

## FROM COMPETENCY-BASED HUMAN RESOURCES MANAGEMENT TO COMPETENCE-BASED STRATEGIC MANAGEMENT

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**Purpose:** The aim of the article is to identify the most significant assumptions and conditions for the development of the Competence-Based Strategic Management concept embedded on the assumptions and elements of the Competency-Based Human Resources Management concept. Moreover, the aim of the article is to identify the place of competences in the hierarchy of the firm success potentials in the concept of Competence-Based Strategic Management.

**Design/methodology/approach:** The article indicates the most important stages on the road from the Competency-Based Human Resources Management concept to the Competence-Based Strategic Management concept. An extensive literature review and an identification approach were used.

**Findings:** The basis for the formation and development of firm competences are personal competences. Consequently, the basis for the formation and development of the Competence-Based Strategic Management concept is the Competency-Based Human Resources Management concept. Moreover, firm competences occupy the most significant places in the hierarchy of the firm success potentials.

**Practical implications:** The outcomes of the research presented in the article confirm the significance of the firm competences – which are embedded on the personal competences – in strategic management and business practice.

**Originality/value:** The article presents the most important steps in the roadmap transition from the Competency-Based Human Resources Management concept (competency-oriented approach) to the Competence-Based Strategic Management concept (competence-oriented approach).

**Keywords:** competences, competency, potentials of success, Competency-Based Human Resources Management, Competence-Based Strategic Management.

**Category of the paper:** Conceptual paper.

## 1. Introduction

Firms are constantly looking for ways leading to the sustainable, long-term competitive advantage creation. Competences are one of the most important potentials of firm success which influence the creation of a competitive advantage. They can be perceived both from the personal (individual) perspective as well as from the managerial (collective) perspective.

The personal approach to competences is related to the term *competency* and to the *Competency-Based Human Resources Management* concept. In turn, the managerial approach to competences is related to the term *competence* and to the *Competence-Based Strategic Management* concept.

The aim of the article is to identify the most significant assumptions and conditions for the development of the Competence-Based Strategic Management concept embedded on the assumptions and elements of the Competency-Based Human Resources Management concept. Moreover, the aim of the article is to identify the place of competences in the hierarchy of the firm success potentials in the concept of Competence-Based Strategic Management. The article attempts to identify the most important stages on the road from the Competency-Based Human Resources Management concept to the Competence-Based Strategic Management concept. The article uses an extensive literature review and identification approach related to the above both concepts.

## 2. From competency to competence – personal (individual) vs. managerial (collective) approach to competences

The notion “competence” may be perceived from two major points of view (Delamare-Le Deist, and Winterton, 2005; Haddadj, and Besson, 2000; Klarsfeld, 2000):

1. From a personal (individual) perspective, related to the approach based on human abilities, including detailed personal skills in the implementation of the specific processes and activities as well as the execution of the assigned tasks.
2. From a managerial (collective) perspective, related to the approach based on the integration and coordination of the firm resources and capabilities.

The first approach means that competences are sets of capabilities that take into account specific features, including the skills and abilities of people performing the tasks assigned to them. These features (skills and abilities) arise and are developed primarily under the influence of knowledge and experience possessed and constantly enriched by these people. In the case of the approach based on personal skills and abilities, one can talk about a “personal” or “individual” approach to competences.

The personal approach focuses on individual human characteristics and behaviors, considered primarily in relation to specific tasks performed by the right people. In this case, we can talk about personal competences, and in a broader sense about *Competency-Based Human Resources Management*.

In turn, in the second approach, we can talk about competences that include integrated sets of capabilities possessed by the firm, enabling the implementation of the set goals and performance of tasks primarily due to the proper use of firm resources. The approach based on the integration and coordination of the firm resources and capabilities can be described as a “managerial” or “collective” approach to competences.

The collective approach to competences is focused on building and developing competences across the entire firm, or possibly its businesses or strategic business units. In this case, we can talk about the firm competences or organizational competences, and in a broader sense, about *Competence-Based Strategic Management*.

The differences between the two above approaches to the nature (essence) of competences are also reflected in the terminology. In many works devoted to the issue of competences, two terms are mainly noticeable: *competency* and *competence* (Armstrong, 2006).

The term *competency* mainly concerns the symptoms (effects) of the tasks implementation by competent persons. Competent conduction means the proper performance of the assigned tasks by these persons. Sometimes in this case it is referred to as “personal competency”, enabling the implementation of the assigned tasks.

In turn, when using the term *competence*, the capability to achieve the set goals is mainly emphasized. In the case of the firm competences, it is usually related to the firm disposal of specific resources that enable or sometimes make it difficult to achieve these goals.

Referring to personal competences, Burgoyne (Burgoyne, 1989) additionally points out that in the context of the individual approach to competences, apart from the necessary capabilities, one should also take into account the willingness of a given person(s) to perform the entrusted task(s). In this sense, Burgoyne distinguishes between the situations in which a given person is only considered as competent to perform a specific task, and the situations in which he or she actually has the appropriate competences, thanks to which he or she can properly, i.e. with the intended effect, perform this task. Competences understood in this way seem to be most closely related to the term *competency*.

The position represented by Burgoyne is largely confirmed by Woodruffe (Woodruffe, 1991; Lau, Chan, and Man, 2000). Woodruffe writes that in the case of personal competences, on the one hand, it is possible to expose – what can be confirmed by previous activities – the skills and abilities of the person(s) to perform the assigned task(s) in accordance with specific requirements. On the other hand, at the same time, competences may be perceived as ways and/or symptoms of the behavior of the person(s) who perform (implement) the assigned tasks (Durand, 2000; Mansfield, 2004).

Sometimes the differences between the terms *competency* and *competence* can also be observed within the firm itself. Delamare-Le Deist and Winterton emphasize that the term *competency* refers to the ways of behavior or ways of execution concerning individual managers and/or employees performing specific tasks for the firm, while the term *competence* is often related to the functional areas of a firm (e.g. research and development, marketing, sales, logistics etc.). For these reasons, the term *competency* relates primarily to personal (individual) competences, while the term *competence* relates primarily to the managerial (firm) competences (Delamare-Le Deist, and Winterton, 2005; Teodorescu, 2006).

Taking into account the above-mentioned features of both approaches to the category of competences, as well as taking into consideration the terminological differences, Heene and Bartholomeeusen propose a deeper “embedding” of the terms *competency* and *competence* in the appropriate management concepts (Heene, and Bartholomeeusen, 2000).

In opinion of these authors, the *competency* approach may be mainly found within the *Competency-Based Human Resources Management* concept, in which the most significant role in the defining of the competences is played by the skills and abilities of managers and employees of a firm, who strive to perform the tasks entrusted to them in accordance with the set goals. In the concept of human resources management, a very important role is assigned, among others, to the proper identification of personal competences affecting the effective and efficient implementation of the assigned tasks.

Therefore, one may say that the term *competency* mainly refers to the concept of *Competency-Based Human Resources Management*, which emphasizes the necessity of having the required competences by persons performing the tasks entrusted to them. In other words, the term *competency* means the broadly understood “competitiveness” of people, i.e. having certain, often quite advanced, predispositions, conditions, skills, abilities, etc. to perform the required tasks.

In turn, the approach related to the *competence* concerns firm competences and is directly related to one of the contemporary concepts of strategic management, referred to as Competence-Based Strategic Management (Heene, and Sanchez, 1997; Sanchez, Heene, and Thomas, 1996; Matwiejczuk, 2018a). Within the framework of this concept, the competences are perceived primarily as the firm capabilities that allow for the sustainable and coordinated use of the firm resources (resources base) in the pursuit of achieving the set goals.

Thus, the term *competence* emphasizes most of all the firm competences within the framework of the management concept based on the strategic importance of competences in achieving goals by the firm, referred to as Competence-Based Strategic Management. Competences understood in this way are the result of the integration of resources, capabilities and knowledge of a firm, as well as their coordinated – in the managerial context – use in the pursuit of the above-mentioned goals.

Based on the competences of people, it is possible to develop the competences of the firms, which are the most significant type of the firm success potentials, affecting the creation of the sustained, long-term competitive advantage of a firm.

### **3. Embedding of firm competences within a strategic profile of firm success potentials in the concept of Competence-Based Strategic Management**

Resources, capabilities and competences, which are the potentials of the firm success, and thus the determinants of the firm competitive advantage, create the so-called strategic profile of the firm success potentials, including the following (figure 1):

1. First-order success potentials in the firm competitive advantage creation, which include firm resources (in particular key resources), understood as all tangible and intangible assets at its disposal, constituting the basis for the development of firm capabilities and competences
2. Second-order success potentials in the firm competitive advantage creation, which include firm capabilities (in particular key capabilities), enabling the integration of various resource compositions, as well as their active and effective involvement in the achievement of the firm goals.
3. Third-order success potentials in the firm competitive advantage creation, which include firm competences resulting from the integration and coordination of firm resources and firm capabilities. Among the specific types of firm competences can be indicated key competences, which are of particular importance in firm competitive advantage creation, as well as metacompetences, conditioning the securing of the present firm competences as well as enabling the development of the new competences of a firm.

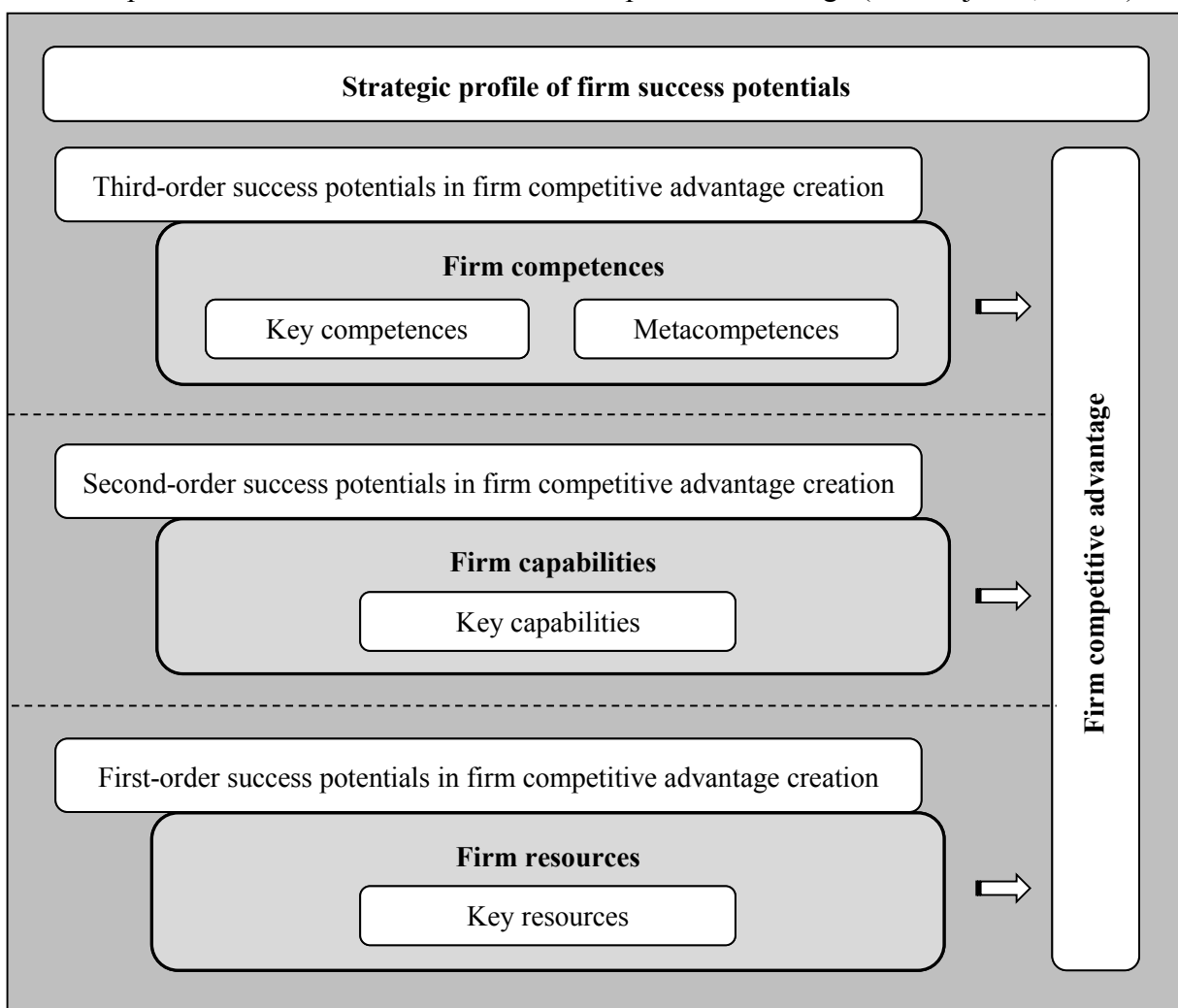
The initial and primary condition for creating the firm competitive advantage is having adequate, both tangible and intangible resources (including knowledge resources) by a firm, which are the basic premise for achieving this advantage. For this reason, the firm resources can be perceived as the first-order success potentials in the firm competitive advantage creation.

While having resources is a necessary condition for creating a competitive advantage, it does not seem to be a sufficient condition. As mentioned above, the mere possession of resources, i.e. the disposal of resources often does not immediately “translate” into a competitive advantage of the firm. To achieve it, specific capabilities to use resources in the implementation of the set goals and tasks are required. In this sense, the firm capabilities represent the second-order success potentials in the firm competitive advantage creation.

The integration and coordination of the firm resources and capabilities lead to the development of firm competences. Competences, perceived as sets of capabilities of active engaging and use of the diverse resource compositions in achieving the set goals, represent the third-order success potentials in the firm competitive advantage creation.

In the context of the premises (conditions) and symptoms (effects) of the firm competitive advantage creation, the two types of firm competences play a significant role:

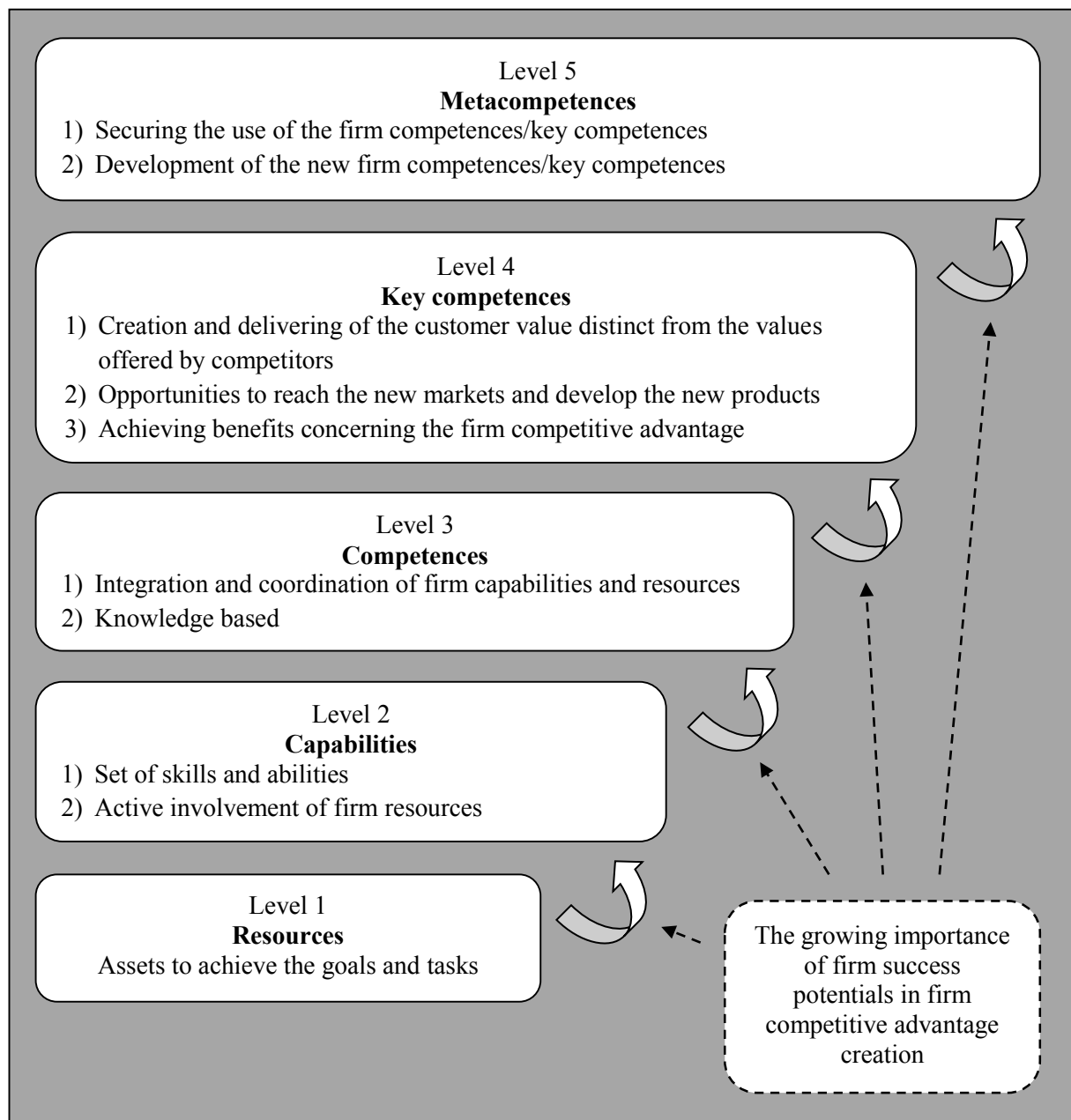
1. Key competences, characterized by a significant impact on a firm competitive advantage creation, resulting from their unique characteristics.
2. Metacompetences, securing continuous and effective use of the competences possessed by a firm as well as shaping the new firm competences, strengthening the firm aspirations to maintain or increase its competitive advantage (Matwiejczuk, 2018b).



**Figure 1.** Basic levels in strategic profile of firm success potentials. Adapted from: Matwiejczuk, 2014.

#### 4. Competences in the hierarchy of the firm success potentials in the concept of Competence-Based Strategic Management

With regard to the firm success potentials, one can speak not only about their strategic profile presented above, but also about a specific hierarchy that is co-created by individual levels concerning this hierarchy. The concept of the “hierarchy of success potentials” is a result of the development and refinement of the concept of the “hierarchy of competences”, proposed by Javidan (Javidan, 1998). The various types of success potentials are located at consecutive levels of this hierarchy, taking into account the context of their increasing importance in the firm competitive advantage creation (figure 2).



**Figure 2.** Hierarchy of success potentials affecting the firm competitive advantage creation. Adapted from: Matwiejczuk, 2014.

The basis for the development of the firm success potentials are its resources. The firm resources, which possess the first, and the lowest level in the hierarchy of success potentials of a firm affecting the creation of the competitive advantage, are necessary for the development of the firm capabilities. It is difficult to talk about capabilities themselves without any reference to resources.

Moreover, assuming that firm competences are the result of the integration of firm resources and firm capabilities, it can be said that resources are also necessary for the development of competences, including key competences as well as metacompetences of the firm.

As a final result, the capabilities, competences, key competences and metacompetences, perceived as potentials of the firm success, and situated at successive, higher and higher levels in the hierarchy of these potentials, “spread” on the resources possessed by the firm.

## **5. Conclusion**

Within the article the most important characteristics of the roadmap transition from the Competency-Based Human Resources Management concept to the Competence-Based Strategic Management concept were presented.

The basis for the formation and development of firm competence(s) is (are) personal competency(es). As a result, the basis for the formation and development of the Competence-Based Strategic Management concept is the Competency-Based Human Resources Management concept. The outcomes of the research presented in the article confirm the significance of the firm competences in strategic management and business practice, which are embedded on the personal competences.

Moreover, competences occupy a very distinctive place in the entire hierarchy of the firm success potentials, not only from the perspective of the concepts of the Competency-Based Human Resources Management as well as the Competence-Based Strategic Management, but also from the perspective of building broadly understood, long-term and sustainable competitiveness and competitive advantage of a firm.



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