

# **An Analysis of Leadership Competency Models**

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*Abstract: The role of leaders is exceptional within an organisation; success in our accelerated world depends on their leadership skills, suitability and aptitude. Therefore, organisations need competent leaders that are able to operate the organization in an efficient and effective way in a changing environment. Competency models endeavour to collect the most important criteria of outstanding leadership: those personal characteristics that define their success. In our study we present three general leadership competency models in detail. We analysed the corporate applicability of these models based on their measurability, context dependence and their planning aspect.*

*Keywords: leadership competences, competency models*

## **1 Introduction**

According to Boyatzis (1982), the effective and efficient use of the majority of resources in an organisation depends on the managers' decisions, activities and thoughts; therefore they have become essential organisational resources. The importance of leadership performance is in fact becoming more and more evident; however it is less and less clear what this performance should consist of. Today's leaders have to re-evaluate their tasks during their work (Salamon-Batsleer, 1996). Market competition forces companies to develop new, flexible strategies and structures. (Hámori-Szabó, 2017) This is confirmed by a yearly survey of an international consulting company among CEOs. According to their analysis on domestic and international markets (PWC, 2017) they call the attention of leaders to the fact that in a changing environment, successful leaders need to be able to operate successfully in controversial situations. At the same time, there is a lack of examples and guidance as regards the expectations pertaining to the changing role of leaders (Karcsecs, 2012). The organisational hierarchy begins to dissolve in the confusion of situations where „everything is connected to everything”; in the world of „disruptive innovation” (PWC, 2014) leaders may experience a recession of the conventional forms of power and the limitations of the customary motivational tools. A writing of McClelland in 1973 was the first to suggest that for the definition of outstanding leadership skills, the methods conventional at that time should be abandoned. The research of Ghiselly and Michel (1968) showed that the correlation between testable personality traits and work performance may

reach a maximum of 0.33 % (based on Károlyiné et al, 2004). Instead, McClelland (1973) analysed outstandingly successful leaders and compared them to those who only achieved average performance. Based on the comparison, he called the differentiating characteristics competences.

## **2 Presentation of leadership competency models**

The first projects in competency research sought exactly the answers to the questions about leadership excellence (LeDeist-Winterton, 2005, Simon, 2006). Leadership competency models endeavour to identify the criteria of successful leadership. The general leadership competency model that will be presented here was based on the extensive analysis of performing leaders' actual behaviour.

The Management Charter Initiative (MCI) leadership competency model was developed applying a method based on a functional („outcome“) analysis (Salamon-Batsleer, 1996). The goal of the MCI with the competency model was to establish a national framework in the vocational training system of the United Kingdom. This approach takes the jobs and tasks as a basis and tries to define competency areas which are required for the competent performance of the given job. The competency model also contains the detailed description of satisfactory performance, as well as the method how to measure and confirm performance. In addition to the detailed descriptions, the MCI identified the background knowledge and abilities that, in the MCI's expectations, a leader shall acquire or develop in order to perform adequately in all areas according to the requirements. Despite this, in the functional analysis the essence of competence is what an experienced leader can perform in a given role and function. The MCI approach is a general model usable in all sectors of the economy, and thus it defines a generally expectable level of performance and transferable competences. Exactly for this reason the original model received heavy criticism, and as a result, the MCI developed a personal competency model as well (Annex 1).

Boyatzis (1982) approaches his definition of competency from a different starting point; his system is much more „centred on the individual“. This approach based on personal qualities („income“) is frequently applied in the USA. The process of analysis and definition of competences flows from the definition of personal „skill groups“ towards leadership tasks and functions, and not the other way around. Consequently, this approach takes the individual as a starting point and aims to define those personal characteristics; competences that the individual needs to possess in order to efficiently and/or successfully perform in a given job. As it focuses on leadership excellence, it differentiates „threshold competencies“ (that can be required from all employees) and „distinguishing competencies“ (that distinguish an outstanding leader from an average one). Boyatzis (1982) based his research on the large number of competency analyses performed as the head of the

McBer consulting company. In his model, he orders the individual competencies into groups and defines their relation to each other. The competence groups „goal and action” „leadership” and „HR management” are in the centre of these relations. The fourth group is the „control of employees” (Annex 2). In the model of Boyatzis, managers can be the most effective if they have all competencies defined in the model. In other words, a missing distinguishing competence may have an effect on effectiveness, even if efficiency is not endangered. However, Boyatzis (1982) emphasizes that in certain managerial jobs (i.e. at certain leadership levels) certain competencies or competence groups may not be relevant. As a result, the manager may perform effectively in absence of a competence within a competence group.

With the development of the third competency model presented here, T. Cockerill (1989) set out the goal to construct a model that better represents the new expectations towards management deriving from changes in the business environment. Increasing global competition, technological developments, customers having newer and newer needs – these are just some of the factors that forced companies to adapt to the new, changing conditions. In this environment, the change of leadership tasks means that leaders constantly have to collect and analyse new information about the events in the business environment and have to develop some alternative answers to the possible changes as future changes can not exactly be foretold. Leaders have to create a network and a team that enables them to cross organisational boundaries and need employees that are able to take more responsibility. Leaders have to take and reason decisions in an environment where there are no „good” decisions. Then they have to present these decisions clearly in order to gain the approval of others as it is their task to perform the changes aimed at the increase of company performance as well. Cockerill developed a model during the competency analysis at NatWest that defines leadership competences serving outstanding performance at these leadership tasks. (Annex 3).

### **3 Analysis of competency models**

For the analysis of general competency models we used the criteria of Klein (2001) according to which competency models should have the following characteristics:

1. Behaviour-bound, where „how” is more important than „what”
2. Observable: forms of behaviour may be evaluated, while hidden traits may not
3. User-friendly; the language used by the description of competences should be clear, it should use generally accepted phrasing, reflecting the culture of

the given company enabling identification with the company and the feeling of ownership

4. Planning, as the competency model has future implications, it should take into consideration changes in the needs of the organisation, otherwise it would become obsolete
5. Separating: using the same behavioural pattern under several competence names may cause insecurity in the interested parties, therefore it is important to avoid overlaps and to properly separate classes

Given that the presented competency models were all developed by expert groups who principally take the nature of competences and the professional criteria of model development into consideration, all comply with the first and the last of the above criteria at a high level. The necessity of compliance with these criteria is the actual reason why organisations develop their own competency models with the aid of experts, or they use „ready-made” models in their system. However, as regards the compliance with the other three criteria, the models developed by external experts raise several dilemmas. In our study we will analyse the practical applicability of the presented models alongside these three criteria.

#### **a. The issue of observability and measurability**

During the practical application of the models, observability raises issues with the measurability of the individual model elements (Sanchez-Levine, 2009). If, in order to increase applicability, models contain those characteristics that are well-measurable, factors that are less observable but still definitive may be left out of the models. This may lead to the omission of exactly those „soft” competences that are fundamentally important in leadership. Based on the iceberg model of Spencer et al (Szelestey, 2008) it can be claimed that during the development of the models, the questioned leaders primarily focus on drawing up visible competences, and therefore, important hidden competences may be left out of the model. Furthermore, when competences are drawn up, one should aim to define characteristics as actual conducts or forms of behaviour, and it becomes harder and harder to establish to what extent a competence depends on hidden dimensions. Based on this, the question arises whether a general model could exist at all which could be applied to reliably predict leadership performance.

Several articles in the literature bear witness to the definitive importance of „soft”, emotion-based competences, not only in the area of leadership. (Manpower, 2016, PWC, 2014) Boyatzis, Goleman and McKee analyse in their common study the criteria of successful leadership and consider leadership to be primarily an emotional enterprise. In their book „Primal leadership” they reveal that – even though many ignore this – emotional intelligence is the „prime aspect” of leadership that defines the effectiveness of the leader’s work. The book doesn’t deny that the suitable leader should have both soft and hard competences, meaning that thinking and emotions are both important. In the authors’ view, although

intellectual abilities are indispensable preconditions of becoming a leader, intellect in itself is not enough, it is necessary for the leader to be able to motivate, direct, inspire, observe and convince. The emotionally intelligent leader is able to create a resonance in his or her surroundings that is directly connected to performance. The authors define four closely connected areas of emotional intelligence: self-awareness, self-management, social awareness and relationship management that altogether include 18 competences (Annex 4). In their analyses they point out that actually each leader shows excellence in different competences and not even the best have all the competences. There are many ways to the top and equally successful leaders often represent radically different styles. However, the research shows that the really effective leaders were outstandingly strong in at least one competence in each competence group. According to the research of McClelland (1973) leaders with at least six emotional intelligence competences are much more successful than their counterparts with more narrow tools. He also showed that different star managers became successful with entirely different management skills. One leader is helped by self-confidence, flexibility, initiative, success-oriented nature, empathy and affinity to develop hidden skills in others, while the key to another's success is self-awareness, straightforward manner, self-control, organisational skills, convincing power and cooperativeness. Altogether, it can be said that a richer repertoire makes one more effective, because the leader can respond more flexibly to the demands that arise in management (Boyatzis-Goleman-McKee 2003). In their view, each leadership style demands a different aspect of emotional intelligence. The most outstanding leaders use the tools most suitable in the given situation. Therefore they recommend that for a given leadership position that person should be appointed who possesses competences required for at least four leadership styles. Looking at the presented models we can find that all of them contain these emotion-based competences. This, on the one hand, inhibits measurement when the models are applied, on the other hand, however, enables focus on important aspects of management activity.

#### **b. User-friendliness of the models**

The user-friendliness of competency models is on one hand a matter of form, demanding that the definition of competences should be clear and should reflect the company culture, aiding the identification with the expectations formulated in the competences, strengthening organisational values at the same time. A very generally formulated competency model naturally does not comply with this criterion, therefore many organisations decide to develop an own competency model „tailored to the company” instead of using the general models. The MCI model, for example, should prepare the leaders for the challenges of a changing world, but in fact the model has classic bureaucratic and hierarchical hypotheses about the nature of the organisations and the stability of leadership roles. The MCI model was based on huge, stable organisations with straightforward communication channels and line of command. Thus, smaller or more dynamic organisations would find it cumbersome to apply these generally formulated

competencies consequently. This rises the question how far success in leadership is personality-dependent and to what extent is it situation-dependent (Sandberg, 2000).

Management consultants Ulrich and Smallwood (2007) have the view that really successful companies involve a focus on external factors in their competency models and tailor the management models to their own needs. In their opinion, instead of strengthening the abilities of the individual leaders, a general management skill should be developed that they call management brand. A management brand means stating that in a given situation leaders intend to comply with the expectations of clients and investors. In the experience of the consultants, companies with such a management brand educate exceptional leaders whose unique abilities enable them to comply with external expectations. Developing brands starts with securing the foundations of management and the defining characteristics will be built on this. This means that they consider general management abilities to be of importance as a founding basis. However, they criticise generic management competency models as these would overemphasise the importance of these basic characteristics. They mention four basic areas where leaders should act competently:

- strategy-building (vision, positioning, client relations)
- execution (functional organisation, results, management of changes)
- talent management (motivation of employees, involvement, communication, talent search, development of employees, educating the next generation)
- Personal suitability (has the ability to learn, to behave honestly, to decide bravely, and to invoke trust and possesses the necessary social and emotional intelligence).

From the viewpoint of the advisors the analysed competency models are fundamentally unable to distinguish outstanding leaders as they are too generic and they do not contain that plus that is specific to each organisation, and therefore maybe the key to market success. According to the authors (Ulrich-Smallwood, 2007) although a leader with outstanding abilities or one involved in a special development project may be outstanding in his or her own position, however this may not bring long-term success for the company. Companies may be trapped if an influential and charismatic leader develops a personal brand that proves to be stronger than the company's own brand. The organisation may face significant problems when the leader leaves. In the opposite – so the authors say – if a management brand is used, success goes beyond the individual; the values in the management brand ensure success by themselves. This means that a well-composed competency model (put together in a given situation) may live its own life independently of the person in position or changes in the person in position and ensure outstanding performance for the company. All this proves the situation-dependent interpretation of competences.

Several theoretical researchers confirm the institutionally embedded nature of competences (Bandura 1996, Wilkens 2004, Srivastva 2005, Cardy-Selvarajan, 2006). As regards the basic leadership competences defined by the consultants we can find that those in large correspond to the contents of the generally expected competences in the presented three management competency models.

### **c. Predictive nature of the models**

The most significant criticism towards the presented competency models is their focus on the present. According to Klein's (2001) fourth criterion, the competency model should be predictive. The model becomes an effective supporting tool of organisational procedures if it has future implications, and takes actual changes into consideration. Given that the above competency models are based on the description and analysis of the current leaders, it is in fact questionable whether they provide sufficient guidance on the competence needs of the future. Placing the problem in the competency life-cycle model of Sparrow and Bognanno (1995) that analyses the relevance of competences in time, the issue of relevance becomes evident. The question arises whether the competency models researched competences that will stand the test of time or whether they define competences that were in fact important in the past but will be less significant in the future. This suspicion is strengthened by the bias effect unavoidable during the research which derives from the subjective nature of the evaluation performed by the leaders of their own work. The model of Cockerill set out the aim to comply with fast changes, but one asks whether he made the mistake that the defined competences are actually of temporary importance.

In his study, Nadler (2007) sought the answer to the question why, according to recent surveys, fluctuation is increasing more and more intensively in CEO positions. As opposed to the fundamental question of competence-based approaches that seek the reasons of success, the question here was reversed. It looks at the possible origin of failure. Nadler (2007) points out the problem that fast changes in market demands forces companies to constant transformation which puts CEOs to newer and newer challenges. When the board of directors seeks a new CEO, they consider those experiences to be important that are similar to the problems that the company faces. Consequently, the new leader performs well in the initial period, in the first stage, because the necessary competences are directly built on his or her professional past and former experience. Applying the term used in the literature, the leader uses transferrable competences in the new position. However, in stage two, the familiar problems are unavoidably followed by unfamiliar problems for which the well-selected CEO not as prepared. According to the findings of Nadler (2007), leaders that were successful in stage one are in the majority of cases cannot perform as successfully in stage two. Putting the concept in Sparrow and Bognanno's life cycle model (1995) the leaders performed well in carrying out a change, but their temporary competences that lead to a success proved not to be relevant anymore when they faced new challenges. Based on this, Nadler (2007) recommends to the board of directors

looking for a CEO to search for a leader who developed several leadership styles or who would be capable of doing so. This finding exactly coincides with the selection criterion stemming from the management model of Boyatzis, Golemann and McKee (2003). As in this approach success depends on the adaptability of the leader, the personality-dependent nature of success in leadership comes into the foreground. Based on the experience of observations, that leader will be able to succeed in his or her position on the long term that can flexibly adapt to new expectations, has a broader set of competences and is willing to change. However, according to Nadler's (2007) findings, there are actually few CEOs who can renew themselves several times. In such a case, the possibility of a two-step succession should be considered in the CEO selection procedure. Analysing the general competency models based on Nadler's (2007) criteria, it can be said that they are rather static. In a situation that changes so rapidly a competency model should be developed that is able to handle these changes dynamically.

### **Conclusions**

The leaders' role is outstanding in an organisation, and their successful adaptation is a key to success in our accelerating world. The goal of defining leadership competences is to identify the criteria of success. General leadership competency models seek to find those characteristics that enable leaders to comply with these new challenges. In our study, we analysed three competency models based on measurability, context dependence and predicting ability. Based on the analyses, the following conclusions can be drawn:

- The result of theoretical and practical analysis agrees that a broader repertoire makes one more effective, as the leader can comply more effectively with the demands arising in leadership
- Success in leadership is greatly defined by personality-related factors; these are mostly emotion-based, so-called soft competences that are found in general competency models. However, success is also based on situational factors, as a leader can only be successful if he takes the environment into consideration at his or her job
- the definition of outstanding performance in general competency models is unable to give proper answers to the demands related to organisations changing at an accelerated pace due to the contradictions in the development of those models

Based on the analysis it can be found that general competency models have a limited ability to define the criteria of leadership excellence in a changing environment and a different corporate context. However, at the same time it can be said that it still defines several competences that fundamentally define success in leadership, are context-independent and stand the test of time.



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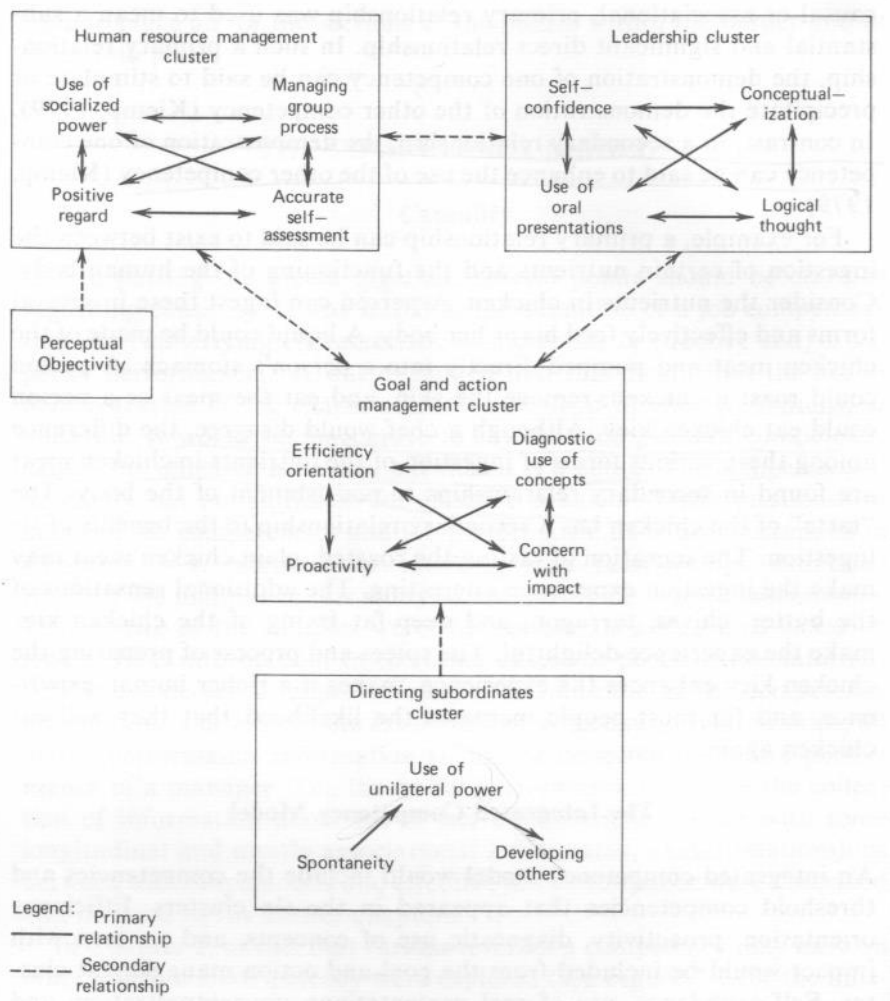
## **Annex 1: MCI leadership competency model**

(based on Salamon, G., Batsleer, J. 1996)

1. Planning in order to achieve goals
  - 1.1. Seeking excellence
  - 1.2. Setting aims and defining their order of importance
  - 1.3. Checking actual activities and reacting to them considering the planned activities
2. Managing others in order to optimise results
  - 2.1. Sensitivity towards the needs of others
  - 2.2. Personal relationships
  - 2.3. Gaining the dedication of others
  - 2.4. Positive attitude towards the issues of others
3. Self-management in order to optimise results
  - 3.1. Self-esteem and personal motivation
  - 3.2. Managing emotions and stress
  - 3.3. Control of personal learning and development
4. Intellectual effort in order to optimise results
  - 4.1. Information collection and organisation
  - 4.2. Defining and applying concepts
  - 4.3. Decision-making

## Annex 2: Boyatzis leadership competency model

(Boyatzis, R. E. 1982)



### **Annex 3: Cockerill: the competences of a leader with an outstanding performance**

(Cockerill, T. 1989)

**Information gathering:**

Gathers variable types of information, using a broad spectrum of resources, establishes an information-rich environment for the proper preparation of organisational decisions

**Concept making:**

Creates frameworks, models, develops concepts, hypotheses based on the information; recognizes patterns, tendencies, reasons and consequences by connecting various types of information

**Flexible thinking:**

Defines alternatives or variable solutions in planning and decision-making; constantly weighs and evaluates the different options, their advantages and disadvantages.

**Information from others:**

Alternately uses open and checking questions, summarises, describes with other words etc. to understand other people's thoughts, concepts and feelings; able to understand events, questions, problems, opportunities from the viewpoint of another person

**Directing interaction:**

Involves others in his or her work and is able to create a cooperative group where group members feel respected, they have proper powers and common goals

**Dedication to development:**

Creates a supportive environment where the individuals feel their own strengths and limitations more exactly. Provides training, education and the necessary resources for development to increase performance.

**Influencing:**

Applies a variety of methods to gain support for his or her concepts, strategies and values (i.e. the use of convincing arguments and forms of behaviour, establishment of symbols, creation of alliances, inclusion of the interests of others)

**Self-esteem:**

Expresses his or her own viewpoint or opinion; makes a firm decision if necessary and behaves dedicated to the decision and mobilizes others similarly, expresses positive views about the possible outcome of the decision

**Presentation skills:**

Presents the ideas formulated in a clear, easy and interesting manner so that the other person (or the audience) can understand the message; uses technical and other tools effectively, builds upon non-verbal and visual communication

**Proactive attitude:**

Fits the task to the group, fulfils plans and ideas, takes responsibility for all aspects of the situation

**Result-oriented attitude:**

Possesses high internal work ethics and sets out ambitious, but at the same time achievable goals; wants to makes things better, wants to perfect them, wants to be more efficient and effective, measures progress based on the goals achieved

## **Annex 4: The areas and competences of emotional intelligence**

(Boyatzis, R. – Goleman, D. – McKee, A., 2003)

**Individual competences:** these define how we control ourselves

### SELF-AWARENESS

- Emotional awareness: recognising our emotions, knowledge of their effects and using them rationally in our decisions;
- Exact self-evaluation: knowing our strengths and weaknesses objectively;
- Self-confidence: knowing our values and abilities.

### SELF-REGULATION

- Emotional control: keeping our destructive anger and emotions at bay;
- Congruence: honesty, reliability, openness, unambiguousness;
- Flexibility: adaptation to changing situations, ability to overcome obstacles;
- Desire for success: internal strive for better performance, based in internal needs;
- Initiative: ability to recognise and seize opportunities;
- Optimism: keeping the positive side of things at sight.

**Social competences:** these play role in the control of our social relationships

### SOCIAL ABILITY

- Empathy: compassion, understanding and respect towards the feelings and viewpoints of others, sensitivity towards these;
- Political awareness: ability to interpret events, decisions and strategies at an organisational level;
- Client focus: understanding and fulfilling the needs of clients and buyers.

#### ABILITY TO CONTROL SOCIAL RELATIONSHIPS

- Motivation: a way of leadership that motivates others, carries others and sets attractive goals to them;
- Convincing power: ability to achieve acceptance of our viewpoints and goals with others, a great degree of persuasiveness;
- Abilities supporting the development of others: advancing the abilities of others through feedback and control;
- Catalisation: setting new directions, initiating, introducing or carrying through change;
- Conflict management: tolerating, resolving, smoothing conflicts and controversial situations;
- Relationship building: establishing, upkeeping and caring for a broad range of relationships;
- Teamwork and cooperation: creating a team, upholding cooperation.