COMPETENCY

THE ROLE OF COMPETENCY FRAMEWORKS IN IMPROVING

Paper P3 includes syllabus capability I 5(c), *Advise on the contribution of competency frameworks to human resource development.*

This capability is part of the syllabus section entitled 'People' which deals with the strategic and operational side of leading, managing and developing people in pursuit of wider organisational objectives.

This article explains the purpose of competency frameworks for professionals at work and the benefits of these for trainees, qualifying bodies, tuition providers and ultimately to business organisations. I refer to the accountancy profession by way of example, although the principles discussed would also apply to other professions such as IT, engineering, procurement, marketing and personnel and development.

What is competency?

Organisations operate in a climate of considerable change, often in highly competitive markets and have ever-increasing demands made upon them by their stakeholders and by the capital markets within which they operate.

More than ever before, there is a need for professionals at work to make a more effective contribution, almost immediately after appointment and to continuously improve their performance at work over time. The way this can be achieved is to ensure that those in work

are appropriately qualified and trained to carry out their roles responsibly and competently.

Professional competency is defined as:

The ability to perform a work role to a defined standard with reference to real working environments. (IFAC, 2001)

What is a competency framework?

Competency frameworks are used as a benchmark for professional bodies to ensure that their members possess relevant and up-to-date skills which allow them to undertake their role competently and effectively. These frameworks are designed on the basis of consultation with a number of stakeholders including trainees, qualified members, tuition providers, employers, and trade and professional associations. This consultation can take the form of surveys, focus groups or critical incident reporting. This consultation process helps to ensure that the competences developed in students and trainee professionals are relevant, practical and up to date.

The International Federation of Accountants (IFAC), ACCA and other global professional accountancy bodies have developed and used competency frameworks to guide education and training practice. Increasingly, government agencies use competency frameworks (sometimes known as occupational standards) as a basis for consistent and flexible qualification frameworks, where qualifications from different professions are required to include competences relating to these occupational standards to ensure that those qualified are 'fit for the role' and can make an immediate and continuing contribution at work.

IFAC has specified competences and skills required in professional accountants in IES 3, *Professional Skills and General Education* effective from 1 January 2005.

IES 3 groups together five broad sets of skills professional accountants require. Within these main groupings, the particular skills to be acquired are specified as follows:
1 Intellectual skills
   a Ability to locate, obtain, organise and understand information from human, print and electronic sources
   b Capacity for inquiry, research, logical and analytical thinking, powers of reasoning and critical analysis
   c Ability to identify and solve unstructured problems which may be in unfamiliar settings

FRAMEWORKS

PERFORMANCE AT WORK RELEVANT TO PAPER P3

THE DEVELOPMENT OF A COMPETENCY FRAMEWORK REQUIRES A PROCESS STARTING WITH A DETAILED ANALYSIS OF THE ENVIRONMENT IN WHICH THE PROFESSIONAL OPERATES, IDENTIFYING THE KEY ROLES AND RESPONSIBILITIES AND SUB-DIVIDING THESE ROLES INTO TASKS.

2 Technical and functional skills
   a Numeracy (mathematical and statistical applications) and IT proficiency
   b Decision modelling and risk analysis
   c Measurement
   d Reporting
   e Compliance with legislative and regulatory requirements

3 Personal skills
   a Self-management
   b Initiative influence and self learning
   c Ability to select and prioritise within restricted resources and tight deadlines
   d Ability to anticipate and adapt to change
   e Consider implications of professional value, ethics and attitudes to decision making
   f Professional scepticism

4 Interpersonal and communication skills
   a Work with others in a consultative process to withstand and resolve conflict
   b Work in teams
   c Interact with culturally and intellectually diverse people
   d Negotiate acceptable solutions and agreements in professional situations
   e Work effectively in a cross-cultural setting
   f Present, discuss, report and defend views effectively through formal, informal, written and spoken communication
   g Listen and read effectively, including sensitivity to cultural and language differences

5 Organisational and business management skills
   a Strategic planning, project management, of people and resources and decision making
   b The ability to organise and delegate tasks, to motivate and to develop people
   c Leadership
   d Professional judgment and discernment

The main area relevant to Paper P3 is the last of the above areas – organisational and business management skills. Paper P3 covers these skills and some others specified in IES 3, within the main sections of its syllabus. **Figure 1** on the next page shows the relationship diagram of Paper P3, *Business Analysis*.

The Paper P3 syllabus covers competences that accountants need in the business management areas under strategic management in Sections A, B, C; it covers skills required in relation to change and conflict within personal skills and interpersonal skills in Section D. Section E deals with the technical IT skills specified in the standard, and Sections F and H address other technical skills. Sections G and I relate to the business and management skills of project and people management.

Developing a competency framework
The development of a competency framework requires a process starting with a detailed analysis of the environment in which the professional operates, identifying the key roles and responsibilities and sub-dividing these roles into tasks, specifying the attributes required for these tasks to be completed to a defined standard.

From this analysis, a set of defined standards for the identified tasks can be developed which are measurable and verifiable. Such measures used to determine competence must be valid, reliable, relevant, practical and transferable. By transferable, this means that the measure should verify that the task could be carried out by the person assessed, to the defined standard in a range of working contexts and settings other than the context in which the measure was originally taken. The measures used for assessing competence can include on-the-job tests, observation, simulations, and written exams.

Benefits of competency frameworks
There are a number of benefits that can be obtained from developing relevant competency frameworks for professionals at work. These are as follows:

- They provide clear guidance to professional qualifying bodies, tuition providers and employers on how to develop and assess competence, and how to maintain and update these competences during the member's working life.
- They establish defined, consistent and current standards or attributes required to undertake professional roles competently, which are transferable from one context of the role to another.
- They can add value in the workplace by allowing a gap analysis between actual performance levels and the defined standards, to better target relevant training and development programmes at those who need it.

- Employers and business organisations that support and engage with their employees in training and development will benefit from more effective, efficient and motivated employees, who will contribute to increased performance, productivity and profitability.
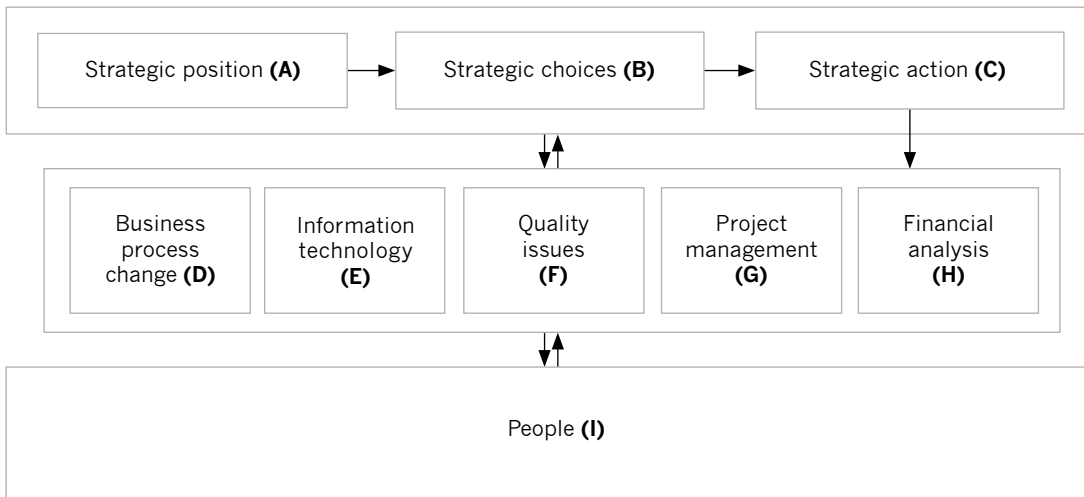
Conclusions

Business organisations are made up of a number of departments and functional areas which themselves are formed of individuals. These individuals, often with professional responsibilities in such areas as procurement, production, marketing, accounting and other support services must be appropriately qualified and trained to undertake their roles efficiently and effectively. This is necessary to ensure that the organisation remains competitive and continues to meet its obligations to stakeholders and the capital markets.

Well-researched and appropriately designed professional competency frameworks set a consistent benchmark for qualifying organisations, tuition providers and employers to set minimum defined standards of performance at work. Professionals who strive to meet and exceed these standards will contribute to increased productivity and to the greater flexibility and adaptability of the professional workforce, which provides benefits for all concerned.

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FIGURE 1: RELATIONSHIP DIAGRAM OF PAPER P3, *BUSINESS ANALYSIS*

Strategic position **(A)** → Strategic choices **(B)** → Strategic action **(C)**

Business process change **(D)** | Information technology **(E)** | Quality issues **(F)** | Project management **(G)** | Financial analysis **(H)**

People **(I)**

WELL-RESEARCHED AND APPROPRIATELY DESIGNED PROFESSIONAL COMPETENCY FRAMEWORKS SET A CONSISTENT BENCHMARK FOR QUALIFYING ORGANISATIONS, TUITION PROVIDERS AND EMPLOYERS TO SET MINIMUM DEFINED STANDARDS OF PERFORMANCE AT WORK.