

Competence Management in Eastern Europe: A Comparison of Czech, Hungarian and Slovenian Competence Needs

Jürgen Mühlbacher, WU Wien

Jure Kovac, University of Maribor

Adam Novotny, Eszterházy Károly College

Anna Putnová, University of Technology Brno

1. Introduction

Competence management is seen as one of the most important sources for comparative strategic advantages. Especially in Eastern European transformation economies, human resources have to be regarded as a key factor for the current and future success of the economy. Therefore this article focuses on the currently needed management competences and cultural differences of the specific role allocation in East European countries. The analysis shows current differences and will discuss the meaning of culture-free and culture-bound hypotheses.

2. Competence Management

Competence management represents a holistic field of research from strategic, organizational to individual competences. (for a more detailed overview see Elliot & Dweck 2005, Tidd 2006, Mühlbacher 2007) In the following we have to focus on the definition of individual competence and the role allocation between top and middle management – both needed to answer our research question: Which differences can be found in managerial role allocation in the Czech Republic, Hungary and Slovenia?

Recent work on individual competence management (e.g. Probst et al. 2000; Sarges 2001; Erpenbeck & von Rosenstiel 2003) mainly emphasizes the fact that competences are strongly oriented towards the future. This enables a person to tackle upcoming challenges, whose nature cannot be predicted or determined, in a self-organized manner. Therefore, discussions regarding competences are of importance whenever strategic personnel planning and development in times of great uncertainty take centre stage.

This requires a change in perspective within human resource management. Competences have to become the focal point of the analysis and are to be seen as a strategic competitive advantage for the company. (Nahapiet & Ghoshal 1998) From this point of view, the question in which specific competences a company should invest in order to realize value added in the future, at first remains unanswered. Only the answer to this question makes it possible to use further education as a strategic instrument of management development.

A typically dynamic role allocation can e.g. be found in Bartlett and Ghoshal (1998), who conducted interviews with more than 400 managers on different levels in 20 different companies. The analysis of these interviews showed clearly that changes in the external and organizational environments create new demands on role behavior. Although these changes have an impact on all hierarchical levels, they make specific demands on every single management level. Thus, operative line managers are

supposed to become active entrepreneurs and middle managers should become coaches of the companies. For the top management, on the other hand, it is important to move away from impersonal structural and procedural objectives and to emphasize co-coordinating their strategy with the company objectives as well as internal and external relations.

3. Methodology and Sample

To observe similar developments in Eastern Europe, we conducted a survey and collected data concerning the currently needed and expected needs for competences of top and middle managers in the Czech Republic, Hungary and Slovenia. We used open questions and the answers were coded with a theoretically based category scheme (see Mühlbacher 2007) and analysed by using BibTechMon, a bibliometric network analysis tool developed by the Austrian Research Center Seibersdorf. This programme checks qualitative data for similarities on the basis of the Jaccard index and the Jaccard distance and creates a network of the attributes of two groups that are used by both or individually (Tan, Steinbach, Kumar 2005)

Questionnaires were collected from:

- 109 participants in four 4 Executive MBA classes of the University of Technology, Brno
- 86 questionnaires collected by college students during a seminar in Northern Hungary (around Eger)
- 550 participants of numerous executive management courses of the University of Maribor

After removing incomplete data sets, the data from 300 interviewees remain, which translates into a response rate of roughly 40 %. The sample comprises 36 top managers and 71 middle managers from the Czech Republic, 22 top managers and 64 middle managers from Hungary and 34 top managers and 71 middle managers from Slovenia. Both hierarchical groups are thus in the representative range. Regarding the breakdown by sector, the following picture emerges:

Table 1: Breakdown by sector

Sector	Percentage		
	CZ	HU	SLO
Banking and Insurance	25.7	8.1	2.8
Capital goods	15.8	15.1	6.3
Consumer goods	12.9	19.8	26.1
Services	11.9	2.3	14.4
Trade	9.9	26.8	15.3
Public sector	9.9	9.3	16.2
IT & Telecommunications	6.9	2.3	2.7
Consulting	4.0	7.0	4.5
Others (e.g. utilities, health and cultural organizations)	3.0	9.3	11.7
Total:	100.0	100.0	100.0

This breakdown nicely reflects regional differences. While, besides being a well-developed banking area, the greater Brno region is mainly characterized by a

technology focus on the engineering and electronics industries, the structurally rather weak Eastern Hungary is mainly dominated by the retail, construction and automobile industries. Slovenia, on the other hand, has a high share of companies in the consumer goods, trade and services sectors. Only the public sector is – mainly due to a special focus on management education in the health sector – slightly overrepresented.

Regarding the mention of functions held by the interviewees, multiple answers were possible. (see table 2) Here it can be seen that Slovenian managers fulfill their tasks in, on average, 1.5 functional areas, while the respective values are about 1.7 in Hungary and 1.9 in the Czech Republic. This would indicate that the functional specialization has so far developed the furthest in Slovenia. However, this result has to be interpreted critically, particularly regarding its relational analysis.

Table 2: Functional areas of the interviewees

Functional area	Frequency		
	CZ (n=194)	HU (n=146)	SLO (n=171)
Marketing	47	23	17
Finance & Investment	28	19	22
Project Management	27	10	25
Organization	24	23	26
Production	22	17	16
Human Resources	12	14	17
IT	12	8	13
Logistics	9	24	13
Research and Development	7	2	6
Others	6	6	16

4. Empirical Results

For the following analysis, we used country-specific, hierarchical allocations as descriptors as well as the 10 management competences mentioned most often. These were:

Table 3: Ranking of Competences

Competence	Frequency
Communication	113
Leadership	96
Marketing	66
Organizational Design	59
Strategic Management	52
Finance & Controlling	50
Foreign Languages	46
Process Management	40
Analytical Thinking	39
Decision Making	34

The Co-word map thus derived shows a network density of 0.875 and a total number of 105 connections. This means that all management levels are linked to all

competences and also all competences with each other. We then focused on the 35 strongest connections. These show Jaccard indices from 0.12 to 0.22. No stronger connections exist.

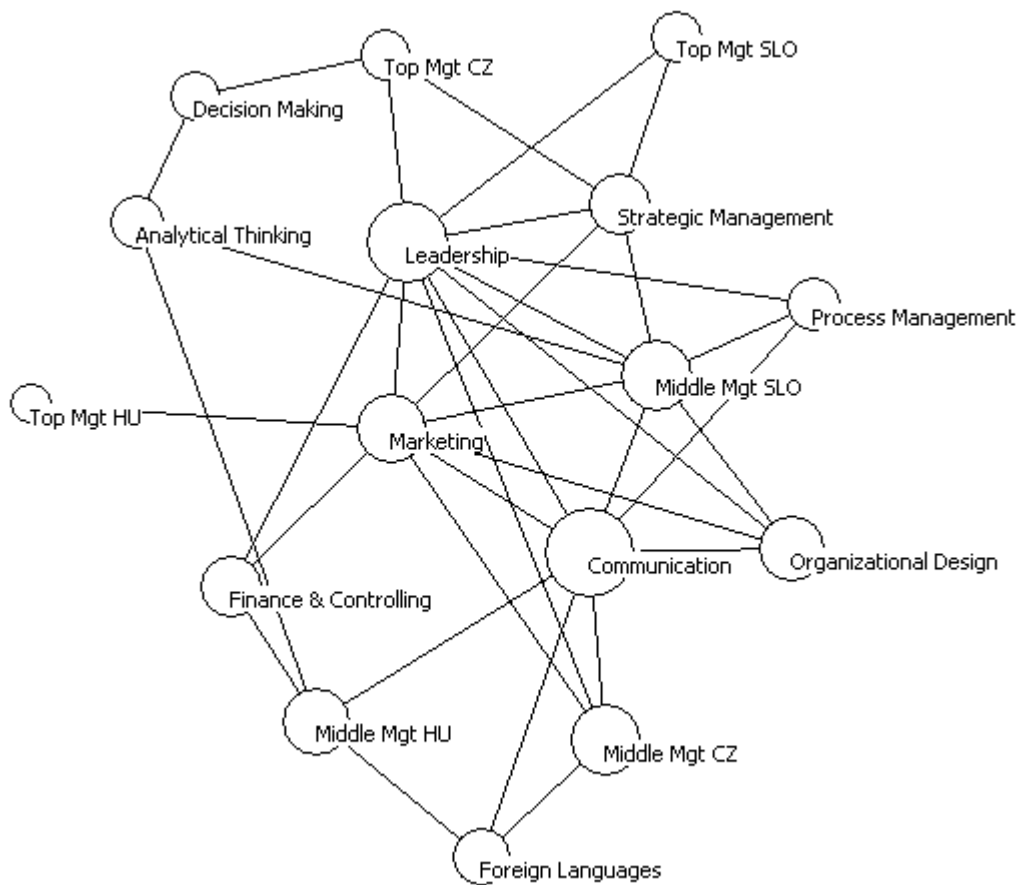


Figure 1: Co-word Map of Competences

The figure above shows the central role of the competences of communication, leadership and marketing. These clearly resemble the main current requirements from management in Eastern Europe. The remaining seven competences, however, are also highly integrated.

From a country-specific, hierarchical perspective, middle management in Slovenia must be seen as strongly integrative. With seven connections to the competences of communication, leadership, marketing, organizational design, strategic management, process management and analytical thinking, it has a role that goes far beyond that of classic middle management. This might also be due to the relatively low integration of Slovenian top management.

Middle management in the Czech Republic and Hungary, with 4 competences each, already shows much less integration. Yet while Czech middle managers focus on the three most important management competences in Eastern Europe – communication, leadership, and marketing – and support these only with foreign language competence, Hungarian middle managers are, apart from communication, content with finance and controlling, foreign languages, and analytical thinking.

What is surprising is particularly the low integration of top management in all three countries. The strengths of Czech and Slovenian top management, for instance, are the classic ones of leadership and strategic management. The additional connection of Czech top management to decision making can be seen as an indication of rather authoritarian leadership. Hungarian top management, with its practically singular orientation towards marketing, is the strongest promoter of this disintegration.

A further interesting point is that – apart from decision making – core business competences such as organizational design, process management or finance and controlling are connected to management only once. This suggests a lack of internal orientation of companies in the three countries surveyed.

5. Discussion

For a long time in business studies, management competences have been seen as an uneven bundle that is heavily influenced by hierarchical levels and functional elements within a company. (Mumford, Campion and Morgeson, 2007) In this context it is often forgotten that leadership is a social process of interaction that has mainly two objectives: (1) the emergent coordination of the corporate actors' actions (= generating a social order) and (2) promoting change in and of organizations. (Uhl-Bien, 2006) Therefore, future research should be more concerned with the question what competences are expected of managers and what relations they have with one another.

Compared to the question on functional task areas (see table 2), this relational method of analysis provides a completely different picture. Slovenian managers, who stated to be the most focused, show – top and middle management together – the highest level of integration with a total of 9 competence connections. Czech managers stated to be the least focused, and with 7 competence connections rank in the middle, while Hungarian management with just 5 connections comes last. From this difference, a necessary differentiation between explicitly declared cognition and implicitly relational actions has to be derived.

If one, finally, looks at the importance attributed to a competence (measured in number of mentions or evaluated), there seems to be a high alignment of management core competences globally. However, if – as in our case – relational analyses are used, it can immediately be seen that role models diverge significantly from each other even in neighboring countries.

Our conclusion must therefore be that the general perception of management competences is culture-free, but the task allocation in respect of hierarchical roles has definitely to be seen as culture-bound.

References:

- Bartlett, C. A. & Goshal, S. (1998): Wie sich die Rolle des Managers verändert. In: Harvard Business Manager Vol. 20, No. 6, 79-90.
- Elliot, A. J. & Dweck, C.S. (Eds.) (2005): Handbook of Competence and Motivation. New York: Guilford.

- Erpenbeck, J. & von Rosenstiel, L. (2003): Einführung. In: Erpenbeck, J. & von Rosenstiel, L. (Hrsg.): Handbuch Kompetenzmessung, Schäffer-Poeschel: Stuttgart . IX-XL.
- Mühlbacher J. (2007): Kompetenzmanagement als Grundlage strategischer Wettbewerbsvorteile. Habilitationsschrift: Wien.
- Mumford, T. V., Campion, M. A. and Morgeson, F. P. (2007): The Leadership Skills Strataplex: Leadership Skill Requirements Across Organizational Levels. In: The Leadership Quarterly, Vol. 18, No. 2, 154-166.
- Nahapiet, J. & Sumantra G. (1998): Social Capital, Intellectual Capital, and the Organizational Advantage. In: Academy of Management Review, Vol. 23, No. 2, 242-266.
- Probst, G. J. B., Deussen, A., Eppler, M. J. & Raub, St. P. (2000): Kompetenz-Management. Wie Individuen und Organisationen Kompetenz entwickeln. Gabler: Wiesbaden.
- Sarges, W. (2002): Competencies statt Anforderungen – nur alter Wein in neuen Schläuchen? In: Riekhof H. C. (Hrsg.): Strategien der Personalentwicklung, Wiesbaden: Gabler, 258-300.
- Tan, P.-N., Steinbach, M. and Kumar, V. (2006): Introduction to Data Mining. Pearson/Addison-Wesley: Boston.
- Tidd, J. (Ed.) (2006): From Knowledge Management to strategic Competence: Measuring Technological, Market and Organisational Innovation. London: World Scientific.
- Uhl-Bien, M. (2006): Relational Leadership Theory: Exploring the Social Processes of Leadership and Organizing. In: The Leadership Quarterly, Vol. 27, No. 6, 654-676.