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Developing staff competence as a strategic goal of companies

The common forms of on-the-job training seem to have reached their limits. They convey a re-active rather than a pro-active understanding of development, i.e., they usually react to changes and challenges of the market and thus tend to lag behind the demands. Such a re-active fine tuning of the need for qualification seems to be incompatible with an increasing contingency of development (as regards future technologies, sales markets, etc.). Employees now need a wider basis of qualification in order to be able to respond adequately to future developments. What it is all about, therefore, is to promote the employee's competence in the sense of acquiring a problem solving ability rather than specific knowledge and skills. An international research project, with the Industrialist Organisation ('Industriellenvereinigung') as a project partner, shows that this change in perspectives is also taking place in Austria.

As part of the EU research project "Skills Based Management", detailed qualitative analyses regarding change in work organization and new aspects in staff development were carried out in ten Austrian companies¹; the number of units tested was restricted to a small, but meaningful exemplary sample. Our aim was primarily to track lines of argumentation, possible causalities and interdependencies, and to draw a detailed and multi-faceted picture of the actual changes in the companies as regards work organization and staff-economical issues. Besides the "logic" of this development, we also had an interest in how these processes of change can actually manifest themselves, especially in the field of education and further training. We thus focused on those companies for which education and further training of staff is a top priority, i.e., those who consider an increase in their staff's quality and competence a primary starting point to take up present and future economical and entrepreneurial challenges.

Changes in work organization are closely linked to further training activities within the company.

Remodelling work organisation (and here we mainly speak of tendencies of decentralisation, commercialisation of the entrepreneurial process, as well as of dis-

course co-ordination²), on the one hand, influences directly the content and design of measures taken for further training. The specific changes in work organisation trigger –or require– an immediate (rather short-term) need for further education and training that is connected with a remodelling of how tasks are designed in the companies. On the other hand, the influence of changes in work organisation on further training activities within the company also manifests itself in an indirect, imparted way. As a result of the new sequential structures in the companies, and due to the overall increased importance of staff qualification for smooth functioning and efficiency of these sequences, the development of staff competence (the factor of human resources) becomes the centre of "strategies for further training and education". Therefore, we can assume a trend towards a (long-term) "re-orientation" or "redesigning" of crucial elements in staff management strategies of companies.

Effects on the employee's individual level

- **Turning necessary skills/knowledge into competence**

In most companies, an attempt was made to come to more exact requirement profiles by (re-) evaluating the work tasks of existing jobs and workplaces. The main

purpose of the undertaking was to test the constituents of jobs and workplaces for their being up to date and adequate. The following elements could be identified as triggers for this “fine tuning”: re-engineering intentions, concentration on entrepreneurial core competence, de-separation of different areas within the company, an increase in group- and teamwork, as well as similar work-organisational changes. Such first steps of re-evaluation often led to a wider range of tasks imposed on certain jobs (**job enrichment**). For the staff “affected”, this means that they were often expected to have more communicative skills, more knowledge of how things work in the company and what it is aimed at (both regarding production techniques and business administration); also, they were generally expected to think and act business. What was striking was that the degree of change in job tasks increased in correlation with the qualification and hierarchical position of the employee concerned.

Moreover, the companies changed the way they perceived things (at least gradually) as they dealt with requirement profiles. Besides the term “qualification” as a conceptual starting point of how to fulfil job requirements, it was the “potential” inherent to the employee that became the centre of attention. This was usually expressed and circumscribed with the term “qualification potential”. The focus hence shifted from an analysis of deficits of qualification (and therefore of the employees) **towards an analysis of potential regarding the employees’ developmental possibilities.**

▪ **Changing the way knowledge is acquired - contextuality**

Closely tied to the ‘widening’ of the skills/knowledge necessary -as derived from job-enrichment- is the following question: how should these “new competences” be passed on, promoted, and “learned”? Conventional and “classical” formal ways of learning (attending internal and external classes) are, for instance, being adapted to the new requirements. Courses in communicational management, conflict management, project- and team management, as well as classes that should help build personality and promote specific patterns of behaviour (customer orientation, thinking business, etc.) are offered in addition to already existing schedules. Yet, the explicit contextuality of the training curriculum is usually new in these “adapted seminar-like forms of learning”, and so are sometimes the forms of imparting the knowledge (outdoor seminars, etc.): they are adapted to the respective, specific situation in the company. Due to the learning taking place right at one’s workplace, there is an increase

in contextuality. Both the work surroundings and the work contents are hereby included in the learning process³.

The fact that **informal learning** is becoming **increasingly significant** for the company’s process of first and further training is also due to the major part of the knowledge required being *context-related*. The idea therefore suggests itself to design a context-related learning process, too. This is reflected in a rising number of informal learning arrangements.

A further aspect regards the increasing individualisation of further training. There is a tendency towards trying to provide certain groups of employees –and at times also individuals- with tailor-made measures for further training. This should make it easier to get the content across and to bring into accordance the offers of further training and the respective requirements of a workplace. This form of individuality/tailoring therefore is the rather formalised part of contextualised learning. Especially in the areas of recruits for future leadership and “high potentials”, as well as in the form of trainee programmes, it is frequently used.

▪ **Responsibility of the employee for “his” or “her” further education and training**

Informal learning also suggests that each and every member of staff is becoming increasingly responsible for, and in charge of, their further training. To a considerable extent, contents and measures of first and further training are still being organised, offered and appointed by and through the human resources/personnel development departments. Informal learning, however, is also being promoted as an additional, complementary element. The company provides the infrastructure (intranet, data bases, etc.); yet, the initiative to use the former has to be taken by the employees themselves. This also makes room for self-designed learning topics, forms, and learning times. Quite often, informal (or non-formal) learning is regarded by the companies as being something that employees must engage in, i.e., they are expected to take charge of their “own” further training on their own initiative and in accordance with the company-specific requirements and aims. At this point one has to consider the need for structures in the company that boast an adequate incentive – if one wants to make self-initiated and self-organised learning a success.

Effects on the level of companies

▪ **Establishing a learning culture in the company**

On the company level, a broader understanding of personnel development becomes the primary starting point

for entrepreneurial changes, or a “developmental potential of the company” itself. In a “learning company”, signifying modernisation, processes of change within the company are attached to learning processes. More and more frequently, these are initiated, promoted, accompanied, and reflected by educational measures; their consequences and side effects are then worked on pedagogically, too (in supervision or coaching processes, for instance). On-the-job training is becoming a form of reflexive modernisation. The personnel system of a company rises from its shadowy existence of being subordinate to the process of production. It becomes an important and influential factor and hence also a strategic target of a company. Still, for this approach to develop and to reveal all its potential, it is essential to establish a learning culture within the companies. Very often, however, attitudes of hierarchy and roles in the company contradict such a culture of learning. And so do behaviour patterns set by socialisation.

▪ **Change in tasks and roles of those in charge of PD**

It is more and more the (direct) superiors that are being shouldered the responsibility for whether the staff develop competence or not. It is them who conduct employee interviews, discuss development and career options, and also decide over measures of further training. By all this, promoting leadership competence in superiors becomes an important aspect of further training of a company. People in charge of personnel development (PD) are increasingly taking over advice, presentation, and organisation. They are subject to a change in their role and how they see it: from coaches to advisors and process guides.

▪ **Learning at the workplace/informal learning**

On a company level, learning at one's workplace means shifting the emphasis between formal and informal parts of on-the-job training. We could indeed identify first signs and ideas of the topic of informal learning. This approach is generally believed to be very promising. At the same time, however, we gained the impression that these first steps have not yet been made into elaborated concepts, and that they have not (yet) been included in the companies' general strategies of personnel development. Informal learning often is no more than an appendage to further training within the firm. To a certain degree, it is the concept of informality that prolongs the unclear position of informal learning in personnel strategy.

▪ **Internal mobility and career opportunities**

Changes in how work is organised -especially when hierarchies are flattened- can be said to have two contradicting effects on internal mobility and career chances. On the one hand, an increase in competence in the form of multifunctional/polyvalent knowledge facilitates both an employee's horizontal mobility (change in tasks) and her vertical mobility (i.e., career). Developing competence can thus contribute to better co-ordination between a firm's human resources and its structure of tasks and positions. On the other hand, multifunctional knowledge can be used as a substitute for career opportunities. More interesting work and tasks “replace” job positions. There happens an exchange between job tasks and one's position in the company's hierarchy. Empowerment of staff has an analogous effect: reducing levels of hierarchy means limiting internal career opportunities.

▪ **Shortage of skilled workers and career tracks**

Until not long ago, entering the management was the only way to start the common form of a career. This means that excellent technicians and skilled workers who tried to climb the ladder had to leave their workplace and go into management. The consequences can be called an “internal brain drain”, as they usually brought about a reduction of a company's know-how. In times when skilled workers are short, this loss of expertise is more and more being identified as a problem. Many companies therefore have set up *career tracks for technicians*, mostly in the form of project management, so as to keep excellent skilled workers in their work field *and* to offer them career opportunities.

▪ **Developing competence makes access to further education more likely**

To change work organisation, to promote the employees' latent innovative potential and to make use of it means to include them more widely in educational and competence-developing measures. This should ultimately do away with dissimilar training participation rates for different groups of staff. In addition, the increasing importance of informal learning adds weight to the commitment of each and every individual. Formal, hierarchical obstacles to accessing on-the-job training are thus intended to decrease. Much more, the amount of knowledge “consumed” will depend on the employee's own initiative. Equal access for everybody to infrastructure that supports informal learning is also a prerequisite for this. As for formal on-the-job training, we still have to assume that companies primarily invest in those members of staff that

have a promising potential of developing competence – however the latter is attested and assessed.

▪ **Implementing new concepts of developing competence**

Investigations in the ten companies showed that the former inclusion of the works committee in processes of operational change has made a contribution towards achieving the targeted goals. Possible reservations of the staff (representatives) about the companies' goals pursued through changes in work organisation could therefore be broken down in most cases. Also, important ideas and wishes on the part of the staff could be considered and implemented. The same goes for the employees (in)directly affected by these changes in work organisation. In part, their experience and knowledge was explicitly drawn upon and thus they were also included in the conception of processes of re-engineering. In general, one has to stress that high transparency of both the targets and paths regarding changes in work organisation considerably adds to minimizing friction when it comes to putting new concepts in place.

Summation and outlook

Those members of staff that work in interesting areas or have challenging tasks to do have been found to be more likely to be part of on-the-job training measures, as well as to be more motivated to partake in (further) educational activities on their own initiative. This allows for us to draw important conclusions regarding access to, and intrinsic motivation for, further training within the company. These two points (of access and motivation) are where competence development and competence management come into play.

From the findings that operational work organisation (and therefore also the task specifications) itself determine the structure of incentives to a high degree, it follows that a change in work organisation is a potentially powerful tool to release innovative, productive, and general problem-solving potential of the staff that has not been made use of to date.

References

For detailed descriptions (of in-depth aspects), please consider the following publications (German titles; English translations in square brackets):

[Schmid, Kurt \(2003\). Skills Based Management in Austria – Nationaler Endbericht \[national final report\]. ibw – „Bildung & Wirtschaft Nr. 24“](#)

[Schmid, Kurt \(03/04/05/06 2003\). Kompetenzentwicklung der MitarbeiterInnen als strategisches Unternehmensziel \[developing staff competence as a strategic goal of companies\]. ibw- Mitteilungsartikel Teile 1-4 \[ibw – newsletter parts 1-4\].](#)

The international conclusions were published in French by the MEDEF. An English version is being prepared: <http://objectif-competences.medef.fr/339> ■

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- ¹ There were altogether 12 countries of the European Union that took part in the project. The results were reviewed in the form of a synthesis-report (see also the references at the end of the paper). At this point, we would like to thank the companies that participated in the project. The companies that engaged in the study in Austria were the following: ARCS Austrian Research Centres Seibersdorf, DM-Drogeriemarkt, Frequentis, KEBA AG, Master Foods Austria, MIBA AG, Plansee AG, RHI Heraklith, SIG Combibloc, and Spardat GmbH. All ten companies are medium-sized or large ones (more than 200 employees). As regards other important characteristics of companies, we tried to guarantee a pattern as diverse as possible.
 - ² For more details, please consult the National Final Report or the ibw newsletters (see also the references at the end of the paper).
 - ³ As we found out, the most frequent forms were team-learning, handing on knowledge within one's own plant/company, as well as learning by using new technologies such as the intranet, CD-ROMs, data bases, etc. Tele-learning and computer based learning, however, are still not used much.

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