CHAPTER – I
INTRODUCTION

The contemporary era forces every organization to stay competitive in the globalized world. The most significant trend is the growing competitive work environment and the manner in which organizations conduct their activities, which will help create and sustain a competitive advantage. These trends and challenges in the business environment necessitate that even greater attention be given to people in an organization. People are the most valued asset of the organization and they significantly impact the organization transformations. Focusing on the people will ensure their effective utilization, going beyond the scope of the traditional human resource function. A competent person with the essential competencies is thus the need of the hour. This chapter introduces the concept of competency and competency management, its evolution, its application, models and the importance of competence management for managing talent in the organization is also discussed. In addition, the concept of talent management, its evolution, the need, the models are also discussed in this chapter.

The Context
The primary objective for any business is to earn profits and to achieve balanced and sustained growth. Business organizations are the sources of providing employability to the society at large and contribute to the nation’s growth. The development of an economy is dependent on the development of its people. The contemporary era requires that the economic growth and development be supplemented with all round growth of employees which identifies individuals as a social being with emotions, feelings, attachments, responsibilities, needs, wants etc. This being the key driver for every individual country, efforts are directed towards the creation of conditions in which fast development of productive resources can take place. A shift has taken from manufacturing to services and the developments in the technology have made the human resources as the important feature for the nation’s well-being and growth.
Managing a successful business or building up the health of an already established business requires healthy, ongoing leadership and management, planning, product and service development, marketing and financial management. People being the valuable assets of an organization the HR function assumes significance in managing these processes. There is a paradigm shift to align people to the business and hence there is demand to have HR professionals as business partners. The resource, which can manipulate the other resources, is a “Human Resources”, for attaining competitive advantage in an organization. Human Resource Management is managing the functions of hiring, developing and compensating human resources for developing the relations and maintaining human resources for achieving the organizations goal. Handling of HR is the critical task of all the tasks in any business. The business understanding of employees has undergone significant changes and is treating people not as a cost centre but as a profit centre. The present HR’ duties and roles got elaborated and is responsible for providing able and willing workforce to accomplish organizations goals and also to fulfill the employees social and psychological needs along with social responsibility towards the society. Hr plays the role of a strategic partner, facilitator, policy maker and policy implementer. The Human Resource Management plays a greater role in molding and using the resources. Successful organizations are becoming more adaptable, resilient, quick to change directions, and customer centered. Within this environment HR professional must learn how to manage effectively through planning, organizing, leading and controlling the human resource and be knowledgeable of emerging trends in training and employee development.

Schuler (1990) emphasized that the HR function had an opportunity to shift from being an 'employee advocate' (associated with personnel management) to a 'member of the management team'. Schuler's was of the opinion that HR professionals should be concerned with the bottom line, profits, organizational effectiveness and business survival. In other words, human resource functions and professionals play an important role in any business success. Organizations thus have directed their efforts towards employee development – human resource development as it is termed in HR parlance in a big way.
Employee development is a process that ensures that there is a strategic link that binds the organization’s long-term success with its employees’ competencies, and their life-career needs and preferences. Cafaro (2001) states that, “many workers are motivated to know exactly where they fit in the company’s big picture.” And, that fit is defined in competency terms and how well each employee contributes their talents in meaningful ways to the organization’s competency pool. Schein (1978) notes that individuals have specific needs and a performance arena where those needs can be met. If those needs are not met in their current work setting (work unit or organization), they will seek another place to drop their anchor. Consequently, it is to an organization’s advantage to achieve the greatest alignment possible between their employees’ work and life-career preferences and the work that the organization needs to accomplish.

The essential strategic link between organizations and their employees is competency-based employee development. The emphasis is on developing workers’ competencies in ways that make a strategic difference for the organization and its workers. The new employee development wave has to focus on shifting from a skill-based focus to competency-based (Cafaro, 2001).

Competency concept is gaining popularity in practice and growth is also seen in the amount of literature on the competency concept (e.g., Bartram, 2005; Boyatzis, 1982; Hamel & Prahalad, 1994). Empirical research on competencies has lagged behind resulting in a gap between practice and science (Lievens, Sanchez, & De Corte, 2004). An attempt is made in the following lines to describe the history and the nature of the concept, the link between competencies and intelligence, personality, behavior, employee effectiveness, application of competencies in practice, competency management and by discussing different ways to implement such an application are reflected.

**Competency**

Competence means a skill and the standard of performance reached (what people can do) and competency refers to the behavior by which it is achieved (how people do it). Competence / competency (Hogg, 1989) relates to the characteristics of a manager that lead to the demonstration of skills and abilities, which result in effective performance
within an occupational area. Competency also embodies the capacity to transfer skills and abilities from one area to another.

George Klemp (1980) defined a job competency as “an underlying characteristic of a person which results in effective and/ or superior performance in a job” (in Boyetzis, 1982). He also noted that “competencies are characteristics that are casually related to the effective or superior performance in a job”. Expanding on those definitions, Spencer and Spencer (1993) described a competency as “as an underlying characteristic of an individual that is casually related to criterion-referenced effective and/ or superior performance in a job or situation”. They explained that competency characteristics include these five types; motives, traits, self concept knowledge and skill. McLagan (1989) suggested that a competency is “an area of knowledge or skill that is critical for producing key outputs”. She also noted that people may express these capabilities in a “broad, even infinite, array of on-the-job behaviors. Dubois (1993) adapted Boyatzis’s (1982) interpretation of the term and defined a competency as an underlying characteristic that leads to successful performance in a life role” This definition varies according to the context of its application and the differences in procedure and philosophy. Flannery, Hofrichter and Platten (1996) noted competencies “add value and help predict success “. Dubois and Rothwell (2000) described competencies as tools used by workers in a variety of ways to complete units of work, or job tasks.

Spencer and Spencer (1993) in their work Competence at work have defined competency as an underlying characteristic of an individual that is casually related to criterion-referenced effecting superior performance in a job situation.

There are five types of competency characteristics.

- Motives – The things a person consistently thinks about or wants and that which causes action. Motives ‘drive, direct or select behaviour towards certain actions or goals and away from others.
- Traits – Physical characteristics and consistent responses to situations or information.
• Self concept – A person’s attitudes, values or self – image.
• Knowledge – Information a person has in specific content areas.
• Skill – The ability to perform a certain physical or mental task.

As seen in the figure 1.1, knowledge and skill competencies tend to be visible and relatively on the ‘surface’ characteristics of people, Self-concept, trait and motive competencies are more hidden, ‘deeper’ and central to personalities.

**Figure: 1.1. Iceberg Model**

![Iceberg Model](image)

Figure: 1.2. Surface knowledge and skill competencies are relatively easy to develop, training is most effective way to secure these employee abilities. Core motive and trait competencies are at the base of the personality iceberg are more difficult to assess and develop, it is most cost effective to select these characteristics.
Figure: 1.2. Central and surface Competencies

- **Skill**
- **Self-concept**
- **Trait Motive**
- **Attitudes, Values**
- **Knowledge**

Surface: Most easily Developed
Care Personality: Most difficult to Developed

**Most easily Developed**
**Self-concept**
**Trait Motive**
**Attitudes, Values**
**Knowledge**
**Skill**
Competencies can be defined as skills, areas of knowledge, attitudes and abilities that distinguish high performers. These are the characteristics that may be easily observable but rather exist under the surface – behavioral questions can help draw out examples of these competencies (fig. 1.3).

**Figure: 1.3. What are Competencies**

- Observable behavior
- Knowledge job related
- Communicates well, demonstrates leadership
- Skill
- Learns quickly, projects self confidence, team player, handles ambiguity well, demonstrates initiative
- Traits
- Self development, focuses on client success, preserves firm/personal integrity
- Motives
Competencies are components of a job, which are reflected in behavior that are observable in a workplace. The common elements most frequently mentioned are knowledge, skills, abilities, aptitudes, personal suitability behavior and impact on performance at work. There are various definitions with little difference in them. However the common denomination is ‘observable behavior’ in the workplace. The criteria of competency are superior performance and effective performance. Only some competencies can predict performance. Thus the competencies can be divided into two.

- **Threshold Competencies** - These are the essential characteristics that every one in the job needs to be minimally effective, but this does not distinguish superior from average performers.

- **Differentiating Competencies** – These factors distinguish superior from average performers.

Gary Hamel and C.K.Prahlad (1994) wrote that ‘core competencies transcend any single business event within the organization’. Certain projects are so massive and persuasive that no individual can possess the competencies required to see them through to completion. Therefore, organizations have to identify, develop and manage organizational core competencies that drive large enterprise critical pro. Workplace competencies focus on individuals instead of the organization, and they vary by job positions versus enterprise endeavors. The unit of measure is people rather than the business. There may be core competencies that appear in every competency model position; most work place competencies are typically specific to the position. Thus there is an enormous amount of work to set up organization wide competency based applications. ‘Competent ‘is when a person is qualified to perform to a requisite standard of the processes of a job. ‘Competence’ on the other hand means the condition or state of being competent. The difference between the core and workplace competencies is in table 1.1
Table 1.1: Core Competencies vs. Workplace Competencies.

<table>
<thead>
<tr>
<th>Purpose</th>
<th>Core</th>
<th>Workplace</th>
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<tbody>
<tr>
<td>Scope</td>
<td>Organization</td>
<td>Individual</td>
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<tr>
<td>Participants</td>
<td>Business unit</td>
<td>Worker</td>
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<tr>
<td>Tasks</td>
<td>Processes</td>
<td>Activities</td>
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<tr>
<td>Competencies</td>
<td>Global</td>
<td>Position</td>
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**History and nature of the Competency concept**

McClelland in 1973 first introduced the competency concept. He proposed to test for competencies rather than for intelligence. According to McClelland testing should involve criterion sampling. As he stated, “If you want to test who will be a good doctor, go find out what a doctor does”. In other words, testing for competencies would be more related to life outcomes than testing for intelligence. After the publication of McClelland’s article numerous authors have shed their light on the competency concept, resulting in lots of different definitions. Boyatzis (1982), for example, defined competencies as “an underlying characteristic of an individual which is causally related to superior performance in a job”. According to Boyatzis an individual can use a trait, a motive, a skill, an aspect of one’s self image or social role, or a body of knowledge to achieve effective or superior performance. Spencer, McClelland, and Spencer (1992) stated, “Competencies include an intention, action, and outcome”. Personal characteristics, such as motives, traits, self-concept, and knowledge, are at the basis of the intention. They combined their ideas in a competency causal flow model. Hoekstra and Van Sluijs (2003) define competencies in terms of expertise and behavioral repertoire.
Expertise is described as the availability of knowledge, experience, and insight necessary given the nature of a problem or task. Behavioral repertoire is described as the availability of behavior, attention, and emotion necessary given the changing context or situation in which a task must be accomplished. Furthermore, according to the aforementioned authors, temperament, intelligence, and personality are considered prerequisites for developing competencies. Kurz and Bartram (2002) view competencies as “repertoires of capabilities, activities, processes and responses available that enable a range of work demands to be met more effectively by some people than by others” (p. 230), and not as the behavior or performance itself. On comparing the different definitions it becomes clear that there is no uniform idea with respect to the nature of competencies. Competencies might be a result of knowledge, skills, and abilities. Personality, behavior, and motives might, however, play a role as well. Schippmann et al. (2000) subscribe the confusion surrounding the nature of the competency concept, which interviewed subject matter experts and asked them to define competencies. Schippmann et al. showed that there was no consensus between the subject matter experts and that competencies were defined using a wide range of characteristics related to the individual. Subject matter experts mentioned for example knowledge, skills, abilities and behavioral capabilities. In line with the findings of Schippmann et al., Morgeson, Delaney-Klinger, Mayfield, Ferrara, and Campion (2004) state, “perhaps one of the most vexing issues involves actually defining a competency”. In conclusion, different authors hold different viewpoints and it thus seems unclear what competencies really are. Ambiguity is surrounding the competency concept. Competencies might be based on personality, intelligence, behavior, or other individual characteristics, which helps the individual to perform effectively.

**Competencies and Effectiveness**

Despite the ambiguity surrounding the competency concept, competencies are widely used to match a job and an individual in order to increase employee effectiveness, for example during employee selection. According to Spencer et al. (1992), “The better the fit between the requirements of a job and competencies of a person, the higher will be the person’s job performance and job satisfaction”. Many different competencies are
identified during the search for competencies responsible for effective performance. This has resulted in many different lists of competencies varying in length and broadness (Hollenbeck et al., 2006). In an attempt to organize the growing amount of different competencies practitioners and scientists started to create competency taxonomies. These taxonomies often contain those competencies that are thought to be necessary to distinguish between effective and ineffective performance.

Most of the work on effective and ineffective performance is done in the managerial or leadership field, starting with Fayol (1916) and Gulick (1937) who identified competencies such as planning and organizing. Many different methodologies, such as questionnaires, interviews, and diaries, were used to study managerial performance (for an overview see Borman & Brush, 1993) resulting in various taxonomies. Examples of such taxonomies are found in the work of Borman and Brush (1993) and Tett, Guterman, Bleier, and Murphy (2000). The taxonomies that are described in their studies contain the competencies that make up the managerial performance domain. As the fact that competencies are couched in terms of production and achievement (e.g., Sparrow & Bognanno, 1993) and that they are often formulated as behavioral indicators, competencies may be considered as prerequisites of effective performance. This makes a direct relationship between competencies and effectiveness conceivable. The relationship between competencies and effectiveness has been empirically verified in several studies (e.g., Posner & Kouzes, 1988; Smither, London, & Reilly, 2005).

However, these studies are mostly indirect and general in nature. For example, based on a literature review, Stogdill (1948) concluded that an average leader distinguishes himself from the average group member, by being for example, sociable, persistent, self-confident, and cooperative. The personal factors that Stogdill wrote about closely resemble the leader practices or competencies distinguished in the empirical study done by Posner and Kouzes (1988). They examined relationships between leader practices and managerial effectiveness in order to establish the validity of a leader practices inventory. Results showed that nearly competency domains explained for 55% of the variance in effectiveness. Hooijberg and Choi (2000) focused on the relationship between leadership roles and effectiveness using the competing values framework of Quinn (1988) and
examined the extent to which raters vary in the leadership roles they associate with effectiveness. Results showed that indeed different raters held different perspectives. For subordinates the broker and goal achievement role are important and peers stress the innovator and facilitator roles. For superiors not only the innovator role is important, they also focus on the goal achievement role when assessing leader effectiveness. It is important to realize that Hooijberg and Choi studied leader roles and, although there seems to be an apparent connection between these roles and competencies, the results of their study do not provide clear insights in the relationship between separate competencies and effectiveness. Even though studies have consistently shown that there are relationships between competencies and effectiveness, none of the studies have given insight in the importance of the separate competencies for the prediction of effectiveness. Due to the relationship between competencies and the effectiveness organizations have started the application of competencies to different functions.

**Competencies and Competency Management**

Competencies and competency taxonomies are the basic components of what is called “competency modeling” or “competency management”. Competency management is described as an integrated set of human resource activities aimed at optimizing the development and the use of employee competencies in order to increase individual effectiveness, and, subsequently, to increase organizational effectiveness (Van Beirendonck, 1998). Competency management differs from the more traditional job analysis method. According to Schippmann et al. (2000), “job analysis may be thought of as primarily looking at ‘what’ is accomplished, and competency modeling focuses more on ‘how’ objectives are met or how work is accomplished” (p. 713). In line, Kurz and Bartram (2002) state that, “competency profiling differs from job analysis in that the focus of the former is on the desirable and essential behaviors required to perform a job, while the latter focuses on the tasks, roles, and responsibilities associated with a job” (p. 229). Thus, a shift from a task oriented towards a more person-oriented approach is noticeable. Furthermore, in contrast to traditional job analysis, competency management ties the derivation of job specifications to the strategy of the organization. Strategic and no strategic requirements are then used to generate a broadly accepted language that
consists of competencies (Lievens et al., 2004). Thus, by using the same competencies throughout the organization a specific language is created based on which the organization’s strategy can be translated into human resource practices.

In sum, competency management deals with managing competencies in order to increase individual effectiveness as well as organizational effectiveness. This can be done in various ways, for example by means of selection and assessment, coaching, individual development, career planning, and/or performance appraisal, making competency management a widely applicable human resource tool. Since competency management is so widely applicable it is not surprising that the competency approach to human resource management has gained rapid popularity over the past decades. Technological change, globalized competition, and an ongoing interest in development fuelled the rise of competency management. Implementing competency management is complicated and it requires congruence with other human resource practices and with organizational structure and strategy (Wright & McMahan, 1992). However, if successfully implemented and well embedded, the use of competency management can bring about a lot of advantages for the organization (e.g., Becker & Huselid, 1999). Competency management provides employer and employee with a common language through the use of competencies and their definitions formulated in terms of overt behavior. As such, it can provide for example clear behavioral guidelines that can in turn be used as a starting point during performance appraisal. Organizations as well as employees can thus benefit from the use of competency management and it therefore seems worthwhile to stimulate the use of competency management throughout the entire organization. A closer look at the expansion of competency management in the course of the past decades reveals shifts from performance oriented towards development oriented approaches and back. The competency movement dates from the late 1960s and early 1970s and has its foundations in the United States of America. Due to the rise of the Human Relations movement the focus on mass production and standardization of work processes was replaced by a focus on employee development and consequently managing employee competencies became an important human resource tool (Van Merriënboer, Van der Klink, & Hendriks, 2002).
The rise of Competencies

Past decades evidence competencies as a popular phenomenon in human resource management. McClelland in 1973 was the first and proposed to test for competence rather than for intelligence, because testing for competence would be more valid in predicting job performance. Technological change, globalized competition, and the need for a more strategic human resource management fuelled the rise of competencies (e.g., Paulsson, Ivergård, & Hunt, 2005; Sparrow & Bognanno, 1993). Following McClelland, numerous authors have shed their light on the competency concept, creating a whole range of what appeared to be fundamentally different definitions (e.g., Boyatzis, 1982; Ulrich, Brockbank, Yeung, & Lake, 1995). A closer look at the different definitions shows that there is confusion about the constructs that underlie competencies. Competencies are, for example, defined in terms of knowledge, skills, abilities, or personality characteristics. For an overview of different individual characteristics used in competency definitions we refer to Morgeson, Delaney- Klinger, Mayfield, Ferrara, & Campion (2004, p. 676). Spencer, McClelland, and Spencer (1992) distinguish, for example, motives, traits, self-concepts, content knowledge, and cognitive and behavioral skills as the basis of competencies. According to Bartram (2005) and Kurz and Bartram (2002) a competency is a construct that is defined in relation to its significance for performance at work. Thus, they state, “a competency is not the behavior or performance itself, but the repertoire of capabilities, activities, processes and response available that enable a range of work demands to be met more effectively by some people than by others” (Kurz & Bartram, 2002, p. 230). In their opinion, the cluster of characteristics that defines a competency can vary from extensive to limited depending on the competency. It is obvious that the proliferation of definitions causes confusion among practitioners and scientists, and that ambiguity is surrounding the competency concept. Additionally, the scientific community has not been particularly interested in the competency concept. As far as Assessing Competencies we know, only a few studies have investigated the nature of competencies (e.g., Baron, Bartram, & Kurz, 2003; Bartram, 2005) leaving a lot of questions unanswered. Additional empirical research is necessary to provide for a scientific underpinning of the usage of competencies to manage the employees. None of the studies so far has examined competencies for managing the talent of the organizations.
Therefore, the aim of this study is to examine the role of competencies in managing the employees.

**History of Competencies**

In the beginning of twentieth century, work brought complex skills to the job. Typical business processes required specific competencies for the task at hand. These competencies could be acquired only through years of on-the-job learning and practice.

Then came the era of scientific management where Frederick Taylor’s and Henry Ford’s use of assembly line shifted competencies from workers to time-and-motion study. Complexity was minimized and efficiency was maximized with the philosophy and in a depression economy, employees had little value. Process expertise left little scope for training. If the worker could not handle the monotony—boredom, physical strain—a large number of applicants were available to fill openings.

Later, in mid-century, World War II enforced management-centric views where officers gave orders to subordinates who obeyed the commands without questions. Thus somebody had to run things and only those in command were assumed to have the information, perspective and abilities to make decisions. Thus somebody had to run things and only those in command were assumed to have the information, perspective and abilities to make decisions.

After the war they still lived under a command and control hierarchy. The task broken into smaller tasks was done by specialists. In the post-war decade the demand was unparalleled and competition was little. The turnaround came when in the early-war decade the demand was unparalleled and competition was little. The turnaround came when in the early 1960s. McClelland wrote a landmark article in the American Psychologist asserting that IQ and personality tests that were then in common use were predictors of competency. McClelland felt that companies should hire based upon competencies rather than test scores.

Later McClelland, founder of McBer, a consulting company, was asked by the US Foreign Service (USIA) to develop new methods that could predict human performance.
The objective was to eliminate the potential biases of traditional intelligence and aptitude testing. This was the beginning of the field of competence measurement. The next step was for competency concepts to find their way into mainstream business practices.

McClelland (1973) began by asking the USIA’s personnel director and some top managers for the names of people whose jobs were secure but who were in no way outstanding. To differentiate between the two groups, McClelland and his colleague asked fifty people the names of people whose jobs were secure but who were in no way outstanding. To differentiate between the two groups, McClelland and his colleague asked fifty people to describe three incidents where they felt they had outstanding performance and where they felt they had really messed up. To establish clear picture very minute details were asked for what was said, what was done, when and where it all happened, who else was there and so on. These detailed descriptions enabled them to find out a pattern of what competencies the outstanding performers had demonstrated which others had not. Many of the skills that the panel of experts had identified as crucial to job performance turned out to be irrelevant to the everyday duties of the people interviewed by McClelland.

To validate the conclusions about which competencies were necessary McClelland tested them on another group of officers who had been identified as outstanding and a group who fell into the mediocre category outstanding and a group who fell into the mediocre category. Using psychological tests for the key competencies, he found that the officers identified as outstanding consistently performed well on such tests, whereas those rated mediocre performed poorly. Thus it was clear that the key competencies identified were indeed relevant to job performance.

After McClelland article’s publication many of the scholars shed their light on the competency concept. Boyatzis (1982) defined competencies as “an underlying characteristic of an individual which is causally related to superior performance in a job”. According to Boyatzis an individual can use a trait, a motive, a skill, an aspect of one’s self image or social role, or a body of knowledge to achieve effective or superior performance.
Spencer, McClelland, and Spencer (1992) stated that “competencies include an intention, action and outcome” personal characteristics, such as motives, traits, self-concept, and knowledge are at the basis of the intention. They combined their ideas in a competency causal flow model. Hoekstra and Van Sluijs (2003) define competencies in terms of expertise and behavioural repertoire. Expertise is described as the availability of knowledge, experience, and insight necessary given the nature of a problem or task. Behavioral repertoire is described as the availability of behaviour, attention and emotion necessary given the changing context or situation in which a task must be accomplished. Furthermore, according to the afore mentioned authors, temperament, intelligence and personality are considered prerequisites for developing competencies. Kurtz and Bartram (2002) view competencies as repertoires of capabilities, activities processes and responses available that enable a range of work demands to be met more effectively by some people than by others, and not as the behavior or performance itself.

These definitions make it clear that there is no uniform idea with respect to the nature of competencies. Competencies are a result of knowledge, skills and abilities, Personality, behavior and motives could however play a role as well. The confusion surrounding the nature of the competency concept is described by Schippmann et al. (2000) who interviewed subject related experts and asked them to define competencies. Schippmann et al, showed that there was no consensus between the subject matter experts and that competencies were defined using a wide range of characteristics related to the individual.

Any underlying characteristic required for performing a given task, activity, or role successfully can be considered as competency. Competency may take the following forms – knowledge, attitude, skill, motives, values, and self-concept. Earlier competencies were grouped into three areas, which were later expanded into the following four;

Technical: deals with technology or know – how associated with the function, role, task(also called as functional)
Managerial / Organizational: deals with the managerial aspects, organizing, planning, mobilizing resources, monitoring, systems use etc.

Human / Behavioral: deals with personal, interpersonal, team related.

Conceptual / Theoretical: deals with visualizations, model building etc.

This is a convenience classification and a given competency may fall into one or more areas and may include more than one form.

Evolution of Competencies In India

The competency approach has been in India for over two decades now. It began when Indian subsidiaries adopted the practice of their parent MNCs. Today the competency framework and application is a multi – billion-dollar industry. Earlier competencies revolved around the behavioral orientation. Later, the IT industry and the UK education system’s, National Vocational Standards moved it towards knowledge and skills standards beyond the behavioral aspects. Competency models in India are now spread between knowledge, skills and behavior. In India the model took momentum due to various reasons, the outcomes of a contemporary framework by consulting firms to the questions that HR professionals were grappling with, like – how to assess people, how do we develop people and do this in a business relevant yet individual oriented way? There was also peer pressure emanating from “benchmarking”. Competency has huge potency provided companies can manage this well and extract maximum value out of it.

Competencies and Dimensions

Competencies are widely used to match a job and an individual, for example during employee selection. As Spencer et al. (1992) stated: “The better the fit between the requirements of a job and competencies of a person, the higher will be the person’s job performance and job satisfaction” (p. 27). One thing that different authors agree on is the fact that competencies focus on output, and that they are couched in terms of production and achievement (e.g., Sparrow & Bognanno, 1993). As a result, competencies are often formulated in terms of behavior. Due to the emphasis on behavior, competencies can be easily used to create a wide range of assessment tools providing for agreed standards and
a realistic job preview (Feltham, 1992). In an attempt to label behavioral indicators into meaningful titles, practitioners and scientists formulated numerous competencies, such as decision making, sociability, customer focus and so on. In practice, the multitude of competencies made assessment, career planning, and employee development and so forth complex and almost unfeasible. As a consequence, practitioners and scientists started to create competency taxonomies to organize the growing amount of competencies. Those taxonomies often contain constructs that make up the managerial job performance domain (e.g., Conway, 2000; Tett, Guterman, Bleier, & Murphy, 2000). In line with Ones and Viswesvaran (1996), it was argued that the use of more general dimensions provides convenient frameworks for research. Furthermore, based on assessment center research, it can be concluded that individuals are not capable of rating a large number of dimensions, and that individuals, to compensate for cognitive overload, reduce the number of dimensions during the rating process (e.g., Sagie & Magnezy, 1997; Shore, Thornton, & MacFarlane Shore, 1990). Previous research pointed out that a reduction in the number of dimensions caused, for example, an increase in dimension variance (Lievens & Conway, 2001), and a more accurate classification of behaviors (Gaugler & Thornton, 1989).

### Table 1.2: Categorization of Competencies

<table>
<thead>
<tr>
<th>Thinking</th>
<th>Feeling</th>
<th>Power</th>
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<tbody>
<tr>
<td>Analytical ability - The ability to distinguish between primary and secondary issues, to divide a problem into its component parts and to establish logical links between the parts</td>
<td>Empathy - The ability to view matters from others’ perspectives, to show concern for the welfare of others, and to demonstrate sensitivity</td>
<td>Initiative - The ability to take matters in his/her own hands, to identify opportunities, and to take appropriate actions</td>
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<tr>
<td>Planning - The ability to create a time schedule and/or to establish priorities within one’s own work or that of others</td>
<td>Customer orientation - The ability to think and act in the best interest of the</td>
<td>Planning</td>
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<tr>
<td>Customer orientation</td>
<td>client or customer</td>
<td>processes</td>
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<tr>
<td><strong>Judgment</strong></td>
<td><strong>Sociability</strong></td>
<td><strong>Result orientation</strong></td>
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<tr>
<td>The ability to make an adequate judgment based on the analysis of a given situation and the information available</td>
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<td>The ability initiate and maintain new contacts</td>
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<tr>
<td>The ability to set and to accomplish concrete goals</td>
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<tr>
<td><strong>Inventiveness</strong></td>
<td><strong>Cooperation</strong></td>
<td><strong>Persuasion</strong></td>
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<tr>
<td>The ability to generate different, sometimes unconventional, ideas and solutions</td>
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<td>The ability to accomplish goals through constructive collaboration with others, both within and outside the organization</td>
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<tr>
<td>The ability to exert influence over people and situations based on personal conviction and authority by gaining acceptance and overcoming resistance</td>
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<td><strong>Acuity of understanding</strong></td>
<td><strong>Coaching</strong></td>
<td><strong>Risk awareness and acceptance</strong></td>
</tr>
<tr>
<td>The ability to process new information and to adjust to unfamiliar situations or circumstances quickly</td>
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<tr>
<td>The ability to support and advice others with respect to work-related activities and personal development</td>
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<tr>
<td>The ability to take a chance or personal risk</td>
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<tr>
<td><strong>Vision</strong></td>
<td><strong>Relationship management</strong></td>
<td><strong>Decisiveness</strong></td>
</tr>
<tr>
<td>The ability to approach matters with a broader perspective, to</td>
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<tr>
<td>The ability to establish and maintain relationships with clients and other (business)</td>
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<tr>
<td>The ability to make tough decisions whenever required,</td>
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demonstrate conceptual and policy related long term thinking

Organizational awareness
The ability to observe and understand organizational processes and organizational culture, to know how the organization works

Stress resistance
The ability to work under pressure, to deal effectively with job related stress and the causes

Responsibility
The ability to accept accountability for own and others’ actions

<table>
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<tr>
<th>demonstrate conceptual and policy related long term thinking</th>
<th>contacts</th>
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<td>The ability to accept accountability for own and others’ actions</td>
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Source: Kolk, Born, & Van der Flier (2004).

The work of Kolk, Born, and Van der Flier (2004), which studied the construct validity of assessment center exercises, and concluded that each exercise tapped three dimensions. Kolk et al. regarded the dimensions as category labels for clusters of competencies and named them the Thinking, Feeling, and Power dimensions. According to Kolk et al. the origins of these three dimensions can, for example, be found in the work of Plato who, in *The Republic*, distinguished between the faculties of knowing, feeling, and volition. Furthermore, similar dimensions are reported in research on leadership and personality (Yukl, 2005; Zand, 1997). In the competency dimension Feeling social relations are the central aspect. The dimension Feeling is based on competencies such as empathy, cooperation, and customer orientation. The competency dimension Power contains competencies concerning action related issues, such as persuasion, risk awareness and acceptance, and decisiveness. An overview of competency dimensions, competencies, and their behavioral anchors is given in Table 1.2.
The Competency Concept in Practice

As competencies are widely applied and they contribute to the prediction of effectiveness, thus it is important to study competency applications in practice. For that reason, in this empirical study, focus was on one of the most well known competency applications, namely competency management. Competency management is an integrated set of human resource activities aimed at optimizing the development and the use of employee competencies in order to increase individual effectiveness. Subsequently, an increase in individual effectiveness is expected to contribute to the realization of organizational goals and to organizational effectiveness (e.g., Van Beirendonck, 1998).

Competency management can bring about many advantages for the organization (Becker & Huselid, 1999; Heinsman, Koopman, & Van Muijen, 2005). Whether or not an organization can profit from these advantages is dependent upon the way competency management is implemented. If competency management is implemented bottom-up, it has a more positive effect on employee attitude and perceived behavioral control than the control approach, in which competency management is implemented more top-down. A commitment approach, characterized by involvement and participation throughout the organization, thus not only results in a more favorable attitude towards competency management but also increases employees’ feelings of behavioral control. The results showed that attitude and perceived behavior control the relationship between the commitment approach and the use of competency management. In other words, as commitment approach increases a positive attitude and feelings of control, the use of competency management by employees is increasing. Contrary to the expectations, competency management was not found to be used more frequently; competency management should be implemented with commitment as opposed to the control approach. There are concepts other than attitude and perceived behavioral control that influence the relationships between the commitment and control approaches and the use of competency management. Trust, fairness, and justice are, a few examples, that are known to influence outcomes relevant to organizations, such as performance, organizational citizenship behavior, and organizational commitment (e.g., Dirks & Ferrin, 2002; Tyler, 1999). In addition, previous research has established relationships between commitment and control, and trust, fairness, and justice. To some researchers trust can be
considered a substitute to control (e.g., Bijlsma & Van de Bunt, 2003). That is, the higher the degree of trust in a certain relationship, the lower the costs of control mechanisms, such as monitoring (e.g., Cummings & Bromiley, 1996). Others consider trust and control to be parallel concepts and suggest that trust levels moderate the effect of control mechanisms in determining the control level (e.g., Das & Teng, 1998).

**Competencies for Competitive Advantage**

Philip Selgnick, in his book “Leadership in administration” was one of the first writers to acknowledge that factors internal to an organization, such as its personnel and its previous experiences, are crucial to its chances of success in executing a chosen policy. In essence in the field of business activity, the past determines the present. Selgnick said that an organization’s developmental history results in its having special limitations and capabilities – a character or emergent institutional pattern that decisively affects the competence of an organization to frame and execute derived policies. He called the peculiar character of an organization is its distinctive competence. The art of good management is the ability to make a practical assessment of organizations suitability to its task or strategy. Strategy formulation and opportunity surveillance are useless exercises unless the company has the internal abilities to execute its decision. Competence, both generic and specific, plays an important role in the success of an organization. Competencies are organizations most important resources, because they are valuable, rare and difficult to initiate. Organizations can capitalize on this resource. Thus, it is very essential for organizations, especially the HR to have a thorough understanding on the competency as a concept, identification, its application, the advantages and the issues related to its management.

**Competency Measurement Methods**

A competency may be demonstrated in many ways. One method of identifying the typical ways that competencies are demonstrated is to identify the behaviors or tangible results (outcomes) produced by their use in the context of the work performed. A behavior is an observable action that is taken to achieve results or that contributes to an accomplishment. Green (1999) defined behavior as an action that can be observed,
described, and verified. Competencies could be measured by using behavioral indicators. A behavioral indicator is a statement of an action, or set of actions, that one would expect to observe when a person successfully uses a competency to perform work. It's time that the organizations place high importance and provide resources and its support on competence management practices to face the contemporary challenges.

**Competency Management**

Competency Management is defined to encompass all instruments and methods used in an organization to systematically assess current and future competencies required for the work to be performed, and to assess available competencies of the workforce. Competencies are defined as the cognitive (e.g. knowledge and skills), affective (e.g. attitudes and values), behavioural and motivational (e.g. motives) characteristics or dispositions of a person, which enable him or her to perform well in a specific situation (e.g. Boyatzis, 1982; Erpenbeck & Rosenstiel, 2003).

Competency Management is the efforts of companies to create a setting for the empowerment of their workforce in order to increase competitive advantage, innovation and effectiveness (Houtzagers, 1999). Competencies improve the organization’s level of performance and the creation of a competitive advantage. The capacity and motivation of the individual employees are essential in achieving an improved level of performance, provided, that is, the capacity and motivation offer support to the organization’s strategic line. In competence-based organizations, it is necessary not only to pay attention to identifying and developing individual competences, but also to take personal competences as well as the organization’s core competences as the starting-point in recruitment, selection, appraisal, remuneration and the career policy. The businesses and jobs in the contemporary organizations are highly volatile and competitive in nature. The wider and global markets, the liberalization policies of the governments, rise of MNC have thus furthered the competition for skilled and effective staff. Creation and preservation of knowledge has become a key tool in accelerating competitiveness and enhancing organizational capabilities to respond to market changes (Bryan, 2004) where in employee’s skills and personalities should be appropriately deployed to optimize
performance, is a critical and difficult task. Furthermore, identifying and developing executives who have leadership potential, like every other vital strategic function, is a demanding process that is equal parts of arts and science (Judy Klein and Stephen A. Miles, 2003) Talent of key employees is critical to achieve the success in long term by any organization.

Competencies and competency taxonomies are the basic components of what is called competency modeling or competency management. Competency management is described as an integrated set of human resource activities aimed at optimizing the development and the use of employee competencies in order to increase individual effectiveness and subsequently to increase organizational effectiveness (Van Beirendonck, 1998). Competency management differs from the more traditional job analysis method. According to Schippmann et al. (2000), “job analysis may be thought as primarily looking at what is accomplished, and competency modeling focuses more on how objectives are met or how work is accomplished”. Kurz and Bartram (2002) state that, competency profiling differs from job analysis in that the focus of the former is on the desirable and essential behaviors required to perform a job, while the later focuses on the tasks, roles, and responsibilities associated with a job. Thus a shift from a task oriented towards a more person-oriented approach is noticeable. In contrast to traditional job analysis, competency management ties the derivation of job specifications to the strategy of the organization. Strategic and non-strategic requirements are then used to generate a broadly accepted language that consists of competencies (Lievns et al., 2004).

In sum competency management deals with managing competencies in order to increase individual effectiveness as well as organizational effectiveness. This can be done in various ways, by means of selection and assessment, coaching individual development, career planning, and performance appraisal, making competency management a widely applicable human resource tool.

Competency management is widely applicable. It is not surprising that the competency approach to human resource management has gained rapid popularity over the past decades. Technological change, globalized competition and an ongoing interest in development fuelled the rise of competency management. Implementing competency
management is complicated and it requires congruence with other human resource practices and with organizational structure and strategy Wright & McMahan (1992), if successfully implemented and well embedded the use of competency management can bring about a lot of advantages for the organization Becker & Huselid (1999). Competency management provides employer and employee with a common language through the use of competencies and their definitions formulated in terms of overt behavior. Organizations as well as employees can thus benefit by the use of competency management and it therefore seems worthwhile to stimulate the use of competency management throughout the entire organizations. A shift in competency management from performance oriented towards development oriented approaches and back is thus taking place. The competency management dates from 1960’s and early 1970’s and has its foundations in the United States of America. Rise of human relations movement, has lead to the focus on employee development and consequently. Due to the rise of human relations movement the focus on mass production and standardization of work processes was replaced by a focus on employee development and consequently managing employee competencies became an important human resource tool (Van Merrienboer, Van der Klink and Hendriks, 2002)

In Netherlands the interest in competency management has developed after the publication of Prahlad and Hamel (1990) on core competencies of organizations. The following years the Dutch economy slowly changed into a knowledge economy and employee development became increasingly important. In dealing with a tight labor market it appeared essential to retain and commit employees. Competency management became a helpful human resource tool for managers in achieving such loyalty. Organizations had to cope with economic downfall and therefore direct labor costs had to be reduced in order to increase organizational effectiveness. The primary interest was no longer on developing, committing and maintaining individual employees. On the contrary, increasing performance standards and maintain wages became organizations top priority contrary, increasing performance standards and maintain wages became organizations top priority. Consequently competency management was increasingly used for performance appraisal and selection purposes. Competency management was used to control workforce instead of to develop the workforce. As the economy is improving
competency management is used more and more for employee development, coaching and career management.

Two distinct approaches to HRM in general or to competency management in particular were identified: the commitment and the control approach. The commitment approach represents a more soft approach towards human resources (Boselie, Paauwe & den Hartog, 2004). And is characterized by viewing workers as means rather than objects, and by winning hearts and minds, Guest (1999) autonomy, involvement and trust are key words (Bijlsma, 2003 & Koopman, 1991). Thus, employees are motivated through personal development (Bach, 2000) Jobs are further defined, hierarchy is minimized and control and coordination depend on shared goals rather than on formal positions.

The control approach has its origins in Scientific Management (Taylor, 1911) and is characterized by the wish to exercise control, establish order, reduce labor costs and achieve competitive advantage by increasing market share (Arthur, 1994), Truss Gratton, Hope Hailey, McGovern & Stiles (1997), Walton (1985) also supported Taylor for increasing the market share. Employees are motivated by extrinsic rewards that depend on measurable output criteria (Walton, 1985). They are not allowed to participate in decision-making. As such there is no doubt that the steering wheel is in hands of management since almost all decisions are made top down (Koopman, 1991).

The commitment and the control approaches have been an important topic in human resource literature. Researchers have been focusing primarily on the relations between both approaches and organizational or individual performance (Boselie et al., 2004, Huselid, 1995 and Truss et al., 1997). It is argued and empirically verified that the commitment approach brings about more positive outcomes, such as higher organizational performance and lower turnover, than the control approach. Present the interest is in the effects of HRM on employee attitude and behavior moreover several authors have emphasized the need to study the impact of human resource practices upon the recipients of these practices more closely. Arthur (1994), Storey (1989) and Guest (1999) made a first attempt to actually study the way employees view human resources
initiatives. He suggested the impact of human resource practices on employee’s performance depends on their perception and evaluation of these practices.

**Competency Based HR functions.**

The first consideration is for HR practitioners. A brief on competency identification, modeling and assessment along with guidance is needed. Recognizing the possible benefits of a competency based HR function for the organization and to themselves, they will lend their support to exploring and advocating such a transformation.

Two things that need to be considered in transforming the HR function are first, HR practitioners themselves are often the most vocal opponents of changing the systems in their own organization. Second, transforming HR from a work based to a competency-based approach does not have to be an all or nothing proposition. HR practitioners may need to consider which functional areas will benefit mostly first, HR practitioners themselves are often the most vocal opponents of changing the systems in their own organization. Second, transforming HR from a work based to a competency-based approach does not have to be an all or nothing proposition. HR practitioners may need to consider which functional areas will benefit mostly from the use of competency based practices and they should choose according to the strategic significance for organizations success.

**Transforming the HR department**

For transforming the HR department the following 11-step procedure needs to be considered

1. Build awareness – Most of the HR practitioners are aware of the traditional work based approach to HR management, very few practitioners are familiar with the history and techniques of competency identification, modeling and assessment. They should circulate white papers, explore the topic in department staff meetings, collect information about the benefits in using a competency based approach to HR and encourage other stakeholders to read about competency modeling.
2. Make the business case and align HR objectives with the organizations strategic objectives – before decision makers can be convinced to invest sizable amounts of time, money and effort in adopting competency based HR management and should see its value. It is easier to understand the business case when they see evidence of what is going well and not going well with organizations approach to managing human resources. One way to do that is to ask managers and employees about the HR function. Questions could be asked regarding HR function such as

a) What is the organization doing particularly well in managing its human resources.

b) What could the organization do to improve its management of human resources?

c) If you could magically transform the organizations HR efforts into something that meets our expectations and supports organizations strategic objectives, what would you change and why?

Thus the information gained through these questions will provide excellent feedback on HR efforts.

3. Select the HR functions that are to become competency based.

Large complex organizations are unable to implement competency based HR management in every HR function. It is essential to be selective and apply change efforts on a smaller scale.

4. Find a change champion.

The support of senior executives is important, HR practitioners should seize the initiative in reinventing their own function. They are perhaps the ones most able to recognize the signs that a department needs to be revitalized.

5. Build ownership for the change efforts.

Transforming HR management to a competency-based approach requires the support of many people. Senior executives, HR practitioners, operating managers, and workers must
all feel that they own the effort. The whole system transformation is one method of developing ownership. By evaluating the existing HR function and identify the challenges involved in aligning HR practices with the organizations strategic objectives.

6. Devise a communication strategy to support the effort. Thus constant communication is essential. Stakeholders must be informed about what is happening, why it is important, what it means, how it will affect them, and what the organization will gain from it. Communication ensures continued involvement and develops ownership in the change effort.

7. Develop a competency model for HR practitioners, managers and workers.

8. Educate HR practitioners, operating managers and workers about their roles in the competency based process.

Ask all key stakeholders to consider the effects of a competency based approach on the roles, competencies and work outputs or results expected of HR practitioners, operating managers and workers.

9. Plan a pilot project

10. Implement the pilot project

11. Continuously evaluate pilot project results and make revisions as necessary.

Continuing evaluation is also helpful in keeping the project on track.

Thus the organizations need to have its own competence models for developing the employees and also for the systems change in the long run to face the competition.

Models on Competence Management-

1. LIS Professionals Skills development integrated Model for education sector is very elaborate and can be modified and used for other sectors also.
Figure 1.4: LIS Professionals Skill Development integrated Model

Role dynamics  Mediator factors  1st level  Career  2nd level

Individual development  individual

Effects  effects

Previous factors

Cognitive competence (knowing in action) learned

Environment workplace & LIS roles members & stakeholders

Personal characteristic and past performance

Skill perception

Organization characteristics

Role objectives (who, when, whom and how)

Performance evaluation

Outcome expectations

Competencies development priorities

Competence

Training/action/coaching/validation: Skills identification

Key experiences: work learning cycles

Professional

LIS Euro – Guide Competences

Observed/ perceptional results (self image & external image)

Professional certification level - 3

Higher education courses: modularization, application orientation practitioner teachers & quality assurance

Learning transfer

Social/organizational employability

Identification of cycles productivity efficiency

Research Issues

Real behavior in work context motivation

Outputs: individuals/organizational

Personal characteristic and past performance

LIS Euro – Guide Competences

Observed/ perceptional results (self image & external image)

Professional certification level - 3

Higher education courses: modularization, application orientation practitioner teachers & quality assurance

Learning transfer

Social/organizational employability

Identification of cycles productivity efficiency

Research Issues

Real behavior in work context motivation

Outputs: individuals/organizational
This LIS Professionals Skill Development integrated Model is based on two types of professional strategies:

- **Battles in frontier terrains** - because surprisingly little appears to be known about how Portuguese LIS academia manages innovation processes and more over which is the role of professional associations in this context.

- **Battles in the core of the profession** – because most of the evidence on skills and professionalism development relates differences in the profession identity. There is a need, therefore, to explore the relationship between skills and academia innovation.

In analyzing the relationships between skills development models and further career development, Griffin, Zwell ad Cripe & Mansfield developed a model of possible determinants and factors of role dynamics, individual effects and career development. The dimensions chosen as possible predictors of successful skills development were:

- Cognitive competences
- Environment (workplace and LIS roles), members and stakeholders
- Personal characteristics and past performance
- LIS social image
- Role perceptions: skills perception and perception of role
- Organizational characteristics
- Role objectives
- Performance evaluation
- Professional identity and competence profile

On this basis, individual effects are analyzed at two levels related to career development:

*1st level*

- Outcomes expectations
– Academic goals

– Professional values

2nd level

– Identity learning cycles

– Productivity

– Efficiency

– Learning transfer

– Employability

– Real behavior in work context

– Motivation

These two levels in some situations impact career development:

– Competence’s development priorities and individual competence portfolio

– Training / action/Coaching/validation: skills identification

– Key experiences: work-learning cycles

This model design allowed analyzing outputs at individual and organizational levels as emerging research issues with implications on LIS courses and professional certification. They represent potentially new interests and needs about research based continuous education and can imply changes in curricula and positions defined for the entire sector, where we are considering LIS image.

This framework for analysis is a useful place to start to get to grips with a whole range of important questions related to the identification of existing needs that are not covered in segmented models.
2. Emotional Competence Model

"A learned capability based on emotional intelligence that results in outstanding performance at work. Our emotional intelligence determines our potential for learning the practical skills based on the five elements: self-awareness, motivation, self-regulation, empathy, and adeptness in relationships. Our emotional competence shows how much of that potential we have translated into on-the-job capabilities." (Goleman, Working with Emotional Intelligence)

The table below lists Goleman’s 5 dimensions of emotional intelligence and the 25 emotional competencies.

The emotional intelligence capabilities are Independent (each contributes to job performance); Interdependent (each draws to some extent on certain others with strong interactions); Hierarchical (the emotional intelligence capabilities build upon one another); Necessary, but not sufficient (having an emotional intelligence doesn’t guarantee the competencies will be demonstrated); Generic (different jobs make differing competence demands).

Table 1.3: The Emotional Competence Framework

<table>
<thead>
<tr>
<th>Personal Competence</th>
<th>Emotional Awareness: recognizing one's emotions and their effect</th>
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<tbody>
<tr>
<td>SELF-AWARENESS</td>
<td><strong>Accurate Self-assessment</strong>: knowing one's strengths and limits</td>
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<td></td>
<td><strong>Self-confidence</strong>: A strong sense of one's self-worth and capabilities</td>
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<tr>
<td>SELF-REGULATION</td>
<td><strong>Self-control</strong>: Keeping disruptive emotions and impulses in check</td>
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<td></td>
<td><strong>Trustworthiness</strong>: Maintaining standards of honesty and integrity</td>
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<td></td>
<td><strong>Conscientiousness</strong>: Taking responsibility</td>
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<td>for personal performance</td>
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<tr>
<td><strong>Adaptability</strong>: Flexibility in handling change</td>
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</tr>
<tr>
<td><strong>Innovation</strong>: Being comfortable with novel ideas, approaches and new information</td>
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<tr>
<th>MOTIVATION</th>
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<tbody>
<tr>
<td><strong>Achievement drive</strong>: Striving to improve or meet a standard of excellence</td>
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<tr>
<td><strong>Commitment</strong>: Aligning with the goals of the group or organization</td>
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<tr>
<td><strong>Initiative</strong>: Readiness to act on opportunities</td>
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<tr>
<td><strong>Optimism</strong>: Persistence in pursuing goals despite obstacles and setbacks</td>
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</table>

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<tr>
<th>Social Competence</th>
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<tbody>
<tr>
<td><strong>EMPATHY</strong></td>
</tr>
<tr>
<td><strong>Understanding others</strong>: sensing others’ feelings and perspectives, taking an active interest in their concerns</td>
</tr>
<tr>
<td><strong>Developing others</strong>: Sensing others development needs and bolstering their abilities</td>
</tr>
<tr>
<td><strong>Service orientation</strong>: Anticipating, recognizing, and meeting customers’ needs</td>
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<tr>
<td><strong>Leveraging diversity</strong>: Cultivating opportunities through different kinds of people</td>
</tr>
<tr>
<td><strong>Political Awareness</strong>: Reading a group's emotional currents and power relationships</td>
</tr>
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</table>
PERSONAL COMPETENCE

SELF-AWARENESS - Emotional Awareness- People with this competence: Know which emotions they are feeling and why realize the links between their feelings and what they think and say, recognize how their feelings affect their performance, have a guiding awareness of their values and goals.

Accurate Self – Assessment – People with this competence are aware of their strengths and weaknesses, reflective learning from experience, open to candid feedback, new perspectives, continuous learning and self-development.

BLIND SPOTS: Blind Ambition-need to win or be right at any cost
Unrealistic Goals- sets overly ambitious, unattainable goals for group
Relentless Striving- compulsively hardworking at expense of all else, vulnerable to burnout.

Drives Others-pushes others too hard, takes over instead of delegating
Power Hungry- seeks power for own reason rather than for company
Insatiable need for recognition- addicted to glory-takes credit for others work and blames them for mistakes, preoccupation with appearance needs to look good at all costs – craves material tapings. Need to seem perfect – enraged by or rejects criticism, can’t admit mistakes.

Self Confidence - People with this competence: Present themselves with self-assurance; have "presence" Can voice views that are unpopular and go out on a limb for what is right are decisive, able to make sound decisions despite uncertainties and pressures

SELF-REGULATION - Self-control - People with this competency: Manage their impulsive feelings and distressing emotions well Stay composed, positive and unflappable even in trying moments Think clearly and stay focused under pressure

Trustworthiness and conscientiousness - People with this competency: Trustworthiness-Act ethically and are above reproach Build trust through their reliability and authenticity Admit their own mistakes and confront unethical actions in others take tough, principled stands even if they are unpopular.
Conscientiousness - Meet commitments and keep promises: Hold themselves accountable for meeting their objectives. Are organized and careful in their work.

Innovation and Adaptability - People with this competency: Innovation - Seek out fresh ideas from a wide variety of sources. Entertain original solutions to problems, generate new ideas, take fresh perspectives and risks in their thinking.

Adaptability - Smoothly handle multiple demands, shifting priorities, and rapid change. Adapt their responses and tactics to fit fluid circumstances are flexible in how they see events.

MOTIVATION - Achievement Drive - People with this competency: Are results-oriented, with a high drive to meet their objectives and standards. Set challenging goals and take calculated risks, pursue information to reduce uncertainty and find ways to do things better, learn how to improve their performance.

Commitment - People with this competency: Readily make sacrifices to meet a larger organizational goal, find a sense of purpose in the larger mission, use the group's core values in making decisions and clarifying choices, actively seek out opportunities to fulfill the group's mission.

Initiative and Optimism - People with this competency: Initiative: Are ready to seize opportunities, pursue goals beyond what's required or expected of them, cut through red tape and bend the rules when necessary to get the job done, mobilize others through unusual, enterprising efforts. Optimism: Persist in seeking goals despite obstacles and setbacks, operate from hope of success rather than fear of failure, see setbacks as due to manageable circumstance rather than personal flaw.

SOCIAL COMPETENCE - EMPATHY - Understanding Others - People with this competency: Are attentive to emotional cues and listen well, show sensitivity and understand others' perspectives, help out based on understanding other people's needs and feelings.

Developing Others - People with this competency: Acknowledge and reward people's strengths and accomplishments, offer useful feedback and identify people's needs for
further growth, mentor, give timely coaching, and offer assignments that challenge and foster a person's skills.

Service Orientation - People with this competency: Understand customers/clients needs and match them to services of products, seek ways to increase customers' satisfaction and loyalty, gladly offer appropriate assistance, grasp a customer's perspective, acting as a trusted advisor.

Leveraging Diversity - People with this competency: Respect and relate well to people from varied backgrounds, understand diverse worldviews and are sensitive to group differences, see diversity as opportunity, creating an environment where diverse people can thrive, challenge bias and intolerance.

Political Awareness - People with this competency: Accurately read key power relationships, detect crucial social networks, understand the forces that shape views and actions of clients, customers, or competitors, accurately read organizational and external realities.

SOCIAL SKILLS - Winning people over - People with this competence: Fine-tune presentations to appeal to the listener, use complex strategies like indirect influence to build consensus and support, orchestrate dramatic events to effectively make a point.

Communication - People with this competence: Are effective in give-and-take, registering emotional cues in attuning their message, deal with difficult issues straightforwardly, listen well, seek mutual understanding, and welcome sharing of information fully, foster open communication and stay receptive to bad news as well as good.

Conflict Management - People with this competency: Handle difficult people and tense situations with diplomacy and tact, spot potential conflict, bring disagreements into the open and help to de-escalate, encourage debate and open discussion, orchestrate win-win solutions.
Leadership - People with this competency: Articulate and arouse enthusiasm for a shared vision and mission, step forward to lead as needed, regardless of position, guide the performance of others while holding them accountable, lead by example.

Change Catalyst - People with this competency: Recognize the need to change and remove barriers, challenge the status quo to acknowledge the need for change, champion the change and enlist others in its pursuit, model the change expected of others.

Building Bonds - People with this competency: Cultivate and maintain extensive informal networks, seek out relationships that are mutually beneficial, build rapport and keep others in the loop, make and maintain personal friendships among work associates.

Collaboration and Cooperation - People with this competency: Balance a focus on task with attention to relationships, collaborate, sharing plans, information and resources, promote a friendly, cooperative climate, spot and nurture opportunities for collaboration.

Team Capabilities - People with this competency: Model team qualities like respect, helpfulness, and cooperation, draw all members into active and enthusiastic participation, build team identity, esprit de corps, and commitment, Protect the group and its reputation, share credit.

Talent Management

The term talent management is being used to describe sound and integrated human resource practices with the objectives of attracting and retaining the right individuals for the right positions, at the right time. People run organizations, and the talent of these people will determine the success of organizations. So, talent management is management main priority (Michaels, Hansfield – jones, H.& Axelrod, 2002).

Talent management, also known as Human Capital Management, is the process of recruiting, managing, assessing, developing, and maintaining an organizations most important resource – i.e. its people (Bhatla, 2007). Talent management initiatives must involve dialogue and engagement with business in order to hire, retain and develop the talent that is needed to achieve the business goals (HR Focus, 2008). Talent management
involves individual and organizational development in response to a changing and complex operating environment. It includes the creation and maintenance of a supportive, people oriented organization culture.

Talent Management refers to identifying the employee talent and utilizing it effectively and retaining the same talent to compete with similar organizations. Talent has become competitive advantage for organizations and individuals. New value systems will converge and reinforce each other, creating a company capable of winning big (Christonel, 2002). Talent management is a collection of human resource functions and practices. This includes recruitment, selection, development and succession planning Byham (2001), Heinen & O’Neill (2004), Olsen (2000).

Jackson and Schuler (1990) define is as an architecture where a set of processes are designed to ensure there are an adequate number of employees for jobs within an organization. It is having the right resource available at the right time for the right jobs (Kesler, 2002). Many organizations consider talent management as an overarching recruitment tool that utilizes technology to assist in identifying the resources.

**Need for Talent Management**

Organizations worldwide spent a huge amount for hiring developing and retaining the employees and are still facing the problems in hiring the talent, developing the talent and retaining the talent.

**Emergence of Talent Management**

The term talent management did not emerge until the late 1990’s and was popularised by a study completed by researchers within Mckinsey & company. The study revealed that it was not “best” practices that distinguished high performing companies but it was a pervasive talent management mindset (Michaels, Hansfield – Jones, & Axelrod, 2001). The competitive advantage for organizations comes from having superior talent and managing it appropriately. Michaels, Hansfield – Jones, & Axelrod (2001) found that on
average companies that did a better job of attracting, developing and retraining talented employees earned twenty two percentage points higher return to shareholders.

Organizations have strived for centuries to find the best talent. The East India Company, founded in 1600, used competitive examinations to recruit alpha minds. Schein developed the concept of career anchors in 1978 (Schein, 1978). Career anchors evolved over time in one’s personal and occupational experiences. It is defined, as the thing a person would not give up if forced to make a choice. It organizes and constrains career decisions. A career anchor has three components: 1) self-perceived talents and abilities, 2) self-perceived motives and 3) self-perceived attitudes and values. The concept emphasizes the interaction between abilities, motives and values into a person’s “self-concept”. It is the “real self”. Schein (1978) originally identified five career anchors: 1) technical/functional competence, 2) general managerial competence, 3) autonomy/independence, 4) security/stability, and 5) entrepreneurial creativity. In the 1980’s Schein (1996) identified three additional anchors: 6) service/dedication to a cause, 7) pure challenge and, 8) lifestyle. It was evident in the 1970’s and 1980’s where individuals stood with respect to their career anchors. However Schein found that people had to adjust to the turbulent environment that exists within organizations and three additional anchors emerged (Schein, 1996). He found that people have to become more self-reliant with rapid technological and economical changes. People do want to increasingly provide a contribution to the greater good and general managerial skills are becoming more self-reliant with rapid technological and economical changes. People do want to increasingly provide a contribution to the greater good and general managerial skills are becoming more of a standard process for most jobs. Schein (1996) questioned whether “individual career occupants have to plan and budget for their own learning, or will private and/or public organizations take on some of this burden because it will ultimately be to their advantage as organizations?”. Unfortunately ten years later, this question still has not been answered. Organizations are still trying to figure out what talent management is and how best to optimise it. Schein does advocate greater employee participation but also imposes on organizations a need to do better work design and development of roles through open – systems planning (Schein, 1996). He added that
employee development will become a process rather than an initial selection based on an individual’s history. Schein (1996) predicted that organizational culture will be key factor to changing this direction and human resource strategy will become decentralized into organizations in order to become integrated with the overall corporate activity. This laid the foundation for alignment and integration of talent management into organizational strategy.

Managing talent has become more important to a much wider range of companies than it used to be. The future of talent management may be about embracing and leveraging connectedness (Frank & Taylor, 2004). Corporations now appear ready to embrace this concept (Oakes, 2006). In fact, it has become a strategic imperative for many organizations (Ashton & Morton, 2005). Talent management is actually a part of the overall strategy for companies. It is taking precedent in terms of how organizations can compete with the best resources available for the highest organizational effectiveness.

**Talent Management Models**

It was identified that, to manage talent effectively, organizations have to follow certain models, which will help in managing the talent smoothly. The following are the two models identified in the study which are explained in detail:

1. DNA model
2. Peter Cappelli’s model

Talent management is a continuous process that plans talent needs, attracts the very best talent, speeds time to productivity, retains the highest performers, and enables talent mobility across the organization. In order to successfully balance the notion of talent supply with business demand, there must be a match between capabilities and needs.

Knowledge infusion was approached to different talent management centres on the concept of “Talent DNA”. In order to successfully balance the notion of talent supply with business demand, knowledge infusion breaks down the talent DNA model into three parts. Talent management, on the other hand, focuses on enhancing the potential of
people by developing capacities. Capacities are the basic DNA of an organization and also of individual potential. In fact, the following appropriately describes the role of talent management:

**Table 1.4: Talent DNA Model**

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<tr>
<td><strong>Point of Departure</strong></td>
<td><strong>Navigation</strong></td>
<td><strong>Point of Arrival</strong></td>
</tr>
<tr>
<td>Translating organizational vision into goals and mapping the required level of capacities and competencies to achieve goal.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1. Skill and capabilities required throughout the organization.
2. Skills and capabilities must be able to relate to job position.
3. Organization must be able to hire the right people.

With all three components in place, organizations can apply the talent DNA model to virtually any HR supply and demand process – whether its recruiting, on boarding, staffing or development.


Talent management is simply a matter of anticipating the need for human capital, and then setting out a plan to meet it. In addition to working on effective policies for recruitment, selection, performance management, recognition and rewards, education and development and the like, talent management exists to support an organization’s overall objectives. Peter Cappelli has proposed a talent on-demand framework similar to just –
in-time manufacturing for the development of empire. This approach to managing talent uses four particular principles drawn from operations and supply chain management. They are shown in table 1.4.

**Table 1.5: A Wide Outlook of Talent Management**

<table>
<thead>
<tr>
<th>Principle 1</th>
<th>Principle 2</th>
<th>Principle 3</th>
<th>Principle 4</th>
</tr>
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<tbody>
<tr>
<td>Make or buy to manage Risk</td>
<td>Adapt to the Uncertainty in Talent Demand</td>
<td>Improve the Return on Investment in developing employees</td>
<td>Preserve the investment by balancing employee-employer interests</td>
</tr>
</tbody>
</table>

A deep bunch of talent is expensive. So, companies should undershoot their estimates of what will be needed and plan to hire from outside to make up for any shortfall. Firms should be thoughtful about their precious resources in development of organization. Talent management is an investment, and not an entitlement. So, every organization should think carefully for the requirement of talented people.

This tells about managing the talent demand. Bring employees from all the functions together in an 18-month course that teaches general management skills, and then send them back to their functions to specialize, instead of putting them as management trainees through a three – year functional program.

Get employees to share in the costs of development. That might mean asking them to take additional stretch of assignments on a voluntary basis. Maintain relationships with the former employees in the hope that they might return someday, bringing back the investments in their skills.

Talent development is a perishable commodity. To reserve the investment in development efforts as long as possible, balance the interest of employees and employer by having them share in advancement decisions. To retain talent, organizations must elevate talent as a priority throughout the company by developing a sound employee value proportion.
Therefore it is important for organizations to develop adequate and appropriate plans and put in efforts to attract the best pool of available candidates and nurture them and for retaining them.

Success of any organizations relies on the ability to manage a diverse body of talent that can bring innovative ideas, perspectives and views to their work. Organizations comprises of people from diverse cultural backgrounds, genders, ages and lifestyles. With such mix of people organizations can respond to business opportunities more rapidly and creatively, especially in the global arena (Cox, 193), which is one of the important goals to be attained. If the organizations cannot manage such diverse group it risks losing talent to competitors.

**Summary**

People are the valued assets of an organization and hence focus on the people will ensure their effective utilization for both individual and organizational benefit. Competent people, when empowered become self-propelled. It thus becomes necessary to identify employees with distinct competencies for better performance. Competencies provide a means of looking at those behaviors that differentiate the best from the rest and are a common language for discussing about critical on the job behaviors. While there are many models and frameworks, the practice is organization specific. Identifying and using competencies in the HR function also helps in talent management. Contemporary organizations across the world use different practices / models in the process of talent acquisition, development and retention. Organizational practice in both competence management and talent management is recent. However scholarly attention on these aspects, though recent, includes scattered literature on the sub aspects of both these concepts. Thus literature is available and is reviewed in the next chapter.