

CHANGE OF THE ORGANISATION CULTURE – THE MAIN DRIVER FOR IMPLEMENTING COMPETENCY FRAMEWORKS

Abstract

More and more companies across the Middle East consider vital for their success to streamline their human resources processes and one area of particular focus is the development and implementation of competency frameworks. The purpose of this research is to show that regardless of the type of organisation, the change of the organisation culture is the main driver for implementing competency frameworks. The study was conducted by analysing the interviews of business leaders from companies that decided to implement competency frameworks across their main human resources processes. The companies are from government and private sectors in United Arab Emirates and Oman. They conduct their businesses locally or regionally across a wide range of industries and have a very diverse workforce in terms of size, nationalities and qualifications. Many business leaders consider, as Peter Drucker said, that "Culture eats strategy for breakfast". Therefore, if a company wants to be successful, it is essential to develop a relevant competency framework and embed it in the human resources processes for supporting its strategy and achieving its business objectives.

Keywords: organizational culture, change, competency frameworks

JEL CODES: M10, M12, M14

SCHIMBAREA CULTURII ORGANIZAȚIEI – PRINCIPALUL FACTOR DETERMINANT AL IMPLEMENTĂRII CADRELOR DE COMPETENȚE

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Rezumat

Din ce în ce mai multe companii din Orientul Mijlociu consideră vital pentru succesul lor direcționarea procesului resurselor umane, iar una din aceste direcții constă în dezvoltarea și implementarea cadrelor de competențe. Scopul acestei cercetări este de a arăta că indiferent de tipul de organizație, schimbarea culturii organizației este principalul factor determinant pentru implementarea cadrelor de competență.

Metodologia studiului a constat în analizarea interviurilor managerilor unor companii din sectorul public și privat din Emiratele Arabe Unite și Oman, care au decis să implementeze cadrele de competențe în cadrul proceselor de resurse umane. Studiul s-a realizat în firme care își desfășoară activitatea la nivel local și regional, într-o gamă largă de industrii și care au o forță de muncă foarte diversă în ceea ce privește mărimea, naționalitatea și calificările.

Mulți oameni de afaceri sunt de acord cu afirmația lui Petăr Drucker conform căreia "cultura este strategia pentru micul dejun". Prin urmare, orice companie care dorește să aibă succes este esențial să dezvolte un cadru relevant de competențe în procesele de resurse umane pentru a sprijini strategia și atingerea obiectivelor.

Cuvinte cheie: cultura organizațională, schimbare, procesele de resurse umane, cadrul de competențe.



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1. INTRODUCTION

Creating and fostering an organizational culture focused on performance that in the same time will determine employees' motivation and engagement is an ongoing challenge for business leaders. Culture has been accepted as a "fact of organizational life" by managers and has become an integral aspect of many organizational development programs (Balthazard and Cooke, 2004,p.2).

In the literature, different authors emphasized the importance of organizational culture: It can support linkages between technology adoption and organizational growth (Chatman and Jehn, 1994), it can be a critical success factor in manufacturing strategy (Bates *et al.*, 1995) and play a crucial role in determining the success or failure of mergers and acquisitions (Weber *et al.*, 1996).

More and more companies across the Middle East have a well-defined strategic direction, a clear vision, mission, values and strategic objectives and consider vital for their success to align the organisation culture to the strategy. Currently, it can be observed that one area of particular focus for many companies is the implementation of competency frameworks and streamlining human resources processes.

Bartram *et al.* (2002) considered the competencies as "sets of behaviors that are instrumental in the delivery of desired results". Dubois (1993) developed a systematic approach to improving individual workers' performance as part of an overall strategy for organizational change. Frameworks were provided for conceptualizing and implementing exemplary training practices. In addition, steps in achieving the practices and pitfalls to avoid were outlined.

If we consider the culture of an organisation as defined by Robert A. Cooke (1988) "the shared beliefs and values guiding the thinking and behavioral styles of members or the behaviours that members believe are required to fit in and meet expectations within their organization" and the competencies "as sets of behaviours that make a person to be successful in a certain job", than competency frameworks could impact directly on the organizational culture determining it in many aspects.

However, the organizational culture is determined not just by the competencies, but also by the values, policies, systems, norms, beliefs and other collective behaviours. Therefore, the culture impacts on how employees see performance and how they interact internally in the organisation and externally, with clients and external stakeholders.

When a competency framework is embedded in the human resources processes, even though this is not the only variable, it supports the organisation to set and communicate the expectations not just in terms of the output but also in terms of behaviour, knowledge, skills and abilities. This is likely to help to

determine an organizational culture that will recognise and strive to achieve performance and in the same time respect the values of the organisation that are cascaded down from the top leadership through competencies.

The purpose of this study is to demonstrate that regardless the type of the organisation, development and implementation of competency frameworks aim to align the organizational culture to company strategy to support its vision, mission, values and strategic objectives. Once the culture is aligned to the strategy, the priority and focus change to further streamlining the human resources processes.

2. METHODOLOGY

The study was conducted by analysing the data from a questionnaire that was administered to senior human resources managers and C level executives from 14 companies and from the interviews conducted with business leaders of 10 companies that developed and implemented competency frameworks.

The questionnaire: The questionnaire (Annex 1) was automated and administered in June 2014 and investigated if a competency framework is implemented in companies that have operations across Middle East in a diverse range of industries. The number of employees range from 25 to 40,000 and their head offices are in Middle East, India, South Africa, Malaysia, Pakistan and Bermuda.

No significant correlation could be established between the implementation of competency frameworks and the industry where the company activates, the number of employees or location.

TABLE 1. CHARACTERISTICS OF COMPANIES THAT COMPLETED THE QUESTIONNAIRE

	Country	Industry	Approx. no. of employ	Competencies in place
1	UAE	Logistics	25	Yes
2	Jordan	Telecommunication	150	Yes
3	South Africa	Healthcare	154	Yes
4	Malaysia	Services	200	Yes
5	Pakistan	Pharmaceutical	900	Yes
6	India	Real estate	1000	Yes
7	India	Retail	2000	Yes
8	India	Biotech	3500	Yes
9	Qatar	Construction	4500	Yes
10	South Africa	Research	130	No
11	Bermuda	Insurance	1400	No
12	UAE	Multiple industries	3000	No
13	Pakistan	Manufacturing	5000+	No
14	India	Banking	40000	No

From the 14 companies that were invited to respond to the questionnaire, 9 companies have competency frameworks implemented and 5 do not have.

Most of the respondents from companies where a competency framework is implemented answered focusing more on the benefits and the impact that competencies have on the human resources processes in the company. The main benefits and also drivers considered by the respondents are: a better management of the performance, recruitment and talent management. Answers also mentioned as one of the drivers the link between performance and rewards and the need of a competency culture where there are clear standards in place for rating competencies across diverse processes and regions to ensure internal equity and consistency.

Respondents from the companies that do not have a competency framework implemented yet, focused on the need for alignment as the main driver. They saw the change from a higher level and considered the impact on the achievement of the overall strategy of the company.

The interviews: The interviews were conducted in the period 2011 – 2014 with the business leaders from companies that developed and implemented competency frameworks. The discussion was focussed on gathering information about the company and its need for competency framework across the main human resources processes.

The companies are from government and private sectors in UAE and Oman. They activate locally or regionally across a wide range of industries and have a very diverse workforce in terms of size, nationalities and qualifications.

TABLE 2. COMPANIES THAT DEVELOPED AND IMPLEMENTED COMPETENCY FRAMEWORKS AND THEIR BUSINESS LEADERS PARTICIPATED IN THE INTERVIEW

	Company	Country	Industry	Approx. no of employ.
1	Sharaf DG	UAE	Retail	1000
2	Al Ghurarir University	UAE	Higher Education	250
3	Azadea Group	UAE*	Retail	7000
4	Private Property Management	UAE	Facilities Management	200
5	Oman Football Association	Oman	Sports	110
6	Nawras	Oman	Telecommunications	800
7	Oman Broadband Company	Oman	Telecommunications	247
8	The KEF Company	UAE**	Multiple industries	1000
9	Liwa Group	UAE	Retail	1300
10	Topaz Engineering	UAE	Heavy Engineering	800

*Head Office in UAE and regional offices and operation in Oman, Qatar, Kuwait, KSA, Bahrain, Jordan, Lebanon, Romania

** Head Office in UAE and regional offices and operations in India

The interview guide (Annex 2) was developed to include questions related to the business strategy and how the competency framework can support the achievement of the vision. Even though it was not strictly followed in order to accommodate interviewees schedule and interests, the interview provided critical data to understand the organisation culture and how this needs to change so the competencies developed will fit this purpose.

Most of the companies interviewed have a strategy defined and KPIs cascaded to the departments. Although most of the times the strategy was not communicated consistently across the organisations, departments were clear about their goals and what they have to achieve.

All the business leaders interviewed before the development of the competency framework specified that they want to better define the employer brand and reduce the employee turnover which especially in the United Arab Emirates is an important area of focus due to the specificities of the job market. i.e. in Retail companies attrition rate is generally above 20%. In order for the companies to attract and retain the employees, all the business leaders consider it is vital to put in place processes that will ensure the values of the organisation are cascaded down to the individual. The characteristics of the organisation culture that were mentioned most across all the interviews are: respect, diversity, fairness, integrity, transparency and performance.

The companies interviewed expect that after the implementation of a competency framework in their main human resources processes, the desired behaviours will be encouraged systematically to be displayed and the organisation culture will be streamlined towards the values of the organisation.

3. CONCLUSIONS

Human resources professionals and business leaders that completed the questionnaire and interview consider implementation of competencies as very important for streamlining the human resources processes in their companies. The drivers for this initiative is generally related to encouraging behaviours that will impact on the organisation culture, changing it to better support the strategy of the company.

Even though the need of alignment between the strategy and the organisation culture support embedding of the competency framework in human resources processes and practice however, not all the businesses understand the need of a formalised approach on how employees shall behave to be successful.

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QUESTIONNAIRE

Development and Implementation of Competency Frameworks

Demographic questions

[G1Q00001] The questions below are about your role and your company.

Please write your answer(s) here:

- Designation _____
- Department _____
- Company _____
- Total no. of employees _____
- Industry _____
- Country _____

[G1Q00002] Do you have a competency framework in place in your company? *

Please choose **only one** of the following:

- ☐ Yes
- ☐ No

[G2Q00001] When the competency framework was developed and implemented?

*Only answer this question if the following conditions are met:
Answer was 'Yes' at question '2 [G1Q00002]' (Do you have a competency framework in place in your company?)*

Please write your answer here:

[G2Q00002] Across which areas of HR is the competency framework implemented?

*Only answer this question if the following conditions are met:
Answer was 'Yes' at question '2 [G1Q00002]' (Do you have a competency framework in place in your company?)*

Please choose **all** that apply:

- ☐ Recruitment
- ☐ Performance management
- ☐ Succession planning
- ☐ Career development
- ☐ Training and development
- ☐ Other: _____

[G2Q00003] What were the drivers for implementing a competency framework in your company?

Only answer this question if the following conditions are met:

Answer was 'Yes' at question '2 [G1Q00002]' (Do you have a competency framework in place in your company?)

Please write your answer here:

[G2Q00004] What are the main three (3) benefits of implementing a competency framework?

Only answer this question if the following conditions are met:

Answer was 'Yes' at question '2 [G1Q00002]' (Do you have a competency framework in place in your company?)

Please write your answer here:

[G3Q00001] Do you think a competency framework would be useful to be implemented in your company? *

Only answer this question if the following conditions are met:

Answer was 'No' at question '2 [G1Q00002]' (Do you have a competency framework in place in your company?)

Please choose **only one** of the following:

- ☐ Yes
- ☐ No

[G3Q00002] What benefits do you think the implementation of a competency framework would bring in your company?

Only answer this question if the following conditions are met:

Answer was 'Yes' at question '7 [G3Q00001]' (Do you think a competency framework would be useful to be implemented in your company?)

Please write your answer here:

[G3Q00003] Does your company plan to develop and implement a competency framework? *

Only answer this question if the following conditions are met:

Answer was 'Yes' at question '7 [G3Q00001]' (Do you think a competency framework would be useful to be implemented in your company?)

Please choose **only one** of the following:

- ☐ Yes
- ☐ No

[G3Q00004] What are the drivers for the development and implementation of a competency framework?

Only answer this question if the following conditions are met:

Answer was 'Yes' at question '9 [G3Q00003]' (Does your company plan to develop and implement a competency framework?)

Please write your answer here:

[G3Q00005] On what areas of HR would the competency framework be implemented?

Only answer this question if the following conditions are met:

Answer was 'Yes' at question '9 [G3Q00003]' (Does your company plan to develop and implement a competency framework?)

Please choose **all** that apply:

- ☐ Recruitment
- ☐ Performance management
- ☐ Succession planning
- ☐ Career development
- ☐ Training and development
- ☐ Other: _____

[G3Q00006] What stops your company from developing and implementing a competency framework?

Only answer this question if the following conditions are met:

Answer was 'No' at question '9 [G3Q00003]' (Does your company plan to develop and implement a competency framework?)

Please write your answer here:

[G3Q00007] What makes a competency framework not useful to be implemented in your company?

Only answer this question if the following conditions are met:

Answer was 'No' at question '7 [G3Q00001]' (Do you think a competency framework would be useful to be implemented in your company?)

Please write your answer here:

[G4Q00001] Additional Comments

Please write your answer here:

INTERVIEW GUIDE

Competency Framework Development

Extract from the Business Leaders Interview Guide

Introduction

- Tell us something about yourself

Nature of the Business

- What are the core activities?
- What are the products and services?

Strategy

- What can you tell us about the Company's strategy? Did you set the Company's long-term goals / objectives? Have your departments set any KPIs?
- How does the overall strategy impact departments?
- How is the strategy communicated?

Market Position

- Who are your key competitors?
- How does the Company want to compare against its peer companies?

Employer Brand

- What would attract people to come work for the Company?
- Why should people come work for the Company?
- What are the key differentiators as an employee?

Culture & Climate

- How would you describe the culture of your Company? (E.g. is the communication open and honest?)
- What type of culture is the Company trying to embed / drive?
- Do employees feel motivated to do a good job? Explain why.
- Do people trust each other?
- Do you feel people are encouraged to develop and achieve? How?
- Are the policies fair?
- Is it a good place to work? Explain why

Competencies

- What drove this initiative, to develop and implement a competency framework?
- What behaviours would make a person successful in your company? How is this supporting the organisation culture?
- What would make a person fail in your Company?
- What would you change? In what way / with what expected outcome?