CASE STUDY

Competency based Human Resource Management System- A case study of a leading Public Sector undertaking

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Abstract

The expectations of the dynamic world is continuously exerting pressure on the organizational systems to go beyond the job description based employee performance which turns stagnant under a period of time. This leads to the development of competency based management system that matches well with the pace of change in the external & internal requirements.

The proposed study aims at identifying & implementing the competency framework for an organization in manufacturing Industry. It throws light on the methodology to be adopted while designing & implementing a competency based management approach. It brings forth various managerial & functional competencies that support in the process of horizontal integration of HR practices thus leading to the creation of an effective system based approach. This results in the creation of individual & organizational road maps that provides them the requisite reference towards their goal attainment in a professional manner. It supports in creation of link between the various HR practices like training & Development, Performance Appraisal, Career Planning & Succession planning, Rewards & incentive Management etc as a result becomes a formulae to a more systematic & productive organizational management.

Keywords: Competency Management, Manufacturing, cluster, behavioral event interview.

INTRODUCTION

In the wake of twentieth century when capitalism started birth was the time when wealth was transferred from land owners to capitalist group. The power came in the hand of those who had capital. Over the course of the passing of twentieth century the paucity of capital dissipated & world economies started shifting from the era of capital to the era of knowledge. This gave way to the rise of another decisive factor of production "Competence Management" as a new factor in the area of Human Resource management. (De Geus, 1999).

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With the unfolding of 21st century the value of managing the skills of employees strengthens its position as a key commodity on the world market. The existing market trends toward the downsizing and streamlining of organizations place encompassing demand upon organizations to optimize the competencies of their human resources.

Competence Mapping Practices, as subject matter for this research study, was selected with the aspiration of providing complementary research information towards the application process of competency framework along with an attempt to develop insights on the realistic practices in the competency approach employed by Steel Authority of India Ltd.

According to a recent study of 77 companies and almost 6000 managers and executives, the most important corporate resource over the next 20 years will be talent: smart, sophisticated business people who are technologically literate, globally astute, operationally agile & highly competent. A big question that arises is -How do organizations shift from traditional HR practices to the new workplace where all their practices are well aligned & contributing to each other thus leading to an engaged human capital.

In order to compete with the MNCs, Indian organizations need to have leadership that can create strategies which provides a competitive edge to the company in the global scenario, managers who can execute the planed strategies with utmost efficiency & workers who have the right knowledge, skills & attitude to perform & persist in the tough competitive era. They need leaders who may not just direct but rather lead from the front. Rather than hiring an employee who has to be guided towards performing a specific task, employers increasingly need employees who can work in a self managed team & who are continually focused on the innovation of products and processes. Hence, the need for modern employees with advanced leadership, managerial, workplace and technical skills to enable their employers to stay competitive.

The answer to all the above was found in the Competency Management approach used by the organization.

LITERATURE REVIEW

It would not be wrong to say that the first competency mapping models was developed by Chankaya in his book Arthashastra which was written 3000 years ago when he mentored Chandragupta towards being an efficient & effective king. Benjamin Bloom proclaimed Educationists from USA in mid fifties attempted to bring forth the fundamentals of developing the educational objectives by specifying knowledge, attitudes and skills as outcomes. The actual credit towards the origin of competency management in the modern world goes to David McClelland who coined the term "Competency" & described its difference from skills in ensuring effective performance.

In 1982, Richard E.Boyatzis, David McClelland's partner at Hay-McBer company published "The Competent Manager: A Model for Effective Performance" making the competency profiling a popular HRD tool in American, Briton, Canada and Japan, etc. The authors see 'competency' as an 'underlying characteristic' causally related to superior job performance (McClelland, 1971 and Boyatzis, 1982).

John Kotter and James Heskett (1992) conducted an 11-year longitudinal study at Harvard Business School that summarizes the impact of a performance-enhancing culture (PEC) on the performance of the organization. The performance of companies with a PEC and those without a PEC are compared according to their revenue growth, stock price, and net income growth. Companies that fostered a performance-enhancing culture outperformed those who did in all three areas. This research preposes to not just develop the right processes for the system but also work onto the creation of facilitating internal environment & culture in-order to enhance the organizational

productivity.

In 1993, another acclaimed work "Competence at Work: Models for Superior Performance" by Lyle.M.Spencer & Signe M.Spencer summarized 20 years of research using the McClelland methodology. The book included 286 studies of entrepreneurial, technical and professional, sales, human service, and managerial jobs from industry, government, military, health care, education and religious organizations.
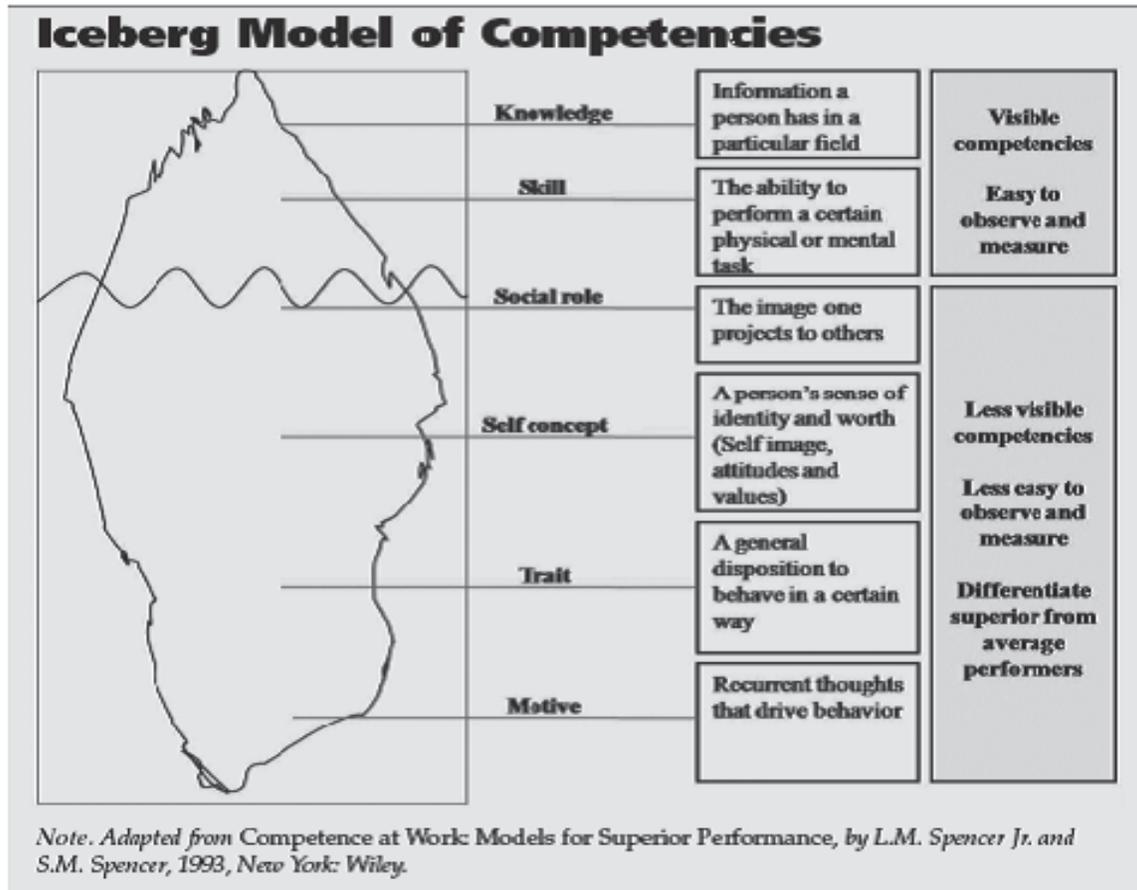
Iceberg Model of Competencies

Knowledge	Information a person has in a particular field	Visible competencies	Easy to observe and measure
Skill	The ability to perform a certain physical or mental task		
Social role	The image one projects to others	Less visible competencies	
Self concept	A person's sense of identity and worth (Self image, attitudes and values)	Less easy to observe and measure	
Trait	A general disposition to behave in a certain way	Differentiate superior from average performers	
Motive	Recurrent thoughts that drive behavior		

Note. Adapted from Competence at Work: Models for Superior Performance, by L.M. Spencer Jr. and S.M. Spencer, 1993, New York: Wiley.

Figure 1: Iceberg Model of Competencies

Spencer and Spencer (1993) identified five types of competency characteristics consisting of motives, traits, self-concept, knowledge, and skill. Motives are the things a person consistently thinks about or wants that stimulate action. Motives drive, direct, and select behavior toward certain actions or goals and away from others. Traits are physical characteristics and consistent responses to situations or information. Self-concept is a person's attitudes, values, or self-image. Knowledge is information a person has in specific content areas and skill is the ability to perform a certain physical or mental task.

Knowledge and skill competencies tended to be visible and relatively surface characteristics of people whereas self-concept, trait, and motive competencies were more hidden, deeper, and central to personality. Figure 1 illustrates central and surface competencies stated by Spencer & Spencer (1993).

Competency is a common concept. It's a mode to test knowledge, skills, abilities, behaviors and other characteristics. There are three main categories of behavioral abilities that can be regarded as threshold competencies, which can be used to identify excellent performance. These three threshold

competencies are as follows: (1) expertise and experience is a threshold level of competency; (2) knowledge is a threshold competency; and (3) an assortment of basic cognitive competencies, such as memory and deductive reasoning are threshold competencies. Therefore, competency is the integration and coordination of trans-functional abilities, and consists of knowledge, skills, abilities, attitudes and behaviors. Competencies are also a behavioral approach to emotional, social, and cognitive intelligence.

A competency is the capability of applying or using knowledge, skills, abilities, behaviors, and personal characteristics to successfully perform critical work tasks, specific functions, or operate in a given role or position. Personal characteristics may be m e n t a l / i n t e l l e c t u a l / c o g n i t i v e, social/emotional/attitudinal, and physical/psychomotor attributes necessary to perform the job (Dubois, 1993).

Heffernan and Flood (2000) outline two approaches to competencies, firstly the US approach and secondly the UK approach. The predominant US approach portrayed by Boyatzis, Ulrich and others define competency as the underlying attributes of a person. It is largely an input based approach, defining the inputs needed to demonstrate competent performance.

In contrast, the UK approach sees competency as a set of performances and standards. Boam and Sparrow, Burgoyne and Silver among others are part of a group of mostly English authors who proposed that competency was best used as a measure of output learning. Training and assessment of performance was the thrust of this approach.

In the research conducted on global leadership competencies the conclusive list of competencies identified by T V Rao are as: Interpersonal skills, Job Domain Functional knowledge, Delegating Skills, Approachable, Calm & Composed & Analytical skills (Rao, 2007).

Another study conducted to check the perception regarding the six competencies defined by SHL framework concluded interesting facts. It was found that their was significant difference in perceptions of relative importance of an competency as per the levels of managers. The Senior managers valued the Interpersonal competency much higher than the middle managers. In the eye of Middle managers the value of Dynamism competency was greatly higher than the perception attributed by first-line managers, and the Operational competency was very highly rated by the first-line managers in comparison to the middle managers. On the contrast it was also observed that regarding the Leadership, Analytical, and Business Awareness competencies, all the three levels of Senior manager, middle manager & first line manager had no significant differences in perceptions. (Mbozaki 2004, Wallace & Hunt 1996).

An attempt to classify the competencies in terms of distinctive & threshold competencies led to the interesting result. The Research work defined "distinctive" as the competencies present with "significantly different intensity" in the best performers' sub-sample (compared with the average performers' subsample), and "threshold" the competencies present with "significantly different intensity" in the best and average performers' sub-sample (compared with the poor performers' subsample). The research resulted in listing the following four threshold competencies for Production supervisors: a) efficiency orientation and initiative (goal and action cluster); b) empathy and group management (people management cluster).

The distinctive competencies (or differentators), instead, are nine: a) planning and attention to detail (goal and action cluster), persuasiveness, self-confidence and development of others (people management cluster); c) use of concepts, networking, use of technologies and social objectivity (analytic reasoning cluster). (Gerli, F.)

The terms used in this study are defined as below: A competency is a sum of the Knowledge, Skill,

Attitude and Aptitude required to execute a job.

Functional Competencies- These include technical competencies that are essential to perform a specific job in the organization within a defined technical or functional area of work, such as engineering calculations, mechanical drawing, and tool designing.

Managerial Competencies- These include 'soft' skills that enable a person to perform well in any function, such as communicating effectively, achieving tangible results and creative problem solving. These are generic because they can be applied to a variety of different functions and technical specialties.

Associated Competencies – These include technical competencies in which incumbents need to possess basic awareness to be able to perform the assigned responsibilities effectively. The incumbent may not be proficient or technically expert in these competencies but will exhibit basic understanding of terms and processes.

P N khandwala 2004 in his research based on Senior Managers Role focused on the competencies related to manage the power structure, Initiative management, fostering innovation, higher resilience & effective coping along with strong execution skills

When Competency Model is implemented holistically in the long run it further minimises the cost of training (due to suitable recruitment), grievance management (due to regular feedbacks).

The competency model creates a complete perspective by aligning all of the HR Value Chain practices like recruitment & selection, training & development, performance management, career & succession planning etc.(Sahu,2009).

Research study conducted by Hunter, Schmidt and Judiesch (1990) found that competency based Selection, training, Performance Management shift productivity curve toward Superior Performance.

Moreover, convincing ROI models exist clearly demonstrating the positive impact of competency-based HR practices. They also found that depending on the complexity of job, a performance of one standard deviation above the mean is worth between 19% and 48% economic value-added in non-sales jobs, and 48-120% increased productivity in sales jobs.

Significance of the study- This study aims at providing a glimpse at the process of developing & implementing a competency framework for an organization. It brings out the identification & elaboration of significant competency cluster that will act as the base while integrating the various HR activities. It will fill the knowledge gap as enough researches has not been done towards describing the competency framework in the PSU's of India. This information has been often been in the hands of either the practicing corporate person or the consultants of competency only. The study attempts to provide a step by step guide by describing & explaining the information leading to the creation of a common thread that ties the various practices of organisation.

Profile of the Organisaton- It is the largest steel-making company in India and one of the seven Maharatna's of the country's Central Public Sector Enterprises.

It produces iron and steel at five integrated plants and three special steel plants, located principally in the eastern and central regions of India and situated close to domestic sources of raw materials. It manufactures and sells a broad range of steel products. They produce iron and steel at five integrated plants and three special steel plants, located principally in the eastern and central regions of India and situated close to domestic sources of raw materials.

Since its inception, it has been instrumental in laying a sound infrastructure for the industrial development of the country. Besides, it has

immensely contributed to the development of technical and managerial expertise. It has triggered the secondary and tertiary waves of economic growth by continuously providing the inputs for the consuming industry.

Scope of the study

Indian manufacturing industry has gone through a dramatic transformation in terms of technology being used, market dynamics, workforce demographics and the skills necessary to work hence this study is important because it provides a practical manual that can act as a guiding light for those who aim towards creating the human capital compatibility in managing the dynamic environment. The present study uncovers the gamut of skills & competencies arranged in the form of a cluster that will have an impact on the production process in manufacturing industry. Though this study limits itself to the framework of one PSU but it is a representative to any organization which would like to create a fundamental set of critical competencies to bring unison & consistency amongst the organizational skill & competency set.

THE METHODOLOGY

The methodology used for carrying out the research study is as follows:-

Primary Data: - The information is collected directly from the various stakeholders like the strategic team members, Unit head, Division head, Production Managers, HR Managers & the various job incumbent, of the target organisation with the help of Interviews which includes both open-ended and close ended questions.

Secondary Data: - Sources used for collection of secondary data are as:
a. Document Review: - Obtaining the actual forms and operating documents currently being used. Reviews blank copies of forms and samples of actual completed forms.

b. Observation : - verifying the statements made during the interviews.
c. Web Search : - contemporary researches will be studied from internet.
d. Research of journals, periodicals, technical materials, seminars and discussions reference book, journals, published data were referred.

Planning & Developing the Competency Framework

The decision of using a competency based management system was incorporated in the wake of a scenario in it when the organisation had to get ready for expansion & fill a large number of leadership position through a systematic succession planning approach. In-order to ensure effective management in the dynamic world a committee was formed. It aimed at taking action to devise a systematic approach for development of leadership pool to occupy key positions. The committee recommended the use of competency based approach which is explained in detail in the subsequent sections. The committee had deliberations and took inputs from various sources, within the company (through multiple workshops of critical role holders) and outside the company (industry benchmarks, competitor's practices) & concluded in defining the key positions & the required managerial (8 competency clusters) & technical competencies for the same, thus leading to a competency framework. This was further used for recruitment, appraisal, identify managerial developmental needs & design career path.

The base framework is referred as Leadership Competency Proficiency level comprising of the Eight competency clusters:

1. Strategic Orientation
2. Customer Focus
3. Commercial Acumen
4. Managing Self
5. Execution Excellence
6. People Management

7. Managing External Agencies
8. Change & innovation

All the competency clusters were defined. The Sample Definition of the first competency cluster Strategic focus & growth orientation (SFGO) is as "The ability to visualize the gamut of managerial responsibility required to meet the expansion plans of the organization & long term opportunities for sustainable growth & develop strategies for meeting

them. The Subsumed Competencies considered in the above cluster were identified as: Organisational sensitivity, analytical thinking, organizational & environmental awareness, visioning & strategic direction.

Sample bars for the Managerial Competency-Strategic focus & growth orientation is being divided into 5 proficiency levels & is displayed in the forthcoming table 1.1

Table 1: Behavior description & proficiency level requirement

Competency Name : Strategic Focus and Growth Orientation (SFGO)

BehaviorDescription	Proficiency Level
Generally aware of long term strategies of his own area / function .	1
Articulates the current competitive situation in the context of long-term market opportunities and threats and can evaluate options and plans against anticipated trends.	2
Identifies competitors' strengths and weaknesses and trends. Translates larger corporate objectives or strategy into relevant strategy and action plan for a specific element of the business such as product or functional strategies.	3
Translates larger corporate objectives into relevant strategy and action plan for a specific element of the business such as product or functional strategies. Integrates a variety of information into the definition of a clear, focused, and long-term product or functional strategy.	4
Actively develops and demonstrates strategy formulation and implementation backed with deep and sophisticated knowledge of the customer, organization, and industry benchmarks and emerging direction that could be leveraged to reshape the market towards the organization's competitive position. Raises relevant strategic issues for corporate or business strategy beyond own area, potentially influencing the shaping of that strategy.	5

These competencies are further used as base for a number of HR practices. For recruitment & career planning purposes the minimum technical competency threshold for key positions was defined in terms of experience of the desired technical competency. For example: The HR Head should be a MBA in HR/MSW/PGDBM-HR & should have minimum 2 years experience of working on HR initiatives as leadership intervention facilitator, resource person for HRD etc. It use Competency based Application Blank to capture & record the

competencies of the candidate. They used a modified version of Quan type Framework adapted to their competencies for capturing the scores of the prospective candidate.

The assessment of these competencies was done by using the following identified tests: Critical Incidents, Online-in-basket, Self evaluation & Case based exercises. The mapping for each competency is demonstrated in the table 1.2.

Table 2: Tools for assessing competency

Competencies / Tools	CI and SE	OIB Test 1	OIB Test 2	OIB Test 3	CBE Test 1	CBE Test 2	CBE Test 3	Total
Strategic Orientation	✔	✔	✔	✔	✔	✔	✔	7
Business Acumen	✔	✔		✔	✔	✔	✔	6
Change and Innovation	✔	✔	✔	✔				4
Customer Orientation	✔	✔	✔					3
Project Execution	✔				✔	✔	✔	4
People & Self Management	✔	✔	✔	✔				4
Total	6	5	4	4	3	3	3	

Key
CI: Critical Incident   OIB: Online In Basket
SE: Self Evaluation   CBE: Case Based Exercise

During Performance Management in-order to evaluate the senior management the organization uses specific Assessment centers for General Managers for the purpose of attaining individual developmental feedbacks. These are conducted both internally & Externally as per the position.

Performance Management was done through online software in which blank forms with specified competencies were created in which one had to fill up his activities that justified the level of proficiency for that particular competency & finally self score. There was a counter score by the assessor who would look at the submitted data & on the basis of his own assessment would enter his score. The employee can get his scores reassessed by the level up reviewer in case not satisfied with the assessor's appraisal.

Various management development programs were conducted with reference to each competency cluster. Senior level management was put through a special 6 module program titled "Journey towards Expertise" providing experiential understanding for each competency cluster. External subject matter experts were invited to add on the expertise on more intricate aspects which lacked internal resource persons.

Trainings were conducted at two levels:

1. To develop in-house expertise: Train the trainer programs for creating subject matter expert to guide & counsel regarding the various competency clusters. Programs related to Customer Relationship Management, Negotiation skills, Cost control, Stress management, etc are conducted.

2. In-house assessors: They were developed through workshop based training with special focus on the competency of conducting Behavioural Event Interviews which was an essential process tool for recruitment & also part of the management development Module

"Journey towards Success". Development Centers are used to Top Level Managers above DGM position.

Training Evaluation is conducted in the form of Behavioural Evaluation by making the participants submit a self development action plan report within 90 days that provides complete description of the leanings gathered & changes made subsequently in the working style. The format of the report should have coverage of the Initiative taken, Impact of Initiative & a description of how the individual assessment on the development of his/her competency.

This evaluation is followed by a review workshop within the time frame of 6 to 12 months after compiling the reports of all the participants. The final training effectiveness analysis of the review workshop is being reported to the top management.

Key finding that underpins all of the preceding findings are required to be shared by the HR head. After that the framework was created & shared with all the employees. It was expected that all of them understand it but interestingly it was later found out that there had been insufficient discussion of the required behaviours and this stemmed from a resistance to broach the subject. Critical role holders were part of the discussion but rest employees were apprehensive of the approach & hence in their words "Behaviour was never discussed. We didn't talk about it, it's a taboo subject and it's all very uncomfortable". One top team member said that his issue was that "No one in my unit wants to talk about behaviour, even the performance assessors & reviewers were not clear on how to assess the behaviour & counsel their subordinates. The subordinate did not want to listen, they didn't like it. We hate discussing behaviour".

Having realised the concern HR Team took comprehensive steps in terms of organising multiple training programs on the benefits of competency based approach & highlighted its long term advantages in terms of reduced biasness, increased transparency, enhanced skills, etc. The top management team recommended that the organization should start talking about requisite behaviour both on a 'one-to-one' basis and in groups, as it is a prerequisite to compete in the dynamic scenario. High tea with HR team type of open forums were organised to provide communication opportunities were employees could put forward their doubts & attain immediate solutions. Help desks facility was arranged to provide one point solution to the competency related aspects. Subsequently, it took approximately two years to create an acceptability level in the employees.

CONCLUSION

The creation of competency framework acts as the foundation to the various short & long term activities in the organization related to aligning the processes starting from procurement to the Exit of human capital. The study highlighted the step by step manual of developing a competency based framework by shedding light at all the nitty-gritty required in the process. It manifested the value addition provided by the competency based approach towards bringing horizontal integration which can be further extended to vertical integration. This can finally result in a efficient & effective system with completely integrated policies, practices & procedures.

The clarity of expected performance & documentation of the various competency framework will lead to significant increase in productivity & employee morale. Competency management would act as an integrative tool for enhancing the organizational effectiveness & efficiency in the dynamic environment.

The created frameworks & the implication of this study should be valuable for the future researches exploring towards other type of industries & different set of competencies.

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