

LOOKING TO THE FUTURE: HUMAN RESOURCES COMPETENCIES

An Occupation in Transition
A Comprehensive Study of the
Federal Human Resources Community

Part 2

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EXECUTIVE SUMMARY

As the leader in human resources management for the Executive Branch, the Office of Personnel Management (OPM) is committed to partnering with Federal agencies to attract, develop and retain the Human Resources (HR) professionals required for the ever changing environment of the 21st century. Fundamental to this commitment is a comprehensive three part study of the Federal HR workforce.

Part 1 highlights the demographic makeup of the HR workforce over a span of almost 30 years. This report is the second installment of OPM's overall study. Its purpose is to provide information about "competencies" with a particular emphasis on changing HR roles, emerging structures, and various competency models. Part 3 will synthesize findings from the first two reports with original research based on interviews with current practitioners including HR Directors, management focus groups, and a survey of HR professionals.

There are a number of reasons why the issue of competencies has risen to the attention of the HR community. This report highlights the following trends that are making the case for the use of HR competencies.

- HR has undergone dramatic changes over the last five years. These include downsizing of the HR workforce, structural reorganizations, delegations of HR authority to line managers, and an influx of technology to name a few.
- The business of HR is changing. Increased emphasis on the need to improve the efficiency of HR services is leading to innovative approaches to redesigning HR delivery systems. In addition, agencies are redefining the role of the HR professional to be more consultative than rules-oriented.
- There is growing concern over how to meet organizational needs with fewer HR professionals. Competencies help organizations to focus on the characteristics their employees must possess in order for them to be successful. Competencies also provide a way to measure employee performance and to align performance with business strategies.
- There are a number of competency models already in existence. Thus, agencies do not have to "reinvent the wheel" since many existing models can be tailored to fit individual organizational needs.

INTRODUCTION

Background

Janice R. Lachance, Director, U.S. Office of Personnel Management, led off the Public HR Management Conference & Expo (March 1999, Washington, DC) with the assertion that HR professionals in the Federal sector workforce are in a state of transition. “Narrowly focused specialists are being asked to grow into the new generalists’ roles in the evolving workplace.” She went on to note, “In addition to the technical competencies that already are required, the HR generalists of the future will have to have all the skills necessary to play an active role in charting the strategic direction of our agencies.”

In his book, *Human Resource Champions*, Dave Ulrich challenged HR to shed its old myths, adopt new competencies, redefine roles focused on results, and evolve into a true profession that makes a difference for the organization. This challenge, among others voiced by practitioners, management officials, and professional associations over the past decade, has led to the development of “HR competency models” as a way to refocus and revitalize the HR workforce. As noted by the Editor of *Public HR* (April 1999): “Competencies can offer [HR practitioners] an opportunity to define excellence - and, even more importantly, demonstrate the value they bring to their organizations . . . Ultimately, HR practitioners who can demonstrate their value to their organizations will inevitably be rewarded with that ever-elusive ‘seat at the table.’”

The new emphasis on competencies comes at a time of tumultuous change in HR. Once considered a stable occupation defined by precise rules and standardized procedures, it is now confronting dynamic change in uncharted territory. In 1993, the National Performance Review called for HR reform and targeted reductions in staff. In response to this call, OPM abolished 10,000 pages of personnel rules, initiated HR reform legislation and adopted regulatory changes. The downsizing of the HR workforce, which continues today, began.

HR downsizing is chronicled in-depth in the first installment of our study, *Federal HR Workforce Trends*. From 1991 to 1998, the HR workforce decreased by 17.5 percent. (Note: Most of this downsizing was in the Department of Defense where the HR workforce decreased by 25.5 percent as contrasted with a decrease of 11 percent across all civilian agencies). A major part of the overall decrease was achieved by the early retirement of many “seasoned personnelists.” This loss of HR experience and skills may be further exacerbated because about one-third of the HR community will be eligible to retire in the next five years.

This trend was already observed in 1993, in the Merit Systems Protection Board (MSPB) report *Federal Personnel Offices: Time for Change* which concluded that “over half of the managers and almost half of the personnel specialists surveyed cited lack of sufficient skill in the personnel staff....” The situation appears to have worsened since then. OPM’s 1997 report *Deregulation*

and Delegation of Human Resource Management Authority in the Federal Government, suggests

that supervisors and managers share a similar concern over the exodus of HR expertise from Government. As one supervisor stated, “I’m concerned over what is an apparent decrease in the knowledge level of the personnel staffs as they continue to downsize.”

HR in Transition

Six years after its conception, there is ample evidence of the effects that the National Performance Review has had in shaping HR. The following are examples of how HR is changing within organizations.

1. Agencies are realizing that they cannot do business as usual.

HR responsibilities, once tasked to HR staff, slowly are being delegated to managers. Many agencies have already begun outsourcing key HR services on a temporary, recurring or permanent basis. Others have restructured their HR delivery systems in an attempt to save money, improve effectiveness and/or ward off threats of outsourcing.

For example, the Department of Defense (DoD) has undertaken HR regionalization on a grand scale. In 1994, DoD made the decision to regionalize its HR delivery system. A primary purpose of regionalization was to address existing HR structural deficiencies that prevented greater efficiency in service delivery. The DoD service ratio was then 1 HR professional for 61 employees (1:61). DoD plans ultimately to increase this ratio to 1:100 through regionalization that includes the full implementation of technological enhancements. Annually, approximately \$150M dollars of personnel savings and avoided costs are expected.

2. Managers are taking on a greater role in the HR arena.

As a direct result of the National Performance Review recommendations, managers are being given increasing delegations of authority over HR matters. In light of this, DoD’s regionalization was designed to increase the availability of improved technology that facilitates HR decision-making by managers and reduces workload for HR professionals. Many agencies are relying heavily on the Internet to educate managers about existing HR flexibilities. For example, the Air Force developed the Personnel Management Information Support System (PERMISS) for mana-

gers that provides basic information and guidance on civilian human resources management. This on-line system, used in conjunction with a computer-based long distance learning system, has received positive reactions from managers.

3. HR is being restructured and reinvented.

Over the last five years, many agencies, large and small, have restructured and reinvented their HR functions. The Department of Veterans Affairs has been restructuring its HR delivery services by incorporating technology into HR operations and delegating traditional HR authorities, such as classifying positions, to managers. The Department of Education's Office of Human Resources undertook a marketing campaign to highlight the services they provided to the organization. This effort resulted in being asked to "sit at the table" in a consultative role. To prepare for this new role, they reinvented themselves as a group, bringing in new staff, hiring consultants, sponsoring training seminars and incorporating technology.

As agencies continue to streamline HR, new structures are emerging to support innovative ways to deliver HR services. While there is no one right way to deliver HR, many agencies are restructuring along similar lines. A number of agencies are reorganizing their HR workforce and delivery systems around their leading customer, the manager. Within large, multi-mission agencies, service delivery is also being aligned with major mission areas (e.g., housing or community planning and development in Housing & Urban Development; contracting or logistics in the Defense Logistics Agency). Advisory services are being established, staffed by HR generalists who provide front-line advisory and consultative services to managers. "Back room" personnel functions are being centralized into shared service centers, staffed by HR specialists who coordinate and administer a variety of HR programs and services.

4. HR is relying on technology to get its work done.

Technology will help to shape the work of HR professionals as they carve out new roles. Access to desktop computers and linkages to computer networks will allow HR professionals to have the latest information at their finger tips as they focus on their new roles in helping managers manage. Federal agencies are increasingly reaching out to contractors and purchasing private sector HR expert systems. Of the twenty departments contacted for input to this study, seventeen are making or evaluating major technology investments to alleviate transaction workload, improve customer service, or -- in the words of one -- "to try to do at least better, if not more, with less."

5. Many agencies are finding new ways to improve the efficiency of HR.

A number of agencies are relying on the private sector for consultant expertise and advice to improve the efficiency of HR management. However, a few pioneer Federal HR offices have ventured to franchise their own operations, charging other Federal entities for services rendered. For example, the Department of Health and Human Services (HHS) restructured their HR organization by establishing a Program Support Center (PSC) to provide support services to all Federal agencies on a competitive, “fee for service” basis. It should be noted that such franchises have come to the attention of agency components dissatisfied with their existing, traditional HR service providers. This raises the possibility of “shopping for alternative service” which, some believe, may help to improve efficiency and customer service.

6. Some HR offices are transforming their HR roles from a rules-based to more of a consultative approach.

Many HR professionals have embraced the challenge of serving in the role of business strategists and change agents for their agencies. Many Federal managers are desperate for such help from HR. In response to these opportunities and demands, new HR roles are emerging along with the identification of new competencies needed to get the job done.

Private Sector Trends

Federal HR trends are paralleling HR trends in the private sector. The 1998 study, *Human Resource Competencies for the Year 2000: The Wake-Up Call* by the Society for Human Resource Management (SHRM), found that some surveyed participants assumed their roles were relatively secure. Others were either in denial over the emerging HR trends or in fear of the future viability of HR as a function. Still, many saw the current situation as an opportunity to play a more critical role in the organization. The study indicated also that most HR professionals need to build new competencies and skills immediately. Although many study participants were aware of the changing environment, the overall picture seems to be that HR in the private sector is behind the curve in preparing itself for new roles and responsibilities. In another study focusing on HR in the private sector, only 10-35 percent of the HR workforce reported having the necessary competencies to operate effectively in the new environment.

Regardless of the competency gap, HR roles in the private sector continue to change significantly. As the following table shows, HR staffs spent 22 percent of their time maintaining records in the early 1990's compared to only 15 percent in 1996. The role of HR auditing fell

from 19.4 percent to 12 percent during this same period. The shift is toward the role of strategic partner (22 percent) and the development of new HR systems and practices (19 percent). These results suggest that while HR professionals will need the traditional HR competencies that have served them well in the past, they will also need new competencies to support changing roles.

Human Resources Roles Are Changing			
	1989 - 1991	1996	Difference
Maintaining Records <i>Collect, track and maintain data on employees</i>	22.2%	15.0%	Significant Decrease
Auditing/Controlling <i>Ensure compliance to internal operations, regulations, legal and union requirements</i>	19.4%	12.0%	Significant Decrease
HR Service Provider <i>Assist with implementation and administration of HR practices</i>	35.0%	31.3%	Significant Decrease
Practice Development <i>Develop new HR systems and practices</i>	14.0%	19.0%	Significant Increase
Strategic Business Partner <i>Member of the management team. Involved with strategic HR planning, organization design and strategic change</i>	11.0%	22.0%	Significant Increase

Source: Adapted from a 1996 study by the Center for Effective Organizations, University of Southern California, and the Human Resources Planning Society, as published in "WORKFORCE," May 1998.

COMPETENCIES AND HR

In the struggle to rethink new approaches to HR, many private businesses and government entities are moving toward competencies and competency-based systems as the answer to meeting organizational needs. But what do we mean by competencies and how do they actually relate to HR? For the purpose of this study, the following definition was chosen for the word “competency”: “An underlying characteristic of an employee (i.e., a motive, trait, skill, aspects of one’s self-image, social role, or a body of knowledge) which results in effective and/or superior performance (Boyatzis, 1982).”

Competencies may be grouped as follows (Tucker and Cofsky, 1994):

- skills:** the demonstration of expertise (e.g., the ability to make effective presentations, or to negotiate successfully);
- knowledge:** information accumulated in a particular area of expertise (e.g., accounting, human resources management);
- self-concepts:** attitudes, values and self-image;
- traits:** a general disposition to behave in certain ways (e.g., flexibility); and
- motives:** recurrent thoughts driving behaviors (e.g., drive for achievement, affiliation).

Organizations that have used competencies tend to define these competencies in their own terms, tailored to their own unique situations. The National Park Service, for example, defines its competencies as a combination of knowledge, skills, and abilities in a particular career field which when acquired, allows a person to perform a task or function at a specifically defined level of proficiency.

Competencies can be further broken down into different categories that distinguish different purposes and/or uses:

Essential Competencies serve as the foundation of knowledge and skills needed by everyone. (Spencer et al., 1990). These can be developed through training and are relatively easy to identify.

Differentiating Competencies distinguish superior performance from average performance (Spencer et al., 1990). These include self-concepts, traits and motives and although hard to develop, can determine long-term success on the job. With a valid competency-development methodology, one can define, measure and reward these competencies.

Strategic Competencies include those that are “core” competencies of the organization. These tend to focus on organizational capability and include competencies that create a competitive advantage (e.g., innovation, speed, service, technology).

Why Competencies?

Competencies can be used to facilitate change in Human Resources. There is recognition that the role of HR is moving from an emphasis on rules to a focus on results. To help facilitate this paradigm shift, a variety of organizations, both public and private, are identifying new competencies. Competencies are being used as a way to refocus the organization on what is really important and what it takes for the workforce to be successful. In addition, competencies provide the mechanism to zero in on the technical aspects of a particular job and devise a critical path through regulations and laws to the results desired by management. Furthermore, competency models highlight competencies needed by the organization and serve as vehicles for change.

Competencies can be used to “raise the bar” on employee performance. According to a 1996 American Compensation Association (ACA) study focusing on competency applications in HR, organizations are using competencies to integrate selection, training, appraisal, and compensation. In staffing, competencies are used to select and promote employees. In human resources development, competencies are used to identify and close the gaps in individuals’ capabilities. In performance management, competencies and results are appraised to connect how a job was done to the results achieved. In compensation, pay can be based on the certified skills and competencies used on the job. Many hope that competencies will also help their organizations communicate desired behaviors, control costs and increase customer satisfaction.

Competencies are also being used in the following ways to support the new role of Human Resources:

- as a strategy to strengthen the link with organizational culture, results, and individual performance by emphasizing competencies that are needed across occupational specialties;
- as a tool to help describe work and what is required from employees in jobs in a broader, more comprehensive way;
- as a method to align individual and team performance with organization, vision, strategies, and the external environment.

How Do Competencies Relate to KSAs?

Traditionally knowledges, skills, and abilities (KSAs) have been used in the Federal Government to

determine an applicant’s qualifications for selection or promotion.¹ Such KSAs serve as the foundation for competency models. Competencies can be used to assess and train employees for future needs, while KSAs focus typically on what is needed to do the job today. Competencies build upon the same KSAs used under the current Federal system but are more inclusive in that they also include traits, motives, and behaviors.

Additionally, key knowledge, skills and abilities can be clustered to form a set of competencies that determine superior, not just basic, performance. Competencies can then be linked to a set of behaviors that answer the question, “How do we know good performance when we see it?” And they can

Knowledge, skills and abilities (KSAs) and competencies are not mutually exclusive, but can complement and build upon each other to reinforce desired behaviors.

serve as the foundation to hire, train and develop employees and ultimately to set their pay. The ease of integrating all HR applications and communicating these linkages to stakeholders appears to be an attractive feature of competencies and serves as the compelling reason for their increasing popularity over traditional HR methods.

¹OPM’s Employment Services is currently exploring the use of competencies as the basis for establishing qualifications for Federal employment.

WHAT IS A COMPETENCY MODEL?

New Competencies, New Roles

In his book, *Human Resource Champions*, David Ulrich speaks of a new vision for HR, “that it be defined not by what it does, but by what it delivers -- results that enrich the organization’s value to customers, investors (taxpayers), and employees.” He believes HR needs to shed “Old Myths” and take on “New Realities” (Figure 2), and adopt competencies and redefine roles focused on results in order to evolve into a true profession that makes a difference for the organization.

OLD MYTHS	NEW REALITIES
People go into HR because they like people.	HR departments are not designed to provide corporate therapy or social or health-and-happiness retreats. HR professionals must create the practices that make employees more competitive, not more comfortable.
Anyone can do HR.	HR activities are based on theory and research. HR professionals must master both theory and practice.
HR deals with the soft side of a business and is therefore not accountable.	The impact of HR practices on business results can and must be measured. HR professionals must learn how to translate their work into financial performance.
HR focuses on costs, which must be controlled.	HR practices must create value by increasing the intellectual capital within the firm. HR professionals must add value, not reduce costs.
HR’s job is to be the policy police and the health-and-happiness patrol	The HR function does not own compliance - managers do. HR practices do not exist to make employees happy but to help them become committed. HR professionals must help managers commit employees and administer policies.
HR is full of fads.	HR practices have evolved over time. HR professionals must see their current work as part of an evolutionary chain and explain their work with less jargon and more authority.
HR is staffed by nice people.	At times, HR practices should force vigorous debates. HR professionals should be confrontational and challenging as well as supportive.
HR is HR’s job	HR work is as important to line managers as are finance, strategy, and other business domains. HR professionals should join with managers in championing HR issues.

Source: Ulrich, Dave, *Human Resource Champions*, Harvard Business School Press, Boston, MA, 1997, p. 18.

Ulrich’s vision of the “New Realities” of HR is applicable to the Federal sector. With HR changes occurring in the Federal Government related to HR processes, structures, and delivery of HR services, Federal HR professionals are taking on new roles to perform effectively in this changing environment.

What are these new roles and what competencies are needed? The National Academy of Public Administration (NAPA) was a pioneer in identifying the Federal HR competencies needed today. In its report, *A Competency Model for Human Resources Professionals*, NAPA convened three groups of Federal agency HR directors, senior staff and expert level specialists to provide insights and input into the development of a competency model (Appendix A) designed for the Federal HR workforce. The competency model includes 30 competencies and carves out five HR roles for the Federal HR Professional: business partner, change agent, leader, HR expert, and advocate.

HR's capability to assume new roles and increase the level of new competencies will determine the magnitude and impact HR will have on the organization in the future.

The International Personnel Management Association (IPMA) has also been active in this arena, developing its competency model based on the NAPA model. The IPMA model includes 22 competencies divided into four major HR roles: HR expert, business partner, change agent and leader. While recognizing the continued importance of the HR expert role, the IPMA model envisions a new HR professional who partners with managers to proactively devise effective solutions to organizational problems, leads and manages change, and serves as a role model to promote leadership, ethics and integrity.

The IPMA Competency Model (Appendix B) shows the interrelationship among the four roles. The roles are carried out in the context of the work that needs to be accomplished and the organizational environment. Each role is performed separately but is closely related and often requires the same competencies. The HR expert role serves as a foundation for all other roles and competencies. The combination of technical expertise and other competencies results in superior performance.

OPM's Personnel Resources and Development Center has done extensive research on the application of competencies in the HR arena. The Human Resources Competency Model (Appendix C) depicts a compilation of the NAPA, IPMA, and OPM research. Five HR roles are exhibited with corresponding competencies. The HR expert role serves as a foundation for all other roles and competencies. The combination of technical expertise and other competencies results in superior performance.

In addition, OPM's research was crucial to the development of a new more general competency framework based on the concept of "emotional intelligence." The Emotional Competence Framework (Appendix D) is based on the idea that emotional intelligence may be more important than cognitive intelligence as a determinate of outstanding performance at work. The five elements (Self-awareness, Motivation, Self-regulation, Empathy, and Social Skills) reflect the way workers handle interpersonal relationships on the job. The framework also provides the corresponding skills that must be learned to achieve emotional competence.

The Department of Defense's (DoD) HR Competency Framework (Appendix E) includes three overarching competency components (business management, professional and technical HR) that are common in DoD's HR environment. Applicable occupations range from generalists and specialists to HR managers. The DoD HR Competency Framework recognizes the evolving role of the HR practitioner, transitioning from performing paper intensive work to becoming a strategic business partner with management. "Soft" skills (e.g., team building, customer service and problem solving) are

important, as well as HR technical knowledge and skills in order for the HR professional to be effective in today's world.

Behavioral Anchors

Competency experts warn that competency models need to include "behavioral anchors," or as they are often called, "behavioral indicators." Such anchors typically include scales which measure the varying degrees of a given competency that an employee is required to display. This is critical if the competency model is to be used as a "basis of legally defensible decisions related to selection, development or compensation." (Tucker and Cofsky, 1994)

Behavioral anchors need to describe observable and specific behaviors that leave no room for interpretation or assumptions. These behaviors can be measured to determine whether or not an employee meets a defined competency. A performance management system can be tailored to tie these behaviors to results for the purpose of identifying whether these behaviors are exhibited and informing employees about *why* they are important. The following table is an example of a customer-service competency that includes behavioral anchors (Tucker and Cofsky, 1994).

<p>Competency: Understanding and Meeting Customer Needs Description: The demonstrated desire to work with, serve or do something helpful for customers. Includes initiative and tenacity in understanding the needs of others, including internal customers, external customers, suppliers and vendors.</p>
<p>BEHAVIORAL ANCHORS (from low to high level)</p>
<p>1. Follows up on customer issues: Follows through on customer inquiries, requests or complaints. Keeps customers updated about progress of projects or services, but does not explore customers' issues or problems.</p>
<p>2. Seeks to understand customer issues: Maintains clear communication with customers regarding mutual expectations. Monitors customer satisfaction. Listens and responds to customers' concerns. Is sensitive to resource concerns of customers.</p>
<p>3. Takes full personal responsibility for resolving issues: Personally sees that customer problems or concerns are addressed satisfactorily. Demonstrates leadership in resolving conflicts with customers. Is fully available to customers, especially during critical periods.</p>
<p>4. Adds value beyond customer issues: Works to add value to the customer and to make things better than the customer may expect.</p>
<p>5. Assesses underlying customer needs: Seeks information about the real, underlying needs of customers beyond those expressed initially and matches these needs to available or customized services. Looks for long term benefits to the customer.</p>
<p>6. Becomes a trusted adviser: Gets personally involved in customer activities and decisions. Develops an independent opinion on customers' current and long-term needs, problems, opportunities and alternatives for implementation. Acts on this opinion, for example, by recommending appropriate approaches that are new and different from those requested by the customer.</p>
<p>7. Sacrifices short-term benefits for long term benefits: Takes customers' side against the organization, as necessary, with long-term mutual benefit to customers and the organization.</p>

Source: Hay/McBer as printed in ACA Journal, Spring 1994, Volume 3, Number 1.

Almost 300 competency models developed over 20 years show that in higher-level technical, professional and managerial occupations, the competencies that most often determined success were motivation, interpersonal influence and political skills (Spencer, 1993). Another study showed that highly developed competencies in customer service, influencing others, and leveraging technical

Research indicates that competencies are more likely to be determinants of success in complex jobs than knowledge and skills (Spencer 1993).

information led to high performance among computer specialists, not ability in logic, math and programming as might be expected (Cofsky, 1993). In other words, the use of competencies appears to be a way to define the job in broader terms than traditional HR approaches, and to incorporate non-traditional requirements, such as “influencing others” for a computer specialist job.

They appear to help capture and recognize the successful attributes of a job, making invisible success factors visible, and building consensus on what is really important to get the job done.

Competencies and Emerging Structures

A review of the literature shows that organizations seeking to move to the new HR competency models are not sure of the best way to position HR to serve as a strategic business partner. The reality is that organizations are starting from different positions and will need to structure their HR functions in different ways based on mission. There is no “one size fits all” solution. To overcome these barriers, the literature recommends that organizations begin to ask three overarching questions:

- 1) What is the optimum HR structure for the company?
- 2) Does this optimum structure require different skills?
- 3) Do current HR practitioners possess the new skills or must the company provide them with new tools and competencies?

Finding answers to these questions is the first step in aligning HR competencies with organizational structures. According to the California Strategic Human Resource Partnership, a consortium of senior HR business executives, the competencies needed by senior HR generalists are very different, for

HR competencies must not only be aligned with new roles, but also with the corresponding organizational structures.

example, from those required of HR specialists at other parts of the organization structure. The Partnership commissioned a study that included interviews with leading HR corporate executives. Based on research and inter-views with ten HR leaders representing Fortune 500 companies, researchers developed and proposed an Integrative Model of HR Competencies (Appendix F), one that corresponds to the emerging structure of HR in the private sector.

There was consensus between HR researchers and practitioners regarding current and future HR competencies. The overall list of competencies is fairly consistent among companies from various industries, although different competencies are emphasized in different HR roles. Researchers support the value of developing a new HR competency model that is both generic (applicable to

companies in different industries) and specific (i.e., highlighting the competency differences in different HR roles and structural levels).

The study also concluded that the next wave of HR competency models should be able to account for different competencies depending on where in the organizational structure HR professionals find themselves. In the public sector, the evolution of HR structures is still taking place. Once the major components are in place, organizations will be able to build structure-based competency models that can be used to tailor and operationalize the competencies needed to meet the requirements of each organizational level and the needs of various customers.

LOOKING TO THE FUTURE

One More Piece in the Competency Puzzle

The traditional role of HR is based on the image of an HR practitioner providing services (policy, advice, technical assistance, transaction processing, etc.) to a set of customers (organizations, individuals). With the focus changing to integrating HR into organizational business planning, another dimension is added to this picture of HR service delivery. Namely, those HR professionals who are managers and supervisors must take on the emerging roles of business partner, change agent, and leader in new organizational structures different from the past. Their challenge is even more daunting as they try to model the new or expected competencies, while continuing the day-to-day operational and political management of HR.

In many environments, they must do all this with a downsized staff which does not have the expertise or abilities (competencies) needed to meet the demands. These current leaders of the HR function -- advocating the new roles for HR, seeking and sometimes finding the elusive seat at the table, orchestrating the HR transformation -- are setting the course for the future of the HR occupation. Are they capable of meeting all these challenges? How are we preparing them to meet these challenges? Are we preparing others for these leadership roles when current leaders retire or move on?

Preparing for the Challenges Ahead

In the years ahead, agencies will likely be given new authorities to design unique pay systems tailored to their agency mission. HR professionals will be relied upon by managers to use their HR technical competencies to help design and implement these new pay systems and to meet other challenges that arise in aligning HR systems to agency mission. In addition to HR technical expertise which will be a continuing requirement, competencies in the areas of system design, organizational culture, business strategy, change, consensus building, consultation, communication, and marketing skills will be even more important than they are now.

The development of Demonstration Projects under 5 U.S.C. 47 is one illustration of HR professionals already serving in these new roles and using the new competencies. Demonstration Projects are vehicles to test innovative approaches to HR that require waivers from title 5. A cross-functional team of HR experts and agency managers partner with OPM to design new HR systems from scratch or tailor previously tested innovations for new environments.

Based on the demonstration experience, managers will be willing to bring HR “to the table” once HR has proven its worth. The most credible HR professionals in the eyes of the managers are those who serve in the role of business partner by providing a variety of options and solutions. Instead of just saying “no” to some perhaps ill-conceived idea, HR experts say “yes” and help managers design systems tailored to their agencies within the framework of the Merit System Principles. With increased flexibility in pay, performance-based organizations and higher expectations on the part of

line managers for strategic HR programs, HR will also be relied upon to a greater extent to serve in the role of change agent. That is, they will be called upon not only to design new HR systems and processes, but also to facilitate and manage the change process.

Knowing that these changes are necessary is a major step on the road to transforming HR. To begin moving forward, agencies need to know where they stand in terms of the necessary HR competencies that are required for organizational effectiveness. As mentioned earlier, the next report in this study will provide findings and insights on which competencies are currently possessed by Federal HR professionals. These will be compared to those competencies which experts in both the private and Federal sectors say are needed now and in the future. Based on this analysis, competency gaps will be identified and practical recommendations will be made so that each agency can assess its own situation, take corrective actions, and better prepare to meet the future challenges of our dynamic HR community.

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