

Creation and evaluation of competencies

When two people do the same thing, it's not the same thing. Do not fear improving your company's results.

We have written this e-book so as to be able to capitalise on our many years of experience. After all, our belief is that they can benefit you too, our readers. We hear of companies dealing with the same problems and see the same situation, all with a common denominator: a hundred different ways of handling people at the company. And because we believe we have a potential solution to this, we hope you get stuck into this book.

Our aim is to convince you that converting to a model of management based on the competencies of your employees will bring you a great many benefits over the long-term and will solve a multitude of problems that you or your HR department come up against at your company. We thought long and hard about a word to use instead of competencies. Reaction to the word is negative, there is misunderstanding and deceptive theorising. We tried rewriting it in different ways, but none of them worked. And even if we were to replace the word competency, we're not really going to manage when talking about "competency-based management", are we? We therefore decided not to underestimate you, our readers, and to stick with the word competency. In this book you will find ideas on how to get started and what to look out for if you decide to follow this path.

Who were we thinking of the most when writing?

- Company owners and managers. They need convincing arguments that investing time, human and financial resources will genuinely pay off.
- All workers and HR staff. They need support in their efforts to care for people and develop them
 in line with the company's objectives. They also need arguments to present to managers how
 to do it all effectively and meaningfully.
- Anyone who's interested. It's not a cure-all, and it's not quick or cheap but it is a solution.

We believe that we will inspire you to make big changes.

Dita Palaščáková

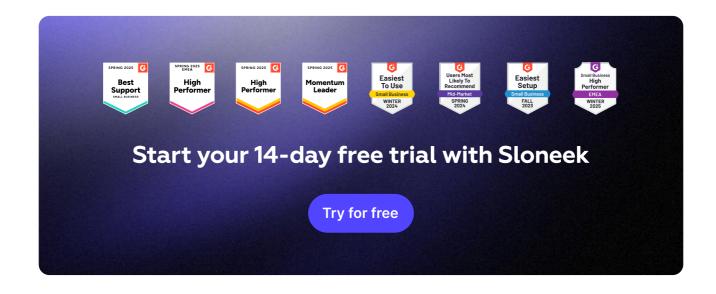
Milan Rata

What will you find in the e-book?

- We explain how competencies are linked to strategy and business.
- We remind you why caring for the development of employees is important.
- We provide arguments to HR staff in the shape of a detailed insight into employee development.
- We present developing people as an investment in better performance.

Are you dealing with any of this?

- You are looking for capable and reliable people and want to hold on to them. Them leaving means an enormous loss.
- You meet up to five generations of employees at work. It's hard to take all the differences and expectations into consideration.
- It's all changing faster than it did before. You need your employees to be able to respond flexibly to change.
- You are looking for the best ways of investing in developing people. It takes time and the results are slow in coming.
- You need to know you can rely on your employees.
- The results of work do not sometimes match expectations. Communication is drawnout and tiring.



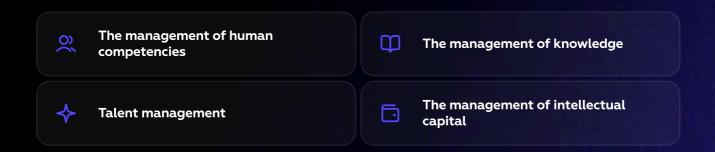
What might help?

Questions to ponder ? How do you communicate the company's values to employees? ! How do you assess consistency in the values of the company's employees and its culture? ! How do you communicate the company's objectives to employees? ! How do you assess the consistency of employees' values and those of the company?

Research and experience clearly confirm that the role of the HR department is fundamentally changing in these turbulent times of economic, social, and political change. To be more specific, the focus of attention has switched from measuring individual productivity to a more strategic concept. When an intelligent approach is taken to the role of the HR department, it can become a key factor of competitiveness in each and every industry.

Adequate emphasis on the competencies of people, meaning their knowledge, skills, experience, and attitudes, is the foundation on which company growth on the market is built. Above all, motivating people brings the corresponding quality of work performance.

Among the fundamental objectives and skills of HR business are selecting the right employees and their targeted development, with those employees contributing toward the achievement of your business objectives with their time, energy, and, above all, competencies. What people provide you must match your company's strategies and objectives. It is therefore worth focusing attention on:



As a result, successful companies are able to stand up to even the most dramatic of changes and unexpected events. If you are able to describe well the knowledge, skills, and attitudes you expect of people, the likelihood is that their performance will match this.

Why competency-based management?

Questions to ponder

- What are the main problems to affect HR matters at your company right now?
- Which documents are useful for the quality work of the HR department at this time?
- Which processes in place are useful for the quality work of your HR department right now?
- How do those documents and processes (if you have them) contribute towards connecting and improving the quality of HR business at your company (recruitment, selection, onboarding and adaptation, performance, evaluation, and onward development)?

If management truly does want to manage people at the company strategically (meaningfully), you need to concern yourself with both the performance element and the competency factor. The aim is to sustainably achieve the best possible performance over the long-term in as effective a way as possible, and to accomplish this you need to maximise the level of competency among your staff.

In this way you will be able to harmonise the expectations of staff and the company in terms of whether they master their roles, and ensure the better use and management of developing human potential so as to optimise the performance of the organisation as a whole. A competency-based model is closely tied to the company strategy so that its use makes sense, and in turn development and education. If you were to introduce competency evaluation by order, it would go entirely against the sense of competencybased management.

- It is important to be aware that a competency-based model which stands on its own at a company, without any connection to the management strategy and the process system, makes practically no sense at all. Company processes define individual work roles and you need competencies to be able to manage this.
- If you, as an employee, understand your role within the company, you also understand the processes tied to that role. Thereafter, you will likely understand the need to have the right skills, abilities, and knowledge as well. Your ambition will then be to add those that you are lacking to your repertoire (with proper support from a manager). After all, meaningfulness is one of the fundamental building blocks of motivation.

What are competencies and how do they drive success?

Questions to ponder

- Place How do you recognise who a key employee is?
- ? What do you know about your key people?
- How successful are you in using your employees' potential? How specifically do you know how to recognise their potential?
- Who at the company is best able to work with employees' attitudes, abilities, qualities, and experience? What do they need to be able to do so?

We can surely agree that it is the people at a company that decide how effective that company is in achieving its objectives. Employees with the right profile who understand what we expect of them can be successful.

Competencies are an aggregate of the knowledge, skills, experience, and attitudes of the people that (or could) work for you. This aggregate directly affects the performance and success of employees. What is essential is to clarify the specific behaviour that leads to the performance you expect of people, and to describe it understandably and specifically.

What does it bring you?

- When you know what the people at your company should know and be able to do, it is far easier and quicker to find and choose the right candidates with a higher chance of working success.
- When new employees have clear information from you in terms of what they should know
 and be able to do, and what you expect of them, onboarding will be more effective and more successful.
- When you know what to expect, the plan for education and development thereafter will be more understandable to both sides and will bring results at greater speed.
- When you understand what your employee should know and be able to do, and why, you will be able to far better measure their performance.
- When you compare people's performance with what you are expecting, you will faster identify the talents that you need to develop.
- When your employees see that you are paying attention to making sure they can cope with their jobs, they will be more loyal and you will find it easier to keep them at the company.

What is competency-based management?

Questions to ponder

- How and on the basis of what do employees get feedback on the quality of their work performance?
- According to what and how do you distinguish between employees achieving substandard, average, and above-average performance?
- According to what and how do you evaluate whether your targeting of employees' development and education is right?

The model brings together the strategy of the organisation and HR matters, explaining that one cannot work sustainably without the other. In order to achieve the vision, we need to know which abilities and behaviours will get us there, and, knowing this, choose people, evaluate them, and plan their development.

A competency-based model is a practical tool that lists key competencies for every position at the company. It helps analyse the competencies required and define clear development criteria. Step-by-step:

- → Describe the key abilities without which you cannot succeed at your company.
- Specify the abilities which are fundamental to each position.
- → Define how you will recognise if employees actually have those abilities, or could have them.
- Think about how exactly you are going to measure them.
- Engage people in the creation of the models so that you don't forget anything important.
- → Build all other HR processes on the model.

What will this bring you?

There are so many areas on which using competency-based models has an impact. We have chosen the ones we see from experience as being the most importance:

- Eliminating ambiguities and duplicities in the competency requirements on individual roles at the company.
- ✓ Dramatic reduction in the time demands of evaluating data for education management.
- Accelerated achievement of the required competency demands on a particular position.
- A fundamental reduction in the ineffective costs of educating employees.
- Effective evaluation of the impact of training on the development of individuals and groups.
- An increase in the likelihood of prolonging the effective phase of an employee's life cycle.

Why see education as an investment and not a benefit?

Financial remuneration (a salary) is tied to the expectation that an employee will perform to the right standard. This expectation generally ensues from the requirement of having the "hard" knowledge and skills needed to carry out a particular role. However, we also need to count on the role of "soft" skills. Together they constitute a set of requirements (competencies) that are essential to be able to successfully cope with the role entrusted.

Therefore, when an employee does not have the required level of specific competencies, it is in my interest as an employer to invest resources in education so that the employee in question is able to cope with their position and tasks better and more effectively by improving their level of competency. In short, I want to invest resources in development in those places I can expect a return on my investment.

A comparison is used in economics between investment and wheat, with people having the choice of using it up right away, or sowing with the expectation of a bigger harvest in the future. The objective when investing, therefore, is to use resources in such a way that they do not lose their value, and at the same time for investment to ideally bring a yield within the set timescale. When you invest based on knowledge and data, the money you put in generally bears quality interest. When you invest blind, with no knowledge or data, you simply have to hope for a miracle. Benefits can be cut. Investment cannot if you want to grow. The same stands in the management of education.

Education as an investment is such that it directly develops the knowledge, skills, and abilities associated with a specific role. For example, improving skills in working with personal data, collecting them, analysing and evaluating them, and implementing the results in the life of the company.

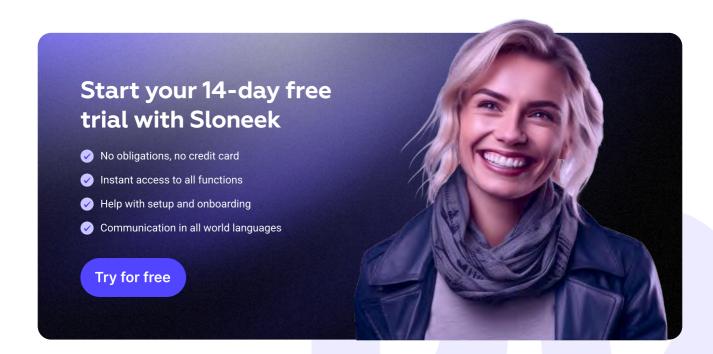
Education as a benefit for the same person from HR might take the shape of a course in blacksmithery, the fundamentals of programming, or deep-sea diving. It develops an interest rather than work skills, abilities, and knowledge. It shapes the person in a different way, but does not impact on performance by directly developing the specific competencies required for better performance in the role entrusted.

In practice, we often see that employers are against this sort of approach, the argument being that they fear that after training an employee (meaning making an investment), the employee will leave the company with considerably higher qualifications and find a job elsewhere. This thing is, though, that such departures lie more in the overall approach taken to employees, meaning how we behave towards them, how they are led, and what conditions we put in place to make sure they want to stay at the company. We shouldn't put departures down to deviousness on the part of our employees, but instead to the way we treat them and the conditions we put in place for them for personal growth.

Hint!



Try simply working out whether it is more beneficial to hire a candidate with 100% of the skills and abilities required for the role in question, or a candidate who has the attributes to achieve that notional 100% over time. Don't forget to figure in one fundamental factor: motivation. Who will have the bigger drive - the one who "knows it all" or the one who "has something to work on"?



Evaluating education

As is the case in other areas, it stands that "whatever I don't measure I'm not in control of". If you don't plan education based on relevant data, you are decreasing the likelihood that you will choose the right topics, that the plan will be compiled in sufficient detail, and that someone will actually feel the need for education. Not to mention employee motivation. You cannot then expect this sort of investment in education to show an improvement in the competencies of your employees



What is key, however, is not just to plan based on the data, but to evaluate that way too. The absence of any reflection on development is just as fatal a mistake as choosing education and development activities based on a feeling or on supposed knowledge. Why is evaluating education at organisations none too effective?

- Top management frequently don't ask for or don't use the available information about the influences of education.
- Education and development specialists do not have sufficient expertise to know how to evaluate education.
- Education programmes do not have clearly-defined objectives, meaning that it is rather difficult to define the specific criteria on which education should be evaluated, or indeed impossible.
- Limited education budgets mean that money is spent more on providing education rather than on evaluation.
- The risks associated with evaluating education might be too high in light of the fact that evaluation might reveal that the impact of education was minimal (Armstrong, 2015, p. 370).

Note!



While evaluating competencies is certainly part of all-encompassing employee evaluation, any shortcomings in the level of competency MAY NOT BE TAKEN AS GROUNDS FOR PENALISATION, but instead for development.

Why development is a top priority at the HR department and throughout management

Employees leaving a company on account of not having the opportunity to advance any further is quite frequently a reason for losing talent potential at a company that goes undetected (or is only discovered later). Meaning that it is crucial you keep an eye on the life path or cycle of your employees alongside their level of competency.

As a result, we are able to better support individuals in their development at specific stages of the professional life that employees share with the company. Personal development, and adjusting its settings, is able to re-motivate a senior employee so as to be able to prolong their most productive stage, MATURITY, for as long as possible. An alternative to prolonging seniority is to switch between positions and create new challenges. This means that the organisation is able to deal with the issue of succession or variation of positions with relative ease.



How to get started - what not to forget, what to avoid, and what to prepare for

The development of skills (competencies) must be closely tied to the strategies and processes of the company for its use to make sense. If the company strategy does not reach the lowest tiers of the organisation, competency-based management will most likely never be accepted throughout the organisation. If we were to order such a process on everyone, such an approach would be entirely at odds with the sense of competencybased management.

Let's go back to school. Success is based on passing tests and being able to show memorised knowledge. On average, pupils are systematically led through and educated in a system which punishes the wrong answer. That's a long time of cultivating a habit that we take with us into adulthood: "you make a mistake, you get your knuckles rapped". The stronger can break it, but it stays with the weaker. And unfortunately, the stronger are in the minority.

Lacking knowledge might bring about a defensive stance built on fear. "Generally speaking, fear is a reaction to an existing or impending threat (...) The innate nature of this emotion is seen in its connection to a significant mobilisation of energy and to evasive behaviour (...). In addition, fear is highly contagious, spreads quickly based on alarming news, and people join the escape after seeing others escaping." (Nakonečný, 2000, p. 225).

The second position of this barrier is the stance taken by HR staff. It objectively means introducing a competency-based model at the very beginning of a relatively large investment of time, which HR staff are not willing to make just like that. From experience, we often learn from interviews that fear, the learned kind, is again the primary problem - the fear of unnecessarily spent energy and of work going to waste. This fear stems from the conviction that middle management will make sure that top management cancels "this unnecessary evaluation and testing, which nobody has time for".

We stress and stress again the need to interweave strategies, processes, and competencies as a solution. As a result, everyone will understand why they are doing what they are doing and will try to see their contribution to the whole, with a higher level of motivation and understanding.

We have put together a helpful list of steps we believe essential for the success of the whole operation:

ретоге	e you start working with the competencies
	Harmonise collective expectations with top management. Everyone therein should give undivided support to the whole operation. Begin with a strategy.
	A company-wide strategy must exist, ideally tied to a vision. The company needs to know where it is coming from and where it is going. The general manager presents the strategy to lower management.
	All levels of management must not only understand the company-wide strategy, but be able to compile their team strategy (for example, business strategy) to follow on from the company-wide one. The line manager, or at larger companies the head of or manager of the section, and the general manager must together assess how well one strategy sits with the other.
	Each line manager must then be able to ensure compatibility with processes based on the set strategy. The simpler you keep the processes, the better. Complicate them as little as possible. Eliminate rather than create duplicity!
	Articulate the key requirements on skills, knowledge, and abilities (competencies) for individual team roles. All managers are sure to appreciate a helping hand from HR staff. Do not complicate requirements and choose only the key ones without which the specific position will not work.
	Carefully prepare training for management positions so that they can evaluate the competencies of those answerable to them. Stick to the main principle: the results of evaluation can under no circumstances be used as the grounds for penalisation, or indeed bonuses.
	Carefully prepare internal communications for line colleagues. Emphasize that imperfection is not grounds for dismissal, but for development and growth. A joint presentation with the HR manager and deputy proved most effective in practice. Though more time-demanding for HR, it brings far greater success, especially when competency evaluation is received positively.
	Analyse evaluation results and prepare a clear specification for training and development. Avoid pre-fabricated training. All development must focus on quickly supplementing competencies and immediate transfer into practice. This way, you clearly see which competencies your people add to their repertoire, and can ensure development activities contain as little redundant, unused content as possible.
	Check the extent to which the plan worked: how far competencies were successfully added and where changes need to be made. You have the data, so use them!

Preparing the competency-based model itself

Let's now go into a little more depth. We have ourselves tested a number of different approaches in practice, some working more, some less so. For us to be able to shorten the journey for you and limit the risk of you getting burned by failed attempts, we have prepared another list for you, one that will come in handy when you are preparing the competency-based models themselves:

Clarify the purpose and the goal - what do you expect it to bring you? It is essential that you are clear on who is going to work with the models at the company, and how. The purpose decides their structure. One size does not fit all.		
Clarify the process. Preparation will take time. Without having a plan or an idea of the process, it will be easy to just give up. Be flexible in your approach to creation, and count on making changes.		
Gather all important data. Without any information about the strategies and positions within the structure, you will not be able to create a viable model for the company. Gather sources and documents, observe, write questionnaires, invite colleagues in and ask them. Only then will you set a model in a way that will deal with your company's problems.		
Define key competencies. Focus on the behaviour and abilities of ideal employees. What makes them excel? Don't forget to take account of demands relating to the corporate culture.		
Describe the competencies which are specific to individual positions. What do employees need to know, be capable of doing, and do to succeed in the position?		
For management positions, describe the behaviour you expect of different levels of management. Preparation will take time. Without a plan and a clear idea of the process, it will be easy to give up. Approach the creation flexibly and be ready for changes.		
Finalise the list of required competencies. Be realistic and absolutely precise. Assure yourself that the competencies described will achieve your company objectives.		
Have the model peer-reviewed by all key people involved.		
Create a competency-based model.		
Launch it in practice.		

How to evaluate (measure) - interconnection with the system of evaluation

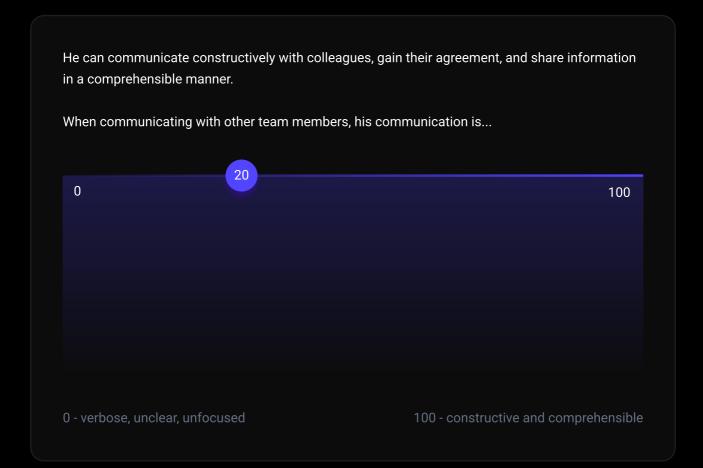
There is a whole range of methods. We, however, still see absolutely the most effective as being an interview with a superior. Two approaches are possible here:

The subordinate and the superior each carry out their own evaluation as they see it.

Then, at a meeting together, they agree on a final outcome with which the HR or education department will be able to work.

Leave out the first step and get straight down to the meeting. This saves both sides a lot of time on administration.

Both approaches have their pluses and minuses. We like the second approach, because it gets straight to the heart of the matter, with any possible contrasting views dealt with before going cold. It creates an interesting environment in which to build the relationship between the manager and the members of his/her team in the future. When settling on the evaluation scale, decide whether you would prefer to "honestly" find out how close the actual behaviour or knowledge is to the boundary values.



Or whether you want to provide each "mark" with a clear description of the expression that is tied to a specific level of the evaluation.



He only has a rough orientation in the tool and needs assistance when searching for answers in the data.



He can create custom basic data views, but data interpretation is often inaccurate, requiring assistance from a senior colleague. Without help, he is unable to build reports in Data Studio



He can distinguish individual indicators and interpret them individually, but is unable to see connections. He is unable to set up custom views on the data.



He can create custom advanced data views, sees and can interpret connections in the data. Without assistance, he is unable to build reports in Data Studio.



He can create basic data views from templates, but for interpreting data in combined perspectives, he needs support from a senior colleague.



He can create custom advanced data views, including Data Studio, and can see and interpret connections in the data.

Much during the procedure depends on whether the people at the company or in the team are more analytical or more creative types of employees.



Hint!

Avoid middle values (50%). They won't tell you very much.

















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A few extra hints

How to build simple processes

It does stand that the simpler a process, the better. The most difficult part is the decisionmaking "waterfall". As soon as you are able to transfer decision-making responsibility to a particular employee, then do so. This will shorten the whole process and speed it up. We are only too aware that this is not always possible, or possible everywhere, but do give it a try. Take inspiration from "turquoise" companies. Speak to them about how to pass responsibility to each individual employee and not worry that a disaster will happen.

How to approach building a model for complex roles such as IT developers?

There is something specific to every role. But the world of IT is more than different. Here it stands even more that when putting together a competency-based model you have to continually ask yourself to what extent a particular competency is significant or fundamental, and required for it all to work. It is quite easy for soft competencies to stay entirely off the radar (as happened with us). Don't worry about it, because for most of them the "soft" world is something that cannot be grasped.

Barriers to competency-based management success?

- Too often, competency-based management is seen as an HR process rather than a business strategy. Yet business success depends on clearly explaining to employees what we expect of them—the abilities they need to succeed with us.
- Describing key competencies is demanding. Without a strategy and a clear idea of the abilities we require of our employees, achieving success is an impossible task.
- We must be able to identify competencies among existing employees, and this needs time

 and care. It is simply a necessary investment that we cannot go without. Without having an idea
 of how we stand with our staff, we will find it hard to plan development.
- Connecting company objectives to HR is often not enough. To judge how employees can better achieve objectives, we must strategically link recruitment, performance management, and development with a clear definition of what we expect of them.
- The investment involved in the creation of a competency-based management system is considerable. An investment of time, people, and money.
- A competency-based model is more than just a set of "soft skills". It encompasses a number of areas of competency, including technical, managerial, or creative. And without digitisation, a competency-based model turns into a bureaucratic nightmare.
- Creating competency-based models and integrating them alone is not enough. Unless the working culture becomes a "learning" culture, it will all remain pure theory.
- X Satisfaction comes later. The beginnings might be met with resistance and doubt.

What to do when ...

In this article, we encourage HR staff not to give up the fight and provide arguments to demonstrate the value of competency-based management to management.

Top management doesn't understand what you want of them, and perhaps when the return will come on investing in development?

 \rightarrow

Management always like listening to numbers. Use the model case in the Will come in handy section, and prepare a quick return table. Actually proving that introducing competency evaluation is going to work takes time, at least a year. On top of that you will need data from the evaluation of performances, perhaps the results of one-on-one interviews. Without a system, this part of the job will not be easy. Try looking at Sloneek, which might suit you as a solution.

Line management kicks up a fuss that you are simply adding to their workload?

Line management should above all know that caring for their people comes first. They must support them in performance, motivation, and satisfaction. Sit down with them, use the checklists in this e-book, and explain the benefits simply. Experience shows there is no other way—besides support from top management.



The competency-based model is not just for managers, but for the whole company. For management, it clarifies how employee education and development are addressed, helping them reach top performance and strategy. For HR, it enables quick responses to company needs in recruitment and training. For managers, it saves them from "reinventing the wheel," giving time to focus on their own agenda with the right colleagues in place. And for employees, it provides space for meaningful development and motivation to perform.

The human resources department is lacking the capacities to introduce it?



Given the fact that HR departments are multidisciplinary in nature, it might happen that the capacities are there, but not the knowledge. It is doubly true here that it makes sense to hire some outsiders for your particular project alone. However, be prepared for the fact that a true professional will need the 100% support of management. Without this, you won't move an inch and will end up spending money unnecessarily.

An employee sees no sense in development in skills management and wants to educate himself "on his own" in something he enjoys?



Employers are interested in making sure that work performance is as effective as possible in all positions. Their priority, then, will be to invest in the sort of development whose results are transferred into practice as quickly as possible. If you want to please your employees with interestbased education (as a benefit) that has no direct influence on carrying out a role, then why not? :) However, this is an entirely different type of education.

Will come in handy

If we are looking at education as an investment, we really should take a look at the returns. The absolute prerequisite for success is that the information you take from evaluating competencies helps in the preparation of more relevant education and development. Ratio of relevance of content of training when using data from a competency-based model and when not.

Many years of experience lead us to estimate that there is around 40% redundant content in the standard training you can buy, content that employees will not use or that is not relevant to any growth in their competencies. This is because they already know some of the content or have already taken a similar course, or the content is simply irrelevant to the role they occupy. We also estimate a 20% reduction in such redundant content when you use data from the evaluation of a competency-based model to plan the content of education.

You can see in the following table the financial savings you can expect, in standard market prices, when you use the data of the competency-based model for planning education.

MODEL - company of 500 people Estimated average price of 1 training for 1 person: CZK 3,000 a day

	Training 1	Training 2
Relevant value of 1 training	CZK 1,800 (60 %)	CZK 2,400 (80 %)
Loss per person on 1 training	CZK 1,200	CZK 600
Loss per person on 5 trainings	CZK 6,000	CZK 3,000
Loss for the company on 5 trainings/500 people	CZK 3,000,000	CZK 1,500,000
Loss per person competency-based model	CZK 0	CZK 500
Cost for company competency-based mode	CZK 0	CZK 250,000
Difference in education ineffectiveness when factoring in costs for a competencybased model.	CZK 1,250,000	

^{*}We are drawing here on the average and standard daily rate of a quality instructor (CZK 24,000) and 8 people per training day. The value of the difference, meaning the actual loss, is therefore equal to 416 training days for one employee.

One other part of cost optimisation is the contribution, or saving, of the activity of an employee who received targeted, detailed education for exactly that part that he/she would not have without the use of a competency-based model (or not entirely). It is therefore clear that such an employee will likely be able to do his/her work more effectively. This part is hard to put into figures, but it is undoubted from logical consideration that it is a big plus.

Hint!



The relevance of effectiveness can be proven in such a way that the required level of competency is achieved quicker in comparison with KPI (Key Performance Indicators), which can be directly influenced by the employee in question.



Mgr. Dita Palaščáková in



Dita is a coach, trainer, and consultant in personal, career, and organizational development, change management, and leadership. She focuses on finding solutions, values consistency, and authenticity the pillars of success. Dita enjoys networking and building communities of like-minded individuals. She is a doctoral student in Andragogy at Palacký University, and also an active educator.



PhDr. Milan Rataj, Ph.D., MBA in



Milan is a co-founder of the HR system Sloneek, where he is responsible for customer satisfaction and development. He has spent a significant part of his career in marketing and HR consulting for management. He is an enthusiastic advocate of the idea of corporate education as an investment and managing people through competencies. Milan is the vice president of the academic club at the Czech Andragogical Society. He holds doctorates in both andragogy and marketing. He believes in lifelong learning and development as a way to prevent stagnation.

