

After ‘Competence,’ ‘Emotional Intelligence,’ and ‘Learning and Growth’: What’s the Next Step?

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Abstract

A short glance at the three main approaches to human resources of the 1990’s, with a look at what they leave out, what they could not achieve, and where to go from here.

Introduction

North American thinking about the HR function in the 1990’s has been characterized by adherence to three main ways of conceptualizing human resources: competency models, emotional intelligence profiles (including 360), and employee opinion surveys regarding alignment with strategy defined top-down, in the sense of the balanced scorecard. Behind all three approaches stood a ‘new vision for HR,’ exemplarily formulated by J. Fitz-enz and J. J. Phillips (1996), and more recently by B. E. Becker et al. (2001). The vision is based on two main assumptions: (1) HR needs to become a strategic function, i.e., a function linked to company strategy; (2) what you can’t measure, you can’t manage. All three approaches embody an assessment component, to realize required measurements; all three take a positive step beyond previous ways of handling the HR function. Their advantage lies in more accurate, empirically founded ways of linking business strategy to HR deliverables. As a consequence, HR Departments have become more measurement oriented. In the most progressive companies, the HR Director has won a seat at the strategy table.

To assess the next step needed to make HR more fully strategic, let us consider four questions:

- (1) what is the essential strength of each of the named approaches, in a nutshell
- (2) what, from a broader behavioral-science perspective, do the named approaches leave out of consideration
- (3) what, therefore, needs to be attended to by HR in the future
- (4) what transformations of the HR Department are entailed by ‘the next step.’

Strengths and Weaknesses of the 1990’s Approaches

Within the spectrum of behavioral elements entering into performance at work, competence is doubtlessly a relevant, but by no means a central, component. As research on, and observations of, teams has shown, central is rather the actual use of competence, and such use depends on a large number of partly intangible factors, such as developmental maturity, systemic thinking capacity, ability to align with company strategy, task focus, self conduct, and interpersonal perspective. This being so, it is not astonishing that even the best competency model, while helpful in hiring, is in no way an indicator of actual or future performance. In most cases people fail, not because of lack of competence, but of inner and outer circumstances hindering them from making optimal use of it.

However much ‘emotional intelligence’ is a contradiction in terms, the limbic system being closely linked with reasoning only in the later stages of adult development, the notions behind EI models are useful. Such notions complement those of reasoning-based competence. EI models often taken the form of opinion surveys, thereby signaling that how an employee sees him- or herself, may drastically differ from how they are seen by others, with appropriate interventions called for. The weakness of such models is that the projection inherent in the evaluation of a particular employee is never caught, thus disregarding that the evaluators have

their own developmental cross to bear. In Argyris' terms, we are merely dealing with espoused knowledge.

While the two models above call for, but do not mandate, a strategic framework, the scorecard's learning and growth dimension is tightly roped into strategy defined top-down. The step forward here is that behavioral issues, of learning, development, alignment, and others, get directly linked to strategic objectives in internal business process, customer relations, and ultimately, financials. The intrinsic weakness of the model is that the learning and growth dimension, although considered the 'basis' of strategy (Kaplan & Norton, 1996), imposes strategy on employee capabilities from above, rather than simultaneously conceptualizing it from below. As a result, a methodology of opinion surveys takes the place of a deep-structure level assessment of human resources for executing strategy. Again, espoused knowledge is not transcended toward knowledge-in-use. The learning and growth methodology is precise on the surface but shallow, since it disregards decades of behavioral and developmental research with plentiful information about limits of capability and intangible resources presently unused.

What is Left out by the Three Approaches

The easiest way to state what is left out by all three approaches discussed is to say that they share a common view of the worker as a "black box" whose innards cannot be known, or if they can be known, cannot be managed. This pessimistic view of human resources is often compensated for by glowing descriptions of the behavioral success of HR programs, such as coaching. One fundamental insight is missing in all three approaches: that organizational work takes place, not in some "organization out there," but rather in "the organization in here." The way the mind works is such that employees (executives included) all construct a model of the organization in and for which they are working, and this model depends on their own personal developmental and behavioral profile. The organization "in" which they work, is thus rather the organization they have constructed and "walk into" for work. As a result, many covert processes get disavowed, buried, and remain unidentified; in fact just those processes remain hidden that hinder competence to be used optimally, emotional intelligence to become manifest, and learning and growth to take place.

Required Levels of Human Resources Evaluation

In this behavioral perspective, what needs to happen in the future is to enlarge the range of HR evaluation levels, in the sense of Fitz-enz et al., as shown below:

**Table 1. Consecutively 'Deeper' Evaluation Levels
in Human Capital Management**
(adapted from J. Fitz-enz, 1998, p. 36)

Evaluation Level	Brief Description of Measurement/Evaluation	Behavioral Correlates: <u>Example: Employee Alignment with Strategy</u>
Reaction	Participants' reaction to an HR initiative	Employee approval of HR initiative
Learning	Motivation, knowledge, or attitude changes	Knowledge of company strategy; skills of supervisors
Implementation	Changes in behavior on the job through application of a specific HR initiative	Change in employee task focus and peer relationships

Enablers	Tendencies and patterns in the use of competencies, leadership behavior, task behavior, team synergy, and understanding of cultural climate	Improved use of competencies, leadership behavior, task focus, team synergy, and cultural competency
Capability Indexes	Variables measuring present, near and far future workforce capabilities that underly the use of competence and emotional intelligence in organizations	Insight of executive and HR management into the risk-potential ratios of quantified (indexed) human resource intangibles, such as developmental and behavioral potential of the workforce
Business Impact	Business impact of the company's meta-enabler profile determined by assessments and specific HR initiatives	Reduction in indifference to company mission, strengthening of, and voluntary contribution to, company strategy; reduction of hiring and succession planning fiascos
Financials (ROI)	Monetary value of intervention results against cost of the HR initiative	ROI of HR initiative (in % of output and/or productivity)

Taking as an example employee alignment with strategy (outer right), the above table enlarges Fitz-enz's original table by two additional layers of HR evaluation: *enablers*, derived from the balanced scorecard, and *capability indexes*. Through this addition, all levels take on enhanced meaning. Methodologically, the first three levels are accessible through opinion surveys and actuarial data that leave the "employee black box" intact. Rather than visiting the building called 'workforce,' we only look at its façade, or perhaps climb up on it. But the layout of the building 'workforce' remains in the dark. *Since the survey answers we get are answers to pre-defined questions, all of the covert employee processes remain beyond our reach. We are thus basing our strategy on a lot of guesswork, deceived by percentages.*

Proceeding to enablers (level 4), we are still based on opinion surveys, but are looking at broader behavioral tendencies and patterns which have an impact on business process and, ultimately, ROI. On this level, the balanced scorecard celebrates its victories. Alas, the victories are not far-reaching enough, and may even turn out to be Phyrus victories (or Potemkin villages). This is so since enabler data describe, but do not explain, strategic alignment of the workforce (for example). They do not shed light on the innards of the employee back box that enable the enablers in the first place. Therefore, while they look good in readiness reports, they are descriptive, but neither truly diagnostic or even prognostic.

Since employees and executives are creatures who develop over the life span, and in the course of their development go through up to 15 different levels of mental growth (Kegan, 1994), prognostic data can only be obtained by assessing *developmental* meta-enablers. Such meta-enablers are "beyond," and thus "enable," enablers. They consist, e.g., of maturity level, developmental potential, and systems thinking capacity. To anchor such data diagnostically, by snapshots of the present, *behavioral* meta-enablers, such as task focus, self conduct, and interpersonal perspective ("emotional intelligence"), should also be assessed. In contrast to surveys, the interview and questionnaire required for meta-enabler assessments open up a deeper level of evaluation where authentic HR intangibles reside. Such intangibles, once assessed, answer the question: is our workforce up to the task in the near future? Meta-enabler interview and questionnaire do not have to be administered to the entire workforce. Rather, choosing a representative sample structured and sized according to company strategy, and defining indexes directly linked to strategy, is the preferred method.

Meta-enablers do more than show how far enablers can be strengthened and within what time-span; they also throw light on why some HR programs fail to be implemented successfully, and why learning does not take place as expected. They may also explain reactions to particular HR programs. In contrast to Fitz-enz's original table, measuring business impact based on meta-enablers extends beyond mere description. It comes to encompass explanation. Since meta-enablers, by definition, explain why enablers turn out the way they do, they also explain why the business impact of enablers is what it is. Consequently, ROI comparisons are not simply numerical exercises for shareholders, but have a deep-level explanation attached to them (should shareholders care).

Can HR Departments Take the Next Step?

While the first, 1990's, foray into HR management by measurement has not succeeded in breaking open the "black box employee," and thus in establishing authentic employee metrics, the step toward and into meta-enablers promises to accomplish a deeper-level insight into workforce capacity and performance. What is needed is to transcend mostly internal, cultural barriers that manifest in how "the organization" is construed internally by executives and employees alike: as something "out there," rather than "in here" (where meta-enablers reside). The North American culture is especially disadvantaged in this regard, since in contrast to, say, India, it has little regard for levels of growth of self-awareness over the life-span. Another cultural handicap is the North American preference for short-term perspectives, given that honoring especially developmental (life-span) meta-enablers requires a long-term HR perspective.

There are other obstacles to overcome as well: the lack of a conceptual framework and language for defining meta-enablers, and indexes based on them; the belief that the innards of the "black box employee" cannot or should not be precisely measured; the addiction to opinion surveys which by definition only pose, rather than solve, problems; the lack of models for deep-level employee metrics, etc. However, tools for measuring meta-enablers have begun to appear, as I have shown in previous papers introducing CDREM™, the Corporate Development Readiness and Effectiveness Measure. With CDREM™, companies can take a first step into the land of meta-enablers, an undiscovered landscape of hidden HR resources and denied strategic obstacles that only the brave and the desperate, as well as the adventurous, will eventually enter. To cope with business intangibles, you have to start with your own, make them visible, and call them by name, to discover the internal organization, "in here," not far from you. You can then enlarge the range of levels of HR evaluation which, surely, will have a business impact now hard to foresee. In the meantime, unmeasured intangibles will keep staring you in the face.

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