

# Performance Management System-An Integrated approach towards Organizational Success.

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## Abstract:

Competency based performance system is a way of managing human resources functions that focuses on the “competencies” which are observable abilities, skills, knowledge, motivation or traits defined in terms of the behaviors that help us to produce result at work. These results are linked to organizational success as well as employee's performance. It is high time and mandatory to Indian manufacturing and service industries to implement competency based performance system. It is helpful to avoid training and development cost, low productivity due to poor performer and Organizational turnover.

Dynamic people can build dynamic organizations and effective employees can contribute effectively. Competent people can make things happen to achieve goals. Hence the organization should continuously ensure that enthusiasm, necessary competence, motivation and effectiveness of employees remain at high levels at all times. Human resources are critical to organizations and with core competencies they give competitive advantage to organizations, which brings value to organizations and its clients.

**Keywords:** Competencies, traits, performance, competent

## Introduction:

Competencies are behaviors that encompass the knowledge, skills, and attributes required for successful performance. In addition to intelligence and aptitude, the underlying characteristics of a person, such as traits, habits, motives, social roles, and self-image, as well as the environment around them, enable a person to deliver superior performance in a given job, role, or situation.

Overall it has been observed that, the Competency modeling technique is accepted and applied in many organizations. Competency modeling is the activity of determining the specific competencies that are characteristic of high performance and success in a given job. Competency modeling can be applied to a variety of human resource activities.

All the competencies studies and writings reveal that if we focus on the essential competencies and competent human resource then, it makes impact on their individual and organizational performance.

**Objectives of the study:**

1. To study the core concept of competency.
2. To correlate these competencies with Performance factor.
3. To study the rating of each competency behavior in the overall performance of the job at middle managerial level.

**Research Methodology:**

Collection of data for the purpose of study of this research paper is in the form of Primary data that source from live Questionnaires and secondary data that source from journals, magazines, articles and media reports. Different news articles, books & web were used which were enumerated and recorded mainly to highlight the conceptual analysis of Competencies and its impact on performance. For Questionnaires data, research sample is restricted for middle level managers.

**Concept of Competencies:**

A competency is an underlying characteristic of an individual that is casually related to criterion referenced effective and or superior performance in a job or situation.

**(Lyle M.Spencer, Signe M.Spencer)**

Competencies are underlying characteristics of people and indicate “ways of behaving or thinking, generalizing across situations and enduring for a reasonably long period of time.” **(Lyle M.Spencer, Signe M.Spencer)**

Competencies are a set of clearly defined skills, behaviours and knowledge that are used to evaluate, assess and develop people.**(Bersin & Associate)**

Competencies are the measurable or observable knowledge, skills, abilities, and behaviors **(KSABs)** critical to successful job performance.

According to various researchers definitions, referred in theoretical aspects, Competencies are generic knowledge, motive, trait, social role or a skill of a person linked to superior performance on the job.**(Hay,1979)**

**Literature review: (Using Secondary Data)**

At present, human resources management has been viewed as a key stratagem to low the cost of human capital and improve an organization’s economic growth. The term “competency” plays an important role in improving job performance and consecutively meets the requirements of human resources. Specially, under the climate of globalization, the workplace requires business practitioners to acquire a new set of knowledge, skills, and attitudes to face the diversity and barrier of the new business environment successfully. The main purpose of this study was to analyze a review of the literature regarding the competency development, models, categorization, and paradigm shift. Especially, the study collected the data from private manufacturing and service industries from Nasik city.

Competency is what people need to be able to perform a job well. It's an ability to meet performance expectations in a role and deliver the required results. Competencies include specific skills, knowledge, attitude, behaviors and techniques which include expertise resulting from training and experience necessary to fulfill a task.(Moor, Cheng & Dainty (2002).

Early in the 1970s, **David McClelland(1973)**, a professor of Harvard University, proposed the idea of competency as a term used to challenge, traditional criteria of assessment which had emphasized intelligence evaluation in the higher education system.

**McClelland's** theme provided a conceptual framework that led to many subsequent studies in other fields such as teacher education, vocational education, business management, and human resource management (Spencer & Spencer, 1993).

To better understand international trade competencies, this segment began by defining and grouping competency, followed by introducing the competency models, then discussing competency in Taiwan and the paradigm shift on competency.

A competency was defined in the literature from various perceptions. The American Heritage Dictionary of English language (2000, p. 376) provided a general description of competencies as “the state or quality of being properly or well qualified”.

**Quinn, Faerman, Thompson, and McGrath(1990)** indicated that competencies were associated with knowledge and skills for implementing certain assignments or projects effectively. To be effective in a particular competency, one must be able to achieve the desired results of a job with specific qualifications and personal attributes.

Burgoyue (1993) working on a functional perspective to define a competency as “how the goals of organizations were achieved successfully by improving employees” performance.

#### **Types of competencies:**

**Guglielmino (1979)** suggested that competencies could be classified based on the behavioral characteristics. Based on his analysis he summarized three managerial competency dimensions:

- (a) Conceptual capacity, including decision making, creativity, and problem-solving.
- (b) Capacity to interact with people utilizing skills such as communication, leadership negotiation, analysis, self-growth.
- (c) Technical expertise such as time management and creation of business plans.

These managerial competencies was supported by **Derouen and Kleiner (1994)**.

There are extensive literature on competencies and their different types by the various researchers. In this research, researcher had classified three types of the competencies according to accumulated literature:

- 1) Personal Competencies
  - 2) Managerial Competencies
  - 3) Technical Competencies
1. Personal Competencies:
    - Personal competencies are personal traits and abilities that affect your results in the place of work and in life.
  2. Managerial Competencies:
    - Managerial competencies are the skills, drives and approaches necessary to a job and it include such characteristics as communication skills, problem solving, customer focus and the ability to work within a team.
  3. Technical Competencies:
    - Technical competencies are the ability to perform the activities within a profession to a defined standard, constantly and eventually.

### **Correlation of Competencies & KSA:**

The competencies are observable or measurable knowledge, skills and abilities. The KSAs must distinguish between superior and other performers.

Knowledge refers to a body of information about the theoretical and practical understanding of a subject, acquired by a person through experience or education.

Skills refer to the application of data or information with manual, verbal, or mental proficiency. Skills can be tested to measure quantity and quality of performance, usually within an established time limit.

Ability means the sufficiency of strength to accomplish something, especially the physical and mental quality to perform activities.

KSAs are fundamental aspects of competencies, but competencies are more behavior-based rather than skill-based. Each competency requires several KSAs.

### **Factors related to Job performance in Manufacturing and Service industry:**

Performance is what an organization hires one to do, and to do well (Campbell, Gasser & Oswald, 1996, 258.).A performance management is a premeditated and incorporated approach to convey sustained success to organizations by improving the performance of the people who work in organizations. This can be done by developing the competence of teams and individual contributions.

Performance management of an organization is directly connected with performance of employees. Accomplishment of high level employee's performance is an immense need to achieve organizations goals constantly.

It is very important to both employers and employees. From the employer's potential, it is an imperative to understand how your employees contribute to the organizational objectives.

An excellent performance management system facilitates the organization to understand how its employees are currently performing.

**Table No 1- Factors that affect employee performance:**

Sr.No.	Factors	Explanation
1	Ability	The ability to learn and perform the tasks required.
2	Standards	Potential to achieve and guidelines by which to achieve them.
3	Knowledge & Skill	The information and proficiency necessary to perform the job.
4	Feedback	Feedback from management that well communicates the status of the person's performance based on measurable guidelines and tools.
5	Environment	Acceptable working conditions, such as enough time and equipment to perform the job effectively.
6	Motivation	Positively reinforce good performance.

**Use of Primary Data for to check the impact of competencies on performance with the help of managerial sample:**

- **Managerial Competency will have higher contribution to performance in service industry as compared to manufacturing industry.**

**H<sub>0</sub>:** Managerial Competency will not have higher contribution to performance in service industry as compared to manufacturing industry.

v/s

**H<sub>1</sub>:** Managerial Competency will have higher contribution to performance in service industry as compared to manufacturing industry.

**Table No.5.76 Managerial Competencies**

Parameter	Mean Score for PMI	Mean Score for SI	SD for PMI	SD for SI	S.E.	df	t value	Remark p value
Vision and Strategic thinking	4.37	4.3825	0.09899	0.7014	0.1144	6	-0.1546	Not Significant 0.8341
Developing others	4.49	4.546	0.1298	0.0196	0.1160	8	-0.7632	Not Significant 0.325
Leadership	4.6275	4.4875	0.09337	0.2167	0.2225	6	0.8899	Not Significant 0.2319
Relationship Management	4.634	4.46	0.06151	0.07183	0.08359	8	3.2912	Significant 0.000
Conflict Management	4.535	4.4375	0.09708	0.1165	0.143	6	0.9695	Not Significant 0.122
Emotional Resilience	4.4475	4.5	0.0779	0.06596	0.09624	6	-0.7715	Not Significant 0.313
Diversity orientation	4.406	4.47	0.08958	0.09274	0.11396	8	-0.888	Not Significant 0.221

**Source: SPSS 13.0**

**Observation:** The ranked data obtained for each parameter is converted to weighted score by attaching weights as 1, 2,3,4,5 from least preferred to most preferred. There after the attributes related to each parameter are considered together as single presentation and a paired 't' test is applied at relevant degrees of freedom and 95% confidence level. The obtained results are presented in the above table. For each parameter average of averages is taken.

**Inference:** From the above table it can be observed that except relationship management for all the remaining components of managerial competency there is no significant difference found between Private manufacturing industry and service industry while the component of relationship management shows significant difference between both of them. It means scores of both are considered it shows higher contribution of Private manufacturing industry and not of service industry.

It means scores of other components are compared. It is been seen that they are higher for Service Industry in case of vision and strategic thinking, developing others, emotional resilience and diversity orientation.

Leadership and conflict management has shown higher mean scores for Private manufacturing industry than Service industry.

**Conclusion:** Hence  $H_0$  is rejected and  $H_1$  is accepted which shows Managerial Competency will have higher contribution to performance in service industry as compared to manufacturing industry.

**Overall Conclusion:**

Competency based performance system is a way of managing human resources functions that focuses on the "competencies" which are observable abilities,skills,knowledge,motivation or traits defined in terms of the behaviors that help us to produce result at work. These results are linked to organizational success as well as employee's

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