
The Reality of Human Competency Management in Business Organizations, An Analytical Study of Human Competency Management in Algerian Economic Institutions

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Abstract

The rapid and dynamic transformations that the world has witnessed have had a profound impact on organizations, which now operate within an open global system. To ensure their continuity and survival in a highly competitive environment, these organizations rely on clear, goal-oriented competitive strategies centered on competencies. This has become even more important with the shift toward the knowledge economy, which values intangible resources.

The source of competitive advantage today is not only linked to an organization's ability to adapt to external conditions but also to its capacity to utilize internal resources—among which competencies are fundamental. The diversity of competencies within organizations contributes directly to their ability to achieve and sustain competitive advantage. Organizational competencies, in particular, are reflected in how effectively institutions respond to environmental changes and in their pursuit of excellence.

Keywords: competencies, competency management, competitive advantage, human resources

Introduction

The importance of human resource management has become increasingly evident through the practical experiences of organizations. It has been proven that any attempt to develop organizational processes and structures that excludes human resources is destined to fail from the outset. Real development and progress are not achieved by improving buildings, machines, or advanced technologies alone, but through developing the human resource capable of managing and investing in all other resources effectively. Modern administrative thought has therefore emphasized the need for organizations to value human resources as rare and vital capital—especially those with high levels of competence, experience, and skill.

Human resource management has thus evolved into the management of expertise and competencies. Modern organizations no longer focus on unqualified or inefficient personnel, as it is the competent and skilled individuals who bear the responsibility for change and its successful implementation. The primary reason behind the failure of many organizations in previous decades lies in the shortage of qualified and competent employees. Moreover, managerial neglect in developing and empowering human resources has prevented organizations from upgrading existing skills and attracting new talents from outside.

In the current era, competencies represent the highest form of competitive advantage, as they are the essential factor for organizational excellence.

Based on the above, the main research problem can be formulated as follows: What is the reality of competency management—represented in competency recruitment, evaluation, development, and compensation—within Algerian economic organizations?

The Importance of the Study and the Reasons for Its Selection

The importance of this topic emerges from the following points:

- The changing perception of intangible resources within organizations, particularly regarding the use of competencies and the management of skills. The success of many global institutions has been closely linked to their investment in competencies. The dynamic concept of competencies has become central to achieving competitive advantage among leading firms.
- With the integration of Algerian economic institutions into the global economy, studying and applying competency management in this context has become essential.

This topic was chosen for several reasons:

- The growing attention given by leading international organizations to competency management as one of the main sources of competitiveness.
- The desire to explore this concept and highlight its importance for Algerian economic organizations, especially in designing developmental alternatives at both the strategic management and human resource management levels.

Research Objectives

This study aims to:

- Identify the broad concept of competencies, both at the strategic level and within human resource management.
- Highlight the effects of competency management on the performance and development of economic institutions.

Research Hypothesis

Based on the preceding discussion, the study proposes the following hypothesis: The competency management model—based on recruitment, evaluation, development, and compensation of competencies—has a positive impact on the development of economic organizations.

Research Methodology

The present study adopts a descriptive analytical approach, as it allows for examining practices and phenomena as they exist in reality. This approach goes beyond mere data collection and

description to include analysis and interpretation, leading to meaningful conclusions about the problem under study. It is therefore considered one of the most suitable scientific methods for this type of research.

The theoretical framework of the study is based on a review of Arabic and foreign books and references, scientific journals and articles, and previous research and studies related to the topic. Online sources and databases were also consulted to enrich the analysis and ensure the comprehensiveness of the study.

First: The Concept and Characteristics of Competence

The Concept of Competence

The concept of competence is a multidimensional notion that varies in interpretation and scope. It has developed significantly over the past two decades, making it difficult to establish a single, universally accepted definition. However, it can be said that competence is always related to work situations; it cannot be understood apart from the practical context.

Despite the differences among definitions, most share common components that are traditionally grouped into three categories:

- Knowledge (Savoir)
- Practical or technical know-how (Savoir-faire)
- Behavioral or interpersonal know-how (Savoir-être)

This is illustrated in the following definitions:

- **Jean-Marie Peretti (2005, p. 63)** defines competence as: “A set of three types of knowledge: theoretical knowledge, practical knowledge (experience), and a behavioral dimension (being), which are mobilized or can be mobilized by an individual to perform assigned tasks in the best possible way.”

- The French professional association Le Medef defines competencies as: “A combination of theoretical knowledge, practical knowledge, and practiced experience. The professional situation provides the framework in which competencies can be observed and recognized. The organization is responsible for assessing and developing them.” (Alain Meignant, 2000, p. 110)

- M. Parlier and P. Gilbert describe competence as: “A set of knowledge, abilities to act, and structured behaviors aimed at achieving a goal within a given work situation.” (Le Boterf G., 2000, p. 45)

- G. Boterf defines competence as: “The ability to mobilize, combine, and coordinate resources within a specific process in order to reach a defined result that is recognized and measurable. It may be individual or collective.” (Philippe Lorino, 2000, p. 85)

From these definitions, several key elements can be identified:

- Competence represents the integration of knowledge, skills (practical know-how), and behaviors.
- Possessing these elements is not enough; they must be combined, coordinated, and applied effectively to accomplish specific tasks.
- Competence involves a process that begins with selecting and using resources and ends with the achievement of objectives.
- It includes a crucial element—experience—which is built through practice and cannot be easily transferred from one organization to another.

From a strategic perspective, competencies are defined as: “A set of practical knowledge that ensures competitive distinction in the market. Core competencies strengthen the competitive position of an enterprise within its range of products or services. Thus, an organization that possesses competencies gains a competitive advantage that constitutes one of its main strengths” (Aimer, 2005, p. 98)

In other words, an organization that holds distinctive competencies is capable of developing competitive advantages that enhance its market position and enable it to achieve excellence.

Second: The Nature of Competency Management

The concept of competency management falls within the broader framework of human resource management. It has become increasingly relevant due to the profound changes in the competitive environment surrounding organizations.

The rapid evolution of this environment has brought new characteristics to certain positions and tasks, particularly their instability and constant transformation. As a result, employees must develop multi-tasking abilities through continuous training and the acquisition of diverse knowledge and skills.

Consequently, organizations are required to manage and develop competencies in a way that ensures not only their survival but also their distinctive performance. Competency management thus becomes a strategic necessity, enabling both organizational adaptability and sustainable excellence.

The Concept of Competency Management

Competency management is defined as “the set of activities dedicated to the optimal use and development of individuals and groups in order to achieve the mission of the organization and improve individual performance. It also involves the utilization and enhancement of existing or newly acquired competencies. Activities such as career development, training, recruitment, and selection are seen as means to improve organizational performance, not as ends in themselves. This process requires both vertical and horizontal integration” (Lou Van Beirendonck, 2006, pp. 33–34) Figure 1 (see appendix) illustrates this concept.

Achieving effective competency management depends more on horizontal integration than on vertical integration. Vertical integration focuses on aligning human competencies with the organization's mission, vision, and strategy. It ensures that competencies are selected, organized, and developed in ways that contribute directly to the realization of organizational objectives.

Horizontal integration, by contrast, aims to harmonize the various activities of human resource management. In this context, competencies become the central element that connects these activities. All HR practices—recruitment, training, performance appraisal, and career development—are structured around competencies. Figure 2 (see appendix) demonstrates this relationship.

The Main Stages of Competency Management

According to Yahsihi (2005, p. 146), the main stages of competency management include the following:

- Comprehensive knowledge of the organization's human resource structure, using quantitative indicators such as age distribution, levels of education and training, and wage structures, while also comparing them with competitors. Qualitative indicators are obtained through evaluation systems that assess individual and group performance.
- Forecasting future activities and determining competency needs by identifying targeted positions and building competency-based job lists.
- Developing recruitment, training, and mobility plans among positions, which are among the most important methods of competency management. However, preparing such plans is not an easy task for several reasons:
 - Recruitment policies often conflict with short-term organizational needs. It is difficult to balance the adoption of new management methods—which require both individual and collective training in applied techniques—and preparing for future roles that may restrict the organization's flexibility in new positions.
 - It is often challenging to organize mobility plans between positions, especially in small and medium-sized enterprises where the turnover rate is low. In large organizations, strong incentives are needed to encourage mobility. This internal movement promotes creativity and innovation and reduces routine and monotony in work tasks.

Within this framework, training plays a key role in developing competencies. It supports goals related to knowledge acquisition as a foundation for building individual competencies and contributes to the renewal of both human and organizational resources.

Approaches to Competency Management

The modern understanding of competencies is no longer limited to the ability of human resources to respond effectively to job requirements. It now represents a comprehensive and complex concept that depends on the synchronized interaction among individuals, groups, and the organizational environment. This has placed competencies at the heart of the management system, linking three essential dimensions: strategy, human resource management, and management or administration in general.

Understanding the relationship between competencies and these dimensions has led to a shift from managing technological portfolios to managing competency portfolios. This evolution is based on three main approaches:

1. The Managerial Approach

From this perspective, competencies consist of the collective and individual knowledge and experience accumulated over time, as well as the ability to use these assets in different professional situations. Competence, therefore, is seen as a **form of capital** that includes knowledge, practical know-how, and sound judgment (Yahsihi, 2005, p. 142)

According to this approach, the three components of competence must be available, mobilizable, and usable in any professional or work situation. Competence, from this viewpoint, is a dynamic and evolving tool that accompanies workers throughout their professional activities.

However, competencies remain incomplete if they are not associated with two essential dimensions:

- The ability to act (*le pouvoir d'agir*) — the existence of an organizational environment that enables individuals to perform effectively.
- The willingness to act (*vouloir d'agir*) — the motivational capacity of the organization that fosters engagement and initiative (Yahsihi, 2005, p. 142)

Thus, competencies as an integrated system are the shared responsibility of both human resources (individuals and groups), who possess knowledge and experience, and management, which must provide the appropriate organizational environment and motivation system to enable effective performance.

2. The Operational Approach

From the perspective of this approach, competencies result from continuous interaction between training, collective learning, organizational processes, and technology. Competence, in this sense, cannot be easily acquired or imitated because it emerges from the simultaneous interaction of these three elements. It is not temporary or situational. It also depends on the organization's ability to maximize the positive interaction among these components, which provides it with a competitive advantage. (Al-Mahdi, March 9–10, 2004, p. 69)

According to the operational approach, capability is collective rather than individual, and relative rather than absolute. It is dynamic and evolving. It reflects the group's ability to control and master available technology, as well as its capacity to adapt and interact with the organizational processes applied within the institution. The goal is to enhance effectiveness and align with internal and external environmental changes.

Thus, competence becomes practical and the result of field practice and the successful interaction among these three components (Al-Mahdi, March 9–10, 2004, p. 70)

3. The Strategic Approach

According to this approach, competencies provide the organization with a competitive advantage through the execution of projects and the achievement of strategic goals. Competence, in this sense, refers to the cognitive, practical, and organizational abilities that (Yahsihi, 2005, p. 143)

- Cannot be easily imitated by competitors;
- Are difficult or impossible to replace through new technological mechanisms;
- Cannot be substituted by new organizational methods or by similar competencies.

From these three approaches—managerial, operational, and strategic—it can be observed that competencies evolve in a gradual and integrated manner. A strategic competence cannot exist without the first and second dimensions. Likewise, an operational competence cannot exist without the foundational managerial dimension. Managing and developing competencies therefore require a diverse and integrated set of abilities.

4. A Model for Managing Human Competencies in Algerian Economic Institutions

Human resources and competencies represent the foundation of competitiveness and performance in organizations. They are the main pillar upon which institutions rely to achieve their objectives. These competencies are also the source of creativity and innovation, and thus require effective management and continuous monitoring.

This section proposes a model for human competency management based on four key elements:

1. Planning and acquisition of competencies
2. Development of competencies
3. Compensation and incentives for competencies
4. Evaluation of competencies

Recruitment of Competencies

J.P. Citeam defines recruitment as: “A set of rules and guidelines designed to ensure the best possible match between an individual’s personal qualifications (skills, abilities, ambitions, etc.) and the requirements of the position” (J.P. Citeam, 2000, p. 77)

The recruitment process within an organization takes place through three main stages:

1. Planning for human and competency needs.
2. Attracting and selecting qualified candidates.
3. Appointing the selected individuals to appropriate positions.

Competency Planning

Competency planning refers to the activity through which an organization determines its future needs for human competencies in a specific time frame, both in quantity and quality. It involves

estimating future requirements, comparing them with the current situation, and identifying any competency gaps. The organization then seeks to fill these gaps by recruiting or developing employees with the required skills.

The importance of competency and human resource planning can be summarized as follows (Na'sani, p. 36)

- It helps the organization anticipate its future needs in terms of number and type of competencies, thereby identifying potential shortages or surpluses.
- It serves as an effective tool that enables organizations to respond to internal and external changes, since these factors influence the demand and supply of human competencies in the labor market.
- It assists in preparing budget estimates for wages and salaries.
- It contributes to a balanced distribution of workloads across the organization's departments.

The Stages of Competency Planning

According to Na'sani (pp. 36–44), competency planning involves four main stages:

1. Forecasting trends in both external and internal factors that affect competency planning.

- External factors include:

- General economic conditions and trends (periods of growth, recession, inflation, etc.);
- Technological developments;
- Demographics and characteristics of the labor force;
- Work preferences (for example, jobs more suited to men or women);
- Government laws and regulations (work hours, employee protection, etc.);
- National policies on education, employment, and migration.

- Internal factors include:

- Organizational goals and plans (expansion or contraction of activities);
- Expected modifications in the organizational structure (addition or elimination of functions);
- Management principles followed by the organization;
- The efficiency of the current workforce and anticipated changes in it;
- Employee turnover rates;
- Expected promotions;
- Retirements.

2. Estimating the future demand for human competencies within the organization by:

- Identifying the types and numbers of required jobs;
- Estimating the quantity and quality of competencies needed to perform these jobs.

3. Analyzing the existing workforce and comparing current competencies with future needs to determine any deficits or surpluses.

4. Addressing the results of the competency planning process.

The outcomes of this analysis may indicate a need for additional competencies, a surplus, or a balance between existing competencies and organizational requirements.

Attraction of Competencies

After completing the planning of human competencies within the organization and identifying its needs in both quantity and quality, the next step is to acquire and secure the required competencies with the appropriate number and skills to achieve the organization's objectives.

Recruitment is defined as “a process that involves finding a number of qualified applicants from whom the best candidates can be selected for available positions.” In essence, recruitment refers to all activities that attract and provide qualified individuals to fill vacant positions in the organization — in the required number, with the required quality, and at the right time.

The main objectives of attracting human competencies are as follows:

- To provide a sufficient pool of qualified applicants for vacant positions at the lowest possible cost (Al-Hayti, 2003, p. 125).
- To reduce the number of unqualified applicants, thereby lowering the costs of the final selection process (Hassan, 2009, p. 23).
- To contribute to stability in the organization's human resources by attracting suitable candidates, retaining competent employees, and motivating them to remain within the organization (Al-Thaljeh).
- To fulfill the organization's social, legal, and ethical responsibilities by ensuring fair recruitment procedures and safeguarding applicants' rights (Al-Hayti, 2003, p. 125).
- To attract a qualified and high-performing workforce, which helps to reduce costs related to later processes such as training (Hassan, 2009, p. 23).

A recruitment policy involves identifying the sources from which the organization obtains its human resources, exploring and developing new sources, and continuously assessing their effectiveness to ensure access to the best possible talent at the right time.

According to Al-Mashhar and Salah Al-Din Hussein Al-Hayti (2004, p. 18), these sources include:

- **Internal sources:** such as promotion, transfer, reassignment, re-employment of former employees, skill inventories, and internal databases. These represent the human resources already available within the organization.
- **External sources:** including government employment offices, private recruitment agencies, advertisements, universities, institutes, schools, employee referrals, and professional organizations.

Each source—internal or external—has its own advantages and disadvantages.

Internal sources often promote stability among employees and enhance morale through opportunities such as promotion, which strengthens organizational loyalty and job satisfaction, improves internal communication, and reduces recruitment costs. However, relying solely on internal sources may limit the inflow of new talent and innovative ideas that could contribute to organizational development.

External sources, on the other hand, bring benefits such as access to new expertise, exposure to diverse professional experiences, and opportunities to establish external partnerships. They also allow for the replacement of outdated work practices with more effective ones. Nevertheless, they may involve higher recruitment costs and the risk of introducing inappropriate behaviors or practices into the organization, which could negatively affect existing employees' morale.

The recruitment process ultimately expands the pool of applicants and subjects them to a series of tests, interviews, and assessments that reveal their personal, professional, and leadership capabilities. These procedures ensure alignment between candidates' competencies and the organization's job requirements. The goal is to identify, rank, and select the most qualified, competent, and ethically suited individuals for available positions—those who can best utilize their potential, apply their skills, and contribute to organizational growth.

The importance of selecting and appointing human competencies does not lie in choosing the most intelligent or highly qualified individual per se. Rather, it is about finding the most suitable person for each position. This process represents a balance between the role and the candidate's competencies, ensuring that the position neither exceeds the capabilities of its holder nor falls short of them.

Successful and innovative organizations are distinguished by their creative and skilled individuals. Therefore, a well-planned, scientifically based recruitment and selection process is essential—especially for large organizations—since the competence of employees directly reflects the overall competence of the organization itself.

Evaluation of Competencies

Competency evaluation represents a key stage in the management of competencies and one of its major operational processes. It enables the organization to identify strengths and weaknesses within its workforce, thus supporting competency development and the fair allocation of rewards and incentives. The following section reviews several approaches to competency evaluation and the main tools used in this process.

Approaches to Competency Evaluation

According to Marbach (1999, pp. 20–23), the main approaches to evaluating competencies are as follows:

The Knowledge-Based Approach

In this approach, evaluation focuses on theoretical knowledge. It involves comparing the knowledge that an individual possesses with the professional situations related to their role. However, this approach is not widely used because it places excessive emphasis on theoretical knowledge, which represents only one dimension of competence.

The Practical Knowledge (Skills) Approach

Here, evaluation is based on direct observation of individuals during the performance of their tasks. The rationale is that skills and abilities cannot be assumed; they must be observed and assessed in action to determine their real level.

The Behavioral Knowledge Approach

This approach relies on social and behavioral criteria to evaluate the individual's performance. It focuses on the behavioral dimension of competence. However, this method is often considered ambiguous because it is difficult to separate behavioral competencies from practical ones, as both are closely interrelated. In this perspective, organizational performance is linked to the individual and collective behaviors developed within the workplace.

The Cognitive Approach

The cognitive approach assumes that every task results from a problem-solving strategy. Therefore, competency evaluation focuses on analyzing the mental and cognitive processes that individuals use to solve problems. Through this analysis, it becomes possible to identify the stages of reasoning involved and the specific competencies required for each type of task or position.

Tools for Competency Evaluation

There are various tools used to evaluate competencies. Most of them focus on developing a recognized framework or reference for these competencies. The main tools can be summarized as follows:

Annual Performance Interview

The annual performance interview is a common practice today in large and medium-sized organizations. It takes place between the employee and their immediate supervisor. Its purpose is to review the results of the past year, analyze the position held by the evaluated employee, and set professional goals for the coming year.

This process allows the supervisor to assign the employee's annual, or sometimes semi-annual, performance rating.

Although this method has become traditional, leading organizations in the field of competency management have introduced digital systems into the process. This integration helps link

performance interviews with training participation and competency development (Mansouri & Soulah, June 2010, p. 62).

Field Coaching

Field coaching allows supervisors to conduct regular evaluations of their team members' competencies. It also enables them to provide guidance and assistance for professional development.

This method is based on a defined competency framework and helps track progress achieved through training.

However, field coaching has certain limitations. The supervisor's judgment may lack accuracy if they have not received prior training in evaluation techniques. Moreover, employees often behave differently in the presence of a supervisor who is directly observing their performance (Mansouri & Soulah, June 2010, p. 62).

Competency Framework

The competency framework combines two concepts. The first is "competency," which—as previously defined—refers to a set of theoretical, practical, and behavioral knowledge demonstrated in a professional situation. The second is "framework," derived from the term meaning "a point of reference."

According to Hegazy (2005, p. 124), the competency framework can therefore be defined as the reference used to identify and describe required competencies.

When applied to human resource management, it serves as an official tool or document that enables the identification of desired competencies. Its importance lies in the fact that it: "Provides a hierarchical classification of competencies required for specific functions. It also serves as a key component of the human resource management system, a reference point for job and human resource analysis, and a fundamental tool for adjusting competencies according to recruitment, training, and internal mobility policies."

To further clarify its importance, Hegazy (2005, p. 125) identifies the main **objectives** of the competency framework as follows:

- To enable employees to hold multiple positions within the organization.
- To support competency development in various fields.
- To help individuals contribute to:
 - Quality control, by providing knowledge about products and customer needs.
 - Maintenance operations, by offering technological knowledge related to production processes.
 - Process management, by understanding changes that occur within production lines and improving the flow of operations.
 - Communication and participation, which are essential for building autonomous work teams.
 - Knowledge sharing, which facilitates the continuous development of employee competencies.

In practice, the competency framework is presented as a database accessible to managers and human resource specialists. It is typically represented through a document known as the Competency Reference Card.

This card is composed of three main parts:

1. Job Information: describing the nature and scope of the position.
2. Competency Information: detailing the competencies required for performing the job, including their dimensions, training level, and necessary experience.
3. Mobility Information: indicating the desired duration of job tenure, possible career moves, and factors influencing job evolution.

It is important to note that a competency framework is not limited to a single card. Each job has its own specific competency card, reflecting its unique requirements.

Assessment Center Method

The Assessment Center is defined as a process in which an individual or a group is evaluated by several assessors using a set of integrated techniques. These techniques include simulations and behavioral observations, which serve as the basis for assessment.

Organizations do not conduct evaluations merely for assessment's sake. Instead, they aim to achieve the following objectives:

- To strengthen the confidence of partners and stakeholders in the individual and collective competencies of the organization.
- To ensure continuous improvement in employee performance through competency development.
- To promote effective control and management of human resources and competencies across all organizational units.

Competency Development

Competency development refers to the process of enhancing the knowledge, skills, and abilities of the human workforce to enable them to perform effectively across various fields. It can be defined as: "A set of educational activities that increase the present and future productivity of individuals by enhancing their capacity to perform assigned tasks through the improvement of their knowledge, skills, and attitudes (Shimon L. Dolon et al., 2002, p. 125)

In essence, competency development includes a range of activities designed to raise the efficiency of employees and ensure their adaptation to environmental changes. It relies on using and expanding the resources and potential that individuals already possess to achieve tasks effectively (Hamdi, 2003/2004, p. 56).

In today's dynamic economy, characterized by rapid and continuous change, competency development has become a critical necessity. It enables human resources to adapt to the evolving

internal and external conditions of the organization. Developing and maintaining competencies is now considered a strategic priority, as it provides the organization with the capability to occupy new market positions and achieve sustainable excellence.

Competencies have become the true capital of modern organizations operating in knowledge-intensive environments. Since employees are the carriers of knowledge, it is essential to preserve and continuously develop this strategic resource through modern methods of training and capability building. Among the most significant of these methods is training.

Training

Training plays a vital role in preparing and qualifying human resources. Organizations that aim to distinguish themselves must ensure the availability of skilled and competent employees. This objective can only be achieved through systematic and continuous training.

Training enhances individual performance, stimulates intellectual capacity, strengthens knowledge, and encourages creativity and innovation.

It is defined as: “A planned process that uses specific methods and tools to create, improve, and refine the skills and abilities of individuals, and to expand their knowledge for effective performance through learning, thereby raising both their personal efficiency and that of the organization” (Qarsh, June 2007, p. 96)

The perception of employees within organizations has changed. They are no longer viewed as a cost factor to be minimized, but rather as a strategic asset that can be invested in and whose value can be increased. This shift reflects a recognition that human resources can generate value through their knowledge and skills. Without these abilities, individuals remain limited and unable to drive transformation or innovation.

According to Barhouma and Talal (21–22 February 2012, p. 5), the importance of training can be summarized on three levels: the organization, the employee, and human relations.

Importance of Training for the Organization

Training provides several key benefits:

- It enhances productivity and organizational performance by equipping employees with the necessary skills and knowledge to perform tasks efficiently, reducing wasted time and resources.
- It helps build positive attitudes toward work and the organization.
- It contributes to rationalizing managerial decisions and improving leadership styles and administrative skills.
- It ensures up-to-date information consistent with environmental changes and new technologies.

Importance of Training for Employees

Training benefits employees in several ways:

- It improves their understanding of the organization and clarifies their roles within it.
- It assists them in solving work-related problems.
- It enhances motivation and creates opportunities for growth and advancement.
- It fosters self-development and contributes to their overall well-being.

Importance of Training in Developing Human Relations

Training also plays a significant role in strengthening human relationships:

- It develops social interaction and collaboration among employees.
- It strengthens the relationship between management and employees.
- It supports self-direction and promotes commitment to organizational goals.
- It enhances employees' ability to adapt to change within the organization.

Training is not merely the transfer of information, regardless of its importance. It must be accompanied by practical application of new performance methods. In this sense, training can be described as an effort to change employee behavior so that they apply different approaches to their work. After training, their behavior should differ from what it was before.

These behavioral changes generally include:

- Modification of knowledge and information.
- Transformation of concepts, values, and attitudes.
- Improvement of skills and abilities.

Training in organizations typically passes through four interrelated stages (Baba & Hussein Hadid, 10–11 November 2009):

1. Identifying Training Needs: This stage involves determining the required changes and developments in employee skills and behaviors to improve performance and address existing problems, if any.

2. Defining Training Objectives: Here, both quantitative and qualitative objectives are set, along with their timelines. These goals are derived from the needs identified earlier and represent the desired outcomes in employee performance. Sub-objectives are also established to guide progress toward the main goal.

3. Designing Training Programs: In this stage, the actual training programs are designed, including their content, methods, trainers, duration, venue, and schedules.

4. Evaluating Training Programs: Given the importance of training programs, there must be a mechanism to ensure their success. Evaluation assesses the effectiveness of each program in achieving its intended goals. This allows human resource management to identify deviations, challenges, and obstacles and to take corrective measures to improve the program's impact.

Compensation and Incentives for Competencies

Incentives

Incentives are considered an important means to enhance employee competencies. They contribute positively to both the quantity and quality of productivity, ultimately leading to the achievement of organizational and individual goals (Saleh, 2004, p. 113).

Incentives act as an external motivational force that encourages individuals to exert greater effort and perform their tasks efficiently. They should reflect the extent of employees' contribution to the organization's success. Therefore, managers must select the most suitable incentive methods for their employees, taking into account individual differences among them.

Incentives can take several forms:

- **Financial incentives**, such as salary increases, bonuses, financial rewards, and profit-sharing schemes.
- **Moral incentives**, such as suitable job positions, job security, training and education opportunities, and promotion.
- **Practical incentives**, such as comfortable working conditions, flexible working hours, and a healthy workplace environment.

The role of incentives lies in stimulating motivation and creativity among employees, encouraging them to express their innovative ideas and utilize their hidden knowledge. This form of motivation activates a significant internal and strategic resource that enhances performance efficiency and contributes to achieving a sustainable competitive advantage.

Competency-Based Compensation

In the past, wages were linked mainly to the job position, which was usually stable and well-defined. Compensation systems were based on the idea that employees' abilities and services improved with time. Performance evaluation focused on measurable objectives related to the specific responsibilities of each position.

However, the structure of organizations has changed. Work arrangements have become more flexible, and new concepts have emerged — such as remote work, horizontal careers, and team or project-based work. As a result, a new division appeared between positions on one hand and individuals on the other.

Team members now pursue shared goals and collective responsibilities, and their contributions are assessed based on measurable outcomes. This enables employees to demonstrate their skills and competencies directly through their work. Therefore, it is natural that compensation should now depend not only on the services performed but also on the competencies and their development (Cécile Dejoux, 2001, p. 129).

A balanced compensation policy should be founded on the principle of internal equity rather than merely external comparison. It should also consider factors such as tax boundaries and potential earnings. Several elements can influence individual wages, including:

- The job role or position.
- The ability to deliver valuable services.
- The employee's competencies.
- Labor market conditions.
- The organization's culture and values (Cécile Dejoux, 2001, p. 144).

These elements must operate in an integrated and balanced system, primarily serving the organization's interests while maintaining fairness for individuals. Transparency is also crucial in compensation systems; every employee should understand clearly how these factors affect their final wage. A well-balanced and transparent system attracts employees, builds loyalty, and motivates behaviors that support organizational success.

The concept of competency-based pay has gained wide acceptance. It represents a compensation policy that aligns with the above principles, linking pay to demonstrated skills and behaviors. Competencies may be reflected in several components of compensation, including:

- The base salary.
- The variable pay component (bonuses, overtime allowances, etc.).
- Additional benefits (such as insurance or company cars).
- Development opportunities and flexible working conditions.

According to Lou Van Beirendonck (2006, p. 147), implementing competency-based pay requires several essential conditions:

- A shared and convincing vision among management regarding the structure of the new system.
- Strong managerial support and professional application of the system by supervisors.
- Clearly defined competency frameworks.
- Integrated systems for competency evaluation and clear policies for competency development.
- Opportunities for horizontal as well as vertical career growth within the organization.
- A clear organizational commitment to implementing a competency-based pay system.
- The presence of a professional system for competency management and performance evaluation.

On this basis, the study addressed the theoretical framework of competency management and proposed a model for managing competencies within organizations. It also analyzed the main processes that support this model. From this perspective, it can be concluded that a competency management model based on recruiting, evaluating, developing, and compensating competencies has a positive impact on the growth and performance of economic organizations.

CONCLUSION

The study of competency management shows that competencies have become a vital dimension in today's world. They are now the primary source of excellence and leadership. Possessing competencies means possessing power and control. Managing human and organizational competencies has therefore become a crucial and indispensable function, as achieving excellence depends directly on the competencies that organizations possess. Consequently, the organization's success is linked to the effectiveness of its competency management system. The more efficient this management is, the greater the organization's ability to gain a competitive advantage and withstand competition.

The changes affecting the Algerian economic environment have revealed major shifts at different levels, especially in relation to human resources, which remain the foundation of every organization and the key supporter of its strategies. As a result of these transformations, organizations have adopted a new logic of human resource management aimed at maximizing the use of employees' knowledge and skills. Under this new approach, all human resource management activities—such as recruitment, evaluation, development, and compensation—are now based on competencies.

Despite the importance of these processes for both organizations and employees, they cannot achieve their expected outcomes unless top management adopts, supports, and believes in competency management and works to institutionalize it.

Achieving excellence and distinction in Algerian economic organizations depends essentially on the unique competencies they possess and the effectiveness of their management. The more efficiently competencies are managed, the greater the organization's ability to expand its competitive scope and enhance profitability.

Intangible resources, including competencies, have become the most significant assets of economic institutions. Knowledge and behavioral attributes—such as ethics and values—are now seen as the most important elements in determining an individual's competence, contrasting with the traditional view that relied mainly on academic qualifications.

The concept of competency management remains relatively new among Algerian organizations. Only a limited number have fully recognized its importance and adopted it as a strategic tool to improve performance and strengthen their competitive position.

Competencies, as the ability to work effectively, are not confined to individuals. Successful performance within an organization relies on collaborative mechanisms that establish mutual dependence among complementary competencies. This interaction creates synergistic effects, resulting in outcomes superior to what individuals could achieve independently—these are known as collective competencies.

The distinctive competencies of Algerian economic organizations become stronger when they are supported by unique and valuable resources and by the organization's ability to manage those resources effectively.

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