



## CAPABILITIES & COMPETENCIES OVERVIEW

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# Introduction



Globalization is rapidly changing the business and economic environment in which organizations operate. To stay competitive, organizations must develop core “capabilities” and “competencies” to adapt to economic uncertainties, emerging technologies, and evolving cultural changes.

In this presentation, we examine the key differences between “capabilities” and “competencies” and how they serve as key catalysts in fueling organizational effectiveness.



# What are organizational capabilities?

*"Capability" is derived from the Middle French word "capabilité" and Late Latin word "capābili". The word was first used in 1587."*

**David Ulrich**  
HR Guru

Refers to organizational capabilities as "the firm's ability to manage people in order to gain competitive advantage. These abilities are derived from the collective competencies of people and the organization's culture"

**John Kay**  
Oxford Economist

Defines distinctive capabilities as those capabilities a firm has which other firms cannot replicate even after they realize what the benefits are that owning the capability confers.

**McKinsey**  
Consulting Firm

Defines organizational capabilities as "anything that people do well that drives business results."

