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Nadya Mironova,
Doctor of Economics, Professor,
University of National and World Economy, Sofia, Bulgaria
<https://orcid.org/0000-0003-2218-8772>

Tetiana Chunikhina,
PhD in Economics, Associate Professor,
Kyiv National University of Trade and Economic, Ukraine
<https://orcid.org/0000-0002-1386-6706>

Olga Prykhodko,
Candidate of Science with the state administration, Associate Professor,
Oles Honchar Dnipro National University, Ukraine
<https://orcid.org/0000-0002-4999-5964>

Viktoriiia Datsenko,
PhD in Economics, Associate Professor,
University of Customs and Finance, Ukraine
<https://orcid.org/0000-0002-4670-6848>

Valerii Plaksiienko,
Doctor of Economics, Professor,
Poltava State Agrarian University, Ukraine
<https://orcid.org/0000-0003-0371-1054>

**COMPETENCY APPROACH IN THE STRATEGIC MANAGEMENT OF
THE CORPORATE PERSONNEL**

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Abstract. *Organizational and component elements of using the competency approach in forming stable personnel of the company are defined in the article. A methodological approach to the implementation of competencies in the strategic personnel management model was formed, and the modeling of strategic personnel competencies was carried out. The mechanism of application of the economic-mathematical model of the formation of personnel competencies in the corporation is developed and substantiated.*

Keywords: *corporate personnel, strategic human competence, competency approach, strategic management tool, HR specialist, principles of personnel management.*

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Introduction

Strategic changes in the economic and political system, as well as transformational changes in the country, present both great opportunities and serious threats for each corporation due to the increased degree of uncertainty and the presence of risks. This situation requires a more thorough substantiation of economic decisions on the priority of development of a certain type of

corporation's resources, among which the personnel is a core component that provides flexibility and adaptability of the corporation's functioning in the conditions of socio-economic turbulence of both external and internal environment. The efficiency of production, which affects the volume and growth rate of products, the use of material and technical means, innovative development, and the like, depends generally on the professional competency of employees. In such circumstances, the competency-based approach to strategic HR management is of particular importance because it allows summarizing a wide range of issues of employee adaptation to external conditions.

Literature Review

In the area of studying innovative approaches to strategic human resource management, the works of renowned world-class economists are dedicated (Dessler, 2003; Yukl, 2002). In their works (Dainty, 2008; Greenberg & Baron, 2008), they define the concept of strategic personnel management as the system of methods and organizational-practical approaches to the formation of the mechanism of its implementation in specific conditions of work of organizations.

A particular attention should be paid to the work (Bucker and Poutsma, 2010) on the theoretical analysis of the competencies of the corporation's personnel, which requires constant implementation and development due to changing development priorities of the society, the transition to the higher degree of the technological way of the country's economy, and the like. The scientists (Kersiene & Savaneviciene, 2005) offer, in the context of competency-building technology, ways to create a competency system, highlight the advantages and disadvantages of the personnel assessment based on the competency model. Theoretical aspects for the formation of the concept of use of the competency approach in strategic personnel management are described in the works (Stor, 2012; Wright et al.), which substantiate the place and role of the competency model in the personnel management system, and also determine the constituent elements of the concept of the competency approach. However, the issue of substantiating the modern paradigm of a competency approach to HR management requires more in-depth research.

Methods

Methodological bases of research are formed on a number of positions: 1) strategic personnel management is one of the core business processes of the corporation, it is logical that the success of the corporation's activity is largely determined by the effectiveness of solving the whole complex of problems related to search, selection, hiring, training, evaluation, and stimulation of employees; 2) the use of comprehensive and objective assessment of personnel is an active and effective strategic management tool that allows solving personnel problems in organizations, achieving success in the competitive struggle and sustainability in the market due to efficient and rational use of labor resources; 3) model dialectics is determined precisely by the model of strategic personnel management, which allows creating a unified system of scientific and methodological tools and procedures for assessing the requirements that determine the priority of applying the competency approach.

Results

Competency approach in strategic HR management

New approaches in modern HR management that are used by leading EU and world countries in the field of strategic management are primarily based on competency-based scientific approaches. The authors analyzed each of the approaches and determined their effectiveness and suitability for use in the practice of modern corporations.

In the process of HR management, HR specialists or auditors define a system of parameters, which integrates all the necessary competencies that employees must have in accordance with job descriptions, and obtain the results of assessing the current state of the human resources management system. This allows identifying the level of each component of the set of employee's competencies. Research based on this approach should be founded on the need to understand that

professional competencies are dynamic because a person is constantly in the stage of development of knowledge, capabilities, and skills. Thus, it can be considered that the development of competencies is a certain process that aims to enhance the effectiveness of the corporation as a whole by improving the level of professional competencies of employees. It is also one of the main tasks of the corporate personnel management system.

Obviously, the difference between the competency approach in strategic personnel management is the reorientation of personnel management objectives from the solution of operational HR problems to higher strategic tasks that go beyond the ordinary responsibility of the personnel management service. It is not enough to simply increase knowledge, improve the skills, competencies, and behavior of employees. This should result in increased labor productivity and organizational change that can increase the competitiveness and efficiency of the corporation activity as a whole. Therefore, the goals of personnel management in the context of a competency approach are formulated to show that these processes can improve the performance of the corporation by achieving higher performance, changing employee behavior, and increasing productivity and efficiency of the corporation (Ogrea et al. 2009). In essence, this entails a new concept of personnel management, which focuses not on the process or operational results of the work but on the mechanisms and models of management based on the competency approach and their impact on the long-term effectiveness of the company.

The task of the personnel management system based on the competency approach is to create an environment that supports and guides personnel self-development. The concept of competency approach is an integrated concept that forms the basic principles of personnel management of a modern corporation (Sutton & Watson, 2013). Such principles include:

1. Systematicity principle - the use of the competency approach in personnel management should be based on a coherent whole: goals, objectives, and processes of personnel management and be oriented to the short- and long-term goals of the corporation.
2. Integrity principle - the development of tactical and strategic decisions in the area of competency approach should be realized taking into account the interrelationships between different areas and aspects of personnel management.
3. Relevance principle - activities in the field of use of the competency approach in personnel management should be appropriate to the personnel situation, offer solutions to current personnel problems of the organization based on the best experience and modern scientific developments.
4. Continuity principle - activities in the field of the use of the competency-based approach in personnel management should focus on the ongoing training and development of employees to improve job performance, build a potential for growth and development throughout corporation life.
5. Succession principle - dominant values, unique knowledge, skills, and experience acquired by employees in an organization should be disseminated within it to improve work performance, retain and enhance its competitive advantages.
6. Advanced development principle - the expansion of the professional horizons and competencies of employees to create a stock of knowledge and skills that may be needed when solving complex problems or non-standard tasks of the corporation in the future.
7. Self-development principle – the creation of conditions for self-training and self-expression of employees to activate internal mechanisms of development, providing growth of motivation for effective work, increase of job satisfaction, more complete disclosure of professional and personal potential.
8. Efficiency principle - the results of activities in the use of the competency approach in personnel management should provide the necessary level of achievement of economic, organizational, and social effects, thereby contributing to the increase of efficiency of the organization (Draganidis & Mentzas, 2006).

Modern corporations are increasingly using the ideology of the competency-based approach to all areas of personnel management. Therewith, the competency model is a central element of the personnel management system, around which specific functional directions of personnel

management are concentrated: personnel selection, motivation, adaptation, training, development, and evaluation.

For the corporations, those components of integrated indicators are important that, according to the expert assessment of the social situation, allow developing of "quality of life" ("quality of working life") and "enrichment of labor" models, while managers direct their forces to increase "quality of working life", emphasize attention to improve the workforce, improve the skills of employees, reduce professional stress, and develop relationships between employees and managers (Barman, 2011).

Modeling of strategic personnel competencies

On the basis of the results of the dialectical analysis of scientific-analytical information sources, the most optimal general competencies that the corporation personnel should acquire were selected (Table 1).

Table 1
Optimal set of general competencies of corporate personnel in the concept of strategic management

Competencies	Description
Teamwork ability	Teamwork shows the respect of colleagues and employees Develops and maintains good working relationships with others, sharing information and knowledge Formation of own proposals, ideas, and perspectives Understanding its role in the team, making every effort to qualitatively play its part
Processing of large arrays of information data	Ability to extract essential conclusions from information sources Work with different types of information such as numeric arrays, graphs, and calculations
HR management skills	The use of approaches to ensure the careful and organized performance of work Development of new ways to do things better and more efficiently
Knowledge of the basics of corporate management	Knowledge of the principles and main strategies of the corporation Work experience in the specialty and position occupied by an employee Understanding corporate values
commitment to results	Ability to take responsibility for the work Ability to work in the deadline conditions, finish work on time Ability to check all types of work carefully according to high standards; ability to learn from mistakes Ability to identify and evaluate the relevance and importance of the tasks Demonstration of initiative and flexibility in job performance

The corporate competency model of a corporation provides a set of key competencies necessary for employees to successfully achieve the strategic goals of the whole corporation (Figure 1). Within the corporate model, requirements for employees are specified and key competencies are identified:

1. Corporate competencies: set corporate requirements for all employees of the corporation; determine the career potential of the employee in the corporation; describe personal attitudes and motivation.

2. Management ones: describe the management skills and competencies necessary for a successful leader of our corporation; determine the employee's willingness to perform management functions.

3. Functional ones: describe the specific skills and competencies required for the employee to successfully complete the functional responsibilities.

The main features of corporate staffing competencies include compliance with the requirements of a specific corporation, accounting for the specificity of a particular corporation, and the "internal versatility" - the level of development of the required competencies of all employees must meet the corporate staffing requirements.

Economic and mathematical model of formation of competencies of personnel in the corporation.

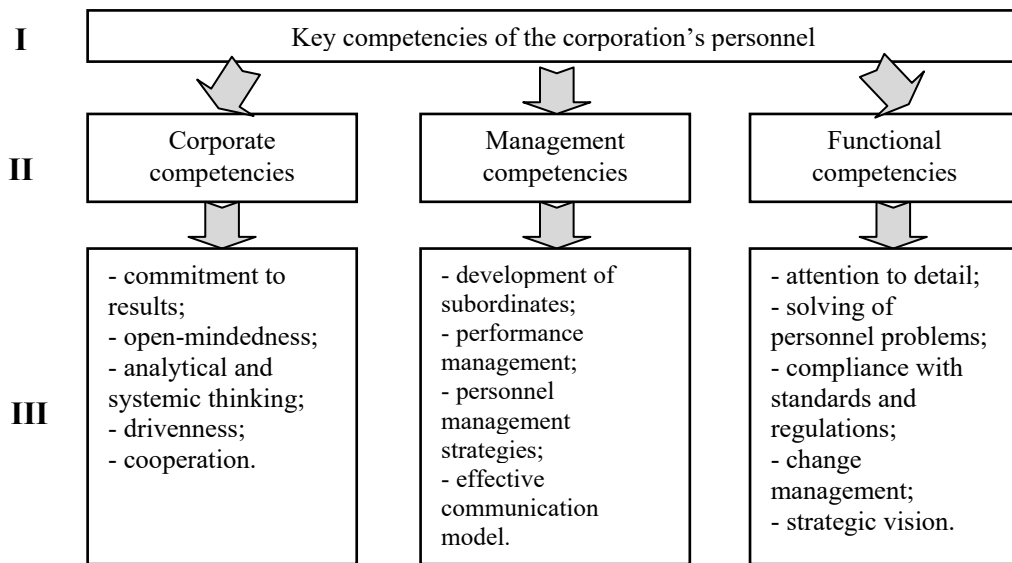


Figure 1. Level model of competencies of the personnel in the modern corporation

The authors created an economic-mathematical model that contains regression equations of the formation of basic competencies of personnel and their efficiency expression indicators. To build the model, the initial data set, which is presented in Table 2, was used.

Table 2
Initial indicators of construction of economic and mathematical model

Period	Labor productivity, EUR	Wages, EUR	Capital intensity of products, EUR	Labor turnover, %	Level of losses of working time, %	Average length of experience, years
	Y_1	Y_2	X_1	X_2	X_3	X_4
1						
2						
.....						
n						
$n+1$						

Model variables are identified: Y_1 is the labor productivity, endogenous variable; Y_2 is the wage, endogenous variable; X_1 is the capital intensity of products, exogenous variable; X_2 is the labor turnover, exogenous variable; X_3 is the level of lost working time, exogenous variable; X_4 is the average length of experience, exogenous variable. In general, the econometric model is:

$$\begin{aligned}
 Y_1 &= f(Y_2, X_1, X_2, u_1); \\
 Y_2 &= f(Y_1, X_2, X_3, X_4, u_2).
 \end{aligned}
 \tag{1}$$

It follows that labor productivity in the first equation is an endogenous (dependent) variable, and it is an exogenous (independent) variable in the second one. Wages are an endogenous (dependent) variable in the second equation and, at the same time, it is an exogenous (independent) variable in the first one. This interdependence of these two economic indicators is real, and an econometric model describes this dependence, not excluding other factors that also affect labor productivity and wages (Viitala, 2005). It can be seen in the equations that there is a dependence between the explanatory variables and the residuals of the model parameters. A model for the formation of competencies in a linear (structural) form is specified:

$$\begin{aligned} Y_1 &= a_{12} Y_2 + b_{10} + b_{11} X_1 + b_{12} X_2 + b_{13} X_4 + u_1, \\ Y_2 &= a_{21} Y_1 + b_{20} + b_{22} X_2 + b_{23} X_3 + b_{24} X_4 + u_2. \end{aligned} \quad (2)$$

Based on the sample data, the calculation model can be written as follows:

$$\begin{aligned} \hat{Y}_1 &= \hat{a}_{12} Y_2 + \hat{b}_{10} + \hat{b}_{11} X_1 + \hat{b}_{12} X_2 + \hat{b}_{13} X_4 \\ \hat{Y}_2 &= \hat{a}_{21} Y_1 + \hat{b}_{20} + \hat{b}_{22} X_2 + \hat{b}_{23} X_3 + \hat{b}_{24} X_4 \end{aligned} \quad (3)$$

In summary form, the econometric model takes the form:

$$\begin{aligned} \hat{Y}_1 &= \hat{r}_{10} + \hat{r}_{11} X_1 + \hat{r}_{12} X_2 + \hat{r}_{13} X_3 + \hat{r}_{14} X_4 \\ \hat{Y}_2 &= \hat{r}_{20} + \hat{r}_{21} X_1 + \hat{r}_{22} X_2 + \hat{r}_{23} X_3 + \hat{r}_{24} X_4 \end{aligned} \quad (4)$$

where $\hat{r}_{ij} / \hat{r}_{2j} \quad j = \overline{0,4}$ is the estimation of the parameters of the summary form of the model.

As one can see, the constructed model includes regression equations characterizing the interdependence of all endogenous and all exogenous variables. The competency-based approach describes not so much human knowledge and skills as a model of professional behavior, with the help of which a direct relationship of applied knowledge and skills with specific, measurable results of the employee's labor activity, consistent with the general development strategy of the corporation, is established.

Discussion

At the moment, in order to identify the abilities of personnel, to determine the prospects for their development and to increase the competitiveness and overall performance of the corporation as a whole, it is necessary to use the most modern methods. Thus, the development of a competency system is a significant step towards the restructuring of the entire personnel management system. A competency-based approach to personnel assessment provides the corporation with valuable information for making management decisions and helps to effectively organize all other HR processes. Knowing the strengths of our employees, their needs, and motivations helps us to purposefully develop people and advance them on the career ladder. In addition, in the future, it is necessary to formulate on the basis of the competency model all the basic HR processes: selection, assessment, remuneration, development, career progression, motivation, and more.

Conclusion

Studies have shown that the state of the corporation's personnel, the level of its qualifications and professionalism, the ability of hired employees to optimally solve the tasks assigned to them and make a profit directly depend on competencies and their practical implementation in economic activities. That is why it is necessary to synchronize the competencies of personnel and the competencies of the company, which should be focused on solving problems aimed at the development of strategic personnel management.

It is proved that competencies combine the abilities and motivation of an employee and describe its production behavior. So managerial competencies are realized in solving managerial problems (collecting and analyzing information, identifying problems, developing alternative solutions, and choosing the course of action), influence on others (transfer of necessary information, overcoming barriers and resistance, the ability to determine people's actions). Competencies are valuable not in themselves but only insofar as they help employees to achieve certain results in accordance with their strategic goals.

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