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USE OF
VALIDATION
BY ENTERPRISES
FOR HUMAN RESOURCE AND
CAREER DEVELOPMENT PURPOSES

Use of validation by enterprises for human resource and career development purposes

Foreword

In this report, Cedefop analyses use of validation of non-formal and informal learning – or competence assessment – by European enterprises. The report is based on an extensive study covering more than 400 European enterprises and thus provides one of the first comprehensive reviews of validation activities outside the public sector.

Cedefop has been actively involved in validation since the mid-1990s. We have seen how validation has moved from being of interest to a few experts to becoming a core topic of European and national lifelong learning policies.

The Council recommendation on validation of non-formal and informal learning adopted in December 2012 (Council of the European Union, 2012), reflects increased importance attributed to learning taking place outside formal education and training systems and institutions. Validation is seen as an instrument to help make better use of the vast amount of skills and competences acquired outside educational institutions. The recommendation lists the following reasons for intensifying European cooperation on validation:

(a) strengthening employability of individuals;
(b) promoting lifelong learning;
(c) increasing flexibility of education and training systems;
(d) improving functionality of the labour market.

The recommendation thus sees validation as an instrument bridging education and training and the labour market.

Validation cannot be the exclusive responsibility of education and training authorities. It involves a broad group of stakeholders, including employers, trade unions, chambers of commerce and industry, education and training institutions as well as civil society organisations. Most of the debate on validation, however, refers to how such mechanisms work and are organised in national education and training systems. This stands in stark contrast to the fact that companies are continuously assessing employees' competences for recruitment and personnel management strategies.

This report makes an effort to understand better this important part of validation practices, hopefully providing a basis for concrete solutions to be implemented in the next few years.

Cedefop would encourage national authorities and social partners (at national and European levels) to engage in dialogue on how to take practices relevant for enterprises forward both in the private and public sectors. This would directly support the ambitions expressed in the 2012 recommendation on validation of non-formal and informal learning and, in particular, give European citizens the added benefit of valuing all learning for employability.

James Calleja
Director

Acknowledgement

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Executive summary

Cedefop's study on validation of non-formal and informal learning in European enterprises reveals that while European enterprises give high priority to making knowledge, skills and competences visible – as well as to value them – the term validation is not well known. While terminological differences can be overcome – competence assessment is the term recognised and preferred by most – lack of connection between efforts of enterprises in this field with public validation arrangements is problematic. Employees having their skills and competences assessed will normally not be able to use outcomes of this process outside the company in question. This lack of 'portability' is partly caused by the fact that companies rarely use common methodologies or presentation formats, and by lack of common terminology for referring to knowledge, skills and competences. This makes it particularly difficult to link competence assessment practices in enterprises to validation arrangements in the public sector.

The study builds on the following sources:

(a) 29 expert (human resource managers) interviews in 10 selected European countries ([1]);
(b) a survey of 400 European enterprises (with 50+ employees);
(c) 20 case studies.

Reasons for competence assessments in companies

There are many reasons why companies assess employee competences, skills or knowledge. The three most important are:

(a) recruitment: this is the most frequent reason for competence assessments and here companies seem to assess people most extensively and systematically;
(b) personnel and competence development: assessments are widely used by enterprises to determine employees training and development needs, especially in more knowledge-intensive sectors;
(c) career progress and succession planning: competence assessments help to identify and develop successors for higher job positions and determine remuneration. This aspect is more relevant in larger companies where performance and target achievement are often crucial evaluation criteria.

[1] Denmark, Finland, France, Germany, Ireland, Lithuania, the Netherlands, Norway, Romania, Spain.

Further, regular competence assessments of employees are sometimes required by company quality assurance or management systems/standards. Also, in some countries labour law seems, directly or indirectly, to cause enterprises regularly to measure skills of their workforce. Finally, employee appraisals are occasionally used by firms for restructuring and organisational change.

Main targets for competence assessments

Not all company segments or groups of employees are assessed to the same degree. Appraisals are mostly developed and detailed for two types of job position:

(a) executives and leadership/management positions are assessed most extensively;

(b) highly-qualified technicians and engineers appear to be the second main group for competence assessment.

Other types of employees are assessed but to a lesser degree: sales personnel or, more generally, people who directly work with a company's customers; skilled craftsmen/workers; administrative and office workers. Low-skilled blue-collar workers are the least exposed to systematic competence assessments by companies. This pattern points to a positive relationship between the skills content of different occupational groups and competence assessment in enterprises: the more important a position, the more a firm will invest in appraisal.

Main types of competences assessed

In principle, competences assessed by companies are derived from a required set of skills which in turn stem from the task profile of a specific job position. Required capabilities are therefore certainly very heterogeneous. Overall, however, firms focus employee appraisals mostly on the following broad types of competences:

(a) specific job-related skills and competences are most frequently and most extensively assessed. This category of competences is relevant to almost all types of staff, occupations, and job positions. Assessing job-related competences is more important in the recruitment process than personnel development or career planning;

(b) social and personal competences are ranked second in employee appraisals. They are especially relevant in assessments related to management positions and career progression. Generally, the higher the hierarchical position,

social/personal capabilities are more important than technical/professional skills. Social skills are also thoroughly assessed for sales personnel and other customer-related jobs, such as caretakers;

(c) digital literacy is broadly assessed as many employees use computers today;

(d) language skills (foreign and/or mother tongue) are mainly assessed for management positions and any jobs involving significant customer contact;

(e) analytical and mathematical competences are examined primarily for accountants, bookkeepers and similar jobs, as well as managers and engineers.

Standards and benchmarks – Use of formal competence grids and models

Assessment of specific competences is usually based on a required skills profile related to a specific position. The profile represents the competences expected or needed in terms of content and level. However, in many companies these expectations or norms are very simple and ad-hoc and are not necessarily predefined in form of a written competence catalogue or grid. There is a clear difference between sizes: predefined formal grids are applied much more frequently in larger enterprises (mostly also including systems of scales or grades) and to a much lesser extent in smaller firms (50 to 249 employees). A comparison of sectors shows that firms in financial services use predefined competence catalogues more frequently than other sectors.

Among enterprises surveyed in this study, more than 60% of formal competence assessment grids/catalogues used are entirely firm-specific, while less than 40% are based on a more general external model. Human resource consultants are the most important source of such external models or catalogues of competences. In most cases, however, these models are still being adapted to circumstances of a specific company. Almost all consultant models focus on personal and social competences and hardly on professional skills. Standards from State institutions, sector organisations or collective agreements are another source of competence catalogues, seemingly most important in the healthcare sector.

More than 60% of companies interviewed consider their competence grids and catalogues – be it firm-specific or linked to an outside model – to be quite stable over time. Changes that have taken place over the past few years can be summarised as follows:

(a) the most significant trend has been to include more, and a broader range of,

social competences in catalogues and therefore in employee assessments;

(b) more personal competences have been included;

(c) for profession-related (technical) competences changes in assessment grids are mainly induced by technological change: ICT and computer skills and knowledge of industrial automation have increasingly been taken into account;

(d) an emerging trend, especially in large enterprises, has been to look increasingly at the potential people may have in five years or so rather than looking only at current status of skills and competences.

Assessment methods and instruments

A broad range of methods and instruments are used by companies to assess or measure competences, skills or knowledge of employees. Easy-to-use methods such as interviews and talks or screening CVs, certificates, qualifications and references are used by almost all enterprises. Document screening is mainly used for recruiting and to appraise profession-related skills.

Various other instruments are characterised by a higher complexity and tend to be time-consuming and expensive. These include: psychometric tests (often used when recruiting for leadership positions or sales personnel); simulations, exercises and role play; 360 degree feedback (which focuses on key competences and is mainly used for employee development and career decisions); assessment centres (mostly used for management positions). These instruments are not so common, especially in smaller enterprises.

The main trends in assessment practices over the past few years point to upgrading and refinement of appraisal methods especially where applied for personnel development and career progression purposes.

Documenting competence assessments

On recording appraisal results of employees, almost 40% of interviewed enterprises keep standardised and structured competence profiles with scales/grades, and another third keep non-standardised and non-structured reports on a regular basis. The rest keep records only on a case-by-case basis and unsystematically or do not draw up and file reports with assessment results. However, again there are significant differences between company size classes: standardised and structured documentation is much more common in larger firms. Companies do not usually certify workers' competences. Aside from

assessments for recruitment processes, appraisal results are usually handed over to concerned employees (if requested).

Comparability of assessment results

Company competence assessment practices and standards are mostly firm-specific and appraisal results are hardly ever used across companies, for example for a job application to another firm. Although a large share of company managers (more than 60%) think appraisals done by other companies (of the same industry) could be useful, their value is seen to be limited for the following reasons:

(a) companies have quality and credibility concerns (such as unknown assessors);
(b) sets of competences measured by other companies are seen to be insufficiently related to their own competence requirements;
(c) understanding specific competences is seen to be too different between companies;
(d) results of competence assessments done by other companies are regarded as insufficiently informative or too general.

Still, assessment results of some competences or knowledge are seen to be quite comparable across firms, such as health and safety know-how, ICT skills, or ability to operate specific machinery.

One way of making enterprises' validations more comparable and transferable is through developing common standards and approaches. However, only a very small percentage of companies are presently involved in such initiatives. One initiative is developing assessment standards among organisations in an association or group, such as an association of savings banks, retailers or an umbrella organisation of hospitals and care centres. (Sectoral) initiatives of trade unions and employer associations – partly governed by collective agreements – is another.

Challenges and success factors in competence assessments

For enterprises, defining a relevant set of criteria to be assessed for a job position is less difficult than correctly assessing a person's actual level of competence.

Subjectivity of assessors, who are usually line managers, is a major challenge. Personal and social competences are regarded as more difficult to assess than professional competences.

The main factors and measures determining quality of competence assessments include:

(a) competences, experience and proper training of assessors;
(b) having a person evaluated by more than one assessor;
(c) careful identification and definition of job requirements as a basis for specifying assessment criteria;
(d) defining assessment criteria and scales as precisely as possible.

Other factors include: using a mix of methods and instruments to increase reliability; high standardisation and systematisation of the overall process; and regular assessments over time. Beyond quality methods, embedding competence assessments in corporate strategy is a key factor for success or failure.

Employee acceptance of competence assessments

According to Cedefop's study, employees' acceptance of companies' competence assessment practices and their results seems generally positive. Assessment of social and personal competences is by far more often contested than assessment of professional skills. Naturally, probability of objections also depends on the purpose of assessments. Evaluations during an organisational change or downsizing as well as those linked to remuneration are more often disliked and opposed. Assessments are most accepted if used for development purposes or for defining further training.

Important factors for ensuring good acceptance of assessment practices by employees include:

(a) good prior communication and information about assessments, creating an atmosphere of openness, trust and transparency;
(b) involving employees or their representatives, such as work councils, in designing assessment procedures;
(c) clear and understandable competence assessment systems, designed to ensure objective results and impartiality (using standardised and well-specified evaluation criteria);
(d) results are thoroughly discussed with concerned employees who receive feedback and an opportunity to react.

External determinants – Collective agreements and public regulation

Employee representatives were involved in designing and implementing assessment practices in approximately half the surveyed companies. Their participation depends very much on the type of appraisals introduced. They are mainly involved in implementing more formal and advanced assessment approaches, such as when standard competence models/catalogues, or instruments like psychometric tests or assessment centres are going to be used. Most frequently, employee representatives co-decide on the competences to be assessed as well as the assessment methods and instruments to be used. To a lesser degree, they participate in the decision on purposes of assessments and how assessment results will be documented.

The majority of enterprises do not experience any labour legislation or collective agreement constraints with regard to design and implementation of competence assessment practices. However, a few feel affected by specific provisions related to the competences they may assess and some have to fulfil obligations on use and documentation of assessment results.

Both labour legislation and collective agreements influence the extent to which competence assessment is used. The larger the enterprise, the more common these externally imposed requirements become.

Some key conclusions

The more crucial specific job positions are, the more effort companies put into competence assessment.

Social and personal competences are especially important in assessments for management positions, in promotion and succession planning, and with employees who have direct client contact. Overall, notably social competences have become more significant in firms' employee assessments over the past few years.

Beyond skills and competences, appraisals in companies, unlike national validation mechanisms, often also refer to performance or target achievement.

Degree of formalisation of competence assessments depends mainly on firm size:

(a) use of written catalogues of the specific competences to be measured (standards) increases with the size of businesses. In smaller companies competences needed or expected of employees are often only determined ad-hoc and/or remain implicit;

(b) competence catalogues have mostly been developed in or for a particular firm. Some are based on or related to more general models provided by various human resource (HR) consultants (usually covering personal and social competences);

(c) larger enterprises also document and record assessment results (such as employee competence profiles) in a more standardised and structured way. Smaller firms frequently keep records inconsistently. In contrast to national validation mechanisms, companies generally do not certify competences.

Degree of formalisation and comprehensiveness of competence assessments also differ among sectors: industries or companies with a large share of 'knowledge workers', such as financial services, are more inclined to use formal and extensive methods than traditional sectors or companies, such as construction. There are also indications that firms in newer Member States generally use less sophisticated or formalised appraisal systems than companies in older Member States.

Regulation based on (labour) legislation or collective agreements seems to play a minor role for design and implementation of companies' assessment practices. There are some examples where assessment practices have been prescribed by law or social partner agreements, but these did not yet seem to have a strong impact on practices. However, introduction of quality assurance/ management systems in companies often triggers more formalised competence assessment procedures.

From the company perspective, the most crucial issue determining quality of competence assessments is avoiding subjectivity, partiality and inconsistencies on the part of assessors (usually line managers). This demands appropriate training for carrying out appraisals.

Employee acceptance of assessment practices and results depends on various factors including employee involvement in their design and implementation and the assessment's purposes and consequences for workers.

Assessment of personal and social competences is far more often contested by employees and is also regarded by companies as much more difficult to do than professional or technical competences. This is also due to a lack of formal qualifications in personal and social competences.

Results point to different assessment cultures. In Nordic countries and the Netherlands, we find comparatively open treatment of assessment issues by companies and comparatively high acceptance of appraisals by employees. Involvement of employee representatives in designing assessment systems is also more common in Nordic countries.

Comparability and transferability of appraisal results across companies is limited: firms often consider appraisals by other companies to be only weakly related to their own competence requirements. They may have very different (context-dependent) understandings of the same competence terms and have concerns regarding quality and credibility of appraisals by other firms and unknown assessors.

Apart from traditional employment attestations, assessment results are currently rarely used outside a particular firm, such as for job applications to other employers. Validation in enterprises therefore contributes little to the benefits expected from the basic principle of validation.

There are different types of collaborative initiatives to harmonise assessment practices of companies: common assessment standards are sometimes developed among enterprises organised under a cooperative, association or other kind of umbrella organisation. There are also comparatively wider sectoral initiatives of employer associations and trade unions, partly governed by collective agreements. Such initiatives may cover most occupations or job positions in an industry or group of firms or refer to only a specific occupation or function.

Only few companies are presently involved in some form of collaborative initiative on competence assessment, but in certain areas there seems to be significant interest to engage in such activities.

Forming inter-firm initiatives could be promoted by public and semi-public institutions at national and European levels (governments, social partners, associations in the HR area, etc.) through awareness-raising, provision of advice, guidance and training, or financially.

Chapter 1
Introduction

1.1. Context and aims of the study

Over the past decades, validation of knowledge, skills and competences of individuals has become a cornerstone in Europe's training and education policies, and an important element of lifelong learning strategies. Basically, the idea is to make outcomes of learning acquired outside school and classroom settings – for example at work, through engagement in civil society or through the Internet – more visible on the labour market and by society in general. In some cases these learning outcomes form the basis for a certificate or qualification. An important distinction is made between formal, non-formal and informal learning. Box 1 defines these terms.

Box 1 **Forms of learning**

Formal learning takes place in an organised and structured environment (frequently in an education and training institution) and is explicitly designated and intended as learning. It typically leads to award of a qualification (certificate or similar).

Non-formal learning takes place through planned activities and where some form of learning support is present (such as student-teacher relationship). Non-formal learning is intentional. Very common cases of non-formal learning include in-company training, through which companies update and improve their workers' skills such as ICT skills, structured online learning (by making use of open educational resources), and courses organised by civil society organisations.

Informal learning results from daily activities related to work, family or leisure. It is not organised or structured in terms of objectives, time or learning support. Informal learning is often unintentional. Examples of learning outcomes acquired through informal learning are skills acquired through life and work experiences, such as project management skills, ICT skills, languages learned during a stay in another country, skills acquired through volunteering, sports, youth work and through activities at home, such as taking care of a child.

Source: Adapted from Cedefop, 2008.

Increased transparency of skills and competences, through appropriate validation procedures, promotes a better match between labour supply and

demand and improves mobility on the labour market. It allows companies to find more easily the workers they are looking for and fully utilise otherwise hidden and invisible human capital. It also increases individuals' opportunities to find jobs they are actually skilled for and pursue their careers. Transparency and documentation of previous experiences is especially important for people in danger of losing their job or facing radical occupational changes. Transparency also enables individuals to make progress in the education and training system, from one level to another or from one institution to another. In these contexts, validation seems particularly important for groups at risk, for example those having dropped out from school. Finally, validation of non-formal and informal learning may also work as an incentive for taking up learning opportunities and therefore boost lifelong learning.

Against this background, a series of policy initiatives and instruments have been brought forward at European level to foster implementation of validation processes and systems. The most important initiatives are:

(a) a set of common European principles for identification and validation of non-formal and informal learning was adopted by the European Council in May 2004 (Council of the European Union, 2004). These principles were followed by European guidelines for validating non-formal and informal learning, providing a practical reference point and checklist for policy-makers and practitioners for developing validation methods and systems across Europe (Cedefop, 2009);

(b) also in 2004 the Europass framework was established, providing a set of documents (such as the Europass CV) for individuals to communicate better their learning outcomes throughout Europe. Europass is important for validation as it supports presentation and documentation of experiences gained outside schools;

(c) the 2008 Parliament and Council recommendation on the European qualifications framework EQF eases validation. The EQF has triggered a shift towards learning outcomes across Europe which makes it easier to assess and recognise learning experiences gained outside school;

(d) in 2009, a set of European guidelines on validation were published by the European Commission and Cedefop. Supported by the European inventory on validation, also published by Cedefop, these tools seek to support national stakeholders when developing and implementing validation;

(e) in December 2012, a Council recommendation on validation of non-formal and informal learning was adopted (Council of the European Union, 2012). This recommendation invites Member States to put in place national arrangements on validation of non-formal and informal learning by 2018. As part of this, Member States are encouraged to involve all relevant

stakeholders, notably employers and trade unions, to ensure that validation's full potential is released.

These European initiatives' main purpose has been to stimulate use of validation in public education and training institutions and systems. Validation has predominantly been seen as an alternative way of acquiring certificates, and as a way to increase flexibility of vocational education and training and higher education.

Stakeholders have increasingly argued, however, that validation should not be exclusively seen as an extension of the education and training system. The 2012 Council recommendation on validation defines validation as something relevant to both education and employment and sees involvement of employers, trade unions and enterprises as important for making progress. First, a large part of non-formal and informal learning occurs at work and in companies. Second, many companies have already for a long time been involved in assessment of knowledge, skills and competences, in particular in human resource management (HRM), such as recruitment to mention just one area of application. Closer investigation of companies' validation procedures seems therefore certainly worthwhile to understand better and learn from their approaches. Against this background, the main objectives of this study are to:

(a) identify and map out competence validation activities in enterprises;
(b) characterise company-based competence validation approaches (the various purposes, target groups assessed, main types of competence assessed, methods and instruments used, external embedding of approaches, etc.);
(c) evaluate company-based competence validation approaches (acceptance of results, challenges and success factors, comparability, etc.).

1.2. Main concepts

Validation of non-formal and informal learning is described as a process of confirmation by a competent body that learning outcomes (knowledge, skills and/or competences) acquired by an individual in a formal, non-formal or informal setting have been assessed against predefined criteria and are compliant with requirements of a validation standard (Cedefop, 2008; Cedefop, 2009).

There are two central components in this definition which shall be discussed further to clarify the research subject: learning outcomes (knowledge, skills and competences) and process of their validation and assessment.

1.2.1. Learning outcomes: knowledge, skills, competences

Through a learning process an individual acquires new knowledge, skills or competences. This conceptual tripartition of possible learning outcomes is widely accepted in education policy terminology at European level (Winterton, 2008) ([2]). This is not only reflected in common European glossaries (Cedefop, 2008), but also and even more importantly, it is fundamental to instruments like the European qualifications framework. The three components can be further characterised as follows:

Knowledge is usually understood as a body of facts, principles, theories and practices related to a field of work or study. It has a theoretical or factual nature.

Skills refer to the ability to apply knowledge and use know-how to perform tasks and solve problems. Skills may be of cognitive nature (such as use of logical or creative thinking) or practical nature (manual dexterity; use of materials or tools).

Competence is seen as ability to use knowledge, skills and personal, social and methodological abilities adequately in (specific) work or study contexts. 'A competent individual is able to combine knowledge, skills and attitudes …' (Council of the European Union, 2010b). In this sense, one could say that competence is based on (or uses) knowledge, skills and certain features of personality, including values. It is, however, not identical to these three pillars. The Council conclusions cited above state that competences 'signal the ability of individuals to act in a self-organised way'. This means that competence is seen as an integrative concept, influencing the ability of individuals to apply knowledge and skills and changing and unpredictable situations.

There are several approaches to subdivide and classify competences further. One well-known approach is of Erpenbeck and von Rosenstiel (2007) who also emphasise handling problem-solving processes and aspects of self-control and self-organisation in their conceptualisation of competences. They distinguish the following four classes of competences, defined as dispositions of a person to act in a self-organised manner:
(a) personal competences;
(b) activity- and implementation-oriented competences;
(c) professional-methodological competences;
(d) social-communicative competences.

([2]) However, also in recent academic work there is a trend towards similar tripartite conceptual systems, even though the wording might be different. Winterton synthesises such typologies by distinguishing (a) cognitive competence (designating knowledge and understanding), (b) functional competence (designating skills, abilities), and (c) social competence (including behaviour, attitudes, values).

In companies' appraisal practices in human resource management (HRM) all kinds of learning outcomes – people's knowledge, skills and competences – may in principle be relevant, and will therefore be taken into account in their entirety when investigating enterprises' validation procedures in the present study. While these distinctions are important to understand the complexity of learning addressed by validation, enterprises frequently use different terms. Overall, however, the term competence is widely used by enterprises and can thus serve as the focal point of this study. As will be demonstrated throughout the study, the distinction made by Erpenbeck and Rosenstiel (op.cit.) seems broadly reflected in enterprise practices and can be used as a basis for our analysis (see Chapter 4 for further elaboration). It should be noted finally that, in some instances, practical appraisal procedures of firms actually go beyond the learning outcome concept and also include aspects of employee performance. Although, formally, performance or achievement is different from competences, skills and knowledge it is often not clearly separated in practice.

1.2.2. Process of validation

Both the 2009 European guidelines (Cedefop, 2009) and the 2012 Council recommendation on validation (Council of the European Union, 2012) underline that validation of non-formal and informal learning can normally be described in four distinct phases:
(a) identification through dialogue of particular experiences of an individual;
(b) documentation to make visible the individual's experiences;
(c) formal assessment of these experiences; and
(d) recognition leading to certification, for example, a partial or full qualification.

The identification phase is dedicated to identifying systematically through dialogue, the particular experiences and related knowledge, skills and competences of an individual.

In the documentation phase individual experiences are systematically described and documented in a way that makes them visible to external parties.

In the assessment phase a formal assessment (measurement) of the individual's knowledge, skills and competences takes place against a relevant standard. Standards (norms, referential) constitute a key element of the validation process. The standard represents, as predefined criteria, the knowledge, skills or competences which are expected and required. In an education and training context the standard and criteria could for example refer to content of curricula; in an employment context it could be specific job requirements. Another key element is the assessment (or measurement) method. These methods may include, as appropriate, debate, interviews, observation in real practice,

presentations, simulations and work samples, or tests and examinations.

In the recognition step, an authorised body confirms that an individual has acquired knowledge, skills, and competences in compliance with requirements of a relevant standard. Official status is granted to skills and competences through award of qualifications or certificates (or credit units).

While the four steps outlined above reflect public validation arrangements, aiming at formal certification, they can help us in establishing a hypothesis on enterprise approaches in this field:

(a) some kind of identification phase is probably found in most employee appraisals. For example, in recruitment processes relevant experience of a candidate will usually be identified in interviews (dialogue). The same holds for interviews with employees to assess their recent development or training needs;

(b) a documentation phase described above might be less significant in enterprises. Comprehensive documentation of experience, especially for making it visible to third parties, will be drawn up only in exceptional cases;

(c) the assessment phase probably constitutes the principal part of employee validation processes in firms. The necessary standards or criteria are usually represented by or derived from job requirements. However, in many cases they may even not be predefined in written form (but implicitly in a recruiter's or line manager's mind). Assessment methods can, in principle, be similar to those used in national validation processes. However, as with standards, they may often be very informal (such as unsystematic observation in day-to-day routine leading to a subjective opinion of an employee's competence);

(d) finally, formal recognition or certification following assessments may be less relevant in enterprises. However, the assessment's final outcome is important as it will define to which extent individuals can use results of assessments outside an enterprise, for further employment or education.

In conclusion, the assessment phase is the nucleus of validation processes in private sector organisations and seems highly integrated with the identification phase. Assessment approaches vary in terms of systematisation and formalisation.

While important aspects of the above stages can be observed in enterprises, the term validation is not in common use. Terms such as appraisals, assessments, (performance) reviews, measurement, profiling or evaluation are quite frequently used. For this research we therefore use competence assessment to denote our subject of study.

1.3. Methodology and structure of the report

For this study, 10 European countries were selected to conduct empirical research on competence assessment in enterprises: Denmark, Finland, France, Germany, Ireland, Lithuania, the Netherlands, Norway, Romania and Spain. In several of these countries validation has become or is becoming a practical reality for individuals ([3]).

The empirical research is based on three pillars. First, a total of 29 expert interviews with HR consulting firms, recruitment agencies, providers of assessment tools and other organisations concerned with competence assessment in enterprises, people disposing of first-hand experience with validation in the business sector. Second, a total of 400 enterprises were approached through a telephone survey. The survey addresses companies of different size (50-249 employees; 250-999 employees; 1 000+ employees) and in different sectors of activity (manufacturing, retail trade, construction, transport, finance and insurance services, information and communication, healthcare). Due to the limited sample size, a systematic comparison of individual countries is not feasible, but geographic patterns are indicated throughout the text. Third, 20 case studies of companies and their competence assessment approaches were drawn up to gain further insights.

Main findings of the expert interviews and telephone survey are presented in Chapters 3 to 9. Important lessons from the case studies are presented in Chapter 10 (Cedefop, 2010) ([4]). Chapter 10 draws conclusions and lists recommendations for follow-up.

([3]) These countries have validation policies and practices enabling individuals to have their learning outcomes identified, validated, or both systematically. The countries have legal structures supporting validation methods, together with a strong policy framework.

([4]) The full set of case studies will be available in the European inventory on validation of non-formal and informal learning.

Chapter 2

Reasons for competence assessments in companies

There are several reasons why companies assess employee competences, skills or knowledge. The enterprise survey and expert interviews have shown that the three most frequent are the following.

2.1. Recruitment of personnel

Recruitment of staff is not only the most frequent purpose of competence assessment in the HRM context but is also the domain where companies seem to assess people most extensively and systematically. This is because, in cases of external recruiting ([5]), managers do not know the candidate; qualifications, certificates or other documents may only insufficiently inform about the required skills set; moreover, selection of inappropriate candidates can be extremely costly to the company.

Figure 1 illustrates that competence assessment for recruitment is prevalent in all firm size classes, but the degree of systematisation slightly increases with firm size.

2.2. Personnel and competence development

Competence assessments for personnel development are second ranked in terms of overall frequency as well as extensiveness. This HR policy domain represents the measures an enterprise takes to develop its human knowledge and skills base, and thereby its competitive capacity. In general terms, this refers to upgrading responsibilities, adapting employees' competences, which is not necessarily connected to career progression (even for given job positions, required skill sets may constantly change). In this context, prior competence assessment – against skills requirements – becomes necessary to define for each employee the skills gap and required training or learning measures.

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[5] It should also be noted that recruitment can be done from within the company (internal recruitment), which is to some degree related to succession planning.

Figure 1 **Extensiveness/systematisation of competence assessment for recruitment, percentage of surveyed companies, by size class of enterprise**

Source: Cedefop, enterprise survey, 2012.
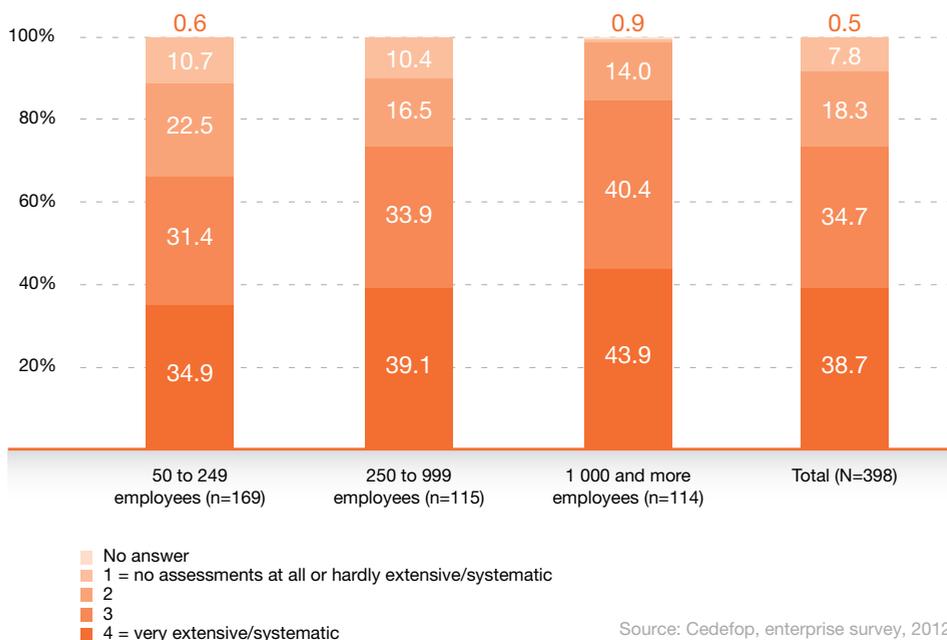
There is a more pronounced size class difference regarding extensiveness and degree of systematisation of competence assessment for personnel development, as data presented in Figure 2 show. Previous studies (IKEI, 2005) suggest that, even though efforts to identify needs for skills upgrading are prevalent both in larger firms and SMEs, formal systems for evaluating personnel training needs are much more likely to be implemented in large enterprises than in SMEs. This may be related to the fact that relevant decision-makers in SMEs know their employees well from day-to-day routine compared to decision-makers in large corporations.

Next to a size class difference there is also a sector difference. In knowledge-oriented sectors, competence assessments for personnel development purposes seem to be more systematic and extensive than assessments in more traditional sectors (see Figure 3). This might be due to greater importance of continuous skills upgrading in the former group of sectors.

Figure 2   **Extensiveness/systematisation of competence assessment for personnel development, percentage of surveyed companies, by size class of enterprise**

Source: Cedefop, enterprise survey, 2012.

Legend:
- No answer
- 1 = no assessments at all or hardly extensive/systematic
- 2
- 3
- 4 = very extensive/systematic
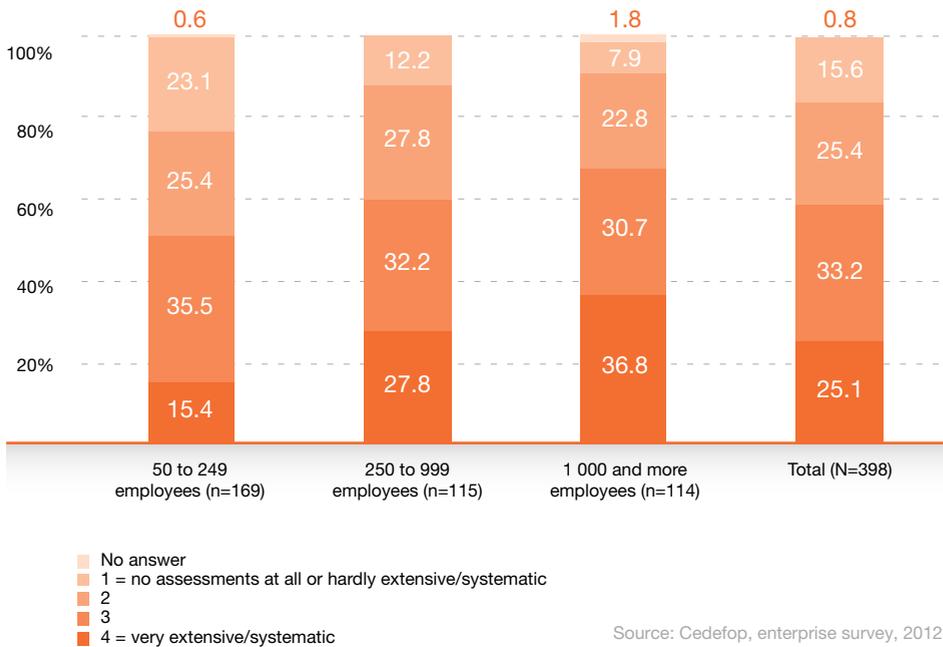
To evaluate effectiveness of a training or development measure, assessments may also be conducted after training takes place. Learning effects – referring to new knowledge and skills acquired – could be measured, for example, through subsequent observation or tests, but interviewed experts and literature indicate this is rarely done (Stone et al., 2006).

2.3. Career progress and succession planning

Validating competences is also used for career development and succession planning, when identifying and developing successors for, for example, management positions. The purpose is to measure an individual's competences against requirements of a higher job position and to establish their potential as well as possible personnel development measures if needed.

Figure 3   **Extensiveness/systematisation of competence assessment for
personal development, percentage of surveyed companies,
by sector**

NB: Traditional sectors: (retail) trade, construction, transport. Knowledge-oriented sectors: manufacturing, finance/insurance services, information and communication.
Source: Cedefop, enterprise survey, 2012.
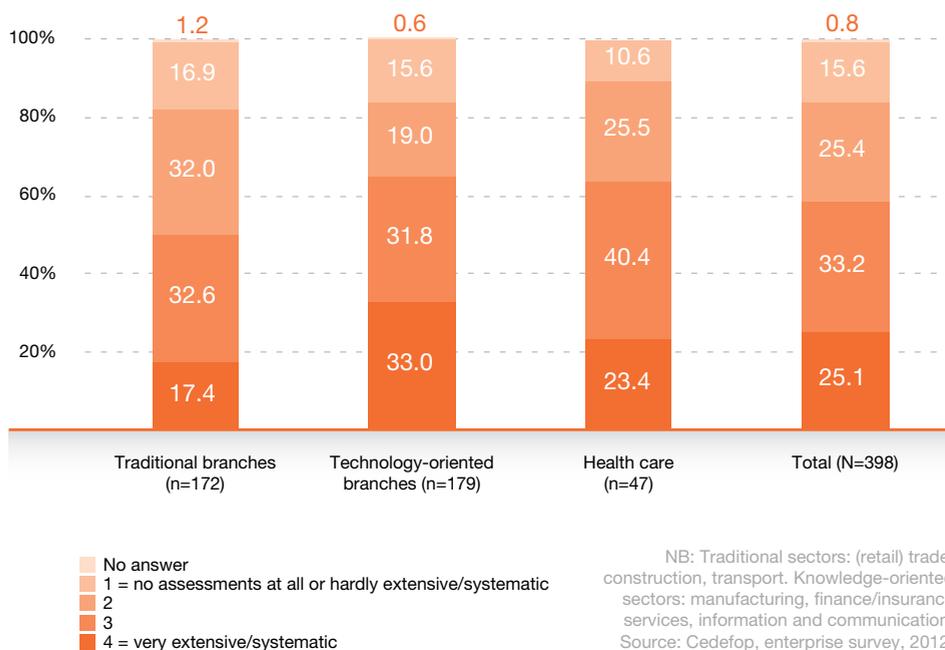
The enterprise survey shows that extensiveness of competence assessments is on average somewhat lower than for recruitment or personnel development. One explanation is that, next to skills, performance may play a stronger role for career progression (although in practice HR managers often do not exactly distinguish between these two aspects).

For career planning systems to be in place, a certain hierarchy in a company is obviously required. Therefore, competence validation for career planning is more frequent and more systematic in larger companies, as Figure 4 clearly shows.

Similarly, competence assessments play a role in determining wages and salaries. Pay scale classifications, according to collective agreements or other rules, often take competences into account, but corresponding criteria are mainly based on certified qualifications and less on tests, etc. within a company. Beyond that, wages and salaries (similar to career progress) are often predominantly determined by result or performance rather than competence. Moreover, seniority is also an important determinant of remuneration.

Figure 4   **Extensiveness/systematisation of competence assessment for career progress and succession planning, percentage of surveyed companies, by size class of enterprise**

No answer
1 = no assessments at all or hardly extensive/systematic
2
3
4 = very extensive/systematic

Source: Cedefop, enterprise survey, 2012.
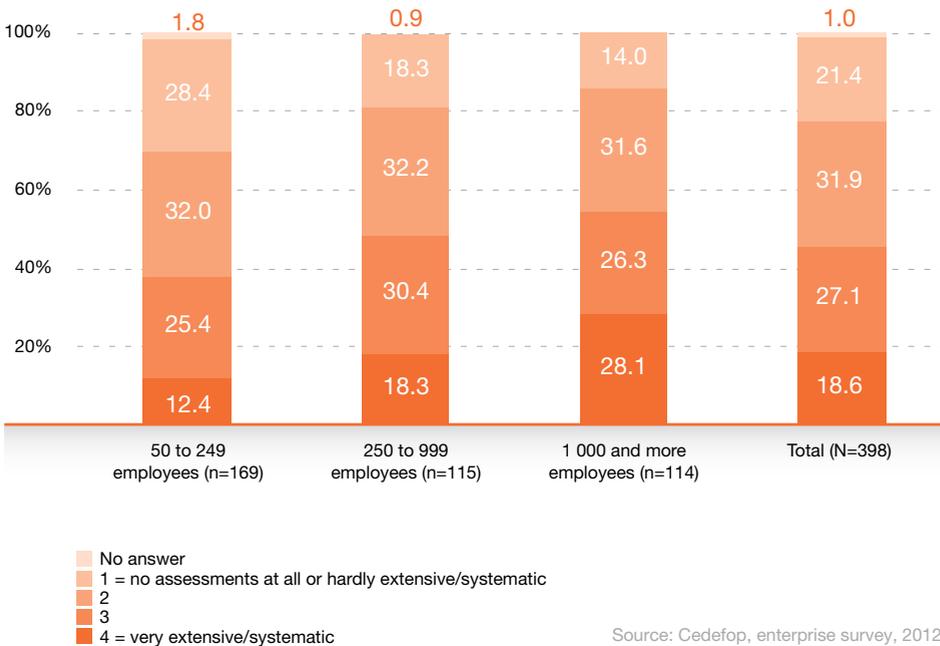
    The enterprise survey and expert interviews show there are also other reasons for competence assessments, which are however less frequent:

(a) redundancy, restructuring, organisational change: occasionally, comprehensive competence assessments are done in company restructuring and organisational change. In such cases, information on available human capital is needed as, for example, the workforce must be reallocated to other activities and jobs or entire divisions of a company have to be valued. If employees are made redundant, validation of competences, going beyond usual simple work testimonials, can be part of a social plan to help people find new jobs. An example is given in Box 2;

(b) reintegration after disability or sickness: when employees return after long-term absence due to sickness or other health problems, some companies reassess their skills and competences to identify appropriate jobs;

(c) knowledge management systems: some firms, mainly larger ones, run knowledge management systems, often based on specific ICT tools.

Mapping and making visible a company's competences and human capital potential can constitute one part of such systems. It may serve internal purposes (such as for people to know whom to refer to within a company) or external purposes (such as to display intangible assets to stakeholders). However, extensive competence assessments of individual employees are rarely part of these systems;

(d) quality assurance/management: some companies run quality assurance or management systems which foresee that specific employees are required to dispose of certain knowledge, skills or competences and are (regularly) assessed accordingly. The relevant tasks and needed skills may for instance be related to safety issues. Examples are presented in Box 2;

(e) legal provisions: in principle, companies are not obliged by law to carry out competence assessments of employees. Labour law may nevertheless function as a driver for firms to measure regularly skills of their workforce. In France, since 2005, there is a legal obligation – accompanied by public support measures – for enterprises with more than 300 employees to introduce a GPEC (*gestion prévisionnelle des emplois et des competences;* forward-looking employment and skills management). Although skills assessments are not compulsory within a GPEC this was, according to interviewed experts, nevertheless an important driver for implementing competence assessments in French companies. Firms may also get involved in employee validation to different degrees and forms in countries where their participation in national validation systems is foreseen, such as Norway, the Netherlands (EVC) ([6]) or the UK. Further information on roles of legislation and collective agreements is presented in Chapter 8.

([6]) A description of the Dutch system from an accredited provider's perspective is presented as a case study.

Box 2 **Example of competence assessments**

Example of competence assessments for organisational change
Fiskars, a Finnish international consumer goods company with a total of about 3 400 employees is going through a significant process of organisational change forcing the company to reevaluate their personnel's skills. Some employees need to be given new jobs in the company while others are supported in finding new jobs elsewhere. Traditional appraisal procedures are now carried out more systematically and have been adapted to take account of different scenarios. This means that people are not only assessed against requirements of their current jobs, but also to find out which other jobs in or outside a company they could possibly take on. Assessments have also been adapted to take better account of individuals' development potential.

Examples of competence assessments prompted by quality assurance systems
The approach to competence assessment of St Vincent's University Hospital (SVUH) in Dublin, Ireland, has been influenced by the hospital's accreditation in 2010 by an international organisation (JCI) focusing on improvement of safety of patient care. Achieving this accreditation requires SVUH to develop continuously and improve its competence assessment policies and practices. For example, one accreditation requirement is that job descriptions used in accredited hospitals also contain the relevant competences for the job. In addition, the hospital's laboratory department has achieved accreditation to ISO 15189 (a quality standard for medical laboratories), which required among others, formally observing and testing trainees, and holding annual competence review meetings with staff members.
MB – Ihre Logistik Service GmbH, a German provider of logistics services, received in 2011 certification according to the quality management norm DIN EN ISO 9001:2008 for its control and rework division. This resulted in implementation of regular competence assessments, throughout all hierarchical levels, not only in the concerned division, but also in the other three divisions.
A quality certificate received in 2010 prompted Koivupirtin säätiö, a foundation providing housing services for the elderly in Finland, to measure employee skills and knowledge more precisely than before and, in particular, fully to record and store results to be available for inspection by an external quality auditor.

Chapter 3
Main targets for competence assessment

Not all company segments or groups of employees are assessed to the same degree. Appraisals are most developed and detailed for two types of job position:

(a) executives and leadership/management positions are assessed most extensively. This holds for both assessments for recruitment and existing managers (personnel development, succession planning, etc.). Obviously, most assessments for career/succession planning are almost by nature connected to this type of position;

(b) highly-qualified technicians and engineers appear to be the second main group for competence assessment.

The reason for these two groups standing out is that thorough competence assessments require significant financial and time resources which only pay off for crucial job functions in a company.

Other types of employees assessed to a reasonable extent include:

(a) sales personnel undergo extensive appraisals especially when recruited. Generally, competence assessments seem to be important for people who work directly with a company's customers, including not only sales personnel but also, e.g. consultants, customer support staff or caretakers in the health sector;

(b) skilled craftsmen/workers (foremen, machine operators, printers, IT experts, etc.) are often assessed by simpler methods, such as CV screening, testimonials, and interviews. In many cases available educational qualifications are seen to be sufficiently informative as far as technical/professional skills are concerned;

(c) administrative and office workers.

Low-skilled blue-collar workers are the least exposed to systematic competence assessments by companies. According to some interviewed experts, this group is usually only assessed when recruited but seldom at later stages, for instance for personnel development or career progress.

The pattern outlined above points to a positive relationship between the skills content of different occupational groups and their involvement in competence assessment activities in companies. The more important a job position, the

more a firm will invest in appraisal. This phenomenon can also be observed for provision of training and development measures by enterprises. The OECD acknowledges that firms tend to choose investments from which they expect a high return, so training concentrates on workers who are already qualified and enjoy relatively high professional status (OECD, 2003). It also can be observed that enterprises with a relatively large number of manual workers and a small number of highly-educated employees invest less in education than enterprises with a high concentration of highly-educated people. The higher the 'status' of an employee the more resources are invested in training that employee (European Commission, 2003).

The same positive correlation is found with regard to competence assessments. The enterprise survey shows that companies with a higher share of employees with a tertiary level of education use (on average) more extensive/systematic assessment practices (see Figure 5). The interrelation between educational levels and investment in assessments holds for appraisals for both recruiting and personnel development.

Figure 5 **Extensiveness/systematisation of competence assessment, percentage of surveyed companies, by share of staff with tertiary education**

NB: R = for recruitment;
PCD = for personnel development.
Source: Cedefop, enterprise survey, 2012.

Chapter 4
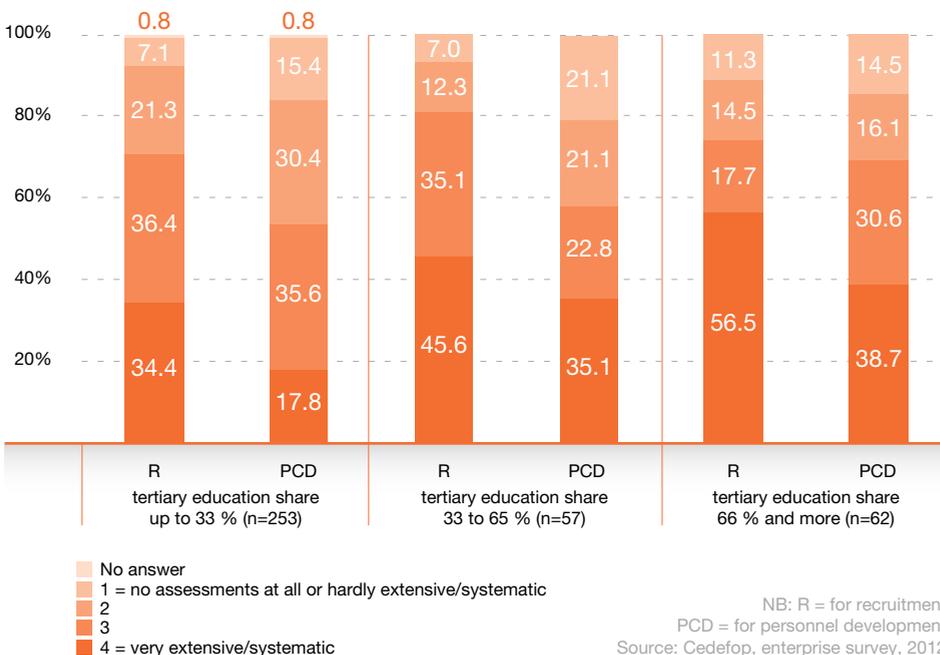
Types and profiles of competences

In principle, competences assessed by companies are derived from a required set of skills which are, in turn, derived from the task profile of a specific job, especially in recruitments, succession planning or personnel development. Even though skills requirements are certainly very heterogeneous, we investigate in Section 4.1 on which broad types of competences firms focus most in their assessments. In Section 4.2 we examine to which extent companies use predefined competence catalogues or profiles for appraisal purposes.

4.1. Types of competences assessed

Based on the enterprise survey, Figure 6 provides an overview of importance of different types of competence in companies' employee appraisals.

Specific profession-related skills and competences of employees are obviously most frequently and most extensively assessed by companies. This category of competences is, by nature, relevant for almost all types of staff and occupations as highlighted in Chapter 3. It also constitutes the top-ranked competence area for assessments in all sectors. According to interviewed experts, assessment of profession-related competences is relatively more important in the recruitment process compared to personnel development or career planning.

Social competences (including leadership, communication, cooperation, etc.) ([7]) as well as personal competences (including attitudes, behaviour) ([8]) are ranked second as regards importance in companies' employee appraisals. Both types of competences – and the social ones in particular – are especially relevant in assessments related to management positions and career progression. For example, when specialists, such as engineers or IT experts, progress towards management and leadership positions, very different skills are needed (accuracy becomes less important while leadership becomes more important). Generallyg, interviewed experts affirm that the higher the hierarchical position the more

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([7]) Repeatedly mentioned examples of more specific competences falling under this category include conflict management and ability to communicate and give feedback.

([8]) Repeatedly mentioned examples of more specific competences falling under this category include result orientation, strategic thinking, or setting goals.

important become social/personal capabilities and less important become technical/professional skills in competence assessments.

Figure 6   **Extensiveness/systematisation of competence assessment, by main type of competence, percentage of surveyed companies**

● Arithmetic average of the indications ranging from 1 to 4
No answer
1 = no assessments at all or hardly extensive/systematic
2
3
4 = very extensive/systematic

NB: N=398.
Source: Cedefop, enterprise survey, 2012.
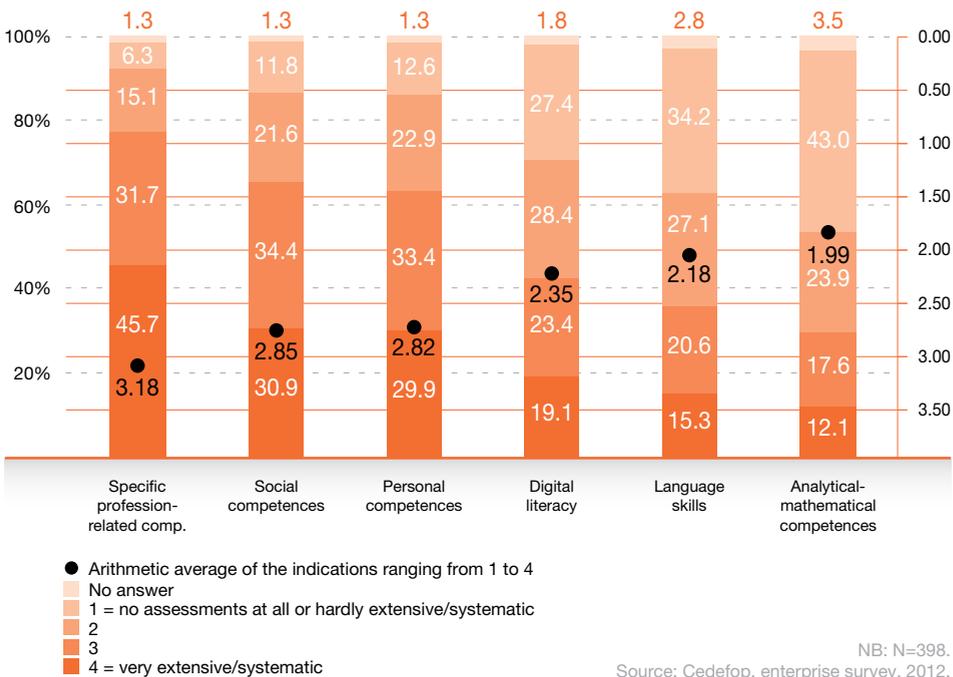
Further, social skills are also thoroughly assessed for sales personnel (sales skills) and similar customer-related jobs, such as caretakers. Comparing sectors shows that assessment of social and personal skills seems to be relatively less important in construction and transportation sectors.

Box 3 **Examples of social and personal competences assessed**

> At John Sisk & Son, Ireland's largest construction company, there are two distinct employee categories when it comes to competence assessments. The craft category (carpenters, stone masons) is generally less intensively assessed than professional service grades (engineers). Notably, the company places a high level of emphasis on assessing the social/interpersonal competences – particularly leadership and relationship-building competences – among the professional services category where there is an expectation that some of these will progress to a position of contract manager. Contract managers have a key influencing role in successfully completing large and complex construction projects. It involves significant interaction with staff, temporary employees, subcontractors, suppliers and clients.
>
> Groupama Seguros is the Spanish subsidiary of the international insurance group Groupama. There are three particular target groups for personnel development and career progression in the company. These are extensively assessed for the following competences.
>
> Agents and sales managers are assessed for work organisation, communication, team management, analysis and decision-making and customer orientation.
>
> Young talent, who aspire to management positions, are assessed for communication abilities, emotional intelligence, teamwork, self-esteem, stress management and facing challenges.
>
> Directors and middle management are assessed for achievement orientation, communication, initiative, teamwork, leadership, and self-confidence.

Digital literacy is a broadly assessed competence in companies as many employees today use computers. This competence is particularly assessed in administrative (office workers, clerks, etc.) and IT jobs – and is therefore especially important in the ICT sector. Conversely, companies in the retail sector emphasise digital literacy very little in their employee appraisals.

Language skills (foreign and/or mother tongue) are mainly assessed for management positions as well as for any jobs involving significant customer contact (sales personnel, etc.). In addition, people working in international environments as well as those with a migration background are tested for their language competences.

Finally, analytical and mathematical competences are examined primarily for accountants, bookkeepers and similar jobs as well as managers and engineers.

4.2. Use of competence grids and models

The specific competences to be assessed are usually based on a required skills profile related to a specific job position. The profile represents the competences expected or needed – in terms of content and level. However, in companies these expectations or norms may be very simple and ad-hoc and not necessarily predefined in form of a written competence catalogue or similar. Figure 7 shows that overall more than a third of surveyed companies do not use such grids or catalogues at all when assessing employees. However, there is a clear difference between size classes. While such grids are used in only half the smaller firms (50-249 employees), they are applied much more frequently in larger enterprises, mostly also including systems of scales or grades. Further, a comparison of sectors shows that firms in financial services use predefined competence catalogues more frequently than other sectors. When looking at country differences, survey results indicate that use of such models and grids is somewhat more widespread among German companies compared to the other nine countries covered in the survey.

Figure 7 **Use of standardised/predefined grids or catalogues of competences in employee appraisals, percentage of surveyed companies, by size class of enterprise**

No answer
No use at all
Use of such catalogues/models,
but with no system of scales/grades
Use of such catalogues/models, (partly)
also including a system of scales/grades
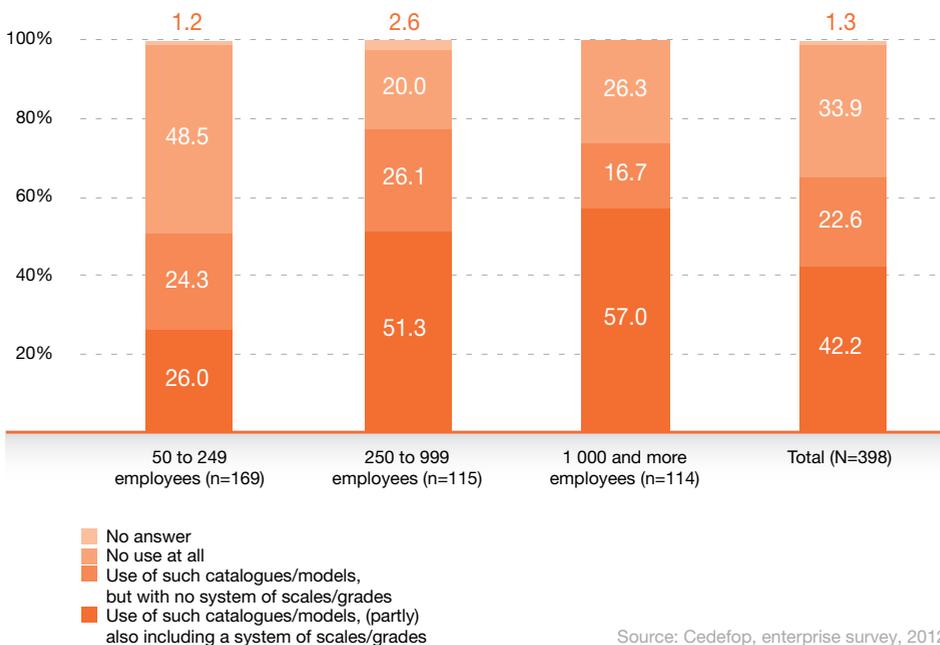
Source: Cedefop, enterprise survey, 2012.

Competence grids and catalogues covering profession-related skills and competences are somewhat more widespread than grids covering personality traits, social and behaviour-related competences. This holds in particular for smaller companies. A comparison of sectors shows that in construction predefined grids related to social and personal competences are found rather rarely. Further, while competence grids for profession-related competences are applied to a broad range of staff groups, models of social and personal competences are used primarily for managers and sales personnel.

It is interesting to know to which extent these competence grids and catalogues used by companies are entirely firm-specific or, alternatively, based on any more general external models, such as models developed by private consultants, academic institutes, sector organisations or the education sector. Figure 8 indicates that less than 40% of the grids in use are related to an external model. Note that if external models are adjusted to fit a company's specific needs (which is often the case), this is still counted as use of an external model. In the healthcare sector, the share of external competence models is somewhat higher (>50%) than in other sectors. For countries, firms in younger Member States (Lithuania, Romania) display clearly lower use of outside models or catalogues.

HR consultants constitute by far the most important source of external models or catalogues of competences. In most cases, these models seem to be adapted to circumstances of a specific company. In some instances the models come together with a more comprehensive solution already integrating measurement instruments such as surveys or questionnaires. Almost all models of consultants focus on personal and social competences and seldom on professional skills. There is a wide variety of providers on the market; however, systems and models of SHL ([9]) appear to be most widespread according to survey results.

Several firms use job evaluation methods as a basis for their competence assessments. Actually, job evaluation methods are designed to assess job requirements rather than people holding jobs. More frequently cited specific methods include Mercer IPE and the Hay method.

Standards from State institutions, sector organisations or collective agreements are a third source of competence catalogues or models. This type of reference seems to be most important in the healthcare sector, which is highly regulated in terms of legally obligatory skills requirements, but is also used to some extent by companies in the transport sector (see the examples below). Additional information on collaborative initiatives in competence assessment is given in Section 6.3.

([9]) Refers to 'SHL talent measurement solutions'. http://www.shl.com/uk/about/who-we-are/

Fully self-developed internal profiles and standards are seen to have the advantage of being perfectly adapted to a company's particular context and needs. However, a drawback of developing competence models/catalogues primarily from within a company is that they may be strongly determined by the company's culture, and so a company may have a predisposition to seek out certain personality types again and again. In smaller firms, profiles are often just based on the last person who held the position, their tasks and characteristics.

Figure 8   **Use of more general external competence catalogues/models in employee appraisals, percentage of surveyed companies using competence grids**

- Use of external models
- Catalogues of competences and criteria not based on any external models
- No answer
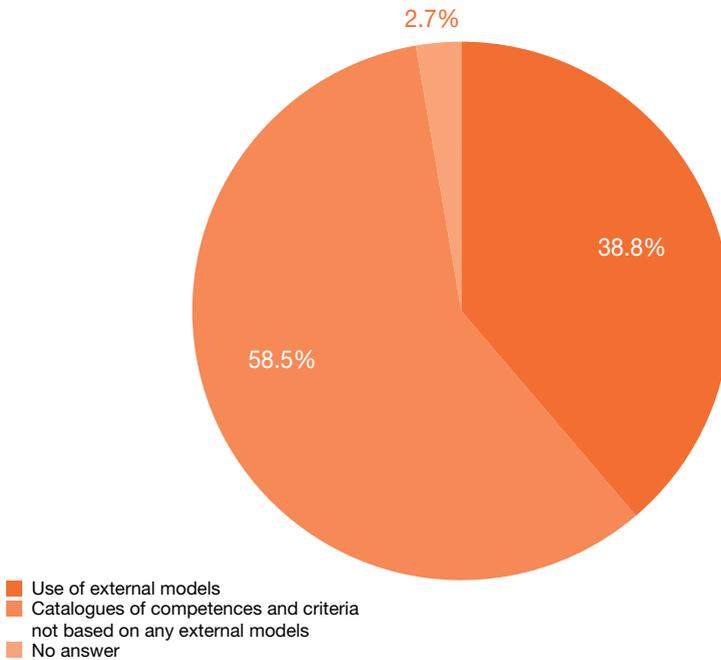
NB: N=258.
Source: Cedefop, enterprise survey, 2012.

Box 4 **Examples of competence models and catalogues**

Jo Tankers, a deep-sea transportation firm based in the Netherlands and employing about 800 employees, developed their own framework some years ago when they started to complement job descriptions of different functions with specific required competences. Today all mariners, officers and managers are assessed by means of a performance and development review form. The form differs per function, as relevant competences vary greatly among the different functions. The forms all work with different numeric grades. However, they have integrated a standardised list of safety- and communication-related competences required by international maritime regulations into that framework. This list is based on the standards of training, certification and watchkeeping applied in the maritime sector.

St Vincent's University Hospital in Dublin, Ireland, disposes of a competence framework which has been strongly influenced by work undertaken at national level during 2004 and 2005 by the office for health management in determining the competences required for different occupational groups working in the health sector, e.g. nurses, occupational therapists. This work resulted in identification of key competences for each occupational group and for each of these competences, as well as indicators of more/less effective performance. This competence assessment framework is used widely throughout the Irish healthcare sector so that, for example, a person applying for a nursing position in one hospital would expect to be assessed for essentially the same type and level of competences as in another hospital.

Crystal Pharma, a Spanish manufacturer of pharmaceutical products employing about 180 staff, has developed – based on literature and expert consultation – a competence dictionary which includes 14 different competences. Each competence is defined and described, and there is a system of scales or grades. For each employee eight of the 14 competences are measured. Selection of eight competences is determined as follows: four are common for all staff, three are determined by the objectives of the specific department or working area, and the last is chosen by the employee according to their preferences. Generally, social and personal competences are extensively assessed among all staff members. In fact, the four common competences measured are: initiative, flexibility, customer attention and result orientation. The three related to the working area usually refer to specific professional and technical aspects or language skills.

Eiffage, a large construction company in France, has developed, starting from standards of the social partners and training institutions, a reference frame for their construction workers called MGC (mésure et gestion des compétences, measurement and management of competences). It is divided into 13 professions and seven competence levels for each of these. The reference frame breaks down each profession into activities, tasks and necessary skills. For example, the activity of formwork is composed of five different tasks, which are then further broken down into specific skills.

The competence model of the Deutsche Bahn Group (DB) is based on the mission statement and values of the DB Group. DB distinguishes between (a) five employee competences derived from the mission statement and applied for all employees without management responsibilities (customer-oriented, collaborative, etc.); (b) six executive competences derived from the mission statement and applied for all executives; (c) professional and methodological competences which are job-specific (currently a total catalogue of 270 competences have been defined across all job activities/families). A particular employee's competence profile would however not contain more than seven professional/methodological competences. Each competence is defined and specified by one or more behavioural indicators and is uniformly measured along a five-grade scale. DB clearly distinguishes between competence and performance.

Finally, Atradius, a Dutch finance and insurance services company employing 3 300 staff worldwide, regularly assesses all employees in the framework of an end-of-the-year review, where they apply a competence grid based on the Towers-Watson model. The grid consists of four main categories: technical expertise; client/business orientation; creating and delivering solutions; and work relationships. Each category is broken down in two or three more specific competences.

4.3. Stability of competence grids and models

Basically, competence grids and catalogues – be they firm-specific or linked to an outside model – represent skills requirements associated with the concerned job positions. Changing requirements should presumably be reflected in changing and dynamic assessment grids. Figure 9 shows that the majority of companies (more than 60%) consider their competence models to be quite stable over time. In the construction sector stability of profiles is even slightly higher (almost 75% of enterprises). Similarly, the majority of interviewed experts think that required profiles are rather consistent in general.

In companies where changes have taken place, competence grids have been adapted to take the following issues into account:

(a) the most significant trend over the past few years was to include more social competences in the grids and models and therefore in employee assessments. This refers, for example, to leadership, managerial skills, and customer orientation or communication ability. Interviewed experts also observe a broadening of the scope of assessments from mere leadership towards a wider array of management skills as well as attaching greater importance to people orientation and communication skills;

(b) more personal competences have been included to almost the same degree. In particular, 'readiness to change/adaptability', 'result orientation' and 'quality orientation' have been repeatedly cited by respondents. Increasing importance of both social and personal competences is reflected in the slogan 'hire for attitude, train for skills' which is often put forward in discussions on recruiting strategies today;

(c) in profession-related (technical) competences changes in assessment grids are mainly induced by technological change. In employee appraisals, companies seem to have increasingly taken into account ICT and computer skills and knowledge of industrial automation. For example, a Norwegian media (newspaper) company, Verdens Gang, reports that their competence assessments have been radically reoriented to take account of digital transformation.

Figure 9 **Persistency of standardised/predefined grids or catalogues of competences in employee appraisals, percentage of surveyed companies using competence grids**

- They are quite stable over time
- Some significant adjustments and revisions have been made at least in some areas over the last few years
- No answer
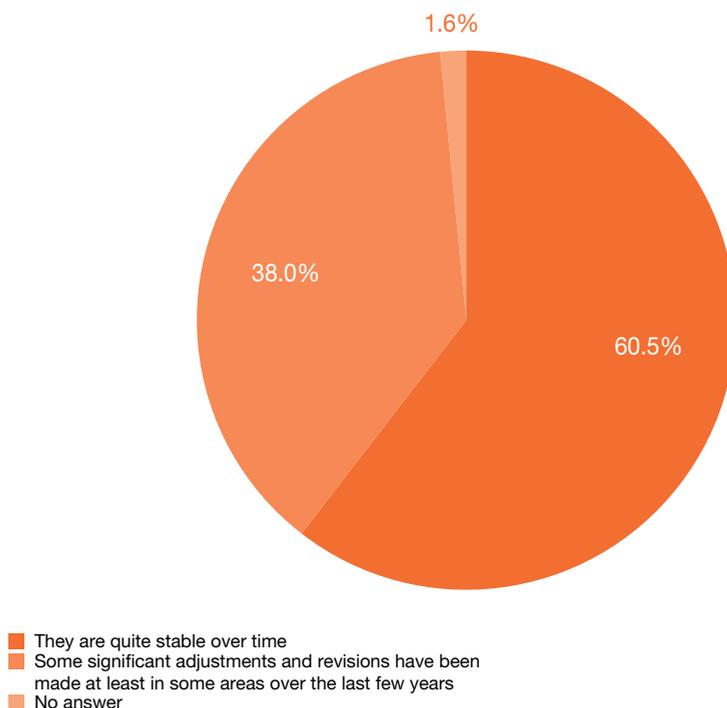
NB: N=258.
Source: Cedefop, enterprise survey, 2012.

A few companies stated that they seek to look increasingly at competences in terms of employees' work behaviour, the way people behave or act in certain (work) situations. Some interviewed experts criticise companies' current assessment practices for still insufficiently taking into account behaviour-related competences. They stress that appraisal tools should better account for such types of criteria, because what companies eventually need to know is to which extent and how a worker's knowledge and attitudes translate into concrete action ([10]). Behaviour and behavioural criteria are thought to be better taken into account in Anglo-Saxon corporate cultures.

Finally, according to interviewed experts another trend, especially in large corporations, is to look increasingly at the potential people may have in five years or so rather than looking only at the current status of skills and competences. Models to capture potential may however significantly deviate from models covering or representing competences (Lowey et al., 2005).

([10]) Example: one of the interviewed consultants uses the so-called competence library which comprises 44 competences classified into four categories: general (such as ambition, initiative); entrepreneurial activity; problem-handling; communication. They are all measured by behavioural criteria on a four-level scale A to D.

Chapter 5
Assessment methods and instruments

A range of methods and instruments are used by companies to assess employee competences, skills or knowledge. Not all methods are equally appropriate for all types of competences, so the instruments depend to a certain extent on the type of competences assessed. Figure 10 gives a first overview of the most important methods used by enterprises, either in-house or by their commissioned HR consultants (who are frequently used). Subsequently, individual instruments are discussed in more detail. It should be noted that in many cases these instruments are not used on a stand-alone basis, but may be combined in various steps to determine an individual's competences (such as analysis of written documentation, followed by tests, followed by interviews).

A somewhat higher share of enterprises uses these methods for external recruiting than for assessing employees (for personnel development, career progress or determining salaries). This coincides with the recruitment decisions discussed in Chapter 2. The opposite pattern holds for continuous observation of work behaviour and 360 degree feedback, which are actually designed for assessing employees.

The enterprise survey also confirms that easy-to-use methods and instruments, such as interviews and talks (98.5%) and screening CVs, certificates, qualifications and references (96.0%) are used by almost all enterprises. Methods and instruments not so commonly used by enterprises are characterised by a higher complexity and tend to be time-consuming and expensive: psychometric tests (46.5% of firms), simulations, exercises and role plays (41.2%), 360 degree feedback (41.0%) as well as assessment centres (which comprise a bundle of methods - 39.7%).

5.1. Interviews and talks

Interviews and talks are the main instruments and used by almost all enterprises to assess employees' competences in various contexts. They include job interviews with one or more interviewers (panel interview) as well as more or less regular appraisal interviews, and they can be informal or structured. Interviews and talks can be used for assessing almost all types of competences, such as

Figure 10 **Methods and instruments used in companies for assessing competences, skills or knowledge of employees, percentage of surveyed companies**

Interviews and talks
- 98.5
- 96.5
- 86.9

Screening CVs, certificates, qualifications, references
- 96.0
- 94.0
- 50.5

Work samples
- 58.5
- 45.0
- 39.7

Continuous observation of work behaviour
- 49.5
- 17.6
- 47.2

Psychometric tests/ questionnaires
- 46.5
- 43.0
- 26.6

Simulations, exercises
- 41.2
- 34.4
- 25.6

360 degree feedback
- 41.0
- 13.8
- 39.4

Assessment centres (AC)
- 39.7
- 34.4
- 24.9

■ Assessing existing employees
■ External recruiting
■ In general

NB: N=398.
'In general' means: method is used for external recruiting and/or assessing employees (personnel development, career progress, etc.).
Source: Cedefop, enterprise survey, 2012.

specific professional/technical competences, language skills, or communication skills. There are also specific behavioural interview techniques.

Some sector differences can be observed when it comes to using interviews and talks for personnel development or succession planning purposes. While on average 87% of firms use the method in that context, only 71% of enterprises in the construction sector use it.

5.2. Screening CVs, certificates, qualifications, references

Next to interviews and talks, screening CVs, certificates, qualifications and references is of significant relevance in companies' assessment practices. This type of documentation is mainly used to appraise profession-related skills. For external recruiting, 94.0% of the surveyed enterprises use this method to assess their job applicants' competences. There are no significant differences between size classes and sectors.

By contrast, and as expected, only half the enterprises screen CVs, certificates or qualifications when assessing employees, such as to decide on career progress. However, large-scale companies with more than 1 000 employees more often use this method to assess incumbent employees (61.4%) than companies with 50 to 249 employees (44.4%). This may be due to more formal progression procedures in large corporations.

Figure 11 **Screening CVs, certificates, qualifications and references for assessing employees, percentage of surveyed companies, by size class of enterprise**

Source: Cedefop, enterprise survey, 2012.
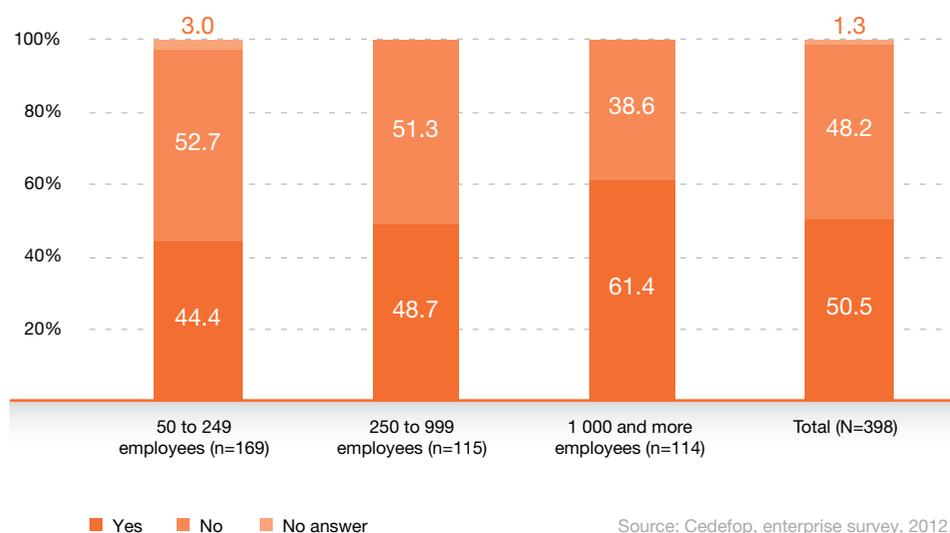
Screening certificates and qualifications is also more important in the healthcare sector: 68.1% of enterprises state they use this for assessing employees. Indeed, in the healthcare sector educational certificates and qualifications are often compulsory by law.

5.3. Work samples

With work samples the main interest is in the result of a real work process, such as a manufactured object/item or a performed service. According to Erpenbeck and von Rosenstiel (2007), work samples can be used for assessing both social and technical competences. About 60% of surveyed enterprises make use of work samples. About 45.0% apply this method for external recruiting and approximately 40% for assessing employees. In the healthcare sector and technology-oriented industries, work samples seem to be somewhat more relevant for competence assessments compared to traditional sectors.

In the healthcare sector, adequate treatment of and interaction with patients is of high relevance. Further, operation of special medical devices is important. In technology-oriented industries work samples are often used to assess technical skills, such as writing computer program codes or operating special machinery.

5.4. Continuous observation of work behaviour

Almost half the surveyed enterprises stated they use continuous observation of work behaviour based on protocols or checklists. Most use this instrument for assessing employees, while only a minority seem to use this method when recruiting externally (especially enterprises in the transport sector or in manufacturing).

Again, when looking at use of continuous observation for assessing employees, we find that the method is more frequently used by larger companies. Moreover, the method is also more often found in the finance and insurance sectors as well as the manufacturing sector. By contrast, in the construction sector the share of enterprises making use of continuous observation of work behaviour is rather low.

5.5. Psychometric tests

Psychometric tests (personality tests) [11] are often based on employees' or job applicants' self-assessments of specific competences or personality traits. Job applicants/employees have to assess their own motivation, work behaviour, social competences or psychological constitution (BIP et al., 2003). On that basis enterprises rate if the cognitive/personal/social competences

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[11] Note that intelligence tests are not offered by most consultants as these tests are rarely accepted.

of job applicants or employees match requirements of specific job positions. Experts state that self-assessments are sometimes recommended to be done before 'real' assessments, such as through online tools such as the HOGAN™ questionnaire. Psychometric tests are often used for leadership positions or for assessing sales personnel.

According to the enterprise survey, psychometric tests are used by 46.5% of companies. These tests are mainly applied for external recruiting (43.0%), but 26.6% also use them for assessing employees. Interviewed experts note that for external recruiting the focus is more on cognitive tests, while behavioural tests are used for development purposes of employees.

The figures show there are considerable differences between size classes. Psychometric tests to assess job applicants are used by 62.3% of enterprises with 1 000 employees and more, while this is true for only one third of enterprises with 50 to 249 employees. A similar size class pattern can be discerned with use of psychometric tests for appraisals of employees.

Figure 12 **Use of psychometric tests for external recruiting, percentage of surveyed companies, by size class of enterprise**

Source: Cedefop, enterprise survey, 2012.
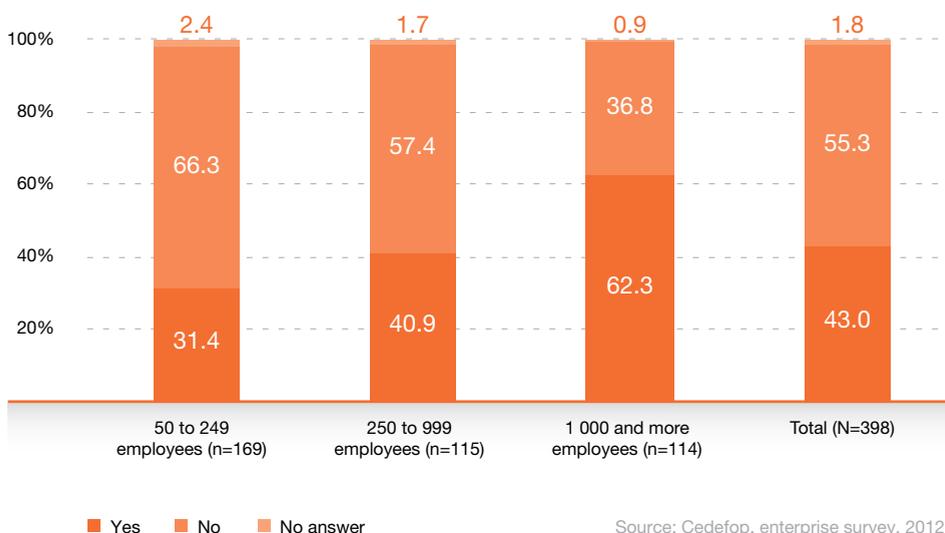
Figure 13 **Use of psychometric tests/questionnaires for assessing employees, percentage of surveyed companies, by size class of enterprise**

Source: Cedefop, enterprise survey, 2012.
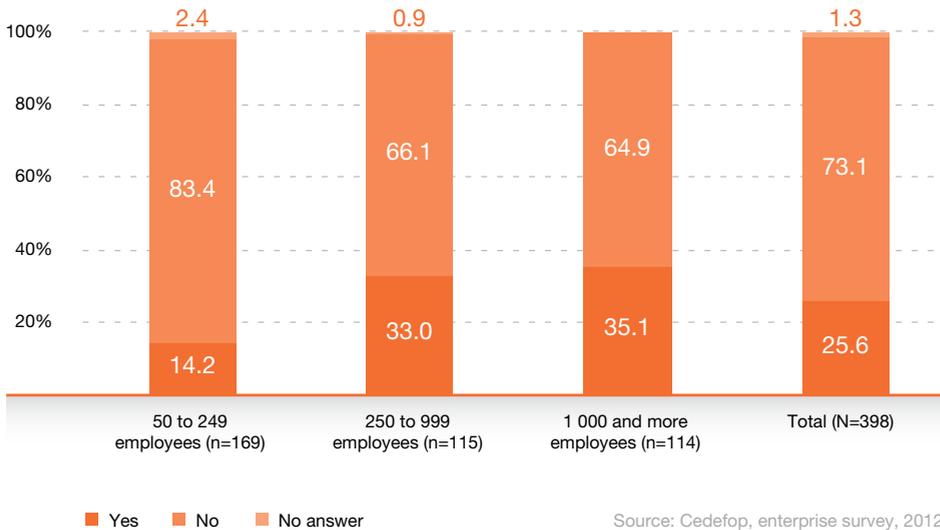
Use of psychometric tests also differs significantly between sectors. In the finance and insurance services sector, about two thirds of surveyed enterprises (65.7%) use these instruments for external recruiting and 40% use it to assess staff. At the lower end of the spectrum are the construction sector (36.4% and 20% respectively) and the healthcare sector (34.0% and 14.9%).

5.6. Simulations and exercises

Simulations place individuals in a situation that fulfils real-life scenario criteria (experiments). Compared to the previously discussed work samples, simulations are more artificial or contrived and focus is more on behavioural patterns than on outcomes. This method allows observing a person's behaviour and interacting skills (in terms of keeping one's balance, assertiveness, structured action). Simulations and exercises are also often used to assess technical competences. Simulations include, for example, role play, such as giving a presentation, negotiating with a customer, leaderless group discussions or in-basket exercises. The method is used by one third of surveyed enterprises (34.4%) for recruiting, and to a lesser extent (25.6%) for assessing employees.

Figure 14 **Use of simulations and exercises for external recruiting (ER)
and for assessing employees (AEE), percentage of surveyed
companies, by size class of enterprise**

NB: ER = External recruiting; AEE = Assessing employees.
Source: Cedefop, enterprise survey, 2012.
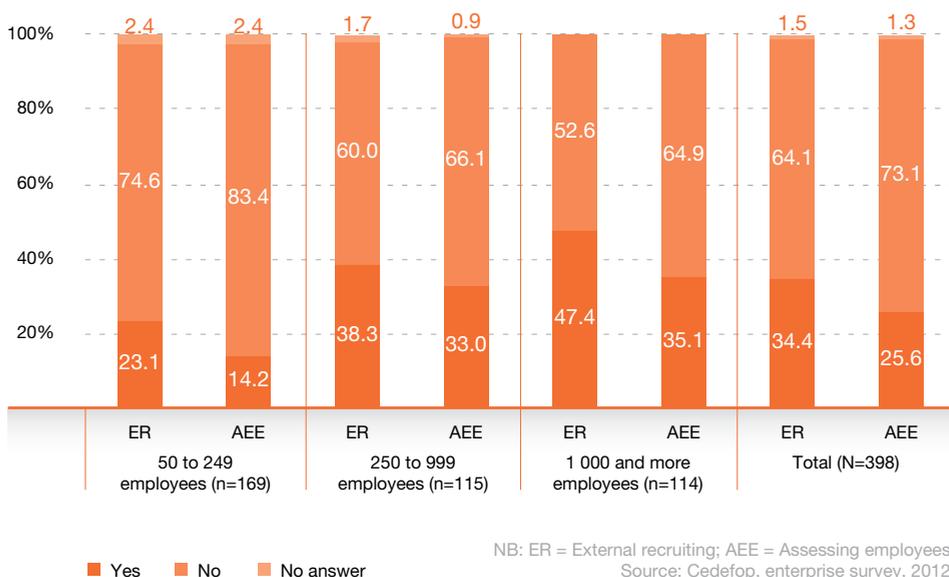
Incidence of simulations and exercises does not differ between sectors. However, there are significant differences between size classes, both for external recruiting and assessing employees, large-scale enterprises (1 000 employees and more) more often make use of this method as Figure 14 shows. Interviewed experts point to the fact that simulations are rather costly – which might explain the size differences.

5.7. The 360 degree feedback tool

The 360 degree feedback tool is used mainly for employee development and performance appraisal. It is an important method for career decisions, promotion to management jobs and development of training programmes. It is based on direct feedback from the immediate working environment such as superiors, colleagues and subordinates, and it also contains self-assessment ([12]).

([12]) In some cases it may even be extended to feedback from clients Where customers assess employees who are in contact with them. Examples of such feedback include the secret customer method, mystery shopping or customer satisfaction surveys.

Consequently, it is a very time-consuming method of assessing employees' competences. It focuses on general key competences – taking account of actions and behaviour. According to interviewed experts, this instrument requires high acceptance/commitment and a positive climate among staff (a culture of assessment) because 'everybody is assessed by everyone'.

Of surveyed companies, 39.4% state they use 360 degree feedback for assessing their employees' competences. Due to the preconditions and effort necessary for 360 degree feedback, it is rather large-scale companies that make use of this tool. It is commonly used in more than half the companies with 1 000 employees and more (53.5%), while they are applied only by some 30% of companies with 50 to 249 employees.

Figure 15 **Use of 360 degree feedback for assessing employees, percentage of surveyed companies, by size class of enterprise**

Source: Cedefop, enterprise survey, 2012.
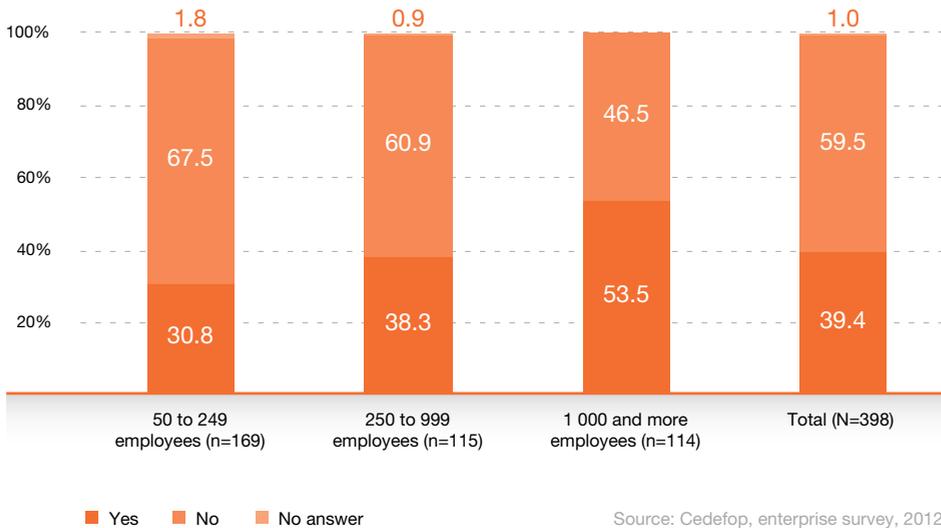
5.8. Assessment centres

Assessment centres are used by companies to select qualified job candidates or employees, usually from a larger group of applicants, for a specific job position within an organisation. Assessment centres usually comprise a bundle of methods, such as interviews, examinations, group discussions, presentations,

case studies and psychometric tests. Just like simulations/exercises and 360 degree feedback, assessment centres are therefore rather costly and time-consuming. According to interviewed experts, traditional assessment centres are frequently used for management positions.

About one third of surveyed enterprises (34.4%) use assessment centres for recruiting, while one quarter (24.9%) use this instrument for assessing employees. There are no marked differences between sectors, but again there is a clear size class pattern as Figure 16 shows. The larger the enterprise, the more likely they are to use assessment centres as an instrument for validation. While in the highest size class, 50% of firms use ACs for external recruiting and almost 40% for assessing employees, the corresponding percentages in the lowest size class are 23% and 15% respectively.

Figure 16 **Use of assessment centres for external recruiting (ER) and for assessing employees (AEE), percentage of surveyed companies, by size class of enterprise**

NB: ER = External recruiting; AEE = Assessing employees.
Source: Cedefop, enterprise survey, 2012.
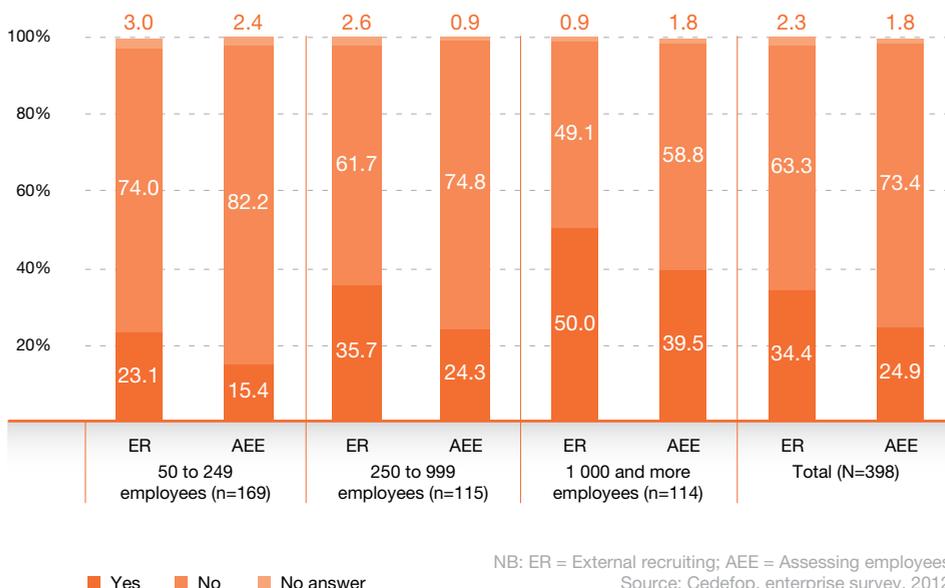
5.9. Current trends in use of assessment methods

In a significant number of companies, competence requirements and models have changed recently; with some types of capabilities becoming more important (see Section 4.2). Since assessment methods depend on the competences to be measured, instruments' importance may change as well. However, according to interviewed experts, choice of assessment methods is not always perfectly rational. Companies often simply use what is in vogue; and in many there is certain resistance to introducing new methods. Many prefer to continue using the methods they have been applying for years.

Based on survey responses, the main trends over the past two to three years can be pinpointed:

(a) several enterprises confirmed that competence assessment in general has become more important. For instance, enterprises stated that competence assessment as such has gained more weight within company general strategy. Internal evaluation of employees has become more important and more development plans for employees have been introduced. Some enterprises explained they have introduced competence profiles and lists of competences which are important for the enterprise or for specific positions. Selection procedures for leadership positions have become more sophisticated and competence assessment is done more precisely now;

(b) more companies have improved and further developed their interviews and talks. This relates mainly to annual interviews and performance appraisal talks. Interviews can therefore be regarded as the 'winner' among assessment methods over the past few years;

(c) also 360 degree feedback seems to have become more important for many enterprises. However, a smaller number of enterprises have abandoned 360 degree feedback for various reasons including high costs, needed time, complexity of the instrument, employees not being comfortable with criticism, or a reduced workforce;

(d) for assessment centres, an almost equal number of firms report increasing importance and decreasing importance respectively. Reasons for abolishing this instrument include too high costs or fewer recruitments. Interviewed experts tend to see declining use of assessment centres;

(e) some enterprises stated they would increasingly make use of personality and psychometric tests. Interview results show that use of ICT-based tools (such as online questionnaires) becomes more widespread because they are relatively cheap. Some new online recruiting tools are provided through social media and represent a combination of attracting candidates, informing them about the company

and assessing them at the same time (Kupka et al., 2011). By contrast, a comparably lower number of firms have abandoned psychometric tests due to questionable reliability.

These results reflect to some extent the growing importance of social and personal competences and also indicate an upgrading of assessment methods especially in areas of personnel development and career progression (compared to recruiting).

Chapter 6
Results and documentation of competence assessments

6.1. Ways and forms of documentation

Results of employee assessments can be documented in different ways and forms. Approximately 38% of interviewed enterprises keep standardised and structured competence profiles with scales/grades and a third keep regular non-standardised and non-structured reports. The remainder keep records only on a case-by-case basis and unsystematically (12.6%) or do not draw up and file reports with assessment results (14.6%).

Figure 17 **Way of recording assessment results, percentage of surveyed companies**
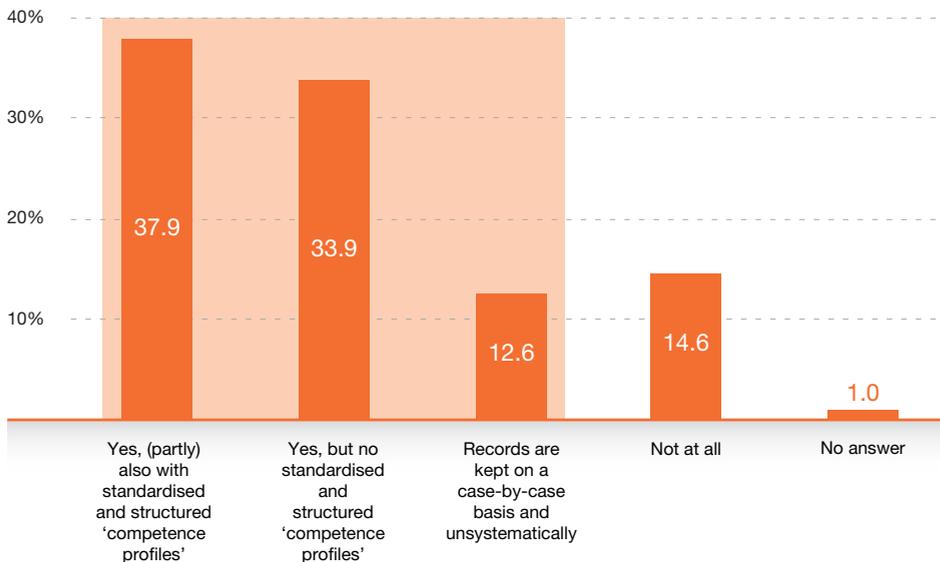
As for many other features of competence assessment, there are significant differences between company size classes regarding record keeping. We have seen in previous chapters that larger enterprises apply more formalised assessment practices which in turn also result in more standardised and structured documentation, such as competence profiles. Figure 18 shows that 50% of large-scale enterprises (1 000 employees and more) keep standardised and structured competence profiles, while only 26.6% of smaller enterprises do (50 to 249 employees). By contrast, more than 20% of smaller enterprises do not draw up or file assessment reports at all.

Figure 18 **Way of recording assessment results, percentage of surveyed companies, by size class of enterprise**

Source: Cedefop, enterprise survey, 2012.
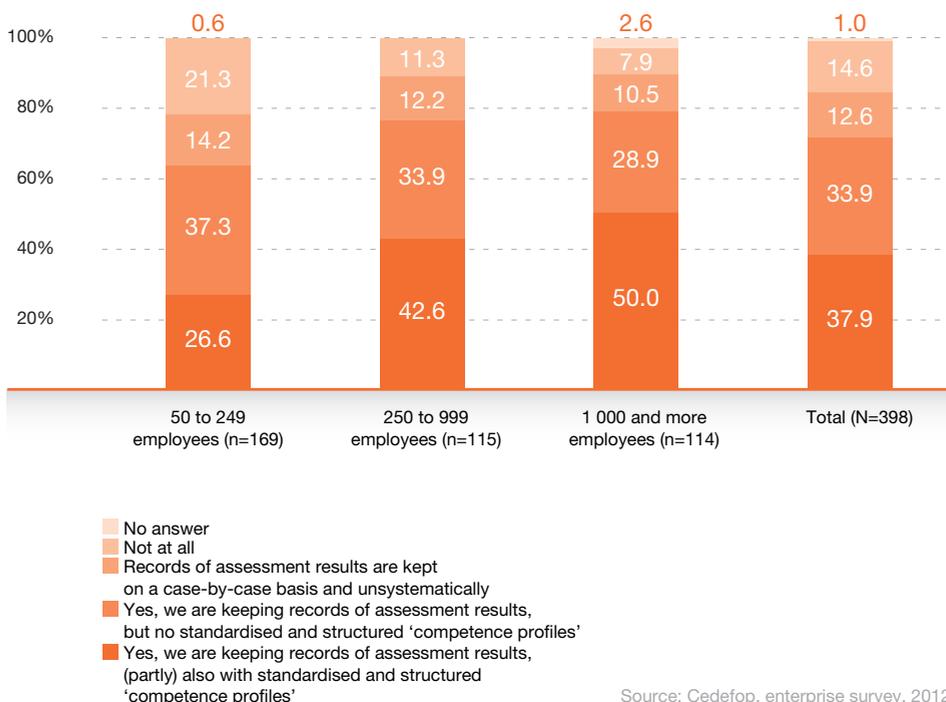
As a precondition for drawing up standardised and structured competence profiles a company would, almost obviously, need to introduce and use some kind of predefined competence model, catalogue or grid as discussed in Section 4.2. This is confirmed empirically: almost all surveyed firms which keep competence

profiles of employees also dispose of standardised competence grids. However, such grids or catalogues seem to be a necessary but not a sufficient condition. More than a third of enterprises using competence catalogues/grids (including a system of scales/grades) in their assessments nevertheless do not finally record evaluation results in standardised and structured competence profiles of employees.

Competence profiles are often reports presenting assessment results with tables and figures. They are often referred to by companies as charts. Ideally, results should be target/actual comparisons. There is a trend that companies prefer some numeric values/scores, but in most instances competences are still measured and displayed with qualitative rather than quantitative scales. Usually, rather simple scales with up to five levels are used, such as the traffic-light scale (colour coding) which seems to be popular for representing competences. A methodological problem is that there are usually no clear standards or definitions about what a specific score on the scale really represents, in terms of specific behaviour.

Official certificates issued by a company as a result of an in-house competence assessment are extremely rare. An example is the German Daimler AG which in cooperation with the specialised certifier DEKRA developed an examination standard for Daimler's car dealer advisors. In this case, certification of the advisors is done by an independent certifier based on a company-specific standard. In Finland, in banking and insurance, the Pohjola Group requires insurance advisors to complete an internal group degree. In Norway, oil companies also have an internal validation system including certification ([13]).

6.2. Accessibility for employees

In most companies (75%), reports on assessment results are handed over to assessed employees (if requested). Figure 19 shows this is usually done universally (65.8%), but in a few cases only for some types of assessments or for some parts of documents (9.2%). For example, some enterprises only hand over final results of assessments as the complete documentation includes much confidential information. Other enterprises only hand over results concerning personal development of respective employees. In many cases companies only hand over assessment documents to their employees, and not to job-applicants who have been assessed in a recruitment process.

([13]) In some countries (such as France, the Netherlands, Norway or the UK) companies may be involved in validation processes provided by the national education system. However, it is usually not the companies which issue certificates, but specific accredited bodies.

Figure 19 **Handing over documents with assessment results to assessed persons, percentage of surveyed companies**
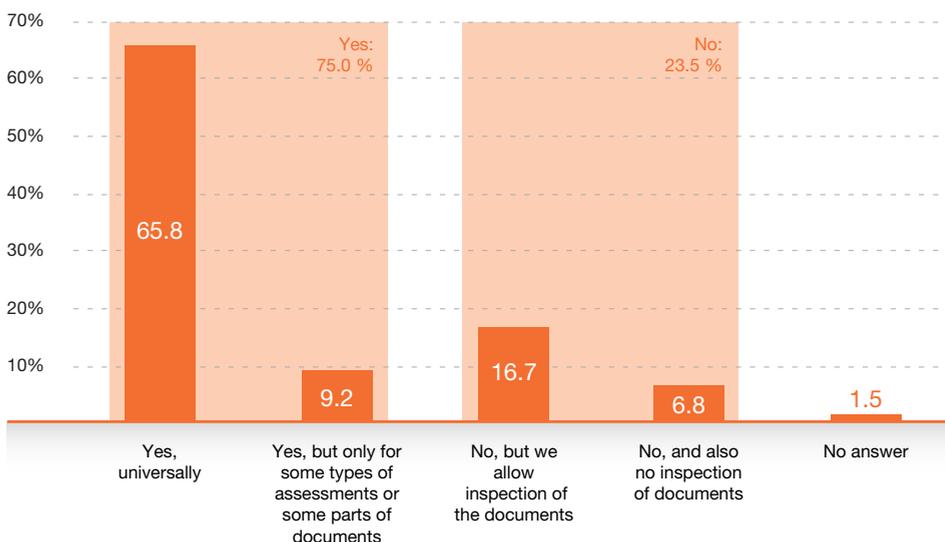
NB: N=336 (=Enterprises drawing up and filing reports recording assessment results).
Source: Cedefop, enterprise survey, 2012.

In contrast, 23.5% of enterprises do not hand over assessment results: 16.7% do not hand them over but still allow inspection of documents by assessed persons, while 6.8% do not allow any inspection of these documents. Accessibility to assessment results does not depend on size or sector of an enterprise. No significant differences could be observed in this respect. However, in Dutch and Finnish firms openness and accessibility seems to be highest.

6.3. Comparability and recognition of assessment results

Preceding chapters have shown that companies' competence assessment practices are mostly firm-specific. Even where, for example, more general competence models are used, they are still adapted to the particular circumstances and needs of the firm. This leads to a multiplicity of firm-specific standards within the business community. Consequently, the question arises to which extent final results (outputs) of validation exercises are comparable and usable across companies – for potential benefit of both employers and employees.

Figure 20 **Usefulness of results of competence assessment practices done by other companies, percentage of surveyed companies**

0.3%

12.1%

25.6%

62.0%
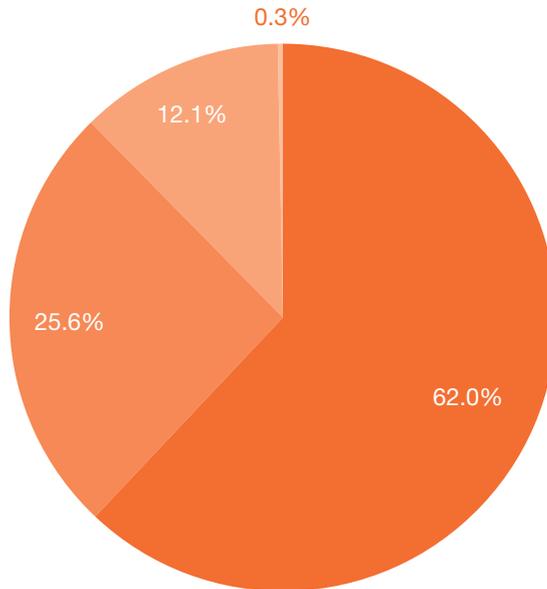
■ Yes, such results may constitute useful evidence in some cases
■ No, such results would usually be of limited value to us
■ Don't know
■ No answer

Interestingly, a large share of surveyed company managers – more than 60% of respondents – think that results/outputs of appraisals done by other companies could be useful (when brought forward by a job applicant), at least in some cases ([14]). However, managers underline that assessment reports should at least stem from the same industry/sector, that they would need to know the issuing company, and that these documents still have to be interpreted with caution. Overall, other firms' appraisal results are rated as 'nice to have'.

Figure 20 indicates that approximately one quarter of enterprises think that appraisal results of other firms would generally be of limited value to them. The main reasons put forward by these respondents are depicted in Figure 21. First, many enterprises have quality and credibility concerns as many think that understanding (interpreting) individual competences is too different between

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([14]) Note that traditional employment certificates, which employees may receive upon leaving a firm, were explicitly excluded from this question.

companies (41.2% each). Interviewed experts note that companies often use similar naming of competences, but exact understanding of a certain term – for instance 'customer orientation' or 'leadership' – can be very different. This is revealed when firms have to describe expected behaviour related to a competence; different companies expect different behaviour although they use the same competence title. One third (35.3%) say that the competences measured by others usually do not relate to their competence requirements. For another 21.6%, results of competence assessment practices done by other companies are insufficiently informative or too general. In any case, there are some types of competences, or rather well-defined knowledge, where assessment results are seen to be quite comparable across firms, such as health and safety know-how, ICT skills, or ability to operate specific machinery.

Figure 21 **Reasons for results of competence assessment practices done by other companies being of limited value, percentage of surveyed companies**
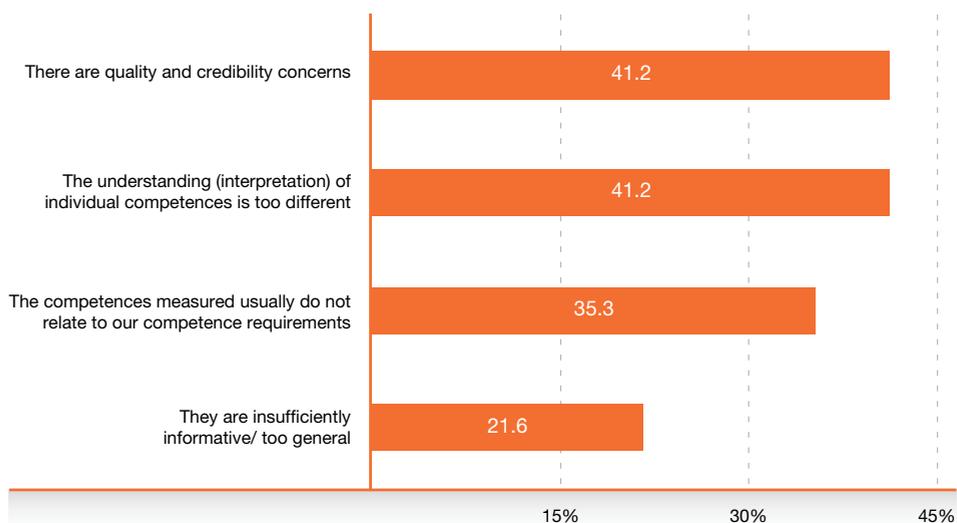
Although – according to the presented empirical results – several companies would see at least some value in appraisal results of other firms, such documents are currently rarely used. Many respondents would like this to become more common. Similarly, employees (can) rarely use their assessments outside their own companies on the labour market, a fact confirmed by interviewed experts.

One way of making enterprises' validations more widely recognised and used is to improve their inter-firm comparability, such as by developing common standards and approaches, through standardisation. This would make assessments more transferable for employees. Figure 21 shows that, according to the enterprise survey, 7.5% of enterprises are already involved in such kinds of initiative. The percentages are somewhat higher in some Nordic countries (Denmark, Norway). One type of initiative refers to developing assessment standards among organisations within an association or group, such as an association of savings banks, retailers or an umbrella organisation of hospitals and care centres. (Sectoral) initiatives of trade unions and employer associations – partly governed by collective agreements – represent another type, such as in the metalworking industry in France. Many of these initiatives have a broader HRM scope where validations are only one aspect. In these initiatives ([15]), validation processes may also be designed more formally, by using official certification, for example according to EN ISO/IEC 17024 including an independent assessor/certifier ([16]).

Box 5 **Competence assessment in the social care sector**

Koivupirtin säätiö, a foundation providing housing services for the elderly in Finland, is participating in the Palkeet project with several similar organisations. A joint skill charting with three different sections has been developed. It starts with skill assessments of different daily routines, then moves on to assessing procedure skills and lastly assesses employees' knowledge on different diseases. Altogether there are 84 items listed in the Palkeet skill-charting. The assessment is the same for all employees and numeric grades from 1-5 are used. Not all items are relevant for all employees. For example, the skills and know-how related to infrastructure is not demanded of nurses. However, competence assessments at Koivupirtin säätiö are not only based on Palkeet skill charting; they also use client feedback and performance reviews.

([15]) Note that individual companies may not necessarily be aware of such sectoral schemes and may not see them as an initiative where they 'participate to make competence assessment practices better comparable'.

([16]) In some countries companies may also be involved or integrated in validation processes provided by the national education system. However, these processes are governed by national standards and assessments are also usually done by accredited bodies.

In 2008, the Austrian banking industry (organised within the business association WKO) developed a validation and certification scheme for specialists in security papers administration. The aim was to safeguard transparency and quality of competences of employees who work in administration and settlement of security papers. Certification is carried out by an independent, accredited body along the standards defined and adopted by the industry. Receiving the certificate requires among others two years of relevant job experience, an employer's recommendation as well as written and oral examinations. Validity of the certificate is limited in time and requires recertification.

Figure 22 **Involvement in initiatives to make competence assessment practices better comparable across companies, percentage of surveyed companies**
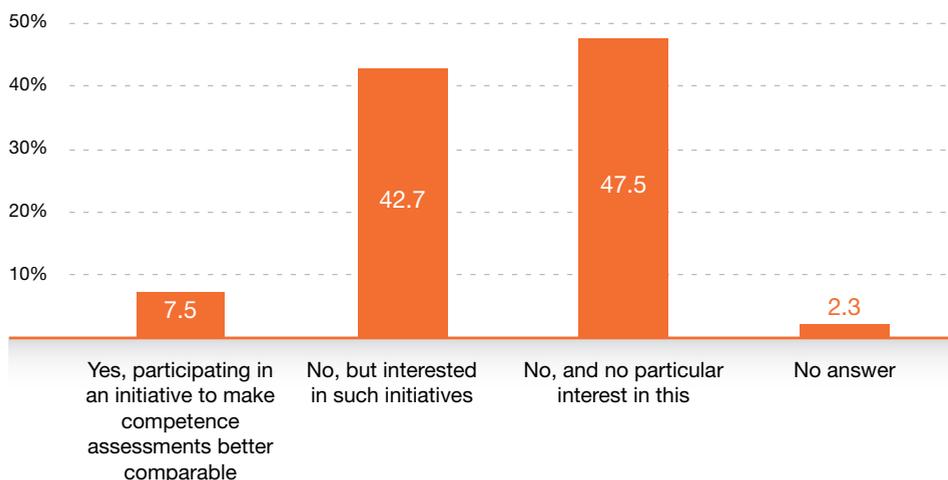
NB: N=398.
Source: Cedefop, enterprise survey, 2012.

Another 43% do not participate in such initiatives but expressed an interest to do so. Almost half the enterprises (47.5%) do neither participate nor have any particular interest. Looking at further explanations of those having expressed an interest in improving comparability of assessment practices shows:

(a) almost all respondents stress that such initiatives should be focused only on their own industry;

(b) overall, there is most interest in collaborative initiatives to harmonise and/or improve assessment practices for management positions;

(c) there is also comparably strong interest in initiatives related to assessing sales personnel;

(d) an interest in collaborative initiatives has also been quite frequently expressed in the healthcare sector (for care workers and their social skills) as well as in the transport sector (such as for drivers);

(e) by and large, both professional and social competences should be covered by such initiatives to quite the same extent.

Apart from the initiatives discussed above, standardisation and transferability of assessments in companies is seen by experts to increase to the extent that companies take on any other externally provided standards, general competence models and measurement tools (such as a particular psychometric test of a particular test supplier) or even make use of entire validation and certification programmes offered on the market. For example, experts believe that all the companies using a specific type of AC of a particular consultant or a similar form of 360 degree assessment could, in principle, compare assessment results of their employees between themselves ([17]). For some test or assessment systems (such as psychometric tests) user companies are certified by the test provider to ensure quality in applying the test/assessment ([18]). Standardised, reproducible, non-company-specific psychometric tests usually have a standard output which then could generally be used by employees.

Examples are the HOGANTM test and PeopleClues assessment tool, which make it possible to issue a sort of certificate to specify how a candidate/test-taker has been assessed on several competences, for example, 80% proficiency with skill X compared to the industry norm.

Both in the expert interviews and enterprise survey we found only very limited evidence that firms would be reluctant to make their assessments more comparable and harmonised because it would make their employees more mobile on the labour market.

However, a systemic barrier to comparability is seen in internal company assessors. If assessors are from within the enterprise, the assessment is influenced by the particular company and leadership culture and the assessment result is not directly transferable to another company's context. The same behaviour of the same person may be assessed very differently in another company. (The same problem occurs when comparing assessments of employees of different units or divisions in larger enterprises.)

([17]) However, as mentioned before, such comparisons are not done in practice.
([18]) Actually this often means that the assessment process can be certified (certified quality), but this does not necessarily mean that the processes are harmonised and assessment results are made comparable.

Chapter 7
Assessment challenges

7.1. Methodology and quality of results

Quality of competence assessments and their results are certainly important for companies. Companies essentially want competence measurements to correspond to requirements of a position/job and an assessment to be able to predict later behaviour and performance of an assessed employee. This prediction is seen to constitute a major methodological challenge (Gruber et al., 2006).

Figure 23 distinguishes two types of methodological aspect. One is related to defining a relevant set of criteria to be assessed for a job. The second refers to a method for correctly assessing (or observing) a person's actual level of competence for that criteria. According to surveyed companies, the second aspect seems to be somewhat more difficult than the first. Only 13.3% report to have no problem with assessing or diagnosing given criteria. With defining a relevant set of criteria, nearly one third of enterprises (30.2%) reported to have no problem. However, in the assessment process definition of competences/criteria comes first and is followed by the observation step. It may well be that inexactness, vagueness or other shortcomings in the definition step will lead to problems in the observation step.

When asking companies to specify further the problems they have in the observation step it turns out that the major challenge is subjectivity of assessors, who are usually line managers. This refers to both possible partialities of one assessor when evaluating different subordinates as well as inconsistencies between different line managers (such as different interpretation of the same terms/concepts).

There is a clear opinion among survey respondents that personal and social competences are more difficult to assess than professional competences. In an open question of the questionnaire some kind of social and/or personal competence was stated as the most difficult to evaluate five times as often as a professional competence.

The main factors determining quality of competence assessments highlighted by companies reflect the encountered challenges discussed above:

(a) assessors was mentioned most often (count of 103 respondents); in particular their competences, experience and proper training in doing assessments. Assessors need to be trained to use instruments correctly and avoid any

bias in assessments. According to interviewed experts, assessors should in particular be instructed in interpreting behaviour or answers of people. In highly formalised and systematic assessments, evaluators have to follow strict guidelines. An example is given in Box 6;

(b) some 32 respondents suggest it is important to have more than one view of a person. An employee should be evaluated by more than one assessor or at least line managers assessing different groups of people should discuss assessment results among themselves and with the HR manager. An example of how this can be addressed is also presented in Box 6;

(c) careful identification and definition of job requirements as a basis for specifying assessment criteria was stated by 43 respondents (and also interviewed experts) to be a crucial factor;

(d) another 34 companies emphasised that assessment criteria need to be well defined and as precise as possible. This refers to scales, too. It seems important that criteria for competences and scale values are related to and specified by concrete behaviour; any vagueness should be avoided. An example of using behavioural indicators can be found below;

(e) some other factors determining assessment quality, although mentioned less often, include: using a mix of methods and instruments to increase reliability, high standardisation and systematisation of the overall process, and regularity of assessments over time. The last point, to use an assessment system continuously, is seen by some interviewed experts as a frequent problem in enterprises.

However, several interviewed experts note that it often does not pay off for (smaller) companies to use too sophisticated and expensive assessment systems. Assessment procedures should not be overelaborated and too complex as the additional cost would outweigh the benefits.

In any case, standards may constitute a way to improve quality of assessments in companies. For example, in Norway, a qualification standard for recruiters was established in 2011 by DNV (Det Norske Veritas). This standard defines what recruiters should know in terms of, for example, job analysis or selection methods (CV analysis, interviews, tests, work samples, etc.).

However, beyond methodological quality embedding competence assessments in corporate strategy plays a key role for success or failure. In particular, a clear idea of what should be achieved with assessments (a goal) as well as clear commitment of top management is needed. Some enterprises are not really clear on what to do with assessment results and there is a risk that the instruments become an end in themselves.

Figure 23 **Methodological difficulties/challenges of competence
assessments, percentage of surveyed companies**

Define the relevant set of criteria/ competences to be assessed	12.3	26.4	27.9	30.2	3.3
Correctly assess a person's actual level of competence for given criteria	18.1	32.4	32.4	13.3	3.8

20% 40% 60% 80% 100%

■ No answer
■ 1 = no problem/difficulty
■ 2
■ 3
■ 4 = very difficult

NB: N=398.
Source: Cedefop, enterprise survey, 2012.
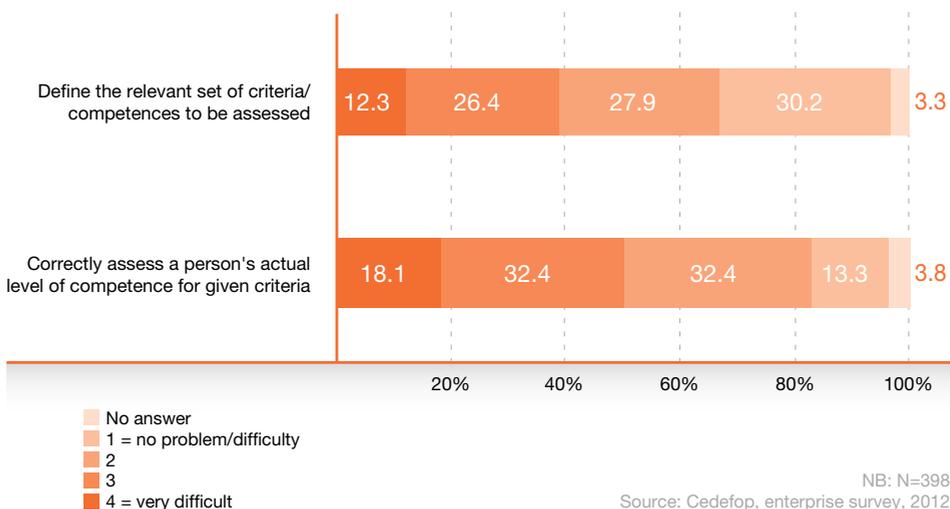
Box 6 **Examples of coping with assessment quality**

The city of Munich has implemented several measures to ensure quality and comparability of regular appraisals among the city's employees. Next to providing a comprehensive practical guide, executives concerned with appraising employees are trained in the relevant legal basis, procedures of the appraisal system, the concepts, terminology and descriptions used, and phrasing examples. Separate training targets perception and observation. Further, there are round tables at management level to promote a common understanding among assessors. Also, a specific assessment commission performs a statistical analysis on all staff reports each year (frequency distribution of grades, gender differences, etc.) and makes recommendations based on the findings.

Eiffage, a large construction company in France, uses two means to achieve higher neutrality and objectivity in assessing construction workers. Every two years an *entretien professionnel* takes place between the workers and their 'n+2' (the construction site supervisor) rather than with their direct superior 'n+1' (the construction site foreman). Second, there is a *collégiale*, a short meeting between the worker and a board consisting of three other superiors having had the opportunity to work with the concerned worker. The *entretien professionnel* and the *collégiale* qualify the skill grading done by the construction site foreman and allow others to formulate their own opinions about the worker.

Table 1 **Example: specifying competences by behavioural indicator at Deutsche Bahn (DB)**

DB values mission statement	DB employee competences definitions	Behavioural indicators
Customer-oriented	1. Customer orientation … comprises the ambition, to assist customers in the fulfilment of their needs. This also means to use ones efforts to identify the expectations of internal and/or external customers and to advocate for their realisation.	The employee … … masters his/her role as service provider and acts accordingly (e.g. safety, punctuality, cleanliness, information provision/ announcements, treatment of lost property). … actively and timely gathers necessary information and spreads this promptly among the respective internal (colleagues) and external (passenger) target groups. … reacts politely and adequately to needs and requests of internal/ external customers and spreads information as best they can (e.g. disclosure, passengers with reduced mobility). … professionally treats complaints, by showing understanding, passing information to the competent bodies, searching for solutions or stopping causes. … knows relevant quality criteria of customers and cares for adherence to these criteria (e.g. punctuality, cleanliness, passenger information).

professional and	behavioural indicators
1. Train running … is knowhow for preparation, conducting and completion of a train run in normal operation and in case of breakdown.	The employee … … considers the conditions for his/her mission as locomotive driver (e.g. knowledge of vehicle, route, places). … checks the relevant documents before departure (e.g. wagon list, brake docket, handing over journal) for completeness and amends or draws them up when necessary. … carries out all occupational tasks of the locomotive driver before, during and after the train run according to the valid regulations. … masters relevant operating procedures and train control systems. … acts according to current regulations for parking and locking trains as well as parts of trains. … adheres to valid reporting channels in normal operation and in case of breakdown. … masters operational regulations in case of peculiarities, irregularities and technical failures and can act accordingly (e.g. limited maximum speed). Supplement for international transport … carries out all occupational tasks of the locomotive driver before, during and after the train run according to valid regulations of partner railways, including required foreign language proficiency standards.

Source: Beutgen and Kurtz, 2011.

7.2. Acceptance by employees

Acceptance by employees of competence assessment practices and their results constitutes an important precondition for effectiveness and success of an appraisal system. This holds in particular for assessing staff, for personnel development, career progression or determining wages – but certainly less for recruitment. Employees may fear bad results and negative consequences for career development or salary [19].

The enterprise survey, that mainly features answers of (HR) managers [20], reveals that acceptance by employees of competence assessment practices seems to be quite good. Overall, 50% of respondents believe such practices and their results are not contested at all by their employees. Further, 38.9% indicate that practices and results are contested only rarely or to a small extent; 7% concede that their appraisal practices are sometimes or frequently contested.

Figure 24 **Contestation of competence assessment practices and its results by employees, percentage of surveyed companies, by size class of enterprise**

Source: Cedefop, enterprise survey, 2012.

Legend:
- No answer
- Sometimes/frequently contested
- Rarely contested
- Not contested at all

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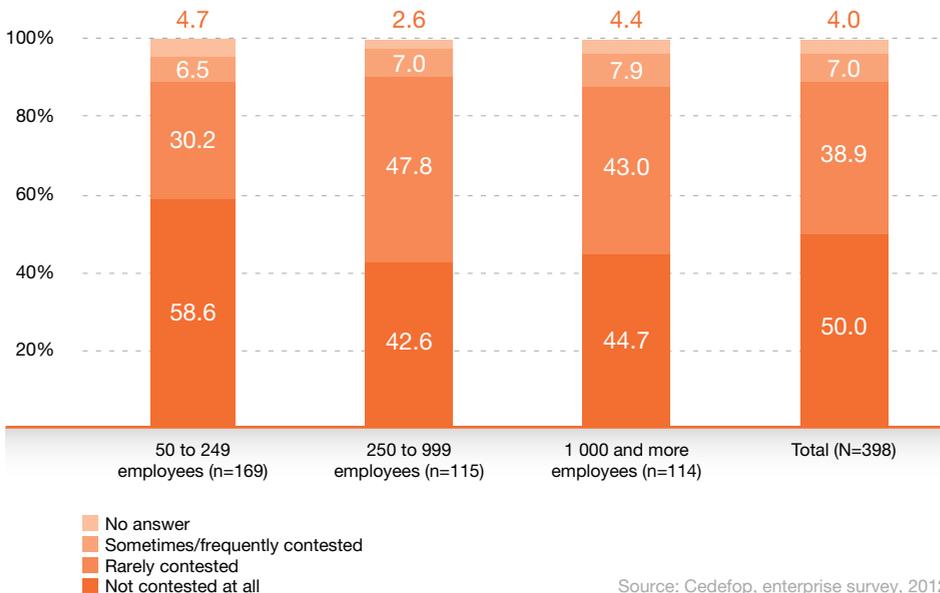
[19] There may also be reservations or fears of management or superiors. Managers may be concerned that persons pushed and developed and then sent to assessments eventually do not achieve good assessment results and do not meet expectations. This implies earlier misjudgement by management or bad investment in the employee. Managers may also fear demotivation or even quitting of employees with bad assessment results.

[20] The enterprise survey was conducted mainly with HR representatives and managers and not with employees.

Surveyed managers' opinions of contestation of competence assessment practices and results differ by size class. Smaller companies especially, with 50 to 249 employees indicate that their assessment practices and results are not contested at all (58.6%). However, the percentage of those stating that practices and results are sometimes or frequently contested, does not vary between size classes.

Companies as well as experts report that assessment of social and personal competences is far more often contested than assessment of professional skills. Further, it seems that assessments based on interviews tend to be questioned more frequently than results based on other instruments. However, this perception may also be related to the fact that interviews are very widely used. By contrast, some interviewed experts believe that employees may actually feel more comfortable with interviews because they are more interactive (such as written tests). Interviewees also point to cases where psychometric tests are refused by employee representatives. Expectedly, probability of objections also depends on the purpose of assessments. Evaluations regarding or during an organisational change or downsizing as well as those linked to remuneration are especially said to be often disliked and opposed.

The following are seen as the most important factors or measures to ensure good acceptance of assessment practices by employees:

(a) good prior communication and information about assessments, creating an atmosphere of openness, trust and transparency, has been cited most often (165 counts) in an open survey question. It is important to explain clearly the purpose, goals, relevant competences and processes of assessments, why and how. Employees also need to know how assessment results will be used. Assessments are more accepted if they are used for development purposes and defining further training. This is confirmed by interviewed experts, who underline it is important to help workers see the benefits and opportunities they can get from assessment;

(b) more particularly, involving employees or employee representatives, such as work councils ([21]), in designing assessment procedures – for example in defining evaluation criteria – contributes to acceptance of results later on (mentioned by 34 companies);

(c) competence assessment systems need to be clear and understandable for employees and be designed to ensure objective results and impartiality. Standardised and well-specified evaluation criteria are seen to contribute to the acceptance level. These aspects have been mentioned by 68 respondents;

([21]) Some interviewed experts indicated there is often more resistance from work councils than employees themselves.

(d) another important factor, stated by 32 respondents, is that assessment results are thoroughly discussed with concerned employees and they are given feedback and an opportunity to react to the results. Assessors should know how to handle differences between an employee's self-perception and the assessor's evaluation. A company example of that process isgiven below.

Some interviewed experts point to organisational or even national cultures' roles. For example, Norway is seen to have very open and non-hierarchical work environments where mutual assessments do not constitute problems and social partners are cooperate well in this field.

Box 7   **Example of integrating self-evaluation into the assessment process**

Crystal Pharma, a Spanish manufacturer of pharmaceutical products, usually applies an assessment process along three steps:
(a) self-evaluation: the employee fills in a template based on a competence dictionary (explained earlier in this report) using a scale. In this self-evaluation document, the employee must include concrete examples of practices or actions which justify the competence level proposed. To ease this task, each employee has an assessment guide with examples on how to measure or assess competences;
(b) evaluation by the superior: usually superiors are the direct line managers of the employee. They also fill in the evaluation document, assessing the same competences and using the same scale as the employee;
(c) interview: both the employee and the superior come together to comment on results of the two evaluations, examine possible differences, express problems, doubts, etc. and agree on a final evaluation.

Chapter 8
Role of collective agreements and regulation

Competence assessments in companies are primarily intended to support HR policy decisions. In general, implementation of assessments is therefore a top-down rather than a bottom-up process.

The following parties are usually involved in designing and implementing assessment procedures: (a) executive management; (b) HR management (who are often the initiators); (c) external specialists/consultants; (d) selected assessors (who may be from within or outside the company). External consultants are especially used for assessing key competences (non-technical/non-professional) at management level, because companies often do not have the relevant know-how internally. By contrast, for assessing technical/professional competences, companies do not need external assistance to the same extent. In addition, selected employees are often involved in later stages for defining lists of required competences, etc.

Figure 25 **Involvement of employee representatives in designing and implementing competence assessment practices, percentage of surveyed companies**
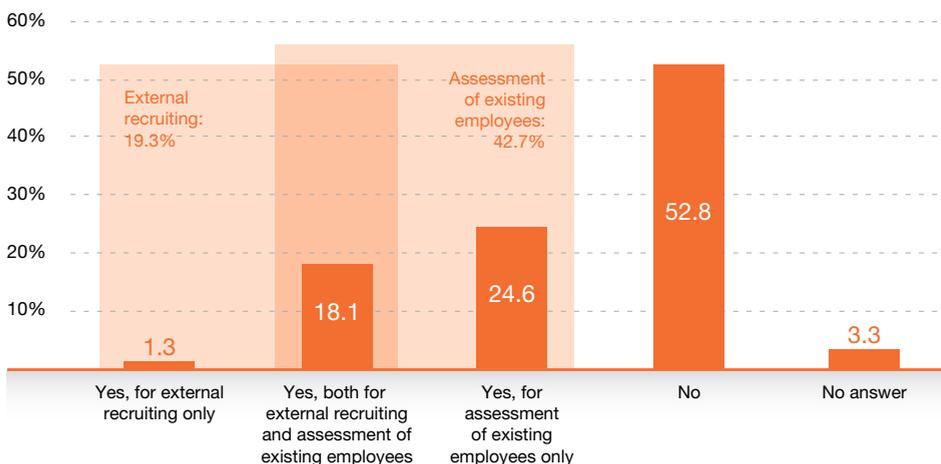
Employee representatives (such as work councils) are involved in designing and implementing assessment practices in approximately half the surveyed companies (see Figure 25). Employee representatives are mainly involved when it comes to assessment of employees (for personnel development, career progress, determining salaries, etc.) and to a clearly lesser extent for recruitment.

Figure 26 **Aspects of competence assessment practices particularly influenced by employee representatives, percentage of surveyed companies (more than one answer allowed)**
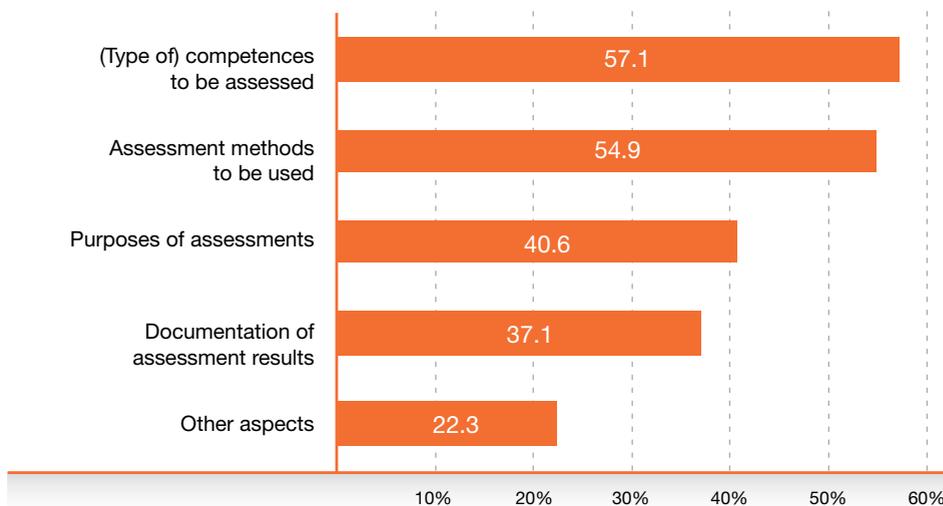
NB: N=175 (Enterprises where employee representatives are involved in competence assessment practices).
Source: Cedefop, enterprise survey, 2012.

When comparing sectors, healthcare stands out in terms of involving employee representatives, while in retail trade their involvement is lowest. Also, smaller companies exhibit a somewhat lower integration of work councils, etc. When comparing countries it turns out that – among the 10 countries covered by the survey – in Finland and Norway employee representatives are most frequently included in developing assessment systems. In any case, involvement of employee representatives depends very much on the assessment practices introduced in a company. They are mainly involved in designing and implementing more formalised and advanced assessment approaches, such as when standard competence models/catalogues, or instruments like psychometric tests or assessment centres are going to be used.

The most important aspects influenced by employee representatives were investigated in the survey as well. Most frequently (57.1% of relevant cases), they co-decide about the (type of) competences to be assessed. Almost to the same extent (54.9%) they have a say about assessment methods and instruments to be used. To a lesser degree employee representatives participate in the decision on the assessment purposes (40.6%) as well as in defining the way of documenting assessment results (37.1%).

Figure 27 **Prescriptions/constraints by labour legislation or collective agreements in relation to design and implementation of competence assessment practices, percentage of surveyed companies**
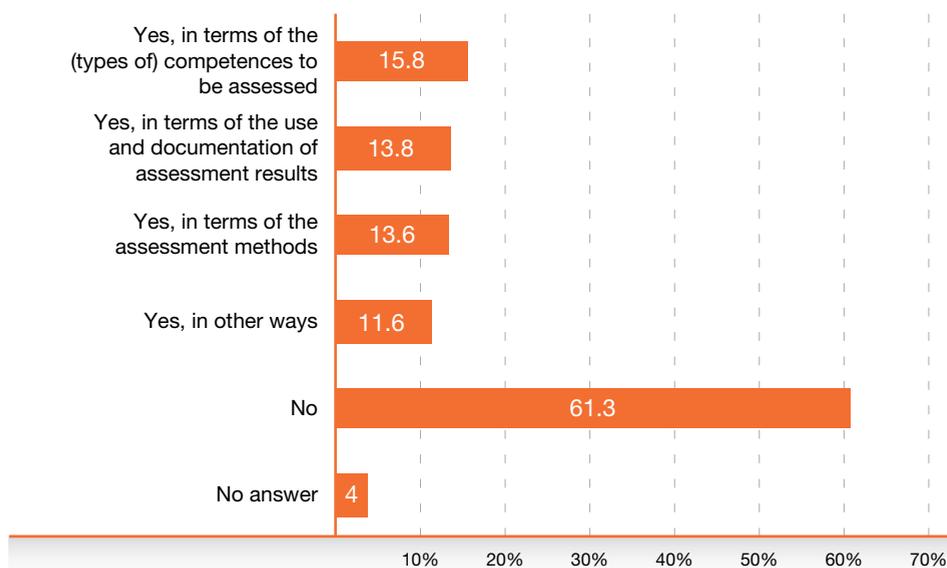
NB: N=398, Yes answers: multiple responses possible.
Source: Cedefop, enterprise survey, 2012.

Labour legislation or collective agreements can in some way prescribe or constrain design and implementation of companies' competence assessment practices. However, the majority of surveyed enterprises (61.3%) do not experience any regulatory prescription or constraint in this respect. As for other enterprises (34.7%, Yes answers), 15.8% state they have to comply with specific provisions related to the (types of) competences to be assessed, 13.8% of enterprises have to fulfil obligations in terms of use and documentation of assessment results. Concerning assessment methods, 13.6% of enterprises

report there are prescriptions or constraints by labour legislation or collective agreements. For 11.6% there are other obligations.

How specific regulations/constraints set by labour legislation or collective agreements affect companies differs significantly by size class. Larger enterprises feel obligations more frequently or have to face more constraints than smaller enterprises: 45.6% of surveyed large-scale enterprises (1 000 employees and more) have to deal with specific prescriptions or constraints, while only 29.6% of smaller companies (with 50 to 249 employees) have to. This pattern may be due to rules and agreements being stricter for larger companies, but probably more important, larger firms unfold in the assessment area, which increases the likelihood of being affected by regulations. Analysis of survey responses shows that enterprises using more formalised and advanced assessment practices (psychometric tests, 360 degree feedback, etc.) or formal documentation of appraisal results feel more constrained by regulations than other firms.

Figure 28 **Prescriptions/constraints by labour legislation or collective agreements in relation to design and implementation of competence assessment practices, percentage of surveyed companies, by size class of enterprise**
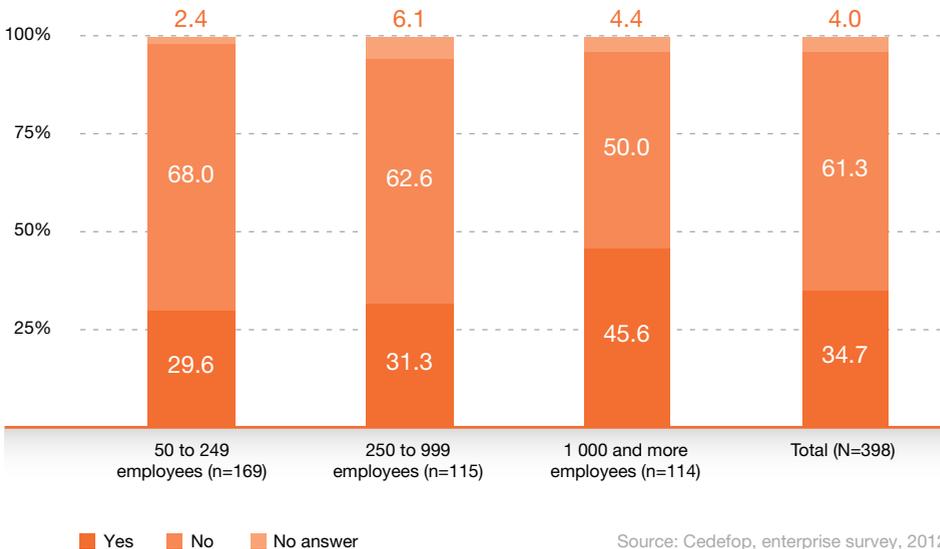

Source: Cedefop, enterprise survey, 2012.

Next to size class differences survey results also suggest that companies in Denmark and France perceive more regulatory constraints than their counterparts in the other eight countries. In France, the entretien annuel is a legal obligation. However, the French case studies in this report show it is not always really considered as competence assessment, but simply as an exchange. In Norway, a recently introduced agreement between social partners obliges enterprises to map/document competences (LO-NHO, 2010). However, according to interviewed experts, companies so far do not seem to follow this obligation to a large extent.

Box 8 **Example of a competence assessment practice defined by collective agreement**

The Georges François Leclerc Centre is one of 20 French cancer centres, organised in a federation called Unicancer. The centres are private health institutions of public interest. They do not operate on a for-profit basis but rather for common interest. The Georges François Leclerc Centre employs 600 staff measured in full-time equivalents. The health departments and medical technology account for 70% of the staff, including 60 doctors.

The principal aim of competence assessment in the centre is to promote employees' career development. Assessment practices are governed by collective agreement and are therefore obligatory and very similar to those in the other cancer centres. One obligatory assessment practice is called *la validation des acquis professionnels* or VAP (validation of professional experience). It concerns only non-medical staff and has to follow two steps.

First, a superior uses a frame of reference to assess an employee. Frames of reference were elaborated by the centres in cooperation with Unicancer. Each centre may slightly alter these frames. The frames cover the knowledge, technical competences and personal competences of employees. The superior determines a degree of mastery for each of these competences. At certain degrees of mastery employees can be qualified at first or second VAP levels which give right to career advancements. For instance, a worker could first become a qualified worker, then a technician. The number of years worked in a function plays a role, too.

Second, a committee meets annually to examine files of employees qualified for VAP one by one. The committee is composed of executives, human resource professionals and an outsider. It confirms or rejects the new VAP level of the employee. The collective agreement provides employees with possibilities to contest assessment results. For instance, employees can ask for reconsideration of their VAP application.

In a context of numerous research advances in cancer treatment, professional functions, tasks and competences constantly evolve. To take these changes into account, the collective agreement is repeatedly under revision. Job descriptions and frames of reference also need to be reviewed frequently.

Chapter 9
Competence assessments and their benchmarks – Lessons from 20 companies

While the survey of 400 companies gives an overview of competence assessment practices across Europe, the case studies ([22]) provide a more detailed picture of the approaches taken at enterprise level. Covering Norwegian and Finnish SMEs as well as French and German multinationals, sizes of selected companies vary from fewer than 100 to more than 200 000 employees ([23]). A range of sectors are covered, from social services and hospitals via construction, logistics, transport, to communication/PR and newspapers. While it is difficult to compare directly experiences of such diverse companies, their particular experiences are important for a better understanding of the possibilities for and obstacles to competence assessment.

Due to level of detail provided, case studies offer a particularly important insight into the benchmarks and standards used for competence assessments. These standards act as the reference point for the various assessment methods applied and express in concentrated form what a company expects from an employee in terms of skills and competences.

9.1. What we understand by competence standards

Competence standards tell us what employees need to know and be able to do on the job and how they need to perform to succeed at the workplace. Competence standards are normally to be distinguished from qualification (or education) standards in the sense that they provide a benchmark for work performance, not performance in education and training. In many countries,

([22]) Full text of the cases will be available in European inventory on validation of informal and non-formal learning. http://www.cedefop.europa.eu/EN/about-cedefop/projects/validation-of-non-formal-and-informal-learning/european-inventory.aspx

([23]) The companies covered are: Koivupirtin Säätiö (Finland), Helsingin OP-Pankki (Finland), Fiskars OYJ (Finland), Mutuelle Nationale Territoriale (France), Centre Georges Francois Leclerc (France), Eiffage Construction (France), Deutsche Bahn (Germany), MB – Ihre Logistik Service GmbH (Germany), Muenchner Stadtentwaesserung – MSE (Germany), St Vincent's Hospital (Ireland), John Sisk & Son (Ireland), Jo Tankers (Netherlands/Norway), HR-Consult (Netherlands), Atradius (Netherlands), Verdens Gang A/S (Norway), Trucknor Rogaland (Norway), Groupama Seguros (Spain), Chrystal Pharma (Spain), Lanalden (Spain), Liselund Friplejeboliger (Denmark).

however, there is a close relationship between competence and qualification standards. Competence standards are not written according to one particular format or template but vary in detail and coverage. The formal basis of competence standards will also vary, ranging from legally binding requirements applicable at national and/or international levels to internal benchmarks used by one single enterprise. What is common to these standards is that they offer a tangible expression of what is expected from somebody holding a job and is therefore the key reference point which assessments turn around.

9.2. Internal company benchmarks

The largest group of companies covered by the case studies operate with standards or benchmarks developed internally in the company without intervention of external players.

Helsinging OP-Pankki is a Finnish bank with close to 900 employees. Forming part of a bigger banking group (OP-Pohjola Group), the bank has developed an internal competence assessment approach. The core of this system lies in a set of expertise cards articulating the expected level of skills and competences. Depending on the area of expertise and area of work, different expertise cards are used for the evaluation. The cards help to assess whether an employee is below or above the level expressed by the card. When employees start working, they are below the card level and gain junior status. Those with a great amount of experience and company years can go above the card level meaning that the employee is more than qualified for the position and has exceeded expectations.

Jo Tankers is a Dutch/Norwegian shipping company operating large sea vessels for transport of chemicals, gas and oil. The company employs approximately 800 employees. While all employees to some extent are assessed, the company gives priority to assessment of higher-ranked mariners' skills and knowledge. As they are responsible for operation of a ship and safety on board, regular assessment is considered critical. These ranks are evaluated regularly by the managerial team ashore. Some input to these assessments is provided by lower ranks aboard, with whom the officers work directly. The nature of competences assessed is thus highly dependent on the respective employee's function. Overall, Jo Tankers mainly measures technical and nautical competences, clearly profession-related skills. An example is being able to calculate stability of a vessel. The firm also benefits from assessment of social and personal competences, such as leadership, coordination and communication. Finally, knowledge of the English language is deemed important due to the international working environment.

While not operating with formalised standards, the company distinguishes between various types of competences belonging to different functions. For chief engineers, mainly technical competences are assessed as they are responsible for adequate functioning of the vessel. First helmsmen are assessed according to their safety-related knowledge. Officers aboard must possess managerial competences, such as organisational and leadership skills. Analytical competences, being able adequately to solve problems and prioritise, are also vital for these highly-ranked seafarers. Mariners must mainly be able to cooperate, work independently and have knowledge of safety-related issues. Over time, 'communication' and 'planning ability' competences have become increasingly important. The first change is due to the increasingly international nature of the company. Previously, Jo Tankers shifted many operational activities to the Philippines. Clear communication to overcome cultural differences and potential language barriers is essential. Planning abilities have become more crucial as regulations with respect to working hours and rest time have been sharpened. This implies officers on board have to be able to make efficient and optimal use of available time of mariners and employ them strategically.

Crystal Pharma is a Spanish pharmaceutical company with approximately 180 employees. The company has developed a competence dictionary which includes 14 different competences. Each competence is clearly defined and described, corresponding to a set of grades. For each employee, only eight of the 14 competences are measured. Of these eight competences, four are common and obligatory, (initiative, flexibility, customer attention and results orientation), three are determined by the task carried out by the employee, and the last is chosen by the employee according to their needs or interests.

Generally, social and personal competences are extensively assessed among all staff members. Competences related to a specific area of responsibility normally imply professional and technical skills. The competence dictionary was developed inside the company with reference to existing literature in this area. The document is accessible to all employees and is periodically reviewed to capture developments and changes in the company.

Lanalden is a Spanish telemarketing company employing approximately 800 persons. The company carries out competence assessments regularly, for most employees. Lanalden has introduced a competence catalogue consisting of predefined sets of skills and competences allowing assessors to grade the competence achieved by employees. The catalogue is used for assessing both specific profession-related skills (hard) and personal/social competences (soft). Although inspired by external theoretical telemarketing and customer care models, the catalogue is developed and adapted internally. The company distinguishes between hard skills, related to working processes and resources, and soft skills, related to personality traits. All posts require evaluation of

specific profession-related hard skills knowledge. It is essential that employees have excellent IT skills and a high level of digital literacy. It is also essential for Lanalden – given the central role played by customer relations – to evaluate soft skills, social competences (such as communication skills, cooperation, courtesy and respect) and personal competences (such as positive attitude, attention and flexibility).

Groupama Seguros is a Spanish company working in insurance. The company employs approximately 1 000 persons. Around 35% of employees are currently subject to regular competence assessments. Both technical (task-related) and social, communicative competences are addressed. The latter are most relevant for people holding managerial posts or those directly involved in sales. The company does not use standardised grids or catalogues of competences. In other words, there is not a predefined collection of competences covering the whole company. Currently, competence assessment focuses on three main groups of employees:

(a) insurance agents, mediators and sales managers, focus on work organisation, communication, team management, analysis and decision-making, and customer orientation;

(b) young talent, focus on communication capacity, emotional intelligence, cooperation and teamwork, security and self-esteem, stress management and challenge facing;

(c) executives and middle managers; focus on achievement, orientation, communication, initiative, teamwork, leadership, and self-confidence.

9.3. Internal consortium standards

The two biggest companies covered in case studies, Deutsche Bahn (295 000 employees) and Eiffage Construction (14 000 employees) are both complex organisations with numerous divisions and subsidiaries operating in different countries. Both companies have developed extensive and highly standardised competence standards now being used across the two organisations.

The approach developed by Deutsche Bahn seeks to introduce a coherent competence strategy across the consortium. The DB system has been under development since 2001 and illustrates how competence standards can develop and be applied within a complex, multinational setting. The DB system consists of:

(a) competence profiles (general and activity-specific);

(b) a competence catalogue (containing all professional and methodological competences which are valid within the entire group, according to job family);

(c) competence boxes (displaying development and qualification measures for each competence profile).

Within the group, competence is:

(a) related to actual capability (abilities, skills), knowledge and experience as well as personality of a person, that enable accomplishment of activities;

(b) a precondition for performance and a basis for assessment of potential (thereby, a clear distinction between competence and performance is made);

(c) attributed to a person due to task fulfilment and observable work habits.

Each competence is uniformly defined across the group and specified by behavioural indicators. Behavioural indicators stipulate the desired occurrence of a competence. Table 2 shows the five general employee competences that are binding and applied across the group for all employees without management responsibilities.

Table 2 **DB employee competences: values and competences derived from the DB Group mission statement and example of a definition with behavioural indicators**

Value	DB employee competence (including definition and behavioural indicators)

customer oriented	1. customer orientation
	    … comprises ambition, to assist customers in fulfilment of their needs. This also means to use one's efforts to identify expectations of internal and/or external customers and to advocate for their realisation.
	
	    behavioural indicators:
	    The employee …
	    … actively approaches customers to clarify customer wishes and needs.
	    … cultivates customer relationships and contributes to improvements.
	    … reacts fast and appropriately to immediate customer needs.
	    … finds an optimal balance between fulfilment of customer wishes and economic interests of the company.

economically successful	2. thinking and acting economically
progressive	3. willingness to embrace change
collaborative	4. ability to communicate and cooperate
responsible	5. readiness to take on responsibility

Source: Beutgen and Kurtz, 2011.

Table 3 shows the six executive competences that are binding and applied across the DB Group for all executives. Compared to general employee competences, executive competences have a different focus in competence definition and behavioural indicators.

Table 3 **DB executive competences: values and competences derived from the DB Group mission statement and example of a definition with behavioural indicators**

Value	DB executive competence (including definition and behavioural indicators)
customer oriented	1. customer orientation … comprises knowing customer expectations and the ambition to work actively on customer-oriented solutions. For executives, this also means to be aware of the positive effect that personal customer orientation has on customer-orientation of employees and the whole company and to act accordingly. behavioural indicators: The executive … … creates added value for the customer and the company through deep understanding of client needs; … creates positive experiences for clients within the bounds of possibility; … takes initiative and uses scope of action for the benefit of the customer and good of the company; … aligns his/her actions with the customer; … encourages his/her staff to use their own scope of action to the benefit of the customer.
economically successful	2. target and result orientation
progressive	3. change management
collaborative	4. personnel management and development
responsible	5. entrepreneurial responsibility 6. fulfilment of the role model function

Source: Beutgen and Kurtz, 2011.

Apart from the employee/executive competences listed above, activity-specific competence profiles have been introduced for many occupational areas. These can be differentiated according to a maximum of seven (for employees) or six (for executives) additional professional and methodological competences; it may contain a maximum of 12 competences in total. For each competence, a maximum of eight behavioural indicators can be concretised according to the respective pay or activity groups at company level. Most activity-specific competence profiles exist in operative job families; currently, approximately 40% of DB Group employees have an activity-specific competence profile specifically elaborated for their job activity.

These standards can be consulted in the professional and methodological competence catalogue ([24]) that applies throughout the DB Group. The catalogue contains an overview of already defined professional and methodological competences – including their definitions – and is continuously updated in cooperation with relevant members of staff. The catalogue is structured along 12 job families and additionally contains 30 overall competences across job families. Each job family comprises a set of professional and methodological competences (currently approximately 270).

It is worth noting that competence definitions and their translation into operational terms closely resemble terminology used by German education and training institutions (and those used by the German qualifications framework, DQR). The distinction between methodological and professional qualifications illustrates this. This shows that competence standards applied by the DB Group are not developed in total isolation but to some extent mirror the competence philosophy underpinning the German dual vocational education and training system. This means that the competence language used by the DB Group is well known also outside the company and in principle can be used as a basis for transfer to further education and alternative employment. The extent to which this actually happens is not, however, known to us.

The competence system used by Eiffage Construction has been gradually developed during the past two decades. A reference frame for competences was established in 1999 (MGC – *Mesure et gestion des compétences*) enabling identification of activities, tasks and skills of each profession. This reference frame is seen as a prerequisite for training policies and personnel development

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([24]) The distinction between methodological and professional competences is defined as follows: methodological competences are the ability to procure professional knowledge or other relevant information and apply these in a methodological way to complete a task successfully. They are the precondition for building up and successfully utilising professional competence. Professional competences are relevant specialist know-how and skills that are applied at one's own initiative and responsibility in fact-based cases. Among others, this includes proficiency in methods, proceedings, means of work, materials as well as their proper application. Further, the overview over the entire subject, the relevant standards, especially the regulations, the terminology and the legal framework are subsumed as professional competences.

and seeks to reduce the gap between skills actually held and those required by the organisation. The reference frame is inspired by work carried out by the Fédération du Bâtiment and Fédération des Travaux Publics (Building Trade Federation, Public Works Federation) in the late 1980s. This approach has been continuously reviewed by the company.

Being adapted to all professions and areas of work, the reference frame is now widely used by 90% of French subsidiaries of Eiffage Construction. It is divided into 13 professions and seven competence levels for each of these professions, ranging up to team leaders and chief workers. The reference frame is broken down into professions, activities, tasks and necessary skills. This is exemplified by the 'formworker' profession which is composed of five different tasks broken down into specific skills.

The company points out that competence assessments form an important part in creating a positive identity. Construction workers should not only be characterised by their courage or physical strength but also by the technical knowledge and know-how they have acquired, the *règle de l'art*. For younger workers, competence assessment can be seen as a form of social and professional recognition to accomplish this. The reference frame plays an important and visible role.

9.4. External standards

Several cases demonstrate how external standards influence competence assessment activities of companies. While the origin of these standards varies, from international quality management standards (ISO) to standards introduced at municipal level, the cases illustrate that competence strategies of companies in many cases result from external pressure towards better documentation and (sometimes) formal certification of competences. The companies covered in this subchapter point to increased pressure in this direction, not only on bigger companies but smaller ones as well.

The German company MB – Ihre Logistik (200 employees) has only recently introduced explicit standards as a basis for internal competence assessment. The change took place in 2011 when the company was certified according to the quality management norm ISO 9001. This led to introduction of regular competence assessments in all relevant divisions and for all personnel. Everybody working for the MB group (employees, project managers, division managers and company managers) are now subject to annual competence assessments. Some common requirements now apply across divisions and professional groups, notably as regards teamwork and attitude to/treatment of customers.

The Norwegian company Trucknor Rogaland is an automobile dealer employing close to 60 employees (Volvo and Renault heavy trucks). The company focuses on professional and technical expertise. The approach used by Trucknor is developed by Volvo and contains standardised grids and competence catalogues covering all relevant tasks and professions. The tests are carried out once or twice a year. Tests are diverse and extensive, and everything is electronic. All the exercises in the assessments are based on tasks and challenges that employees face in their everyday work. The questions also include procedures, regulations and legislation, and the answers are given in numbers and descriptions.

St Vincent's Hospital of Ireland (2 300 employees) has introduced a comprehensive competence framework which covers all employees at all levels. This framework, and the benchmarks it provides, was developed gradually over the past two decades and influenced by several external approaches. Work of the National Office for Health Management in 2004-05 triggered initial developments and helped the hospital to identify key competences required for different groups of personnel. In 2010, the hospital was accredited by the Joint Commission International (JCI), an international (US-based) organisation focusing on improvement of safety of patient care through provision of accreditation and certification services (copies of the JCI accreditation certificate are displayed throughout the hospital). Achieving JCI accreditation – and preparing for reaccreditation in 2013 – requires SVUH to continuously develop and improve its competence assessment policies and practices. For example, one element of the JCI accreditation standard relates to staff qualifications and education within which there is a requirement that job descriptions used in accredited hospitals contain relevant competences for the job. The competence-based approach to recruitment and promotion is standardised throughout the hospital. For most staff positions, the hospital groups its 14 key competences under four main headings:
(a) managing the service,
(b) managing people,
(c) managing yourself,
(d) managing change.

While each of the key competences assessed has an equal value, there is a minimum score required. The clinical competence component generally has a higher weighting and ranking than other competence elements – if a candidate achieves a low score on this competence, even though they obtain high scores on other competences, they still fail the interview process.

The Finnish foundation Koivupirtin Saatio runs sheltered homes and employs approximately 50 people. The foundation applies competence assessments

systematically and uses the methods and benchmarks developed by Palkeet (the Finnish Government Shared Services Centre for Finance and HR). Koivupirtin seeks to assess very diverse competences. Practically everything from hands-on skills to personality issues and social interaction skills are measured. The Palkeet method of skill charting has three different sections. It starts with skills assessments regarding different daily routines, then it moves to assessing procedure skills and lastly it assesses employees' knowledge of different diseases. Altogether there are 84 items listed. The assessment is the same for all employees with a numeric evaluation of 1 to 5, but because the same assessment is carried out with every employee, certain employees are expected to do better in certain parts. For example, skills and know-how related to property is not demanded from nurses, but the janitor. So the same assessment has different points it emphasises depending on the employee being evaluated.

The German public enterprise Münchner Stadtentwässerung – MSE is responsible for waste water disposal and employs approximately 900 persons. In the past decade, the company was certified according to several quality management standards (ISO 9001, ISO 14001 and BS OHSAS 18001). These standards have to some extent influenced the company's competence assessment and triggered a more systematic approach. The main influence in this area, however, comes from guidelines set by the state capital of Munich. These guidelines indicate in detail what is to be covered and the benchmarks to be used for assessment. The competence assessment covers the following areas:

(a) field of activity and tasks during the assessment period (job specification):
  (i) operational tasks and, where applicable,
  (ii) management/leadership tasks;
(b) assessment criteria according to aptitude, ability and performance:
  (i) requirements and knowledge/skills,
  (ii) work results (quality and quantity),
  (iii) cooperation and communication,
  (iv) further training, career development;
(c) overall assessment;
(d) deployment possibilities.

Requirements for knowledge and skills are stated according to the following structure:

(a) disposition and capacity to perform:
  (i) powers of comprehension,
  (ii) responsible action,
  (iii) innovative ability;

(b) professional qualifications:
  (i) knowledge/skills to meet job requirements,
  (ii) capability of expression,
  (iii) personnel management and development (for executives).

9.5. Diversity of competence standards – Some lessons

In Chapter 9 we have argued that standards and benchmarks can be distinguished according to their origin (is the standard defined and set inside or outside the company) and their coverage (is the standard valid for only one company or for a wider group of companies).

(a) External benchmarks and standards are important. Several companies covered in this study point to external requirements as a trigger and reference point for competence assessment. These external pressures take many forms: impact of quality management standards (EN and ISO) seems to be of particular importance. A particular version of this has been identified in the health sector where international (commercial) organisations offer quality assurance solutions with strong emphasis on competence measurement. We can also observe that national legislation (for example, on health and safety) influences this area, making it obligatory to test their employees according to national standards. Use of external benchmarks for assessment can to some extent strengthen currency of assessment results. Well-known and trusted standards will make it easier for individuals also to use assessment results outside their company.

(b) Most companies covered in the case studies tend to develop competence standards on their own. While big multinational companies have the resources and know-how to develop and sustain these systems and standards, smaller companies approach this area less systematically. In several cases we can observe that job profiles are used as a benchmark for competence assessment, even when these only to a limited extent articulate type and level of required skill and competence. While this can work well for several technical skills, more complex competence areas (for example, linked to communication, teamwork, autonomy and responsibility) can suffer. Many companies acknowledge this is a problem and see assessment of soft skills as particularly challenging (as well as of increasing importance).

(c) To understand the role of competence assessment in enterprises it is crucial to understand the way competence standards and benchmarks develop. A further development of assessment instruments makes little sense without continuous development of standards and benchmarks. These standards and

benchmarks help to identify the competence level to be achieved as well as the scope of knowledge, skills and competence to be mastered. It is only when this reference point is clearly established that achievements of individuals can be assessed validly and reliably.

Chapter 10
Summary of findings

Validating (or assessing) knowledge, skills and competences of employees is a normal and frequent activity in virtually every enterprise. It is predominantly done for recruiting new employees, personnel development of incumbent employees as well as career progress and promotion decisions.

The more crucial job positions are, the more effort is put into competence assessments. Thus, competence assessments for executives and management positions as well as highly-qualified experts are most detailed and systematic. Assessments are also done more carefully with employees who work directly with a company's customers (such as sales personnel). By contrast, low-skilled blue collar workers appear to be least exposed to systematic appraisals by companies.

As a rule, a set of assessed skills and competences is always derived from requirements of a specific job. In general, profession-related skills and competences are of great importance in companies' employee appraisals. They are relevant in assessments of almost all types of staff and occupations. Social and personal competences, on the other hand, are especially important in assessments related to management positions and promotion and succession planning. They are also thoroughly evaluated with employees who have direct client contact. Overall, notably social competences have become more significant in firms' employee assessments over the past few years. Next to skills and competences, appraisals in companies, unlike national validation mechanisms, often also refer to performance or target achievement of employees.

Formalisation of competence assessments depends mainly on firm size. So use of predefined (written) catalogues (standards) of specific competences to be measured, partly also including scales or grades, clearly increases with size of businesses. By contrast, in smaller companies competences needed or expected of employees are often only determined ad-hoc and/or remain implicit. Where predefined competence catalogues are used, they have mostly been developed in or for a particular firm and are entirely firm-specific. A smaller part of the standards/benchmarks applied are based on or related to more general external models. Diverse HR consultants constitute the most important source of such external models. The broad variety of models on the market usually refer to personal and social competences, but rarely to professional/technical ones. Only in some sectors, such as health and care, standards developed by State institutions, sector organisations or collective agreements are also used as a

basis for competence catalogues. Beyond that, however, there is hardly any use of applied standards, such as in formal education and training systems. The case studies analysed demonstrate the importance of standards and point to their diversity as regards origin and coverage.

More formalised and systematic approaches of larger companies also become evident when looking at the assessment instruments used. While interviews and talks as well as checking CVs, certificates and references are common practice in almost all companies surveyed, including small ones, methods such as psychometric tests, simulations, 360 degree feedback and assessment centres are more widespread only in larger enterprises.

More formalised assessment practices of larger enterprises finally also result in a more standardised and structured way of documentation and recording of assessment results in those companies, such as drawing up employees' competence profiles. In smaller firms records are frequently kept inconsistently and on a case-by-case basis. In any case, documentation of assessment results is usually disclosed and well accessible to concerned employees. It should be noted, however, in contrast to national validation mechanisms, companies generally do not issue any certification of competences.

There are various reasons for the rather informal and unsystematic assessment approaches found in smaller companies. Development of systems, rules, forms or databases, etc. is much more costly per employee in smaller companies. Further, in small businesses, all employees may be assessed by one and the same owner/manager, while a multiplicity of assessors in large companies requires a set of shared explicit rules and procedures. Applying too sophisticated and expensive assessment systems would often not pay off for small firms.

Apart from firm size, degree of formalisation and comprehensiveness of competence assessments also differs between sectors. Industries/companies with a large share of 'knowledge workers', such as financial services, are more inclined to use formal models and extensive methods than traditional sectors/companies, such as construction. There are no striking differences between countries in terms of state of development of companies' employee assessment practices. So, there is no clear indication that highly-developed national validation systems, as in place for example in the Netherlands, Norway, Finland or France, induce or trigger more advanced or formalised competence assessment practices in enterprises on a broader scale. There are indications, however, that firms in the newer Member States use, on average, less formalised appraisal systems than companies located in the older Member States.

Overall, regulation based on (labour) legislation or collective agreements seems to have rather limited influence on design and implementation of companies' assessment practices. Most firms do not feel constrained by

regulatory obligations regarding appraisals. Where companies feel affected, this relates in the first place to provisions concerning kinds of competences appraisable, for example, to ensure equal treatment and non-discrimination. There are some examples where assessment practices have been prescribed by law or social partner agreements, but these do not seem to have a strong impact on practices on the ground yet. However, introduction of certified quality assurance/management systems in companies, such as ISO standards, often also triggers more formalised competence assessment procedures.

From the company perspective, the most important methodological challenge and, at the same time, the most crucial factor determining quality of competence assessments is the assessors. The main concern is to avoid subjectivity, partiality, and inconsistencies by assessors (usually line managers) and to train properly and instruct them in carrying out appraisals. Further important quality/ success factors include careful identification and definition of job requirements as a basis for the skills and competences to be assessed, and a precise as possible specification of assessment criteria and scale values, preferably in terms of concrete behaviour.

Acceptance of assessment practices/results by employees is another important precondition for success of any appraisal system. Acceptance depends on various factors including involvement of employees in design and implementation of appraisals as well as on the assessment's purposes and consequences for workers.

Assessment of personal and social competences is not only far more often contested by employees, but also seen by companies as much more difficult to do than assessing professional or technical competences. This is also because, unlike in the technical and professional domain, there is a lack of educational qualifications for personal and social competences, which otherwise could provide an information base for companies' staff-related decisions. This therefore also represents a challenge for national qualification systems when considering increasing importance of that type of competence.

This study points to different assessment cultures in the countries covered. For example, in Nordic countries as well as in the Netherlands, there seems to be a comparably open treatment/handling of assessment issues by companies and/or a comparably high acceptance of appraisal by employees. Involvement of employee representatives in designing assessment systems is also more common in Nordic countries.

We have seen that companies' competence assessment practices, including documentation of results, are largely firm-specific. Even where more general competence models are used, they are still adapted to particular circumstances and needs of a firm and job requirements. This constitutes an important difference

to national validation mechanisms and hampers comparability and transferability of appraisal results across companies. Firms often consider appraisals by other companies to be only weakly related to their own competence requirements; they may have very different (context-dependent) understandings of the same competence terms; and they have concerns regarding quality and credibility of appraisals by other firms and unknown assessors. Third-party assessments are generally seen to be more comparable and useful: (a) if they come from the same industry and/or (b) as far as some types of well definable technical knowledge are concerned (such as ICT know-how). In any case, apart from traditional employment attestations and references, assessment results are currently rarely used outside a particular firm, such as for job applications to other employers. Validation in enterprises therefore today hardly contributes to the benefits expected from the basic principle of validation – especially better functioning of the labour market.

There are nevertheless different types of collaborative initiative to harmonise assessment practices of companies. First, common assessment standards are sometimes developed among enterprises organised under a cooperative, association or other kind of umbrella organisation. Second, there are also comparably wider sectoral initiatives of employer associations and trade unions, partly governed by collective agreements. These initiatives may go beyond defining common standards, and even include some kind of certification by independent and qualified/accredited assessors. There are initiatives which cover most occupations or job positions in an industry or group of firms as well as initiatives which refer to only a specific occupation/function.

Overall, only a very small percentage of companies are yet involved in some form of collaborative initiative. However, it seems there is significant interest among companies to engage in collaborative activities on competence assessment, in particular assessments related to management positions as well as in certain sectors (such as health and care). According to the study results supra-firm level initiatives should, ideally, comprise the following elements:

(a) be industry-focused to ensure sufficient homogeneity of tasks and competence requirements, and the above-mentioned substantial differences between firm size-classes also need to be taken into account;

(b) develop common competence standards (based on job requirements), including precise and unambiguous descriptors;

(c) well and uniformly qualified assessors in firms through common training and instruction; or independent external assessors if appropriate;

(d) standardised and informative documentation of assessment results, made available to employees;

(e) consider the various quality factors identified in this study, including employee participation and involvement.

Apart from increasing transferability of assessment results, cooperation can also make more formalised and sophisticated appraisal practices affordable especially for small businesses. Formation of inter-firm initiatives could be promoted by relevant public and semi-public institutions at national and European levels (governments, social partners, public employment services, associations in the HR area, etc.) through awareness-raising, provision of advice, guidance and training, or also financial support.

List of abbreviations

Cedefop	European Center for Development of Vocational Training
CPD	Continuing professional development
CV	Curriculum vitae
CVET	Continuing vocational education and training
DNV	Det Norske Veritas
EQF	European qualifications framework
ESCO	European taxonomy of skills, competences and occupations
EU	European Union
EVC	Erkenning van Verworven Competenties
GPEC	Gestion previsionelle des emplois et des competences
HE	Higher education
HR	Human resources
HRD	Human resource development
HRM	Human resource management
ICT	Information and communications technology
ISCED	International standard classification of education
ISCO	International standard classification of occupations
IVET	Initial vocational education and training
LLL	Lifelong learning
NOS	National occupational standard
NQF	National qualifications framework
OECD	Organisation for Economic Cooperation and Development
SMEs	Small and medium-sized enterprises
SVUH	St Vincent University Hospital
UK	United Kingdom
VAP	Validation des acquis et compétences
VET	Vocational education and training
WKO	Wirtschaftskammer Österreich

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Methodology

Table 4 **Background of interviewed experts**

Background	Number of experts
Competence management/ assessment (consulting)	9
Comprehensive HR consulting (for key personnel)	7
Recruitment consulting	3
Change management (consulting)	2
Provider of (IT-based) psychometric assessment tools	2
Provider of assessment/ development centre service	2
Provider of (IT-based) 360-degree assessment service	1
Training provider	1
HR expert/advisor at employer association	1
Public agency for validation of competences	1
Total	29

Sample structure and selected features of the enterprise survey

Table 5 **Quotas of enterprise surveyed by sector and size class of enterprise**

	Size class		
	50-249 employees	250-999 employees	1 000 and more employees
Manufacturing	30	30	23
(Retail) trade	33	27	17
Construction	30	20	10
Transport	20	16	17
Healthcare	17	17	10
Finance and insurance services	17	13	13
Information/ communication	17	13	10
Total	164	136	100

Table 6 **Quotas of enterprise survey by country**

Country	Sample quota	Actually surveyed	Difference
Germany	50	51	+1
France	50	40	-10
Spain	50	48	-2
Romania	40	33	-7
Finland	40	40	-
Netherlands	40	53	+13
Norway	40	40	-
Denmark	30	30	-
Ireland	30	29	-1
Lithuania	30	34	+4
Total	400	398	-2

Source: Cedefop, enterprise survey, 2012.

Table 7 **Functions/positions of respondents to the enterprise survey**

Function/position of respondents	Absolute numbers	Percentage
HR management	276	69.3
Training and development	29	7.3
Recruitment	9	2.3
Total HR	314	78.9
Director	42	10.6
Finance and controlling	15	3.8
Administration	10	2.5
Other (e.g. managers inmarketing,production, services,R&D,health and security)	12	3.0
Unknown	5	1.3
Total	398	100

Source: Cedefop, enterprise survey, 2012.

Figure 29 **Main industries of surveyed enterprises**
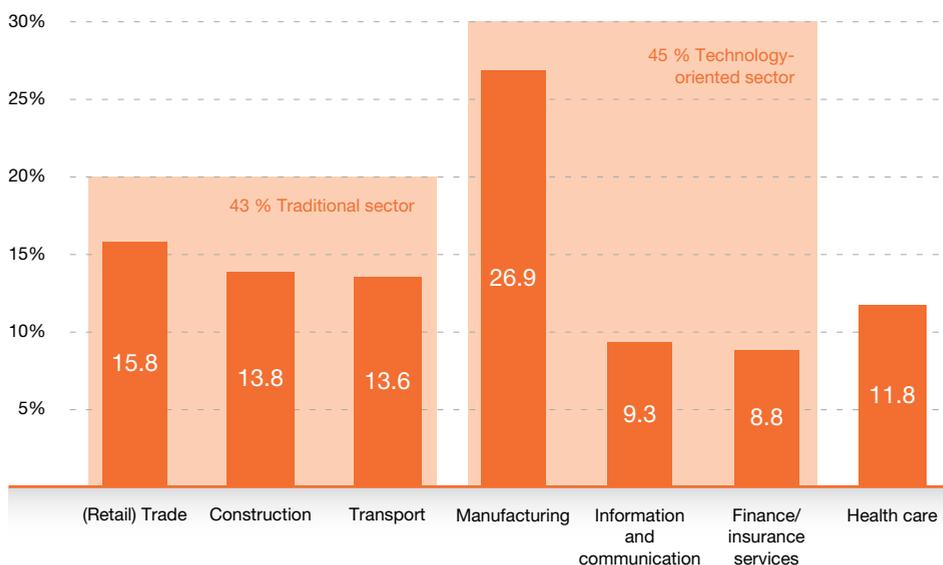
(a) (Retail) trade: retail trade; wholesale trade;

(b) construction: mainly construction of buildings, specialised construction activities, civil engineering;

(c) transport: mainly land transport and transport via pipelines; warehousing and support activities for transportation;

(d) manufacturing: mainly technology-oriented manufacturing such as manufacture of machinery and equipment nec, manufacture of fabricated metal products, except machinery and equipment; manufacture of motor vehicles, trailers and semi-trailers; manufacture of chemicals and chemical products; manufacture of electrical equipment; manufacture of computer, electronic and optical products; manufacture of basic metals; but also manufacture of food products;

(e) information and communication: mainly publishing activities; computer programming, consultancy and related activities;

(f) finance/insurance services: mainly financial service activities, except insurance and pension funding; insurance, reinsurance and pension funding, except compulsory social security;

(g) healthcare: mainly human health activities; residential care activities.

Figure 30 **Type of ownership of surveyed enterprises**
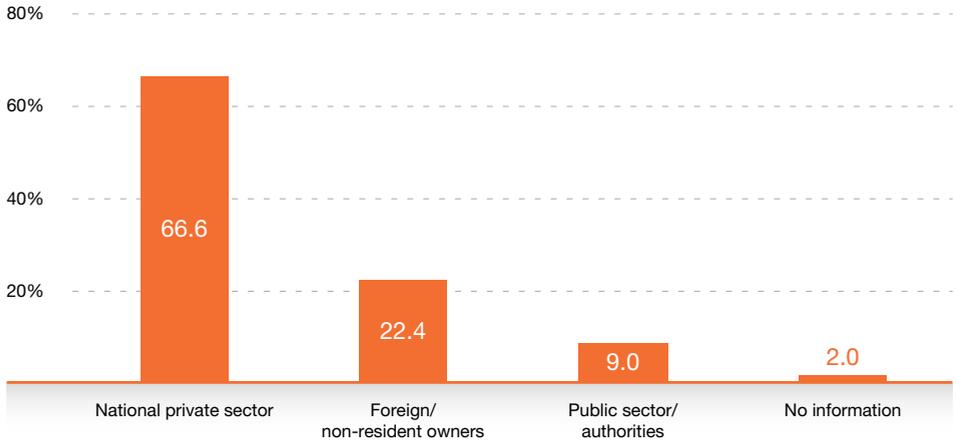
Figure 31 **Share of surveyed enterprises by size class**
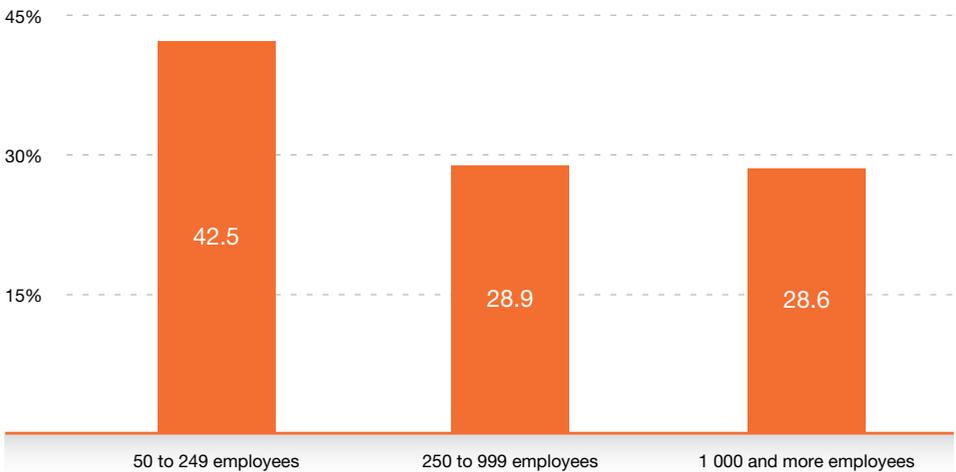
Figure 32 **Educational structure of jobs/staff in surveyed enterprises**

All surveyed enterprises (N=372)	34.6 / 35.2 / 30.1
(Retail) Trade (n=58)	40.4 / 39.6 / 20.0
Construction (n=53)	38.4 / 38.3 / 23.2
Transport (n=49)	59.1 / 27.4 / 13.4
Manufacturing (n=99)	37.2 / 35.5 / 27.0
Information and communication (n=36)	16.0 / 31.3 / 53.0
Finance/insurance services (n=32)	12.9 / 38.0 / 49.1
Health care (n=45)	20.7 / 35.1 / 44.2
All traditional branches (n=160)	45.5 / 35.4 / 19.1
All technology-oriented branches (n=167)	28.0 / 35.1 / 36.8
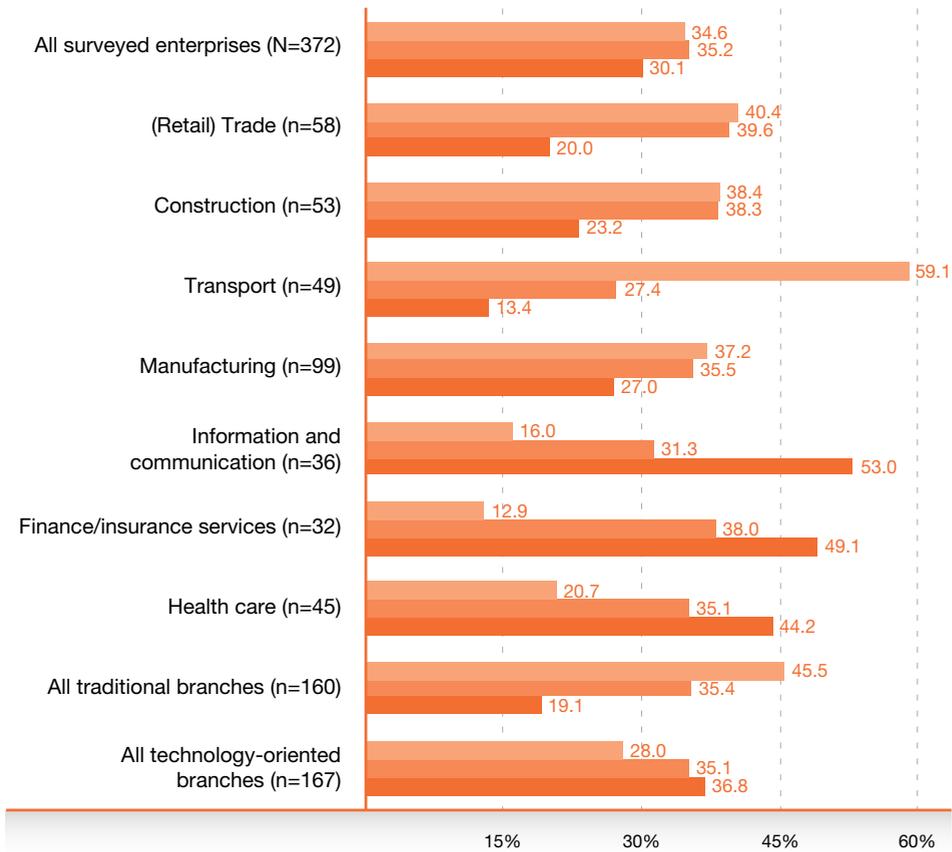
■ Primary or lower secondary level
■ Upper secondary level
■ Tertiary level

NB: N=372 (not all 398 enterprises provided information on this issue).
Average value (arithmetic average).
Traditional branches: (retail) trade, construction, transport.
Technology-oriented branches: manufacturing (technology-oriented), finance/insurance services, information and communication.
Source: Cedefop, enterprise survey, 2012.

Figure 33 **Share of employees with managerial/leadership responsibility**
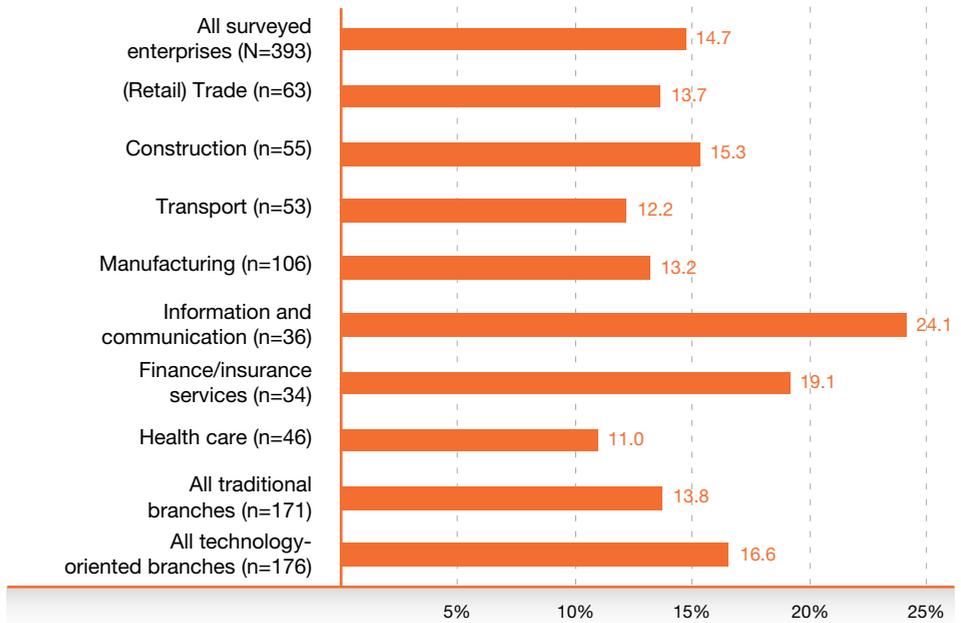
NB: Average value (arithmetic average).
Traditional branches: (retail) trade,
construction, transport.
Technology-oriented branches:
manufacturing (technology-oriented),
finance/insurance services, information
and communication.
Source: Cedefop, enterprise survey, 2012.

VALIDATION BY ENTERPRISES

European enterprises give high priority to assessing skills and competences, seeing this as crucial for recruitment and human resource management. Based on a survey of 400 enterprises, 20 in-depth case studies and interviews with human resource experts in 10 countries, this report analyses the main purposes of competence assessment, the standards and methods applied, the employee groups targeted and the way results are documented and used. The study shows that competence assessment practices predominantly target executives and technical specialists, to a lesser extent other employees. Company size influences the way assessments are carried out, the larger the company, the more formalised approaches are. Outcomes of assessments are mainly used for internal company purposes; at this stage, therefore, validation in enterprises supports those seeking alternative employment or further learning only to a limited extent.

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