

ROLE OF COMPETENCIES IN HUMAN RESOURCE MANAGEMENT A STUDY IN INDIAN ORGANIZATIONS

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Abstract: Contemporary organizations are essentially people driven. Termed as *human resources* in HR parlance, the contribution of people towards success is established. Organizational environment is characterized by competition and performance, thus making traditional human resource practices in managing people redundant. Creating new forms of competitive advantage has thus become a major area of concern for organizations. It gets all the more complex in the contemporary knowledge based industry with the knowledge workers contributing to the organization in the form of human capital. The search for newer forms of competitive advantage in organizations are being seen in the name of *competencies* at the individual level. Competencies are a combination of observable and applied knowledge, skills and behaviors that create a competitive advantage for an organization. It focuses on how an employee creates value and what is actually accomplished (Nath & Raheja in, 2004). From a managerial point of view, very little has so far been achieved with regard to the question of which competencies create success in the organizations. The same is true in the scholarly research arena thus making the subject an exciting field of enquiry. This paper empirically investigates the role of competencies for employee development in the Indian IT and Pharma Industry. The importance of competencies in the talent acquisition, talent development and talent retention was also examined. The data was collected from a randomly selected sample of 89 employees in the IT and Pharmaceutical industry. The Awareness level of employees, usage of competencies in the different functions along with their perceptions has been collected through a specifically designed questionnaire. Data was content analyzed in a descriptive way with simple statistical treatment of frequency and percentages using the SPSS package. The results show the importance of competencies for organizational success. It also underscores the need for developing /

implementing competency based approach for effective human resource management.

Keywords: Competencies, India, Human Resource Management, empirical.

I. INTRODUCTION

Contemporary organizations are essentially people driven. Termed as *human resources* in HR parlance, the contribution of people towards success is established. Organizational environment is characterized by competition and performance, thus making traditional human resource practices in managing people redundant. Creating new forms of competitive advantage has thus become a major area of concern for organizations. It gets all the more complex in the contemporary knowledge based industry with the knowledge workers contributing to the organization in the form of human capital. The search for newer forms of competitive advantage in organizations are being seen in the name of *competencies* at the individual level and creating value to the human resource management.. The role of human resource management (HRM) in organizations has changed from measuring individual productivity among the employees towards strategic management of the human resources, focusing on competence development, human learning management, knowledge management and learning organizations (Berardine 1997, Hagan 1996, Nordhaug 1993). Strategic competence management is increasingly important for innovative organizations, and may be critical to uphold strategic advantage (Davenport and Prusak 1998). Increasing globalization implies tougher competition and more dynamic markets, but also offers the possibility for increasing the competence potential of an organization through utilizing competence from different geographical locations in the global workforce (Borghoff and Pareschi 1998). Strategic competence management should thus be highly prioritized among managers (Bergenhengouwen,

Horn and Mooijman 1998, Niederman 1998, Pickett 1998).

For more than a decade human resources management has aspired to be a business-partner to general management. Fulmer (1990) characterized the new role as the "right hand to strategy implementation." Galbraith (1992) has argued for the need to "reposition" the function, much as one would reposition a company to make it more competitive. In Galbraith's view, a collection of businesses are more valuable together as business group because of the integrating capability the human resources organization provides (in leveraging key talent, for example). The HRM literature and corporate rhetoric alike, make the business-focused HR contribution a strategic imperative. But strategy and practice remain miles apart (Ulrich, 1992).

II. IMPORTANCE OF HRM

The HRM function in organizations has gained increasing strategic emphasis, and the importance of aligning HRM strategy and business strategy is well acknowledged (Agarwal and Ferratt 1999, Lengnick-Hall & Lengnick-Hall 1988, Ulrich and Lake 1990). Effective HRM is vital for being able to meet market demands with well qualified employees at all times. Competence management is an important part of HRM practice where the aim is to generate competencies that provide the organization with the right mix of talent to meet existing and future needs (Nordhaug 1993, Ulrich et al. 1990). The HRM function in organizations has gained increasing strategic emphasis, and the importance of aligning HRM strategy and business strategy is well acknowledged (Agarwal and Ferratt 1999, Lengnick-Hall & Lengnick-Hall 1988, Ulrich and Lake 1990). Effective HRM is vital for being able to meet market demands with well qualified employees at all times. Competence management is an important part of HRM practice where the aim is to generate competencies that provide the organization with the right mix of talent to meet existing and future needs (Nordhaug 1993, Ulrich et al. 1990). Further, the core competencies of the organization should provide guidelines for the competence management process to increase sustainable competitiveness (Bergenhengouwen et al. 1997, Hagan 1996). In a competence-based organization, the description, stimulation and development of the individual competencies of the employees are highlighted, rather than focusing on job descriptions and duties (Lawler 1993). Organizations wanting to establish long term employment need to focus on career development and long term goals for their employees.

The idea that human resources can become a source of competitive advantage for the organization is not

new (Huselid, 1995; Ordoñez de Pablos, 2004; Pfeffer, 1998; Schuler and Jackson, 1987; Wright et al., 1995). It is generally accepted that firms can create a competitive advantage from human resources and their management practices. Effective human resource management will generate a higher capacity to attract and hold employees who are qualified and motivated for good performance, and also the benefits from having adequate and qualified employees are numerous. Some examples are higher profitability, less rotation, higher product quality, lower costs in manufacturing and a faster acceptance and implementation of the organizational strategy. Organizational resources lead to a sustained competitive advantage when they are valuable, rare, inimitable and have no substitute (Barney, 1991). The first four criteria create a potential for competitive advantage, but if the firm wants to obtain this advantage over its rivals, then it will have to be organized to use these resources (Ulrich and Lake, 1990). "It is important to manage employees, their knowledge and competences in such a way that the organization can build a long-term competitive advantage."

III. OBJECTIVES FOR THE STUDY

This study has focused on the role of competencies in human resource management in Indian organizations. And tried to expand our understanding of 1) how the practice of competencies in the organization affects talent acquisition 2) The practice of competencies in the organization affects talent development 3) how the practice of competencies in the organization affects talent retention.

More specifically the study aimed at examining the following: (a) To know whether the competency management is used by the organizations. The competencies essentially lead to organizations success (Prahlad, C K, 1993) The focus here is on HR's role as it strives to get qualified people into the organization and to keep them as long as possible (Janet Scaffer, 2007). (b) To identify the different HR functions where the competency based tools are used. The governance process inside the organization that is the quality of relationships across different functions, across business units functions collectively leads to the success (Prahlad, C K, 1993) (c) To identify the enabling factors for managing talent through competency management (d) To identify the different levels where competency based tools are used. (e) To study how to identify the inherent talent. (e) To study the relationship between competencies and Talent Management.

IV. METHODOLOGY

Since the study is at the micro - level and exploratory in nature, the trend of competency

practices in the Indian organizations has thus begun. The Public sectors and the private sectors present a contrasting picture in India. Liberalization deregulation had their impact on both but with more effective in the private sector. The managerial autonomy is more felt in the private sector, and even today public sector suffers relatively in terms of flexibility in recruitment, compensation, and top management discretion in policy making and implementation. Hence for this study focus is laid on the IT and pharmaceutical companies in the private sector. A structured questionnaire was prepared to collect the responses from 5 pharmaceutical and 7 IT companies were selected for the study. 10 questionnaires were distributed in each of the companies at different levels in different departments and got only 89 filled in responses (out of the targeted 120 with a response rate of 74.17%) from the 12 companies. Questions were so designed to collect the information to know whether the competency management is used by the organizations, to identify the different HR functions where the competency based tools are used, to identify the enabling factors for managing talent through competency management, to identify the different levels where competency based tools are used, to study how to identify the inherent talent and to study the relationship between competencies and Talent Management. Their perceptions were measured on a 4 point scale with Strongly disagree, Disagree, Agree and Strongly agree. The data thus collected is content analyzed in a descriptive way using simple statistics to arrive at inferences on the role of competencies in human resource management in Indian organizations.

V. ANALYSIS

The profile of the respondents was collected in terms of gender, designation and experience. Majority of the respondents were male(56.179%) and females were about(43.820). A good number of respondents were executive level (49.438%) followed by managers (19.101%). Maximum respondents came in the experience range of 1 to 5 years (40.449%) following the range of 5 to 10 years (31.460%). Thus the profile is majorly male from the executive group in the experience range of 1 to 5 years.

Almost all the respondents rated their employees awareness on the competencies as positive (100%). Seeking competencies in the candidates always was (4.494%) and sometimes was (95.505%). Listing competencies always was (8.988%) and selection of the employees based on the listed competencies sometimes was (83.146%) followed by always (6.741%). The competencies in both the sector were identified by the department heads (69.662%), followed by the line managers (60.674%) and then Hr (48.314%). In both the sectors competencies are

considered sometimes important for recruitment (91.011%), training (92.134%), development (93.258%), performance appraisals (91.011%), compensation(50.561%), and career planning (35.955%). It is clearly evidenced that the competencies are considered important sometimes rather than always hence procedures and practices need to be properly written and executed.

The different levels where the maximum competencies used are at the tactical level (82.022%) and followed at the middle level (17.977%) and should be extended to the entire organization for maximum gains..

Factors enabling the talent management practices in both the sectors are Transparency at work place (88.764%), flexibility (47.191%), Freedom and stimulations (37.078%), management support (30.337%), organization culture and policy (17.9775 each) followed by the monetary incentives(11.235%).

And factors disabling the talent management practices were management support (97.752%), followed by employees commitment towards the organizations goals (85.393%), organization strategy (13.483%) and then it was the Hr policies(7.865%).

From the above analysis it is clearly indicative that the organizations claim having their competency models but are lagging in execution. Finally the respondents were of the opinion that the competence management will enrich the HR staff and the department in effective functioning as well as in proper execution and development of the resources for the organization and the human resource development. This will also enable the HR department in true sense as strategic partner of the organization.

VI. CONCLUSION

This study has provided some useful insights into the competence management practices and procedures in the Indian context. It revealed that a beginning is thus made in the Indian organizations in the IT and Pharma sectors. It is understood that the competence based Hr functions adds value to the overall organization, helps in better human asset management and helps in better talent management. Competence based functions are advantageous to both the parties involved in the process. The companies in India have realized the importance of the human assets in the company and to have an effective talent management process they are using competency as a tool for managing their talent. Thus a beginning is seen in terms of competence Management. Organization are implementing competence based Recruitment, Training, Performance Appraisal and Learning. Thus awareness of the competence practices in terms of

quality human resources, generating trust & learning, result oriented, empowering employees, analyzing training & development needs, rating the employees, increased satisfaction, increased productivity and strengthening employee engagements has started among the employees and employers.

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