

## **Effective Management Performance A Competency-Based Perspective**

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*The uncertainty and unpredictability of future events has stimulated interests in research on the nature and characteristics of changes and trends that will be likely to drive competitive performance in the future. Many prominent scholars, including Toffler, Drucker, Handy and Naisbitt, have attempted and identified key drivers of change in the 21<sup>st</sup> century. The study reviews the current schools of thought in futures studies and major business forecasts in order to highlight the key areas of change in business environment and management. A survey questionnaire was designed and administered to determine the perceptions of managers about managerial competencies and effective managerial performance. The findings revealed that managers' performance in the coming decade is primarily measured against the quality of their relationships with customers, followed by communication, team-building, goal accomplishment competencies. Effective management performance is essentially linked to managers' ability to manage relationships, processes and time.*

Field of Research: management performance, competency, future competencies, effective managers

### **1. Introduction**

Organizations have long been concerned with improving productivity of their resources. Further, it is widely recognised that organization effectiveness is inextricably linked to their management performance (Drucker, 1991; Armstrong, 2006). A vast number of published works has described and discussed this role and its effects. One research area, which has attracted researchers' and business world attention, seeks to find out who managers are, what they do, what they have in common and finally how they differ from their subordinates. It is argued that organizations benefit from this type of research through gaining knowledge about the manager-organization performance relationship. This knowledge can motivate organisations to identify the types of managers that are suitable and effective for their long-term needs and success (Boyatzis, 1982; Spencer and Spencer, 1993). The aim is to identify the correct match between managers, managerial jobs, and organization objectives. However, one of the critical shortcomings of this type of research is that they are retrospective in analytical approach and primarily deals with identifying individual characteristics or competencies needed for the present (Shackleton, 1992; Woodruffe, 1992). This research is set out to address this issue.

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## **2. Literature Review**

### **2.1 Management Performance**

Management performance is the extent and quality of managers' contributions in realising the objectives of their unit and organization. Cockerill (1989) suggests that this is related more to the managers themselves than to their positions and authority within the organization. Hence, managers' performance depends not only on their experience (seniority) as the traditional and bureaucratic organizations seem to stress, but the competencies they bring into their job. Competencies are defined as the cognitive (e.g. knowledge and skills), affective (e.g. attitudes and values), behavioral and motivational (e.g. motivation) characteristics and dispositions of a person which enables him or her to perform well in a specific situations (Ley, 2006; Boyatzis, 1982). Finn (1993) argues that managers' performance (output competencies) is influenced by their attributes that include task-related knowledge and experience (input competencies), and personality characteristics (process competencies). This means that objective factors such as experience and technical abilities, which were the key determinants of performance in mass production economy of the past, are not sufficient for effective performance today. An increasingly competitive world with its emphasis on technology and knowledge workers highlights the importance of factoring in intangible capacities that are more value-driven and behavior-based (Sveiby, 1997). Hence, competency-based management approach was a response to inadequacy and ineffectiveness of job analysis techniques in selecting, training and developing managers. It shifted the focus from jobs to people who perform them. Some of the key competencies that have been found to correlate with effective management performance include: 1) analytical thinking (Boyatzis, 1982; Dulewics, 1989; Spencer & Spencer, 1993), conceptualisation (Boyatzis, 1982; Schroder, 1989; Spencer & Spencer, 1993), concern with impact (Boyatzis, 1982; Schroder, 1989), proactivity (Boyatzis, 1982; Schroder, 1989), achievement-orientation (Dulewics, 1989; Schroder, 1989), communication (Dulewics, 1989; Schroder, 1989), interpersonal sensitivity (Dulewics, 1989; MCI, 1993), team-building (Boyatzis, 1982; MCI, 1993; Spencer & Spencer, 1993), self-confidence (Schroder, 1989; MCI, 1993, Spencer & Spencer, 1993).

### **2.2 Future Competencies**

Future competencies are individual's characteristics that are perceived to link to performance in the future. One approach to determine future competencies is to forecast future trends in business from which the future competencies are derived. Forecasting futures is in the realm of future studies; a field of inquiry that uses current knowledge and trends to forecast the future. Bolling (1996) defines the art of forecasting as the collection of many lists of guesses and the construction of a scenario to predict the future. Slaughter (1996), on the other hand, describes futurists as alternative seekers, not forecasters. He suggests that looking ahead allows the society to influence future decisions and actions, prevent things to go wrong, and increase informed optimism and empowerment. In this context, the study of future is a dynamic and

## **Shirazi and Mortazavi**

proactive process with the aim of making the transition from present to future as informed and stable as possible.

Seeing the future may be valuable but not simple. It is characterized by constant change and chaos and therefore difficult to hypothesise with an acceptable degree of accuracy. The greatest challenge in predicting the future is how to deal with complexity that is associated with size, variety and difficulty (Frame, 1994). Clearly, as the world becomes more complex and chaotic, more exogenous or unexplained variables enter the analysis that inevitably contaminates attempts to predict the futures. In addition, several other factors complicate future studies. First and foremost is time (Slaughter, 1999; Howe, 1993). How the future is interpreted depends on what time frames and point of reference are used. The longer the time scale, the more complicated and unreliable is the forecasts. Secondly, future studies are culture-bound. Different societies have different value systems and beliefs which influence the assumptions people make about the futures (Howe, 1993; Wagar, 1991). So future studies and forecasts depend on how, why and what of forecasts and who the forecasters are. Thirdly, since assumptions and extrapolations about the futures cannot be separated from one's personal views, religious convictions and cultural values, some forecasters may be tempted to moralise future events. Hence, it is critical for forecasters to use their intuitive and extrapolative skills to predict what the future will be, rather than what the future should be. Fourthly, given the speed of knowledge generation and its increasing interdependencies, forecasters should have interdisciplinary orientation to be able to cope with uncertainty and conflicting evidence and still derive useful conclusions. Finally, forecasting is more an art than a precise science. It relies on conjectures, intuition and complex thought processes which are seldom in the realm of quantitative methodology or amenable to statistical manipulations. Wagar (1991) argues for 'suitability of methods' when forecasting the future. He dichotomises the methods used in futures studies into 'hard' and 'soft', corresponding to the distinction between the so-called exact sciences perspective and the humanities perspective.

### **2.3 Key Components of Competitive Performance Model**

These problems, albeit real and important, has not deterred futurists, government agencies and practitioners from wanting to know about what is likely to happen in our planet, organizations, schools and homes in the near or distant futures. In particular, Toffler, Drucker, Handy, and Naisbitt have written extensively on organizational and managerial issues in the 21<sup>st</sup> century. An analysis of the major future forecasts, either by frequency of concepts used by forecasters to describe the future, or content analysis, reveals several key futures concepts. Identifying these concepts, as argued by Slaughter (1999), enables a future discourse. This means that useful futures concepts should be developed so that they can be used and understood by people at different levels.

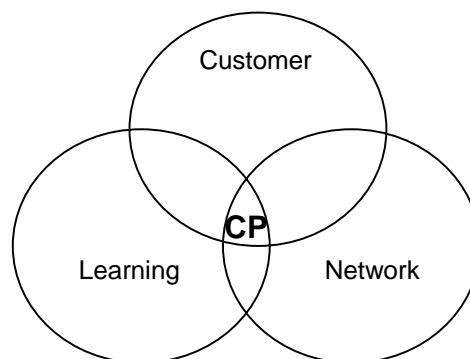
An analysis of future forecasts highlights the importance of three interdependent business subsystems. At the market level, the business success is increasingly depended upon its ability to adopt intelligent approach that involves understanding customers' diversity and its implications upon market demand and the supply of company's required resources (Porter, 1997; Hammer, 1997; Frame, 1994). In a

## Shirazi and Mortazavi

customer-focused business environment, organizations require radically a different mindset, strategy and management skills from what was the norm in the stable and supply-constrained environment of the past.

At organization level, there is a growing belief that the continuing technological innovation, the primacy of customer and knowledge, the changing values and working habits of the knowledge society demand different organizational form and emphasis. Such a structure is characterised as being responsive, flexible and cross-activity oriented. To achieve responsiveness and flexibility, organizations should bring decision-making processes closer to work and people who influence work and customers. The most appropriate form of organizations to enhance the interface between external and internal customers uses a network structure (Drucker, 1991, 1999; Toffler & Toffler, 1997; Bennis, 1997; Karpin, 1995). Limerick and Cunnington (1993), in their review of the literature, found that network organizations have loosely coupled networks and alliances, in which units are responsive to each other but retain separateness and their own identity. This requires management to promote empowerment and collaborative individualism.

At the resource level, particularly as related to human resources, it is argued that the ability to learn faster than one's competitors is essential for business competitiveness and success. Senge (1990) describes the learning organization as an organization where knowledge workers are characterised by their generative capacities for change and self-renewal. This highlights the constancy of change and deduces that continuous learning is a logical response to minimise uncertainty and risks. Learning organizations create continuous learning opportunities, encourage collaboration and team learning, learn from their past mistakes experiences, promote inquiry and dialogue, and empower people toward a collective vision. Figure 1 shows these interdependent drivers of Competitive Performance (CP):



**Figure 1** Competitive Performance Factors in the 21<sup>st</sup> Century

It should be noted that no claim is made here to suggest that the proposed factors of competitiveness are either new or exclusively future-specific. As Drucker (1999) points out, the changes, particularly in areas such as quality improvement and customer service, are already being felt in the business world with the prediction that their impacts will accelerate in the future.

### **3. Methodology and Research Design**

A survey questionnaire was designed and pilot-tested. It contained managerial competency items related to customer-focused, networking and learning clusters as well as other managerial competencies that have been found in the previous research to link to effective management performance. Of the 625 managers who were invited to participate in the study, 301 managers from major industries in public and private sectors completed and returned the questionnaire. The mean scores of items were used to rate the perception of importance of each competency. Spearman's correlation and One-Way ANOVA showed no significance differences ( $p>0.05$ ) between the respondents, enabling the study to proceed without the need for separate analysis of each category.

### **4. Findings and Discussions**

The information on personal data indicates that the average respondent is male, 35-55 years old, with at least 5 years of work experience. He is likely to have a bachelor degree in engineering and is working as a manager in the construction/property or communication/information technology industry in the private sector.

Mean score of competencies were used to rate the perception of their importance. Factor analysis was performed and thirteen factors, with eigenvalue greater than 1, were obtained which accounted for 63.4% of the variance (Table 1). A principal components analysis followed by a varimax rotation method with 125 iterations for convergence. The factor pattern provided a relatively strong support for the structure of the instrument.

## Shirazi and Mortazavi

**Table 1.** Factor analysis

Competency	Factor loadings												
	Factor 1	Factor 2	Factor 3	Factor 4	Factor 5	Factor 6	Factor 7	Factor 8	Factor 9	Factor 10	Factor 11	Factor 12	Factor 13
DIALOGI	0.644												
COLLABI	0.635												
EXPERTI	0.632												
EMPOI	0.624												
FEEDI	0.623												
COMI	0.618												
SHAREI	0.565												
INITI	0.558												
MUTUAI	0.553												
INVOLI	0.545												
CONFERI	0.532												
REFI	0.524												
OBSERI	0.509												
CLCONSI		0.761											
CLADVI		0.754											
CLWANI		0.739											
CLLISTI		0.725											
CLFEEDI		0.556											
CLREQI		0.531											
MOTIVI			0.575										
TEAMI			0.522										
RESISI			0.519										
NEGOTI			0.509										
ORGANI				0.738									
PLANI				0.724									
MISTI					0.579								
PASTEXI					0.518								
RISKI					0.501								
STRESSI						0.638							
OPTIONI						0.513							
SELFCOI						0.504							
OPPORI							0.729						
COACHI							0.668						
TECHI							0.66						
SELFI								0.651					
TOOLI								0.569					
PERSUI									0.65				
INFLUI									0.563				
POLITI									0.56				
FACTI										0.721			
MEASI										0.563			
CONPEI											0.703		
FOLLOWI											0.539		
RESPOI												0.664	
GOALI													0.722
ACTIONI													0.631

Here, each factor and its components is briefly described.

Communication: This factor includes competencies in communication, networking and learning clusters. It mainly describes the manager's abilities to communicate effectively

## **Shirazi and Mortazavi**

in order to build collaborative relationships with team members in and out of organization.

**Customer-focused:** The elements of this factor are highly correlated with the manager's performance. It is argued that effective performance is measured, to a significant extent, by the quality of manager-customer relationships. The finding suggests that customers expect managers to consult, advise, listen and act on their specific needs and expectations.

**Team-building:** This factor emphasises the nature of managers' jobs that heavily rely on getting team members to do a quality job. The competencies comprising this factor include the managers' abilities to motivate and build effective teams.

**Managerial:** This is a generic competency factor that correlates manager's effectiveness with their organizational and planning abilities. These skills, if performed effectively, can overcome many organization problems. The results suggest that effective managers have an above-average ability to organise resources and plan ahead.

**Learning-orientation:** Experienced managers who are perceived to be effective, use their learning curve to their advantage. They avoid past mistakes and reflect on their experience when making decisions. Argyris and Schon (1978) point out that to avoid repeating the same mistakes and improving organizational learning, the new information, theories or models should be embedded in organizational memory.

**Coping with stress:** Managers encounter many stressful situations in the course of their job. They are often called upon to mediate and resolve disagreements. In these situations which sometimes lead to heated arguments and unprofessional behaviors, an effective manager should set an example by staying calm, composed and at the same time, decisive.

**Training and Development:** This factor is related to the contribution that a manager makes in the personal and professional development of team members. Managers, who spend time to coach team members to do their job and provide work challenges and opportunities to learn new skills, are highly regarded.

**Self-confidence:** Whether a job faces a technical problem, interpersonal conflicts or lacks organizational support, effective managers use their technical, interpersonal or political skills to instil confidence in team members so that the tasks get done and the job is moved forward. Leaders are often seen as being self-confident, assertive and decisive.

**Persuasiveness:** This is a key factor that underlies leadership quality. It consists of the ability to influence and be politically-skilled. Persuasive managers are able to resolve interpersonal conflicts, secure the commitment of organization members, and forge alliances with key team members.

## **Shirazi and Mortazavi**

**Analytical:** The findings suggest that although managers are essentially people-oriented, they are required to make effective decisions to fulfil their control and integration functions. The ability to collect factual data, to make informed decisions, and to measure progress against predetermined milestones and targets, is a critical requirement for effective performance.

**Control:** Managers are not only goal-setters, but ensure that tasks get done within unit constraints and customer's expectations. The findings emphasise that once goals and tasks are set or negotiated, managers should follow-up what has been agreed and promised.

**Taking responsibility:** This factor highlights the manager's primary organizational responsibility, which is the efficient and effective completion of tasks. Although managers' positional power is not often matched with what is expected of them, once they accept to lead a team, they cannot pass on responsibility or blame others for failing to achieve organization objectives.

**Goal/action:** Managers' decisions and behaviors should always be seen in terms of their effects on overall goals. This is because tasks are initiated to fulfil specific needs. Managers through their organizations are selected to realise these goals and therefore satisfy customer's needs.

The findings show that an effective manager may be characterized as being responsive, proactive, effective communicator, team-builder/motivator, negotiator, and decisive. The study also supports the view, expressed by business management writers, that competitive business environment is making organizations more customer-focused. Managers seem to have responded proactively to this call and are paying a lot more attention to market pressure.

However, network and learning competencies were not rated highly in effecting managerial performance. This may be related to what managers perceive to be their job priorities and immediate concerns in a fast moving and competitive business environment. The findings may also suggest that most managers are not strategically positioned to realize the benefits derived from learning or long lasting collaborative relationships. They are essentially driven by short-term goals of their units, and tangible and immediate feedback (e.g. customer satisfaction) than long-term organization objectives. Further, since networking and learning are new performance constructs, respondents might have been unfamiliar with the specific elements of the constructs and their practical applications. Despite this finding, some studies support the effects of learning and networking competencies on managerial performance. For example, Robson (1993) found that poor record of performance is one of the key problems in construction industry. He argues that the industry needs the skills of reflection to form a learning base that can be used to promote innovation and change. In another study, Teare et al. (1998) compiled evidence on networking in the UK and the US companies. The findings showed that these companies are characterized by increased commitment and motivation, improved communication, a sense of learning and satisfaction derived from a blend of team members' skills and abilities.



## **5. Conclusion**

Most claims on the importance of learning and networking constructs in effective performance lack empirical supports. Further, there seems to be confusion over the appropriate language to describe these constructs. Most writers have failed to separate these constructs from similar managerial concepts, such as teamwork and training. Instead, it should be recognized that the criteria used to measure the effectiveness of these concepts differ from those used in assessing qualities exhibited by people working in organizations. Therefore, the future research should be clear on concept definition and behavioral manifestation of elements of each competency. It may also be helpful to conduct longitudinal studies to support the theoretical propositions with credible empirical findings.

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## Shirazi and Mortazavi

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