

## Significant leadership competencies at large industrial companies: Results of exploratory quantitative research

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### Abstract

The aim of this study is to identify important managerial competencies applied in large industrial enterprises established in the South Moravia region. The study was created on the basis of extensive research activities of competency-oriented publications, published in the last 15 years. Current scientific approaches to competence research, their composition and classification are described. The research was carried out on a sample of 24 managers. The significance of 25 competences was evaluated by using a 5-point Likert scale in the form of self-evaluation of the manager. The contribution of the presented study is an analysis of key concepts in the area of competency models and identification of stakeholders [Human Resource, managers, employees and society as a whole], including their relationship to the application of a competence approach. The identified most important managerial competencies in relation to the managerial level at which leaders work are used as a base for the creation of competence model in large industrial companies.

**Keywords:** Managerial competencies, quantitative research, leadership, competency model, personnel management.

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## 1. Introduction

The most successful companies are using the so-called Leadership competency model. It determines the key skills and behaviour, which are required by their managers and executives. For this approach and for being effective, it is necessary to establish links between competence and performance, and determine the appropriate number of core competencies that are actually required. It is recommended to focus on three to five competencies that can be improved from 'good' to 'excellent' which leads to the development of the overall personality development of leadership and thus, to benefit for the society as well. There is no perfect leader and everyone has their weaknesses. For this reason, it is better to focus on the naturally strong competencies and develop them, so then the weaknesses have the least impact on its overall performance. It is advisable to use competency models and isolate key competencies that the chief executive can focus on and develop them for the benefit of all stakeholders. Of course, in this case, it is necessary to create an evaluation system to monitor the process. However, it must be focused on evaluating the achievement of performance and goals, not on evaluating the individual competencies. Only in this way it is possible to monitor the progress of the sensuality and the intelligence of the executives (Clemmer, 2014).

In today's competitive and constantly changing business environment, competency can help human resource (HR) professionals to improve the set of skills and efficiency level of their workforce to match changing market trends in order to face competitive business challenges. A competency model refers to a group of competencies required in a particular job (usually seven to nine competencies) depending upon the nature and complexity of work along with the culture and values of the organisation in which the work takes place, which can be developing for specific jobs, job groups, organisations, occupations or industries (Bozkurt, 2011). The competency model is useful to identify capabilities and attributes needed to meet current or future staffing needs of global managers and to eliminate the gap between requested and available capabilities. Moreover, it would enable managers to perform more effectively, and lead to develop the dimensions of effective management and leadership behaviour (Wu & Lee, 2007). According to Hogan and Kaiser (2005), every existing competency model can be captured with the following domain model:

In brief, this model identifies four broad classes of managerial competencies with three main properties: developmental (Intrapersonal skills develop first leadership skills as last); hierarchy of increasing trainability (intrapersonal skills are hard to train and leadership skills are easiest to train); model is comprehensive (every existing competency model can be organised in terms of these four domains) (Hogan & Kaiser, 2005).

### 1.1. Description of the research field

One of the actual typology of leadership effectiveness represents the dynamic five-factor model of leadership, created by Seiler and Pfister (2009). This model originated from the complex adaptive system theory and complex theory of leadership, which understand leadership as a dynamic process containing more independent, nevertheless cooperating variables (agents). In our research, we are focused at the first peremptory factor of leader effectiveness represented by five facets of individual leader competences.

Here we see the main components defined in five fields represented by competences of the leader itself (soft as well hard personal characteristics), the influence of group lead by the leader, the influence of organisation where leader works, the influence of particular task and situational external social and political factors.

Individual competence includes all the individual capabilities, knowledge and experiences of a leader. Undoubtedly, individual competence is the foundation for successful leadership. An individual has the most direct control over his or her own behaviour. Many studies that examine leadership competencies provide typologies or lists of relevant skills and attributes. Abraham, Kams, Shaw and

Mena (2001), for example, found that skills such as communication, team building, problem solving and decision-making are important for effective leadership. Kirkpatrick and Locke (1991) stated initiative, intelligence and business knowledge are key determinants of successful leadership behaviour. Ireland and Hitt (1999) added flexibility, strategic thinking and teamwork. Propp, Glickman and Uehara (2003) included other leadership core competences such as experience, technical skills, the ability to manage relationships and acknowledgment of informal organisational structure. Brownell (2008) examined a range of leadership competencies and found team leadership, effective listening, coaching, feedback and conflict management as well as trustworthiness, integrity, positive attitude perseverance and flexibility are among the most important skills and abilities. To identify the main components of this factor, Bolten's (2005) model of international leadership competencies was adopted. He defined five key competencies for international leaders: professional, strategic, personal, social and intercultural. Professional competence refers to all knowledge and abilities related to performing in the current function such as market knowledge, work knowledge, technical knowledge and so on. Strategic competence includes all knowledge concerning strategic decisions and their implementation within the organisation. Risk, cost and profit awareness, knowledge management, problem solving and decision-making skills are examples. Personal competence refers to the ability to perform as an individual and to have the ability for self-development. Self-motivation, stress resistance, ability to self-criticise, and hierarchy awareness are part of this competence. Social competence refers to abilities that are important in interactions with others. It includes teamwork, empathy, tolerance, taking the initiative, communicating and leading. Intercultural competence includes the capability to master foreign languages, possess some knowledge of domestic and foreign cultures as well as intercultural processes, and being open minded to intercultural learning and tolerant toward cultural ambiguities (Seiler & Pfister, 2009).

## **2. Specifications of Primary Research**

The quantitative research was conducted among 96 companies CEOs. The sample was randomly selected based on willingness of CEOs to cooperate voluntarily with researchers. During the 3-month phase in 2017 (January 2017–April 2017), we have obtained questionnaire responds from 24 South Moravian large industrial companies' CEOs.

The overall information about our respondents were collected. The gender distribution was 92% male and 8% female. Regarding management level, the respondents were distributed equally by group of eight people in low, middle and top management.

Bit more than half of our respondents have more than 10 followers (58.3%), the rest of them have 5–10 (20.8%) and less than five (20.8%).

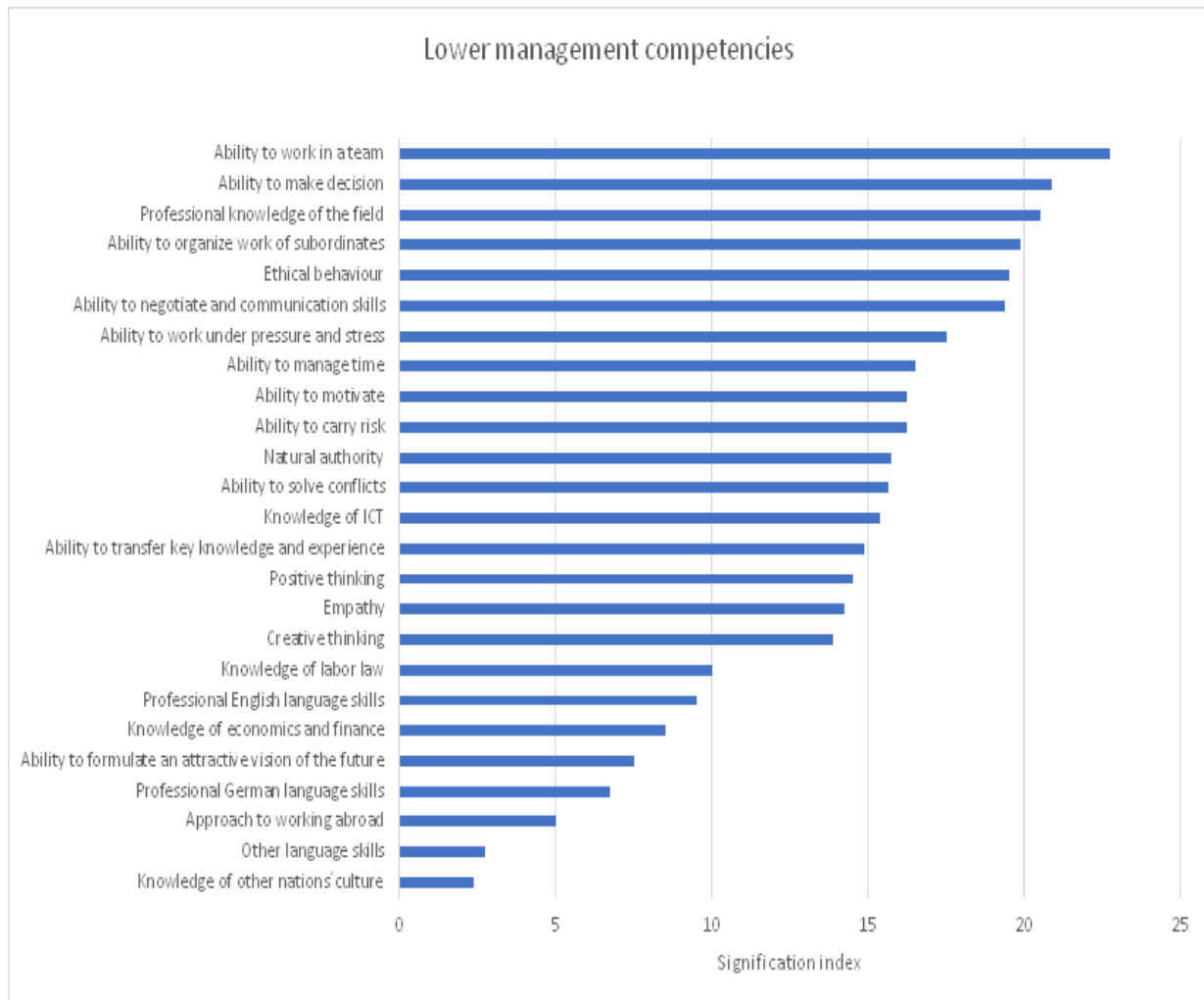
From experience point of view, we can see that majority—67% are experienced in range of 1–7 years and almost 30% of respondents have more than 7 years of professional experience.

### **2.1. Research results**

A total of 25 questions, mapped five groups of interest of company CEO competencies defined by the Seiler and Pfister (2009) leadership model with the exact focus at the individual competencies.

The survey data shows differences on how respondents perceive different competences. The respondents provided two perspectives—how the competence is important and how often the competence is used in their position. They rated both perspectives on the scale from 1 to 5, where 1 means that the competence is not important at all and 5 means the competence is of very high importance. The same for frequency of use—1 means the competence is used very occasionally, 5 mean it is used very often. In order to estimate overall significance of individual competences, we multiplied the frequency and importance.

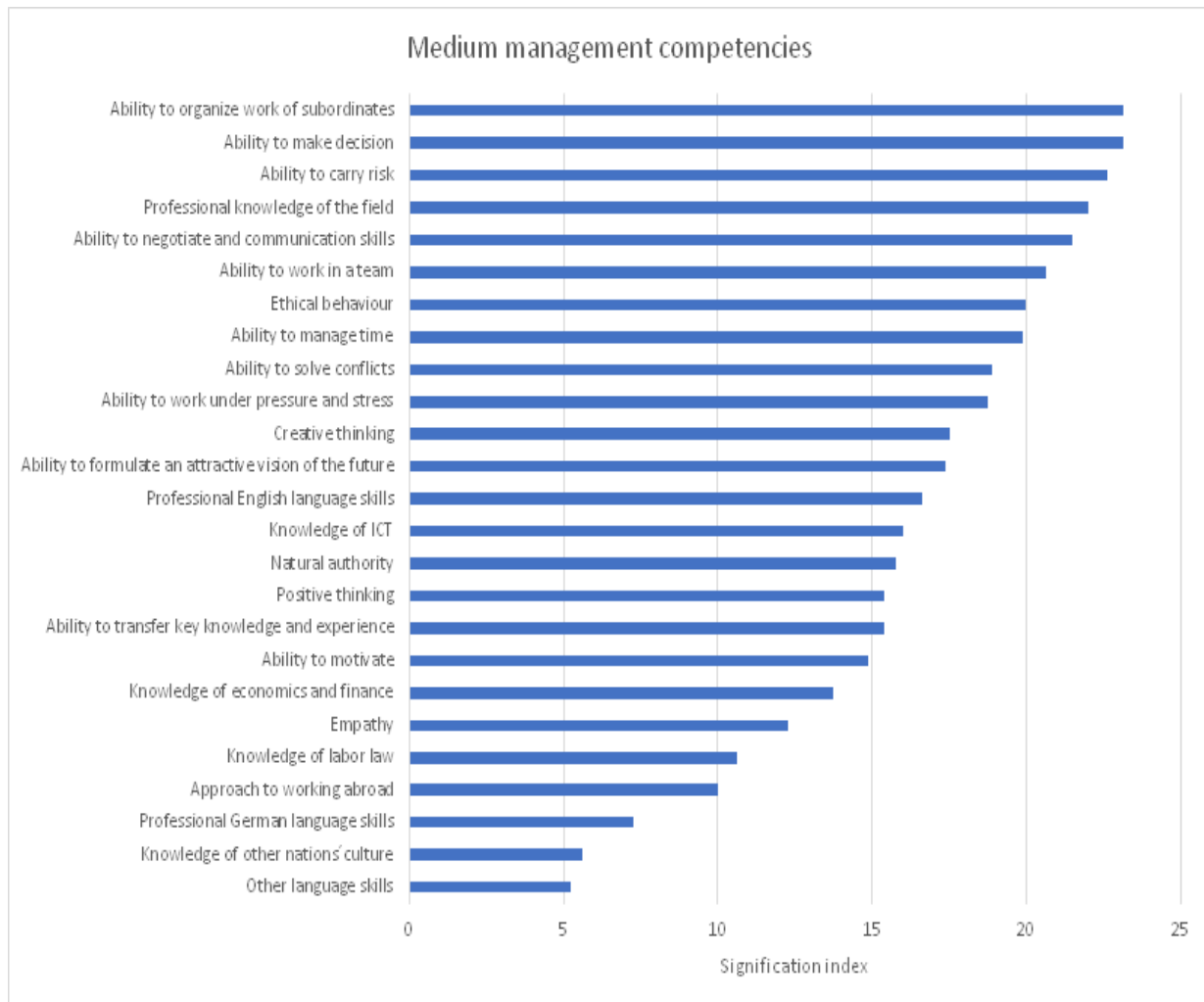
According to lower management competencies, there are the following results. Research results shows that the most important perceived ability for the members of low management is a team work ( $s = 22.75$ ). For example, see Figure 1. As the low managers are very near to operational level, the professional knowledge of the field is necessary ( $s = 20.5$ ). Next two of five most important abilities in this level are decision making ( $s = 20.875$ ) and ethical behaviour ( $s = 19.5$ ). As it is already a management level, the ability to coordinate and work with subordinates ( $19.875$ ) is very important too. From the opposite point of view, when we checked the lowest evaluated results ( $s = 2.3-10$ ), we haven't find any competence which should be considered as more significant at this lower management level than it already is perceived.



**Figure 1. Lower management competencies**

According to medium management competencies, there are the following results. Middle management level compared to low management pays attention additionally on ability to carry risk ( $s = 22.6$ ) as well as on negotiation and communication skills ( $s = 21.5$ ). For example, see Figure 2. Here we can see that also in this management level, work with subordinates is considered very important ( $s = 23.1$ ), so there should be a high effort payed on this ability. Next up significantly required ability is work in team ( $s = 20.6$ ). Professional knowledge is also considered as a crucial ability ( $s = 22$ ) that the middle managers are supposed to own. From the opposite point of view, when we checked the lowest evaluated results ( $s = 5.5-13.75$ ), there had been found especially empathy

( $s = 12.25$ ) as a competency with low perceived significance. According to our opinion, this could indicate possible troubles for leadership at surveyed large companies. It appears to be a wider problem in our region, because of similar research results among the international manufacturing companies (Mazanek, Pekarek, Vraniak & Konecna, 2017).



**Figure 2. Medium management competencies**

According to top management competencies, there are the following results. In case of top management, there are visible common marks with the previous levels. For example, see Figure 3. Strong decision-making ability ( $s = 22.12$ ) and work with subordinates ( $s = 20.62$ ) are two of the most important skills for professional career in top management. In top five abilities, which top managers consider as most important, again team work ( $s = 19.87$ ) and communication with negotiation skills ( $s = 19.25$ ) are included. Additionally, to the previous finding in top management are professional English language skills necessary. This fact is closely connected to the globalisation trend and internationalisation of large companies. When we take a deeper look at the lower evaluated competencies, we find out only one anomaly in relation to this management level. It is related to the ability to formulate an attractive vision of the future ( $s = 11.37$ ). In the leadership framework, we think that relatively low perception of this ability could possibly lead to creation of dull and empty visions. Nevertheless, this should be researched in more depth in future.

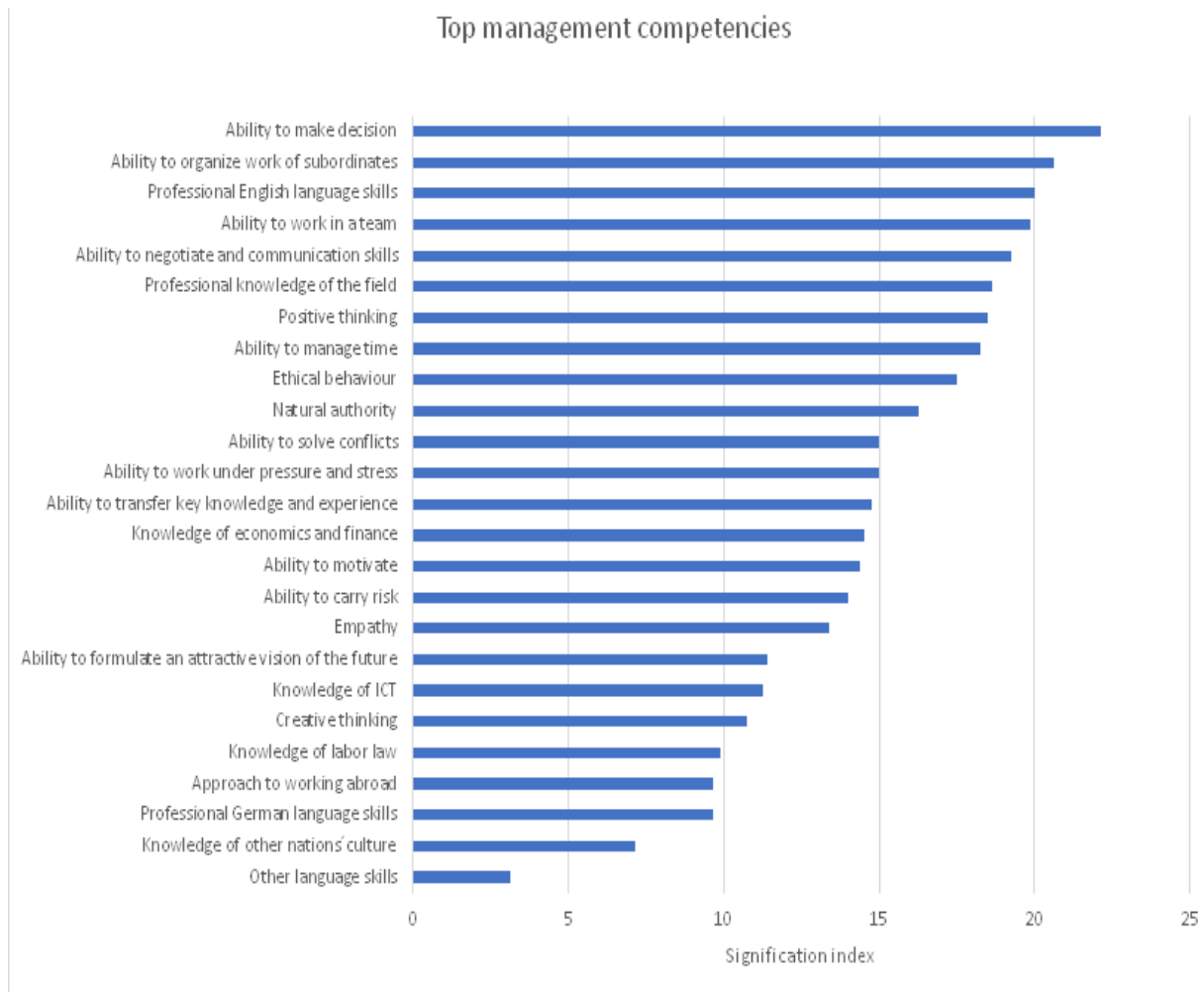


Figure 3. Top management competencies

### 3. Conclusion

Currently, the large companies focus on teamwork rather than on individuals. However, it is very important for everyone to have the right competencies for their work and they are further developed in accordance with the working environment and the content of the job position. Competence models, therefore, occupy an important role in larger businesses that are aware of the importance of their employees' competencies (Mazanek & Vraniak, 2017). The article defines the basic terms and puts them in context. Competencies constitute the intellectual property of companies and are an important factor in strategic decision making and selection of suitable candidates for managerial position. They reflect the basic skills of the experienced and behavioural patterns that are crucial to the performance of the managerial function.

To conclude the study, we had been interested in exploration of perceived significance of managerial competencies. Our findings were made available for the HR specialist in the researched companies and could serve as a base for the creation of managerial competence model. This model can significantly align the view on what will be needed in the future, what behaviour organisation should promote, develop and reward. Kubes, Kurnicky and Spillerova (2004) and Hronik, Vedralova and Horvath (2008) provide possible areas where the competency model can be used to improve processes in the organisation.

There had been identified the competencies perceived as the most significant and in our future research, we would like to focus at the possibilities on how to develop these competencies. There had been found competencies perceived as low significant (empathy—middle management and setting vision—top management) although should be according to our opinion rated higher and perceived as more significant. In our future research, we would like to focus as well at this anomaly more in depth and find out the reasons why were those competencies as much underestimated.

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