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# Managerial Core Competencies as Predictors of Managerial Performance, on Different Levels of Management

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## Abstract

Literature regarding job competencies agreed on a large scale that managerial competencies are linked in a complex way to managerial performance, being the main requirements for consistent performance over time. Based on Campbell's model of competencies and other models this study assessed how different core competencies of managers (N= 210) are linked to managerial performance, on different levels of managerial complexity. Competencies were significantly linked with managerial performance, but the hierarchy of those competencies was different across the managerial levels. Core competencies were more important for top managers and less important for middle managers and line managers in determining managerial performance.

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*Keywords:* managerial core competencies, managerial performance, managerial level;

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## 1. Introduction

There is a great consensus that managerial competencies are linked in a complex way to managerial performance, being the main requirements for consistent performance over time. The research is based on many findings and models in organizational researches, starting with Campbell's model of competencies and continuing with many other (McClelland, 1973; Burgoyne and Stuart, 1976; Boyatzis, 1982; Fletcher and Dulewicz, 1984; Spencer, 1993; Sanghi, 2007). In their study *In competition for the future*, Gary Hamel and Prahalad (1994) assert that the core competencies transcend any other event within the organisation. Certain projects are so big and universal that no person can acquire all the necessary competencies in order to complete the whole project. Accordingly, organisations must identify, develop and lead the necessary core competencies for critical projects. Specific competencies focus on individuals rather than on organisation and they are different in terms of job or

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the position within the framework of the project. The main concern is the human rather than the business. In Romania recent studies on validating core competencies were being made by Anitei Mihai and Mihaela Chraif (Anitei, Chraif, 2012). They published a study on validating the scale with behaviour anchors within the study of the core competencies. Core competencies can occur in any type of competencies for different positions while most job competencies are typical for the position. Managerial competencies are utilised as measures for performance as well as for performance predictors. Managerial competencies are important mainly for the perspective on improving performance.

Managerial performances are hierarchically organised (Lucia, Lepsinger, 1999, Lombardo, Eichinger, 2006, Kiel, Lennick, 2005). The most important competency is the profound and active learning competency, from experience. This one is the main one and it controls the others, because it can generate the proper intern conditions for them to develop (Lombardo, Eichinger, 2006). Most competencies are saturated in the g factor such as they are an indirect and more complex measure for intelligence (Gottfredson, 2002). Researchers have studied the practical intelligence or tacit knowledge, as a form of intelligence directly linked with reaching performance. Between the profound and active learning competency and practical intelligence there is a major difference, but there is no other concept closer to learning concept. Tacit knowledge or practical intelligence are the forms of intelligence similar with real performance on site and within a context (Jackson, 2008). They are saturated in g factor. For predicting the performance, the most useful indicator is the competence. For intervention regarding improving the performance, all the competencies can be utilised, but the most useful is the learning competence.

We expect that prediction and intervention for improving managerial performance can obtain a great benefit from managerial competencies approach. We have used a complex methodology for determining their level, mainly the level of the profound and active learning competency. Competence cannot predict only by itself the level of managerial performance and we added instruments and criteria which used in classical approaches in scientific and business field (intelligence, motivation, social perception, emotional, social, moral intelligence etc.).

### *1.1. Objective and research hypothesis*

Despite the fact that competencies were linked to managerial performance in many studies, very few approach the differences across the managerial levels. Core competencies need to be built in order to be useful for the whole organization and to generate performance. The purpose of this study was to evaluate how the different core competencies of managers from three Romanian companies were linked to managerial performance depending on managerial complexity level (top management, middle management, first line of management). The findings were used then for enhancing the managerial performance.

The hypothesis of the study was that the importance of managerial competencies in managerial performance prediction varies depending on managerial complexity (managerial level). We assumed that on each level of complexity (top management, middle management, line management) core competencies linked with managerial performance are different.

### *1.2. The design of the study*

The present study has an exploratory part, based on non-experimental frame, or evoked experiment, due to the fact that the variables could not be manipulated (Anitei, 2007). It is a research that combines a quantitative and qualitative methodology.

### *1.3. Sample and respondents*

The sample consisted of 210 managers from three organizations divided in three managerial levels (Top Management N1= 37, Middle Management N2= 77, Line Management N3= 96). By the business profile the participants came from on-line market research (N=189), real estate (N=41), education services (N=17). The gender composition of the sample was 90 man and 120 women. The average age was 31,2 years (minimum 24,9 and maximum 49,6)

#### 1.4. Psychological instruments used in the research

Managerial performance was measured on a parametric scale, used and internal validated in each company shown in Table 1. The variables taken into account were managerial performances for 2008, 2009, 2010, 2011 and the differences between 2008 to 2010. The scale had the following categories: 150-140 Outstanding performance, 139, 99 - 121 Very good performance, 120,99 – 80 Good performance, 79,99 - 50 Need development, 49,99 - 0 Poor performance, N/A Not applied. The definition of core competencies is shown in Table 1.

Table 1 The measured core competencies

Results Orientation(Q1)	People demonstrating this competency drive for improvement of business results
Strategic thinking(Q2)	People demonstrating this competency think beyond their own area. This competency requires complex thinking abilities, incorporating both analytical and conceptual abilities.
Influence and Collaboration(Q3)	People demonstrating this competency are effective in working with peers, partners and others who are not in the line of command, to positively impact business performance.
Team leadership(Q4)	People demonstrating this competency can focus, align and build effective groups. This competency includes leadership roles in cross functional, cross-organizational or projects teams as well as conventional line or staff management positions.
Transformational Leadership(Q5)	People demonstrating this competency drive for improvement through people, transforming and aligning an organization in a new and challenging direction.
Learning(Q6)	People demonstrating this competency drive for improvement and achievement of knowledge from each situation and experience, despite failure or success.
Motivation for career(Q7).	This is not a competency but is the energy for all the competencies.

The procedure of Assessment Center (Byham, Moses, 1977, Gaugler, Rosenthal, Thornton & Benson, 1987, Jones, Whitmore, 1995) was utilized in order to determine the level of six managerial core competencies : Q1 Results Orientation, Q2 Strategic thinking, Q3 Influencing and collaboration, Q4 Team management, Q5 Transformational leadership, Q6 Learning, Q7 Motivation for career.

The procedure of Assessment Center consisted of:

1. 360 degree feedback (Fleenor, Taylor, and Chappelow, 2008)
2. Structured interview with each participant (Kessler, 2006)
3. Structured interview with the manager of each participant
4. Structured interview with two peers assigned by each participant
5. Filling the personality questionnaires (FPI, NEO PI R, KAI, MBTI)
6. GMA (General Mental Aptitude) using MAB II (Jackson, 2008)
7. Five case studies
8. Feedback with each participant after integrating the data

Global managerial potential was determined by integrating the obtained scores into a single indicator through factor analysis and linear regression.

## 2. Results and discussions

Multiple regression analysis (Popa, 2010) was used to test if the level of the competencies significantly predicts the mean performance for three years. The results showed that the competencies level, global managerial potential and motivation for career explained 20% of the variance of mean performance for three years. The most important predictor of this variation was Global managerial potential indicator.

As we have taken into analysis the entire sample the difference between performance obtained in 2010 and 2008 was best predicted by the competencies Q3, Q4, Q7, and self evaluation of learning capacity measured in 360 degree feedback.  $R^2 = .186$ ,  $F(209) = 10,51$ ,  $p < .01$ .

When the analysis was done for each level of managerial complexity using SPSS Regression analysis procedure the following variables: IQ, Motivation, Global Managerial Potential, and six core competencies: Q1 Results Orientation, Q2 Strategic Thinking, Q3 Collaboration and Influence, Q4 Team management, Q5 Transformational Leadership, Q6 Learning explained the following variance of performance ratings for 2011:  $R^2 = .939$ ,  $F(37) = 36.34$ ,  $p < .01$  for top management,  $R^2 = .499$ ,  $F(77) = 5.985$ ,  $p < .01$  for middle management and  $R^2 = .292$ ,  $F(96) = 3.194$ ,  $p < .01$  for line management.

Using Stepwise method the best model of regression for top management explained  $R^2 = .848$ ,  $F(37) = 39.07$ ,  $p < .01$  of managerial performance, for middle management  $R^2 = .415$ ,  $F(77) = 10.22$ ,  $p < .01$  and for line management  $R^2 = .208$ ,  $F(90) = 11.57$ ,  $p < .01$ . The competencies selected by the model were: *for top management* Influence and collaboration, Strategic thinking, Learning, Motivation, and self assessment of learning capacity (from 360 degree feedback), *for middle management* Influence and collaboration, Team management, Strategic thinking, Transformational leadership, and *for line management* Team management.

### 3. Conclusions

The results of the study showed that in the analysis done for the entire sample of managers competencies level explained 20% of the variance of the mean performance for three years and almost the same percent of the difference between performance from 2008 and 2010 (18,6%).

As the analysis was focused on each managerial level what the study found is that the core competencies level predicted better the performance for top management and worse for first line of management. Using Stepwise regression procedure the study found that the competencies most predictive for each management level are different. For top management there were five important competencies which influenced the performance in 2011, namely: *Influence and collaboration, Strategic thinking, Learning, Motivation, and Self assessment of learning capacity* obtained by 360 feedback procedure (SAI).

If we look at middle management we can see that only two competencies are similar to top management: *Influence and collaboration and Strategic thinking*, and became important *Team management and Transformational leadership*. *Motivation for career, Learning and Self assessed learning capacity* became less important for this level. For first line of management only *Team management* seemed to be able to predict managerial performance. The competencies assessed were: Q1 Results Orientation,

- Q2 Strategic thinking,
- Q3 Influencing and collaboration,
- Q4 Team management,
- Q5 Transformational leadership,
- Q6 Learning,

- Q7 Motivation for career.

The results are important as in this way we can see more clear what is considered to be important in reality for performance for each level of complexity. As we can see the higher the complexity the more important became the *Learning* competency meanwhile for less complexity *Team management* competency is more important. In the same time *Motivation for career* is more important for managers that are already on a higher level. This result showed that motivation had an effect in influencing the career.

Those results are very logical and show that the more saturated in g factor is a competency (learning capacity, strategic thinking) the more important is for higher levels (Gottfredson, 2002), while the competencies related with collaboration and motivating other are important for each level of management. The results could be seen as job competencies are more important for first line of management than core competencies and less important for top management. The results of the study can be successfully applied in HR strategy for improving managerial

performance and in balancing core competencies within the entire organization with job competencies. One of the limitations of this study is the sample's small volume. Another one is the composition of the sample. Despite the fact that they had the same frame of core competencies their activity is very different.