

Managing Competency in Non-Profit Organization: Experience with a European University

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Abstract

Competence Management (CM) has been discussed in contemporary academic and practitioner literature as a managing tool of Core Competences. Most of the studies of CM deal with manufacturing sector and profit organizations. Very little is known about CM in services and almost nothing in not-for profit organization. No research report has yet been found in educational institutions. Although, CM is not only important in manufacturing and profit organizations but also important in non-profit, like educational institutions, in order to meet the required quality and competitiveness of 21st century's education. Thus, an attempt has been made in this research to study CM in the administration of one the top ranking University in a Nordic country. The result results reveal that competencies had been defined in individual, network and unit level, but lack of integration of a comprehensive CM framework unable the higher educational institution to achieve the benefits of core competence. Based on the empirical findings, some policy and research directions are given at the end of the research.

Key Words: Core Competence, Management, Not-for Profit, University, European

Introduction

Contemporary organizations, both profit and non-profit organizations are in the process of drastically re-shuttle their management so that they are better geared to their environment and in particular to their stakeholders. It appears that each organisation has to prove its added value. Business success is increasingly relying on the improvement and strengthening of the core business of the individual organisation. It is not about always being just one step ahead of the competition but about being continuously ahead of the competition, by mobilising individual strengths, knowledge and expertise in the organisation (Bergenhengouwen and Mooijman 1996: 29.)

According to Kinlaw (1999), being competent results from the combination of having the knowledge and skills to perform, and the confidence to use the knowledge and skills. According to Ohlson and Targama (1986), however, competence implies a potential to carry out performances. The situation and task have to be known. To be competent in a field therefore means that one has an individual, or an organisation has an expected capacity to perform certain tasks. Moreover, there is a need to make an assessment of an individual's ability to perform future tasks.

Sandberg (1987) sees competence as person-related, task-related and situation-related tasks. The components that are necessary for completely accomplishing a task are: 1) knowledge, 2) skills, 3) comprehension, 4) network and 5) capacity. Okerberg (1993) defines competence as the human professional skill, which depends on an individual as a carrier of the competence. That is the individual's capability to perform a certain task in a certain manner.

Goddard (1997: 46–47) identifies seven critical properties that transform generic corporate competencies into the core competencies of a particular company:

- They are imbued with experiential or tacit knowledge, that competitors would find it difficult to replicate; thus they are not simply products, functions or assets;
- They define what the company does better than or differently from any other company and therefore are the source of whatever success it enjoys; thus they are definable only in the relation to the competence of all other companies;
- They are embedded in the organisation's *modus operandi* as though the company were wired up to operate at a level of intelligence greater than of the sum of its people; thus they do not reside simply in the minds of a small number highly talented stars but find day-to-day expression in the behaviour of everyone in the firm;
- They are rare, limited to two or three activities in the value chain, namely those that are critical to the firm's future success; thus they are not synonymous with the entire activity set performed by a company;
- They are the source of the company's ability to deliver unique value to its customers; thus they are not to be mistaken with leading edge technologies, world class processes or other production driven definitions of distinctiveness;
- They are flexible enough to straddle a variety of business functions, product families and technologies; thus they are not tied to existing ways of doing business but are platforms for growth and stimuli for growth;
- They also define the unique opportunity set available to the firm, being those market openings or knowledge gaps that the company is uniquely qualified to fill; thus they serve to narrow the focus of the firm's forward strategy.

Rumelt (1994: xv–xvi) identifies four key components of the concept of core competence:

1. Core competencies are competencies that span across businesses and products within a corporation. They support several products or businesses.
2. Competencies have temporal dominance over products in that they evolve more closely than the products they make possible.

3. Competencies arise through the collective learning of the firm, especially through co-ordinating diverse production skills and integrating multiple streams of technologies. Such competencies are enhanced through use.
4. The competitive locus of competence-based competition is a contest for acquisition of skills. Competition in product markets is merely a superficial expression of the underlying competition over competencies.

According to Bergenhenegouwen et al. (1996: 30) the core competencies of an organisation are a unique combination of business specialism and human skills that give expression to the organisation's typical character. Core competencies are the company's characteristic areas of expertise and consist of the synergy of resources such as motivation, employee effort, technological and professional expertise and ideas about collaboration and management. Core competencies are difficult for competitors to duplicate because they are distinctive and specific to each individual organisation. Concentrating on the core competencies makes organisation very effective and therefore results in a competitive advantage.

Hamel and Prahalad (1990: 82) define core competencies as the collective learning in an organisation, especially how to co-ordinate diverse production skills and integrate multiple streams of technologies. The skills that together constitute core competence must coalesce around individuals whose efforts are not so narrowly focused that they cannot recognise the opportunities for blending their functional expertise with those of others in new and interesting ways.

Core competencies are the result of a joint learning process in the organisation and they form products in which internal and external business strategies, production logistics and individual competencies find their expression (see Figure 1). Core competencies are therefore supremely suited to enable organisations to respond to their environment and to follow a specific product/market policy (Bergenhenegouwen et al. 1996: 30).

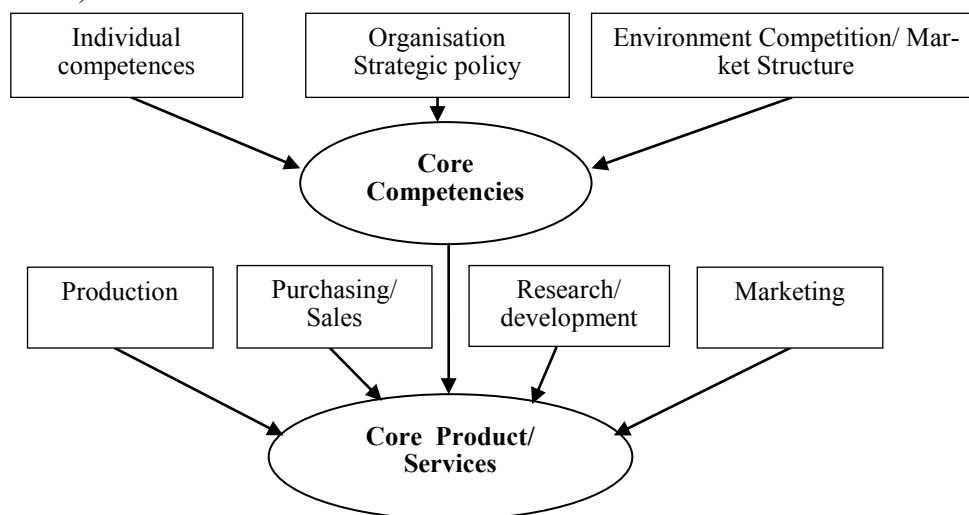


Figure 1. The core competencies of organisations (Bergenhenegouwen et al., 1996: 30).

Defining core competencies and organising to support and augment them ensure continuing success under changing conditions. Building competitive advantage around a company's core competencies requires spreading and sharing knowledge. Leaders must spend more time actively communicating priorities by translating them into concrete operational terms, ensuring that groups learn from one another, and then personally recognising achievements that best exemplify these priorities. Key skills must be first in people's minds; people must understand their own work in terms of contributing to or drawing from the pool of shared know-how (Kanter 1990: 7–8)

The content and form of the core competencies are created through the connections between the organisation's objectives, strategy, structure and culture as well as its management concepts, the expertise of its employees and the degree to which the employees are appreciated by the management. The skills and motivation of the employees are important strategic aids in the realisation of the companies' objectives. To derive the maximum benefit from an organisation's core competencies, it is extremely important not only to recognise the expertise and skills of employees but also to pay attention to the underlying motives and qualities of the employees. These underlying motives are also known as "individual competencies", in contrast to the organisation's competencies. Individual competencies are concerned with fundamental personality characteristic that are inherent in a person's actions in relation to all kinds of tasks and situations. (Bergenhengouwen et al. 1996: 30.)

From one perspective, competence can be taken as referring to the behaviour of particular individuals – that is, how they act and respond in the organisational environment in the course of doing their job. If one accepts this viewpoint, then by observing the behaviour of individual managers, it should be possible to derive a list of effective and less effective management behaviours (Jubb and Robotham 1996: 25–29.)

Competencies are also not aspects of a job but are identifiable characteristics of the people who do the job effectively. The competencies that an individual possesses may be gained through either formal education or experience. Competencies that are obtained through education tend to be seen as more general, in that they are skills repertoires which are applicable to more than one organisation and also throughout a variety jobs. Competencies that are gained through experience however are more specialised in that they are often linked to the particular idiosyncrasies of the organisation in which they have been acquired. (Jubb et al. 1996: 25–29.)

The structure of human competence can be compared with an iceberg (insert Figure 2, about here). The visible top or the first level of the iceberg competence structure is concerned with the observable (instrumental) knowledge and skills that relate to carrying out work or holding opposition and that are necessary to enable the occupation, job or task to be performed properly. The second level of the iceberg relates to the intermediate skills that are applicable in various situations. These intermediate skills are also referred to as widely applicable vocational skills or starting qualifications and include things like social and communicative skills, general technical and vocational insights, organisational qualities and basic approaches to work and situations (Bergenhengouwen et al. 1996: 30–31).

The third level in the competence structure consist of the values, standards, ethics and morals of the people concerned as well as those of the organisation and the profession-

al group to which he/she belongs or which he/she reports. The fourth and the lowest level of the human competence structure consists of deeper line personal characteristics such as grounded-ness, image of self, actual motives and the source of enthusiasm and the effort that goes into professional action (Bergenhengouwen et al. 1996: 31).

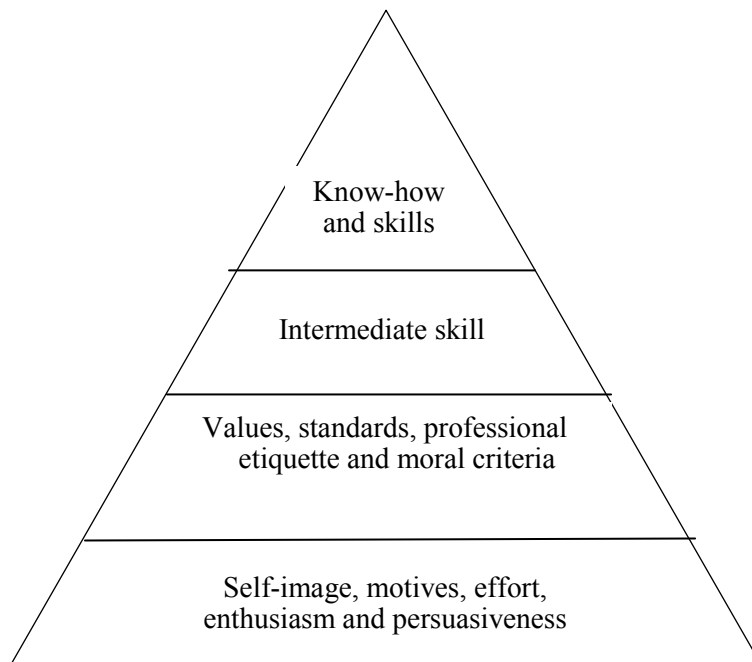


Figure 2. Human competences in the form of an “iceberg” (Bergenhene-gouwen et al., 1996: 31).

In attempting to maximise the effectiveness of management development strategies, the competency approach would appear to offer a framework for organisations to focus their resources. There still, however, remains a significant lack of clarity over what the term competence refers to. The existence of two identified perspectives on competence, behavioural and skill-based, would suggest that this situation remains at best confused. For example, if an individual successfully adapts and practices particular management behaviour, can that person not also be said to be skilled in that behaviour (Jubb et al. 1996: 25–29)?

One benefit of the competence approach to management development is that it has seen a concentration on what managers actually do, rather than on assumptions about what managers do. However, even this approach is flawed, in that it still requires at some point a subjective assessment of an individual’s performance (Jubb et al. 1996: 25–29).

Organising around core competencies lets companies focus more adroitly on the most important aspects of their corporate mission. When it is done successfully, companies gain competitive advantage over firms that have retained control over most aspects of

their business. Often, companies confuse this business strategy with outsourcing because the two are frequently deployed together. While outsourcing unburdens companies from those aspects of their business that are not critical or that others might perform more effectively, core competencies focus a company's organisation on strengths to maintain leadership in critical areas and to pursue new corporate goals. Organising in this fashion is likely to involve a process orientation and a loosely networked environment. (Goldstein 1998). Thus, this paper attempts to study CM in a non-profit organization in order to explore the need and usefulness of CM in a non-profit organizations. As mentioned earlier, CM has widely been recognized and studied in manufacturing organizations Ran et al (2011; Mendenhall et al., 2013; Kassahun and Molla (2013), Busch 2013). However, almost no study has yet been carried out to explore the use/importance of CM in contemporary non-manufacturing settings like university, except a few like Chen and Keith 2009; Hurd and Buschbom, 2010; Bryson et al 2007; Kai and Paulia, 2011; Ahmed 2005; and Hatzfeld 2014).

Research Method

As mentioned before, Core Competencies and its management have been discussed mostly in manufacturing and in profit organizations. However, no report has yet been found about the CM in education institutions. Thus, this study deals with studying core competencies in a non-profit organisation, i.e. University. We have chosen the administrative unit of the University of X in Finland. We found the administrative unit plays an important role in running of the university and this study finds that it is not given the required importance. The study is conducted the series of interviews with the Director of Administration of the University of X. (Details about the interviews are elicited in Appendix 1) in a European Union's member/country in the Nordic region which is often recognized is having the 'best education' system in the world (Times, 2011).

Results and Discussion

The Administrative Unit

The duty of the administrative unit is to support the decision making of the University's management, serve the University's operation and do the authoritative tasks that are assigned at the University. Duties are defined more specifically in the University's Administration rules and regulation. The Rector has accepted the Service contract for the year 2001 which specifies the targets of the administrative unit. The targets are:

- to create conditions to do University's basic function efficiently and effectively,
- to support the managing of the University and produce information for it,
- to produce administrative services with high quality efficiently and quantitatively and
- to help create a motivating and positive atmosphere in the University.

As some of the new tasks of the administrative unit can be mentioned

- tasks concerning EU-projects, including reporting,
- networks and virtual university,
- foundation of funds and the growth of outside funding, and
- change of university legislation.

The function of the Administrative department is also to see that the whole University possesses enough administrative competence. The central factors in the competence development in the administrative unit are as follows:

- the competence definitions developed from the operations of the visions and strategies of the University,
- the competence assessment of individual employees and administrative unit as whole,
- analysing the gap between the competence needed and the competence possessed, and
- competence development.

Alignment with the vision

According to the Director of Administration, core competencies of the administrative unit are not well linked to the strategy of the University of X. According to the vision of the university, X should meet the international requirements that are set for offering scientific education. The familiarity with international world of universities will raise the value of the administrative unit and that is why it is important to take part in international activities. The administrative unit supports for its part the whole university's goal to become internationalised. Vision emphasis innovations which should be productive and competitive. Innovations are central part of the administrative unit. The vision of the University of X has goals to carry out sustained development and administrative unit can be an example about this. The development of learning technology and virtual university demand growing expertise from the administrative unit. The administrative unit can for its part further help the personnel to feel better and to be more motivated.

Competencies of the Administrative Unit

The administrative unit has tried to define its competencies, but it has not defined which of its competencies are 'core'. The administrative unit has defined, in which tasks and knowledge it has competence, how these competencies can and should be further developed and what competencies it does not have. The administrative unit has defined its competencies in network-, unit- and individual level. The Director of Administration thinks that the competencies being defined and have been useful.

The expertise of the administrative unit is build according to Table 1.

Table 1. The competencies of the administrative unit

	Explicit Competence	Implicit Competence
Individual	Knowledge	Skills
Whole unit	Quality system	Values, norms
	Processes	Attitudes
	Knowledge base	Communication skills
		Co-operation skills
Networks	Co-operation	Trust
	Data Networks	

Networking

Co-operative relationships of the University of X are extremely large. Networking as a mode of operation has expanded. Concerning the exchange of knowledge the change is positive but this new mode of operation is very time consuming. It should be considered when planning personnel's work division and recruiting of new people. From the administrative unit's point of view the most central is the co-operation with institutes of higher education in the X-University City, Kvarken-co-operation, provincial co-operation and national University level co-operation. Network competence includes co-operative skills and contract policy competence. Lack of competence in this area concerns organising and managing the networking.

Competencies of the Unit

To improve the competence of the administrative unit, the unit has developed a "balanced success criteria" as part of the University quality system. Process competencies have been developed with the help of simulation. So far the administrative unit has simulated equipment purchase process, research agreement process and education plan process. The unit has also started to simulate the operating plan and financial plan processes.

Further clarification is needed in the field of foreign student acceptance process, research administration process and the process of producing publications. All of these processes should be examined with the help of simulation. More competence is needed in the processes of seeing the need for change and carrying out the required changes. More information is required with regards to partners, research knowledge, potential customers, student employment and feedback to develop education.

When analysing the process competence of the administrative unit and filling in the gaps in it, the university administration services should be considered as whole. Part of the competence can be improved in faculties and then it can be brought to use of the whole university.

Individual Competencies

Individual competencies are described below in Figure 3.

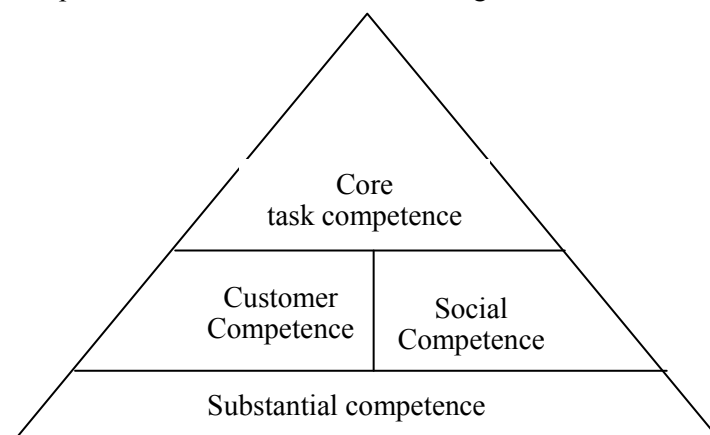


Figure 3. Individual competencies.

When analysing individual competencies of the administrative unit, it can be said that *substantial competence* is generally very strong. The individual competencies have not been analysed in detail, so next statements about individual competencies and lack of them does not concern all employees. Individual competencies have not been analysed in detail and are not in written form. Individual competencies are examined inside the administrative unit and are discussed in development discussions. Thus, personnel know the individual competencies and the competencies of the administrative unit. In planning tasks, the administrative unit has good competence in knowing the basics of public administration, in knowing the general and regional development trends, in control systems, in assessment and quality work, in knowing the educational systems and degrees, in student recruiting and -communication, in controlling organisational development procedures, in project competence, in work-life relations and in tasks concerning development of teaching and student's practical training.

In service tasks, the administrative unit has good competence in knowing the book-keeping systems and accounting laws, in knowing the laws concerning personnel employment relationships and calculation of salaries, in tasks concerning student services and -registers, in knowledge concerning career guidance and educational loans and in different kinds of direct customer service tasks. In many services competence is strong when the tasks are done in the present way and tasks are also done efficiently, but more competence would be needed because the University of X is expanding and its operations are developing. In analysing, receiving, adjusting and carrying out changes, competence varies.

There is a lack of individual competencies for example in information system competence, in managing toolkits and in language skills, though individual competencies vary greatly. Stronger competence would be needed in knowledge of legislation and contractual relations, in knowing the basics of funding and cost accounting, in developing human resource accounts and personnel, in tasks relating to new learning theories and -environments, in knowing the international education systems and cultures, in competence concerning visas and residence permits, and in broadening the computer skills. In the administrative unit there is too little knowledge of European Union, especially stronger competence would be needed for financing and for project management. Communication and presentation competence, competence related to communication between cultures and negotiation skills could be better in the administrative unit.

The main customers of the administrative unit inside the university are the management, personnel and students. Administrative unit know its internal customers and their needs very well. In the future the intention is to make customer questionnaire to improve the service level and *customer competence*.

The *social competence* of the administrative unit includes interaction and co-operative skills, communication and presentation competence. The inquiry conducted by the Director of Administration showed that the internal co-operation in the administrative unit works well. Many employees in the administrative unit need more competence in presentation and communication skills.

The *core task competence* of administrative unit concerns the knowledge of university's main tasks, research and education. This competence varies depending on the nature of the service and employee's experience in the position. Generally it can be said that the knowledge about the research done in the University of X is very low. The

knowledge about the education supply is better, but still it needs to be developed.

In order to increase the individual competence level the present personnel competence needs to be developed and new competence should be recruited. Improving language skills is a growing challenge in every operation. Immediate improvements of competence would be needed in managing new software and hardware, in monitoring personnel, in adapting new rules, regulations and practises, in managing new information and in time management. In general there are enough competencies but too little personnel.

Competence Development

Administrative unit is going to make more specific competence analysis and then use it to check personnel plan in the long run. In this more specific competence analysis, administrative unit's core competencies are recognised and defined, competence map is created and competencies needed in different services are defined and assessed. According to this analysis so called "lack of competence analysis" is done and the personnel plan is supplemented with the information obtained.

Development of Individual Core Competencies

In improving its competence the administrative unit uses:

- individual and team training,
- different kinds of development projects supported by outside consultants,
- task circulation,
- benchmarking,
- mentoring,
- introduction of portfolios,
- acting in international networks,
- buying competence outside and
- recruiting new personnel.

The emphasis of the *training* during the next few years will be in obtaining the necessary present information and also in long-term education. The goal of the long-term education is to improve the education level. To obtain the goal, 3–4 persons per year can take part in broader education arranged by the University of X or some other organisation. This education should aim to take a degree. The administrative unit has acquired educational training concerning quality work and managing "the balanced success criteria" and benchmarking. This training will be broadened and also other training concerning organisational development methods will be acquired. Administrative unit needs training in managing EU-projects. Also language training should be arranged.

Employees have the right to decide, what kind of training they want to take part in. The Director of Administration asks employees' opinions and then decides which training each employee can take part in. The administrative unit does education plan for the whole university once a year. Competence obtained by training can be used in developing the task division and employee's tasks.

The administrative unit has taken part in few *development projects*, for example development discussion project and “balanced success criteria” -project. This kind of project work will be continued if there is time from compulsory tasks. Support would be needed in how to work under pressure with different kinds of people and interest groups. *Task circulation* will be continued actively, especially inside the University of X.

Benchmarking will be continued by comparing the administrative unit’s operations with some other Universities’ administration offices. Also individual services will be compared. International comparison of practises is starting. *Introduction of portfolio* to administrative personnel has been discussed preliminarily. This idea should be further developed for example by using portfolio method for administrative personnel developed in a University in the USA.

The personnel of the administrative unit take actively part in *international activities*, especially Nordic activities. Acting in international networks and presentations in conferences and seminars improve the competence in many ways. The administrative unit will continue to buy legal expertise outside. Also *buying other competence outside* is considered, for example buying of contract competence.

Development Process, Performance Measurement and Knowledge Sharing

The administrative unit has development discussions. The central administration has been divided into units and every unit has an own leader. The Director of Administration has development discussions with the leaders and the leaders have discussions with the members of their units. Competence evaluation and its development is the main subject in development discussions between the Director of Administration and the unit leaders and also between the leaders and their team members.

The administrative unit does not have a proper way to motivate the personnel or the unit. The administrative unit is planning a balanced scorecard to measure the performance. Motivation does not work, because the unit does not have proper incentives. The administrative unit has only a view non-financial incentive to motivate its personnel. For example, employees can take part in courses or seminars, which are not exactly their field.

The administrative unit has knowledge sharing between people in the unit, and also between some organisations. The unit has a meeting once a month, where unit leaders tell about their units and what has happened in them. The administrative unit benchmarks its administrative systems with a neighbouring institution/Polytechnic, and major school in the studied country (‘X’ School of Economics and Business Administration) and with an another comprehensive University (‘Y’) once a year.

Conclusion

The administrative unit has tried to define its competencies, though it has failed to identify- which of its competencies are ‘core’. The administrative unit has defined tasks and knowledge in which competences are underlying, how these competencies can and should be further developed and where they are lacking of competencies. The administrative unit has defined its competencies in network, unit and individual level.

The core competencies of the administrative unit are not well linked to the strategy of the University of X.

To develop the competence of the administrative unit, it has developed a “balanced success criteria” as part of the University quality system. Individual competences of the administrative unit include core task competence, customer competence, social competence and substantial competence. Individual competencies have not been analysed in detail and are not well defined and well structured. However, the individual competencies are also varying in different levels. In order to increase the individual competence level the present personnel competence needs to be developed and new competence should be recruited. In other words there are competencies but too little effort is given to integrate them for the overall benefits and success of the university.

The administrative unit attempts to make more specific competence analysis and then use it to check the personnel plan in the long run. In such extended competence analysis, the administrative unit’s core competencies are recognised and defined, competence map is created, and needed competencies in different services are defined and assessed. According to this analysis the “lack of competence analysis” is done and the personnel plan is supplemented with the information obtained.

The emphasis of training during the next few years would be to obtaining the necessary information and long term education. The goal of the long term education is to improve the education level. Competencies obtained by training can be used in developing the task division and employees’ tasks. The administrative unit *benchmarks* its operations with some other organisations. Benchmarking is being continued by comparing the administrative unit’s operation with other universities’ administrative offices, along with individual services that would also be compared.

The administrative unit has development discussions. Competence evaluation and its development is the main subject in development discussions between the Director of Administration and the unit leaders, and also between the leaders and their team members. The administrative unit does not have a proper way to motivate the personnel or the unit. The administrative unit has knowledge sharing arrangement among the peoples in different units and also with some outside organisations.

The efforts of the University of X administration demonstrate that improving and managing the competences require integrated effort to receive the benefits of core competences. If competences are well integrated with the strategic objectives, education institutions can also be benefited, like profit oriented business organizations, in order to be competitive and become quality education intuitions in competitive global educational era. That is, it can be said that CM can be implemented in a not-for-profit services organization as demonstrated in some studies (Chen and Keith 2009; Hurd and Buschbom, 2010; Bryson et al 2007; Kai and Paulia, 2011; Ahmed 2005; and Hatzfeld 2014. The CM can well be regarded as useful tool to management overall competences in educational institution as well (as demonstrated in Kash 2015; Evarts 1987, and so on studies).

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APPENDIX 1. Interview Details

Date: March 2002-march 2003.

The interview is conducted orally, answers are written down.

Name of the organisation: University of X (not allowed to use name), Administrative unit

Name of the interviewee: ER (not allowed to disburse)

Position: Director of Administration

Q : Does the organisation have any core competencies or have they tried to define their core competencies? If yes, what? If no, why not?

ER: Yes we have tried to define our competencies, they can be found in the personnel plan of the administrative unit. I will give you a copy of the plan.

Q : Has the core competence being defined being useful?

ER: Yes.

Q : Is the core competence linked to the strategy of the organisation?

ER: Not very well, you can see the vision of the University of X from our website.

Q : Does the personnel know the organisation's core competencies?

ER: Yes, we have discussed them in groups.

Q : How does the organisation develop its core competence? Have the individual core competencies been defined in the organisation? If yes, how? If no, why not?

ER: Organisation develops its core competencies by taking part in different kinds of courses. There is also funding for long-term and in-depth studies. Individual core competencies have been defined, but they are not in written form.

Q : Does the organisation have any training for personnel to develop their individual core competence? If yes, what kind of training? If not, why?

ER: Yes, they can take courses. We are doing education plan for the whole university for this year.

Q : Does the individual have the possibility to decide for the training or is at compulsory as an organisation rule? If yes/no, why?

ER: The individual has the right to decide himself. I ask them, what kind of training they want and then I decide which training they can take part in.

Q : Has the organisation conducted any previous training to develop individual core competence on its personnel? If yes, how and what kind of training? If no, why not?

ER: Yes, the education plan has been done before.

Q : Does the organisation have development discussions? If yes, how and what kind? If no, why not?

ER: Yes, the central administration has been divided into units and every unit has an own leader. I have development discussions with the leaders and the leaders have discussions with the members of their units.

Q : In what ways does the organisation and personnel motivate? Is the performance measurement conducted in the organisation?

ER: There is no proper way in which the organisation and the personnel motivate. We are planning to do the balanced scorecard.

Q : Does the motivation work? Why/why not?

ER: No, because we do not have proper incentives.

Q : Does the organisation have incentives to motivate its personnel? If yes, are the incentives financial or non-financial? If not, why?

ER: Very little, personnel can take part in courses, which are not exactly their field. Incentives are non-financial.

Q : Does the organisation have knowledge sharing? If yes, what kind of knowledge sharing?

ER: Yes. We have a meeting once a month, where unit leaders tell about their units and what has happened in them. Then we benchmark our administrative systems with Seinajoki Polytechnic, with Turku School of Economics and Business Administration and with the University of Oulu once a year.