

# NEEDS OF MANAGERIAL COMPETENCIES AND DEVELOPMENT IN THIS AREA OF MANAGEMENT

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## 1. Introduction

Everything begins in the year 1973, when American psychologist David McClelland publishes the article about importance of role of employee competencies, despite of preferring the role of intelligence. From this year on the boom of use of "competence" theory begins [1].

The public understand two possible meanings under the term "competence". First and also the original term "competence" is understood as a complex of decision powers and responsibilities that follow from it. That means, the term "competences" is in this case associated with other terms, such as power, influence, or positional or formal authority. In organisations competencies or power are linked with the positions of managers on different levels of organization structure with owners or share holders. The competencies and the power of shareholders and owners is corresponding with their number in the company. The value of power is constant in the company, and shareholders only share the power. This means that the competencies of one shareholder decrease with the rising number of other shareholders and their budget invested into the company.

On the other side stand the managers with decision powers. The total power and competencies of managers are linked with the system of management in the company, in the state of centralization or decentralization of decision making.

Despite of this original term, McClelland starts to use in practice the new term linked with expression of common abilities and skills to sum up the situations (not only working) and be able to adapt own behaviour. The term "abilities and skills" is in this case used in a very wide meaning. Usually, it is understood as a complex of qualities, attitudes, knowledge, skills, experience, and also working and professional attitudes, and a character of individuals, which are projected to his actions in several activities [2].

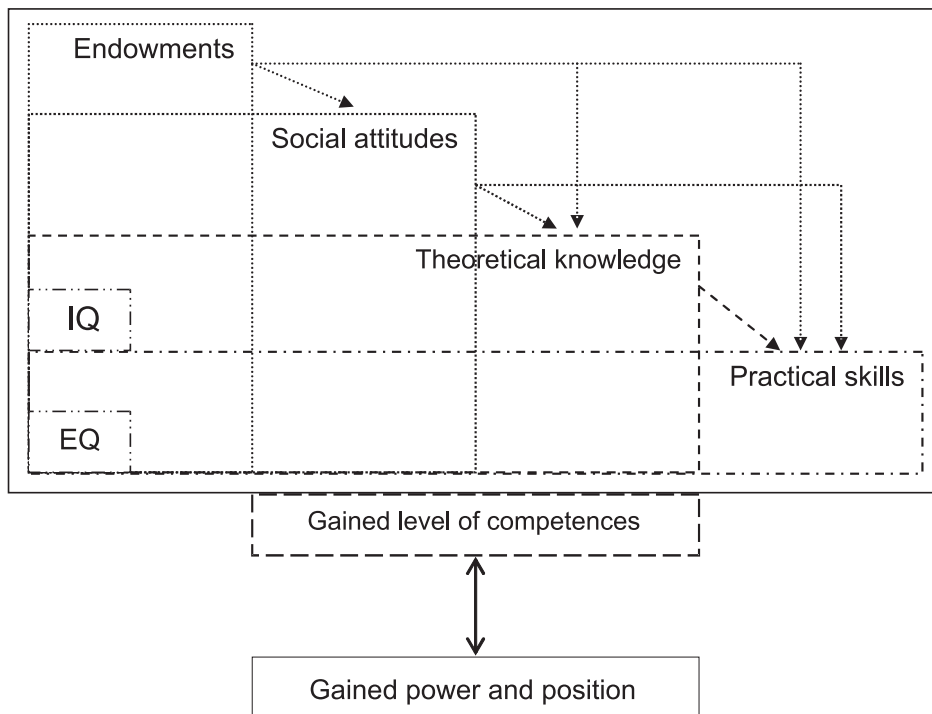
We specify the basic determinants of this wide complex – competencies, which are the following:

1. Endowments – including hereditary endowment (gained from parents in conception), genetical endowment (through the mutations and segregations in genes), inborn endowment (gained with the development of inter space of non-genetical nature) and constitutional endowment (physical and psychological conditions surrounding the time of born).
2. Social attitudes – including wide cultural influence (culture, nation), influence of wide social surrounding (e.g. social-class) and influence of small social groups, in which the individual is a member of young stages of life (family, group of friends, school-class).
3. Theoretical knowledge – influenced by individual's motivation, education and institution in which the individual was educated.
4. Practical skills – influenced by experience, motivation of the individual and a process of self-realization. [3]

In Figure 1 are relations between the determinants of the complex of competencies and gained power. The development of every determinant depends on its position in the picture, which depends on the time line. This means that every determinant in a higher position influences determinants in lower positions.

The complex of term competencies includes the whole personality of the individual. The individual's personality has the fixed core which depends mostly on the first two determinants, and variable face which depends on individuals' experience and knowledge. The whole personality is developing in time. But the world is continuously changing and developing, along with the world of work and humans. Many professions are being created, many are getting lost. The world is changing so quickly, that many times we meet

**Fig. 1: Relation between the Determinants of the Complex of Competencies and Gained Power**



Source: own

with knowledge which is no longer actual. That is why it is important, that the managers need to permanently learn but also forget.

## 2. Development until the Year 1989

Unless we start to analyze the development and needs of managerial competencies before the year 1989, we need to shortly analyze the differences in situation, which was in central Europe at that time. There are several basic points that also influenced the competencies:

1. The world is separated in two major parts, the capitalist west and the socialist east. Under the pressure of competition, the west develops more quickly, including also the sphere of services and the sphere of human research. The development of the east is slower because of different development of its members who are on different national economic le-

vels, and because of ineffective allocation of resources.

2. Central Europe is a part of the eastern block, which means centralized managing of national economy. The whole country is like a big monopoly, without competition.
3. There is one leading political party, without effective opposition, which means without effective control and effective competition, with typically authoritative system of management.

These major facts also influence competencies and their needs. The points show us the pressure in our region, in these sections:

- Because of big differences in national economies in the eastern block, the more developed countries are fixed to help the less developed members. Such solution costs a lot of funds which could be invested in more perspective dimensions of the better developed countries.

The managers also need to operate with these options and adapt to contracts with the international sphere.

- Because of the world polarization, the economies are closed and knowledge segments are not shared (including science and research). Central-European managers are under big pressure to keep up with western countries and apply what was once developed and applied in other parts of the world.
- Because of the economic centralization, the managers' real power is limited to the central plan of production a development.
- Centralization also erases market competition, which caused that managers don't see the reasons for market research and production of necessary products and services.
- The leading political party tend to locate the most loyal members on managing posts who often fail to be professionally educated and fit for the positions, or many times dismiss managers who have not shown enough loyalty.

Managers of this period are normally equipped with the typical competencies, such as:

Loyalty to the leading political party and active membership – one of the most important requirements, which creates the possibility to become a manager.

Competence of plan implementation – very wide competence includes communication competencies, influence, leadership competencies, and profession competencies. This competence is important due to the long-term planning, applied and implemented during several years.

Language competence – mostly oriented on Russian language.

Presentation and influence – as a sort of communication competence used to empower the reach of set goals.

These competences represent the typical competence needs of the given period. Due to many years difference and missing detailed information and research from this era, it is rather problematic to be more specific and unbiased.

### 3. Development in the Period from 1990 to 2004

After the year 1989, during the transformation of national economies and social changes, the

new managers arise. Market situation is unstable, the influence of foreign competition is enormous, national competitors, suppliers and customers are unstable. The economies become more open. Most of the past generation of managers have problems to adapt to these changes. The economics become more variable, more aggressive. Purchasing power of the population is still low in the beginning.

During this era new managers come, they are younger, more flexible and more aggressive. However, this group of managers have not enough experience with:

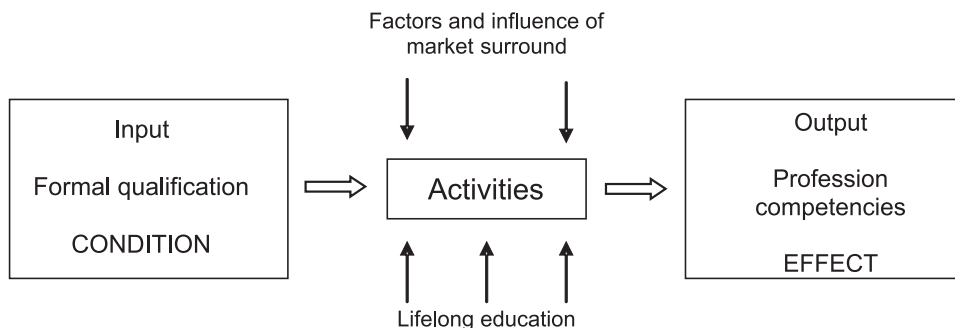
- Strategic thinking – the new group of managers are still unable to think in long terms, because of changes on the market. Purchase power of national economy falls, marketing is not used.
- Concept thinking - it is problematic to find a concept of effective organization operation, to understand the needs of resources and the needs of human resources, due to the reason of purchase decline and growth of input prices plus the reason to operate old concepts.
- Efficiency principle – is not understood as a priority, productivity is lower than in the companies from western countries.

This beginning helps us understand that there are needs of new competencies which have to be assimilated by managers to keep the organizations operational. In this new era, changing the main part of the social sphere, understanding the world and communication, brings also the competition among the people. Some marks show us that, as the cultural assimilation is faster, the knowledge assimilation and our culture become more consumer-oriented. This is showed also in companies' cultures, which don't stay untouched. And managers begin to understand the necessity to gain new knowledge, practice and adapt also their social attitudes. The only way is to start building new knowledge management based on cross-linked usage of:

- lifelong education and;
- models of comparing with successful companies and strategic partners.

The lifelong education becomes more and more important in gaining new information and compe-

**Fig. 2: Cross-linked Influence of Life Long Education and Factor and Influence of Market Surrounding on Creating Profession Competencies**



Source: [4] / own

tencies and in setting continuous development. This becomes more crucial in responsibility of individuals and their private sphere, not society or organizations. It is important to develop, expand and change qualifications. Formal qualification becomes irrelevant more quickly, and changing of its content becomes a long-term process. However, profession competencies (as a group of abilities and skills reflected in life and professional experiences leading to effective managing of work positions) create a dynamic complex the parts of which can be filled in and used in several branches. Profession competencies are mostly presented in activities, so it's more dynamic part of professionalism.

To develop these competencies, using the life-long education, starts to be more important in the new spheres:

- foreign studies and foreign managers trainings – using foreign specialised training institutions,
- post-gradual university educations – in the beginning of 90s, using foreign universities mostly,
- MBA – specialized post-gradual education at own universities with a foreign know-how,
- Doctorate studies – development of gained education on higher scientific level.

These forms of studies, more oriented on dynamic active usage of earlier gained knowledge and experience, become also important, to gain necessary practice to compare with successful companies. And this helps managers with cross-comparison of their companies and prepare

them, instead of fearing to use factors and influence of market surrounding:

- benchmarking – managers start to teach and understand the points of success from their better competitors,
- know-how – use it not only for technological sequence but also for marketing and human resources, with buying or creating joint-ventures, or creating strategic partnership,
- fellowships and short-term attachments – in foreign branches in case of strategic partnership.

Cross-linked usage of lifelong education and comparison with successful companies and creating strategic partnership accelerate gaining of necessary competencies and bring new ones, linked with cross cultural sphere and team work (see Fig. 2). Traditions of individual managing starts to be unacceptable, and analysis shows that importance of strategic thinking, concept thinking and efficiency principles are understood, new competencies are unsufficiently developed. From these competencies, the following are important:

- Team work, individualism and collectivism – these help to manage organization, to solve problems, as individualist or in team work. Individualism and collectivism are different ways for people and cultures to organize themselves. Individualism and collectivism are related to direct or indirect communication. In accordance with open market and wide competition, it is not possible, in individual power, to manage the organization effectively. This

is the reason of creating effective teams and doing team work. Connecting several specialists, with individual sense of responsibility but with one common work objective, means finding ways to connect several human beings with similar objectives.

- Alternative planning and implementation - the need for competence of ability of alternative planning and implementation arises not only from continuously changing market, but also from opening of national economies. The ability of alternative planning is filling in with ability of alternative implementation. It is important to be able to choose a plan implemented alternatively to reach relevant objectives. To do this, managers need their own flexibility and secure flexibility of organization (which brings needs of several activities).
- Human resources management competencies - the missing function of human resources management competencies is connected with the productivity of employees, beginning with filling a vacancy, not ending with distribution of tasks. It would be better to replace the term "human resource" with "human capital" because resources are used up in short time while using up capital is a slow process, with needs of financially high investment. The same applies to human capital.
- Project management – the necessity to apply all life important activities as projects, with own teams, specialized to solve problem, to set up and reach the objectives, with own financial budget and responsibility.
- Cross-cultural communication – there is much to learn about other cultures. It has much to do with the way individuals understand the world and the way in which they communicate. There are many differences in the way that people of different cultures give and receive information. There is some background why what you say when speaking to managers from another culture may be interpreted by them quite differently than what your intended meaning was. You may also interpret what they communicate differently from their intended meaning.

Still in the present time and after more than one and half decade of adapting the process, the long term planning is the important process, which is not managed, and still improvisation is preferred. This fact is acceptable in short time planning, but in long term planning is inefficient.

## 4. The Conclusion - Trends and Needs of New Competencies

The managers of Central Europe are taking a big step in gaining the new competencies, despite of several traditional attitudes such as individualism and improvisation. The use of managerial competencies represents a wide boom in last years. The competency attitude provides answers to changed conditions in market surrounding. It affects all aspects of human capital management and assists on higher efficiency of organizations. Dynamics of changes haven't stopped but are continually growing. United Europe also influences the system of business and bring new needs. The change has the biggest influence on company strategy, which becomes more complicated, multidimensional, with more alternatives for each partial market.

For the future, the two groups of relevant competencies are defined. The first group is of type "doing" and second of type "being" [1].

The "doing" type is typical sphere of behaviour:

- Creating the international strategy which contains ability to predict future development and suggests steps which will help organization to make progress.
- Borders, exceeding coaching and cooperation, which means intensive cooperation with local teams and their local managers' equivalent partners.
- Intercultural mediators and changes of holders, because parallel activity in different cultures is hard on flexibility, to which managers need to adapt to the conditions of a country in which it is located or with which it communicates.
- Personal efficiency, because international managers have bigger problems with managing of their time because of travelling time spent.

The "being" type is typical sphere of managers thinking, what managers feel, and what values and reasons motivate managers:

- Cognitive complexity, which means managers' competence to evaluate situations from different frames of reference.
- Emotional energy, psychological immunity of managers.
- Psychological development, linked with three value orientations of international managers, the first is a big ambition to discover something new, the second is powerful concentra-

tion to live out present moment, and the third is respect for all people, not considering the colour or nationality.

- Social development, linked with ability to communicate with members of team, employees and partners, to motivate them to reach the objective efficiently.

Analyses of many specialists show that in Europe there are not enough managers with the competencies characterised above. That means there is a variety of ways to reach desired condition, considering a lot of missing education and experiences.

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**NEEDS OF MANAGERIAL COMPETENCIES AND DEVELOPMENT IN THIS AREA OF MANAGEMENT****Michal Baláž, Marián Kika**

*In the article we tried to point out the development of managerial competencies in central Europe. The introduction deals with the importance and usage of the term 'competence' and its application in practice. We specify basic personality compounds which determine competencies and the process of their origination and development. The next part deals with the analysis of competency development in the period of their origination before 1989 up to the present. We do not only evaluate the competencies themselves but especially the conditions in which managers of certain periods work, such as economic, social and also political situation influencing their decisions, thought flow, behavior and their values. Based on the above mentioned analysis, we attained the opinions of wide changes which reflect the needs in the field of competencies. By needs, we refer to the unsatisfied needs in particular periods. Until 1989, the managerial competences and their needs were particularly influenced by factors, such as loyalty to the ruling political party and the ability to implement long-term plans. After 1989, magnificent changes in all aspects of life in central Europe took place. Economic-social-political transformation, understood as one of the greatest experiments, brought along new conditions which also influenced the managing of companies, namely management. New situations arise on the market, the economies become more open, faster changes in the market environment take place, competition increases not only among companies but also among members of particular companies and their teams. All these factors are becoming typical features of everyday life and they require new reactions. Changes in managerial staff are inevitable, the new and younger generation of managers with less experience requires more flexibility. Compensation of these shortcomings can be the cross-usage of further education and search of strategic partners in order to get new know-how, new experience and founding new companies. After fifteen years of stabilization the new era, connected with joining mutual European area, comes and brings along new requirements resulting from larger market, understood as intercultural. The managers are forced to re-evaluate their competencies and adapt to the new requirements. We predict that pressures of the previous period /1989 to 2004/ brought to our managers more endurance and abilities to adapt, however sometimes expressed in form of unlucky improvisation.*

**Key words:** managerial competencies, personal development, development of competencies, adaptation, future competencies

**JEL Classification:** M12, M53, 015

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