

COMPETENCY MAPPING DURING RECESSION : THE NEED OF THE HOUR FOR RETAIL.

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ABSTRACT

Retail, with total sales of \$6.6 trillion, is the world's largest private industry ahead of financial industries \$5.1 trillion. Competency refers to the intellectual, managerial, social and emotional talent available to the organizations. Recessions are the result of reduction in the demand of products in the global market. Under such adverse conditions, a study was conducted in the retail sector to know the impact of recession on the competency mapping strategy of the large organizations. The results were quite shocking. It was expected that companies don't stress on competencies during recession because survival is more important. But, the study shows that some special task specific and unique competencies would be expected to manage recession. Modern business theories suggest that most activities that are not part of a company's core competency should be outsourced. If a core competency yields a long term advantage to the company, it is said to be a sustainable competitive advantage.

Keywords: Competency, Competency mapping, Recession, Retail.

This is a competency era. It is beyond doubt that it is beneficial and cost effective, to have competent people to occupy higher-level positions. Competency is a set of knowledge, skills and attitudes required to perform a job effectively and efficiently. A Competency is something that describes how a job might be done, excellently; a Competence only describes what has to be done, not how. So the Competences might describe the duties of a Sales Manager for example, such as manage the sales office and its staff, prepare quotations and sales order processing, manage Key Accounts and supervise and motivate the field sales force. Retail, with total sales of \$6.6 trillion, is the world's largest private industry ahead of financial industries \$5.1 trillion. It is also home to a number of the world's largest enterprises. Over 50 of the fortune 500 companies, and around 25 of the Asian top 500 companies, are retailers. The industry accounts for over 8% of the GDP in western economies. The Indian retail market is in sharp contrast to the global situations. Like the rest of the world, it is large, with the sales amounting to \$180 bn and accounting for 10-11% of the GDP. However, it is also exceptionally fragmented and unorganized. BUT, these are painful times for India's business houses. The country's once soaring stock market fell 48% the past year, the rupee depreciated 24% against the dollar, and GDP growth is expected to slow by at least a percentage point, in part owing to double-digit inflation (As per a report by Forbes Asia). The Financial crisis is adding to the pressure on global economies. The inflation or the economic slowdown is adversely affecting the retail industry. With the suddenly disturbed economical status, consumers are gradually losing interest on buying. And for the interested, the unbalanced income, followed by the economic slowdown, is not meeting their buying requirements.

RECESSIONS are the result of reduction in the demand of products in the global market. Recession can also be associated with falling prices known as deflation due to lack of demand of products. Again, it could be the result of inflation or a combination of increasing prices and stagnant economic growth in the west. There has been a significant drop in the new hiring which is a cause of great concern for us. Some companies have laid off their employees and there have been cut in promotions, compensation and perks of the employees. Companies in the private sector and

government sector are hesitant to take up new projects. Competency-based HR is considered the best HR. In India however competency development and mapping still remains an unexplored process in most organizations despite the growing level of awareness. The underlying principle of competency mapping is not just about finding the right people for the right job. The issue is much more complex than it appears, and most HR departments have been struggling to formulate the right framework for their organization.

Under such adverse conditions, a study was conducted in the retail sector to know the impact of recession on the competency mapping strategy of the large organizations.

OBJECTIVES OF THE RESEARCH

1. Studying the Current scenario in the retail market and the impact of recession on the employees.
2. To find out the core competencies, i.e., skills, knowledge and attributes required by the employees to survive and succeed in the retail sector.
3. Impact of Competency mapping methods adopted by retail companies on performance.

REVIEW OF LITERATURE

John Flanagan (1954) grounded Critical Incidents Technique as a precursor to the key methodology used in rigorous competency studies. The turning point for competency movement is the article published in American Psychologist in 1973 by McClelland, wherein he presented that traditional achievement and intelligence scores may not be able to predict job success and what is required is to profile the exact competencies required to perform a given job effectively and measure them using a variety of tests.

Latter McBer a Consulting Firm founded by David McClelland and his associate Berlew have specialized in mapping the competencies of entrepreneurs and managers across the world. They even developed a new and yet simple methodology called the Behavior Event Interviewing (BEI) to map the competencies. The term competency has been interpreted by various authors/researchers with their unique way of giving meaning to it. Some of the definitions are given below. Boyatzis (1982) described competencies as underlying characteristic of an individual, which are causally (change in one variable cause change in another) related to effective job performance.

According to McConnell and Brue(2008), recession is a period of decline in total output in economic activity, such as income, employment, lasting six months or longer. Business activity is widely contracted when economy is in recession, and by the GDP declines, unemployment rates increases according to McConnell and Brue (2008).But Dillingham (1992) defining recession as a period when real Gross Net Product is falling. Baumol and Blinder (2007) say it is a decline in Gross Net Product which lasts "at least two quarters". Amacher (1983)was expanding this definition as using more indicators to measure economic activity and avoiding saying "GNP only" and not limiting activity period with months or quarters when defining the term "recession". And he calls recession as a period of time during which the "total output of the economy falls". Another definition is dealing with another economic indicator and is describing recession with two successive quarters of negative growth in "gross domestic product (GDP)" (Tellis and Tellis, 2009).

With increased recognition of the limitations performance appraisal in predicting future performance potential appraisal got focused. And Assessment centers became popular in seventies. Setting up an Assessment center was an integral part of the HRD plan given to L&T by the IIMA professors as early as in 1975. L&T did competency mapping and could not start assessment centers until much later as it was not perceived as a priority area.

HYPOTHESIS

UNDERSTANDING RETAIL STAFF IN TERMS OF KNOWLEDGE, SKILLS, AND ATTRIBUTES USING COMPETENCY MAPPING AND FINDING THE CORE COMPETENCIES REQUIRED FOR SURVIVING DURING RECESSION.

DISCUSSIONS

Competencies are of three types:

Generic- which is inherited.

Specific - competencies essential to everyone in that department.

Core - competencies exclusive to the position holder.

Organizations can follow different types of development programs during recession like **enhancing competencies, Commitment, Culture building, Competence development during present financial situation, have structured Training Academy training initiatives, E - Learning Gateway Trainee Program, competence Development, organizational awareness, people development.**

The Competencies which might determine excellence in this role could include **Problem Solving and Judgment; Drive and Determination; Commercial Awareness; Inter-personal skills etc**, all of which might be described further by Behavioral Indicators relating specifically to that post in that organization.

Generally speaking, competency mapping examines two areas: emotional intelligence and strengths of the individual in areas like team structure, leadership and decision-making. Large organizations frequently employ some form of competency mapping to understand how to most effectively employ the competencies and strengths of workers.

Many organizations in India and abroad are channeling their efforts to mapping competencies and implementing assessment and development centers. A lot of resource is spent and consultants are invited to do competency mapping. Competency mapping is gaining much more importance and organizations are aware of having good human resources or putting the right people on right job.

Even the employees are trying harder to grab attention as the promotions and employments are getting fewer day by day.

Dictionary definitions often fall short in describing a concept. But research studies can be believed to be true. As per the study:

- A Competency is "a cluster of related knowledge, attitudes, skills and other personal characteristics that affects a major part of one's job"
- Competencies correlate with performance on the job in recession as top management has a keen eye over the performance of human resources.
- Competency can be improved via training and development which is the only way for employees to avoid demotion and lay off when organizations try to cut costs.
- Top management can create vertical trust and confidence by increasing business literacy of the workforce to help employees better understands how competency mapping contributes to the organization's success.

Recession has brought in another problem. It has armed companies to reframe company policies to suit them the best, be it big companies or small firms. All have joined the brigade to torture the employees. There are three missiles an employer is using these days: First, is on their pay package (no hike till market regains its old glory but their job responsibility has been hiked). Second on leaves (some have reduced the leaves to 10 per annum.). The third missile is on the working hours (Employees are expected to put in more hours, without any hike in salary).

So, employees should themselves take necessary measures to avoid layoff or termination during recession:

Self development: One should be aware of own strengths and limitations and pursues learning and career development opportunities.

Professional expertise: Demonstrates specialist knowledge and expertise in own area, participates in continuous professional development

Initiative & Responsibility: acts on own initiative, makes one's own way by taking complete responsibility.

As a result of competency mapping, all the HR processes like talent induction, appraisals and training yield much better results.

The survival strategy of the recession requires that freshers & other Entry Level Job Seekers remain positive. With Entry level jobs in India being not a plenty in the Current Indian market unless one remains positive one will not be able to put their best foot forward.

The employees need to look at their skill sets objectively. If you do not have enough specialized skills and knowledge go ahead and secure them. Upgrade yourself so that when the recession wears itself out you will be ready to pick up the jobs in the market.

"This is the time that you must be different and stand out from the rest of the herd"

ANALYSIS:

Simple Random sampling was done for the study. Various players like United colors of Benetton, Levis, Pantaloon, Color plus, Zodiac, Arrow etc were identified and the sample was selected at random. The respondents were from HR and front-line departments of the companies A deep analysis was done to understand the public sector environment closely.

For the purpose of research both primary and secondary data were collected. Secondary data was collected from a number of books, newspaper articles, and websites. Primary data was collected from the employees with the help of questionnaires, discussion guidelines and interviews. The results were quite shocking. It was expected that companies don't stress on competencies during recession because survival is more important. But, the study shows that some special

task specific and unique competencies would be expected to manage recession.

The questions which were asked during the interview were related to:

1. Do the employees perceive their role performed in the organization to be valuable enough?
2. Is the training and expertise are utilized during recession?
3. Does the recession period decrease creativity in using competencies?
4. affect of recession freedom in job description
5. Company focuses on performance improvements rather than evaluation of individuals.(which is almost impossible during slump.)
6. What are the career plans for next six months?(Most of them were looking to move up the ladder in their respective hierarchy .Like the Sales personnel aims to become supervisor or floor manager. but they thought that it was possible only after the recovery of the market)

RESULTS:

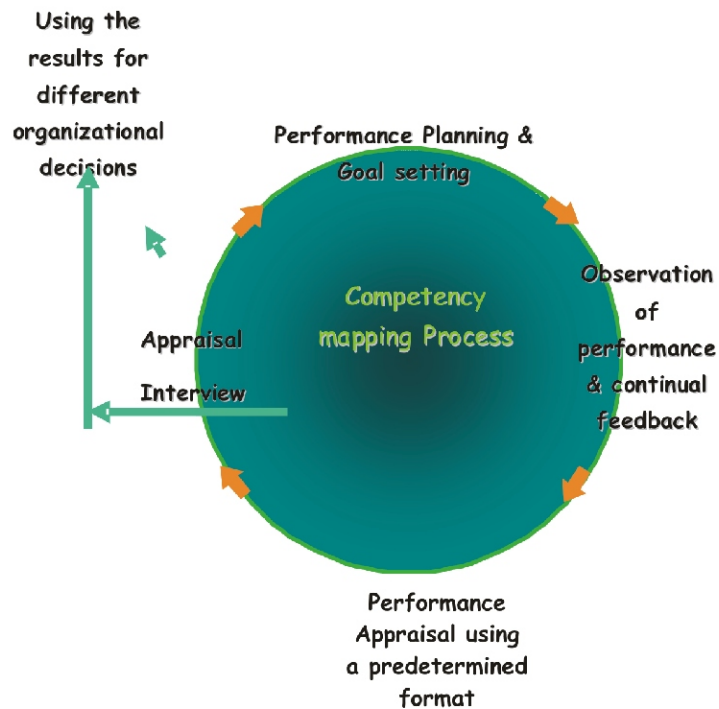
The staff of the retail sector companies had a very positive approach towards Competency mapping. They believed that competency mapping:

- Is a good Opportunity to express own views.
- It is an Opportunity to find out about own Strengths/Weaknesses.
- It helps discuss own objectives/company/department objectives deeply.
- It helps in Identification/clarification of own role.
- Leads to Improved working relationships.
- Increased job satisfaction/self-confidence.
- Find out reasons for salary.
- See relationship to training provided/development plans.

The Identified Competencies needed to sustain oneself in these tough times (as per the research) are:

- **Team Work:** Ability to work in a group, supporting and involving team members, integrating contributions and working towards the team objective seeks to gain the cooperation of others & to develop a good team spirit when working in a team
- **Analytical Reasoning / Problem Solving:** Analyses issues and breaks information down into component parts; makes systematic and rational judgments based on relevant information
- **Resilience/ Managing Change:** Resilience- maintaining own effectiveness when objectives/ rules/ procedures are changed by others (People/ resources, etc.) Flexibility - Modifies approach to gain the same objective
- **Initiative:** Engaging in proactive behavior; seizing opportunity
- **Result Orientation:** Focusing attention on key objective; wanting effective outcomes
- **Ability to see bigger picture:** Focusing attention on key objective; wanting effective outcomes.

COMPETENCY MAPPING PROCESS:



Competency Approach allows executives and managers to make distinction between a person's ability to do specific tasks at the minimum acceptable level and the ability to do the whole job in an outstanding fashion.

SUGGESTIONS

The best survival strategy for employers is actively involving a broad-base of employees in the development of competency mapping actions and initiatives for driving strategy execution. A company cannot succeed in a market suffering from recession without having necessary competence the employers should encourage staff for new ideas and innovations as competencies is not an individual work it is a team work. Without competencies many tasks of the company may not be completed in line with company's vision of exceeding customer's expectations. Competencies are not merely related to single individuals. They can be related to team members in the departmental teams. The following suggestions can be followed:

1. Employers should conduct a deep study of the market. With the help of this study, the seniors can find out methods to survive.
2. A company cannot succeed in the market without its human resources. So, the stress should be on employee empowerment and training.
3. Competency mapping is the best tool in hand to encourage employees for better performance. So, seniors should find out the strengths of the employees for better team management and help the employees reduce their weaknesses.
4. Employees should acknowledge that survival during recession is possible only by improving the competency and better team performance.
5. The various methods used in combination for competency mapping: Interviews, Group work, Task Forces, Task Analysis workshops, Questionnaire, Use of Job descriptions, Performance Appraisal Formats etc.
6. The employees also need to lay stress on their competencies during the following HR activities:

- job-evaluation
- recruitment
- performance management and performance diagnostics
- Succession planning
- Employee potential appraisal for promotion;
- Training needs identification; training and development and Self-development initiatives.

The following measures can be adopted by the government to tackle the recession:

- Tax cuts are generally the first step any government takes during slump.
- Government should hike its spending to create more jobs and boost the manufacturing sectors in the country.
- Government should try to increase the export against the initial export.
- The way out for builders is to reduce the unrealistic prices of property to bring back the buyers into the market. And thus raise finances for the incomplete projects that they are developing.
- The falling rupees against the dollar will bring a boost in the export industry. Though the buyers in the west might become scarce.
- The oil prices decline will also have a positive impact on the importers.

CONCLUSION

Recession is compelling several Indian organizations to march to a new tune. Increasing competitive pressure is bringing about a keener focus on profitability and productivity of employees. The older employment relationship characterized by the existence of only one employer and workplace, an indefinite work contract, full-time work and some degree of social and legal protection, is being replaced by performance-driven employment terms. Based on the idea of competency assessment, the art of human resource management is shifting focus from performance appraisal to performance management.

A competency framework can improve appraisal for the staff member and manager by making the feedback behaviorally based, descriptive and specific. It helps in determining the training and development needs and importantly it helps to encourage the best and develop the rest. *"A win-win situation for everyone."*

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