

## Chapter 4

# Designing Competency Models for Businesses

### ABSTRACT

*Designing competency models can be an arduous process without the correct understanding and support. Therefore, the chapter explicitly discusses what is needed to develop the business sector's competency models—providing the required steps to be taken by designers, consultants, executives, practitioners, and academia to develop models. In addition, reasons for why the steps are applicable based on the literature are provided to the reader. Finally, the discussion supports the reader through various resources, tools, and templates relative to designing competency models in organizations and sustaining competency models once designed.*

### INTRODUCTION

While designing a competency model for business sectors, one should develop a utility model at the firm level agency-determined competencies linkages to organizational goals and objectives. In addition, organizations believe that competencies developed by them are necessary. Therefore, the selection of a competency model is a strategic choice.<sup>1</sup> Organizations work collaboratively with employees to operationalize, train, and develop their skills; this supports employees' core competencies and their business-level functions within an organization. There are defined steps to develop a competency model. The design identifies roles and responsibilities. The steps are necessary to develop

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a competency model for business. The steps and interacting activities are necessary to build lower-level competency models once the establishment of core competencies. An organization's competency model must be anchors for supporting business goals and objectives. The chapter provides samples of tools for building competency models applicable to a competency-based approach (see *Table 4 Takeaways from the Chapter*).

As discussed in Chapter 2, an RBV approach is necessary to compete in the marketplace (Barney 1991, 1997). A core competency model is an approach from a competitive perspective. Competency models allows for businesses innovate and demonstrate their dynamic capabilities. As competency provide a single framework for organization a business' performance management systems and subsystem extending its resource-based view. The single system of managing performance is a business dynamic capability.

Notably, core competencies that an organization decides to utilize within their model are distinguishable in the marketplace as these competencies are unique, advance a particular business sector, and allow a business to obtain its organizational goals in a way better than their competitor's. For example, Google has a competency model for developing leadership. Google's model is among the top seven models for developing leadership. Shahzad et al. (2017) conducted an empirical study on the use of Google versus Bing search engines by end-user. Usually, Bing is ranked lower by users. According to Reliable Soft Digital Marketing Agency, among the top ten search engines, Google is the most preferred search engine, and it has 92.26% of the market share compared to the closest competitor Bing, which has only 2.83% of the market share. There is no evidence that Bing has a competency model of any kind. Google, however, is noted to have a model. More specifically, it has a leadership model for which is a strategic approach for ensuring employee assets receive the support to be effective.<sup>2</sup> There are two chapters in this book that details the importance of leadership Chapters 5 and 6. Leadership plays a vital role in the maintenance and sustaining of competency models. Therefore, a huge focus is on leadership, its development, and the ability to lead specifically in environments where competency models exist.

The importance of this argument relates to cultivating and creating talent within an organization by understanding that employees are the holders of knowledge and employers' work to create environments where employees can use knowledge to advance and create innovation (Tsoukas & Shepherd, 2009). Competency models facilitate this. As observed, organizations with

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