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COMPETENCE: FOCUS ON A TERM AS A PREREQUISITE FOR UNDERSTANDING OF THE STRATEGIC COMPETENCE MANAGEMENT CONCEPT

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Abstract

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Strategic Competence Management is a new interesting managerial concept which describes ways how firms should develop their competencies in a systematic way to get sustainable competitive advantage at the market. But the meaning of the term Competence varies significantly among different – not only managerial – disciplines. To be able to work with the concept of the Strategic Competence Management, the sense of the term Competence must be necessarily clarified. This paper describes different meanings of the term Competence and builds prerequisites for it's usage especially regarding the Strategic Competence Management in a Czech language environment.

competence-based strategic management, competence, competency, term competence, competence-based view of a firm, strategic competence management

There are many theoretical approaches concerning firm's strategy making. These have evolved in time and were (are) used by managers. Strategic competence management is a relatively new thus not broadly known approach to the firm's strategy making process. This concept uses terms like "competence" (firm's or organisational competence), "competence building", "competence leveraging", etc. and explains how organisations can get a long run competitive advantage in a systemic and structured way. According to scientific studies, this managerial concept is successful, which was proven on many booming firms in different economical sectors (for example Intel, Starbucks, Honda or Canon).

A problem is, that the term "competence" can have many different meanings. These meanings vary according to the field of their use. Because of the fact, that the competence-based strategic management is not broadly well known (at least in Czech Republic), it's crucial to clarify the term's meaning as a prerequisite for the next theoretical or practical work with the term as well as with the whole strategic competence management.

This paper describes the different meanings of the term "competence", their comparison and defines term's meaning in relationship to the competence-based strategic management.

The different meanings were discovered by research of different Czech and English sources.

Term Competence: general meaning

In a broader sense, the term competence means according to JANDOUREK (2001) prerequisites or abilities to manage a post, task or situation.

In a narrower sense, the term competence by HAVRDOVÁ (1999) expresses a summary of power committed to an institution or an officer.

According to SLOVNÍK SPISOVNÉ ČEŠTINY (2010), it's possible to understand the term competence in two different senses, which are similar to those mentioned above. First as a scope of an authority, second as an ability or a skill.

KOCIANOVÁ (2010) also mentions two possible meanings of the term competence: first a scope of an authority, responsibility (an individual is competent to perform a task), second in sense of abilities and behaviour of an individual leading to effective and efficient performance of working tasks. KOCIANOVÁ (2010) also mentions, that the first meaning comes from the English word "competence" and the second from "competency". Although both senses of the term are in harmony to other meanings mentioned above, their dual English translation is not correct. According to OXFORD DICTIONARIES (2011) and LONGMAN DICTIONARY (2003), the English words "competence" and "competency" are synonyms which can be substituted.

In English, the term competence or competency as described by OXFORD DICTIONARIES (2011) as *the ability to do something successfully or efficiently*. There are also other English meanings of the term competence: *the legal authority of a court or other body to deal with a particular matter* or *effective performance of the normal function* (in biology and medicine).

KUBEŠ, SPILLAROVÁ, KURNICKÝ (2004) are in agreement with the two meanings of the term competence mentioned above and explain the difference between them as follows. The first sense accents attributes given to a person by an agreement of other people (a formal power committed to a person, a legal authority). The second meaning stresses the inner quality of an individual at a given time. This quality is a result of a former development of an individual.

From comparison of the Czech and English version of the term competence, it's evident, that the meaning in both languages is more or less similar.

It's interesting that according to SLOVNÍK SPISOVNÉ ČEŠTINY (2010) there are two Czech adjectives which are derived from the sense of the term competence. First adjective is "kompetenční" (for example "kompetenční zákon" which means "Competence Act") in sense of power. Second "kompetentní" in sense of competent, legitimate or responsible. The adjective derived from the English words "competence" or "competency" has similar sense as the noun.

The sense of the word incompetent (in Czech "nekompetentní") is also interesting. The word can mean a situation when somebody either can't do something or is not legitimated to do something. According to NOVÝ AKADEMICKÝ SLOVNÍK (2009), there is also an alternative Czech version of the word with the same meaning: "inkompetentní".

Term competence: it's use in Human resources

The general sense of the term competence was transferred to the specific firm's environment of Human resources where it describes abilities of an employee.

BOYSTZIS in ARMSTRONG (1999) defines the term competence as an ability of a human to behave in a way that is conforming to the requirements of a job in parameters given by the organisation's environment, which brings the desired results.

In terms of an appraisal of employees, HRONÍK (2006) describes the term competence as an qualification of an employee to perform a specific task (i.e. desired work behaviour of the employee) or as a set of requirements to perform a task. As a result of identification of desired competencies, according to HRONÍK (2006), *competence models* are created. These models represent organised sets of competencies and are used as an effective tool to personnel selection, it's appraisal (difference between the expected and observed behaviour) and management.

TURECKIOVÁ (2004) explains the term "professional competence" – which is similar as the terms mentioned above (prerequisites to the successful working) – as a set of such abilities, knowledge, skills and reflected life and professional experiences, that influence work behaviour and serve as a tool for effective dealing with professional roles that arise from the workload and that are at least in some aspects transferable between different fields of activity. From this viewpoint, the professional competence is a generic term to the term "qualification", which is only a part of the professional competence.

As KUBEŠ, SPILLAROVÁ, KURNICKÝ (2004) explain, a worker can be competent (i.e. can perform assigned tasks correctly or perfectly) only if the three following conditions are met together:

1. a worker possesses such qualities, abilities, knowledge, skills and experiences needed to perform the task in a desired way;
2. a worker is motivated to behave in a desired way (i.e. the inner philosophy of an individual which is relatively stable in time, thus hard to influence);
3. a worker is able to behave in a desired way in regard to the given environment, situation and conditions.

KUBEŠ, SPILLAROVÁ, KURNICKÝ (2004) also summarise the inner factors, which significantly affect competence of an individual (i.e. worker's behaviour in a situation) as followings: motives, character, self-image, knowledge and skills.

In relation to the qualification of an employee, there was also another meaning of the term competence identified. This term, according to ŽÁK (1999) expresses a real and factual degree of managing tasks associated with a concrete grade of an individual. In this case, the term competence means how much an employee is or is not successful in his job.

To conclude, there are two different meanings of the term competence, that are used in Human resources. First expresses abilities of an employee that create prerequisites for effective dealing with a job (qualification of an employee). Second sense is specific and expresses how (better or worse) an employee deals with his job (how much is competent or incompetent).

Core competencies

The term "core competencies" (in Czech "klíčové kompetence") is a very interesting term used in the field of strategic management. Core competencies were introduced by PRAHALAD and HAMEL (1990) as *the collective learning in the organisation, especially how to coordinate diverse production skills and integrate multiple streams of technologies* (these bring value to customers and enable firm enter multiple different markets). Core competencies are thus a result of a specific and unique set of skills and production techniques.

As presented by PRAHALAD and HAMEL (1990) a core competencies must fulfil the next three aspects:

1. A core competence provides potential access to a wide variety of markets (i.e. provide strategic options).
2. A core competency should make a significant contribution to the perceived customer benefits of the end product.
3. A core competency should be difficult to imitate.

Core competencies are highly specific combinations of knowledge which are rooted in the organisation and which enable the organisation to gain a long run competitive advantage and guarantee success on one or multiple markets. Core competencies are thus a strategic asset for the company, because they significantly impact possible variants of firm's future strategy.

The term core competencies arise from the general meaning of the term competence, but there is no strong terminological relationship with the HR view of the term.

In Czech language, the term "klíčové kompetence" is also often used as a translation of an English term "key competencies". But the term key competencies is completely different to core competencies and is used in pedagogy. This term expresses skills that are decisive for a future social or professional employment of an individual. Key competencies are used as a tool to set educational plans. It means, that the Czech translation of terms "core competencies" and "key competencies" is the same, which may cause practical problems.

The term competence in field of competence-based strategic management

In terms of competence-based strategic management – which is relatively close to the core competencies concept – the term competence is defined by SANCHEZ (2004) as *the ability to sustain the coordinated deployment of assets in ways that help a firm achieve its goals*. This definition is in harmony with the four basic aspects of competence theory which are: dynamic, systemic, cognitive and holistic nature of organisational competences.

A competent organisation has, as presented by VERNHOUT (2007), *the ability (being capable of) to structurally and systematically coordinate and commit resources for creating and distributing value to customers and stakeholders*.

The sense of the term competence in the field of strategic competence management thus expresses – in a very general way – a prerequisite for a long lasting and successful function of a firm and covers different aspects at many levels of an organisation.

According to SANCHEZ (2004) a firm's market position is affected by organisation's Value-Creating process at so called "five modes of competence":

1. Cognitive flexibility of strategic managers to define alternative strategic logic[1] (i.e. their capabilities to imagine alternative strategic logics);
2. Cognitive flexibility of strategic managers to define alternative management processes (i.e. their capabilities to imagine different ways of managing the company processes);
3. Coordination flexibility of managers to identify, configure, and deploy chains of resources (i.e. their capabilities to imagine the portfolio of resources available);
4. Resource flexibility of available resources to be used in alternative operations (i.e. manager's capabilities to imagine how the resources available can be used);
5. Operating flexibility in Applying Skills and Capabilities in Uses of Available Resources (i.e. manager's capabilities to imagine different production processes).

It is evident, that each mode of organisation's competence, affects considerably firm's options. In viewpoint of the Competence-based management, company's options are strongly dependent on flexibility and imagination of their managers at each of the four modes of organisation's competence. The more flexible managers are, the more options to choose arise and the more organisation is flexible and thus competent.

The first two modes of competence (imagination of different strategic logics, managerial processes and choosing one or more of them) can be described as a Strategic management of a firm and related activities can be performed by firm's strategic managers. Activities of the other modes of organisation's competence are out of scope of the organisation's top managers and thus are performed by lower management.

DISCUSSION

The sense of term competence in field of competence-based strategic management (competence-based view) is very general and without

1 The term "Strategic logic" express rationale for firm's existence (a reason, why firm exists).

further knowledge of the issue, it's hard to imagine all of it's meanings and further consequences.

On the one hand, it's possible to identify an analogy between organisational competence (competence-based view) and competences in Human resources; i.e. abilities, skills etc. leading to delivery of positive results. On the other hand, the sense of term's definition in competence based perspective is so broad, that it's knowledge itself can only be a prerequisite for further exploration of the whole subject.

SUMMARY

The term competence has many senses that differ. Some of them are broadly used and commonly known, but others are not. To be able to study, understand and use the competence-based strategic management, it's crucial to clarify the vocabulary, i.e. sense of the term "competence" in different meanings (especially in sense of competence management).

Except the general meanings, three other possible were identified:

1. Competence in Human resources,
2. Competence in "Core competencies",
3. Competences in Competence-based strategic management.

To conclude, the definition of the term competence in field of Competence-based strategic management is, according to SANCHEZ (2004): *the ability to sustain the coordinated deployment of assets in ways that help a firm achieve its goals.*

The definition itself is very general and varies from the other (and maybe expected) meanings. Because of the fact, that the competence-based perspective of a firm is not commonly known (at least in Czech Republic), the knowledge of the exact terminology is fundamental for it's understanding.

Knowledge of the meaning of the term "competence" in different fields – especially in competence based perspective of a firm – creates an important framework to examine deeper the subject of competence-based strategic management.

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