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COMPETENCE IN THE MANAGEMENT OF AN ORGANIZATION AND ITS EFFECTIVENESS

Summary. The paper presents the results of empirical studies performed in order to determine the activities leading to identifying and reducing the competence gap in Polish enterprises. The analyses were carried out on 56 companies with the use of a specially designed questionnaire in the form of a categorized interview. While analyzing the obtained results special attention was paid to the method of interpreting the idea of a company's effectiveness, the effect of interpreting effectiveness on a company's performance, actions undertaken in order to reduce the competence gap and the influence these actions have on a company's effectiveness.[1]

Keywords: organizational competencies, competence gap, reducing competence gap, company's effectiveness

KOMPETENCJE W ZARZĄDZANIU ORGANIZACJĄ A JEJ EFEKTYWNOŚĆ

Streszczenie. W artykule przedstawiono wyniki badań empirycznych przeprowadzonych w celu określenia działań zmierzających do identyfikacji i zniwelowania luki kompetencyjnej w polskich przedsiębiorstwach. Badania, przy wykorzystaniu specjalnie opracowanego kwestionariusza do wywiadu skategoryzowanego, przeprowadzono w 56 przedsiębiorstwach. Analizując uzyskane wyniki, szczególną uwagę zwrócono na sposoby rozumienia pojęcia „efektywność przedsiębiorstwa", wpływ interpretacji tego pojęcia na rezultaty działalności przedsiębiorstwa, a także działania podejmowane w celu zmniejszenia luki kompetencyjnej i ich wpływ na efektywność firmy.

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Słowa kluczowe: kompetencje organizacji, luka kompetencyjna, redukowanie luki kompetencyjnej, efektywność organizacji

1. Introduction

Contemporary companies operate in a turbulent environment, and this forces them to continuously adapt to current conditions. An important role in gaining and maintaining such a competitive advantage by enterprises is played by their knowledge-based internal resources, known as corporate competencies.

The idea of "corporate competencies" has been defined in many different ways, however, it can be stated generally that they consist of a combination of skills and knowledge that belong to the organization itself. They are embedded in company processes and systems and absorbed by all its members and structures, and they tend to remain even when individuals leave the company.[2] Corporate competencies of an organization include elements such as its unique, specific knowledge, experience and skills which have all been developed by this organization and which give it a competitive advantage. In an economic system based on knowledge the role of such competences is, and most probably will be, increasingly important.

The difference between the competencies currently at a company's disposal, assuming their optimal use, and the competencies which are necessary to meet the company's aspirations is defined as a competence gap.

Both the competitive position of an enterprise and its effectiveness depend to a high degree on the correct identification of the competence gap and on initiating adequate actions aimed at reducing such a gap. The problem is in deciding what particular activities should be undertaken and according to which criteria their effectiveness will be evaluated.

2. Organizational competencies

The idea of „organizational competencies" is defined in many different ways, however, there is an agreement that they are one of the vital factors determining the company's success. In the most general definition, competencies can be described as abilities to develop, co-

[2] Turner, D., Crawford M.: Managing current and future competitive performance. The role of competency, [in:] Hamel G., Heene A. (eds.): Competency-based competition. The Strategic Management Series. Wiley, Chichester 1994, p. 241.

ordinate and apply the available resources in order to implement the tasks and reach the objectives set by the company.[3]

Competencies are understood from two different perspectives, namely:

- as assets, skills, or resources belonging to the company that allow an activity to be performed systematically;[4]
- as the activities themselves, that is, the operations that the firm is able to carry out by integrating a series of assets, emphasizing what the company does as opposed to what the company has.[5]

M. Bratnicki distinguishes the idea of "abilities" which are attributed to individual human beings and the idea of "competence" which refers to the level of the whole organization. According to him, competence consist of integrating knowledge (the abilities of the individuals and resources) to reach a particular objective. Competencies understood in this way are in fact the abilities of the people managing an organization, who have an influence on the most important decisions that are made. These are the abilities to acquire the right resources, including people, and to use them adequately to implement the adopted strategy.[6] However, they are immanently hard to imitate as a potential follower would have to copy the whole complex process of creating and accumulating such resources.[7]

Competence distinguishes an organization in its environment and equip it with a competitive advantage. As in the case of other resources which determine competitiveness, competencies have to be assessed from the perspective of the type of business activity they are utilized for. They need to have the quality of rare goods and they must be difficult (or/and costly) to imitate. Thus competence of an organization:

- may be understood as an opportunity, an ability to reach a definite result at a particular level (an ability to perform particular assignments or to reach definite objectives),
- are always relative in nature and have to be seen in relevance to some standard, an assumed goal or assignment (competence to do what? and/or within what range?),
- are manifested through the ability to react in a way which is adequate to the requirements of a particular situation.[8]

[3] Amit R., Schoemaker P.J.H.: Strategic Assets and Organizational Rent. „Strategic Management Journal", No. 1(14), 1993, p. 33.

[4] Sanchez R., Heene A.: Competency-based strategic management: Concepts and issues for theory, research, and practice, [in:] Heene A., Sanchez R. (eds.): A Model for Evaluating Organizational Competencies. Competence-based strategic management. Wiley, Chichester 1997, p. 7.

[5] Hamel G.: The concept of core competence, [in:] Hamel G., Heene A. (eds.): Competence-based competition. The Strategic Management Series. Wiley, Chichester 1994, p. 12.

[6] Bratnicki M.: Kompetencje przedsiębiorstwa. Od określenia kompetencji do zbudowania strategii. Placet, Warszawa 2000, s. 13.

[7] Urbanek G.: Kompetencje a wartość przedsiębiorstwa. Zasoby niematerialne w nowej gospodarce. Wolters Kluwer, Warszawa 2011, s. 37.

[8] Sitko-Lutek, A. (ed.): Polskie firmy wobec globalizacji. Luka kompetencyjna. PWN, Warszawa 2007, s. 19.

To sum up the considerations concerning competence, they may be defined as a combination of knowledge and abilities which reflect both the layers of basic (hidden) knowledge and the abilities which are indispensable to implement all the necessary tasks. Competence is based on the knowledge inherent in the sets of abilities of individual employees and the knowledge remaining at the disposal of particular organizational units. Generally, it may be said that competence determines a company's specific abilities in the distribution of its resources, its cognitive potential, enabling it to take action towards reaching its goals. Organizational competence should be characterized by including:

– an organizational component, i.e. they should refer to coordinating and distributing the resources,
– an intentional component – they should result in deliberate actions aimed at ensuring coordinated distribution of the resources,
– a target component – coordinating the resources has to be aimed at reaching the company's aims.[9]

The difference between the current status of a company's competence and their desirable level is defined as the competence gap. The idea of a "gap" is understood as a lack, a deficiency having a pejorative tone as such. Likewise, a competence gap results in the following key negative effects in a company:

– it hinders or even makes it impossible for a company to develop, or even poses a threat to its further existence,
– it hinders improving a company's competitive position,
– it hinders creating innovation: of products, processes or business models.

It should be noted, however, that a competence gap may motivate to introduce changes in a company and it can orientate an organization towards process improvement.

It is necessary to adequately identify and analyze the signals coming from the environment, taking into account their influence on the current and future situation of the company as a whole, and also predicting on the basis of such signals the directions of the changes in the environment and core competencies which condition a company's functioning in the future. Although knowledge acquired in this way is indispensable in preparing a necessary strategy and a consistent construction of a set of adequate competencies, for Polish enterprises, unfortunately, this is not so much the case. For many firms, such signals and corresponding knowledge do not provide a basis for the design and direction of future activities. The results of empirical studies carried out by different teams suggest that the development of many companies is a consequence of an accident, a sudden opportunity, such as a possibility to buy some exceptionally cheap tangible assets, an unexpected offer of

[9] Ibidem, s. 18.

co-operation from a big company, using aid funds from the European Union, finding a new investor, a company merger, favorable systemic solutions, etc.[10] Such an opportunity provides an impulse to act. Yet a company's level of competence determine if, and to what extent, a company will take advantage of it.

The identified competence gap may be reduced in many ways which include:

- acquiring tangible assets,
- acquiring financial resources,
- introducing elements of knowledge management,
- finding specialists on the job market,
- acquiring competences from a business partner,
- cooperation with consulting companies,
- cooperation with research institutions,
- training (internal and external),
- building the company's own research-and-development potential,
- learning in action,
- learning from competition,
- outsourcing.[11]

3. Enterprise's Effectiveness

Effectiveness is one of the basic categories used to assess a company's performance, however, there are significant discrepancies concerning its definition in practice. Still, quite recently, the effectiveness of an enterprise was identified with its productivity, understood as production volume, turnover or sales volume. However, it was observed that the effectiveness of work is affected by qualitative factors, such as e.g. the employees' qualifications, their education or experience. Effectiveness understood in this way should be assessed by means of other measures, e.g. the effects of work (quantity/quality of work) or work expenditure (costs of work, time, laboriousness or the number of the employees).[12]

The diversity of approaches in the definition of effectiveness results in a number of approaches concerning its measurement. Generally, it should be stressed that the key role is played by a precise identification of the aims and expectations. The measures used here are of double character:

[10] Krupski R.: Redefiniowanie strategii organizacji. „Przegląd Organizacji", nr 3, 2007, s. 9.
[11] Sitko-Lutek A.(ed.): op.cit., s. 250.
[12] Kożusznik B.: Psychologia zespołu pracowniczego. Doskonalenie efektywności. Akademia Ekonomiczna, Katowice 2002, s. 95.

- predictive – they concern planning some expected results and identifying any interferences which make the results obtained different than those intended (both above and below expectations); such measures play the role of a system of early warning;
- corrective – related to creating standards of improved activities in future projects.[13]

In order to make the measures genuinely significant, they have to be adapted to the organization's objectives, in terms of its effectiveness or productivity, and referred to suitable personnel implementing those objectives who have a real influence on the degree of the objectives' realization. In practice, effectiveness depends on many factors, which makes its assessment much more complicated.

The issues of assessing a company's effectiveness in a multi-criteria formulation makes the subject of a number of specialized works. R.E. Quinn and J. Rohrbough developed the so-called model of competitive values which is an attempt to integrate different effectiveness criteria and to distinguish four coherent sets created on the basis of the values taken into consideration by the subject which is involved in the assessment.

While constructing this model, an assumption was made that there is no single best criterion for assessing effectiveness and the choice of the measures used in practice for such assessment is subjective and is made depending on the values, preferences and interests of the subject making the assessment:

- structural: controlling (preferring values such as order, stability, predictability) as opposed to flexibility (change, adaptation to the expectations of the environment),
- organizational: people (preferences for the people in the organization and their interests) as opposed to the organization (preferences for effectiveness and the results of the organization as a whole).[14]

In recent years a growing popularity among the concepts of multi-aspect assessment of a company's effectiveness has been enjoyed by the Balanced Scorecard (BSC) developed by R.S. Kaplan and D.P. Norton, in which they observed a need to adopt a holistic view on the company in the process of formulating its strategic objectives and assessing effectiveness understood as the degree of implementing the company's strategy and analyzed in four areas – apart from the financial aspects, it is necessary to take into account the market perspective (the client), internal processes and innovations and learning.[15]

An interesting approach to assessing the effectiveness of an organization was put forward by G.A. Rummler and A.P. Brache (11). Bearing in mind the fact that an organization is

[13] Buchanan J.: Measuring up. „PM Network", Vol. 22, No. 9, 2008, p. 52.
[14] Bielski M.: Podstawy teorii organizacji i zarządzania. C.H. Beck, Warszawa 2004, s. 69-71.
[15] Kaplan R.S., Norton, D.P.: The Balanced Scorecard: Measures That Drive Performance. „Harvard Business Review", Vol. 83, No. 7/8, 2005, p. 174.

a system and that there are different processes implemented inside it, occurring among the individual spheres of the organization, they paid special attention to the necessity to correlate the activities within the whole organization and to eliminate problems relating to inter-functional relationships. In their concept the effectiveness of an organization is analyzed in a two-level system – the dimension of the organization and the need for effectiveness. As a result, nine variables have been distinguished which influence the effectiveness of an organization. Thus it may be claimed that skillful effectiveness management requires a suitable formulation of objectives, designing and managing on each of the following three levels: the organization, the processes and the work place, with all the three levels being interrelated, e.g. a job cannot be adequately described without understanding the processes in which it is involved. Any attempt to define an organization's objectives without relating them to the processes and the system of employee effectiveness must end in a failure.[16]

In order to help an enterprise meet the changing requirements of the environment and also the owners' expectations, managers have to care about its effectiveness. In these circumstances a company has to be very flexible in order to continue functioning, and significant difficulties are faced when trying to transmit a formulated strategy into actual, practical actions, as well as in measuring the effectiveness of their implementations in context of the company as a whole.

4. Company's effectiveness in the light of research

4.1. Research methods

The empirical studies aimed at determining (among other things) the following: A set of key resources and capabilities necessary to develop and maintain a permanent competitive advantage; methods of identifying a competence gap and to take up activities towards its elimination as a result of corporate learning; to recognize differences in learning processes; and also to determine factors which support or hinder the identification of changes in the competence gap.

The research was done on 56 Polish companies of different sizes. The structure of the research sample is as follows:

- 14.3% of the companies were small firms (employing less than 50 people),
- 51.8% – medium-size companies (employing from 50 to 249 people),
- 33.9% – large enterprises (employing more than 250 people);

[16] Rummler G.A., Brache A.P.: Podnoszenie efektywności organizacji. PWE, Warszawa 2000, s. 43-46.

The competencies of the companies were analyzed in 9 functional areas: operating activities (manufacturing, services, trade), technology, research and development, marketing/sales, finance, human resources, supplies, quality and management (including: strategic planning, operational planning, corporate structure, corporate culture).

4.2. Respondents' interpretation of company's effectiveness

Professional literature, as mentioned earlier, presents the idea of effectiveness in a number of different ways. The results of the empirical studies confirmed the fact that managers also interpret the idea of effectiveness in a variety of ways. The respondents were presented with a list where they could select a number of different ways of understanding "effectiveness". The results, presented in figure 1, show that the perception of the essence of effectiveness slightly differs.

A prevailing number of the respondents (66.1%) sees effectiveness as effective actions, that is, the degree to which the intended objectives can be reached. More than 57% of the respondents believe that a company is efficient when it obtains a positive financial result and when it increases its market share.

A relatively low percentage (19.6%) of all the respondents understand effectiveness as a tool for improving the company's competitiveness. Only 14.3% of the respondents believe that effectiveness is related to the company's balanced functioning in the environment.

In comparison to big and medium-size organizations, managers in small companies pay more attention to their clients' satisfaction and how fast they adapt to the latter's needs. What is vital to them, is also an increase in sales income and a systematic improvement of the financial performance.

Definitely, the most popular way of perceiving effectiveness in companies is identifying it with gaining a competitive advantage, increasing number of clients and increasing competitive advantage.

None of the respondents representing small businesses believe that gaining a competitive advantage proves the company's effectiveness. In a global competitive market it is extremely difficult for a company to gain a competitive advantage. This may be why the managerial staff, being rationalistic, do not assume that this type of organization may gain a competitive advantage as this is a rather impossible option for them.

Big enterprises adopt a long-term orientation. What matters to them is implementing the plan (intended objectives). They are less oriented towards obtaining a positive financial result in the short term. As a consequence, the managerial staff in big companies see effectiveness as related to the organization's stable functioning and development.

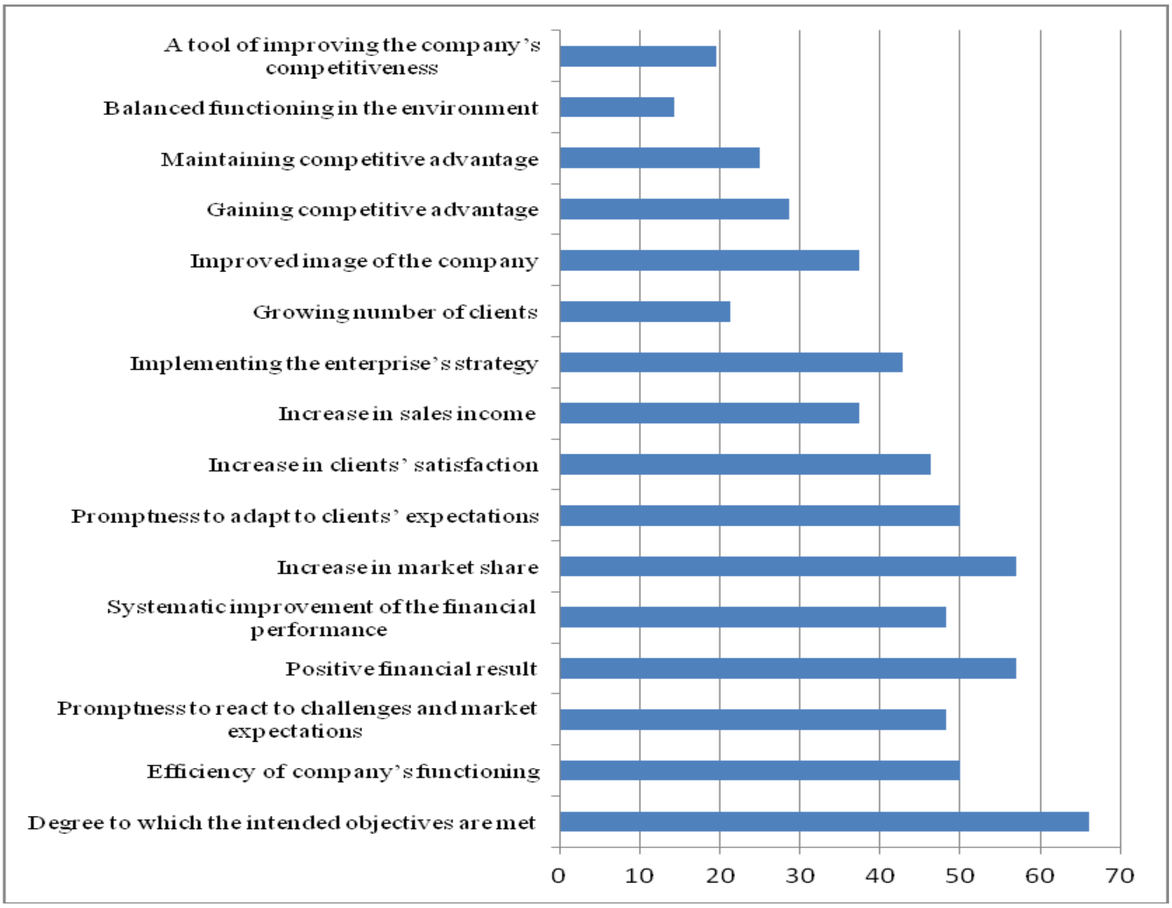

Fig. 1. Understanding effectiveness in the studied companies
Rys. 1. Rozumienie efektywności w badanych przedsiębiorstwach
Source: own work.

4.3. Competence of enterprises in the opinion of the respondents

The companies carried out self-assessment regarding their competence, using a five-level scale (l- very low, 2- low, 3- average, 4- high, 5 – very high). The obtained results are presented in table 1.

Table 1

The assessment of companies' potential in individual competence areas

No.	Competence area	Total	Enterprises		
			Small	Medium	Large
1.	Operating activities (manufacturing, services, trade)	3,98	4,13	3,83	4,16
2.	Technology	3,96	4,25	3,79	4,11
3.	Research and development	3,00	3,50	2,82	3,05
4.	Marketing/sales	3,79	4,13	3,55	4,00
5.	Finance	3,8	3,75	3,66	4,05
6.	Quality	4,14	4,38	4,03	4,21
7.	Human resources	3,98	4,38	3,83	4,05
8.	Supplies	3,93	4,14	3,86	3,95

cont. tab. 1

9.	Management – average	3,98	4,25	3,83	4,11
10.	Management – strategic planning	3,98	4,25	3,83	4,11
11.	Management – operational planning	4,13	4,38	3,90	4,37
12.	Management – corporate structure	3,87	4,00	3,76	4,00
13.	Management – corporate culture	3,82	4,00	3,69	3,95
14.	Average	3,86	4,11	3,70	4,00

Source: own work.

Respondents assessed the potential competence of its enterprises as being "almost" high (average 3.86). The maximum potential has been assessed in small businesses (average 4.11) and only in the areas of operations and finance did large enterprises indicate the highest level of competence. It should be noted that medium-sized companies assessed all competence areas the lowest. On the whole (as shown in the Total Column), the top assessed capacity of competence are in the field of quality (average 4.14) and operational planning (one of the components of the management – average 4.13), the least in the area of research and development (3.00).

4.4. Actions initiated to reduce competence gap and their influence on company's performance

Among the methods applied to reduce a competence gap for the analyzed companies (see table 2), the largest influence on improved effectiveness resulted, according to the respondents, from training (42.5%), learning in action (40%) and in acquiring additional tangible assets (31.9%). The lowest advantage resulted from the companies' co-operation with research-and-development institutions (11.6%), outsourcing (13.6%) and building their own research-and-development potential (17.5%).

Table 2

Popularity of the methods of reducing a competence gap to improve company's effectiveness

Method used to reduce competence gap	**Companies**			
	Total	**Big**	**Medium**	**Small**
Acquiring additional tangible assets	32,85	29,47	32,07	43,75
Acquiring financial assets	31,42	24,74	29,66	53,75
Introducing elements of knowledge management	33,40	36,32	25,86	53,75
Acquiring specialists on the job market	29,64	25,79	26,55	50,00
Acquiring competences from a business partner	18,75	16,84	16,55	31,25
Co-operation with consulting agencies	20,00	20,53	16,21	32,50
Co-operation with research-and-development institutions	11,61	13,68	9,31	15,00
Training	42,69	40,53	38,96	60,00
Building your own research-and-development potential	17,48	11,58	20,34	21,25
Learning in action	39,99	34,21	42,42	45,00
Outsourcing	13,57	12,11	10,35	28,75
Learning from competitors	24,43	19,47	21,72	46,25

Source: own work.

The meaning of the particular methods for improved effectiveness is assessed differently depending on the size of a company. Training was most important in big and small companies, while medium-size companies regarded learning in action as more vital. Big and small businesses decided that introducing elements of knowledge management was the second most important issue. Small companies emphasized the role of acquiring financial assets as significantly affecting improved effectiveness of their functioning.

5. Conclusions

To handle the dynamically developing requirements of the environment, an organization has to ensure some adequate competence potential. Thus it is necessary to systematically monitor the requirements put forward by the environment and to identify the existence of a competence gap. The awareness of a competence gap initiates the processes of its reduction. While selecting suitable actions aimed at reducing the gap, it is necessary to pay attention to the effectiveness of undertaken activities.

The studies revealed that, according to the respondents, the effectiveness of their companies was influenced primarily by training, and much recognition was also given to learning in action. Thus it can be concluded that the role of corporate learning is appreciated.

It seems indispensable to introduce mechanisms which would lead to permanent corporate learning and at the same time guarantee the expected level of effectiveness. In order to achieve this, the following recommendations are suggested:

- Paying special attention to identifying objectives and determining precise measures, as well as correlating them adequately within the company.
- Analyzing the obtained results in due course; when a gap arises between results and the intended objectives, it is necessary to identify its reason and to initiate suitable corrective action.
- Creating a bank of information which should be used while taking decisions and constant improvement of the organization's effectiveness.

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