Analysis of Applying Competency Models: 
Case of the Office of the Prime Minister of Lithuania

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Abstract. The article reviews the latest Lithuanian experience in the field of competency-based management and analyses the data of a pilot experiment of applying the draft competency model in human resource management of the Office of the Prime Minister. The results of a 360 Degree Feedback Questionnaire (adjusted to the draft competency model), which evaluates the competencies of employees of the Office of the Prime Minister, is introduced and critical evaluations are presented. Also, the article discusses the concepts of competency and the competency model as well as the positive aspects and shortcomings of their application. Development and implementation of competency models in public service institutions are the focus of the authors of this article.

Keywords: competency, competency model, competency-based management, 360 Degree Feedback questionnaire, Office of the Prime Minister, public sector.

Raktažodžiai: kompetencija, kompetencijų modeliai, kompetencijomis grįstas valdymas, 360 laipsnio grįžtamojo ryšio klausimynas, Ministro Primininko tarnyba, viešasis sektorius.

Introduction

Development, assessment and implementation of competency models that can be defined as sets of measurable skills, knowledge, experience, behavioural and personal characteristics needed for superior performance are one of the most important issues in management, public administration and business psychology. Private companies looking for new ways to enhance performance effectiveness and thus be more competitive in an increasingly globalised and networked world market were the first to these apply competency models. This idea was taken over by public organizations through the new public management approach that promoted the transfer of best business practices into the public sector.
Presently application of competency framework is becoming more popular not only in private companies but also in public sector. It could be illustrated by achievements in this area by public organizations of US, UK, Australia, Canada and New Zealand [3; 4; 5]. Some other countries have adapted fragments of competency models and adjusted them to their own requirements and needs.

Lithuania is making the first steps in applying competency models in public service institutions. The office of the Prime Minister is one of the few institutions that are going to implement a competency-based approach in human resource management.

This article addresses the topic of the latest experience in competency-based management in Lithuania and analyses the results of a pilot project of competency model application in human resources management of the Office of the Prime Minister.

Meaning of concepts

It should be emphasized that there is little consensus on single competency model as even broadly described competencies cannot be universal in all cultures, professions and types of services [1; 6]. Similarly, there is no universally agreed definition of the term “competency”.

Moreover, the discussion continues on whether the term “competency” (plural—competencies) and “competence” (plural—competences) have the same or different meaning. According to some dictionaries, both concepts have the same meaning while others highlight the differences. Supporters of the latter approach claim that “competency” concentrates on how people behave while “competence” focuses on what people do. In addition “competency” corresponds to behavior-based aspects whereas “competence”—to skill based ones [12]. Furthermore, “competency” is used to emphasize the individual level while “competence” concentrates on the organizational one [14]. However, it should be noticed that the linguistic aspects of the definition do not offer a clear distinction between these two terms. For this reason and having the aim to avoid misunderstandings the authors of this article decided to use the concept of competency as it stronger concentrates on the individual’s behavior.

Today’s understanding of the concept of competency originates from the so called Anglo-American movement in the United States and United Kingdom. David C. McClelland published his famous article “Testing for Competence Rather Than for Intelligence” in the journal American Psychologist in 1973, emphasizing the effect of competencies for success and criticizing traditional exams, especially IQ tests, as inadequate predictors for future job performance. D.C. McClelland (1973) used the concept “competency” instead of “skill” as it is broader and combines the behavioral and technical abilities of the individual [10].

D.C. McClelland’s ideas were put into practice by the consultancy group McBer where another famous competency expert Richard Boyatzis was an associate. Today McBer’s competency dictionary is one of the most widely applied in the world. R. Boyatzis (1982) identified the competencies distinguishing the best managers from the less successful ones. In addition, he emphasized that job effectiveness can
be improved by higher competencies; according to R. Boyatzis competency is “an underlying characteristic of an individual, which is causally related to effective or superior performance in a job.” [2, p. 97].

S.M. Spencer and Spencer M.L. (1993) presented the book “Competence at Work: Models for Superior Performance.” Appreciable tool for human resource professionals suggests treating competency as “an underlying characteristic of an individual that is causally related to criterion-referenced effective and/or superior performance in a job or situation” [13, p. 9]. In 1999 A. D. Lucia and R. Lepsinger suggested slightly different definition of competency as “a descriptive tool that identifies the skills, knowledge, personal characteristics, and behaviors needed to effectively perform a role in the organization and help the business meets its strategic objectives.” [9, p. 5].

Above all it is important to notice that there is a difference between the American and the British understanding of “competency”. R. Boyatzis (1982) describing competency as ability, which leads to superior performance, represents the American point of view while the British attitude expressed by S. Flecher (1991) emphasizes the ability to attain the required standards. Furthermore other countries using competencies could be divided into those countries where the American concept dominates and those which prefer the British one, for example, Australian public institutions predominantly use the British concept while Finnish public organizations mainly adapted the American one. However, in the global sphere these distinctions are not as absolute as, for example, the American model, which is widely used in the UK by many American organizations established there [1].

An array of competencies constitute a competency model that could be applied to the positions in the organization and thus is at the heart of every competency-based human resources management application [12]. As a result, in this article, the competency-based model will be interpreted as a set of behaviors, skills, knowledge, aptitude and personal characteristics needed to implement the strategic goals of the organization. Also, it needs to be emphasized that the term “competency model” and occasionally used “competency framework” has the same meaning and will be used as synonyms.

**Development and assessment of competency models**

There are two generic approaches to develop a competency-based model for particular organization. Multiple competency models define a set of competencies required for each group of similar positions. Another approach promotes “one size fits all” competency models that may be designed to all, however, in most cases—only for managing positions in the organization. In practice the mix of two approaches is a popular way ahead as it enables development of a single competency model and multiply it according to the needs of organization.

The essence of developing competency models lies in the techniques of identifying and assessing competencies, which constitute the basics of competency-based model. The most important task is answering the key questions: “what does employee have
to be able to do" and “what he/she has to know in order to do it?” [12, p.82]. Usually, data collection by analyzing job descriptions and other related documents is the first stage in generating a competency-based model. The second step depends on the project (time, budget, goals) and could be chosen among three activities: 1) focus groups with the experts of subject, 2) critical event interviews, 3) working with generic dictionary representing the most common competencies and behavior indicators [4, 5]. In many cases human resource consultants seek to combine all three of the above-mentioned methods. After the long process of data analysis, competencies modeling and validation of model is needed to finalize the competency-based model.

Second step is to assess the competencies of the model. Usually three typical methods of assessment of competencies are employed. First, testing the key persons of the organization on 360 Degree Feedback questionnaire which is described as the easiest and cheapest way, however, very subjective one. Second: integration of competencies into the system of competency-based performance appraisal. This choice is characterized as more reliable than application of 360 Degree Feedback questionnaire but it takes more time and efforts than the first one. Third, behavior-based assessment performed by assessment centers. Although this method is the most expensive, at the same time it is the most objective and professional. The application of all three methods in one organization would certainly provide benefits, however, budget and time constrains usually limit the assessment to one or combination of two models.

Advantages and shortcomings of applying competency models

Effective and full scale implementation of competency models is related to many positive outcomes for organization. First of all, competency-based models enable measurement of performance of employees, focuses on desired performance outcomes, accountability, as well as work requirements and thus offers an opportunity to look for means to increase effectiveness [7]. For example, reward system may be constructed according to these requirements. Moreover, competency-based models focus not only on what objectives of organization have been accomplished, but also on how these objectives have been accomplished as competency-based models evaluates job performance ranging from poor, average to superior and excellent [4]. In this case the detailed evaluation may be provided instead of formal assessment of the results choosing between “yes, it was reached” or “no, it was not.”

Second, competency-based models give an impetus to fair selection system supported by behavior-based interviews, during which employees, having a tendency of behavior described by competency models, are selected [1, 4]. The fair selection system is closely related to career development, employee retention and talent management. Competency-based models not only provide the guidelines for future career plans in organization, but also strengthen the commitment of employees to organization, which ensures the comprehensive development of their skills and identifies long-term career prospects [6].
Third, competency-based models offer the opportunity to choose targeted training programs. In other words, it helps to identify current and future competency gaps as well as to design the strategy of training and educational needs for current incumbents [4, 6]. Furthermore, measurable goals and outcomes of education and training help to enable cost-benefit decisions by sponsors and recipients of education and training [7].

Fourth, competency-based models increase transparency, improve communication and encourage cultural integration within the organization. Public service organizations which employ competency models not only seem more transparent both for their employees and society, but also strengthen the links of communication between different organizational levels and give the possibility to provide professional feedback for subordinates [3, 5]. Also, competency-based models could be presented as a tool which enables operation of organizational values, communicates the vision and mission, develops and maintains strong organizational culture as well as gives more responsibility and self-direction to the employees [5].

Finally, D. Lucia and R. Lepsinger (1999) describe competency models as “vehicles for driving organizational change” [9]. During the past 15 years competency management is closely related to “learning organization” and knowledge management, which are understood as constant improvement and development [5]. Global character of competencies leads to more dynamic and flexible definitions in constantly changing organizational environment [4].

Although competency-based models are often presented as a panacea, it has many shortcomings as well. First of all, critics of this approach emphasize that most competency models in leadership and other areas not only have weak operational and definitional clarity, but also lack a strong theoretical framework [6, 7]. Second, the positive effect of competency-based models of employee training is limited, as research reveals that only narrow competencies, such as IT skills, might be developed by standard training while the broader talents, such as strategic thinking, usually depend on education and personality and thus cannot be trained in a few days or weeks [7, 15]. Thirdly, the ability of competency-based models to assess the needed behavior in complex work situations is questionable. H. Mintzberg (2004) emphasized that the task of new managers is often to respond to new situations in unstructured environments under uncertain conditions of incomplete information and require intuition, insight and vision rather than standardized situation-specific and context-dependent responses of the behavior [11]. Moreover, competency-based models usually indicate behaviors which were effective in the past but may hardly anticipate future needs. Finally, the tendency to treat the defined competencies as universal and ideal criteria of job performance assessment at the same time ignoring situational contingencies and personality-based differences simplify the complexity of work [7].

In conclusion, competency-based models should be treated as tools to improve the effectiveness of the organization rather than the end goal of it.
Application of the competency model. Office of the prime minister of Lithuania case

The development of competency and performance management systems of public servants in Lithuania started in 2002 [8]. Description of the job positions and performance management criteria as well as special attention for the requirements and competencies needed for public servants were mentioned in the Law on Public Service 2002 [16].

There were 53791 job positions in public service on the 1st of January 2010 in Lithuania [18]. In the light of global financial and economic crisis, the government is trying to improve the efficiency of the civil service model by emphasizing the necessity of result-oriented performance and competency-based management. New quality of services and modern state management is one of top priorities for 2011 of the current Lithuanian Government [17]. Implementation of competency models is directly related to this resolution.

The project of improvement of public service that was presented 25 February 2010 emphasized these aspects:

• Orientation towards the results and the needs of the society;
• Special regulation of the selection, performance and career management systems [19].

Moreover, the project suggested developing the system of selection which would test not only competency of knowledge but also leadership and management. Also, it raised an idea to link the salary and motivational systems to the results. Similarly, the training of public servants should concentrate more on analytical, managerial and communicational competencies.

Since the beginning of 2011, the Office of the Prime Minister of Lithuania has presented the draft of their competency model for the leaders, administrative managers and deputy managers (1st table). The descriptions of particular competencies are adapted to lower level employees, although the titles of the required competencies are the same as for management. Thus, it might be interpreted that the Office of the Prime Minister presented the “one size fits all” competency model of this institution.

1st table: Competency model of the office of the Prime Minister

| LEADERSHIP |
|-----------------|--------------------------------------------------|
| Sets clear goals for himself/herself and subordinates as well as aims to implement them. |
| Implements, propagates vision, mission and values of the institution as well as has an ability to inspire others to do the same. |
| Improves management of the institution (structures and procedures) in line to the defined mission, vision and goals. |
| Stimulates the implementation of the innovations in the institution. |
| Plans/participates in planning the activities of the institution by foreseeing the eventual challenges and means to address them. |
| Seeks for maximum result at minimum costs. |
| Seeks for more active participation of his/her subordinates in to activities of the institution. |
| Improves by learning from experience. |
| Communicates and cooperates with politicians and other interested persons with the aim to implement the defined goals of the institution. |

### HUMAN RESOURCES MANAGEMENT

| Develops the abilities of subordinate public servants with the aim to implement the strategic and/or annual goals and tasks of the institution. |
| Identifies, develops and applies the abilities of the subordinate public servants. |
| Organizes persons into effective teamwork. |
| Manages the changes by taking into account possible obstacles and encourages close cooperation. |
| Follows the procedures of personnel management/Effectively implements the means of personnel management. |

### PROGRAMMES AND PROJECTS MANAGEMENT (assessment criterion only if the institution has a project management system and public servants participate in it).

| Takes the responsibility for benefits assessment of a program or project as well as for its successful implementation. |
| Identifies, observes and controls with the possessed means the risks of the program or project. |
| Keeps relations with persons interested in the process of program or project. |
| Makes sure that regular decision impact analysis, including the provision of necessary information for analysis, is conducted. |
| Closely cooperates with the subdivision or public servant responsible for projects management. |

### FINANCE MANAGEMENT

| Participates in developing strategic plan and/or annual activities plan of the institution, has the abilities to communicate properly on these matters both internally and externally. |
| Ensures or participates in ensuring effective finance management. |
| Seeks for transparency of the institution’s budget and spending. |

### ANALYSIS AND REASONING

| Analyses and uses information for better decision-making. |
| Identifies problems on time as well as envisages their causes. |
| Systematically divides comprehensive problems or situations into components. |
| Looks for options of solutions by applying different methods. |
| Cooperates with analysts and experts of different fields before making a decision. |

### COMMUNICATION AND PUBLIC RELATIONS
Applies communication means with the aim to involve interested persons in the process of improving the activities of the institution.

Develops and maintains the culture of the institution: promotes both internal and external cooperation with all the interested parties.

Develops and improves the environment that ensures close links between policy formation and implementation.

Understands, how the institution could and should communicate both internally and externally.

Realizes the role and communicates with the subdivision or public servant responsible for communication.

**STRATEGIC THINKING**

Contributes to the formulation of strategy and goals of the institution.

Is aware of and understands the priorities of the state, the broader political context and institutional boundaries as well as is able to use this knowledge in implementing the strategic goals of institution.

Realizes, identifies and assess the main factors that enable to achieve results.

Manages to base the chosen options in implementing the strategy and goals of the institution by facts and evidences.

**ABILITY TO PERFORM FUNCTIONS INDICATED IN JOB DESCRIPTION**

Performance of the tasks is of high quality.

Performs tasks on time.

Achieves the defined indicators assessing the results of activities.

**PERFORMING THE SUPERVISORY FUNCTIONS OVER THE NATURAL AND LEGAL PERSONS** (assessment criterion only if the institution performs supervisory functions).

Seeks to reduce of administrative burden, coordinates the activities with other supervisory institutions, and ensures the application of risk management principles.

Ensures that subordinates in their activities apply the principles of minimal and proportional burden of supervision, non discrimination, planning, publicity, methodic support and separation of functions.

Plans the supervision of undertakings and ensures that the impact of the supervision to the activities of undertakings will be as minimal as possible.

Cooperates with undertakings, consults the undertaking on the matters according to the competencies of institution, implements the other preventive means helping the undertaking to follow the requirements of law.

The critical analysis of the draft competency model revealed many shortcomings as well as positive aspects of the presented model. The real advantage of this model is that it was developed by the employees of the Office of the Prime Minister, who are familiar with the details of working processes, practices and requirements of the
institution. Secondly, a comprehensive description of all 9 competencies, including the assessment scale for each competency was suggested in which 5 points mean “excellent” and 1 point means “unsatisfactory.” At the same time critical insights could be provided after the analysis of 9 competencies. The questions: “Do these competencies reflect the key requirements for each job position of the Office of the Prime Minister that are necessary for successful implementation of the tasks?” and “What criteria were applied in selection of these competencies?” remain the most important.

A valid, measurable and reliable competency model should be developed closely following the standardized procedures that were presented in this article. Interviews with the authors of the draft model as well as comparative analysis of the presented competencies and position descriptions indicate that certain requirements were not met. For example, a full analysis of the position description has not been made and therefore the competency model is lacking a direct link between the competency requirements and actual tasks of each position.

Second, the development of the model was not only fragmented but also limited to compilation of old requirements and new insights without understanding how the product will be integrated into competency-based management.

Third, since the competency dictionaries have not been used, the definitions of different competencies are ambiguous as some competencies are overlapping, for example “Leadership” and “Human resource management.” In addition, although the assessment scale has been presented, the criteria of assessment were not defined.

In conclusion, the development of a valid competency model of the Office of the Prime Minister is a challenging initiative that needs at least several years of work rather than a short time experiment. However, the first attempts have a positive impact towards future plans and possible improvements of this draft version.

**Application of 360 degree feedback questionnaire for the office of the Prime Minister**

The 360 Degree Feedback Questionnaire was adjusted to draft competency model and all the employees of the Office of the Prime Minister were tested by the private consultancy company “BPO House.” 360 Degree Feedback Questionnaire incorporates multiple feedback perspectives by using feedback from a variety of sources: peers, subordinates, self, and supervisor. Thus, the respondent gets thorough evaluation of his/her competencies which were incorporated into the adjusted questionnaire form.

The most important results of 360 Degree Feedback Questionnaire for the top and middle level managers as well as other employees are presented in the table below (see table no. 2). The assessment of each competency varies from 1 (very poor) to 5 (excellent).
2nd table: Evaluations of 360 degree feedback questionnaire. Source: BPO house

<table>
<thead>
<tr>
<th>Top managers</th>
<th>Middle level managers</th>
<th>Other employees</th>
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<tbody>
<tr>
<td>There were no weak competencies (total index is 4.1). The strongest are: Personal efficiency (4.3) and Communication skills (4.3) while the weakest one is Employee development (3.8).</td>
<td>All the competencies were evaluated as very high (total index is 4.18). The most developed are these competencies: Communication skills (4.4), Personal effectiveness (4.3), and Organizational skills (4.3) while the weakest is Employee development (3.5).</td>
<td>There were no weak competencies (total index is 4.05). The strongest are: Team work (4.2), Personal efficiency (4.2), Strategic thinking (4.1), Analysis and problem solving (4.1), Communication skills (4.1) while the weakest are Leadership (3.6) and Initiative (3.9).</td>
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**Conclusions**

1. Competency-based management became a widespread phenomenon both in public and private sectors. At the same time there is no universal agreement on the concept of competency as two leading approaches propose different definitions. Similarly there is no common agreement whether the application of competency models should be the essence of human resource management system or only an optional choice towards the improvement of organizational effectiveness; however it seems that the first opinion is dominating in many organizations.

2. During the recent decades, application of competency models in public service spread not only in Anglo-Saxon, but also in many continental EU countries. The Office of the Prime Minister is the leading public service institution in developing the competency model, although the first draft of the competency model of the Office of the Prime Minister has many shortcomings in its theoretical and functional background. “One size fits all” competency model could be improved by developing it to different positions of the employees rather than limited to the three different organizational levels. Consequently, deficiencies of competency model had an impact on distorted results of 360 Degree Feedback Questionnaire. The evaluations of the competencies are equally high and similar for all groups of the respondents what naturally rises questions whether the anonymity and confidentiality were assured. The efforts to implement their first competency model and to evaluate the competencies might be interpreted as the first step towards the higher efficiency of organization to be followed by the incorporation of competency model into performance appraisal system.

3. In conclusion, despite the shortcomings of the first attempt, the lessons learned from this experiment as well as a strong political will to implement the reform of public service may provide higher quality outcomes in coming years.
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Anotacija

Straipsnio autoriai apžvelgia naujausią Lietuvos patirtį kompetencijomis grįsto valdymo srityje bei analizuoją pilotinio kompetencijų modelio taikymą Ministro Pirmininko tarnybos žmogiškųjų išteklių valdyme. Straipsnyje aptariami 360 laipsnių grįžtamojo ryšio klausimyno (pritaikyto bandomajam kompetencijų modelio variantui) rezultatai, gauti vertinant Ministro Pirmininko tarnybos darbuotojų kompetencijas. Autoriai taip pat pateikia kompetencijos ir kompetencijų modelio sampratos bei teigiamų ir neigiamų kompetencijų modelio taikymo aspektų apžvalgas. Kompetencijų modelių vystymo ir įgyvendinimo praktika viešajame sektoriuje yra neatsiejama šio straipsnio dalis.

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