

THE CONCEPT OF HOLISTIC COMPETENCE OF MANAGERS IN THE TENDERING PROCESS IN SMALL AND MEDIUM-SIZED ENTERPRISES IN THE CZECH REPUBLIC

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Abstract The success of any organization depends on many factors. One of the most important factors are undoubtedly human resources and human capital. This paper deals with the holistic competences of the employees who were recruited to the position of managers mainly in the category of small and medium-sized enterprises (SMEs). The main aim was to determine and compare the level of holistic competence during the selection of recruits to managerial positions in small and medium-sized enterprises and in large enterprises. Data were collected through a questionnaire survey in enterprises executing their activities in the territory of the Czech Republic. The research results confirm the authors' assumptions that the selection of the employees at the managerial positions is assessed in their holistic competence to a greater extent in large enterprises than in small and medium-sized enterprises..

Keywords: Small and Medium Enterprises (SME), Holistic Management, Competence, Tendering Process, Human Resources Management (HRM).

1 Theoretical background

Small and medium-sized enterprises (SMEs) are defined in the laws of the Czech Republic and the European Union. There are two key factors to determine whether the company belongs to a group of SMEs: the number of employees and the annual turnover or the annual balance sheet.

Small businesses have by these determinants 10 to 49 employees and an annual turnover or balance sheet in the amount of 50 million EUR. Medium-sized enterprises have 50-250 employees and 50 million turnover and 43 million total assets.

Personnel strategy by Armstrong (1999) is supposed to help the organization to achieve its goals, react to any change in a complex organization strategy, connect external influences and their effects on the internal specifics of the organization. The HR strategy is consequently based on personnel policy, which presents the concept of basic rules for its own implementation of specific practices of personnel management and human resources management in the organization. Kociánová (2012) Many businesses from the category of small and medium enterprises (SMEs) have not created any personnel strategy. The tendering processes especially for management positions should therefore be an integral part of their personnel policy, hence the HR strategy and strategy of each company. Their progress, evaluation and impact on the running of the company are still areas, which are underestimated by the management representatives of small (usually the owner) and medium-sized enterprises (owners, HR). The consequences of improperly performed and underestimated conditions by managers might just be completely destructive for this category of businesses. The literature offers a large number of best methods and perspectives of many renowned authors, mostly from the ranks of managers, psychologists and sociologists. However not all methods and techniques are appropriate or suitable for the use in a production environment of SMEs.

The method of recruiting employees generally includes the method of examination of the documentation and the method of a personal interview, which are typical and widely used in the business practice of MSP. Large and multinational companies approach the selection of its managers with a higher responsibility and they use more sophisticated methods, such as testing methods of employment eligibility, methods of making or using existing competency models, Assessment Centers, model Competing Values Framework (Quinn, 2003; Govender and Parumasur, 2010), model High Performance Managerial Competencies (Schroder, 1989) or Holistic model of Competence (Porvazník, 2011). The disadvantages of such approaches for representatives of SMEs can be described as an excessive specificity (for example, competency models, which had been created before, when the number of required specific

person manager and their ability to select the key competencies that characterize and make speeches about a particular behavior), time (eg, creation of own competency model) or financial requirements (for example, in the case of the use of Assessment Centre). (Kubeš, Spillerová, Kurnický, 2004).

Among the current trends in human resource management of the third millennium we can classify, according to Kociánová (2012), holistic management, age management, talent management and CSR - Corporate Social Responsibility. CSR of the organization is made up of four pillars - economic, legislative, ethical and charitable. Additionally, the last mentioned method of selecting managers – The Method of Porvazník's holistic model of competence - based not only on the principles of holistic management, but it also corresponds with the principles and fundamental pillars which a socially responsible organization stands on.

The Model of holistic competence (capability) of managers is very comprehensive, as it presents a comprehensive view of any entity of management, not just the managers, but any individual, team or company. It is based on a holistic management, which is set on system sciences, and consequently the concept of managerial competence, which offers a view of the competence of the management in three basic pillars:

1st pillar of social and personal maturity - SM,
2nd pillar of practical and application skills - AS,
3rd pillar of general and expertise knowledge – GK.

The individual pillars of the competence of a manager interact synergistically. The holistic competence and the intelligence of a manager can be defined in this relation:

HC = SM, AS, GK or even SQ = CQ, AQ, VQ

The competence level of the individual manager is a holistic model of competence by Porvazník (2013) and it is given by the following relations:

The level of social maturity
SM = SM1, SM2, SM3, SM4, SM5, SM6, SM7, SM8,

The competencies (knowledge), general knowledge
GK = GK1, GK2, GK3, GK4,

The level of application skills
AS = AS1, AS2, AS3, AS4.

Fig. 1 describes the internal structure of three pillars of their individual parts. The Pillar of social maturity is divided into eight specific personality traits, knowledge pillar consists of four sub-components of the knowledge and the Pillar of application skills consists of four components of practical skills management entities. This gives a total of sixteen parts of the three-pillar model of holistic competence (Porvazník, 2013).

The figure also shows that in the hierarchy of the holistic model of competence the front pillar of social maturity occupies the most important place (Porvazník, 2011). This fact, as well as the competence of division into three pillars and their further decomposition into individual components is based on the author's nearly fifty years of scientific research and academic teaching activities. The author, however, also relies on the current state of knowledge of management practices, when experienced managers and multilingual professionals, preferably with a number for the company "desirable contacts" are chosen and recruited, but without any emphasis on their social maturity. The consequences of such a choice may be very negative for the company, in many cases, liquidation. As for the personal failure of such chosen managers and consequently even the failure of the entire enterprise – it is just the social immaturity of these managers..

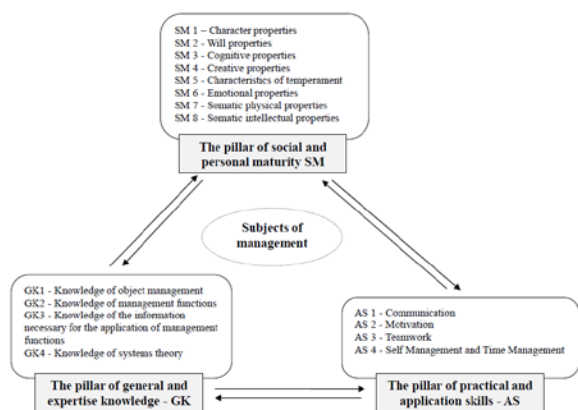


Fig.1: Model holistic competence (Porvazník, 2013)

1 Methodology

The following chapter is focused on clarifying the procedures and methods that were used in the processing of the present article. In its treatment it was necessary to use a whole variety of methods and techniques, known as logical methods and the methods used in the context of quantitative research. In the context of evaluating questionnaire was used interval measurement and subsequently they were mentioned in tables by value of scale average values (\bar{h}), the percentage expressing scale values (p).

With the help of the χ^2 – test we verified figures, which were obtained by measuring the reality and they differ from the theoretical proliferation, which corresponds to a given zero hypothesis.

χ^2 – test begins by formulating a zero and alternative hypothesis. Generally speaking, the null hypothesis (denoted H_0) is the assumption that there is no relationship between phenomena like continuity and contrast. Alternative hypothesis (denoted H_1) is a contrary assumption that there is a relationship between the observed phenomena like continuity and contrast.

In the first step was generated the hypothesis that sounds this:

In large enterprises with the selection of the employees to managerial functions the holistically competence of an applicant is assessed to a greater extent than in small and medium-sized enterprises.

The next stage represents a critical review of the literature. By using different and relevant data the sources are conducted and elaborated in a theoretical background that supports the arguments and statements, demonstrates the familiarity with a field of research, namely the articles in refereed academic journals, books, newspapers, annual reports and the searching of the available and relevant home pages via the Internet belong among the variety of secondary data.

The third step includes an illustration of authors' reasoning and concerning the analysis, using a questionnaire survey.

The questionnaire was constructed and based on the study of primary and secondary sources listed above. This pilot survey was conducted in 250 organizations in the Czech Republic.

Survey respondents were selected on the basis of a deliberate choice. The team examined did not decide the element of chance, but the judgment of the researcher. Control characters when creating quota sampling was territorial level. Selected companies had carried out its activities in the Czech Republic. The final number of processed questionnaires was 78, ie. rate was 31.20 %. When collecting data in order to obtain it (in terms of number of employees) mainly small and medium-sized

enterprises (SMEs), which had been assessed cumulatively (29 small and 23 medium-sized enterprises). This criterion was met, since SMEs accounted for two-thirds share of enterprises whose data were analyzed in the framework of the qualitative part of the survey. Data from 26 large enterprises with more than 250 employees were also analyzed, representing 33.3 % of analyzed questionnaires.

The questionnaire was sent by post or by e-mail. Data collection took place from September 2013 to February 2014.

The questionnaire included two dichotomous questions, one multiple-choice question where respondents had to choose the type of organization based on the number of employees and 19 questions where the respondent determined the degree of agreement using a five-point Likert scale. Questionnaire as a method of quantitative research is appropriate to use in the terms that the author of the questionnaire had secured them for a sufficient return. Under this condition over the applicable method, the main benefits are:

- Low cost of data collection,
- Possibility of recouping a large sample of Respondents,
- Relatively low time-consumption.

Questionnaire investigation has its limits and, therefore, it will be given in the next section method research supplemented by structured interviews with experts in the Human Resources Management area.

The survey questionnaire was assured return for help colleagues and personal contacts gained during the period of cooperation with practices that contributed to the high rate of return questionnaires.

3 Analysis and findings

The main objective of the survey was to determine and compare the level of holistic competence during the selection of recruits to managerial positions in small and medium-sized enterprises and in large enterprises.

On the basis of a questionnaire survey the Holistic level of competence was analyzed in the selecting recruits to managerial positions in enterprises executing their businesses in the Czech Republic. This level was assessed on the basis of the model presented in holistic competence in these theoretical approaches:

- The level of social maturity
SM = SM1, SM2, SM3, SM4, SM5, SM6, SM7, SM8,
- The level of general knowledge
GK = GK1, GK2, GK3, GK4,
- The level of application skills
AS = AS1, AS2, AS3, AS4.

Respondents were mainly from small and medium-sized enterprises. Structure of respondents by number of employees displayed in Tab. 1

Tab. 1: Structure of respondents by number of employees

Small and medium-sized enterprises (SME)	52	0,67
Large enterprises	26	0,33
	78	1

Respondents determined the peace of their agreement by using five-point Likert scale. A value of 1 meant that respondents completely disagree with the statement that the criterion in the selection of employees for managerial positions assesses the value 5 meant that respondents fully agree with the statement that the criterion in the selection of employees for managerial positions assessed. The higher average value (\bar{h}) the criteria by respondents to a greater extent agree with the statement that the criterion for selection consideration.

Tab. 2: *The level of general knowledge*

	(n)					h
	1	2	3	4	5	
GK1 - Knowledge of object management	7	15	29	15	12	3,13
GK2 - Knowledge of management functions	7	9	12	25	25	3,67
GK3 - Knowledge of the information necessary for the application of management functions	4	12	22	32	8	3,36
GK4 - Knowledge of systems theory	8	16	33	18	3	2,90

Tab. 2 shows that when choosing employees for managerial positions there are considered in particular knowledge of management functions. 25 respondents (32.05%) indicated that companies fully apply to this criterion. Knowledge of the functions of management (planning, organizing and control) therefore it is positive that the analyzed companies pay considerable attention ($h = 3.67$) to this issue.

It is necessary that the members of the administrative bodies are familiar with the current state of the financial and business side of the company, the strategy for its further development and the possible problems and challenges that currently the administrative authority of the organization addresses. The average value of this criterion is at 3.13. Certainly there is possibility for improvement.

As can be seen in Tab. 2, in the analyzed organizations the largest reserves have been found in the assessment of knowledge of systems theory, since the average value of the options stood at 2.90 and up to 8 respondents (10.26%) it is believed that the criterion in the selection of employees for managerial positions are not assessed at all.

Tab. 3: *The level of application skills*

	(n)					h
	1	2	3	4	5	
AS 1 - Communication	5	10	20	29	14	3,47
AS 2 - Motivation	4	13	10	29	22	3,67
AS 3 - Teamwork	3	11	24	19	21	3,56
AS 4 - Self Management and Time Management	6	9	15	23	25	3,67

The conducted questionnaire survey showed that the area of the application of skills to the greatest extent in recruitment for management positions is assessed by level of motivation, self management and time management ($h = 3.67$). However, it should be pointed out that 7.69% respondents said that the teamwork no consideration to the level of self management and time management, where is certainly possibility for improvement (Tab. 3).

It is surprising that the worst was evaluated the level of communication ($h = 3.47$). Fourteen respondents (17.95%) indicated that the criterion is not applicable in their organization, or almost not at all (up 37.18%). It is considered to be able to communicate as an important and essential skill of a manager.

Tab. 4: *The level of social maturity*

	(n)					h
	1	2	3	4	5	
SM 1 - Character properties	8	14	21	22	13	3,23

SM 2 - Will properties	2	10	17	26	23	3,74
SM 3 - Cognitive properties	4	15	26	26	7	3,22
SM 4 - Creative properties	3	8	26	28	13	3,51
SM 5 - Characteristics of temperament	8	15	25	18	12	3,14
SM 6 - Emotional properties	5	20	30	14	9	3,03
SM 7 - Somatic physical properties	8	16	30	20	4	2,95
SM 8 - Somatic intellectual properties	3	9	16	25	25	3,77

Based on Tab. 4, we can conclude that the lowest rate in the selection of employees to managerial positions considered somatic physical properties ($h = 2.95$). On the other hand, 24 respondents (30.36%) were completely or almost completely identified themselves with the statements that their companies are taken into account when choosing the right somatic physical properties. Highest average scale values ($h = 3.77$) was found in somatic intellectual properties. Of intellectual resistance should be the strengths of each manager.

The average value for the other monitored criteria ranged values of 3.03 (emotional properties) - 3.74 (will properties).

We assumed that the selection of the employees at the managerial positions is assessed in their holistic competence to a greater extent in large enterprises than in small and medium-sized enterprises. We have described a scientific hypothesis:

H: When selecting employees to managerial positions is considered holistic competent candidate in large enterprises to a greater extent than in small and medium-sized enterprises.

Was determined hypothesis H_0 and alternative hypothesis H_1 :

H_0 : The level of holistic competence selecting employees to managerial positions does not depend on whether the employee is from a large or small and medium-sized enterprise.

H_1 : The level of holistic competence selecting employees to managerial positions depends on whether the employee is from a large or small and medium-sized enterprise.

When testing the hypothesis was used χ^2 - test.

Tab.5: *Level of holistic competence – Pivot table*

	(n)				
	1	2	3	4	5
Small and medium-sized enterprises (SME)	78	154	315	187	98
Large enterprises	7	48	41	182	138

Testing criterion - W:

$$W = (\chi^2_{1-\alpha} ((collums - 1) \cdot (rows - 1)), \infty) = (\chi^2_{1-\alpha} ((4) \cdot (1)), \infty) = (9,48, \infty)$$

$$\chi^2 = \sum_{i=1}^k \frac{(P_i - O_i)^2}{O_i} = 218,24$$

Validity of hypotheses:

$\chi^2 \in W$ reject H_0 and accept H_1

Based on the conducted test, we can conclude:

We have shown the significance level of 5 percent, the level of holistic competence in selecting employees to managerial positions depends on whether the employee is from a large or small and medium-sized enterprise.

52-assessment questionnaires of respondents from small and medium-sized enterprises, we found the level of holistic competence in selecting employees to managerial positions mean scale values $h = 3.09$ and evaluating questionnaires 26 respondents from large companies, we found the level of holistic competence in selecting employees to managerial positions of the average scale values $h = 3.95$ (Tab. 6). This means that when selecting employee to managerial positions is holistic assessment of their competence to a greater extent in large enterprises than in small and medium-sized enterprises.

Tab. 6: Level of holistic competence - SME, large enterprise

	(n)					h
	1	2	3	4	5	
Small and medium-sized enterprises (SME)	78	154	315	187	98	3,09
Large enterprises	7	48	41	182	138	3,95

NB. Each respondent answered 16 questions concerning the level of holistic competence in selecting employees to managerial positions, therefore the total number of responses assessed by SMEs is 832 (52x16) and the total number of responses assessed in large enterprises is 416 (26x16).

Conclusion

Based on the results of the questionnaire can be assumed that the concept of three pillars of holistic competence is not a new concept in the corporate sector and also can be argued that the selection of employees for managerial positions a holistic assessment of their competence to a greater extent in large enterprises than in small and medium-sized enterprises. Given this fact, it will require further research, which will be held just in terms of small and medium-sized enterprises, consequently it corresponds to the objectives of the author, which have been established in the context of her doctoral studies. However, as mentioned, the questionnaire has its limits.

This issue will be further in research supplemented by structured interviews with experts in small and medium-sized enterprises engaged in the tendering processes for the position of managers and further the experts who are dedicated to issues of personnel management, management and human resources development.

Eventually, in a further ongoing research will be desirable to identify barriers to implementation of holistic knowledge management and especially the concept of holistic competence, now used by large enterprises, in practice SMEs. The next step should be to design a simple model of the implementation of holistic competence for recruits who will be accepted to interesting positions in the category of small and medium-sized enterprises.

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Primary Paper Section: A

Secondary Paper Section: AE