

# *Chapter – III*

## *Conceptual Framework on Competency Mapping*

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### CONCEPTUAL FRAMEWORK ON COMPETENCY MAPPING

#### 3.1 INTRODUCTION

Business environmental imperatives like impact of globalization, changing technologies, and value based management, growth opportunities and focus on competency building has initiated the organization to concentrate more on core competencies in order to have an edge over their competitors and hence creating an advantage for the firm. A competitive advantage is the aspect of the company hardly imitable, maintained in the future, that positions it above the competitors and always leads to better performance (**Carmeli 2004**). Competency mapping brings out a collective effort and dynamic potential from the source of human and converts these constructive tides into a tool for development. Firms in order to be competitive in the International market, they are placing a knowledgeable and skilled person in the right place, retain them and provide proper recognition for their performance. The competencies which might determine excellence in the role could include problem solving and judgment, drive and determination, commercial awareness, interpersonal skills, etc. all of which might be described further by behavior relating specifically to the post in that organization. This chapter details with the conceptual foundation of this thesis.

#### 3.2 CONCEPT OF COMPETENCY

During the last few years the competency movement has exploded onto the Human Resources scene. Competency profiling, gap analysis, competency based classification and compensation, assessment and selection based on future competencies etc. have gained international recognition. Competencies are probably most closely related to abilities, but the term 'ability' normally means either innate or a special quality; while competencies relate more to expertise and experience. Competencies can be thought of as the state or quality of being well qualified to perform a task. A person gains competency through education, training, experience, or natural abilities which is emphasized through **Klemp (1980)** definition on Competence "an underlying characteristic of a person which results in effective

and/or superior performance on the job.” While a detailed definition interlinks the properties of competency by **Parry (1996)** “a cluster or related knowledge, skills, and attitudes that reflects a major portion of one's job (a role or responsibility), that correlates with performance on the job, that can be measured with well-accepted standards, and that can be improved with training and development”. Emotional and social intelligence competencies account for a substantial and important amount of variance in predicting or understanding performance in competency studies. An inductive method is used to identify and clarify each competency (**Boyatzis 2008**). A competency is a set of behavior that describes excellent performance in a particular work. These characteristics are applied more by organizations because they provide significant help to many key problems.

The term competency attained remarkable growth strategy through the company's investments in time and money which resulted in competitive employees. Professional identify that the competent people are emerged only by the various mapping process. The Competency mapping model breaks down into two major areas, functional skills (practical knowledge needs to perform a job) and behavioral assessment (leadership, active listening, teamwork and morale). Human Resources Management credits value when it contributes individuals and organization to attain better than the current state of performance. An organizational, functional and behavioral competency obligate in achieving exemplary performance when an individual performs roles and responsibilities **Ganesh Sherman (2004)**, *Competency Based HRM*, (**Tata McGraw-Hill, New Delhi**). Attitudes, traits or personalities are primarily essential for individual competencies. As the organization is going through a fundamental change it is mandatory for individual to map their competencies as a pair of ongoing career planning. Competency based training and development have the capacity to drive organizational change rather simply enabling chances to take place.

### **3.2.1 History of Competency**

In the early 20<sup>th</sup> century business process required more complex skills to perform jobs, hence to perform the task given on-the job learning and practice was done. Then the era of scientific management complexity was minimized and

efficiency was maximized as Taylor's and Henry Ford's use of assembly line shifted competencies from workers to time and motion study. Later a transformation came in 1960 when McClelland wrote an article asserting that IQ and personality tests were common use for predictors of competency. The authors conclude from the psychological test that the key competencies identified were relevant to job performance. Thus the key to gaining a competitive edge is the ability of the workforce of an organization to maximize the technology, capital and superior products.

### **3.2.2 Importance of Competency Mapping**

In order to increase the rate of success competent level of various skills required in different aspects of life (i.e.) professional, personal and social activities need to be identified, hence it is becoming important for both organization and individual to use competency mapping. The Competency based system is commonly beneficial both for the employers and employees to achieve an efficient higher level of competence. It ensures that organization funded training and professional development activities are cost-effective, goal-oriented and productive. Employee participation in competency program as well as perceived support for competency development increases employee's employability and career development of individual employee (**Ans De Vos 2011**). Apart from this using competency in organization provides greater ability scale and flexibly as required. It establishes a framework for constructive feedback from management, clarifies job standards and outlines employee development and promotional paths within the organization.

The mapping provides employees an insight into the overall strategy of respective team, department and organization leading towards higher engagement and motivation. Learning additional competencies help employees become more proactive beyond their individual roles. Insisting on performance expectation enables employees to progress on essential needs and to work more effectively. While having the highest level of proficiency in a competency is always desirable, overstate can prove to be counterproductive. Everyone should try to reach the competent level in the skills required by them for their professional, personal, family and social activities/tasks/projects. Knowledge alone cannot assure to achieve great levels in skills or competencies. Implementation of knowledge is the equation of the game. Thus

**Great Knowledge + Great Implementation = Great Effectiveness, Great Results, Great Success.**

### **3.2.3 Steps and Tools used in Competency Mapping**

The competency mapping steps are very essential to be followed in any organization to appropriately measure among the employees. The steps involved in competency mapping with an end result of job evaluation include the following:

- Conducting a **job analysis** by requesting incumbents to complete a position information questionnaire (PIQ). The primary goal is to gather from incumbents what they feel are the key behaviors necessary to perform their respective jobs.
- Using the results of the job analysis, we are ready to develop a competency based **job description**. This is developed carefully by analyzing the input from the represented group of incumbents and converting it to standard competencies.
- With a competency based job description, **mapping of competencies** starts throughout HR processes. The competencies of the respective job description become factors for assessment of the performance evaluation. Using competencies guide to perform more objective evaluations based on displayed or not displayed behaviors.
- Taking the competency mapping further, use the results of evaluation to identify required competencies, where additional **development or training** is needed for the individual. This will help to focus training needs on the goals of the position and help employees to develop towards the ultimate success of the organization.

Through the proper procedure competency mapping helps to identify the necessity of an organization on various circumstances. The methods used in organization which have helped to a larger extent to reinforce and develop the competencies both for the growth of the individual and for the growth of an

organization by selective methodology such as Assessment Center, Critical Incident method, Interview Technique, Questionnaire, Psychometric Test, Behavioral Event interview, Surveys and 360 degree Feedback.

### **3.2.4 Categories of Competency**

For an effective result every organization should categorize the competency. Categorizing the competency helps the organization to discover the required field for the development.

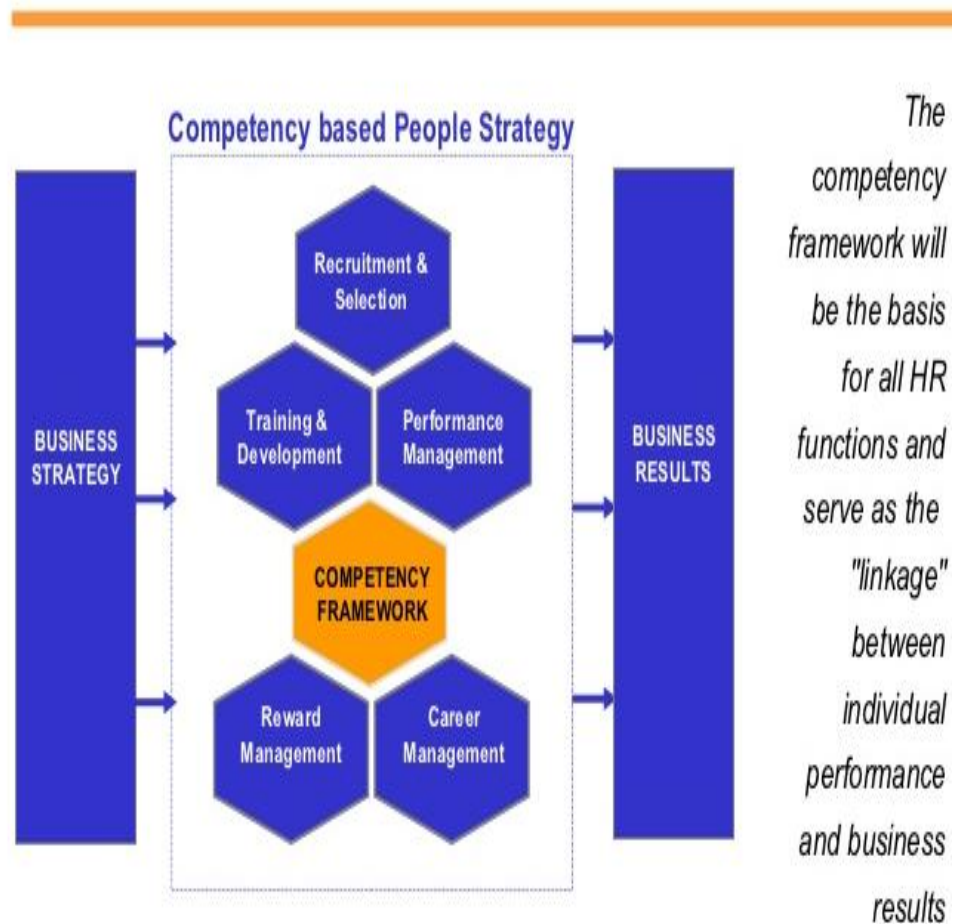
- **Generic Competencies** – Abilities and skills that would be transferable to new situations.
- **Managerial Competencies** –It is the basic skill and facility needed for good work performance. General, specific and Key managerial competencies will always enhance employee performance.
- **Technical Competencies** –is the ability to perform the activities within an occupation to a defined standard, consistently and over time.

HR system is always ensured by Competency Mapping.

The Competency framework will be the basis for all HR functions and serve as the “linkage” between individual performance and business results. Different Human functions covered in competency framework are

- **Recruitment and Selection** – All interviewers recruit individuals based on set of abilities and characteristics required for the job.
- **Training and Development** – It provides a list of behavior and skills that must be developed to maintain satisfactory levels of performance.
- **Performance management** – It clarifies what is expected from an individual. It focuses on a specific behavior, offering a road map for recognition, reward and possible advancement.

**Figure 3.1: HR Management Framework based on Competency**



**Source:** [www.exploreHR.org](http://www.exploreHR.org)

- Reward Management – Recognition is made by providing an incentive for employees, enabling them to grow and enhance their capability further.
- Career Management – enables employees to better understand and develop their skills and interest and use them for the benefit of organization and self.

### 3.3 IT INDUSTRY IN INDIA

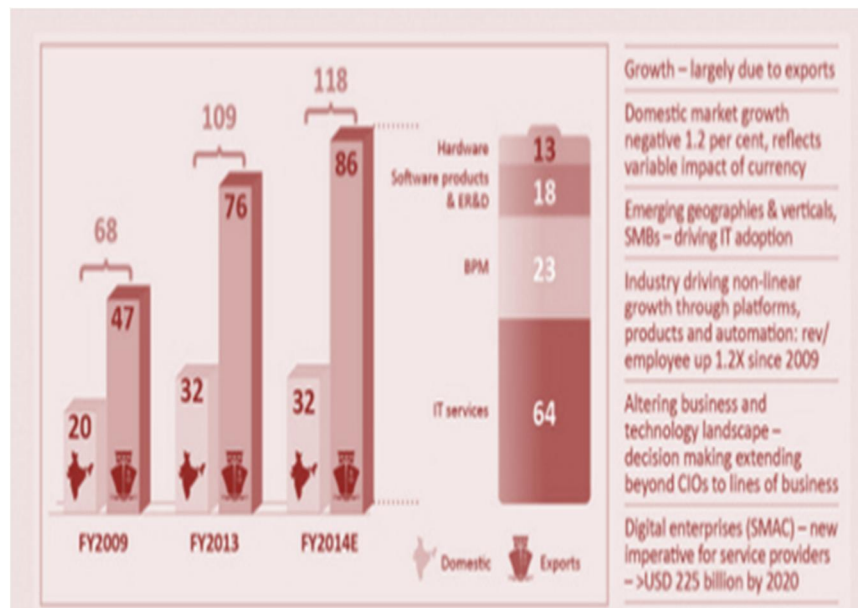
The Information technology industry in India has gained a brand identity as a knowledge economy due to its IT and ITES sector. The IT–ITES industry has two major components: IT Services and business process outsourcing (BPO). The growth in the service sector in India has been led by the IT–ITES sector,

contributing substantially to increase in GDP, employment, and exports. The sector has increased its contribution to India's GDP from 1.2% in FY1998 to 7.5% in FY2012. According to NASSCOM, the IT–BPO sector in India aggregated revenues of US\$ 100 billion in FY2012, where export and domestic revenue stood at US\$ 69.1 billion and US\$ 31.7 billion, respectively, growing by over 9%. The major cities that account for about nearly 90% of this sector's exports are Bangalore, Hyderabad, Chennai, Delhi, and Mumbai. Bangalore is considered to be the Silicon Valley of India because it is the leading IT exporter. Export dominates the IT–ITES industry, and constitutes about 77% of the total industry revenue. Though the IT–ITES sector is export driven, the domestic market is also significant with a robust revenue growth. The industry's share of total Indian exports (merchandise plus services) increased from less than 4% in FY1998 to about 25% in FY2012. According to Gartner, the "Top Five Indian IT Services Providers" are Tata Consultancy Services, Infosys, Cognizant, Wipro and HCL Technologies.

This sector has also led to massive employment generation. The industry continues to be a net employment generator - expected to add 230,000 jobs in FY2012, thus providing direct employment to about 2.8 million, and indirectly employing 8.9 million people. 2013: HR TRENDS–Changing Talent Paradigm NASSCOM had conducted a dip-stick survey of its member firms to understand the hiring outlook for FY2014. Responses were received from around 30 firms (who accounted for over 20 percent of the industrial workforce and nearly 30 percent of export revenues in FY2013). The report covered the key highlights of this survey, managing in a Multi-generational Workplace: A study to determine the competencies at play the report provided a deeper understanding of distinctly different behaviors of Gen Y, its expectations, aspirations and changing needs. It analyzed and decoded the behavioral elements of the Millennial both at home and the workplace, their attributes and role models, gender and socio-cultural nuances, and lessons to be learnt.



**Figure 3.2: NASSCOM REPORT (IT-BPM revenues 2014 = US\$118 bn)**



**Source: Nasscom**

The study included recommendations on the changes organizations needed to make in their work environment and management styles to better address the needs of the Millennial.

India's IT industry, which has grown from nothing to \$100 billion in 20 years ago, is perceived to be passing through a tough phase given the declining margins amid global economic uncertainty. The IT and allied services sector, has gained scale and prominence through on-time project delivery, deep domain knowledge, and solidified reputation for delivery of complex business-centric IT projects.

The Indian IT industry has achieved a phenomenal growth of an estimated \$ 108 billion in 2013 from an \$8 billion in 2000. The industry took advantage of the vast pool of highly skilled resources available at low cost, and rode on the wave of application development and BPM services to spread its wings. According to a CII report, newer technologies such as social media, analytics and cloud computing will help India's IT-BPO industry cross \$225-billion-mark in revenues by 2020. Though the recent global financial crisis has deeply impacted the Indian IT companies as well as global companies, the above chart shows the growth of IT industry is largely

because of exports from 2009 to 2014. IT-enabled services such as back office operations, remote maintenance, accounting, public call centers, medical transcription, insurance claims, and other bulk processing are rapidly expanding. Indian companies such as HCL, TCS, Wipro, and Infosys are becoming household names around the world. In order to sustain and face the stiff competition, they always need to use competency mapping to know about their employees so that organizational effectiveness can be increased.

### 3.4 IT COMPETENCY MODEL

A successful organization is one in which a high performing workforce demonstrates a sound IT firm model which is always necessary to drive business success and meet the organizational goals. Due to various challenges faced by HR professionals in IT Industry in India, it appears necessary to investigate if a difference exists in job competency expectations held for their employees between the required competency levels to the existing level of working. In order to ascertain accurate and current job competency expectations, (i.e) the required competency to work in IT industry, professionals, supervisors and production heads should be asked to rate the importance of the specific job competencies of the HR. The managers are asked to list the required competency to perform diverse HR roles and they are asked to fix the required level of competencies in the specific competency domain. Thus Competency models are developed with the outcome of training need identification.

IT Competency model needs to feature a unique combination of technical skills and behavioral based competencies. This innovative concept helps operational effectiveness in IT Infrastructure while fostering client focus service principles and enterprise alignment. IT competency consists of three components, namely IT knowledge, operation and objects; and provides an operable measure for this construct. IT based information system managers should not focus on the bottom line, but should instead be more concerned with increased capabilities and efficiencies associated with the IT enhanced processes and structures (e.g., learning processes), since this is where the real benefits can be found (**Michael J. Tippins and Ravipreet S. Sohi 2003**). IT competency model might appear complicated, but

it empowers to make effective. IT Competency model helps to match the Current workforce profile of IT with the organizational performance requirements. Further IT will help to recruit the Skills and Proficiency levels needed for IT professionals for now and the future is the basis, identifying and retaining Critical skills are the foundation for growing intellectual capital.

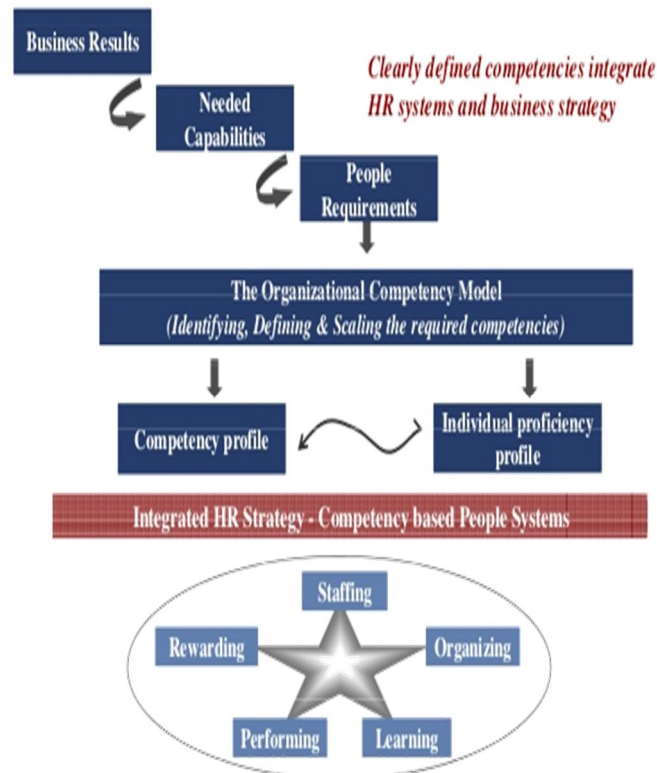
### 3.5 DIFFERENT CONCEPTUAL FRAMEWORK MODEL

As Models focus on different parameter or attributes of the employees, competency model are neither limited nor exhaustive. Organization is determining the models by data collection and refines based on feedback. After this finalized model are translated to the end-user as a tool for application.

#### Model 1

The business competency model depicts the fact that business and capability at present can serve as a foundation upon which business can be built for the future.

**Figure 3.3 Alignment of the competency model with business**



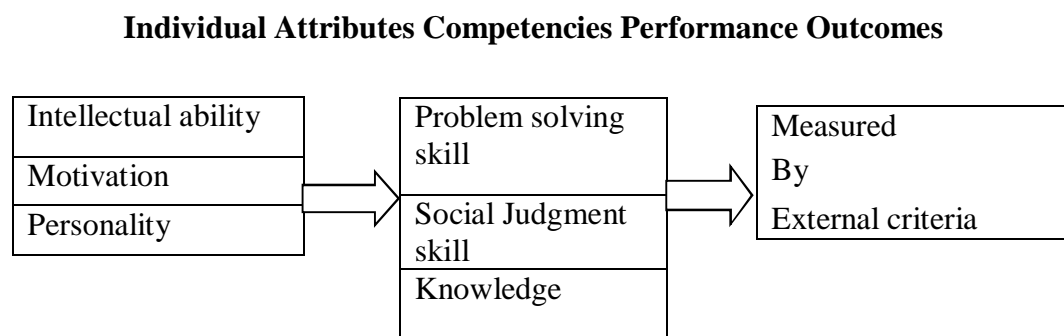
Source: Hewitt Associate

The results of every business today are depended totally on the capability of the workforce. In order to make the organization effective a competency model should be aligned with business needs and organizational goals. At the same time the model should be selective, focus on few competencies that are considered to be the key for a company or individual performance. As organizational requirements are filled only by an individual competency profile here the researcher focus only on a few important elements for identifying the competencies of individuals working in IT industry.

### Model 2

Capability model formats a bunch of tasks that the performer should do into a more manageable framework in order to gain an understanding of what exactly makes an effective performer.

**Figure 3.4 Capability Model by Mark Mumford**

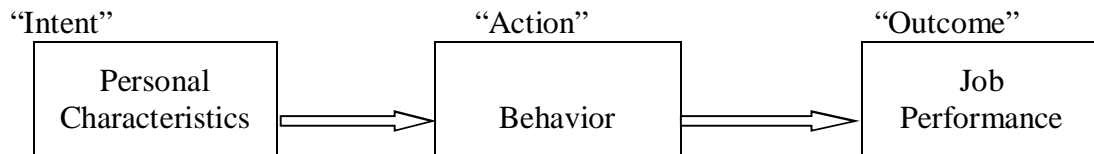


**Source: Northouse 2004**

The above model clearly reveals that the Individual attribute of the employees is very important for the development of competency within the work environment as well as among the individuals. The intellectual ability, motivation and personality entwined to develop the competency among the employees and equip them to possess the capability of problem-solving skill, social judgments and knowledge. As performance is measured by output, the researcher understands that knowledge and skill are an essential element to ensure quality of production output, which is considered as a major element in researcher model.

**Model 3:** Each competency at work place is usually broken down to include a definite plus a number of behavioral indicators that clarify how the competency is demonstrated at different levels of competence.

**Figure 3.5 Competences at Work**



**Source: Lyle Spencer and Signe. M. Spencer**

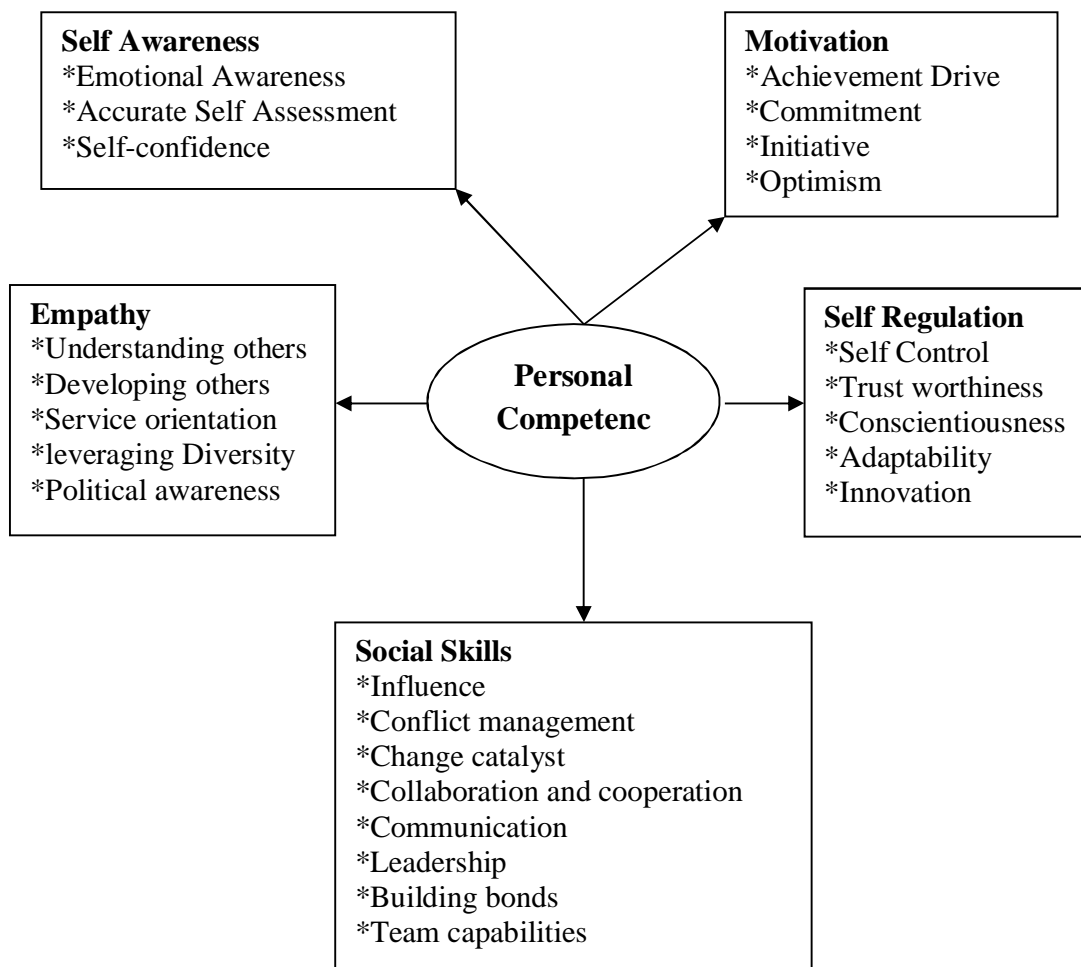
Competency at work is built upon the earlier works on skills, abilities and cognitive intelligence. Individual behavior is impacted by a number of motivational factors, although the work environment can provide external motivators, it is important to account for the fact that internal motivation is impacted significantly by many life events, which can affect an individual's ability to execute and consistently demonstrate their capabilities.

Competency is highly essential requirements for successful performance as they work as an important motivational factor to learn skills and knowledge. Employees are on the point of view that these competency models help organizational members to see what critical skills are missing by comparing their actual performances to the required skills and proficiencies on the competency model. When employees identify their deficiencies on performance, they can enhance their skills or abilities and acquire either compensation or reward from the firm. Competencies at work by Lyle Spencer insisted that personal characteristic like motives, traits; self-concept and knowledge have an effect on the behavior of an employee. The work of Lyle Spencer depicts that emotional and social intelligence account for substantial and important amount of variance in understanding performance in competency studies. As companies are shifting their approach of having multi-skilled employee with knowledge the researcher has used performance appraisal as one of the elements of competency.

#### Model 4

Personal Competencies always determines the source to manage reality. Despite the obstacles and setback faced by every individual employee these competencies help to handle relationship and achieve the goal by introducing novel ideas, approaches and new information.

**Figure 3.6: The Emotional Competence Framework**



**Source: Adapted from the works of Daniel Goleman, Emotional Intelligence and Working with Emotional Intelligence**

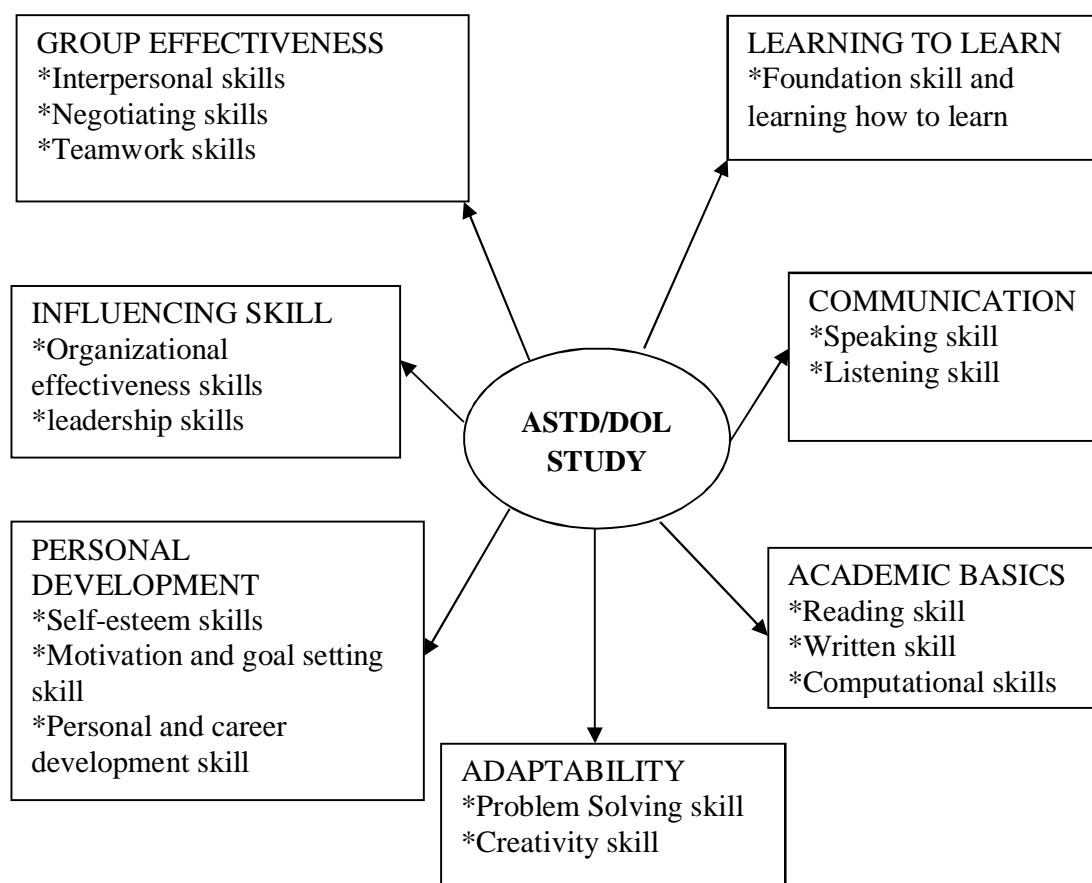
Workforce always requires personal competencies that are essential to perform the job. The competencies are not limited to the particular assigned role. In reality, competencies will be fluid among the various roles; every employee should know the general competency required to perform the role. Essential competencies

like leadership, team capabilities, communication, Innovation and service are specific and effective work behavior, hence these elements are considered in the researcher model.

### Model 5

Today Education and Training systems have emerged as key variables in the quest by countries for competitive edge. Many studies reveal the fact that there was a large gap between the skills needed in the workplace and those possessed by a large proportion of young adults. Hence American companies intensified their focus on training.

**Figure 3.7: American Society for Training and Development**



**Source: Labor model of Generic Competencies**

This model describes about Training and Development in the workplace, where essentially certain skills are needed to be concentrated for improvement.

Based on the analysis of the competencies, the Training Need Analysis is framed by targeting each employee's specific competency needs to fill their gap. After that, employers should implement their training in their work performance and again their performance records and their potential are assessed and reviewed. Based on this, Competency Development Program is conducted. Here general skills like interpersonal communication, teamwork, Negotiating, leadership and goal setting are considered for development. These skills are also viewed by the researcher as elements of competency in the current research.

Behavior is necessary for effective performance, which vary from business to business and role to role. Hence organization is developing their model needed for successful performance in a job aligned with the strategy and integrating it to HR process. The above model shows us that the organization is using competency in every human domain like employee orientation, employee development, performance management, coaching, career strategies, team assessment and succession planning. The researcher has realized that all these tools are used to identify the total organizational effectiveness.

The models discussed here provide a surprising fact that there are only a few studies that directly assess the effects of competencies on outcome. These models clearly explain only about the competencies required and their job performance. As organizational core competency is an organizational strategic strength, the researcher in this thesis identifies the organizational effectiveness because of the presence of required competency elements.

### **3.6 PROPOSED MODEL OF THE RESEARCHER**

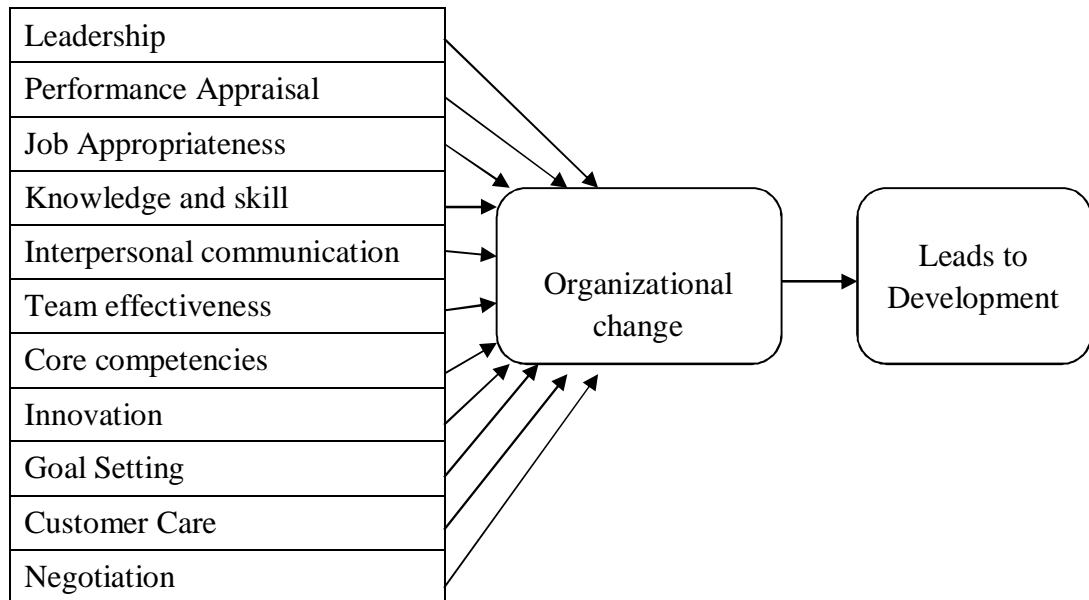
Organization by contributing themselves to firm's productivity and performance they are able to manage the fast change and cultural behavior. Competing in today's global economy requires application of knowledge within specific business settings. Historically, the organization revolves around and is dominated by an individual or a small group. Hence the organizational development and effectiveness completely depends on the skill and knowledge of employees working for the firm. Moreover, today organizational change is pervasive as



organization struggle to adopt or face decline to the volatile environment of a global, economic and political world

**Figure 3.8: Proposed Model**

**Elements of competency**



Organizational change is the movement of people from a current state to a defined state. Organizational change and development have become an important determinant of organizational effectiveness, hence creating competency based culture and systems are becoming the basic requirement for firms today. Thus, determining the competency mapping and the various factors which directly or indirectly influence the employees in IT industry are to be monitored.

Thus the current study aims to examine the association between different competency elements and organizational effectiveness and the role of organizational change as a potential mediator in this association. That is leadership, performance appraisal, job appropriateness, knowledge and skill, interpersonal communication, core competencies, innovativeness, goal setting, customer care and negotiation are positive indicators of organizational effectiveness. Organizational change mediates the elements of competency-effectiveness relationship. Finally the researcher wishes to answer how competency mapping of employees focuses on employee efficiency as well as organizational efficiency in IT industry.

### **3.7 COMPETENCY ELEMENTS USED IN RESEARCH**

#### **3.7.1 Performance Appraisal:**

As the work pattern has changed today it is necessary for the organization to shift from a skill-based performance appraisal to evaluations based on a larger scale. Performance appraisal is seen as a generic term covering a wide variety of activities (A. Sandhya Rani 2012) through which organizations seek to assess employees and develop their competence, enhance performance and distribute rewards. Through performance appraisal, management is able to remove the hurdles by identifying the weak area and take corrective decision. As competencies are becoming so significant the organizational performance management system need to be redesigned. Competency based on performance evaluates large sets of capabilities and knowledge which significantly improves organizational productivity to a much greater extent than just doing a job using an existing skill set. Self-confidence of employees also increases and the gap can be identified by using competency based performance appraisal. Thus the main core of any organizational success is to gain trust of the employees, their loyalty and job satisfaction.

#### **3.7.2 Leadership**

Leadership quality is becoming an important requirement with the increasing demands of leaders in organizational settings. Leaders perform three tasks envision, enroll and engage by constantly analyzing the changing situation and environment; they also develop a healthy tolerance for failure and ambiguity in order to use the approach to leadership effectively. Intelligent leaders only can solve problems that are faced at individual, team, organizational and societal level for which they need to have a clear picture about how leadership skills match up with organizational priorities. This is possible by identifying and understanding leadership strengths and weak spots, then determining how individual strengths align with organizational needs. A leader's style is not based on communication skills alone, but by incorporating these skills it helps leaders to have more ability to choose their leadership style rather than being controlled by them. This leadership is important when the firm is building an intelligent organization, it starts to lead themselves,

(Atika Modassir and Tripti Singh 2008) learning to be an active follower and if necessary take the responsibility to lead others.

### **3.7.3 Job Appropriateness**

Job Appropriateness is essential for bringing about effectiveness in organizations. As job fit is a basic issue as organization considers human resource capital as a main capital. Hence, they arrange for a list of those skills, knowledge and behavior as minimum competencies that are required for performing the job. In the past two decades, organization have to significantly change their characteristics with decentralization, globalization and leadership on the team.. The match between job requirements and working theory is that a variety of variables and personal characteristics appropriate to the individual will have an impact with the job and this affects the individual behaviors and attitudes. Hence the existence of job appropriateness is an organizational necessity for increasing human resource productivity. Job fit in an organization is considered as an effective strategy in preserving human resources (M. Emami 2011). When the best fit between the employee abilities and job demands exist, then job satisfaction will be higher among the employees. Thus an understanding of organizational fitness, job skills and job performance are an essential part of any employment decisions.

### **3.7.4 Knowledge and Skill**

In the current economy, unemployment problem remains high, but at the same time firms have been scrambling to find certain sets of talent they desperately need to compete with today's hyper-competitive global economy. Knowledge has become the key driver of competitiveness with the development of globalization and the technological revolution (Ghirmai T. Keleam 2010). Knowledge and Skill are assets that one acquires over a lifetime; chances to qualify for a good job depend upon the knowledge and skills that human have now and build on over time. Each kind of competency has its own purpose, and helps organizations to develop the skill sets that will ultimately help to drive the business strategy and achieve business goals. Important aspects of today's package include multi-skills, cognitive skills, interpersonal and communication skills, positive work attitudes and quality

consciousness. Training today is no longer only for current competence, but is also to prepare for the next stage of skills. Thus pay systems which promote current and future skills needs are increasing in importance among employees.

### **3.7.5 Interpersonal communication**

Interpersonal competence in recent years has been consistently ranked high as an important requirement for successful job performance. It is a way of life in an organization that creates, maintains and changes the relationship. . Interpersonal communication is an attempt to establish, maintain exploit and change some perceived relationship either by adapting ourselves to others or by attempting to adapt others to us. A person with effective interpersonal communication will open to the ideas of others and put forward their own views too. Especially in IT industry communication is essential as it relates an individual to a wide variety of people, negotiate differences, handle conflicts, make requests effectively and receive information objectively. Apart from all these it helps an individual to assess their own interpersonal ability, sharpen critical understanding and to improve the interpersonal skill. With the explosion of global business, productive intercultural communication has become more important (**Monica Condruz-Bacescu 2010**). Communication is a prerequisite of effective management, if communication is proper then it creates a healthy climate, appropriate attitudes and congenial working relationship.

### **3.7.6 Team effectiveness**

Firms today are recognizing the value of team work as it is becoming difficult for them to manage groups and teams across various cultures. Team working is especially pronounced during the period of change or crisis; it helps to enhance the abilities of each staff member resulting in individual and business success (**Rahul Sharma, Mani Kansal, Puja Paliwal 2012**). Teams can continuously improve their effectiveness by focusing on improving their functioning in five different areas, namely goals, roles, procedure, relationship and leadership. As many different factors are making increasingly difficult for one person to perform a single job contemporary workplace team as a basic work unit help to

perform complex tasks. The organization supports the team only when a team leader fits the need of the team by communicating the clear and acceptable goals openly so that the members trust and respect each other and contribute themselves to the corporate environment. When the team fails the leader has to provide proper support by analyzing the cause for such failure and try maximum to attain a high level team performance by understanding the factors that influence team dynamics and effectiveness.

### **3.7.7 Core competence**

Firms have to identify and play to its strength in a more formal way to survive in the stiff atmosphere. In order to thrive in this atmosphere firms has to outperform its competitors in each of the competencies. Core competencies, identify the knowledge, skill and attitude required across the organization (**Public Health Agency of Canada 2008**) and it contribute to a more effective work force. The core part of the term indicates that the individual has a strong basis from which an additional competency is gained to do a specific job or that a company has a strong basis to develop additional products. This element is not seen as fixed, it should change in response to changes in the company's environment. Developing core competencies include taking an inventory of individual personal strengths and interests, then implementing a plan to gain extra training and experience in that area. Thus, organizational core values are the shared principles and beliefs that underpin the work of an organization and guide the action and behavior of employees hence firm hire employees with basic foundational competencies and then teach more specific competencies directly related to the employee's job description.

### **3.7.8 Innovation**

An additional challenge faced by today's organization is the requirement to innovate, not just occasionally, but often quickly and with a solid success rate. As innovation can help firms play a dominant role in shaping the future of their industry's managerial attention has expanded to incorporate both mainstream variables and an innovation capability. Innovation is the process through which firms seek to acquire and build upon their distinctive competence (**Zhang Wei and**

**Barbara Igel 1998**). Innovation among the employees help the firm to play a dominant role in shaping the future, consistently bring out new to the society and, finally creates a dynamic and sustainable strategic position making the organization to move constantly towards the development. The link between vision, strategy and innovation will seek the most innovative organization to “the best of the best”. Thus, high performing innovators are able to maintain a giant juggling act of capabilities and consistently bring high quality products to market faster, more frequently and at a lower cost than competitors.

### **3.7.9 Goal Setting**

Goal setting is a process of motivating employees by establishing effective and meaningful performance target. These goals always show every individual working for the organization to reach the correct point of destination. Goals are a contract between employee and manager which provides the framework for accountability and promote conversations between the manager and employee to monitor progress throughout the year. Effective goals are most likely achieved only by breaking down the process. Goals should be SMART (**Henry M. Cothran and Allen F. Wysocki 2012**) and must promote more useful interaction between managers and their direct reports, as well as among teams, so that they can better align plans, monitor milestones, and make course corrections whenever it is needed. Development goals should address the competencies and skills the employees needed to grow in their current roles. At the same time, it should consider the individual career aspirations and the organization’s future needs too. Hence goal is an element of competency that addresses every aspect of organizational endeavor.

### **3.7.10 Customer care**

In business environment today the issue of customer relations is becoming very important. Organization take into account what their customers wants and needs are when they develop their product and services. Customer care results in better competencies and moreover loyalty generates positive word of mouth publicity resulting in increasing trust among the customers (**R.M.Potluri and Awgichew Abiige Zelike2009**). Though large firm finds difficulties in structuring their organization to build relationships with customers they should insist employees

to adopt a customer oriented strategy in order to develop long-term, intensive and trusting relations with customers and consequently, the development of relational competencies increase the profitability of the customers. If the competency framework satisfies the internal employees then ultimately it leads to the satisfaction of external customers. Every individual when they have the customer service goals in mind while performing their job duties, and then they are more likely to deliver the quality service to the customers.

### **3.7.11 Negotiation**

Recently negotiation has moved from the industrial relations field to forefront of necessary managerial skills. Employee negotiation skills are exhibited in multiple ways during employment, from bargaining the employee's own compensation and terms of employment of negotiating on behalf of the organization with customers, suppliers, and other stakeholders (**Elizabeth F. Clenney 2013**) everyone negotiates in various forms, it is a common mechanism for resolving differences and allocating resources. It depends on communication and can be considered as an element of human behavior; hence it is increasingly recognized as an important skill for personal and organizational success. Although every individual employee negotiates informally all the time without even being aware of it, they tend to be much more skilled through practical experience. The ability to negotiate successfully in today's turbulent business climate makes the difference between success and failure. An employee as a negotiator is successful only when he looks at the situation from the other side's perspective.

### **Summary**

This chapter discussed the literature that underpins the conceptual framework for the thesis. All these models discussed here, though concentrates on competency, but they fail to identify the core competency which is required to increase the organizational effectiveness. As organizational core competency is an organizational strategic strength firms has to use right model to specify the employee behavior, knowledge and communication skill that they believe are necessary to produce critical result for the organization.