EFFECTIVENESS OF COMPETENCY BASED TRAINING: A LITERATURE REVIEW

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Abstract: "Competent employees don't remain competent forever. Skills deteriorate and can become obsolete. That's why organizations spend billions of dollars each year on formal training" (Stephen, 2001, p. 480). The term training, according to The ASTD Reference Guide to Workplace Learning and Performance (American Society for Training & Development, 2000), "is intended to build on individual knowledge, skills and attitudes to meet present or future work requirements." Competency comprises the specification of knowledge and skills. The application of knowledge and skills to the standard of performance requires completing a task. In the 1980s, human resource development (HRD) introduced competency-based training, which was implemented worldwide later. Competency-based training aims to not only improve employees' knowledge, abilities, and skills, but also upgrade their organization's performance. In both the private and public sectors, competency-based training is a popular method. However, since training often takes place in complex organizational environments, it is common for training practitioners to neglect certain steps and principles, especially in the public sector. Based on a literature review and content analysis, this paper examines four research problems related to competency-based training and strategies in the public sector.

Key words: competency, training, effectiveness.

1. Introduction:

In years past human resource professionals talked about job requirements in terms of the knowledge, skills and abilities (KSAs) required for effective performance. While this approach was helpful for screening job applicants, it often didn’t align well with other elements of the performance management system, including performance evaluation, compensation or training and development. In recent years, managers have begun using the term competency as a synonym for capability, and HR professionals have replaced the concept of KSAs in favour of competencies. But the two ideas are not the same. The competency approach recognizes that a person's capability to perform is tied to their:

- Personality
- Motivational profile, and
- Attitudes in addition to their KSAs.

Another differentiator from the KSA approach is that some competency models focus on the characteristics that distinguish excellent performers from average performers. Since some research has found that top performers outproduce average performers by a factor of 150%, the latter competency approach can be a very powerful tool for managers.

- Employee selection
- Training and development
- Performance management
- Succession planning
- Compensation

Competency-based training seeks to develop the specific KSAs, behaviours, and attitudes that support the performance of job tasks and work processes. Many organizations have adopted competency-based training programs in order to:

- Focus training and development on clear behavioural targets.
- Link training programs to organizational outcomes.
- Facilitate individual development planning

The competency revolution has also given managers and HR professionals a common language for discussing the basic building blocks of human competency models define the capabilities required for success. Each model varies based on its intended purpose. Some models are created to describe the behaviour and attitudes that support the organization’s culture. Other models describe the capabilities that support success in specific job roles. Models also vary in terms of their explication of technical versus soft skills. A model’s usefulness depends, in a large measure, on clarity about its intended purpose when it is being developed performance and has enabled organizations to better integrate their human resource management practices, including:

2. Literature Review:

2.1 Competency

Gary Holmes & Nick Hooper (2000) claimed that core competency is one of a range of concepts that deal with the idea of essential skills to support personal development, employability, and socialization. The research applied the management concept of core competence to post-compulsory education. Robert Zaugg & Norbert Thom (2002) established that organisational success
can be achieved only through the establishment of implicit competencies in human resource management, organisational development and knowledge management. Competencies help to promote a configurationally model of change and further result in the excellence of a company. If implicit competencies are successfully developed into success potentials, and in addition to core competencies, then competitive advantage can be attained. Authors identified that there is a considerable need for organisational generalist who have a broad knowledge of organisational work. It therefore seemed reasonable to speak of a need for organisational competency on all levels a company, for all categories of employees. Implicit competencies do not generate themselves; rather, they must be constantly developed and converted into competitive advantage. Maria T. & Afonso C. (2002) analysed the consequences of processes of formation of product chains and networks on the development of competencies at the firm level. The study was carried out for Brazilian industry and resulted indicated that a very strong relationship exists between the competencies that are mastered by any given firm and its positioning in the various productive chains or networks. Tobias Ley & Albert D. (2003) presented a formalization for employee competencies which was based on a psychological framework separating the overt behavioural level from the underlying competency level. On the competency level, employees draw on action potentials which in a given situation produce performance outcome on the behavioural level. The Skills Management approach was suggested to ensure that employee competencies are managed in line with the future needs of an organisation. In the process of Skills Management, required individual competencies are defined in terms of required skills and knowledge, management skills and social and personal skills which were derived from job requirements and were influenced by the core competencies. As a result, a number of job profiles, sometimes also called ‘competency models’, are obtained.

Seema Sanghi (2006) discovered that human competence is undoubtedly the key and critical element for the success of an organisation and the individual. It calls for a right blend of right person with right competencies. Corporate core competencies were identified and efforts were made to establish core competencies throughout the organisation. The author has discussed the personal competency framework which embraces 45 competencies discussed under six broad parameters such as intellectual, personal, communication, interpersonal, leadership and result-oriented. Monica & et. al. (2008) described that competencies are emerging as a new learning paradigm, where approaches centered on the learner are increasingly important. The process was carried out for the identification of its own generic competencies map explaining its connections between learning outcomes, levels, descriptors, credits, methodology, learning activities and assessment. Joas Rosas, Patricia & Luis (2010) conducted a study in order to carry an assessment of competencies for determining the suitability of potential partners and to establish which activities should be assigned to which organisations. Competencies and its assessment inform about the organisation’s capability to perform a number of related tasks, activities or processes. The research contributed to the identification of the effects of soft competencies on the performance of the hard ones within a collaboration context. The duality between soft and hard competencies was observed form a behavioural perspective, considering the very value of an organisation, its traits and their influence on the activities performed at a more functional and technical level. Three different models: the Extended Competencies Model, the Adjusted Competency Model and Adjusted Competency Level were introduced.

### 2.2 Competency Model

Patricia & et. al. (1996) explored that competencies can be considered as talent-based interpretations of business needs. Competencies add value by communicating what people must know to help the business succeed. Competency and performance based pay are necessary partners in linking rewards to business strategy and direction. Competencies are most likely to serve as a learning platform for performance. To explore competency models actually in use, the authors reviewed the competencies that 10 company’s award. The authors revealed that person based pay is probably a more powerful strategy, that’s where competencies offer a fruitful opportunity that is worth exploration. F. Patterson & et. al. (2000) conducted three independent studies to determine competencies for General Practitioners in medicine field with the usage of various techniques including critical incidents, interviews, and focus groups. The competencies derived implied that greater accounts of personal attributes need to be considered in recruitment and training, rather than focusing on academic and clinical competency alone. Communication and empathy were identified as important aspects of job role for General Practitioners in medicine field. May & Roger (2001) proposed a core competency framework for service firms operating within internationally competitive markets. Authors developed a framework of core competencies relevant to strategic marketing in the service industry. The framework was created by applying the core competency concept to the literature on service industries. The study extended the concept of core competency, originally applied to organisations in the manufacturing industries, to organisations in the high service industries. A market sensing core competency is proposed, consisting of knowledge of the market environment together with skills in conducting market and consumer research. The research explored a number of core competencies relevant to service firms: nurturing, empowerment, operating, data management, new service development, alliancing, communication, and market sensing. Research affirms that competency models are widely deployed, with adoption rates likely to increase in the future. A UK-based benchmarking study.

### 2.3 Competency Mapping

Vaishali DKK and Mohit Kumar (2004) developed competency mapping based training need assessment for two levels of hierarchy in Indian banks. The study aimed to develop competencies that are organisation specific and link it with vision, mission and climate of organisation. The author developed a scientific competency evaluation tool (psychometric scale) to measure 18 behavioral competencies. Bank and region wise training needs were derived based on the competency mapping for Indian bank managers. One of the most systematic and scientific methods of Training Need Assessment is through competency mapping. Thus, measuring the competency levels of employees can help in identifying the gaps between the competencies desired and current state of competencies. Lucian Cernusca & et. al. (2008) presented a paper explaining the concept of competency and how competency is linked to performance and one’s career development. The authors also looked into some models of competency
mapping and appraisal tools for performance management. A business might possess extremely capable human resources, but they might not work on positions that suit them. This is where competency mapping and appraisal tools come to help the HR experts choose who should work on those positions.

2.4 Competencies for Sales Staff
Churchill &et. al. (1985) used meta-analysis technique to investigate the evidence that had been gathered on determinants of salesman’s performance. Authors have reported associations between performance and determinants of that performance. The major determinants of performance were role variables, skills, motivation, personal factors, aptitude and organisational factors. Personal factor was noted to be the most significant indicator for effective sales performance. A useful study by Gonul&et. al. (2001) explored the impact of visits by sales representatives and samples, on prescriptions by doctors. However, study also revealed that excessive detailing or samples did not increase sales further. Morgan M.A. &et. al. (2006) shows that acceptance of drug samples was judged to be ethical by majority of respondents. It was seen that average doctor is more likely to accept most items and is more likely to be influenced in his or her prescribing practices by accepting any item then they generally are. Jennifer Salopek (2008) describes that corporate wrongdoing and an economic downturn made sales environment more challenging than ever for companies worldwide. Budget cutbacks have combined with consumer mistrust to create a selling environment replete with landmines. Commodityization and brutal price competition make this environment feel hostile and cold. As a result, the necessary skill set for salespeople in 2010 is completely different than it was fifteen, or even ten, years ago. Dawn R. Deeter-Schmelz&et. al. (2008) focused on understanding the effectiveness of sales staff based on the skills they possess. The research paper aimed to link the attributes and skills of sales staff to the sales force values. To explore, authors employed value laddering, an in-depth interview technique that facilitated the identification of key attributes and subsequent linkage of those attributes to consequences in terms of achievement of goals.

2.5 Organisation Effectiveness
Likert, Rensis (1967) has identified three variables i.e. casual variable, intervening variable and the output to determine organisation effectiveness. Casual variables are the variables which influence the course of development within an organisation. They include management strategies, structure, styles, skills, policies, procedures, etc. They are independent variable within the control of the organisation and its management. Intervening variables represent the internal state of the organisation and includes aspects such as commitment to objectives, morale, motivation, communication, group cohesiveness. Output reflects the results, accomplishments of the organisation. Kirchhoff (1977) suggested that there is a need for more complex measures of organisation effectiveness as there is increasing pressure of organisations to satisfy multiple stakeholder groups. As per author, overly simplistic single variable models are inadequate expressions of the real world, multi-goal existence of organisations. Connolly, T. &et. al. (1980) has shown a simple two-by-two dimensions to monitor organisation effectiveness wherein one dimension is efficiency and effectiveness, and the other quantitative and qualitative. Measuring qualitative effectiveness of the organisation is very difficult as it includes employee satisfaction, commitment, and organisation citizenship behavior. These factors are to be taken on a long-term basis, and appropriate corporate culture is to be developed for sustainable effectiveness. Jackson, Morgan and Paolillo (1986) defined that effectiveness is commonly referred to as the degree to which the predetermined goals are achieved. The extent to which the organisation achieves its goals with limited resources successfully determines the effectiveness of organisation.

2.6 Pharmaceutical Industry
Peter & Bruce (1991) highlighted the various forces that shape human resource strategy in pharmaceutical industry. The authors proposed the model regarding the inter-relationship among the environment, business strategy and human resource strategy. Multinational pharmaceutical industries were selected to study corporate responses towards environment and business strategy. Human resource strategy has been suggested as a tool to integrate environment and business strategy. Currie and Kerrin (2003) considered the contribution that human resource management practices can make in mediating a functionally based organisational structure and culture in global pharmaceutical industry. The research aims to contribute to the influence of human resource practices upon managing competencies by locating it more widely within an organisational learning perspective. Mc Kinsey & Company’s report, “India Pharma 2020: Propelling access and acceptance, realizing true potential,” predicted that Indian Pharmaceuticals will grow to US $55 billion in 2020; and if aggressive growth strategies are implemented, it has further potential to reach US $70 billion by 2020. While, market research firm Cygnus’ report forecasts that Indian bulk drug industry will expand at annual growth rate of 21% to reach $16.91 billion by 2014. The report also noted that India ranks third in terms of volume among top 15 drug manufacturing countries. Further, Mc Kinsey reports that health care grew from 4 % of average household income in 1995 to 7 % in 2005 and is expected to grow 13% by 2025.

2.7 Overview of Literature
David McClelland (1973) had pioneered the competency movement across the world and brought out several new dimensions of the competencies. It was established that traditional achievement and intelligence score may not be able to predict success on job and competencies are more important. Boyatzis (1982) introduced competencies as a combination of knowledge, skills, personal attribute, motives, traits and beliefs. Later, Behavior Event Interviewing (BEI) was adopted as a methodology to map the competencies. Gradually, assessment centers also became popular to measure the competencies. Daniel Katz categorized competencies into four areas: technical, human, social and conceptual. As literature indicates, all authors from 1973 till 1999 focused more on defining competencies. They focused on skills, knowledge, qualifications, motives, traits as the indicators of competencies. Thus identifying significant competencies is very crucial to ensure enhanced performance for sales professionals in
any organisation as they are important revenue generators especially in pharmaceutical industry. The demand for pharmaceutical products in India is significant and driven by many factors like low drug penetration, rising middle-class and disposable income, increased government and private spending on healthcare, increasing medical insurance penetration, changing demographic pattern and rise in chronic lifestyle related diseases, adoption of product patents and aggressive market penetration driven by relatively smaller companies.

It has necessitated pharmaceutical industry to find out competent sales staff for survival, growth and excellence. HR managers are entrusted with the responsibility to find, place and retain competent sales staff in pharmaceutical industry. Competency mapping can be useful tool as it measures the gap between existing and desired level of competencies. It also identifies the most pertinent and substantial competencies to perform job in effective manner. Moreover, organisational effectiveness is critical to success in any economy. In order to achieve increased and sustainable business results, organisations need to have competent employees.

The research focuses on the key competencies of sales professional which could affect the organisational effectiveness. Composition of people which formulate independent business identity for some specific purpose is commonly known as organisation and getting desired outcome within defined resources is treated as effectiveness. Organisational effectiveness is defined as the extent to which an organisation, by the use of certain resources, fulfils its objectives without depleting its resources and without placing undue strain on its members and/or society (Mary et al, 1996).

The variables identified for competencies based on the literature review for sales staff are as below:

1. Communication Skills
2. Presentation Skills
3. Technical Competencies
4. Personal Competencies
5. Commercial Awareness
6. Team Player
7. Selling Competencies
8. Customer Orientation Competencies
9. Interpersonal competencies
10. Time Management
11. Behavioural Competencies
12. Passion for Job

Organisational efficiency could be categorized under two categories: financial and nonfinancial. Firms’ performance is widely measured through the financial success of the organisation. Financial stress for most profit-oriented firms can be assessed both in terms of “top-line” (e.g., sales) as well as “bottom-line” (e.g., profitability) measures. Besides financial indicators as an evaluation of firm’s performance in any industry, other industry-specific measures of effectiveness may also reflect the success of the organisation. The study aims to identify the impact of training on non-financial indicators of organisational effectiveness. Non-financial effectiveness of organisation can be measured on basis of nine different dimensions (C. N. Daftuar, 1983). They can be described as below:

1. Organisational Attachment
2. Job Involvement
3. Independence
4. Self-Control
5. Legitimization
6. Organisational Commitment
7. Innovation
8. Consensus
9. Job Satisfaction

2.8 Research Gap

Extensive literature review suggested that not much emphasis has been given on exhaustively identifying the antecedents and predictors of organization effectiveness. Moreover, literature reviewed so far suggested that there is a lack of sound research on competency mapping of sales staff especially in the pharmaceutical industry. Since competency mapping and organization effectiveness are pertinent issues, focused efforts need to be undertaken by the business organisations in that direction. Key competencies for effective sales performance and mapping of competencies were not rightly focused and studied. Literature review also revealed a holistic organization effectiveness model linked to competency mapping. Hence it was decided to address these gaps in the study. The study has explored and established that competencies of sales staff and the practice of mapping competencies act as drivers and play an instrumental role in increasing non-financial effectiveness of organization.

2.9 Conceptual Framework

David McClelland (1973) had pioneered the competency movement across the world and brought out several new dimensions of the competencies. It was established that traditional achievement and intelligence score may not be able to predict success on job and competencies are more important. Boyatzis (1982) introduced competencies as a combination of knowledge, skills, personal attribute, motives, traits and beliefs. Later, Behavior Event Interviewing (BEI) was adopted as a methodology to map the
competencies. Gradually, assessment centers also became popular to measure the competencies. Daniel Katz categorized competencies into four areas: technical, human, social and conceptual. As literature indicates, all authors from 1973 till 1999 focused more on defining competencies. They focused on skills, knowledge, qualifications, motives, traits as the indicators of competencies. The competency movement in this period was limited to defining the competencies and measuring the current competency levels. From 2000 onwards, various researchers tried to establish a relationship between competency levels and performance management. Competency movement became more popular in organisations when it was established that competencies are the determinants of organisational effectiveness. They affect knowledge management and organisational development. In 2002, organisations started focusing both on individual and organisational competencies.

In the recent years, various thought leaders in business strategy have emphasized the need to identify what competencies a business needs, in order to compete in a specific environment. Organisations have vastly shifted their approach from employees having knowledge of one competency to having multi-competent employees. Organisations are interested in knowing the present competency level of their employees to manage their performance and develop careers. This is where competency mapping comes into focus. Competencies have been playing a crucial role in HR system for more than two decades. The proper use of competencies in HR systems needs adequate competency mapping techniques.

Conclusion
As noted above, with certain exceptions considered, competency models are a viable tool that can be utilized to prepare the current and future workforce and retain skilled incumbent workers to meet the job requirements and other needs of employers. Furthermore, for career exploration and development purposes and during times of job change, whether by choice or due to market changes, competency models are an assistive device for individuals to focus on their current competencies and refocus or enhance their competencies as necessary. With the knowledge and use of the information contained within a competency model and awareness of their individual competency strengths and weaknesses, individuals may manage their future job or career success, navigate their current chosen career pathway, or apply the information to examine new career opportunities, considering the utilization of transferable competencies.

In considering the review of the literature available on competency models, ETA is clearly consistent with the literature in terms of assisting high growth industries with developing competency model frameworks and making investments in projects that use them. The workforce investment system and their partners are already using competency models in a variety of ways. As mentioned previously, specific descriptions of their use of competency models for various needs, such as curriculum development, assessment and certification, communicating industry demands and career guidance, developing career lattices, and training and apprenticeship, can be found on the ETA Competency Model Clearinghouse. Using competency models to develop training and provide career preparation for targeted populations also might be explored. Future research, pilot and demonstration projects might examine the use of competency models with specific targeted populations.
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