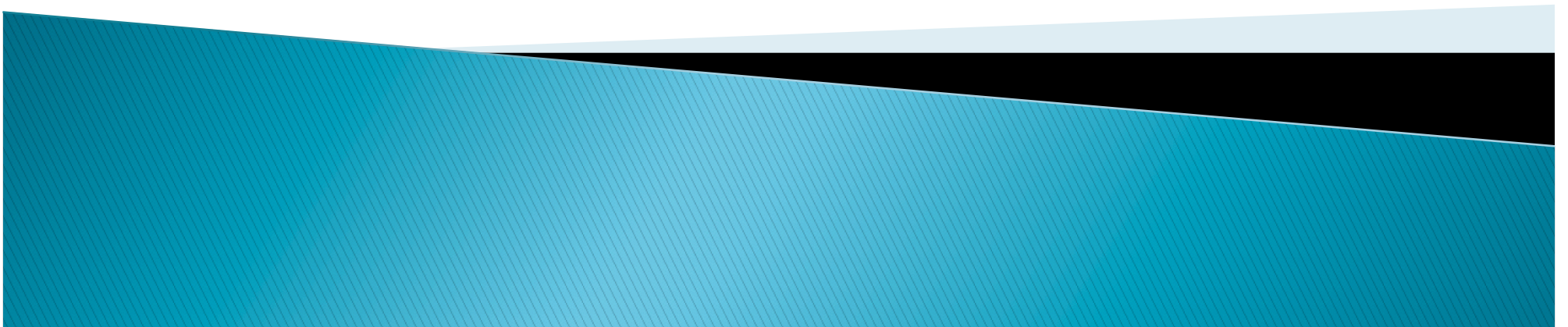
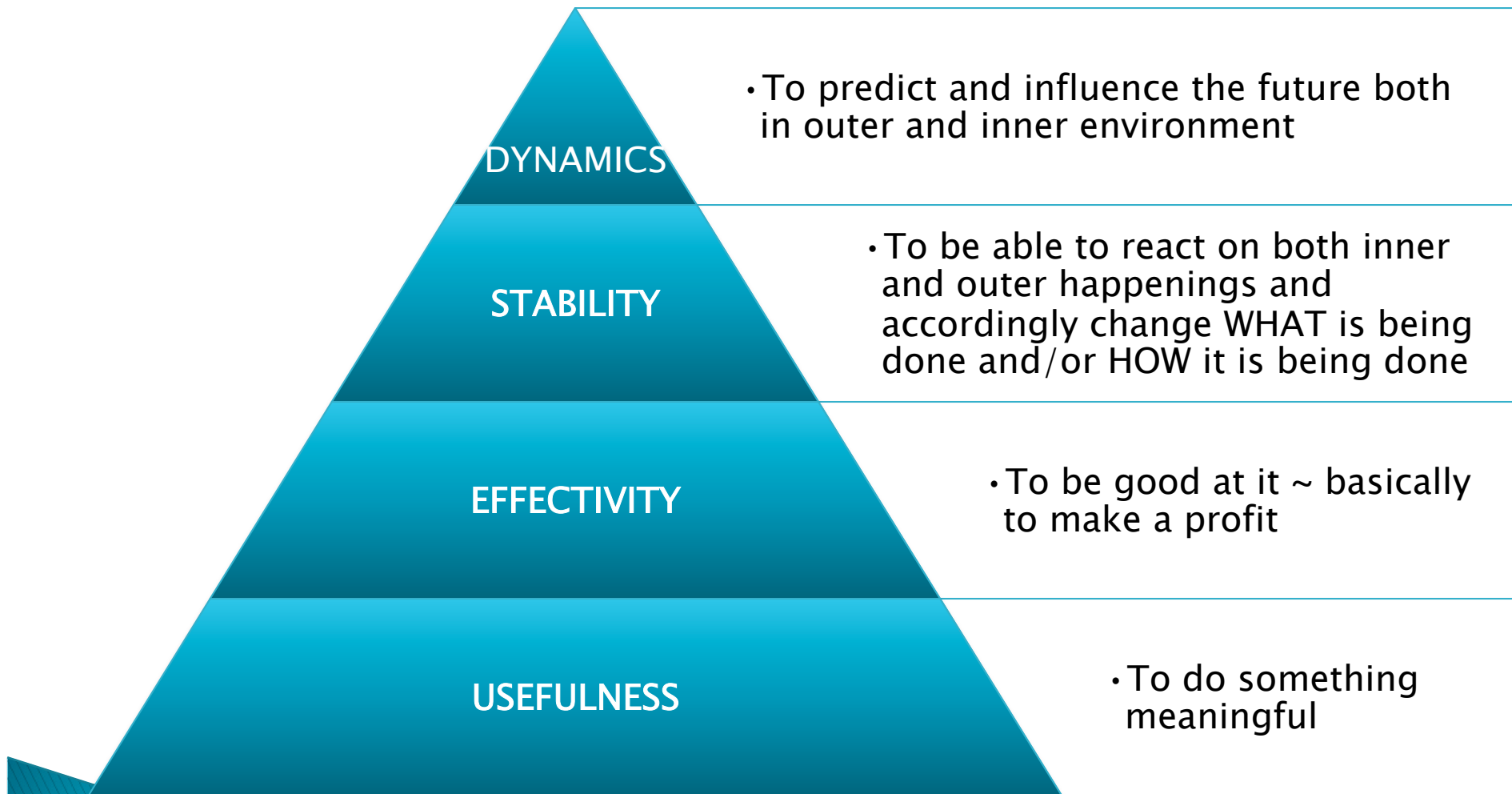


# Management by Competencies

World of Requirements – Conclusion  
World of Possibilities



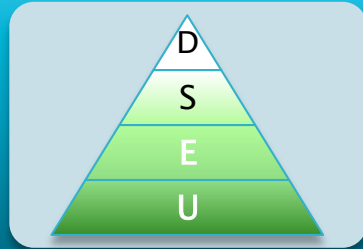
# Previously on MbC



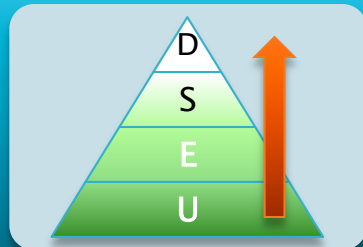
# Agenda

- ▶ Theory of Vitality conclusion
  - Theory of constraints application
  - Sustainable development
- ▶ The world of possibilities
  - Human resources
  - Strategy of human resources development
    - aka Pyramid of Culture
  - Developing of abilities and influencing of attitudes
  - Assessment and remuneration

# Building a Vital system

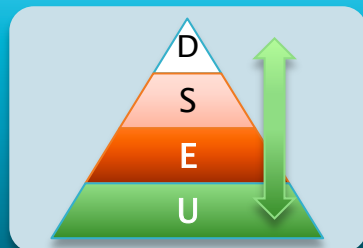


The strategy of building a vital system represented by Pyramid of Vitality is intuitive and clear



The tactic of building a vital system might be much more complicated

- the straightforward headway from the bottom to the top usually does not work



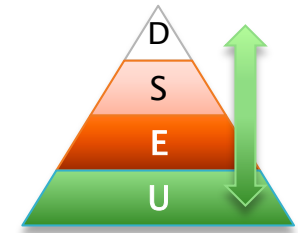
In fact, it is necessary to revisit already built levels that may seem complete

- because the main constraint preventing system of being vital is usually moving up and down



# Theory of Constraints

by E.M.Goldratt



Constraint is anything that prevents system from achieving more of its goal

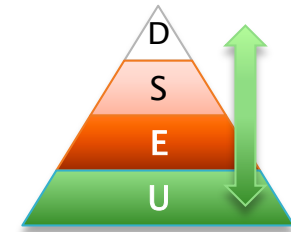
Theory of Constraints (ToC) presumes that there is at least one constraint and at most few in any given system in respect of system performance

ToC defines a process seeking for identification of the constraint and restructuring the rest of organization around it

- identify the main constraint
- decide of its exploitation
- subordinate all processes within the system to that constraint
- elevate the constraint
- if focused constraint moved, start again by identification

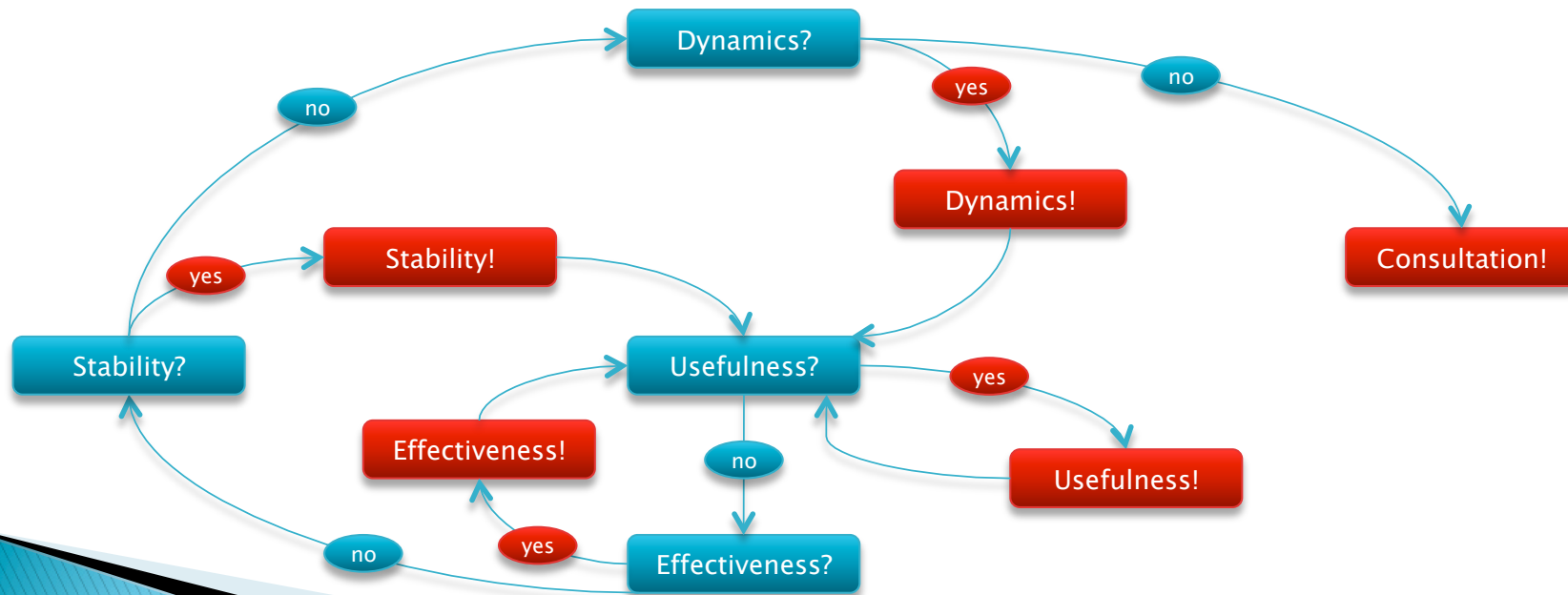
Do not let inertia become the constraint.

# Theory of Vitality and ToC



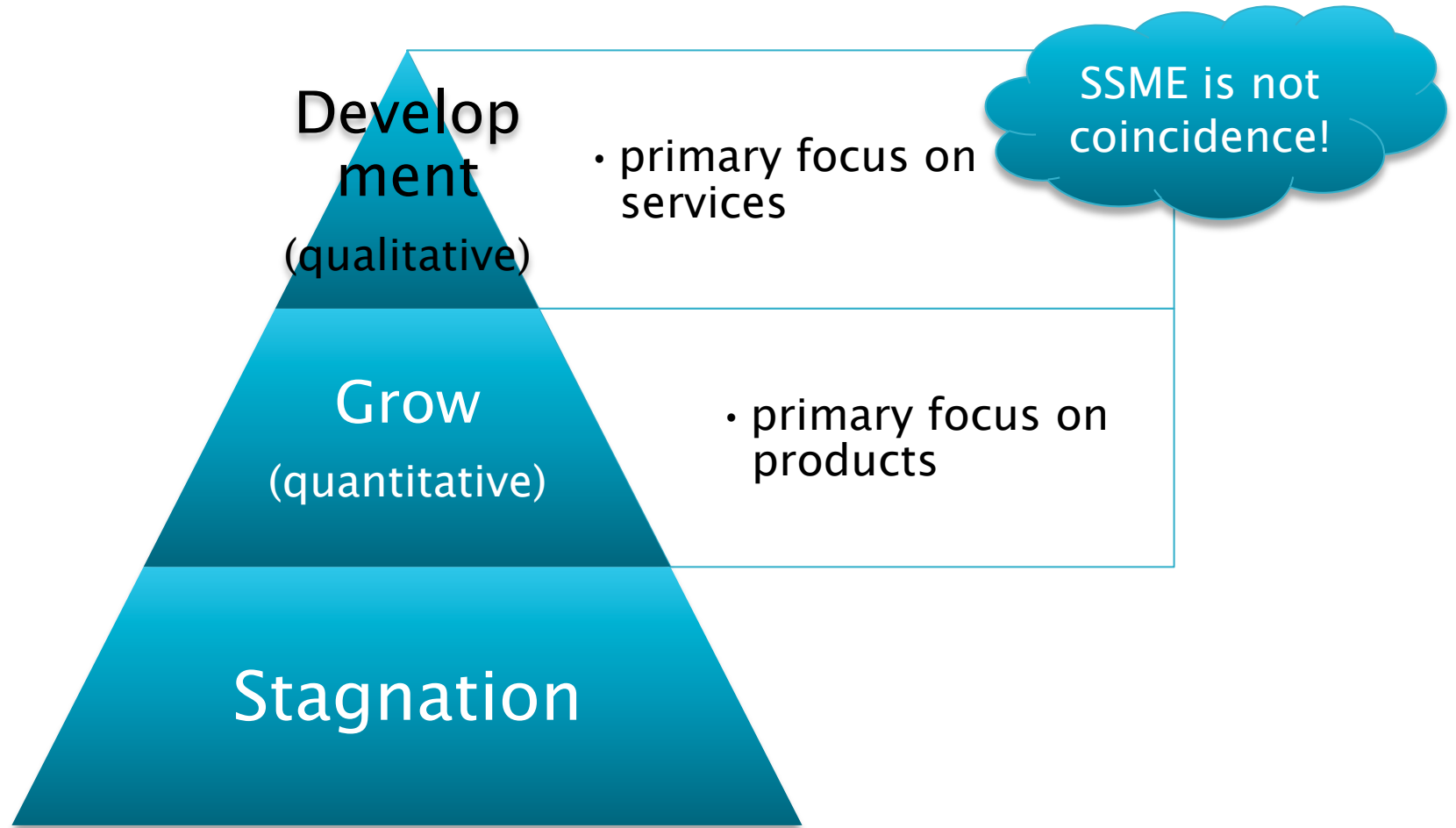
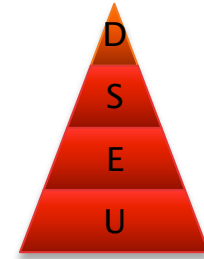
Theory of Vitality describes the strategy of achieving vitality in companies!

Theory of Constraints describes the tactic of achieving and sustaining vitality in companies!



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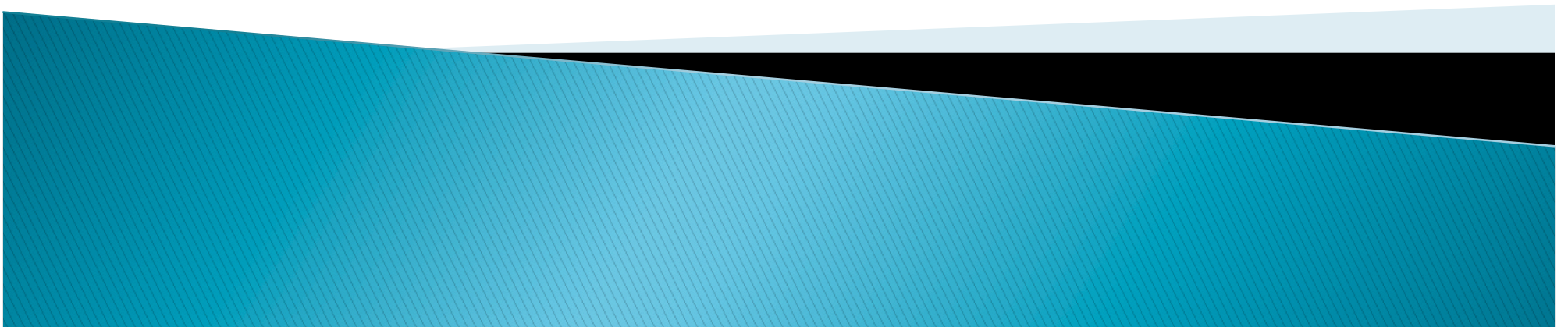
# Sustainable development



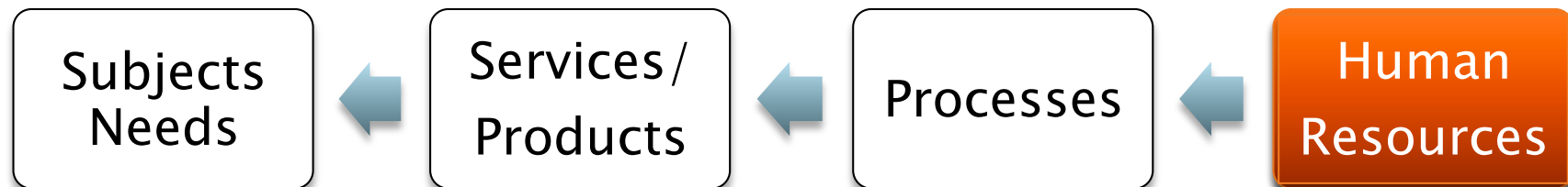
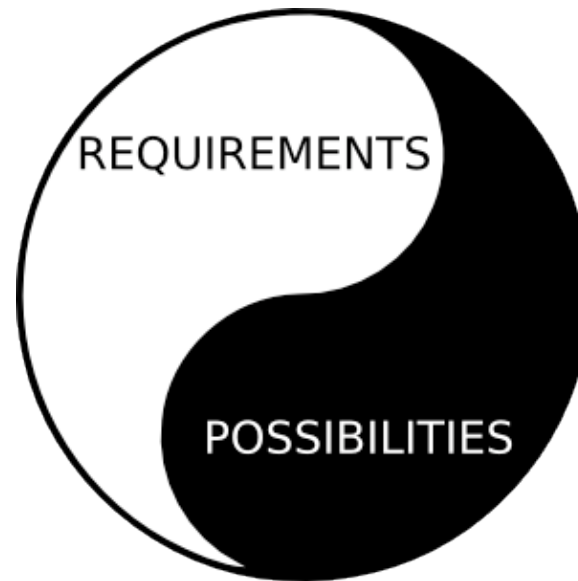
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# Management by Competencies

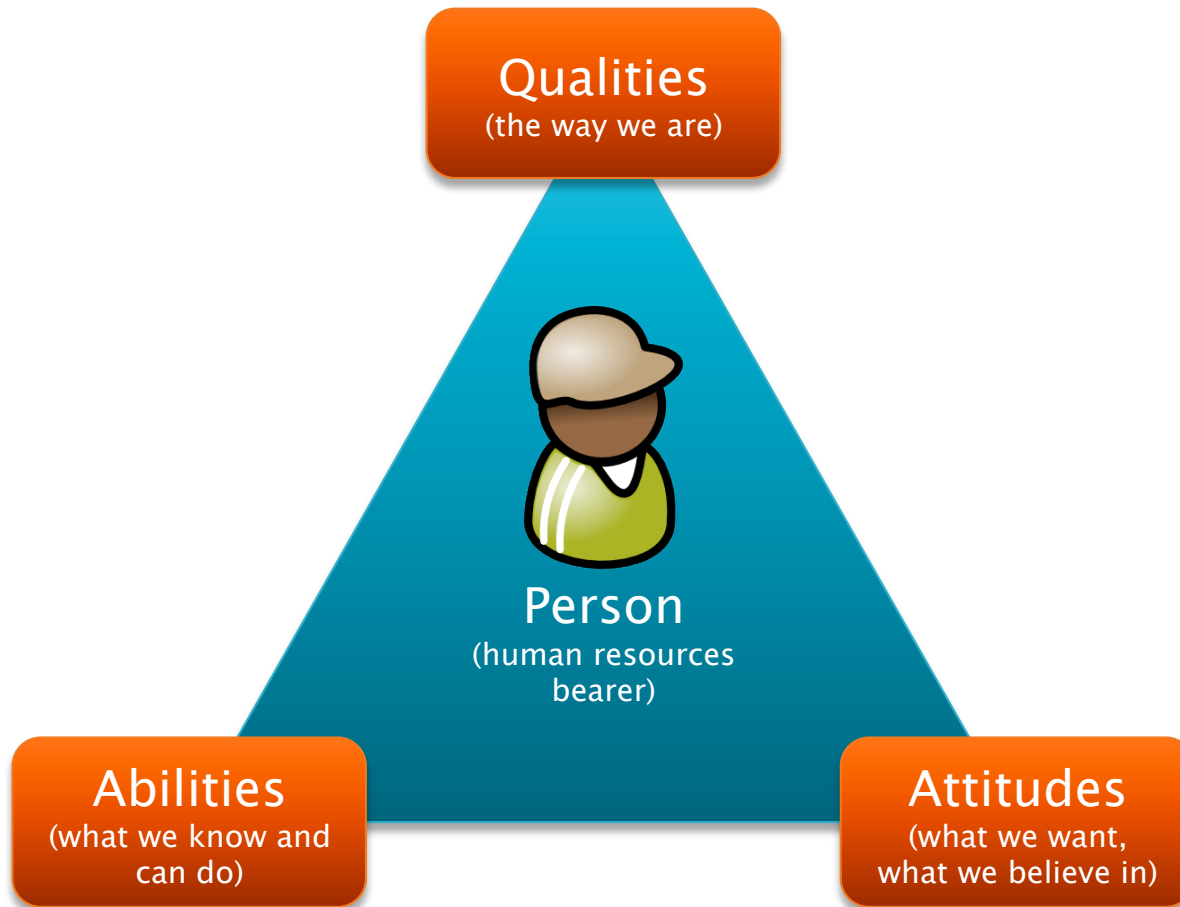
World of Possibilities



# World of Possibilities



# Human resources



# Qualities



Describes what their bearers are, comprising

- character traits
- temperament
- preferences of personality type (e.g. MBTI type)

They can be changed very slowly or not at all

- they are tightly connected to the biophysiology of their bearer

From the management perspective

- they are not subject of development and change
- they have to be recognized, accepted and respected



# Abilities



Describes what their bearers know and are able to do, comprising

- knowledge (mention)
- skills (use)

By usage is this resource confirmed and strengthened!

From the management perspective

- lead people to develop their current abilities towards current or expected corporate needs
- lead people to gain brand new abilities which are currently missing or are expected to be missing in the future
- seek for new people which have currently missing abilities or abilities expected to be missing in the future

Therefore, abilities as resources have to be subject of systematic planning!

# Neglecting Abilities Development



Acute shortage of needed abilities

Inappropriate distribution of abilities among employees

- causing process inefficiency and negatively affects Effectivity

Development of unnecessary abilities

- wasting of potential to useless abilities

# Attitudes



Describes what are the expectations, wishes, believes of their bearers

They are significantly influenced by

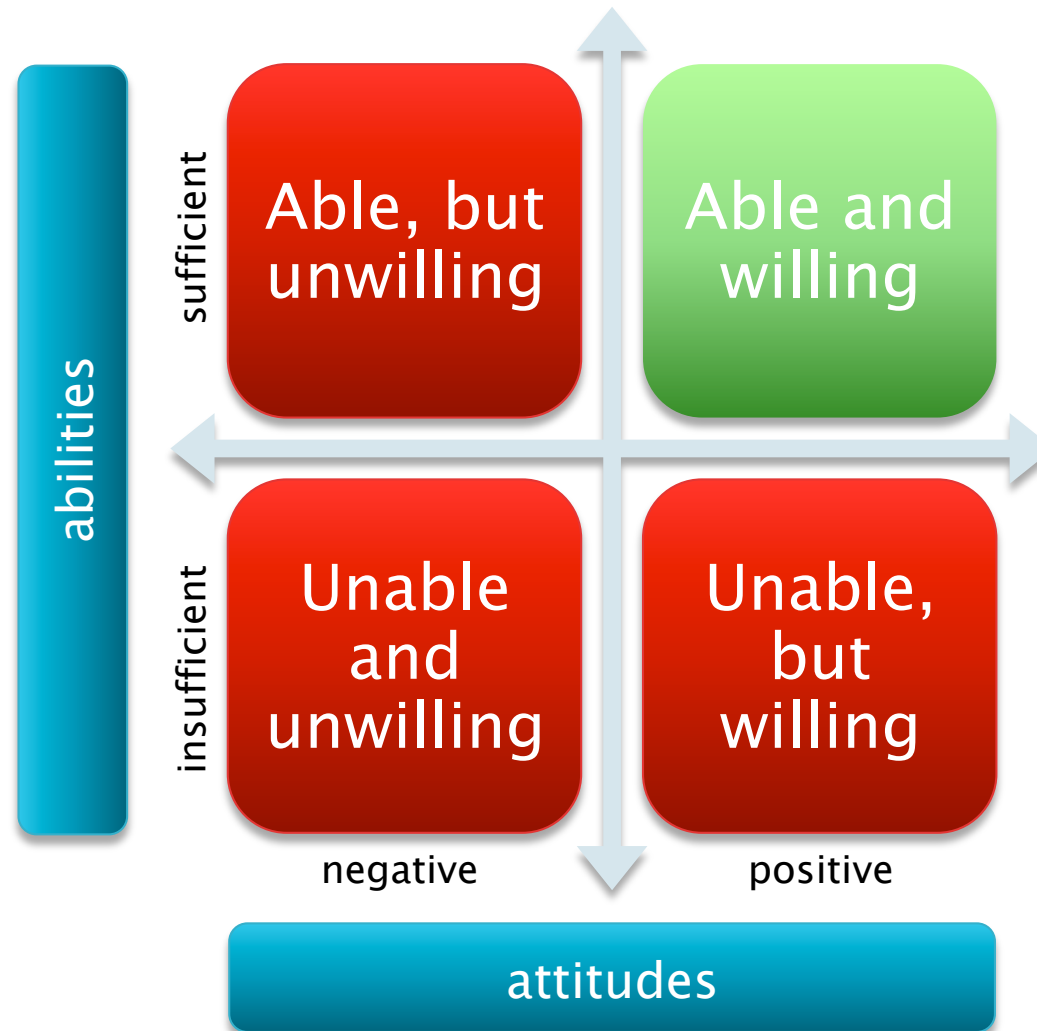
- company culture
- motivation and remuneration system
- intelligibility of the system of corporate ideas

see lecture 1, slide 29

From the management perspective

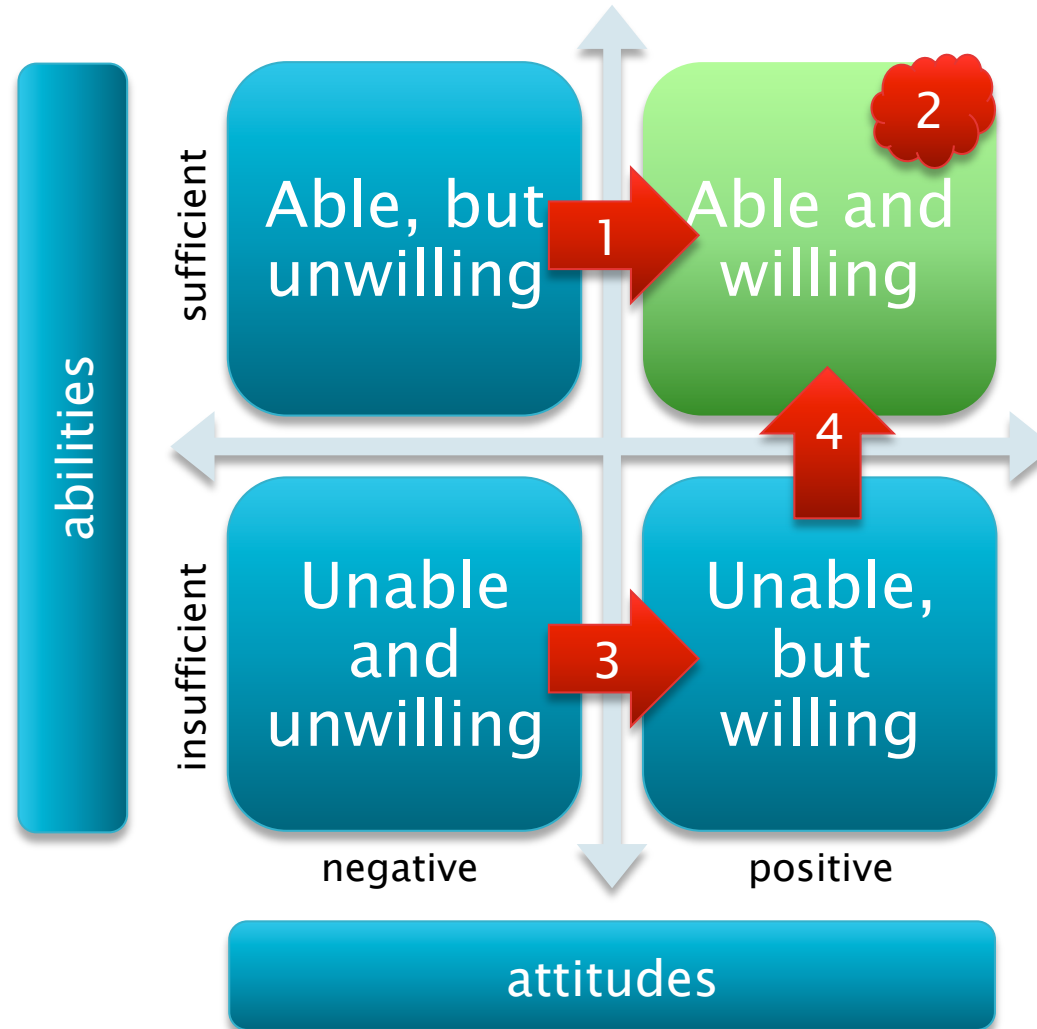
- to recognize negative attitudes, understand their causes and try to correct them
- correction may be done at the system level or at individual level

# Basic Diagnosis



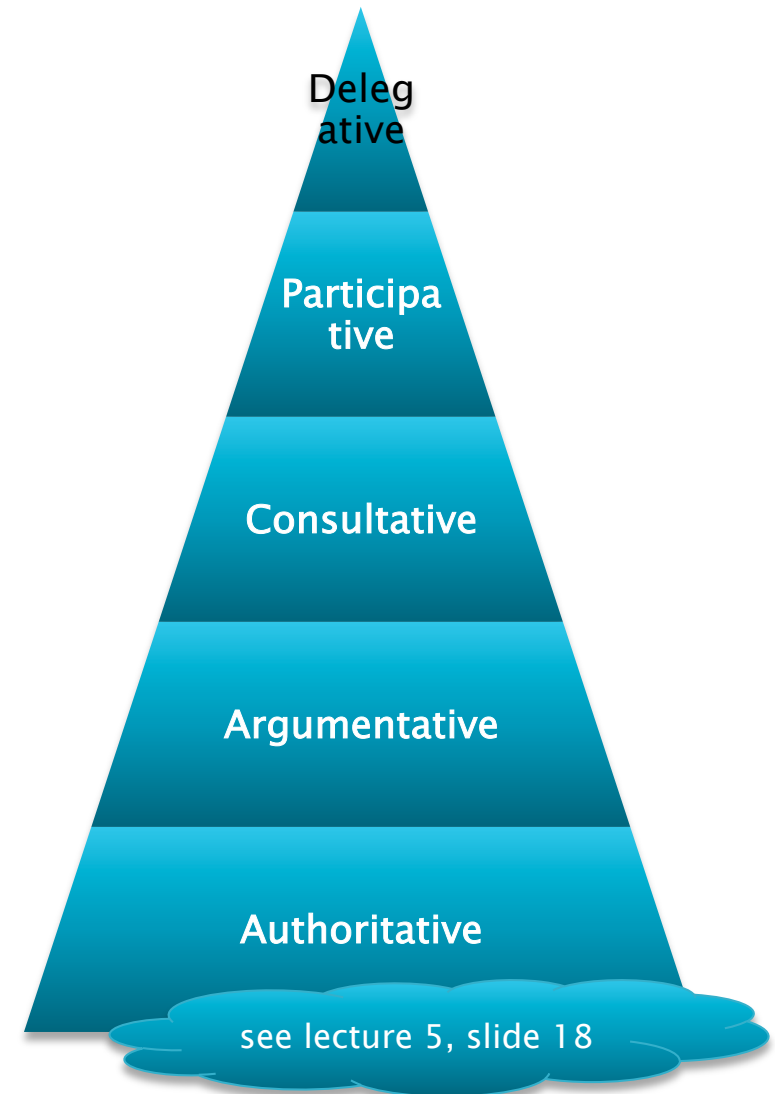
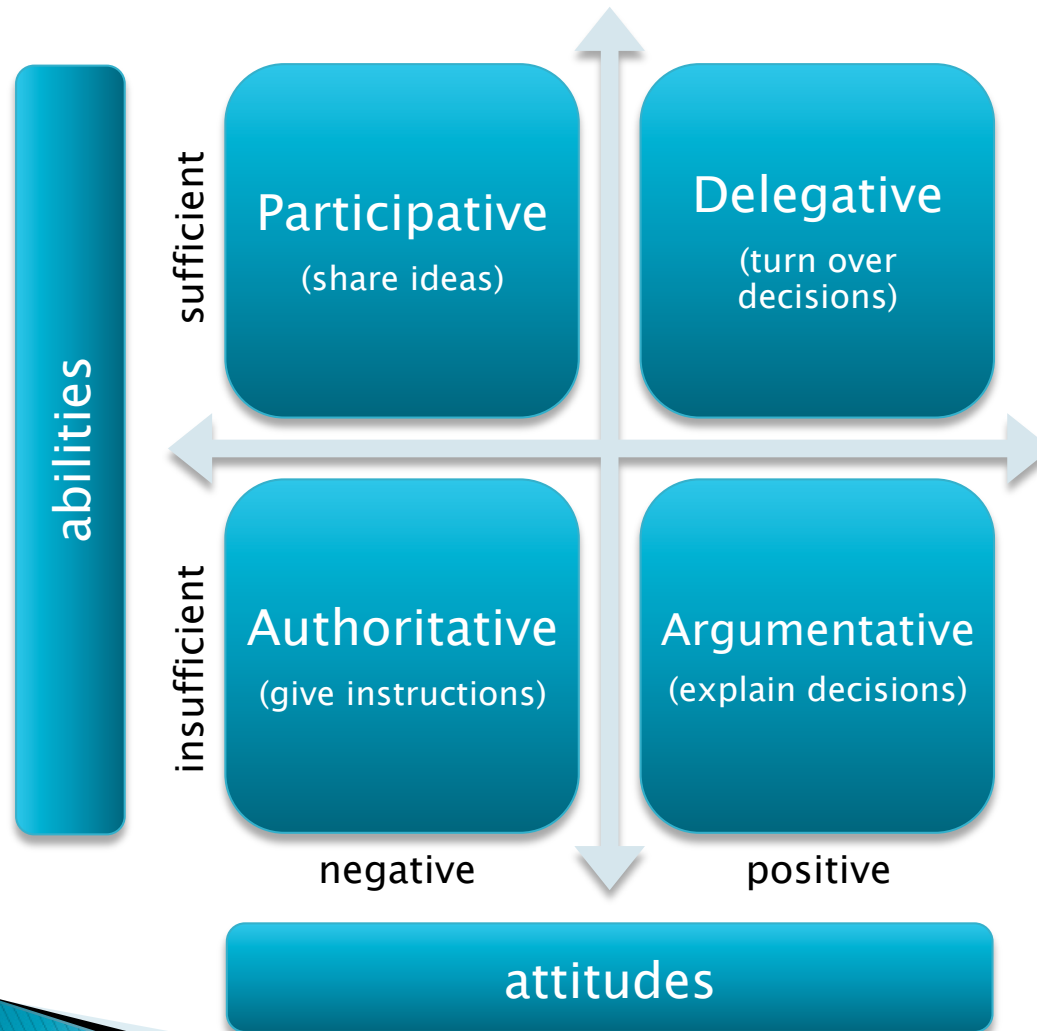
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# Goal of HR Management

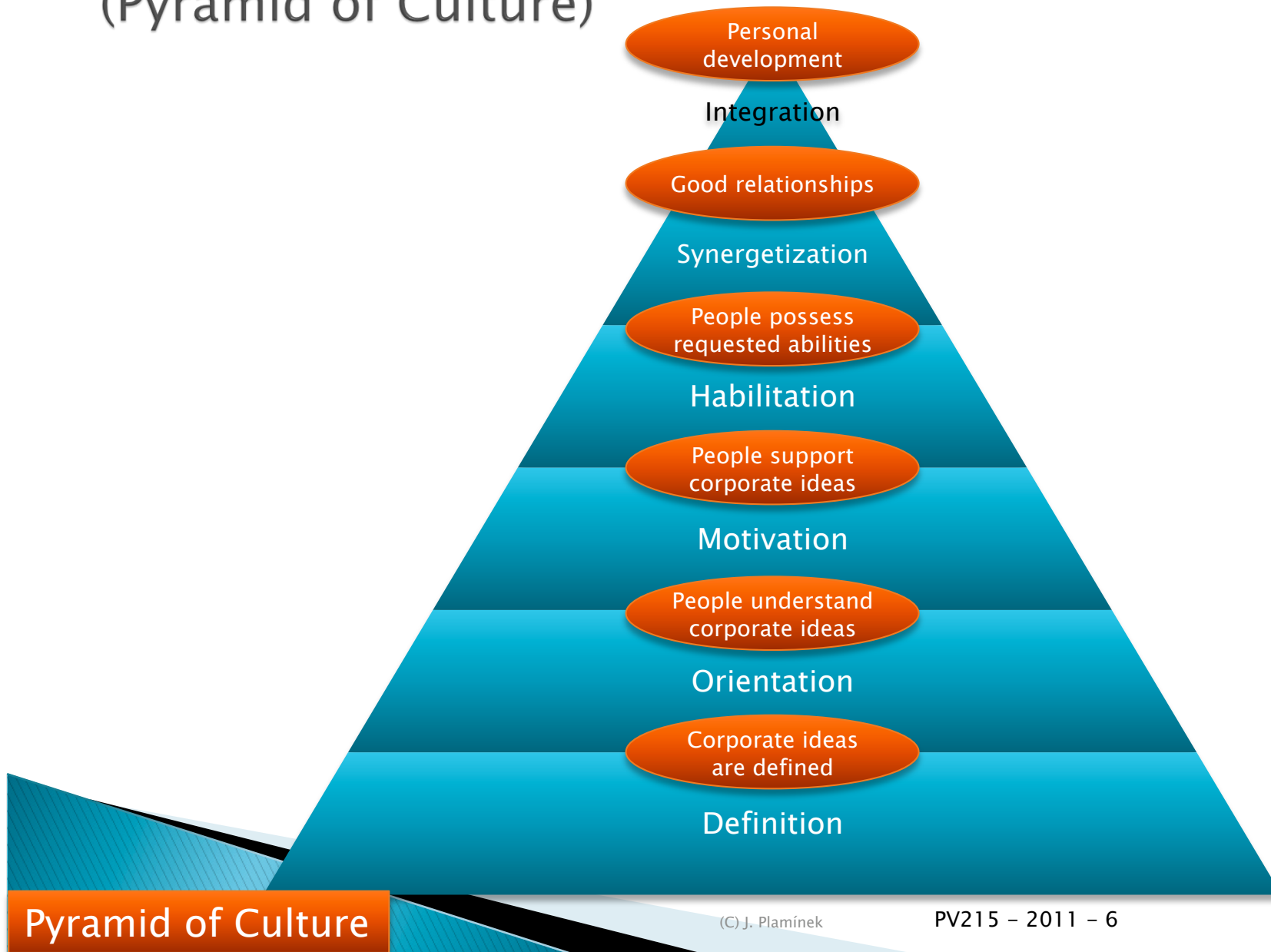


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# Leadership situational model

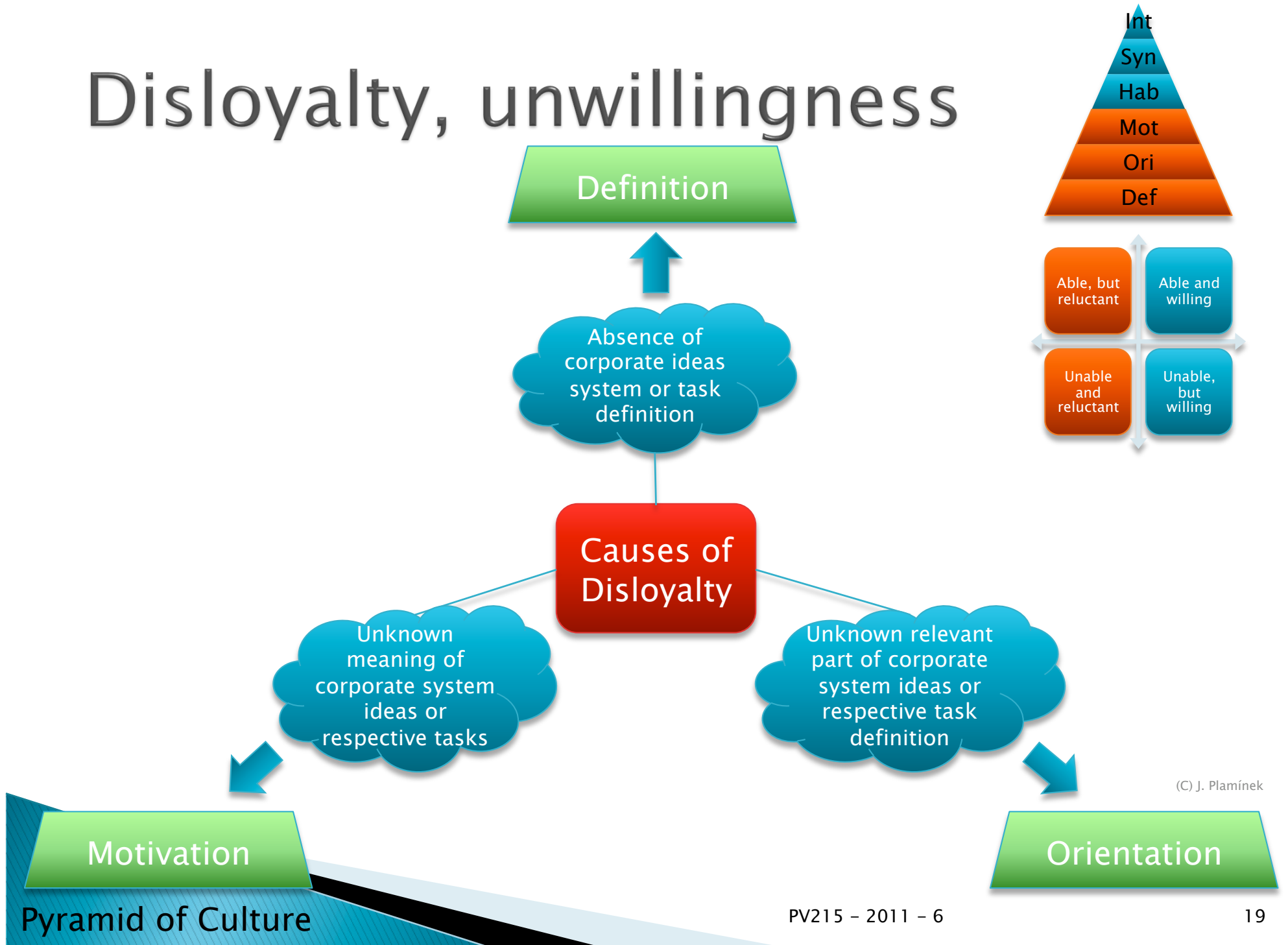


# Strategy of HR development (Pyramid of Culture)



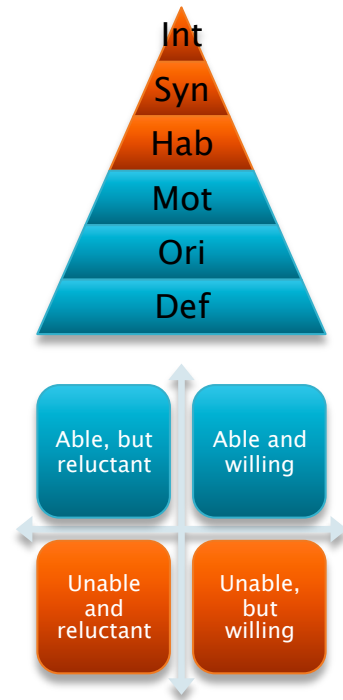


# Disloyalty, unwillingness



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# Inability

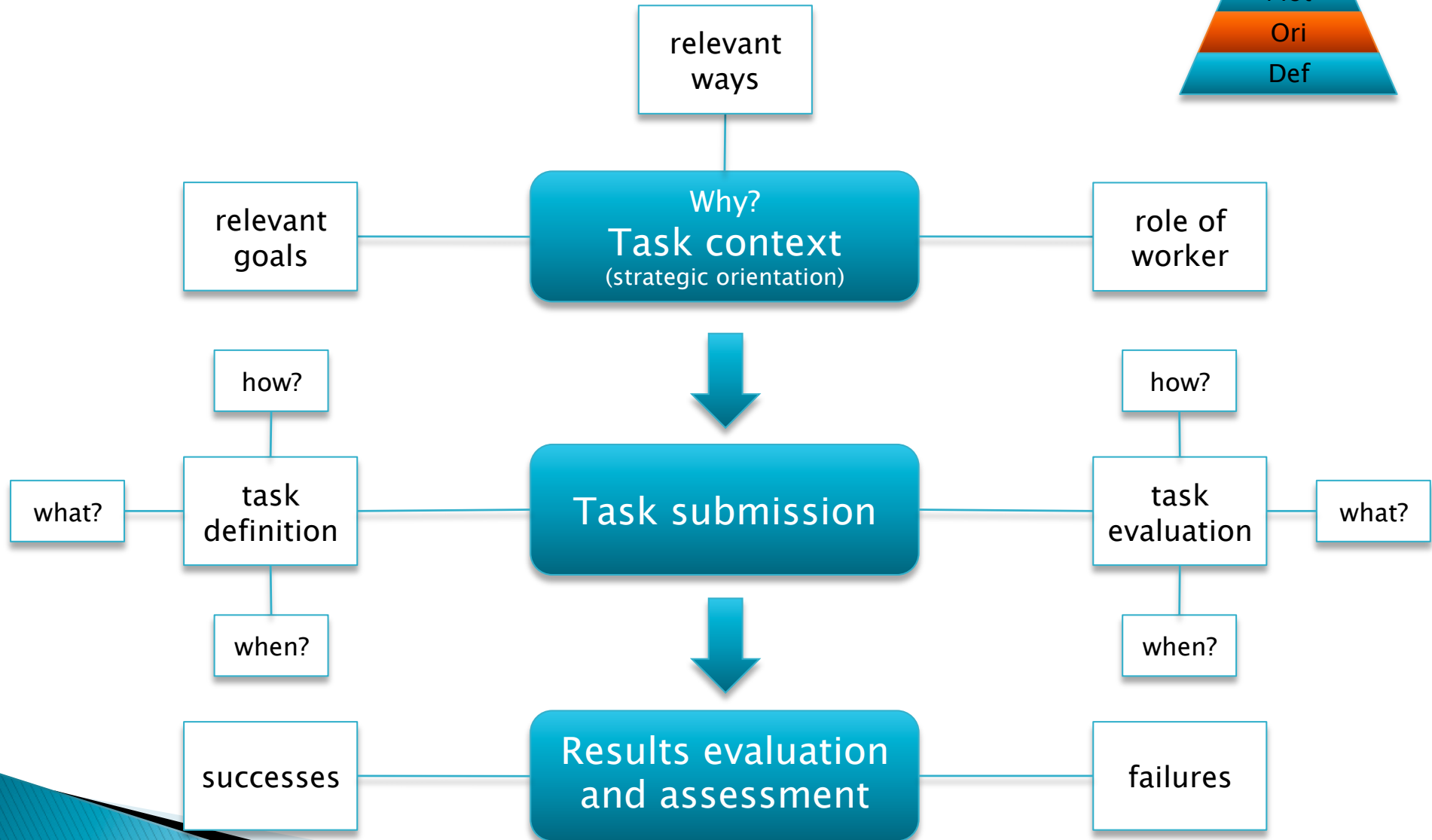
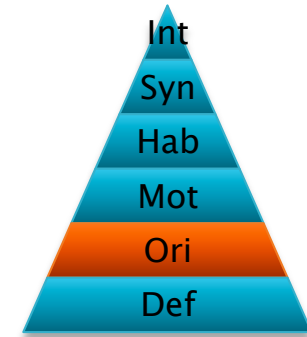


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Integration

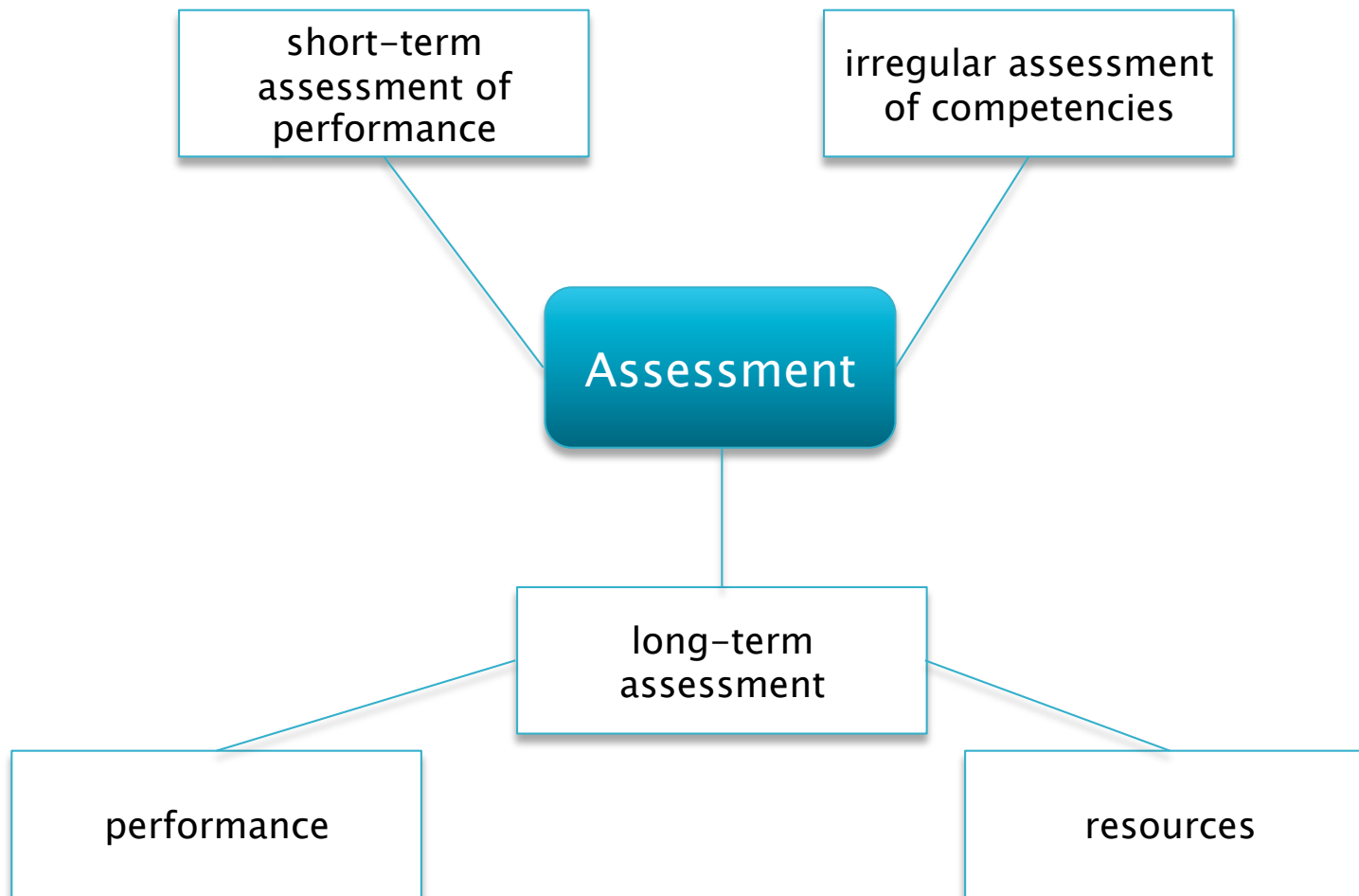
Synergetization

# Orientation

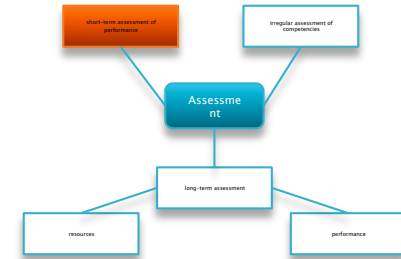


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# Assessment



# Short-term assessment of performance



interview focused on quality of performed tasks in the last period

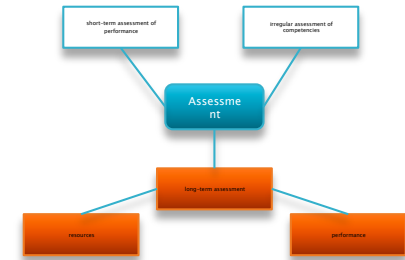
once a month

short-term feedback

immediate influence to incentives

archived for the purpose of long-term assessment

# Long-term assessment



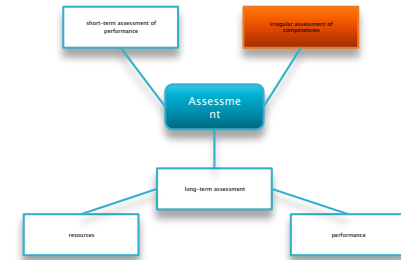
## of Performance

- analysis of the performance to find optimization regarding the corporate requirements and worker's possibilities
- utilization of pyramid of culture
- long-term feedback

## of Resources

- resources measurement
- outlook to the future
- career development (horizontal and vertical careers)
- long-term feedforward

# Irregular assessment of competencies



Applied when possibilities and requirements do not match each other

- worker has gained new abilities for another task than he or she performs
- worker repeatedly does not perform as expected

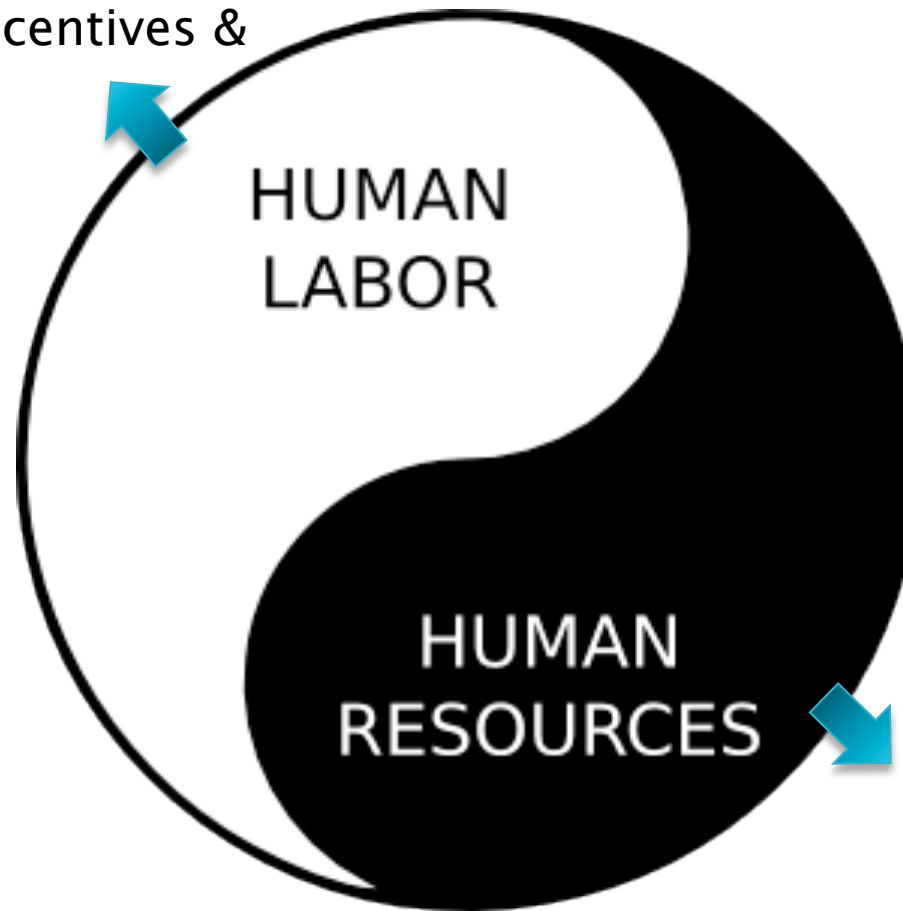
Assessed worker is assigned to the trial task

- trial task is supervised
- supervisor recommends one of the following
  - admission of new competence
  - further resource development
  - change of requirements



# Remuneration – rewards

variable pay: incentives & commissions



fixed pay: salary

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# Summary

- ▶ **World of Requirements**
  - Theory of Vitality as a strategy for achieving vitality
  - Theory of Constraints as a tactics for achieving vitality
- ▶ **World of Possibilities**
  - Human resources: qualities, abilities, attitudes
  - Pyramid of culture
  - Causes of disloyalty and inability
  - Orientation
  - Assessment
  - Remuneration