MANAGERIAL COMPETENCIES AND THEIR INFLUENCE ON MANAGERIAL PERFORMANCE: A LITERATURE REVIEW

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Abstract: The paper aims at identifying competencies which are possessed by effective and successful managers across the world. The study endeavored to understand the relationship between managerial competencies and their performance outcomes. Approximately 50 research papers have been reviewed and various articles, books, web links etc. have also consulted. The results of extensive review of research papers, various articles, books, and web links etc. indicated that communication skills, team-working, proactiveness, vision, self-management, result-orientation, strategic-orientation, ambition, persistence, decision making, risk taking and creativity, are the commonly possessed competencies by successful and effective managers and managerial performance largely depends upon the set of competencies a manager possesses. As signified by the paper it is very important for the organizations to assess the competencies of its managers in order to determine the skill gaps and have requisite performance outcomes to help the organizations in developing effective training and development programmes to enhance the operational efficiency and effectiveness. It is evident from the scanty research work in Indian context, the concept has not fully grown in India hence it offers many opportunities for the budding researchers.

Keywords: Managerial competencies, Performance, Assessment, Development, Effective.

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INTRODUCTION

Every business organisation needs effective managers to be successful in today’s highly competitive and dynamic business environment. It is very important for a business organisation to identify, develop, and retain talented people. Every successful and effective manager possesses several competencies that enabled him to perform efficiently and effectively at different managerial levels. A competency essentially is a combination of knowledge, skills, behaviors, and attitudes that contribute to personal effectiveness and are a set of knowledge, skills, behaviors, and attitudes that a person needs to be effective in a wide range of positions and various types of organizations (Hellriegel et. al., 2005). Boyatzis (1982) defined competencies as “the underlying characteristics of a person that lead to or cause effective and outstanding performance.” It also refers to personal-oriented and task-oriented skills that are associated with effective leadership and management (Martin and Staines, 1994). Hence for the survival and sustained growth of any individual and institution, the assessment and effective implementation of the competencies comes at the core and the same has necessitated the present work on assessment of managerial competencies.

Hoffmann (1999) suggests that the purpose of defining competencies is to improve human performance at work and three main outcomes i.e. observable performance, the standard or quality of the outcome of the person’s performance, and the underlying attributes of a person largely encompasses the concept. Keeping this and allied issues in view the present paper has been attempted to identify managerial competencies of effective and successful managers, to understand the relationship between managerial competencies and managers’ performance, and to study the approaches, assessment and development of managerial competencies, and the same has been discussed henceforth under separate headings.

REVIEW OF LITERATURE

What It Takes To Be An Effective Manager?

Shirazi and Mortazavi (2009) found that responsiveness, proactiveness, effective communication, team building, negotiation, and decisiveness are the main characteristics of an effective manager. They also support the view point of other management authors that the competitive business environment is making organisations more customer-focused. Good managers respond proactively and are paying a lot of attention to market conditions. The study of Wickramasinghe and Zoysa (2009) revealed broad level competencies that are
important for managers working in different functional areas. They divided 31 individual competencies into three competency clusters (knowledge, skill and value), across all functional areas and suggested that competencies from value and skill clusters are more important than knowledge cluster across all functional areas. Qiao and Wang (2008) found that team building, communication, coordination, execution, continual learning are the most critical managerial competencies for the success of middle managers in China and viewed that middle managers require different set of competencies from senior managers. Self-confidence, achievement-orientation, inspirational leadership, change catalyst are the competencies which differentiate between successful leaders with typical leaders as per the study of Hopkins and Bilimoria (2008). Ram Charan (2007) identified the following six personal characteristics for success in twenty-first century:

1. Ambition (but not win at all costs)
2. Appetite for learning (but not repeat the same mistakes)
3. Drive and tenacity (but not hold on too long)
4. Psychological openness (but not shut other people down)
5. Realism (but not gloss over problems or assume the worst)
6. Self-confidence (but not the need to be liked and use power)

Rao (2007) found that job knowledge is the most important competency required to be successful on the job. He also indicated that hard work, effective communication skills, team skills, calmness are frequently used competencies by Service, Manufacturing, and Farma sector managers. He recommended that to be world class managers, the Indian managers need to develop Vision, Continuous learning and learning sensitivity, Self renewal, Delegation, Empowerment, Ability to recognize, empower, and develop juniors, Result-orientation, Perseverance, Integrating ability, and Sense of priority and purpose. On the similar lines but at global level, Hellriegel et. al. (2005) identified that Communication Competency, Planning and Administration Competency, Teamwork Competency, Strategic Action Competency, Global Awareness Competency, and Self-Management Competency as the six core managerial competencies which are required to be an effective and successful manager.

Abraham et. al. (2001) identified six most critical competencies that are leadership skills, customer focus, result orientation, problem solver, communication skills, and team leader
to be an effective manager. Pandit (2001) made a study of 22 top leader-managers and identified following common traits:

1. Commitment (drive, dedication, passion and zeal)
2. Persistence (determination, hard work and insistence)
3. Risk-taking or entrepreneurship
4. Curiosity (creativity, intelligence and clarity of thought)
5. Difference (distinct, innovativeness and talent)
6. Values (honesty, integrity, influencing and honoring commitment)
7. Learning
8. Persuasiveness (negotiation, presentation skills etc.)
9. Focus (concentration & goal orientation)
10. Humility (modesty and unpretentiousness)

Smart (1998) listed 50 critical competencies of top managers which primarily include intelligence, analytical skills, strategic skills, judgment and decision making, risk taking, excellence, team player, communications, assertiveness, ambition, adaptability, creativity, vision, and balance in life. Luthans (1998) made a distinction between an effective leader and a successful leader and stressed that effective leaders are those who have satisfied and productive employees, whereas successful leaders are those who are promoted quickly.

Lala (1986) identified 12 qualities of effective Indian leaders i.e. communication, competence, decision making, humility and love, compassion, vision, team-work, training, stamina, integrity, courage, and man-management. A brief description of these competencies is summarized in the Table-1.

**Table1: Managerial Competencies Needed To Be an Effective and Successful Manager**

<table>
<thead>
<tr>
<th>No.</th>
<th>Author(s)</th>
<th>Year</th>
<th>Managerial Competencies</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Lala</td>
<td>1986</td>
<td>communication, competence, decision making, humility and love, compassion, vision, team-work, training, stamina, integrity, man-management, and courage.</td>
</tr>
<tr>
<td>2</td>
<td>Smart</td>
<td>1998</td>
<td>intelligence, analytical skills, strategic skills, judgment and decision making, risk taking, excellence, team player, communications, assertiveness, ambition, adaptability, creativity, vision, and balance in life.</td>
</tr>
<tr>
<td>3</td>
<td>Pandit</td>
<td>2001</td>
<td>commitment, persistence, risk-taking, curiosity, difference, values, learning, persuasiveness, focus, humility</td>
</tr>
<tr>
<td>4</td>
<td>Abraham et. al.</td>
<td>2001</td>
<td>leadership skills, customer focus, result orientation, problem solver, communication skills, and team leader</td>
</tr>
</tbody>
</table>
MANAGERIAL COMPETENCIES AND MANAGEMENT PERFORMANCE

The concept of competency is based on the theory of performance. Management performance is the extent and quality of managers’ contribution in realizing the objectives of the organisation (Shirazi and Mortazavi, 2009). A competency is considered as a measurable characteristic of a person that is related to effective performance in a specific job, organisation or culture. These characteristics are defined in terms of behavior. Cockerill (1989) suggested that management performance is related to managers themselves than to their positions and authority within the organisations. Hence, performance of the managers depends upon the experience and the competencies they bring to their jobs. Competencies are defined as the cognitive (e.g. skills and knowledge), affective (e.g. values and attitude), behavioral and motivational characteristics and dispositions of a person to perform well in a specific situations (Boyatzis, 1982). Finn (1993) argues that the performance of a manager (output competencies) is influenced by their job related knowledge and experience (input competencies), and personality characteristics (process competencies). Maximum performance is believed to occur when the person’s capability or talent is consistent with the needs of the job demands and the organisational environment (Boyatzis, 1982).

Abraham et. al. (2001) found that the organisations are willing to identify a set of managerial competencies that describe the successful managers. But these organisations are not paying due concern to these competencies in their performance appraisal system. They recommended that to be a high-performance organisation, an organisation should identify the most critical managerial competencies and incorporate them in the performance appraisal system. Graham and Tarbell (2006) made an attempt to elicit...
competency requirements of managers working in different functional areas of the same organisation that they thought were necessary for effective performance. Ramo et. al. (2009) found that both social and emotional competencies and personality traits are the valuable predictor of job performance and also stressed that competencies are more powerful predictor of performance as compared to global personality traits. The use of competencies serves to enhance an organisation’s performance and hence a competitive advantage (Lawler, 1994). Business case studies have shown many benefits associated with competency usage including increased employee productivity, reduced training costs, and reduced staff turnover (Homer, 2001). The competency approach has made a revolutionary contribution to the success of many organisations (Lawler, 1994). It has been observed that the performance of a manager is highly influenced by his competencies and thus the success of an organisation depends upon managers’ competencies to a great extent.

**APPROACHES TO COMPETENCIES AND COMPETENCY-BASED MANAGEMENT**

Hefferman and Flood (2000) outline two approaches to competencies, first the US approach and second the UK approach. The US approach portrayed by Boyatzis, Ulrich and others defines competency as the underlying attributes of a person. It is largely an input-based approach, defining the inputs needed to demonstrate competent performance. In contrast, the UK approach sees competency as a set of performances and standards. Boam and Sparrow (1992), among others, are part of a group of mostly English authors who proposed that competency was best used as a measure of output learning. Training and assessment of performance was the thrust of this approach.

Stuart and Lindsay (1997) observed that each model is incomplete and therefore lacking as a comprehensive frame for understanding and working with managerial competence. Neither approach adequately defines managerial competence in terms of the context of the organisation, its culture, and marketplace and business environment. Rowe (1995) pointed that clearer terminology would permit more effective use of any models we might employ. Competency based management represents a cultural change towards greater employee self-direction and responsibility, and the search for excellence rather than standard performance. It also identifies skills, personal characteristics and motives that differentiate poor, average and superior performances (Horton, 2000). Therefore, there are number of ways of developing competency frameworks that include analyzing past behavior of good
performers; benchmarking competence against practice in similar organisations; and trying to predict what competencies the business will need in future.

Chye et. al. (2010) found that managerially competent managers are good planners, organisers, administrators, and communicators who can enhance the performance of their organisations, whereas innovatively competent managers are designers, forward thinkers, leaders, and inspirer capable for creating better organisations. They also emphasized that managerial competencies are the business functional skills that have been playing an increasingly important role in the development of small and medium business firms. The study of Hefferman and Flood (2000) has revealed that organisational characteristics such as company size and length of time in operations have a great impact on the adoption of the competencies. They found that the organisations having sophisticated and well organised practices are most likely to use competencies and the organisations which are performing well are more likely to have competencies framework.

ASSESSMENT AND DEVELOPMENT OF COMPETENCIES

According to Comutto and Gerli (2004) competencies are usually assessed using three distinct methodologies (i) Self–evaluation that allows the assessment of the improvement and/or decline of competencies over time and evaluation of individual learning /acquisition of competencies; (ii) Peer-evaluation that allows the evaluation of possession of competencies as prescribed by peers; and (iii) The critical incident interview technique: The objective of this technique is to identify the key skills or attributes of the job that differentiate between success and failure at critical times. A “critical incident” is defined as “an infrequent or one-off event that has occurred in the past, where the successful or unsuccessful handling of this event has had a significant impact on the performance of the individual in the job or achieving the job objectives. It must have a start, middle and end. This individual must have been personally involved, and the outcome must have had a significant effect upon the performance of the job.”

On similar lines Robinson et. al. (2007) proposed a three-phase methodology i.e. preliminary interviews, questionnaires, and critical incident technique interviews to forecast the future competency requirements. The authors also recommended that adoption of this methodology will enable the organisation to maximally exploit HRM process such as evaluation, selection, development, promotion etc. by approaching them in a more strategic
manner. Homer (2001) recommended that the capability to assess competencies and determine skill gaps enable organisations to implement more cost effective and meaningful training and development practices, determine change in individual and team performance, and select better candidates. Tovey (1993) discussed about the growing awareness of the stronger link between management development and corporate strategy and also highlighted a strategic approach to competency assessment to strengthen this link which can be used by management development practitioners. Moving further in her research the author suggested a competency assessment approach that may provide the foundation on which an organisation can build an effective human resource development strategy. She emphasized that by measuring the difference between competency requirements and the extent to which these are possessed by employees, training programme can be modified to strengthen the management development strategy (Tovey (1994).

McClelland (1973) proposed that a person could be assessed on the basis of their ability to carry out the functions required of them in a specific role. This would help in evaluating the performance of the manager, and in determining a future career path. Some qualities get develop from early stages of life through socialization in family. Some qualities get developed in school and through formal education systems. Organisational leadership can be developed through appropriate intervention and rewards. Education, training, and organisational culture play a significant role. Since competencies are behavioral, these can be developed. Boyatzis (2009) found that competency can be developed in adults. As per different studies, competencies can be developed through training programs, coaching sessions and workshops, performance reviews, and by studying. The aim of development efforts is to help people become more effective. Developing human talent can be divided into three categories: to help people learn knowledge; to develop their understanding of how to use this knowledge; to make them understand why to use this knowledge and competencies (Boyatzis and Saatcioglu, 2008).

The findings of Wheeler (2008) support the observation that good social environment supports the manager’s competency development. The findings also suggest competency development is enhanced when we are able to work on our learning goals with multiple relationships and in multiple life spheres. Zezlina (2005) suggested that managerial competencies can be developed by formulating tailor made programmes for diagnosing and
changing individuals. She also suggested that competence development requires interpersonal support, facilitating an individual to develop their vision, to diagnose their current status, and to develop plans for their future activities. However Daloisio and Firestone (1982) emphasized that simulation technique can also be used in competency development.

MANAGERIAL COMPETENCIES AND OTHER RELATED ASPECTS

Zarina Sandra (2009) in her study found that Latvian enterprises focus more on technical skills, knowledge, and past experience while recruiting new employees. The study also found that the changes in competency requirements are greatly dependent from development stage of the company itself. The findings of the study of Young and Dulewicz (2009) support an integrated approach to leadership and management selection and development. They have also identified four “Supra-competency” clusters i.e. conceptualize, align, interact, and create success associated with high performance. According to their study, ‘Motivation’ emerged as the most important single predictor of variance in performance and was the only characteristic that significantly differentiates the top performers from the bottom performers.

Boyatzis (2009) found that emotional, social and cognitive competencies predict effectiveness in professional, management, and leadership roles in many sectors of the society. The study of Dreyfus (2008) revealed that highly effective managers demonstrate interpersonal ability as compare to average peers. He also emphasized that social and emotional intelligence competencies are very important for R&D managers. The study of Koman and Wolff (2008) revealed that emotional intelligence competency of the team leaders is significantly related to group norms of the team they lead and the team performance is depend on emotional competent group norms. Hopkins and Bilimoria (2008) found that there was no significant level of difference between male and female leaders on the basis of using social and emotional competencies. They also found that successful man and women leaders demonstrate similar social and emotional competencies.

New (2008) identified three discrete categories of competencies: (i) job specific competencies (ii) general management competencies (iii) corporate specific competencies for the success at job. To him, each of these can be measured to evaluate a particular competence one possess and the high score for that competency performance in that
activity. Nwokah and Ahiauzu (2007) found that there is a strong relationship between the managerial competencies of an organisation and its marketing effectiveness. Each managerial competencies component contributes to the marketing effectiveness depending upon their relative influence on the specific marketing effectiveness dimension. Jokinen (2004) describes global leadership competencies as the universal qualities that enable individuals to perform their job outside their national and organisational culture, no matter what their educational or ethnical background is, what functional areas they serve, and what organisation they come from. Barber and Tietye (2004) identified 14 competencies that define the scope of expertise for MAMP (Manufacturing, Assembly and Material Processing) managers. They also put forward that competencies like foundational systems, material management and diagnostic efficiency are very important for MAMP managers, while competencies such as competitive strategies, assertive leadership management, project management, and transformational leadership are relevant for every level of management.

MANAGERIAL IMPLICATIONS

The theme of competency assessment and management has remained a key research area at the global level. In fact these are the competencies of an individual which take the individuals and institutions to newer heights. Competent employees of the organisations are less prone to absenteeism, shirking, deviant work place behavior and as a whole act as sincere employees and responsible citizens. This type of responsible behaviour of the employees has diversified managerial implications where the employees work with full commitment and dedication helping in producing quality products at lower costs. They develop helping and performing attitude through which industrial relations remain calm and the furtherance of good governance by them encourages healthy, humane and responsible organisational, social and national behaviour. In nutshell competent managers are the real assets for any organisation and for any country.

DIRECTIONS FOR FUTURE RESEARCHES

Managerial competencies constitute a broad area of study. It is completely beyond the scope of a paper to cover all aspects of managerial competencies. The present study only covers few aspects of managerial competencies up to some extent. It is quite evident from the review of above research studies that in India, very limited research work has been done
in the area of managerial competencies assessment. This area offers many opportunities for the researchers and the future researches can be conducted in Indian context which otherwise has remained a less researched area in the country. The themes correlating competency and performance, competency and innovation, comparing competencies in high performing and low performing organisations, competency profile of successful business leaders etc could be some of the research areas for future researches.

CONCLUSIONS

After reviewing above research studies, we have found that communication skills, team-working, proactiveness, vision, self-management, result-orientation, strategic-orientation, ambition, persistence, decision making, risk taking and creativity, are the commonly used managerial competencies by successful and effective managers. The management performance is largely depends upon the set of competencies a manager possess. The performance of a manager is influenced by their job related knowledge, experience and personality characteristics. The US approach defines competency as the underlying attributes of a person. It is largely an input-based approach, defining the inputs needed to demonstrate competent performance. In contrast, the UK approach sees competency as a set of performances and standards. We have also found that it is very important for a business organization to assess the competencies of its managers and to determine skill gaps. It will help the organization to develop effective training and development programs to enhance the competencies of its managers. One can learn and develop competencies through study, practice, and feedback.

REFERENCES


