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GLOBAL CHALLENGES AND MANAGER’S COMPETENCES

1. Introduction

We can unmistakably state that nowadays the world is facing uneasy historically unique times, when the sustainability of economic, political and social systems is challenged. This economic crisis has stepped out of the boundaries of “ordinary” crises based on previously used valuation criteria. This crisis is systematic, with hardly predictable outcomes and challenges. New words expressing ecological, food and energy problems have made their presence in the vocabulary. These global challenges are remarkably vast and dynamic.

According to crisis management and system theories, these global challenges will stipulate not only the formation of new organisational structures (for instance, the creation of global economic regulation centre, as an alternative to United Nations), also the formation of new competences. This is equally important on the world, national and organisational levels.

Leaving out specific influence to the particular levels when reacting to global challenges, the importance of organisational level managers’ competences must be stressed. From a certain perspective, we could proclaim that organisational level activities were one of the most important sources of this crisis.

Thereinafter, systemic valuation of competencies of business organisations’ managers in the wider interval possible, as well as naming the critically narrow (potentially more dangerous) spheres and foreseeing their possible strengths become essential. The authors of this article have been consecutively researching this issue starting in the year 2000, since then 559 business organisations’ managers were surveyed. During the second stage of this research 639 business organisations’ managers of all levels and 515 managers representing public sector were surveyed. Nevertheless, the following general methodological position was used as the basis in both cases: certain competences of management functions, reflecting the synthesis

of knowledge, experiences and abilities were evaluated. The research results allowed the evaluation of the compliance of managerial attitudes in implementing separate management functions.

2. Managerial competence in Lithuanian business organisations

Managerial performance of our present managers is unquestionably affected by the past experience, which obviously conflicts with the realities of current transformations and new challenges of globalisation processes. In order to work effectively in the dynamic environment of the global economy, the modern manager needs to update regularly his knowledge and skills, also must be able to analyse strategic perspectives of the organisation, to design and reorganise the organisation, to highlight and manage internal organisational powers and competences seeking for any quality performance changes.

The perception of the manager's role undergoes a huge transformation: an organisation's success depends not so much on the manager as an administrator, but on the manager as a leader, and the extent to which they can rally a team striving to meet the organisation's goals, and how they can reveal, utilise and manage people's potential. Managers already carry out these new functions and roles, such as coach, advisor and mentor. These roles encourage effective communication, give staff more authority in their positions and develop team work. In addition, this approach encourages contemporary managers to generate knowledge and support the further training underway in an organisation.

The successful implementation of new roles and ever changing functions requires that managers be capable of analysing an organisation's strategic perspectives, reorganise the organisation, identify and manage an organisation's internal strengths and competences, and in order to bring about qualitative changes in the organisation's activities, new interpersonal, communication and negotiation skills and abilities are also needed, i.e., it is necessary to develop one's own managerial competence.

A manager's competence is the expression of his knowledge, abilities, attitudes, values, and personal character, which is revealed in his effective work practices and has an influence on the successful results of an organisation's activities. According to D. Hornby and R. Thomas [1989] this is the ability to effectively carry out any functions related to management in a work environment. In other words, a competent manager is a person who is both determined and prepared to demonstrate effective behaviour. This is a person who is able to transfer skills and abilities from one field to another [Rajadhyaksha 2005, p. 48].

On the whole, according to R. Boyatzis, different research has highlighted that successful, well-known managers who have made great accomplishments in their field are professionally notable for abilities (such as experience, knowledge, good

memory and deductive reasoning) and exceptional competences (such as cognitive competence, emotional intelligence, social intelligence) which they already possess [Boyatzis 2008, p. 7].

Thus, the description and evaluation of the essence of managerial competence still raises many discussions and always requires new research, seeking to qualify the possibilities for the application of different competence models. An analysis of the most typical capabilities of managers can be made using 5 competence groups: strategic, social, functional, managerial and professional, which are particularly noteworthy. This is proof that changes in managerial roles taking place globally, and the associated requirements for managers, and their influence on competence groups is being felt in the managerial attitudes of Lithuanian business organisations regarding managerial work. Altogether evaluating the managerial competence of managers in the business sector foresight (4.16 points), communicability (4.32 points), initiative and creativity, and responsibility (4.44 points) can be noted. However, one of the weaker aspects of managerial competence is the ability to motivate (approx. 3.80 points), which belongs to the social competence group. In addition, the level of managers' social competence is inadequate, which can reduce the effectiveness of staff potential behaviour. This is important because social competence is related to abilities to not only adapt to an ever-changing environment, but also to reach decisions meeting these changes.

Slightly more lacking is the ability to work in a team (4.06 points), which is currently very relevant, especially when working with partners from abroad who often still notice the lack of team work skills among Lithuanian employees. Other low-ranked managerial competence components were systematic thinking (3.86 points), personal appeal, and work experience abroad.

On the whole, the components of managers' competences that are considered to be the strongest are professional knowledge, responsibility, persistency, the ability to take on new information and make decisions. Among the components which received lower assessments were systematic thinking, personal attractiveness, and work experience abroad. It should be noted that although managers are not adequately competent in all fields, their competence level should still ensure a satisfactory thought process behind the task at hand, the ability to give a qualified analysis of the situation and independent thinking when making decisions and searching for alternatives.

3. Manager's competences in realising the main management functions

3.1. Planning

Managerial competence of managers is quite expressly revealed by awareness of the necessity of planning. Even though management practice in the West in 1950-1980 underwent an evolution from financial planning to long term planning

to strategic planning and finally strategic management [Bowman et al. 2002], Lithuania's managerial attitudes regrettably reflect an inadequate comprehension of the importance of planning, especially strategic planning, as it is still identified as a relic of the Soviet planned economy. The analysis shows that Lithuanian business organisations are yet lacking clear operational strategies and these are not clear to all employees of organisations [Diskienė, Marčinskas 2007]. Only half of all leaders understand these strategies explicitly, therefore, often leaders even do not know what specific actions need to be taken and, thus, are inclined to look for justification in existing circumstances and conditions that are out of their control.

Mastering conceptual strategic planning principles gives managers a wide scope for potential opportunities, as it simplifies strategic thinking, combining the understanding of the external environment, desirable results and current resources with an effective action plan. It is due to strategic thinking that opportunities to change in response to external challenges appear [Furrer et al. 2008, p. 16]. Unfortunately, the situation in Lithuanian organisations shows that managers still need rationality and perspective in their thinking, as well as a clear vision, without which activity development strategies are harder to prepare. Only a minority of organisations in the Lithuanian business sector formulate their own innovations policies, allowing for the successful realisation of innovational projects, reducing opposition to the spread of innovation, which has direct impact on greater competitiveness.

The quality of the realisation of planning functions are significantly influenced by how managers regard planning styles, i.e., who should be responsible for forming an organisation's long term goals – the executive managers or a specially formed team, or is this the concern of all the staff. The idea of universality of planning was very weakly expressed in the attitudes of our managers and there is a stronger orientation towards a conservative planning style. Yet the planning process is precisely where managers have the greatest opportunity to involve their staff into the real management process, and foster feelings of participation handling an organisation's affairs. According to our research results only 11.4% of respondents think that an organisation's long-term goals should be formed by all the staff members. About half of all the respondents believe that this is the prerogative of the executive management. It may be said that managers divide staff into separate groups – some are responsible for forming plans, others implement these plans, i.e., staff are distanced from seeing the future perspectives of the organisation's activities. This attitude, alas, is not in line with modern approaches to planning, related to its decentralisation, thereby ensuring the participation of all members of an organisation, and only minimises the effectiveness of the planning process in an unstable, competitive business environment.

3.2. Organizing

When evaluating the competence and attitudes of managers orientated towards the organisational function the compatibility of authorities ensuring proper task

delegation and coordination, which has long been of interest to management theorists and practitioners [Moye et al. 2005] should be mentioned. Despite different research showing that staff who are given greater authority are more productive and attentive to quality than those who are not [Conger, Kanungo 1988; Spreitzer 1995], and that decision making at lower hierarchical levels is being encouraged, increasing their work experience [Liden et al. 2000], to date the tenacious habit of our managers to work as they always have acts as a brake to delegating authority. The greater desire to avoid delegating functions to others is still commonplace in Lithuanian business organisations, and ties in to the greater degree of control over decision making, and a higher level of formal regulation. That is why delegation, regardless of its advantages, often occupies almost last place among chosen management measures, as it is regularly evaluated as an additional concern for the manager, and as an unwanted work-load on the staff member delegated with the new task. A very important aspect of the delegation concept are managerial attitudes towards the balancing of responsibility and authority. Assessing the scope of responsibility in the delegation context, it should be noted that the nature of responsibility lies along a vertical scale. This means that in all cases the manager who delegates their subordinate with certain authorities takes upon himself a part of the total responsibility, which may be termed managerial responsibility. Unfortunately, only about half of the managers who answered this question more or less acknowledge this management axiom. In reality, there is a situation of imbalance between responsibility and authority, as over half of all respondents demonstrated their inadequate competence and inability to fully understand that delegation is only possible by taking on authorities, but at the same time not delegating responsibility, as it cannot be scattered by handing it over to a subordinate.

3.3. Leadership

The research conducted, which concerned the orientation of Lithuanian managers in a leadership function context, was related to an evaluation of the dominant leadership styles and the realisation of leadership functions in business organisations (Diskienė, Marčinskis 2007). Evaluating managerial competence and attitudes toward leadership, it could be pointed out that characteristics typical among business organisation managers differ little from the selection which was formed to describe the range of various results of this research (see Figure 1).

It is noteworthy that task planning and organisational skills as well as decision-making, especially in critical situations, are valued very highly. Managerial staff also distinguished the importance of maintaining communication and contacts, which is undoubtedly determined by the specific details of the business activity, and its strongly orientation towards the consumer, as the ability to make contacts,

attentiveness and maintaining good relations keep the consumer on board, which is finally related to the activity's end results.

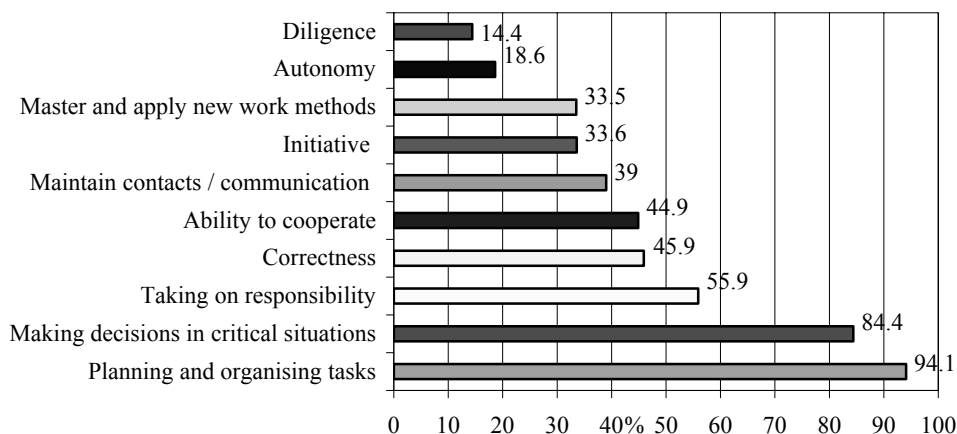


Figure 1. The most important features and abilities of managers in Lithuanian business organizations

Source: created by the authors.

Managerial competences are especially reflected in a manager's leadership style. During the course of this research it was noticed that in business organisations there was a distinct move away from an autocratic towards a democratic style [Česynienė et al. 2002; Diskienė, Marčinskas 2007]. At present, many managers (over half of those surveyed) give priority to a democratic work style based on cooperation, mutual respect and the authority of the manager. This approach is in line with today's modern management philosophy concept of coming to an agreement, instead of dominating relations. In this sense, the orientations of managerial staff to leadership are gradually being transformed. If earlier the management would practically base itself upon its authorities and orders, then now we can say that it is basing itself on cooperation between managerial staff.

The orientation of Lithuanian managerial attitudes towards staff and tasks is rather telling and strict. The different combination of these dimensions may have ambiguous effects. Irrespective of great attention given to subordinates and structure levels, which should ensure greater group activity effectiveness and have a positive result on subordinate satisfaction levels, this is not guaranteed as situational factors may have a great and unexpected influence [Mullins 2005, p. 290]. In the opinion of almost a third of managers (28.2%) task orientation is among the most effective choices. This is clearly a short-sighted position bringing only short-term benefits because a manager seeking long-term success must find a certain sensible balance between the two orientations. In practice, only a quarter of

the surveyed managers expressed a more or less substantiated opinion in favour of the rationality of combining both orientations. This particular understanding of managerial orientation precisely reflects one of the developing trends in modern management – a strengthening of social management and its orientation towards people. Under the current circumstances more and more managers should come to the understanding that meeting set goals can only be achieved by the harmonious and effective teamwork of the entire collective. This is why the proper combination of both orientations is important, i.e., to improve activity results and form and maintain good relations within an organisation's groups.

3.4. Motivation

Recognition of democratic levers in terms of their contents would be exclusively significant motivation matters. Motivation levers that are used by the surveyed managers unquestionably depend on their managerial competence as well as on the real situation (i.e. labour market, subsistence level in the country). Our research results have shown that staff motivational priorities do not completely correspond with the motivational leverage applied by managers in practice.

As was thought, most importance is placed on monetary encouragement systems, as was confirmed by a majority of business organisation respondents (70%). Monetary reimbursement for work is one of the most universal factors that motivate people to work, but the effectiveness of monetary encouragement depends on what money symbolises to the staff member. In order for money to act as a motivator, the manager must know his staff, know the tasks they need to complete, and know the conditions they work in [Beach 1985, p. 309]. Monetary encouragement in part concurs with the importance of staff security needs (in the opinion of managers, this need is dominant). This in particular gained relevance in Lithuania and other East European countries during the period of economic transformation when workers became concerned about keeping their jobs. However, when comparing other potentially significant motivation levers in business organisations, attention needs to be devoted to the changes in using such motivational technique as involvement of subordinates into organisational management – obvious downgrading of it 8 years ago as only 3.3% of respondents indicated such motivation practice [Česynienė et al. 2002], and meanwhile increased its meaning to 39.9% nowadays. In summary, it can be said that one of the weak points of the application of motivational technologies is the limitation of financial resources for encouragement purposes, as it does not make use of developing staff abilities to their full potential. Encouragement is weakly related to efforts, one's qualification, competence and dedication to an organisation, which is why it does not motivate showing initiative and continual improvement. It is undoubtable that a country's economic situation has a huge influence on staff motivation processes. This is linked to general

economic development indicators, the state of the job market, current wage rates, and low worker activity, all of which strongly influence conditions for organisations themselves. Another aspect that cannot remain ignored is the evaluation of a given organisation's motivational opportunities (its present resources and their potential re-grouping, the ineffectiveness of present incentives, and opportunities for using non-material leverage).

3.5. Control

Management control probably best reflects managerial attitudes and competence, especially by its basic principles. On the whole, control is not seen only as a procedure for judging the activities of subordinates, allowing managers to critically assess their own actions. According to A. Berry, J. Broadbent and D. Otley [1995] it is foremost a procedure to inspire and motivate staff in carrying out an organisation's activities, which works towards meeting its goals. In Lithuania, this important managerial competence component is still given insufficient consideration. Even though the practical realisation is becoming ever more complex, the opinion still prevails that management control is the most easily implemented component, requiring minimal professional preparation and skills. In general, the problem lies not in how modern management technologies are mastered, but the very attitudes towards their necessity. Unfortunately, among Lithuanian managers there is a distinct domination of attitudes oriented towards the rationality of bureaucratic control. These realities are a sign of the distance from today's changes occurring on a global level, when new management control strategies are rapidly being formulated, oriented towards such intangible resources, such as knowledge and training, staff dedication, the organisation's flexibility and initiative, and approachability.

It is worth mentioning that managers' readiness to change their attitude towards control implementation is greatly influenced by their mentality (especially among older managers). We should also not disregard Lithuania's Soviet legacy in terms of management control and the methods for its implementation. The Soviet era was characterised by the truly hypertrophied significance and place of control. The earlier administrative practices gave control subjects distinct rights and created an obvious managerial distance.

The dominating managerial attitudes in the implementation of control functions show that in Lithuanian organisations, control has not yet organically grown into the management process. It is hard to understand rationally organised management, where control becomes a mere formality, or the passive expression of the manager's interests. Other important negative aspects of management control are those which clearly emerge as a result of the inadequate managerial competence of managers, and that generally reflect the described management culture. That is why there is a foundation for stating that the importance and purpose of management control is not sufficiently understood in our organisations, as is reflected in managers' attitudes.

4. Conclusions

It is noticed that in Lithuania, as in other countries, the understanding of the role of a manager is undergoing cardinal changes: an organisation's success depends more and more on how a manager can rally a team towards meeting pre-set goals, and their ability at revealing, utilising and managing people's potential. Irrespective of the noted shortcomings in the field of managerial competency, its current level should ensure a good understanding of the purpose and process of the work being carried out, the ability to make a qualified analysis of a given situation, and independent thinking when making decisions or foreseeing alternatives.

It is also necessary to pay attention to the fact that Lithuania's managers are not always able to adequately and effectively react to market needs, or evaluate newly arising issues in a globalisation-affected environment. To achieve improvements in managerial mentality of our managers it is necessary to make use of all opportunities consistently seeking to change basic attitudes of managers. Professional managers with strategic and creative thinking abilities, inclined towards innovations, able to accumulate the energy and abilities of other participants become vitally important, since a modern world's environment require the creation of benevolent growth possibilities of intellectual management specialists' potential in order to achieve a preoperative growth. Not only traditional methods of improving manager's competence, but also introduction of new management philosophy in companies would serve the above purpose. This may be identified as a problem of national importance which clearly requires an adequate program.

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