Competency mapping of front-line Staff – A Need of an Hour for Retail Sector

Nandita Sen

ABSTRACT

Creating competency based culture and systems in organizations are the need of the hour. This creates a demand for HR professionals to have specialized skills and have a continuous upgrading of knowledge. Working on solutions to help the Retail Industry in addressing the front-line staff Challenges around Hiring, Training, and Retention. 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 level of consolidation within each country has increased significantly over the last few decades. This is most marked in the grocery, where large chains have leveraged superior scales of operations and souring to capture share from the unorganized players, while offering consumers the best price. This trend has led to organized networks capturing up to 80% of the groceries market in the developed economies.

Traditionally, most retailers have had very localized operations. This localized nature of the industry is changing as retailers face low rates of growth and threatened profitability at home. New geographies will help them sustain top-line growth as well as permit global sourcing. Further, global markets will progressively get easier to tap as product market barriers relaxed and as taste converge.

The call is for HR practitioners to play a more proactive and prominent role in order to retain the high tech skilled employees who are constantly looking for greater gains and prospects in their work. This is the real HR challenge to retain the "knowledge workers" and "knowledgeable workers" by introducing new processes and procedures and still ride high in implementing organizational effectiveness.

Keywords: Competency, Skilled Employees, Human Resource Development, Efficiency, Retail.

Introduction

Profits in retail have steadily been rising and have generated 18% shareholder returns between 1994 and 1999. Significantly, retail is one of the largest employers, accounting for instance 16% of the U.S workforce. Factors such as scale in sourcing, merchandising, operational effectiveness and ambience have driven the spread of organized retail. Groceries, electronics are examples of categories that compete on the strength of better pricing, which in turn is driven by superior sourcing and merchandising and cost-efficient operations. Wal-Mart, Home Depot and Kingfisher are benchmark retailers in these fields.

In apparel, home furnishings and furniture, the advantage is driven by the marketer’s ability to provide better products in a comfortable ambience at affordable prices. In these cases sourcing capabilities has to be backed by strong design capability and store management. IKEA and GAP are good examples of this model of retailing. Over the last few decades, retail formats have changed radically. The basic department stores and co-operatives of the early 20th century have given way to mass merchandisers, hypermarkets, warehouses clubs, category killers, discounters and convenience stores. Each of these formats has been driven by the market’s need to offer relevant,
distinctive and economic propositions to an evolving consumer base. Global retailers have also reached a position of strength that enables their brand to be leveraged across a wide range of services. Many of them have expanded their offering, over the years to include fuel retail, car retail, convenience services and personal finance services. This has put them in a position where they are not only beginning to capture growth from geographical expansion, but are also entering large new areas of business. The recent evolution of the internet has helped further broaden the scope of operations of large retailers. Further, a large number of retailers are pursuing innovative aggregation and supply chain-streamlining initiatives using B2B technology. Chill breeze writer — Ramadevi Srinivasan

The Indian Retail Industry stood at a value of a whooping US $330 billion in 2007 with the likes of Reliance Retail and Wal-Mart joining the conglomerates from inside and outside the country. It is estimated that the retail sector will reach around US $600 billion by the turn of this decade. Significantly retail industry contributes about 10% to the GDP of India, and it is the largest source of employment after agriculture in the country.

Scope for employment opportunities:

It is small wonder then that retail sector has opened the floodgates of employment opportunities to the Indian youth. Statistics reveal that the organized retail sector has increasing employee base burgeoning from 5.4 lakh to an awesome 16 lakh over the last couple of years.

About 11.5 lakh jobs in the organized retail sector and 2 million jobs in the unorganized retail sector will be thrown open by 2010 what with the likes of key players in including Pantaloon India, RPG Retail, Lifestyle, Wills lifestyle, Shoppers shop, Trent Ltd, Crosswords Bookstores Ltd., Ebony Retail Ltd. and Reliance Retail Ltd. And the retail sector has abundant opportunities for part time positions as well due to the long working hours.

Compensation packages:

In general, hefty salary packages with attractive perks and allowances are offered by the employers luring the talent of this country into the retail industry. Surprisingly the average salary of even a fresher could be up to Rs.20,000/- with an assured average salary hike of 16% per annum. In some organizations the growth in salary ranges from Rs.60, 000/- to Rs.70,000/- annually.

The emerging sector

For a long time, the corner grocery store was the only choice available to the consumers, especially in the urban areas. The traditional food and grocery segment has seen the emergence of supermarkets/grocery chains (Food world, Nilgiries, Apna Bazaar), convenience stores and fast food chains (McDonalds, Dominos) . The lifestyles/fashions segments (Shopper’s stop, Globus, Lifestyle, Westside), apparels /accessories (Pantaloons, Levis, Reeboks), books/music/gifts (Archie’s, Music world, Crosswords, Landmark) appliances and consumer durables (Vibe’s, Jenison’s, Vacant & Co), drugs and pharmacy (Health and Glow, Apollo)

First, the modern retailer is yet to feel the saturation effect in the urban market and has, therefore, probably not looked at the other markets seriously. Second the modern retailing trend, despite its cost-effectiveness, has come to be identified with lifestyles. In order to appeal to all classes of the society, retail stores would have to identify with different lifestyles. In a sense, this trend is already visible with the emergence of stores with an essentially value for money.

Competencies are becoming a frequently-used and written-about vehicle for organizational applications such as:

• Defining the factors for success in jobs (i.e., work) and work roles within the organization.
• Assessing the current performance and future development needs of persons holding jobs and roles.
• Mapping succession possibilities for employees within the organization.
• Assigning compensation grades and levels to particular jobs and roles.
• Selecting applicants for open positions, using competency-based interviewing technique.

SCOPE OF THE STUDY

To measure employees performance against expected skills, knowledge and competencies for the assigned positions. This will help in reducing the gap between performance and the goals previously set.

OBJECTIVE OF THE STUDY

1. To assess the existence of skills gap in front line staff of Big Bazaar and West side retail outlets.
2. To judge satisfaction level of employees towards performance appraisal system.
3. To suggest ways to develop a systematic approach to conduct competency mapping.

RESEARCH METHODOLOGY

The design consists of using both the exploratory research as well as to use Conclusive research so as to bring about the relationship that competency mapping has and its effect on the performance effectiveness. Experience Survey carried out to obtain an insight and ideas about the topic through depth interviews so as to probe deep into the competency mapping system of the company. Conclusive Research in the form of descriptive research will used just for determining the relationship and effect of competency mapping on performance management system. Simple Random sampling was done for the study. Employees of big bazaar and west side were samples for gathering data. The respondents were from HR and front-line departments of the companies. 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 questionnaires will be used to gauge the preference of the customer’s associate whether they are satisfied with their own behavior and are they given the required attention. It would be done to identify the behavior of customers whether they are satisfied with the behavior of the customer associate’s and sales managers. It will consist of sample size of 100.

Hypothesis testing

H0: □□ = □□ There is skills gap in the actual and adopted competency mapping criteria.

H1: □□ ≠ □□ There is no skills gap between the actual and adopted competency mapping criteria.

The samples size 100 from employees and 50 of managers are observed for t-test distribution i.e. N1=100 and N2=50 where as n1=4 and n2=4. Hypothesis testing for big bazaar is as follows-

<table>
<thead>
<tr>
<th>X1 employees</th>
<th>X2 HR managers</th>
</tr>
</thead>
<tbody>
<tr>
<td>13</td>
<td>10</td>
</tr>
<tr>
<td>33</td>
<td>20</td>
</tr>
<tr>
<td>20</td>
<td>10</td>
</tr>
<tr>
<td>34</td>
<td>10</td>
</tr>
</tbody>
</table>
### t-Test: Paired Two Sample for Means

<table>
<thead>
<tr>
<th>Variable 1</th>
<th>Variable 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mean</td>
<td>25</td>
</tr>
<tr>
<td>Variance</td>
<td>104.6666667</td>
</tr>
<tr>
<td>Observations</td>
<td>4</td>
</tr>
<tr>
<td>Pearson Correlation</td>
<td>0.52130817</td>
</tr>
<tr>
<td>Hypothesized Mean Difference</td>
<td>0</td>
</tr>
<tr>
<td>df</td>
<td>3</td>
</tr>
<tr>
<td>t Stat</td>
<td>2.861428476</td>
</tr>
<tr>
<td>P(T&lt;=t) one-tail</td>
<td>0.032250703</td>
</tr>
<tr>
<td>t Critical one-tail</td>
<td>2.353363435</td>
</tr>
</tbody>
</table>

**INTERPRETATION OF HYPOTHESIS:**

**H0:** $\mu_1 = \mu_2$ There is a skills gap in the actual and adopted competency mapping criteria. Null hypothesis is selected in Big bazaar measuring at 5% level of significance as calculated value is 3 and table value is 2.353363435.

$H_0 > H_1$

$3 > 2.3533$

Therefore there is a skill gap in the actual and adopted competency mapping criteria.

**Students t-distribution applied for the data analysis and hypothesis testing in case of Westside is as follows:**

<table>
<thead>
<tr>
<th>$x_1$</th>
<th>$x_2$</th>
</tr>
</thead>
<tbody>
<tr>
<td>34</td>
<td>0</td>
</tr>
<tr>
<td>13</td>
<td>20</td>
</tr>
<tr>
<td>20</td>
<td>10</td>
</tr>
<tr>
<td>33</td>
<td>20</td>
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<td>Mean</td>
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<td>104.6666667</td>
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<tr>
<td>Observations</td>
<td>4</td>
</tr>
<tr>
<td>Pearson Correlation</td>
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<tr>
<td>Hypothesized Mean Difference</td>
<td>0</td>
</tr>
<tr>
<td>df</td>
<td>3</td>
</tr>
<tr>
<td>t Stat</td>
<td>1.486095746</td>
</tr>
<tr>
<td>P(T&lt;=t) one-tail</td>
<td>0.116974004</td>
</tr>
<tr>
<td>t Critical one-tail</td>
<td>2.353363435</td>
</tr>
</tbody>
</table>

**INTERPRETATION OF HYPOTHESIS:**

**H1:** $\mu_1 \neq \mu_2$ There is no skills gap between the actual and adopted competency mapping criteria. Alternative hypothesis is selected in case of Westside measuring at 5% level of significance as calculated value is 1.486095746 and table value is 2.353363435

$H_0 < H_1$

$1.486095746 < 2.353363435$

Therefore there is no skill gap between the actual and adopted competency mapping criteria.
DATA ANALYSIS OF BIGBAZAAR FRONT LINE STAFF

1. Competency mapping gives better result in employee’s performance.

![Pie chart showing responses to competency mapping](chart1.png)

**Interpretation:**

Here by asking this question managers view point is measured. 40% strongly disagree to this statement as when corporate strategies are formulated Competency Mapping System is not given importance. So there arises the skills gap. There is 0% who is in favor to this statement but 20% of the managers slightly agree and same % slightly disagrees.

2. The motivational force in your opinion to actively involve the employees in competency mapping is ______________

![Pie chart showing responses to motivational force](chart2.png)

**Interpretation:**

40% are In favor of ideal competency mapping because making the employees fully aware, providing training and development program and directing them in every task assigned will act as better motivational force. While 60% believe in informal communication. But in the long run it will have negative affect i.e. partiality and bias attitude among employees and managers.
3. The methods used for competency mapping is ___________

Interpretation:  
The result 100% goes to interview. Every employee is interviewed on the basis of the target and attitude.

4. Competencies required for front line staff are ___________

Interpretation:  
According to the managers of big bazaar 40% of favor goes to personal skills i.e. personality, commitment and convincing power. Whereas 20% goes to each of the other four i.e. intellectual, leadership, interpersonal and communication factors.

5. You test these competences through ___________
Mostly retail sector like big bazaar have to focus more on products like apparels, FMCG, house ware, grocery and provisional items. So over here 60% of the tests are on the basis of product assortment knowledge. Above all this 20% of tests are on the basis of sales target achieved by an employee as well as sales on monthly and yearly basis.

6. **CM is conducted _______________ in the year.**

**Interpretation:**
It is conducted only once in a year.

**DATA ANALYSIS OF WESTSIDE EMPLOYEES**

1. **Competency mapping gives better result in employee’s performance.**

**Interpretation:**
Here by asking this question managers view point is measured. 60% strongly agree to this statement as when corporate strategies are formulated Competency Mapping System is given importance. So there arises less skills gap. There is 20% who is not in favor to this statement but 20% of the managers slightly agree. Here while collecting the data it was seen that managers were quite committed towards formulating and implementing training and development program when skills gap arise.

2. **The motivational force in your opinion to actively involve the employees in competency mapping is**
3. **The method used for competency mapping is**__________.

4. **Competencies required for front line staff are**________

5. **You test these competencies through**
Interpretation:
The chart depicts that manager’s tests competency 40% through interview on product assortment knowledge. Whereas 60% through on job observations i.e. by interpersonal skills.

6. CM is conducted__________in a year.

Interpretation:
As usual it is conducted just once in a year. Periodic review of competency mapping by employees to remain current with the organization’s business needs. Periodic review of the skills and knowledge required to perform a particular role ensuring they are complete and correct. Consumer’s needs are constantly changing so there is also need to change the working pattern of the front line staff. So skills gap cannot be judged once a year but should be conducted twice or thrice a year.

Conclusion
This is Competency era and a significant shift towards Competency Based Organization has been observed. People and their competencies have become the most significant factors that give a competitive edge to any corporation. HR Professionals and Line Managers can contribute a great deal to develop competency-based organizations. 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 and other characteristics of an individual including motives, values, traits, self concept etc.

Competency-based performance management processes are becoming more prevalent in many organizations, but they are particularly appropriate for organizations where there are:

- Uncertain environments
- Qualitative/process service jobs
- Self-managed teams
- Developmental jobs
- Changing organizations

Competency mapping begins with identification of the workforce competencies required to perform the organizational business activities. Once the competencies are identified, a mapping between the targeted vs. actual value of competencies is required to Measure, analyze and predict the future capability of competencies and takes necessary Corrective/preventive action to either enhance or maintain the current capability. Identifying the tasks, skills, knowledge and attitude required to perform various Organizational roles can be used in formulating job description, assessing employees ‘Current level of competency, and activities like planning career development and Coordinating competency development.

Organizations describe, or map, competencies using one or more of the following four strategies:
1. Organization-Wide (often called “core competencies” or those required for organization success)
2. Job Family or Business Unit Competency Sets
3. Position-Specific Competency Sets
4. Competency Sets Defined Relative to the Level of Employee Contribution (i.e. Individual Contributor, Manager, or Organizational Leader)
Competencies Relate to Individual Career Development

First and foremost, competencies must be demonstrated by individuals. Perhaps the most common place where they are demonstrated is within the scope of a particular job or project involvement. However, competencies are also developed and demonstrated by individuals in the following settings: volunteer roles in the community, professional associations, school projects, sports participation settings, and even within one’s own home life.

One of the first encounters with competencies for most individuals is in securing employment with a new organization. Organizations that are purposefully using cutting-edge methods to choose talent for positions or project roles are engaging in what is called “competency-based interviewing and selection”. These interviewing and selection methods are being used not only for hiring external applicants, but also for staffing internal roles.

Many organizations that use competency-based interviewing and selection are also later using the same competencies to assess performance, to encourage future development plans from individuals, and to plan for succession in the organization. Therefore, the individual employees in such an organization will have an ongoing need to use and map their competencies.

REFERENCES