

CORE COMPETENCIES OF AN ORGANISATION

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The article deals with the identification of the operation process of individual competencies to core competencies of organisation that provides a competitive advantage. The aim of article is a graphical representation of this process, which is based on the available theoretical perspectives of different authors on the creation of core competencies and its connection with individual competencies. To achieve the article objectives have been used the methods of induction, deduction, analysis and synthesis. In the process of identification of organisation's core competencies has been defined an important element, which lacks in the presenting definitions of core competencies of the organisation, namely that the success of competencies of the organisation depends on external environment (market, market sector).

individual competencies; management competencies; core competencies; organisation's competencies; resource-based approach; competitive advantage

INTRODUCTION

Technological developments in the 20th century have transformed the majority of wealth-creating work from physically-based to "knowledge-based". Technology and knowledge are now the key factors of production. With increased mobility of information and the global work force, knowledge and expertise can be transported instantaneously around the world, and any advantage gained by one company can be eliminated by competitive improvements overnight (Tichá, Havlíček, 2007).

There is a need to know whether developing of individual competencies will add value to the organisation in way how to achieve competitive advantage and, if so, how is it happening. Bradford et al. (in Winterton, Winterton, 1999) demonstrate that certain kinds of organisational behaviour are associated with superior organisational performance. Streufert and Swazey (1986) describe the way how participants in teams integrate more kinds of information and generate and relate more options in making decisions. According to Zuzák et al. (2008) management competences have to be viewed dynamically; the most difficult issue is to identify what competences are to be acquired, maintained or abandoned in the future.

The question emerges: How individual competencies work on competencies of an organisation?

MATERIAL AND METHODS

The objective of the article is to carry out an analysis and thus to:

- identify theoretical approaches to formation core competencies of organisation as its competitive advantage;
- figure mutual impact of competencies within an organisation and their impact in the process of competitive advantage creation.

The secondary sources of data have been used, in particular scientific studies targeted at competencies in general, individual and management competencies as well as organisation's core competencies. The data collected have been processed using the methods of induction, deduction, analysis and synthesis. To compare individual competency typologies and to determine their different and common elements, the method of comparative and content analysis and the method of mind maps have been used.

RESULTS AND DISCUSSION

Organisation's competencies

Organisations' competencies were identified in the 1990s (Prahalad, Hamel, 1990; Ulrich, Lake, 1991). The existence of organisation's competencies is a strategic benefit for organisations, in particular for the creation of competitive advantage. Gallon et al. (1995) claim that **organisation's core competencies are a sum of its competencies having a synergetic effect**. They also state that the effect of organisation's core competencies is aimed at advantages in the potential competition with competitors and has to be general, not targeted at one sole product or market. Coyne et al. (1997) view **organisation's core competencies as a combination of mutually complementary skills and knowledge of a group or a team of workers that develop the ability to undertake one or more critical processes at a higher level**. They also suggest that when developing core competencies, it is necessary to ensure that skills and knowledge are complementary and that, by their combination, a better activity is achieved. Ulrich (1984) claims that organisation's core competencies are a combination and representation of common skills, abilities and expert knowledge existing within an organisation. For Prahalad and Hamel (1990) organisation's core competencies are knowledge bases or sets of skills that are general enough to be applied

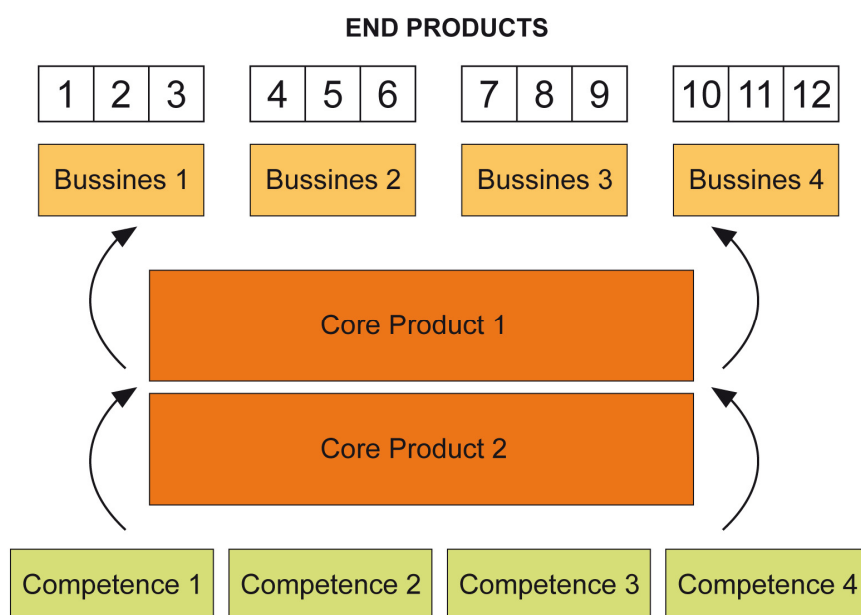


Fig. 1. Tree model of the development of an organisation's core competency according to Prahalad and Hamel (1990)

in various conditions, however, always for the benefit of customers and their needs. Such a competency is hard to imitate by competitors. It is often a result of collective learning and is manifested by what the company does really well. The following scheme (Fig. 1) shows the development of a core competency as viewed by Prahalad and Hamel (1990).

Categorisation of organisation's competencies

Examples of core competencies can be found, for example, in Gallon et al. (1995) who assumes that organisation's core competencies could be divided into three categories: market competencies, infrastructure competencies and technological competencies. Core market competencies include activities such as sales, advertising, consulting, invoicing and customer satisfaction monitoring. Core infrastructure competencies are, according to Gallon et al. (1995), for example, information system management or internal training. Technological competencies are those that provide direct support to a product or service.

Based on Prahalad, Hamel (1990), Spencer, Spencer (1993) and Skowrońska-Kusnierkiewicz (2006) combined other types of organisation's core competencies (see the scheme in Fig. 2).

The functional competencies are a combination of the required behavioural patterns, attitudes, knowledge, skills and abilities of employees in a certain group within an organisation. The hierarchical competencies (including managerial) describe the factors of success that characterise individual roles or organisational levels (specialists, managers, directors). In technical literature (Spencer, Spencer, 1993) they are also described as distinguish competencies. Organisation's competencies are a combination of patterns of behaviour, attitudes, knowledge, skills and abilities of employees arising from the values accepted by the company and corresponding to the com-

pany's mission or vision. Core competencies according to Skowrońska-Kusnierkiewicz (2006) are a unique combination of business specialisation, expert knowledge and individual competencies of employees. Skowrońska-Kusnierkiewicz (2006) also says that competencies may be regarded as core only if they correspond to the corporate strategy and if they are difficult to imitate.

Long and Vickers-Koch (2005) present a different categorisation of competencies. Fig. 3 demonstrates the pyramidal approach of authors who divided organisation's competencies into two basic groups – organisation's distinguish and core competencies.

The organisation's distinguish competencies include:

- support competencies, such as administrative, legal, personnel, accounting and other services serving internal clients in an organisation;
- basic competencies, including experience and systems that exist also in other organisations operating in the same sector, however, essential for the organisation in question.

The organisation's core competencies include:

- critical competencies – experience and systems that are critical for its clients and give competitive advantage in the sector in which the organisation operates;
- cutting-edge competencies – skills and systems that are likely to be the source of future competitive advantage of the organisation.

Still a different view on core competencies is offered by Bergenhegouwen et al. (1996). Their model (see Fig. 4) shows an organisation's core competency as a set of individual competencies, organisation's strategic policy and effect of external factors (external environment, sector, competition). According to Bergenhegouwen et al. (1996), like according to Prahalad and Hamel (1990), a key competency has to be general enough to enable its application in various sectors of organisation's business, for example, production, sales, research and development, marketing, etc.

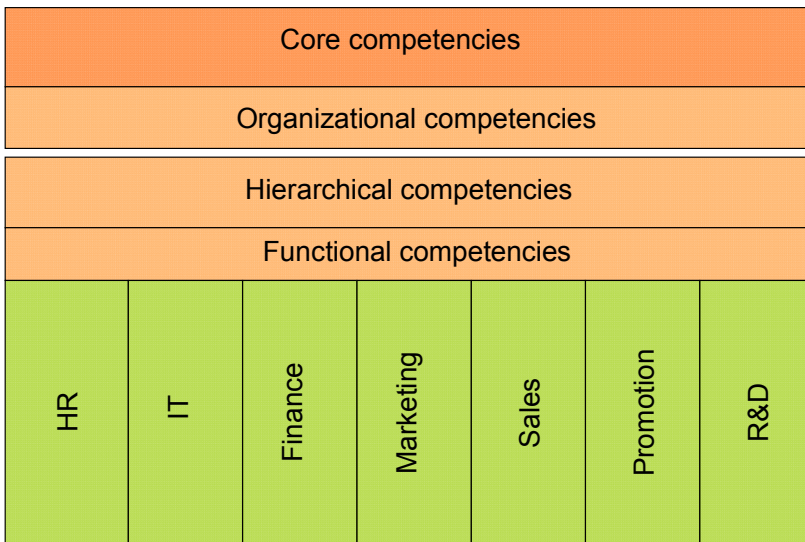


Fig. 2. Types of organisation's core competencies according to Skowrońska-Kusnierkiewicz (2006)

Distinguish Capabilities

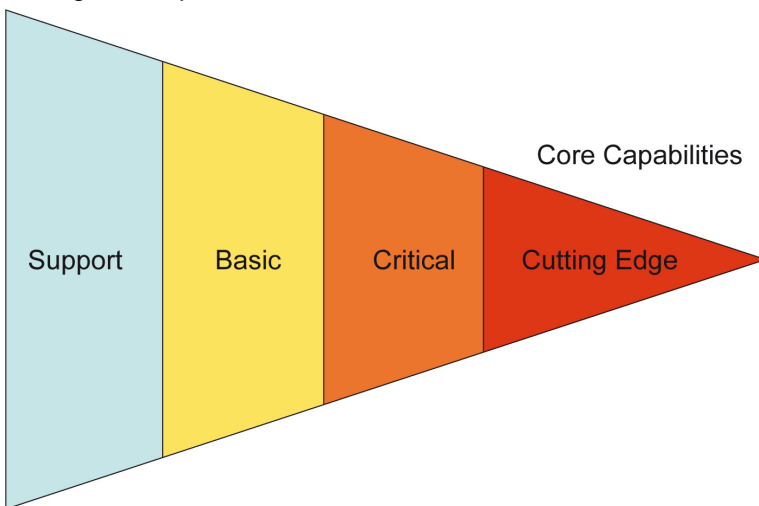


Fig. 3. Organisation's distinguish and core competencies according to Long and Vickers-Koch (1995)

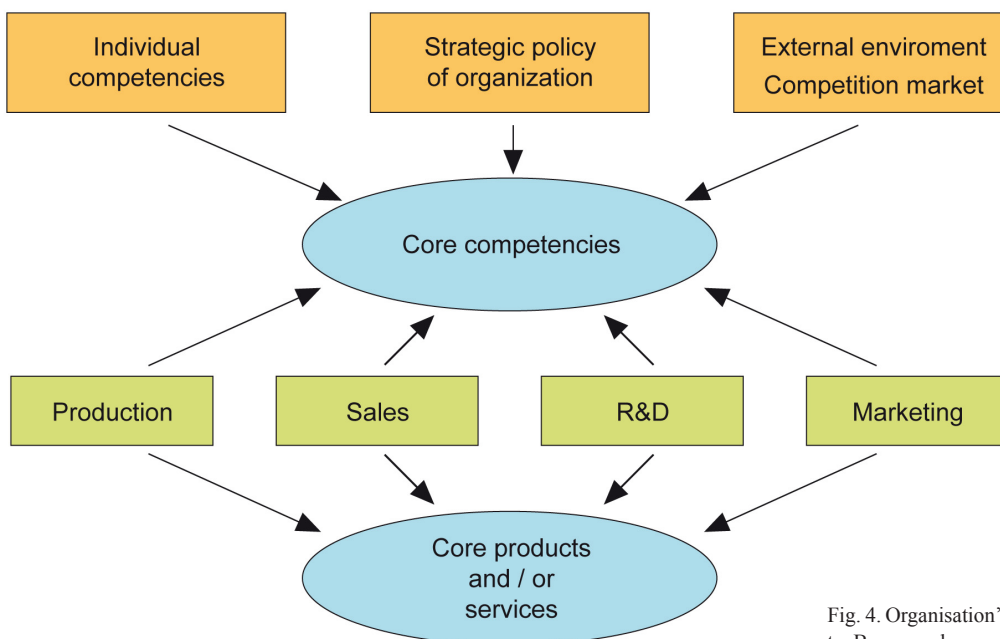


Fig. 4. Organisation's core competencies according to Berghenengouwen et al. (1996)

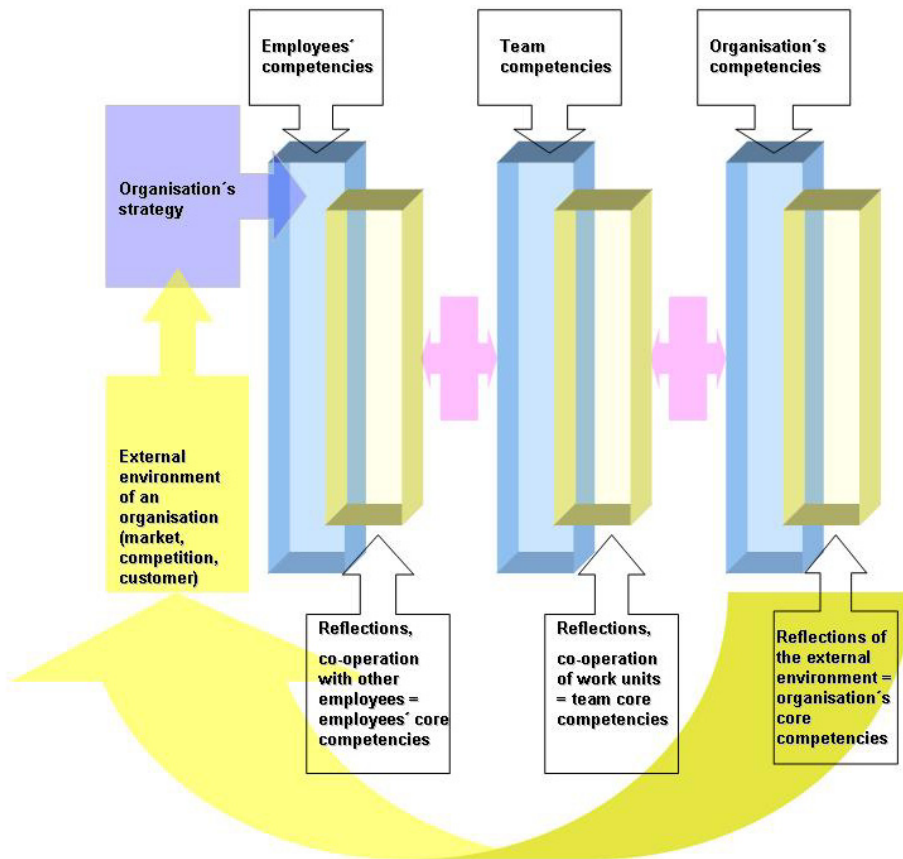


Fig. 5. Graphic representation of relationships of employees' core competencies, team competencies, organisation's competencies and organisation's core competencies

Organisation's core competencies

As regards the development and categorisation of organisation's core competencies, four different approaches have been identified in technical literature. It follows from the above-mentioned theoretical approaches to organisation's competencies that organisation's core competencies are based on a resource-based approach to competitive advantage creation. According to Wernefelt (1984), a resource-based approach is founded on corporate advantages given by the volume, quality and frequency of use of internal sources instead of external ones. The relationships among the competency groups identified are shown in Fig. 5.

Fig. 5 represents the development of organisation's core competencies through a pyramidal effect based on core competencies of employees that are the key cornerstone and are developed through mutual reflections of employees. As employees are divided into teams, competencies develop and reflections from other work units – teams from various functional areas of the organisation – occur. On the grounds of these reflections organisation's behaviour patterns are shaped and knowledge, skills and abilities, i.e. its competencies, are developed. The development of an organisation's core competency is conditioned by the following:

- it has to enable the development or existence of a more sophisticated activity, process, service, product or goods (Coyne et al., 1997);
- at the end of the supplier-customer chain the product has to acquire an outstanding added value for the benefit of end users (Prahalad, Hamel, 1990);

- it has to be general enough to enable its application in various conditions, its general character provides potential for access to other markets (Prahalad, Hamel, 1990; Gallon et al., 1995; Bergenhenegouwen et al., 1996);
- it has to be difficult to imitate by competitors (Prahalad, Hamel, 1990);
- it has to corresponded to organisation's strategic policy (Skwrońska-Kusnierkiewicz, 2006);
- and finally it has to focus on its future permanent existence (Long, Vickers-Koch, 2005).

As Prahalad and Hamel (1990) claim, sustainable competitive advantage is achieved through organisation's core competencies. The above-mentioned theoretical approaches describe the process of development of organisation's core competencies from the internal perspective of the organisation. The criteria for the identification of organisation's core competencies within the group of its other competencies are also based on this perspective. Some authors even characterise a core competency as any organisation's competency formed by the combination and representation of common skills, abilities and expert knowledge existing within the organisation (Ulrich, 1984). If a competency is to have an incontestable benefit for a company and thus become a core competency of this organisation, it has to be proven by market, i.e. end customers, in competition with competencies of other organisations, i.e. goods (products or services) that developed from mutual interactions or their organisational competencies. Another of the key criteria distinguishing an organisation's core competency from organisation's

competencies is that the organisation's core competency has to be proven by market (see Fig. 5).

CONCLUSIONS

In the area of organisation's competencies and in particular in the process of identification of organisation's core competencies an important element has been highlighted in Fig. 5, missing in the characteristics of a core competency, and that is the success of organisation's competencies in the external environment (market or market sector).

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Prostředí organizací, hodnoty a technologické možnosti lidí se mění tak rychle, že tvůrci strategií a manažeři mají objektivní potíže vybudovat podniky, které jsou efektivní jak na národní, tak na mezinárodní úrovni (Schroder, 1989). Kvůli těmto změnám je věnována pozornost osobnosti manažera, jeho individuálním kompetencím. Winterton a Winterton (1999) se ptají: Jaký dopad mají individuální kompetence na chování celé organizace? Existuje spojení mezi individuálními kompetencemi pracovníků a klíčovými kompetencemi organizace?

Článek se zabývá identifikací procesu působení individuálních kompetencí na klíčové kompetence organizace, které přináší konkurenční výhodu. Cílem článku je grafické znázornění tohoto procesu, které vychází z dostupných teoretických pohledů různých autorů na tvorbu klíčových kompetencí organizace a jejich spojení s kompetencemi individuálními. K práci byly použity metody indukce, dedukce, analýzy a syntézy. K porovnání jednotlivých teoretických pohledů byla použita srovnávací analýza, obsahová analýza a metoda myšlenkových map. Při identifikaci klíčové kompetence organizace byl definován důležitý prvek, který postrádají předkládané definice, tj. že úspěšnost kompetencí organizace spočívá ve vnějším prostředí.

individuální kompetence; manažerské kompetence; klíčové kompetence; kompetence organizace; zdrojový přístup; konkurenční výhoda

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