

COMPETENCY-BASED FRAMEWORK: THE BENEFITS AND THE CHALLENGES

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Abstract: The aim of this paper is to explore some issues in developing and implementing a competency-based framework in an organizational context in Oman. Competency-based framework development process and implementation drawn from the authors experience as a consultant and previous work on competencies in business and industry are explained. Issues and lesson learned into the use of competencies in practice in an organizational context are discussed. Criticisms of such an approach are also presented.

Keywords: Competencies, competency framework, competency implementation, talent management.

I. INTRODUCTION

Competency-based Framework (CBF) can mean different things to different people depending on the context and who is using the term. For the sake of this paper, CBF is defined as a set of selected competencies for a specific organization needed to achieve business results. A typical competency framework is shown in Figure 1. When developed and implemented properly, CBF can be used as metric against which every employee can be selected, evaluated and developed in a consistent manner. CBF provides a common understanding and common language of the necessary behaviors needed to achieve organizational objectives. This makes it possible to translate an organization's vision and values into individual goals and competencies for every employee (Audenaert, Vanderstraeten, & Buyens)

CBF is seen as an effective tool to effectively identify, develop and manage work performance. It can be used to:

Recruitment and selection of new employees by using assessments and other selection procedures that measure the competencies (Bartram).

Training of employees by creating courses aimed at the development of certain competencies (Schippmann et al.).

Evaluation of the performance of employees by structuring the appraisal instrument around the competencies (Posthuma & Campion).

Promotion of employees by using the competencies to establish promotion criteria (Morgeson, Campion, & Levashina).

Development of employee careers by using the competency models to guide the choice of job assignments and make other career choices (Groves).

Management of employee information by using the competency models to record and archive employee skill, training, and job experience information. (Campion et al.)

Compensation of employees by using the competency model to structure pay differences between jobs or to evaluate employees for pay increases (Zingheim, Ledford, & Schuster)

While many researchers, practitioners and consultants see competency approach as an effective tool to improve organizational performance, some authors appear to be cynical about this approach. For example, Sparrow (1995) noted that a critical review of attempts at integration suggest that application of competency based approaches within organizations has fallen behind advances in strategic human resource management and that there is a need to shift application towards more future oriented and strategic contexts. Mirabile cautioned that competency models provide potentially valuable information, but they are useless if there is no coherent and systematic implementation strategy for leveraging the information. It is necessary to have the right content, processes and support structures in place. Garavan, T., et. al. argued that competency-based approach have strengths and weaknesses in an organizational context. Despite significant investments made by organizations in competency frameworks, they have not always produced the expected outcomes. (Garavan, T. & McGuire, D).

Competency development is making its entry into a lot of organizations in the last few years in Oman. This article is based on the author's experience in developing CBF in major organizations in various sectors ranging from oil and gas, banking to utility industries in Oman. Some challenges and issues into the use of competencies in practice are provided. By discussing issues and challenges from an organizational perspective, the paper assists HR managers and practitioners in developing and

implementing competency-based management and provides researchers and educators in the field to further explore the issues raised in this paper.

It should be noted that the lessons learned and challenges discussed in this paper are experience based rather than empirically based. They are drawn from all the organizations that the author has worked with and from the literature. The article was also limited to one cultural context. The author explicitly acknowledge that there are limitations in this approach.

1.1. Key Terms Associated with Competency-based Framework

The term competency can be traced back in the literature to the seventies (McClelland). While McClelland's work was focused on application in the educational sector greater interest was shown in business and industry. (Rothwell, W., et. al.). There are many different definitions of competencies in the literature as summarized in Table 1. As one can notice, in organizational context, the common denominator is "observable behavior in the workplace".

As noted by Gangani, McLean, and Braden (2006), a frequently used definition which is used for the purpose of this study, is "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 meet its strategic objectives" (Lucia & Lespinger). In other words, it represents "winning behaviors" that ultimately drive individual and organizational performance.

Table1: A selection of definitions of the competency in the literature over the years

Source	Definition
Beardwell & Holden, 2011.	competence is the ability to perform the activities within an occupational area to the levels of performance expected in employment
Holt & Perry, 2011.	Competency is a measure of an individual's ability in terms of their knowledge, skills and behavior to perform a given role."
Draganidis and Mentzas, 2006.	Competency is a combination of tacit and explicit knowledge, behavior and skills that gives someone the potential for effectiveness in task performance.
Bartram, Robertson, and Callinan,	Competency is defined as competencies are sets of behaviors that are instrumental in

2002.	the delivery of desired results or outcomes.
Lucia & Lespinger, 1999.	Competency is 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 meet its strategic objectives.
Spencer and Spencer, 1993.	Competencies are skills & abilities-things you can do - acquired through work experience, life experience, study or training.
Klemp, ed., 1980.	Competency is a basic characteristics of a person, which determines the effective performance of tasks and/or the achievement of excellent results.
McClelland, 1973.	Competency is defined as a personal trait or set of habits that leads to more effective or superior job performance.

A competency consists of a title or the name of the competency, the definition, proficiency levels and the behavioral indicators of each proficiency level as shown in Figure 2. Competencies can be grouped as follow:

Core competencies are those competencies that contribute the most towards achieving strategic results. This type of competencies are shared by all employees at all levels. Some examples include "Client Focus" and "Teamwork".

Job family competencies describes a number of different roles which are engaged in similar work. It can provide employee with a basis for career paths and promotions, showing the employee how the role at the next level in their job family differs from their current role. Some examples include "Finance" and "Marketing"

Technical or Functional competencies are job-specific competencies needed to perform a particular position. Some examples include "Quality Control" and "Taxation"

Leadership Competencies are related to managing an organization or department and leading people. Some examples include "Strategic Thinking" and "Coaching Others".

Competencies must be typically linked to business objectives and strategies (Campion et al.) as shown in Figure 1. They provide a common framework practitioners can use to drive a variety of HRM applications including selection, development, succession planning, strategy and change initiatives, e.g., selection, development, succession planning, strategy and change initiatives. (Schippmann)

Every competency in the framework includes key behavioral indicators that make up the competency.

These indicators describe the actions required to demonstrate a particular competency.

Another key term in competency-based framework is called competency profile. A competency profile is a collection of competencies that describe critical behaviors and actions required to effectively perform a job. Competency profile identifies the proficiency level required for effective job performance for each competency.

A competency library (dictionary) consists of a collection of competencies from which to select when developing a competency framework. The advantage of using a library is efficiency. It makes the development of competency profiles easier and faster because the users simply have to select the competencies that apply to their jobs. Aside from efficiency, a competency library ensures consistency of competency language across the organization. Second, it helps ensure that all the potentially relevant competencies are considered. (Campion. M et al.) Organizations that don't have the time or resources to build to develop competencies can purchase competency libraries available in the market. Then they can use them to build a customized competency framework.



Fig.1.A framework for competencies (M.A. Campion et. AL, 2011)

ISSUES IN DEVELOPING A COMPETENCY-BASED FRAMEWORK

The following are some issues and challenges in developing and customizing CBF.

Before adopting a competency approach, the starting point is to ask: What is the objective of this initiative? Why is there a need to adopt a competency-based approach? What are the benefits to be gained? And who should be involved? From the author interaction with practitioners and consultants, there is a common assumption and belief that a competency-based approach is seen, especially by HR managers, as silver bullet that can fix all the problems and address all the needs. This high expectation, unfortunately, often lead to big disappointment.

Defining the objectives and clarifying the reasons why the organization need to adopt a competency-based approach is important first step in the process

Based on the author clients, the decision to introduce the competency-based framework to the organizations in Oman were generally motivated by the following expected benefits:

- linking job requirement to organizational strategic goals,
- providing a roadmap for employee development and career planning,
- reduce cost of training by identifying real training needs through identifying the competency gaps,
- providing a common language and common understanding of the behaviors needed to achieve organizational objectives, and
- promoting employees based on performance rather than solely on seniority.

Using on-the-shelf competency library vs. developing a customized CBF

The process of developing a competency framework is long and complex, for that reason all our clients in Oman opt to use on-the-shelf competency library. Then they customized it with the help of consultants according to their environment and business objectives.

Key stakeholders support of CBFproject

One of the main obstacles to the success of a competency framework is the lack of senior management “buy-in”. It is important to gain the buy-in of the key stakeholders, especially top management. Their commitment will help to ensure the full cooperation and participation of the employees, managers, and other professionals involved in the project.

An important consideration in promoting buy-in and gaining support was to emphasize: “What’s in it for me?” for example, show them how this project will empower employees at every level to take charge of their learning.

Resistance during the development phase

Like any change management projects, some resistance is expected. As noted by Lucia &Lepsinger, when it comes to CBF, there are two types of resisters: active resisters and passive resisters. The former may strongly oppose the project by refusing to cooperate with requests to supply information or people and delaying requested actions. The latter may outwardly appear to comply with project requirements, but actually attempt to undermine the project. More than 40% of CBF projects carried out in Oman failed because of passive resisters.

From the author’s experience in interacting with managers, SMEs and employees involved in all competency projects, the prevalent perception of key stakeholders was that competency-based framework is an “HR thing”. This is in line with Stone et. al.

findings. Thus, these employees were not fully engaged in the process. The team in charge of competency project should emphasize in each stage of the project that it is an organization strategic initiative and business imperative rather than an HR project. Involving other departments from the start of the project, may reduce this resistance.

Data collection Process

The process of customization and data gathering are described below:

- **Structured Interviews:** This is to obtain information on the strategic direction from top managers.
- **Expert Panel:** this to obtain information on business challenges and key enablers of success.
- **Desktop analysis:** This is to identify key competencies by reviewing documents such as job descriptions, KPIs, staff performance reviews and business plan. It should be noted job description are not always up to date and do not accurately reflect the current duties and responsibilities of the job in question.
- **External Benchmark Data:** This is to compare data on other similar organizations from existing competency library.
- **Focus Groups:** Subject matter experts (SMEs) consists of individuals who are knowledgeable about the job family and roles played within that job family. It may include experienced job incumbents, individuals that manage job incumbents and others, such as human resources employees who are familiar with the roles and have worked closely with the job incumbents. A series of focus groups are often conducted to allow many people in the organization to provide input. Prior to attending the focus groups, initial drafts of competencies and competency profiles should be reviewed by SMEs and revised based on their feedback. The result is that every job in the company has its own competency profile that takes into consideration the specific tasks assigned to it.

The ideal number of competencies per job profile

The question that is often asked by many organizations is, what is the ideal number of competencies per job profile? While there is no magic number, various authors and practitioners agree that the number of competencies in a single competency profile should not exceed 12 competencies (Boyatzis 1982). Any more makes the framework difficult to use and manage. Shippman et al. also noted that depending on the work and organizational environment, a group of 7 to 9 total competencies are usually required of a particular job. A very high

number of competencies leads to difficulties in their evaluation (Shippman, et. al.) However, as reported by Sienkiewicz, et. al., it is a common belief that the more detailed the model, the better it is. He argued that identification of a very high number of competencies and assigning extensive explanations to them leads to a situation, in which a voluminous book is created. More importantly, a specific 'blurring' of the importance of competencies occurs.

The issues here is not only choosing the right numbers of competencies but also the number of behavior indicators describing each proficiency level. Common mistakes the author encountered is that some profiles had as many as twenty five competencies, each with four or five behavioral indicators per proficiency level. This resulted in a total of over hundred criteria to rate per individual for a single role. This usually led to a long and tedious evaluation. For the framework to be practical, simplifying and reducing the number of competencies to a manageable level is must. When there is too many competencies, employees will not remember the names of competencies, let alone remember the behavioral indicators.

Communication and Training Plan

Once the competency profiles are developed and validated, the final stage is communicating to all employees how the organization plans to use the competency framework as a tool for training, career development, remuneration, etc.

ISSUES IN IMPLEMENTING COMPETENCY-BASED FRAMEWORK

Consultants and practitioners agree that some organizations develop CBF but do not know how to implement them. Organizations that use competency-based approach may have some implementation issues. The following represent the major issues.

Lack of integration with other talent management systems.

Successful implementation requires a simple process that addresses technology and infrastructure issues, competency foundation requirements, and organization/people concerns. From an IT perspective, competency libraries, job profiles and assessment data etc. are generally not stored in the core HRMS (personnel, payroll and benefits administration) as it is usually bought from different vendors. To ensure data stays in sync, organizations must ensure that application they plan to use can be fully integrated with their HRMS. As noted by (Stone et al. 2013, the lack of integrated competency-related data also makes it difficult to analyze and use. With advances in technology, it becomes possible to place competency library and the competency profiles in

easy-to-use system which is fully integrated with other HR systems.

Lack of appropriate level of specificity

Stone et al. argued that some competencies are too broad and cannot be measured or communicated while others are overly detailed and overwhelming for users. As a result a large respondent revised and simplified competencies to gain employee acceptance.

Some of additional issues that some organizations in Oman encountered while implementing competency-based framework.

- Competencies not fully explained and understood by employees
- Lack of resources
- No champion for the project. Who is responsible for implementation of a CBF? Who will drive the implementation?
- There is no clear process for updating and keeping CBF current as the organization changes. How often should the CBF be reviewed? And who will review it?
- How to measure CBF implementation success?

Finally, many of SMEs do not see a direct link between competency improvement and job performance. The question they often ask is, “do enhancing levels of competency directly lead to improved job performance?” Although many research studies in the literature claimed that there is a link between the two, there is little or no empirical data to back this claim. This issue needs to be further investigated.

CONCLUSIONS

Competency-based framework was defined, and its main advantages and challenges were explained. The incorporation of CBF has many benefits for organizations. However, CBF implementation has limited success if competencies are poorly developed, not fully explained and understood by employees and difficult to use. Its effectiveness is also limited if CBF perceived by key stakeholders as an “HR things” and does not have a full support of top management. It was also highlighted that the integration with other HRMS systems is one of the main challenges faced by CBF users. It was also emphasized that the flexibility of the framework and its simplicity are the key to its success. CBF that works is simple and easy to administer and built for a business purpose. Future research should examine the issues raised in this paper.

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