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## **Competency model as a tool of valuation of management capability**

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## **COMPETENCY MODEL AS A TOOL OF VALUATION OF MANAGEMENT CAPABILITY**

### **Abstract**

In the current business environment of constant change and turmoil occurs between businesses rivalry, which has an impact on their actual success and prosperity. Successful companies put primary emphasis on the quality of their managers' defined competencies. Competencies are becoming a key building element for the success of these businesses. Businesses regardless of their size, legal form of business and branch, in which they operate, are highlighting the importance of competency models and their usage. Competency model in corporate practice is an instrument of valuation of the managerial competence, which contributes to the development of managerial competences and to creating and sustaining of competitive advantage in business.

The aim of this paper is a comparison of the views of domestic and foreign authors on managerial competence perused through domestic and foreign literature. Based on the study of knowledge from literary sources we point out the nature of managerial competence. At the different kinds of competences as a valuation tool of managerial capability is highlighted the essence of the competency model, which in some way contributes to the improvement and refinement of management processes in companies. With the joining of several competences for a managerial position in the managerial triangle for a purpose we are talking about competency models in holistic management.

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The paper is a benefit in many of the recommendations and proposals for corporate and business practices that contribute to the creation, development and maintenance of the competitive advantages of the company owned by the company or in the future may become the owner.

### **Keywords**

Managerial competences, competency model, managerial capability, managerial competence valuation.

### **JEL Classification**

M54, M59

### **INTRODUCTION**

In the current era, full of changes and pressures arising from the business environment, the companies have increasingly higher demands on managers and their quality. For businesses, whatever their size, sector or legal form of the business is the quality of a manager an important competitive advantage. Many companies are already convinced this fact.

Some of them suffered from precisely the fact that the underestimation of this factor may also have negative consequences for the firm itself. Qualitative manager ensures a healthy booming business.

Finding answers to the question, what is a "qualitative" manager, what characteristics, abilities and skills he should have and thus differs from other, many companies can not find.

**KNOWLEDGE OF MANAGEMENT SKILLS AND COMPETENCIES. DISCUSSION.**

Managers with their activity in organizations significantly affect the competitiveness of the company and its financial results. Nevertheless, management development is often only a response to an acute problem and is not supported by a long-term strategy, which implementation managers have to ensure.

Businesses in that way take the risk not to breed leaders of the managers, which are able to focus on strategically important things, to learn from its own operation, to continuously improve the systems and to manage and effectively engage the intellectual and emotional capital that represents the people who they govern.<sup>1</sup>

In the current period we often face with the circumstance with which we must simply accept. A number of management positions in the business environment hold people incapable. These are people who hold positions primarily in middle and senior management.

They do not just have knowledge gaps and deficiencies, but also emotional shortcomings. Many of them lack the ability to lead people. Director often on the one hand has the required knowledge, on the other hand is not suitable to manage and to guide people.

His effort is wasted because he can not bring people to the fulfillment of their objectives and he also does not know how to motivate them. There are still some who are experts on the subject, but in practice they are unusable.

However, there is also the opposite situation, when the manager lacks essential knowledge of the subjects. In this case, these deficiencies he compensates with abilities he possesses. Capable subordinates can compensate for these shortcomings. What is the difference between a capable and incapable person?

Capable always speak about what they have done for their good results. The ability to see what I'm doing really good or bad is an important and a key factor in the success of all enterprises.

But if he tries something and ten times he fails, he looks for the epicenter where the error occurred, and why he failed. If he did not make it in ten times, ten times he used an incompetent procedure.

People, who see things very complicated, largely miss the point of a problem, and therefore they must obscure complex structures and find the real causes elsewhere than where they really are. This is one of the reasons why they can not solve problems.<sup>2</sup>

According to Woodruff, the competency is the behavior of the employee on the position, which leads to some expected results. Competent professional is that one who behaves just as it is supposed to behave in a given position and fulfill assigned tasks. To achieve expectations need to meet three conditions:<sup>3</sup>

1. the equipment with qualities, abilities, knowledge, skills and experiences to such behavior he necessarily needs,
2. the motive, why he should behave this way, which means that in the behavior he sees value and is willing to so act, that is to expend appropriate energy
3. the opportunity to behave in the given environment that way that he has no external constraints which would prevent him from doing so.

So a manager can be competent, all three conditions must meet simultaneously. They are equivalent to each other and if only one absents, it would be impossible to achieve competent performance of a manager.

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<sup>1</sup> KUBES, M. *Manazerske kompetencie a efektivnost organizacii*. On-line: <http://www.adda.sk/manazerske-kompetencie-a-efektivnost-organizacii>, Cit. 01.03.2012.

<sup>2</sup> PORVAZNIK, J. 2001. *Kompetentnost podnikatelov – zaklad udrzatelneho rozvoja organizacie v novom miléniu*. On-line: <http://www.bata-konference.utb.cz/2001/czech/referaty/porvaznik.doc>, Cit. 01. 03. 2012.

<sup>3</sup> KUBES, M. – SPILLEROVA, D. – KURNICKY, R. 2004. *Manazerske kompetence: Zpusobilosti vyjimecnich manazeru*. Praha: Grada Publishing, 2004. pp. 27.

With the joining of these conditions, needed to achieve a position of a competent manager, brings the company success and, ultimately, the creation of a competitive advantage. Such a manager we can designate as capable.

We distinguish 7 points, in which we characterize the concept of competence:<sup>4</sup>

1. as a set of declarative procedural and conditional knowledge arranged in the rules of procedure, which in certain circumstances allows not only to detect problems, but also to solve them.<sup>5</sup>
2. according to our knowledge and generalization, ability of the subject of management is given by the degree of his "capability" to exercise synchronously and holistic in identifying and solving human problems, human attitudes, expertise knowledge and practical usefulness.
3. From the study of the literature dedicated to capability results that the human capability is largely his individual dimension. Capability is entirely a personal matter of the subjects of management, thus each one of us. This is because every man has some tacit knowledge (IVKA CITATION). Also the processes of acquiring knowledge – learning, in order to achieve the appropriate level of capability is for each of us individually.
4. The term of capability has its origins in the activities of people associated with the world of work, the level and quality of its implementation. Today, however, the capability also applies in personal or social life.
5. The ability of management subjects can and should be valued. To the valuation of the managerial competence the management theories accredit a great attention. The aim of the experts is to express a level of managerial competence of individual subjects, with the greatest attention is paid to valuation of their intelligence (IQ) and the so-called applicative intelligence, which evaluates the ability of knowledge (AQ). Our aim is to evaluate the holistic managerial capability, which in addition to the above also includes assessment of personal characteristics, which are based on emotional properties and therefore holistic human intelligence includes all three types (IQ, AQ, EQ).
6. In the literature, the following definitions of the level of competence occur:
  - a) the basic rate of capability,
  - b) the greater rate of capacity,
  - c) the developed rate of competence.
7. At the level of organizations with complex structure, but also on their parts requirements for the attestation of managerial professions emerge. This means that the profession should be performed only by a person who acquired a certificate after the valuation. It is expected that the theory of holistic management will define the management capabilities expected from managers at various levels of management. The need for management profession is not at all a matter of fashion. Capability is measurable not only in the assumptions for managers, in their holistic intelligence, but also in their performance achievements.

Table 1 provides an overview of management capabilities that affect a high operational performance of a company.<sup>6</sup>

<sup>4</sup> PORVAZNIK, J. 2008. Socialna zrelost manazerov – rozhodujuci pilier ich kompetentnosti. Podstata kompetentnosti subjektov manažmentu. In: *Dialogy – Manazment podnikania a veci verejnych*. SAM – Klub manazerov, No. 4, Vol. II., 2008, s. 10-11.

<sup>5</sup> PAGUAY, L. 1995. *Transmettre des connaissances ou développer des compétences, dur faux dilemne a de vraies priorites!* Louvain – la – Neuve: Universite catholique de Luovzin, 1995.

<sup>6</sup> COCKERILL, T. – HUNT, J. – SCHRODER, H. 1995. Managerial Competencies: Fact or Fiction? In *Business Strategy Review*, 1995, Vol. 6, No. 3, p. 5.

Managers capability	Characteristic of the behavior of the manager
Searching for information	It collects various types of information and uses a wide variety of sources in order to generate a valuable information environment for the needs of decision making in the company.
Development of the concept	It compiles frameworks and models, creates concepts, hypotheses or ideas on the basis of information, it recognizes formulas, trends and relationships of cause and effects by searching connections between heterogeneous information.
Conceptual flexibility	In the frame of planning and decision making it identifies several acceptable and accomplishable alternatives, while it deals with various options and it assess their advantages and disadvantages.
Interpersonal search	It uses open and exploring questions, summaries, paraphrasing, etc. in order to understand the thoughts, imaginations and feelings of others, it can understand the events, conflicts, problems and opportunities from the view of others.
Management of interactions	It requires from others but also it is able to create conditions for cooperation, in which team members feel appreciated, have authorities and share goals.
Orientation on development	It creates a positive climate in which employees are exactly and right aware of their strengths and limitations, it provides resources for coaching, training and development in order to improve performance.
Influence	For the supporting of ideas, strategies and values it uses different methods, for example persuasive arguments, model behaviors, it invents symbols, creates alliances, it appeals to the interests of others.
Self-confidence	He has his own opinion, is decisive, he expresses confidence in success of future operations.
Presentation skills	He presents ideas clearly, with ease and in an obvious way for others; he effectively uses technical, symbolic, non-verbal and visual aids.
Proactive orientation	He structures the task of the team, implements plans and ideas, takes responsibility for individual situations in all the aspects, even beyond the normal limits, he also is responsible for the success or failure of the team.
Orientation on success	He has a high standard of work, sets ambitious, risky, but achievable goals, wants to do things better, to improve himself, to be more effective, he measures the progress destined towards goals.

Tab. 1 Management capabilities for ensuring high performance

When asked what foregoes to the expected behavior, the hierarchical structure of the competence model responds as illustrated in Figure 1. This means that when we understand the internal division of competences, we are likely to predict human behavior in different social situations.

Individual parts of the personality, which enter into competence, we can divide into different categories: motivation, character, affectus, knowledge, skills and behavior. People have different assumptions to achieve the expected behavior.

They are affected by many factors, which prevent them to achieve the expected behavior. For these reasons they are in varying degrees ready to behave the way someone wants. Someone lacking knowledge, someone incentive other has low self-confidence or lacks emotional intelligence.

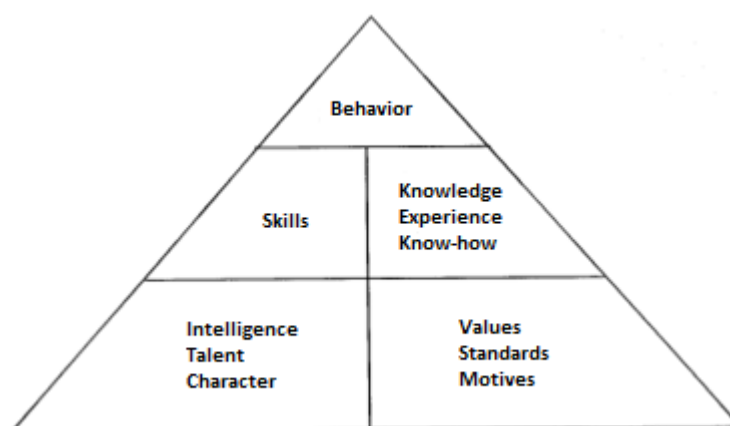


Fig. 1 The hierarchical model of the structure of competence<sup>7</sup>

The model describes the hierarchy of various parts of competence which leads to a particular behavior. In order for a person to do something, he must know why, that means the motive, which leads him to behave.

The motivation is spooled from values and norms, everyone motivates something else. Personal characteristics, affectus are specific features of a man, which are born and they regulate our emotional responses to stimuli from the environment.

The middle level consists of skills, experiences and knowledge gained during the life of study and practice, which are prerequisites for the proper execution of tasks.

An employee can be motivated and have congenital conditions, but if he lacks the necessary knowledge and experiences, it is not possible for him to achieve the desired behavior.

The behavior leading to high performances is only possible with the synergy of all parts of the competence that is the worker is motivated, has inherited assumptions, which together with his knowledge and experience acquired during life, make him to behave competently.

For fulfillment of the current challenging tasks of the individual businesses, organizations and institutions baseline skills of the manager are not enough. Adopting of higher and advanced capabilities is necessary, but also particularly difficult.

Many managers who achieve very good results in their field of their professional issues do not confirm this fact. They lack higher and advanced leading skills.

This is due to the fact that generally they have not completed an adequate training in this regard, individually studied these questions, do not envisage over them, were not members of research teams, did not follow complex projects and did not lead large workgroups in the fulfillment of complex tasks.

The competence model in the management of each object means the capability of managers to control the required work to ensure quality and efficiency. The capability of managers is not only in their professional skills, but is determined also by the other two dimensions – the practical skills and social maturity."<sup>8</sup>

<sup>7</sup> KUBES, M. – SPILLEROVA, D. – KURNICKY, R. 2004. *Manazerske kompetence: Zpusobilosti vyjimecnich manazeru*. Praha: Grada Publishing, 2004.

<sup>8</sup> SAJBIDOROVA, M. 2007. *Vzdelavanie manazerov v oblasti IKT ako vyznamny fenomen zvysovania urovne manazerskych kompetencii*. On-line: [http://www.fem.uniag.sk/konferencie\\_a\\_seminare/ki/itvrav2007/zbornik/SajbidorovaM.pdf](http://www.fem.uniag.sk/konferencie_a_seminare/ki/itvrav2007/zbornik/SajbidorovaM.pdf), Cit. 01.03.2012.

The four-dimensional model of competence reflects the intellectual, physical, emotional and moral potential:<sup>9</sup>

- Intellectual potential that is education, information, knowledge, ability to practically use the knowledge, the ability to teach themselves and others.
- Physical potential that is operational efficiency, the ability to lead others, stress management, the ability to serve more than average performances, time management.
- Emotional potential that is self-knowledge, self-control, empathy, the ability to inspire and motivate others, ability to work in team, motivation.
- Moral potential that is honesty, ethics, decorum, fulfillment of promises, fairness, respect for the principles and defined rules, loyalty.

Manager competences can be defined as a set of knowledge, skills, abilities and experiences as well as physical and mental readiness to use these qualities to effectively execute certain tasks (functions and roles) in accordance with the allocated power and the general expectation.<sup>10</sup>

Under the term managerial competence we understand the readiness of subject of management – the owner, manager and employee – manage and lead their own work and the work of others so the result would be a real measure of added value, that is, to define goals, implement them and evaluate them so that their organization would be successful.

This definition is based on the definition of the objects of management as systems of knowledge about the requirements for the competence of the subjects of management:<sup>11</sup>

- about what should they have knowledge, so they would be skilled subjects (level of intellect)
- about what characteristics they should have, so they would be socially mature subjects (degree of emotional intelligence)
- about what abilities they should have to be practically skilled subjects (degree of experiences, skills and ability to use them in practice).

About this fact informs the Figure 2 - the triangular model of the managerial competence.

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<sup>9</sup> KOSTURIAKOVA, M. 2009. Rozvoj a meranie ludskeho potencialu v podniku, In *Prumyslove inzenyrstvy*, 1/2009. pp. 27

<sup>10</sup> MIKA, V. 2001. Personality and Competencies of Crisis Managers. In *The 6th International Conference „Global Business & Economic Development“*. Montclair State University & Univerzita Komenského, New Jersey – Bratislava, 2001, pp 8.

<sup>11</sup> PORVAZNIK, J. 2003. Ohodnocovanie manazerskej kompetentnosti. In *Vybrane problemy ohodnocovania podniku*. Study text, 1st part. 2003. pp. 226.

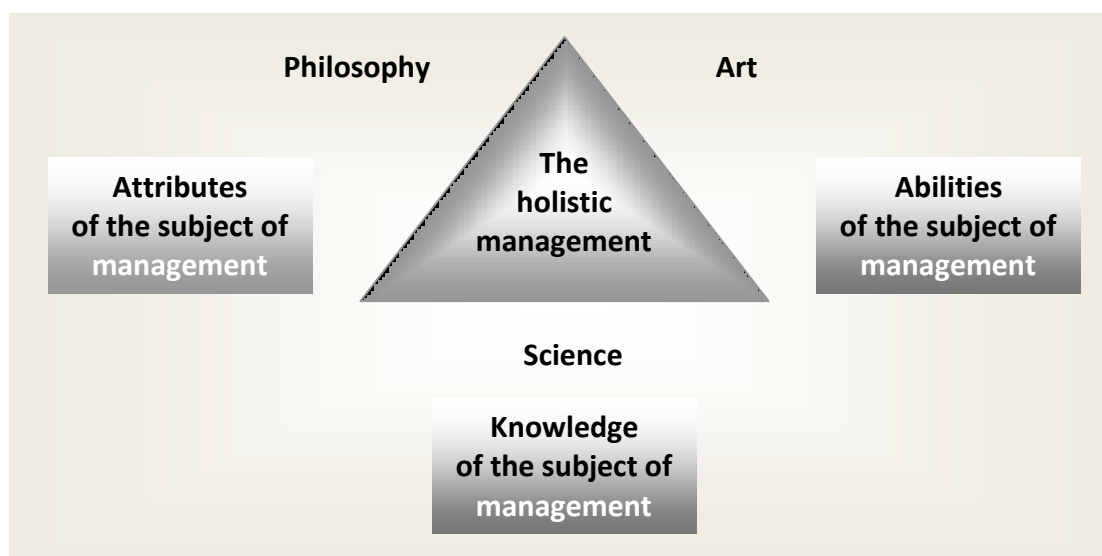


Fig. 2 The triangular model of pillars of the managerial competence

To have prerequisites such as knowledge, skills and attitudes still does not mean to be successful. This statement clearly defines the objective with which the competencies are used – we are more interested in what a person does, not which prerequisites he has. If we are interested in his prerequisites, we do so to help their use in practical work (Figure 3).<sup>12</sup>

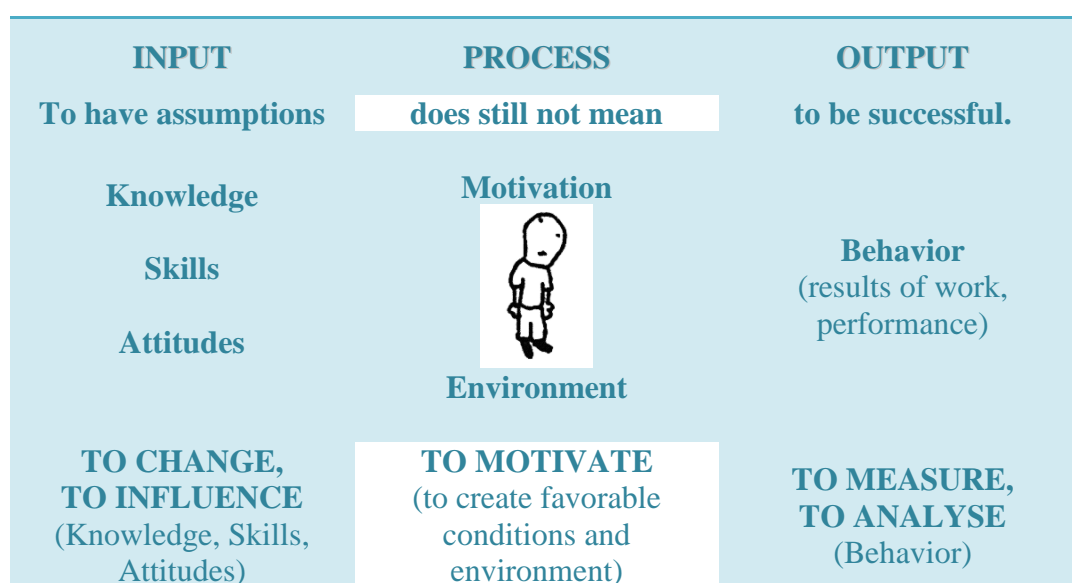


Fig. 3 The competence as a model of process

Several authors deal with comparison of the performance of managers in measurements of IQ and EQ. According to Goleman<sup>13</sup>, the emotional quotient of an individual consists of seven capabilities: self-awareness and the own qualities, self-motivation, persistence, impulse control, mood control, empathy, optimism.

<sup>12</sup> HULIN, M. 2008. *Zaverecna sprava z prieskumu pre potreby standardizacie minimalneho kompetencneho profilu mladeznickeho vedeceho*. Kompetencie pre prax. On-line: [http://david.ergomedic.sk/\\_webpage/uni2010/page-nodb/index.php?go=kompeticie](http://david.ergomedic.sk/_webpage/uni2010/page-nodb/index.php?go=kompeticie), Cit. 30. 7. 2012.

<sup>13</sup> KOSTURIAKOVA, M. 2009. Rozvoj a meranie ludскеho potencialu v podniku, In *Prumyslove inzenyrstvy*, 1/2009. pp. 28.



The practice confirms the fact that successful managers are the ones who have highly developed emotional intelligence. Up to 80-90% of the competencies that distinguish managers with average and above-average performance, are in the field of emotional intelligence. This fact is shown in Figure 4.

<b>Self-awareness</b> - emotional awareness of myself - accurate self-assessment - self-confidence	<b>Social awareness</b> - empathy - organizational awareness - services
<b>Self-management</b> - self-control - transparency - adaptability - initiative - optimism	<b>Relationship management</b> - inspiration - impact - development of others - catalyst for change - conflict management - cooperation

Fig. 4 Competencies associated with the emotional intelligence<sup>14</sup>

Given by the fact that in the field of managerial competencies new trends arise, it is necessary to highlight that from the managers operating at different levels of the management triangle in the phase of radical changes in the business environment due to dynamic and turbulent environments it is expected to swiftly adapt to these changes, to sort and chose the correct information and mainly communicate effectively.

In the process of globalization and integration the importance of this aspect becomes an increasing importance. Researches show that the most important competencies of a successful manager in the future will be strategic thinking to cope with the task of a brain center.

With this thinking the manager will be able to respond to unforeseen facts that affect the management of the company, the quality, the financial management processes, the reducing of processes by associates, to continuously use of computer technology, the efficiency of the communication process, the changes in the organizational structures and decision-making risks.

## COMPETENCY MODEL

Key competencies of employees are the company's ability to turn their strategies into reality. Competencies, which are a requirement for the successful transformation of business strategy into reality, comprise to the so-called competency model. It serves for a quick and clear focus what people the company needs, what characteristics, skills and abilities are typical and desirable for it. In addition to the search and selection the competencies play a major role in managing performance, remuneration, training and further development.

Creation of a competency model for employees is a strategic and integrated approach of definition, identification and subsequent development of key skills of staff.<sup>15</sup>

The competency model includes the individual competencies which are selected from all the possible and sorted by the same key. It must have continuity on both business strategy and personnel strategy, both at individual personnel actions.

<sup>14</sup> KUBES, M. – SPILLEROVA, D. – KURNICKY, R. 2004. *Manazerske kompetence: Zpusobilosti vyjimecnich manazeru*. Praha: Grada Publishing, 2004.

<sup>15</sup> SLOBODOVA, E. – SULIK, I. *Vyber manazerov prostrednictvom kompetencii*. On-line: [http://www.jeneweingroup.com/dokumenty/others/vyber\\_manazerov.pdf](http://www.jeneweingroup.com/dokumenty/others/vyber_manazerov.pdf). Cit. 05. 05. 2012

The business strategy means from to what point or horizon the company heads and what essential resources it will vote. Personnel strategy is an elaboration of this journey into the system of workings with human beings. These two strategies are connected by a bridge through what people walk from the right side to fulfill the business strategy. This bridge has characteristics of a competency model, as shown in Figure 5.<sup>16</sup>

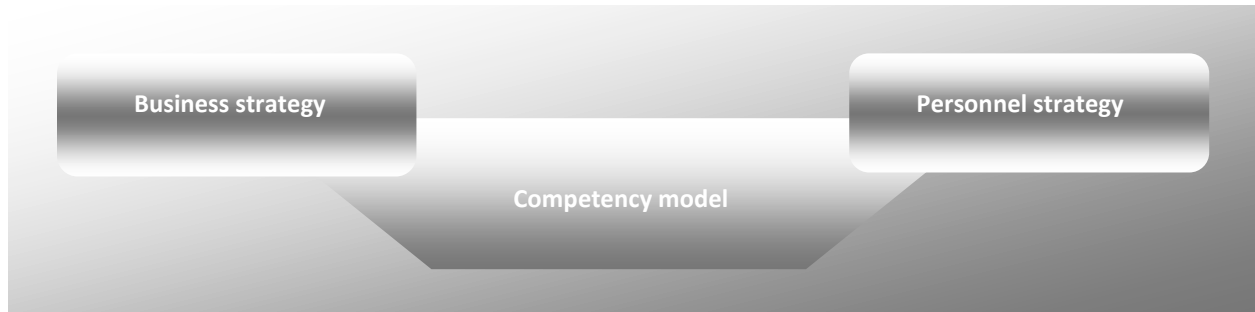


Fig. 5 Competency model as a bridge

The advantages of a competency model are:<sup>17</sup>

- unifying the "language" of managers and recruiters,
- providing uniform criteria for selection and evaluation,
- connectivity with evaluation of "numbers"
- the basis for a system of evaluation, compensation and development,
- an option to design targeted development programs.

The competency of the subjects of management, which is desirable to apply in any organization is based on three dimensions (pillars):<sup>18</sup>

1. expertise (expert prowess)
2. personal characteristics (personal maturity)
3. practical skills (application abilities).

<sup>16</sup> HRONIK, F. 2007. *Rozvoj a vzdelavani pracovníku*. Praha: Grada Publishing, 2007, pp. 68.

<sup>17</sup> HRONIK, F. 2006. *Hodnoceni pracovníku*. Praha: Grada Publishing, 2006, pp. 30.

<sup>18</sup> PORVAZNIK, J. 2007. *Celostny management*. Bratislava: Poradca podnikatela, 2007, pp. 32.

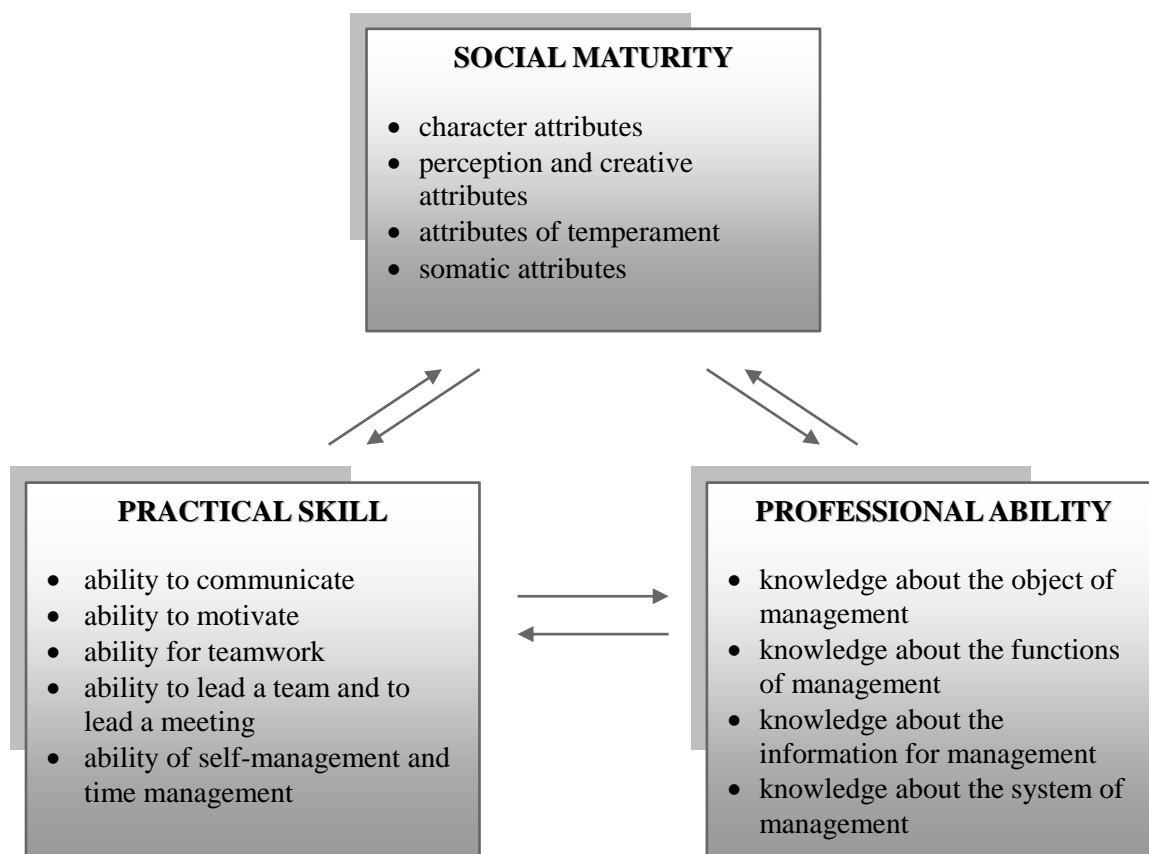


Fig. 6 Model resolution (structuring) of the pillars of competence

A competency model describes a concrete combination of knowledge, skills and other characteristics of a personality that are necessary for the effective fulfillment of tasks in the company. It is linked to a specific managerial position, specific company and specific type of business. It reveals differences between what the company declares that it expects from its people and between what in fact requires from them. It unifies the view of what is needed in the future, what behavior we should encourage, develop and reward.<sup>19</sup>

“The competency model is for the enterprise just like a compass for the seaman. It consists of competencies. The summary of qualities, skills, abilities and other capabilities of employees, which they need for a good performance on their position, we denoted by the term competence. Most attention is given to managerial competencies as from qualities of managers the long-term success of the enterprise largely depends. The group of core competencies creates a competency model.

It enhances the quality of work with people in four areas, because you know better:

- to select suitable candidates,
- to purposefully develop your people really only in the substantial,
- to identify and to develop managerial talents,
- to use the evaluation for the continual growth of the company and its people.

<sup>19</sup> KUBES, M. – SPILLEROVA, D. – KURNICKY, R. *Manazerske kompetencie*. On-line: [http://www.krajciovka.sk/BPM/ks\\_manazerskekompetence.pdf](http://www.krajciovka.sk/BPM/ks_manazerskekompetence.pdf). Cit. 01.03.2012.

Each competency model, what we create, contents a describing of competencies and their overall contribution for the company, typical exposal of behaviors, measurable, observable and developable; the evaluation scale for each competency.<sup>20</sup>

To select the appropriate competency model it is important to correctly determine abilities, thus the resolution of those which provide only mediocre success. So it is only a sort of meeting of requirements for the position, but not an overlapping of the average. The manager may have a myriad number of abilities, skills and knowledge, but only a small part of them has a high proportion on his overall success.

For an illustration we introduce a concrete example of a competency model for a bank employee, which shows the Table 2. This model summarizes the competencies required for the bank employee who comes into the contact with customers. It is a kind of a profile for a given job.

Competencies for delivering work	Social competencies
<ul style="list-style-type: none"> <li>- focus on target</li> <li>- organizational skills</li> <li>- ability to analyze</li> <li>- risky behavior</li> <li>- sales technique</li> <li>- ability to decide</li> <li>- ability to work with information</li> </ul>	<ul style="list-style-type: none"> <li>- ability to arrange contacts</li> <li>- team work ability</li> <li>- rhetoric</li> <li>- ability to present oneself</li> <li>- ability to resolve conflicts</li> <li>- company manners</li> <li>- adaptation ability</li> </ul>
Personal competencies	Professional competencies
<ul style="list-style-type: none"> <li>- own initiative</li> <li>- willingness to constantly learn</li> <li>- ability to take responsibility</li> <li>- stressability</li> <li>- loyalty</li> <li>- entrepreneurial thought</li> </ul>	<ul style="list-style-type: none"> <li>- business-economical skills</li> <li>- knowledge of the banking sphere</li> <li>- knowledge of the national economy</li> <li>- regional market and industry knowledge</li> </ul>

Tab. 2 The competency model for a bank employee<sup>21</sup>

“The competency model thus:

- describes a specific combination of knowledge, skills and other characteristics of a personality that are necessary for the effective performance of the tasks of the organization;
- is related to a specific managerial position, specific companies and specific type of business;
- reveals the differences between what the company declares that it expects from its people and between what it is in fact requiring,
- unifies the view of what is needed in the future, what behavior we should encourage, develop and reward,
- brings into the human behavior a very strong element of measurability,
- helps at:
  - a) personnel selection,
  - b) staff development,
  - c) performance evaluation,

<sup>20</sup> ADDA CONSULTANTS. *Kompetency model*. On-line: <http://www.adda.sk/kompetency-model>. Cit. 01. 03. 2012.

<sup>21</sup> LANG, K. 2001. *Personalfuehrung*. Wien: Linde, 2001. pp. 28.

- d) career development and
- e) planning employee promotion.

A competency model brings the company a benefit and added value in form of strengthening of its competitive position.”<sup>22</sup>

### VALUATION OF MANAGERIAL COMPETENCE

If we look at the valuations absolutely general, the expert international standards define four types of assets that the company should evaluate. It is the immovable property (buildings, halls, constructions, land, etc.), personal property, tangible assets (machinery and equipment) and intangible assets. The intangible assets are classified by the matter relating to intellectual property, such as marketing know-how, industrial rights property and the said management capability (i.e. employees, managers, owners).<sup>23</sup>

Many experts do not differ and do not use the terms valuation and evaluation and they use one term – measurement. The Measurement of capabilities of the people is much more difficult and complex, and therefore more and more – in line with international valuation standards – is instead of measuring and evaluation more apt to use the term competence valuation, valuation of knowledge assets.

Management capabilities which are valued and their structure is based on three pillars:

1. Personality capabilities – they tell about the manager if he knows why and for whom he works, for whom he does what he does. They indicate the level of social maturity of the subjects of management. Features are: capabilities associated with the character, capabilities associated with the cognition and creativity, capabilities associated with the temperament, capabilities associated with the somatic.
2. Expert capabilities – if the manager knows what he has to do. They indicative about the expert abilities of the subjects of management and they are also referred as functional capability. Features are: capabilities to think systemically and holistic, capabilities combined with the knowledge of the object of the management, capabilities associated with the use of the management functions, capabilities associated with the use of information in management.
3. Application capabilities – if the manager knows how to do something, what needs to be done. These are practical skills of the subjects of management. Features are: capabilities of self-management, capabilities to work in a team and lead a team, capabilities to motivate, capability to communicate.<sup>24</sup>

The valuation in the current companies has a large importance because companies are exposed to a changing business environment. In some way it contributes to the creation of competitive advantages and their maintaining. The valuation of all capabilities is also used for valuation of the capabilities of managers. The results inform us about what is needed in the business to amend, improve, enhance or maybe streamline.

### CONCLUSION

In today's changing business environment, it is important to pay an enormous attention to persons who hold higher positions mainly in managing companies. The rating system should become part of any company that tries to succeed in the competition.

<sup>22</sup> KUBES, M. – SPILLEROVA, D. – KURNICKY, R. 2004. *Manazerske kompetence: Zpusobilosti vyjimecnich manažeru*. Praha: Grada Publishing, 2004. ISBN 80-247-0698-9. 183 pp.

<sup>23</sup> Porvazník, J.: Celostný manažment. Poradca podnikateľa, spol. s r.o., s. 467.

<sup>24</sup> Porvazník, J.: Celostný manažment. Poradca podnikateľa, spol. s r.o., Žilina 2007. s. 471 - 472.

It is important this system shall be formal, that means shall have certain rules, shall exercise regularly and the results shall be recorded regularly. When employees know that the results of their evaluation of work performance will be reflected on the further operation of the company as their remuneration, will try to serve as much power. Ensure the prosperity of the company.

With the assessing the company also checks if the employees have the necessary competence to perform the profession. Currently competencies increasingly become the basis of many HR activities and they are the "building block" to gain competitive advantages for the company.

Such a system can and will be a benefit for the company. Without professional skills a manager can not exist. However, there are still other components of the holistic competence that must be respected. Personable and applicative capabilities are gaining an increasingly importance in the selection and evaluation of a manager. Therefore, it is very important to know how to evaluate not only the professional (knowledge), but also the personable and the applicative capability.

The evaluation based on the competency model provides the company an amount of positives. A competency model is a combination of knowledge, skills and other personality characteristics that are necessary for an effective performance of company tasks and the achievement of the company's prosperity and competitiveness.

We appreciate the fact that some companies due of their uniqueness recently started to use competency models tailored to what gives those companies a competitive advantage and improves the management processes.

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