

A Study Of Competency Based HRM For Business Sustainability

Ruta S Desai ¹, Arun Mokashi ²

¹ Research Student, Imcc, Pune, India

² Hod, Department Of Commerce, T. J. College, Pune, India

Email ID: ruutha@rediffmail.com, mokashiarun7@gmail.com ²

ABSTRACT:

Continuously increasing global competition is making it difficult for the organizations to survive and grow. The imitation of goods and services produced are imitated in no time and are available in the market. But imitation of human resource of the organization is not possible. And hence it is very important for organizations to have competent employees in the organization to gain competitive advantage. Thus organizations need to have a well designed competency based human resource management system which can help them to build the sustainability in the market. This paper concentrates on the study of the concept of competency mapping; competency based human resource management and its application for business sustainability.

Key words: Competency, Competency mapping, Human resource management, Business sustainability, Competitive advantage.

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INTRODUCTION

Rising competition obliges companies to seek for innovation, increase effectiveness and efficiency of work, productivity. Human Capital is a key source of innovation and competitive improvement. If the employee is not competent enough of performing allotted tasks, the targets will not be achieved for the organization. In the era of globalization, focus of organization is on improved quality and it majorly depends on performance of the employees. The increasing attrition rate for an organization increases the overall cost for that organization. Each industry is growing rapidly and facing huge competition all over the world. So, it makes it necessary to have good quality and competent human asset with the organization to achieve desired results. This is possible with the help of competency mapping.

Competency mapping has become a key for business organizations to achieve strategically sustained position. Professionals must be provided

with the necessary profiles to respond to sustainability challenges in the global context. Hence, it is very essential to identify required competencies considering the goals and objectives of the organizations.

Human resource management approach treats people as an organizational resource and it implies supply of manpower to help achieve desired tasks and results. Detailed and practical approach is very necessary to diverse aspects of HRM and the first point for this is an approach to competency mapping.

MEANING OF COMPETENCY MAPPING

Competency mapping is a way of identifying which competencies needed and essential for an organisation, what competencies are needed for specific roles, and how to develop those competencies within workforce for organizational success. Competency mapping helps to find the strengths of each employee and their skills and

behaviours. Even organizations are able to identify the areas where employee can improve and develop those areas they are not as strong. After recognizing the competencies it gets integrated during the various processes like job evaluation, training, recruitment, etc. of the organization. Emotional intelligence or emotional quotient are examined during the process of competency mapping, and strengths of the individual in areas like team structure, leadership, and decision making. Competency mapping refers to a process through which the competencies of the necessary process are identified. It is done to determine the critical activities of the mandatory processes of the organization.

The competency concept was initially developed in the field of psychology to specify ability of an individual to respond or react to the demand placed on them by their environment. Competencies are resultant from specific job within the organization and are often congregated around categories such as strategy, decision-making, innovation, leadership, relationships, risk-taking, emotional intelligence, etc. Word 'competency' denotes many meanings such as "fitness", "skills" and "capabilities" etc. A competency has its association with all these three domains by which performance can be assessed.

COMPONENTS OF COMPETENCY

1. Knowledge:

Knowledge is an organized body of information that a person mentally possesses as a result of formal education, training, or personal experience. Knowledge can be obtained through learning.

2. Ability

An ability is the natural aptitude or acquired proficiency to perform an observable activity; e.g., ability to write reports, ability to analyse numerical data, ability to plan and organize work

3. Skills:

The task may comprise physical or mental actions accomplished with accuracy and accuracy by a worker holding the skill. It

can be financial skill or a verbal skill such as accounting or making a presentation.

4. Personal attributes:

Personal characteristics signify what an individual wants to or will do, as divergent to what the individual can do or has the capability to do. Essential characteristics, which are brought to the tasks, signify which knowledge and skill can be developed or established.

Definitions of Competency

Competence at individual level means an ability of an employee to offer superior performance in assigned tasks." - **By Drucker (1985)**

"Competency is an underlying characteristic of an individual that is casually related to criterion referenced effective and / or superior performance in a job or a situation." - **By Spencer & Spencer (1993)**

MEANING OF COMPETENCY BASED HRM

Competency based HRM means using the concept of competency and results of competency analysis to inform and improve the HR functions like recruitment and selection, employee development and rewards, performance management etc.

Competencies stand for language of performance. Competencies can communicate the expected outcomes from an individual's efforts and the way in which these activities are conducted. It provides a common language to describe the expected performance in different contexts.

Competency-based HR management concentrates first on the person and then on his or her outputs or results. Competencies are permanent, but work activities and tasks are momentary. Competency models help to enhance job descriptions and lay the base for an entire HR system and when this happens, an organization is using competency-based HR management. Competency based HR management, considers human point of view than job oriented approach and this forms the foundation of the HR functions.

Development of competency based HRM started in USA and Western European countries from the beginning of 1990s. Competency based HRM is a new trend in human resource management which focuses on management, development and utilization of the employee competencies. This changes the role of HRM from only recruitment, training and development and appraisal to utilization and development of employee competencies. With the help of competency based HRM, all the functions of HR can be linked to competency mapping. It is referred as competency management cycle. The main aim of competency management cycle is to create a workforce that is engaged and motivated, so these employees will grow and will contribute their knowledge to the organization to achieve desired results.

The major HR functions linked to competency mapping helps to improve performance of employees. These major functions include:

Management cycle is as follows:

- **Recruitment and selection:** This step involves strategies and tactics to create and maintain talented and skilled employees for organization. Competency based recruitment and selection improves the performance level of employees because

it results in placement of right person at the right job at the right time.

- **On boarding:** It embraces the on boarding process for the new jonnies. This can comprise supervision and support to switch to new job roles.
- **Training and development:** Training and development programs play crucial role in every organization to develop necessary skills and reduce the skill gaps if any. Competency based training and development programs can be customized according to the skill gaps and it will thus reduce the unnecessary time and efforts of the organization and improve competencies of the employees.
- **Performance management:** It contains giving feedbacks on employee work performance and providing recognition for successful performance. The concentration of competency based performance management system will not be on the results but how the results are achieved.
- **Succession planning:** It helps to identify the skill set required for the positions which will be vacant due to retirement, transfer or for any other reason and also the top positions which can be filled by the suitable candidates with set of required competencies.

NEED FOR COMPETENCY BASED HRM

The modifications in job based system to competency based system are due to the changes taking place in the organizations and due to varying market situations. The reasons for considering competency management system include:

- To develop essential competencies of employees to assure high quality work.
- To make employees professional by developing employee professional competencies.
- To achieve competitiveness and

effectiveness

- To provide training and required developmental programs to meet the changing needs.

ROLE OF COMPETENCY BASED HRM IN BUSINESS SUSTAINABILITY

Business sustainability can be explained as the process of managing an organization by considering three different aspects, viz. economic, social and environmental. It may also be referred to as the triple bottom line approach. [5]

HRM is an organizational function that deals with recruitment, development, providing motivation, employee engagement etc. Competency based HRM plays a crucial role in achieving organizational goals and helps it to become a socially and environmentally responsible firm by enhancing its positive impacts and reducing the negative impacts on environment as well as on society. [8]

Human resource management is significant in supporting the organization to improve effectiveness, to manage corporate governance and ethical issues beyond economic performance, and to support relocation of the organization's future direction and vision of new ways of operating. [9]

Ethical considerations around the role of HR are important because focus on getting the highest commitment from employees may impact negatively in regard to less work security and more uncertain work arrangements. The decline in worker representation through trade unions and changes around globalised trade, outsourcing and employment means that HR has a direct impact on society. HR has the potential to be the moral compass of the organization, promoting policies and practices that are sustainable for humans and the environment. At the same time these goals are not easy to achieve, HRM can ease the channel of communication between managers and employees as well as contribute to the organizational culture change. [9] To achieve this, competent employees are required and this is possible through the competency based HRM.

To develop business sustainability culture, HR people can

1. Well define company's purpose
2. Review the organizational practices
3. Due consideration to sustainability during recruitment and selection
4. Sustainability goals can be included into performance management
5. Develop various employee engagement techniques
6. Develop motivational incentives to promote employee ideas

CONCLUSION

Today's organizations are facing global competition and imitation of products and services is observed in no time in the market. Thus the competition is very critical and survive in this situation

is very difficult. Imitation of the human resource is not possible and hence it is a critical resource for the business organizations. Having competent employees is the greatest asset of the organization and hence well planned competency based HR functions help the organization to achieve the business goals and objectives. Competency based HRM helps to develop the suitable culture, values and people to gain the business sustainability.

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