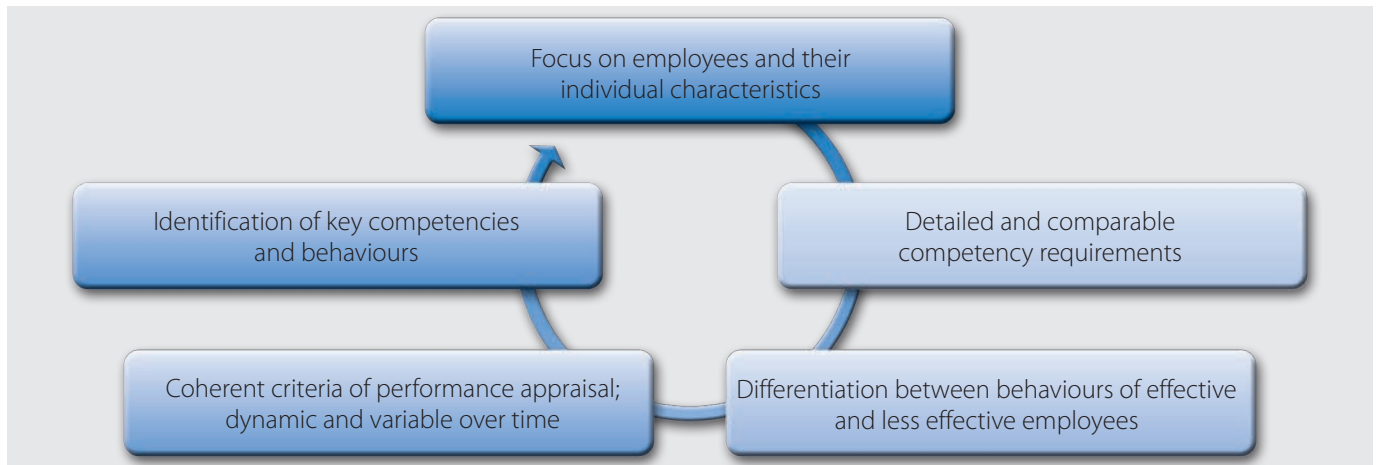
Source: A set of definitions prepared as a result of literature study conducted by A. Jawor-Joniewicz and B. Sajkiewicz.

Constructing a competency model is a multistage task aimed at gaining information on the competencies expected at the level of the analysed firm.

According to A. Pocztowski (2001, p. 173), *a competency model should include both the existing competency requirements of jobs in a given organisation, or at least of key jobs, and the competency patterns of employees whose performance is high. Competency requirements of jobs are about drawing up a list of **threshold competencies** that are indispensable for the adequate performance of tasks in a given job, whereas patterns of competencies are about identifying the competencies differentiating effective employees from average employees (**differentiating competencies**).*

A good competency model should reflect the specificity of an organisation and present the actual nature of roles and jobs that exist within it. Moreover, a well-constructed competency model should be transparent and comprehensible and should not include ambiguous statements or complex descriptions that could lead to misunderstanding and mistakes. All elements of the model should be independent of each other, i.e. the existence of one competency should not be dependent on the existence of another. The most important issue, however, is appropriately developing the descriptions of competencies, in particular those competencies that characterise individual levels of performance, i.e. behaviours that are indicative of the levels of competency.

### Scheme 1.2. Main features of the competency model



Source: own study.

The **competency model** is, therefore, a set of all competencies required from employees of a given organisation, grouped into profiles that are adequate for individual jobs or organisational roles. Developing competency profiles is one of the stages in the process of building a competency model. **A competency profile** is a set of all competencies that describe a given job or a given organisational role. Competencies specified in a profile should be described in a way that is characteristic of the behaviours required from an employee. The competency profile also specifies the level of competencies required from an employee. The competency model (and competency profiles existing within it) provide the 'binding' that is needed to coordinate the actions among the different systems of human resources management in an organisation (Cooper et al., 1998, p. 5). Applying the competency model requires the development of adequate procedures and rules of its usage in individual areas of human resources management – moving towards systemic solutions.

**One of the key challenges of competency-based human resources management is the fact that the meaning of the concept of competency is not precisely defined and can be understood in different ways (Dubois & Rothwell, 2008, p. 26).**

### 1.1.3. Defining competencies in an organisation

All definitions related to the competency-based approach have their sources in the research of David McClelland (1973), initiated in the 1970s. According to McClelland, competencies possessed by employees consist of knowledge, skills, abilities and personal characteristics required for adequate job performance (Ferris, Rowland, & Buckley, 1990). Drawing upon the theories of Richard Boyatzis, McClelland's collaborator and follower and a proponent of describing employees with the use of behavioural competencies, Lyle M. Spencer and Signe M. Spencer (1993) suggested the following definition of competency derived from their research: [competency is] *an individual's underlying characteristic that is causally related to criterion-effective and/or superior performance in a job or a situation.*

Two main approaches to defining competencies may be distinguished. They result from authors' different perspectives on the concept of competency. Michael Armstrong (2001, p. 243) notes after Charles Woodruffe that the term 'competencies' is used in reference to both the ability to perform a job or a specific tasks competently and to the set of behaviours which a person must display to perform the tasks and functions of a job competently. Therefore, he claims that in order to avoid potential misunderstanding and complications, the two meanings of the word competency should be clearly separated:

- competency as a concept related to persons and to the dimensions of behaviours that lie behind competent performance,
- competence as a concept related to a job and areas of work in which a person is competent.

Hence, Woodruffe distinguishes, respectively (Kierstead, 1998, p. 6):

- areas of competence<sup>3</sup>,
- competencies related to a person.

Areas of competence are activities in which a person is competent. Person-related competencies are employee characteristics, which enable the achievement of results within areas of competence. The main difference between these aspects of competency is the fact that areas of competence are usually job-oriented, while competencies, in the original meaning, are employee-oriented. Thus, in the fast-growing body of research, two main approaches to defining competencies may be distinguished:

- employee-oriented approach,
- job-oriented approach.

In the employee-oriented approach, competencies are an individual's traits (characteristics) that lie behind effective performance and behaviours at work (Slivinski & Mile, 1996, p. 2). These traits can be grouped into categories, which most frequently are: knowledge, skills, abilities and aptitudes, and attitudes (Table 1.4.).

**Table 1.4. Employee-oriented definitions of competencies**

SOURCE	DEFINITION
Bilans Kapitału Ludzkiego (Human Capital Balance Sheet) (PARP, 2011, p. 29)	Competencies are knowledge, skills and attitudes which are reflected in performance.
Armstrong, 2000, p. 241	Competency is the potential that contributes to the achievement of specified (desired) performance.
Borkowska, 2001, p. 55	Competencies are behaviours distinguishing employees in various professional situations, determined by the knowledge and skills they apply, and by attitudes and motivations. The knowledge of an employee's competencies makes it possible to predict their behaviours (and the results of those behaviours) in new situations.
Boyatzis, 1982	Competency means an individual's deep and enduring characteristic that is reflected in effective and/or superior behaviours and performance in a job.
Dessler, 2009, p. 362	Competencies are demonstrable characteristics of a person that enable performance and require knowledge, skills and behaviours which help employees to achieve results.
Dubois, 1993, p. 5	Competency is an ability of an employee to fulfil or surpass the requirements of a job position in order to achieve the expected quality level given the internal and external limitations of a given organisation.
Dubois & Rothwell, 2008, p. 38	Competencies are tools used by employees in a variety of ways to perform particular tasks or jobs. They include: knowledge and skills, as well as more abstract types of competencies – patience, persistence, flexibility, self-confidence. Competencies are required to perform all types of jobs. 'No competencies, no performance, no organisation.'

<sup>3</sup> In Polish translations (e.g. Woodruffe, 2003) they are incorrectly translated as "aspects of competency" which does not allow the essence of the problem to be grasped.

Friensen & Anderson, 2004, p. 679–687	Competencies are defined as the integrated application of knowledge, skills, values, experience, contacts, external resources of knowledge and tools of solving problems, the performance of different types of activities or coping with a given situation.
Kocór & Strzebińska, 2010, p. 12	Competencies, as defined, are knowledge, skills and attitudes related to performing specified activities, irrespective of the mode in which they have been acquired and if they are validated. Professional competencies are knowledge, skills and attitudes determined by the specificity of a particular job.
Kossowska & Sołtysińska, 2002, p. 14	The basis of competency is knowledge considered at three levels: <ol style="list-style-type: none"> <li>1. knowledge, in the colloquial sense (declarative knowledge – ‘what’ I know)</li> <li>2. skills (procedural knowledge – I know ‘how to’ and I can)</li> <li>3. attitudes (I want and I am ready to use my knowledge)</li> </ol>
McClelland, 1973	Competencies are employees’ characteristics, most frequently represented by Knowledge, Skills, Abilities (KSA) and personal traits required for adequate job performance. Competencies indicate (allow to predict) the future effectiveness of work. They are complementary to employees’ knowledge and attitudes.
Oleksyn, 2006, p. 39	Competencies of employees include their interests, abilities and aptitudes, education and knowledge, experience and practical skills, internal motivation, attitudes and behaviours important at work, state of health and psychophysical condition, formal authorisation to act on behalf of a given organisation, values and ethics.
Padzik, 2003, p. 35	Competency, in light of the modern approach to human resources management, is a six-aspectual, six-dimensional context comprising knowledge, skills, authorisations, internal motivation (including professional motivation), a set of model behaviours and personality traits. Thus, competency is a broadly understood and defined characteristic of an employee, displaying his/her preparation to perform a specific job or fulfil a specific job function, which is described by the highest possible number of six dimensions (not all traits can be presented in the context of all six dimensions).
Pocztowski, 2007, p. 117	Competency is a much broader concept than qualifications and covering all the durable characteristics of a person that are causally related to his/her high and/or excellent job performance and that can be measured.
Sajkiewicz, 2002, p. 30	Competencies are the knowledge used in a job, experience, abilities and aptitudes to work in a team, specific skills required at work, working etiquette and impeccable manners.
Sajkiewicz, 2008, pp. 119, 126	Competencies include information, experience, skills, abilities, values and attitudes.
Spencer & Spencer 1993, pp. 9–11	Competency is an individual’s underlying characteristic: motivations, traits, attitudes and values, knowledge, skills, that is causally related to criterion-effective and/or superior performance in a job or a situation.
Johannesburg (1995)	Competency is a combination of inter-related knowledge, skills and abilities that influence the major part of an individual’s work and is correlated to job performance; it can be measured by widely accepted standards and improved by training and development.
Thierry, Sauret, & Monod, 1994, p. 6	Competencies, in a general sense, are an employee’s ability to perform an activity leading to the achievement of the expected goal in the given conditions using specified means. Competencies are the whole of knowledge, skills, experience, attitudes and the employee’s readiness to act in the given conditions, thus, it is also the ability to adapt to changing circumstances.
Walkowiak, 2007, pp. 19–20	Competencies are knowledge, skills, personal traits, experience, attitudes and behaviours of employees oriented at effective performance of tasks in ever-changing professional situations.

Source: A set of definitions prepared on the basis of a literature study conducted by A. Jawor-Joniewicz and B. Sajkiewicz.

Unlike in the employee-oriented approach wherein a person is the point of reference, the second approach focuses on the job as the point of reference. More precisely, first the activities required to perform a job are determined, and then those activities determine individual characteristics that an employee should possess. In this sense, the word ‘competency’ serves to define activities that can be competently performed or roles that can be successfully fulfilled (Woodruffe, 2003, p. 94). It is a broader term, which embraces a certain set of characteristics required to perform a given job (Woodruffe, 2003, pp. 92–93). According to Charles Woodruffe, the word ‘competencies’ refers to one



of the sets of behaviours that a person must display to perform tasks competently. Competencies are, therefore, dimensions related to the performance of a specific job. Thus, this approach to analysing competencies has a long tradition deriving from job analysis. Areas of competence in this case are very precise, since they are based on the functional analysis performed by dividing tasks into such areas (Armstrong, 2001, p. 243). (Table 1.5).

**Table 1.5. Job-oriented definitions of competences**

SOURCE	DEFINITION
Butkiewicz, 1995, pp. 29–30	Competencies are the scope of knowledge, skills and responsibilities, authorisations and rights to act.
Report of the Competencies Workgroup (available at the website <a href="http://www.cs.state.ny.us/successionplanning/workgroups/competencies/CompetenciesFinalReport.pdf">http://www.cs.state.ny.us/successionplanning/workgroups/competencies/CompetenciesFinalReport.pdf</a> )	Competencies are characteristics of employees that contribute to successful job performance and the achievement of organisational results. These include knowledge, skills, and abilities plus other characteristics, such as values, motivation, initiative, and self-control.
Cheetham & Chivers, 2005, p. 54	Competencies are presented as the expected, successful performance of a job which can range from the basic to excellent level.
Król, 2006, p. 82	Competencies are predispositions related to knowledge, skills and attitudes, ensuring the performance of tasks in a job at an effective and/or excellent level, applied to standards defined by an organisation for a particular job.
Listwan ed., 2005	The scope of tasks, authorisations and responsibilities assigned to an employee in relation to the placement of his/her job in the hierarchical structure of an organisation and also to the performance of the job in a specified functional area of the organisation (e.g. human resources, finance or production) or to the performance of temporary functions (e.g. project management). It is the organisation that provides an employee with competencies, which are thus external in relation to the employee and assigned for a longer or shorter period of time. Only after competencies have been accepted by the employee can they be subject to the processes of learning and internalisation, forming part of his/her professional qualifications. (S. Chęłpa)
Nordhaug & Gronhaug, 1994, pp. 89–103	Competencies are the abilities to perform within a particular job/position.
Rankin, 2002, pp. 2–21	Definitions of employees' skills and behaviours that organisations require to be applied by employees in their job.
Wood & Payne, 1998	Competencies are tasks and performance in a particular job (job position).
Woodruff, 2003, p. 94	The term 'competencies' refers to a set of behaviours that a person must display to perform tasks with competence.
Wynne & Stringer, 1997	Competencies are what people should be, what they should know and do in order to achieve an expected level of performance in a job.

Source: A set of definitions prepared on the basis of a literature study conducted by A. Jawor-Joniewicz and B. Sajkiewicz.

Some authors saw the necessity to link these two aspects of competency within one consistent model. The first step in doing this was to provide **mixed definitions of competencies**. Models based on such definitions attempt to combine job-oriented competencies and employee-oriented competencies. This approach usually incorporates general terms relating to competencies such as leadership skills, problem-solving or decision-making. These areas usually consist of several elements. For example, problem-solving consists of specific knowledge (e.g. technical knowledge and techniques of approaching problems), certain skills (e.g. analytical or divergent thinking skills) and specific attitudes, values, opinions and commitment (e.g. being achievement-oriented and honest). In other words, in this approach, problem-solving is a complex competency whose components (knowledge, skills and other characteristics) may appear in many other competencies.



**Table 1.6. Mixed definitions of competencies**

SOURCE	DEFINITION
Filipowicz, 2004, p. 17	Competences are dispositions related to knowledge, skills and attitudes, enabling the performance of professional tasks at an adequate level.
Klemp, ed., 1980, p. 23	Competency is a basic characteristics of a person, which determines the effective performance of tasks and/or the achievement of excellent results.
Lendzion & Stankiewicz-Mróz, 2005, p. 87	Competencies are the sum of knowledge and skills as well as the manner of behaviour required for optimal performance in particular organisational roles.
Levy-Leboyer, 1997, p. 32	Competencies are a set of behaviours which certain persons master better than others and thus they perform more effectively in a particular situation.
Woodall & Winstanley, 1998	Competencies are skills, knowledge and its application, traits, values, beliefs and attitudes, which lead to successful job performance in a particular context, situation and role.
Caroll & McCrackin, 1998, pp. 45–63	Competencies are knowledge, skills, abilities, attitudes and behaviours, which ensure excellent job performance in the given conditions.
Mansfield, 1999, pp. 24–28	Competencies are basic characteristics of a person which contribute to expected or excellent job performance.
Steward & Brown, 2009, p. 134	Competencies are traits and abilities that people need to achieve success in professional tasks.
Szczęśna & Rostkowski, 2004, p. 41	Competencies are all characteristics of employees (knowledge, skills, experience, abilities, ambitions, values, code of conduct), whose possession, development and application by employees enables implementation of a strategy of a firm in which they are employed.
Rostkowski, 2002, p. 90	Competencies are knowledge, skills, abilities, code of conduct, personality, values, interests and other characteristics which, when applied and developed in a work process, lead to the achievement of results compliant with strategic goals of an enterprise.
Rostkowski, 2004, p. 40	Competencies are all the characteristics of employees, which – applied and developed in a work process – lead to the achievement of results compliant with the strategic goals of an enterprise.
IEEE Reusable Competency Definition (RCD) (Available at the website <a href="http://ieeeltsc.org/wg20Comp/Public/IEEE_1484.20.1.D3.pdf">http://ieeeltsc.org/wg20Comp/Public/IEEE_1484.20.1.D3.pdf</a> )	Competencies are any form of knowledge, skill, attitude, ability or educational objective that can be described in the context of learning, education or training.
European Commission, 2008 (Available at the website: <a href="http://ec.europa.eu/dgs/education_culture/publ/pdf/eqf/broch_en.pdf">http://ec.europa.eu/dgs/education_culture/publ/pdf/eqf/broch_en.pdf</a> )	Competencies are defined as a combination of knowledge, skills and attitudes appropriate to the context.
European Commission, 2007, p. 3	Key competences are those which all individuals need for personal fulfilment and development, active citizenship, social inclusion and employment.
National Council for Vocational Qualifications (NCVQ), 1997)	Competency is the ability to apply knowledge, practical and abstract skills in order to achieve expected results, compliant with the standards of requirements towards employees. It covers problem-solving and flexibility in adapting to changing needs.
International Labour Office, 2006, p. 40	Competencies are knowledge, skills and know-how applied and mastered in a specific context.

Source: A set of definitions prepared on the basis of a literature study conducted by A. Jawor-Joniewicz and B. Sajkiewicz.

As shown in the above sets, competencies may be defined in various ways. In extreme cases, a fundamentally different approach to competencies may directly affect the form and practical applicability of solutions used by organisations in the human resources management area. For example, adopting the perspective of defining competency as a concept oriented towards an employee and his/her individual, immanent and relatively stable characteristics, requires the organisation to design different tools for the verification, assessment and development of competencies than in

the case of job-oriented definitions. In such a situation, psychological tests and other tools for the assessment of employees' personal characteristics will be of greater importance, and the process of development will focus on strengthening and improving such elements of employees' competency potential as flexibility, communication skills, openness to change, etc. In the case of the job-oriented perspective on competencies, the scope of tasks performed by an employee, being the basic area of application of competencies in a workplace, will be crucial for the process of verification, assessment and development of competencies.

Despite the significant growth of interest in the practical implementations of competency-based human resources management, this issue has not been addressed in Poland by any detailed empirical studies. Theoretical considerations aimed at improving the concept of competency-based human resources management encounter an obstacle in the lack of empirical data from sample surveys on the practical application of this concept, especially in the area of creating competency profiles, as well as designing and applying tools for managing competencies in particular areas of HR (recruitment and selection, performance appraisal of employees, training and development, employee career path planning, etc.). The study presented below aims to fill this gap.

## 1.2. The lifelong learning perspective

### 1.2.1. Adult learning and the idea of lifelong learning

Lifelong learning is an important point of reference for the results of the study *Assessment of competency-based human resources management in the context of lifelong learning*. It is inextricably linked with the desired actions of employers oriented toward the competency development of employees in an organisation. **The idea of lifelong learning is based on the recognition that adults learn not only at school or other educational institutions but also, if not mainly, in the work environment.** In a knowledge-based economy, the learning culture developed at organisations becomes a factor of progress and social development. Investment in knowledge and qualifications supports industries based on intellectual capital, which in a long perspective contributes to an increase in salaries and higher standard of living. Creating conditions enabling enterprises to build and develop human capital adequate to its needs and to gain a competitive advantage based on knowledge, and thus to achieve economic success, is the task of the state, local governments, enterprises and intellectual and academic communities (Staniewski, 2008, p. 10).

Therefore, the implementation of activities related to a widely understood development of citizens at all stages of their lives and in various contexts requires creating such a policy that would embrace all paths of competency development and acquiring qualifications (formal, non-formal and informal) and that would be oriented towards ensuring cohesion between them. In Poland, a coherent and comprehensive lifelong learning policy has not been defined so far. Adult learning, which forms an important part of this policy, has not been defined in the Polish law and programme documents yet. Although the concept of continuing education has been determined, it refers only to institutions of the education system and labour market. The lack of definitions related to lifelong learning results from the model of adult learning established in Poland, which is mainly provided in institutions similar to schools rather than in a modern workplace. This situation is expected to change due to activities designed at the European level and transferred to the national level, determined in numerous strategic documents. The following review of European and national documents shows that a lifelong learning policy with a focus on learning in the workplace is one of the priority objectives that the European Union and Poland, as its member state, are striving to achieve on the road to a modern knowledge-based economy.

### 1.2.2. Lifelong learning in the development strategy of the European Union.

For many years now, the idea of lifelong learning has been promoted by international organisations, such as the OECD, the UNESCO or the World Bank, and has been highlighted in the strategic documents determining the directions of social and economic development both at the level of the European Union and individual member states. Promoting changes in European education and training systems is aimed at facilitating solutions for lifelong learning and the transition to a knowledge-based economy. Thus, it is one of the points of the **Lisbon strategy** adopted in 2000 which determines an action plan for the EU member states aimed at boosting economic development. The strategy analysed the reasons for the lower competitiveness of Europe as compared to the USA and Asian countries and specified recommendations for the economic policy of EU member states. The political recommendations determined in order to support the lifelong learning of citizens are: the development of a knowledge-based economy (including the development of an information society), the intensification of investments in research and development, and training of relevant qualifications and skills. These recommendations are found in a series of documents of the European Commission and the Council announced in successive years. Thus, actions aimed at lifelong learning have become the priority of EU education policy.

The European debate on the strategy introducing lifelong learning to all spheres of public and private life, both at the individual and institutional level, was initiated by a document published by the European Commission in 2000: **A Memorandum on Lifelong Learning**. This document emphasised that lifelong learning should no longer be perceived as only one of the many aspects of education policy. It should become a guiding principle that will make it possible for all EU citizens to participate in various forms of learning: formal, non-formal and informal. According to the European Commission, this opportunity will directly contribute to higher civic activity and increase employability. The Memorandum calls for member states to be jointly responsible for designing a coherent and comprehensive lifelong learning strategy.

The next step, which continued the idea and postulates included in the Memorandum, was a call to shape national lifelong learning strategies directed to the EU member states, EEA countries and candidate countries, included in the European Commission's **Communication of 21 November 2011 – The establishment of the European Area of Lifelong Learning** (the text was not published in the Official Journal of the European Union). The following year, in the European Council Resolution of 22 June 2002 on lifelong learning (Official Journal of the European Union C 163 of 9 July 2002, 1–3), the European Council required member states to develop national lifelong learning strategies. In 2000–2002, the principles for establishing the European Area of Lifelong Learning were developed within the documents of the European Commission and the Council. The main goals of creating the European LLL Area included:

- to facilitate the free movement of persons who are learning and working,
- to facilitate the transfer of qualifications and their renewal and upgrading,
- to promote creativity and innovation,
- to contribute to economic growth and increased employment.

Since the progress was not satisfactory, the call of 2000 was repeated in 2004–2005 in:

- 1) **a joint interim report of the Council and the Commission on the implementation of the detailed work programme on the follow-up of the objectives of education and training systems in Europe** (Official Journal of the EU C 104 of 30 April 2004, 1-19),
- 2) **the Presidency Conclusions of the European Council Summit of 25–26 March 2004,**
- 3) **the Council Decision of 12 May 2005 on guidelines for the employment policies of the Member States** (Official Journal of EU, L 205 of 6 August 2005, 21–27).

These documents suggested that by the end of 2006, EU member states should have adopted comprehensive and coherent LLL strategies encompassing:

- different learning forms and places, including formal learning at all levels of education and training (from pre-school to doctorate studies and post-graduate studies in higher education), learning other than formal (non-formal and informal) in the work environment, organised communities and other places,

- all stages of learning – from the first until the last years of life,
- all levels of learning outcomes specified in accordance with the principles constituting the European Qualifications Framework,
- all relevant stakeholders: public administration (state and local government), partners and civic organisations (Międzyresortowy Zespół ds. uczenia się przez całe życie, 2012, pp. 3, 74.)

In 2002, the actions taken by the European Commission to improve the state of education were described in the common document entitled: **Education and Training 2010**. The document included the most important, agreed-upon actions to be achieved: improving the quality and efficiency of education systems, facilitating access to education systems for all, and opening education systems to the world. The programme was aimed at facilitating European cooperation as part of the Bologna process (in higher education) and the Copenhagen process (in vocational education and training), among others.

**The joint progress report of the Council and Commission of 2010 on the implementation of the Education and Training 2010 work programme** (Official Journal of the EU C 117 of 6 May 2010, 1–7) indicates that the major challenge is to implement and further develop the lifelong learning strategy. Under the European Council Conclusion of 2009, further work for ten subsequent years was planned and **ET 2020**, a strategic framework for European cooperation in education and training, was adopted. The document incorporated a recent commitment concerning the adoption of national lifelong learning strategies. The Council invited EU member states to have their national LLL strategies fully implemented by 2011 at the latest and emphasised that *(1) Education and training have a crucial role to play in meeting the many socio-economic, demographic, environmental and technological challenges facing Europe and its citizens today and in the years ahead and that (2) Efficient investment in human capital through education and training systems is an essential component of Europe's strategy to deliver the high levels of sustainable, knowledge-based growth and jobs that lie at the heart of the Lisbon strategy, at the same time as promoting personal fulfilment, social cohesion and active citizenship (Official Journal)*. The strategic framework for cooperation in the area of education and training should address the following four strategic objectives: (1) make lifelong learning and mobility a reality, (2) improve the quality and efficiency of education and training, (3) promote equality, social cohesion and active citizenship, (4) enhance creativity and innovation, including entrepreneurship, at all levels of education and training. The description of the first strategic objective related to lifelong learning emphasises the need for an approach which takes into account the entire life of a person, makes it possible for him/her to rise to the challenges resulting from demographic changes and the changing economic and social situation in Europe. Within comprehensive and coherent lifelong learning strategies, member states should make every effort to develop national qualifications frameworks based on learning outcomes and linked to the European Qualifications Framework, establish more flexible learning pathways, ensure greater openness towards non-formal and informal learning and promote adult learning. The document highlights the need for further actions in the field of education and training in line with the Lisbon strategy, while maintaining flexibility and responsiveness to future challenges, including those that will arise from the new strategy for the period after 2010. Implemented in 2000 and modified five years later, the Lisbon strategy was replaced by the **Europe 2020** strategy as the new long-term programme for the socio-economic development of Europe. The achievement of the aims determined in the strategy is designed to be the means of emerging from the financial crisis that occurred in Europe at the end of the first decade of the 21<sup>st</sup> century. The *Europe 2020* strategy includes three mutually related priorities:

- smart growth: developing an economy based on knowledge and innovation,
- sustainable growth: promoting a more resource efficient, greener and more competitive economy.
- inclusive growth: fostering a high-employment economy delivering economic, social and territorial cohesion.

In relation to these priorities, the Commission proposes the following EU measurable headline targets for 2020, which will be translated into national targets:

- 75 % of 20–64-year-olds should be employed,
- 3% of the EU's GDP should be invested in R&D,
- the '20/20/20' climate/energy targets should be met (reduction in greenhouse gas emissions, even up to 30%, given the proper conditions)<sup>4</sup>,
- the rates of early school leaving should be reduced to 10%, and at least 40% of 30–34-year-olds should complete tertiary education,
- 20 million fewer people are poor or at risk of being poor.

Of note, **two of the three general priorities set out in the strategy assume the achievement of goals supporting lifelong learning and investing in human capital in a knowledge-based society, with particular emphasis on the workplace.** The first priority refers to smart growth, i.e. developing an economy based on knowledge and innovation. The document *Europe 2020* describes this priority as the need of member states to strengthen the role of knowledge and innovation as the driving forces of their future growth. This requires improving the quality of education, enhancing research performance, promoting innovation and knowledge transfer within the EU, making full use of information and communication technologies, creating new jobs and solving social problems in Europe and in the world. The second priority, which is relevant to the subject of this paper, assumes that the following years will see the implementation of actions conducive to social inclusion and promoting a high-employment economy delivering social and territorial cohesion. The focus of actions should be on investing in qualifications, modernising labour markets, training and social protection systems. In order to face demographic problems, Europe must make full use of citizens' potential.

**To achieve the particular aims specified in the general priorities, numerous actions at the national, EU and international level are required.** In the strategy, the Commission presented seven flagship initiatives, which will enable progress within each of the priorities. As part of the priority related to smart growth, i.e. the development of an economy based on knowledge and innovation, the European Commission presented the '**Innovation Union**' project, devoted to solutions for strengthening research and development and innovation activities to foster excellence and smart specialisation. The suggested actions are supposed to contribute, among others, to the reinforcement of cooperation between higher education institutions, research and business, and to an increase in expenditures on knowledge through tax relief and other instruments encouraging private investment in R&D. Another project essential to promoting investment in the competencies and qualifications of citizens is '**An agenda for new skills and jobs**'. This programme is part of the activities supporting social inclusion and is aimed at modernising labour markets and empowering people through the acquisition of new skills during the entire lifecycle so that current and future employees can face new conditions and potential changes of their career paths. In order to implement this programme, member states shall develop national qualifications frameworks and provide citizens with opportunities to acquire and validate competencies required to continue their education and find their way into the labour market by means of general education, vocational, higher and adult education, including non-formal education and informal learning.

The specific objectives of the *Europe 2020 Strategy* have been translated by each country into its own goals and methods of operation according to local needs and challenges.

### 1.2.3. Adult lifelong learning in Polish strategic documents

The priorities and specific goals related to the development of human capital within the context of lifelong learning, the development of competencies and qualifications in social and professional life determined in various documents of the European Commission and Council, are reflected in documents at the national level.

The national development policy is defined in the amended Act of 6 December 2006 on the principles of the development policy (Journal of Laws of 2009, No 84, item 712, as amended) and

<sup>4</sup> Target 20/20/20 refers to the reduction of total gas emissions by 2020 in the EU by at least 20% compared to 1990 and an increase of the share of renewable energy sources in energy balance by 20% by 2020.

the document **Poland's Development Management System**, adopted by the Council of Ministers on 27 April 2009. Other essential strategic documents on development policy are the following:

- Long-term National Development Strategy (LNDS) (*Poland 2030. Third Wave of Modernity*) defining major trends, challenges and the concept of national development in the long-term perspective;
- Medium-term National Development Strategy (MNDS) (*National Development Strategy 2020*) outlining strategic objectives of national development to 2020;
- Nine Integrated Strategies – aimed to achieve the development objectives:
  - Strategy for Innovation and Efficiency of the Economy,
  - Human Capital Development Strategy,
  - Transportation Development Strategy,
  - Strategy for Energy Security and the Environment,
  - Efficient State Strategy,
  - Social Capital Development Strategy,
  - National Regional Development Strategy: Regions, Cities, Rural Areas,
  - Strategy for Development of the National Security System,
  - Strategy for the Sustainable Development of Rural Areas, Agriculture and Fisheries.

The LNDS, MNDS and Nine Integrated Strategies have a common hierarchy of objectives and directions of planned actions.

The long-term strategy presents the vision for development to 2030. It identifies challenges that the economy and society need to face and the foundations of the country's development (innovation, sustainable territorial development and efficiency). Among the 25 key decisions for the development of Poland indicated in the LNDS and related projects, three relate to actions for human capital development through systemic solutions in the lifelong learning area (from pre-school to doctorate). They also include workplace learning. Key decision No 11 entitled **Modernisation and Improvement of the Quality of Education Throughout Life** focuses on the wide availability and high quality of early education, as well as care and education at schools of all levels and types. It highlights the necessity to prepare children and adolescents for lifelong learning with the use of information and communications technologies (ICT). Another key decision No 12 entitled **Adaptation of Education to the Needs of Changing Economy** underlines the need to have shorter forms of training delivered in cooperation with employers. The decision suggests also the need to create attractive practical programmes of studies and to strengthen the importance of first cycle studies in order to support a more efficient transition from education to the labour market. Key decision No 15, **Conditions of New Competitive Advantage**, addresses the issue of the competitive advantage of Polish enterprises based on social and intellectual capital. The conditions enlisted in this decision include comprehensively enhancing creativity and improving employees' qualifications in the lifelong learning system.

The Medium-Term National Development Strategy, the main strategy in the medium term, refers to key decisions included in the long-term national development strategy and indicates strategic tasks of the state that are necessary to reinforce development processes in the following 10 years.

*The Medium-term National Development Strategy* presents the key decisions included in the long-term national development strategy and indicates the strategic tasks of the state needed to reinforce development processes over the next 10 years.

The main objective of the medium-term strategy is to strengthen economic, social and institutional potential to ensure quicker and more sustainable national development and to improve people's standard of living. Within three strategic areas: Efficient and Effective State, Competitive Economy, Social and Territorial Cohesion, the strategy defines objectives and priorities for intervening in response to the challenges of the upcoming decade. One of these challenges is undoubtedly improving the quality of human capital, which is included in the list of priorities of public intervention of the **Competitive Economy** strategic area in the MNDS. The MNDS defines human capital as one of the main factors contributing to the country's development and competitiveness. Because the major development barriers in Poland are the low rate of employment (according to the Central Statistical



Office data, it amounted to 59.3% in the age category 15–64, 2010) and the mismatch of education and the labour market, it is imperative to invest in those aspects of human capital which increase people's capacity to find employment. These aspects are knowledge, qualifications, specialised professional competencies and transferable competencies, also called soft competencies<sup>5</sup>. In this context, the medium-term strategy emphasises the fact that it is important to popularise lifelong learning through different ways: at school, through short courses, at work, and through social involvement. This approach enables the problem of the labour demand and supply mismatch to be solved. Strengthening human capital will be supported by the introduction of the Polish Qualifications Framework and the supplementary elements of the national qualifications system enabling employees and employers to obtain, assess and use competencies and qualifications.

The development vision presented in the long-term strategy and strategic objectives indicated in the medium-term strategy may be implemented through the nine integrated development strategies. They define the strategic tasks of the state and principles of including them in programmes. Tasks related to the development of qualifications and competencies of human resources as part of the activities popularising lifelong learning can be found in the projects of three integrated strategies: *Human Capital Development Strategy*, *Strategy for Innovation and Efficiency of the Economy*, *Social Capital Development Strategy*. **However, lifelong learning constitutes an important part of all nine strategies** developed by particular ministries.

The *Human Capital Development Strategy* devotes significant attention to issues related to lifelong learning, including raising the competencies and qualifications of adults.

Work on the human capital development strategy began in 2010. Its original version is the result of the work of the Group of Strategic Advisors of the Prime Minister, which existed until November 2011, experts of the Prime Minister's Chancellery and representatives of ministries who prepared the original version of this document under the leadership of the Minister – member of the Council of Ministers, Chairman of the Standing Committee of the Council of Ministers. In the course of work on the human capital development strategy undertaken by the Group of Strategic Advisors of the Prime Minister, inter-ministerial and social consultations were conducted, which largely contributed to the form and content of the document.

Since June 2012, the human capital development strategy has been developed by the Minister of Labour and Social Policy. The Ministry of Labour and Social Policy verified the content and editing of the document. In order for the verification of the human capital development strategy to be as diligent as possible, the Ministry conducted both internal consultations and consultations with external institutions. This allowed the document to be adapted to the current situation and the social and economic challenges in Poland. The document has also been supplemented with proposals for new actions. Sections of the version of March 2013 are analysed in this paper.

Analyses performed in a number of national strategic documents show that there are many problems preventing the full utilisation of human capital in Poland. These documents include: **Poland 2030 – Development Challenges, National Programme of Reforms** (prepared to implement the *Europe 2020* strategy at the national level) and the work of the

Inter-ministerial Taskforce for Lifelong Learning, including the National Qualifications Framework, and the detailed documents of the Ministry of Labour and Social Policy, the Ministry of National Education, the Ministry of Science and Higher Education, the Ministry of Economy, the Ministry of Environment, the Ministry of Health and the Ministry of Regional Development. On the basis of the analysis, 21 main problems preventing the full utilisation of human capital in Poland have been identified. Five of them relate to deficiencies in the education system related to the labour market and the national qualifications system, and to the lack of a coherent and systemic approach to adult learning:

- Education and training are not sufficiently oriented towards developing key competencies essential in social and civic life, as well as in the labour market.

<sup>5</sup> Transferable competencies are usually equivalent to the concept of generic competencies, universal and key competencies frequently understood as competencies relevant to different professional groups in all organisations. Transferable skills are developed in one context but can be applied in other contexts and developed regardless of the type of work, profession or job. Source: Heery, Noon, 2001; Matusiak, Kuciński, Gryzik, 2009.

- Insufficient involvement of employers in the process of vocational education and insufficient popularity of the vocational education system.
- Work has not been completed on a modernised national qualifications system based primarily on the Polish Qualifications Framework and the national qualifications register, which will make it possible to include a greater variety of competencies and validate new competencies acquired in different ways throughout life.
- Gaps in the competencies and qualifications of adults.
- Insufficient popularisation and ineffectiveness of learning forms for adults and underestimation of learning at work and practical learning as the basis of a modern system of adult learning, which results in difficulties for employees in adapting to the changing challenges of the labour market.

The individual actions proposed in the strategy are to support medium-term planning of human capital development. They are presented in relation to subsequent stages of the lifecycle, career cycle and from the perspective of an individual or household, which, according to the authors of the strategy, should raise the level of the 'empowerment' of strategic provisions and facilitate the implementation of particular tools. This approach is consistent with the idea of lifelong learning, whereby a person learning throughout life is the most important issue. The same philosophy was adopted in the strategy's annex: *Lifelong Learning Perspective*, which presents a comprehensive diagnosis, directions of interventions and a monitoring system for lifelong learning at subsequent stages of life and career.

The human capital development strategy specifies two major factors affecting the characteristics of human capital in the near future: demographic changes (mainly the ageing of society) and the modern labour market. The strategy assumes that a response to the above challenges will be twofold. On one hand, solutions directly preventing the depopulation of society will be implemented, and on the other, tools enabling and facilitating an increase in citizens' economic and social activity will be applied. The essential element of the strategy will include actions oriented at improving the competencies of citizens, including creativity and innovation, which play an increasingly significant role in the contemporary world. In this context, one of the major tasks specified by the strategy is to **unlock the potential of individuals so that they can fully participate in social, political and economic life.**

Implementation of the human capital development strategy goals has been described within the context of the five stages of the lifecycle and career cycle. Stage four presents 25 solutions aimed at improving the quality of human capital in the area of professional activity, adult learning and parenting. Four of the proposed solutions relate directly to the issue of increasing competencies of adults, including learning in the workplace. The first of the proposed tools in this area is **to popularise adult learning, particularly in its most efficient forms (learning at work and in the environment of social involvement, short courses).** In the section describing the current state of affairs in this area, the document states that in 2011, the percentage of learners aged 25-64 was 4.5%, compared to 8.9% in the EU, whereas the EU's objective of 15% is to be reached by 2020. One of the reasons indicated for this situation is the lack of well-established adult learning patterns. **Young adults, who are most frequently learners, choose schools for adults lasting two or three years, while more flexible and effective ways of adult learning are shorter forms and courses, and above all, learning in the workplace and through community involvement.** One of the reasons for choosing a path of formal education may be the lack of a comprehensive system of validating learning outcomes achieved through non-formal or informal ways, in particular for professions and specialisations, for which there is no school or craft trade educational path. The only regulations that exist are those within the formal education system (state external exams, including the state external vocational exam introduced in 2012). In response to labour market needs in this respect, bottom-up (corporate or industry) initiatives are also appearing.

In the diagnosis of the current situation, opinions are heard that insufficient incentives exist for employers to create opportunities for on-the-job or off-the-job learning. The document also mentions other activities aimed at popularising adult learning:



- Provide adults with access to higher education through the new system of validating competencies that they gained outside of the higher education system, i.e. through autonomous learning, professional work, participation in training courses, and through the recognition of qualifications gained in professional higher education institutions functioning within the education system.
- Create a national system of qualifications as part of the European Area of Lifelong Learning and in line with the assumptions of the European Qualifications Framework, which will ensure better comparability of qualifications and provide better opportunities for validating learning outcomes (knowledge, skills and social competencies) gained through non-formal education and informal learning, i.e. irrespective of the place, form and duration of learning.
- Develop a financial support system for adult learning which will finally allow an internally coherent and comprehensive adult learning financing system to be established, which would meet the challenges related to the very low popularity of adult learning in Poland. As the first stage, several possibilities of supporting adult learning should be analysed, including the supply possibilities: financing (as it is now) the offer of education and training institutions, and demand possibilities, including a training voucher that incorporates provisions for co-financing by an employee, employer, regional or state budget.

Another important document is the *Lifelong Learning Perspective*. It contains a comprehensive and coherent diagnosis and indicates the directions of activities to develop lifelong learning in Poland. This document has been prepared by the Inter-ministerial Taskforce for Lifelong Learning, including the National Qualifications Framework, and constitutes a strategy and implementation document prepared for the Human Capital Development Strategy. Its purpose is to contribute to the fulfilment of the ex-ante requirement (under the 2014–2020 financial framework) related to the existing national or regional strategic framework of the lifelong learning policy. In this document, in part devoted to adults in the labour market and their learning in the course of their social and professional careers, the authors, citing the study *Adult Education* conducted by the Central Statistical Office in 2009, indicate the factors affecting a very low rate of the participation in education and training of persons aged 25–64 (the rate includes formal and non-formal learning). In 2009, the rate amounted to 4.7% in Poland while in the EU it was 9.3% in the same year. The low value of the indicator for adult learning in the workplace is affected by a low number of training courses organised in firms, particularly in small and micro-enterprises. Such enterprises usually do not have the financial resources that could be spent on regular internal training. Furthermore, they do not identify and plan training needs, either of individual employees nor of the entire company. The document also points to the fact that there are no systemic measures taken to promote learning among the two largest groups of adults aged 25–64: those working or professionally inactive persons. Such activities cover only selected groups of adults, such as the unemployed, the disabled or persons with low incomes. At the same time, the activity of training institutions is high, although their training offer is often of poor quality. According to data quoted in the 2008 report of the Supreme Audit Office (NIK), the offer of training institutions is not sufficiently tailored to the requirements of the labour market and a poor quality of the available courses results in a high rate of persons resigning from the courses.

In view of these shortcomings, the authors of the *Perspective* suggest the following strategic interventions within the operational objective of *The Work Environment and Commitment Conducive to Dissemination of Adult Learning*:

– **Develop mechanisms to coordinate the activities of institutions responsible for adult learning**

Legal regulations should be improved in order to better define the tasks of public administration relating to developing lifelong learning, including adult learning and developing competencies and qualifications within the scope of specific ministers' competence. Furthermore, the Inter-ministerial Taskforce for Lifelong Learning, including the National Qualifications Framework, is responsible for monitoring the implementation of development strategies and programmes in terms of their consistency with the universal principles of building the European area of lifelong learning, including the principles of the European Qualifications Framework as well as the objectives and interventions determined in *The Lifelong Learning Perspective*.

– **Develop a system to assess and recognise learning outcomes, in addition to the formal systems (validation system), as the basis of a modern model of adult education**

Mechanisms of validating learning outcomes attained outside of the formal system should be introduced to the legal system regulating the acquisition and awarding of qualifications. In order to implement the tasks related to the recognition of competencies, it is necessary to build an institutional base and broaden the scope of activities of institutions awarding qualifications to include validation tasks. A comprehensive validation system, including all paths of achieving qualifications, should be promoted by initiating programmes for the development of a validation system in the areas particularly important for a modern economy and social cohesion, such as the recognition of learning outcomes resulting from the work experience of expatriates returning to the country.

It is worth noting that in order to meet the expectations of adults, the system of external examinations in Poland has been modernised, as specified in the Regulation of 11 January 2012 on external examinations. To offer adults the broadest possible range of opportunities and enable them to raise their qualifications, persons having occupations classified within the vocational education system can validate learning outcomes gained through e.g. professional experience.

– **Develop a model of adult learning based on practical learning, including learning in the workplace and by community activities**

Actions should be undertaken to promote non-formal education, including in particular learning in the workplace, training in the workplace and learning through community involvement as basic forms of adult learning. It is also vital to promote standards of learning in the workplace based on a system including: ways of identifying persons capable of teaching and learning in the workplace, assessing the outcomes of such learning and recognising them, including by means of a system of internal promotion based on competencies. In addition, measures should be taken to encourage employers to raise the competencies of employees and create internal systems of staff competency development.

– **Develop a support system for enterprises, especially for SMEs, in the field of education and training**

The development of guidance for companies on effective methods of staff training within an internal training and tutoring system and on the use of external training will be an essential element of support for employers who want to invest in human capital in their businesses. Creating databases of training offers will be an important measure to promote learning in the workplace.

The results of the study *Competency-based human resources management in the context of lifelong learning*, presented and discussed in the following sections, illustrate the essential actions, defined repeatedly in the above-mentioned documents, for the development of a lifelong learning area, including adult learning in the workplace. The study shows, at the microeconomic scale, to what extent Polish employers are ready to adopt solutions related to the need to invest in the development of their employees; to what extent they are aware of the role assigned to them in a modern knowledge-based economy and, finally, what barriers they must overcome in order to constitute a valuable element of this economy. In the context of the above analysis of strategic documents, particularly interesting are the results of the study on the last, eighth specific objective devoted to an attempt to determine the main obstacles on the road to the implementation of competency-based management in large and medium-sized enterprises in Poland and thus difficulties in implementing lifelong learning policy by entrepreneurs. This part of the study also presents an analysis of the costs of employee competency development in organisations and suggestions on minimising barriers of implementing competency-based management, formulated by respondents.

#### 1.2.4. The work environment – the place of adult learning

The model of competency-based human resources management relies on the conviction that employees, treated individually, possess special, unique sets of knowledge, skills and attitudes. Proper analysis and use of this potential makes it possible to improve the selection and recruitment processes, efficiency management, rewarding of employees and their development.

Developing and improving employee competencies are not only instruments of increasing their motivation but also ways for an organisation to gain knowledge. The acquisition of new information, knowledge and experience by employees contributes to raising the creative potential of the entire organisation, since it may result in innovative solutions, improvements, patents, licences etc. Thus, training aimed at developing employee competencies is a way to obtain knowledge not only by employees but also by an organisation (Staniewski, 2008, p. 77). A learning and development strategy should be adjusted to the needs of an organisation in such a manner that it supports the achievement of business objectives and the promotion of advantage in terms of human capital. At the same time, this strategy should be adjusted to the needs and aspirations of employees (Armstrong, 2011, p. 571).

In *Human Resources Management*, Michael Armstrong divides learning in the workplace into informal and formal learning. Informal learning is based on experience and it takes place when we learn something while working. There are many ways to develop and support informal learning in an organisation, with coaching and mentoring among the most important ones. According to Armstrong, employees achieve 70% of the information essential to perform their duties in an informal way. Formal learning is planned and systematic. It is provided by means of structured training programmes including lectures and practical classes on-the-job or off-site.

Armstrong (2011, p. 578), after Stern and Sommerland (1999), distinguishes three main characteristics of workplace learning:

- **The workplace as a site of learning.** In this case, learning and working are spatially separated, with some forms of structured learning taking place near the working place. Learning can take place in a company training centre or in a training place on the shop floor, where learners can observe a production process being reproduced especially for them.
- **The workplace as a learning environment.** In this case, the workplace itself becomes an environment where knowledge is acquired. Different activities related to work occur there, which are more or less structured. The education is intentional and planned. It is aimed to support, monitor and structure employee learning process.
- **Learning and working are inextricably linked.** In this case, learning is informal. It is part of daily work and is embedded in routine tasks. Employees acquire skills and knowledge through solving problems arising in the course of their duties. As Zuboff (1988, p. 578) states: *Learning is not something that requires time out from being engaged in productive activity, learning is the heart of productive activity.*

Making a distinction between the terms 'learning' and 'training' is important from the point of view of informal learning in the workplace. In the literature, these terms are often used interchangeably, which prevents proper understanding of the learning processes that occurs in the workplace.

*Whereas learning is considered to be a process by which a person constructs new skills, knowledge and capabilities, training is one of a portfolio of responses an organisation can undertake to promote learning* (Reynolds, Caley, & Mason, 2002, p. 575). Scheduled in advance, a training programme, along with selected training methods, creates an environment in which employees, guided in a suitable manner, have the opportunity to improve their competencies, or acquire the content delivered to them by the training provider.

Sloman (2003, p. 575) makes a distinction between *learning*, which *lies within the domain of the individual*, and *training*, which *lies within the domain of the organisation*. Professor Henryk Król provides the following definition of *training*, formulated on the basis of a literature review and previous experience: *A training method is the appropriate way to transfer professional knowledge to trainees, develop their skill, and shape proper attitudes (towards work, organisation, superiors, co-workers and customers) to increase their individual (and the organisation's) human capital* (Sloman, 2003, p. 575).

In order to be effective, training should be systematic, i.e. designed, planned and performed in such a way as to match specific needs. It should be delivered by individuals with the relevant educational background and training results should be carefully evaluated. Training designed in a systematic way should consist of four stages: (1) identification of training needs, (2) selection of a training course appropriate to those needs, (3) employment of experienced and qualified trainers, (4) monitoring

and evaluation of training results. The goal of the training should be clearly defined in terms of competencies (learning outcomes) to be achieved as a result thereof. This goal should be expressed with the following words: *After completion of this training, the trainee will be able to...* Defined in this way, the goal and the expected competencies will form the basis for an assessment, which is an essential element of successful training (Armstrong, 2011, pp. 586–587).

Methods of developing employee competencies can be divided according to the form and mode of knowledge transfer and according to the methods and tools applied. The following methods may be distinguished: information and demonstration methods, simulation and improvement methods, based on practical activities. They can be implemented on-the-job or off-the-job (Listwan, 2010, pp. 220–222).

Workplace related methods of competency development rely on the transmission of knowledge, skills and attitudes from a designated person (supervisor, another employee, mentor, coach) to an employee in the place of performing job-related tasks. The most popular methods are:

- coaching,
- mentoring,
- tutoring,
- job rotation,
- delegating assigned tasks,
- appointing replacement for certain positions,
- assistantship,
- quality circles.

Off-the-job methods of human resource development can be implemented both within the organisation and outside of it, by external training providers. These methods make use of information and demonstration or simulation techniques of teaching, including:

- lecture,
- discussion,
- case study,
- conferences and seminars,
- role playing,
- games and simulations.

Methods and techniques utilised for employee development are widely discussed in the literature on the subject. The significance of this area of HR functioning is growing due to the strategic importance of human resources to the organisation. Properly stimulated and controlled development of employees translates into increased competitiveness of enterprises, with this effect being most visible in organisations based on the knowledge of their employees. Employee development is understood as *the controlled process of staff capability enhancement, which results in increased competencies useful for current and future tasks of the organisation* (Szałkowski, 2002, p. 71).

If effectively implemented, the operational activities promoting workplace learning proposed in the strategy documents discussed above should ultimately bring about the desired changes. These changes should occur both at the level of employers, who will consciously strive to shape human capital formation in their organisations and base their success on knowledge, and at the level of employees who, having the right conditions for doing so, will develop their potential, aspirations and value in the labour market.

### 1.3. Competency-based human resources management in the context of lifelong learning. A review of the research

#### 1.3.1. Introduction

This section presents the results of the analysis of selected studies on competency-based human resources management (*Competency-Based HRM*) in the lifelong learning perspective. The aim of the analysis was to observe the common elements of both issues and to indicate actions conducted in different business organisations in the context of lifelong learning. The main research questions were related to activities undertaken by employers to promote lifelong learning through competency-based HRM as well as to possible options for strengthening its effects.

Although this important subject matter has been addressed in numerous papers, there have been no comprehensive studies of competency-based HRM so far. Some of these papers are synthetic articles, others are extensive reports of studies covering different thematic scopes and different territories. In most cases, the articles are the results of work performed by expert groups representing different research centres in one or more countries. The reports are mainly prepared by international organisations (Organisation for Economic Co-operation and Development – OECD; European Commission; United Nations Educational, Scientific and Cultural Organization – UNESCO; International Labour Organization – ILO; European Centre for the Development of Vocational Training – CEDEFOP; European Training Foundation – ETF) and employers associations or specialists in the field of training and development (American Society For Training & Development – ASTD; Chartered Institute of Personnel and Development – CIPD; Polish Association for Human Resources Management/ *Polskie Stowarzyszenie Zarządzania Kadrami* – PSZK). Most of the studies described in the reports are conducted cyclically, enabling trends to be analysed in the areas being examined.

#### 1.3.2. Selection criteria for the review of studies

The review includes studies that provide a description of the current state of affairs encompassing a wide territorial range and a full spectrum of respondent groups. Aside from the subject matter itself, the following criteria were used to determine the inclusion of a study in the review: time of the study, territorial coverage, profile of the respondent groups, and methodology. The review includes relatively recent research results, i.e. from the period since 2000<sup>6</sup>.

To ensure a wide and varied range of the review, studies of varying territorial areas were selected: Polish studies (related to Poland or its selected regions), European studies (focusing on one country or a group of countries in Europe, mainly the EU member states), and world studies (related to one country or a group of countries outside of Europe, including the USA). The number of studies selected allowed a balance to be maintained among the three groups mentioned. The diversity of respondent groups was chosen as a selection criterion to ensure different points of view and to confront various approaches. Therefore, this review presents not only the opinions and statements of specific employers or their associations, but also to selected groups of professionals, such as, for example, managers or training and development specialists. Furthermore, the review considers different regional perspectives, namely local, national or groups of countries. The considerable variation of samples was related to the broad range of research instruments applied in the analyses. The selected studies used both quantitative<sup>7</sup> and qualitative<sup>8</sup> methods, as well as mixed methods.

To ensure the reliability of the review, a number of databases were used, including:

- Emerald, Web of Knowledge, Springer, SAGE, SSRN (Social Science Resource Network), SHRM (Society for Human Resource Management) and Google Books,
- Databases of international organisations: ILO, OECD, UNESCO,

<sup>6</sup> The exception is one study from 1998, which is included in the review due to the very wide coverage and interesting results.

<sup>7</sup> Traditional survey of respondents, electronic questionnaires, telephone survey, statistical data analysis.

<sup>8</sup> Individual and group interviews, in-depth individual interviews, psychological tests, case studies, desk research.

- Databases of professional organisations: ASTD, CIPD,
- Eurostat and European Commission databases,
- Databases of studies on Poland: Polish Agency for Enterprise Development (*Polska Agencja Rozwoju Przedsiębiorczości*, PARP), EQUAL, EFS, Polish Association for Human Resources Management (PSZK – *Polskie Stowarzyszenie Zarządzania Kadrami*) and Central Statistical Office (*Główny Urząd Statystyczny*) and publications of the Institute of Labour and Social Studies (*Instytut Pracy i Spraw Socjalnych*).

### 1.3.3. Discussion of research results

The analysis finally included 47 studies, which were grouped in five thematic areas. The first area covers those studies which focus on the practical application of competency-based human resources management. The second group includes analyses of competency gaps. The third group contains studies devoted to the development of employee competencies in an enterprise. The fourth area comprises analyses of the determinants of development programmes' effectiveness, while the fifth group covers studies on the future of lifelong learning in Poland and in the world and related challenges.

This review analyses competencies through the perspective of an employee and adopts a division of competencies into knowledge, skills and attitudes.

#### Competency-based human resources management as presented in the research

Problems related to competency-based human resources management have been addressed in a number of international, European and Polish publications. The majority of them are theoretical studies usually discussing the aims and benefits of the competency-based HRM and the procedure of rebuilding the current HRM system. It seems that the number of empirical analyses of complex solutions in the examined area has decreased, as compared to the 1990s. Studies of selected areas of competency-based HRM are more common. It should be noted that the Polish literature often uses the phrase 'competency management', which does not really convey the idea of competency-based HRM.

The results of the studies discussed below (gathered in Table 1.7.) show that incorporating the competency model in human resources management became a standard practice in the USA and in many European countries as early as in the late 1990s (cf. Cook, Bernthal, 1998). The model was applied by 75% of organisations at that time. In Polish enterprises, this approach has been recently gaining more popularity. The authors of a study entitled *Trendy HRM w Polsce (HRM Trends in Poland, 2011)* estimate that competency management was already implemented by 42% of organisations in 2011. Large companies apply these solutions much more frequently.

The analysis of empirical data on the practices of European and American companies indicates a diversity of approaches to the very structure of the competency model, as well as to the extent of its impact on different areas of HRM. An example from the UK shows that almost half of the companies in the country (48%) endeavour to individualise the structure of the competency model as much as possible, adapting it to specific groups of employees, functions or departments (cf. Miller, Rankin, & Neathey, 2001). Only one in five British companies has developed a model that is common to all employees. The modes created are synthetic and they are usually composed of several or a dozen or so major competencies common to all employees. There is also a long list of specific competencies relating to specific behaviours of employees (cf. Armstrong, 2010, and Rostkowski, 2004). Future users of the system, i.e. employees, are often involved in the development of competency models. It is worth noting that the competency-based solutions implemented in Poland seem to match the European solutions in terms of their quality and modernity. The comparison of French and American practices (Bouteiller & Gilbert, 2005) shows that competency management focuses on selected groups of employees. While in North America these are mainly managers, the main recipients of competency solutions in France are unionised executive employees.



The models implemented often include not only competencies specific to a particular industry or business, but also to the knowledge, skills and attitudes considered to be universal and transferable. Among the latter, special emphasis is placed on teamwork, communication skills and the ability to make decisions.

The analysed studies show that in most companies, regardless of the country in which they operate, the competency approach is most frequently applied only in selected areas of human resources management (cf. Staniewski, 2008). The HRM tasks most closely related to the current competency model include: appraisal, recruitment and selection, employee development and, to a lesser extent, rewarding and promotion, planning and creating career paths. However, many studies show that the greater the extent of the impact of the competency approach on HRM, the better results the applied solutions bring (cf. Cook & Bernthal, 1998). Restructuring the entire human resources management system to focus on competencies brings significant benefits to a company (increased flexibility and adaptability to changing market conditions, improved performance, increased productivity) and to its employees (comprehensive and continuous development, better engagement, job satisfaction and creativity) (cf. Levenson, Van der Stede, & Cohen, 2006; Plawgo, Kornecki, 2010). Some studies also present the advantages of introducing the competency-based HRM approach only to selected areas of human resources management, such as training and development (better response to the needs of the company and its employees) and rewarding (an improvement in the quality of the work) (cf. Azmi, Ahmad, & Zainuddin, 2009).

Apart from the above-mentioned issues related to competency-based HRM, the studies also discuss reasons for introducing the competency approach, and the most important barriers to achieving this goal. Among the expected benefits of implementing competency management, entrepreneurs often indicate a marked improvement in performance (cf. Miller, Rankin, & Neathey, 2001; Lans, Hulsink, Baert, & Muller, 2008).

Other benefits include the opportunity to better match the training offer to employees' individual needs, which should result in increased competency of employees and their motivation to work. According to the results of the studies, the greatest barriers to implementing the competency approach are: the high costs of creating a model and then implementing it and lack of time available to develop professional solutions in this regard. It seems that the latter difficulty is mainly due to the managing persons' half-hearted attitude towards the necessity to restructure the current system of human resources management. Providing them with broader knowledge on the benefits of the competency model could help overcome their reluctance.

At the same time, the enterprises studied that have already introduced competency-based management usually focused solely on the current needs of the organisation and resigned from undertaking long-term planning. However, the model's effectiveness depends on the level of its adjustment to both current market challenges and predicted competency needs of the company in the future. If this is not taken into account, the effectiveness of the applied solutions may be questionable.

Table 1.7. Competency-based human resources management in the light of research

No.	Name of the study	Aim of study year, coverage	Main conclusions
1.	<b>Competency Frameworks in UK Organizations</b> (Miller, Rankin, & Neathey, 2001; the study description based on: Armstrong, 2007)	A study of competency management practices in British organisations  2001, UK	Employers usually differentiate the competency profiles of employees. One in two organisations created separate profiles for groups of employees, functions or departments, while only one in five organisations covered all employees with a unified set of competencies.  Reasons for applying competency-based HRM: enhancing employees' skills and performance, enabling cultural changes, expressing the value and goals of the organisation.
2.	<b>Competency-Based Pay And Service Quality: An Empirical Study Of Malaysian Public Organisations</b> (Azmi, Ahmad, & Zainuddin, 2009)	An analysis of the impact of a competency-based pay system on the quality of services provided by civil servants in Malaysia – a survey.  After 2006 (lack of precise information on the date of conducting the study), Malaysia	Malaysian civil servants are rewarded for possessing and developing competencies and for their development potential. The application of a competency-based approach influenced the quality of services rendered by the institutions investigated. The improvement was especially visible in the reliable performance of the task and rapidity of response. An increase in satisfaction with services was not related to factors other than civil servants' attitudes.
3.	<b>Entrepreneurship Education and Training in a Small Business Context: Insights from the Competence-based Approach</b> (Lans, Hulsink, Baert, & Muller, 2008)	An analysis of the benefits of applying a traditional approach or the competency-based approach in entrepreneurship education and training of employees – 2 case studies.  2008, the Netherlands, Belgium	A modern conceptualisation of entrepreneurial competence may have a wide practical application, especially in projecting training. It also contributes to the achievement of high performance at work.
4.	<b>Intersecting Reflections on Competency Management in France and in North America</b> (Bouteiller & Gilbert, 2005)	A study of the differences and similarities between competency management systems in France and North America.  2005, France, North America	In France, competency-based HRM has a wider, richer context, is more interdisciplinary and directed mainly to unionised technicians and operators. In North America, psychology is key to all actions related to competency management, and the main recipients of the system are managers.
5.	<b>Job/Role Competency Practices Survey Report</b> (Cook & Bernthal, 1998)	An analysis of ways of identifying and defining competencies, using the competency approach in management and of its influence on the organisation's performance. A survey of 292 company representatives of different industries.  1998, A study of organisations worldwide, with a prevalence of US organisations.	A majority of organisations use the competency approach. The process of developing a system of competencies includes the values and objectives of an organisation and managers' participation in working on the model. In the majority of organisations, the information necessary to identify and define competencies is obtained from many sources. The competency approach is usually applied in one or several areas of HRM, particularly in selection and promotion, training and development, and less frequently in creating career paths and succession plans. The competency model is also associated with the process of managing the company's results/outcomes. Organisations that introduced a competency model to at least six HRM subsystems have noted the greatest improvement in performance. The barriers to rebuilding the management system effectively in order to base it on competencies are time and financial constraints, as well as a lack of strategy enabling the effective use of the competency approach. Transferable competencies are especially valued in managerial positions.



6.	<b>Raising performance through competencies. The annual benchmarking survey 2006/2007</b> (Armstrong, 2010)	A study of practices in competency-based HRM.  2006/2007, UK	The analysed competency models usually consisted of seven competencies (eight in the case of managers). The vast majority of organisations use behavioural (soft) competencies more frequently in their everyday HRM operations compared to technical (hard) competencies. The competency approach is used in selected fields of HRM, primarily in employee selection, learning and development; and least frequently in rewarding
7.	<b>Skill-Based Pay. Case Analysis</b> (Salter, 2002)	An analysis of the advantages and disadvantages of the skill-based pay system through a presentation of the experiences of two organisations.  2002, USA	The introduction of skill-based pay made it possible to increase the productivity of employees and ensured continuous development of their skills, increased satisfaction, flexibility and commitment. The disadvantages of the system are its complexity and the need for high financial and time investments.
8.	<b>HRM Trends in Poland</b> (Jończak & Woźny, 2011)	Determining the degree of advancement of Polish organisations in the field of HRM.  2011, Poland	Polish organisations increasingly recognise the advantages of the competency approach in the organisation and strive to develop it, but they fail to do so systematically. Competency models are implemented in almost every other organisation studied, but the models are not fully utilised. One in five organisations is in the process of its implementation. Large companies use it much more frequently and better adapt it to specific groups of employees (greater organisational maturity).
9.	<b>Employee Competency Management in Poland in the Light of Research</b> (Sienkiewicz, 2004)	An analysis of the reasons for introducing the competency management system and applied solutions in this area (their types, complexity, efficiency). Two-stage research – identification of companies using competency-based HRM followed by an evaluation of the advancement level of the model.  2003, Poland	In Poland, the most important reasons for introducing a competency management system are: to raise the productivity and efficiency of employees and link employees' behaviour to the values and strategy of the organisation. Companies have typically used competency models in selected areas of HRM, usually for the periodic performance appraisal of employees.
10.	<b>Competency Management in the EU</b> (Rostkowski, 2004)	Studies of HRM system performed in 2003 in organisations with their headquarters in Europe.  2003, Europe	In the EU member states, the use of competencies in HRM processes is a standard. The incentives for this are: the need to implement a particular system of values in an organisation, a strategy to improve the effectiveness of the HRM system and its subsystems. The quality of competency systems in the EU and in Poland is comparable.
11.	<b>Competency-based Human Resources Management</b> (Dubois & Rothwell, 2008)	A review of American studies on competency-based HRM practices in the United States.  1995–2002, the USA	Competency models bind technical competencies, knowledge, behaviours, personal characteristics, performance and the most important experiences. Organisations use this approach in the planning, recruitment and appraisal processes (competency-based appraisal is usually associated with development activities). Selection and recruitment based on competencies is assessed by organisations as highly effective. In the process of selecting the most suitable candidate for a job, not only are the candidate's competencies taken into account, but also the competency and training needs across the organisation. The following development methods were considered to be the most effective: formal training in the form of lectures, expanding the scope of employee responsibilities, coaching, delegation of independent projects and job rotation. When planning staff development, organisations tend to focus on current needs, while only a few of them develop career paths for the long-term perspective.

12.	<b>Measuring the Relationship Between Managerial Competencies and Performance</b> (Levenson, Van der Stede, & Cohen, 2006)	Determining the relationship between managerial competencies and performance.  2003, USA	Using competency systems positively impacts on work performance. It was found that assessing competencies makes it possible to predict the performance more accurately than human capital measurement instruments.
13.	<b>Employee Education and Competitive Position of Organisations</b> (Plawgo & Kornecki, 2010)	Determining the relationship between competencies and education of SME employees and the competitiveness and innovation of organisations.  2010, Poland	The competencies of employees and managers have an influence on the competitiveness and innovation of SMEs. A balanced composition of senior management team in terms of their education (trained profession) and the ability to collaborate with others promote higher competitiveness. Higher training activity leads to an increase in staff competencies and thus helps to increase employees' openness to change and innovation. However, employers have low awareness of the benefits resulting from raising competencies. In SMEs, the main source of staff improvement is the experience gained in the workplace.

### The problem of competency gaps

A great proportion of the analysed studies related to competency gaps, which were considered in many dimensions (Table 1.8. summarises the main results of the studies). In the broadest terms, this issue relates to a generally appreciable gap between the competencies needed for the effective functioning of business organisations in today's economy and the competencies possessed by the participants of the labour market, i.e. employees and persons seeking employment. In a slightly narrower sense, the issue was analysed in the context of local labour markets. The studies also included in-depth analyses of selected groups of enterprises or groups of job positions.

Survey studies of both global, European and solely Polish coverage clearly identify the competency profile of the most desired employee, regardless of where the organisation operates. The most valued and most sought-after are transferable competencies, sometimes defined as general, universal, multidisciplinary competencies or meta-competencies (cf. Sienkiewicz & Gruza, 2009). They are essential for all professional groups in all organisations. It appears that, due to their flexibility and easy transferability, such competencies are very useful for companies, as they may be applied in many contexts and in unpredictable situations. They include, among others: analytical skills, fast learning, creativity, knowledge of foreign languages and other cultures, the ability to work in an unpredictable environment, communication skills, interpersonal and teamwork skills, and ability to adapt to changes. Transferable competencies are developed irrespective of the type of work, profession or position. However, modern organisations should also direct their attention to the development of competencies such as innovation and sharing knowledge (Rakowska, 2008). The surveyed managers confirmed the importance of general competencies, and even recognised that the ability to learn and openness have considerable advantage over employees' knowledge (Kordel et al., 2010).

However, it appears that employers' needs are not covered by what the labour market has to offer. This has been confirmed by the authors of many studies relating to different countries (cf. Kocór & Strzebińska, 2010). Large companies are better able to cope with this problem as they use different recruitment methods and they are more desirable employers. The problem of the competency gap is more frequently encountered by small companies. Polish studies show that as many as 75% of those who are currently looking for employees are experiencing problems in finding suitable candidates (cf. *ibid.*). This is a result of the lack of candidates' adequate professional competencies, and in specialised professions, often by the lack of any candidates. Employers find it most difficult to fill the positions of professionals and skilled workers, as candidates often do not have appropriate competencies. It appears that education programmes are largely incompatible with the needs of

the labour market. First, the education system educates too many graduates of the humanities and not enough graduates of technical and medical programmes. Furthermore, the phenomenon of the 'over-education' of society has been observed, wherein too many people are educated at higher levels. The growing enrolment rate at higher levels and the high educational aspirations of upper secondary school pupils suggest that this trend will continue. At the same time, a high level of education does not translate into practical competencies, as their acquisition is hindered by limited cooperation between schools and businesses. Graduates are not prepared to practise their profession (cf. PBS DGA, Nizielski & Borys Consulting, 2010). There is a mismatch between the demand and supply in specialised professions, which results from a competency gap, rather than a qualification gap. In the case of workers, problems arise from both types of gaps. The competency gap in this case refers to both vocational and general competencies, and among those, employers indicate primarily the lack of competencies related to self-organisation and interpersonal relations. The former include skills, knowledge and attitudes related to autonomy, entrepreneurship, punctuality, diligence and resistance to stress. These are competencies that employers often describe as the willingness or motivation to work. Interpersonal competencies refer to teamwork and communication skills. However, difficulties in finding suitable candidates may be due to other reasons than merely inadequate competencies (cf. *ibid.* and Kocór & Strzebińska 2010). The studies show that the poor offer of employers, including low remuneration, unattractive conditions and working hours, is a frequently cited reason.

The ability to identify competency gaps, remove them and prevent their occurrence is undeniably one of the biggest advantages of implementing competency-based human resource management in a company. It prompts organisations to introduce the idea of lifelong learning in a somewhat natural way. Nevertheless, the analysis of strategic competency gaps, i.e. identification of gaps in key employee competencies needed to achieve strategic goals, is not commonly used. It is very rare in Poland. In 2011, such an analysis was realised by only 20% of large companies and 14% of all surveyed employers. Nearly half of all companies are not currently planning to undertake such activities (*Trendy HRM w Polsce/HRM Trends in Poland*, 2011). Thus, the developed competency models are not fully utilised and they find a wider application mainly in on-going management operations.

There is a large group of employers who fail to discern a competency gap in their companies. However, this is rather related to the problem of not being aware of the competency needs of the staff. Generally, the surveyed Polish employers were satisfied with their employees' skills – half of the respondents were fully satisfied and thus they did not undertake any staff development activities (cf. Kocór & Strzebińska, 2010).

Those employers who recognise competency gaps among their employees point primarily to the lack of specific competencies associated with individual professions. Employers state that, in addition to these specific skills, knowledge or attitudes associated, employees mostly lack self-organising and interpersonal competencies (as in the case of candidates for a job). The study also showed that although employers recognise deficits of transferable competencies, they usually provide training focused on specific competencies required in the particular workplace.

One of the aspects of the mismatch between the occupational structure, competencies of potential employees and the needs of the labour market is the lack of a common understanding of labour market principles, and in many environments, failure to accept the idea of and need for continuous learning. This is evident in some societies (especially in underdeveloped countries or countries with a highly stratified society (see the section on challenges), but such observations have been also made in certain environments in Poland (cf. PBS DGA, Nizielski & Borys Consulting, 2010). An analysis of the causes of this phenomenon points to a low level of awareness among parents and students of the competency needs of the labour market and low prestige of vocational education. This problem often coincides with the low quality of education and outdated curricula, which are not adjusted to the requirements of employers.

In Poland, the elderly show by far the lowest level of competency. Their low and outdated qualifications contribute to their limited ability to maintain employment (cf. Kocór & Strzebińska, 2010).

In current market conditions, particular attention is paid to the role of managers and management competencies in the organisation (cf. *ibid.*), hence this is often the subject of research. The career success of a manager depends on many competencies – some studies identify up to 74 positions (Capellan & Janssens, 2008). In Poland, the average manager is a professional who concentrates on the competent performance of operational tasks and ongoing management, but his/her weakness is strategic management, a reluctance to take risks and introduce changes. This image is changing, but too slowly. Managers must improve, especially in the field of entrepreneurship (Rakowska, 2008). Some studies provide an insight into competency gaps at the level of individual countries or transnational regions of the world. The supply and demand equilibrium in the area of competency is a real challenge for international organisations, politicians and public authorities due to the very serious social consequences of neglecting this area. The lack of adequate competencies in society contributes to low employment and the consequent poverty and an increase in social expenditure (this aspect of the competency gap is discussed in the subsection *Lifelong learning – the present and the future*).

Table 1.8. Problem of competency gaps in labour markets

No.	Name of the study, source	Aim of the study, Year, coverage	Main conclusions
14.	<b>A study of Qualifications and Competencies Expected from Graduates of Vocational Schools by Employers</b> (Sienkiewicz, 2009)	Recognition of employers' expectations related to competencies. An analysis of 32 Polish and international studies (desk research).  2009, Worldwide research	Transferable competencies are most sought after in the labour market. They can be applied to many tasks assigned to an employee (they are also defined as generic competencies, universal, multidisciplinary or key competencies, relevant to different professional groups in all organisations).
15.	<b>A study of Human Capital in Poland in 2011</b> (PARP, 2011)	Multifaceted research project. Determining competency gaps in terms of occupational, industrial and regional structure as well as by different types of vocational competencies.  2010, Poland	Society is experiencing the phenomenon of 'overeducation', related to an excess of certain groups of competencies. Educational programmes are largely incompatible with the competency needs of employers. Consequently, a gap occurs in the market, mostly related to competencies rather than qualifications.  The lack of soft competencies, such as self-organisation skills and interpersonal skills, is mainly observed. A low indicator of adult education has also been noted. Adult education is rather selective and does not include persons with the lowest level of competencies. The level of employers' investment in human resources development has been increasing, but it is still lower than the average European level. Informal learning and workplace learning are not adequately appreciated in Poland.
16.	<b>Global managers' career competencies</b> (Capellan & Janssens, 2008)	A study of competencies influencing the career development of 45 global managers responsible for operations at an international level.  2005/2006, Belgium	74 competencies influencing the success of global managers were identified within three broad categories. Competencies of the 'knowing-why' category prevail, with a lower impact of competencies from the categories of 'knowing-how' and 'knowing-whom'.
17.	<b>Smart Organisations – Employee Knowledge and Competency Management</b> (Kordel, Kornecki, Kowalczyk, Pylak, & Wiktorowicz, 2010)	A review of the literature, qualitative research – individual in-depth interviews, case studies on the characteristics of smart organisations.  2010, Poland	Smart organisations are distinguished from others by a higher level of formalised HRM activities. Managers recognise the advantage of the ability to learn and openness over already acquired knowledge. Developing employees' psychological and social skills poses a challenge. These skills include: teamwork, knowledge sharing, problem-solving, communication skills, creativity, persuasion skills.

18.	<b>What Employees Are Sought After by Polish Employers?</b> (Kocór & Strzebińska, 2010)	A multifaceted review of the supply of and demand for competencies in the labour market. The studies conducted among employers also included 20,009 job offers from all voivodeships.  2010, Poland	The competencies most sought after by employers include: self-organisation, interpersonal and leadership competencies. The majority of employers admit the lack of appropriate vocational competencies of candidates, while frequently there are no candidates available in specialised professions. The majority of employers are satisfied with their employees' skills.
19.	<b>Professional Competencies in the Silesian Labour Market, 2010</b> (Retrieved from: <a href="http://www.efs.gov.pl/alizyRaportyPodsumowania/baza_projektow_badawczych_efs/Strony/Kompetencje_zawodowe_na_slaskim_rynku_pracy_2010.aspx">http://www.efs.gov.pl/alizyRaportyPodsumowania/baza_projektow_badawczych_efs/Strony/Kompetencje_zawodowe_na_slaskim_rynku_pracy_2010.aspx</a> )	Establishing a 'problem list' of Silesian vocational education based on the labour market needs. A survey of residents of the region (4,000 persons aged 18–64), a survey of employers.  2010, Poland	The vocational structure of Silesia residents is not compatible with the competency needs of the local labour market. The acquisition of practical competencies is hindered by the limited cooperation between schools and higher education institutions. Transferable competencies are the most sought after ones. The main barriers of development are: a low level of knowledge of competency needs in the labour market among parents and pupils, the low prestige of vocational education, the low quality of education, curricula not adjusted to the employers' requirements and the lack of financial incentives for employers.
20.	<b>Competitive Advantage and Competencies of Polish Enterprises in the Context of Requirements for Modern Organisations</b> (Rakowska, 2008)	A study of the managerial competency formation model in modern enterprises. A study performed on the sample of 1066 managers in 76 enterprises.  2004/2005, Poland	There is a clear gap between the competencies of the surveyed companies and the competencies required by modern organisations. Low competencies related to innovation, introducing changes and organisational learning were noted. A low participation in creating a network of new competencies outside the organisation was indicated.
21.	<b>Scottish Employers Skill Survey</b> (The Scottish Government, 2009, <a href="http://www.scotland.gov.uk">www.scotland.gov.uk</a> )	A diagnosis of competency gaps and related problems. The government-commissioned survey was conducted among 6,274 employers.  2009, Scotland	Employers find it difficult to fill vacancies due to the shortage of relevant skills among candidates. Large organisations are more effective in filling such vacancies (probably due to their more advanced recruitment methods). The most significant shortages were indicated in groups requiring relatively low skills and qualifications.

### Employee competency development – the perspective of organisations

Participation in education and training of the population aged 25–64 is one of the main indicators of the development of the lifelong learning area. The EU target is to achieve a rate of 15% by 2020. According to data from 2009, the percentage of persons aged 25–64 taking part in education or training (during the four weeks preceding the study) in Poland was 4.7%. Entrepreneurs can contribute to the achievement of the target, as they can provide training and bear the costs of employee development. Although the level of employers' investment in human resources development is increasing, Poland still remains below the average European rate.

The social benefits of continuing vocational education for adults include increased employment, preventing unemployment and contributing to the improvement of job satisfaction, career security, and higher salaries. Benefits for companies include: increased productivity, the modernisation of work supporting innovation and, consequently, a better competitive position. Many employers are fully aware of these benefits and successfully join the trend of competency development and lifelong learning. This is especially the case in large companies, as well as in more innovative, dynamically developing companies (Worek, Stec, Szklarczyk, & Keler, 2011). The reasons for taking actions to improve the qualifications of staff include: increased motivation, professional upgrading and development of staff in order to plan their career in the organisation (promotion, succession

planning) (cf. Emerling, Orlińska, & Węsierska, 2010). Fast-growing companies use individual development plans for employees and competency assessment systems more frequently.

The scope of companies' involvement in the training of employees in different countries varies significantly. Three groups of countries may be differentiated: countries with high, medium or low rates of training participation. In recent years, however, the medium group has started to increase, and almost all countries observed a decrease in the number of companies supporting staff development. Training activities were not undertaken in approximately 17% of companies in Denmark to 79% in Greece (cf. CEDEFOP, 2010). In terms of the amount of spending, new EU members remain at a very low level compared to northern and western European countries (this particularly applies to Bulgaria, Lithuania, Latvia and Romania).

While cost and lack of time are identified as major barriers, as many as 74% of British companies (and 79% of Polish companies), of those not providing training do not perceive a need to update and raise their employees' competencies. The lack of actions in response to the idea of lifelong learning may contribute to serious competency shortages in the labour market. Employers justify the absence of training activity by the fact that they employ persons who already have the desired level of competency (as stated by over 50% of respondents of this group in Europe and 54% of respondents in the UK). This situation is sometimes due to the mere lack of a carefully analysed and planned long-term strategy for staff development (in about 20% of European companies). The actions undertaken in this respect, especially in smaller companies, are mostly in response to the current needs of a company. This approach poses a serious threat to the development of enterprises. American companies seem to understand the importance of this issue much better. Almost all respondents surveyed by ASTD (94.1%) state that training and development will become one of the most important elements of the company's strategy in the next six months (see the *Lifelong learning – the present and the future* subsection).

The observed decline in expenditures on training activities is accompanied by an increasing use of other forms of education. Workplace learning has become the most popular form of training (76% of British companies), followed by participation in conferences (63%), autonomous learning (39%), job rotation (29%), participation in quality and learning circles (22%) (cf. Dent & Wiseman, 2008). Among the 'other' activities undertaken by employers to improve staff competencies, most frequently mentioned were: lectures, workshops and seminars, coaching, purchase of professional literature and development of teaching materials, co-financing of foreign language learning and learning in higher education institutions, participation in fairs, exhibitions and presentations. Participation in all forms of education and learning increases with the size of the company.

The presented analyses also show that access to training programmes in many countries is more difficult for older employees. A vicious cycle can be observed in this respect – employers treat older employees as persons with lower potential, but by denying them access to training, opportunities to broaden competencies are limited and the likelihood of their knowledge being discredited increases, which in consequence contributes to a decline in performance (cf. Litwiński & Sztanderska, 2010; OECD, 2005). The latest studies on the perception of the elderly contradict the legitimacy of this stereotype and show that very positive professional attitudes exist in this group (cf. Brought et al., 2011).

Access to training for all groups of employees is an important aspect of development activities undertaken by the employer. It is quite significant that there is a wide diversity between countries in this respect. In Nordic countries, as well as in Belgium and Austria, the distribution of trainees is even, while in the case of some of the new EU member states, a selective approach and focus on the most educated workers is observed (Poland, Cyprus, Bulgaria, Romania). Employees with the lowest qualifications are much less likely to be trained, but they also exhibit a lower willingness to learn (Badescu, Garrouste, & Loi, 2011). Polish reports also indicate the more frequent participation of men in training, but at the same time women participate in more training hours (cf. GUS, 2008).

Although significant differences between countries were reported with respect to the distribution of participation in training, there were also some similarities. The similarities related in particular to the phenomenon whereby the less educated employees receive a more limited training offer on the job.



Moreover, employees of small businesses less frequently participate in training. These issues appear to be a major theme in the search for systemic solutions in all countries. In Poland, the situation of smaller companies is similar. According to the Polish Central Statistical Office (CSO), in 2005, training was provided by 35% of the total number of the surveyed organisations, with only 27% of small enterprises, 54% of medium-sized enterprises, and as many as 80% of large enterprises (cf. *ibid.*). The OECD believes that it is important to universally apply a system of recognising qualifications acquired through non-formal means or informally, for example, through work experience. This trend includes also the delivery of examinations confirming relevant competencies and their certification. Furthermore, the OECD has expressed the need to regulate the lifelong learning issues in a systemic way. It has also been emphasised that the most effective solutions are usually those whose development involves the participation of employers, employees and social partners (cf. OECD, 2005).

**Table 1.9. Employee competency development – the perspective of organisations**

No.	Name of the study, source	Aim of the study, year, coverage	Main conclusions
22.	<b>Continuing Vocational Training Survey 2005 (CVTS3)</b> (Dent & Wiseman, 2008)	The aim is to obtain comparable information on training (all EU member states). The unified research methodology CVTS3 developed by Eurostat was applied.  2005, the UK	A vast majority of enterprises ensure a certain form of continuing education to employees (traditional training or other solutions). Between 2004 and 2005 the share of companies using continuing vocational education and other educational forms increased.
23.	<b>Employer-provided vocational training in Europe. Evaluation and interpretation of the third continuing vocational training survey</b> (CEDEFOP, 2010)	The survey of continuing vocational training (CVT) is conducted by Eurostat according to the unified methodology of actions for employment, preventing unemployment and aimed at bringing such benefits as job satisfaction, career security, higher salaries – in all EU member states. Collective dynamic analyses are prepared on the basis of micro (national) reports.  2005, comparatively –1999, EU member states and Norway	In 1999–2005, a decline in the investments in employee training was observed. The trend was especially visible in Italy, the Netherlands, Finland and Sweden. New EU member states (especially Bulgaria, Lithuania, Latvia and Romania) are still lagging behind the northern and western countries. European countries can be divided into three groups according to the reported indicators of training: with high, medium and low indicators. The groups had been fairly stable until 2005 when the Nordic and Western countries moved to the least advanced group, and the Czech Republic and Slovakia joined the best group. Almost all countries of the best group (except for France) have moved lower. The medium group is growing. In 2005, the lowest indicator was recorded in Greece.
24.	<b>Formation of employee qualifications</b> (Emerling, Orlińska, & Węsierska, 2010)	A description of good practices in the formation and raising of employee qualifications within solutions applied at the level of enterprises, and factors encouraging adult education.  2010, Poland	According to employers, budgetary and time constraints are the greatest barriers in the applying tools to raise employees' qualifications. The most common form of employee development is training, focused primarily on gaining theoretical and practical professional knowledge and on the development of soft skills. Increasingly, these are often long-term activities. Employers cite such competency gaps as: the lack of experience in a given branch and the lack of practical skills.
25.	<b>The distribution of adult training in European countries. Evidence from recent surveys</b> (Badescu, Garrouste, & Loi, 2011)	An assessment of the distribution of trainees by groups and training policy recommendations based on European research – the European Commission.  2006–2008, EU member states	There is a great diversity in the population of groups provided with training programmes across the EU. In the Nordic countries, all employees have comparable access to training. In some of the new EU member states, employees with low education and the lowest qualifications are much less frequently trained (but they are also less inclined to undertake training). Poland, Slovakia and the Baltic states are distinct in comparison with other EU countries due to the diversity of access to training related to the age of trainees. Developing a government support system for companies in the areas of creating a continuous learning environment will intensify the training of adults and reduce the clear discrimination of certain groups of trainees.

26.	<b>Vocational Education in Enterprises in Poland in 2005</b> (GUS, 2008)	Information collection on the scale, types and programmes of training. A survey questionnaire of about 18,000 companies. The CSO survey was part of a larger study conducted in all EU countries.  2006, Poland	Training is provided by the vast majority of large companies, half of medium-sized companies and one-third of small companies. Companies which do not address employee development needs usually explain this by stating that they are satisfied with the level of personnel competency and that training costs are too high. The most common forms of development are external training, participation in conferences, workshops, fairs, lectures, and scheduled on-the-job training. Men and the 25–54-year-old age group have easier access to training. The factors hampering the provision of training include a heavy workload of current tasks for employees and the fact that there is a greater emphasis on initial vocational training than on continuing education. Additionally, attention was drawn to the lack of appropriate training offers and the high cost of courses.
27.	<b>Who Trains Us After School Completion?</b> (Worek, Stec, Szklarczyk, & Keler, 2011)	An analysis of opportunities to develop competencies in the labour market in Poland.  2010, Poland	More than half of the companies undertake activities aimed at employee development. Innovative enterprises do this more often. Training focused on meeting current needs dominates, although most employers claim that employees mainly lack professional and soft skills. The most common reason stated to justify the absence of training actions, regardless of the industry and size of the entity, is that the need was lacking.
28.	<b>Comparisons of Cognitive Ability and Job Attitudes of Older and Younger Workers</b> (Brough, Johnson, Drummond, Pennisi, & Timms, 2011)	A comparison of cognitive abilities and professional attitudes displayed by older and younger employees.  2010/2011, Australia	The studies have shown that there are no statistically significant differences between the cognitive abilities and professional attitudes of younger and older employees. However, older people are more committed to the company, they experience greater job satisfaction and do not want to change their place of employment.
29.	<b>Initial Standards for Age Management in Enterprises</b> (Litwiński & Sztanderska, 2010)	The aim of the study is to offer companies a vast array of activities in the field of age management. A survey of good practices in age management in five Polish companies.  2010, Poland	Age management enables companies to use their human resources in a rational and efficient way. Failure to invest in the training of older employees results from the belief that they have limited abilities to develop themselves. Another factor is the risk arising from the possible retirement of senior employees.
30.	<b>Promoting Adult Learning</b> (OECD, 2005)	A collection of international experiences in the field of increased adult participation in lifelong learning and equal opportunities for access to education.  2005; The analysis also covered data from the years 1999–2004, 17 countries of the world (OECD)	In the OECD countries, persons with low qualifications belong to the group that requires special attention. Their participation in education is rare, and the chances to raise their qualifications and personal competencies are much lower than for better educated persons. Some countries apply the 'extensive' model that encompasses a large number of people involved in development programmes, but the training offer is not very varied. The 'intensive' model assumes delivering better targeted, long-term training to a smaller number of people. The greatest barriers to continuing learning are time and financial constraints.



### **Determinants of the effectiveness of development programmes<sup>9</sup>**

Filling the competency gaps existing in the labour market, as results from the research presented above, still poses a great challenge both in Poland, the European Union and in other countries worldwide. Among the many factors influencing the shortages of certain competencies in the labour market the most important seems to be the problem of mismatch between education and current and future needs of employers. Some countries are making efforts to overcome this barrier by the involvement of practitioners representing enterprises in the educational process. The example of Finland (cf. Stenström, 2009) proves that such initiatives are highly effective. The involvement of representatives of enterprises in the process of conducting tests verifying professional skills in conditions reflecting the work environment as closely as possible was highly valued by both the examinees, their teachers, and practising examiners. This solution helped the students to better understand the requirements of employers, which is particularly useful when preparing for job interviews. The teachers received important information related to those areas of education that still need to be modified and better adapted to the needs of enterprises. Finally, the practitioners learned about the scope of competencies of their future candidates and about the process and mechanisms of the acquisition of competencies. The effectiveness of development programmes is, therefore, dependent to a large extent on the acquired theoretical knowledge being linked to practical knowledge. This was confirmed by British studies on the effectiveness of training of medical interns (Leong & Waghorn, 2006). The studies show that providing trainees with continuous support from a mentor who appraised and corrected the performance of basic medical procedures on an on-going basis significantly accelerated the process of acquiring new competencies and expanding existing ones. Broad theoretical knowledge and the completion of basic training proved to be insufficient for the proper performance of those procedures.

Another important factor that influences the quality of development programmes is the knowledge and skills of trainers. American studies (cf. Kalargyrou & Woods, 2011) devoted to this subject have shown that from the point of view of the effectiveness of professional development programmes, a trainer/coach should display the following competencies: teamwork, the ability to inspire and motivate others, creativity, love and passion for the profession, mentoring skills, keeping current, pro-activeness, active listening, training measurement, consistency. American researchers stressed, however, that the conceptual and technical skills of trainers (e.g. selection of materials and methods of transferring knowledge) are more important than interpersonal skills.

A broader approach to adult education appreciating the importance of both theoretical and practical background is characteristic of the French education system (cf. Brockmann et al., 2008). In this model, strong emphasis is also placed on the development of personal qualities that are particularly sought after in the labour market. The French approach is based on the idea of strengthening universal competencies, which are useful in almost every workplace. Thus, it seems to encompass the lifelong learning perspective better than the British model. The latter focuses on providing expertise that is required in the profession, but difficult to transfer. To a lesser extent, the British approach considers the need for more flexible education and a training system that would ensure better adaptation of adults to changing market expectations. Thus, it may limit the effectiveness of development programmes measured by the growth of employability of the persons covered by this system.

Solutions conducive to knowledge sharing and the steady increase in the competencies of employees are supported by cooperation between companies within cluster structures. This practice is at the same time an opportunity for the development of people living in less prosperous regions (cf. Borkowska, 2008). Joint implementation of training projects by several business entities reduces their costs and covers more participants. Clusters formed by companies of different size are especially recommendable. This ensures the transfer of knowledge from large companies to smaller enterprises with modest training budgets. According to researchers, the main advantages of the cluster approach to adult learning include an increase in employment and in the level of innovation of employees, which translates into an improved competitive position of not only particular companies, but also of entire regions.

<sup>9</sup> The issue of the factors influencing the effectiveness of development programmes has been addressed in the studies listed in Table 1.10.

Table 1.10. Determinants of the effectiveness of development programmes

No.	Name of the study, source	Aim of the study, year, coverage	Main conclusions
31.	<b>A Survey of Competency-Based Training of Senior House Officers in Performing Minor Surgical Procedures</b> (Leong & Waghorn, 2006)	Establishing the necessary level of competency and training of medical interns and analysing training methods and their effectiveness.  2006, UK	The need to balance the theoretical and practical training of medical interns was confirmed. Learning on the job with the support of a more experienced colleague significantly increases the level of competency of doctors.
32.	<b>CLEM – Clustered Learning Environment Model</b> (Borkowska, 2008)	The aim of the project was to transfer the 'Clustered Learning Environment' Model, which was originally developed in Scotland and Finland, to small and medium-sized businesses, regional government agencies and chambers of commerce in the least developed regions of eastern and north-eastern Poland.  2008, Poland	The analysed voivodeship was found to have the potential for cluster development. Clusters stimulate competency development, regional economic development, the level of technological development, an increase in employment, and a high level of innovation.
33.	<b>Connecting Work and Learning Through Demonstrations of Vocational Skills – Experiences from the Finnish VET</b> (Stenström, 2009)	The purpose of the study was to evaluate the effectiveness of a practical training programme for students.  2006, Finland	The introduction of professional skills tests (understood as tests performed in conditions as close as possible to the work environment, delivered by a training unit in cooperation with representatives of enterprises) to the educational process of learning in the workplace has benefited the students, their teachers and practitioners.
34.	<b>Wanted: training competencies for the twenty-first century</b> (Kalargyrou & Woods, 2011)	An analysis of the trainers' competencies necessary to ensure maximum effectiveness of the implemented staff development programmes.  No date, USA	When assessing the effectiveness of development programmes, the conceptual and technical skills of trainers are rated as more important than their interpersonal skills.
35.	<b>Competence-Based Vocational Education and Training (VET): the Cases of England and France in a European Perspective</b> (Brockmann, Clarke, Méhau, & Winch, 2008)	A comparison of competency-based vocational education systems operating in France and England based on differences in defining competencies.  2008, France, England	Competency-based qualifications systems in France and England represent two different approaches. Competencies in the French context are multidimensional; they are perceived as integrating practical and theoretical knowledge and personal traits that can be used in the professional field. The English system is more targeted towards skills related to a specific profession and workplace. The system can be described as functional and behavioural.

### Lifelong learning – the present and the future

Creating conditions for lifelong learning continues to be a challenge for enterprises and entire societies<sup>10</sup>. The EU member states and the United States approach this problem with particular concern and consider the investment in raising the competencies of citizens to be an opportunity to increase economic competitiveness. Poland does not compare very favourably with these states, although in recent years, a clear upward trend in continuing education has been emerging in

<sup>10</sup> The study of the issue of the present and the future of lifelong learning is presented in Table 1.5.

our country (cf. GUS, 2011a). However, its prevalence is still much lower than in the countries of the EU. The dominant form of development is training organised by employers. Its availability is slightly lower for women, the elderly and the less educated. Other forms of training, outside of the workplace, are chosen by women more frequently than by men, while city residents are more likely to participate in training than people living in rural areas (cf. GUS, 2009). The programmes to be created in the future face a difficult task of encouraging more adults to use various forms of development on one hand, while on the other hand, of consistently overcoming the barriers encountered by some social groups in their access to the various forms of development. This is a problem of particular importance to persons with low incomes and low skills. Scottish studies (cf. Clair, Tett, & Maclachlan, 2010) have shown that a poor financial situation makes it difficult for successive generations of affected individuals to obtain high qualifications and gain access to more prestigious and better paid jobs. The basic competencies, the lack of which makes entry into the labour market very difficult, are: reading comprehension, writing and text analysis skills. Their lack is an obstacle for candidates seeking employment because these are the competencies that have a significant impact on the functioning of a company and its competitiveness (cf. Ally et al., 2006). From the perspective of future organisation, it is difficult to overestimate the importance of creating solutions for sharing, collecting and retaining knowledge in the company. Such solutions will enable companies to avoid the situation of losing a specific set of key competencies when an employee leaves. Measures taken to implement the idea of lifelong learning should also take into account cultural aspects, as culture exerts considerable influence on the way learning takes place and the willingness to learn, openness to change and the willingness to share experiences with colleagues. Today, international corporations are particularly affected by cultural differences that require complex solutions to be implemented in the field of diversity management. This issue is likely to escalate in the future and global companies should not underestimate it while creating future staff development programmes and bases of organisational knowledge. The aforesaid seems to be confirmed by the experience of international corporations that imposed a common standard of learning for the entire company, without accounting for the specificities of the region, which resulted in the low effectiveness of its implementation (cf. Geppert, 2005; Kwiatkiewicz, 2004). Companies have already been responding to the challenge of ensuring the sustainable development of human resources. Future years will probably force companies to further improve and expand training opportunities. American training experts believe that, in the near future, the importance of human resources development will grow, gaining an important position in the overall business strategy (cf. ASTD, 2011). This is a step in the right direction, if one takes into account the steady increase in the demand for employees with high competencies (mainly soft competencies) forecast by Polish analysts for the next 20 years (cf. Matusiak, Kuciński, & Gryzik, 2009). Developing competencies that are particularly valuable from the point of view of potential employers is not the task of companies alone. This process requires systemic actions involving national governments and institutions responsible for formal education (cf. UNESCO, 2009). The future competency resources of societies will depend on long-term programmes and learning strategies. Providing such resources is a must in the context of strong regional differentiation of the global economy. It is assumed that the high qualifications of employees and applicants for employment will be one of the most important conditions to effectively compete with countries with low and very low labour costs.

The countries of Latin America and the Caribbean have attempted to create such systemic solutions to ensure the continuous development of competencies of their citizens (cf. Zuñiga, 2005). With the support of the International Labour Organisation (ILO), they have developed special learning programmes which take into account regional differences and local labour market needs. Within this framework, sets of key competencies have been defined, which will require further development in both the short-term and long-term perspective. The authors of the solutions assume that in the future, they will bring a significant decline in unemployment, especially among young people. The same aim is to be achieved according to researchers advocating the development of a universal competency assessment tool that will allow a more precise definition of skills, knowledge and attitudes of a candidate for the job. American studies have shown that entirely different skills may

be required in identically named jobs (Lievens & Sanchez, 2010). The proposed tool would benefit employers, who would be able to learn more about the actual scope of competencies possessed by employees and job applicants, as well as benefit employees, particularly those with lower qualifications. As already mentioned, the competencies acquired through professional and life experiences (transferable competencies) are in many cases more desired by employers than the competencies gained from formal education.

**Table 1.11. Lifelong learning – the present and the future**

No.	Name of the study, source	Aim of the study, year, coverage	Main conclusions
36.	<b>A review of the state of the field of workplace learning: what we know and what we need to know about competencies, diversity, e-learning, and human performance improvement</b> (Ally, Zhao, Bairstow, Khoury, & Johnston, 2006)	A review of literature and research (desk research) on workplace learning. Identifying the challenges.  2006, Canada, Ireland, UK, Australia	If employees possess reading, writing, and text analysis skills, this translates into increased productivity and the development of the entire company, improvement in its performance, cost reductions and savings. It also improves safety, reduces employee turnover and enhances communication within the organisation. The influence of competencies on an increase in competitiveness results from: limited imitability, stability of competency value despite changes in the environment, the degree of risk of their loss with the departure of the employee, the level of approval for existing competencies and their associated values by managers. Middle managers play a key role in identifying, developing and assessing competencies and their impact on company performance. It has been shown that the acquisition of certain skills and knowledge takes place unconsciously.
37.	<b>ASTD Learning Executives Confidence Index. Connecting Research to Performance</b> (ASTD, 2011)	Determining moods, expectations, and predictions of the management responsible for training and development, concerning the situation in their sector in the period of six months from the date of the study. The study is cyclical.  2011, USA	The heads of training departments are optimistic about the future, although their optimism is slightly lower compared to the survey conducted in the first quarter of 2011. The vast majority of the respondents expect that training activities will have a positive impact on company performance, and that training and development will be the most important elements of company strategy in the following half of the year.
38.	<b>Competence development and learning in British and German subsidiaries of MNCs: Why and how national institutions still matter</b> (Geppert, 2005)	An analysis of changes in the management strategies of international corporations and the consequences of these actions for the development of competency and training practices in the subsidiary companies in the UK and Germany.  2005, UK, Germany	Subsidiary companies of transnational corporations operating in different countries have similar patterns of knowledge sharing and learning, specific to a given country, which differ from the patterns adopted in the entire corporation. Transnational models for training and knowledge sharing implemented in the entire corporation are difficult to transfer to the level of a given country. This is especially visible in the case of Germany.
39.	<b>Foresight of Human Resources of the Modern Economy</b> (Matusiak, Kuciński, & Gryzik, 2009)	The aim of the project was to conduct a study using a foresight method to analyse the demand of the Polish economy for skills of the management and employees in the long-term perspective (20 years).  2009, Poland	The following decade will be characterised by an increase in the demand for highly qualified and flexible staff and in the supply of jobs requiring higher skills. The modern employee, regardless of the education profile, should have a set of 'soft skills', without which it will be extremely difficult to retain a job. The following skills will be particularly important: creativity, innovation, knowledge of foreign languages and lifelong learning skills.

40.	<b>Global Report On Adult Learning And Education</b> (UNESCO, 2009)	A study by UNESCO. Providing an overview of trends in education and adult education, and identifying the main challenges.  2009, 154 countries of the world	According to UNESCO, the formation of various competencies necessary in the workplace is the most important challenge for labour markets, requiring systemic action. The problem of adult education takes different forms, because it is related to the fight against illiteracy, as well as to the issue of lifelong learning. There are geographical differences in the approach to Lifelong Learning (LLL) and forms of adult participation in LLL. While northern countries focus on how to effectively implement LLL, ensuring access to basic education is still the most important problem in the countries of the south.
41.	<b>Key competencies and lifelong learning</b> (Zuñiga, 2005)	A summary of actions taken in Latin America and the Caribbean countries in the area of competency-based training. A study used the ILO methodology.  2005, Latin America and the Caribbean countries	In Latin America and the Caribbean, special, regional competency development plans were developed with the support of the ILO. Key competencies should help those countries to overcome the problems related to employment. The competencies are to be developed and updated throughout life. For different regions, dedicated sets of key competencies were developed in order to best fit them to specific conditions. The unemployment of young people is a special problem, which for years has been addressed by attempts to develop technical and specific competencies.
42.	<b>Lack of Consensus Among Competency Ratings of the Same Occupation: Noise or Substance</b> (Lievens & Sanchez, 2010)	An assessment of the non-compliance level of the actual skills required for the same jobs.  2010, USA	The results of an econometric analysis show a 25% variance in the assessments of competency ratings for the same position. The greatest differences related to jobs that require the use of various types of equipment and contact with the public. The spread of results was mostly affected by the types of tasks assigned to particular persons in the studied job positions.
43.	<b>Learning for Jobs, OECD Reviews of Vocational Education and Training Initial Report</b> (Field, Hockel, Kis, & Kuczera, 2009)	Preparing recommendations for the design of solutions for national vocational education systems that would best suit the growing demands of current labour markets. A study using the OECD methodology.  2007–2009, 17 countries of the world	Countries, which cannot compete with underdeveloped nations in terms of labour costs, should use the high qualifications of their employees for this purpose. The issue of VET is crucial for people's competitiveness in the labour market, which has an impact on the competitiveness of national economies and requires further systemic support.
44.	<b>Scottish Survey of Adult Literacies – Literacies 2009</b> (Clair, Tett, & Maclachlan, 2010)	An analysis of the level of literacy among adults in Scottish society and its impact on the lives of respondents.  2009, Scotland	The results of the survey show that jobs which do not require a high level of skills attract low-skilled persons, who also have low levels of literacy. This is linked to poverty, which makes it difficult for the next generation of people living under poor financial conditions to develop their skills, and deprives them of opportunities to obtain better paid and more prestigious jobs.
45.	<b>The EU standards in the Field of Lifelong Learning of Human Resources</b> (Kwiatkiewicz, 2004)	An answer to the question of whether and what standards in the area of continuing vocational education are applied in EU member states.  2003, Poland	The national branches of international corporations have decided to introduce standard solutions in the field of lifelong learning, but they generally developed their own standards, which are slightly different from those of the parent company. Thus, one can hardly talk about common standards across the EU. However, some trends are observed: various standardisation tools are being implemented, companies are investing in LLL, emphasis is placed on ensuring the convergence of the end results of various types of vocational education.

46.	<b>Adult Education</b> (GUS, 2009)	The aim of the study was to obtain information on the participation of people aged 25–64 in education.  2006, Poland	In the population aged 25–64 only one in three persons display any form of educational activity. The number of women learning is slightly higher than the number of men learning. The number of learners is much higher in cities than in the rural areas; likewise, there are more learners among the employed compared to others, among younger people compared to older people, and among better educated people.
47.	<b>Labour Force Survey in Poland 1st Quarter 2011</b> (GUS, 2011b)	Statistical information on continuing education on the basis of the representative Labour Force Survey (LFS) conducted by the Central Statistical Office.  2011 (cyclical study – every quarter), Poland	In Poland, the continuing education of adults shows an upward trend, but the prevalence of this phenomenon is much lower than in the EU. Among adult learners, employees participating in training provided by employers prevail. Men are provided training slightly more often.

### 1.3.4. Conclusions

The analysis of studies on competency-based human resources management and lifelong learning allows one to draw conclusions on both approaches<sup>11</sup>. One of them is the need to adopt a long-term perspective of actions. Lifelong learning (LLL) assumes the continuous development of competencies of, 'inter alia', adults throughout their lives. This approach attempts to forecast the future competency needs and development trends of countries and economies on the basis of the current situation in the labour market. Similarly, competency-based human resources management requires adopting a long-term strategy. The analysis of competencies that are necessary for the organisation involves, on one hand, identifying existing gaps, and on the other, anticipating the needs arising from a constantly changing environment. This concept, however, focuses on the organisation alone, and competency development is subject primarily to the organisation's needs. Yet, when investing in human resources, entrepreneurs also contribute to broader development – of the industry, national economy or global economy, in the case of multinational corporations.

Furthermore, both approaches focus on increasing flexibility. Competency-based HRM seeks, through the continuous development of employees, to create unique teams which are open to change, innovative and eager to undertake challenges. Developing a new solution provides the company with a competitive advantage at a time when competition is steadily increasing. Therefore, companies are committed to expanding the resources of competencies, not only those specific to the organisation or industry, but also universal competencies, such as teamwork, communication skills and flexibility. As demonstrated by the results of the presented studies, the implementation of a competency-based approach positively affects job satisfaction and employee involvement, which has a significant impact on stimulating the creativity of employees. Increased motivation to work reduces the absenteeism of employees, making their work more efficient.

The LLL perspective focuses on increasing the flexibility of persons entering or already functioning in the labour market. However, this results from somewhat different reasons than in the case of companies. Strengthening transferable competencies of adults contributes to the improvement of their status as employees. The time when qualifications gained when young determine the further careers of individuals is a thing of the past. With the development of transferable competencies, employees and job seekers will be able to change professions and adapt themselves to current market needs. Formal education should, therefore, provide learners with a foundation for continuous development in the future. The aim of LLL is to increase the employability of individuals and keep them in employment as long as possible, which in consequence should lead to an improved economic situation of a country or region.

Both concepts are also related to the problem of identifying and measuring the competency level of adults. Employers emphasise that merely possessing a university diploma (formal education) does

<sup>11</sup> The conclusions presented apply to all studies included in the review.

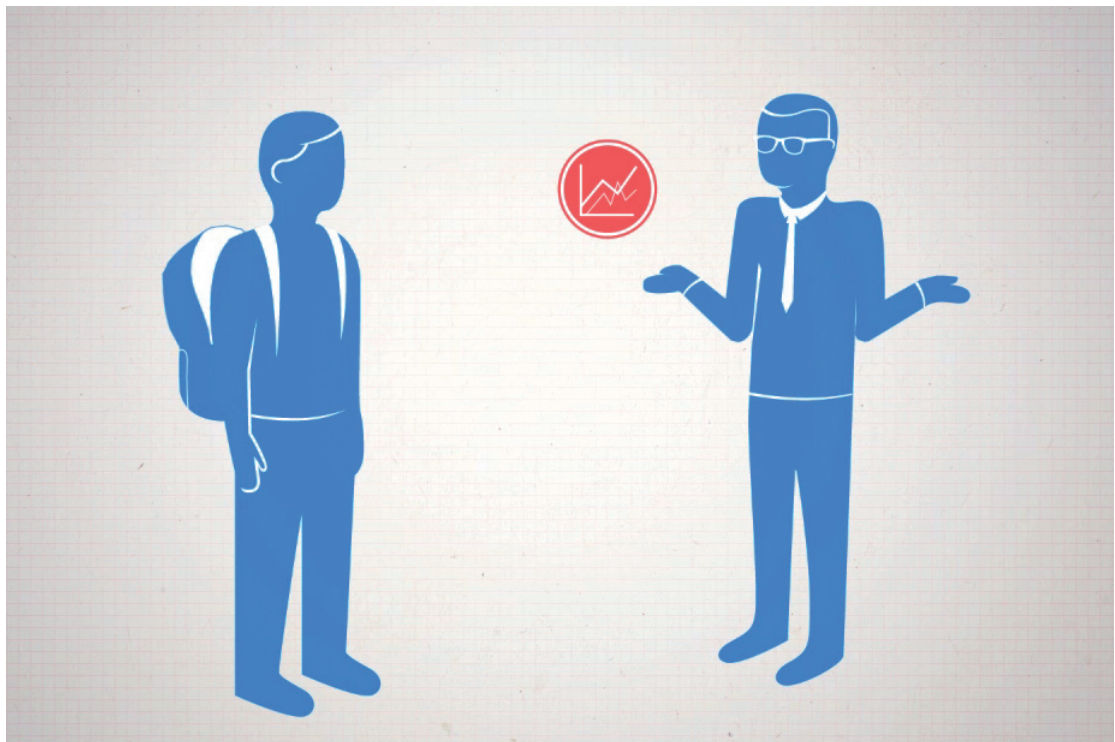


not provide them with accurate information on the competencies possessed by a candidate for a job. Documented professional experience or references from previous employers provide more valuable information. Outlined in the concept of LLL, the attempt to develop mechanisms for standardising the recognition of learning outcomes on-the-job (and off-the-job), for example, by conducting examinations leading to a certificate, seems to be a good response to the problems indicated by employers.

The results of the presented study allow the authors to formulate the following conclusions and recommendations for business practitioners (employers), decision makers (governments) and researchers:

1. Studies have shown insufficient popularity of comprehensive solutions in the field of competency-based HRM. Companies are more willing to implement the competency approach to selected areas of HRM. This is partially due to the insufficient knowledge about competency management and its benefits, and a lack of awareness of the company's gaps in knowledge, skills, experience of employees, etc.
2. Employers do not seem to appreciate the potential of older workers, they are reluctant to employ them and less likely to include them in development programmes.
3. Employers indicate financial constraints as one of the barriers to implementing the concept of competency-based HRM and including all groups of employees in development programmes.
4. Employers recognise the problem of competency gaps in the labour market. Finding an employee with suitably high competencies is increasingly more challenging, and the number of vacancies is growing, especially among jobs requiring expertise. Transferable competencies are frequently mentioned among the competencies that are especially desired by employers, regardless of the industry or the needs of a specific company; these competencies determine an employee's openness to new tasks and related knowledge. At the same time, an analysis of the content of training provided by companies revealed that employers primarily seek to develop specific competencies that are useful in the workplace.
5. The results show that formal education is ineffective, as it does not take into account the needs of the labour market. Changes introduced in September 2012 to modernise the vocational education system are supposed to alter this situation.
6. Studies have shown that deficits exist of the transferable competencies in many of the analysed countries.
7. While issues related to lifelong learning and adult learning have been addressed in many national and international studies, the practices of competency-based human resources management definitely require further empirical work. A major proportion of publications on this subject are theoretical.





## Part 2. Empirical research – assumptions and results

### QUANTITATIVE RESEARCH

#### 2.1. Methodology of the Study

##### 2.1.1. Goals of the Study and Research Problems

Based on the analyses of the problems related to competency-based human resources management in the context of lifelong learning, the research team formulated the basic assumptions of the empirical study<sup>12</sup>. In accordance with the logic of the research process, the main goal of the research effort was identified first. Due to the scarcity of empirical data concerning the issue in the context of companies operating on the Polish market, the **main goal of the study** was defined as ***examining the process of competency-based human resources management in the context of lifelong learning***. According to the assumptions, all research activities should yield an answer to the question whether companies in Poland have the potential and tools to accurately verify, assess and develop employee competencies, and whether they use them in practice. Implementation of such a broad goal of the major study was facilitated by the following specific objectives:

1. Defining the competency-based human resources management strategy in companies;
2. Analysis of the scope of competency-based human resources management;
3. Analysis of the methods and tools to verify employee competencies used in the process of human resources management;
4. Analysis of approaches to the development of employee competencies in the process of human resources management and the methods applied in that scope;
5. Analysis of the ways of assessing and motivating the development of employee competencies in the human resources management process;
6. Analysis of the ways of sharing knowledge in an organisation;
7. Analysis of efficiency of expenditure on competency-based human resources management;
8. Analysis of barriers to implementation of competency-based human resources management and lifelong learning.

For each of the above objectives of the study, a series of detailed study problems was formulated (Table 2.1.) and subsequently translated into study questions, to which appropriate methods were assigned and study tools were constructed, including in particular a survey questionnaire (see Appendix).

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<sup>12</sup> The general goal, the specific objectives of the study, the study questions, the methodology and the research tools were developed by the Team of the Educational Research Institute consisting of: Łukasz Sienkiewicz, Ph.D., Beata Mazurek-Kucharska, Ph.D., Katarzyna Trawińska-Konador, Ewa Bacia, Ph.D., and Krzysztof Podwójcic, under the coordination of Łukasz Sienkiewicz, Ph.D.

Table 2.1. Study problems within individual objectives

Study goal	Study problems
Specific Objective 1	<ul style="list-style-type: none"> <li>• Is there a human resources management strategy developed and implemented in the surveyed organisations?</li> <li>• Has integrated competency-based human resources management been implemented?</li> <li>• Have competency profiles and qualification requirements been developed in the organisation, and, if so, for what positions (groups of positions)?</li> <li>• Which of the characteristics of the human capital are of great importance for the organisation: competencies, qualifications, situational factors (e.g. availability), other characteristics (e.g. health status) or interaction between characteristics?</li> <li>• How does possession (or lack) of specific competencies (knowledge, skills and attitudes) by employees affect the competitive position of the organisation?</li> <li>• What are the main determinants of taking/not taking actions related to the development of human resources in the organisation?</li> <li>• Who develops and who is accountable for implementation of a competency-based human resources management strategy in organisations?</li> </ul>
Specific Objective 2	<ul style="list-style-type: none"> <li>• Which employees/groups of employees does the competency-based human resources management relate to in the organisation?</li> <li>• In which human resources management processes (recruitment, development, appraisal, remuneration, etc.) are the competency management tools used (e.g. competency profiles)?</li> <li>• Who is responsible for the development, improvement and application of competency management tools?</li> <li>• What are the competency profiles for specific job positions in terms of the number of competencies, their importance and diversity?</li> </ul>
Specific Objective 3	<ul style="list-style-type: none"> <li>• On what basis/with what methods are the competencies of job candidates verified during the recruitment and selection process?</li> <li>• Who determines the competencies expected of job candidates during the recruitment and selection process?</li> <li>• Who assesses the competencies of job candidates during the recruitment and selection process?</li> <li>• What competency testing tools are used during the recruitment and selection process in the organisation?</li> <li>• Are competency testing tools developed for a specific organisation, or does the organisation use universal tools?</li> <li>• Are external services used and, if so, to what extent?</li> <li>• Is the accuracy of the competency testing tools used examined?</li> <li>• How is the level of competency declared by an employee verified?</li> <li>• Which of the employee characteristics are of great importance in making employment decisions: competencies, formal education, other qualifications (certificates, authorisations, etc.), situational factors (e.g. availability), other characteristics (e.g. health status) or interaction between these characteristics?</li> <li>• Is the relevance of the decision on employing a particular employee examined, and if so, in what way?</li> </ul>
Specific Objective 4	<ul style="list-style-type: none"> <li>• What methods are used by employers to determine competency deficits (competency gap) of their staff?</li> <li>• Does the organisation keep systematic analysis of developmental (training) needs of its staff? If so, what methods are used and how often?</li> <li>• What methods of competency development are used in the organisation (both training and non-training ones)?</li> <li>• Are individual competency development plans developed for specific employees in the organisation?</li> <li>• To what extent are external services used to provide trainings, and to what extent are internal resources of the organisation used?</li> <li>• Are training courses provided in the modular form, in compliance with the needs to develop diverse competencies by specific employees?</li> <li>• Which groups of employees are most often trained in the organisation?</li> <li>• What are the criteria of selection of employees for trainings and other competency development activities?</li> <li>• Does the organisation support the initiatives of employees in competency development (e.g. through financing of trainings suggested by employees)?</li> <li>• Does the organisation employ training experts and internal trainers? If so, what are their qualifications?</li> <li>• Are the objectives of training courses provided in the organisation clearly stated and linked to the strategy?</li> <li>• What methods are used to examine the effectiveness of competency development activities?</li> <li>• Is the effectiveness of training courses with respect to competency changes and employee behaviour analysed in the organisation?</li> <li>• Does the organisation define the career paths including employee competencies?</li> <li>• Are succession plans based on competency analysis and employee performance prepared in the organisation?</li> </ul>

<b>Specific Objective 5</b>	<ul style="list-style-type: none"> <li>• How often is an employee competency assessment against a desired, model profile performed in the organisation?</li> <li>• On what basis/with what methods is the assessment of employee competency performed during performance appraisal?</li> <li>• What personnel decisions are made with the use of the results of an employee competency assessment against the desired model profile in the organisation?</li> <li>• Are there any methods of motivating employees to competency development used in the organisation and, if so, what are they?</li> <li>• Is the competency and qualification assessment against a desired profile linked to individual pay rise, obtaining an award or a bonus?</li> </ul>
<b>Specific Objective 6</b>	<ul style="list-style-type: none"> <li>• Does the organisation prefer internal or external promotion and, if so, for which groups of employees?</li> <li>• What methods for dissemination of acquired competencies (knowledge, skills and attitudes) are used in the organisation?</li> <li>• Does the organisation use coaching and mentoring and, if so, to what purpose (e.g. sharing knowledge obtained in the course of training courses, intergenerational knowledge sharing, etc.)?</li> <li>• To what extent are employee competencies (knowledge, skills, attitudes) subject to codification (e.g. developing manuals, guidebooks, procedures based on the analysis of the behaviour of employees with the highest competencies)?</li> <li>• Do the organisations safeguard against competency loss (e.g. against trained employees leaving the organisation) and, if so, in what way?</li> </ul>
<b>Specific Objective 7</b>	<ul style="list-style-type: none"> <li>• How much money does the organisation spend on co-financing of employee professional development?</li> <li>• From what sources is employee competency development financed in the organisation?</li> <li>• Is effectiveness of expenditure on competency development assessed in the organisation?</li> <li>• Does the organisation use any other economic and financial measures of the efficiency of expenditure on competency development investments (the so-called Human Capital Return on Investment – HC ROI)?</li> <li>• Does the organisation use other measures of human capital, including cost-based, quantitative, performance-based indicators etc.?</li> <li>• Are employers aware of measurable benefits from employee competency development?</li> </ul>
<b>Specific Objective 8</b>	<ul style="list-style-type: none"> <li>• What are the most important factors, which might lead to problems in the implementation of the objectives set for the competency-based human resources management system?</li> <li>• What are the costs (financial, non-financial, alternative) of developing employee competencies in organisations?</li> <li>• What are the barriers of employee competency development in organisations? How can the existing barriers be minimized?</li> </ul>

Source: own study.

### 2.1.2. Survey Subjects

The study concerned medium and large enterprises<sup>13</sup> (within quantitative and qualitative research) and consulting companies (within qualitative research), including:

- medium-sized enterprises – enterprises that employ between 50 and 249 people,
- large enterprises – enterprises that employ at least 250 people,
- consulting companies that employ at least 10 people, dealing with recruitment, selection and performance appraisal (or other HRM services) for medium and large enterprises.

Micro and small entities (employing less than 50 people) were purposefully excluded from the study due to the relatively low proportion of enterprises using formalised human resources management systems and tools in that category of companies. Furthermore, significant dispersion of micro and small enterprises, both in terms of the industries and location, would require a large sample to obtain representative survey results. Therefore, the research team made the decision to exclude that category of enterprises from the study.

<sup>13</sup> Pursuant to the definition of the European Commission, enterprises are entities that are engaged in business activity regardless of their legal form; they comprise particularly people who are self-employed and family companies dealing with crafts or a different type of activity, as well as companies or consortia conducting regular business activity. According to: Commission Regulation (CE) 800/2008 (OJ no. L 214 of 9 August 2008).

The surveyed enterprises had to meet the following detailed criteria:

- \* conduct activity from at least 2004 and
- \* conduct activity in the following areas: knowledge-intensive services, less-knowledge-intensive services or manufacturing.

The rationale for the adoption of the first criterion was to investigate enterprises with a stable market position and management processes, especially in the area of human resources management. Numerous studies have shown that when an organisation reaches maturity, the human resources management practices also stabilise, which, along with the development of the HR function, exhibit characteristics of systemic solutions, unlike the frequently isolated and temporary actions of enterprises at earlier stages of development. Thus, the adoption of that criterion increased the likelihood that the study would include enterprises with well-established practices in the field of competency-based human resources management.

The reason for adopting the second criterion, in compliance with the previously presented assumptions, was to capture the differences in the approach to competency-based human resources management not only between the services and the manufacturing sectors, but also within the services sector, which is strongly diversified in terms of knowledge-intensity of the conducted business. The study assumed that human capital management patterns, which correspond not just to the specificity of the service sector as a whole, but rather its individual segments, may vary greatly. This sector is divided into: knowledge-intensive services and less knowledge-intensive services (GUS, 2010).

**Knowledge-intensive services** (also defined as knowledge-based or technology-intensive) are defined as services provided by companies with a high intellectual added value (Matusiak, 2008). Combining expert knowledge from various areas is characteristic of knowledge-intensive services. Poland is considered as a country with a high potential for development of knowledge-intensive business services (Wojnicka, 2006). The concept of knowledge-intensive services finds its application in international studies, also those performed by the OECD (2006) and the European Foundation for the Improvement of Living and Working Conditions (2005). According to the international classifications of activities<sup>14</sup>, also used in Polish statistical sources (GUS, 2011b)

**industries considered as knowledge-intensive services** include:

- \* knowledge-intensive high-tech services (codes of the European classification NACE: 64, 72, 73),
- \* knowledge-intensive market services, excluding financial intermediation and high-tech services (NACE European classification codes: 61, 62, 70, 71, 74),
- \* knowledge-intensive financial services (NACE European classification codes: 65, 66, 67),
- \* other knowledge-intensive services (NACE European classification codes: 80, 85, 92).

The other services are classified as **less knowledge-intensive** (NACE European classification codes: 50, 51, 52, 55, 60, 63, 75, 90, 91, 93, 95, 99). The study also covered **enterprises that conduct manufacturing activities**.

For the purposes of the study, the above NACE European classification codes were adapted in compliance with the classification of economic activities applicable in Poland (the so-called PKD 2007<sup>15</sup>). The division of industries into knowledge-intensive services, less knowledge-intensive services and manufacturing, according to the section/division of the Polish Classification of Activities (PKD) is presented in Table 2.2.

<sup>14</sup> 'High-technology' and 'knowledge based services' aggregations based on NACE Rev. 2 Eurostat ([http://epp.eurostat.ec.europa.eu/cache/ITY\\_SDDS/Annexes/htec\\_esms\\_an3.pdf](http://epp.eurostat.ec.europa.eu/cache/ITY_SDDS/Annexes/htec_esms_an3.pdf)).

<sup>15</sup> Regulation of the Council of Ministers of 24 December 2007 on the Polish Classification of Activities (PKD) (Journal of Laws of 2007, No. 251, item 1885, as amended).

Table 2.2. Industries divided into knowledge-intensive services, other (less knowledge-intensive) services and manufacturing

<b>INDUSTRIES CLASSIFIED AS KNOWLEDGE-INTENSIVE SERVICES</b>	
<b>a. Knowledge-intensive high-tech services</b>	
PKD Division	Group name
53	Postal and courier activities
61	Telecommunications
62	Computer programming, IT consultancy and related activities
63	Information service activities
72	Scientific research and development
<b>b. Knowledge-intensive market services (excluding financial intermediation and high-tech services)</b>	
PKD Division	Group name
50	Water transportation
51	Air transportation
68	Real estate activities
77	Rental and leasing activities
69–75	Professional, scientific and technical activities (excluding Division 72)
<b>c. Knowledge-intensive financial services</b>	
PKD Division	Group name
64	Financial service activities, except insurance and pension funds
65	Insurance, reinsurance and pension funds, except compulsory social security
66	Activities supporting financial services and insurance activities
<b>d. Other knowledge-intensive services</b>	
PKD Division	Group name
85	Education
86	Health care services
93	Sports, amusement and recreation activities
<b>INDUSTRIES CLASSIFIED AS OTHER SERVICES (LESS KNOWLEDGE-INTENSIVE)</b>	
PKD Division	Group name
45	Wholesale and retail trade of automobiles and motorcycles; automobile and motorcycle repair
46	Wholesale trade, except for motor vehicles and motorcycles
47	Retail trade, except for motor vehicles and motorcycles
49	Land transportation and transport via pipelines
55	Accommodation
56	Food and beverage service activities
52	Warehousing and support activities for transportation
79	Travel agency, tour operator reservation service and related activities
<b>Other divisions</b>	Other service activities, excluding: <ul style="list-style-type: none"> <li>• Section O (Public administration and national defence; compulsory insurance activities)</li> <li>• Section T (Activities of households as employers; undifferentiated goods-and-services-producing activities of households for own use)</li> <li>• Section U (Activities of extraterritorial organisations and bodies)</li> </ul>

### INDUSTRIES CLASSIFIED AS MANUFACTURING ACTIVITIES

PKD Section	Group name
Section B	Mining and quarrying (excluding Division 09 – Mining and quarrying support service activities)
Section C	Manufacturing (excluding Division 33 – Repair and installation of machinery and equipment)
Section D	Production and supply of electricity, natural gas, steam, hot water and air to air conditioning systems
Section E	Water supply; sewerage, waste management and remediation activities (excluding Division 39 – Remediation activities and other waste management services)
Section F	Construction

Source: own study based on the Regulation of the Council of Ministers of 24 December 2007 on the Polish Classification of Activities (PKD) (Journal of Laws of 2007, No. 251, item 1885, as amended) and the NACE Classification ("High-technology" and „knowledge based services" aggregations based on NACE Rev. 2 Eurostat ([http://epp.eurostat.ec.europa.eu/cache/ITY\\_SDDS/Annexes/htec\\_esms\\_an3.pdf](http://epp.eurostat.ec.europa.eu/cache/ITY_SDDS/Annexes/htec_esms_an3.pdf)).

To maintain clarity of the breakdown into services and manufacturing, divisions related to service activities within individual sections were excluded from the manufacturing industry (a detailed description is contained in Table 2.2).

#### 2.1.3. Study methods and tools

The variety of specific objectives of the study involved the use of several study methods and their respective tools. It was assumed that the basic study methods and tools used will be the following:

- \* CAPI (*Computer Assisted Personal Interviewing*) survey with managers or directors of HR departments (expected number of approved interviews n=1000),
- \* IDI (*Individual In-Depth Interviews*) with directors or managers of HR departments as well as operating officers (the total number of approved interviews n=112, including HR department heads n=32 and operating officers n=80),
- \* FGI (*Focused Group Interview*) with experienced employees of consulting companies.

In addition, the study was supplemented with desk research and the development of five case studies of the use of competency-based human resources management in enterprises operating on the Polish market (Table 2.3).

Table 2.3. Study methods and tools used in the study

Study	Scope/respondents
Desk research	Literature research and survey of studies
Quantitative CAPI (Computer Assisted Personal Interviewing)	Managers or heads of HR departments; (expected number of approved interviews n= 1000)
Individual in-depth interviews (IDI)	Heads or directors of HR departments/operating officers, (the total number of approved interviews n=112, including heads of HR departments n=32 and operating officers n=80)
Focused group interview (FGI)	Experienced employees of consulting agencies
Case studies	Five case studies of good practices in the scope of implementation of competency-based HRM

Source: own study.



### 2.1.4. Characterisation of the quantitative study sample

Due to the high differentiation of the general population, sampling for the study was based on **stratified sampling**. To increase the representativity of the sample and to reduce the sample error, the whole population was divided into strata, within which sampling was conducted separately for each subsample. Representation of the studied enterprises took into account the following criteria of dividing into subsamples:

1. size of enterprise (medium and large enterprises);
2. areas of activity divided into:
  - enterprises providing knowledge-intensive services,
  - enterprises providing other services (less knowledge-intensive),
  - manufacturing enterprises.

As regards the first criterion (the size of the enterprise, divided into medium and large), a procedure for ensuring representativity of medium enterprises and large enterprises in compliance with the latest information from the Central Statistical Office (CSO) concerning the share of each of the surveyed subsamples in the general sample of medium and large enterprises in Poland was implemented. As regards the second criterion (areas of activity – knowledge-intensive services, less knowledge-intensive services, manufacturing), enterprises were divided into the following three categories based on the information on the main business activity of the company and the resulting attribution to an appropriate PKD Section/Division (see Table 2.4.). Thus, the study sample was prepared in three stages:

- a. firstly, the proportions in the population (all medium and large companies for each PKD Division) were determined,
- b. secondly, the target number of interviews for each PKD Division in each of the subsamples was calculated in proportion to that distribution (on the basis of the CSO data on registered entities for individual PKD Divisions “PKD 2007 – I–III 2011”),
- c. finally, a multiple of the number of enterprises needed to obtain the required number of interviews consistent with the above proportions was proposed (assuming a return rate no higher than 20%).

Table 2.4. presents a summary of the results of those analyses.

**Table 2.4. Population proportions and the number of interviews to conduct for individual PKD Divisions, and enterprise sizes**

Type of activity:	Number of enterprises according to the CSO		Number of interviews to perform	
	medium	large	medium	large
Knowledge-intensive enterprises, including:	7929	1107	<b>272</b>	<b>38</b>
a. Knowledge-intensive high-tech services	354	108	11	4
b. Knowledge-intensive market services (excluding financial intermediation and high-tech services)	1282	170	43	5
c. Knowledge-intensive financial services	420	107	15	4
d. Other knowledge-intensive services	5873	722	203	25
Enterprises that provide other services (less-knowledge intensive)	7121	1141	<b>247</b>	<b>39</b>
Manufacturing enterprises	9867	1850	<b>341</b>	<b>63</b>
<b>TOTAL</b>	24917	4098	<b>860</b>	<b>140</b>
	29015		<b>1000</b>	

Source: Krawczyk, Zalewska, Szawiec, & Kowalczyk, 2012.

In total, the study was intended to investigate 3.45% of the population of large and medium-sized enterprises in Poland. However, when establishing the proportions of the sample, a principle was established that each section must be represented in the study, even if a fractional share of this section resulted from the percentage distribution. In such a case, at least one interview for that section was proposed. This might have led to small differences in the population proportions and the number of interviews to be conducted for individual types of activity and enterprise size categories.

**Sampling** was performed on the basis of the number of employees and PKD classification code, determining the values for each of the selected clusters (substrata). According to the assumptions of the stratified sampling, a separate sampling frame was prepared for each cluster (substratum), resulting from the size of a given cluster in the sample. For each substratum, there was a random number defined in the range from 1 to N (while N was not bigger than the number of companies in the cluster), which determined the starting point for sampling. The random sampling frame ceased to be applied at the time of drawing the whole sample for a cluster. For each of the above substrata, a sampling interval was adopted depending on the size of the population and the size of the sample in a given cluster. The sampling interval determined the move from the first sampled record (enterprise) included in the study to the next record to be included in the study. Calculation of the sampling interval for each of the substrata is expressed as follows: the quotient of the number of enterprises in the database and the size of cluster in the sample, being a natural number with zero decimal places.

#### An example of sampling for the stratum of medium enterprises and 'Education' PKD cluster

The cluster comprises 3361 enterprises (data from the HBI). Each of the enterprises was assigned a unique number from 1 to 3361. The numbers were assigned after prior sorting of the enterprises alphabetically according to their name. The number of enterprises selected for the sample was 169. The sampling interval was  $(3361/169) = 20$ . At the beginning, a starting number from the range from 1 to 3361 was selected. The first enterprise that qualified to the sample was the enterprise with an assigned number, which was randomly selected, e.g. 427. The next enterprise included in the sample was the enterprise with a number calculated according to the formula  $(427+20) = 447$  etc., until 169 enterprises were sampled.

Source: Krawczyk, Zalewska, Szawiec, & Kowalczyk, 2012.

The implementation of field studies was entrusted to a research company selected in a tender<sup>16</sup>. The tasks of the research company included preparation and selecting the study sample. The HBI 2011<sup>17</sup> commercial database of companies was used to select the enterprises for the study. The register included contact data enabling implementation of the study: company name, company contact data, main PKD activity code, number of employees and information on directors, managers, owners of a given company. Table 2.5. presents a comparison of the sizes of the CSO and HBI databases.

<sup>16</sup> The study was performed by Quality Watch Sp. z o.o. in a team comprising: Krystian Krawczyk, Agata Zalewska, Piotr Szawiec, Artur Kowalczyk.

<sup>17</sup> The database contains data of more than 235,000 profiles of Polish companies and more than 530,000 owners, managers, heads. The frame is updated in periods of six months, which makes the database the most up-to-date database among those available on the market.

Table 2.5. Comparison of CSO and HBI databases

PKD Division	Name	Medium (number)	Large (number)	Medium (number)	Large (number)
<b>Knowledge-intensive enterprises</b>		<b>CSO data</b>		<b>HBI data</b>	
<b>a. Knowledge-intensive high-tech services</b>					
53	Postal and courier activities	10	5	9	2
61	Telecommunications	36	15	68	33
62	Computer programming, IT consultancy and related activities	129	15	175	38
63	Information service activities	39	14	21	4
72	Scientific research and development	140	59	158	67
<b>b. Knowledge-intensive market services (excluding financial intermediation and high-tech services)</b>					
50	Water transportation	10	2	28	8
51	Air transportation	9	2	22	7
68	Real estate activities	648	69	768	107
77	Rental and leasing activities	35	11	146	43
69–75	Professional, scientific and technical activities (excluding Division 72)	580	86	630	121
<b>c. Knowledge-intensive financial services</b>					
64	Financial service activities, except insurance and pension funds	313	69	268	70
65	Insurance, reinsurance and pension funds, except compulsory social security	30	18	48	24
66	Activities supporting financial services and insurance activities	77	20	99	29
<b>d. Other knowledge-intensive services</b>					
85	Education	4916	138	3361	164
86	Health care services	760	581	299	439
93	Sports, amusement and recreation activities	197	3	213	48
<b>Enterprises providing other knowledge-intensive services (less-knowledge intensive)</b>					
45	Wholesale and retail trade of motor vehicles, and repair of motor vehicles	402	23	749	157
46	Wholesale trade, except for motor vehicles.	1662	188	3920	708
47	Retail trade, except for motor vehicles.	1297	186	1805	333
49	Land transportation and pipeline transport	556	147	931	239
55	Accommodation	163	24	205	44
56	Food and beverage service activities	154	16	170	31
52	Warehousing and support activities for transportation	202	52	223	91
79	Travel agency, tour operator reservation service and related activities	20	6	115	25
Other divisions	Other service activities, excluding: <ul style="list-style-type: none"> <li>• Section O (Public administration and national defence; compulsory insurance activities)</li> <li>• Section T (Activities of households as employers; undifferentiated goods-and-services-producing activities of household for own use)</li> <li>* Section U (Activities of extraterritorial organisations and bodies)</li> </ul> Note! Section A was also excluded as it is not related to services	2665	499	2954	586

Manufacturing enterprises, divided into:					
Section B	Mining and quarrying (excluding Division 09 – Mining and quarrying support service activities)	113	39	119	49
Section C	Manufacturing (excluding Division 33 – Repair and installation of machinery and equipment)	6895	1474	7859	336
Section D	Production and supply of electricity, natural gas, steam, hot water and air to air conditioning systems	219	86	250	100
Section E	Water supply; sewerage, waste management and remediation activities (excluding Division 39 – Remediation activities and other waste management services)	581	65	497	58
Section F	Construction	2059	186	2638	339
<b>TOTAL (divided into medium and large)</b>		<b>24917</b>	<b>4098</b>	<b>28748</b>	<b>4300</b>
<b>TOTAL</b>		<b>29015</b>		<b>33048</b>	

Source: Krawczyk, Zalewska, Szawiec, & Kowalczyk, 2012.

Comparing the sizes of the HBI and CSO databases clearly indicated that the HBI database contains more records of enterprises in terms of the specified industries. It is mainly because the HBI database is more frequently updated and contains information on all types and kinds of activities of a given enterprise than the CSO database. From the HBI database, for each category of enterprises (in terms of the size and area of activity), contact data were selected in a number equal to six times the required number of interviews (Table 2.6.). The final size of the study sample was determined this way.

**Table 2.6. Size of the study sample by the size of enterprise and type of activity**

Area of activity	Size of enterprise	
	medium	large
Enterprises that provide knowledge-intensive services	1632	228
Enterprises that provide other services (less-knowledge intensive)	1482	234
Manufacturing enterprises	2046	378
<b>TOTAL</b>	5160	840
<b>Total (medium and large)</b>	<b>6000</b>	

Source: Krawczyk, Zalewska, Szawiec & Kowalczyk, 2012.

For the purposes of the study, the following **respondent selection procedure** in the sampled enterprises was adopted:

1. Verifying, if a human resources management department exists in the selected company. If such a department exists in the enterprise (HR department may function under a different name: human resources department, personnel department, staff department), only the head, director or the person at a managerial position in the department or an expert in the area appointed by the above may be the respondent;
2. If there is no human resources management department, it is verified whether there is another department that, out of all other departments, to the greatest extent, fulfils the tasks related to human resources management and personnel issues concerning the employees of the entire enterprise. If such an organisational unit exists and the enterprise fails to meet the conditions

defined in point 1, a manager, director or a person on a managerial position in the department could be the respondent.

3. If the enterprise does not meet the condition defined in point 1 (it does not have a separate human resources management department) and the condition in point 2 (there is no other department which deals with tasks related to human resources management), the owner of the company or a member of the management board who deals with issues related to human resources development more than any other management board member may be the respondent.

If none of the conditions described in points 1, 2 and 3 was relevant for the selected enterprise, it was not possible to conduct the interview and it was necessary to select a different entity that meets the criteria.

If difficulties in recruitment arose that required launching the procedure of replacing the respondent with a different person that met the criteria described above, a different respondent would be selected first from the surveyed enterprise, and only if the procedure proved unsuccessful would the next enterprise be selected from the database and a respondent from the enterprise eligible to take part in the study was selected.

### **2.1.5. The course of the study and actual sample**

#### **Pilot survey**

The research company that conducted the field study performed the **pilot survey** in September 2011 on a sample of 50 enterprises to verify the intelligibility and accuracy of the questionnaire. The sample for the pilot survey was constructed in compliance with the previously presented division into Sections/Divisions of the PKD classification, thus it covered enterprises that: provide knowledge-intensive services (20 interviews), provide less-knowledge intensive services (22 interviews) and conduct manufacturing activity (8 interviews). 39 medium and 11 large companies participated in the pilot survey. To account for the territorial differentiation, the pilot survey was performed in 11 voivodeships. Interviews were conducted with respondents from various categories (manager/director of the HR/personnel department – 15 interviews, director/manager responsible for human resources management – 11 interviews, management board member – 4 interviews, company owner – 5 interviews, expert from the HR department – 8 interviews, person on a different position in the HR department – 7 interviews). In accordance with the assumptions, the pilot survey was implemented with the use of computer assisted personal interviewing (CAPI), which is precisely the same method used in the main study. The pilot study allowed positive assessment of the study tool structure and its perfection (i.e. eliminating flaws in the structure, content of questions, and response options.) The suggested changes were incorporated in the questionnaire for the relevant survey (Appendix).

#### **Implementation of the survey and non-response analysis**

According to the procedure proposed by the research company, an initial telephone recruitment of respondents meeting the above-mentioned criteria was performed. To find the right person, the interviewer performing the initial recruitment asked for a meeting in a place convenient for the respondent (usually the enterprise headquarters). Then the interviewer sent (by fax or electronic mail) a cover letter of credentials containing information about the institution commissioning the study, its purposes and application of the principle of anonymity. If the respondent gave his or her consent, the interview was conducted at the previously agreed date.

The company that implemented the study performed, during its implementation, an **analysis of non-responses and possible biases resulting from the refusal of some of the enterprises to participate in the study**. The reasons for refusal were varied (e.g. lack of consent without justification, lack of a person in the enterprises who meets the recruitment criteria, inconsistency of

the actual number of employees with the recruitment criteria, PKD Section/Division inconsistency with the recruitment criteria, date of commencement of business operations inconsistent with the recruitment criteria), but non-responses due to lack of time dominated. Only those cases, in which meetings did not take place despite at least five attempts at adjusting the date of interview by the interviewers or at the respondent's requests to move the date, were considered as non-responsive under the last category. The enterprises, which refused to participate in an interview were replaced with enterprises sampled within particular clusters (substrata) in compliance with the procedure defined above. As a result, the obtained sample corresponded to the assumptions of the study.

**The final sample obtained in the quantitative survey**

The total of n=941 interviews were performed in the quantitative survey<sup>18</sup>. The structure of the sample was consistent with the assumptions presented above, concerning its proportionality and representativity for the population of medium and large enterprises in Poland from the selected PKD divisions/sections, incorporating subsamples providing knowledge-intensive services, less-knowledge intensive services and manufacturing enterprises. The structure of the interviews in specific subsamples is presented in Table 2.7., while the detailed structure taking into account the division into specific PKD sections/divisions are presented in Table 2.8.

**Table 2.7. Structure of interviews performed in subsamples**

Area of activity	Size of enterprise	
	medium	large
Enterprises that provide knowledge-intensive services	248	34
Enterprises that provide other services (less-knowledge intensive)	235	35
Manufacturing enterprises	328	61
<b>TOTAL</b>	811	130
<b>Total (medium and large)</b>	<b>941</b>	

Source: Krawczyk, Zalewska, Szawiec, & Kowalczyk, 2012.

<sup>18</sup> With the minimum required sample size at the level of n=700.

Table 2.8. Detailed structure of performed interviews by PKD Section/Division

PKD Division	Name	Number of performed interviews – medium	Number of performed interviews – large
	<b>Knowledge-intensive enterprises</b>	<b>248</b>	<b>34</b>
	<b>a. Knowledge-intensive high-tech services</b>	<b>11</b>	<b>4</b>
53	Postal and courier activities	1	0
61	Telecommunications	0	1
62	Computer programming, IT consultancy and related activities	5	1
63	Information service activities	1	0
72	Scientific research and development	4	2
	<b>b. Knowledge-intensive market services (excluding financial intermediation and high-tech services)</b>	<b>40</b>	<b>4</b>
50	Water transportation	0	0
51	Air transportation	1	0
68	Real estate activities	19	1
77	Rental and leasing activities	2	0
69–75	Professional, scientific and technical activities (excluding Division 72)	18	3
	<b>c. Knowledge-intensive financial services</b>	<b>15</b>	<b>4</b>
64	Financial service activities, except for insurance and pension funds	11	1
65	Insurance, reinsurance and pension funds, except for compulsory social security	1	1
66	Activities supporting financial services and insurance activities	3	2
	<b>d. Other knowledge-intensive services</b>	<b>182</b>	<b>22</b>
85	Education	149	6
86	Health care services	26	16
93	Sports, amusement and recreation activities	7	0
	<b>Enterprises that provide other services (less-knowledge intensive)</b>	<b>235</b>	<b>35</b>
45	Wholesale and retail trade of motor vehicles; repair of motor vehicles	13	1
46	Wholesale trade, except for motor vehicles and motorcycles	54	6
47	Retail trade, except for motor vehicles and motorcycles	45	6
49	Land transportation and pipeline transport	19	5
55	Accommodation	6	1
56	Food and beverage service activities	5	1
52	Warehousing and support activities for transportation	7	2
79	Travel agency, tour operator reservation service and related activities	1	0



<b>Other divisions</b>	Other service activities, excluding: <ul style="list-style-type: none"> <li>• Section O (Public administration and national defence; compulsory insurance activities),</li> <li>• Section T (Activities of households as employers; undifferentiated goods-and-services-producing activities of households for own use),</li> <li>• Section U (Activities of extraterritorial organisations and bodies)</li> </ul> Note! Section A was also excluded as not related to services.	85	13
<b>Manufacturing enterprises, divided into:</b>		<b>328</b>	<b>61</b>
<b>Section B</b>	Mining and quarrying (excluding Division 09 – Mining and quarrying support services)	4	1
<b>Section C</b>	Manufacturing (excluding Division 33 – Repair and installation of machinery and equipment)	229	49
<b>Section D</b>	Production and supply of electricity, natural gas, steam, hot water and air to air conditioning systems	8	3
<b>Section E</b>	Water supply; sewerage, waste management and remediation activities (excluding Division 39 – Remediation activities and other waste management services)	19	2
<b>Section F</b>	Construction	68	6
<b>TOTAL (divided into medium and large)</b>		<b>811</b>	<b>130</b>
<b>TOTAL</b>		<b>941</b>	

Source: Krawczyk, Zalewska, Szawiec, & Kowalczyk, 2012.

In total, for the selected industries and categories of enterprises according to size (large and medium), the actual sample accounted for 3.24% of the population (Table 2.20.). In every studied subsample, the results were obtained for more than 3% of the population of enterprises, which, while maintaining the sampling assumptions presented above, justifies extrapolation of the results as the entire population and generalisation of the study results.

**Table 2.9. Number of performed interviews as a percentage of the population of enterprises**

	Number of companies acc. to the CSO		Number of performed interviews		Number of examined companies as a percentage of the population		
	medium	large	medium	large	medium	large	total
<b>Knowledge-intensive service enterprises</b>	7929	1107	248	34	3,13%	3,07%	3,12%
<b>Less knowledge-intensive service enterprises</b>	7121	1141	235	35	3,30%	3,07%	3,27%
<b>Manufacturing enterprises</b>	9867	1850	328	61	3,32%	3,30%	3,32%
<b>Total</b>	24917	4098	811	130	3,25%	3,17%	<b>3,24%</b>

Source: own calculations based on CSO data and study results.

## 2.2. Competency-based human resources management system in the light of quantitative studies

### 2.2.1. Competencies of employees and competency management as a source of value

The conviction that the employee and his/her competencies are the most important assets of an organisation is currently widespread, both in the literature and in the practice of management, at least at the declaratory level. It is connected to the development of the management sciences, but also, and actually most of all, with the actual new role of the human capital that results from the transformation of the economy towards knowledge-based economy. In the global economy, the role of the services sector is growing in importance, while knowledge and its creative use are becoming the essential source of economic growth within that process (especially through innovation and human capital). People are becoming (or already are – in many organisations, especially those based on knowledge) the central element of the value creation process. As Fitz-enz noted: *Processes link together capital management and strategic goals of the enterprise (...). Investing in human capital (...) drives the implemented processes, directing them towards achieving the goals of the enterprise* (2001, p. 73).

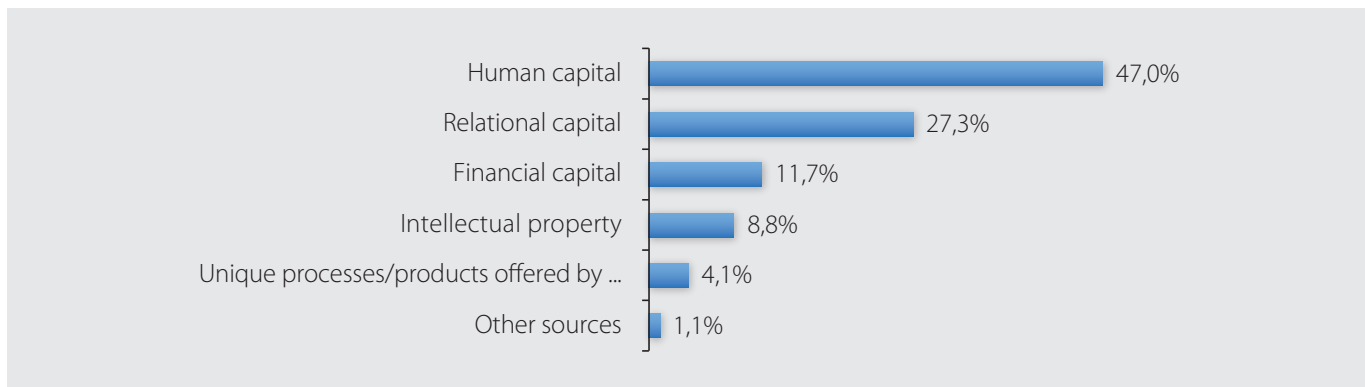
Thanks to this perspective, at the level of the enterprise, human resources are more and more frequently perceived as a strategic resource. According to Lipka: *resources are of strategic importance when they ensure permanent uniqueness of the enterprise, and thus long-term competitive advantage* (2000, p.16). Becker, Huselid and Ulrich noted, however, that *every discussion on the strategic role of human resources management or human capital will sooner or later focus on effective behaviours of employees*, and pointed out at the same time that *behaviours of strategic importance are not shaped directly, for they are the final effect of the human resources management system functioning adjusted to the strategy of the enterprise* (2002, p. 33).

As shown in Chapter 1, employee competencies are the basic individual determiner of their behaviour from the perspective of the organisation. Therefore, it is the competencies of the employees that should be perceived as the key source of value and competitive advantage of the organisation, forming an element of human capital. Simultaneously, their lack should have a negative impact on the possibility to compete. With regard to the above assumptions, the focus of the study was the three most important issues:

1. analysis of the perceived essential sources of value for the organisation and the role which is played by human capital among other assets, both of material and non-material nature;
2. identification of the human capital elements which are perceived as key from the viewpoint of the organisation;
3. defining the way in which lack of specific competencies (competency gap at the enterprise level) influences the competitive position of the organisation in the respondent's opinions.

The respondents who were asked to **assess the most important sources of value for the organisation, most often, identified human capital** (translated for the purposes of the item as “employees of the company: their knowledge, competencies and experience”) – which was the most important factor for 47% of companies. It clearly surpassed such factors as relational capital (the network of external contacts: network of customers, suppliers, affiliates, etc.), financial capital (the amount and availability of capital), intellectual property (patents, copyrights, trademarks, etc.) or unique processes/products offered by the organisation (Figure 2.1.).

Figure 2.1. The most important source of value for the organisation (in total)



The most important source of value for the organisation is: ... (Please select one response) Base: n=941 (all enterprises).

Due to the characteristics of the respondents (mainly representatives of human resources management departments), it will be more valuable to analyse not the absolute differences between the values (for the respondents deal with issues related to human capital, external contacts, etc. in their everyday work rather than, for example, financial capital and processes/products of the organisation), but the differences between specific categories of enterprises. Enterprises that provide knowledge-intensive services much more frequently than others consider human capital (employees and their knowledge, competencies and experience) to be the most important source of value for their organisations (Table 2.10.). It is also evident that both enterprises that provide less-knowledge-intensive services and manufacturing enterprises attribute relatively high importance to the network of external contacts among customers, suppliers, affiliates, etc. (the so-called relational capital). The relational capital is also much more important in medium enterprises than in large ones (28.6% vs. 19.2%). Human and relational (also called social) capital constitute elements of the broadly understood intellectual capital, which is currently the most significant source of value in many organisations.

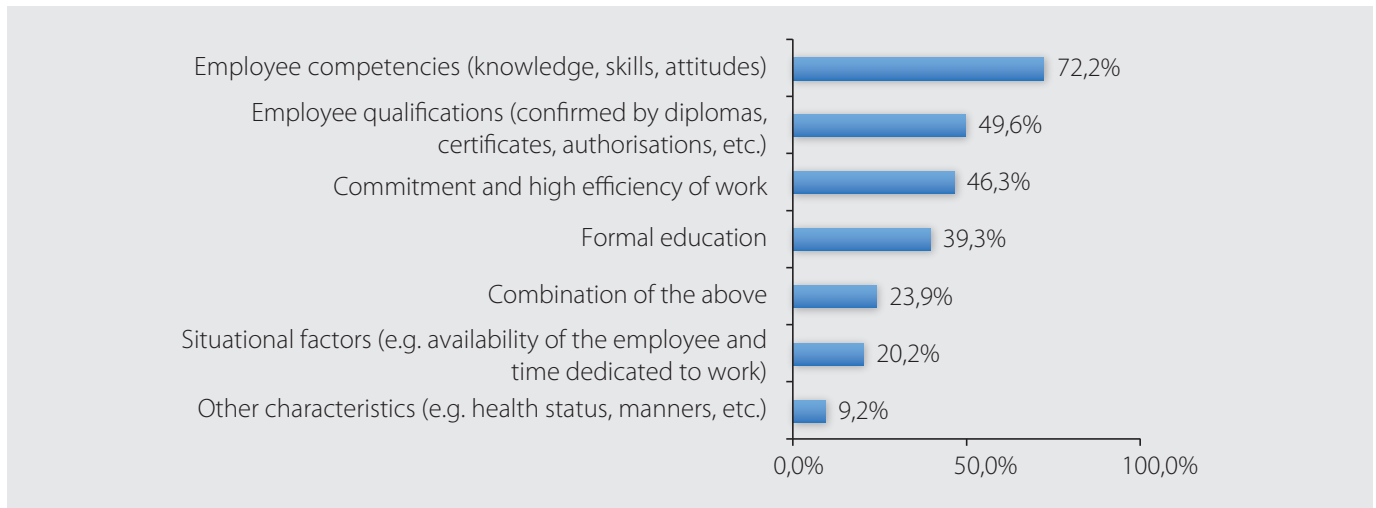
Table 2.10. The most important source of value for the organisation (by subsample) [in %]

	Medium n=811	Large n=130	Knowledge- intensive services n=282	Less knowledge- intensive services n=270	Manufacturing n=389
<b>Human capital (employees: their knowledge, competencies and experience)</b>	45,6	55,4	58,2	41,1	42,9
<b>Relational capital (network of external contacts: network of customers, suppliers, affiliates, etc.)</b>	28,6	19,2	14,5	37,0	29,8
<b>Financial capital (the amount and availability of capital)</b>	11,6	12,3	11,7	12,6	11,1
<b>Intellectual property (patents, copyrights, trademarks, etc.)</b>	9,0	7,7	11,7	5,2	9,3
<b>Unique processes/products offered by the organisation</b>	4,2	3,8	2,5	3,3	5,9
<b>Other sources</b>	1,0	1,5	1,4	0,7	1,0

The most important source of value for the organisation is: ... (Please check one response) Base: n=941 (all enterprises).

**The surveyed enterprises definitely do perceive the high importance of employee competencies as an important organisational factor.** As many as 72.2% of the surveyed companies claimed that employee competencies (expressed in the survey as knowledge, skills and attitudes) are the most important characteristic of human capital for the organisation. It is more important than employee qualifications (accompanied by diplomas, certificates, authorisations, etc.), commitment and high work efficiency, formal education, situational factors (e.g. availability of the employee and time dedicated to work) or other human capital characteristics (e.g. health status, manners, etc.) (Figure 2.2).

**Figure 2.2. The most important elements of human capital (in total)**



*Which of the characteristics of human capital are of greatest importance for the organisation? Please rate them from 1 to 7, where 1 means the most important and 7 the least important characteristic. Base: n=941 (all enterprises).*

With regards to the subsamples distinguished within the study, there is no clear variation in terms of size, while there are clear differences between companies providing knowledge-intensive services, less-knowledge intensive services and manufacturing companies. Enterprises that provide knowledge-intensive services, similarly to manufacturing enterprises, are characterised by a higher awareness of employee competencies (knowledge, skills and attitudes) as a characteristic of the human, which is key for the organisation, than companies that provide less knowledge-intensive services (Table 2.11). In addition, knowledge-intensive companies from the services sector also value formal education and employee qualifications (accompanied with diplomas, certificates, authorisations, etc.) less than companies in the other groups. On the other hand, services companies, which are less-knowledge intensive, and, to a lesser degree, manufacturing companies, high importance is attributed to commitment and high efficiency of work and situational factors such as employee availability and time dedicated to work. The observations confirm, and even reinforces, the analyses of the key characteristics of employees that determine their employment. Within the knowledge-intensive companies, the emphasis on employee competencies (knowledge, skills, and attitudes) is evident.

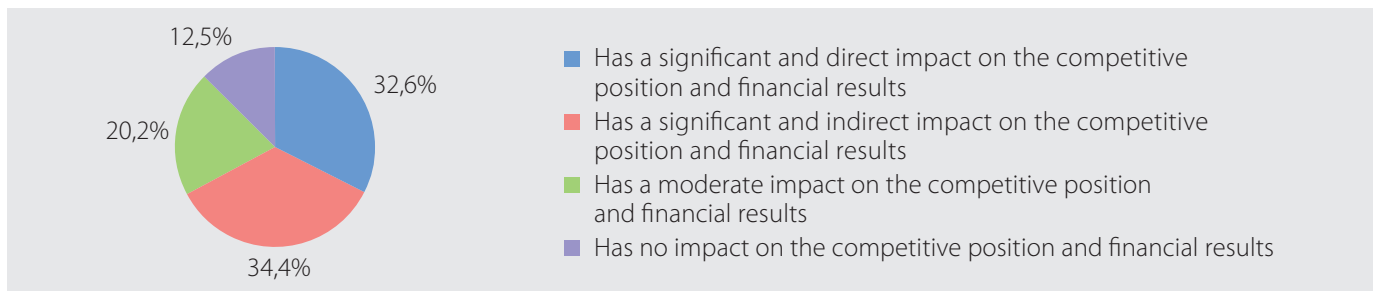
Table 2.11. The most important elements of human capital (by subsample) [in %]

	Medium n=811	Large n=130	Knowledge- intensive services n=282	Less knowledge- intensive services n=270	Manufacturing n=389
Employee competencies (knowledge, skills, attitudes)	71,1	78,5	75,9	66,7	73,3
Formal education	38,7	43,1	52,5	29,3	36,8
Employee qualifications (accompanied by diplomas, certificates, authorisations, etc.)	49,0	53,8	58,2	42,2	48,6
Situational factors (e.g. availability of the employee and time dedicated to work)	20,1	20,8	10,3	27,0	22,6
Commitment and high efficiency of work	46,1	47,7	35,1	53,0	49,9
Other characteristics (e.g. health status, manners, etc.)	9,2	9,2	6,7	11,5	9,5
Combination of the above	23,8	24,6	20,2	26,7	24,7

Which of the characteristics of human capital are of greatest importance to the organisation? Please rate them from 1 to 7, where 1 means the most important and 7 the least important characteristic. Base: n=941 (all enterprises).

**The surveyed enterprises are aware of the impact of the lack of specific competencies (competency gaps) on the company's competitive position.** In the studied sample, two-thirds of the companies defined the impact as 'significant' (taking into account both direct and indirect impact). Only about one in eight of the surveyed enterprises stated that lack of specific competencies in general does not affect the competitive position of the enterprise (Figure 2.3).

Figure 2.3. Impact of the lack of specific competencies on the competitive position of the enterprise (in total)



How does the lack of specific competencies (knowledge, skills and attitudes) among the employees affect the competitive position of your organisation? Please select one response option. Base: n=941 (all enterprises).

The strongest direct impact of the lack of specific competencies on the enterprise's competitive position can be felt by enterprises that provide knowledge-intensive services (42.2% as compared to 30.4% for enterprises that provide less knowledge-intensive services and 27.2% for manufacturing companies). The strongest impact of the competency gap on that category of enterprises can be explained by the relatively high importance of competencies of the employees directly engaged in the process of providing services for the perception of its value by the customer. Interestingly, both manufacturing companies and, which is particularly surprising, considering the type of activity, enterprises providing less-knowledge-intensive services perceive that impact as rather indirect or moderate, though as significant. In the distinguished subsamples, medium enterprises (13.3%) and those that provide less knowledge-intensive services (15.9%) were most likely to feel no such impact (Table 2.12).

Table 2.12. No impact of specific competencies on the enterprise's competitive position (by subsample) [in %]

	Medium n=811	Large n=130	Knowledge- intensive services n=282	Less knowledge- intensive services n=270	Manufacturing n=389
Has a significant and direct impact on the competitive position and financial results	31,9	36,9	42,2	30,4	27,2
Has a significant and indirect impact on the competitive position and financial results	34,0	36,9	30,1	34,4	37,5
Has a moderate impact on the competitive position and financial results	20,5	18,5	16,7	19,3	23,4
Has no impact on the competitive position and financial results	13,3	7,7	10,6	15,9	11,6

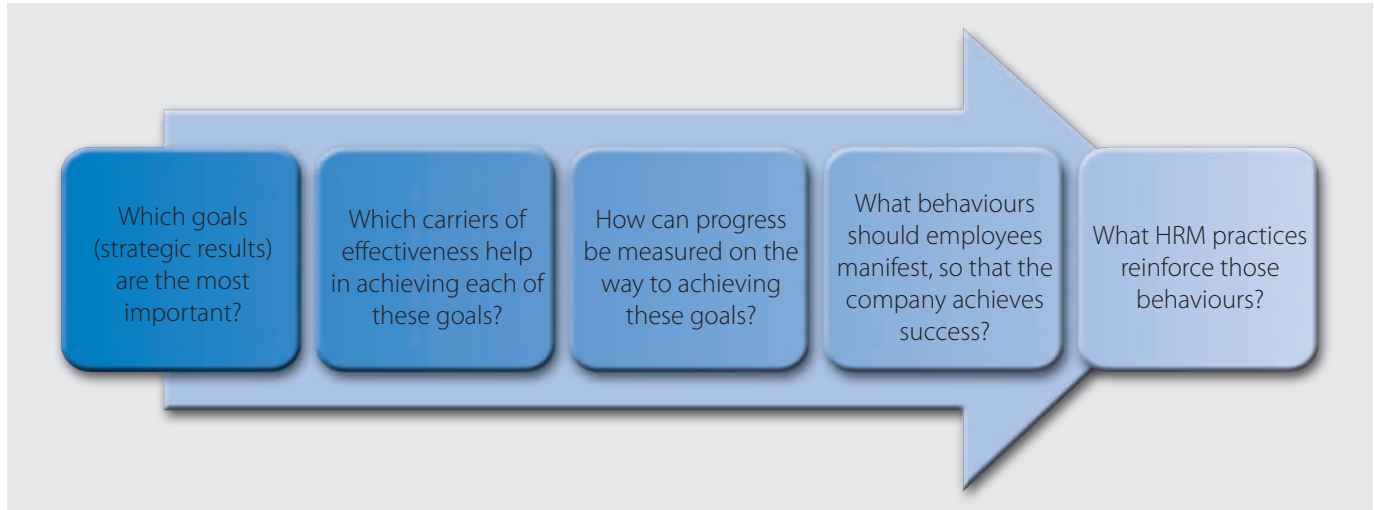
How does the lack of specific competencies (knowledge, skills and attitudes) among the employees affect the competitive position of your organisation? (Please select one response option) Base: n=941 (all enterprises).

### 2.2.2. Strategy of the organisation and HR strategy as the basis for competency-based human resources management

The connection of the competency-based human resources management system with the requirements resulting from the strategy of the organisation is one of the most difficult determiners of effectiveness of the system. The aim of managing competencies in the organisation is, along with ensuring identical criteria of requirements posed to employees, the use of human capital in a way that enables achievement of the assumed strategic goals (Juchnowicz & Sienkiewicz, 2006). Thus, the strategy of the organisation is the basis for building an effective competency management system (Juchnowicz, 2007). In addition, the final shape of the competency system may be under significant impact of elements like: the structure of the organisation, the culture of the organisation, and the current and future needs with respect to human resources management (Juchnowicz, 2007, p. 125).

The general strategy of the organisation affects the activities in the sphere of personnel, as presented in Chart 3. Starting from the key strategic results, the organisational factors that determine their implementation (the so-called 'carriers of effectiveness') are most often defined and their measures are identified, and subsequently the behaviours that employees should manifest for the company to achieve its assumed goals are defined. The last step is the definition of the human resources management practices, which will reinforce the desired behaviours. Thus, the assumptions of the general strategy of the organisation will be transferred to the level of human resources management. In operational terms, they most often take the form of a HR strategy (human resources management strategy/human capital management strategy).

Scheme 2.1. Map of strategy and practice of human resources management



Source: Becker, Huselid & Ulrich, *op. cit.*, 2002.

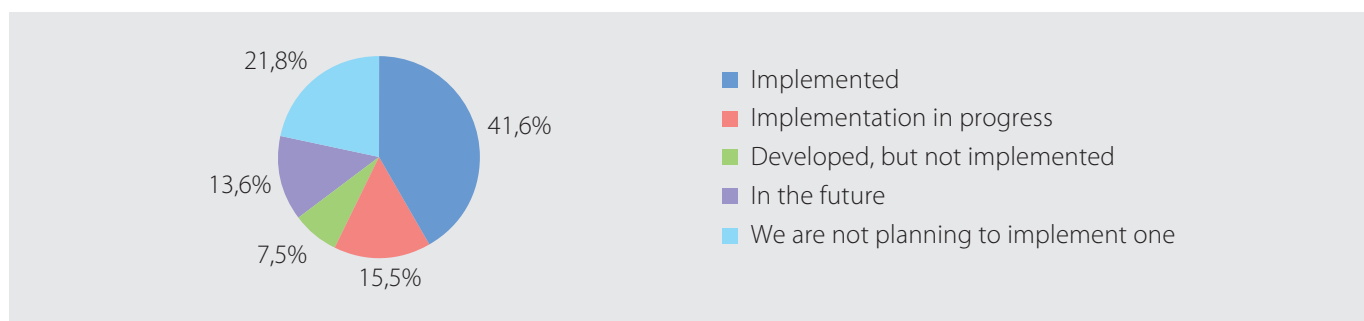
As Professor Listwan claimed, *the HR strategy is a conscious choice of long-term goals and principles of acting in the sphere of human resources management* (Listwan, 1998, p. 53). Within the HR strategy, a series of “sub-strategies are distinguished, especially in the areas of recruitment and selection, motivating, development, staff reduction, appraisal, communication, development of labour costs and development of organisational culture (Lipka, 2000, p. 28). Thus, the HR strategy expresses, in a formalised way, the intentions of the owner or the management board towards managing human resources through a series of deliberate decisions enabling implementation of the general strategy of the organisation.

The use of competencies as a concept that comprises features shared by the organisation and the employees enables effective combination of the strategy of the organisation with the human resources management strategy towards actual, rather than just declaratory, strategic management of human capital. For it enables the organisation to more fully implement its strategic goals, the achievement of which depends on human resources. Therefore, it indicates *the coexistence of the phenomena: management of professional competencies and achieving the personnel policy goals consistent with the strategic goals of the organisation* (Moczydłowska, 2008, p. 7). Hendry and Maggio (1996) suggested that when competencies are connected to broader organisational goals, it is possible to identify those characteristics and behaviours that distinguish the best from the average employees in terms of their contribution into implementation of the strategic goals. Therefore, it is important to examine the degree of application of a human resources development strategy in the surveyed organisations as the key document that defines the goals and directions for acting in the personnel sphere.

**A human resources management strategy was not generally applied in the examined sample of enterprises.** Only 41.6% of all surveyed companies had implemented a strategy, 15.5% was in the course of its implementation and 7.5% had developed a strategy, but have not implemented it yet (Figure 2.4).



Figure 2.4. Human resources management strategy (in total)



In the area of human resources management, does your organisation have in place/applied a human resources management strategy?  
 Base: n=941 (all enterprises).

With respect to the subsamples distinguished in the study (Table 2.13.), it is evident that:

- large enterprises are much more likely than the medium-sized ones to have an implemented human resources management strategy (62.3% vs. 38.2%),
- medium enterprises are much more likely than large ones not to be planning to implement a human resources management strategy (24.0% vs. 7.7%),
- companies that provide knowledge-intensive services and manufacturing companies are more likely than companies that provide less knowledge-intensive services to be implementing a HRM strategy (44.7%, 43.7% vs. 35.2%, respectively),
- companies that provide less knowledge-intensive services are much more likely than others not to be planning to implement a human resources management strategy (28.9% vs. 16.3% of knowledge-intensive services companies and 20.8% of manufacturing companies).

Table 2.13. Human resources management strategy (by subsample) [in %]

	Medium n=811	Large n=130	Knowledge- intensive services n=282	Less knowledge- intensive services n=270	Manufacturing n=389
Implemented	38,2	62,3	44,7	35,2	43,7
Implementation in progress	16,0	12,3	19,1	11,5	15,7
Developed, but not implemented	7,8	6,2	7,4	7,4	7,7
In the future	13,9	11,5	12,4	17,0	12,1
We are not planning to implement one	24,0	7,7	16,3	28,9	20,8

In the area of human resources management, does your organisation have in place/applied a human resources management strategy?  
 Base: n= 941 (all enterprises).

The question of **who develops and is responsible for implementation of a competency-based human resources development strategy in the organisation** is also important.

The available literature focuses mostly on the issue of the selection of people who identify and describe competencies. Filipowicz (2004, pp. 51–53) and Sidor-Rządowska (2011, p. 37) referring to the former, indicated the existence of two approaches:

1. the expert approach – in which implementation of the competency system is made by a consulting company specialists,
2. the participatory approach – in which the competency system is implemented by employees of the interested enterprise.

Both authors indicate several advantages and disadvantages of the two approaches (Table 2.14).

**Table 2.14. The expert and participatory approaches to implementation of a competency management system**

<b>Expert approach</b>	
<p>Advantages</p> <ul style="list-style-type: none"> <li>• It is possible to make use of solutions verified in many organisations</li> <li>• Access to the cutting-edge knowledge on competency management</li> <li>• Company employees are not diverted from their everyday duties</li> </ul>	<p>Disadvantages</p> <ul style="list-style-type: none"> <li>• There is the risk of failure to sufficiently account for the specificity of the company</li> <li>• There is the risk that employees may consider the developed models as superimposed</li> </ul>
<b>Participatory approach</b>	
<p>Advantages</p> <ul style="list-style-type: none"> <li>• Full adjustment of the adopted solutions to the conditions of operation of the company and the content of work on particular positions</li> <li>• Higher level of acceptance of the system, resulting from the feeling of participation</li> </ul>	<p>Disadvantages</p> <ul style="list-style-type: none"> <li>• Insufficiency of specialist knowledge on competency management</li> <li>• Encumbering employees with additional duties, often considered as distant from the essence of their work</li> </ul>

Source: Sidor-Rzqdkowska, 2011, p. 38.

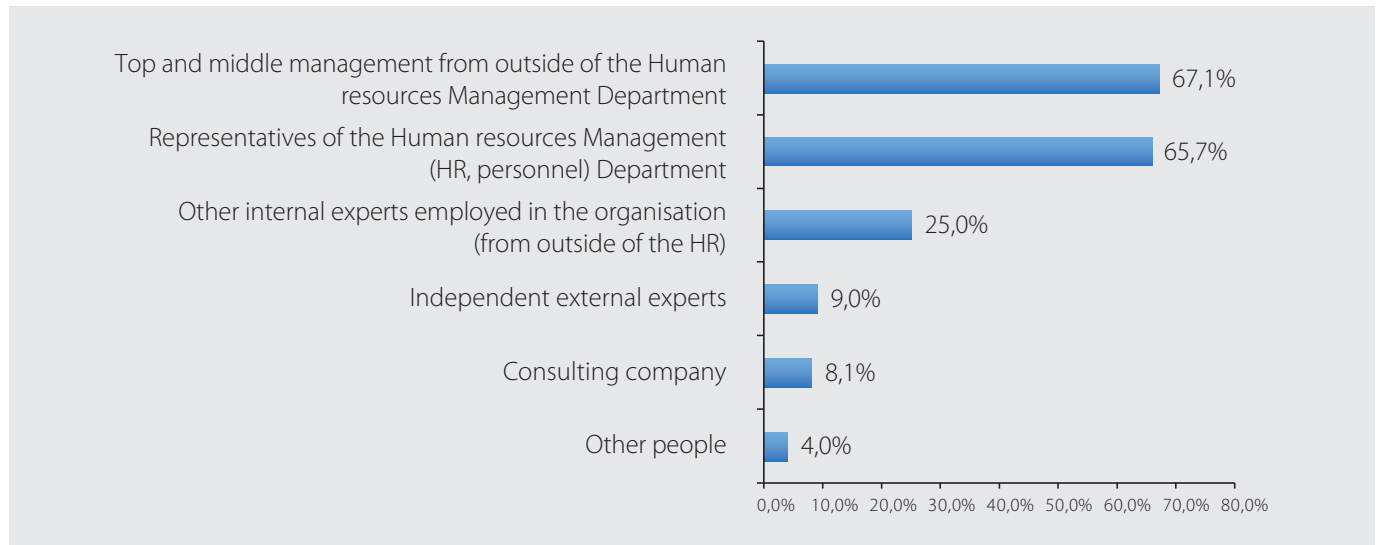
However, it seems that the problem of development and implementation of a competency-based human resources management system is more complex for at least two reasons: firstly, it starts with formulation of a competency-based human resources development strategy (rather than development of tools, such as lists and profiles of competencies<sup>19</sup>), and secondly, the scope and degree of participation of different groups of employees in the process of developing the system may vary. It is particularly important to take into account in the analyses not only of the participation of the HR department representatives, but also the management of the organisation from other departments. As regards the formulation of strategies, it is mostly the top and middle management. The non-management employees in the organisation do not have to fully know and understand the strategy of the organisation and related behaviours required from them. It is, however, indispensable that the managers of the organisation, as contributors to the system, should have such awareness. The transposition of appropriate standards into competency requirements and detailed behaviours need to be a purposeful action. Thus, the competency system will become one of the best employee management tools available to the management. Therefore, it is necessary to analyse the degree to which the organisation's management participates actively in the formulation of the assumptions and implementation of a competency-based HRM strategy.

Also with respect to the expert method, one may distinguish other possibilities of supporting the formulation of the strategy, besides full implementation made by a specialised consulting company. What is especially interesting is the degree of participation in the process of independent external experts and internal experts employed at the organisation, functioning outside of the human resources department. For participation of experts may ensure significant substantive support in the process of development and implementation of the strategy. Yet the process can still be called 'participatory', if internal specialists from the HR department and representatives of the middle and top management participate in it (or often even – play the leading role).

In the surveyed enterprises, **both middle and top managers (from outside of the HR department) and representatives of the human resources managers were the key employees responsible for the development and implementation of a competency-based human resources management strategy.** Those groups were also identified by 67.1% and 65.7% of respondents, respectively (Figure 2.5). What is very important is the discrepancy between the aforementioned two groups and the others, which included: other internal experts employed at the organisation (from outside of the HR department), independent external experts and a consulting company.

<sup>19</sup> Participation of different groups of employees in the development of competency profiles are presented in the second chapter of this part of the study (*Competency Profiles*).

**Figure 2.5. People responsible for development and implementation of a competency-based human resources development strategy (in total)**



Who develops and who is responsible for implementing a competency-based human resources development strategy in your organisation?  
Base: n=941 (all enterprises).

On the one hand, in the case of subsamples selected in the study, it was still more important to emphasise the involvement of top and middle managers and representatives of the HR department in the development and implementation of competency-based human resources management in large companies in comparison to medium ones (Table 2.15.). On the other hand, large companies are much more likely than medium ones to use the assistance of other internal experts employed in the organisation, independent external experts and the services of consulting companies in the development and implementation of the strategy. Interestingly, also companies that provide knowledge-intensive services clearly more often make use of the knowledge of internal experts from outside of the HR department, especially in comparison to companies that provide less-knowledge-intensive services. Moreover, there are no other evident differences between the groups of enterprises distinguished in terms of the type of activity.

**Table 2.15. People responsible for the development and implementation of a competency-based human resources development strategy (by subsample) [in %]**

	Medium n=811	Large n=130	Knowledge- intensive services n=282	Less knowledge- intensive services n=270	Manufacturing n=389
Top and middle management from outside of the Human Resources Management Department	65,6	76,2	66,7	63,7	69,7
Representatives of the Human Resources Management (HR, personnel) Department	62,9	83,1	64,2	63,7	68,1
Other internal experts employed in the organisation (from outside of the HR department)	23,7	33,1	30,9	19,3	24,7
Consulting company	7,0	14,6	8,2	8,5	7,7
Independent external experts	7,6	17,7	9,6	8,9	8,7
Other people	4,3	2,3	1,8	7,0	3,6

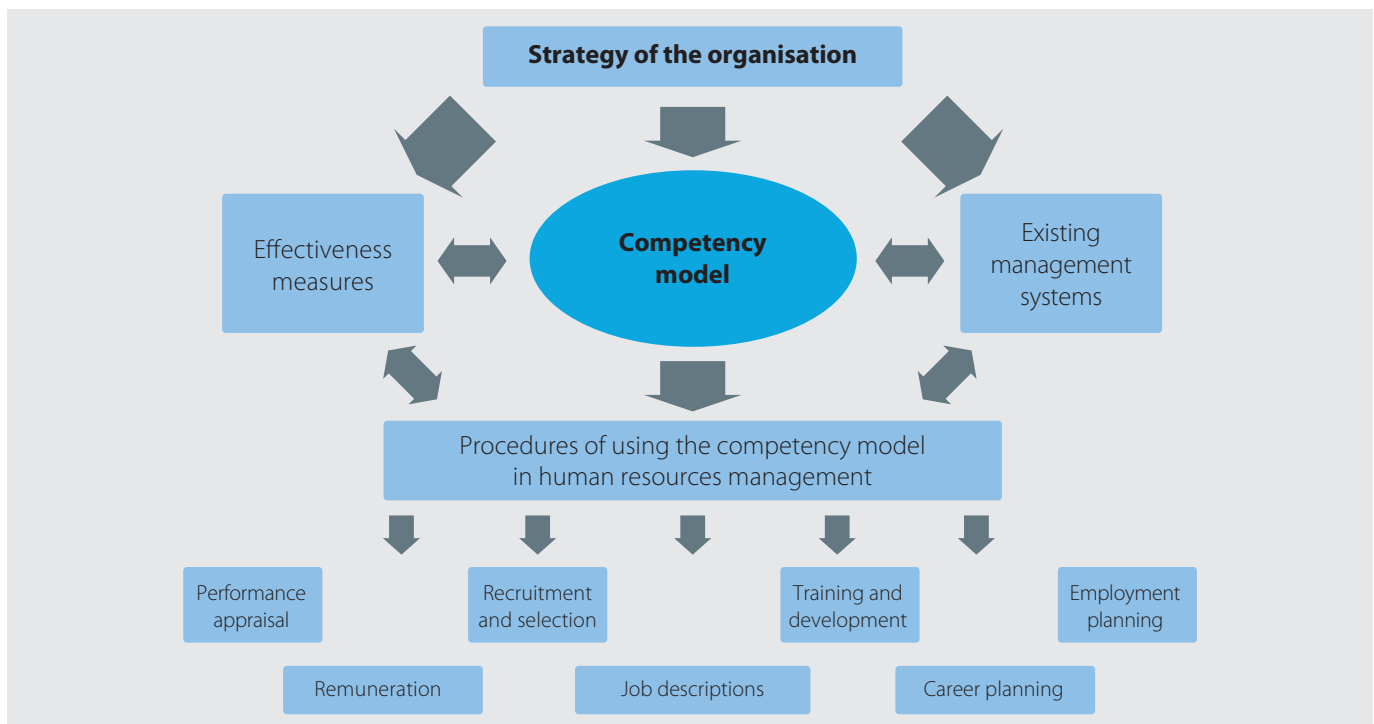
Who develops and who is responsible for implementing a competency-based human resources development strategy in your organisation?  
Base: n=941 (all enterprises).

### 2.2.3. Degree of integration of the competency-based human resources management system

The language of competency may be valuable for integrating the key HMR activities and achieving a consistent approach to personnel management (Armstrong, 2001, p. 248). The competency model may be the basis for shaping an effective human resources management system in practically every organisation, for it determines the competency requirements posed to the labour providers, the meeting of which contributes to an increase in effectiveness of work and, at the same time, implementation of the organisation's goals. According to Sidor-Rządkowska (2011, pp. 15–16), *a properly designed and implemented competency management system enables integration of specific areas of human resources management. It is possible to base all decisions of the personnel policy on clearly defined principles – the competency model adopted in the organisation.* The key to success is, therefore, transposition of the competency model onto the solutions in the scope of human resources management (Zingheim & Schuster, 1996, pp. 56–65).

The integrating role of the competency model in implementing human resources management processes is emphasised in most theoretical and practical studies (Oleksyn, 1999, p.63; Sidor-Rządkowska, 2011, pp. 15–16; Moczyłowska, 2008, p. 7; Czapla, 2011, pp. 41–42; Oleksyn, 2010, p. 194; Pocztowski, 2001, p. 173). Simultaneously, horizontal integration (between specific human resources management practices, such as recruitment and selection, training and development, performance appraisal, remuneration, etc.), as well as vertical integration (between HRM practices and the strategy of the organisation and other management systems) are indicated. Thus, the defined, 'systemic approach' (comprehensive, holistic) is required in contemporary management (Oleksyn, 1999, p. 63). Scheme 2.2. presents a model of such an integration.

Scheme 2.2. Scheme of competency-based human resources management system in an organisation



Source: Juchnowicz & Sienkiewicz, 2006, p. 256.

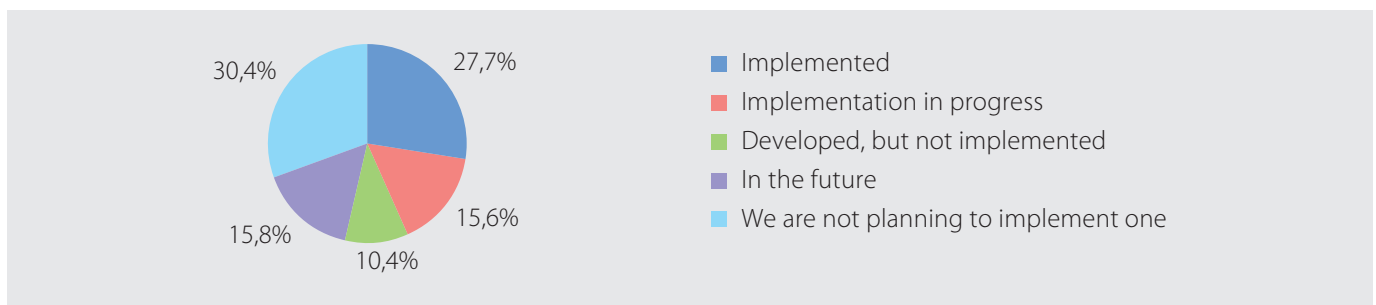
The competency management system is called an **integrated** system, because it enables close and multi-level systemic integration, covering:

- consistent approach to strategic management and on-going, everyday actions of employees,
- combining all areas, without exception, of human capital management into a single, internally coherent system (Juchnowicz, 2007, p. 118).

According to the definition adopted in the study and in this document, an **integrated competency-based human resources management system** is a set of coherent and linked human resources management practices in all its areas: from people entering an organisation (e.g. recruitment and selection processes, adaptation at work), through their effective functioning (e.g. performance appraisal and motivation processes), development (e.g. training and non-training developmental processes), to people leaving an organisation (e.g. the process of dismissal and outplacement). In the competency-based human resources management system, all HRM-related practices (and processes) are based on a common competency model (a set of competencies required from employees in a given organisation). In particular, competencies may underlie: strategic employment planning, recruitment and selection, development of job descriptions and evaluation of job positions, training and development, performance appraisal, career planning and remuneration of employees.

**Implementing a comprehensive competency-based human resources management is declared by slightly more than one-fourth (27.7%) of the surveyed enterprises.** A large group of companies (15.6%) is currently undergoing the process of implementing these solutions or is developing (10.4%) or planning to develop such solutions in the future (15.8%). Less than one in three companies (30.4%) is not planning to implement such solutions. **It confirms the growing popularity of competency-based human resources management in companies that operate on the Polish market, though the degree of implementation is still limited** (Figure 2.6).

Figure 2.6. Integrated competency-based human resources management (in total)



*In the area of human resources management, does your organisation have in place/applied integrated competency-based human resources management (covering all Human resources Management processes)? Base: n=941 (all enterprises).*

With respect to the subsamples distinguished in the study (Table 2.16.), it is clearly visible that:

- comprehensive solutions are much more frequently implemented by large companies (51.5%) than medium companies (23.9%),
- medium-sized enterprises are more likely than large companies not to be planning to implement integrated competency-based human resources management (32.8% vs. 15.4%),
- manufacturing companies are slightly more likely than companies that provide knowledge-intensive services and more likely than companies that provide less knowledge-intensive services to implement integrated competency-based HRM (32.9% vs. 27.0% and 21.1%, respectively),
- enterprises that provide less knowledge-intensive services are more likely than manufacturing enterprises and much more likely than knowledge-intensive services enterprises (40.4% vs. 28.8% and 23.0%, respectively) to be planning to implement such a solution.

Table 2.16. Integrated competency-based human resources management (by subsample) [in %]

	Medium n=811	Large n=130	Knowledge- intensive services n=282	Less knowledge- intensive services n=270	Manufacturing n=389
Implemented	23,9	51,5	27,0	21,1	32,9
Implementation in progress	16,3	11,5	17,7	14,4	14,9
Developed, but not implemented	11,1	6,2	12,1	6,7	11,8
In the future	15,9	15,4	20,2	17,4	11,6
We are not planning to implement one	32,8	15,4	23,0	40,4	28,8

In the area of human resources management, does your organisation have in place/applied performance appraisal based on competency criteria? Base: n=941 (all enterprises).

**The degree of integration of the competency-based human resources management system may, however, be determined mostly based on analysis of the coexistence of the subjective and objective criteria.** The assessment would cover:

1. the subjective criterion – meaning an analysis of the scope of influence of the system on specific groups of employees in the organisation,
2. the objective criterion – meaning an analysis of the scope of application of the system in specific areas of human resources management.

Analysis of groups of employees covered by the competency-based system is the basic criterion of assessment of the scope of its influence. **In general, the most desired situation is one in which the competency management system covers all employees of the organisation.** Such a situation was relevant for almost half (49.2%) of the surveyed enterprises (Figure 2.7).

Interestingly, lower rank employees (workers, specialists, coordinators, etc.) – 23.5% of the surveyed companies – are more likely than employees occupying managerial positions (both lower and middle management – 17.6% of enterprises, as well as top management – 15.8% of the surveyed companies) to be exclusively covered by competency management.

Figure 2.7. Groups of employees covered by human resources management through competencies (in total)



To which employees/groups of employees does the competency-based human resources management in the organisation apply? Base n=941 (all enterprises).

Similarly, no specific interest in implementations limited only to selected groups of employees, like people related to key projects of the organisation, talents/people with high potential or people employed in selected departments/organisational units, can be traced among the surveyed

enterprises. Therefore, it seems that the comprehensive perspective dominates among the surveyed companies – the willingness to cover the largest possible number of employees with the system. With regard to the study subsamples distinguished with respect to the size and business activity, no significant differences were found (Table 2.17.), besides:

- a clear differentiation in the proportion of companies that cover all employees by management through competencies in terms of size (62.9% of large companies and 47.0% of medium companies),
- a relatively more frequent use of management through competencies only with respect to lower rank employees in medium companies (24.5%) than in large companies (15.2%),
- it is much more frequently the case in medium companies and in companies that provide less knowledge-intensive services that management through competencies does not cover any group of employees,
- relatively higher use of management through competencies for all employees in companies that provide less knowledge-intensive services (41.4%) than in other kinds of enterprises.

**Table 2.17. Groups of employees covered by human resources management through competencies (by subsample) [in %]**

	Medium n=811	Large n=130	Knowledge- intensive services n=282	Less knowledge- intensive services n=270	Manufacturing n=389
<b>All employees in the organisation</b>	47,%	62,9	53,8	41,4	51,3
<b>Only lower rank employees (workers, specialists, coordinators, etc.)</b>	24,5	15,2	26,9	21,5	22,3
<b>Only employees employed on lower and middle management positions</b>	17,9	15,5	16,2	18,7	17,8
<b>Only employees employed on top management positions</b>	15,2	19,8	13,8	16,7	16,6
<b>Only employees employed in selected departments/organisational units (e.g. marketing)</b>	7,0	13,8	5,8	12,0	6,6
<b>Only employees related to the organisation's key projects</b>	5,0	6,0	4,6	4,8	5,7
<b>Only employees considered to be talents/people with high potential</b>	1,9	2,6	2,3	2,0	1,7
<b>No group of employees</b>	<b>16,0</b>	3,4	8,5	<b>22,3</b>	12,9

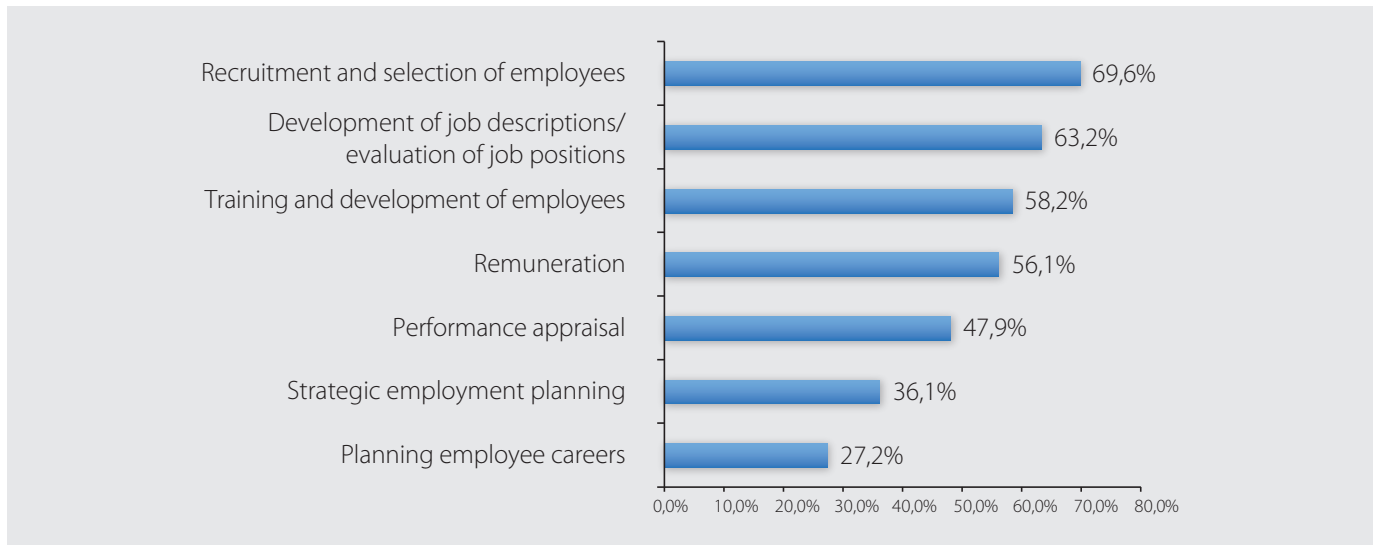
*To which employees/groups of employees does the competency-based human resources management in the organisation apply? Base n=941 (all enterprises).*

The basis for the functioning of the competency management system is, most of all, applying that solution in specific areas of human resources management. Only then may competency management bring desired results. Therefore, **the areas of application of these solutions in human resources management are one of the most important issues in the case of competency management.** The survey included an analysis of those areas, in which competency management is already in place, in which the solutions are just being implemented, and those, in which implementation of competency management is only in the planning phase. Depending on the area, the proportion of companies that have implemented such tools in a given area varies between 27.2% and 69.9% (Figure 2.8.)<sup>20</sup>

<sup>20</sup> Analysis of the share is performed only for enterprises, which use competency-based human resources management in the organisation for any of the distinguished employee groups (n=756). The question does not apply to 19.7% of enterprises from the study sample, which do not use competency-based HRM for any of the distinguished employee groups. Therefore, the distributions of responses may differ from those for the whole sample (n=941). Taking into account all of the surveyed enterprises, the percentage of companies that implemented solutions is as follows: recruitment and selection 55.9%, job descriptions 50.8%, training and development 46.8%, remuneration 45.1%, performance appraisal 38.5%, strategic employment planning 29.0%, planning employee careers 21.9%.



**Figure 2.8. Share of enterprises in which competency-based human resources management has been implemented in specific areas (in total)**



*In which areas of human resources management does your organisation use competency management tools? Base: n=756 (only enterprises, which use competency-based human resources management for any of the distinguished groups of employees).*

Among the enterprises that use competency-based human resources management with respect to any of the distinguished group of employees, the most popular areas of application include:

- recruitment and selection of employees (69.6% on average, including 83.1% of large enterprises and 67.1% of medium enterprises),
- job descriptions/evaluation of job positions (63.2% on average, including 72% of large enterprises and 47% of medium enterprises),
- training and development of employees (58.2% on average, including 72.9% of large enterprises and 55.5% of medium enterprises),
- remuneration (56.1% on average, including 69.5% of large enterprises and 53.6% of medium enterprises).

The least popular applications include the following areas:

- performance appraisal (47.9% on average, including 66.1% of large enterprises and 44.5% of medium enterprises),
- strategic employment planning (36.1% on average, including 47.5% of large enterprises and 34.0% of medium enterprises),
- planning employee careers (27.2% on average, including 33.9% of large enterprises and 26.0% of medium enterprises).

With respect to the criterion of type of activity, there are no conclusive differences in subsamples (Table 2.18.), besides the clearly more frequent use of competency-based HRM in the area of planning employee careers in enterprises that provide knowledge-intensive services and manufacturing companies than in enterprises that provide less knowledge-intensive services.

**Table 2.18. Share of enterprises in which competency-based human resources management has been implemented in particular areas (by subsample) [in %]**

	Medium n=638	Large n=118	Knowledge- intensive services n=247	Less knowledge- intensive services n=193	Manufacturing n=316
Recruitment and selection of employees	67,1	83,1	73,7	65,3	69,0
Development of job descriptions/ evaluation of job positions	60,2	79,7	66,0	61,1	62,3
Training and development of employees	55,5	72,9	62,8	51,3	58,9
Performance appraisal	44,5	66,1	51,4	46,6	45,9
Planning employee careers	26,0	33,9	33,2	18,1	28,2
Strategic employment planning	34,0	47,5	34,8	32,1	39,6
Remuneration	53,6	69,5	58,3	53,4	56,0

*In which areas of human resources management does your organisation use competency management tools? Base: n=756 (only enterprises which use competency-based human resources management for any of the distinguished groups of employees).*

A notable result of the study is the small scope of implementation of solutions in the area of planning employee careers. This can of course be caused by the general lack of solutions of that sort in the organisation, regardless of whether they are based in competencies or not. It seems that competency management is perfectly suited for solutions in the field of planning employee careers, but it requires determining competency criteria for the development of careers at all job positions (or organisational roles), carrying out regular evaluation of competencies and making personnel decisions on that basis (e.g. on promotion or transfer). It should be noted that the competency-based solutions also promote a different model of career advancement than vertical promotion, namely through extending the scope of competencies and improving already possessed competencies. Promotion and pay raise are, in this case, related to the level and scope of competencies of a given person, rather than a change of the job position. On the other hand, the low number of implementations in the area of strategic employment planning is not surprising. It results from the fact that such solutions are not generally very popular on the Polish market, and the systems of strategic employment planning are still rare.

Surely, however, **it is difficult, at this point, to talk of a real, integrating role of competency models in human resources management in most of the surveyed enterprises. The way to integrate competency based human resources management systems is still quite long.** Thus, enterprises do not make use of the possibility to increase the degree of achieving goals and the impact of the systems on employees through maximising the number of areas of their application in human resources management.

## 2.3. Competency profiles

### 2.3.1. Competency profiles as a competency management tool

**Competency profiles** are a tool that enables direct use of the concept of competency in human resources management. The concept of 'competency profile' can be defined in different ways, and sometimes is identified with the concept of 'competency model'. As the comparative analyses of the definitions of the concept show (Table 2.19.), it is still essentially different from the competency model concept. For it pertains not to the structure of competency requirements (providing the 'frame' for the competency-based human resources management system, as presented in Chapter 2.1.), but rather the detailed scope of competency requirements towards specific employees in a given organisation.

**Table 2.19. An overview of definitions of the concept of 'competency profile'**

Source	Definition
Juchnowicz & Sienkiewicz, 2006, p. 188	A competency profile is a list of all competencies required from individual employees. The profiles enable the comparison of competency requirements posed to employees, making it possible to differentiate them. It is competency profiles that are the basis for ascertaining that competencies required from one employee are higher than those posed to another, enabling them to be hierarchically ordered in terms of competency requirements.
Szczęśna & Rostkowski, 2004, p. 58	The competency profile is a set of the most important competencies possessed by an employee or required at a specific position (with the level of compliance). As a tool, competency profiles provide an introduction to building integrated systems of competency management and should be composed of four elements: <ul style="list-style-type: none"> <li>o list of competencies included in the competency profile,</li> <li>o information on the importance of specific competencies for the entire model,</li> <li>o information on the desired or existing degree of fulfilling each of the competencies,</li> <li>o methods of measuring competencies (behaviours that illustrate the existence of a given competency).</li> </ul>
Walkowiak, 2007, p. 28	Competency profiles are a set of competencies necessary for performing tasks in compliance with standards adopted in the organisation.
Miao, van der Klink, Boon, Sloep, & Koper, 2009, pp. 267–276	A competency profile is a set of competencies along with specified levels of proficiency, which are closely related to the work performed.
Oleksyn, 2010, p. 37	Competency profiles are a form of expressing competencies expected at a specific position or actually possessed by people. They may be treated as tools in the sphere of competency management.

Source: List of definitions developed within literature review for the purposes of the study by Jawor-Joniewicz A. and Sajkiewicz B.

Based on the above overview, **the competency profile was defined for the purposes of the empirical study as:** *A set of all competencies that describe a specific job position or organisational role. Competencies in a profile should be described in a language required from employee behaviours. The competency profile also defines the degree to which an employee should manifest the required competencies.*

Competency profiles, described in the language of behaviours, should be developed for individual positions in the organisation (sometimes for organisational roles or for individual employees). The process of developing competency profiles and its results (profile descriptions) should be characterised by simplicity, consistency and cohesion. Competency requirements are most often presented in the form of a table, which makes it possible to use them in practice to diagnose the competencies of employees. Table 2.20. presents an example of a competency profile for the position of 'Quality Manager'.

Table 2.20. An example of a competency profile (for the position of Quality Manager)

<b>I. Strategic competencies, supporting the realisation of company values</b>		
Core competencies required for every position supporting the implementation of the company's mission and strategy		
Name of competency	Required level of proficiency	Synthetic level description
1. <b>Openness to cooperation</b>	<b>3.</b>	His/her attitude contributes to maintaining a good atmosphere at work; generally treats others with respect, complies with the principles of equality in the group; acts to achieve a common goal.
2. <b>Creative action</b>	<b>3.</b>	Finds it easy to devise new, even the smallest of changes within his/her own department; they are advantageous; tries to implement them; encourages subordinates to similar behaviour.
3. <b>Orientation on external customer and internal customer</b>	<b>3.</b>	With his/her actions, maintains satisfaction of external and internal customers; acts on good quality of products and services, having in mind a high level of safety.
4. <b>Operational costs optimisation</b>	<b>3.</b>	Usually optimises operational costs in his/her department and within his/her function.
<b>II. Competencies related to performed responsibilities</b>		
Competencies that guarantee performing responsibilities		
Name of competency	Required level of proficiency	Synthetic level description
1. <b>Decision-making</b>	<b>3.</b>	Makes the right decisions concerning the subject area at the right time.
2. <b>Problem-solving</b>	<b>3.</b>	Makes an in-depth analysis of a problem after its occurrence, draws conclusions, finds optimum systemic solutions for his/her area of responsibility and implements them.
3. <b>Work planning and organisation</b>	<b>3.</b>	Usually is able to plan the work of the subordinate team, set priorities of the actions to be undertaken, delegate tasks to subordinates and monitor results.
4. <b>Team management</b>	<b>3.</b>	Can build an effective team and motivate them to perform everyday duties.
5. <b>Regard toward employee development</b>	<b>3.</b>	Usually is able to identify the training needs of his/her subordinates and provides them with support in fulfilling everyday duties.
6. <b>Information management</b>	<b>3.</b>	Informs his/her subordinates about the goals, plans, changes concerning their positions and the entire department, forwards information from subordinates to his/her superior and tends to the transfer of information between his/her department and other cooperating departments.
<b>III. Competencies related to work efficiency</b>		
Competencies which guarantee quality, quantity and timeliness of all implemented tasks at the given position		
Name of competency	Required level of proficiency	Synthetic level description
1. <b>Self-development</b>	<b>3.</b>	He/she is conscious of his/her competency gaps and takes care for his/her professional development; actively participates in improvement trainings and makes practical use of skills obtained at trainings; reacts to comments and remarks concerning his/her own work in a constructive way and draws appropriate conclusions.

2.	<b>Orientation on acting and results</b>	3.	He/she is oriented on acting and his/her results; strives to implement the assigned tasks and achieve assumed effects.
3.	<b>Independence</b>	3.	He/she is self-disciplined; independently looks for needed information – does not expect ready answers; takes responsibility for the performed tasks and, if possible, copes with their implementation on his/her own.
4.	<b>Timeliness</b>	3.	Controls the time for performing tasks, generally meets the deadlines, tries to foresee threats that might affect the time of performing tasks.

#### IV. Hard competencies

Competencies that support everyday performance of responsibilities			
	Name of competency	Required level of proficiency	Summary level description
1.	<b>Knowledge of English</b>	3.	Has a good command of English. Understands complex statements included in texts, as well as during conversations, exceeding the area of the occupied job position. Can express themselves in writing clearly, on a broad range of topics. Can hold conversations with native speakers without effort. Participates actively in discussions and finds it easy to present his/her opinions.
2.	<b>Use of software</b>	3.	Use of software for planning, production management, managing orders and quality control applications in the scope required at the occupied job position.

Source: Chrośniak, 2010.

Development of competency profiles is an important step towards building a competency model in the organisation. Competency profiles, forming a list of all competencies required from individual employees at the company, are at the same time becoming the basic tool for defining requirements and the basis for assessing competencies. Another advantage of competency profiles is also the possibility to compare competency requirements posed to employees in a given organisation and capturing the relative differences, e.g. between various levels of hierarchy in the organisation. For instance, for the needs of preparing an employee for promotion, the competency requirements at the positions of a specialist and a manager in a given department can be carried out to clearly define the scope and kinds of differences. Thus, actions aimed at preparing an employee for occupying a new position can be better targeted.

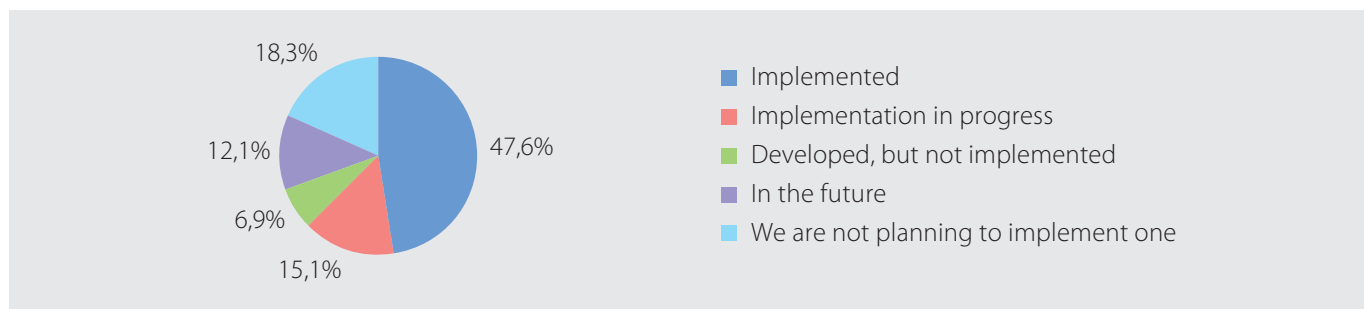
The most frequent errors made during determining competency profiles for positions are (Sidor-Rządkowska, 2011, p. 113):

1. incorrect identification of competencies required on a given position,
2. identifying insufficient or too high number of competencies,
3. failure to properly develop definitions of specific competencies making up the job profile,
4. the lack of clearly defined levels of fulfilling individual competencies.

#### 2.3.2. Use of competency profiles in the surveyed enterprises

**In the surveyed sample, half of the enterprises (47.6%) have implemented profiles (lists) of competencies that define the set of competencies necessary for performing professional tasks on a given job position** (Figure 2.9.). Simultaneously, a large group of companies (15.1%), at the time of the survey, was in the process of implementing such solutions, while 6.9% had already developed competency profiles, but had not implemented them yet. A large group (12.1%) is planning to implement profiles in the future, and almost one company in five (18.3%) is not planning to implement them at all. **Therefore, the scope of implementation of competency profiles in the surveyed enterprises should be considered as moderate.**

Figure 2.9. The scope of implementing competency profiles in enterprises (in total)



In the scope of human resources management, does your organisation have in place/applied competency profiles/lists (defining the sets of competencies needed for performance of the professional tasks on a given job position)? Base: n=941 (all enterprises).

In the distinguished subsamples, a clear differentiation may be observed with reference to the degree of utilisation of the competency profiles tool (Table 2.21.). In particular:

- there is visible a clear difference between the degree of implementation of competency profiles in large (66.2%) and medium-sized enterprises (44.6%),
- differences between companies that provide knowledge-intensive services, less-knowledge intensive services and manufacturing enterprises are small in terms of the degree of competency profiles implementation (the smallest number of implementations is in companies providing less knowledge-intensive services), but
- the share of companies that are not planning to introduce this solution is definitely higher among companies that provide less knowledge-intensive services.

Table 2.21. Degree of implementation of competency profiles in enterprises (by subsample) [in %]

	Medium n=811	Large n=130	Knowledge- intensive services n=282	Less knowledge- intensive services n=270	Manufacturing n=389
<b>Implemented</b>	44,6	66,2	51,4	43,0	48,1
<b>Implementation in progress</b>	15,9	10,0	19,1	12,6	13,9
<b>Developed, but not implemented</b>	7,6	2,3	6,0	7,0	7,5
<b>In the future</b>	12,5	10,0	12,1	11,5	12,6
<b>We are not planning to implement one</b>	19,4	11,5	11,3	25,9	18,0

In human resources management, does your organisation have in place/applied competency profiles/lists (defining the sets of competencies needed for performing professional tasks on a given job position)? Base: n=941 (all enterprises).

The use of job descriptions containing elements of competency requirements is an alternative to competency profiles with regard to the possibility of applying competency-based human resources management in a company. In some organisations, job descriptions contain a well-developed section concerning requirements posed to every potential worker with respect to knowledge, skills, attitudes and dispositions needed for proper work performance. However, such a solution should be considered as an intermediate solution since the descriptions most often do not contain, beside the list of competencies, important elements in competency profiles, such as descriptions of behaviour indicators or defining the required level of proficiency in a given competency. Nevertheless, it is possible to implement a personnel policy in the area of competency management with the use of such a solution to a certain degree.

The conducted survey shows that the group of enterprises that apply job descriptions containing elements of competency requirements is only slightly higher than those that use full competency profiles (Figure 2.10.). More than half of the surveyed enterprises (54.8%) have implemented such a solution, 13.6% is in the process of its implementation, and almost every 10th company (8.2%)

have developed such solutions, but has not implemented them. A comparable group of companies, as in the case of profiles implementation, but slightly smaller (15.8%), is not planning to implement such a solution.

Figure 2.10. Scope of implementation of job descriptions containing elements of competency requirements (in total)



In the area of human resources management, does your organisation have in place/applied job descriptions containing elements of competency requirements in the surveyed organisations? Base: n=941 (all enterprises).

With reference to the distinguished subsamples (Table 2.22.), it is evident that:

- the scope of implementations of job descriptions containing elements of competency requirements is clearly higher in large companies (71.5%) than in medium companies (52.2%),
- at the same time, many considerably more medium-sized companies (17.3%) than large companies (6.9%) are not planning to implement such a solution,
- there is no evidence of a clear differentiation of the scope of implementation in terms of the type of business activity, yet a considerably higher proportion of companies, which are not planning implementation, can be found among companies that provide less knowledge-intensive services (23.0%).

Table 2.22. Scope of implementation of job descriptions containing elements of competency requirements (by subsample) [in %]

	Medium n=811	Large n=130	Knowledge- intensive services n=282	Less knowledge- intensive services n=270	Manufacturing n=389
<b>Implemented</b>	52,2	71,5	58,5	50,0	55,5
<b>Implementation in progress</b>	13,9	11,5	17,0	9,6	13,9
<b>Developed, but not implemented</b>	8,8	4,6	7,4	7,8	9,0
<b>In the future</b>	7,9	5,4	7,8	9,6	5,9
<b>We are not planning to implement one</b>	17,3	6,9	9,2	23,0	15,7

In the area of human resources management, does your organisation have in place/applied job descriptions containing elements of competency requirements in the surveyed organisations? Base: n=941 (all enterprises).

The very fact of using competency profiles in the practice of human resources management does not mean, however, that the approach is homogeneous. For competency profiles may differ greatly from one another, be based on different assumptions, as well as they may have been developed for various groups of positions within an organisation. Based on the above assumptions, the following issues were decided to be analysed within the study:

1. average number of competencies in a single profile,
2. type of positions for which they were developed,
3. degree of differentiation (or unification) of competency profiles (in terms of various criteria),
4. gradation of the importance of competencies at the level of a single profile.

A group of 655 companies (69.6% of the surveyed sample) is the basis for a further, detailed analysis of the shape of competency profiles utilised in the surveyed enterprises, where competency profiles have been developed or where their implementation is now under way.



### 2.3.3. Number of competencies in a single profile

The number of competencies in a single profile is a derivative of the level of detail of the competency model adopted in the organisation. The basic principle is that the more detailed the model, the longer its development takes (and thus the cost of developing these tools are higher) and the more detailed are the ways of achieving the assumed goals/effects determined (and, therefore, on one hand, it is possible to define the desired results more precisely of the use of competencies and manage the results, but, on the other hand, the possibility to apply creative, alternative ways of achieving comparable results is limited) (Mirabile, 1997, p. 79). Along with the increase in the level of detail of the model and the number of competencies in the profile, the practical usefulness of the tool decreases, as well as its everyday use is more complex. Usually, an increase in the level of detail of the model results in overlapping of competencies and it is difficult to assess the differences in their manifestation<sup>21</sup>.

As noted by Sidor-Rządkowska (2011, p. 38), *It is a common belief that the more detailed the model, the better it is. In fact, it does not seem to be that simple. Identification of a very high number of competencies and assigning extensive explanations to them leads to a situation, in which a voluminous book is created. More importantly, a specific 'blurring' of the importance of competencies occurs. Both the appraiser and the appraisee stop to clearly see what is really important to do in a given job*. A very high number of competencies leads also to difficulties in their evaluation.

The adoption of an appropriate level of detail of competencies enables the determination of their optimum number in a single profile, which means that one (Juchnowicz & Sienkiewicz, 2006):

- will precisely reflect the differences in competency requirements for individual employees and their scopes of responsibilities, and
- will enable efficient functioning of the competency model in practice.

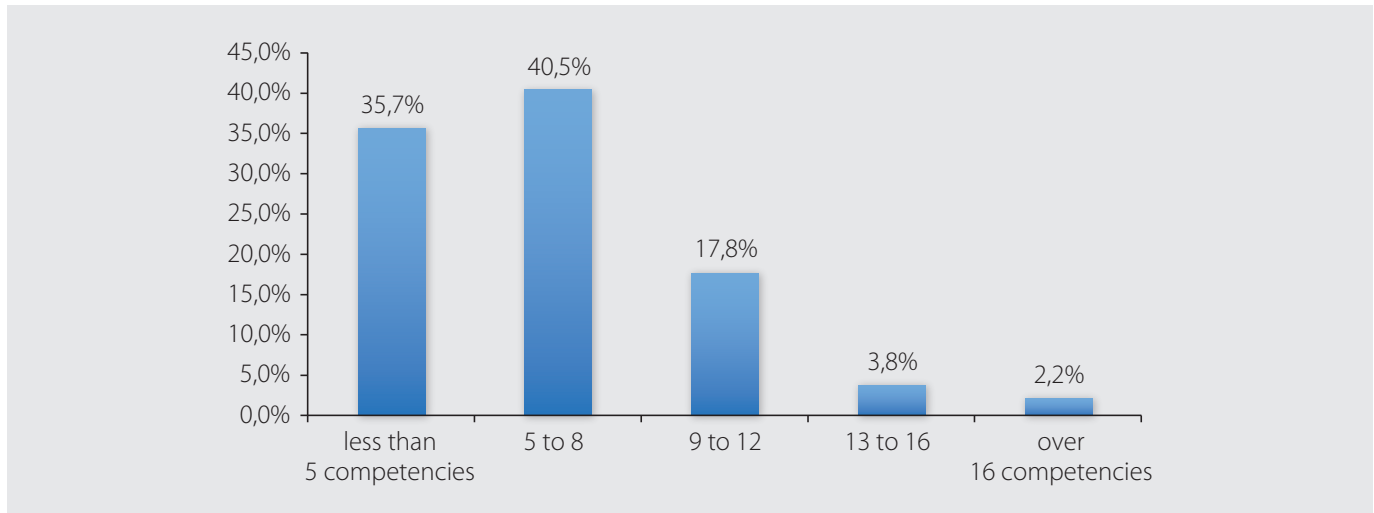
In terms of the first criterion, the number of competencies in a profile should not be too small, and in terms of the second criterion – not too large. Competencies should almost completely reflect the content of the responsibilities of the given person, at the same time enabling efficient functioning of these tools in the organisation. Various authors and practitioners agree that the number of competencies in a single profile should not exceed 9 to 12 competencies<sup>22</sup>. Sidor-Rządkowska (2011, p. 39) claims that *the principle of identifying a few to over a dozen competencies for a specific job and adding brief descriptions to them works best in the organisational practice*.

In the practice of enterprises, various solutions function within the scope of the number of competencies in a single profile, as it is depicted in Figure 2.11. The most popular solution in the surveyed enterprises was the number of competencies within the profile, defined at the level of five to eight competencies (applied in 40.5% of the surveyed organisations). More than one-third of the companies (35.7%) admitted that their organisation used profiles comprising of less than five competencies. Almost one in five companies applied an average of 9–12 competencies (17.8%) in competency profiles. The least popular solutions were those, in which competency profiles comprised a large number of competencies (from 13 to 16 competencies in 3.8% of companies; over 16 in 2.2%).

<sup>21</sup> According to Woodruffe (2003, p. 102), including in a model of very similar competencies (such writing reports and writing emails, which should fall under one competency headline 'written communication') has no logical justification.

<sup>22</sup> This opinion is shared, among others, by Lipkowski (2001, p. 167), who claims that *the balance between requirements for the employee, planning his or her development and his or her ability to perceive those requirements is achieved precisely with around 12 competencies*.

Figure 2.11. Average number of competencies in a single competency profile (in total)



How many competencies are there in a competency profile on average in your organisation? Base: n=655 (companies which have developed/implemented or are implementing competency profiles/lists of required competencies).

In addition to the significant differentiation of the solutions adopted in the studied organisations, there is a definite prevalence of simple solutions, in which profiles with a small number of competencies are preferred. Companies with profiles comprising of up to eight competencies account for three-quarters (76,2%) of the sample. **This indicates that small profiles, comprising of a small number of competencies, easy to construct and use, are preferred.** It must be remembered, however, that excessive simplification of profiles may also have a negative impact on their utility in human resources management.

In the distinguished surveyed subsamples, it is possible to find slight differentiation of adopted solutions with reference to the average number of competencies in a single profile (Table 2.23.). In particular:

- profiles with a higher number of competencies (over eight) are much more likely to be used in large enterprises (34.5% of companies) than in medium enterprises (21.8%),
- similar, though less distinct, is the differentiation between companies that provide knowledge-intensive services, less-knowledge intensive services and manufacturing companies with regard to solutions with a higher number of competencies in the profile (29.4%, 20.1%, 21.9%, respectively),
- the simplest profiles (containing less than five competencies) are much more frequently used by manufacturing enterprises (40.6%), especially with respect to companies that provide knowledge-intensive services (27.8%).

Table 2.23. Average number of competencies in a single competency profile (by subsample) [in %]

	Medium n=553	Large n=102	Knowledge- intensive services n=216	Less knowledge- intensive services n=169	Manufacturing n=270
less than 5 competencies	36,9	29,5	27,8	37,7	40,6
5 to 8	41,3	36,1	42,9	42,2	37,5
9 to 12	16,7	23,8	20,6	17,6	15,7
13 to 16	3,0	8,2	6,0	1,0	4,0
over 16 competencies	2,1	2,5	2,8	1,5	2,2

How many competencies are there in a competency profile on average in your organisation? Base: n=655 (companies which have developed/implemented or are implementing competency profiles/lists of required competencies)

#### 2.3.4. Type of positions for which competency profiles were developed

As stated above, the first step to create competency profiles is determining which of the identified competencies will be required from a given employee. Most often, competency requirements are defined by the scope of professional tasks, which the employee performs on a given position, as the tasks constitute the basic area of the applying competencies. Therefore, the structure of competency profiles in an organisation is usually formed on the basis of the structure of job positions existing in the company. The requirements that result from a job description determine the competencies, which an employee should demonstrate. The advantage of this approach is a good knowledge of the requirements on a given position resulting from the availability of information.

Competency profiles may be created for all job positions in the organisation or for selected groups of positions. **Generally, one can say that the scope of impact of competency-based human resources management is limited to the positions for which competency profiles have been developed.** It is because profiles constitute the basic tool of applying competency management, which determines the possibility to assess the actual competencies of an employee, in terms of required competencies, and undertaking appropriate managerial actions on that basis (including trainings, promotion to a higher/another position, remuneration, etc.). Therefore, the best solution is to develop competency profiles for all positions in the organisation. Sometimes the existence of other solutions, in which profiles are developed for selected groups of positions in the enterprise, is desirable because of the specificity of the organisation.

The practice of the surveyed enterprises in this scope is presented in Figure 2.12. In companies that use competency profiles, a solution, in which the profiles are developed for all positions in the organisation, is applied slightly less frequently than other approaches (61.7%). Profiles are most frequently developed for executive positions (77.7%) and lower and middle management positions (73.0%), and slightly less often – for top management positions (69.5%). There are slightly fewer competency profiles implementations for positions distinguished according to criteria other than organisational hierarchy: related to key projects of the organisation (in accordance with the logic of the matrix-project organisational structure), functioning in selected department/organisational units (in accordance with the logic of the functional division of the organisational structure), and the least for employees considered to be talents/people with high potential (in accordance with the differentiation of employees consistent with the logic of human capital theory). **These results may indicate a treatment of competency profiles as a tool for standardising human resources (that is tools defining most of all standard competency requirements, posed to potential workers), rather than a tool used to make available human capital in the company more flexible and diverse (that is aimed at differentiating employees in terms of uniqueness, hard to copy and imitate competencies, needed by the organisation to achieve market success – in compliance with the theory of core competencies in the corporation of Prahalad and Hamel).**

Figure 2.12. Competency profiles developed for various types of positions (in total)



*For what positions or groups of positions in your organisation have lists of required competencies (competency profiles) been developed? Please select all correct responses. Base: n=655 (companies, which have developed/implemented or are implementing competency profiles/lists of required competencies)*

With reference to the distinguished study subsamples, profiles are targeted as follows:

- the highest difference, reaching 21%, occurs between large and medium companies in terms of implementing competency profiles for all positions in the organisation,
- the differences are practically insignificant between the subsamples of companies in terms of knowledge intensity of their business activities;
- no significant differences can be seen between medium and large companies in terms of implementing competency profiles for groups of positions differentiated in accordance with the criterion of hierarchy (executive positions, lower, middle and top management); clear differences (all exceeding 20%) can be seen in the scope of implementation of competency profiles with regard to positions distinguished in accordance with other criteria (selected department/organisational units, key projects, talents); profiles for these groups of positions are developed considerably more frequently in large companies,
- considerably more frequently profiles are developed for executive job positions in companies offering knowledge-intensive services than in other groups of enterprises distinguished by their activity type. This can be proven by the high importance of employee (first contact employees in services) competency in enterprise activity of this type.

Table 2.24. Competency profiles developed for various types of positions (by subsamples) [in %]

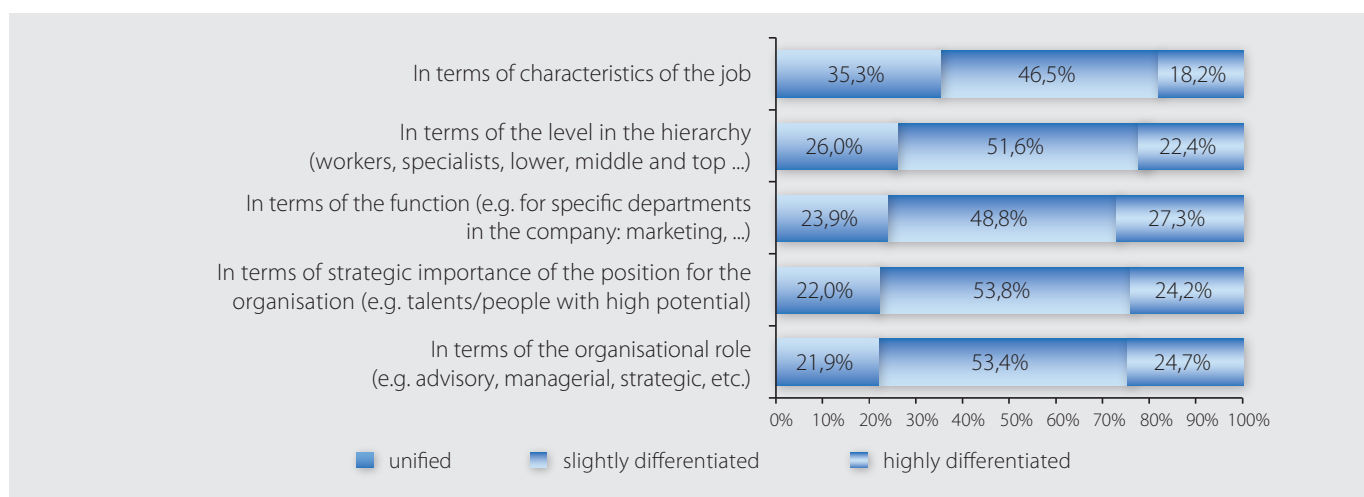
	Medium n=553	Large n=102	Knowledge- intensive services n=216	Less knowledge- intensive services n=169	Manufacturing n=270
<b>For all positions in the organisation</b>	58,4	79,4	59,7	59,2	64,8
<b>For non-executive positions (employees, specialists, coordinators, etc.)</b>	77,0	81,4	85,2	73,4	74,4
<b>For lower and middle management positions</b>	72,3	76,5	76,4	72,2	70,7
<b>For top management positions</b>	68,0	77,5	72,7	66,9	68,5
<b>For positions in selected departments/organisational units (e.g. marketing)</b>	61,1	79,4	60,6	68,0	64,1
<b>For positions related to the organisation's key projects</b>	61,3	75,5	65,3	62,1	63,0
<b>For the positions of employees considered to be talents/people with high potential</b>	48,6	59,8	56,9	45,0	48,5

For what positions or groups of positions in your organisation have lists of required competencies (competency profiles) been developed? Please select all correct responses. Base: n=655 (companies, which have developed/implemented or are implementing competency profiles/lists of required competencies)

### 2.3.5. Degree of differentiation (uniformity) of competency profiles

It is interesting to analyse the replies to the question concerning the degree of differentiation/uniformity of competency profiles in the surveyed enterprises. Generally, a small degree of differentiation of profiles is evident (Figure 2.13.), regardless of the adopted differentiation criterion. Interestingly, competency profiles are most frequently unified due to the characteristics of the job, the level in the hierarchy (executive workers, specialists, lower, middle and top management) and the function (e.g. for specific departments in the company: marketing, sales, finance, HR, etc.). It indicates the observed harmonising and standardising nature of competency profiles. At the same time, competency profiles are most often only to a slight degree differentiated in terms of the strategic importance of the position for the organisation (e.g. talents/people with high potential, key employees, chief experts, etc.) and in terms of the organisational role (e.g. advisory, managerial, strategic, etc.).

Figure 2.13. Degree of differentiation/unification of competency profiles (in total)



Are there competency profiles for specific positions in your organisation ...? Base: n=655 (companies, which have developed/implemented or are implementing competency profiles/lists of required competencies)

As Table 2.25. shows, there is no evidence of any clear differentiation of competency profiles in the analysed subsamples in terms of selected criteria.

**Table 2.25. Degree of differentiation/unification of competency profiles (by subsample) [in %]**

		Medium n=553	Large n=102	Knowledge- intensive services n=216	Less knowledge- intensive services n=169	Manufacturing n=270
<b>In terms of characteristics of the job</b>	unified	35,2	36,1	35,7	36,3	34,5
	slightly differentiated	47,8	39,3	47,2	42,2	48,6
	highly differentiated	17,0	24,6	17,1	21,6	16,9
<b>In terms of the level in the hierarchy (workers, specialists, lower, middle and top management)</b>	unified	26,4	23,8	26,2	22,5	28,0
	slightly differentiated	51,7	50,8	54,4	49,5	50,8
	highly differentiated	21,9	25,4	19,4	27,9	21,2
<b>In terms of function (e.g. for specific departments in the company: marketing, sales, finance, HR, etc.)</b>	unified	24,3	22,1	26,6	21,1	23,7
	slightly differentiated	50,2	41,0	48,4	49,0	48,9
	highly differentiated	25,5	36,9	25,0	29,9	27,4
<b>In terms of the organisational role (e.g. advisory, managerial, strategic, etc.)</b>	unified	21,7	23,0	27,4	15,7	21,5
	slightly differentiated	54,6	46,7	49,6	51,5	57,5
	highly differentiated	23,7	30,3	23,0	32,8	20,9
<b>In terms of strategic importance of the position for the organisation (e.g. talents/ people with high potential, key employees, chief experts, etc.)</b>	unified	22,8	18,0	23,8	20,1	21,8
	slightly differentiated	53,7	54,1	56,7	47,5	55,4
	highly differentiated	23,5	27,9	19,4	32,4	22,8

*Are there competency profiles for specific positions in your organisation ...? Base: n=655 (companies, which have developed/implemented or are implementing competency profiles/lists of required competencies)*

### 2.3.6. Gradation of importance of competencies at a single competency profile level

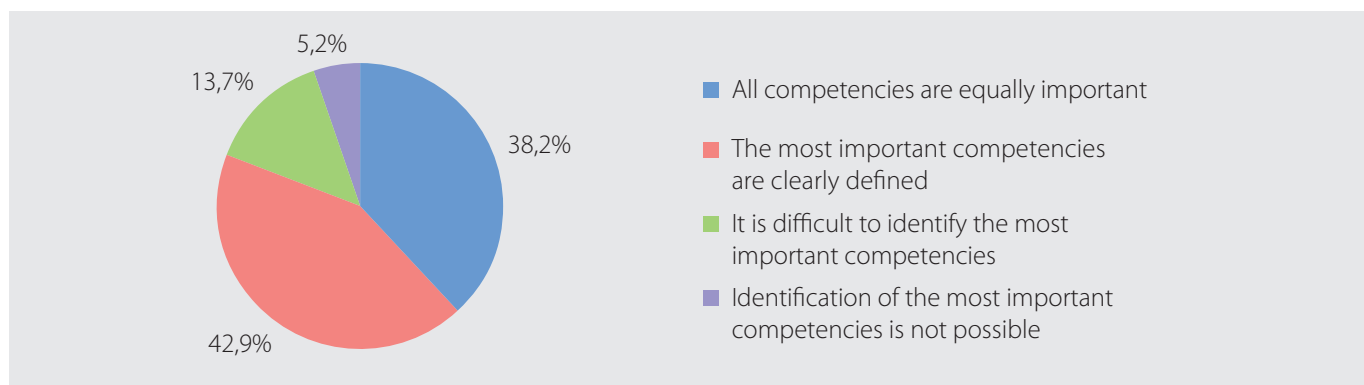
It is a significant element of construction of a competency model in an organisation to determine the relative importance of competencies. As noted by Rostkowski (2002, p. 94), all competencies identified in the model are important, but not all to the same extent, as the point is to identify 'the most important ones from the perspective of the list provided', rather than 'the most important competencies in general'. In practice, we may conclude, therefore, that:

- all competencies in the model are of the same importance,
- specific competencies are of various importance.

Applying the importance of competencies enables determination of core competencies for a given organisation. A core competence is the competence, which is the most important from the point of view of the created model, and thus is the most significant for the organisation. The assumption that specific competencies are of different importance enables reflection of actual differences in the value of specific competencies in human resources management, especially from the organisational perspective. Determining the core competencies enables their special support and rewarding, since these competencies lead to the organisation's success. Employees who demonstrate these competencies constitute the most precious resources of the organisation.

Unfortunately, determining relative importance of competencies for the organisation is frequently omitted at the stage of competency model development. The practice of the surveyed enterprises in that scope is strongly diversified (Figure 2.14.). The competencies, which are the most important from the organisation's perspective, are explicitly determined in 42.9% of all surveyed enterprises. In the second largest group of enterprises (38.2%), all competencies are treated as equally important. 5.2% of all surveyed companies decided that identification of the competencies, which are the most important was impossible (even if not all competencies are perceived as equally important). Difficulties related to determining the importance of competencies within profiles, and in particular in identifying the most important competencies, were experienced by 13.7% of the surveyed organisations. Thus, it is evident that organisations, in which determination of the importance of competencies is impossible, difficult or such differentiation is not made prevail among the surveyed organisations. Those organisations account for 57.1% of all surveyed.

**Figure 2.14. Gradation of the importance of competencies at a single competency profile level (in total)**



*Is it known in your organisation, which competencies are the most and which are the least important for a given job at the single competency profile level? Base: n=655 (companies which have developed/implemented or are implementing competency profiles/lists of required competencies)*

With reference to the subsamples distinguished in the study, lack of conclusive differences between large and medium enterprises is evident (Table 2.26.). It is more likely for service enterprises (both providing knowledge-intensive services and less-knowledge intensive services) than for manufacturing enterprises to take place, in which all competencies are equally important for the organisation (and inversely – there is a higher proportion of manufacturing companies which have clearly defined the most important competencies).

**Table 2.26 Gradation of importance of competencies within a competency profile (by subsample) [in %]**

	Medium n=553	Large n=102	Knowledge- intensive services n=216	Less knowledge- intensive services n=169	Manufacturing n=270
<b>All competencies are equally important</b>	37,3	42,6	42,5	40,2	33,5
<b>The most important competencies are clearly defined</b>	43,6	39,3	38,1	38,2	49,5
<b>It is difficult to identify the most important competencies</b>	13,8	13,1	14,3	16,2	11,7
<b>Identification of the most important competencies is not possible</b>	5,3	4,9	5,2	5,4	5,2

*Is it known in your organisation, which competencies are the most and which are the least important for a given job at a single competency profile level? Base: n=655 (companies, which have developed/implemented or are implementing competency profiles/lists of required competencies).*



The use of gradation of the relative importance of competencies in the surveyed enterprises is definitely insufficient. There may be many contributing factors. One of the main reasons may be the concern that identifying some competencies is less important, while others are seen as more important, will make the employees focus of the latter<sup>23</sup>. Another cause may be the lack of appropriate knowledge and tools used to determine the relative importance of competencies at the profile level.

In practice, competencies may be considered from two perspectives: depending on their importance for the job or for the organisation (Woodruffe, 2003, p. 115). Taking the job perspective will lead to the application of criteria to **identify the relative importance of competence in a given job**, that is at the single competency profile level. The methods used to determine such importance include (Rostkowski, 2002, p. 94):

1. frequency of using the given competency within the role played (e.g. written communication in the case of an assistant),
2. consequences of failure to hold the competency (e.g. lack of employee focus on quality control),
3. significance for work efficiency (e.g. negotiation, in the case of sales department employees).

The methods are aimed at determining the importance of competencies within single profiles only from the point of view of the job performed. Unfortunately, when using them it is impossible to determine, which of the competencies are more important, from the point of view of the whole organisation, as these methods do not allow even the approximated prediction of the effects of the given competency on the scale of the whole organisation.

In principle, the only method related to specific profiles, but also appropriate for determining the importance of competencies at a organisational level, is the application of threshold categories and differential competencies (see Chapter 2.1.). In this case, differential competencies may prove to be most significant, as they have the greatest influence on the results of work of individual employees. There are also indirect methods of determining the relative value of competence in an organisation, involving the analysis of the determinants of competence, both internal (such as impact on achieving goals, organisational culture, phase of development of the organisation), and external (market value of competencies that account for difficulties in obtaining competencies on the market, the aging pace of competencies, difficulties in imitating and substituting, as well as the link between competencies and competitive advantage) (Juchnowicz & Sienkiewicz, 2006).

To sum up, the determination of the relative significance (gradation of importance) of specific competencies at a single competency profile level is essential from the point of view of efficient functioning of the competency management system in an organisation, as it enables identifying core competencies whose acquisition, development and maintenance in the organisation is a priority task.

## 2.4. Sourcing employees based on competencies

### 2.4.1. Using competency management in the area of employee recruitment

A competency model that includes competency profiles may be successfully used to source employees, both in the scope of planning employment in its strategic dimension, as well as recruitment and selection.

Primarily, it is used in **strategic planning of employment**. Planning employment is a continuous process, covering the determination of personnel needs in quantitative and qualitative dimensions, analysis of the existing state and structure of personnel, creation of plans to minimise the gap between

<sup>23</sup> The concern is also shared by Woodruffe (2003, p. 115), when he claims that with this division there occurs the risk, that organisations will focus only on those which were labelled 'major', and what is less important will become completely negligible.

supply and demand on the internal labour market and to monitor the process of implementing employment plans (Pocztowski, 2003, p. 108). Thanks to the application of competency-based systems, the organisation may also easily determine the future needs concerning staffing, and more importantly, the pool of competencies of future employees (Juchnowicz & Sienkiewicz, 2006). It is because competencies are defined with reference to prognoses concerning the organisation's activities (Fitz-enz, 2001, p. 126). The planning processes may be linked with prognoses of future requirements in competencies and the analysis of gaps between the probable demand for specific types of competencies and the predicted supply of people having these competencies (Armstrong, 2001, p. 249).

Primarily, however, competency models are perceived as a highly useful tool for supporting **recruitment and selection systems**. As Dubois and Rothwell (2008, p. 28) maintain, they differ substantially from traditional systems, in which the process of sourcing employees focuses on searching for candidates who meet the criteria provided in the job description, while education, experience and qualifications determine the ability to perform the assigned tasks. Whereas, in competency-based HRM, the attention is given to searching for candidates of 'proven abilities to perform specific tasks or on the basis of accompanying outcomes' through 'comparison of the skills of candidates with the competency model that describes the features of an employee whose performance in his/her field is fully satisfactory or outstanding'. The competencies included in the profile constitute the basic selection criterion, definitely more important than others (cf. Pocztowski, 2001, p. 173). From the perspective of a given job, as well as the organisation, the most important question is whether the employee demonstrates the desired competencies and whether he/she will be able to use them to the benefit of the organisation. This assumption makes the selection of the best candidate considerably easier for the employer who knows what competencies are sought and should be emphasised the most. Thus, the adoption of competency profiles as the basis for recruitment and selection of employees makes it possible to (Sidor-Rządkowska, 2011, p. 125):

- closely bind the processes of sourcing employees with other aspects of personnel policy,
- better prepare procedures, methods and tools for both recruitment and selection,
- make more rational decisions at subsequent stages of the recruitment-selection procedure.

The competency model may be used at all stages of the selection process, in particular (Juchnowicz & Sienkiewicz, 2006):

- preparing the recruitment advertisement,
- selecting the recruitment source and the appropriate form,
- planning the process of selection and choosing the selection tools,
- preparing the selection tools,
- executing the selection procedure,
- monitoring and increasing the quality and efficiency of the process of choosing employees.

Therefore, it is necessary to take a closer look at the processes of recruiting employees with the use of tools based on competences in enterprises operating on the Polish market.

#### 2.4.2 Scope of strategic employment planning and competency-based recruitment and selection in surveyed enterprises

Among the enterprises that use competency-based HRM for any group of employees, **36.1% have implemented these solutions in the area of strategic employment planning, 24.7% are in the course of implementation, while 39.2% are planning their implementation**. With reference to the subsamples distinguished in the study, a significant differentiation is noticeable in terms of enterprise size. (Table 2.27.). Differences depending on the type of business activity are less distinct, with slightly more frequent implementations in manufacturing enterprises.

Table 2.27. The use of competency management tools in the area of strategic employment planning (total and by subsample) [in %]

	Total n=756	Medium n=638	Large n=118	Knowledge- intensive services n=247	Less knowledge- intensive services n=193	Manufacturing n=316
Implemented	36,1	34,0	47,5	34,8	32,1	39,6
Implementation in progress	24,7	25,1	22,9	24,7	20,7	27,2
Planning implementation	39,2	40,9	29,7	40,5	47,2	33,2

In which areas of human resources management does your organisation use competency management tools? Base: n=756 (only enterprises, which use competency-based human resources management for any of the distinguished groups of employees).

**Of all the distinguished areas of human resources management, in the surveyed companies, competency management tools are most frequently applied in the area of recruitment and selection of employees.** Among the enterprises that use competency-based HRM for any of the distinguished groups of employees, **69.6% have implemented solutions in the area of recruitment and selection, 17.6% are in the course of their implementation, while 12.8% are planning to implement them.** With regard to the subsamples distinguished in the study, the differentiation in terms of enterprise size is evident (Table 2.28.). Whereas, the differences that depend on the type of business activity are less distinct, although the highest percentage of companies in which the solution has been implemented in the area of recruitment and selection may be seen in the group of companies that provide knowledge-intensive services.

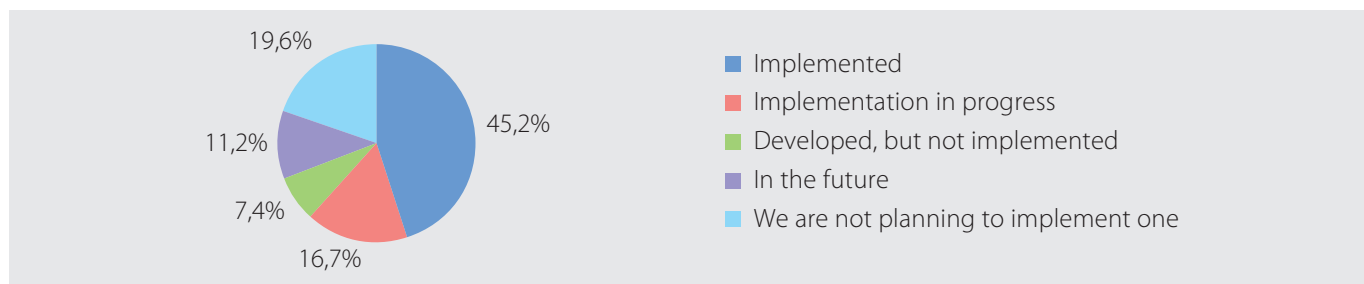
Table 2.28. Use of competency management tools in recruitment and selection (total and by subsample) [in %]

	Total n=756	Medium n=638	Large n=118	Knowledge- intensive services n=247	Less knowledge- intensive services n=193	Manufacturing n=316
Implemented	69,6	67,1	83,1	73,7	65,3	69,0
Implementation in progress	17,6	19,0	10,2	12,6	20,7	19,6
Planning implementation	12,8	13,9	6,8	13,8	14,0	11,4

In which areas of human resources management does your organisation use competency management tools? Base: n=756 (only enterprises which use competency-based human resources management for any of the distinguished groups of employees).

**Almost half of the surveyed enterprises have implemented formal competency verification procedures at the stage of recruitment and selection (45.2%).** At the same time, almost one in five companies (19.6%) is not planning to implement such procedures, while 11.2% are planning to implement them in the future. 16.7% of the surveyed enterprises is in the process of implementing a competency verification procedure at the recruitment and selection stage, while 7.4% have developed such procedures, but have not implemented them yet (Figure 2.15.).

Figure 2.15. Formal competency verification procedures at the recruitment and selection stage (in total)



In the area of human resources management, does your organisation have in place/applied formal competency verification procedures at the recruitment and selection stage? Base: n=941 (all respondents).

With respect to subsamples distinguished in the study (Table 2.29.) it is evident that:

- large enterprises are much more likely to have implemented competency verification procedures at the recruitment and selection stage than medium enterprises (65.4% vs. 41.9%),
- medium enterprises are more likely not to be planning implementation of such procedures than large enterprises (20.7% vs. 12.3%),
- companies that provide knowledge-intensive services and manufacturing companies are slightly more likely to be implementing competency testing procedures at the recruitment and selection stage than companies that provide less knowledge-intensive services (49.6%, 44.5% vs. 41.5%, respectively),
- enterprises that provide less knowledge-intensive services are more likely than others not to be planning the implementation of such procedures (24.1% vs. 15.2% of knowledge-intensive services companies and 19.5% of manufacturing companies).

Table 2.29. Formal competency testing procedures at the recruitment and selection stage (by subsample) [in %]

	Medium n=811	Large n=130	Knowledge- intensive services n=282	Less knowledge- intensive services n=270	Manufacturing n=389
Implemented	41,9	65,4	49,6	41,5	44,5
Implementation in progress	18,2	6,9	15,2	14,1	19,5
Developed, but not implemented	7,9	4,6	8,2	7,4	6,9
In the future	11,2	10,8	11,7	13,0	9,5
We are not planning to implement one	20,7	12,3	15,2	24,1	19,5

In the area of human resources management, does your organisation have in place/applied formal competency verification procedures at the recruitment and selection stage? Base: n=941 (all respondents).

### 2.4.3. Defining competency needs in the process of sourcing employees in surveyed enterprises

Advertising the vacancy is usually the first stage of the process of selection. At this stage, it is always necessary to thoroughly analyse the job, which on one hand, leads to the development of the job description, and, on the other hand, the development of the profile of the desired candidate (Juchnowicz, 2003, p. 80). Competency models provide all necessary information for constructing such profiles for all positions in the organisation. Primarily, they include detailed descriptions of competencies and their desired levels, as described in behaviour categories (Juchnowicz & Sienkiewicz, 2006).

In particular, while defining the competency needs, it is important to focus on key competencies, i.e. the most important ones from the perspective of the organisation. It is also important that, apart from the employees of the human resources department, representatives of various levels of management play a significant role in the process of defining the competency needs in the

organisation, as these people have knowledge based on strategic and operational assumptions that concern these requirements. In organisations, which lack specialized staff with expertise in human resource management, it is possible and is often, recommended to use the support of external experts. This allows for a professional personnel selection, without the necessity to raise fixed costs relating to the employment of additional staff.

**In the surveyed companies, there is a prevailing practice to determine expectations towards the job candidates by the future immediate superior (including Line Manager, Team Manager, Project Manager) and representatives of the human resources management** (Figure 2.16.). Relatively often, i.e. in half of the surveyed enterprises, middle-level managers, represented by heads of departments/organisational units from outside of the personnel department (as can be conjectured, representing the management of the department, to which the recruitment is conducted) are involved in the process. Other internal experts employed in the organisation (from outside of the HR department) are definitely less frequently involved in the process of determining the expectations towards candidates. People who represent external organisations (including representatives of consulting companies and independent external experts) are involved only in a small percentage of the surveyed companies at this stage of recruitment.

**Figure 2.16. People who determine the expectations towards candidates at the recruitment and selection stage (in total)**



*Who determines the competencies expected from job candidates in your organisation at the recruitment and selection stage? Base: n=941 (all enterprises).*

With reference to subsamples distinguished in the study, the differences between large and medium companies are evident (Table 2.30.). In the latter companies, all of the distinguished groups of people within the organisation are more often involved in the described process (in particular, the percentage of companies involving representatives of middle management in the process of determining expectations is higher). It may indicate a greater maturity in human resources management in large companies, in which responsibility for the process of human resources management is transferred from the HR department to various levels of the organisation. Simultaneously, in medium companies, a relatively high role of the future immediate superior is evident (in comparison to other distinguished groups), which may indicate an early phase of development of the HRM function in these companies (less extensive and less specialised structure of the HRM department, if one exists). Large companies are slightly more likely to use external service providers in the process of determining expectations towards job candidates. However, as regards the subsamples distinguished by the type of business activity, no significant differences are visible.

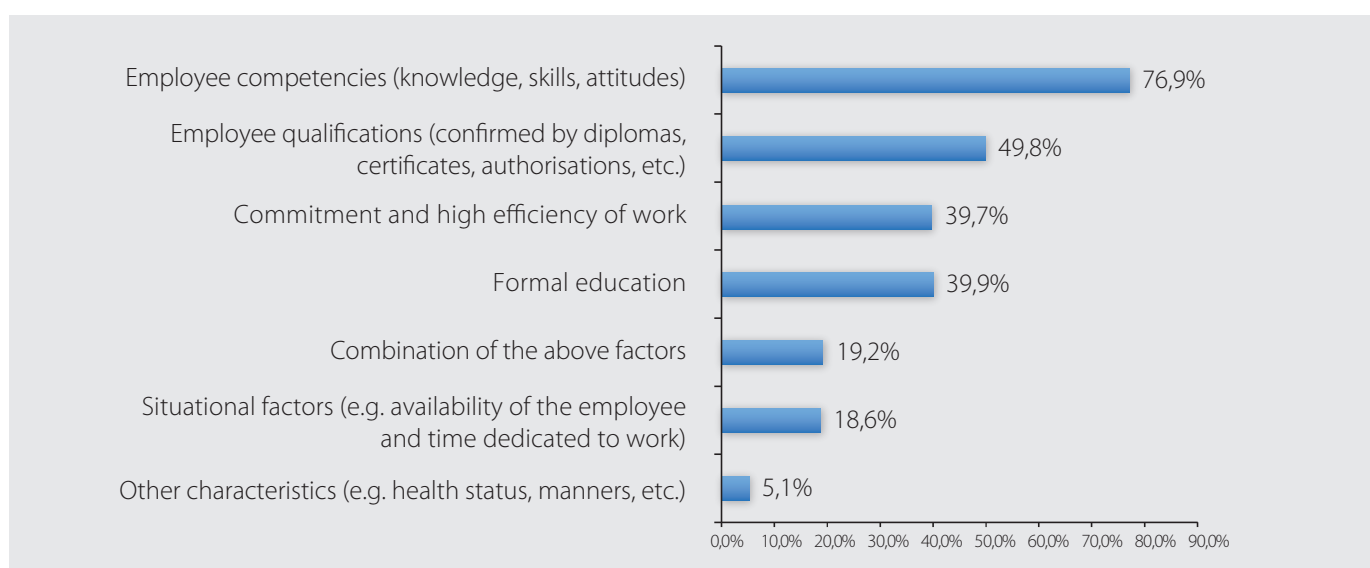
Table 2.30. People who determine the expectations towards candidates at the recruitment and selection stage (by subsample) [in %]

	Medium n=811	Large n=130	Knowledge- intensive services n=282	Less knowledge- intensive services n=270	Manufacturing n=389
Representatives of the Human resources Management (HR, personnel) Department	67,0	84,6	69,9	69,6	68,9
Future immediate superior of the employee (Line/Team/Project Manager)	79,8	91,5	82,3	75,9	84,6
Middle managers (heads of departments/ organisational units from outside of the HR department)	51,5	70,8	54,3	47,8	58,6
Other internal experts employed in the organisation (from outside of the HR department)	15,5	17,7	20,2	11,9	15,4
Consulting company	7,3	10,8	8,9	5,9	8,2
Independent external experts	7,3	10,8	8,2	7,0	5,9
Other people	5,3	2,3	2,1	7,8	4,9

Who determines the competencies expected from job candidates in your organisation at the recruitment and selection stage? Base: n=941 (all enterprises).

As the key characteristics of employees, being of utmost importance in making decisions concerning employment, respondents indicated knowledge, skills and attitudes (Figure 2.17). The qualification of employees (confirmed by diplomas, certificates, authorisations, etc.), commitment and high work efficiency, as well as formal education were slightly less important. The respondents considered situational factors (e.g. employee availability and time dedicated to work) and other characteristics (e.g. health conditions, manners, etc.) as less significant.

Figure 2.17. Characteristics of employees of the highest importance in making employment decisions (in total)



Which of the employee characteristics are of the greatest importance in making employment decisions in your organisation? Base: n=941 (all enterprises).

There are no clearly visible differences within the subsamples distinguished by the size of the enterprise (Table 2.31). In companies that provide knowledge-intensive services, a much higher importance of formal education and a slightly higher importance of competencies and qualifications of employees may be observed. In companies that provide less knowledge-intensive services, situational factors (e.g. availability of the employee), commitment and high efficiency of work, and other characteristics (e.g. health status, manners) are of relatively greater importance.

Table 2.31. Characteristics of employees of the highest importance in making employment decisions (by subsample) [in %]

	Medium n=811	Large n=130	Knowledge- intensive services n=282	Less knowledge- intensive services n=270	Manufacturing n=389
Employee competencies (knowledge, skills, attitudes)	75,5	86,2	81,2	72,2	77,1
Formal education	39,7	40,8	57,8	29,3	34,2
Employee qualifications (confirmed by diplomas, certificates, authorisations, etc.)	49,4	52,3	56,7	41,1	50,9
Situational factors (e.g. employee availability and time dedicated to work)	18,5	19,2	11,3	23,7	20,3
Commitment and high efficiency of work	39,7	40,0	30,1	45,6	42,7
Other characteristics (e.g. health status, manners, etc.)	4,9	6,2	2,1	8,1	5,1
Combination of the above factors	19,0	20,8	17,7	22,2	18,3

Which of the employee characteristics are of greatest importance in making employment decisions in your organisation (please specify three)? Base: n=941 (all enterprises).

**The core competencies expected from job candidates in the surveyed enterprises fall within the category of 'professional knowledge'.** Thus, the perspective of 'hard' competencies definitely prevails. 'Soft' competencies appreciated by the surveyed employers include: teamwork, responsibility, independence, creativity and communication skills. Competencies expected by a significantly smaller percentage of enterprises include: problem-solving, team management (motivating, control, organisation, planning), innovativeness, coping with uncertainty and risk-taking.

Figure 2.18. Basic competencies expected from job candidates (in total)



What basic competencies does your organisation expect from job candidates/employees? Base: n=941 (all enterprises).



Large companies included the following, besides professional knowledge, as belonging to the core competencies expected from candidates: teamwork, responsibility and creativity (Table 2.32.). While medium-sized companies included: teamwork, responsibility, independence and communication skills. Enterprises that provide knowledge-intensive services show higher expectations towards job candidates with regard to three competencies: professional knowledge, communication skills and creativity. Knowledge-intensive service companies often expect job candidates to be responsible and independent. Manufacturing companies, besides professional knowledge, most frequently expect the skills such as teamwork, responsibility, and independence. Interestingly, companies that provide less-knowledge intensive services expect almost the same set of basic competencies, with the addition of communication skills, which are more often expected.

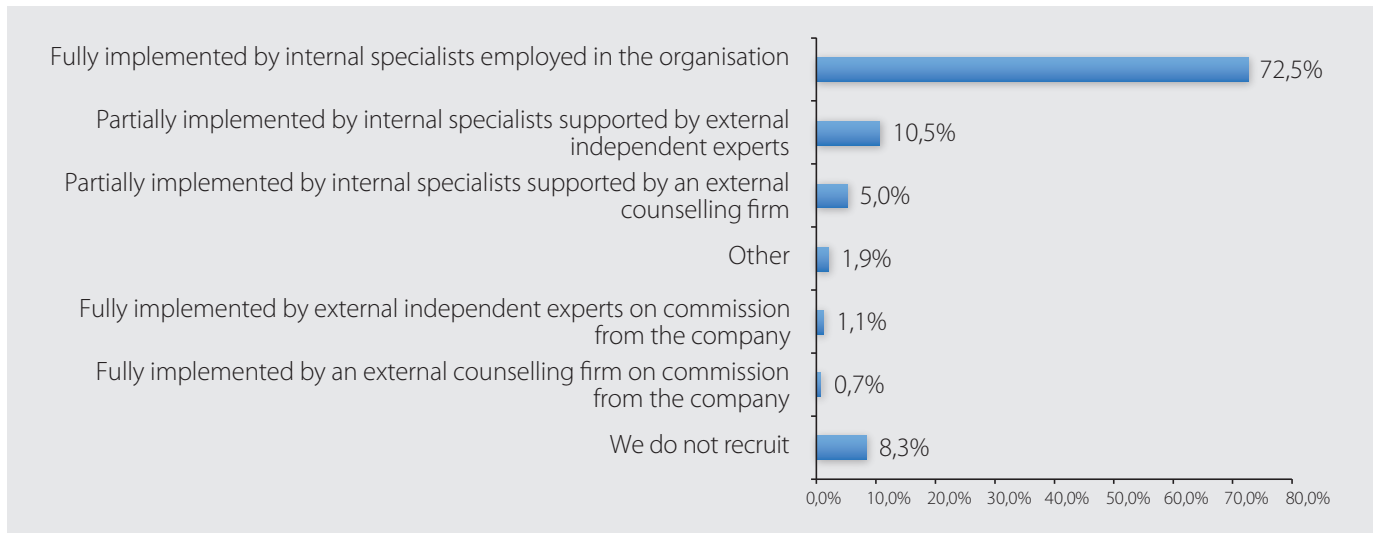
Table 2.32. Basic competencies expected from job candidates (by subsample) [in %]

	Medium n=811	Large n=130	Knowledge- intensive services n=282	Less knowledge- intensive services n=270	Manufacturing n=389
Professional knowledge	72,9	73,1	82,3	61,1	74,3
Teamwork	40,8	40,8	26,6	43,0	49,6
Team management (motivating, control, organisation, planning)	11,5	13,8	11,7	11,1	12,3
Communication skills	28,0	16,9	33,0	29,3	19,8
Independence	31,6	24,6	30,5	33,0	29,0
Innovativeness	7,5	4,6	7,1	8,1	6,4
Creativity	25,6	29,2	33,0	23,0	23,4
Risk-taking	2,8	4,6	2,1	4,1	3,1
Coping with uncertainty	3,8	3,8	3,9	4,8	3,1
Problem-solving	14,3	16,2	11,3	15,9	15,9
Responsibility	35,0	40,8	34,4	33,0	38,8
Flexibility	8,3	10,8	5,0	11,9	9,0
Resistance to stress	5,4	8,5	7,8	6,3	4,1
Other	0,7	2,3	0,7	0,7	1,3

What basic competencies does your organisation expect from job candidates/employees? Base: n=941 (all enterprises).

In the surveyed organisations, internal staff recruitment and selection process prevails (Figure 2.19.). In almost one-third of the surveyed companies, this process is implemented by internal specialists employed in the organisation. If enterprises make use of external assistance, it is most often supportive in nature, thus it is implemented partially by internal experts supported by external experts (10.5%) or by an external counselling company (5.0%). Only one in a hundred companies fully outsources the process of recruitment and selection. Simultaneously, one in twelve companies does not carry out any recruitment.

Figure 2.19. Internal and external specialists involved in the recruitment and selection process (in total)



Is the recruitment and selection process in your organisation ...? Base: n=941 (all enterprises).

Almost an equal percentage of large and medium companies are implementing the recruitment and selection process fully internally (Table 2.33). It is evident that the proportion of large companies that involve external experts and counselling companies is much higher. Interestingly, however, they tend to play a supportive role in large companies and are less likely, than in the case of medium companies, to take over full responsibility for the recruitment and selection process. For instance, none of the surveyed large companies has fully outsourced the process of employee selection to an external counselling company. In medium companies, the share of entities that do not carry out recruitment is much higher, just as in manufacturing enterprises and companies that provide less knowledge-intensive services.

Table 2.33. Internal and external specialists involved in the recruitment and selection process (by subsample) [in %]

	Medium n=811	Large n=130	Knowledge- intensive services n=282	Less knowledge- intensive services n=270	Manufacturing n=389
Fully implemented by internal specialists employed in the organisation	72,4	73,1	75,9	69,3	72,2
Partially implemented by internal specialists supported by external independent experts	9,7	15,4	12,8	8,1	10,5
Partially implemented by internal specialists supported by an external counselling company	4,4	8,5	4,3	5,9	4,9
Fully implemented by external independent experts on commission from the company	1,1	0,8	2,1	1,1	0,3
Fully implemented by an external counselling company on commission from the company	0,9	0,0	0,7	0,4	1,0
Other	2,2	0,0	1,4	4,1	0,8
We do not carry out recruitment	9,2	2,3	2,8	11,1	10,3

Is the recruitment and selection process in your organisation ...? Base: n=941 (all enterprises).

#### 2.4.4. Verifying competencies of candidates in the selection process

Verifying competencies of candidates during the selection process is an extremely important issue in the analysis of applying the competency model. Based on the assumptions of the competency model and the detailed competency profiles that determine the type and scope of competencies expected of candidates, it is necessary to develop appropriate selection tools. From the perspective of verifying candidates' competencies, it is important that the competency requirements defined in the profile be detailed and not abstract in nature. If the assessment criteria (in this case the competency requirements) are formulated in quite general categories, they may be differently interpreted by various users, which will undermine the reliable and unambiguous nature of the decisions related to assessment and, as a consequence, the selection of candidates (Whiddett & Hollyforde, 2003, pp. 71–72). The purpose of this is to provide people who make the assessment with precise tools, whose application yields comparable results. Comparability of results of candidates is essential for proper assessment (Juchnowicz & Sienkiewicz, 2006). Thus, it is necessary to properly use in practice and to develop, based on competency profiles, selection tools, which include:

1. analysis of application documents (CV, cover letter, credentials, etc.),
2. interviews with candidates (including free and structured interviews),
3. work simulations and samples,
4. tests (including in particular knowledge tests, competency tests and psychological tests),
5. assessment centre.

What is usually the starting point that constitutes the first stage of selecting candidates is the analysis of application documents, especially the professional biography (CV, resume) and the cover letter. This stage enables initial verification of the candidate's level of compliance with the criteria set out in the requirements of the position. However, it should not be the only and the most important stage underlying the decision to employ a given person. As Sidor-Rządkowska (2011, p. 125) notes; *Any conclusions at this stage should be formulated very tentatively. It happens that, based on the resume and the cover letter, it is only possible to establish that the candidate certainly lacks two competencies: the skill of influencing others and the skill of written communication.* Therefore, apart from analysing application documents, other methods of verifying the competency of candidates should be applied.

Interviews are another method of verifying competency most often used in practice. They may take the form of an unstructured interview, conducted in the form of an informal conversation with the candidate. Questions asked in such an interview are usually the result of the interplay between the individual perspective of the interviewer and the eloquence of the candidate. Lack of a clear structure of the interview, which consists in asking various questions (or in various order) to all potential candidates, hinders comparability of responses and the possibility to draw binding conclusions concerning the candidate's competencies on that basis. Of course, high interviewing skills and experience often enable obtaining necessary information, yet at the scale of a medium or large enterprise, it should be expected that there would be high variation among the interviewing managers. Thus, from the point of view of verifying competencies of employees, structured interviews should be considerably more important. The framework of a structured interview is determined by competency requirements included in the competency profile (Armstrong, 2001, p. 249). It is necessary, however, that the profile should always define in detail its requirements and translate them into the language of selection questions. This is extremely important as the questions should be formulated in such a way that enables drawing conclusions, based on obtained answers (Sidor-Rządkowska, 2011, p. 125), on the degree of compliance of a candidate with the competencies considered the most appropriate for performing a given job.

Observational methods of verifying candidates' competencies include **samples and work simulations**. Within work samples, the candidate is asked to perform an activity that will be a significant element of his/her work (e.g. testing fast typing). Simulations are selection techniques similar to work samples. They differ in that they are not performed in real-life conditions, but in conditions close to future working conditions (e.g. the use of a driving simulator or a flight simulator) (Juchnowicz, 2001a).

Observing the candidate while he/she is performing activities allows drawing direct conclusions on the scope and level of his/her competencies.

**Tests** are a broad and internally differentiated group of competency verification methods at the stage of selection. From the perspective of analysis of all elements of competency (knowledge, skills and attitudes), **knowledge tests** are the most objective, but also the least useful. They are a good, reliable tool for examining the knowledge of employees in a specific field, but are rarely closely related to the scope of professional tasks, which makes it more difficult to use them as tools for diagnosis of future behaviours and performance of an employee. **Psychological tests** and **competency tests** also belong to the group of test tools for competency diagnosis. They are frequently used in personnel counselling and in some enterprises. The advantages of psychological tests in diagnosis of competencies include (Sidor-Rządowska, 2011, p. 129): standardisation, and related equal chances, as well as the lack of influence of such factors as personal preferences or the recruiter's prejudices, transparency of the evaluation scales and reference scales that facilitates comparing results, verified methodological quality, and an important role in making corrections in previously gathered information on candidates. The disadvantages are believed to include (Sidor-Rządowska, 2011, p. 129): limitation of the analysis of individual behaviour without taking into account the influence of external factors, lack of a holistic picture of abilities and skills of the candidate (focusing on some aspects of general abilities and skills) and limited pertinence to the content of work. In practice, the greatest difficulty is to choose the right diagnostic methods from those available, and their possible adaptation to the needs of the organisation (e.g. through adjustment of the evaluation scales to the results against the target group). Psychological tests need to be carefully chosen and skilfully interpreted (Sidor-Rządowska, 2011, p. 128). Unfortunately, practice shows that: *on the market, there is a great number of 'test-like' products, the application of which may, in the best case, expose the company to ridicule, and in the worst case, contribute to many human tragedies* (p. 129).

A reliable diagnosis of employee competencies requires the application of **psychological tests** that should meet many methodological criteria. Primarily, they should be psychometric methods with known reliability, validity and standardisation parameters. They should be legally available on the market, through a license granted to an organisation by the companies or people holding copyrights to the tests. Interestingly, in the conditions of the Polish market, there are relatively few tools that meet all the above criteria. Some of the tools, developed for the needs of specific enterprises, do not have a proven empirical reliability and validity, while others have not been properly tested in the conditions of the Polish labour market.

However, the tools presented above are more psychometric tools than competency tests.

**Competency tests** used in practice can be divided into (Filipowicz, 2004):

- introspective tests,
- performance tests.

Introspective tests are aimed at establishing whether a given person behaves or fails to behave in a specific manner. Their disadvantage is a limited evaluation scale and the fact that the answers provided may be more of a declaration than a description of the actual situation. Sidor-Rządowska (2011, p. 146) claims that the tests are of small prognostic value, as they are mainly aimed at: *understanding the essence of specific competencies and performing self-assessment by the tested person*.

The performance tests are short descriptions of a situation with three different behaviour options to choose from. A tested person selects the best and the worst behaviour in a given situation. A test constructed in this way provides a much richer material for analysis and extends the scope of assessment. Such tests are also more reliable, as it is more difficult to predict which answers may be correct.

Nevertheless, caution is advised in the use of these tests, usually because they do not investigate how the employee behaves in a given situation, but rather his/her ideas about what behaviour is considered appropriate in an organisation (p. 148).

The last and most advanced method (in fact, a group of methods) of competency diagnosis is the **assessment centre**. This method, also known as the centre of an integrated assessment or evaluation, consists in planning a series of individual or group tasks, exercises and tests, similar to those that the candidates would face in the prospective job (Sidor-Rządowska, 2011, p. 148). Competencies are verified using quantitative estimation scales of selected dimensions of the employee's functioning within the identified competencies. Some of the tasks are recorded with

a digital camera and documented. The variety of tasks allows for collecting and evaluating information about the different types of competencies:

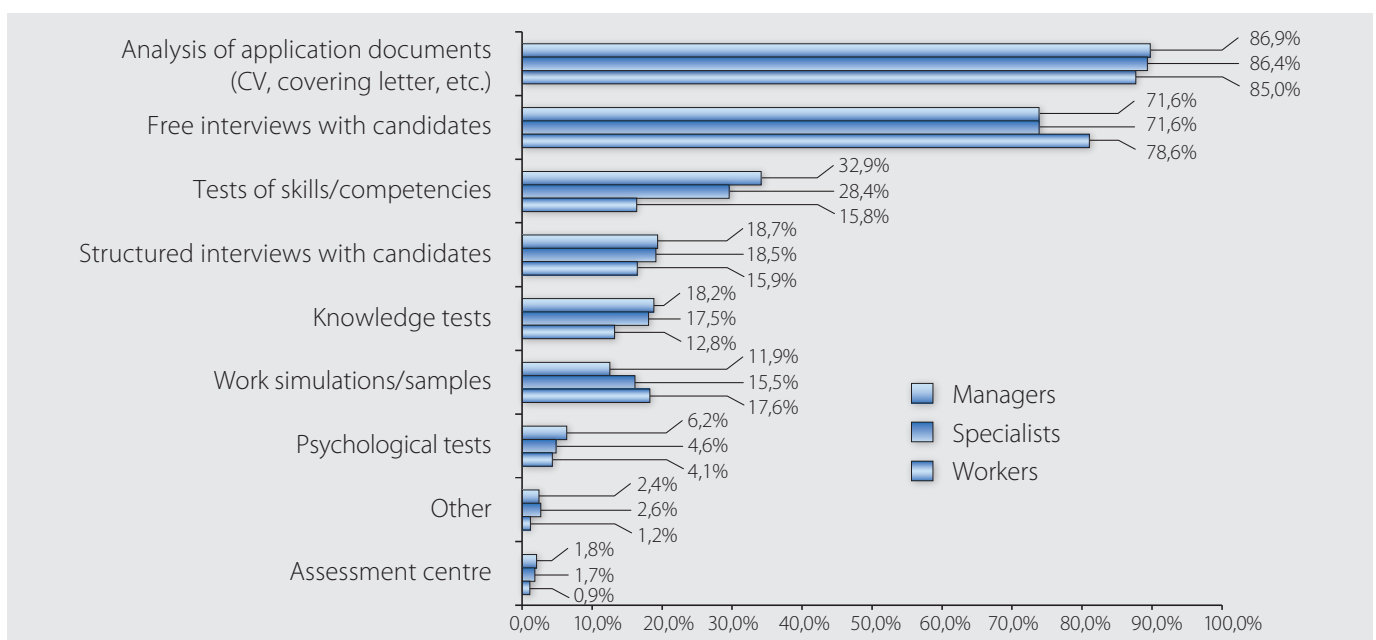
- individual interview may serve the purpose of preliminary assessment of such competencies as communication skills or resistance to stress,
- the *in-basket test* diagnoses such competencies as planning, time management, organisation of actions, decision-making, analysis of information,
- the group discussion makes it possible to assess communication skills, leadership skills, teamwork, the ability to convince or defend one's position,
- simulation tasks may be of various nature, for example a task consisting in the development of an advertising campaign of a specific product may serve to diagnose such competencies as creativity, professional knowledge in the field of marketing or the ability to plan actions.

The assessment centre is considered an effective (Czapla, 2011, p. 45), yet expensive and time-consuming, method of selecting candidates that requires people carrying out the selection not only to be well-prepared in substantive terms, but also to know the specificity of the company and the specificity of the job position (Sidor-Rządkowska, 2011, p. 132). As noted by Woodruffe (2003): *assessment centres seem to be the best methods of making the right decisions when choosing among candidates for the job. Although an error consisting, for example, in selecting a person who does not do well in a position, costs a lot. Today, however, the risk of rejecting people who have valuable potential is more important for many organisations.* The application of this method yields the most precise and reliable results of the evaluation of competency levels, that is why they are usually used with reference to key positions in a company.

#### 2.4.5. Candidate competency verification methods in surveyed enterprises

In the recruitment and selection processes, the most important candidate competency verification methods, with reference to workers, include analysis of application documents (CV, cover letter, etc.) and casual interviews with candidates (Figure 2.20.). Other methods, such as: work simulations/samples, skills/competencies tests, structured interviews or knowledge tests, are also used, but play a lesser role. Advanced selection tools, such as psychological tests or the assessment centre, are used sporadically with reference to that group of candidates.

Figure 2.20. Comparison of the competency testing methods used for hierarchically distinguished groups of positions (in total)



On what basis/with what methods are the competencies of job candidates verified during the recruitment and selection process? Base: n=941 (all enterprises).

With reference to the subsamples of enterprises, it may be noticed that large companies are more likely to use tests of skills/competencies and psychological tests than medium-sized companies (Table 2.34.). Companies that provide knowledge-intensive services are much more likely to use structured interviews with candidates and slightly more likely to use knowledge tests and psychological tests than other groups of enterprises. Manufacturing companies more frequently use work simulations and samples in the employee selection process, but by a small margin.

**Table 2.34. Methods of verifying competencies of candidates at the recruitment and selection stage: workers (by subsample) [in %]**

	Medium n=811	Large n=130	Knowledge- intensive services n=282	Less knowledge- intensive services n=270	Manufacturing n=389
<b>Analysis of application documents (CV, cover letter, etc.)</b>	83,5	94,6	90,4	84,8	81,2
<b>Casual interviews with candidates</b>	78,7	78,5	80,5	75,6	79,4
<b>Structured interviews with candidates</b>	15,8	16,9	23,4	12,6	12,9
<b>Work simulations/samples</b>	17,0	21,5	14,2	17,0	20,6
<b>Knowledge tests</b>	12,3	15,4	16,3	10,4	11,8
<b>Tests of skills/competencies</b>	13,7	29,2	17,4	14,1	15,9
<b>Psychological tests</b>	3,6	7,7	6,0	3,0	3,6
<b>Assessment centre</b>	0,9	0,8	1,1	1,5	0,3
<b>Other</b>	1,2	0,8	0,7	1,5	1,3

*On what basis/with what methods are the competencies of job candidates verified during the recruitment and selection process? Base: n=941 (all enterprises).*

The analysis of application documents (CV, cover letter, etc.) and casual interviews with candidates are also the most important selection tools for candidates from the group of specialists (Figure 2.20.). Almost one in three surveyed companies also uses structured interviews with reference to that group. Tests of skills/competencies, knowledge tests, work simulations and samples, are used by one in five/six enterprises. Just like in the previous case, psychological tests and the assessment centre are less popular.

In the distinguished subsamples, a greater popularity of knowledge tests and psychological tests, and tests of skills/competencies is particularly visible in large enterprises. A relatively large role, besides analysis of documents and casual interviews, is played, in knowledge-intensive service companies, by structured interviews with candidates that are considerably more popular in this category of enterprises than in manufacturing companies and companies that provide less knowledge-intensive services.

**Table 2.35. Methods of verifying competencies of candidates at the recruitment and selection stage – specialists (by subsample) [in %]**

	Medium n=811	Large n=130	Knowledge- intensive services n=282	Less knowledge- intensive services n=270	Manufacturing n=389
<b>Analysis of application documents (CV, cover letter, etc.)</b>	85,6	91,5	88,7	85,2	85,6
<b>Casual interviews with candidates</b>	71,6	71,5	69,9	72,6	72,2
<b>Structured interviews with candidates</b>	27,6	33,1	37,2	22,6	26,0
<b>Work simulations/samples</b>	15,2	17,7	15,2	17,4	14,4
<b>Knowledge tests</b>	16,6	23,1	16,0	16,7	19,3
<b>Tests of skills/competencies</b>	16,5	30,8	19,5	16,7	19,0
<b>Psychological tests</b>	4,2	6,9	5,3	4,4	4,1
<b>Assessment centre</b>	2,7	1,5	2,1	3,0	2,6
<b>Other</b>	1,8	0,8	1,1	1,9	2,1

On what basis/with what methods are the competencies of job candidates verified during the recruitment and selection process? Base: n=941 (all enterprises).

For candidates for managerial positions, besides the standard analysis of application documents and casual interviews with candidates, structured interviews are used relatively frequently (Figure 2.20). Nevertheless, other selection tools are less popular.

A large role of structured interviews in selection processes for managerial positions is evident in large enterprises, among which the tool is used by 43.8% companies. It is also visible that knowledge tests and skill tests are used much more often than in medium companies. Every one in ten large companies uses psychological tests as a selection tool for managers. With reference to the division of enterprises by the business activity type, there are no evident differences, apart from the considerably higher popularity of structured interviews in companies that provide knowledge-intensive services.

**Table 2.36. Methods of verifying competencies of candidates at the recruitment and selection stage – managers (by subsample) [in %]**

	Medium n=811	Large n=130	Knowledge- intensive services n=282	Less knowledge- intensive services n=270	Manufacturing n=389
<b>Analysis of application documents (CV, cover letter, etc.)</b>	86,4	90,0	87,6	86,7	86,6
<b>Casual interviews with candidates</b>	72,2	67,7	68,8	73,7	72,2
<b>Structured interviews with candidates</b>	31,1	43,8	40,1	27,8	31,2
<b>Work simulations/samples</b>	11,6	13,8	9,9	13,3	12,4
<b>Knowledge tests</b>	16,7	27,7	19,9	14,8	19,3
<b>Tests of skills/competencies</b>	17,3	27,7	20,6	20,0	16,5
<b>Psychological tests</b>	5,3	11,5	6,0	4,8	7,2
<b>Assessment centre</b>	2,5	2,3	2,5	2,6	2,3
<b>Other</b>	2,0	0,8	1,1	1,5	2,6

On what basis/with what methods are the competencies of job candidates verified during the recruitment and selection process? Base: n=941 (all enterprises).

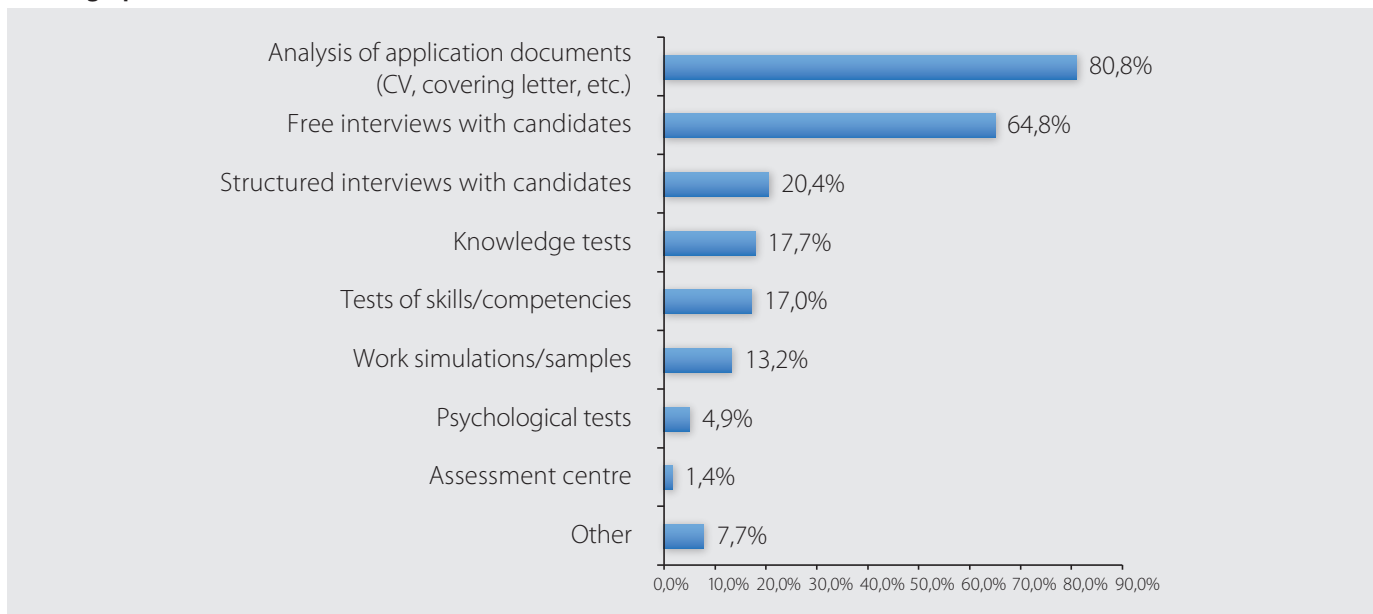


When comparing the used competency verification methods for the presented positions (Figure 2.20.), it is evident that the surveyed enterprises are not characterised by significant stratification of the methods used for various groups of candidates. The following tools: analysis of application documents and casual interviews with candidates, are still dominant for all groups (workers, specialists and managers). With regard to workers, casual interviews and work simulations as well as samples are used relatively more frequently, and all other methods are used more rarely. The group of managers is characterised by more frequent use of various kinds of tests (skills and competencies tests, knowledge tests and psychological tests). What is surprising, however, is the very rare use of the assessment centre in verifying competencies for managerial positions. Although this method may be characterised by an unsatisfactory relationship between the price and the obtained effect (since, despite high prognostic validity, indicated by many surveys, it is a costly method) with reference to workers or even specialists, its more widespread use should be more financially justified in the case of managerial positions. Therefore, it seems that the enterprises do not see the added value in using this method as a tool for diagnosis of competencies and foreseeing the future efficiency of an employee.

In addition, the jobs distinguished in terms of the level in the hierarchy, one more group of employees was accounted for in the survey – the so-called talents, people with high potential (Figure 2.21.). Interestingly, it is a group for which, with reference to the other jobs (in total, in all companies without the division into subsamples):

- casual interviews are used relatively less frequently, and slightly less frequently – analysis of application documents and tests of skills/competencies,
- structured interviews are used slightly more often,
- a similar role is played by knowledge tests, psychological tests, work simulations and samples, and the assessment centre.

**Figure 2.21. Methods of verifying competencies of candidates at the recruitment and selection stage – talents/people with high potential (in total)**



*On what basis/with what methods are the competencies of job candidates verified during the recruitment and selection process? Base: n=941 (all enterprises).*

In terms of selecting talents, the following methods are more popular in large companies than in medium companies: structured interviews, work simulations and samples, skills and competencies tests, and psychological tests (Table 2.37.). Enterprises that provide knowledge-intensive services are much more likely to use structured interviews. The use of the assessment centre is, however, very limited (2.1% of surveyed companies). In manufacturing companies, frequent use of work simulation and samples with reference to this group of candidates has been observed.

**Table 2.37. Methods of verifying competencies of candidates at the recruitment and selection stage – talents/people with high potential (by subsample) [in %]**

	Medium n=811	Large n=130	Knowledge- intensive services n=282	Less knowledge- intensive services n=270	Manufacturing n=389
Analysis of application documents (CV, covering letter, etc.)	80,3	83,8	81,6	80,0	80,7
Free interviews with candidates	64,9	64,6	61,7	62,6	68,6
Structured interviews with candidates	19,2	27,7	27,3	17,0	17,7
Work simulations/samples	12,2	19,2	11,3	10,7	16,2
Knowledge tests	17,8	17,7	20,2	13,7	18,8
Tests of skills/competencies	16,2	22,3	17,4	17,0	16,7
Psychological tests	4,4	7,7	5,3	4,8	4,6
Assessment centre	1,2	2,3	2,1	1,1	1,0
Other	7,8	6,9	6,0	10,0	7,2

On what basis/with what methods are the competencies of job candidates verified during the recruitment and selection process? Base: n=941 (all enterprises).

#### 2.4.6. Who and on what grounds evaluates the candidates in the surveyed enterprises

In the surveyed companies, the person who most often evaluates job candidates is the immediate superior of the employee, supported by representatives of the HRM department and, in half of the surveyed companies, mid-level managers (Figure 2.22.). Interestingly, an even smaller proportion of the companies benefits from external service providers at this stage.

**Figure 2.22. People who evaluate candidates at the recruitment and selection stage (in total)**



Who determines the competencies expected from job candidates in your organisation at the recruitment and selection stage? Base: n=941 (all enterprises).

In the surveyed organisations, greater involvement of various groups of employees in large companies is visible (Table 2.38.). Yet there is no clear differentiation between knowledge-intensive service companies, less knowledge-intensive services companies, and manufacturing companies.

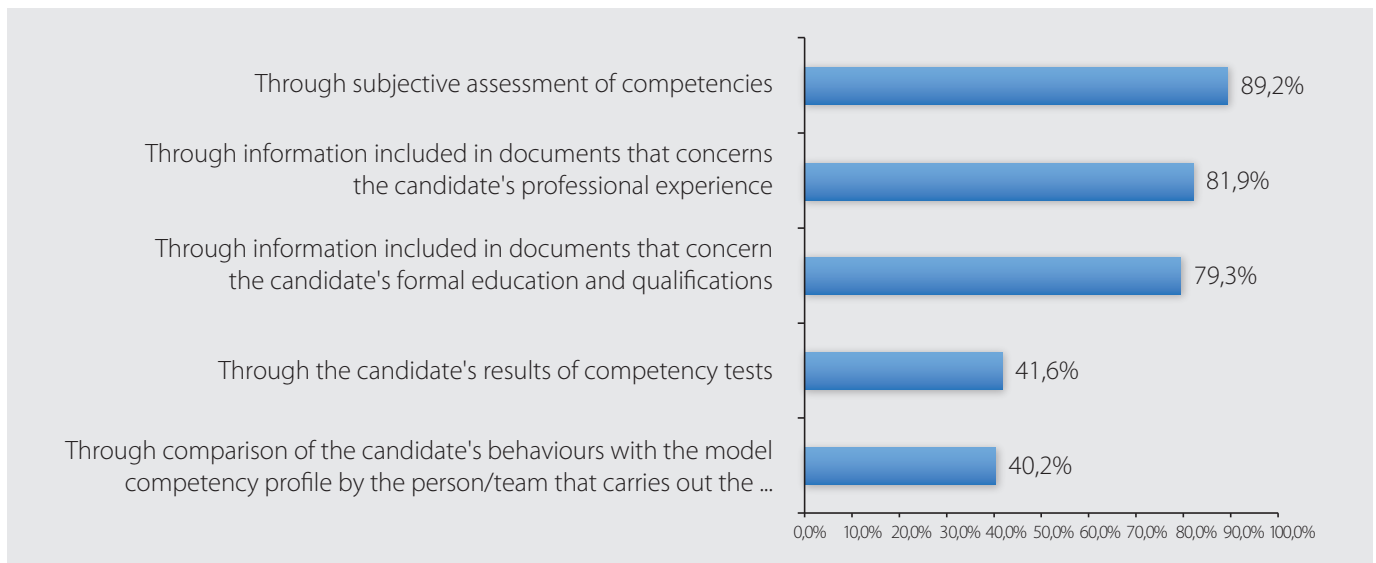
Table 2.38. People who evaluate candidates at the recruitment and selection stage (by subsamples) [in %]

	Medium n=811	Large n=130	Knowledge- intensive services n=282	Less knowledge- intensive services n=270	Manufacturing n=389
Representatives of the Human resources Management (HR, personnel) Department	62,3	79,2	66,0	64,4	63,8
Future direct superior of the employee (Line/ Team/Project Manager)	79,7	89,2	80,9	75,6	84,8
Mid-level managers (heads of departments/ organisational units from outside of the HR department)	48,0	63,8	53,2	43,0	53,0
Other internal experts employed in the organisation (from outside of the HR department)	14,5	18,5	20,6	11,5	13,6
Consulting company	6,0	10,0	6,7	5,9	6,9
Independent external experts	4,6	9,2	7,1	4,8	4,1
Other people	5,5	2,3	3,2	7,4	4,9

Who determines the competencies expected from job candidates in your organisation at the recruitment and selection stage? Base: n=941 (all enterprises).

The most frequently encountered job candidate competency testing methods in the surveyed enterprises are subjective evaluations of the candidate's competencies by the person/team that conducts the recruitment, analysis of the information included in the application documents concerning professional experience of the candidate and his/her education and professional qualifications (Figure 2.23.). Methods related to analysis of the candidate's results of competency tests and comparing the candidate's behaviour with the model competency profile are much less popular.

Figure 2.23. Methods of verifying a job candidate's competencies (in total)



How does your organisation verify the level of competencies declared by a job candidate? Base: n=941 (all enterprises).

Almost all distinguished methods of verifying competencies of candidates are more popular in large companies and in those companies that provide knowledge-intensive services (Table 2.39.) as compared to other categories of enterprises.

Table 2.39. Way of testing a job candidate's competencies (by subsample) [in %]

	Medium n=811	Large n=130	Knowledge- intensive services n=282	Less knowledge- intensive services n=270	Manufacturing n=389
Through subjective assessment of competencies	88,4	93,8	90,8	90,0	87,4
Through the candidate's results of competency tests	39,7	53,1	52,5	34,8	38,3
Through information included in documents that concerns the candidate's professional experience	79,9	94,6	87,2	77,0	81,5
Through information included in documents that concern the candidate's formal education and qualifications	77,9	87,7	86,9	73,0	78,1
Through comparison of the candidate's behaviours with the model competency profile by the person/team that carries out the recruitment	39,2	46,2	40,8	36,3	42,4

How does your organisation verify the level of competencies declared by a job candidate? Base: n=941 (all enterprises).

#### 2.4.7. Quality of competency verification tools and the efficiency of the selection process

As Lucia (Lucia & Lepsinger, 1999) notices, the application of the competency model in the area of recruitment and selection increases the likelihood of employing workers who will be successful in a given job. For it allows focusing on the real competency requirements expected of an employee. However, this statement will be true only when the quality of the competency testing tools is high. Surely, besides the factors related to the competency evaluation skills by people participating in the selection process<sup>24</sup>, quality will be influenced by:

- the degree of adjusting the competency verification tools to the specificity of the organisation,
- predictive validity of the tools applied.

The tools used by the organisation may be universal in nature, slightly adjusted to the specificity of the organisation, or on the contrary, may be developed especially for the needs of the organisation. It is usually noted that the second solution will be more advantageous for the company, as it makes it possible to better adjust the employees' competencies to the organisation and the specificity of the job. In the event of 'tailor-made' tools, though the problem of verification of their predictive validity may appear. Examination of the validity of competency testing tools is usually time-consuming and expensive. Therefore, few organisations are able to cover the costs of such actions. However, without meeting that condition, one will not know whether the tool measures what it should measure, thus whether conclusions can be drawn from the obtained results.

Usually, the predictive validity of the tools used is determined indirectly on the basis of examining the validity of not the tools themselves, but the employment decision made. In general, the point is to verify whether the employed worker really meets the requirements of the job position related to competencies after a specific period of employment (normally after the end of the trial period).

**Competency verification tools used in the surveyed organisations are largely universal in nature** (Table 51). Only 24.1% of the surveyed companies confirmed the use of 'tailor-made' tools, developed especially for a given organisation. Slightly more than one-third of the surveyed companies use universal tools, which have been adjusted to the needs of the organisation (called 'quasi-universal'). A similar group (38.3%) utilises universal tools, which are used also by other enterprises.

'Tailor-made' tools are definitely the domain of large companies, similarly as 'quasi-universal' tools (Table 2.40). Enterprises that provide knowledge-intensive services are slightly more likely than

<sup>24</sup> The issue is widely discussed in the literature and is of great importance for the quality of the competency testing process due to the possibility of committing many errors in the 'art of assessment', such as the central tendency bias, the labelling bias, the attribution bias, the halo effect, etc.

others to use these kinds of tools. Universal tools are used, most of all, in medium-sized companies and those that provide less knowledge-intensive services.

Table 2.40. Degree of universality of competency testing tools (by subsample) [in %]

	Total n=941	Medium n=811	Large n=130	Knowledge- intensive services n=282	Less knowledge- intensive services n=270	Manufacturing n=389
Developed especially for our organisation	24,1	23,1	30,8	27,7	23,0	22,4
Universal, but adjusted to the needs of our organisation	37,6	36,6	43,8	40,8	32,6	38,8
Universal, used by other companies on the market	38,3	40,3	25,4	31,6	44,4	38,8

What competency verification tools are used in your organisation? Base: n=941 (all enterprises).

A vast majority of the surveyed enterprises does not test the validity of all utilised competency-verification tools (Table 2.41.). **41.8% of companies never examine the validity of the verification tools, and more than one-third (35.0%) examines only the validity of some of the methods.** Only less than one-fourth of the companies stated that all competency-verification methods are subject to detailed analysis in terms of their validity.

Examining the validity of competency verification methods, particularly in relation to some methods, is much more frequently conducted by large enterprises (Table 2.41.). In the group of medium companies, the proportion of those that never examine the validity of the methods used is clearly higher, just as in the group of companies that provide less knowledge-intensive services.

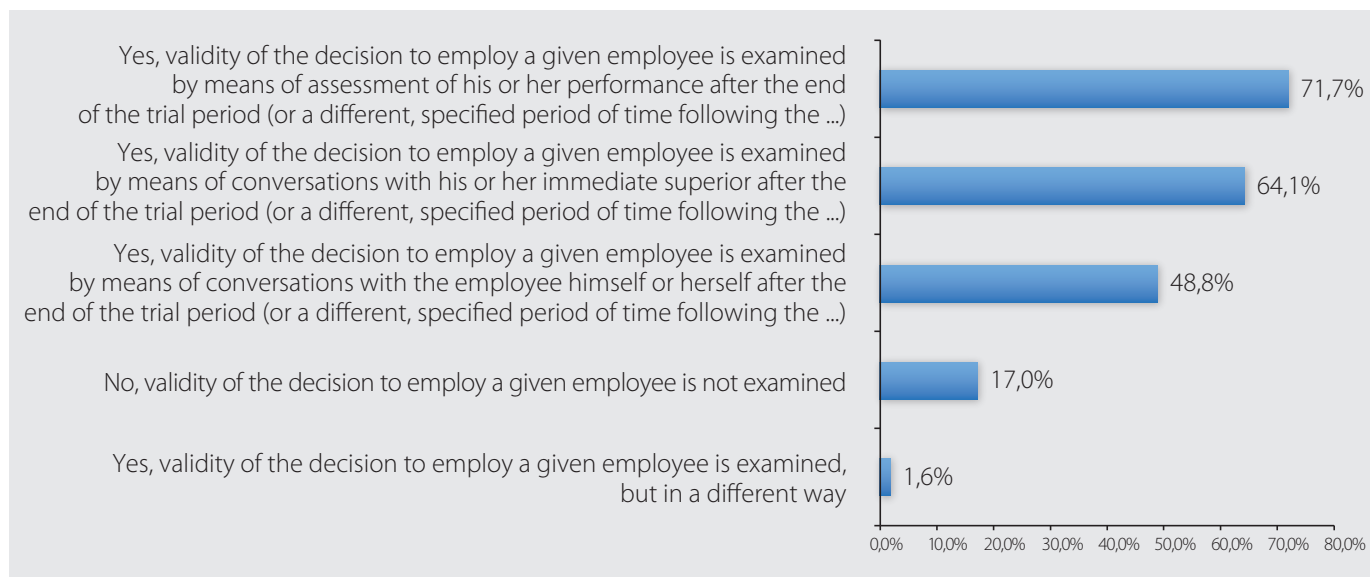
Table 2.41. Examination of the validity of competency testing tools (by subsample) [in %]

	Total n=941	Medium n=811	Large n=130	Knowledge- intensive services n=282	Less knowledge- intensive services n=270	Manufacturing n=389
Yes, all competency verification methods are subject to detailed analysis in terms of their validity	23,3	22,4	28,5	25,9	21,1	22,9
Yes, some of the competency verification tools are subject to detailed analysis in terms of their validity	35,0	33,3	45,4	36,2	28,1	38,8
No, the competency verification methods are not subject to analysis in terms of their validity	41,8	44,3	26,2	37,9	50,7	38,3

Is the validity of competency verification tools examined in your organisation? Base: n=941 (all enterprises).

Most of the surveyed enterprises claim that they **examine the validity of the decision** to employ a given person (Figure 2.24.). The validity of the employment decision is examined mostly by evaluating the employee's performance and by conversations with the direct superior after the end of the trial period (or a different specified period following the employment). The method consisting in holding a meeting with the employee after the end of the trial period, applied by about half of the enterprises, is less popular. In every sixth surveyed company, validity of the decision to employ a given worker is not examined.

Figure 2.24. Examination of the validity of employment decisions (in total)



Is the validity of the decision to employ a given employee examined in your organisation? Base: n=941 (all enterprises).

Large companies are more likely than medium-sized companies to examine the validity of employment decisions through meetings with the direct superior and are slightly more likely to use performance appraisal after the end of the trial period (Table 2.42.). A higher percentage of medium-sized companies than large companies never examine the validity of employment decisions. This percentage is comparable in companies that provide less knowledge-intensive services and manufacturing companies, and lower in knowledge-intensive services companies.

Table 2.42. Examination of the validity of employment decisions (by subsample) [in %]

	Medium n=811	Large n=130	Knowledge- intensive services n=282	Less knowledge- intensive services n=270	Manufacturing n=389
Yes, validity of the decision to employ a given employee is examined by means of evaluating his/her performance after the end of the trial period (or a different, specified period of time following employment)	70,9	76,9	74,1	69,3	71,7
Yes, validity of the decision to employ a given employee is examined by means of conversations with his/her immediate superior after the end of the trial period (or a different, specified period of time following the employment)	62,6	73,1	64,5	60,0	66,6
Yes, validity of the decision to employ a given employee is examined through conversations with the employee after the end of the trial period (or a different, specified period of time following the employment)	48,1	53,1	54,3	43,3	48,6
Yes, validity of the decision to employ a given employee is examined, but in a different way	1,6	1,5	1,1	2,2	1,5
No, validity of the decision to employ a given employee is not examined	18,0	10,8	13,1	19,3	18,3

Is the validity of the decision to employ a given worker examined in your organisation? Base: n=941 (all enterprises).

## 2.5. Competency-based employee development

*By devoting time and money to support learning and development of people, we place a deposit in the bank of their loyalty (Fitz-enz, 2001, p. 105).*

### 2.5.1. Conditions of development of employees in the surveyed organisations

Increasing the pool of competencies and flexibility of the staff is one of the basic goals of introducing competency models into human resources management. Therefore, an extremely important feature of competency solutions is promoting the development of employees and encouraging them to acquire new competencies. When employees have a broad knowledge, skills and other competencies, they are able to perform more tasks than they can in traditional systems, in which the employee is expected to possess competencies in the scope of a given (single) job position. Monitoring the development level and pace of people employed in the organisation is even considered the essence of competency-based management (Sidor-Rządkowska, 2011, p. 54). The competencies approach in the area of employee development (Lucia, 1999):

- enables focusing on skills, knowledge and other competencies, which have the greatest impact on the performance of employees,
- ensures the link between trainings and strategy as well as values of the organisation,
- ensures the most efficient use of time and funds dedicated to trainings.

The development competencies of employees in the organisation should take into account external (market) conditions. Depending on the circumstances outside of the organisation (in particular, on the situation of the labour market), managers in the organisation must make decisions concerning the directions to be taken in the development of employee competencies, in particular those competencies that are difficult to replace, and their value is essential to the company. Possessing information on what competencies are sought by an organisation, in the case that they are easily available, management may make a decision to obtain them from outside of the organisation (Phillips & Ford, 1996). The decision concerning the development of human capital within various groups of employees in the organisation (or obtaining this capital from outside) depends most frequently on the analysis of two dimensions: the strategic value of the competency and market uniqueness of the competency (based on the Lepak and Snell model [1999]). The model assumes four various forms of obtaining human capital: internal development of human capital, its contracting, acquiring human capital and creating alliances in the area of human capital. Internal development of human capital assumes an aspiration to have employees whose competencies are both unique and valuable. Contracting human capital concerns most often employees, whose competencies are neither rare, nor are of strategic value for the organisation. Therefore, investments in the development of these employees are limited, as they are easy to obtain on the external (open) labour market. Obtaining human capital (most often from competitors) is a characteristic approach for employees, whose competencies are of high strategic value for the organisation, but are rather easy to obtain on the labour market. It enables cost externalisation of the development of competencies, with simultaneous internalisation of the benefits by the enterprise. Creating alliances in the area of human capital concerns employees with unique competencies, but are not key for the functioning of the organisation. This approach proposes sharing costs of the development of human capital by undertaking joint-initiatives in the area of competency development with public sector entities (e.g. higher or vocational education institutions), but also supporting initiatives of individuals.

Regardless of the adopted perspective, the competency-based approach for employers means the obligation to support the development of employees through the creation of appropriate opportunities for shaping competencies, which are a critical factor of success both for the whole company, and for individual employees. Of course, the organisation's responsibility for the development of employees must co-exist with personal responsibility and motivation. As Sidor-



Rządkowska (2011, p. 136) observed: *An employee is (or at least should be) the person responsible for his or her own development. For it is difficult not to agree that undertaking work in a contemporary organisation is becoming, to a high extent, tantamount to undertaking learning. In view of the dynamic transformations taking place, the need for continuous perfecting one's competencies is something obvious.*

It may be stated that responsibility for the development of an employee's competencies is shared by the organisation and the individual. It is particularly true in the case when development is understood broadly and not simply identified with training employees. In accordance with the definitions, which function in the HRM area, training employees is the process of increasing qualifications (competencies) related to the job requirements in order to improve performance (Listwan, 1999, p. 231). Development is, however, a broader concept, covering both employee training, and transferring, promotions and learning by gaining on-the-job experience. In the case of development, we usually deal with a longer time perspective. Development is related to doing subsequent jobs on various positions and the evaluation of the employee's progress. As a result of the development process, the employee should be prepared for performing more difficult tasks and occupying more responsible positions. From this perspective, unless responsibility for acquiring specific competencies (especially in the process of training) rests, to a high extent, on the training participant (of course, as long as no errors were committed in the process at any of the stages of the training process), development will surely depend, to a high extent, on the opportunities created by the organisation. For an employee may also undertake and independently finance a series of actions serving to develop his/her competencies, but it is the organisation that determines whether the employee will have conditions for their application in practice, e.g. the possibility to take a more responsible position, perform new tasks, etc. Development in terms of competencies should thus refer to:

- training of employees,
- planning employee careers.

Dubois and Rothwell (2008, p. 28) claim that, in the area of employee training, the most important goal is to eliminate barriers that limit the performance of the individual by developing competencies. Training should be organised in a way that enables obtaining measurable, fully satisfactory or outstanding results. Professor Poczowski (2001, p. 173), who noted that the training activity directs the actions towards development of competencies characteristic of highly efficient employees, reaffirmed the assumption. The goal of the broadly understood employee development is *to make it easier for individuals to discover their own competencies, support the organisation in efforts to reveal the creative abilities of the people who form it, and further develop abilities after completing a task (...)* This model is based on the assumption that 98% of all efforts put into building competencies take the form of *gaining professional experience* (p. 29). It makes it possible to utilise information in career planning of individual employees, such as their strengths (competencies that may be developed) and to compare the competencies of candidates with the competency requirements for future functions or job positions (Poczowski, 2001, p. 173).

**As the survey revealed, the scope of implementation of the competency system in the area of training and development is significant.** Among the enterprises, which utilise competency-based HRM based on competencies of any group of employees, **58.2% have implemented the solutions in the area of training and development of employees, 22.6% are in the process of implementing them, while 19.2% are planning to implement them.**

With respect to the subsamples distinguished in the study, the differentiation in terms of enterprise size is evident (Table 2.43.). One can also see differences depending on the type of business activity, especially between companies that provide knowledge-intensive services (among which 62.8% of companies that use competency-based HRM have implemented the solution discussed here) and the companies that provide less knowledge-intensive services (51.3%).

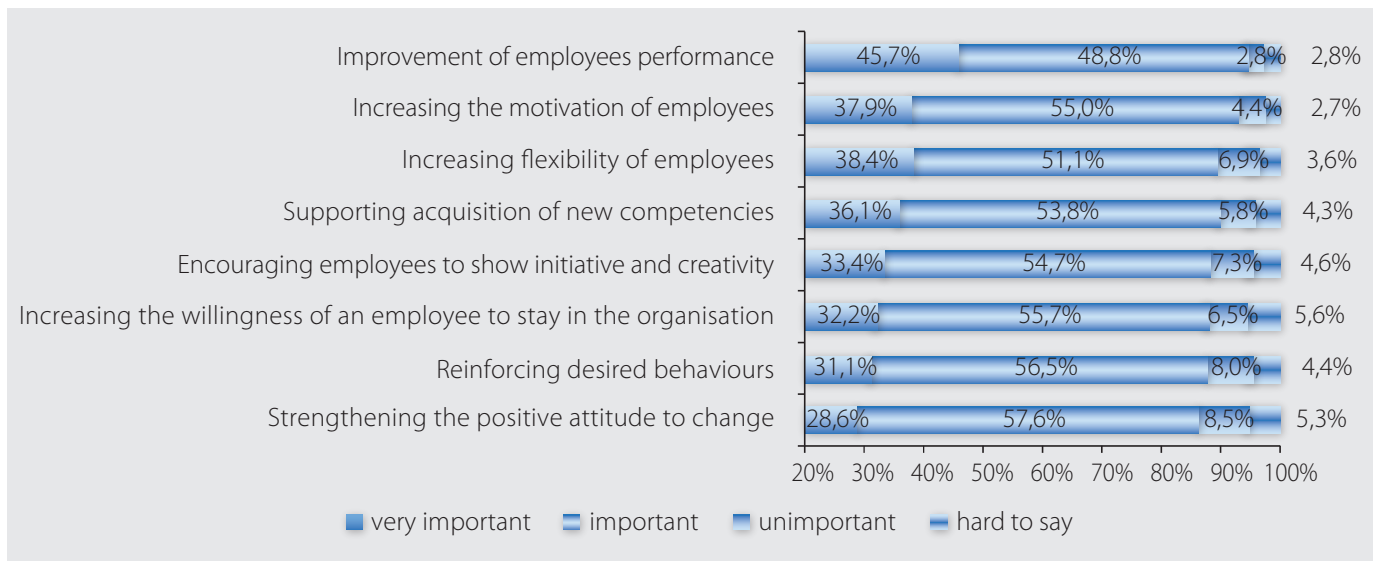
Table 2.43. Use of competency management tools in training and development (total and by subsample) [in %]

	Total n=756	Medium n=638	Large n=118	Knowledge- intensive services n=247	Less knowledge- intensive services n=193	Manufacturing n=316
Implemented	58,2	55,5	72,9	62,8	51,3	58,9
Implementation in progress	22,6	24,1	14,4	19,4	26,9	22,5
Planning implementation	19,2	20,4	12,7	17,8	21,8	18,7

In which areas of human resources management does your organisation use competency management tools? Base: n=756 (only enterprises which use competency-based human resources management for any of the groups of employees distinguished).

The most important reasons for undertaking actions related to the development of human resources in the surveyed organisations include (Figure 2.25): **improving employee performance, increasing the motivation of employees, increasing the flexibility of employees and supporting acquisition of new competencies.** The following are somewhat less significant, though also important objectives: encouraging employees to show initiative and creativity, increasing the willingness of an employee to stay in the organisation and to strengthen the desired behaviours. The reason, which respondents most often considered being insignificant and, at the same time, the least often to be very important, was strengthening the positive attitude towards change.

Figure 2.25. The main reasons for developing human resources in the organisation (in total)



What are the main reasons of undertaking actions related to the development of human resources in your organisation? (Please assess all of the provided elements). Base: n=941 (all enterprises).

With reference to enterprises broken down by size, it is evident that large companies find the following reasons of developing human capital much more important than medium-sized companies (Table 2.44.): supporting the acquisition of new competencies, increasing the flexibility of employees, increasing the positive attitude towards change and encouraging employees to show initiative and creativity. There are no significant differences concerning 'pro-efficiency' reasons for developing human resources. Thus, it can be said that **the motivations of large companies to develop human resources are more complex. They are, to a high extent, aimed at not just acquiring competencies needed for proper work performance by employees, but rather at making them more flexible, increasing the scope of competencies possessed (multiskilling)**

**and acquiring greater openness to changes.** Thus, the attitude of large companies corresponds to the previously presented concept of widely understood development (rather than narrowly defined training).

Enterprises that provide knowledge-intensive services, when compared to other categories of enterprises, clearly manifest a much higher frequency of identifying practically all major reasons for developing human resources in the organisation. It indicates a higher awareness of the possibilities of influencing a higher competency potential of employees on the essential business indicators. The enterprises place special emphasis on factors related to the improvement of employee performance, supporting acquisition of new competencies, increasing employee motivation and flexibility. It indicates not only awareness of the pro-efficiency and motivational significance of the developmental activities, but, most of all, the role of widening and deepening competencies of employees.

Table 2.44. Main reasons of developing human resources in the organisation (by subsample) [in %]

		Medium n=811	Large n=130	Knowledge- intensive services n=282	Less knowledge- intensive services n=270	Manufacturing n=389
<b>Supporting the acquisition of new competencies</b>	very important	33,4	53,1	51,1	27,4	31,4
	important	55,6	42,3	45,4	55,2	58,9
	unimportant	6,4	2,3	1,8	10,4	5,7
	hard to say	4,6	2,3	1,8	7,0	4,1
<b>Increasing flexibility of employees</b>	very important	37,1	46,2	44,7	35,2	36,0
	important	52,0	45,4	45,7	50,4	55,5
	unimportant	7,3	4,6	6,4	9,3	5,7
	hard to say	3,6	3,8	3,2	5,2	2,8
<b>Improvement of employee performance</b>	very important	44,6	52,3	52,8	41,1	43,7
	important	49,8	42,3	42,6	49,3	53,0
	unimportant	2,7	3,1	1,8	4,8	2,1
	hard to say	2,8	2,3	2,8	4,8	1,3
<b>Reinforcing desired behaviours</b>	very important	30,5	35,4	33,3	32,6	28,5
	important	56,8	54,6	53,2	53,7	60,9
	unimportant	8,3	6,2	8,5	8,5	7,2
	hard to say	4,4	3,8	5,0	5,2	3,3
<b>Increasing the motivation of employees</b>	very important	37,1	43,1	47,5	34,1	33,7
	important	55,7	50,8	45,7	54,4	62,2
	unimportant	4,3	4,6	3,5	7,8	2,6
	hard to say	2,8	1,5	3,2	3,7	1,5
<b>Strengthening the positive attitude towards change</b>	very important	26,8	40,0	34,8	25,6	26,2
	important	58,8	50,0	53,5	54,1	63,0
	unimportant	8,9	6,2	6,7	13,3	6,4
	hard to say	5,5	3,8	5,0	7,0	4,4
<b>Increasing the willingness of an employee to stay in the organisation</b>	very important	31,4	36,9	39,0	27,8	30,3
	important	56,4	51,5	50,4	54,8	60,2
	unimportant	6,5	6,2	3,2	10,0	6,4
	hard to say	5,7	5,4	7,4	7,4	3,1
<b>Encouraging employees to show initiative and creativity</b>	very important	32,1	41,5	41,1	31,1	29,3
	important	55,2	51,5	52,1	50,7	59,4
	unimportant	7,9	3,8	2,8	11,9	7,5
	hard to say	4,8	3,1	3,9	6,3	3,9

What are the main reasons for undertaking actions related to the development of human resources in your organisation? (Please assess all of the provided elements). Base: n=941 (all enterprises).

The analysis of key reasons for failure to undertake actions in the area of employee development in the organisation also yielded very interesting results. Most companies indicate lack of funds among the key reasons for failure to undertake actions aimed at developing human resources in the organisation, (Figure 2.26.). Subsequently, respondents

identified factors, such as higher priority of other issues/projects/investments, lack of time for developmental activities, or unwillingness of employees to learn. Less important factors include lack of awareness of the management board and the management of the company on the importance of such actions and organisational culture opposed to change.

**Figure 2.26. Main reasons for failure to undertake activities aimed at developing human resources in the organisation (in total)**



What are the main reasons for the failure to undertake activities related to the development of human resources in your organisation? (Please assess all of the provided elements). Base: n=941 (all enterprises)

As regards the subsamples identified in the study, it is evident that the problem of lack of funds refers to both large and medium-sized companies, although in medium-sized companies the lack of funds is often regarded as a very important reason for not taking developmental actions (Table 2.45.). Moreover, large companies are much more likely to consider lack of time for developmental activities and lack of employee willingness to learn to be unimportant. Companies that provide knowledge-intensive services also indicate the latter reason as unimportant. On the other hand, lack of funds was indicated in that category of companies more frequently than in service companies and manufacturing companies.

**Table 2.45. Main reasons for the failure to undertake activities aimed at developing human resources in the organisation (by subsample) [in %]**

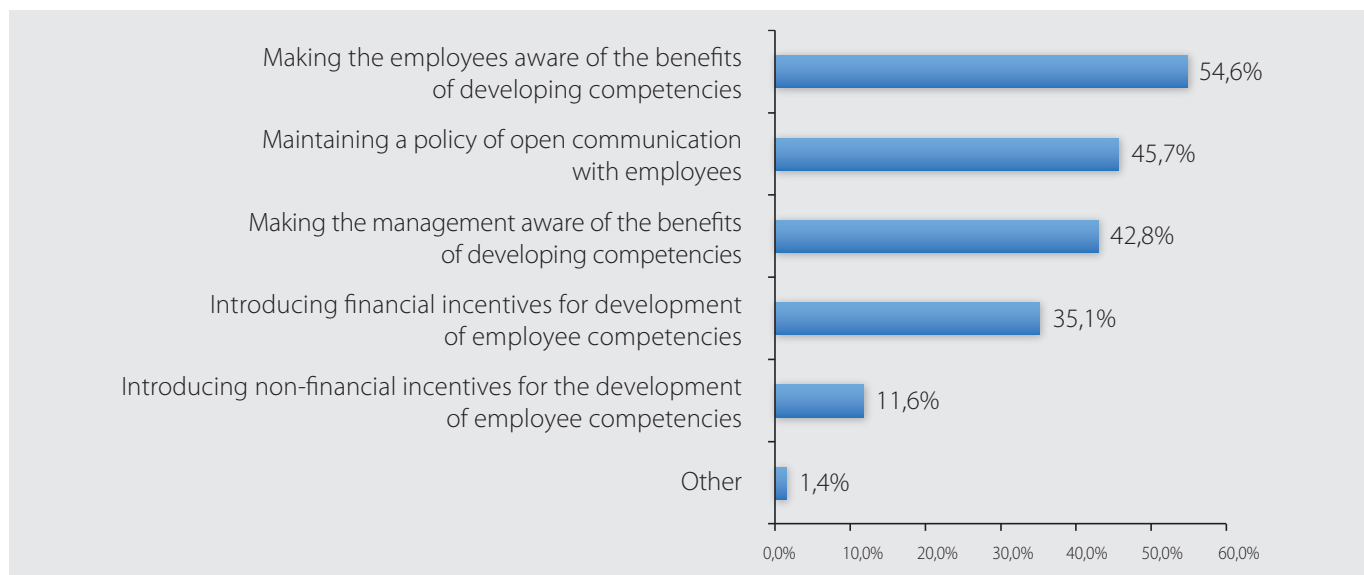
		Medium n=811	Large n=130	Knowledge- intensive services n=282	Less knowledge- intensive services n=270	Manufacturing n=389
<b>Lack of financial resources</b>	very important	37,7	29,2	40,8	36,3	33,7
	important	47,8	51,5	47,2	47,8	49,6
	unimportant	9,4	15,4	7,8	9,6	12,3
	hard to say	5,1	3,8	4,3	6,3	4,4
<b>Lack of the board's awareness of the importance of such activities</b>	very important	15,3	12,3	17,4	13,7	13,9
	important	38,7	37,7	35,5	35,6	42,9
	unimportant	34,4	39,2	37,2	34,8	33,7
	hard to say	11,6	10,8	9,9	15,9	9,5
<b>Lack of awareness of the entire company management of the importance of such activities</b>	very important	13,1	14,6	15,2	12,2	12,6
	important	40,7	38,5	37,2	35,9	45,8
	unimportant	34,2	38,5	36,2	37,0	32,1
	hard to say	12,1	8,5	11,3	14,8	9,5
<b>Organisational culture opposed to change</b>	very important	10,7	10,0	11,7	9,6	10,5
	important	39,7	36,9	32,6	39,3	44,2
	unimportant	38,0	44,6	41,5	39,6	36,5
	hard to say	11,6	8,5	14,2	11,5	8,7
<b>Higher priority of other issues/projects/investments</b>	very important	22,3	21,5	20,9	21,5	23,7
	important	54,3	51,5	51,8	53,3	55,8
	unimportant	15,4	19,2	17,4	17,8	13,6
	hard to say	8,0	7,7	9,9	7,4	6,9
<b>Lack of time for developmental activities</b>	very important	17,1	13,8	15,6	15,6	18,3
	important	54,9	46,9	51,4	56,3	53,7
	unimportant	18,9	30,8	25,2	20,0	17,5
	hard to say	9,1	8,5	7,8	8,1	10,5
<b>Lack of employee willingness to learn</b>	very important	14,5	12,3	16,7	15,6	11,6
	important	47,6	42,3	37,9	43,0	56,0
	unimportant	28,6	36,9	36,5	31,1	23,9
	hard to say	9,2	8,5	8,9	10,4	8,5

What are the main reasons for the failure to undertake activities related to development of human resources in your organisation? (Please assess all of the provided elements) Base: n=941 (all enterprises).

In the light of the above, it is worthwhile to have consider the **analysis of the possible ways to minimise barriers to the development of employee competencies** (Figure 2.27.). While the barriers are financial (lack of funds) or quasi-financial (higher priority of other issues, lack of time), the respondents indicated actions related to communication as crucial in minimizing them. According to more than half of the respondents, the best way to minimize barriers of developing employee competencies is making employees aware of the benefits from competency development, and afterwards, keeping an open communication policy with employees and making managers aware of the benefits from competency development. **Thus, it seems that although, according to**

**respondents, the lack of funds constitutes the key 'entry barrier' into employee competency development, access to funds does not solve problems related to the development of human capital.** Therefore, it seems that increasing the scope of activities in human capital development at the enterprise level requires, most of all, understanding by employees and managers of the measurable benefits that come from the development of employee competencies. The awareness must be built both at the individual level (benefits for the employees who enhance their employability by increasing their human capital), as well as, and perhaps most importantly, for the enterprise itself.

**Figure 2.27. Possible ways of minimising barriers to the development of employee competencies (in total)**



How do you think barriers towards the development of employee competencies can be minimised in organisations? Base: n=920 (all enterprises, 21 no data).

Lack of awareness of the management is not a major problem in knowledge-intensive service companies, however, open communication policy with employees was clearly a more frequently identified solution in these companies (Table 2.46). In large enterprises, in addition to building the awareness of the benefits among management, it is much more frequently postulated that financial incentives for the development of competencies should be introduced.

**Table 2.46. Possible ways to minimise barriers to the development of employee competencies (by subsample) [in %]**

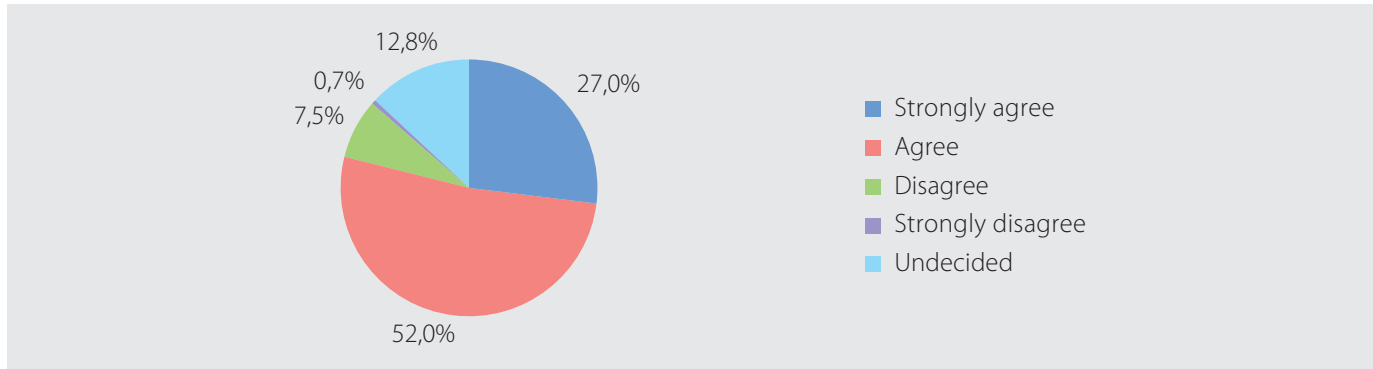
	Medium n=794	Large n=126	Knowledge- intensive services n=281	Less knowledge- intensive services n=261	Manufacturing n=378
<b>Making the management aware of the benefits of developing competencies</b>	41,4	51,6	37,4	42,5	47,1
<b>Making the employees aware of the benefits of developing competencies</b>	54,0	57,9	56,9	52,9	54,0
<b>Maintaining a policy of open communication with employees</b>	45,0	50,0	54,1	44,1	40,5
<b>Introducing financial incentives for the development of employee competencies</b>	32,9	49,2	33,1	35,6	36,2
<b>Introducing non-financial incentives for the development of employee competencies</b>	11,2	14,3	10,3	14,6	10,6

How do you think barriers towards the development of employee competencies can be alleviated in organisations? Base: n=920 (all enterprises, 21 no data).



Surveyed companies, however, have difficulties with a clear definition of tangible benefits from the employee competency development (Figure 2.28.). Only one respondent in four is decisively convinced that the manager of the company is aware of the tangible benefits from employee competency development. More than half of the respondents rather agree with this statement, indicating again the limited opportunity to prove quantifiable (measurable) impact of the level of employee competency on the operation of the company (although, as indicated above, the respondents 'intuitively' feel that such a link exists).

Figure 2.28. Perception of measurable benefits resulting from the development of employee competencies (in total)



Do you think that the company management is aware of the measurable benefits brought about by developing of employee competencies? Base: n=941 (all enterprises).

The benefits from employee competency development are noticed a bit more frequently in large companies. This may be explained by the fact that, they probably possess more tools and opportunities to show the link between the development of competencies and the functioning of companies. However, there is no evidence of a clear differentiation of the responses in terms of the type of business activity.

Table 2.47. Perception of measurable benefits from the development of employee competencies (by subsample) [in %]

	Medium n=811	Large n=130	Knowledge- intensive services n=282	Less knowledge- intensive services n=270	Manufacturing n=389
Strongly agree	25,9	33,8	29,1	26,3	26,0
Agree	51,5	54,6	51,4	47,8	55,3
Disagree	8,1	3,8	6,4	10,7	6,2
Strongly disagree	0,7	0,8	0,4	1,9	0,3
Undecided	13,7	6,9	12,8	13,3	12,3

Do you think that the company management is aware of the measurable benefits brought about by the developing employee competencies? Base: n=941 (all enterprises).

### 2.5.2. Scope and nature of developmental activities in the surveyed organisations

Organising the processes of employee development, understood comprehensively, requires the employer to undertake coordinated and deliberate actions. As noted by Oleksyn (2010, pp. 238–239), there are many factors determining the effectiveness of professional development that depend on the employer:

- the selection of the best forms and programmes of professional development,
- the method of selecting people for trainings and other forms of professional development,
- selection of entities that provide professional development,
- funds which the employer is ready to dedicate to professional development of its staff

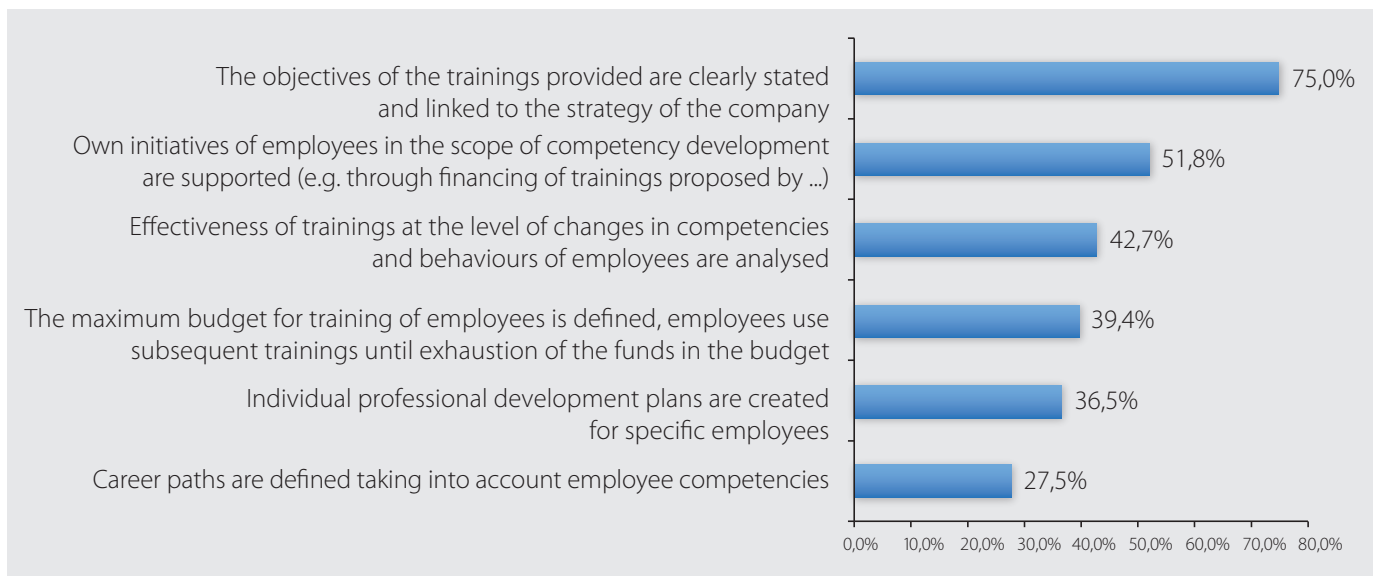
Thanks to the comprehensive approach, it is possible to exert actual influence on the scope and level of competencies of the employees working in the organisation.

Based on the literature on the subject, for the purpose of this study, a series of factors that determine the complexity and the type of developmental activities undertaken by the organisation<sup>25</sup> were defined:

- clear definition of objectives of the trainings performed and linking them to the strategy of the company,
- developing individual professional development plans for specific employees,
- supporting the initiatives of employees in the scope of developing competencies (e.g. through financing trainings proposed by the employees and/or co-financing post-graduate studies),
- analysing the effectiveness of the trainings at the level of changes in competencies and employee behaviour,
- defining career paths, taking into account employee competencies.

Three out of four surveyed enterprises decided that the objectives of the training courses are clearly stated and linked to the strategy of the organisation (Figure 2.29.). However, only half declared that they supported initiatives of employees in competency development. An even smaller group of companies (42.7%) analyse effectiveness of training courses at the level of changes in competencies and employee behaviour. In a group similar in size (39.4%), the maximum budget for training of employees are specified, and employees make use of training courses until exhausting funds in the budget. In a little more than one-third of the companies, individual professional development plans are created for specific employees. In one-fourth of the surveyed enterprises, career paths are defined allowing for employee competencies.

**Figure 2.29. Actions undertaken in competency development (in total)**



*In the system of development of employee competencies in your organisation, ...? Base: n=926 (all enterprises, 15 – no data).*

With respect to all actions in competency development, a considerably higher frequency of utilisation is evident in two subsamples of enterprises: large enterprises and knowledge-intensive service companies (Table 2.48.). It may be concluded that the scope of developmental activities in the subsamples is more comprehensive.

<sup>25</sup> The scope defined below does not obviously cover all issues related to the broadly understood development of employees, which issues are presented later in this chapter. Nevertheless, it may illustrate the perspective of development, as adopted in surveyed organisations, and its characteristic features.

Table 2.48. Actions undertaken within competency development (by subsample) [in %]

	Medium n=802	Large n=127	Knowledge- intensive services n=282	Less knowledge- intensive services n=265	Manufacturing n=382
The objectives of the trainings provided are clearly stated and linked to the strategy of the company	73,0	87,7	79,1	71,5	74,6
Individual professional development plans are created for specific employees	35,0	46,1	45,0	24,5	38,5
Own initiatives of employees in the scope of competency development are supported (e.g. through financing trainings proposed by employees, co-financing post-graduate studies)	49,7	64,6	63,1	41,1	50,8
Effectiveness of trainings at the level of changes in competencies and employee behaviour are analysed	40,6	55,9	49,6	35,4	42,6
Career paths are defined taking into account employee competencies	25,1	43,0	32,6	19,7	29,2
The maximum budget for training of employees is defined, employees use subsequent trainings until exhaustion of funds in the budget	36,5	57,5	49,3	32,5	36,9

In the system of development of employee competencies in your organisation, ...? Base: n=926 (all enterprises, 15 – no data).

The performed analysis of the scope of developmental activities also included the examination of the participation of specific groups of employees in the process of increasing the level of education and qualifications. Actions of this kind indicate, to a high extent, the scope and willingness to undertake individual developmental initiatives by employees working in the organisation, because increasing the level of formal education as well as qualifications usually takes place within formal education and in institutions of non-formal education that are authorised to award qualifications. Therefore, this participation may point towards the willingness of employees in an organisation to learn, regardless of acquiring competencies during informal learning (on-the-job training).

In more than half of the surveyed enterprises, regular employees are increasing or have increased their level of education and/or qualifications during the last year (Table 2.49). Two categories of enterprises, i.e. large enterprises and knowledge-intensive service companies, clearly distinguish themselves. In both cases, more than 70% of the surveyed companies claimed that they increased the level of education and/or qualifications of regular employees. By far, the worst result was observed for less knowledge-intensive service companies, in which the percentage merely amounts to 44.4%. Low willingness of regular employees to continue learning and increase the level of qualifications may constitute a significant barrier to the development in these enterprises. Of course, respondents did not have full knowledge about the scope of developmental activities undertaken by employees in all surveyed organisations. However, such a situation may indicate – employers' low interests in the broadly understood development of employees or a low level of trust in the employer who treats employee educational activity as a threat rather than a development opportunity.

**Table 2.49. Increasing the level of education and qualifications of regular employees (total and by subsample) [in %]**

	Total n=941	Medium n=811	Large n=130	Knowledge- intensive services n=282	Less knowledge- intensive services n=270	Manufacturing n=389
<b>Yes</b>	54,7	52,3	70,0	70,6	44,4	50,4
<b>No</b>	32,5	36,0	10,8	18,1	36,7	40,1
<b>Don't know</b>	12,8	11,7	19,2	11,3	18,9	9,5

Are any regular employees in your enterprise increasing or did they increase their level of education and/or qualifications during the last year? Base: n=941 (all enterprises).

This share is much lower for the group of managers in the surveyed organisations. In half of the surveyed enterprises, employees on managerial positions are increasing or have increased their level of education and/or qualifications (Table 2.50.). A clear differentiation in the distinguished subsamples is visible regarding the training of managers. Again, the share is the highest in large companies (72.3%) and those that provide knowledge-intensive services (62.1%).

**Table 2.50. Increasing the level of education and qualifications by managers (total and by subsample) [in %]**

	Total n=941	Medium n=811	Large n=130	Knowledge- intensive services n=282	Less knowledge- intensive services n=270	Manufacturing n=389
<b>Yes</b>	51,8	48,5	72,3	62,1	44,4	49,4
<b>No</b>	36,0	40,4	8,5	27,0	37,4	41,6
<b>Don't know</b>	12,2	11,1	19,2	11,0	18,1	9,0

Are any managers in your enterprise increasing or did they increase their level of education and/or qualifications during the last year? Base: n=941 (all enterprises).

**The analysis of the willingness to improve qualifications would be incomplete without the analysis of ways of improving education and qualifications by regular employees and managers.** In the surveyed organisations, employees (including regular employees and managers) usually increase their qualifications through (Figure 2.30.) learning from more experienced employees, participation in professional training courses closely related to the job, performed in the traditional way (in the form of stationary meetings), and continue learning in the traditional (graduate from a school, university). Less popular ways include studying for an additional degree, independent learning, participation in professional training courses delivered in the traditional way, not related directly to the job, as well as training by providing the employee with professional books. The least popular way of increasing qualifications is through the use of e-learning courses. **Therefore, it is evident that traditional methods, such as continuing learning and professional training courses closely related to the job or studying for an additional degree, prevail in the examined sample. A great popularity of inexpensive methods of increasing qualifications, such as: learning from employees that are more experienced, or independent learning, is also visible.**

Figure 2.30. Methods of increasing qualifications/increasing the level of education (in total)



How do employees (regular and managers) increase their level of education and/or their qualifications in your enterprise? Base: n=941 (all enterprises).

As regards the size of the subsamples, the proportion of companies, in which employees use all of the above ways of increasing qualifications, is clearly the highest among large companies (Table 2.50). Large companies are leaders when it comes to employees making use of methods of acquiring knowledge, such as: learning from more experienced employees, participation in professional courses as well as trainings, and continuing traditional learning. Among the companies that provide knowledge-intensive services, the following methods are more popular: participation in professional training courses, studying for an additional degree, independent learning, and providing employees with professional books. It is also evident that the popularity of e-learning is higher in this group of enterprises.

Table 2.50. Ways of increasing qualifications/increasing the level of education (by subsample) [in %]

	Medium n=811	Large n=130	Knowledge- intensive services n=282	Less knowledge- intensive services n=270	Manufacturing n=389
Continue learning in a traditional fashion (graduate from a school, university)	54,6	74,6	62,4	50,4	58,6
Study for an additional degree	45,7	67,7	66,7	37,8	43,4
Participate in professional courses/trainings closely related to the job, delivered in a traditional fashion, in the form of stationary meetings	60,5	77,7	74,1	56,7	59,1
Participate in professional courses/trainings delivered in a traditional fashion, not related directly to their jobs	35,3	50,8	42,9	30,7	38,0
Learn from more experienced employees	69,4	87,7	73,4	73,0	70,2
Employees learn independently	47,0	56,2	63,1	41,5	42,5
Employees learn from professional books provided by the employer	33,0	42,3	48,6	26,7	29,3
Make use of e-learning courses to increase qualifications	13,9	22,3	25,5	10,4	10,8

How do employees (regular and managers) increase their level of education and/or their qualifications in your enterprise? Base: n=941 (all enterprises).

### 2.5.3. Financing developmental activities in the surveyed organisations

As noted by Professor Oleksyn (1999, p. 70), (...) *for obvious reasons, expenditures on development of human capital cannot be unlimited.* Nevertheless, as shown above, the competency perspective requires incurring expenditure on development of competencies, especially among the groups of employees, whose competencies are of strategic value for the organisation, and the possibility to obtain them on the open labour market is limited. Therefore, the study addresses the issue of financing of developmental activities, both from the perspective of analysing the percentage of enterprises that provide such financing, and the volume of dedicated funds and sources of financing.

**Almost half of the surveyed enterprises finance or co-finance education and training of employees, both on regular and managerial positions** (Table 2.52.). However, a slightly higher percentage of companies do not participate in such financing. Large enterprises and enterprises providing knowledge-intensive services are much more likely to subsidise education and training of employees. In the case of the first category, it may be explained by higher resources available for such activities. It seems, however, that in the case of knowledge-intensive companies, the need to develop specific competencies necessary for proper functioning of the enterprises is the determining factor.

**Table 2.52. Financing or co-financing of education and training of employees (total and by subsample) [in %]**

	Total n=941	Medium n=811	Large n=130	Knowledge- intensive services n=282	Less knowledge- intensive services n=270	Manufacturing n=389
Yes	48,6	45,6	70,8	59,2	44,8	44,7
No	51,4	54,4	29,2	40,8	55,2	55,3

*Does your enterprise finance or co-finance education and training of employees (on regular and managerial positions)? Base: n=941 (all enterprises).*

An important aspect of the analysis of the question of financing employee education is its key reasons. In accordance with the theoretical assumptions, the key conditioning of investments in human capital is often the lack of proper qualifications among employees that are necessary and sufficient for undertaking entrusted tasks. In such situations, enterprises are, in a way, forced to incur the costs of development, as significant competency gaps may have a negative impact on their functioning and competitiveness on the market. Therefore, **the degree of employee competency adjustment in enterprises that finance or co-finance education and training of employees was subjected to analysis.** The achieved results are surprising in the context of the thesis presented above.

**The majority of the companies, which co-finance education and training of employees, considers professional qualifications of regular employees to be sufficient to perform the tasks entrusted to them** (Table 2.53.). A small percentage of enterprises consider these qualifications to be insufficient. **Thus, as it seems, it is not the necessity that makes most of the surveyed companies invest in human capital.** Interestingly, the situation does not differ considerably between large and medium enterprises. If the necessity is not the key factor that makes companies invest in the development of employees, it is plausible to claim that **the companies are willing to invest in the widely understood development of competencies that are significant in the long-term perspective, not only in the perspective of adjusting the competencies of an employee to the currently occupied job position.**

Table 2.53. Are the qualifications of regular employees sufficient? (in total and by subsample) [in %]

	Total n=462	Medium n=370	Large n=92	Knowledge- intensive services n=167	Less knowledge- intensive services n=121	Manufacturing n=174
Yes	87,9	88,1	87,0	92,2	82,6	87,4
No	4,5	4,6	4,3	2,4	7,4	4,6
Don't know/hard to say	7,6	7,3	8,7	5,4	9,9	8,0

Do you think that the professional qualifications of your regular employees are sufficient for the performance of the entrusted tasks? Base: n= 462 (companies, which finance or co-finance education and training of employees).

Just as in the case of regular employees, the vast majority of companies also consider the professional qualifications of managers to be sufficient for the performance of the entrusted tasks. The percentage of companies that consider the qualifications insufficient is lower than in the case of non-managerial positions. Interestingly, professional qualifications of managers are considered to be sufficient in the higher proportion of medium-sized companies than in large ones. In the latter, respondents much more often were unable to provide an answer to this question. In knowledge-intensive service companies, a higher proportion of enterprises convinced that the qualifications of managers are sufficient, may be particularly evident in comparison to less knowledge-intensive companies.

Table 2.54. Are the professional qualifications of managers sufficient? (in total and by subsample) [in %]

	Total n=462	Medium n=370	Large n=92	Knowledge- intensive services n=167	Less knowledge- intensive services n=121	Manufacturing n=174
Yes	89,2	90,5	83,7	92,2	82,6	90,8
No	2,8	2,7	3,3	1,2	5,8	2,3
Don't know/hard to say	8,0	6,8	13,0	6,6	11,6	6,9

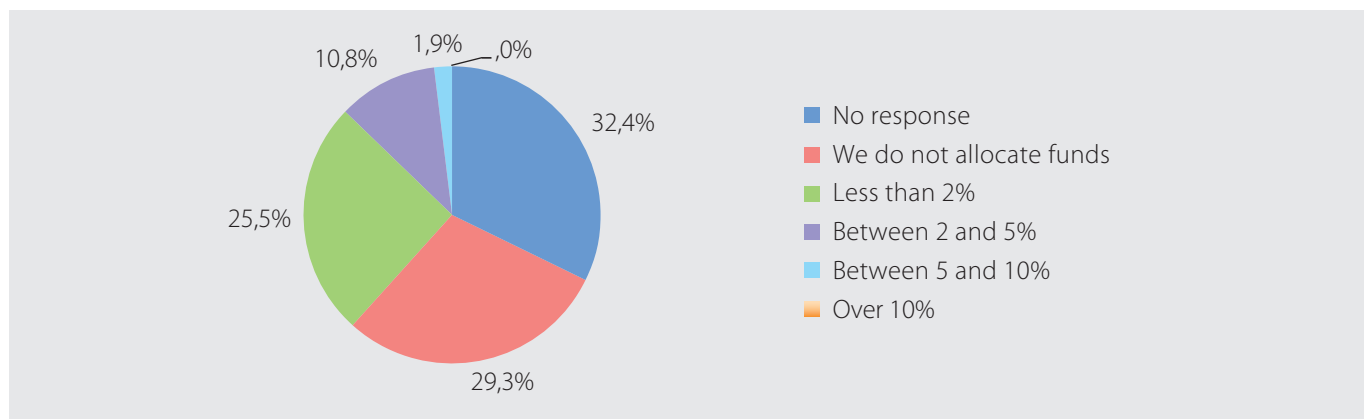
Do you think that the professional qualifications of your employees on managerial positions are sufficient for the performance of the entrusted tasks? Base: n= 462 (companies which finance or co-finance education and training of employees).

**As part of the survey, respondents were asked how much funds in relation to the salary fund their organisation invests in the development of competencies.** Thus, a relative rather than an absolute measure of expenditure was applied<sup>26</sup>. Nevertheless, almost one-third of the surveyed companies did not give an answer to this question. **Three out of ten surveyed enterprises do not allocate any funds for this purpose.** One in four surveyed organisations allocates less than 2% of the salary fund to the development of competencies. One in ten surveyed companies allocates between 2 and 5% of the salary fund to the development of competencies, while only one in fifty between 5 and 10%. None of the enterprises (!) allocates more than 10% of the salary fund for this purpose. **The level of co-financing of the development of competencies should definitely be considered as too low in the surveyed organisations,** especially considering the fact that the surveyed companies belong to medium- and large-sized (rather than micro and small enterprises), which are characterised by potentially higher financial possibilities.

<sup>26</sup> The studies performed [e.g. the Human Capital Balance (Bilans Kapitału Ludzkiego)] usually attempted to determine the amounts of expenditures on training per employee in a monetary value. However, experience shows that the surveyed companies are not willing to present the researchers with financial information, so they often encounter a refusal to reply to this kind of question.



Figure 2.31. Amount of funds allocated for the development of employee competencies in relation to the salary fund – in total



How much funds does your organisation allocate for the development of employee competencies (as percentage of the payroll budget)? Base: n=941 (all enterprises).

Large companies are much more likely than medium ones to allocate more than 2% of the salary fund for this purpose. Companies that provide knowledge-intensive services also allocate more funds for that purpose than companies from other categories, although the expenditure falls within the range of under 2% and between 2 and 5%.

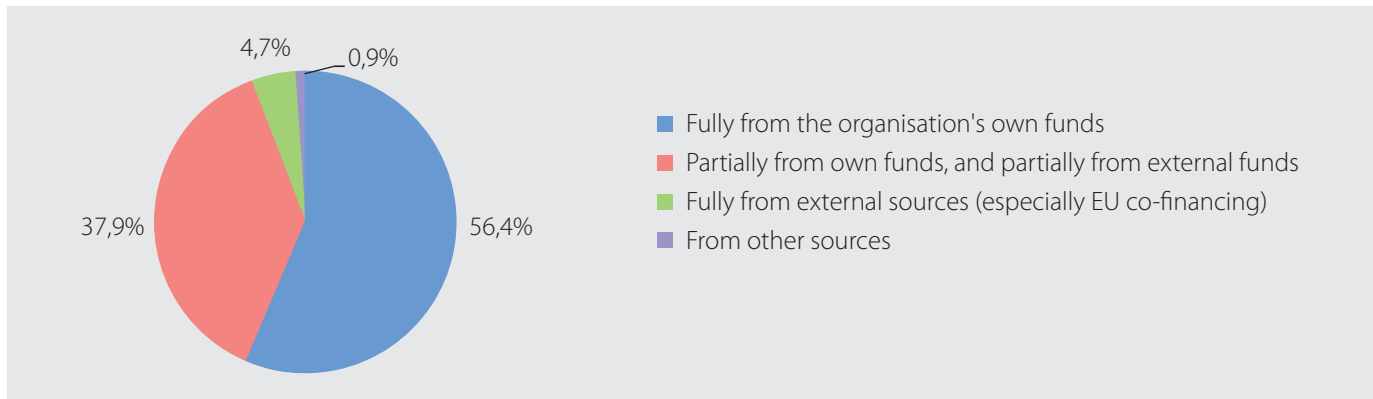
Table 2.55. Amount of funds allocated for the development of employee competencies (by subsample) [in %]

	Medium n=811	Large n=130	Knowledge- intensive services n=282	Less knowledge- intensive services n=270	Manufacturing n=389
No response	35,0	16,2	26,2	35,9	34,4
We do not allocate funds	29,2	30,0	25,9	31,5	30,3
Less than 2%	25,6	24,6	30,1	22,6	24,2
Between 2 and 5%	8,9	23,1	16,0	7,4	9,5
Between 5 and 10%	1,2	6,2	1,8	2,6	1,5
Over 10%	0,0	0,0	0,0	0,0	0,0

How much funds does your organisation allocate for the development of employee competencies (as percentage of the payroll budget)? Base: n=941 (all enterprises).

Comparing the relatively low level of funding with the fact that the respondents mentioned lack of funds as the key barrier for employee development, **it is clear that companies feel the lack of own resources for the development of employee competencies.** From this perspective, a solution would be to acquire funds from external sources, especially in view of the large availability of EU funds. **In practice, more than half of the surveyed enterprises finance the development of employee competencies entirely from own funds** (Figure 2.32.). Slightly more than one-third makes use of co-financing from external sources. One in twenty surveyed companies finance the development of employees entirely from external sources. Therefore, it seems that **in the perceived lack of own funds for the development of competencies, the extent of the use of other potential sources is insufficient.**

Figure 2.32. Sources of financing employee competency development (in total)



From what sources is the development of employee competences financed in your organisation? Base: n=636 (enterprises that finance or co-finance the development of employee competencies).

Large enterprises and those that provide knowledge-intensive services are more active in acquiring external co-financing for their developmental activities (Table 2.56). The highest percentage (although definitely small in relation to the whole sample) of enterprises that acquire financing entirely from external sources (especially EU co-financing) is observed in the group of knowledge-intensive services enterprises.

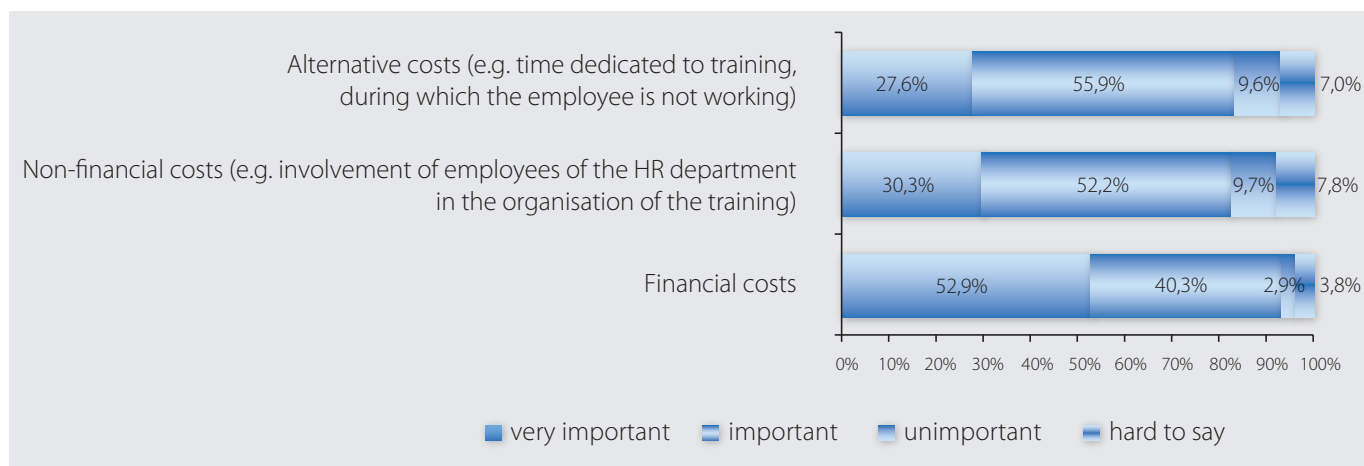
Table 2.56. Sources of financing employee competency development (by subsample)

	Medium n=527	Large n=109	Knowledge- intensive services n=208	Less knowledge- intensive services n=173	Manufacturing n=255
Entirely from the organisation's own funds	58,3	47,7	43,3	61,8	63,5
Partially from own funds, and partially from external funds	35,3	50,5	49,0	34,7	31,0
Entirely from external sources (especially EU co-financing)	5,3	1,8	7,2	2,3	4,3
From other sources	1,1	0,0	0,5	1,2	1,2

From what sources is the development of employee competences financed in your organisation? Base: n=636, (enterprises which co-finance the development of employee competencies).

Among the costs of employee competency development, financial costs are considered to be the most important in the surveyed enterprises (Figure 2.33.). They also form the most important barrier causing the lack of activity in this area. Nevertheless, other costs related to development are still important: non-financial costs (e.g. involvement of employees from the HR department in organising training courses) and alternative costs (e.g. time dedicated to training, during which the employee is not working). It can be concluded that the barrier to a more proactive approach to staff development is **the sum of the costs associated with it, which from the perspective of enterprises operating in a free market, must be balanced by a noticeable, measurable benefits from the development of employees**

Figure 2.33. The most important costs of employee competency development (in total)



The most important costs of employee competency development in your organisation include ...? Base: n=920 (all enterprises, 21 – no data).

The perception of the importance of specific types of costs of employee competency development is not significantly different between groups of enterprises (Table 2.57).

Table 2.57. The most important costs of employee competency development (by subsample) [in %]

		Medium n=794	Large n=126	Knowledge- intensive services n=281	Less knowledge- intensive services n=261	Manufacturing n=378
Financial costs	very important	53,0	52,4	55,9	57,1	47,9
	important	40,2	41,3	39,5	34,5	45,0
	unimportant	2,8	4,0	1,4	4,2	3,2
	hard to say	4,0	2,4	3,2	4,2	4,0
Non-financial costs (e.g. involvement of employees of the HR department in the organisation of the training)	very important	30,7	27,8	33,8	31,4	27,0
	important	52,0	53,2	49,8	49,8	55,6
	unimportant	9,2	12,7	9,3	10,0	9,8
	hard to say	8,1	6,3	7,1	8,8	7,7
Alternative costs (e.g. time dedicated to training, during which the employee is not working)	very important	27,8	26,2	27,8	29,5	26,2
	important	55,5	57,9	55,2	55,6	56,6
	unimportant	9,6	9,5	9,6	7,3	11,1
	hard to say	7,1	6,3	7,5	7,7	6,1

The most important costs of employee competency development in your organisation include ...? Base: n=920 (all enterprises, 21 – no data).

### 2.5.4. Elements of a systematic training model in development systems of the surveyed enterprises

In practice and in books on human resources management, it is a common belief that the application of a systematic training model yields best results in increasing and widening the scope of employee competencies. Systematic training is planned training that comprises of a series of logically linked and interdependent stages. The following are the most frequently mentioned steps in the systematic training model (Sloman, 1997, p. 41):

- analysis of training needs,
- development of goals and training plans,
- implementation of training plans,
- evaluation of training outcomes.

A competency model can be used in practice at all stages of the systematic training model. Many issues related to all four phases of the training process presented in detail below were addressed in the study.

### Analysis of training needs

Analysis of training needs is the first stage of the training cycle, in which the competency model is applied. Analysis of training needs consists in determining the competency gap between the desired level of competencies and the level attained or demonstrated by the employee (Juchnowicz & Sienkiewicz, 2006). As Armstrong (2001, p. 249) observes, *the competency structures, matrices and profiles indicate learning needs – specific dimensions of competencies, which need to be taken into account, creating the possibility of learning and encouraging independent study. The methods of developing employee competencies using the competency-based integrated assessment methodology may help in identifying key development needs*

Systematic evaluation of knowledge, skills and attitudes of employees in conjunction with the requirements of the competency profile allows determining what the training participant should learn to perform assigned tasks more efficiently and to broaden and develop existing competencies. Thus, the evaluation of employee competencies makes it possible to undertake actions aimed at eliminating the competency gap. Decisions concerning the elimination of the competency gap depend, of course, on the type of deficient competencies. In the case of competencies that are difficult to acquire on the open labour market, it will be necessary to undertake developmental actions. Therefore, it is necessary to regularly assess the competency gap of employees, performed through a series of available methods.

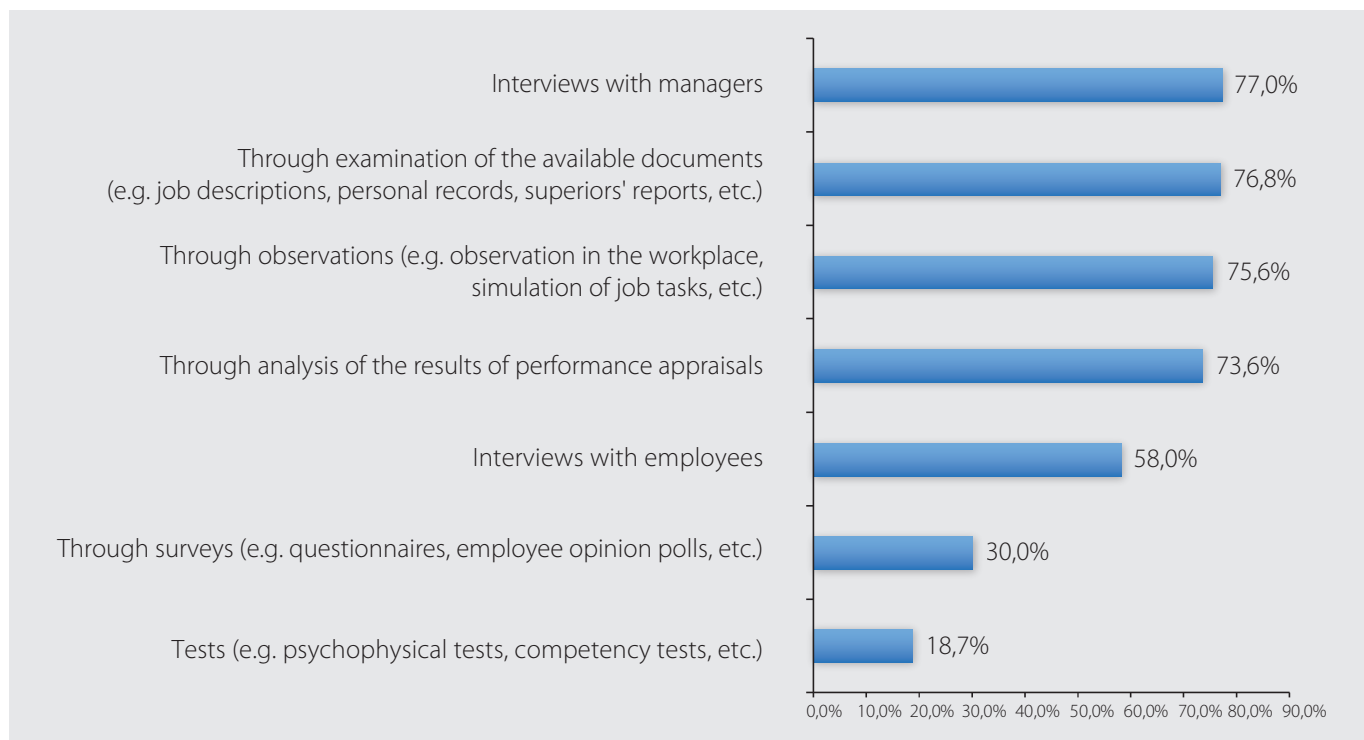
According to Sitko-Lutek (2005, p. 272), in practice, there are two sources of information about training needs: information from employees in the organisation (including management) and information from training companies, addressing offers to different organisations. According to the author, the following sources are not appreciated in practice:

1. performance appraisals – containing information on individual possibilities, needs and expectations of the directions of development,
2. job descriptions – usually containing characteristics of the position and personal requirements,
3. qualification standards – covering detailed information on required knowledge, skills and personal characteristics necessary for performing a given job or specialisation,
4. interviews with employees, superiors, clients – containing important information on training needs,
5. knowledge, skill and psychological tests – enabling comprehensive evaluation of a professional profile and competency profile of a manager.
6. observation – especially useful for analysing training needs for workers performing repetitive, and measurable actions,
7. staff documentation – covering personal information, which might constitute an additional source of information, on developmental needs.

Thus, it was decided to perform a detailed analysis in the study of the application of these solutions in the practice of competency-based human resource management to identify employee competency gaps.

**The most frequently encountered methods for identification and assessment of competency gaps in the surveyed enterprises include (Figure 2.34.): interviews with managers, examination of available documents (e.g. job descriptions, personal records, reports of superiors, etc.), observational studies (e.g. observation in the workplace, simulation of job tasks, etc.) and analysis of results of employee performance appraisals.** The methods are applied in three out of four surveyed enterprises. Slightly less popular, applied in more than half of the companies, are interviews with employees. The least popular methods of identifying and assessing competency gaps include surveys (e.g. questionnaires, employee opinion polls) and tests (e.g. psychophysical tests, competency tests, etc.).

Figure 2.34. Methods of identifying and assessing a competency gap (in total)



What methods are used to identify and assess possible missing competencies (competency gap)? Base: n=573 (companies, which identify the competency gap).

With regard to the subsamples distinguished in the study, it is evident that most methods of identifying competency gaps are much more popular in large enterprises (Table 2.58.). Enterprises that provide knowledge-intensive services use the method of analysing results of performance appraisals and surveys more often than others.

Table 2.58. Methods of identifying and assessing the competency gap (by subsample) [in %]

	Medium n=475	Large n=98	Knowledge- intensive services n=282	Less knowledge- intensive services n=270	Manufacturing n=389
Through examination of the available documents (e.g. job descriptions, personal records, reports of superiors, etc.)	74,7	86,7	78,4	73,4	77,5
Through analysis of the results of performance appraisals	70,9	86,7	80,5	70,6	70,0
Through surveys (e.g. questionnaires, employee opinion polls, etc.)	27,4	42,9	42,1	22,4	25,0
Through observations (e.g. observation in the workplace, simulation of job tasks, etc.)	74,3	81,6	76,3	78,3	73,3
Tests (e.g. psychophysical tests, competency tests, etc.)	17,7	23,5	21,1	12,6	20,4
Interviews with employees	56,6	63,3	64,2	55,9	53,8
Interviews with managers	74,3	89,8	70,5	76,2	82,5

What methods are used to identify and assess possible missing competencies (competency gap)? Base: n=573 (companies, which identify the competency gap).

**Planning, designing and delivery of training**

With reference to planning, designing and delivering training from the point of view of competency management, three basic issues are particularly important: who is trained, who trains and what training methods are used. With reference to the first criterion, analysis was carried out according to: 1) division by job positions (hierarchical and functional) and 2) division by characteristics of employees. As regards to the second criterion, the type and scope of employment of the selected specialised personnel were analysed in the area of development and their qualifications. At the end, a detailed analysis of used training methods divided into of services deliverer type was performed.

**The most frequently trained group of employees turned out to be lower rank employees** (Figure 2.35). Subsequent job groups according to training frequency are: employees occupying lower and middle management positions, top managers and employees working in selected departments and/or organisational units. One in seven surveyed companies does not train any of the groups of employees.

**Figure 2.35. The most frequently trained groups of employees according to hierarchy (in total)**



Which employees/groups of employees are most frequently trained in your organisation? Base: n=941 (all enterprises).

In large enterprises, each of the groups of employees is trained much more often than in medium enterprises (Table 2.59). Thus, it is not surprising that the proportion of enterprises that do not train any of the employee groups is much lower among large companies than among medium companies (4.6% vs. 15.3%, respectively). Similarly, knowledge-intensive service enterprises stand out, although mostly all employees are trained in these organisations.

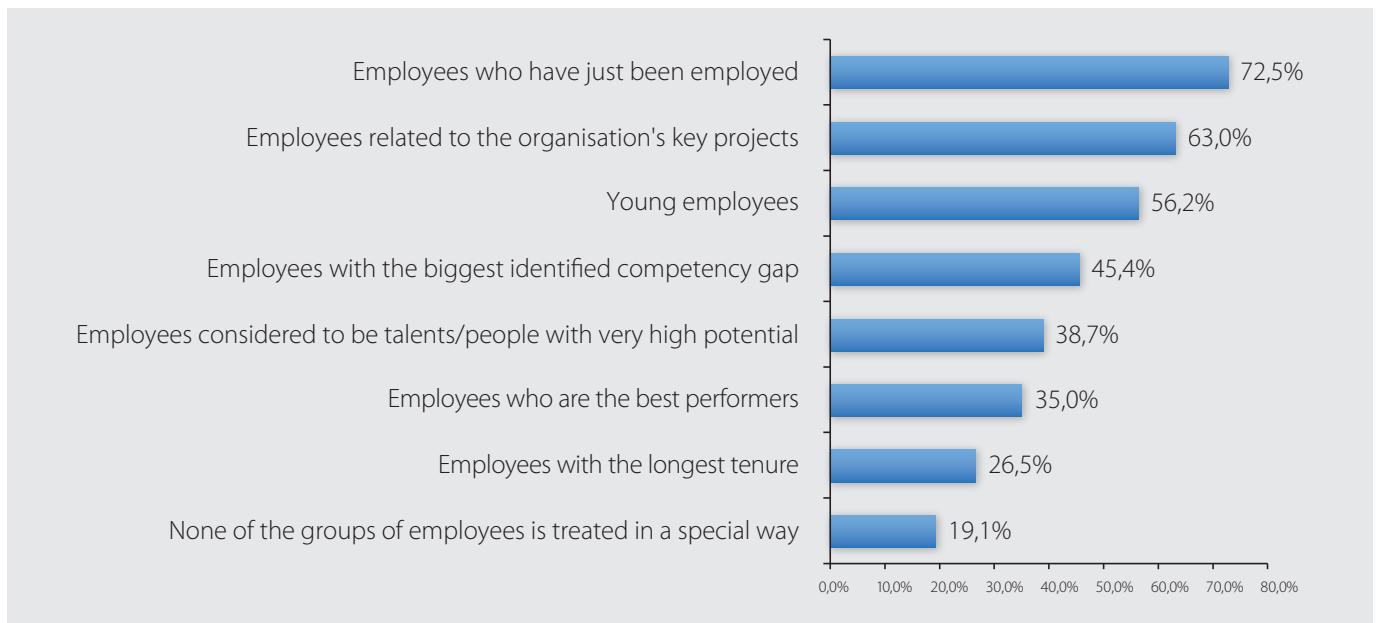
**Table 2.59. The most frequently trained groups of employees according to the hierarchy (by subsample) [in %]**

	Medium n=811	Large n=130	Knowledge- intensive services n=282	Less knowledge- intensive services n=270	Manufacturing n=389
All employees in the organisation	35,9	40,8	44,3	31,9	34,2
Lower rank employees (workers, specialists, coordinators, etc.)	61,4	76,9	67,0	58,1	64,8
Lower and middle managers	51,8	70,0	58,2	51,1	53,7
Top managers	45,6	68,5	54,6	44,4	47,6
Employees working in selected departments/organisational units (e.g. marketing)	41,8	64,6	48,6	43,3	43,4
None of the groups of employees is trained	15,3	4,6	12,4	18,1	11,8

Which employees/groups of employees are most frequently trained in your organisation? Base: n=941 (all enterprises).

When employees are classified according to non-hierarchical criteria (Figure 2.36.), **the most frequently trained employees are newly recruited employees, those involved in key projects in the organisation and young employees.** Less often, employees with the biggest identified competency gap, employees considered talents or people with high potential, and employees who are the best performers may benefit from training courses. The lowest proportion of companies indicated employees with the longest professional career as the most frequently trained group of employees. One in five surveyed enterprises stated that none of the groups of employees distinguished according to the characteristics is treated in a special way.

Figure 2.36. The most frequently trained groups of employees according to characteristics (in total)



Does your organisation train in particular ...? Base: n=811 (only enterprises, which train employees in at least one group or positions).

A much higher proportion of large companies than medium-sized companies train their newly recruited employees and young employees, and a clearly higher proportion trains employees involved in key projects of the organisation, employees who are the best performers, employees considered talents and those with the biggest identified competency gap. In the category group of knowledge-intensive service companies, a higher proportion of employees are trained with the largest identified competency gap, talents and employees who are achieve the best results, than in the other groups.



Table 2.60. The most frequently trained groups of employees according to characteristics (by subsample) [in %]

	Medium n=687	Large n=124	Knowledge- intensive services n=247	Less knowledge- intensive services n=221	Manufacturing n=343
Employees with the largest identified competency gap	44,1	52,4	49,8	39,8	45,8
Employees related to the organisation's key projects	61,1	73,4	66,4	54,3	66,2
Employees considered to be talents/people with very high potential	37,1	47,6	47,0	30,8	37,9
Newly recruited employees	70,3	84,7	70,9	75,6	71,7
Employees who achieve best results	33,3	44,4	41,7	27,1	35,3
Employees with the longest tenure	24,9	35,5	32,8	19,9	26,2
Young employees	54,0	68,5	57,9	54,8	56,0
None of the groups of employees is treated in a special way	19,2	18,5	17,8	21,7	18,4

Does your organisation train in particular ...? Base: n=811 (only enterprises, which train employees in at least one group or positions).

**Employment of specialised personnel in the area of training is not a common phenomenon in surveyed organisations** (Table 2.61.). Less than three in ten surveyed companies employ training specialists. Even less enterprises have internal trainers and employee career management specialists. Employment of specialised personnel in the area of employee development is definitely the domain of large enterprises. It is especially evident with reference to training specialists and internal trainers. Small, though perceptible, is the diversification of enterprises into knowledge-intensive services, less-knowledge intensive services and manufacturing companies. The smallest percentage of companies that employ specialised personnel in the area of development is characteristic of the less knowledge-intensive services group.

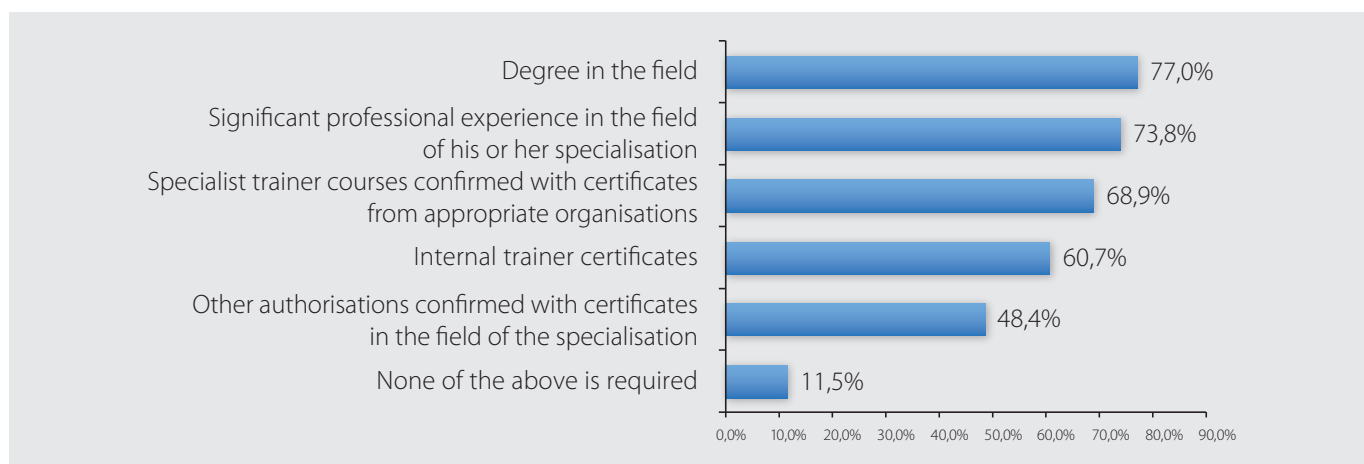
Table 2.61. Employment of specialised personnel in the area of development (in total and by subsample) [in %]

	Total n=941	Medium n=811	Large n=130	Knowledge- intensive services n=282	Less knowledge- intensive services n=270	Manufacturing n=389
Training specialists	28,5	23,9	56,9	32,3	23,0	29,6
Employee career management specialists	13,0	11,2	20,0	13,8	10,7	12,6
Internal trainers	12,4	10,7	26,9	16,0	10,0	12,9

Are the following people employed in your organisation ...? Base: n=941 (all enterprises).

High expectations concerning the qualifications of internal trainers is present in the group of companies employing them (Figure 2.37.). The key condition for employment on the position of an internal trainer is education in the field and a lot of experience in this specialisation. Completion of specialist trainer courses, accompanied with certificates of appropriate organisations, and internal trainer certificates is no less important.

Figure 2.37. Qualification of internal trainers (in total)



Do internal trainers employed in your organisation have to have: ...? Base: n=122 (companies that employ internal trainers).

It is evident that a larger proportion of large companies require their internal trainers to have various qualifications (Table 2.62.). The differences among the groups of enterprises distinguished in terms of the type of business activity are not so clear, yet the requirement for the trainer to have a degree in the field is more frequent in companies that provide knowledge-intensive services than in others. It must be noted, though that the sample of companies that employ internal trainers is so numerous that the possibilities and validity of drawing conclusions are in this case limited.

Table 2.62. Qualifications of internal trainers (by subsample) [in %]

	Medium n=87	Large n=35	Knowledge- intensive services n=45	Less knowledge- intensive services n=27	Manufacturing n=50
Degree in the field	73,6	85,7	86,7	77,8	68,0
Specialist trainer courses accompanied with certificates from appropriate organisations	65,5	77,1	75,6	77,8	58,0
Internal trainer certificates	58,6	65,7	68,9	70,4	48,0
Other authorisations accompanied with certificates in the field of the specialisation	46,0	54,3	55,6	51,9	40,0
Significant professional experience in the field of his/her specialisation	72,4	77,1	73,3	74,1	74,0
None of the above is required	12,6	8,6	8,9	14,8	12,0

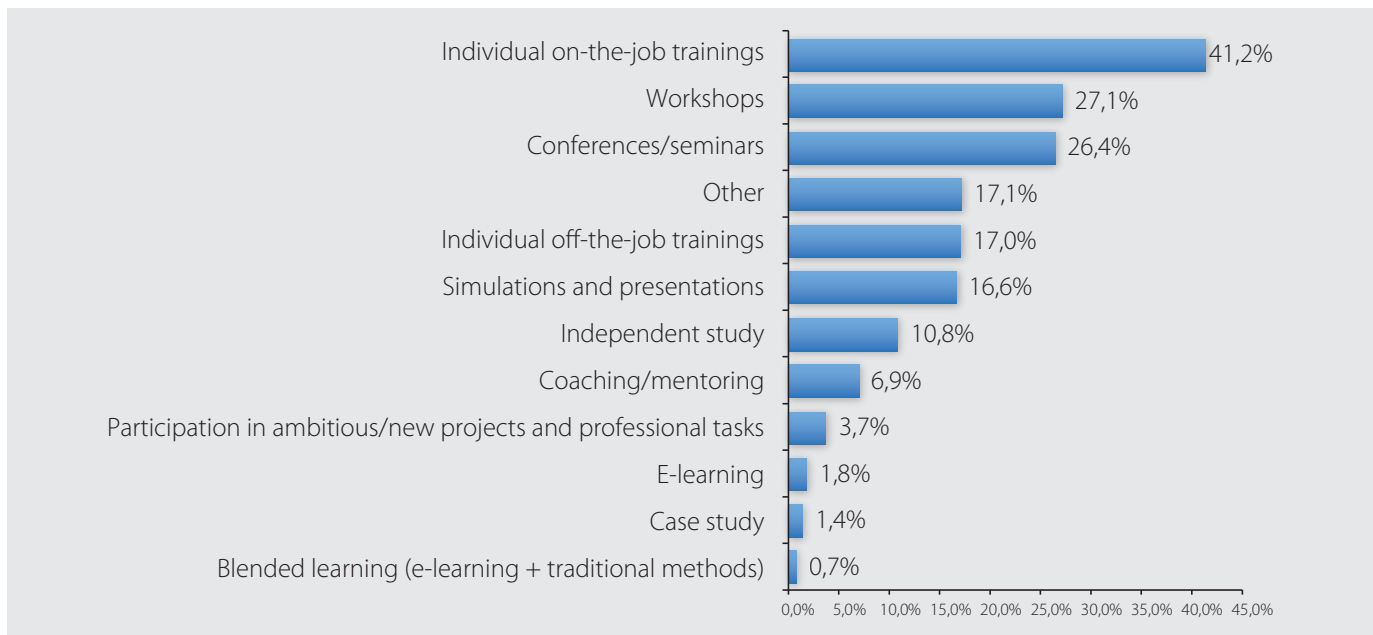
Do internal trainers employed in your organisation have to have: ...? Base: n=122 (companies that employ internal trainers).

With reference to the applied training methods, due to the small proportion of companies that employ internal trainers (122 companies, accounting for 13.0% of all surveyed), only methods of competency development used by external providers of services will be analysed in divided into:

- delivered by individual trainers,
- delivered in-full by training companies

**Most often, among training and non-training methods of competency development used by individual trainers, surveyed enterprises mention (Figure 2.38.) individual on-the-job training courses, workshops and conferences and/or seminars.** Less popular methods include: individual off-the-job trainings, simulations and presentations, independent study, coaching and/or mentoring. The following methods are used sporadically in the surveyed organisations: participation in ambitious and/or new projects and professional tasks, e-learning courses, case study and blended learning (combining e-learning with the traditional methods).

Figure 2.38. The utilised methods of competency development – delivered externally by individual trainers (in total)



What methods of competency development (training and non-training ones) are used in your organisation and how are they most often delivered? Base: n=941 (all enterprises).

Large companies more often use individual off-the-job training, workshops and coaching and/or mentoring (Table 2.63.). In companies that provide knowledge-intensive services, conferences and/or seminars, and workshops are more popular, whereas individual on-the-job training prevails in manufacturing companies.

Table 2.63. The utilised methods of competency development – delivered externally by individual trainers (by subsample) [in %]

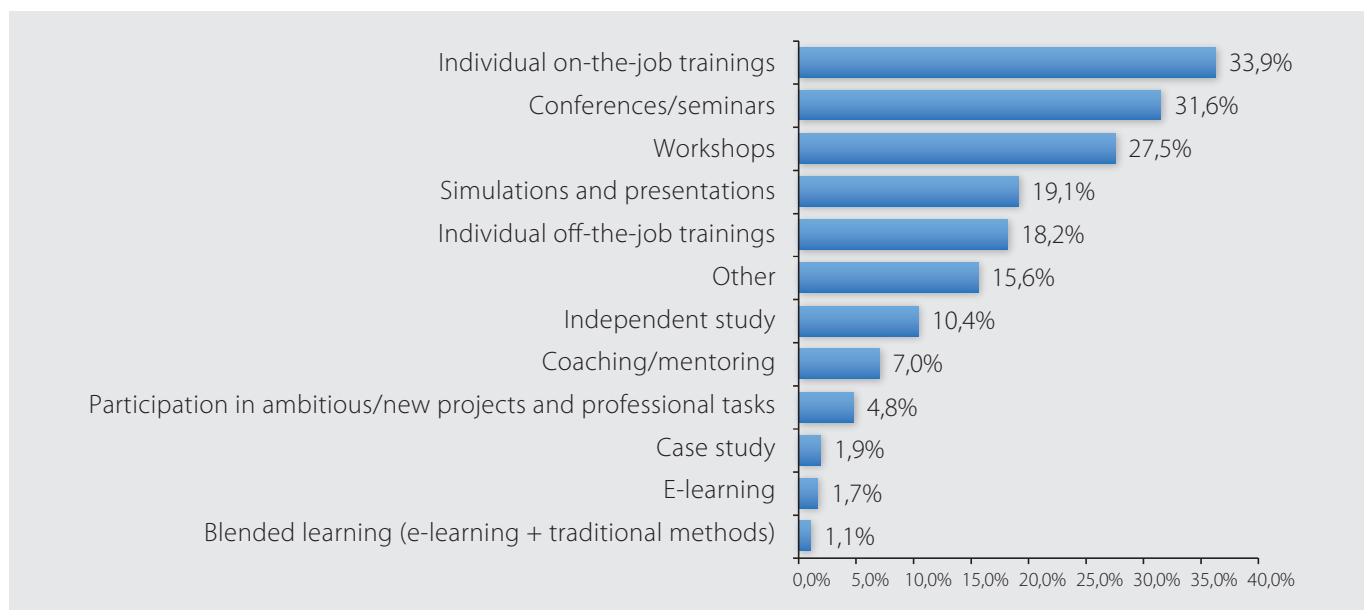
	Medium n=811	Large n=130	Knowledge- intensive services n=282	Less knowledge- intensive services n=270	Manufacturing n=389
<b>Individual on-the-job training</b>	41,2	41,5	35,1	40,4	46,3
<b>Individual off-the-job training</b>	15,9	23,8	17,7	17,0	16,5
<b>Conferences/seminars</b>	26,0	28,5	39,7	18,9	21,9
<b>Simulations and presentations</b>	16,5	16,9	18,8	15,2	15,9
<b>Workshops</b>	26,4	31,5	31,2	23,0	27,0
<b>Case study</b>	1,0	3,8	2,5	0,4	1,3
<b>Coaching/mentoring</b>	6,2	11,5	7,4	4,8	8,0
<b>Independent study</b>	11,6	6,2	12,4	10,4	10,0
<b>E-learning</b>	1,6	3,1	3,5	1,5	0,8
<b>Blended learning (e-learning + traditional methods)</b>	0,7	0,8	0,4	1,5	0,5
<b>Participation in ambitious/new projects and professional tasks</b>	3,5	5,4	2,5	4,4	4,1

What methods of competency development (training and non-training ones) are used in your organisation and how are they most often delivered? Base: n=941 (all enterprises).

**Training companies are most often providers of individual on-the-job training, conferences and/or seminars and workshops** (Figure 2.39.). A lower proportion of companies, not exceeding 20%, use an external services provider of implementing simulation and presentation, individual off-

the-job training and independent study. The least of them make use of the methods of coaching and/or mentoring, participation in ambitious/new projects and professional tasks, case study, e-learning and blended learning.

Figure 2.39. Methods of competency development – delivered externally entirely by training companies (in total)



What methods of competency development (training and non-training ones) are used in your organisation and how are they most often delivered? Base: n=941 (all enterprises).

A slightly higher proportion of large companies than medium companies use the assistance of training companies to organise conferences and/or seminars, workshops, and coaching and/or mentoring. Companies that provide knowledge-intensive services are much more likely to use the assistance of training companies in organising conferences and/or seminars and workshops. Less knowledge-intensive companies, on the other hand, use most of all individual on-the-job training, just as manufacturing companies (Table 2.64.).

Table 2.64. Methods of competency development – delivered externally fully by training companies (by subsample) [in %]

	Medium n=811	Large n=130	Knowledge- intensive services n=282	Less knowledge- intensive services n=270	Manufacturing n=389
Individual on-the-job training	34,0	33,1	27,0	38,1	36,0
Individual off-the-job training	17,3	23,8	19,5	18,5	17,0
Conferences/seminars	30,6	37,7	46,5	19,3	29,3
Simulations and presentations	18,7	21,5	22,3	16,7	18,5
Workshops	26,5	33,8	33,3	23,7	26,0
Case study	1,7	3,1	2,1	1,1	2,3
Coaching/mentoring	6,3	11,5	7,1	5,9	7,7
Independent study	10,7	8,5	12,8	9,6	9,3
E-learning	1,6	2,3	1,8	2,2	1,3
Blended learning (e-learning + traditional methods)	1,0	1,5	1,8	0,4	1,0
Participation in ambitious/new projects and professional tasks	4,7	5,4	5,7	5,6	3,6

What methods of competency development (training and non-training ones) are used in your organisation and how are they most often delivered? Base: n=941 (all enterprises).

### Evaluation of training outcomes

Evaluation of training outcomes is a very important stage of the training process, at which the competency model is applied. The general objective of evaluating the effectiveness of the training process is to examine whether, and to what extent, success was achieved in the reduction of the gap in the scope of knowledge, skills and attitudes, as identified at the stage of analysing training needs (Juchnowicz & Sienkiewicz, 2006).

In practice, only one in five surveyed enterprises finance the development of employee competencies, and systematically measures the effectiveness of the expenditures on competency development (Table 2.65.). One-third of the surveyed companies never performs such analyses, which makes the validity of the investments in human capital questionable. The enterprises surely are not able to demonstrate in a measurable way the positive effects of the developmental activities undertaken. The largest proportion of enterprises that perform regular measurements of the effectiveness of investments in employee competency development can be seen in large enterprises and those that provide knowledge-intensive services.

**Table 2.65. Measurement of expenditure effectiveness on employee competency development (in total and by subsample) [in %]**

	Total n=636	Medium n=527	Large n=109	Knowledge- intensive services n=208	Less knowledge- intensive services n=173	Manufacturing n=255
<b>Yes, regularly</b>	20,1	18,6	27,5	25,5	15,0	19,2
<b>Yes, but occasionally</b>	44,8	45,5	41,3	44,2	39,9	48,6
<b>It is not performed</b>	35,1	35,9	31,2	30,3	45,1	32,2

*Is the effectiveness of expenditures on competency development measured in your organisation? Base: n=636 (enterprises which finance or co-finance development of employee competencies).*

Evaluation of the training outcomes should be carried out at different levels, incorporated into the four level Kirkpatrick's evaluation model (Sloman, 1997), which covers:

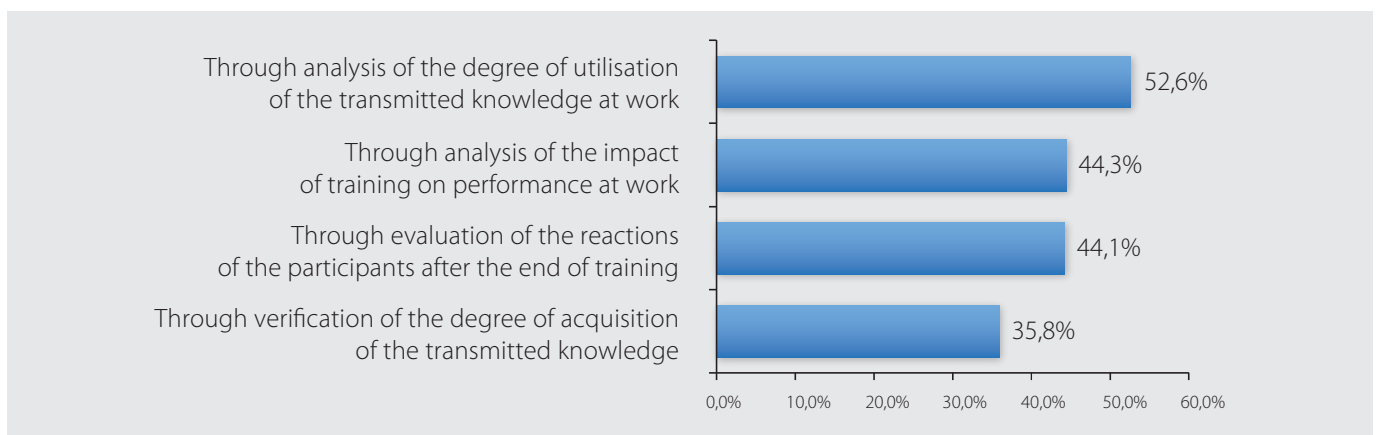
- reaction – focusing on eliciting the opinion of employees on the contents and methods of training, the conditions in which the training is delivered and adequacy to job needs,
- learning – focusing on the evaluation of the extent to which learning objectives of the training, that is assimilating theoretical knowledge and practical skills by the participants, have been achieved,
- behaviour – focusing on the evaluating whether, and to what extent, the newly acquired knowledge, skills and attitudes are applied in practice,
- results – focusing on defining the benefits of a given training for increasing the effectiveness of the whole organisation, i.e. the contribution of a given training into the creation of added value.

In general, the higher the level of evaluation, the better, as it enables detailed examination of the actual impact of the training on the employees. For the training is to evoke specific reactions, which determine the process of learning, and in turn lead to specific changes in behaviour and effects for the organisation (Juchnowicz & Sienkiewicz, 2006). Of course, it must be remembered that evaluating the changes in performance at the level of the whole organisation requires taking into account other factors. For it is sometimes difficult to establish whether the changes in the organisation's performance result from the training of employees or are a consequence of other events (Bramley, 2001, p. 125).

The most frequently applied method of evaluating the effectiveness of actions within the scope of competency development in the surveyed enterprises is the analysis of the degree to which transmitted knowledge is used at work (e.g. through evaluation by the superior, a person from the HR department, or self-evaluation of the employee), used by more than half of the companies (Figure 2.40.). A slightly lower proportion of companies use the method of analysing the impact of training on the performance at work (e.g. through analysis of the impact on individual and/or team results in comparison to a control group not taking part in the training, improvement of financial and business indicators, etc.) and through evaluation of the reaction of the participants after the end of the training (e.g. through evaluation questionnaires, conversations with trainers, participants, etc.). Around one-third of the enterprises analyse the effectiveness of developmental activities through examining the degree of acquiring knowledge (e.g. through knowledge tests after the end of training).

The findings of the study are astonishing. This may of course result from the fact that they are based on declarations, which are incredibly difficult to verify. Nevertheless, assuming that the replies are reliable, it may be concluded that **the competency perspective in human resources management can influence a change in the perception of evaluating the effectiveness of activities in the scope of competency development.** The organisation possessing the tools in the form of competency profiles, which precisely describe the level of requirements in the language of behaviours and regular evaluation of employee competencies, may lead to more frequent perception of effectiveness of training activities from the perspective of the actual results (degree of applying knowledge in professional work and increasing employee performance after training). The levels of reaction to the training and learning become less important, as they are insufficient predictors of actual changes in behaviour and increase in employee performance after the training.

Figure 2.40. The utilised methods of evaluating effectiveness of activities in the scope of competency development (in total)



What methods are used in your organisation to evaluate the effectiveness of activities in the scope of competency development? Base: n=941 (all enterprises).

Interestingly, the highest percentage of companies that use methods based on reaction to training occurs among large companies and those that provide knowledge-intensive services. Considerably more large companies than medium companies also analyse the increase in the level of knowledge and the degree of its application in the job. On the other hand, slightly more evaluate the impact of training in employee performance. In knowledge-intensive companies, the method of analysing the use of newly acquired knowledge at work is more popular (Table 2.66).

Table 2.66. The evaluation methods of the effectiveness of activities in competency development (by subsample) [in %]

	Medium n=811	Large n=130	Knowledge- intensive services n=282	Less knowledge- intensive services n=270	Manufacturing n=389
Through evaluation of the participants' reactions after the end of training (e.g. through evaluation questionnaires, conversations with trainers, participants, etc.)	41,3	61,5	53,5	36,3	42,7
By checking the degree of acquisition of transferred knowledge (e.g. knowledge tests after training)	33,5	50,0	38,7	29,6	38,0
Through the analysis of the utilization of knowledge transferred in their work (e.g. through evaluation by the superior, a person from the HR department, or self-evaluation of the employee)	49,3	73,1	58,5	48,1	51,4
Through the analysis of the impact of training effectiveness at work (e.g. through analysis of the impact on individual/team performance in comparison to a control group not participating in the training)	42,8	53,8	47,2	41,5	44,2

What methods are used in your organisation to evaluate the effectiveness of activities in the scope of competency development? Base: n=941 (all enterprises).

### 2.5.5. Planning employee careers

**Planning employee careers** related to the competency model is an essential element of human resources management. The possibilities of promotion or transfer within the structure involving the demonstration of competencies are a clear signal for the employees who develop awareness of the importance of competency criteria as compared to other, less objective criteria, which may affect decisions concerning promotion. Competency models simplify the process of planning employee careers and building development paths. The competency model may be used for planning career paths, because (Lucia, 1999):

- it determines the competency requirements for the position under consideration,
  - it ensures the methodology of evaluating the candidate's readiness to take up a given job,
  - it facilitates the determination of needs for supplementary trainings for candidates for a given job,
  - it enables the organisation to measure its human capital in the aspect of possessed competencies.
- As Fitz-enz (2001, p. 101) claims, *many companies boast about their policy of succession without having, in fact, the means to implement it – above all, because they do not have a consistent programme that prepares employees taking up new positions.* Therefore, there are three basic obligations of the organisation in the area of employee career management (Sidor-Rządowska, 2011, pp. 138–139):
- defining the competencies needed by the organisation in the future in relation to those currently available,
  - assisting employees in the scope of achieving their professional ambitions,
  - ensuring means of dialogue between the above elements.

On one hand, professional career is planned in the competency perspective with the use of information on the strengths (competencies that have developmental potential) of specific employees, and when planning appointments to job positions or promoting employees, competencies of candidates are compared with competency requirements of the future functions or jobs (Pocztowski, 2001, p. 173).



On the other hand, competency models increase the employees' possibility to participate in planning their own careers, as they provide clear guidelines concerning the criteria, which need to be met in order to achieve the next level of competency requirements. Thus, they serve to implement their own professional ambitions.

**The scope of implementing competency management in the area of employee career planning in the surveyed enterprises is, however, limited** (Table 2.67.). Of the enterprises, which make use of competency-based HRM for any of the groups of employees, 27.2% have implemented these solutions in the area of planning employee careers, 23.0% are in the process of their implementation, while 49.7% are planning to implement them. In regards to the subsamples distinguished in the study, differences between companies according to the size criterion are not very clear. Differences depending on the type of business activity are distinct, especially between manufacturing companies (28.2%) and those that provide knowledge-intensive services (33.2%) and less knowledge-intensive services companies (18.1%), in which implementations are the least frequent.

**Table 2.67. The use of competency management tools in the area of employee career planning (in total and by subsample) [in %]**

	Total n=756	Medium n=638	Large n=118	Knowledge- intensive services n=247	Less knowledge- intensive services n=193	Manufacturing n=316
<b>Implemented</b>	27,2	26,0	33,9	33,2	18,1	28,2
<b>Implementation in progress</b>	23,0	22,9	23,7	18,2	21,2	27,8
<b>Planning implementation</b>	49,7	51,1	42,4	48,6	60,6	44,0

*In which areas of human resources management does your organisation use competency management tools? Base: n=756 (only enterprises, which use competency-based human resources management for any of the distinguished groups of employees).*

**In the surveyed organisations, internal promotions are preferred with regard to all groups of employees** (Figure 2.41.). Nevertheless, the highest proportions of the surveyed companies prefer internal promotions with respect to lower rank employees and lower and middle managers. External promotions are clearly more frequent (though still in a minority of enterprises) with respect to two groups of employees: talents/people with high potential and top managers.

**Figure 2.41. Preferences with respect to internal vs. external promotions (in total)**



*Does you organisation prefer ...? Base: n=941 (all enterprises).*

In large enterprises, external promotions are more often preferred than in medium ones with reference to employees involved in the organisation's key projects and employees considered to be talents/people with high potential. In companies that provide knowledge-intensive services, the preference for external promotions is distinctly higher, especially with respect to less knowledge-intensive services, with reference to employees on managerial positions (all levels of management) and employees considered to be talents.

Table 2.68. Preferences for internal vs. external promotions (by subsample)

		Medium n=811	Large n=130	Knowledge- intensive services n=282	Less knowledge- intensive services n=270	Manufacturing n=389
<b>For lower rank employees (workers, specialists, coordinators, etc.)</b>	internal promotions	93,0	93,1	90,4	95,9	92,8
	external promotions	7,0	6,9	9,6	4,1	7,2
<b>For lower and middle managers</b>	internal promotions	91,5	92,3	88,7	93,7	92,3
	external promotions	8,5	7,7	11,3	6,3	7,7
<b>For managers</b>	internal promotions	84,3	86,9	79,4	88,5	85,9
	external promotions	15,7	13,1	20,6	11,5	14,1
<b>For employees working in selected departments/ organisational units (e.g. marketing)</b>	internal promotions	88,0	89,2	85,5	89,3	89,5
	external promotions	12,0	10,8	14,5	10,7	10,5
<b>For employees involved in the organisation's key projects</b>	internal promotions	88,7	84,6	85,5	89,6	88,9
	external promotions	11,3	15,4	14,5	10,4	11,1
<b>For employees considered to be talents/people with high potential</b>	internal promotions	85,8	80,0	82,6	86,3	85,9
	external promotions	14,2	20,0	17,4	13,7	14,1

Does your organisation prefer ...? Base: n=941 (all enterprises).

## 2.6. Appraisal and remuneration based on competencies

### 2.6.1. Evaluating competencies as a condition for practical use of the competency model

Evaluating competencies against a competency profile is the *sine qua non* condition of using the competency model in the practice of the human resources management (Juchnowicz & Sienkiewicz, 2006). As Sidor-Rządkowska (2011, p. 140) claims, *competency management imposes on the organisation the necessity to constantly monitor the employee knowledge and skill levels, at the same time providing methods for performing such an analysis*. Thus, the system presupposes performance appraisals according to the competency model criteria, appropriate for the tasks currently performed by the employees (Dubois & Rothwell, 2008, p. 29), making it possible to link the evaluation criteria more closely to behaviours, which lead to high work efficiency (Pocztowski, 2001, p. 173).

Evaluating competencies on the organisational scale allows to identify the main competency gaps and to respond appropriately to complement them. Examination of all employees in terms of demonstrated competencies makes it possible to create a database of all competencies in the organisation. The organisation is fully aware of the level of competencies, as well as the deficiencies and unused competency potential of their staff.

An analysis of competencies is necessary to make accurate personnel decisions in the future. Without knowledge on the organisation's current situation, all efforts to improve the situation will be chaotic and uncoordinated. On the other hand, at the individual level, evaluation enables identification of the competencies actually manifested by an employee and comparing them with the model profile.

Employee competencies evaluation requires the application of a formal evaluation system, where competencies are the criteria. It is a very important fact, as putting competency evaluation into the systemic framework of performance appraisal (Lucia, 1999):

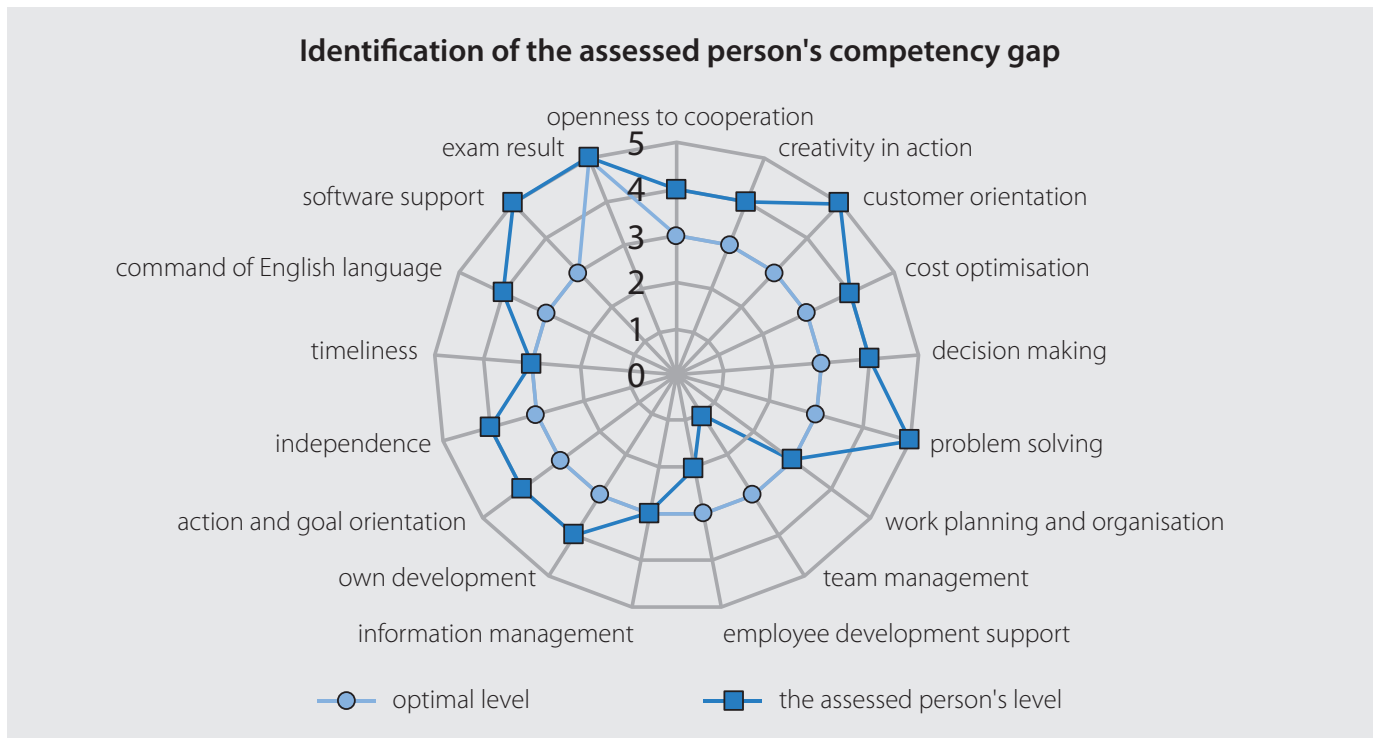
- ensures common knowledge of what will be evaluated and monitored,
- regulates and determines the course of appraisal interviews,
- ensures a point of reference when collecting information on an employee's behaviour at work.

The competency model provides, therefore, almost ready-made solutions that may be applied in the employee performance appraisal system. Individual competency profiles with levels of manifestation and indicator behaviours ensure all information necessary for employee appraisal. Primarily, the competency model provides a set of criteria ready for assessment of individual employees. The criteria are competencies linked to the appropriate competency profiles, including the levels of compliance with the competencies by individual employees. Thus, competencies constitute synthetic evaluation criteria, combining the features of behavioural criteria and performance criteria (Pocztowski, 2003, p. 269)<sup>27</sup>.

Competency requirements for individual employees are described in the competency profile through required behaviours, which is an additional factor that facilitates the right assessment. It suffices to compare the desired levels of competencies with those actually manifested at a given time by employees to obtain the result of evaluation and identify the so-called competency gap (as shown in Figure 2.42.). The presented pie chart graphically illustrates the difference between competencies required from an employee and the demonstrated competencies resulting from the evaluation. The required competency level is marked in red, while the manifested one – in green. The competency gap is in this case well visible. It is possible to determine precisely with the employees the competency goals that they must achieve. The level of fulfilment of these objectives is a ready-made and reliable assessment of their progress.

<sup>27</sup> Pocztowski claims that competency criteria comprise, in compliance with the definition of competency, characteristics and properties of employees, which are casually connected with their high performance at work. The group of competency criteria covers, therefore, the traditional criteria relating to qualifications and criteria in the form of personality traits.

Figure 2.42. Evaluation of employee competencies against the profile of competency requirements



Source: Chrośniak, 2010.

Proper evaluation of demonstrated competencies requires establishing **sources of information on employees**. In general, the competency model itself may become a frame of reference that will make it possible to direct actions aimed to collect evaluation material (Whiddett & Hollyforde, 2003, p. 120). As noted by Oleksyn (1999, p. 67): *Identification of real competencies of employees (...) is not easy. It requires knowledge and experience, but also objective criteria and properly selected methods, techniques and tools – such as tests, work checks, interviews, enactments and arrangements, assessment centre, personnel reviews and others – appropriately for the specificity and the needs.* Therefore, the performance appraisal system must make use of various sources of information on the manifestation of competencies by employees. Information that is to serve for behavioural assessment of the quality of work may be gathered with the use of:

- the scaled results of performance appraisal,
- the relations and opinions of other employees and superiors,
- observation of actions and behaviours of the employee during performing the task.

The group of methods considered in the literature to be especially useful in competency assessment includes: analysis of the results of a 360-degree evaluation, competency tests, and the so-called development centre (Sidor-Rządowska, 2011, p. 141). In general, in literature on the subject, and even more often in practice, application of the latter method is recommended as the best way to gather information.

An interesting method that allows searching for information from various sources is the **360-degree evaluation**. It makes it possible to diversify the sources through collecting information from superiors of the employee, his or her subordinates, colleagues, employees in the same work group, external and internal customers as well as suppliers. In the evaluation, the paradigm in which the immediate superior is considered the only person authorised to evaluate the employee, is abandoned (Sidor-Rządowska, 2011, p. 73). The 360-degree evaluation makes it possible to obtain feedback on the attained level of competencies from many people with whom the evaluated employee interacts while performing everyday duties (Sidor-Rządowska, 2011, p. 73). People may observe the behaviour of the evaluated person in situations whereby he or she is not in direct contact with the superior.

Such comprehensive information sources are collected to show the most comprehensive view of behaviour in the workplace. From the point of view of the employee, the solution will ensure obtaining vast feedback concerning the degree of manifesting behaviours that serve the most effective actions and bring the best results. Of course, such actions may be costly and time-consuming, so their scope should be adjusted to the needs and capabilities of the organisation.

Another important factor that determines proper evaluation of competencies is the **regular performance appraisal based on competencies**. What is key for the proper functioning and impact of the competency model in human resources management is performing evaluation of the competencies regularly of an employee against the desired, profile model. Manifestation of competencies by employees must be constantly observed in repeated and relatively short periods. It determines the possibility to make the right personnel decisions.

The last factor that determines the correctness of competency evaluation is the proper **practical utilisation of the conclusions from the assessment**. The purpose of conducting a competency evaluation in comparison with the desired profile is to make relevant personnel decisions based on the evaluation results. Evaluation is a precondition of efficient functioning of the competency model and its real impact on achieving complex objectives of competency-based human resources management. Evaluation that does not entail any consequences becomes just an archaic procedure. It is because evaluation alone is of no value, if it does not entail appropriate decisions. Failure to use the assessment results in management practice negates the effort to build a competency-based system. Therefore, determination of what personnel decisions will be made with the application of the conclusions from the employee competency evaluation against the desired profile is an important practical problem.

### 2.6.2. Performance appraisal based on competencies in the surveyed enterprises

Among the enterprises that use competency-based HRM for any of the groups of employees, **47.9% have implemented the solutions in the area of performance appraisal, 23.1% are in the process of implementation, while 29.0% are planning to implement them**. With reference to the subsamples distinguished in the study, variation in terms of size of enterprise is evident (Table 2.69.). Differences depending on the kind of business activity are less clear.

**Table 2.69. Use of competency management tools in the area of performance appraisal (in total and by subsample) [in %]**

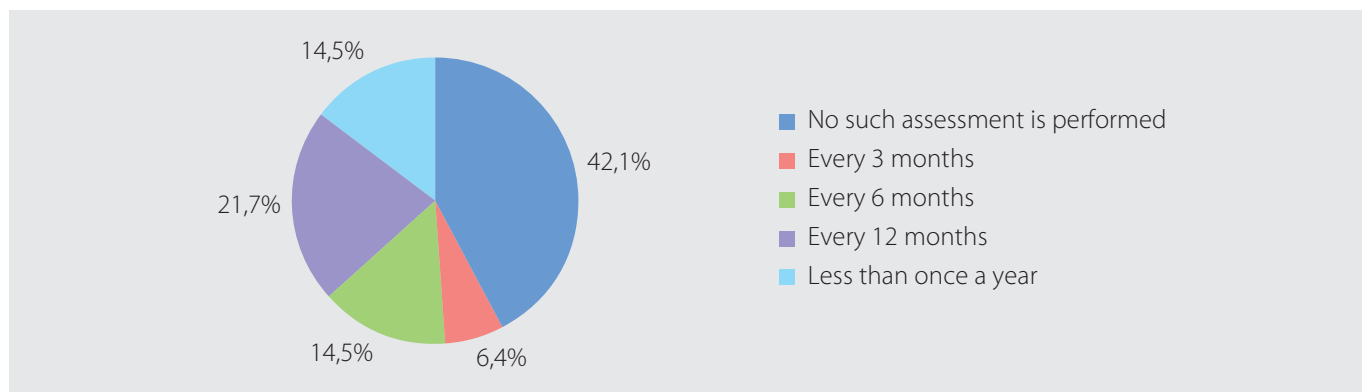
	Total n=756	Medium n=638	Large n=118	Knowledge- intensive services n=247	Less knowledge- intensive services n=193	Manufacturing n=316
<b>Implemented</b>	47,9	44,5	66,1	51,4	46,6	45,9
<b>Implementation in progress</b>	23,1	24,8	14,4	24,3	18,7	25,0
<b>Planning implementation</b>	29,0	30,7	19,5	24,3	34,7	29,1

*In which areas of human resources management does your organisation use competency management tools? Base: n=756 (only enterprises, which use competency management tools)*

As stated above, the right frequency of conducting competency evaluation against the profile is extremely important. In the case of competences, their ongoing monitoring is important, so that the evaluation should be performed as often as possible. Observation of dynamic changes in manifestation of competencies may be practically impossible after 12 months. Very often, the people who make the evaluation, actually consider only the actions and behaviours of the employee in the period directly preceding the evaluation, forgetting about and not accounting for any earlier periods. Therefore, it seems that changes in competencies should be observed on a quarterly basis. In reality, evaluations are conducted with varying frequency.

As the surveys reveal (Figure 2.43.), a vast majority of enterprises (42.1%), never evaluate employee competencies against the desired exemplary profile. One in five surveyed companies evaluate competencies once in 12 months, while one in seven companies, once in 6 months. Regular employee competency evaluation is conducted once a quarter in one in fifteen surveyed enterprises. **Thus, it is difficult to speak of a systematic, based on precisely defined criteria, evaluation of employee competency adjustment to the requirements of their job. In enterprises that perform regular evaluations, the process takes place rarely,** which reduces the probability of recording actual changes in competencies manifested by employees. This also lowers the validity of decisions made based on such an evaluation.

Figure 2.43. Frequency of competency evaluation against a desired profile (in total)



How is the evaluation of employee competencies against a desired, exemplary profile carried out in your organisation? Base: n=941 (all enterprises).

What attracts attention is the relatively high percentage of medium enterprises (45,0%) and less knowledge-intensive service enterprises (49,6%), which never perform such an assessment (Table 2.70.). In large enterprises and those that provide knowledge-intensive services, competency evaluations against a desired profile are performed most frequently every 6 to 12 months.

Table 2.70. Frequency of competency evaluation against a desired profile (by subsample) [in %]

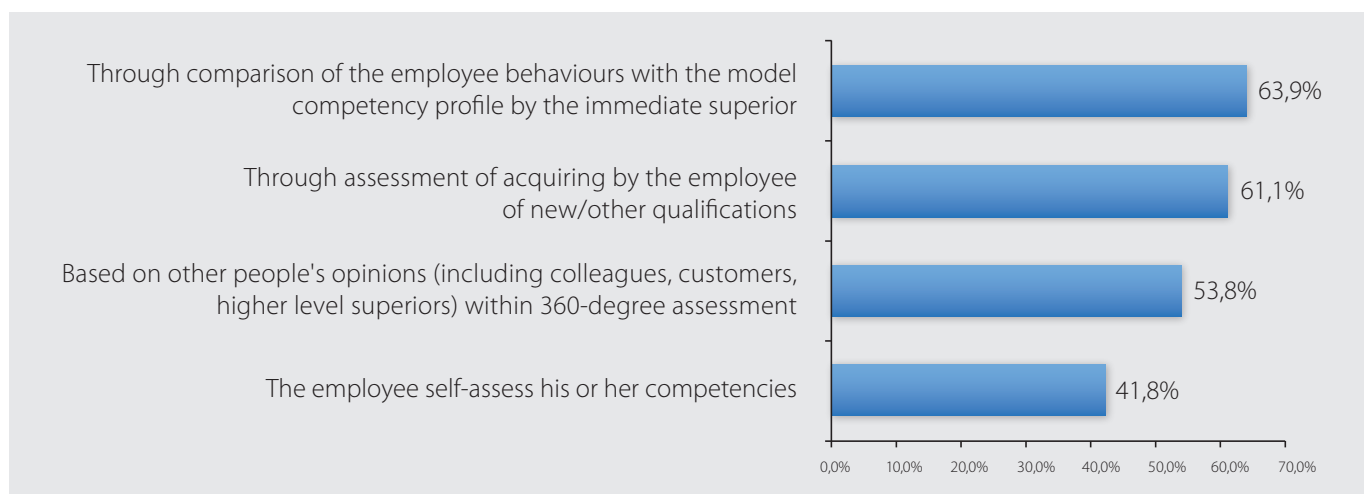
	Medium n=811	Large n=130	Knowledge- intensive services n=282	Less knowledge- intensive services n=270	Manufacturing n=389
No such assessment is performed	45,0	23,8	34,0	49,6	42,7
Every 3 months	6,5	5,4	6,0	4,1	8,2
Every 6 months	13,6	20,0	20,2	13,3	11,1
Every 12 months	20,1	31,5	27,0	16,7	21,3
Less than once a year	13,9	17,7	11,3	15,6	15,9
Less than once a year	0,9	1,5	1,4	0,7	0,8

How is employee competency evaluation against a desired, exemplary profile carried out in your organisation? Base: n=941 (all enterprises).

**The method of employee competency evaluation that is most often employed during the performance appraisal consists in comparing employee behaviour against a model competency profile, made by the employee's immediate superior,** applied in almost two-thirds of the surveyed enterprises (Figure 2.44.). Equally popular is evaluation relating to the acquirement of new and/or other qualifications by the employee. Every second enterprise also makes use of

the 360-degree evaluation, that is, it takes into account the opinions of other people (including colleagues, customers, higher-level superiors, etc.) in evaluating competencies. Employees self-evaluate their own competencies in 41.8% of the companies.

**Figure 2.44. Methods of evaluating employee competencies during performance appraisals (in total)**



On what basis/with what methods is the evaluation of employee competency carried out during performance appraisal? Base: n=545 (companies which carry out performance appraisal).

With reference to the subsample of large enterprises in comparison to medium ones, only the use of evaluation of acquired new and/or other qualifications by the employee is more frequent. By type of business activity, manufacturing enterprises are definitely more likely to use the 360-degree assessment, whereas enterprises that provide knowledge-intensive services are much more likely to use self-assessment (Table 2.71.).

**Table 2.71. Methods of employee competency assessment during performance appraisal (by subsample) [in %]**

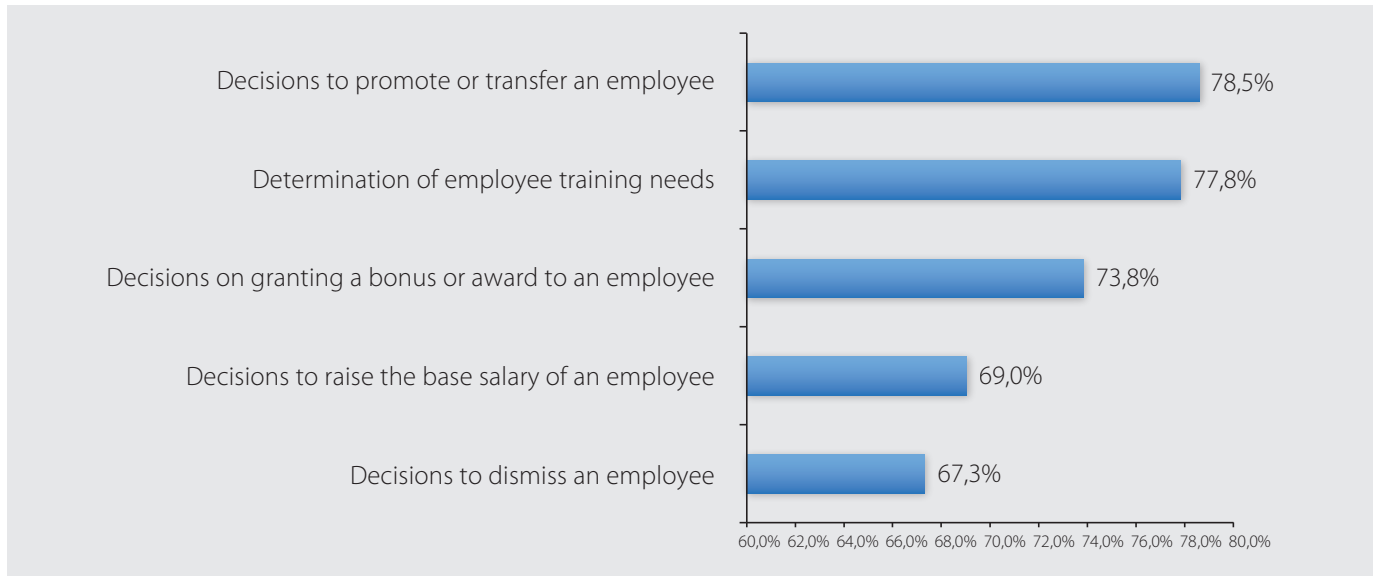
	Medium n=446	Large n=99	Knowledge- intensive services n=186	Less knowledge- intensive services n=136	Manufacturing n=223
Through comparison of the employee behaviours with the model competency profile by the immediate superior	63,0	67,7	65,1	64,7	62,3
Based on other people's opinions (including colleagues, customers, higher level superiors) within 360-degree assessment	52,9	57,6	48,4	52,2	59,2
The employee self-assesses his or her competencies	41,3	44,4	51,6	35,3	37,7
Through assessment of acquisition of new/ other qualifications by the employee	58,5	72,7	62,4	60,3	60,5
Other	2,0	4,0	1,6	3,7	2,2

On what basis/with what methods is the evaluation of employee competency carried out during performance appraisal? Base: n=545 (companies which carry out performance appraisal).



Enterprises most often use the conclusions coming from the evaluation of employee competencies against a desired profile when making decisions on promoting or transferring an employee and determining training needs (Figure 2.45.). For these purposes, the results of evaluation are used by three out of four surveyed enterprises. Other popular areas of the use of the results of competency evaluation are financial decisions: granting a bonus or an award, or raising the base salary of an employee. The conclusions from the evaluation often lead to decisions on dismissal of an employee.

Figure 2.45. Decisions made based on employee competency assessment (in total)



What personnel decisions are made with the use of the conclusions coming from employee competency evaluation against a desired profile in your organisation? Base: n=545 (companies which carry out performance appraisal).

With reference to the subsamples distinguished in the survey regarding the size of an enterprise, differences are not significant (Table 2.72.). Companies that provide less knowledge-intensive services are more likely than others to use the conclusions from employee competency evaluation in making the decision to dismiss an employee.

Table 2.72. Decisions made based on employee competency evaluation (by subsample) [in %]

	Medium n=446	Large n=99	Knowledge- intensive services n=186	Less knowledge- intensive services n=136	Manufacturing n=223
Determining employee training needs	77,1	80,8	81,7	76,5	75,3
Decisions to promote or transfer an employee	77,8	81,8	77,4	80,1	78,5
Decisions to dismiss an employee	68,2	63,6	61,3	75,7	67,3
Decisions to raise the base salary of an employee	68,6	70,7	70,4	64,7	70,4
Decisions on granting a bonus or award to an employee	74,0	72,7	73,1	69,1	77,1

What personnel decisions are made with the use of the conclusions coming from employee competency evaluation against a desired profile in your organisation? Base: n=545 (companies which conduct performance appraisal).

### 2.6.3. Use of a competency model in the area of remuneration

As noticed by Whiddett and Hollyforde (2003, p. 207), organisations, which want the competency model to become an integral part of human resources management processes, should make every effort to reflect the behaviour quality of work which is emphasised in actual actions, including the way of building the pay system and position ranking. As noticed by Dubois and Rothwell (2008, p. 29), the goal of using the model in the area of remuneration is *attracting and maintaining people, whose measurable input into the functioning of an organisation proves their ability to perform tasks at a model level*. This solution indicates a change in beliefs about where the source of added value in an organisation is – in modern companies it is definitely the people, not the job position (Juchnowicz, 2001b, p. 87). Poczowski (2001, p. 173) also confirms this and asserts that *if competencies constitute one of the basic criteria for differentiating salaries in the remunerating policy, it encourages employees to improve their competencies, leading to achieving better performance at work*.

Of the enterprises that use competency-based HRM for any group of employees, **56.1% have implemented the solutions in the area of remunerating employees, 22.5% are in the process of implementing, while 21.4% are planning to implement them**. Regarding the subsamples distinguished in the study, differentiation regarding enterprise size is evident (Table 2.73.). Differences depending on the kind of business activity are less clear.

**Table 2.73. Use of competency management tools in the area of remuneration (total and by subsample) [in %]**

	Total n=756	Medium n=638	Large n=118	Knowledge- intensive services n=247	Less knowledge- intensive services n=193	Manufacturing n=316
<b>Implemented</b>	56,1	53,6	69,5	58,3	53,4	56,0
<b>Implementation in progress</b>	22,5	24,0	14,4	18,2	21,8	26,3
<b>Planning implementation</b>	21,4	22,4	16,1	23,5	24,9	17,7

*In which areas of human resources management does your organisation use competency management tools? Base: n=756 (only enterprises which use competency management tools).*

**Competency-based remuneration systems** reward individual characteristics, mostly above the level of pays indicated by the job position. A competency-based remuneration system enables differentiation of the salaries of individual workers depending on the type, number and scope of competencies that the employee possesses, acquires or uses at work. Thus, the salary depends on employee competencies, rather than the position he or she occupies or the job he or she is doing at the moment. In practice, there are three basic **ways of linking a competency model with remuneration** (Table 2.74.).

**Table 2.74. Ways of linking employee competencies to remuneration**

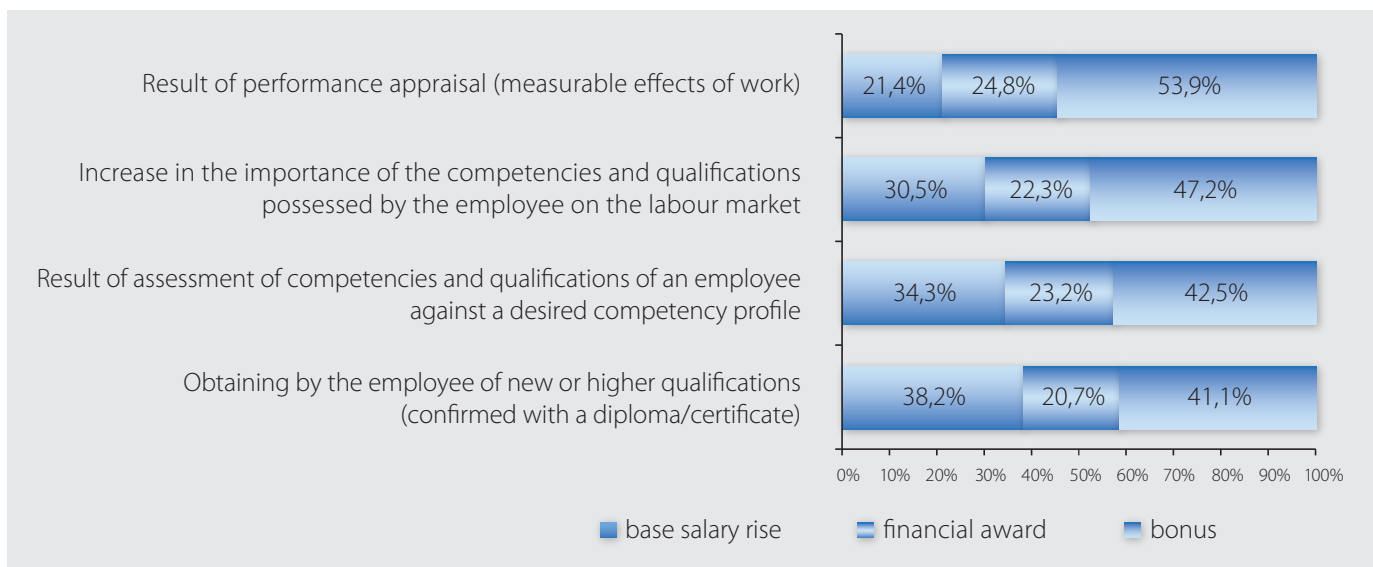
Ways of linking	Salary solutions
System of bonuses/awards for acquiring competencies	<ul style="list-style-type: none"> <li>• Rewarding acquisition of new competencies</li> <li>• Rewarding the increase in the level of possessed competencies</li> </ul>
Salary gradation based on competencies	Raising the base salary along with: <ul style="list-style-type: none"> <li>• increase in competencies,</li> <li>• acquisition of new competencies</li> </ul>
Base salary based on competencies	Establishing rates of base salary on the basis of competencies

Source: Juchnowicz & Sienkiewicz, 2006.

The easiest form linking employee competencies to remuneration is a **system of bonuses and awards for acquiring competencies**. For every additional competency which the employee acquires an additional bonus or award is granted, as defined in the regulations. Some of the systems also foresee bonuses/awards for acquiring or manifesting a higher level of competencies already possessed by an employee. Another possibility of linking employee competencies with remuneration is **competency-based salary progression**. This concept is underlain by the connection between the rates of base salaries with acquiring new competencies, raising the level of competencies (or sometimes manifesting new or increased competencies at work). The link between **base salaries** of employees with competencies is characterised by establishing the rates of the base salary based on competencies required from, possessed or manifested by an employee.

**In the surveyed enterprises, a rise in the base salary is mostly determined by new or higher qualifications obtained by an employee, accompanied by an appropriate diploma and/or certificate** (Figure 2.46). Other criteria include: the result of evaluating competencies and qualifications of an employee against a desired competency profile, an increase in the importance of the competencies and qualifications possessed by an employee on the labour market and the result of an employee performance appraisal. Financial rewards mainly depend on measurable work outcomes and evaluating employee competencies. On the other hand, bonuses mostly depend on performance and the importance of possessed competencies on the labour market.

Figure 2.46. Determinants of pay rise, awards or bonuses (in total)



Is receiving a pay rise, obtaining a financial award or bonus related in your organisation to ... ? Base: n=941 (all enterprises).

Large enterprises are much more likely than medium ones to raise the base salary depending on the result of evaluating competencies and qualifications of an employee against a desired competency profile, and on an increase of the significance of the competencies and qualifications possessed by an employee on the labour market (Table 2.75.). In enterprises that provide less knowledge-intensive services, solutions based on short-term incentives, usually bonuses prevail. More often than in other enterprises, obtaining a bonus depends on all of the four specified factors.

Table 2.75. Determinants of pay rise, awards or bonuses (by subsample) [in %]

		Medium n=811	Large n=130	Knowledge- intensive services n=282	Less knowledge- intensive services n=270	Manufacturing n=389
<b>Result of assessment of competencies and qualifications of an employee against a desired competency profile</b>	base salary rise	32,4	46,2	40,1	33,3	30,8
	financial award	24,0	17,7	26,2	19,6	23,4
	bonus	43,5	36,2	33,7	47,0	45,8
<b>Obtaining by the employee of new or higher qualifications (confirmed with a diploma/certificate)</b>	base salary rise	37,6	41,5	43,6	35,6	36,0
	financial award	20,8	20,0	25,2	18,1	19,3
	bonus	41,6	38,5	31,2	46,3	44,7
<b>Result of performance appraisal (measurable effects of work)</b>	base salary rise	21,6	20,0	23,0	17,0	23,1
	financial award	24,7	25,4	28,7	22,6	23,4
	bonus	53,8	54,6	48,2	60,4	53,5
<b>Increase in the importance of the competencies and qualifications possessed by the employee on the labour market</b>	base salary rise	29,2	38,5	34,4	26,3	30,6
	financial award	22,8	19,2	27,3	19,6	20,6
	bonus	48,0	42,3	38,3	54,1	48,8

Is receiving a pay rise, obtaining a financial award or bonus related in your organisation to ... ? Base: n=941 (all enterprises).

## 2.7. Sharing knowledge and codifying competencies

### 2.7.1. The importance of sharing knowledge and codifying competencies

Boxall and Steeneveld (1999, p. 445) claim that the competitive advantage resulting from human capital is derived from employing people with valuable knowledge and skills. Therefore, specific employee competencies constitute the strategic resources of the organisation. Thus, with reference to competencies as a resource, the role of the organisation is to stimulate the kind of competencies which lead to behaviours that determine the real advantage of a company (Boxall & Steeneveld, 1999, p. 445). Therefore, resources-based approach suggests that the human resources management systems may affect the creation of a permanent competitive advantage through supporting the development and the use of specific competencies (Barney, 1992, pp. 39–61). **In this approach, it is assumed, however, that competencies are the fixed asset of the company.** In practice, employees are free to leave the organisation, and their competencies leave along with them. One way to obtain 'extraordinary' competencies is to obtain them from competitors by 'hiring away' employees with extraordinary competencies (Besanko, Dranove, & Shanley, 1998, pp. 1–10). There are many ways to protect a company against the loss of valuable competencies. For instance, the company may intentionally develop competencies around a non-codified company-specific knowledge, in order to hinder the understanding of cause and effect relationship between competencies manifested and performance at work. Lack of clarity as to which competencies are valuable and how they may be obtained or what conditions affect the use of competencies, makes it difficult to decide on what to copy and increases the costs of doing so (Barney, 1991, pp. 99–120; Lippman & Rumelt, 1982, pp. 418–438; Schoemaker, 1990, pp. 1178–1192), thus limiting the possibility of imitation.

Regarding competencies, non-codifiability is one of the most important barriers to imitation. It reflects the degree to which competencies are based on knowledge or skills, which are difficult to codify and transmit to others. Competencies that can be codified may be divided into a series of steps or a set of rules, which may be transferred in oral or written form. Competencies that cannot be codified are based on more intuitive knowledge, which may not be fully articulated. Codification of individual competencies of employees in procedures, processes and organisation culture may result in weakening their potential value for the organisation. On the other hand, **the possibility to record employee competencies in processes, procedures and organisational culture may contribute to keeping the competencies after the departure of an employee from the organisation.**

In enterprises, the awareness rises that personnel changes, reorganisations, restructuring processes may lead to a loss of non-institutionalised knowledge (Dworzecki, 2004, p. 24).

It means that it is necessary to create conditions conducive to knowledge distribution in the organisation to obtain a permanent competitive advantage on the market (Gierszewska, 2005, p. 80). It may take the form of searching, collecting, processing, distribution and presentation of information and intentional knowledge management. Knowledge management places emphasis mostly on maintaining and distributing knowledge. Within an organisation, the following transfers of knowledge are important (Gierszewska, 2005, p. 79):

- between employees,
- from employees to the internal structure,
- from the internal structure to individual competencies,
- within the internal structure (building integrated IT systems).

This perspective indicates the necessity to organise the flow of knowledge not only between employees and formalised structures, but most of all between employees themselves.

Gierszewska (2005, pp. 77–78) claims that the codification strategy *amounts to gathering information and knowledge in extensive databases, where [knowledge] may be easily searched and from where it is made available* and considers this approach to be highly traditional, leading to copying 'proven activities'. This is contrasted with the personalisation strategy, which *consists in creating the opportunities of contact between people and direct transfer of their knowledge. In this case, IT systems are treated only as a tool that makes the contact possible.* Detailed differences between the strategy of codification and the strategy of personalisation are presented in Table 2.76.

**Table 2.76. The strategy of codifying and personalising knowledge**

Strategy of codification	Type of competitive strategy	Strategy personalisation
Codified knowledge: <ul style="list-style-type: none"> <li>• multiple use of once developed solutions</li> <li>• work in big teams (consultants)</li> <li>• focus on obtaining high revenues</li> </ul>	<b>Business model</b>	Expert knowledge: <ul style="list-style-type: none"> <li>• unique solutions adjusted to customer needs</li> <li>• work in small teams of consultants</li> <li>• focus on obtaining high margins</li> </ul>
Development of electronic and IT tools for knowledge management to gather, codify, searching formal knowledge (documents, reports, studies)	<b>Type of knowledge management strategy</b>	Developing networks connecting people, making it possible to share beliefs, experiences, and the so-called silent knowledge
<ul style="list-style-type: none"> <li>• Employing the best graduates of higher education institutions</li> <li>• Intensive group trainings</li> </ul>	<b>Human resources</b>	<ul style="list-style-type: none"> <li>• Employing the best graduates with MBA degrees</li> <li>• Intensive trainings of the mentoring type</li> </ul>

Source: Gierszewska, 2005, p. 78.

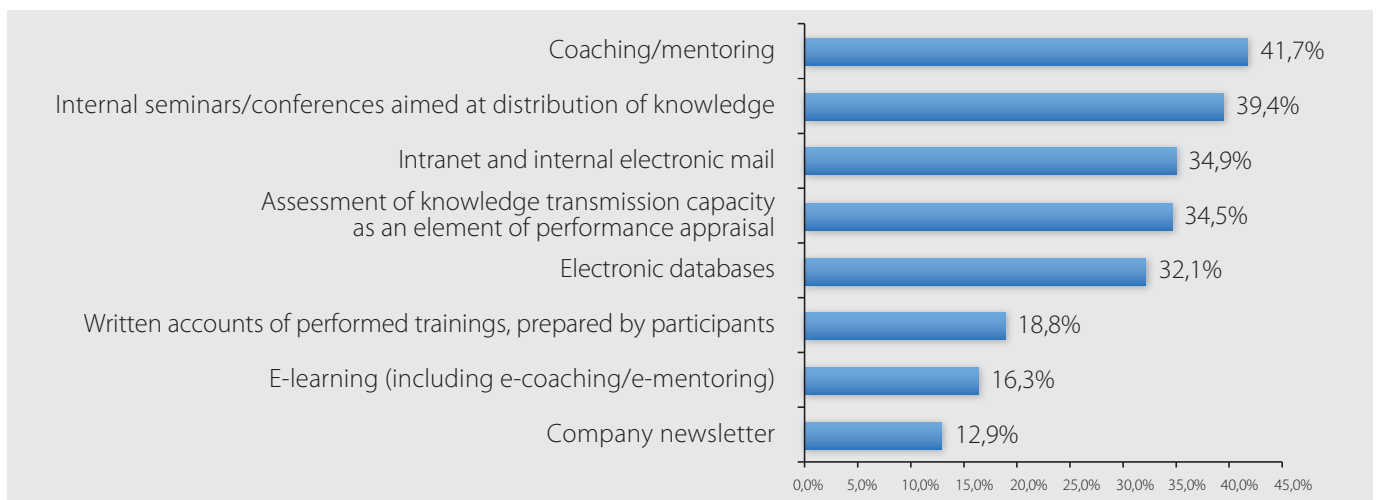
The analysis of the above differences leads to the conclusion that, from the perspective of competency management, and in particular distribution and recording of non-codifiable competencies in the organisation, the strategy of personalisation can be of a considerably greater importance. However, properly carried out and used codification of knowledge may enable recording those elements of competencies (knowledge, some skills) which are subject to codification to a higher degree. Therefore, it seems necessary to combine the two strategies at the level of a single enterprise.

**2.7.2 Knowledge sharing and codification of competencies in the surveyed organisations**

In the conducted study, special attention was given to some issues related to the problem of knowledge sharing. Firstly, methods of distributing acquired competencies, used in practice in enterprises, were analysed. Special attention was given to coaching and mentoring as potentially the best tool for distributing competencies other than knowledge, such as skills, attitudes, values, social competencies. For the purposes of the study, coaching/mentoring was defined as *methods of developing employee competencies consisting in performing actions and implementation of professional tasks under the supervision of a coach. In the case of coaching, the coach is usually the immediate superior of the employee. In the case of mentoring, this may also be an experienced employee from within or outside the organisation.* The definition was presented to the respondents during the survey, so that they were aware of the meaning of this term. Regarding codification of competencies, both the very fact of the existence of such solutions, and the methods used in practice (and their perceived importance for the company) were studied.

**The most important methods of distributing competencies used by the surveyed organisations include coaching and/or mentoring as well as internal seminars and conferences aimed at distributing knowledge** (Figure 2.47.). Quite popular methods for the distribution of competencies, used in about one-third of enterprises, are: the intranet and internal e-mailing system, evaluating knowledge transmission talent as an element of performance appraisal and electronic databases. Less popular methods include written reports from attended training courses prepared by the participants thereof, e-learning courses including e-coaching/e-mentoring (i.e. the use of the Internet and intranet, including various paid websites for improving qualifications) and a company newsletter.

**Figure 2.47. Methods of distributing acquired competencies (in total)**



What methods of distribution of acquired competencies (knowledge, skills and attitudes) are used in your organisation? Base: n=941 (all enterprises).

Large enterprises are definitely more likely than medium ones to use a whole range of the available methods of distributing acquired competencies (Table 2.77). Great differences can be seen particularly in the use of electronic tools (except for e-learning, which is rarely used also in large enterprises). Similar observations relate to enterprises that provide knowledge-intensive services. Additionally, the latter enterprises use internal seminars and/or conferences aimed at distribution of knowledge relatively more frequently.

Table 2.77. Methods of distributing acquired competencies (by subsample) [in %]

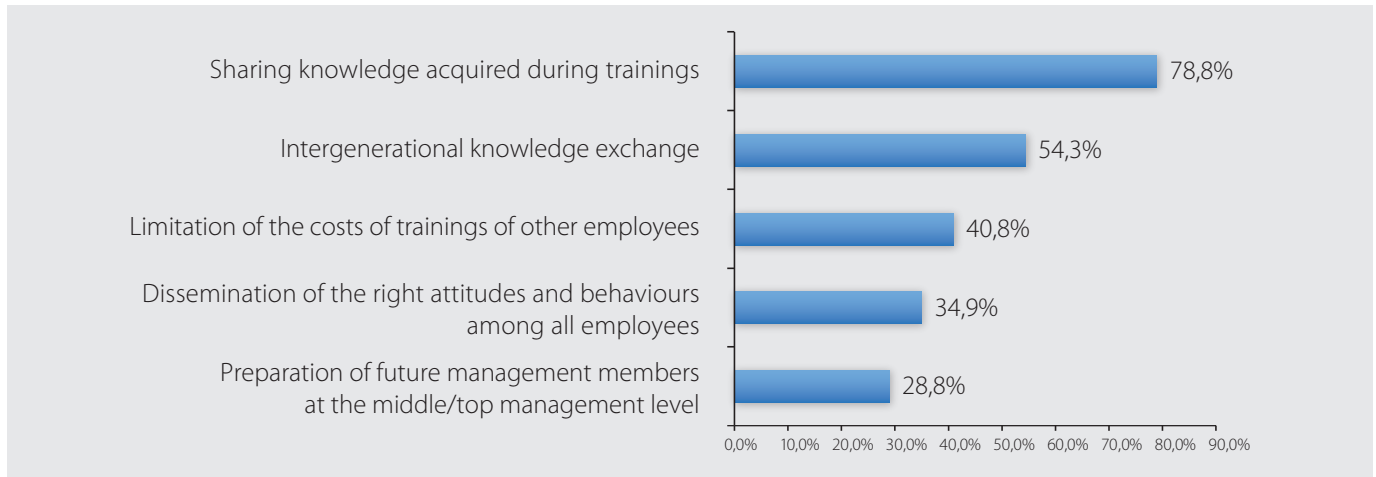
	Medium n=811	Large n=130	Knowledge- intensive services n=282	Less knowledge- intensive services n=270	Manufacturing n=389
Coaching/mentoring	39,3	56,2	42,6	39,6	42,4
Company newsletter	11,3	22,3	12,4	11,5	14,1
Intranet and internal electronic mail	32,6	49,2	46,8	30,4	29,3
Electronic databases	30,3	43,1	43,3	26,7	27,8
E-learning (including e-coaching/e-mentoring), the use of the internet and intranet, including various paid websites for improving qualifications	15,0	23,8	23,0	12,6	13,9
Assessment of knowledge transmission capacity as an element of performance appraisal	32,1	50,0	39,4	30,0	34,2
Internal seminars/conferences aimed at distribution of knowledge	37,2	53,1	52,1	32,6	35,0
Written accounts of performed trainings, prepared by participants	16,2	33,8	25,9	12,6	17,5
Other	2,1	3,1	0,7	3,0	2,8

What methods of motivating competency development are used in your organisation? Base: n=941, (all enterprises).

In the surveyed enterprises which apply coaching and mentoring, sharing knowledge acquired during training courses is identified as their main objective (Figure 2.48.). More than half of the surveyed companies applying that solution indicate the important goal of intergenerational knowledge exchange. Important, though less common goals include: limiting the costs of training of other employees, popularising right attitudes and behaviours among all employees and preparing the future middle/top management staff. The analysis of the results leads to the conclusion that the most important goals, such as intergenerational knowledge exchange, preparing future leaders of the organisation and popularising the right attitudes and behaviours, are considered to be as less important in the surveyed enterprises. **This indicates the domination of the short-term and pragmatic perspective, i.e. quick distribution of knowledge (usually acquired during training courses) by sharing it with other employees of the organisation.** It seems that such an approach may be highly inefficient, as the effects of actions in the area of mentoring and coaching are usually visible in an organisation after some time. Therefore, a long-term perspective, in contrast to the 'popular' nature of the undertaken activities, should prevail.



Figure 2.48. Main goal of mentoring/coaching (in total)



If your organisation uses coaching/mentoring, its main goal is ... (three most important goals)? Base: n=392 (enterprises which use coaching/mentoring).

Sharing knowledge acquired during training courses and preparing future management staff are considered to be the main goal of mentoring and coaching in large enterprises, much more frequently than in medium enterprises (Table 2.78.). In manufacturing companies, intergenerational knowledge exchange is very important, while limiting the costs of training of other employees is considered paramount in companies that provide knowledge-intensive services.

Table 2.78. Main goals of mentoring/coaching (by subsample) [in %]

	Medium n=319	Large n=73	Knowledge- intensive services n=120	Less knowledge- intensive services n=107	Manufacturing n=165
Sharing knowledge acquired during training courses	75,5	93,2	80,8	74,8	80,0
Intergenerational knowledge exchange	54,2	54,8	47,5	53,3	60,0
Preparation of future management members at the middle/top management level	25,7	42,5	30,8	29,0	27,3
Limiting costs of training other employees	42,0	35,6	48,3	37,4	37,6
Popularisation of the right attitudes and behaviours among all employees	33,9	39,7	36,7	37,4	32,1

If your organisation uses coaching/mentoring, its main goal is ... (three most important goals)? Base: n=392 (enterprises which use coaching/mentoring).

**In the majority of the surveyed organisations, the competencies of employees (knowledge, skills and attitudes) are not codified**, so no manuals, guidebooks or procedures are developed based on the analyses of behaviours of employees with the highest competencies (Table 2.79.). Only one in eight enterprises confirms that competencies are codified. Therefore, it seems that **the surveyed companies are not sufficiently aware of either the importance of codifying competencies in order to preserve them in the structures of the organisation, or the negative consequences of their loss.** This may lead to situations that are dangerous for the organisation, whereby the easy 'leaking out' of competencies outside of the organisation causes loss of valuable human capital, and thus ineffectiveness of investments in its development. Large enterprises and those that provide knowledge-intensive services are much more likely to codify competencies. Nevertheless, the scope of application of these solutions is definitely insufficient.

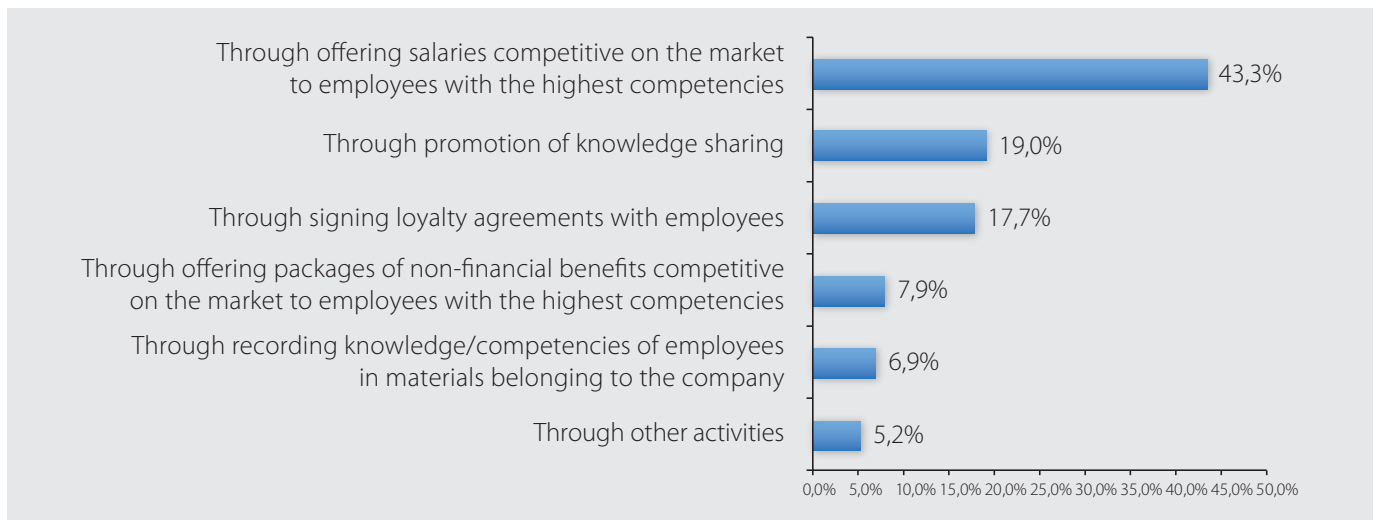
Table 2.79. Application of codification of competencies (total and by subsample) [in %]

	Total n=930	Medium n=802	Large n=128	Knowledge- intensive services n=281	Less knowledge- intensive services n=266	Manufacturing n=383
Yes	12,0	11,0	18,8	19,2	9,0	8,9
No	78,5	80,3	67,2	71,9	81,6	81,2
Undecided	9,5	8,7	14,1	8,9	9,4	9,9

Are competencies of employees (knowledge, skills, attitudes) codified in your organisation (e.g. manuals, guidebooks, procedures are developed on the basis of analysis of the behaviour of employees with the highest competencies)? Base: n=930 (all enterprises – in 11 cases – no response).

The key method of securing an organisation against loss of competencies used by almost half of the surveyed enterprises is offering **the salaries that are competitive on the market to employees with the highest competencies**. One in five companies promotes knowledge sharing, and a slightly smaller group – enter into loyalty agreements with employees. Enterprises take only some limited measures to secure themselves against the loss of competencies by offering packages of non-financial benefits, which are competitive on the market, to employees with the highest competencies and recording the knowledge and/or competencies of the employees in various materials owned by the company.

Figure 2.49. Ways of protecting an organisation against the loss of competencies (in total)



How does your organisation secure itself against loss of competencies (e.g. trained employees leaving) and, if so, in what way? Base: n=941 (all enterprises).

With reference to the subsamples distinguished in the study, there are no conclusive differences (Table 2.80.). Nevertheless, enterprises that provide knowledge-intensive services more often than others record the knowledge of employees in materials belonging to the company. Whereas, manufacturing companies and less knowledge-intensive service companies were more likely to share knowledge than knowledge-intensive companies.

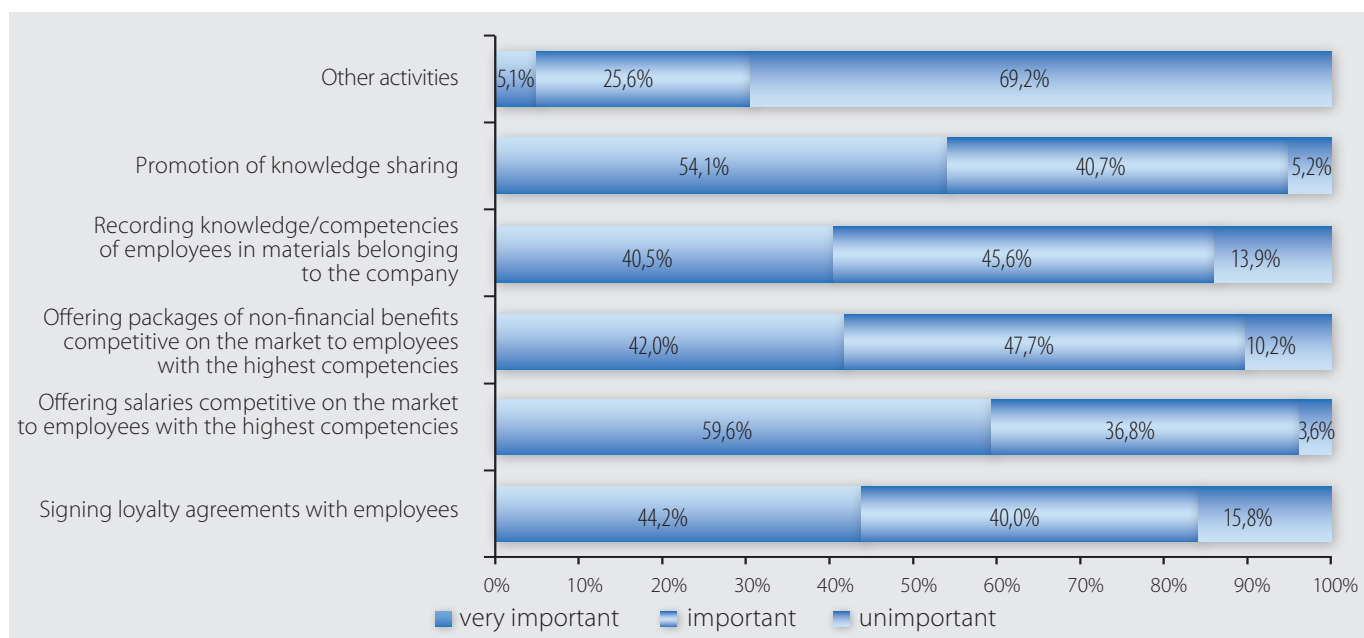
Table 2.80. Ways of securing an organisation against loss of competencies (by subsample) [in %]

	Medium n=811	Large n=130	Knowledge- intensive services n=282	Less knowledge- intensive services n=270	Manufacturing n=389
Through signing loyalty agreements with employees	17,4	20,0	18,8	18,5	16,5
Through offering competitive salaries to employees with the highest competencies	43,0	44,6	43,3	40,4	45,2
Through offering packages of non-financial benefits to employees with the highest competencies	7,6	9,2	8,5	6,3	8,5
Through recording knowledge/competencies of employees in materials belonging to the company	7,4	3,8	10,3	5,6	5,4
Through promotion of knowledge sharing	18,9	20,0	14,5	22,2	20,1
Through other activities	5,7	2,3	4,6	7,0	4,4

How does your organisation secure itself against loss of competencies (e.g. by trained employees leaving) and, if so, in what way? Base: n=941 (all enterprises).

The surveyed companies considered offering salaries competitive on the market to employees with the highest competencies and promoting knowledge sharing to be most important ways of protecting the organisation against the loss of competencies (Figure 2.50.). Other methods were considered to be important, but relatively less vital.

Figure 2.50. Importance of individual methods of securing the organisation against loss of competencies (in total)



To what extent are the security measures you mentioned important for your company? Base: n=941 (all enterprises).

Practically all the above methods of securing the organisation against the loss of competencies were considered very important by a higher proportion of large companies than medium companies. The greatest differences can be seen in the degree of popularity of methods based on competitive offers for employees (this applies to both salaries and non-financial benefits) and promotion of sharing knowledge. A competitive offer is also important in companies that provide knowledge-intensive services.

Table 2.81. Importance of individual methods of securing the organisation against the loss of competencies (by subsample) [in %]

		Medium n=811	Large n=130	Knowledge- intensive services n=282	Less knowledge- intensive services n=270	Manufacturing n=389
<b>Signing loyalty agreements with employees</b>	very important	42,9	51,9	49,2	35,0	47,9
	important	39,3	44,4	42,4	36,7	40,8
	unimportant	17,8	3,7	8,5	28,3	11,3
<b>Offering competitive salaries to employees with the highest competencies</b>	very important	56,9	76,3	68,0	53,5	57,5
	important	39,0	23,7	29,7	39,5	40,2
	unimportant	4,1	0,0	2,3	7,0	2,2
<b>Offering packages of non-financial benefits to employees with the highest competencies</b>	very important	38,7	61,5	43,3	22,7	52,8
	important	49,3	38,5	50,0	54,5	41,7
	unimportant	12,0	0,0	6,7	22,7	5,6
<b>Recording knowledge/competencies of employees in materials belonging to the company</b>	very important	39,7	50,0	37,1	40,0	45,8
	important	45,2	50,0	57,1	35,0	37,5
	unimportant	15,1	0,0	5,7	25,0	16,7
<b>Promoting knowledge sharing</b>	very important	51,5	70,4	52,1	56,9	53,1
	important	42,5	29,6	41,7	36,9	43,2
	unimportant	6,0	0,0	6,3	6,2	3,7
<b>Other activities</b>	very important	5,6	0,0	8,3	0,0	7,7
	important	25,0	33,3	33,3	35,7	7,7
	unimportant	69,4	66,7	58,3	64,3	84,6

To what extent are the security measures you mentioned important for your company? Base: n=941 (all enterprises).

**Methods of securing the organisation against the loss of competencies may prove to be ineffective.** In particular, it seems that the strong conviction about the effectiveness of the method of offering competitive salaries is unjustified. In practice, thanks to the availability of salary reports, the level and structure of salaries on the market is increasingly more transparent from the perspective of an enterprise. Companies are increasingly better informed of the level of remuneration offered by competitors for practically all job positions. Thus, this form of securing against loss of competencies may be unattainable (or ineffective) in practice, especially for companies that cannot offer salaries significantly exceeding the average market level (the median level of pay). Likewise, companies that offer the best salaries on the market have to allow for the possibility of losing employees with the highest competencies, who not only transfer to companies with a similar pay level, but also join organisations with a lower pay level, but offering other benefits and opportunities for development, which may result in being more important for the employee than the salary. The effectiveness of loyalty agreements with employees also seems to be unsatisfactory. The problem does not consist in the enforceability of these agreements (which is also sometimes questioned in labour courts), but first of all in the adopted perspective of some sort of obligation. The purpose of human resources management is to make an employee voluntarily stay in the organisation, to build organisational involvement, rather than keep the employee in the company through compulsive measures. This may lead to the development of very superficial links between the employer and the employee, based on calculation, where the psychological contract is substituted with purely economic considerations.

It is easy to prove that this kind of relation is much easier to break and supersede with a different one, for example in a competitive enterprise. Therefore, it seems necessary to strengthen the role of other, non-financial and, most of all, non-material factors, which will serve to build relationship between the employer and the employee, securing, on one hand, the interests of the latter, and, on the other, protecting the organisation against the loss of valuable competencies.

## **2.8. Functioning of competency-based human resources management and its perceived effectiveness**

### **2.8.1. Barriers to the implementation of competency-based human resources management**

The process of designing and creating a competency-based human resources management system will be different depending on the goals and culture of the organisation, the degree of employees' empowerment, business strategy, technologies or the currently used management systems. The solution, first of all, allows implementation of the assumed goal (or a set of goals), and the attention of people involved in the project should, in no case, focus on the model as a goal in itself (as it sometimes happens in practice). It seems that proper justification of the development of competency models comes to the foreground in this respect. In practice, the widespread belief that the solution is simply not needed is a frequent problem (Lucia, 1999). It is necessary to make employees aware of the fact that the models precisely determine success factors, and thus make it possible to focus on the most effective behaviours and reinforce them properly.

The key problem in the implementation and proper functioning of the competency-based HRM is its general approval. Not only do line workers covered by the programme very often object to it, but also managers and policy makers, on whom the successful implementation of the model is largely dependent. In general, low approval of the system may result from excluding employees' participation in the construction of the model, improper flow of information and organisational culture opposed to change. According to Schuster and Zingheim (1992), the involvement of employees in the designing, administration and control of the competency-based system is one of the most important factors that can lead to its successful implementation. What is necessary, is a positive attitude to the system and readiness to use it in everyday work, not as a tool of control, but as a tool that supports management and performance (from the superiors' point of view), and development of employees (from the employees' point of view). In that respect, there is a tendency to democratise the construction of a competency-based system in modern organisations. Thus, the system becomes a 'common good'; it is owned by everyone and makes it easier to accept its resultant consequences, both of a positive and negative nature. Mansfield (2000, p. 16) claims that all key persons in the organisation should be, first of all, involved in the process of constructing the model, and in the reviews of its first versions. Most problems related to the system being disapproved of result from failure to understand the principles of its functioning. Thus, most of the preventive actions are informational in nature. An increase in the approval of the system depends to a great extent on proper communication with the employees, both at the stage of planning, development and implementation, and functioning of the system. Obviously, the 'official' information must reflect the actual situation.

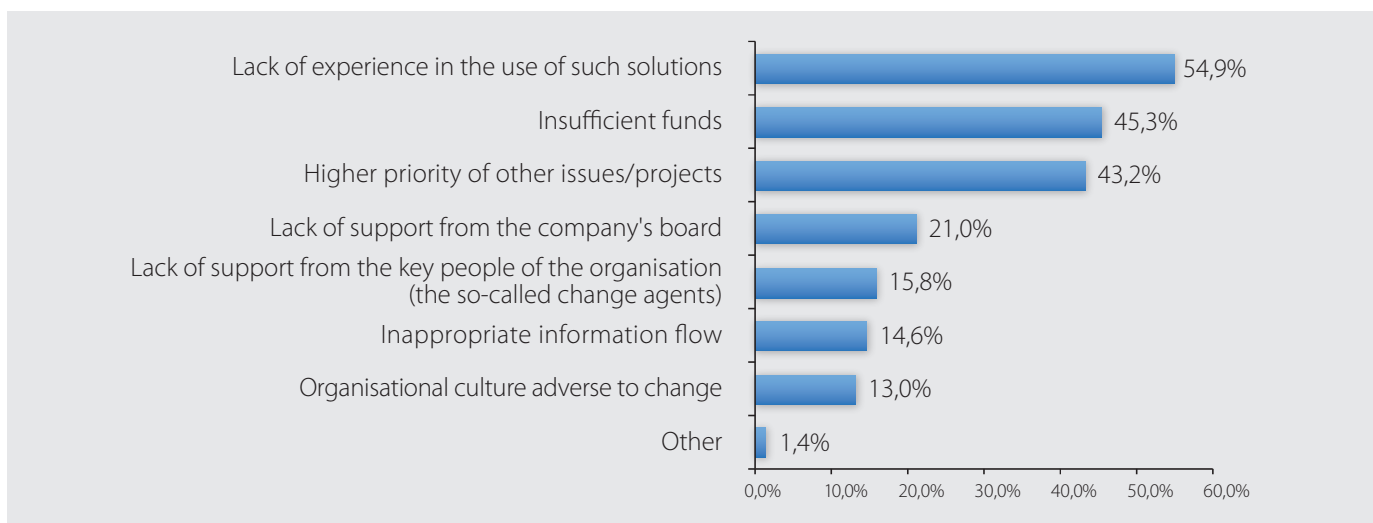
Another condition for the proper implementation and functioning of the competency-based HRM in an organisation is ensuring a proper level of resources, in particular financial and human resources. Insufficient human resources may be considered in quantitative and qualitative terms. Thus, there may be an insufficient number of employees required for the development and implementation of the solution, and then for its proper functioning. On the other hand, the problem may be of qualitative nature, i.e. insufficient skills of the employees. The solution should be adjusted to the nature of problem, as this determines whether an organisation should make an effort in the area of training or recruitment.

Most often, however, the lack of funds is a bigger issue. The construction and practical use of a competency model entails additional costs. Part of them is obvious for the decision makers and they are ready to incur them, such as **the costs of construction and introduction of the system**. Unfortunately, not all are aware that other costs exist. The most astonishing are the increased **costs of salaries** and related other financial burdens in the application of competencies to remuneration. For it is the assumption of the system that new competencies should be acquired, which should be translated into an increase in salary or financial bonuses. One should not forget about additional **administrative costs** related to the ongoing operation of the system and the **costs of training**. The organisation has to create the opportunities for the development of competencies for its employees. The above problems are caused mostly by **the competition for resources**, both human and financial, within an organisation. It is understandable that each year different departments of a company have to make difficult decisions concerning the allocation of funds. Every planned action must be justified in terms of costs and effects. Although, sometimes, the solutions that bring quick and easily measurable benefits are preferred. The effects of the competency-based human resources management are almost always delayed in time. Therefore, insufficient resources for the proper functioning of the model may be caused by **the conflict of interests and interaction with other systems**. The problem may be manifested by the existence of a different system or priority of other projects.

The existence of a different system, fulfilling similar functions, may cause problems in the implementation of the competency-based human resources management system. Justification of the need to introduce new solutions may prove difficult in the situation where the solution or tool used in a given field works correctly. Introducing new solutions always entails the feeling of uncertainty, or even threat among the employees who are familiar with the functioning principles of the existing systems. Higher priority of other projects or current affairs may be another problem in the fight for resources. Other solutions from the realm of HRM, with a higher priority, are likely to win the fight for the needed resources. Low priority of the project in comparison to other projects may have a negative impact on its approval by employees, as they notice the lack of univocal support from the Management Board in the form of appropriate funds for its implementation.

To sum up, the scope and significance of the above problems may be established in the case of the surveyed enterprises (Figure 2.51.). The prevailing problems are those related to the lack of experience in the use of such solutions, insufficient funds and higher priority of other issues. The lack of support, both on the part of the board and other key persons in the organisation, is less important, just like improper flow of information and resistance to change, resulting from the nature of the organisational culture.

**Figure 2.51. The most important problematic factors in the implementation of the goals identified for the system of human resources management through competencies (in total)**



What do you think may be the most important factors that might cause problems in the implementation of the goals identified for the competency-based human resources system? Base: n=920 (all enterprises, 21 – no data).

No significant differences can be found in the analysed subsamples (Table 2.82.). Representatives of knowledge-intensive service companies are slightly more likely to complain about the lack of experience. Interestingly, large companies more often than medium ones indicate the problem of insufficient funds.

**Table 2.82. The most important, problematic factors in implementation of the goals identified for the system of human resources management through competencies (by subsample) [in %]**

	Medium n=794	Large n=126	Knowledge- intensive services n=281	Less knowledge- intensive services n=261	Manufacturing n=378
Lack of experience in the use of such solutions	55,5	50,8	61,2	53,6	51,1
Lack of support from the key persons of the organisation (the so-called change agents)	15,4	18,3	17,4	12,3	16,9
Lack of support from the company's Management Board	21,3	19,0	19,9	19,9	22,5
Organisational culture adverse to change	12,8	14,3	14,2	15,3	10,6
Higher priority of other issues/projects	42,3	48,4	42,3	45,6	42,1
Insufficient funds	44,3	51,6	44,8	48,3	43,7
Inappropriate flow of information	13,9	19,0	16,4	11,5	15,3
Other	1,4	1,6	0,4	1,9	1,9

What do you think may be the most important factors which might cause problems in the implementation of the goals identified for the competency-based human resources system? Base: n=920 (all enterprises, 21 – no data).

Proper implementation of competency-based HRM should be focused on the minimisation or complete elimination of potential barriers. Table 2.83. summarises the most important doubts related to the functioning of the competency systems and solutions to these problems.

**Table 2.83. Doubts related to the functioning of competency systems and solutions to them.**

Problems:	Actions to be undertaken
The purpose of introducing the competency model is not clear	<ul style="list-style-type: none"> <li>• Conducting informal discussions with individual employees or groups of employees, aimed at explaining the reasons of the development and introduction of the competency model</li> <li>• Disseminating information on the goal, schedule and details of the introduction of the system in the company</li> <li>• Explaining what new behaviours are desired and why</li> <li>• Organising a series of meetings to explain what business needs will be satisfied by the introduction of the model</li> </ul>
It is not necessary to introduce competency models to the existing human resources management system	<ul style="list-style-type: none"> <li>• Explaining in detail why and how the new system will facilitate the functioning of the existing system of labour resources management</li> <li>• Enhancing the imperfections and faults of the existing system, if they exist, and the way in which the new system will improve the current situation</li> </ul>



<p><b>Why are members of the organisation not participating in the designing and development of the competency model?</b></p>	<ul style="list-style-type: none"> <li>• Inviting small groups of employees to participate as advisers in the process of designing the model</li> <li>• Analysing the implementation plans with respect to dissatisfied employees and introducing corrections to improve the model together with the employees</li> <li>• Addressing key persons in the organisation with a request to identify potential problems and possible solutions to them</li> <li>• When determining the implementation dates, the most important internal events in the company, such as introduction of new products, development of annual balances, etc. should be taken into account</li> </ul>
<p><b>The cost is too high, and the benefits of the model insufficient</b></p>	<ul style="list-style-type: none"> <li>• Explaining, by means of the cost-benefit analysis, how the model may lead to the reduction in fluctuations, an increase in the efficiency of trainings, shorter time of recruitment and selection of employees, and, last but not least, – improved performance of the company</li> <li>• Performing a review of implementation plans regarding possible cost reduction thanks to increasing the participation of internal resources of the organisation (including employees) in the construction of the model</li> <li>• Performing a pilot system implementation in part of the organisation to show the actual benefits before the organisation invests in a model to involve all employees</li> </ul>
<p><b>The resources of the organisation and its commitment are insufficient to complete the construction and introduction of the model</b></p>	<ul style="list-style-type: none"> <li>• Showing the commitment of the top management and all organisational resources at meetings, in written communication and other mass media reaching the employees</li> <li>• Adjusting the remuneration system, so that it supports the application of the competency model by employees</li> </ul>
<p><b>Introduction of the model is too fast/slow</b></p>	<ul style="list-style-type: none"> <li>• Paying attention to any symptoms of loss of momentum in introducing the process and providing relevant information to high-ranking proponents of the model with a request for support</li> <li>• Ensuring sufficient resources needed to introduce the model</li> <li>• Introducing the model in the form of small steps and small successes, so as to win over most of the sceptics in the organisation</li> <li>• Showing the recent achievements which reflect the present progress of the project</li> <li>• Adjusting the pace of the process of introduction so as not to overburden the employees, having regard to the fact that each of them has his or her own tasks</li> </ul>
<p><b>Previously introduced changes in the models of human resources management were unsuccessful</b></p>	<ul style="list-style-type: none"> <li>• If the accusations are true, it should be demonstrated how and why the innovation will be different from the earlier unsuccessful improvements</li> <li>• Discussions should be held with employees on the causes of previously failed solutions – why that happened, what the problem was, how it could have been avoided, what worked well</li> <li>• Discussions should be held with those employees of the organisation who were successful in introducing important changes (such as new technologies, new products, etc.) on how to ensure success of the new system</li> </ul>
<p><b>Competency models are for regular employees, rather than for leaders</b></p>	<ul style="list-style-type: none"> <li>• Demonstrating that the competencies of managers may also be quantified and measured</li> <li>• Performing talks with managers to explain the concept and purpose of introducing a competency-based system</li> <li>• Conducting training sessions on the construction of a competency system with special emphasis placed on the identification of managerial competencies and a method to measure and assess them</li> </ul>

Source: own study based on Lucia, 1999.

2.8.2. Degree of implementation of the competency-based HRM goals

As revealed in the study, there are various goals identified for the competency management system. Thus, the assessment of the general degree of implementation of the goals certainly comprises the implementation of partial objectives (Figure 2.52.). When analysing the results of the study, some general tendencies need to be identified. Above all, there is a relatively high proportion of responses indicating that some factors have not changed after the introduction of the system. In most of the areas, responses: 'no changes' clearly prevail over the definitely positive assessments, and in some cases, even over the moderately positive responses (slight improvement). Moreover, in all of the assessed areas, a clear predominance of responses: 'small improvement' over responses: 'definite improvement' can be observed, which indicates a limited impact of the competency management system on the listed factors.

Figure 2.52. Perception of changes resulting from the introduction of a competency-based human resources management system (in total)



Please judge if you think that the following factors have changed as a result of the introduction of a competency-based human resources factor? Base: n=941 (all enterprises).

Most of the enterprises felt a definite improvement in the employee performance, acquisition of new competencies by employees and increasing the flexibility of employees. As noted above, enterprises most often identified a small improvement within specific factors corresponding to the complex implementation goals of the system. The biggest group of the surveyed enterprises felt a slight improvement in the acquisition of new competencies, showing initiative and creativity, and positive attitude to change. It is evident that the introduction of the systems encouraged and inclined employees to making an effort to broaden the scope of attained competencies. The employees' positive attitude to change was the factor that definitely changed the least after the introduction of the system. It is suggested by both the high proportion of responses indicating the lack of change, and the relatively lowest proportion of responses indicating significant or even moderate changes. **A detailed analysis of the perceived degree of implementation of the goals of the competency-based human resources management system in the surveyed enterprises justifies the conclusion that the existing solutions fail to fully fulfil the diverse and complex objectives of their introduction.** Obviously, the goals are partially being implemented, yet it seems that the degree is unsatisfactory (Table 2.84.).

**Table 2.84. Perceived changes resulting from introduction of a competency-based human resources management system (by subsample) [in %]**

		Medium n=811	Large n=130	Knowledge- intensive services n=282	Less knowledge- intensive services n=270	Manufacturing n=389
<b>Acquiring new competencies</b>	definite improvement	22,4	30,0	30,1	20,0	21,1
	small improvement	42,4	44,6	42,9	38,9	45,2
	no change	35,1	25,4	27,0	41,1	33,7
	small deterioration	0,0	0,0	0,0	0,0	0,0
	definite deterioration	0,0	0,0	0,0	0,0	0,0
<b>Flexibility of employees</b>	definite improvement	21,6	29,2	24,8	17,4	24,7
	small improvement	39,6	43,1	42,2	41,1	37,8
	no change	38,3	27,7	31,9	41,1	37,5
	small deterioration	0,5	0,0	1,1	0,4	0,0
	definite deterioration	0,0	0,0	0,0	0,0	0,0
<b>Employee performance</b>	definite improvement	22,8	34,6	29,1	21,5	23,1
	small improvement	40,8	36,2	41,5	39,3	39,8
	no change	35,4	28,5	28,4	38,5	36,0
	small deterioration	1,0	0,8	1,1	0,7	1,0
	definite deterioration	0,0	0,0	0,0	0,0	0,0
<b>Development of desired behaviours</b>	definite improvement	17,3	20,0	21,3	15,9	16,2
	small improvement	38,6	49,2	42,2	35,2	41,9
	no change	43,2	30,0	35,1	48,5	40,9
	small deterioration	1,0	0,8	1,4	,4	1,0
	definite deterioration	0,0	0,0	0,0	0,0	0,0
<b>Motivation of employees</b>	definite improvement	20,3	32,3	26,2	18,1	21,6
	small improvement	38,3	37,7	41,8	37,4	36,2
	no change	40,4	30,0	31,6	42,6	41,9
	small deterioration	0,7	0,0	0,4	1,5	0,3
	definite deterioration	0,1	0,0	0,0	0,4	0,0
<b>Positive attitude to change</b>	definite improvement	14,7	23,1	20,2	11,9	15,4
	small improvement	40,2	44,6	40,4	38,5	42,7
	no change	44,4	31,5	38,7	48,5	41,4
	small deterioration	0,7	0,8	0,7	1,1	0,5
	definite deterioration	0,0	0,0	0,0	0,0	0,0

<b>Willingness of the employee to stay in the organisation</b>	definite improvement	19,7	29,2	22,3	16,3	23,4
	small improvement	38,0	43,1	42,2	33,0	40,1
	no change	40,8	26,9	34,0	48,9	35,5
	small deterioration	1,5	0,8	1,4	1,9	1,0
	definite deterioration	0,0	0,0	0,0	0,0	0,0
<b>Showing initiative and creativity</b>	definite improvement	15,8	27,7	21,3	14,8	16,5
	small improvement	41,8	40,8	45,7	36,3	42,4
	no change	41,6	31,5	32,6	47,8	40,4
	small deterioration	0,9	0,0	0,4	1,1	0,8
	definite deterioration	0,0	0,0	0,0	0,0	0,0

Please judge if you think that the following factors have changed as a result of introducing a competency-based human resources factor?  
 Base: n=941 (all enterprises).

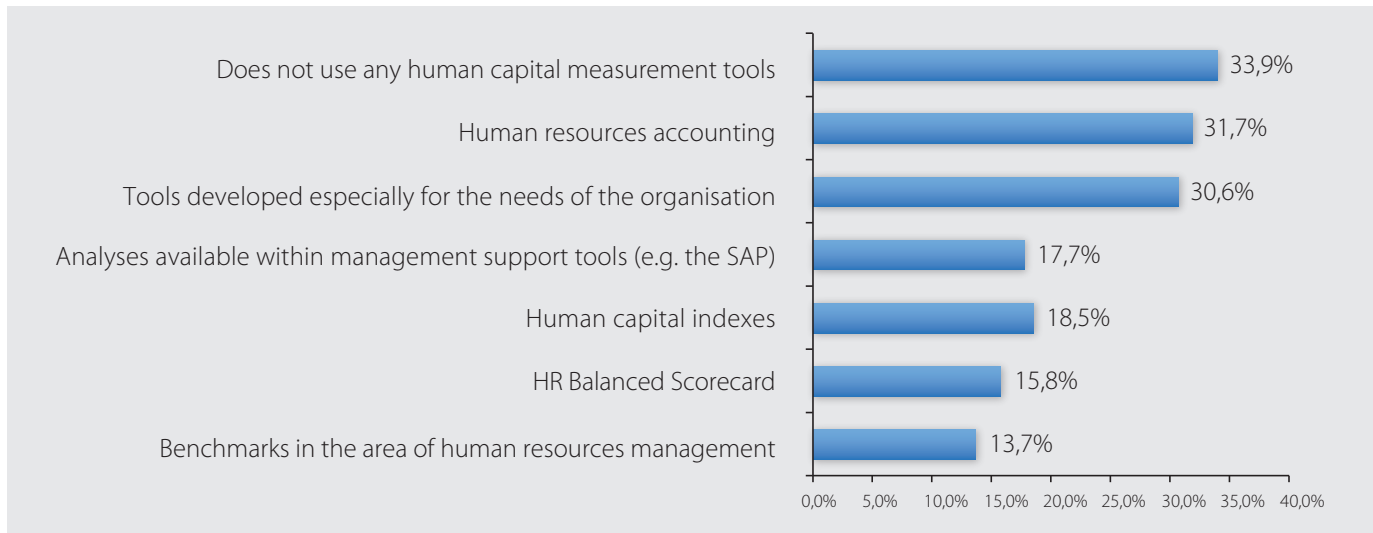
**Solutions in the area of human capital measurement that function in the organisation may be an important barrier to demonstrating the actual impact of the competency-based HRM.**

### 2.8.3. Human capital measurement systems in the surveyed organisations

Accurate measurement of human capital is gaining importance as the next and perhaps most important element of the enterprise's information base in the competitive struggle on the market. The concept of human capital, in its original form, emphasises the importance of a qualitative, rather than quantitative aspect of that organisational asset. Therefore, what is most important is the quality of that resource, reflected by the knowledge, skills, abilities, etc. possessed by employees. Unfortunately, as practice shows, most of the used measurement tools and indicators do not focus on that aspect of human capital.

**A large proportion (33.9%) of the surveyed enterprises do not use any human capital measurement tools at all** (Figure 2.53.). **On the other hand, the applied measurement tools are, as a rule, of quantitative and not qualitative nature. Thus, they do not provide a good basis for the analysis of competency adjustment.** That is why, demonstrating the actual impact of the competency-based HRM on the functioning of the enterprise in the surveyed organisations is very difficult, or even impossible. There is a clear prevalence of tools from the group of human resources accounting methods (in which cost models are probably used in the first place, because models determining the flows of future revenues – revenue models – are much more difficult to implement) and tools tailored to the needs of the organisation.

Figure 2.53. The use of human capital measurement tools (in total)



Does your organisation use the following human capital measurement tools ...? Base: n=941 (all enterprises).

Large enterprises are more likely than medium-sized enterprises to use all human capital measurement tools, and the percentage of companies which do not use human capital measurement tools at all is lower among the former enterprises (Table 2.85.). Looking at the division according to the type of business activity, it is evident that more enterprises fail to measure human capital.

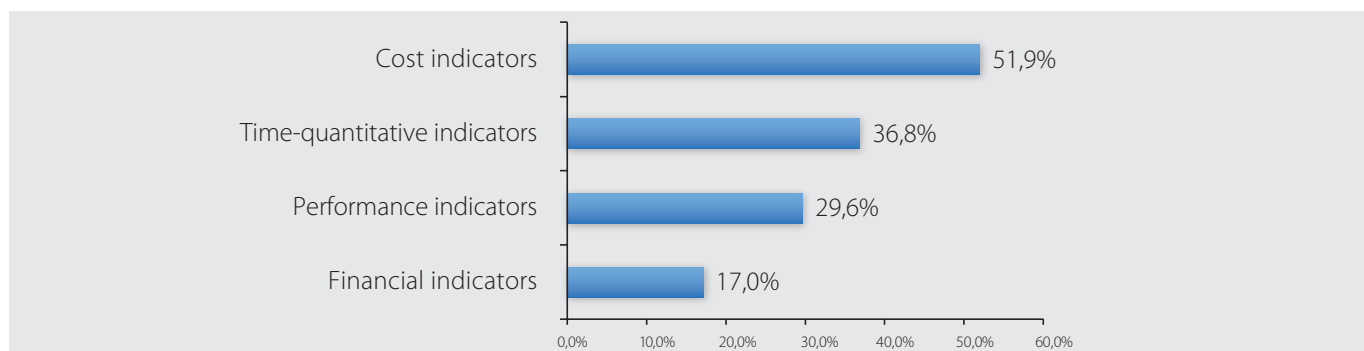
Table 2.85. The use of human capital measurement tools (by subsample) [in %]

	Medium n=811	Large n=130	Knowledge- intensive services n=282	Less knowledge- intensive services n=270	Manufacturing n=389
Human resources accounting	29,2%	46,9%	35,1%	26,7%	32,6%
Benchmarks in human resources management	12,6%	20,8%	13,1%	10,4%	16,5%
Human capital indexes	16,5%	30,8%	19,5%	18,5%	17,7%
Analyses available within management support tools (e.g. the SAP)	16,2%	27,7%	20,2%	14,1%	18,5%
HR Balanced Scorecard	13,9%	27,7%	16,3%	13,0%	17,5%
Tools developed especially for the needs of the organisation	27,9%	47,7%	33,3%	28,5%	30,1%
Does not use any human capital measurement tools	36,1%	20,0%	30,1%	40,4%	32,1%

Does your organisation use the following human capital measurement tools ...? Base: n=941 (all enterprises).

**Among the human capital measures used, there is a clear prevalence of cost indicators,** which are used by 51.9% of the companies making measurements (Figure 2.54.). The indicators cover, among others, the costs of training, recruitment, remuneration or fluctuation. Less popular are time and quantitative indicators (such as time needed for filling a vacancy, fluctuation and absenteeism indicators, number of training courses, etc.) used by 36.8% of the surveyed companies, and performance indicators (such as the ratio of the number of HR department employees to all employees, cost/time of actions per one employee, etc.) used by 29.6%. Financial indicators (such as revenue from human capital, return on investment in human capital, economic added value of human capital, etc.) are used least frequently, i.e. in 17.0% of the surveyed enterprises (mainly in large companies).

Figure 2.54. Human capital measurement indicators used (in total)



The main indicators used to measure human capital in your organisation are ...? Base: n=622 (enterprises that use human capital measurement indicators).

Apart from the above-mentioned differences, no clear differentiation can be seen in the distinguished subsamples (Table 2.86). Time and quantitative indicators are slightly more often used by companies that provide knowledge-intensive services.

Table 2.86. Human capital measurement indicators used (by subsample) [in %]

	Medium n=518	Large n=104	Knowledge- intensive services n=197	Less knowledge- intensive services n=161	Manufacturing n=264
<b>Cost indicators (e.g. costs of trainings, recruitment, remuneration, fluctuation, etc.)</b>	50,6	58,7	53,3	50,3	51,9
<b>Time and quantitative indicators (e.g. time needed to fill a vacancy, fluctuation and absenteeism indicators, number of training courses, etc.)</b>	36,5	38,5	42,1	32,3	35,6
<b>Performance indicators (e.g. ratio of the number of the HRM department employees of to all employees; cost/time of actions per 1 employee)</b>	29,3	30,8	29,4	26,1	31,8
<b>Financial indicators (e.g. revenue from human capital, human capital return on investment (HC ROI), economic added value of human capital)</b>	15,8	23,1	17,8	16,1	17,0
<b>Other</b>	3,1	1,9	1,0	5,6	2,7

The main indicators used to measure human capital in your organisation are ...? Base: n=622 (enterprises that use human capital measurement indicators).

## QUALITATIVE RESEARCH

### 2.9. Key findings of the qualitative research

#### 2.9.1. Methodology of the qualitative research

The study allowed better understanding of competency-based human resources management in large and medium-sized enterprises. The primary **objective** was to study the competency based HRM process in the context of lifelong learning. The main objective was related to the implementation of specific objectives that have been assigned to the two qualitative methods used, the FGI and the IDI, in accordance with the following schedule:

**Table 2.87. Research Objectives and Methods**

Research purpose	Research method	
	IDI	FGI
Determining the competency-based human resources management strategy in enterprises	X	X
Analysing the scope of the competency-based human resources management	X	X
Learning methods and tools for verifying the competency of employees in human resources management	X	X
Learning methods of developing employee competency in human resources management	X	
Learning methods and tools used to evaluate and stimulate the development of employee competency in human resources management	X	
Diagnosing the process of knowledge sharing within the organisation	X	X
Analysing the efficiency of investments in the competency-based human resources management	X	
Diagnosing barriers to the implementation of the competency-based human resources management and lifelong learning (LLL)	X	

The FGI study recruited 10 people – owners, directors or experienced employees, representing consulting companies that employ at least 10 people, external providers of services in the areas of recruitment, selection and employee appraisal in medium-sized and large enterprises<sup>28</sup>.

The first step of the IDI study, 32 enterprises were selected, divided into medium-sized enterprises (employing between 50 and 249 employees) and large enterprises (employing more than 250 employees) and taking into account their main area of business activity according to the PCA sections. Details of the selection have been presented in the following diagram:

<sup>28</sup> Further in this document they will be referred to as experts.



Table 2.88. Selection scheme of enterprises for the IDI study

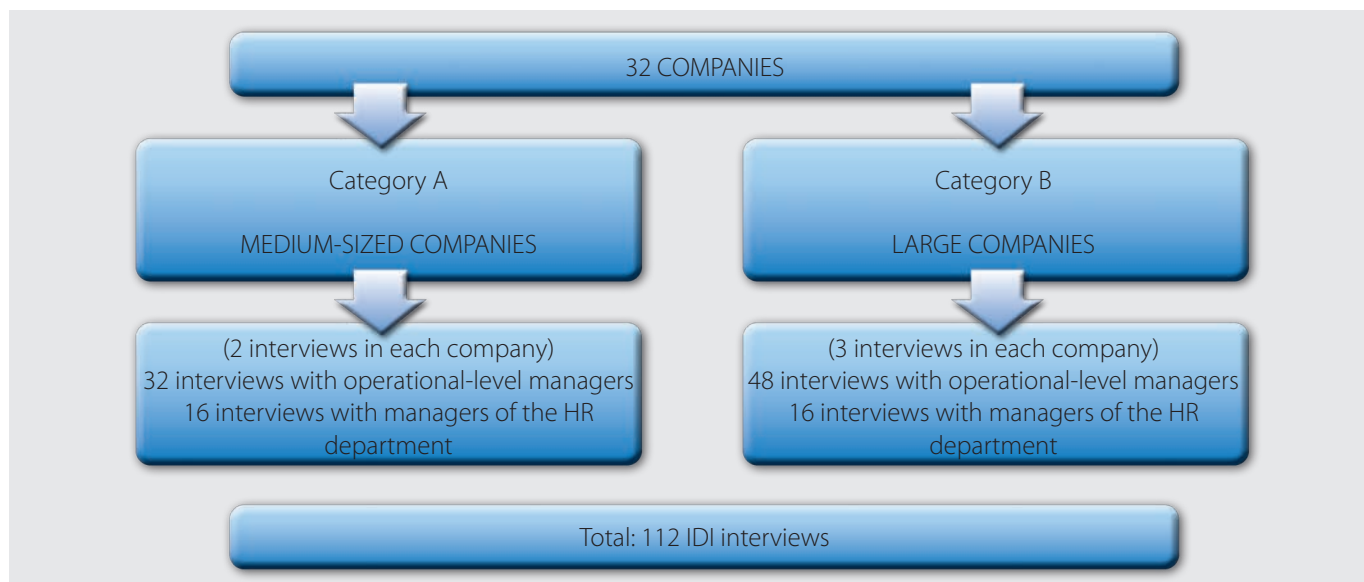
Business activity sector / Number of employees	PCA section of the selected enterprise	Medium-sized enterprise	Large enterprise
Enterprises providing high-tech knowledge-intensive services	53, 61, 62, 63, 72	2	2
Enterprises providing knowledge-intensive market services	50, 51, 68, 77, 69–75 (without 72)	2	2
Enterprises providing knowledge-intensive financial services	64, 65, 66	2	2
Enterprises providing other knowledge-intensive services	85, 86, 93	3	3
Enterprises providing less knowledge-intensive services	45, 46, 47, 49, 52, 55, 56, 79	2	2
Enterprises conducting production activity	Section F – construction	2	2
Enterprises conducting production activity	Section B, C, D, E – industry	3	3
<b>Total number of enterprises (32)</b>		<b>16</b>	<b>16</b>

As the second step in the IDI study, two groups of respondents were selected as follows:

- among large enterprises, one manager or director of the HR department (category A respondent) and three operational-level managers (category B respondent) were selected
- among medium-sized enterprises, one manager or director of the HR department (category A respondent) and two operational level managers (category B respondent) were selected.

The total of 112 respondents were selected according to the following schedule:

Figure 2.3. Respondents' selection scheme



The participation of both managers responsible for human resources management and operational-level managers allowed confrontation of two perspectives determined by the position held by the respondent. This facilitated the analysis of solutions for competency-based human resources management actually existing in the company.

Category A respondents constituted quite a diverse group, from very advanced and specialized HR departments in multinational corporations to single-person departments, dealing only with employee matters, such as administration, remuneration, etc. This diversity made it possible to analyse a wide spectrum of perspectives and experiences in human resources management and present a fuller picture of the solutions used in the medium-sized and large enterprises in this area. The study was preceded by a pilot study which involved three respondents of each type (A and B). This made it possible to elaborate the in-depth interview scenario tool.

### 2.9.2. The qualitative research results

#### **Competency-based human resources management strategy in the studied enterprises**

The surveyed companies are aware that human resources management and investments in human capital contribute to the growth of the company's profit and increase its competitiveness in the market. However, the analysis of the respondents' answers shows that in some companies, there is a belief that the efforts to develop human capital may be an obstacle to achieving the business goals of an enterprise. Such efforts require the company to incur costs and send its employees to training courses, during which they do not perform their current tasks, and do not contribute to the growth of the company's profitability. That is why, the role of employee competency development and human resources management may become marginalised.

The experts involved in the FGI study are of the opinion that having an integrated, comprehensive competency-based human resources management strategy is very uncommon. There are management models in place or some selected competency-based human resources management tools are used, rather than a strategic approach. The difference between the approaches is not clear; however, in the studied companies, the final solutions for human resources management consisted of a number of measures at the operational level, resulting from the specific nature of the industry and the general profile of the entire company. Simply speaking, human resources management was a secondary matter in relation to other areas of the enterprises' business activity, and decisions concerning employee matters were not made at the strategic level. In this case, the human resources management strategy is often created from the bottom up. Thus, the following techniques of human resources management may be distinguished in the surveyed companies:

- competency-based management,
- objectives-based management,
- management based on 'intuition and experience'
- tools and methods of human resources management that result from the quality management strategy adopted by the company (TQM – Total Quality Management)<sup>29</sup>.

In the context of discussions on the strategy, respondents in the IDI study showed a tendency to shift to the operational level – they indicated tools, referred to regulations and to the general effects of the management model. There are several reasons for this phenomenon:

- the enterprise does not have a human resources management strategy,
- matters related to human resources management are addressed 'on the current basis',
- human resources management is not perceived as the key determinant of the company's success,
- the final human resources management strategy is the sum of the solutions adopted at the operational level rather than the effect of the model introduced top-down.

As indicated by the experts in the FGI study and respondents in the IDI study, the presence of more complex tools for human resources management in the company is preconditioned by the following variables:

- the size of the company – has a direct impact on the complexity of the internal processes; the more complex processes, the more professional tools for the human resources management policy are required;

<sup>29</sup> This situation was most often found in companies that implemented the ISO standards.

- industry – is a significant determinant of the market conditions in which the enterprise operates. Hence, we may distinguish more knowledge-intensive industries (e.g. finance, telecommunications, IT) and less knowledge-intensive industries. Companies operating within areas characterised by greater knowledge intensity are somehow obliged to use more sophisticated tools in the area of human resources management;
- share capital of the company (domestic or foreign) – it significantly determines the solutions in the field of human resources management. Companies that are subsidiaries of foreign corporations introduce solutions applicable in the parent unit. In Polish enterprises, the situation may appear different, particularly in those that developed from small businesses into large companies with nationwide reach;

*I think that these strategies are rarely implemented in Polish companies that were established in the early 1990s. The company was founded by Mr. Janek, who at first was making dumplings on his own, and now it is a company with a nationwide reach (...). At this point, these are the companies that employ crowds of people, sort of corporations. However, they have not yet implemented these structures and many other things (...). Moreover, they are just beginning to realize that it is necessary (...). There's not much room for any HR strategy, because in fact, all decisions are in the end made by the president of the company.*

- extensive sales network – it often requires the unification of organisational and human resources management solutions. Companies with such networks need to put greater emphasis on human resources policy tools;
- technologies used by the company – they determine the qualifications and competency of employees. Companies with high technologies often need to train their employees with a wide range of tools in the area of human resources management, thus contributing to the development of human capital;

*The market is growing and so do our needs; new technologies and innovations are appearing, so the employee must be adapted to the market so that we, as an institution, may operate on the market.*

- the attitude of the management board to human resources management – it directly contributes to the activities within the organisation, taken in the area of human resources policy;
- HR department function – understood as the competency of its employees and the position in the hierarchy of the organisation. Determines the extent to which the management of the company is willing to use and finance more sophisticated tools of human resources management;

*Is this that lady who has been working in the HR department for 20 years, and all innovations in general are black magic to her? Or is this a person who really knows the mission of the department?*

- the 'employer branding' phenomenon – it is associated with the fact that companies that use advanced techniques in the field of human resources management are perceived as more modern, being better employers for current and potential employees. Additionally, according to the respondents, employer branding is part of building the image of a company in the market. For this reason, human resources strategy is often present in organisations that generally attach great importance to their image in the market in all contacts with their environment.

*The company is developing and the prestige of the company is increasing when employees are developing and improving their qualifications in order to remain in the company.*

It should be emphasised that in some companies investigated, competency-based human resources management was on the declarative level, and not on the level of real solutions. On the declarative level, HR department managers and operational managers represented a high degree of approval for a number of tools related to competency-based human resources management. However, there were problems with the narrow interpretation of the concept of competency, which was identified with terms such as: experience, aptitude, skill or knowledge of the industry (market).

Experts in the FGI study pointed out that one of the major reasons for the implementation by the enterprise of the competency-based human resources management system is providing relatively good tools for accurate recruitment. In this way, the system helps to reduce recruitment costs by reducing the risk of wrong employment and selection decisions, and increases the accuracy of selection of employees for training. Experts also stressed easier (and better) matching of human resources to company objectives implemented by individual units of the company.

*In general, it is about performance of tasks; I mean, whether we have well-recruited employees. If we recruit employees to a project, we do it based on specific competencies that have been set and recorded by our client, because this is the only thing that gives us a chance to implement the assumed objective.*

### Analysis of competency-based human resources management

**The companies surveyed, even if using individual tools, often fail to see these tools in the perspective of a comprehensive, integrated strategy for competency-based human resources management.** Some of the tools used are common to all models of human resources management.

Elements of competency-based human resources management used by companies include:

- competency profiles – providing guidelines that are used in recruitment, as well as in the employee appraisal. Employee appraisal tools are constructed so that they measure the level of competency required for the job, achieved by the employee;

*The company is divided into groups of positions. Each group of positions is assigned to some competencies; it is specified what is meant by a given competency (...). The scale is also determined. Let's say that this competency may be at the first level, and then it is less, then the second level, which is more, and so on, for example, 3, 4, 5 (...). And each scale has its description of what a given competency means at this level.*

- job descriptions with the scope of duties – in addition to the competencies required, in many cases, they specify the qualifications required of an employee in a given position;
- motivation systems and employee appraisals;
- training and competency development systems;
- competency dictionaries – define how particular competencies should be understood (including their aspects and levels of acquisition);
- career paths.

Individual human resources management tools in the surveyed companies included either all employees, core workers for the business activity of the company, or the youngest employees (this applied mainly to the area of training through which they acquired competencies). Investing in such a worker is seen as the investment with the highest rate of return<sup>30</sup>, because he or she is expected to work for the company for the longest period. Also the oldest employees, in cases where human resources management tools were designed to reward the employee, which was supposed to contribute to the development of attitudes of loyalty to the company in other employees.

<sup>30</sup> According to the opinions of the respondents, it is also characterised by a number of risks – younger employees are more likely to change employers than older, more experienced employees.

### Methods and tools for verifying the competency of employees in human resources management

**The primary tool for the assessment of competencies when recruiting new employees is the analysis of the submitted documents followed by an interview.** Aptitude tests are only occasionally used by companies. The use of traditional tools for recruitment is an evidence that HR department directors are strongly convinced that they are able to select the best employee without the need to resort to methods improving the objectivity of the assessment.

**Trial periods are an important tool for the competency assessment and selection of new employees, which was indicated by the respondents in the IDI study.**

*I must admit that in my career, only ten weavers stayed in the company, out of a hundred ones who were employed for a trial period ... In my experience, selection is important.*

HR department directors and operational managers are of the opinion that even the best tools to assess the competency during recruitment will not give the same result, as direct testing of newly recruited employees in the workplace, despite undoubtedly significant costs that are associated with such a solution. **More complex tools to verify competency are used in external recruitment.** Experts in the FGI study mentioned competency interviews, assessment centre, and psychological tests. The choice of tools is determined by the recruitment budget and the importance of the position concerned. It is necessary to consider the costs of recruitment on the one hand, and on the other, the cost (risk) of a wrong recruitment decision, which cost may be considerable in the case of persons employed for the highest positions.

**The choice of the method depends also on the number of competencies to be verified.** For a large number of competencies, the assessment centre will not fulfil its function. Due to the fact that this method is time-consuming, it is suitable for the diagnosis of a limited number of competencies. If there is a need to verify a large number of competencies, it is necessary to select other techniques or to complement the assessment centre with other methods.

As indicated by the experts of the FGI study, in some of the companies, methods of recruitment for each position are displayed in documents providing operational guidance on human resources management processes.

**Experts in the FGI study emphasised that it is very difficult to create a general-purpose, universal ranking of the importance of human capital characteristics.** These characteristics are dependent on the industry in which the company operates, and, in a single company, even on individual departments or positions. During the recruitment process, especially in its initial stages, qualifications have a more important role (compared to competencies) – having the expected qualifications is the necessary condition for the candidate to qualify for the following stage of recruitment, where competencies are verified.

Respondents in the IDI study indicated that the competencies and qualifications expected of candidates in the recruitment process are determined by immediate superiors, HR department representatives or the management board of the company (when there is no separate HR department or recruitment relates to key positions). It sometimes happens, especially in the branches and subsidiaries of international corporations, that competencies are defined by the foreign headquarters of the company.

*It depends on the type of an employee. If it is a labourer, just the decision of the unit manager is sufficient. If it is an office worker, the department manager is the first one to determine the competencies: it may also be the director of the division. It all depends on where the employee is located in the hierarchy.*

### The development of employee competencies in human resources management

The analysis of a competency gap i.e. the difference between the expected and the real level of competency, has been often indicated by the respondents as a method to analyse the development needs of employees. The gap is determined by means of an ongoing, subjective observation of the employee by the immediate superior or as part of regular periodic appraisal. Lack of competencies is diagnosed when there is a decrease in the employee's efficiency, or when the employee or his or her department, does not properly fulfil the expected objectives. Monitoring the performance and identifying the competency gaps on this basis entails the risk of failure to recognize all competencies (and their level) responsible for the above effects. Only the use of competency profiles for each position, along with a systematic comparison of the actual and the expected level of competency, ensures optimal selection of employees to tasks that are assigned to them.

*There is a tool that has been operating since last year in a much extended range. It is the analysis of competency gaps. For each job, a level of required knowledge is assigned and the level of knowledge possessed by the employee is assessed. Based on the difference between the two indicators, the direct superior specifies how to gain this knowledge and what subjects it must cover, and we collect these subjects within the team. There is a study conducted by a unit that deals with such things – what are the competencies needed for particular jobs, what skills the employees in the department already have, and whether all employees have them or not.*

The analysis of in-depth interviews leads to the conclusion that the training needs in the majority of companies are not systematically diagnosed. This may result in a non-optimal choice of training and thus failure to achieve the desired effect. Simply speaking, the costs of solving a problem are incurred where the problem does not exist, whereas areas in need of improvement remain 'intact'. Resultantly, the blame for failure, i.e. for the lack of positive, tangible results of training, falls on the training companies, even though they have performed their task properly. Training is provided if:

- a company is committed to a policy of employee development – depending on the current model adopted in the company, all employees are subject to training, those with skills critical to the organisation, the best employees (if training is a form of reward) or the youngest employees;

*Our employees who achieve certain positive results, receive an award in the form of an additional training where they are sent to improve their skills and knowledge.*

- employees want to be trained (for example, if they develop their own initiatives or if training is a reward they appreciate);
- there is a significant technological or legal change in the company environment;

*It is a matter of competencies, but it is more related to the fact that we have a lot of new offers on the site, I mean, we get a lot of new cars, new technological solutions and we have to be always up to date.*

- a decrease in the efficiency of an employee is noticed, and training is chosen as a solution to this situation;

*We often see that one of the employees does not cope, so such training in his or her case will be about improving their skills.*

- an adequate training offer is available on the market;

*We rather look at what is available on the market; some training courses are intended for the sales staff, some are intended for the bookkeeping staff.*

- the company has financial means;

Methods for employee competency development that were spontaneously mentioned by respondents include:

- mentoring (which is often a new term for practices that have been used for a long time);

*Our company does not finance training courses, anything like that, so what we do is that a new employee is taught by a senior, experienced employee to be able to work properly. It is definitely related to the company's finances, because now we cannot afford to finance training courses, so nothing really happens in this area.*

- coaching;
- training courses (internal and external);
- seminars and conferences;
- co-financing employees' higher education courses;
- language courses;
- purchase of business publications;
- developmental tasks – projects with a higher degree of difficulty, which are challenging for the employee and intended for learning new skills and implementing new tasks;
- internships in other departments of the company in order to get acquainted with the specifics of their work and to acquire new skills that increase the employee's versatility in the company.

*When it comes to internships in other departments, these are internships mainly under the so-called on-the-job training; employees are sent for an internships to another department to become familiar with its specificity, because cooperation between departments is often very important and has a big impact on the overall functioning of the company.*

Training specialists and internal coaches are usually employed by large companies with significant training needs and by companies with fast-changing offer, operating in highly dynamic markets (this category includes both medium-sized and large companies). The need to employ internal coaches and training specialists arises with the development of the company, with the increase in the number of employees and training needs. In the initial phase, companies often use external training.

*In general, I opt for cutting costs and I will probably use an external company, because I have been dealing a little with this and I still do, so it is cheaper to take such a coach from the outside. The costs of such a one-off operation are lower than employing two people, if the company develops and has more than 100 employees, it will cease to be profitable, and then I will think of employing such a person.*



### Methods and tools used for the assessment and promotion of employee competency development in the human resources management process

Periodic performance appraisal is an essential tool for the evaluation of job performance. In the first step, the degree of the employee's achievement of the defined objectives is assessed. Only in the second step do some companies analyse individual competencies that are responsible for the achievement of objectives at a certain level. Respondents indicated the following performance appraisal tools:

- appraisal sheets by the superior and self-appraisal sheets;

*This sheet covers questions related to competencies which are specified in the work regulations. It includes also specific questions: How the employee performs the duties, how he/she reacts in a given situation. Then, comes my descriptive assessment.*

- observation and 'intuitive' assessment – frequent reference to this form of performance evaluation indicates the 'rootlessness' of more complex tools of human resources management in many companies.

*At the beginning, more sophisticated assessment tools were introduced, but they do not always bring adequate results, so, in fact, the direct observation of the employee is more relevant than various types of tests, because they are not always effective, they may be done at random; the observation is more objective.*

In organisations that support the development of competencies, there are two approaches to this issue:

- the company in some way directly promotes employee competencies development through financing their participation in training, workshops and seminars;
- the company financially rewards employees who achieve the best results, assuming that they are aware of the need to develop their competencies.

*Since these bonuses are not small, all of them know that it is in their best interest to improve qualifications and competencies.*

The models of competency development presented above are often used simultaneously, which indicates a high flexibility of enterprises. Another commonly used method involves extending the scope of the employee's responsibilities (e.g. developmental tasks), and awarding promotions. However, in small companies with flat structures, the use of the latter method is limited. Financial rewards (bonuses and base salary increases) are the dominant method of stimulating the development of competencies in the studied companies.

*In my department, bonuses and rewards are the main incentives, and this is what really motivates employees. They are also determined earlier so that employees know in advance what to do to motivate themselves. All employees who are employed in our company have the same education, they only differ in the length of service and age [all employees are motivated in the same way].*

One group of respondents have indicated that employees are motivated only by praise, but such a solution is reported to be unsatisfactory. Yet, financial constraints sometimes seem to be the barrier.

*We are somewhat at odds with motivation; we do try to motivate our employees but the company has no financial means, so to say, in the form of incentives such as a superb training with a great party or some healthcare packages. We don't have that, we have no money for that; some sort of praise is the only motivation for employees; unfortunately, that's all.*

### Knowledge sharing within the organisation

According to expert opinions obtained in the study of FGI, companies use the following methods to gain knowledge from outside of the organisation:

- employing persons with specific competencies (external recruitment);
- training of employees;
- monitoring other companies – benchmarking of best practices;
- involvement of consulting companies;
- cooperation with research centres.

Methods of organisational learning and disseminating knowledge used 'inside' the surveyed companies can be divided into: formal, initiated and organised by the employer, and informal, which result from own initiatives of employees.

Examples of formal methods:

- mentoring,
- internal knowledge base,
- mutual training of employees,
- publication of the achievements of employees (e.g. scientific papers),
- branch publications purchased for the needs of the company,
- internships in other departments,
- project teams.

Examples of informal methods:

- spontaneous transfer of knowledge between employees,
- own initiative of employees as regards the transfer of knowledge supported by the employer.

*They can help one another, and if they want, we are happy to help them make the place available (...), if a larger group of employees would like to listen, to learn something, we can even provide a room.*

The primary means by which companies stimulate the exchange of knowledge is the transfer of knowledge the employee gained during external training or the exchange of experience during regular staff meetings.

*Each employee who returned from training is obliged to pass the knowledge and information gained during the training to employees in the department where this knowledge is relevant. At the meetings, they exchange their experiences ... Learning something from a colleague who does the same thing and who performs better than me is different than when someone does two hours of talking, and you don't know what they're talking about.*

The most frequently reported reason for using the above methods were financial constraints associated with the possibility to send only a certain number of employees for training.

*There is an exchange of knowledge between employees who return from training. The knowledge is transmitted verbally and through presentations; they shown how to apply this knowledge in practice. Thus, the company does not need much money for that purpose; one employee was sent and received funds and other employees benefit from the fact that he or she has been already educated in this direction, and now they can further train those employees as part of the peer exchange.*

Internal knowledge bases are less frequently used by companies.

Mentoring is an important technique for knowledge transfer. It is used in the following situations:

- when there is a need to train a new employee (a more experienced employee does it),
- when older employees have to retire,
- when practical knowledge is to be transferred,
- when there are financial constraints for the use of other techniques.

Good relationship between employees is a factor conducive to mentoring.

Coaching is used very rarely. This is due to:

- the fact that management often misunderstands the idea of coaching,
- the fears that coaching raises among employees,
- the fact that persons to be the coaches do not have sufficient social and psychological capabilities and are not sufficiently prepared for their role.

Companies prefer internal methods of transferring knowledge and skills. It seems that greater efficiency of these methods is encouraged by two factors:

- organisational culture of the company supporting the exchange of knowledge – focused on open communication and good relationships between employees;
- developed social competencies and relevant professional preparedness of employees who are to transfer knowledge and skills.

The examined large and medium-sized companies use both internal and external recruitment (internal promotion). In some companies, both these forms are used simultaneously, while usually first attempts are made to recruit the employee within the organisation. As shown by the experts in the study of FGI, if the above option is not possible, the external recruitment is conducted.

*When the company, for example, extends the scope of its business or opens a new sales channel, or introduces a new product, and it does not have such an employee that could do it, then they use outsourcing.*

Many of the surveyed companies do not see the need to protect themselves against the loss of competencies. Representatives of these organisations indicate minimal staff turnover resulting, for example, from the lack of direct competition in the labour market in a given territory and a high degree of employee satisfaction. At the same time, especially in companies providing knowledge-intensive services, some respondents emphasised the negative impact of staff turnover on the company operations.

*Rotations, unfortunately, occur, I specifically used the word 'unfortunately', because rotation interferes with the performance of specific tasks. You have to induct such a [new] employee, give them time to develop and then require performance of them, so this is not positive for us.*

Companies that protect themselves against the loss of competencies declare the use of solutions to reduce turnover, ensuring employee satisfaction and their proper motivation. Some of the companies whose representatives declared taking measures to ensure the employees' satisfaction as a method of preventing employee turnover use financial methods and also try to create the right atmosphere.

*As for the rotation in our company, it is small, so this problem does not affect us that much. We try to (...) motivate employees by these financial incentives, and to provide opportunities for development, self-development and create a friendly atmosphere. This is also conducive to smaller rotation.*

At the same time, respondents pointed out that companies are not able to allocate funds for this purpose and thus they focus on building employee satisfaction by creating a friendly atmosphere in the workplace and through non-financial methods of motivating employees.

*We have very limited capacities, as finances are what they are, but we are trying to build a certain atmosphere in the company to keep people, and it works, to a certain extent. For example, if we look at a few retirees who continue working although they don't have to. One man had been retired for two months and then he returned to us.*

As stressed by experts in the FGI study, the degree of protection against loss of competencies, as well as the range of methods used, is dependent in particular on the following factors:

- size of the company – according to the respondents, very large organisations take much more measures to prevent the loss of competencies; they also use a wider range of methods than medium organisations;
- supply of competencies – in the case of universal competencies, where the employee can be easily replaced, the company does not take any specific measures to prevent his or her leave. It is not the case where training or finding an employee with specific competencies would be difficult or would involve high costs;
- the role of the employee's position and the importance of his/her competencies for the business activity of the company. The actions taken are more intensive if the particular competency is crucial and difficult to replace – when losing the employee with the particular competency will have a negative impact on the company's operations;
- the nature of the employee's knowledge – the measures taken to prevent the outflow of competencies are significantly influenced by the nature of the person's knowledge. Persons with the knowledge whose transfer to a competitive entity would pose a risk to the company are often bound by a non-competition agreement. For persons with less essential competencies, this method is unlikely to be used;
- costs incurred by the company to develop the competencies of an employee – in the case the company has financed or co-financed the development of an employee (courses, training, studies), it is more interested in preventing their departure. In addition, the company has a tool to prevent the loss of competencies in the form of an agreement under which the employee is obliged to reimburse the costs incurred by the company in the event of his leaving the company.

To prevent the loss of key competencies in an organisation, employees sign arrangements binding them to the enterprise (this method is used in particular in the case of large investments by companies in the development of their employees):

- loyalty agreements – statements requiring employees to perform work for the employer for a specified period of time (otherwise, the employees are obliged to reimburse the company for the costs borne for development of their competencies);
- contractual clauses limiting additional employment,

*Our employees are very well paid, but they are allowed to work at one university only. If we find out that [the employee] is also working somewhere else, we terminate the contract with them.*

- non-competition clauses – the employee, should he resign from the job in the company, is not allowed to work in competitive companies.

Employees of the human resources department often analyse the threats resulting from the competition in the labour market (such as tasks or jobs carried out by competitors that may potentially require recruitment of new workers in a given field). The HRM staff also makes attempts to gain some knowledge of the methods used by headhunting agencies. These activities are aimed at preventing the loss of employees to competitors.

### **Analysis of the efficiency of investment in competency-based human resources management**

The development of competencies may be financed from several sources:

- partly or wholly by the employee;
- by the company, companies sometimes prepare annual training budgets;
- co-financing by trade partner; this applies to training prepared for sales departments;
- EU funds (e.g. OP HC). Training funded by the EU is often chosen due to the fact the company does not have to bear the financial costs. Resultantly, the selection of employees for this form of competency development is often done almost at random. The respondents in the IDI survey emphasised very limited relevance of the EU-funded training to the needs of the companies. Nevertheless, they also noticed positive effects, emphasising that such training is sometimes the only available form of raising the competencies of employees.

*I tried to use the ESF to support the employees in some way, but with the least possible burden to the company; I tried to search for the ESF training that would allow employees to increase their competencies, build up the team, without burdening the company.*

The surveyed HR directors recognise the positive effects of the competency development of employees, but they are not able to express them in the form of tangible benefits.

*As I say, it is immeasurable and I cannot analyse it in a formal way. If the company produced something, there is a concrete profit ... when we are dealing with people, it is impossible to do this.*

The surveyed companies do not measure the efficiency of outlays (they do not apply economic and financial measures) for the development of human resources management. A measure of the efficiency of outlays is 'proper functioning' of the employee and the increase in employee productivity. This is easier to apply in production companies and sales departments (the measure in this case is an increase in sales, but this approach carries the risk of failing to recognise the real reasons for the increase in sales, for example, the improvement of the business climate) than in the other categories of enterprises and departments.

*This translates, because the shop is evaluated positively, we don't lose customers, sales are rising, so [the training] must be effective to some extent.*

In the companies which develop the competencies of their employees, the efficiency of expenditure incurred on these objectives is reviewed on an on-going basis by diagnosis of the potential of the company (answering the questions: "Is the team able to undertake more difficult projects?", "Is your company able to accept larger orders?", "Can the company introduce a new service/extend the service?"). This assessment is largely subjective in nature and does not take into account other factors that affect the company's situation.

Some respondents could see a real positive impact of the development of human capital on the efficiency of the company. Among the surveyed companies, there were companies which, as a rule, train their employees on a regular basis, regardless of the costs of these activities, because they recognise that training determines the competitive position of the company on the market.

*This is an individual matter, just the nature of our business is that, apart from sales, we deal with service, it is entirely technical matter, so we need to develop the skills, regardless of how much it costs.*

### **Barriers to the implementation of competency-based human resources management and life-long learning (LLL)**

HR directors and operational managers enlist the following main barriers related to the development of competency-based human resources management:

- limited financial resources;

*The greatest barrier is probably the lack of financing sources, at the moment I see it as the greatest barrier. While there is always a willingness, it is not always the willingness to finance a certain type of a project. We know that this is one of the costs that is easiest to cut.*

- employees' reluctant attitude to the development of competencies (lack of awareness of the individual benefits of participation in the development of their competencies);

*They do not care, they are happy with what they have and do not care for their further development, for the relations in the company, for the improvement of their qualifications. They rest on their laurels and do not develop themselves.*

- Low degree of employees' identification with the company, mismatch between the employee's and the company's goals;
- Non-transparent human resources policy with unclear (often non-formal) career paths;

*It's the question of some informal relationships, or, I wouldn't like to use the word, arrangements here, but connections between employees at different levels. And it often results from [the fact that] the position or status of the given person is not due to their competencies and individual performance, but simply due to maintaining certain relationships of varying degree with different employees, with other persons.*

- difficulties in reconciling the employee's current duties with the necessity to devote some time to the development of competencies;
- difficulties in the adequate defining of individual competencies and determining how to measure them.

The following ways to overcome these barriers were most frequently indicated by HR directors and operational managers:

- financial incentives for employees;
- discussions encouraging the development of competencies;
- recruitment of employees open to improving their competencies;
- 'carrot and stick' approach.

*Once stick, once carrot. So at first I threaten them, and then I show that the training is beneficial.*

Experts in the FGI study indicated the following difficulties associated with the implementation of competency-based human resources management:

- great effort required to develop and implement the system;
- high financial costs of developing and implementing the system, which result from the necessity to hire an external company to perform the task;

- lack of staff with sufficient competencies to develop and implement a competency management system in the company – the staff of departments responsible for human resources management in many cases do not have sufficient knowledge of the competency management system;
- lack of conviction of decision-makers in this area about the effectiveness of the competency management system and its translation into tangible financial benefits for the organisation in the long term;

*In the opinion of many people, and we are not talking now about the large management, spending on HR will not benefit, or will benefit, but in the very long term.*

- perceived resistance of employees to undergo assessments designed to verify their competencies, as well as the negative response to being assigned tasks corresponding only to the current level of their competencies. It was pointed out that the exact matching of tasks to the job description and the required level of competencies may result in the lack of developmental tasks and thus may have a negative impact on the motivation of employees;
- lack of skills of HR directors in indicating the tangible effects of activities aimed at the development of HR processes. HR directors are not able to communicate the benefits of the competency-based human resources management system in a business way, showing concrete calculations that would clearly result in profits for the company. One of the reasons for this is a very limited use of many measures of effective investment in human capital (e.g. HC ROI).

### 2.9.3. Summary

The study shows that both the knowledge of management skills (benefits, tools, etc.) and the degree of its implementation in organisations are very diverse. According to the respondents, the factors that exert the strongest influence are: the size and the status of the company (a branch of a foreign company or a subsidiary of a foreign company), type of activity (knowledge-intensive service companies, less knowledge-intensive service companies, production companies), structure (significant substantive differences between organisational units) or territorial coverage (nationwide).

Another factor that reduced the likelihood of using competency management is, according to the respondents, the fact that the organisation has achieved satisfactory share in the market without the implementation of the competency management.

Qualitative research shows that the application of competency management is not always 'zero-sum'. Apart from organisations that do not use this type of management and organisations that have implemented competency management in a systemic way, there are also those that benefit from the competency management in a selective way, using only some of the tools or involving them only in selected processes.

Irrespective of whether some companies have the human resources strategies or defined procedures and guidelines on human resources management processes, they are not always applied. In many cases, these documents do not translate into the practice of the organisation. The result may be a discrepancy between the company's declarations of having adopted particular solutions, and their actual use.



## Part 3. Good practices in competency-based human resources management

### Introduction

The study included five case studies **presenting good practices in the implementation of competency-based human resources management, or a selected area of HRM, in companies operating in Poland.** The analysis was aimed at obtaining more profound results of qualitative and quantitative research to allow a better insight into how the mechanisms of this solution function at the company level. As already mentioned, the level and complexity of competency-based human resources management is very diverse and depends on many determinants, such as strategy, the knowledge and skills of HR staff/team, the attitude of the management board and senior management, adequate financial resources, etc. Therefore, appropriate understanding of how the system affects employees requires an in-depth analysis of each enterprise.

The procedure for obtaining and gathering the information necessary to develop case studies included:

- establishing contact with selected companies,
- collecting publicly available and existing internal materials (documents, analyses, reports, etc.) related to competency-based HRM in the analyzed company,
- personal interviews (and/or other necessary analyses) with representatives of the management staff (including the director /manager of HR, or their representative) in the companies selected for the analysis in order to obtain information and knowledge on the subject under consideration,
- critical analysis and evaluation of the obtained information in order to prepare a reliable description of the case,
- preparing a written description of each case study

Each case study includes:

- a brief description of the company,
- a description of the competency-based HRM (or a selected area of competency-based HRM)
- a description of methods and tools for the practical use of the competency-based HRM in a company (especially in the following areas: recruitment and selection, development, appraisal and motivation) and
- a description of the possible ways to adopt the policy of competency-based lifelong learning in a company.

The companies whose case studies are presented below were purposively selected according to the level of their advancement in the implementation of an integrated competency-based HRM system or its part. The final list of companies for which the case studies were prepared includes:

- Telekomunikacja Polska SA,
- DHL Express (Poland) Sp. z o.o.,
- Dalkia Group Polska,
- Mondi Świecie SA,
- A transport company (The company did not consent to publishing its name.)

### 3.1. Telekomunikacja Polska – case study

#### 3.1.1. Profile of the company

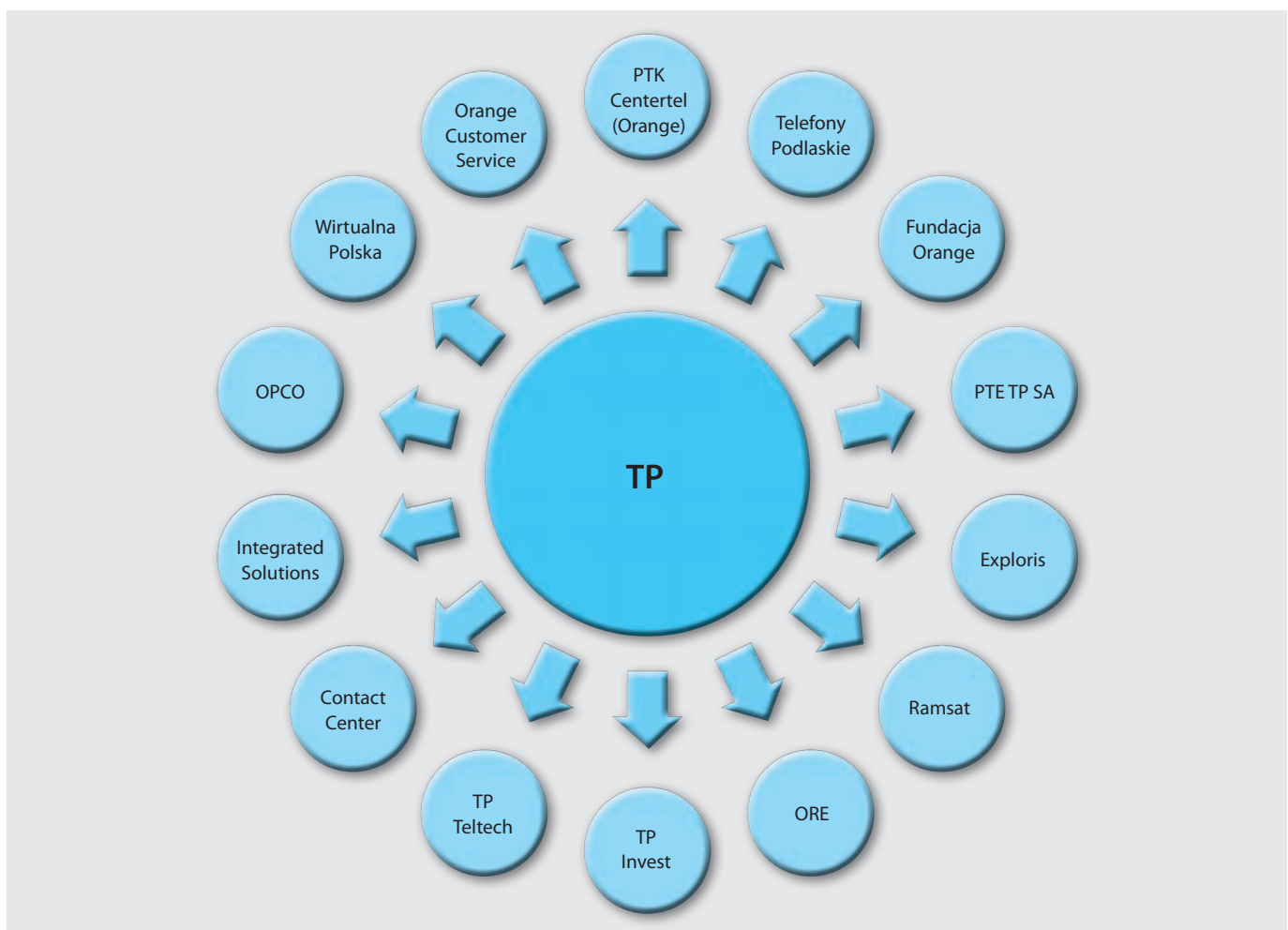
Telekomunikacja Polska is a modern multimedia company providing telephone services, internet access and access to digital television. Over 20 years of its existence, it has transformed from a state institution to a modern telecommunications company.

Telekomunikacja Polska is listed on Warsaw Stock Exchange, and since 2000, it has been increasingly integrated with France Telecom, which currently owns the largest block of shares (49.79%) in the TP. France Telecom Group employs more than 150 000 people in 32 countries worldwide. The TP Group, which includes Telekomunikacja Polska and 14 subsidiaries, is the largest telecommunications group in Central Europe. Its structure is presented in Figure 3.1.

TP Group supports 5.8 million fixed-line users, 14.6 million mobile phone users, and 2.3 million internet users. It also provides wholesale services. It employs nearly 23 700 employees (including about 15 000 in Telekomunikacja Polska SA), representing more than 400 professions and specialties.

Managing such a large team of employees is a major challenge in terms of content and logistics. The TP Board fully recognises the importance of the people it employs for the present and future position of the company. This approach is manifested in the fact that the head of the human resources department is also a member of the management board and thus has a significant influence on the development of the entire organisation.

Figure 3.1. TP Group structure



Source: own study based on TP materials.

The importance attributed to human resources management may be confirmed, among others, by the following awards: Gold and Amber Statue awarded to TP by the Institute of Labour and Social Affairs in the Human Resources Management Leader contest in 2009 and 2011 respectively, and the certificate Top Employers Poland 2011. A nationwide survey on the basis of which the certificate is awarded shows that Telekomunikacja Polska stands out due to high-quality and sustainable HRM policy that focuses on the individual needs of employees, providing them with exceptional career opportunities. The company consistently implements values popularised among employees, which provide them with the actual pattern of conduct. The impact of those values is further reinforced by the corporate code of conduct.

In accordance with the popularised values, each TP employee should be:

- direct – by the application of simple solutions and clear and understandable manner of work,
- fair – by the openness and willingness to collaborate with others,
- inspiring – by the courage to find new solutions,
- friendly – by respecting the opinions of others and jointly addressing challenges,
- dynamic – by being active and focusing on the future, and by crossing the limits.

The company's goal is to achieve a strong leadership position in all business sectors.

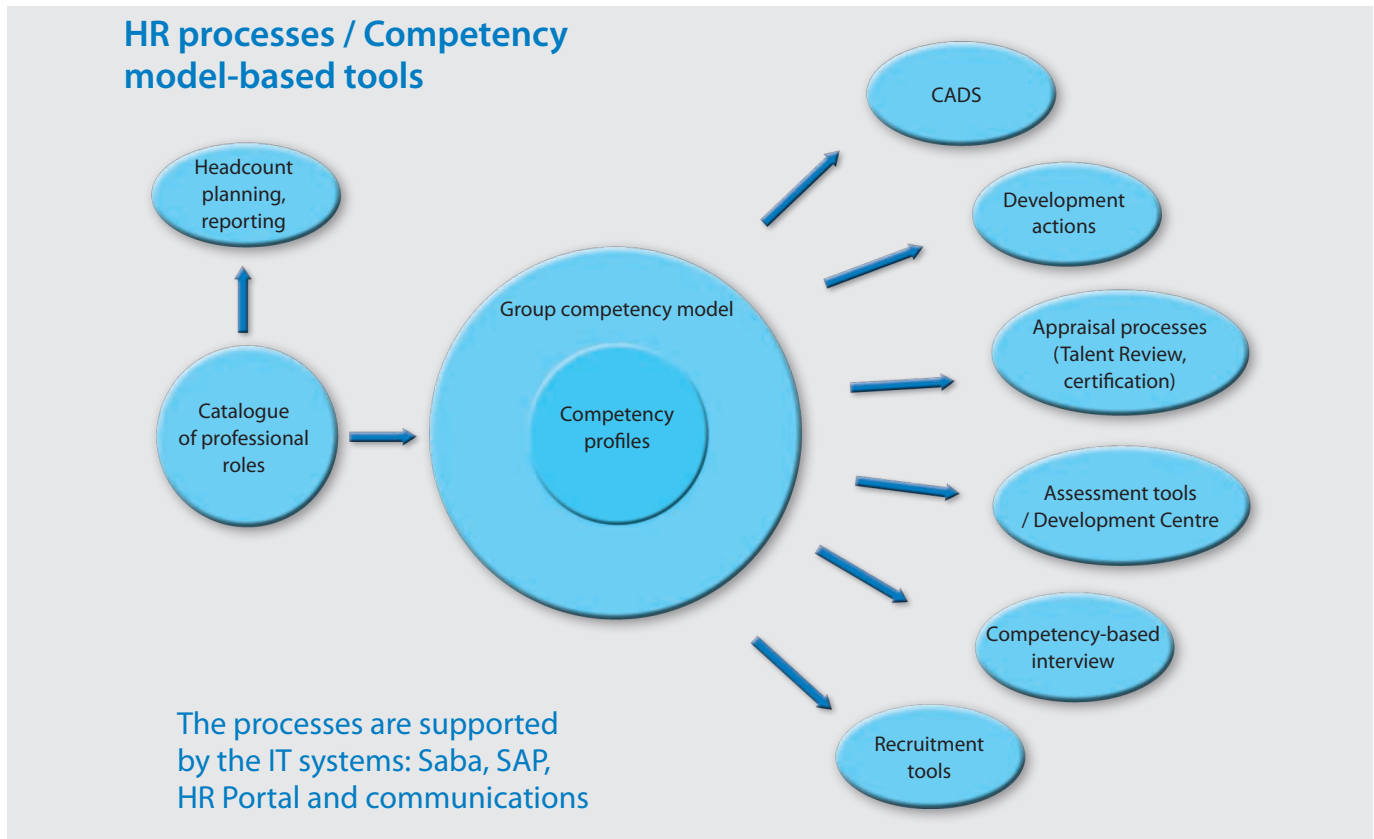
The wide range of modern services, vigorous and proactive sales and high quality of customer service are perceived as the source of success. The success is reinforced by extensive infrastructure and highly motivated employees. Coordination of efforts within a coherent and effective business model is meant to ensure sustainable returns to shareholders. The company uses a variety of management tools to support the implementation of the assumed goal. One of the tools is a competency model, even though it had been developed long before the present strategy was formulated.

### **3.1.2. Competency-based human resources management in TP**

In Telekomunikacja Polska, the competency model has been in operation since 2003. Five years ago, the company used it in the appraisal process for the first time. This was a natural step in the development of human resources management methods in this large and rapidly growing organisation. Numerous examples of modern successful firms from other countries allowed the company to expect that the competency approach to human resources management would produce good results. Telekomunikacja Polska introduced the model, on one hand, to create opportunities for the development of competencies desired by the company, and on the other, to improve and systematise the approach to employee appraisal and development. The new approach allowed gradual elimination of competency gaps and contributed to the effective planning of resources. As an additional advantage, the employees formed a habit of systematically improving and developing themselves.

Telekomunikacja Polska has implemented a comprehensive competency model that takes advantage of synergies arising from the uniform approach to many areas of human resources management. The model provides a basis for activities such as resource planning, recruitment, employee appraisal and development. The structure of its use is illustrated in Figure 3.2.

Figure 3.2. The use of the competency model in various areas of human resources management



Source: Telekomunikacja Polska SA.

The model has been developed in Poland, in response to the needs of the company, on the basis of the company employees' knowledge and in cooperation with a consulting firm. The challenge was to develop a list of competencies required for the proper functioning of the organisation and to formulate the competencies that the company intends to develop at present and in the future. The task was complex and demanding, mainly due to the number of employees, a large variety of jobs, and large diversity of services offered. Today, it is estimated that the success was possible owing to the involvement of employees, and most of all, the TP managers in the task. A series of workshops that were held resulted in (produced) a list of competencies essential for the operation and development of the company and subsequently competency profiles for professional roles of the individual business units. In this way, more than 400 competencies were specified, which were included in the TP model. This provided an opportunity to explore and subsequently manage competencies of all employees in the company. Employee involvement in the process of developing the model was consistent with their expectations concerning their participation in the management of the company and in the changes taking place within it.

### 3.1.3. Competency model in Telekomunikacja Polska SA

There are many different definitions of competencies in the literature (on the subject). Telekomunikacja Polska has adopted a broad interpretation of the term, perceiving competencies as **knowledge, skills and attitudes expressed in behaviour and affecting the level of performance**. The competencies that Telekomunikacja Polska considers important for the company have been defined in detail. Descriptions of behaviours specific to different levels in the development of a given competency have also been prepared. The current model is additive, which means that each (subsequent) level of competency description includes its new, additional components. Meeting the higher-level requirements is dependent on the simultaneous fulfilment of all lower-level requirements.

The model developed by Telekomunikacja Polska consists of the following groups of competencies (in total, more than 400 specific competencies have been defined.) used in various jobs in the company:

1. personal competencies (22 so-called soft competencies),
2. professional skills (23 competencies common to the various business areas, such as the ability to use MS Project application or to analyse numerical information),
3. specific skills for a particular business area (e.g., knowledge of labour law).

Each of the competencies has been described in a five-point scale reflecting the stage of the competency's development (0 – lack of a given competency to 4 – the highest level of development). Individual levels determine different degrees in the acquisition of a given competency. Descriptions of personal competencies focus on the aspects relating to the attitude of an employee and his/her functioning in the society. Descriptions of professional competencies highlight the knowledge and skills applied in practice in various business areas. Specialised competencies on the other hand are assessed for knowledge and skills specific to a particular business area. An exemplary description of competency level is presented below in the form of the 'decisiveness' scheme of competency presented below, may be an example of the level of competency (see Figure 3.3.).

**Figure 3.3. Exemplary description of competency development levels in Telekomunikacja Polska SA**

<b>Decision making</b> Selecting action				
Does not make independent decisions	Makes decisions	Makes decisions based on situational analysis	Makes justified decisions with an appropriate speed	Makes decisions with limited/unambiguous information resources
<b>0</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>

Source: Telekomunikacja Polska SA.

Descriptions of competencies are universal, i.e. they are applicable to all professional roles in each of the business units. Managers are trained to use the model and adapt the descriptions of competency levels to specific roles within their organisational unit. Certainly, early involvement of the senior management staff in the development of these tools pays dividends. For each of the professional roles performed by employees a profile, i.e. the list of core competencies necessary to fulfil the tasks in a given business area, has been determined. Competency profiles ensure the clarity of expectations and the same criteria being applied to all employees. The profiles provide a uniform and comprehensible description of competency requirements associated with the work performed. They specify the recruitment criteria and development needs and justify decisions related to human resources.

Currently, a competency profile consists of about 8–10 core competencies necessary to perform tasks. Soft skills, whose continuous development is considered to be of particular importance, prevail in the profile. The more expert-like is the professional role of an employee, the more specialised competencies are assigned to the profile. This approach is perfectly compatible with the idea of lifelong learning and is consistent with the results of national surveys (PARP, 2011) that reveal the widespread existence of gaps in the transferable competencies. In Telekomunikacja Polska, all managerial roles have the same profile of soft (personal) skills. However, the profile does not specify the collective corporate competencies. These competencies are determined by the above-mentioned company values and the code of conduct, which describe how employees are expected to perform their tasks.

The competency profile for a particular job is unchanged and applies consistently. In order to ensure its relevance to the specific tasks performed by a particular employee, every manager may add five additional competencies to the profile, if it is deemed appropriate and justified.

Over the years, the shape of the TP competency model has been subject to modifications and further improvement. Descriptions of competencies have been modified in accordance with the changing business conditions. The number of competency levels has also been standardised. The number of competencies, especially of the specialised competencies, has been gradually increasing. The list of the so-called soft skills has remained almost unchanged.

#### **3.1.4. Competency-based appraisal**

One of the most important tools for the competency-based human resources management in Telekomunikacja Polska is the Comprehensive Appraisal and Development System (CADS). The CADS is based on the manager's interview with an employee, which is conducted in the same way in all business areas and in all companies of the TP Group. The interview is multifaceted in nature, as it combines developmental and motivational issues and constitutes an integral part of human resources management, while being the source of data for other HR processes. The appraisal process, in principle, covers all employees in selected companies of the TP Group. In 2010, more than 24 000 people were evaluated.

The CADS is an appraisal based on measurable indicators, consisting of four parts:





1. appraisal of objectives and premium tasks,
2. appraisal of the code of conduct,
3. appraisal of the level of competency and skills,
4. determination of the employee's potential (career development and mobility).

An annual appraisal interview is conducted on the basis of an appraisal sheet that is appropriate to the professional role of the employee. Before the meeting with the superior, the employee performs self-assessment. During the appraisal interview, both participants agree upon a common position in all four areas of appraisal. Competency appraisal is one of these areas. As a result of the interview, a personal development plan for each employee is created which includes/is accompanied with a description of the implementation methods, the schedule, and the indication of the expected results. It is possible to plan the development of some or all competencies attributed to the profile of the employee. The manager may choose from the existing development activities or come up with own suggestion(s). Both the competency gaps and strengths of the employee are taken into account. The employee's performance of the tasks specified during the appraisal interview is monitored and he/she must account for their implementation. The TP employees are strongly encouraged in their self-development.

In the company, competencies are perceived in a long, three-year perspective. Starting with the strategic objectives in individual business areas, skills that will be necessary for the execution of the objectives are specified. The annual appraisal provides information about the current level of these competencies in the organisation and allows making decisions about their development within the company, or their acquisition from the outside. The annual appraisal is made with the CADS application that functions within the SABA ICT system. In the system, every employee has a separate sheet that contains information about the attainment of objectives and results of the previous competency appraisal. For each element of the appraisal, (free)space is provided for comments. Such a solution also allows the manager to make a qualitative description of the employee's skills and provide a more detailed justification of the appraisal.

The use of the ICT platform to support the appraisal process enables the company to monitor the development of a specific employee at any time, and to gain quick access to aggregate data for business units or to the profile of individual competencies in the company. Computerization also makes it possible to perform collective and individual analyses of competency levels in the company, as well as to generate statements supporting actions in the filed of HRM. The figure below shows how the results of the CADS translate into different areas of human resources management (Figure 3.4.):

**Figure 3.4. How to translate the results of the Comprehensive Appraisal and Development System (CADS) to various areas of human resources management**

	CADS elements		BENEFITS
1.	Appraisal of objectives and bonus tasks		Elements of pay-rise decision
2.	Appraisal of the code of conduct		Elements of pay-rise decision
3.	Appraisal of competencies and skills		Personal development plan
4.	Determining the direction of career development and mobility		Personal development plan Appraisal of the potential – recommendations for the managerial Talent Review

Source: own study based on Telekomunikacja Polska SA materials.

As presented above, the CADS may have a very broad range of effects and applications. The use of CADS offers many benefits to different groups of recipients. The benefits may be analysed from the perspective of:

**a. employee:**

- active participation in the employee’s performance appraisal,
- strengthening the dialogue with superiors,
- a summary of objectives achieved in the previous year,
- the possibility to determine the employee’s career plans,
- a personal development plan and the motivation for its implementation;

**b. manager:**

- obtaining a complete picture of the skills and abilities of the subordinates,
- the possibility of an optimal use of employees’ skills,
- assistance in delegating,
- personal development plans for employees and the ability to monitor them;

**c. human resources management:**

- clear defining of the recruitment criteria,
- clear defining of the development needs of employees,
- rationalization of the costs of development,
- remuneration system based on measurable indicators,
- integration between the various areas of human resources management: training, recruitment, building careers, talent management;

**d. organisation:**

- common appraisal criteria in the TP Group,
- ensuring the competency of employees at the level required to achieve business objectives of the company,
- identifying particularly talented people,
- building an organisational culture.

**3.1.5. Competency-based development of employees**

As a result of competency appraisal within the CADS, a personal development plan for an employee is created and implemented by a number of available tools. Telekomunikacja Polska presupposes the coexistence of many ways of skills development, going far beyond the traditional framework of classroom training. The company uses various forms of personal development, formal, informal, and mixed forms. The Online tools and the currently popular *blended learning method* are applied



The employee development policy in Telekomunikacja Polska is based on the concept of self-improvement. It requires the employee's participation and involvement in his or her own development. The employee may use specialist literature, e-learning tools and gain experience by performing new and often difficult tasks. This is consistent with the idea of lifelong learning. The employee may decide when to use computer tools, and when to reach for the professional journal. However, learning (development) by working on a new task is considered to be particularly effective.

The company also uses a range of techniques for the development of skills involving the support by others. These include coaching, mentoring, observation of work, tutoring, or participation in a new project. The knowledge of some managers and experienced employees is used in the so-called Ambassador Movement, which is aimed at implementing and popularising the company's new organisational culture and values among all its employees. Currently, there are about 100 'ambassadors' involved in the Movement, who perform the role of coaches and moderators. One interesting tool for development is called 'pass it on'. It is a database for line managers which contains various kinds of presentations and data that is useful in preparing information for the teams. Personal development methods are extended with a wide range of group solutions, which include training, training workshops, studies, seminars, conferences, and teamwork.

E-learning courses and professional schools have been developing particularly dynamically (currently, 3454 e-learning courses are available to employees). Launching ten professional schools enabled the company to connect investments in the development with motivational actions within the full cycle of employee improvement and advancement. Schools deliver comprehensive and integrated development programmes tailored to the needs of a given group of jobs and their functions. Another extremely valuable solution is the access to the Library of Development Products being a comprehensive knowledge management tool within the company. The library collects information on development products, including e-learning courses on various competencies, both personal and professional. It includes descriptions of development tasks, discussions of articles and books, information about e-courses, workshops and, many other training opportunities. The library currently contains 6347 educational offers.

CADS determines career paths (of employees), which makes it possible to recognise managerial talents and develop them using the wide TP training offer. Each person is classified into one of six categories relating to the appraisal of employee potential ("has the most suitable position", "has potential for growth that allows one- or two-level promotion in the organisation", "has knowledge and skills that are unique for the job and difficult to replace", "a unique talent, career prospects at the top management level, including on an international scale"), and position (e.g. "new employee", "unprepared to fulfil some or all of the tasks assigned to them").

Based on the appraisal, employees showing outstanding achievements, aptitude and managerial ambitions may be recommended to the multi-step programme to identify managerial talent. Employees from the talents group are the first to be taken into consideration in the recruitment for the vacant managerial positions. In addition, they are included in a special development programme, they participate in key projects and are a natural source of successors for key positions in the company.

The company also operates a development programme for managers, the Orange Campus. It is an international initiative for the management staff of the Orange FT Group. Under the programme, the company provides management training in English and Polish. Training is offered to support the implementation of corporate culture and to enhance the desired management style based on a handbook of management and the Group values. Development programmes are aimed at different groups of managers, both experienced and those starting their career in a managerial position. Training courses relate to, for example, providing feedback, involving and motivating, developing employees, situational leadership, change management, coaching skills, management in an intercultural environment, etc. All training courses put emphasis on interactivity, a space for discussion, sharing of experiences and good practices between managers. Development programmes within the Orange Campus are delivered in three international centres (Poland is one of them).

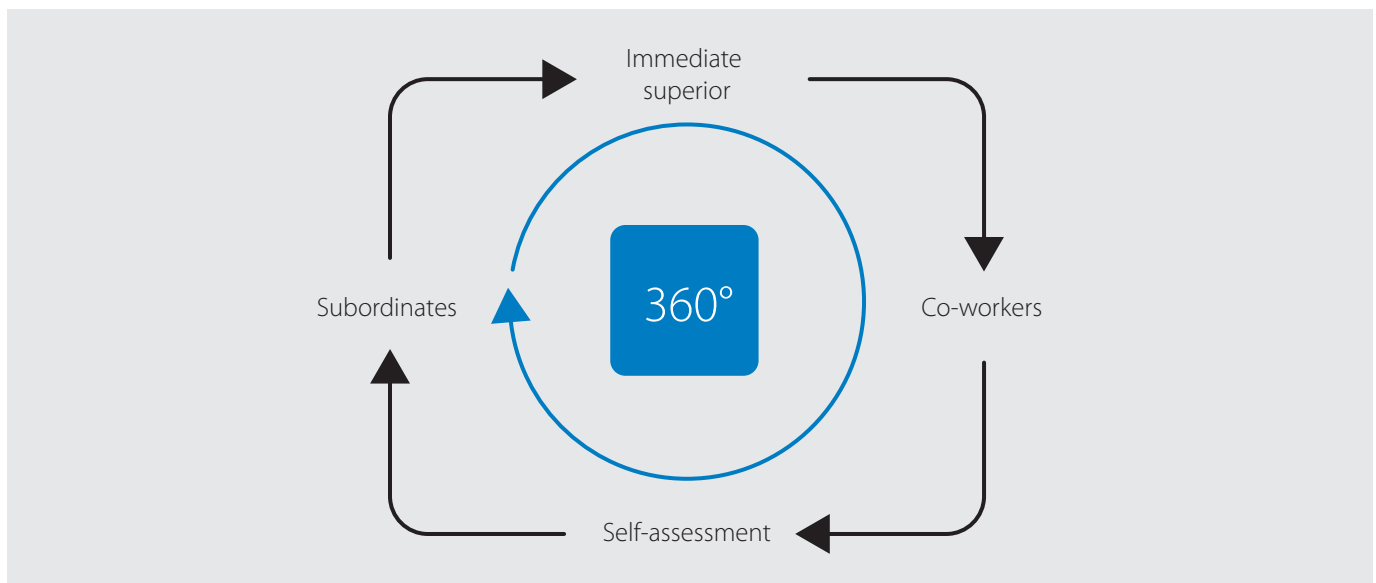
The most talented employees and core managers participate in international exchanges, gaining additional unique skills. The company's management staff defines the employees development strategy as a *win-win* strategy that benefits both parties, the company and the employees.

### 3.1.6. 360-degree feedback

Apart from CADS, the TP managers are subject to the '360-degree feedback' analysis. The latter analysis provides a complete picture of their competency and behaviour and inspires development. The company emphasises the importance of this tool because of its contribution to the idea of open communication, which is implemented by the company and is considered to be one of the biggest challenges for an organisation with highly developed organisational culture. Mutual exchange of feedback is a key task in building the culture of openness. The opinion is formed on the basis of on five priorities compatible with the handbook on management adopted by the Group. The purpose of this tool is to provide feedback on how employees are perceived by the environment: the immediate superior, subordinates and co-workers, as well as how they perceive themselves (see Figure 3.5.). This provides managers with full information on how their management style is perceived. Consequently, an opportunity is created to better align their own code of conduct with the expectations and rules adopted in the company. Finally, in the 360-degree feedback, the individual perspective (of each of the participants in the process) is merged with the perspective of the entire organisation.

The 360-degree analysis was carried out on a large scale in 2011; for the first time all managers (3,000 people) from nine different companies of the TP Group were invited to the project.

Figure 3.5. Structure of 360-degree feedback



Source: Telekomunikacja Polska SA.

### 3.1.7. Competency-based recruitment

The recruitment process in Telekomunikacja Polska uses the same competency profiles that are used in the employee appraisal. It is assumed that the employee has the opportunity to develop some of their competencies when working in the company; therefore, the expectations with respect to the candidate are sometimes slightly lower than those specified in the competency profile. To verify the competency requirements, a variety of tasks and tests are applied to diagnose professional and soft skills in candidates.

Selection of recruitment tools in Telekomunikacja Polska is always determined by a job competency profile. During interviews with candidates for specialised positions, the competency interview is

sometimes extended to include different types of simulations. Persons applying for managerial positions are also under the *assessment centre*.

Recruitment is largely based on the internal resources of the company. The fact that the company has up-to-date knowledge of the competency level of its employees facilitates appropriate selection of employees for vacant positions and reduces human resources risk.

### **3.1.8. Competency-based remuneration**

Remuneration of the TP employees is not directly related to the competency appraisal. The amount of the basic salary depends on the responsibilities related to the position and its class. The factors largely taken into account are the performance, experience and code of conduct presented. The remuneration system supports efficient employees, encourages them to stay in the company, and motivates them to achieve even better results.

The degree of implementation of tasks (MBO) and the quality of the results have the biggest impact on the level of remuneration. They are subject to an appraisal conducted once every three months and are the basis for the quarterly bonus. The results are also assessed under the CADS, on an annual basis, and are the most important factor determining the scale of the financial advancement of the employee. In addition, the code of conduct is taken into account. It is assessed in accordance with the three priorities of everyday activities: focus on customers, company development being in accordance with the strategy, and building relationships with others. The results of the annual evaluation of performance and the code of conduct are translated into annual pay-rise decisions with a special table. Grounding of the remuneration policy in the algorithm that is applied in a uniform manner guarantees the policy's transparency and the sense of fair treatment of employees. In addition, remuneration policy in Telekomunikacja Polska is characterised by a high stability.

### **3.1.9. Incorporating lifelong learning perspective into competency-based human resources management in Telekomunikacja Polska**

The employees of Telekomunikacja Polska face the development objectives of the company in a variety of situations. CADS, among others, is subordinated to those objectives and includes all employees of the organisation. The leader of the TP Management Group sets principles that should guide managers in their daily work, and requires the managers to be ready for continuous improvement, challenges and the support of others in their development.

All activities related to the management of human resources are directly or indirectly linked to the development and learning of employees. This is possible owing to the competency model that is constructed to allow a broad spectrum of applications. The abundance of forms of development offered to employees is impressive. It allows adapting the offer to the needs in a particular case, both the personal and human one. This creates an opportunity to incorporate the factors that differentiate the learning styles of employees, for example, due to age. At the same time, emphasis is placed on self-improvement of workers.

Lifelong learning is therefore an idea that fits perfectly into the activities of Telekomunikacja Polska and is supported by competency-based human resources management.

The fact that the profile of the company and its products strongly contribute to the increase of opportunities for sharing knowledge and its popularisation, is not without significance. The company strives to improve the knowledge, skills and competency development, not only among employees, but also in the wider social environment, including by the implementation of projects for local communities. Some examples of socially responsible programmes include 'Internet Republic' ['Rzeczpospolita internetowa'] and 'Internet Education' ['Edukacja z internetem'].

The 'Internet Republic' grant programme was announced in May 2006 as an initiative created by the TP Group Orange Foundation and the United Nations Development Programme (UNDP) and it covered the whole country. Its main goal was to equalise life, professional and educational opportunities in economically less developed areas, to shape civil attitudes and build the information society through

modern education and activation of the inhabitants of Polish rural areas. The programme funded local projects in three areas: education and development, our region, and integration and tolerance. In 2006–2008, there were two editions of the programme, in which 170 partnerships established in rural communities received grants for the implementation of independent projects and multimedia equipment needed for the projects. The scale of the programme's impact is impressive: 62 000 beneficiaries – inhabitants of the municipalities (32 000 adults, 10 000 children and 20 000 young people); the launch of 200 websites promoting local partnerships and their initiatives; 680 training courses conducted, 70% of which involved the use of new technologies; the creation or adaptation of 210 community centres, rural centres or internet cafes, offering free internet access to inhabitants of rural communities. Another success of the programme was the conversion of 16 out of 170 local partnerships into non-governmental organisations that have permanently engaged in educational activities in under-invested areas.

The aim of the next programme, 'Internet Education', initiated by Telekomunikacja Polska in 2004, is to provide the schools, and thus students and teachers, with better access to modern education. Under the programme, schools have the opportunity to use the internet on preferential terms. At the time of this study, around 14 500 schools throughout the country used those facilities. It is worth noting that initiatives in the field of child safety in the Internet form an integral part of the programme. The company, in cooperation with the Nobody's Children Foundation, has created the website [sieniaki.pl](http://sieniaki.pl) disseminating knowledge about the dangers of the Internet world for children and young people. Additionally, students, parents and teachers have an e-learning platform containing online safety training courses at their disposal. Both the students themselves and the teachers who want to conduct training for the whole class, may benefit from the training courses. Until December 2010, about 130 000 users registered on the platform.

Internet security issues are also raised during workshops for the youngest pupils conducted by volunteers from the TP Group. To date, the volunteers trained over 4,000 children.

A holiday programme **Sieniaki na wakacjach [Net Kids on Holidays]**, organised in cooperation with the local authorities and the local culture centres, is another element of the project. Every year, during picnics, about 4000 children are trained in the principles of safe use of the Internet.

An important part of the programme are also training courses for teachers, during which they acquire knowledge on the use of new methods and technologies during classes in schools.

Socially responsible actions carried out by the company are consistent with the promoted competency approach applicable in human resources management throughout the TP Group. The consistency and comprehensiveness of the approach, which has an impact both inside the company and in its external environment, is one of the factors determining the effectiveness of the model used.

Initiatives taken by the organisation allowed creating a list of recommendations for how to gain benefits from the competency model:

- it is important that employees realise the usefulness of the model and understand its benefits for both the company and themselves,
- daily work is needed for the system to be properly understood, a special role is played by good communication,
- the use of online tools may be beneficial, for example, the use of intranet and e-learning tools as a platform for communication and transmission of information; it is better to focus on a few selected development problems, and not all problems.

The interviewed company representatives positively evaluate the functioning of the competency model in human resources management. They perceive it as a good basis for the design and conduct of a number of HR processes within the organisation. The company attaches very much importance to the stability of the model and consistency in its application. At the same time, the model must be flexible to adapt activities to a rapidly changing business environment. Rapid reaction is particularly important in high-tech organisations, where changes in product and processes progress extremely fast. The employee competency management system in the TP and the idea of continuous improvement in the context of lifelong learning are concepts that are perfectly congruent with each other.

## 3.2. DHL Express (Poland) Sp. z o.o. – case study

### 3.2.1. Profile of the company

The beginnings of the global DHL corporation date back to the 1960s when Adrian Dalsey, Larry Hillblom and Robert Lynn formed a transport company in San Francisco. Today, the company operates in over 200 countries and specialises in:

- express transport,
- air and maritime freight,
- transport of oversized and custom items,
- solutions for contract logistics and international mail service.

DHL comprises the following specialist operating divisions: Express, Global Forwarding, Freight, Supply Chain and Global Mail. The group as a whole is managed by the Corporate Centre. DHL Express (Poland) Sp. z o.o., being part of the Deutsche Post DHL logistics group, was founded in 2003 and currently employs more than 2,500 people (data for 2011).

### 3.2.2. Competency-based human resources management

Polish branch of the company, as well as the entire corporation, treats its employees as one of the most valuable resources. Such an approach to employees is proven, among others, by the fact that the Director of Human Resources, being the company's management board member, has a real influence on both the HR strategy and the overall business. Domestic experts have repeatedly appreciated solutions in the field of human resources management implemented at DHL Express (Poland). The company has been the winner of competitions focused on HRM (e.g. Leader in Human Resources Management competition). It is worth noting that, as far as human capital management is concerned, the organisation stands out from other companies in the group, because it has introduced its own solutions and tested new corporate tools.

Professional attitude towards employees is also reflected in the practice of employing all workers on the basis of employment contracts (temporary or permanent). Using civil law contracts, which are less favourable to employees, is rare in the company. This gives the DHL employees a sense of security, promotes stronger bond with the company and commitment to their tasks.

The increase in the involvement of the DHL staff is also promoted by other activities undertaken by the company, in line with the global trends in HRM. These include delegation of authority, employee participation and the desire to flatten the organisational structure.

The company has long been preparing employees to be a true partner in the management, not just a performer of commands provided by the management of the company. Each year, surveys are conducted among the employees of the company. The results are used to improve the tools applied in the management of the and its human resources. Additionally, all employees are involved in the DHL Express (Poland) initiatives, such as the organisation of charity auctions, events for children on Children's Day, etc.

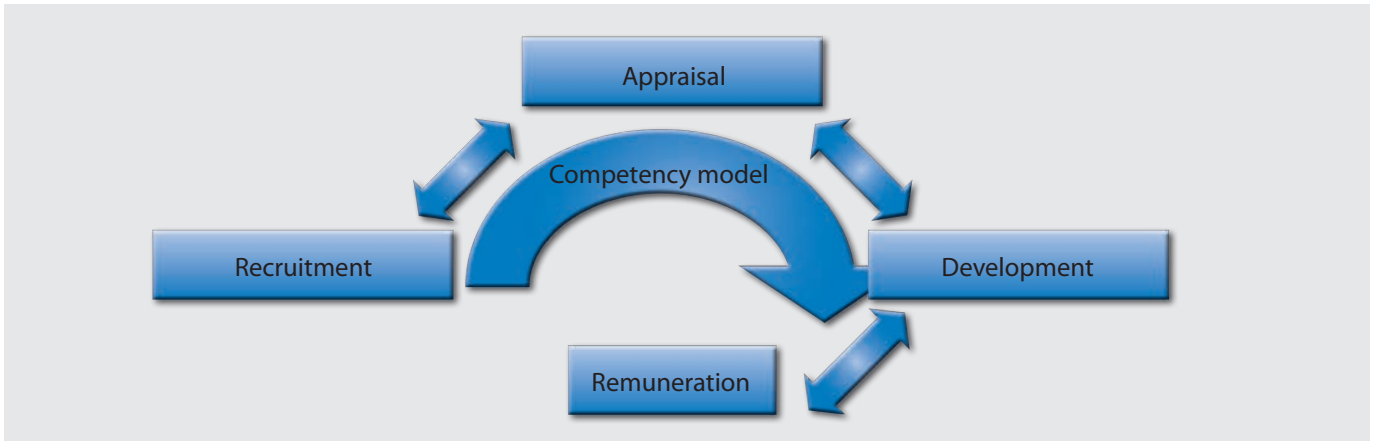
One innovative solution at the corporate level was establishing a group of human resources managers in the region in 2008. One of the tasks of the managers, who best know the needs of their branches, is to develop proposals for action programmes in the field of HRM, which are discussed with the management board of the company. The trust that the company placed on HR managers of the region, has brought tangible results. The company is planning to expand the group to include representatives from the subsequent branches of the company.

Human resources management at DHL Express (Poland) is characterised by *systemic* and comprehensive solutions. The various subsystems of HRM are closely related. This was also reflected in the use of competency-based approach to many areas of HRM, including recruitment, appraisal,

staff development and remuneration. The essence of interrelationships between these areas and HRM is presented in Figure 3.6.

For many years, DHL was using a proven competency model. In 2010, a decision was made about its substantial reconstruction. The previous model was too complicated (made up of over 60 competencies) and, in the opinion of employees, not sufficiently clear. Although the new approach to competency was developed at the level of the whole corporation, the Polish branch of DHL has established it as the first enterprise in the group.

Figure 3.6. Linking the competency model to selected areas of HRM at DHL Express (Poland)



The existing long list of competencies was replaced by five core competencies for the entire corporation (see Figure 3.7.). The current model is common to all managers employed in the company. Differences in the model, due to the different job requirements, outline the level of specific behaviours expected of employees. The authors of the DHL approach to competency ensured considerable flexibility of the model providing the option to expand it with more competencies in accordance with the changing needs of the company.

The competency-based HRM in the company takes into account the prospect of lifelong learning. Employees are encouraged not only to take advantage of development opportunities created by the employer, but also to shape the willingness to continuously broaden their experience and knowledge on their own.

Figure 3.7. Core competencies at DHL Express (Polska) Sp. z o.o.



The age of employees is not of concern, all employees are assessed according to the same principles, and competencies are the only factor determining the proposed forms of development. It is worth emphasizing that the DHL crew is able to expand both the knowledge and skills closely related to the industry and their profession, as well as universal (transferable) competencies, being especially in demand on the labour market. They increase openness of employees to changes in the business environment and make it easier to learn new skills and to promote sharing of knowledge with others in the organisation. Shaping the willingness for constant self-development, helps to maintain professional activity for many years, without the fear that the knowledge, skills and abilities of employees will become worthless in the future job market.

The competency model adopted in DHL was developed primarily for the process of appraisal and development of employees. The company gradually expanded its use to other areas of HRM, as discussed later in the study.

**3.2.3. Competency-based appraisal**

The company has involved its own employees in creating f the new competency model. In partnership with an external company, interviews with people representing different levels of government and various departments of the company have been conducted. The aim of the talks was to determine the scope of the most important activities undertaken at different positions and organisational units of the company and the competency requirements related to them. Interviews were used to formulate a list of competencies most desired in the entire company and its departments, and those skills, knowledge and attitudes that will be useful for employees in both the short- and long-term perspective.

As a result of the interviews, five areas of corporate competency and areas evaluated within each of them have been defined. The individual areas are assigned specific behaviours reflecting the degree of development of a given competency. In this way, a clear scheme (see Table 3.1.) for the assessment of employee strengths and areas particularly requiring development have been created.

**Table 3.1. Scheme used in assessing the competency of employees in DHL Express (Poland)**

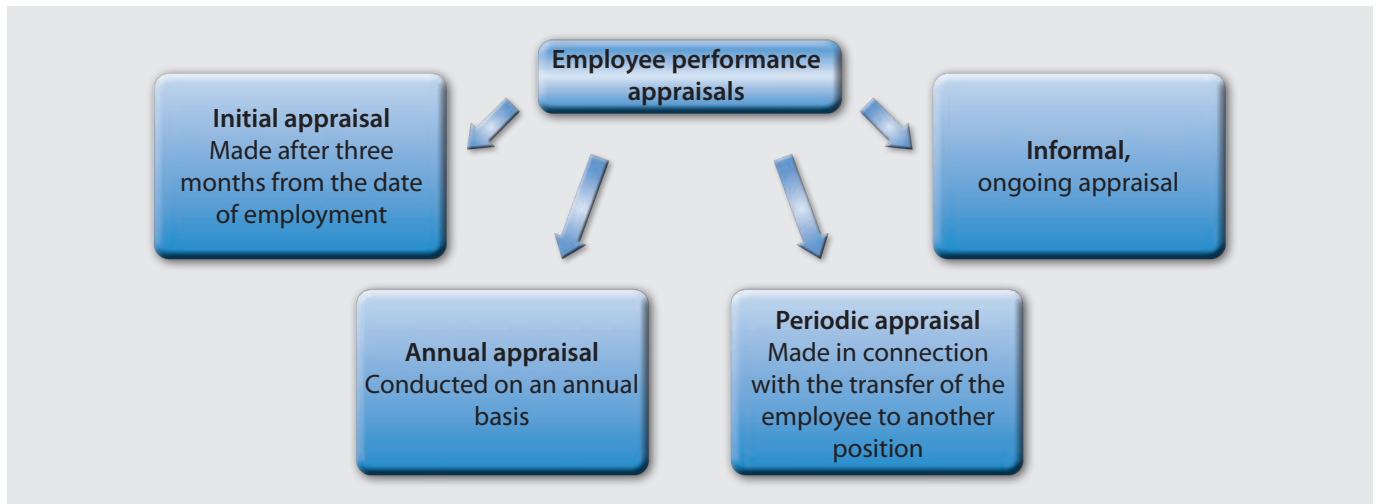
Competency name					
Competency areas	5 levels of competency development				
Area 1	Description of behaviour	Description of behaviour	Description of behaviour	Description of behaviour	Description of behaviour
Area 2	Description of behaviour	Description of behaviour	Description of behaviour	Description of behaviour	Description of behaviour
Area 3	Description of behaviour	Description of behaviour	Description of behaviour	Description of behaviour	Description of behaviour

Source: Own study based on DHL Express (Poland) materials.

The performance appraisal process consists of two subject areas. In addition to the competency appraisal, employee performance appraisal is also conducted. Thus, performance appraisal accounts for not only the results achieved by employees, but also the way in which these results have been achieved. The process of introducing a new competency model began with the annual performance appraisal of senior management staff, i.e. directors. (In addition to the annual performance appraisal, the company conducts other types of employee appraisals which take into account their competencies. These are presented in Figure 3.8.). The appraisal was preceded by an extensive information campaign targeted at that specific group of DHL crew. In addition to the general information about the changes introduced, managers received support in the form of workshops aimed at providing in-depth knowledge of new performance appraisal tool. In 2011, competency profiles were developed on the basis of the new tool, which were subsequently used to evaluate 100 managers with the 360-degree method.



Figure 3.8. Performance appraisals in DHL Express (Poland)



Source: Own study.

At the time of the study, the company was planning that in December 2011, work aimed at familiarising other employees with the competency model would be undertaken. Beginning from January 2012, the new appraisal procedure covered all employees of DHL Express (Poland). Compared with the appraisal of managers, the appraisal of other employees will be more general and will rely more heavily on the sets of desired behaviour of employees. The evaluation will be made by the employee himself and by his superior. This will provide an opportunity to discuss the employee's performance, his potential, aspirations, and needs as well as to create development plans for the following months. The role of the employee as the person responsible for the further course of his career is essential. The new appraisal form is closely linked to the personal development planning form. A transparent method of assessing the level of employee competency development will allow a precise diagnosis of the employee's strengths and areas that will require further support.

### 3.2.4. Competency-based employee development

The periodic appraisal is followed by a **development plan** for strengthening employee competency assets and a **recovery plan** relating to those areas of the employee's knowledge, skills and attitudes that should be definitely upgraded. Recovery plans are developed for a year or several months. During that time, the progress made by the employee is constantly monitored. If the case of failure to make at least some improvement assumed in the recovery plan the employee may be transferred to another job or, in extreme cases, may leave the company.

It is worth noting that DHL is trying to focus primarily on the strengths of their employees and support them in further improvement of their competencies.

The organisation, focused on sustainable development of its staff, is guided not only by the needs of the company as a whole. Aspirations of individual employees and teams of employees are equally important (see Figure 3.9). All these perspectives are considered in the employee development plans.

Linking employee performance appraisal to professional development has been made possible, on one hand, owing to the precise description of behaviours that employees should master at different stages in the process of improving their competencies, and on the other, owing to a detailed list of development actions that the company offers to its staff. The list has been included in the so-called Catalogue of Development Opportunities available on the Intranet. This innovative tool has been entirely developed by the HR team of the company.

Periodic appraisal provides employees with the knowledge of the following:

- their potential,
- competencies they should improve and competencies they should definitely strengthen,
- their development prospects.

At the same time, DHL Express (Poland) places a strong emphasis on self-development. This largely depends on the employee and the extent to which they will use the knowledge imparted to them during the periodic appraisal.

Figure 3.9. Employee development at DHL Express (Poland)



Source: Own study.

The purpose of the organisation is also to support the development of employees by providing them with adequate resources. Based on this assumption, the Catalogue of Development Opportunities has been prepared in accordance with the 70/20/10 system. According to the principle that 'practice makes perfect' in 70%, employees develop themselves while performing a variety of tasks entrusted to them. Another 20% is working with a coach or mentor, and learning from the feedback received. The last and smallest part of development programmes are training courses, both traditional ones (i.e. classes), and e-learning courses. The Catalogue of Development Opportunities describes several activities tailored to different levels of development and job groups within the company. Each activity is accompanied by a list of recommended literature to support the broadening of specific competencies. Employees wishing to develop their competencies are provided with the corporate base of knowledge at their disposal. DHL has a library of constantly growing resources in the form of traditional books and audiobooks. The collection is systematically extended with further publications, which are bought on average once a month. The thematic scope of the literature is associated with the current development needs of the company.

The company's employees also have a rich set of e-learning courses at their disposal. In 2011, the company's platform, accessible to all employees, also those off-site, included more than 600 training courses, of which 70 were in the Polish language. The degree of involvement of DHL employees is reflected in the fact that they have worked out some of the e-learning courses themselves. The platform enjoys high popularity as a development tool in the organisation, which is why the resources are continuously updated as needed.

The employees of the company took the initiative in introducing the practice aimed at better understanding of the organisation and the specific work in its various departments. Under job rotation, DHL office workers support their colleagues from the grading area, storage, terminal, and they travel with the couriers, etc. Collaboration with people from different departments of the company increases the internal integration of the company, improves communication and encourages sharing of knowledge, which knowledge otherwise would not be accessible to office workers.

The existing competency model allows employees to develop a vision of their future career in the company. The levels of development of individual competencies are intertwined in a way that demonstrates competency requirements for individual jobs in the hierarchy of the organisation. In the future, the human resources department plans to develop specific career paths taking into account the binding competency model.

According to the promoted idea of self-development, all employees are encouraged to identify and assess their potential. The HR department supports them in this endeavour by providing a variety of diagnostic instruments. The DHL staff members have access to a set of tests and specialised tools for precise orientation of employee development. The company enables interested persons to hold a meeting with a career consultant who helps them create a personal employee development. In the years to come, the organisation intends to consistently enlarge the group of career consultants, whose task will be to ensure the ongoing professional support to all employees.

In 2010, the company joined a comprehensive programme of development, the *Development Centre*, addressed to a group of 25 managers working in the Łódź branch of DHL. The fact that the programme was under the patronage of the board member responsible for human resources and the board member responsible for marketing and sales was an important factor determining the success of the programme and commitment of employees.

In the first stage of the *Development Centre* programme, employees were subjected to a thorough appraisal carried out by both external consultants and trained managers of the company. As a result, each manager was given a detailed report that took into account the level of their competency development (based on core corporate competencies), and included a description of the strengths and areas for further support. The report was accompanied by a list of recommended reading. Additionally, each of the participants took part in an individual feedback session conducted by a professional coach. The appraisal showed that most people suffered from similar problems. The evaluated group of employees, required in particular the further strengthening of soft skills related to communication and motivating employees.

Each participant of the *Development Centre* programme held a two-hour development session with a consultant, during which an individual development programme for the next 12 months was prepared. Selection of specific development tasks was closely related to the competency requirements posed to managers. The tools used to support managers included coaching, development workshops and meetings with a development consultants. The degree of implementation of goals set during the development sessions was to be verified after several months. As a result of positive experience, the company has planned to expand the application of the *Development Centre* to next groups of employees and other departments of the company.

DHL Express (Poland) also has a development programme designed for employees with the highest potential, i.e. the so-called talents. Each of the managers can propose their employees for the group of talents. The candidates and their superiors are then individually interviewed. Another task of the individuals selected for the talent group is to deliver a short, 15-minute presentation on the tasks performed by them in the past 12 months and the initiatives that they plan to take in the following year. The employees whose presentations have been top-rated are covered by a special development programme tailored to their individual needs

A wide offer of development opportunities intended for all groups of DHL employees deserves recognition, also because it is more than just a true copy of the solutions developed at the level of the whole corporation. The offer was prepared at the initiative of the Polish branch; it is an original solution, which is used only in DHL Express (Poland). It should also be noted that while at the initial phase of the implementation of new development ideas the company uses external support, next stages are based on the participation of the company's employees.

Competency-based employee assessments, in addition to creating development plans, result in decisions related to remuneration.

### 3.2.5. Competency-based remuneration

The company does not reward its employees for the mere fact of having competencies that are most important to the organisation. However, any decision to grant a bonus or pay-rise to an employee relates to the overall result of the periodic appraisal. As mentioned earlier in this study, the decision is determined by both the employee performance appraisal, as well as the employee competency resources and their work on them. Lack of significant progress in the development of competencies may therefore result in the decision not to grant pay-rise to an employee. The company developed tables that take into account the amounts of pay-rise corresponding to the results of the periodic appraisal. **They have been developed in the course of negotiations with the trade unions and gained their approval.**

The competency model applicable at DHL Express (Poland) has therefore indirectly affected the amount of the total remuneration of employees. It is worth noting that all employees are informed about the principles of remuneration and the amounts of pay-rise specified in existing tables. This is done on a regular basis during staff briefings and by means of company newsletters. Additionally, the criteria for pay-rise and bonuses are discussed during the appraisal interview. The transparency of the existing rules and the fact that each of the assessed individuals knows the reasons for financial decisions, play an important motivational role.

In addition to evaluating, developing and rewarding, the competency model is used in the company in the recruitment process.

### 3.2.6. Competency-based recruitment

The main principle of the company is seeking candidates for vacant posts primarily within the organisation. It stems from the assumption that the people already employed in the company know its specificity and the expected values and attitudes, and thus the process of introducing an employee on the new position should be take place more quickly and without too much difficulty. If the analysis of the employee competency profiles shows that the current resources do not include a person that has the required skills, knowledge and attitudes, the process of external recruitment is initiated.. Due to seasonal increases in the demand for the services of DHL Express (Poland), the company uses the services of temporary work agencies.

During the recruitment process, persons conducting the process assess the expert knowledge required for the job and the so-called soft skills of the candidate. The HR department emphasises that the willingness to develop themselves, openness, and other universal competencies of candidates for DHL employees are taken first into consideration when making human resources decisions. It may happen that ultimately the company employs a candidate displaying a slightly lower level of expert knowledge than others, but with much greater potential for growth.

Competency model is a fixed point of reference at all stages of the recruitment process, from advertising, through the interview and the appraisal tools used, to the choice of the candidate. This approach is also the basis for the *Assessment Centre* programme applicable to top management employees.

### 3.2.7. Incorporating lifelong learning perspective into competency-based human resources management

The human resources management system at DHL Express (Poland) was developed with special attention paid to the current and future competencies of the employees. Its implementation was preceded by an in-depth analysis and extensive consultations with employees at all levels of management. The process of implementation is monitored and discussed at the corporate level. This approach has a definite advantage of including self-development in the set of core competencies. By promoting and rewarding such employee attitude, the company helps to promote the attitude of lifelong learning. The employee's task is to assess their potential, discover their strengths and weaknesses, and prepare a short- and a long-term development plan. The company seeks to enable

the employees to attain their development goals. Strengthening the employee involvement in expanding their skills and making them not only partners, but also the main actors in the process of development seems to be the perfect solution to support lifelong learning.

In the competency model, DHL puts quite a lot of emphasis on the so-called soft competencies. Their expansion has an important impact on the employability of workers. The results of the international research show that these competencies show the greatest shortages in the labour market (Armstrong 2010; Dubois & Rothwell, 2008). Soft competencies also have a significant impact on the ability to adapt to changes in the environment through the acquisition of new knowledge necessary to remain professionally engaged.. The age of employees is of secondary importance for employers who have in their team people able to achieve good performance owing to the ability to develop themselves.

Informing the employees of the adopted set of core competencies does not necessarily have to alter their attitudes. DHL solutions are the more valuable, because they are comprehensive. The competency-based appraisal system is inseparable from the development activities. Employees also realise that investing in themselves may help them get a promotion. Developing competencies is also important for them if they wish to continue their career in the company in other jobs, other departments, and in other countries. The competency model is in fact used in the recruitment process, which always starts with the search for candidates within the organisation. The described consistency and interrelatedness of the solutions makes it highly possible to achieve the desired kind and level of competency in the company.

Other measures undertaken by DHL Express (Poland) to popularise lifelong learning include initiatives within corporate social responsibility. The company has been collaborating with educational institutions disseminating information on the skills required in the labour market. The absence of the competency needs of employers in education programmes is one of the main reasons for the high unemployment rate of graduates (Sienkiewicz & Gruza, 2009). With this in mind, the following initiatives undertaken by DHL deserve special appreciation:

- The 'Lessons in the terminal' series- educational meetings with logistics students,
- Participation in the 'Win an Internship' programme addressed to students,
- Sharing knowledge with teachers (including the Third Forum of Teachers at the Higher School of Logistics) (Chabińska-Rossakowska, 2010, p. 77),
- Collaboration with Teach First Deutschland and Teach For All – an initiative aimed at ensuring access to education for children from marginalised communities,
- The UPstairs programme – scholarships for children of employees.

The competency model implemented at DHL Express (Poland) is a modern solution, corresponding to the contemporary challenges. The offered development activities and entrusting their planning to the employees suggest that the employees in the company will soon acquire and strengthen the ability of lifelong learning.

A short time that has passed since the introduction of the model does not allow one to make a comprehensive assessment of how the model is functioning. It seems necessary to constantly monitor activities based on the model, with special focus on its flexibility. It also seems important to further strengthen the links between the competency model and all areas of human resources management. Considering that the initiatives of HR department are highly professional, it may be assumed that the two postulates set out above will soon be fulfilled.

### 3.3. Dalkia Group Polska – case study

#### 3.3.1. Profile of the company

Dalkia Polska is the largest provider of heating networks in Poland. In 40 Polish cities, Dalkia employees manage more than 3000 km of city heating network of 4914 MW of thermal power and 800 MW of electric power. For nearly 15 years, Dalkia has been building long-term relationships with local governments and has supported the sustainable development of Polish cities. The company actively participates in the efforts to improve urban air quality by continuously increasing the energy efficiency of the installation and the gradual introduction of biomass to fuels. Dalkia responds to the expectations of its customers by providing comprehensive solutions tailored to individual needs, ensuring comfort, efficiency and energy security. Dalkia operates in Poland through subsidiaries that include:

- Dalkia Polska – the holding company coordinating the development of Dalkia Group in Poland,
- Six main operating companies: Dalkia Poznań, Dalkia Poznań ZEC, Dalkia Łódź, Dalkia term, Dalkia Energy & Technical Services and SPEC (since October 2011),
- Two specialist companies – Dalkia Services and Dalkia Paliwa and 36 associated companies.

Dalkia Polska SA shareholders are Australian fund Industry Funds Management (40%) and Dalkia International (60%) with 66% of the latter company being owned by the multinational community services concern Veolia Environment, listed on the NYSE and Euronext, owns. Dalkia International includes companies from 38 countries. The company manages heating networks and thermal energy generating units and the industry media. It also provides engineering services, maintenance of power systems and services such as *facilities management*.

This case study presents solutions of Dalkia Polska group in competency-based human resources management.

#### 3.3.2. Competency-based human resources management

Currently, Dalkia Polska group employs almost 4,000 people (3785, data for 2011). Each of its member companies has its own human resources department that uses the daily work procedures and management tools common to the whole group. The company is committed to the continuous development of its employees, and the employees are not only recipients of solutions created by the HR department, but they are partners having a real impact on the development of the organisation. This approach being in line with the global trends in HRM is reflected in the many solutions introduced in Dalkia to increase employee participation. The employees have the opportunity to submit proposals for any improvements on a constant basis. Moreover, every year a detailed study of the organisational climate is conducted. The results are used to improve the management process. Recent studies have shown that the employees understand and accept the expectations imposed on them by the company and share its values and aspirations. Achieving such a result was possible owing to the Dalkia's efforts to improve communication within the company. This trend included the so-called mobilizing employee attitudes programme. The programme consisted of a series of five several-hours-long or one-day-long meetings in which workers were trying to break the communication barriers and improve existing models of cooperation. The programme also had informative value. The employees were given an opportunity to take a broader look at the objectives of the group and its individual companies and divisions. Greater integration of employees and better communication is encouraged by the fact that persons who do not work in the same teams are invited to participate in the meetings. The programme covers all employees of the company and participation in meetings is voluntary.

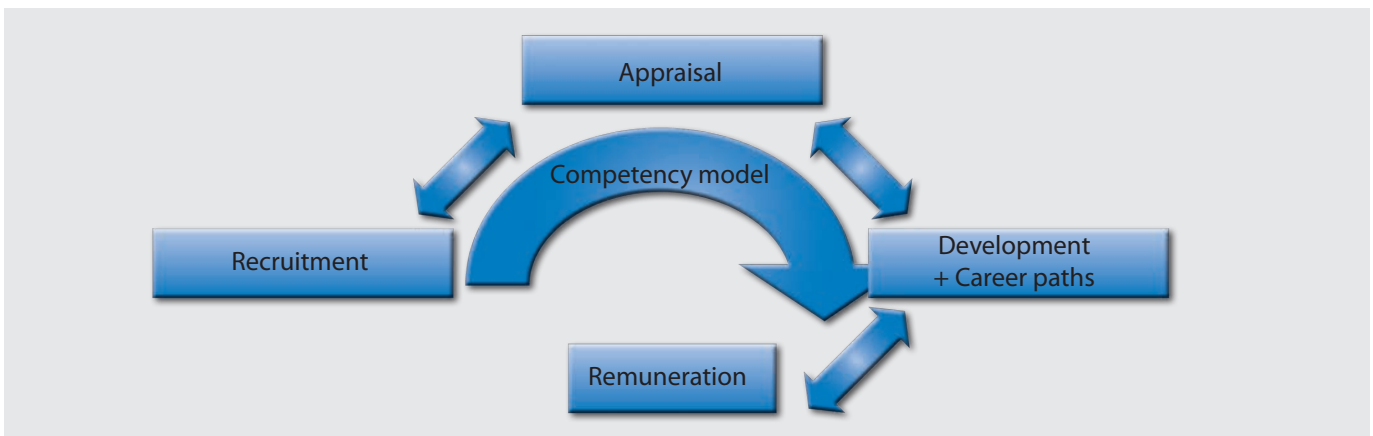
In 2008, the company took further steps towards a more professional HR function. A competency model was then created to gain better knowledge of the company's human resources and to plan their development more precisely. The management of the company assumed that the solution would ultimately make it possible to:

- diagnose the competency needs of the company,
- evaluate the competency level of employees and their development potential,
- increase the effectiveness of training by its better alignment with the needs of the employees and the company,
- prepare clear development programmes to support the development of the company's core competencies,
- conduct analyses of employees' managerial abilities and use the analyses to create career paths.

It appears that owing to the model introduced, all of the above objectives have been achieved. As emphasised by the workers of the HR department, competencies are constantly being developed, and the employees are involved and improve their performance. The competency model created also allows making comparisons between the performance and the potential of different professional groups within the company.

The new solution was developed primarily for the process of appraisal and development of staff, but it has an indirect impact on other areas of HRM, especially on remuneration, promotion (career paths) and recruitment. The importance of these relationships is presented in Figure 3.10.

**Figure 3.10. Linking the competency model to selected areas of HRM in Dalkia Polska**



In 2008, the employees of Dalkia were involved in the creation of the competency model in order to better adapt it to the needs of the company. In the course of nine focus workshops, the employees formulated a list of competencies to be assessed, their definitions and the expected behaviour..

In total, 90 people representing various levels of management in the company attended the workshops. The involvement of employees in the process of creating the model increased its efficiency as well as its understanding and acceptance by the staff. The model was also promoted by means of a wide information campaign that preceded the first periodic appraisal using the competency approach. All managers were trained to conduct the appraisal in line with the new idea. They participated in special workshops and received a special handbook providing answers to key questions concerning the performance appraisal. Other employees were trained in issues of competency-based appraisal during several hours of meetings entirely devoted to this subject. The model created in Dalkia focuses on seven competencies common to all employees in the group (see Figure 3.11.):



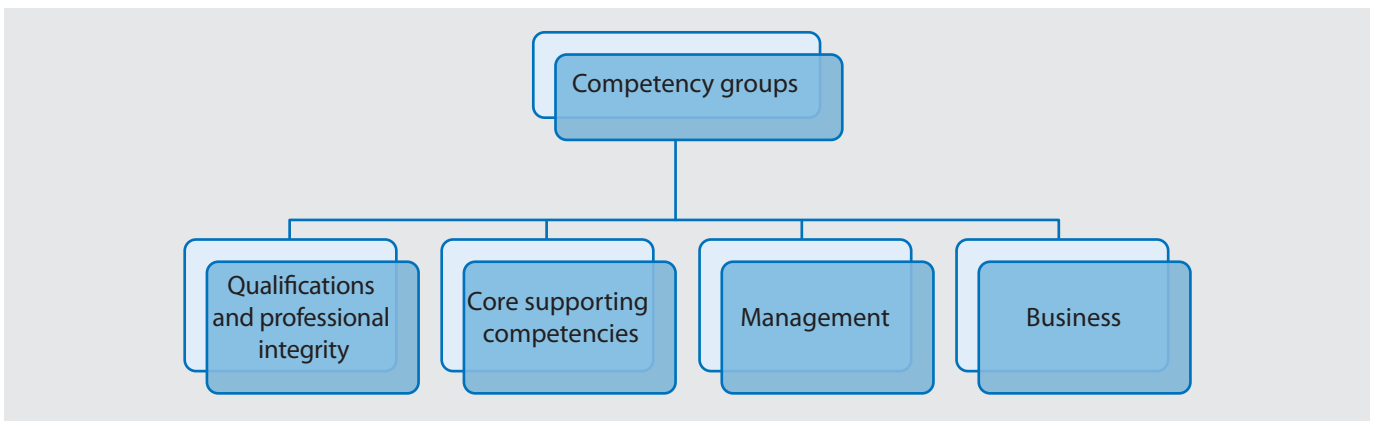
Figure 3.11. Core competencies in Dalkia Polska



The model is based on the competencies related to expert knowledge, specific for the industry and the company as well as universal competencies that are particularly relevant from the perspective of lifelong learning skills and are useful throughout the professional career regardless of the nature of work.

Competencies composing the model are divided into four groups (Figure 3.12.).

Figure 3.12. Competency groups in the Dalkia Polska model



The area of qualifications and professional integrity refers to the so-called 'tough competencies' related to a job, the specificity of tasks entrusted to the employee, and the performance quality of the person (integrity and professional knowledge).

The core supporting competencies include knowledge, skills and universal attitudes to teamwork, interpersonal skills, good communication, creativity, care for the company and its employees and the natural environment (cooperation, accountability, communication, innovation).

The group of competencies defined as *management* describes the planning skills and the ability to manage people and their development (team management and staff development, planning and organising). These competencies are required mainly of employees in managerial positions, similarly to the competencies in the area of 'business' that refer to the relationship with external customers and the awareness of the impact of own work on the position and development of the company (customer orientation, business approach).

The introduction of the new model required some time. In addition to the aforesaid information campaign, it was important to align the proposed changes with the applicable rules and social

packages. This was achieved. The first periodic appraisal linked to competency-based development plans was conducted in 2009. Gradually, the model was exerting an increasing influence on other areas of HRM, including remuneration and recruitment.

### 3.3.3. Competency-based appraisal

Based on competencies, the appraisal process in Dalkia Polska is closely linked to the creation of employee development plans. Basic periodic appraisals are conducted annually on the basis of the uniform 'Annual summary of performance' sheet. The sheet is divided into two parts: one describing the performance of an individual in the preceding 12 months and the other part containing proposals for development in the following year. The detailed structure of the sheet is presented in Figure 3.13.

Figure 3.13. Structure of the 'Annual summary of performance' sheet



The model takes into account four groups of positions:

- core employees and support departments,
- sales departments and customer service departments,
- core business managers and managers of support departments,
- managers of sales departments and managers of departments for cooperation with clients

All employees are subject to the appraisal of the development level of each of the seven previously discussed corporate competencies: professional knowledge, professional integrity, cooperation, responsibility, communication, innovation and an entrepreneurial approach. The evaluation of managers includes also the ability to guide people. Employees and managers of the HR departments are subject to further appraisal of their attitude to the client. Each competency is described according to a four-level scale that takes into account the degree of the competency's development. The summary of the competency appraisal is prepared in the form of a radar chart of the employee competency profile.

Each time the appraisal is the result of the opinion of both the superior and the employee being assessed with respect to his/her performance over the past year and the activities planned for the

coming year. The appraisal takes the form of an interview conducted with reference to the evaluation sheet. This provides an opportunity to discuss the strengths and weaknesses of the employee, assess their potential, and exchange information on the functioning of HRM in the company. Thus, it is not only the employee who receives feedback, but the superior as well. It is worth noting that both the recorded appraisal made by the superior and a written self-assessment made by the employee constitute an integral part of the evaluation sheet. At every stage of the process, both participants may express their opinions and space has been provided for that purpose in each of the thematic areas of the sheet.

The evaluation of the employee's performance in the past 12 months is followed by a discussion of his development plans. During the discussion, objectives are defined, and measures necessary for their implementation as well as success factors of development activities are analyzed. An initial schedule of training courses is also prepared.

Development plans are linked to the proposals concerning the employee's career. The employee is presented with an idea of his career path that takes into account the position offered, the tasks involved, participation in the project teams or being covered by a special programme of development.

A detailed description of the employee's potential forms another part of the evaluation sheet. The superior determines the potential of the employee, focusing on five areas related to the skills and abilities that are most relevant to the company:

- managerial,
- commercial,
- coaching,
- carrying out/leading projects,
- providing expertise in a specific field of knowledge related to the profession practised.

Dalkia Group Polska provides its employees with an opportunities for international career, that is why the appraisal sheet also takes into account the degree of employee mobility.

A separate appraisal tool used within the company is the so-called 'Echo – Team appraisal of people and structures' method that was developed at the corporate level. It assumes performing evaluation of the company with reference to n the current organisational structure, the quality of human resources and competency resources and organisational development. Such appraisal is conducted periodically, i.e. every 18 months.

The 'Echo' consists of a series of appraisal sessions held with the participation of all managers in the organisation (works are presided over by the president of the company, and moderated by the HR director). The appraisal conducted during sessions applies to entire organisational units and people within them.

Thanks to the appraisal by the 'Echo' method, the company has an extensive knowledge of human resources and their needs. The work performed has brought a tangible result in the form of the following:

- a map of positions and map of employees,
- the quality-and-weight approach to the organisational structure in relation to the objectives of the organisation,
- a training plan,
- a plan of succession and internal transfers,
- a list of the necessary recruitment actions,
- a list of high-potential employees,
- action plans for individual employees (training, promotion, transfer, the internal labor market offer).

As has been demonstrated, the present competency model allows a comprehensive performance appraisal conducted in relation to development plans and career paths. The following part of the study presents a more detailed description of efforts to broaden the scope of employee competencies undertaken by Dalkia Polska group.

### **3.3.4. Competency-based development**

Employee development in Dalkia is subject to constant monitoring. The evaluation sheet contains a separate section that is entirely devoted to the summary of training received by a person in the preceding year. The effects of development programmes are analysed, such as the impact they have had on improving the quality of work. Another part of the sheet concerns the future of the employee. The superior and the evaluated employee are required to identify the training needs of the employee and create his personal development plan in the short-term and medium-term perspective (up to three years).

The company puts strong emphasis on the analysis of employee potential, which makes it possible to develop individual career paths for the whole staff. In order to implement the concept of lifelong learning, actions aimed at creating the Dalkia's group of mentors are particularly important. During the periodic appraisal, it is determined whether a person has the necessary aptitude for conducting training courses and workshops. The company has developed a special programme for people who could share their knowledge with other employees, because of their many years' professional experience. To date, the programme has covered 15 people.

Currently, the company's priority is to further develop the technical competency with the use of knowledge of the so-called internal coaches. One of the objectives of the nearest periodic appraisal in the company will be to select a group of mentors, competent and committed mature employees. This small group of employees will be able to benefit from the five-month programme dedicated to the development of universal competencies (e.g. in the field of communication, collaboration, transfer of knowledge). A challenge in working with older employees is to increase their motivation to share their experiences with other employees. Among those who have had a chance to prove themselves as mentors, increased involvement in work and in the company has been noticed. While being initially sceptical, they radically changed their attitude and felt appreciated and needed by their superiors. This has brought tangible benefits to the entire organisation.

Dalkia Polska is a group that provides its employees with development opportunities at the level of both organisational units, individual companies within the group, and the entire corporation. The program titled "With Dalkia into the future" is dedicated to all employees and its core component is the so-called mobilization of employee attitudes. Its aim is to shape an active, committed and responsible attitude of the whole team at all levels of management. The programme is implemented with the support of a team of internal coaches whose mission is to engage in dialogue with different groups of workers in order to build commitment to the company of all its employees.

Dalkia has also implemented development programmes entirely dedicated to specific groups of employees. One examples of such activities at the national level is training/coaching organised for employees of sales departments. Managers were instead covered by an international programme called "Sherpa", in which the management team extend their competencies, both those closely related to the industry and their profession, and the universal ones. The programme, initially created for managers from Eastern Europe in the coming years will be introduced in the company's branches in other continents.

### **3.3.5. Competency-based remuneration**

Dalkia Polska has not developed a formal procedure linking remuneration to competency. It would not be justified, however, to say that the relationship does not exist. In the periodic appraisal sheet, the superior may request a pay-rise for the employee based on his/her proven high competence. Obviously, as in other companies, the pay-rise or a bonus is not determined only by the development of competencies, but also by the employee's performance.

The employees know the principles and criteria for remunerating, so the link between remuneration and competencies is clear and satisfactory to them. If any doubts arise, they can be explained during the appraisal interview. Additionally, the employee has the opportunity to (or even is obliged to) express their opinion in the relevant box in the appraisal sheet.

The competency model developed in Dalkia is not only used in the assessment, development and rewarding of employees, but also in the recruitment process.

### **3.3.6. Competency-based recruitment**

The company strives to develop the desired competency structure of its staff by recruiting people with specific skills, qualifications and attitudes. The natural solution, which is also preferred in other companies, is to start the process with a detailed analysis of the company's own human resources. Many of the vacant posts are filled through internal recruitment. External sources of competent employees are used relatively rarely by the organisation. The HR specialists point out that the sector represented by Dalkia suffers particularly from the lack of highly qualified staff in the Polish labour market. For these reasons, those candidates who show a slightly lower level of expert knowledge than others, but have considerable development potential may expect employment in the company. The company recognises the challenges associated with the intergenerational exchange within its staff and is trying to conduct it in a professional manner that is comfortable for both the employees and the entire organisation. This trend is represented by the "Forging young employees" project addressed to the graduates of technical universities. The purpose of the project is to prevent a generation and competency gap in the organisation. The project involves experienced workers, including them in the process of transferring knowledge and preparing new qualified staff for Dalkia. At the first stage, persons recruited to the 'forge' gain knowledge about the company and current working conditions. Upon successful completion of the probation period and if they express the willingness to work in the company, the participants proceed to the second stage. During this period, lasting from one to three quarters, the young workers realise the idea of a personal induction programme. This allows them to better understand their co-workers and all mechanisms and business processes.

The competency-based recruitment approach is also reflected in the selection of tools used in the process. Each time, their range is adapted to the competency profile of the position to be filled. During the interviews, skills, qualifications, and attitudes of candidates are analysed in accordance with the competency model of the entire organisation.

The model is taken into account at all stages of the recruitment process, from the information published on the intranet, in the company newsletter or magazine, through the selection of candidates.

### **3.3.7. Incorporating the perspective of lifelong learning in competency-based human resources management**

The competency model developed by Dalkia Polska Group is a modern tool that enables a quick and effective response to the challenges of the present world. The comprehensiveness and internal consistency of the implemented solutions makes it possible to continue and consistent development of human resources. The inclusion in the model of both professional competencies, and, to a large extent, universal competencies, prepares Dalkia employees to working in varying conditions. Through the implementation of personal development plans, the employees also increase their level of employability. The fact that the implementation of development plans is monitored in the appraisal process makes employees accustomed to the constant expanding of their competency. With this in mind, it is plausible to conclude that the competency model developed by the group supports the idea of lifelong learning.

Another important factor determining the effectiveness of the solutions adopted in Dalkia is the fact that the periodic appraisal sheet is very clear, and the employee is given the opportunity to express their comments equally with the superior. This partnership approach to employees and involving them in the planning and development of their career in the company teaches proactive attitudes that are so important from the point of view of *lifelong learning*. It is assumed that people who are accustomed to being active will stay in the workforce longer.

The process of lifelong learning may be significantly affected by initiatives within the scope of interest in human resources management, and related to the Corporate Social Responsibility (CSR).

Dalkia Polska undertakes many activities in the field of environmental education and supports the education process of lower secondary school students and university students.

Many years ago, the company established collaboration with universities and scientific and technological institutions, aimed at the constant exchange of knowledge and experience. Dalkia offers internships and apprenticeships to students and graduates. Doctoral students may undertake scientific collaboration within technological projects that are vital to the further development of the company.

Development and educational projects that are worthy of further discussion include, in addition to the previously mentioned "Forging young employees" initiative, "The Youth in Łódź" programme, organised by the Office for Enterprise Development and Investor Services of the City of Łódź. The recipients of the programme are students and graduates of the universities based in Łódź and employers from Łódź and the vicinity. Under the programme, Dalkia offers internships and apprenticeships for the young who enter the labour market. The company also promotes the idea of internships as an effective way to attract new staff.

The industry in which Dalkia operates naturally leads the company to collaboration with technical universities. For many years, the company has been implementing joint research and educational projects with the Łódź University of Technology. In 2010, the company, the university and the CREED (Centre for Research on the Environment, Energy and Waste of the Veolia Environment Group) signed a letter of intent to conduct research in the field of energy. The research concerns an improvement in a technological process and utilisation of the related waste.. Dalkia has committed to test the solutions developed in the project during the on-going technological processes in the company. The programme also provides for mutual visits and scientific meetings and the exchange of trainees and employees.

In an effort to support the education of the young, the company took a patronage over the general upper secondary school of the Łódź University of Technology, which educates, among other ones, future energy engineers. This initiative has the potential to considerably influence better alignment of young people's competencies with the needs of the labour market.

In 2009, Dalkia started collaboration with the Poznań University of Technology. The result was a joint organisation of the competition for an engineering thesis on one of the four thematic areas related to energy: energy efficiency, use of renewable energy, energy management in industry, and municipal economy and the production and distribution of heat and electricity.

The company also engaged in the project "The Engineer Era" (co-financed by the European Union) led by the Poznań University of Technology. Dalkia has enabled the students of the University (mainly those from the Faculty of Construction and the Faculty of Environmental Engineering) to do a three-month internship at the company. Since 2009, 10 persons have participated in the internship..

In addition, the students for the master's degree of the Poznań University of Technology can count on the continued support from the company in the form of Dalkia employees' mentoring of selected theses.

The company's endeavours to strengthen international cooperation between young people enrolled in technical study programmes. In 2010–2011, Dalkia enabled six persons to participate in the Veolia Summer School in Paris, a meeting of students from over ten countries, during which they had the opportunity to familiarise themselves with the activities of Veolia in Europe and in the world.

Dalkia also engages in the education process of local communities in the field of energy-related issues. During the Festival of Science Technology and the Arts organised by Łódzkie Towarzystwo Naukowe [*the Łódź Scientific Society*] and the University of Technology in Łódź, the company opened its doors to the public. All interested persons had the opportunity to visit the Dalkia Łódź plant and to familiarize themselves with the process of system heat and electricity production. This initiative was aimed to highlight the role of science and education in the economic development of the city and the region, to present the latest developments in science, and to stimulate the people in the region to further their knowledge in the field of energy.

Launching the "Dalkia's Talent Academy" in 2008 was another interesting educational initiative in the area of corporate social responsibility. The recipients of this programme are young athletes. Its aim is to teach entrepreneurship and introduce the young to the world of media and business. Individuals covered with the programme acquire basic knowledge of sports marketing, collaboration



with business on sponsoring projects, public relations and creating the image of an athlete. They recipients may also count on Dalkia's financial support. The biggest advantage of the programme is that it shapes a pro-active attitude, which enables one to consciously build their careers. The Academy prepares students to cope with adult life, both during the athlete's career and after its completion. The participants in the programme are also encouraged to study engineering. Initially, the Academy operated in Łódź, Poznań and Warsaw, but it gradually expanded its activities to other cities – Chrzanów and Tarnowskie Góry. Independent regional committees consisting of representatives of local authorities and local media select beneficiaries of the programme. In 2011, there were 17 people studying at the Academy.

The acquisition of skills necessary to cope with the professional career was also promoted by an initiative taken by the Łódź branch of Dalkia within the "New Year's inspirations" project by students of Journalism and Social Communication at the University of Łódź. The project was aimed at persons in a particularly difficult situation, i.e. former wards of a children's home in Łódź. The main objective of the project was to confront the young people's perceptions of their future career with reality. The programme allowed the participants to have a closer look at the specific nature of the work of a soldier, a scientist and a model. The experience gained during the project may prove to be helpful in making life choices by young people at risk of being marginalised.

Actions taken under the CSR in favour of the external environment of the company a just as other projects related to human resources management in Dalkia, are consistent with the assumptions of the competency model. References to the issues of sustainable development, respect for the natural and social environment of the organisation have been reflected, among others, in the model definitions of 'responsibility' and 'innovation', which are among the company's core competencies. The model's consistency, which affects both the organisation itself and its environment, constitutes its strength. Employees and customers from outside of the company get a clear message about the values important to Dalkia and the ways in which the company intends to implement them.

The solutions developed and implemented by Dalkia Polska Group are examples worth following. The existing competency model is mature, transparent and it strives to establish the strongest possible link with the majority human resources management areas. The model strengthens the position of employees as partners in the management of the company. It also prepares them for continuous self-improvement and for creating development plans for the coming several months or years. As mentioned earlier in this study, the competency approach is currently reflected in the assessment of development (including career paths), remuneration and recruitment. In the future, further integration of the model with HRM may be expected. Among the investments planned by Dalkia is the creation of an ICT tool supporting competency-based HRM. Dalkia Polska intends to make descriptions of all jobs, including the required knowledge, skills and attitudes. As previously, it will be the company's own solution inspired by the solutions that have been successfully introduced its parent company.

Further functioning of the model could go towards further increasing its flexibility, so that it can respond quickly to changes in the economic and social environment of the company. This requires constant monitoring of the model in terms of its effectiveness in meeting contemporary challenges. It seems essential to consistently strengthen the links between the competency-based approach and the new areas of human resources management. Better integration with the system of remuneration would be especially beneficial for the full understanding of the model by the employees. At present the model affects the employees' remuneration in an indirect way. The success in the development of competencies by employees is not clearly translated into financial gratification. It could be included – in the appraisal sheet in the form of an annex summarising the rules for granting pay-rise and bonuses. Obviously, such rules should not be divorced from the performance of the employees. Remunerating one for the mere fact of broadening the competencies without the analysis of the impact that this process has on the performance seem erroneous taking into account the effectiveness of human resources management. The management of Dalkia is fully aware of that, hence the appraisal sheet takes into account not only the degree of implementation of the development plan, but also its importance for the performance.



## 3.4. Mondi Świecie SA – case study

### 3.4.1. Profile of the company

Mondi Świecie SA is one of the five major manufacturers of industrial packaging assortments for the industry of bags and corrugated board in Europe. In 2010, the company produced 1,313 tons of paper. Mondi Świecie SA is now part of Mondi Group, which was formed from the merger of Frantschach Group and Mondi Packaging Europe. Mondi Group operates in 31 countries in Europe and South Africa and is listed on the London and Johannesburg stock exchange. It is comprised of the following divisions: Corrugated, Bags and Specialities, Uncoated and Fine Paper, and Forests. Since 2008, all of them have been operating under one common Mondi logo.

In Poland, there are 10 Mondi plants belonging to different divisions of the company:

- Mondi Świecie SA,
- Mondi Corrugated Świecie sp. z o.o.,
- Mondi Warszawa sp. z o.o.,
- Mondi BZWP sp. z o.o.,
- Mondi Dorohusk sp. z o.o.,
- Mondi Szczecin sp. z o.o.,
- Mondi Bags Świecie sp. z o.o.,
- Mondi Bags Mielec sp. z o.o.,
- Mondi Wierzbica sp. z o.o.,
- Mondi Solec sp. z o.o.

They employ about 2,000 people, 1,000 of which work in Mondi SA.

The beginnings of Mondi Świecie SA date back to 1961 when Zakłady Celulozy i Papieru [*Pulp and Paper Plant*] in Świecie was created. In 1997, the company's shares were admitted to public trading on the Warsaw Stock Exchange, and the former owner of the company, the State Treasury, sold 59.88% of the shares to the Framondi NV consortium. In 1998, the name of the company was changed to Frantschach Świecie SA. In 2005, the company changed its name to Mondi Packaging Paper Świecie SA, and since 2008, it has been operating as Mondi Świecie SA.

Being part of a global reach group, the company has a great potential, which enables it to achieve both own and its customers and shareholders growth and success. The company effectively uses this potential and achieves good results. The company exports more than 70% of its products. It explains its success with the focus on customer needs.

Mondi Świecie SA has won numerous awards. In 2011, it was awarded, among others, (for the second time) with a certificate in the ranking of Polish enterprises and the Pearl of the Polish Economy title in the Great Pearls category for consistent implementation of the company's policy and strategies and its leading position among the most dynamic and the most efficient enterprises in Poland. The company was also among the winners in the category of 'Best Available Technology benefiting the environment' of the prestigious Pantheon of Polish Ecology competition promoting actors for the environment. The company was also included for the third time in the RESPECT Index, a stock market index of socially responsible companies. In 2010, Mondi Świecie SA won the prestigious Leader in Human Resources Management contest organised by the Institute of Labour and Social Affairs.

### The Mondi Way

Mondi Świecie SA has clearly defined principles that guide it in its activities. The company's values and corporate culture are the basis for the performance of all its tasks. Rules of conduct related to the pursuit of excellence have been defined, stored and disseminated to all employees. The rules have been called the Mondi Way (cf. Table 3.2.). The Mondi Way is to inspire the development of organisational culture and be the key to the success of the company and its customers. It includes

the following elements: purpose, strategy, Mondi Diamond (operational framework for action) and cultural characteristics and values (Table 3.2.).

Table 3.2. Mondi Way

<b>MONDI WAY</b>	<b>GOAL</b>	<ul style="list-style-type: none"> <li>• Creating solutions that enable customers to achieve success by offering them exceptional value in accordance with the principle of sustainable development</li> </ul>
	<b>STRATEGY</b>	<ul style="list-style-type: none"> <li>• Leading position in the market</li> <li>• High quality, low costs of the underlying assets</li> <li>• Focus on efficiency</li> </ul>
	<b>MONDI DIAMOND</b>	<ul style="list-style-type: none"> <li>• Operational excellence</li> <li>• Human resources development</li> <li>• Sustainable development</li> <li>• Modern products</li> <li>• Focus on the client</li> </ul>
	<b>CULTURE</b>	<ul style="list-style-type: none"> <li>• Dynamism</li> <li>• Respect</li> <li>• Responsibility</li> <li>• Entrepreneurship</li> <li>• Authority</li> <li>• Transparency</li> </ul>
	<b>VALUES</b>	<ul style="list-style-type: none"> <li>• Passion of effectiveness</li> <li>• Care</li> <li>• Honesty in business activity</li> </ul>

Source: Mondi Świecie SA.

### Role and strategy of HR department

The Department of Human Resources Management at Mondi Świecie SA plays a key role in supporting the implementation of the company's strategy. It is responsible for ensuring compatibility and high efficiency of all activities in the field of human resources management. The mission of the HR department is partnership in collaboration with line managers in the implementation of business strategy. The partnership is to create conditions for achieving success, employee development and growth of the organisation (Ozóg, 2010).

The most important areas of the human resources management system in the company include:

- shaping organisational culture,
- succession planning,
- recruitment,
- appraisal and skills development system,
- training courses,
- motivation system.

Each of these areas in Mondi Świecie SA takes into account the prospect of support for the implementation of the company strategy, and with a range of tools dedicated to human resources management system, it provides a friendly and stimulating environment for continuous improvement.

### 3.4.2. Competency-based human resources management

The competency model at Mondi Świecie SA was developed and introduced in 1999. The model was developed in collaboration with a consulting company, during a number of workshops attended by

experts from the HR department, consultants and employees of the various organisational units of the company. During the workshops, job descriptions, sets of competencies and the corresponding desired behaviours were achieved. All managers were involved in the process.

Decisions concerning the introduction of the competency model to human resources management in Mondi Świecie SA were determined by the following expected benefits:

- developing a systemic approach to HRM,
- developing a systemic approach to the development of organisational culture that will ensure the adequacy of the relevant human resources to business needs and translate onto the results,
- changing the approach to HRM – from the traditional system limited mainly to human resources management administration and obligatory training (renewal of licences, health and safety rules, etc.) to modern, full-scale HRM,
- adjusting the previous system of HRM to the modern management methods introduced in the company,
- providing the basis for suitable human resources decisions.

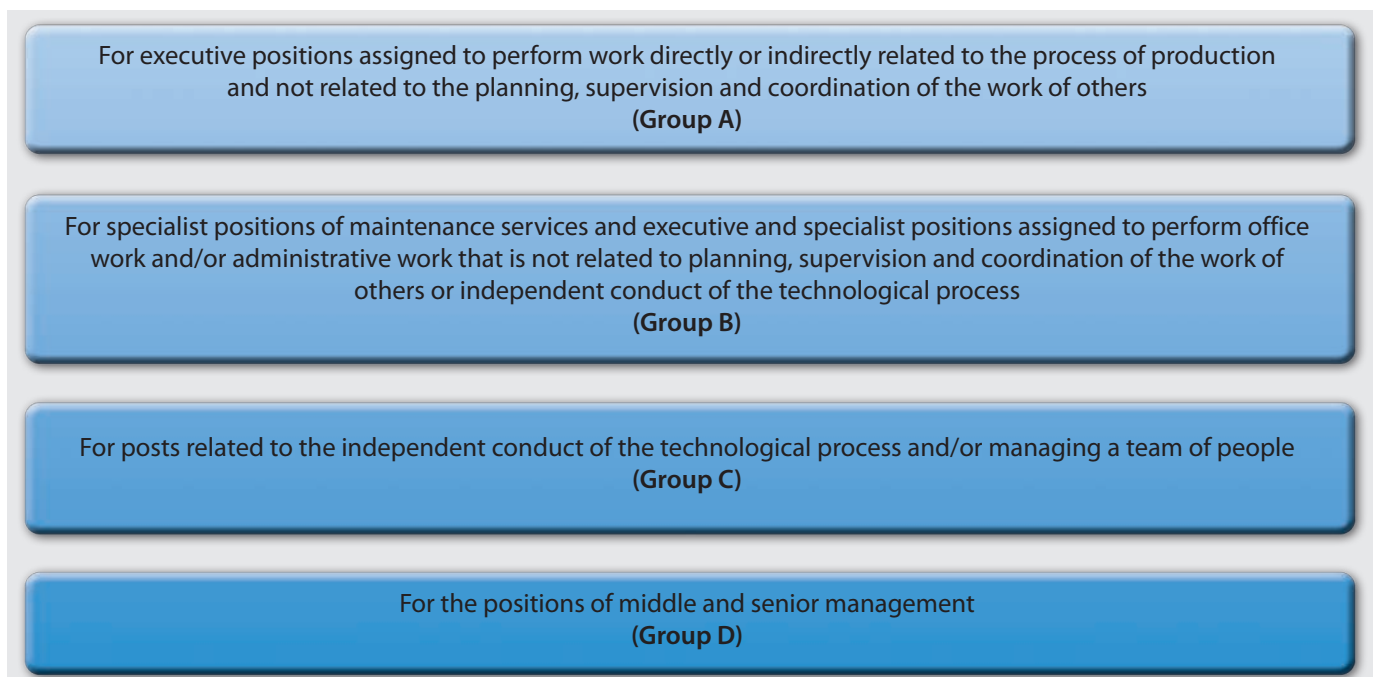
There are four groups of positions in the company, each of which has developed a distinct competency model (see Figure 3.14.). Initially, a fifth competency model was defined for managers (Level E), but since 2010, this group of employees has been covered by the description of the competencies applicable to top executives in the Mondi Group.

The set of competencies for each individual group varies. Each model contains from 5 to 12 different competencies; shared competencies relevant to all employees of the organisation have also been defined. These include:

- innovation,
- initiative,
- communication,
- cooperation.

Every year, before the beginning of the appraisal process, an analysis of the adequacy of existing forms to current conditions and requirements is performed. During this process, the HR department receives feedback from all persons participating in the assessment.

Figure 3.14. Competency models for job groups in Mondi Świecie S.A.



Source: Mondi Świecie SA.

The competency model in Mondi Świecie SA is applicable in several areas of human resources management. These are:

- appraisal of the competencies of employees,
- employee development,
- succession planning,
- recruitment,
- recruitment and talent development,
- programmes of collaboration with the Technical Secondary School of Mechatronics (training of students during apprenticeships and selection of candidates for employees),
- 360-degree appraisal of managing staff s (managers and directors ).

Currently, the competency model is not directly used in the management of remuneration.

### **3.4.3. Competency-based employee appraisal and development**

One of the key elements of the organisational culture in Mondi Świecie SA is the programme of Continuous Improvement, whose goal is to actively engage all employees in the continuous improvement of the financial results of the company. The programme is realised in the process of the continuous development of employees. Development is one of the most important areas of human resources policy, which is reflected in the so-called Competency Development System (NDS), a training system covering all groups of employees, and in a programme supporting the development of innovation (the so-called List of Potential Improvements).

The Competency Development System primarily serves the purpose of planning development actions that are drawn up based on the appraisal of the employee's competency and the interview with the superior. The name of the system indicates its main objective, i.e. development. The adoption of this name was intended to alleviate the employees' apprehensions concerning the appraisal. Similarly, the interview during which the appraisal is carried out is called 'developmental interview', to indicate that its aim is not only to assess but also to provide the employee with development opportunities. The effects of the interviews do not translate directly into financial decisions. This follows from the assumption that remuneration issues should not affect the course of the interview and works on development plans. Decisions concerning bonuses are based on the quarterly assessments of the achievement of business goals. However, in order to strengthen the role of development plans and to standardise the binding principles in Mondi Group, the company plans to include the implementation of development tasks in quarterly bonus tasks.

The primary tool of the Competency Development System in Mondi Świecie SA appraisal and competency development forms. A schematic example of the form is presented below (Table 3.3.).

Table 3.3. Schematic example of the appraisal and competency development form in Mondi Świecie SA

Competency Development System Form B					
I. COMPETENCY APPRAISAL	Behaviour in line with the description				
	Not displayed	Displayed rarely	Displayed in some activities	Displayed in most activities	Displayed in all activities
Appraisal criteria					
<b>COMPLIANCE WITH WORK STANDARDS</b>					
1.					
<b>WORK QUALITY</b>					
1.					
2.					
<b>PROFESSIONAL KNOWLEDGE</b>					
1.					
2.					
<b>COMMUNICATION AND COLLABORATION</b>					
1.					
2.					
<b>INNOVATION AND INITIATIVE</b>					
1.					
2.					
<b>II. EMPLOYEE'S PROFESSIONAL PERFORMANCE SINCE THE LAST DEVELOPMENT INTERVIEW</b>					
<b>III. DEVELOPMENT PLAN for the period of one year – until the next development interview</b>					
• <b>COMPETENCY REQUIRING IMPROVEMENT</b>					
1. What specific behaviour should the employee improve until the next development interview?					
2. What should the employee learn until the next development interview?					
3. How can the superior help the employee improve their behaviour?					
• <b>COMPETENCY TO BE DEVELOPED</b>					
1. What areas should the employee develop until the next development interview?					
2. What should the employee learn until the next development interview?					
3. How will the superior help the employee improve their behaviour?					
<b>IV. WHAT TRAINING COURSES DOES THE EMPLOYEE NEED IN THE COMING YEAR?</b>					

Source: Own study based on materials from Mondi Świecie SA.

During the personal development interview, which is held annually, the superior evaluates the level of competency of their employees using the appropriate form. The appraisal results are recorded for each individual competency separately and are not summarised or averaged. The aim is to achieve a positive effect – the interview immediately proceeds to the development part as considered in the perspective of the year to come, or in a longer perspective if the employee exhibits particular aptitude for the long-term development. The superior and the employee jointly determine the

choice of competencies that the employee will be developing in the following year. While creating development plans, the superior may offer the employee participation in projects, problem teams or training courses. All decisions are recorded, and their performance is monitored and discussed. There is no specific procedure to be followed in the absence of satisfactory progress towards the achievement of development goals. In such cases, any relevant decisions are made by the superior who considers further negotiations on the employee's improvement and whether it is expedient that the employee holds a particular position. The analysis also covers the employee's weaknesses and their impact on his/her performance. It is assumed, however, that the optimal HR strategy should focus on the development of the employee's strengths.

For the purposes of development, almost all available tools are used. These include: coaching, on-the-job training led by senior employees appointed by the head of the department, project tasks, job rotation, workshops improving personal efficiency and managerial skills, specialised and compulsory training (including on-the-job training with the final on-the-job exam), as well as, to a limited extent, e-learning. The company is also able to finance participation in language courses, and learning in secondary schools, higher education institutions, and post-graduate studies.

As it follows from the above, training is not the only form of development offered to employees. The prevailing view is that vocational training does not provide a basis for development. While planning development activities, the principle of 70/20/10 is applied. According to the principle, 70% of the acquired knowledge should be derived from practical experience. The employees develop themselves through participation in projects and performance of specific new tasks. Another 20% of knowledge arises from the collaboration with others, usually the coach, and the remaining 10% is the theoretical knowledge acquired during the external or internal training. The use of a multi-dimensional approach to development that is focused on practice is assumed to ensure the best development results. This solution fits in well with the idea of lifelong learning. It makes people accustomed to autonomous learning, taking on new tasks, activity and collaboration, regardless of age, gender or position held. It should also be noted that learning in the workplace does not cause any problems characteristic of the off-site training, such as the need to delegate tasks to another employee or to interfere with the employee's leisure time.

### **Performance appraisal**

Apart from the annual competency evaluation, the quarterly monitoring of the Continuous Improvement process is conducted in respect of performance. Every three months, a Business Review is held during which key business indicators are analysed, the main achievements and the events that took place during the period are summarised, and future actions to achieve goals are projected. Such appraisal applies to all employees and provides a basis for the award of bonuses.

### **Development of competencies of managers and succession planning**

Special attention in Mondi Świecie SA is attached to the development of managers. Those persons that occupy managerial positions are expected to meet high standards of competency and to display of the Mondi Cultural Characteristics (such as respect, responsibility, entrepreneurship, dynamism). At the end of each cycle of annual development interviews under the Competency Development System in Mondi Świecie SA, an update of plans is performed as part of the succession planning for key positions. Its aim is to provide the appropriate employees for the positions that are most important for the company's operations and to provide a clear message about the development opportunities for high potential employees. Additionally, apart from SRK, Development Centre Programme is held for this group of employees to support the best development planning.

Special development programmes have been envisaged for the most talented employees. This group also enjoys the privilege of joining the Academy of Leadership.

Mondi Świecie SA offers its managers and successors a range of development tools that help achieve and maintain a high level of competency:

- Development Centre,
- 360-degree feedback,
- coaching,
- dedicated training programmes in leadership development,
- Leadership Academy – a programme for talent development and preparing successors for leadership positions,
- Academy of Management – a programme for production leadership development,
- off-site meetings on the development of specific management skills,
- Management Club – a programme that allows managers to share experiences, discuss issues of importance to them, and jointly solve problems,
- meetings with personalities from the fields of management,
- Manager's Library.

The Mondi Academy in Poland is another form of employee development. It is a set of universal training courses, relevant to the nature of all Mondi companies in Poland. The courses are analogous to those of the Viennese Mondi Academy; they are based on the same values and fundamentals, but are conducted in the Polish language and are adapted to the local context. These are high-quality training courses provided by internal and external trainers. The offer includes the following areas:

- leadership skills,
- business skills (e.g. project management, finance for non-finance professionals),
- personal skills (e.g. communication skills, preparing and delivering presentations, the art of persuasion).

One of the first educational activities targeted to all Mondi companies in Poland was the development of the "Handbook of good leadership" by the Polish HR team in 2009. This was a response to the need for a coherent knowledge in the field of human resources management.

The most important benefits from actions of the Mondi Academy include:

- strengthening the skills related to the new Mondi values (Mondi Culture);
- the opportunity to meet the staff from other divisions of the company. These meetings provide an opportunity to share experience and create conditions for a lasting change in attitudes and habits;
- adapting programmes to Mondi standards. In this way, the Academy optimises the costs and quality of training. This would not be possible if individual participants were sent to take part in traditional open training courses;
- diversification of types of training. The programme is dynamic and practically oriented. Training is based not only on lectures, but also on the participation in projects, business simulations, and workshops. The programme also includes monthly telephone and e-mail consultations on the skills gained during a workshop.

#### **3.4.4. Competency-based recruitment**

Competency models are also very useful in the recruitment process in Mondi Świecie SA. They provide a standard reference point for the candidates' competency profiles. On this basis, sets of questions are prepared for various job groups. For specialists, tasks are also prepared to be executed in order to reveal the level of expert knowledge and competency required for a specific job.

On the basis of competency models, *Assessment Centre* is prepared for candidates for senior management positions. This tool is considered particularly effective due to the diagnostic accuracy and objectivity. It is also beneficial for the candidates as it allows them to acquaint themselves with the requirements and tasks that may be expected at a given position. Based on the competency model, *Assessment Centre* is also prepared for a group of around fifteen students from the Upper Secondary Technical School of Mechatronics who participate in a two-year internship in Mondi Świecie SA. They are subject to the procedure at the end of the programme, and the best students may be employed in the company.

The Development Centre, a typical diagnostic tool used for the management staff and core specialists is also built on the basis of the competency model.



The following is a simplified diagram showing the application of the *Assessment Centre* methodology to assess shift managers (Table 3.4).

**Table 3.4. Schedule of tasks and appraisal (shift manager)**

COMPETENCY	INTERVIEW	SET OF TASKS	MEETING WITH THE TEAM	MEETING WITH THE EMPLOYEE
Enforcement of standards	X	X	X	
Team management	X	X	X	X
Motivating and developing staff	X		X	X
Communication and collaboration	X	X	X	X

#### Enforcement of standards

1. Always uses personal protection equipment.
2. Always uses the right tools.
3. Always acts in accordance with the principles/standards.
4. Reacts in the event of violation of the rules/standards of safety, also in emergency situations.
5. Enforces the compliance with the health and safety rules by external companies in /his/her area.
6. Is open to criticism addresses to him/her in relation to compliance with the safety of the subordinates and colleagues.
7. Knows the instructions in force in the area and is able to use them.
8. Reports inconsistencies in the instructions.
9. Respect the 5S principles and enforces order in the workplace.

#### Team management

1. Reacts to behaviour violating the standards of conduct and good manners.
2. Is able to demonstrate the priorities and objectives of the team in the case of disorders and work stoppages.
3. Accepts responsibility for his/her people (Is not indifferent to the performance of the entire team).
4. Spots conflicts in the team, knows how to solve them and is willing to solve them.
5. Is not apprehensive of relations deteriorating as a result of difficult decisions.
6. Takes care of a good team spirit.
7. Has a high motivation, commitment and responsibility for the team and results.
8. Actively supports subordinates in solving problems in their workplaces.

#### Motivating and developing staff

1. Notices outstanding employees and applies for their appreciation.
2. Gives positive feedback to subordinates in an appropriate manner and at the right time.
3. Shares knowledge with subordinate employees.
4. Initiates training for subordinate employees.
5. Monitors the progress/implementation of employee training.
6. Recommends outstanding employees to the head of department for further development/succession planning.
7. Welcomes the diversity of opinions, attitudes, age, and is able to use it to better achieve the objectives (young and old).

#### Communication and collaboration

1. Maintains direct contact with the staff
2. Openly provides the superior with information on the risk of accidents..
3. Openly provides the superior with information on environmental hazards.
4. Openly provides the superior with information on procedural issues.
5. Openly provides the superior with information on employees' personal problems.
6. Adequately reports information on the course of the shift work.
7. Provides employees with information on issues of concern to them.
8. Is able to discuss using arguments and to exchange ideas.

### **3.4.5. Competency-based remuneration**

The remuneration system in Mondi Świecie SA is not directly related to competency appraisal. The motivation system is based on the methodology of Management by Objectives. Base salary is derived from a more comprehensive appraisal, and competency is one of its components. Additionally, each manager has a pay-rise fund at their disposal, which is distributed according to a uniform percentage rate among all employees, and an additional pool of funds that is managed on a discretionary basis. Pay-rise is customarily granted once a year, but in exceptional cases, an employee may be reclassified for extraordinary work performance. This is done at the request of the superior.

The appraisal of competencies and employee development objectives has not directly translated into higher wages so far. For managers, a solution that combines bonus management with the appraisal of competency development has been used. It assumes annual appraisal of performance and competencies. In order to obtain a bonus, it is necessary to plan the development of one soft competency, record the plan in the personal development documentation, and then fulfil and account for the obligation undertaken. In this way, the company somehow 'enforces' the continuous development, which is fully consistent with the concept of lifelong learning. Linking the fulfilment of developmental tasks with remuneration has an important motivational role.

In the near future, the company will have to comply with corporate standards, and the standards assume that the appraisal of competency and development objectives should be reflected in decisions relating to the remuneration of all workers, and not just managers. A shift in this direction is planned in the near future.

### **3.4.6. Incorporating the lifelong learning perspective in competency-based human resources management in Mondi Świecie SA**

All corporate actions related to the competency model and its use in human resources management are in line with the assumptions of lifelong learning. The fact that the company is aware of the importance of this idea is reflected in the naming of the tools used – Competency Development System and Development Assessment. By adopting the above terminology, the company emphasises the importance of development in the human resources management process. Unified approach to all employees, regardless of their position, age or gender, is essential. In all jobs it is required to constantly improve competencies in a way that it is consistent with the preferences of the company. Regular reporting on the development tasks executed and establishing new ones is particularly valuable. Although development programmes cover all employees, the broadest range of activities is designed for managers, i.e. the group of employees that is faced with the highest and most varied requirements.

Mondi Świecie SA applies a wide range of learning forms, such as participation in projects and problem groups, job rotation, workshops, training, and co-financed language courses and learning. The company applies the 70/20/10 principle, which introduces a variety of learning forms, but within those forms, focuses on learning through practice and experience. In this way, learning is effective and tailored to the needs and preferences of the employee.

Initiatives taken by the company in the field of Corporate Social Responsibility (CSR) are particularly important for promoting the concept of lifelong learning. They include, among others, cooperation with the local community in the area of education. The company cooperates with the Technical Upper Secondary School of Mechatronics in Świecie. Along with the teaching staff, the company has prepared a curriculum based on similar principles as the training for papermakers. On this basis, a new subject has been introduced, i.e. Equipment and Production Process Control in the Paper Industry. The subject has been designed for upper-grade classes, which are held in the company once a week throughout the school year. The classes are in the form of lectures and a practical training, which cover issues related to the whole technological process, with particular emphasis on the knowledge of the papermaking machines. Students acquire practical skills necessary in the course of the whole process, i.e. how to operate machines or other devices. Mondi Świecie SA has been

financing the whole project for six years. For the students of the school in Świecie the knowledge of the specialized subject and the practice, are the first step to learning a profession being in demand in the region. For the company, on the other hand, it is the way to obtaining qualified staff in the future, although the readiness of students to work in the company is not required.

The company also collaborates with higher education institutions – the Institute of Papermaking and Printing at the Łódź University of Technology, the Institute of Chemical Technology of Wood at the University of Life Sciences in Poznań, and with three faculties of the University of Technology and Life Sciences in Bydgoszcz. The company leads the Science – Practice – Work programme, addressed to students from technical and papermaking faculties. Regardless of the year of study, each participant may independently shape his or her own professional development and career path. There are several options to choose from:

1. competition for papermakers – when preparing a thesis on a chosen topic, students may win a two-week paid apprenticeship at Mondi Świecie SA;
2. summer internships – every year, Mondi Świecie SA admits about 50 students for summer internships in various departments, including about 20 students from the paper industry higher education institutions, for whom a special prepared programme has been prepared;
3. scholarship – after the second year of study, students who have achieved an average grade of 4.0 or more may apply for a scholarship. The scholarship is granted on the basis of a separate agreement under which the student undertakes to work as a trainee in the company after graduation;
4. professional training – six-month internships are designed especially for papermaking engineers and graduates of other engineering faculties. This is a special development programme created internally by Mondi Świecie SA. Its purpose is to prepare a new employee to cope with challenging engineering positions through intensive training period. In the course of the internship, the trainee works with a highly qualified management team and has the opportunity to learn international management standards. Professionally designed internship provides a chance to start one's professional career in a highly-qualified environment.

Furthermore, Mondi Świecie SA cooperates with the local Employment Office. The company organizes internships under the "Spread Your Wings" programme. The "First Job" programme is addressed to the graduates of secondary schools and higher education institutions who are seeking jobs. The primary objective of the programme is to provide staff for Mondi, and reduce unemployment by supporting graduates. The programme is entirely funded by the Labour Fund or the European Social Fund. The above actions prove the company's strong involvement in the affairs of the local community and its development.

The presented approach to competency-based human resources management in Mondi Świecie SA is admittedly effective and worthy of dissemination. This is evidenced, among others, by low staff turnover and low rates of resignations unwanted by the company (less than 1%). Thus, it may be concluded that the system guarantees making the right human resources decisions and the satisfaction of the staff. Moreover, the system has proven to have a definitely favourable influence on the attitudes of the staff. The employees have developed a habit of analyzing their attitudes and behaviour, and above all, of constantly striving to improve themselves using a variety of means, not only the traditional training. The efficiency of the system is reinforced by its stability (while maintaining flexibility), the consistent application of supporting instruments, and by the fact that the company's values and goals are communicated to its employees on the continuous basis and the culture of continuous improvement is being built.

## 3.5. A transport company – case study<sup>31</sup>

### 3.5.1. Profile of the company

The company being described is a large transport company that employs about 3,000 people. The company specifies that it is able to achieve and continue its success and improve the quality of its services thanks to its employees. Therefore, one of the most important goals of the company is to employ the best professionals in various fields. In return, the company strives to offer its employees attractive working conditions, the opportunity to fulfil their professional ambitions and develop their qualifications on the continuous basis. The majority of the staff are employees with years of experience in the company. For a large part of them, this has been their first and only workplace to date. This group includes also many managers, especially those of middle-level management.

### 3.5.2. Competency-based human resources management

The company decided to gradually implement the fundamental principles of competency-based human resources management. The company expects great benefits from this approach, and above all, this approach is perceived as a way to comprehensively tackle the problem of the growing demands of the business environment, which are reflected in the increased expectations with respect to employees, including competency requirements. The competency model was developed and implemented in 2010. Works on the model were continued for six months with the participation of four persons from the Human Resources Management Department (consisting of about 30 people, including seven persons involved in the so-called soft HR) and consultants from a consulting company. The consulting company supported the investigated company at the initial phase of competency modelling. Further development and refining of the solutions was done with the participation of the company's employees. The competency model was used for the employee appraisal process immediately after had been prepared.

#### Preparatory phase – barriers and ways to overcome them

Previously, the company did not use a formalized appraisal system and its staff consists mostly of persons with long experience in the company (50%) who have not had the opportunity to experience this practice so far. Likewise, the managers of the first and the lowest management level are long-service employees. The team was at first strongly opposed to the idea of an evaluation system as such. The HRM department had to introduce the Periodic Performance Appraisal System (PPAS), while facing the hostile attitudes of employees.

As part of the remedial measures, the company developed a comprehensive information programme whose purpose was to clarify the meaning/usefulness of the competency model and its application in the PPAS, explain the intended use of the evaluation results and present the expected benefits for the company and its employees. A broad participation of employees of all levels in the development of the competency model was also assumed.

The participation of managers, and especially, of the regular employees, in the design phase had a great impact on the favourable approach of the staff to the competency model developed. Thanks to this measure the employees were more willing to consider the model as their own and it was easier for them to understand how it works. The participants of workshops, as the well-informed persons having influence on the shape of the system to some extent could play the role of its advocates.

The information campaign on the implementation of the competency model and its use in the Performance Appraisal System was conducted in the following forms:

- a publication on the above-mentioned issues included in the company magazine,
- e-mail information sent to all employees,

<sup>31</sup> At the request of the investigated company, the details about the company have not been revealed.

- development of the tutorial "How to prepare for the appraisal interview", available on the intranet to all employees.

The company expressed the willingness to receive feedback from the employees on the system designed. Employees were encouraged to take the opportunity to share their feelings and to provide the HRM department with comments and suggestions concerning the shape of the model. To enable the employee's direct contact in this matter, the principle of "Open Door" was adopted in the HRM department. Furthermore, in the period preceding the appraisal process, as well as during and immediately after the end of the process, a special e-mail address for inquiries was provided. Employees quite willingly used the opportunity to obtain information. With the on-going information campaign, especially after the first cycle of the appraisal (the appraisal was assumed to be conducted once a year), opinions on the model have proved to be increasingly positive, and currently the HR department claims that most of the employees are convinced about the usefulness of evaluation and the content of the model. The superiors likewise, even though they have to devote much time to conducting the appraisal interviews, they admitted that 'it is good to listen to the employee'.

### **Developing the competency model and its implementation**

The process of developing the competency model began with the assumption that the model will not imitate the solutions used in other organisations; it must be 'tailor-made' for the company and take into account its characteristics, strategy and the vision of development. Another assumption was that the services of external consultants would be used to ensure a high quality of the solutions achieved, to eliminate possible mistakes and shorten the time of the process. One of the goals in the development of the model was to adjust it to specific needs mainly by creating a competency profile for each job in the company. To achieve this goal, the following steps were taken:

- first, core competencies in the company were established,
- then the process of defining competencies needed in different organisational units and in different jobs began. A workshop method was adopted. The workshops were attended by employees of the HRM department, superiors and selected subordinates representing the group discussed during the workshop.

After obtaining the final result, i.e. a ready-to-implement model of competency, information/training campaign for all managers was initiated to explain the purpose of the model and its final content. The training was aimed at providing the managers with the ability to conduct appraisal interviews and to use the competency model for the appraisal of employees.

The next step in expanding the application of the competency model was to strengthen its development potential. At the time of the study, the company was at the stage of creating a list of development activities for each competency to enable the superior to determine the measures necessary for the development of individual employees. Actions in this direction are considered by the company to be very important and valuable. The company expects a considerable improvement in the quality of both the human resources management system and the resources as such. Considering the problems of lifelong learning, the competency approach in fact eliminates the necessity to deal with separately.

The idea of lifelong learning is inherent in the assumptions of the competency model, and the employee appraisal system in the context of competencies already possessed or competencies that require development is an incentive to assume the attitude of continuous development.

Formulating concrete competency requirements for employees and specifying relevant standards for them, enabling the appraisal of strengths and weaknesses, and thus a systemic approach to development, all these actions are deemed to be valuable in multiple dimensions:

- for the company (which gained a tool for shaping human resources in line with its strategic and operational needs),

- for middle managers (streamlined and facilitated performance of management functions, a more objective appraisal of subordinates),
- for employees (the opportunity to obtain systemic support for their self-development, the essential element of which is access to information on the competency requirements and expectations concerning individual jobs).

The stage of including development paths in the model is currently in the design phase, but it is expected that the work on this matter will be continued due to the necessity of the analytical approach to the external conditions and sustainable response to them.

The company takes into account difficulties in implementing the development strategy in the employee appraisal process and, more broadly, in human resources management. It is expected that the on-going support of middle managers in its implementation will be needed. Representatives of the company claim that the employees have generally accepted the appraisal system, and that basing it on the competency analysis is to their advantage, which is reflected in the success of the actions taken. The competency model, owing to the wide publicity and participation of employees at various levels of management in its development, is no longer perceived, as an instrument used strictly for verification that threatens employees and is imposed by the HR department and used only for its purposes. Employees began using the competency model as a source of information on the model of an employee desired by the company. On the other hand, the Performance Appraisal System developed on the basis of the model is increasingly often considered as a useful tool for everyone, especially for obtaining specific information from the superior about one's own strengths and weaknesses. Moreover, the employees appreciate the fact that they may take advantage of training and other forms of development that are best tailored to their needs. They see the value of the opportunity to discuss issues relating to their own development with the manager.

### **3.5.3. Competency model in the transport company**

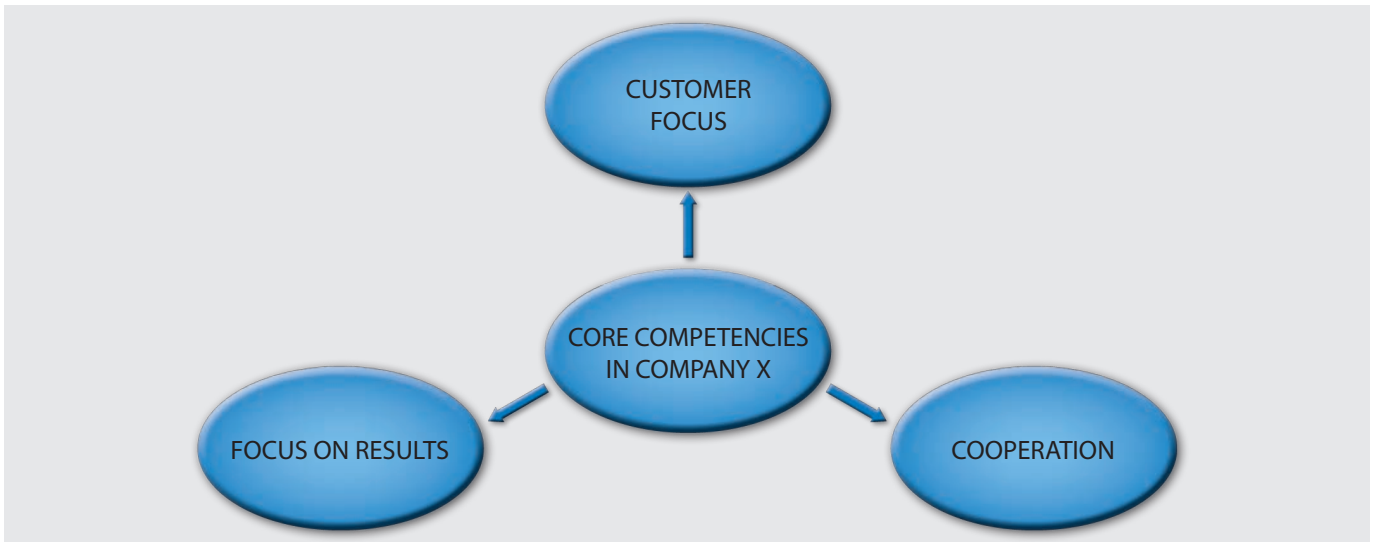
The key principle of the company is the full individualisation of competency profiles. This means that every job in the company has its own competency profile that takes into account the specific tasks assigned to it.

It was assumed that the competency profiles for each job should be synthetic and reflect:

- strategic objectives of the company,
- mission and vision of the company,
- special requirements.

To ensure the system's integrity and its conformity with the strategic objectives, and the mission and vision of the company, three core corporate competencies that are considered to be common to all jobs in the company have been identified in the profiles. The inclusion of the common elements in each profile was meant to give employees a sense of community, co-participation in common goals, and to be a sign of an equal, uniform approach to all job groups. The following competencies have been selected as the core competencies of the company: customer focus, focus on results, and cooperation (Figure 3.15.). The content and interpretation of the core competencies is different for each job.

Figure 3.15. Core competencies in the transport company



Source: Own study based on information provided by the company.

Managerial competencies defined at all levels of management are an integral part of the competency model in the company. Similarly to the core competencies, managerial competencies do not differ in their names and basic content, but in the details, due to the specific characteristics of a given management level and activity profile. Managerial competencies include: leadership, team building and development, as well as operational and strategic thinking, and additionally, change management – at the level of directors. (Figure 3.16.).

Figure 3.16. Managerial competencies in the transport company



Source: Own study based on information provided by the company.



Competencies related to expert knowledge (including the necessary knowledge or authority and other requirements, such as knowledge of financial procedures) form another segment of the competency model described above. It is assumed that a competency profile for each job will contain a list of specialist competencies.

The last segment is formed by the 'area' competencies, which belong to the category of the so-called transferable competencies and are of universal nature (they do not relate to the specific nature of the company and can be transferred by workers to other enterprises), but the company nevertheless is interested in their development. For this purpose, a list of 13 competencies has been created to choose from when creating a job profile. These include:

- communication skills,
- negotiation skills,
- flexibility,
- innovation,
- focus on the development of others,
- time management,
- analytical thinking.

In total, the company prepared a catalogue of 21 competencies. The catalogue served as the basis for building competency profiles for specific jobs during workshops

Ultimately, each competency profile consists of up to 11 competencies. The structure of a competency profile is shown in Table 3.5.

**Table 3.5. Schematic competency profile in the company**

Number of competencies	Group of competencies	Name of competency
3	<b>Core competencies uniform for everyone</b>	Customer focus
		Aiming at results
		Cooperation
3 (directors 4)	<b>Managerial competencies at all levels of management</b>	Leadership
		Team building and development
		Operational and strategic thinking
		Change management (for directors)
1	<b>Expert knowledge</b>	Competencies to chose from the list
1 – 3	<b>Area competencies</b>	Competencies to chose from the list

Limiting the list of competencies included in the profile is intended to facilitate the management of the system; simultaneously, the choice of 7 competencies for employees at the lowest level of management, 10 competencies for the middle management levels, and 11 competencies for the highest level was considered sufficient to obtain a complete characteristic of the jobs.

### 3.5.4. Competency-based appraisal

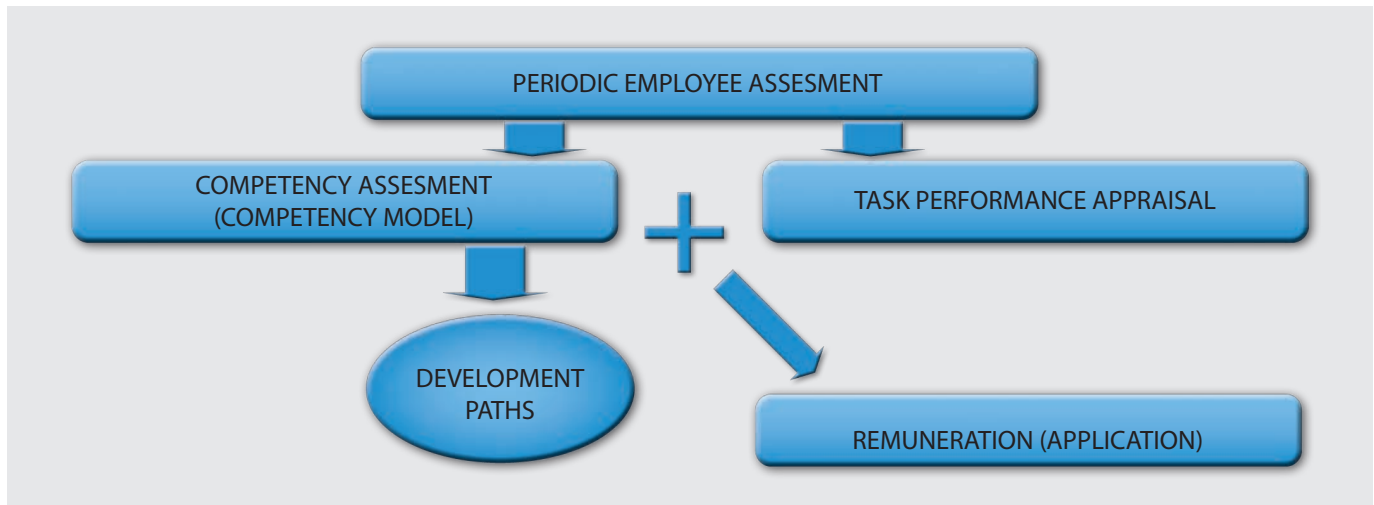
The above competency model is primarily used in the Performance Appraisal System, which covers all employees of the company. Employees are assessed in accordance with the competency profile prepared for their job. Each competency is defined in the profile, and the level of competencies in employees is assessed in accordance with a four-level scale (from level 1 – low, to level 4 – outstanding).

The forms used for the appraisal are uniform for each level of management. The evaluation process is conducted during an interview between the superior and the subordinate. In addition to competencies, the appraisal evaluates the extent to which specific tasks have been fulfilled.

As a result of the interview, specific development plans are drawn up.

In company X, the competency model is currently used mainly in the area of employee appraisal and employee development. However, there is some, albeit indirect, impact on remuneration. (Figure 3.17.).

Figure 3.17. Areas of human resources management linked to the competency model



Source: Own study based on information provided by the company.

It is assumed that the system will, to some extent, link the appraisal results and remuneration of employees. After two positive assessments, there is a possibility to apply for a pay-rise.

### 3.5.5. Competency-based employee development

Following the appraisal of employees and based on the job profiles, the actual competency profiles of employees are prepared, which are used as the basis for a decision on the necessity to improve certain areas and determine developmental tasks. It is important that these tasks are meant to be negotiated between the superior and the subordinate, and thus accomplished together.

The company prepares special training programmes for the development of competencies. Currently, a training course: "Aiming at results" is being prepared, which is focused on achieving excellence in realisation of the intended effects of actions.

### 3.5.6. Incorporating lifelong learning perspective in competency-based human resources management

The competency-based human resources management in company X, in practice, is closely associated with the perspective of lifelong learning. This is primarily due to the use of the competency profile. The employer formulates expectations with respect to the type and level of employee competencies, and their appraisal results in the formulation of development tasks (development paths) that define the specific actions necessary to develop skills or improve their level. Therefore, such appraisal process prompts the employee to continuously improve themselves and choose various forms of learning. The systemic nature of the competency-based management also allows the company to avoid the situation where the choice of employee groups to be trained is selective. Training and development in the current approach applies to all employees, and a systemic solution has been provided for them to account for the implementation of development tasks.

With the development and introduction of the competency model, the company extended the thematic scope of development goals. The preferred vocational and specialised training has been extended with a wide range of soft competencies. Consequently, the use of the competency system in the company both enforces systematic training processes and changes (expands) their directions. It may be expected that as a result of a long-term functioning of the system, the employees will be (partly out of necessity) more active and they will develop their 'soft' and transferable competencies

and will become more competitive in the labour market. Thus, the employees will enjoy additional benefit from the use of the competency model in the company.

To sum up, the employees of the HRM department claim that it is difficult to imagine another, more comprehensive human resources management system, other than the competency-based system. Although the competency model has only recently been implemented in the company, and its practical application is currently limited to the area of employee appraisal and design of development tasks, the model nevertheless fulfils all the hopes and is a tool that is likely to be used more widely by the company in the future.

The implementation of selected elements of the competency-based human resources management system in the company has the following benefits:

1. broader approach to employee development issues (previously, both the company and the employees were mainly interested in specialist training courses),
2. systemic enforcement of the continuous improvement of all employees, without creating more or less favoured groups in this respect,
3. introducing periodic performance appraisal – annual appraisal of all employees,
4. introducing the competency system, which stimulated the development of human resources management in the company.

From the perspective of their own (positive) experience, the HRM department in the company indicates the following possible barriers to implementing the system of human resources management:

1. lack of support activities on the part of the management board,
2. lack of coherence in the ongoing activities (e.g. major changes in the leadership of the company and introduction of different visions),
3. low awareness of potential benefits on the part of the management board.

## Conclusions and recommendations

To summarise the results of the study, one should emphasise the increasing awareness of the importance of employee competencies for the competitive position and success of companies on the market. Unfortunately, such declarations frequently fail to result in systemic and strategic solutions that would be implemented and consistently executed in the long-term perspective. Activities related to competency-based management, and particularly to the development of employee competencies, cannot show its potential in the perspective of several months or even a year. It is, therefore, necessary to promote a strategic approach to human resources management as a condition for its effectiveness, particularly in view of the assumed and desired goals to be achieved.

The degree of achievement with respect to the objectives of competency-based human resources management in the studied companies is not satisfactory. This is primarily due to the relationship between the expected results of implementing this solution and the scope of its practical use. The competency-based HRM systems should be developed having in view the planned goal (or a set of goals) to be achieved, which goal determines the necessary measures for its achievement. In practice, the situation where only one objective has been defined for introducing this solution is extremely rare. The analysis of how the studied companies perceive (the degree of) achievement of the objectives related to the competency-based human resources management, shows that the existing solutions fail to meet the diverse and complex objectives of their implementation. A wide range of objectives related to the competency-based HRM necessitates the support by means of a variety of human resources management tools. Moreover, **the lack of formal analyses on the measurement of human capital in the studied organisations constitutes a significant barrier to demonstrating the real impact of the competency-based HRM.** Such analyses are not conducted systematically enough, due to both their irregularity, and the type and complexity of the measurement tools used. Among the human capital measurement tools used, quantitative tools (including in particular cost indicators) prevail. **Therefore, demonstrating the real impact of the competency-based HRM system on the operation of a company in the surveyed organisations is often impossible.**

Measures of competency allow one to assess the potential of employees and to observe its changes and the current degree of use. However, the practical use of these possibilities requires systemic solutions. **It is necessary to build a competency-based human resources management system, whose central element is a competency model expressed in the competency profiles for individual employees or jobs.** Only such a solution will allow the end-users, i.e. both managers and employees, to better understand and use the idea of competency in the management practice. Research (both desk research and quantitative research) has shown that the popularity of comprehensive solutions in the field of competency-based human resources management remains low. Companies are more willing and likely to apply the competency approach to selected areas of HRM and to selected groups of employees. As stated, one can hardly say that competency has a real, integrating role in human resources management in most companies.

**Constructing complex solutions requires the use of a set of professional tools for the diagnosis and appraisal of competencies, which tools are characterised by a high degree of reliability and prognostic accuracy, and are tailored to the specific nature and needs of the organisation.** Research shows that, in practice, the creation and use of these tools is dominated by a paradigm of simplicity, ease and short development time, which does not always result in the high quality of the tools. Moreover, the users of these solutions should be properly trained to apply them. It is necessary to provide training as well as ongoing monitoring of the proper use of these solutions by managers and the perception of these solution by the employees to whom they are applied.

Competency profiles must specify the scope and level of competencies required from individual employees. The profiles should also demonstrate a certain degree of flexibility that is conditional upon individualised scopes of tasks for each employee. Therefore, competency profiles should be sufficiently detailed to reflect the essence of work, and at the same time general enough for

the model to be widely applicable. **Competency profiles should not be considered as a tool to normalise and standardise human resources (because they are too often regarded as the only correct standard of behaviour), but rather as a tool to increase the flexibility and diversify the available human capital in the company.** Competency profiling is not about the search for candidates/employees that meet minimum work requirements, but rather the opportunity to capture outstanding individuals, which is consistent with the original concept of competencies proposed by D. McClelland.

The development of competency profiles is the first, difficult and demanding, step towards the implementation of the competency-based human resources management system. It must be remembered, however, that it is not the last step. In most applications in human resources management, it is possible to benefit directly from the information contained in the profiles. In some cases (for example, when preparing an interview for selection purposes), a more precise specification of the requirements contained in the descriptions of competencies is required. In almost all cases, it is necessary to develop methods and procedures for the use of the model in HRM. In this way the discussed solution may be brought closer the end users, and employees may be directly influenced

**The study made it possible to identify a number of issues requiring further attention with respect to specific competency-based human resources management processes:**

1. In the area of recruitment and selection, **although the competency-based human resources management tools are often used, employee selection practices are based largely on subjective assessments made on the basis of insufficient information on the candidates' competencies.** In practice, the key to employment decisions are 'hard' competencies (related to the professional knowledge and skills), although the majority of Polish and international studies show the largest deficits in the area of 'soft' universal transferable competencies. (Shortages of these competencies are often observed among both graduates and experienced employees and are reported by companies of virtually all industries). At the same time, in the selection process, the key methods for verifying the competency of all groups of employees (managers, professionals, executive employees) are the analysis of application documents (CV, cover letter) and casual interviews with employees, and a subjective appraisal of the candidates' competencies by the person/team that performs recruitment is the most widely used method. Tools enabling an objective (or at least more objectified) appraisal of the competency of candidates for the job are used less frequently. This may lead to wrong employment decisions, which may result not only in a lower efficiency of the employee (or their dismissal by the employer), but also in higher costs of the employee's development due to a competency gap that is difficult to estimate using currently popular tools. This directly indicates the importance of systemic solutions aimed at external validation of the competencies of participants in the labour market. If companies are not able to handle the appraisal of employee competencies at the selection stage so well as it is commonly believed, then a meaningful alternative in this respect may be provided by a transparent and reliable appraisal of candidates' competencies and qualifications performed on the basis of specific rules by properly prepared professionals in this field. Particularly, the Polish Qualifications Framework and the National Qualifications Register may be the solution.
2. **In the area of staff development, the desire to improve the performance of employees is the dominating trend, which is the main reason for taking actions related to the development of human resources in an organisation.** Other reasons most often cited by respondents, such as increasing employees' motivation and flexibility, and supporting the acquisition of new competencies, may be regarded as factors related to building a specific behavioural leverage to increase the efficiency of employees in the changing organisational environment. In the surveyed companies, the area of development is dominated by the traditional methods (school forms, vocational training courses, additional programmes of study), with a minor contribution of methods focused on the learner's intensive interaction with the performance of his/her professional duties. This may limit the effectiveness of training actions and, in a broader sense, development actions, and thus contribute to the negative perception

of those actions by both the owners and management of companies, as well as the employees themselves. It is, therefore, necessary to promote active methods of development and training in companies operating on the Polish market. This could help to increase the level of investment in human capital specific to the company, considering the fact that the current level of expenditure for this purpose in the surveyed companies is definitely insufficient compared with the needs. This is not only due to insufficient funds held by the surveyed organisations, but also their insufficient efforts in obtaining the co-financing of training from external sources. Nevertheless, as already mentioned, the barrier to a more proactive approach to employee development is the sum of the associated costs (the costs of training/development, the costs of time devoted to training by the employee, the costs of HR professionals' involvement, lost opportunity costs, etc.). This sum of costs must be balanced by measurable, observable benefits from employee development. If companies are to become increasingly involved in development activities and thus contribute to lifelong learning of their employees. It also seems important to place a greater emphasis on broadly understood development, and not narrowly defined training activities. In the studied companies, the area of employee career management (including planning career paths) seems to be particularly neglected. This may limit the employees' perception of opportunities offered by the organisation, and thus not only be a disincentive to development, but also a reason for low level of commitment to work and organisation, which may lead to lower efficiency and increased turnover of employees. The Polish Qualifications Framework will certainly provide an important tool to support career planning and development. On the one hand, it will provide a common reference point, showing learners how learning outcomes achieved in different contexts (e.g. during training or through workplace experience) can be combined to the benefit of the learner (employee). On the other hand, the framework will also be useful tool for employers in that it will make it easier to assess the competencies of the present and future employees, and thus will support the planning of adequate development activities.

3. **In the area of appraisal and reward, the biggest challenge seems to be the insufficient range and frequency of the appraisals of employee competencies performed in comparison to standard competency profile required for the job.** Appraisals that are conducted too rarely, in accordance with vague criteria, and by persons who are not always professionally prepared for that purpose, may significantly reduce the impact of the competency-based human resources management system on all employees in the organisation. As previously stated, the use of the competency model in the area of appraisal is a necessary condition for the proper functioning and efficiency of this solution. Without this condition being fulfilled, it is difficult to imagine the real impact of the system on the employees, who may perceive it as just another and 'unnecessary' idea of the HRM department. Employees must understand and be able to observe in practice that the levels of their competency (both in the case of meeting, exceeding and failure to meet expectations) translates directly into personal decisions, such as decisions on training, promotion, employee transfer, and, finally, changes in remuneration. Employers often underestimate the latter solution, despite the fact that it is an excellent motivational tool for developing and maintaining the highest-level competencies by the employees. Professional appraisal of competency leading to adequate decisions and actions on the part of the organisation is the necessary condition to overcome not only the employees' natural reluctance to being subject to appraisal, but also, as observed in the study, their low potential for development. This may help to strengthen the confidence in the value of the lifelong learning perspective.

The study reveals strong variation within the above problems the depending on the category of an enterprise. In particular, large enterprises, as compared to the medium-sized enterprises, are characterised not only by more sophisticated tools of competency-based human resources management, but also by a more far-reaching view of the related issues. Large enterprises are more likely to implement long-term strategies, to invest in human capital with a wider, long-term perspective, and they devote more attention to the issue of knowledge sharing and measuring the effectiveness of their activities. This situation is not surprising. It is worth noting, however, that

according to a number of studies, such situation results mainly from greater financial capacity of large companies as compared to medium-sized enterprises. This logic would lead us to the conclusion that ensuring sufficiently high level of financing, preferably from external sources that do not add directly to the financial burden on the part of the employer, is the one and only remedy for the inadequate level of investments in human capital in medium-sized enterprises. It appears, however, that such an approach could prove to be highly inefficient. The factor that differentiates the two categories of enterprises (large and medium-sized companies) seems to be, first and foremost, professionalization of activities in the area of human resources management. The strategic perspective, which means properly targeted activities related to the preparation of HRM tools and proper preparation of both the employees of the HR department and the entire management team, makes it possible to achieve the effect in the form of a more conscious, deliberate and long-term human resources management in the company. Thus, it is also possible to take concerted actions in the field of development, to promote the importance of the lifelong learning perspective. It seems that the professionalization of the HR function can play a key role in this process.

Factors such as the size of an enterprise and the related financial resources seem to be less important for the approach to human resources management, which may be confirmed by the study of enterprises according to the following groups: enterprises providing knowledge-intensive services, (enterprises providing) less knowledge-intensive services, and manufacturing companies. The analysis of the above categories have shown, practically in entire study, clear differences in the approach to competency-based human resources management. Interestingly, the division into manufacturing companies and service enterprises (where differences in the approach to HRM was rather small, with the slight advantage of manufacturing enterprises) has proved to be less important than the internal differences within the service sector. **This clearly indicates the greater importance of competency-based human resources management in knowledge-intensive service companies compared to the less knowledge-intensive service companies.** The conditions in the knowledge-based economy result in a greater dependence of knowledge-intensive companies on knowledge, skills and social competency of employees in relation to other factors of market success or other sources of competitive advantage. The surveyed companies are aware of the above, which is reflected, among others, in adapting the human resources management systems to address these challenges, in professionalization and greater use of tools for the verification, appraisal and development of employee competency. This proves that the popularity of competency-based HRM is not determined merely by currently popular trends or available financial resources, but, above all, by a genuine need arising from a change in the sources of added value in the organisation. In the knowledge economy, added value is definitely derived from people, who are not only the resource of the company, but also its capital.

**Modern approach to competency-based human resources management seems to be particularly well-suited to the challenges that Polish companies operating in the knowledge-based economy encounter on a daily basis or will encounter in the near future.** The study on the use of this HRM concept in Polish medium and large enterprises is a test indicating the implementation level of the lifelong learning concept on the microeconomic scale. In this context, special attention should be paid to the identified barriers to the implementation of competency-based human resources management system in companies operating in the Polish market. These barriers significantly limit the implementation of the lifelong learning policy in relation to learning in the workplace, which, plays a key role in the development of various competencies (both specific and general) of adults. This role has already been indicted many times in this study. **The quantitative and qualitative research has identified, among others, the following barriers to competency-based human resources management:**

- lack of experience of HR departments and management boards of companies in the use of such solutions,
- insufficient financial resources,
- other priorities of the company,
- lack of employees' readiness to develop their knowledge and skills,



## Conclusions and recommendations

- lack of properly prepared, competent training staff (both within and outside the organisation),
- lack of knowledge of terminology related to competency-based human resources management.

The main identified reasons for not taking actions to improve the competencies of employees seem to confirm the relevance of the priorities and specific objectives set out at the European and national level. Numerous documents of the European Commission, and the Council, as well as the Polish strategic documents propose a variety of activities related to the development of human capital with special focus on lifelong learning and the development of competencies and qualifications both in one's career and social life (Chapter 2). The activities are intended to assist both the employers in the development of human capital in their organisations (through financial support and a system of consultancy services in the area of efficient employee training) and the employees (through the development of a system for validating competencies acquired outside the formal education, including in the workplace, and improving the quality of training offered).

Actions to improve the quality of human capital may and should be taken both at the system level (national and international) and the microeconomic level (individual enterprises). Obviously, the success of activities at the enterprise level depends in part on appropriate systemic solutions (e.g. co-financing of training organized by employees or systemic actions to promote the idea of developing employee competencies). However, only the initiative taken by the employers themselves in their organisations and the integrated actions of the State and the entrepreneurs are likely to create modern workplaces that take into account the development needs of employees.

To overcome barriers to the universal use of competency-based human resources management and competency development of employees, it is recommended to take informative actions, taking into account the perspective of both employers and employees.

### I. Actions aimed at employers (in particular human resources management policy-makers in organisations).

1. One of the barriers identified in the survey is **employers' insufficient knowledge of** competency management and lack of awareness of the real benefits resulting from the development of human capital in the organisation. For this reason, it is important **to take steps to popularise** this model among the representatives of employers, such as inviting them to participate in conferences, seminars, expert meetings etc., and making them aware of measurable financial benefits resulting from the implementation of systemic solutions in the field of HRM and from financing the development of employee competencies. Such actions should primarily use concrete measures and the analysis of good practices that show the benefits companies derive from the development of human capital. Persons responsible for the human resources management processes in enterprises should be informed of the benefits arising from the use of objective, adequate and reliable tools to assess the competencies of employees, which tools enable effective management of human resources. It is also important to indicate defects and adverse effects of commonly used subjective methods of verifying and evaluating competencies and qualifications of employees.
2. **Insufficient financial resources** are another significant barrier that prevents employers from investing in employee development and encouraging employees to develop themselves. Employers and the human resources management policy-makers in the company too often consider training to be the only available method to invest in the competencies of employees. The high costs of training, exceeding budget funds allocated for this purpose, result in failure to take any actions for employees' development. Yet, there is **a wide variety of less expensive (although requiring a greater involvement of the superior) methods of employees' development**, such as on the job training, internships in other departments of the company, participation in interdisciplinary projects, mentoring or coaching. It is worth noting that the development of employee competencies through sharing of knowledge within the organisation prevents the loss of competencies with the departure of the most competent employees. As shown in the results of the study, employers too often assume that the process of knowledge sharing is spontaneous, and they erroneously take it for granted that it is effective. Most

companies declare the use of coaching and mentoring, but the analysis of respondents' answers suggests that they mean uncontrolled and spontaneous processes wherein the exchange of information is largely conducted along informal channels. This certainly promotes, to a greater or lesser degree, learning among employees, but fails to guarantee the substantial quality of the knowledge transferred, and does not make it possible to estimate how this process contributes to the real development of competencies. The results show that only 22% of the surveyed organisations prevent the outflow of competencies through knowledge-sharing system.

The lack of funding for employee development may also be remedied by providing employers with information on the **non-financial methods to encourage employees to develop their competencies**. The results of the study indicate that awards, bonuses and salary increases are most commonly used for this purpose (74% of respondents declared that the use of these methods). However, their use is often limited by the necessity to reduce costs. At the same time, employers frequently overestimate the effectiveness of this type of incentives, which usually have short-term effects. Less than half of large and medium-sized companies in Poland use other methods (e.g. fast track promotion, the opportunity to participate in interesting projects) that could promote the development of employees' motivation and would not induce high costs for the employer. It is also worth noting that, over time, the number of employees being aware of the need to constantly improve their competencies will increase. Such employees will be more likely to make decisions concerning their employment based on the criterion of development opportunities offered in the enterprise and the prospective employer's openness to their aspirations and ambitions with respect to building their careers.

3. Another aspect of the informative and educational actions targeted at employers should be to promote **adaptation of the scope and scale of development activities to the potential and talents of employees**, not only to the areas of their professional activities. Recommended actions should be aimed in particular at employers in manufacturing companies and companies providing less knowledge-intensive services. Those employers should realise that if they are not able to provide development opportunities to all employees, the selection process should be determined not only by the importance of the position currently held or involvement in strategic projects, but first of all, by the potential of employees. Wider use of such a criterion would provide an opportunity to promote the development of individuals who represent a high potential value for the company, but are currently occupying less strategic positions. The implementation of such policy, however, requires the company to adopt objective and reliable methods for assessing competencies. Employers should also be aware that it is important to **properly inform employees of the purpose of actions taken for their development** and learn the ways of such communication. Employees referred for training or participating in other activities designed to improve their competencies should be aware that such activities bring them personal benefit. It is also essential that the employees receive from their employer an appropriate justification concerning the competency appraisal process conducted in the company and the competency gaps identified, so that they do not associate the process with a threat, but with the opportunity for a targeted development of their knowledge and skills.

## II. Activities aimed at employees

One of the barriers to implementing solutions in the HRM area and its efficient use which were identified in the qualitative study is the **lack of employees' willingness to develop their knowledge and skills**. This problem may result from their negative attitude towards training, which results from potentially negative consequences of the participation in such initiatives. Training and other development activities may require a break in the performance of current tasks, which may lead to backlogs; that is why such activities often take place after regular working hours and require travelling away from home. The merit value of the training is often mediocre or the subject matter is loosely related to the scope of trainees' tasks. For this reason, employees do not recognise the importance of participation in training and see them as just an additional duty imposed by the

employer. Thus, an important informative and educational action directed to the employees is to conduct a campaign promoting the idea of lifelong learning, which would make them aware that the development activities offered to them in the workplace may bring them personal benefits in the form of self-development and increased competitiveness on the labour market. It is also essential that all employees share the language used to communicate these benefits. However, the analysis of the respondents' answers in the qualitative study has shown that a significant proportion of the surveyed misunderstood certain concepts. 'Competency' was confused with qualifications and work performance, 'competency management strategy' was confused with various internal procedures and other regulations, 'integrated management through competencies' was in some cases erroneously identified with verifying the competencies of candidates, 'competency profile' was confused with job descriptions and responsibilities of the employee, and 'competency gaps' was identified with insufficient work performance.

Ignorance of the terms related to competency-based human resources management is logically consistent with the lack of knowledge of this tool and failure to use it in a number of Polish enterprises. On the other hand, it is also an indication of the alarming lack of knowledge regarding the underlying phenomena of the concept of lifelong learning and the knowledge-based economy. Actions taken under the systemic project aimed at the implementation of Polish Qualifications Framework certainly provide a response to the shortcomings described. The project covers a wide range of activities to disseminate the knowledge of PQF and the national qualifications system targeted at a wide range of beneficiaries, including representatives of educational institutions, government administration, trade unions, and employers' organisations. The draft document "The lifelong learning perspective", containing the essential terminology of the subject area provides a response to the terminological problems relevant to not only the qualifications framework, but also the national qualifications system in a wider context of lifelong learning. Another source of information on the terminology associated with the PQF and the national qualifications system is the "Glossary of key terms related to the national qualifications system." It should also be noted that the efforts to build the national qualifications system based on PQF include a number of promotion activities (public debates, seminars presenting the results of research, and regional, national and international conferences). These actions are aimed at providing stakeholders with the most comprehensive information on the actions related to the promotion of lifelong learning policy taken at the European and national level. It is noteworthy that among the various stakeholder groups involved in the above projects business support organisations and employers are widely represented. The study allowed identification of challenges associated, among others, with the appraisal and development of competencies in the workplace. A response to these challenges will certainly be provided by the national qualifications system based on PQF that is currently being developed. Its individual components will support both employees and employers. In this context, particular attention should be paid to efforts to develop standards for quality assurance of qualifications and development of a coherent model of validating learning outcomes achieved through formal, non-formal, and informal education. Measures to improve the quality of qualifications will involve non-formal education institutions, including educational institutions, which will have to undergo an external evaluation if they want to grant qualifications specified in the National Register of Qualifications. Additionally, the introduction of a consistent validation model for all paths of obtaining learning outcomes, on the one hand, will help employers reduce and simplify the process of recruiting suitable employees to relevant positions. On the other hand, it will allow people with no qualifications, but with the skills required on the labour market, find their place on the that market by enabling them to undergo validation procedures.

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## CAPI Questionnaire –Computer Assisted Personal Interview:

*Appraisal of competency-based human resources management in the context of lifelong learning*

## A. RECRUITMENT QUESTIONNAIRE

<b>A1. Does your company currently conduct business activity? (i.e. within the last six months has issued at least one invoice)?</b>	
a) Yes	1 CONTINUE
b) No	2 END
<b>A2. How many people does the company employ (in FTE) regardless of the form of employment?</b>	
ENTER	_____ IF 0–49 people, terminate the interview. Change the company.
<b>A3. Interviewer: match respondent's answer to one of the following categories. (response of the respondent to assigned the following category)</b>	
a) Medium-sized (50–249 employees)	1
b) Large (250 and more)	2
<b>A4. What is the main type of business activity of your company?</b>	
PKD (Polish Classification of Activities) code of the <b>main</b> business activity:	1
Description of the <b>main</b> business activity	
<b>A5. What is the main industry in which your company operates??</b>	
a) Postal and courier activities	1
b) Telecommunications	2
c) The activity related to software and IT consultancy and related activities	3
d) Services related to information	4
e) Research and development	5
f) Water transport	6
g) Air transport	7
h) Activities related to real estate	8
i) Rental and leasing	9
j) Other professional, scientific and technical activities (except for Section 72)	10
k) Financial service activities, except for insurance and pension funding	11
l) Insurance, reinsurance and pension funding, except for compulsory social security	12
m) Activities auxiliary to financial services and insurance corporations as well as pension funds	13
n) Education	14
o) Health care	15

**Appendix. Research tool (questionnaire)**

p) Sports activities, leisure and recreation activities	16
q) Wholesale and retail trade of motor vehicles; repairs of motor vehicles	17
r) Wholesale trade, except for motor vehicles	18
s) Retail trade, except for motor vehicles	19
t) Land transportation and transport via pipelines	20
u) Accommodation	21
v) Services related to alimentation	22
w) Warehousing and support services for transportation	23
x) Activities of travel agency, tour operator and other reservation service and related activities	24
y) Other services	25
z) Mining and quarrying	26
aa) Processing industry	27
bb) Production and supply of electricity, gas, steam, hot water and air conditioning supply	28
cc) Water supply, sewerage and waste management and remediation activities	29
dd) Construction	30
NOTE FOR THE INTERVIEWER: <b>No recruiting:</b> government administration, municipal administration, local governments, foundations, associations.	
<b>A6. In what year was your company launched?</b>	
a) 1980	<b>2006 and earlier</b>
b) 1981–1989	
c) 1990–2000	
d) 2001–2006	
e) 2007	<b>Since 2007 and later</b>
f) 2008	
g) 2009	
h) 2010	
<b>Interviewer:</b> <i>check the size of the sample</i>	
<b>A7. What is your position in the company?</b>	
a) Manager/director of HR department	<b>Managers</b>
b) Director/manager responsible for human resources management	
c) Member of the management board	
d) Owner	<b>Specialists</b>
e) HRM specialist	
f) Other position in the HRM department	
<b>A8. Gender of the respondent:</b>	
a) female	1
b) male	2
<b>Interviewer:</b> Control in accordance with the test sample	



## D. Competency-based human resources management strategy in an organisation

<b>NOTE: Filters in question D1</b>					
<b>D1. Is your company using the following solutions in the area of human resources management? (Please select all applicable answers)</b>					
	<b>Implemented</b>	<b>In the course of implementation</b>	<b>Developed but not implemented</b>	<b>Planned to be implemented in the future</b>	<b>None, Implementation not planned</b>
a) Human resources management strategy	1	2	3	4	5
b) Profiles/lists of competencies (defining sets of competencies required for the performance of job-related tasks)	1	2	3	<b>4 – go to question D3</b>	<b>5 – go to question D3</b>
c) Job descriptions containing elements of competency requirements	1	2	3	4	5
d) Formal procedures to verify the competencies at the stage of recruitment and selection	1	2	3	4	5
e) Periodic appraisal based on the competency criteria	1	2	3	4	5
f) Comprehensive competency-based human resources management (including all Human Resources Management processes)	1	2	3	4	5
<b>D2. For which jobs or groups of jobs in your organisation a list of required competencies (competency profiles) has been developed? Please select all that apply.</b>					
a) For all jobs in the organisation				1–Yes	2–No
b) For executive positions (staff, specialists, coordinators, etc.)				1–Yes	2–No
c) For lower and middle managerial positions				1–Yes	2–No
d) For senior managerial positions				1–Yes	2–No
e) For positions in selected organisational divisions/units (e.g. marketing)				1–Yes	2–No
f) For positional related to key projects in the organisation				1–Yes	2–No
g) For positions of employees regarded as talented/having great potential				1–Yes	2–No
h) Lack of job competency profiles				1–Yes	2–No
<b>D3. Which of the characteristics of human capital are most important for your organisation? (Please select three most important responses)</b>					
a) Employee competencies (knowledge, skills, attitudes)					1
b) Formal education					2
c) Employee qualifications (proven with diplomas, certificates, licences, etc.)					3
d) Situational factors (e.g., the availability of an employee and time devoted to work)					4
e) Commitment and high efficiency					5
f) Other characteristics (e.g. health, manners, etc.)					6
g) Combination of all these factors					7

<b>D4. The most important source of value in the organisation is: (Please select one)</b>				
a) Intellectual property (patents, copyrights, trademarks, etc.)				1
b) The network of external contacts, the so-called relational capital (a network of customers, suppliers, business partners, etc.)				2
c) Human capital (employees: their knowledge, skills, and experience)				3
d) Financial capital (the resources and the availability of capital)				4
e) Unique processes/products offered by the organisation				5
f) Other source (Please specify) .....				6
<b>D5. How does the lack of specific employee competencies (knowledge, skills and attitudes) affect the competitive position of your organisation? (Please select one answer)</b>				
a) Has a significant direct impact on the competitive position and financial performance				1
b) Has a significant indirect impact on the competitive position and financial performance				2
c) Has a moderate impact on the competitive position and financial performance				3
d) Does not affect the competitive position and financial performance				4
e) Other (Please specify) .....				5
<b>D6. What are the main reasons for taking actions related to the development of human resources in your organisation? (Please rate all the following items)</b>				
	<b>Very important</b>	<b>Important</b>	<b>Not important</b>	<b>Do not know</b>
a) Supporting the acquisition of new competencies	1	2	3	4
b) Increasing adaptability of employees	1	2	3	4
c) Improving employee performance	1	2	3	4
d) Reinforcing desired behaviours	1	2	3	4
e) Increasing employee motivation	1	2	3	4
f) Increasing a positive attitude towards change	1	2	3	4
g) Increasing employee's desire to remain in the organisation	1	2	3	4
h) Encouraging employees to show initiative and creativity	1	2	3	4
i) Other (Please specify) .....	1	2	3	4
<b>D7. What are the main reasons for not taking actions related to the development of human resources in your organisation? (Please rate all the following items)</b>				
	<b>Very important</b>	<b>Important</b>	<b>Not important</b>	<b>Do not know</b>
a) Lack of financial means	1	2	3	4
b) Lack of awareness of the importance of such action on the part of the management board	1	2	3	4
c) Lack of awareness of the importance of such activities on the part of the management	1	2	3	4
d) Organisational culture contrary to change	1	2	3	4

**Appendix. Research tool (questionnaire)**

e) Higher priority of other matters/projects/investments	1	2	3	4
f) Lack of time for development activities	1	2	3	4
g) Lack of readiness to learn on the part of employees	1	2	3	4
j) Other (Please specify) .....	1	2	3	4

**D8. Who prepares and who is responsible for the implementation of competency-based human resources management strategy in your organisation? (Please select all applicable options)**

a) Representatives of the Human Resources Management Department (HR)	1–Yes	2–No	3–Do not know
b) Senior managers and middle managers outside the Human Resources Management Department	1–Yes	2–No	3–Do not know
c) Other internal experts employed by the organisation (non-HR)	1–Yes	2–No	3–Do not know
d) A consulting company	1–Yes	2–No	3–Do not know
e) Independent external experts	1–Yes	2–No	3–Do not know
f) Other persons (Please specify) .....	1–Yes	2–No	3–Do not know

**E. Analysis of the scope of competency-based human resources management**

**NOTE: filters in question E1:**  
**If a) go to E2; if b)–g) go to E2; if a) than not b)–h); if h) go to section F**  
**H–cannot appear if the option "Implemented" (1) was selected in D1**

**E1. To which employees/groups of employees within the organisation does competency-based human resources management apply? (Please select all applicable options)**

a) All employees in the organisation	1
b) Only employees in executive positions (workers, specialists, coordinators, etc)	2
c) Only employees in lower and middle management positions	3
d) Only employees in senior management positions	4
e) Only employees in selected departments/organisational units (e.g. marketing)	5
f) Only employees involved in the key projects in the organisation	6
g) Only employees recognized for talent/persons with high potential	7
h) None of the groups of employees	8

**Definition**

**Competency-based human resource management tools (synonym: competency management tools):**

The formal guidelines and procedures developed within individual practices (processes) of human resources management. They allow the practical use of the competency model in the management of employees by managers. Examples of tools include: a scenario of a competency-based selection interview; periodic appraisal sheet; bonus rules, etc.

**E2. In what areas of human resources management in your organisation are competency management tools used? (Please rate all of the answers)**

	Implemented	In the course of implementation	Implementation planned in the future
a) Recruitment and selection of employees	1	2	3
b) Creating job descriptions/job evaluation	1	2	3
c) Training and development of employees	1	2	3
d) Periodic employee performance appraisal	1	2	3

**Appendix. Research tool (questionnaire)**

e) Employee career planning	1	2	3
f) Strategic employment planning	1	2	3
g) Remuneration	1	2	3
h) Other (Please specify) .....	1	2	3

**E3. Who in your organisation is responsible for the development of the competency-based human resources management tools? (Multiple answers possible)**

a) Representatives of the Human Resources Management Department (HR)	1
b) Senior managers and middle managers outside the Department of Human Resources Management	2
c) Other internal experts employed by the organisation (non-HR)	3
d) A consulting company	4
e) Independent external experts	5
f) Heads of departments/non-HR organisational units	6
g) Line managers/team managers/project managers	7
h) Other persons (Please specify) .....	8
i) Do not know	9

**E4. Who in your organisation is responsible for the improvement of the competency-based human resources management tools? (Multiple answers possible)**

a) Representatives of the Human Resources Management Department (HR)	1
b) Senior managers and middle managers outside the Human Resources Management Department	2
c) Other internal experts employed by the organisation (non-HR)	3
d) A consulting company	4
e) Independent external experts	5
f) Heads of departments / organisational units other than the Human Resources Department	6
g) Line managers/ team managers/projects managers	7
h) Other persons (please specify) .....	8
i) Do not know	9

**E5. Who in your organisation is responsible for application of competency-based human resources management tools? (Multiple answers possible)**

a) Representatives of the Human Resources Management Department of (HR)	1
b) Senior managers and middle managers from outside of the Human Resources Department	2
c) Other internal experts employed by the organisation (non-HR)	3
d) A consulting company	4
e) Independent external experts	5
f) Heads of departments / organisational units other than the Human Resources Department	6
g) Line managers/ team managers/projects managers	7
h) Other persons (Please specify) .....	8
i) Do not know	9

**Definition**

**Competency profile**

A set of all competencies that describe a given job or a given organisational role. Competencies in the profile should be described with the language of behaviour required of an employee. The competency profile also specifies the level of competencies required from an employee.

<b>E6. Is it known, at the level of an individual competency profile in your organisation, which competencies are most important, and least important in a given job? (Please select one response)</b>			
a) All competencies in the model are equally important	1		
b) The most important competencies are clearly specified	2		
c) It is difficult to determine which competencies are most important	3		
d) It is impossible to determine which competencies are most important	4		
<b>E7. How many competencies in average does the competency profile in your organisation consist of? (Please select one response)</b>			
a) Less than 5 competencies	1		
b) 5–8	2		
c) 9–12	3		
d) 13–16	4		
e) More than 16 competencies	5		
<b>E8. Are the competency profiles for individual jobs in your organisation designed according to: (Interviewer: read a line and each possible answer in the columns)</b>			
	<b>Unified</b>	<b>Slightly differentiated</b>	<b>Largely differentiated</b>
a) The nature of the position/job	1	2	3
b) The level in the hierarchy (the executive staff, specialists, managers of lower, middle and senior level)	1	2	3
c) The function (e.g. for each department in the company: marketing, sales, finance, HR, etc.)	1	2	3
d) The organisational role (e.g. consulting, managerial, strategic, etc.)	1	2	3
e) The strategic importance of the job in the organisation (e.g. talents/people with high potential, core employees, core experts etc.)	1	2	3
f) Other (Please specify) .....	1	2	3

### F. Methods and tools for verifying the competencies of employees in the human resources management process

<b>F1. Who defines the <u>expected</u> competencies of candidates for a job at the stage of recruitment and selection in your organisation:</b>		
a) Representatives of the Human Resources Management Department (HR)	1–Yes	2–No
b) Future immediate supervisor of the employee (line manager/team manager/project manager)	1–Yes	2–No
c) Middle managers (departments / units outside the HR department)	1–Yes	2–No
d) Other internal experts employed by the organisation (non-HR)	1–Yes	2–No
e) A consulting company	1–Yes	2–No
f) Independent external experts	1–Yes	2–No
g) Other persons (please specify) .....	1–Yes	2–No
<b>F2. Who <u>assesses</u> the competencies of candidates at the stage of recruitment and selection in your organisation?</b>		
a) Representatives of the Human Resources Management Department (HR)	1–Yes	2–No

**Appendix. Research tool (questionnaire)**

b) Future immediate supervisor of the employee (line manager/team manager/project manager)	1–Yes	2–No		
c) Middle managers (managers of departments/units outside the HR department)	1–Yes	2–No		
d) Other internal experts employed by the organisation (non-HR)	1–Yes	2–No		
e) A consulting company	1–Yes	2–No		
f) Independent external experts	1–Yes	2–No		
g) Other persons (Please specify) .....	1–Yes	2–No		
<b>F3. Is the process of recruitment and selection in your organisation:</b>				
a) Implemented entirely by internal specialists working in the organisation		1		
b) Implemented partly by internal specialists supported by external independent experts		2		
c) Implemented partly by internal specialists supported by an external consulting company		3		
d) Implemented entirely by external independent experts commissioned by the organisation		4		
e) Implemented entirely by an external consulting company commissioned by the organisation		5		
f) Other (Please specify) .....		6		
g) We do not recruit		7		
<b>F4. What are the core competencies expected of job applicants / employees in your organisation? (Please select three most important answers.)</b>				
a) Professional knowledge		1		
b) Team work		2		
c) Team management (motivating, controlling, organizing, planning)		3		
d) Communication skills		4		
e) Independence		5		
f) Innovation		6		
g) Creativity		7		
h) Risk taking		8		
i) Dealing with uncertainty		9		
j) Problem solving		10		
k) Responsibility		11		
l) Flexibility		12		
m) Resistance to stress		13		
n) Other (Please specify) .....		14		
<b>F5. On what basis/what methods are the competencies of job candidates verified at the stage of recruitment and selection? (Please select all options that apply to each type of employee)</b>				
<b>Group of employees /jobs:</b>	<b>Executive employees</b>	<b>Specialists</b>	<b>Managers</b>	<b>Talents/people with high potential</b>
a) Analysis of the application documents (CV, cover letter, etc.)	1	2	3	4
b) Casual interviews with candidates	1	2	3	4
c) Structured interviews with candidates	1	2	3	4
d) Simulation/work samples	1	2	3	4

**Appendix. Research tool (questionnaire)**

e) Knowledge tests	1	2	3	4
f) Tests of skills/competencies	1	2	3	4
g) Psychological tests	1	2	3	4
h) Assessment/development centre	1	2	3	4
i) Other (Please specify)	1	2	3	4
<b>F6. Competency verification tools used in your organisation: (Please indicate only one answer)</b>				
a) Are developed specifically for our organisation ("tailored")				1
b) Are universal, but adapted to the needs of our organisation ("quasi-universal")				2
c) Are universal and are used by other companies on the market				3
<b>F7. Is relevance of the tools used to verify competencies examined in your organisation? (Please indicate one answer only)</b>				
a) Yes, all methods of verifying competencies are analyzed in detail in terms of their relevance				1
b) Yes, some methods of verifying competencies are analyzed in detail in terms of their relevance				2
c) No, the methods of verifying competencies are not analyzed in terms of their relevance				3
<b>F8. How does your organisation verify competencies declared by the candidate? (Please rate each method of verifying the competency level by selecting a Yes or No)</b>				
a) Through a subjective appraisal of the candidate's competencies by the person/team conducting the recruitment process	1-Yes			2-No
b) Through the candidate's competency tests	1-Yes			2-No
c) Through the information contained in the application documents regarding professional experience of the candidate	1-Yes			2-No
d) Through the information contained in the application documents regarding formal training and qualifications of the candidate	1-Yes			2-No
e) Through comparing the candidate's behaviour with the reference competency profile by the person / team conducting the recruitment process	1-Yes			2-No
f) Other (Please specify) .....	1-Yes			2-No
<b>F9. Which characteristics of the employees are most important in making employment decisions in your organisation? (Please indicate three most important characteristics)</b>				
a) The competencies of employees (knowledge, skills, attitudes)				1
b) Formal education				2
c) Qualifications of staff (attested by diplomas, certificates, licences, etc.)				3
d) Situational factors (e.g. availability of employees and time devoted to work)				4
e) Commitment and high efficiency				5
f) Other characteristics (e.g. health, manners, etc.)				6
g) The combination of all these factors				7
<b>F10. Does your organisation examine the validity of employment decisions? (Please indicate only one answer)</b>				
a) Yes, the validity of the employment decision is examined by assessing the effectiveness of an employee after the trial period (or other specified period after employment)	1-Yes	2-No	3-Do not know	
b) Yes, the validity of the employment decision is examined through interviews with the immediate superior of the employee at the end of the trial period (or other specified period after employment)	1-Yes	2-No	3-Do not know	



**Appendix. Research tool (questionnaire)**

c) Yes, the validity of the employment decision is examined through interviews with the employee after the trial period (or other specified period after employment)	1–Yes	2–No	3–Do not know
d) Yes, the validity of the employment decision is examined, but in a different way (Please specify) .....	1–Yes	2–No	3–Do not know
e) Validity of the employment decision is not examined	1–Yes		

**C./G. Development of employees' competencies in human resources management**

<b>C1. Did any regular employees in your organisation raise or were they raising the level of their education and/or qualifications in the past year?</b>			
a) Yes	1–Ask question C2		
b) No	2–Go to question C3		
c) Do not know	3–Go to question C3		
<b>C2. What percentage of regular employees in your organisation is improving or were improving the level of their education/qualifications in the past year?</b>			
.....%			
<b>C3. Did any executive employees in your organisation improved or were improving the level of their education and/or qualifications in the past year?</b>			
a) Yes	1–Ask question C4		
b) No	2–Go to question C5		
c) Do not know	3–Go to question C5		
<b>C4. What percentage of executive employees in your organisation is improving or were improving the level of their education/qualifications in the past year?</b>			
.....%			
<b>C5. How do employees in your organisation (at regular or managerial positions) improve their level of education and/or qualifications?</b>			
<b>Manner of improving education and qualifications</b>		<b>Answers</b>	
a) They continue their education in the traditional way (They complete school, studies)	1–Yes	2–No	3–Do not know
b) They take additional study courses programme of studies (faculties)	1–Yes	2–No	3–Do not know
c) They participate in courses /vocational training closely related to their job, carried out in the traditional way in the form of on-site meetings	1–Yes	2–No	3–Do not know
d) They participate in traditional courses/vocational training that are not directly related to their job	1–Yes	2–No	3–Do not know
e) They gain knowledge from more experienced employees	1–Yes	2–No	3–Do not know
f) Employees organise training independently	1–Yes	2–No	3–Do not know
g) Employees receive training in the form of professional literature provided by the employer	1–Yes	2–No	3–Do not know
h) Employees use e-learning to raise their qualifications	1–Yes	2–No	3–Do not know
i) Other (Please specify) .....	1–Yes	2–No	3–Do not know
<b>C6. Does your organisation finance or co-finance education of employees (at regular and managerial positions)?</b>			
a) Yes	1–Ask question C7		
b) No	2–Go to questions in block D		

<b>C7. Do you think that the qualifications held by regular employees in your organisation are sufficient to perform assigned tasks?</b>	
a) Yes	a) a. 1
b) No	b) b. 2
c) I do not know; it is hard to say	c) c. 3
<b>C8. Do you think that the qualifications held by employees in managerial positions in your organisation are sufficient to perform assigned tasks?</b>	
a) Yes	d) a. 1
b) No	e) b. 2
c) I do not know, it is hard to say	f) c. 3

## BLOCK G

<b>G1. In the employees' competencies development system in your organisation: (For each line answer must be provided)</b>			
	<b>Yes</b>	<b>No</b>	
a) Training objectives are clearly defined and linked to the strategy of the company	1	2	
b) A personal career development plan for each employee is developed on the basis of competency gaps	1	2	
c) Employees' own initiatives in the development of competencies are supported (e.g. by financing training proposed by the employees, co-financing postgraduate studies)	1	2	
d) The effectiveness of training is analysed in respect of changes in the competency and behaviour of employees	1	2	
e) Career paths are defined taking into account the competence of employees	1	2	
f) The maximum budget for the training of employees is determined; employees participate in different forms of training until funds in the budget are exhausted	1	2	
<b>G2. How often are the potential competency gaps among employees in your organisation identified and assessed (Please indicate one answer only)</b>			
a) There is no such appraisal		1	
b) Every 3 months		2	
c) Every 6 months		3	
d) Every 12 months		4	
e) Less than once a year		5	
<b>NOTE filter: If a) in G2 go to G4</b>			
<b>G3. With the use of what methods are the potential competency gaps among employees in your organisation identified and assessed?</b>			
a) Through studying the available documentation (e.g. job descriptions, employee records, superiors' reports, etc.)	1–Yes	2–No	3–Do not know
b) Through analysing the results of the periodic appraisals of employees	1–Yes	2–No	3–Do not know
c) Through surveys (e.g. questionnaires, employees' surveys, etc.)	1–Yes	2–No	3–Do not know
d) Through observational studies (e.g. observation in the workplace, simulation of professional tasks etc.)	1–Yes	2–No	3–Do not know

**Appendix. Research tool (questionnaire)**

e) Tests (e.g. psycho-physical tests, competency tests, etc.)	1–Yes	2–No	3–Do not know
f) Interviews with employees	1–Yes	2–No	3–Do not know
g) Interviews with managers	1–Yes	2–No	3–Do not know
h) Other (Please specify) .....	1–Yes	2–No	3–Do not know
<b>G4. Does your organisation employ: (Please select correct answers)</b>			
a) Training specialists	1–Yes	2–No	
b) Employee career management specialists	1–Yes	2–No	
c) Internal coaches	1–Yes	2–No	
<b>NOTE filter: If c) in G4 c) then not G6</b>			
<b>G.5 Are the internal coaches employed in your organisation required to have: (Select all applicable answers)</b>			
a) Directional education	1–Yes	2–No	3–Do not know
b) Specialized coaching courses confirmed by certificates of appropriate organisations	1–Yes	2–No	3–Do not know
c) Internal coaching certificates	1–Yes	2–No	3–Do not know
d) Other licences confirmed by certificates in their area of specialisation	1–Yes	2–No	3–Do not know
e) Significant professional experience in their field	1–Yes	2–No	3–Do not know
f) None of the above is required	1–Yes	2–No	
g) Other (Please specify) .....	1–Yes	2–No	3–Do not know
<b>G6. Which employees/group of employees are usually trained in your organisation? (Please select all applicable answers)</b>			
a) All employees in the organisation	1–Yes	2–No	3–Do not know
b) Employees in executive positions (employees, specialists, coordinators, etc.)	1–Yes	2–No	3–Do not know
c) Employees in lower and middle management positions	1–Yes	2–No	3–Do not know
d) Employees in senior managerial positions	1–Yes	2–No	3–Do not know
e) Employees in selected departments/organisational units (e.g. marketing)	1–Yes	2–No	3–Do not know
f) None of the groups of employees is trained	1–Yes	2–No	
<b>NOTE filter: If (f) Yes in G6 go to G8</b>			
<b>G7. Does your organisation train in particular: (Please select all applicable answers)</b>			
a) Employees with the largest identified competency gap	1–Yes	2–No	3–Do not know
b) Employees involved in the key projects in the organisation	1–Yes	2–No	3–Do not know
c) Employees recognized for talent/persons with high potential	1–Yes	2–No	3–Do not know
d) Employees newly admitted to work	1–Yes	2–No	3–Do not know
e) Employees that achieve the best results	1–Yes	2–No	3–Do not know
f) Employees with the longest career	1–Yes	2–No	3–Do not know
g) Young employees	1–Yes	2–No	3–Do not know
h) None of the groups of employees is treated in a special way	1–Yes	2–No	
<b>Definition to question in G8</b>			
<b>Coaching/mentoring</b>			
Methods of employee competency development through activities involving the implementation and execution of tasks under the supervision of professional coaches. In the coaching method, the coach is usually the immediate superior of the employee. In the mentoring method, the coach may also be a more experienced employee within or outside the organisation.			

<b>G8. What methods of competency development (training and non-training methods) are used in your organisation and how are they applied? (Please select three most important methods for each group of coaches listed in the column)</b>			
	<b>Conducted internally by coaches employed in the organisation</b>	<b>Conducted externally by individual coaches</b>	<b>Conducted externally by training providers</b>
a) Individual on-the-job training	1	2	3
b) Individual off-the-job training	1	2	3
c) Conferences/Seminars	1	2	3
d) Simulations and presentations	1	2	3
e) Workshops	1	2	3
f) Case study	1	2	3
g) Coaching/mentoring	1	2	3
h) Autonomous learning	1	2	3
i) E-learning	1	2	3
j) Blended learning (e-learning + traditional methods)	1	2	3
k) Participation in challenging/new projects and professional tasks	1	2	3
l) Other (Please specify) .....	1	2	3
<b>G9. With what methods is the efficiency of competency development tested in your organisation? (Please provide an answer to each listed activity)</b>			
a) Through the analysis of the trainees' feedback after the training (e.g., assessment questionnaires, interviews with coaches and participants, etc.)	1–Yes	2–No	3–Do not know
b) By verifying the degree to which knowledge was acquired (e.g. knowledge tests after the training)	1–Yes	2–No	3–Do not know
c) Through the analysis of how and to what extent the acquired knowledge is used on the job (for example, through the appraisal by the superior, an employee of the HR department, or the employee's self-assessment)	1–Yes	2–No	3–Do not know
d) Through the analysis of the impact of training on the effectiveness of work (e.g., through the analysis of individual/team results in comparison with a control group not participating in the training, improvement in financial and business indicators, etc.)	1–Yes	2–No	3–Do not know
e) Other (Please specify) .....	1–Yes	2–No	3–Do not know

#### H. Appraisal and stimulating the development of employee competencies in human resources management

<b>H1. How often does your organisation assess the competency of an employee in comparison with the desired standard profile? (Select the correct answer)</b>	
a) No such appraisal is conducted	1
b) Every 3 months	2
c) Every 6 months	3
d) Every 12 months	4
e) Less than once a year	5
f) Other (How often? .....	6
<b>NOTE filter: If 1 has been indicated in H1, go to H4</b>	

<b>H2. What basis/what methods are used to assess employee competency during the periodic appraisal? (Please select all applicable answers)</b>			
a) The immediate supervisor compares the behaviour of employees with a standard competency profile	1–Yes	2–No	3–Do not know
b) Based on the opinions of other people (including co-workers customers, senior managers) within the 360-degree appraisal	1–Yes	2–No	3–Do not know
c) The employee shall self-assess their competencies	1–Yes	2–No	3–Do not know
d) Through the appraisal of new/other qualifications gained the employee	1–Yes	2–No	3–Do not know
e) Other (Please specify) .....	1–Yes	2–No	3–Do not know
<b>H3. What human resources decisions are made on the basis of the results of employee appraisal conducted in comparison with the desired profile in your organisation (Please select all applicable answers)</b>			
a) Determination of employee training needs	1–Yes	2–No	3–Do not know
b) Decisions on the promotion or transfer of the employee	1–Yes	2–No	3–Do not know
c) Decisions to dismiss the employee	1–Yes	2–No	3–Do not know
d) Decisions to increase the employee's salary	1–Yes	2–No	3–Do not know
e) Decisions to award a bonus or a reward to an employee	1–Yes	2–No	3–Do not know
f) Other (please specify) .....	1–Yes	2–No	3–Do not know
<b>H4. What methods of stimulating competency development are used in your organisation? (Please select all applicable answers)</b>			
a) Additional remuneration (pay-raise, bonus, reward)	1–Yes	2–No	3–Do not know
b) Non-financial rewards	1–Yes	2–No	3–Do not know
c) The employee may independently choose additional training	1–Yes	2–No	3–Do not know
d) The possibility of rapid promotion	1–Yes	2–No	3–Do not know
e) The opportunity to participate in interesting projects / new jobs	1–Yes	2–No	3–Do not know
f) Other (Please specify) .....	1–Yes	2–No	3–Do not know
g) No additional methods are used to motivate the development of competencies	1–Yes	2–No	
<b>H5. Are salary increases, cash prizes or bonuses in your organisation linked to: (Please evaluate for each column separately)</b>			
	Salary increase	Financial prize	Bonus
a) The result of the appraisal of the employee's competences and qualifications compared with the desired competency profile	1	2	3
b) The acquisition by an employee of new or higher qualifications (certified with a diploma/certificate)	1	2	3
c) The result of the employee performance appraisal (measurable performance)	1	2	3
d) An increase in the importance of the employee's skills and qualifications in the labour market	1	2	3
e) Other (Please specify) .....	1	2	3

## I. Transfer of knowledge in the organisation

<b>I1. Does your organisation prefer: (Please select all applicable answers)</b>			
	<b>Internal promotions</b>	<b>External promotions</b>	
a) For employees in executive positions (employees, specialists, coordinators, etc)	1	2	
b) For employees in lower and middle managerial positions	1	2	
c) For employees in senior managerial positions	1	2	
d) For employees in selected departments/organisational units (e.g. marketing)	1	2	
e) For employees involved in the key projects in the organisation	1	2	
f) For employees recognized for talent/people with high potential	1	2	
<b>Definition to question I2</b>			
Coaching / mentoring Methods of employee competency development through activities involving the implementation and execution of tasks under the supervision of professional coaches. In the coaching method, the coach is usually the immediate superior of the employee. In the mentoring method, the coach may also be a more experienced employee within or outside the organisation.			
<b>I2. What methods of disseminating the acquired competencies (knowledge, skills and attitudes) are used in your organisation? (Please select all applicable answers)</b>			
a) Coaching/mentoring	1–Yes	2–No	3–Do not know
b) Company magazine	1–Yes	2–No	3–Do not know
c) Intranet and internal e-mail	1–Yes	2–No	3–Do not know
d) Electronic databases	1–Yes	2–No	3–Do not know
e) E-learning (including e-coaching/e-mentoring) – with the use of the Internet and intranet, including various paid sites to improve qualifications	1–Yes	2–No	3–Do not know
f) Assessment of the ability to transfer knowledge as part of the periodic appraisal of employees	1–Yes	2–No	3–Do not know
g) Internal seminars/conferences aimed at disseminating knowledge	1–Yes	2–No	3–Do not know
h) Written reports on training undertaken by participants	1–Yes	2–No	3–Do not know
i) Other (Please specify) .....	1–Yes	2–No	3–Do not know
<b>Note filter: If Yes in I2 (a) go to I3, If No in I2 (a) go to I4</b>			
<b>I3. If your organisation uses coaching/mentoring, then its main purpose is: (Please select three most important responses)</b>			
a) Sharing knowledge acquired during training	1		
b) Intergenerational exchange of knowledge	2		
c) Preparing the future middle/senior management	3		
d) Reducing the training costs of other employees	4		
e) Popularising appropriate attitudes and behaviour among all employees	5		
f) Other (Please specify) .....	6		
<b>I4. Are employee competencies (knowledge, skills, attitudes) codified (e.g. manuals, handbooks, and procedures are developed based on the analysis of the behaviour of employees with the highest competency) in your organisation? (Please choose the correct answer)</b>			
a) Yes	1		
b) No	2		
c) Do not know	3		

<b>I5A. How does your organisation protect itself against the loss of competence (e.g. from trained employees leaving the company)? (Please choose the correct answer)</b>			
Through signing loyalty agreements with employees			1
Through providing employees having the highest competency with remuneration that is competitive in the market			2
Through providing employees having the highest competency with non-financial benefits packages that are competitive in the market			3
Through recording the knowledge/competency of employees in the materials belonging to the company			4
Through promoting knowledge-sharing			5
Through other measures (Please specify) .....			6
<b>Note filter: Please rate answers indicated in I5 on the scale in I5B</b>			
<b>I5B. How important are the listed protective measures to your organisation? Please, rate as Very important, Important or Not important</b>			
	<b>Very important</b>	<b>Important</b>	<b>Not important</b>
Through signing loyalty agreements with employees	1	2	3
Through providing employees with the highest competency remuneration that is competitive in the market	1	2	3
Through providing employees with the highest competency non-financial benefits packages that are competitive in the market	1	2	3
Through recording knowledge/competency of employees in the materials belonging to the company	1	2	3
Through promoting knowledge-sharing	1	2	3

**J. Analysis of the efficiency of investment in competency-based human resources management**

<b>J1. What financial resources does your organisation assign to the development of employee competencies (As a percentage of the wage bill)? (Please choose the correct answer)</b>	
a) We do not assign financial resources to the development of competencies	0
b) Less than 2%	1
c) Between 2 and 5%	2
d) Between 5 and 10%	3
e) More than 10%	4
<b>NOTE filter: If 0 in J1 go to J4.</b>	
<b>J2. From what sources does your organisation finance the development of employee competencies (Please choose the correct answer)</b>	
a) Entirely from the organisation's own resources	1
b) Partly from own resources and partly from external sources	2
c) Entirely from external sources (especially EU funding)	3
d) From other sources (Please specify) .....	4



<b>J3. Does your organisation measure the efficiency of investments in competency development? (Please choose the correct answer)</b>					
a) Yes, regularly					1
b) Yes, but occasionally					2
c) No such measurement is conducted					3
<b>J4. In your opinion, is the manager of the company aware of the tangible benefits from the employee competency development? (Please select one answer)</b>					
a) Definitely yes					1
b) Rather yes					2
c) Rather no					3
d) Definitely not					4
e) Do not know					5
<b>J5. Please indicate if you think that the following factors were affected by the introduction of the competency-based human resources management system (Please rate each factor listed)</b>					
	<b>Definite improvement</b>	<b>Slight improvement</b>	<b>No change</b>	<b>Slight deterioration</b>	<b>Definite deterioration</b>
a) Acquiring new competencies	1	2	3	4	5
b) Flexibility of employees	1	2	3	4	5
c) Performance of employees	1	2	3	4	5
d) Development of desired behaviours	1	2	3	4	5
e) Employee Motivation	1	2	3	4	5
f) Positive attitude towards change	1	2	3	4	5
g) The employee's desire to remain in the organisation	1	2	3	4	5
h) Initiative and creativity	1	2	3	4	5
<b>J6. Does your organisation use the following tools to measure human capital: (Please select all applicable answers)</b>					
a) Accounting for human resources			1–Yes	2–No	3–Do not know
b) Benchmarks in the area of human capital management			1–Yes	2–No	3–Do not know
c) Indexes of human capital			1–Yes	2–No	3–Do not know
d) Analyses available under the management tools (e.g. SAP)			1–Yes	2–No	3–Do not know
e) Scorecard of human capital management (HR Balanced Scorecard)			1–Yes	2–No	3–Do not know
f) Tools developed specifically for the needs of our organisation			1–Yes	2–No	3–Do not know
g) Other (Please specify) .....			1–Yes	2–No	3–Do not know
h) No such tools to measure human capital are used			1–Yes	2–No	
<b>NOTE filter: If h in J6, go to section K.</b>					
<b>J7. The main indicators used to measure human capital in your organisation are: (Please select all applicable answers)</b>					
a) Cost indicators (such as training costs, recruitment costs, salary costs, turnover costs, etc.)					1
b) The time-quantitative indicators (such as the time needed to fill the vacancy, turnover and absenteeism rates, the number of training courses, etc.)					2
c) Performance indicators (such as a ratio of HCM employees to total employment, the cost/time of activities per one employee, etc.)					3

**Appendix. Research tool (questionnaire)**

d) Financial indicators (such as income from human capital, return on investment in human capital (HC ROI), economic value added in human capital, etc.)	4
e) Other (Please specify) .....	5

**K. Barriers to the implementation of competency-based and lifelong learning-based human resources management**

<b>Definition:</b>				
Competency-based human resource management system (synonym: competency management system): A set of coherent and interrelated practices (processes) of human resources management in all its areas: from the entry of people into the organisation (e.g. recruitment and selection processes, induction to work), through their effective functioning (e.g. periodic appraisal processes and motivation), development (e.g. training processes and non-training development activities) to the departure of people from the organisation (e.g. de-recruitment process and outplacement). In the competency-based human resource management system all the practices (processes) are based on a common competency model (a set of competencies required of employees in the organisation).				
<b>K1. In your opinion, what are the most important factors that may cause problems in the implementation of the goals of the competency-based human resources management system? (Please select three most important factors)</b>				
a) Lack of experience in the use of such solutions				1
b) Lack of support from the core people in the organisation (the so-called agents of change)				2
c) Lack of support on the part of the Management Board				3
d) The organisational culture opposed to changes				4
e) A higher priority of other issues/projects				5
f) Inadequate financial resources				6
g) Incorrect flow of information				7
h) Other (Please specify) .....				8
<b>K2. The major costs of employee competency development in your organisation are: (Please rate each of the costs on the scale provided)</b>				
	<b>Very important</b>	<b>Important</b>	<b>Not important</b>	<b>Do not know</b>
a) Tangible (financial) costs	1	2	3	4
b) Non- tangible costs (such as the involvement of HR department employees in the organisation of training)	1	2	3	4
c) Alternative costs (such as time spent on training during which the employee does not work)	1	2	3	4
d) Other (Please specify) .....	1	2	3	4
<b>K3. In your opinion, how is it possible to minimize barriers to employee competency development in organisations? (Please select <u>three</u> most important responses)</b>				
a) Making managers realise the benefits from competency development				1
b) Making employees realise the benefits from competency development				2
c) Implementing a policy of an open communication with employees				3
d) Introducing financial incentives for employee competency development				4
e) Introducing non-financial incentives for employee competency development				5
f) Other (Please specify) .....				6

## COMPANY DETAILS

<b>M1. What kind of business services with respect to the type of recipient does your company provide?</b>	
a) Business services (business-to-business)	1
b) Services for the retailer (business-to-customer)	2
c) Services for the public sector (business-to-government)	3
d) Mixed (more than one of the above)	4
<b>M2. Please specify the legal form of your organisation. (Select the correct answer)</b>	
a) Civil law partnership	1
b) Limited liability company	2
c) Joint-stock company	3
d) State-owned company	4
e) Other (Please specify) .....	5
<b>M3. Please specify the ownership of capital in your organisation. (Select the correct answer)</b>	
a) Polish (100%)	1
b) Foreign (100%)	2
c) Mixed with majority Polish capital	3
d) Mixed with majority foreign capital	4
e) Other (Please specify) .....	5

## Notes

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## Notes

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