

## **Performance Assessment & Competencies Assessment Are Tools for Talent Management**

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### **ABSTRACT:**

Talent Management is the latest corporate buzzword today. Organizations around the world have been talking about the connection between capable employees and superior organizational performance for decades. The people force is increasingly recognized as the key driver of success of great companies, Institutions and nation's. There is also a growing recognition within Organization and Institution that better talent means better business performance. Industries are discussing and deliberating on the various issues of talent management and strategies are being formulated and implemented for it. Talent management is becoming an area of growing concern within the industry and research institutions, this paper seeks to investigate talent management practices and trends in selected cement industries of Rajasthan that are shaping successful business enterprises. A case study of best practices in talent management is followed using personal interviews and data as shared by the Industries. It discusses a newly implemented KRA/goal setting, performance management, Competencies mapping and employee development practices of the Industries. The case analyses these initiatives, identifies the existing gaps in these systems and suggests a more integrated method for the same.

### **1. INTRODUCTION:**

The world has become well integrated due to liberalization and globalization policies adopted by the countries and the competition has been stiffening in all most all business and industry sectors. The fast evolving technologies, fierce global competition, energy constraints, climate change, political uncertainties and economic instability are becoming the defining features of the present business environment. The organizations are by means of several strategic initiatives like expansion, amalgamation and consolidation, however, one factor that emerges as a constant and inevitable one is the need for appropriate, trained and skilled, self motivated and above all pro-actively talented work force. The importance of human resource in sustainability of the companies has been well realized in the past three decades. In the organizations, H R role has become vital and organization well understood the importance of the talented work force that is able to attract, recruit and retain talent would emerge as global leaders. Competition and the lack of availability of highly talented and skilled employees make finding and retaining talented employee's major priorities for the organizations (Fegley, 2006). Now days, organization is not only focusing on production, but also on learning and development of employees as well as process cost. It is for this reason that talent management has received a lot of preferential and greater attention in the recent past.

In 1970, HR departments focused solely on personnel functions like hiring, payroll and benefits. The changes to corporate culture in the 1980s introduced the concept of strategic HR. The role of HR within the corporate structure has changed dramatically over the past few decades. While HR departments continue to focus on these strategic goals, there has been a recent shift towards "Talent Management. Believing that talent is "omnipresent" and all people have talent. There is a challenge to H.R. Manager for identification and development of the explicit as well as latent talent of individuals, to optimize individual and business performance. Talent management typically involves the identification, development, performance appraisal,

deployment, and retention of high-performing and high-potential employees (Collings and Scullion 2007). In the changing times, though talent management represents one of the greatest organizational challenges (Boudreau and Ramstad 2007) yet it remains in underdeveloped and unreached concept (Lewis and Heckman 2006). There has been a spate in Indian literature on the same (see Bhatnagar, 2004; Chugh and Bhatnagar, 2006; Bhatnagar 2007) yet firm specific strategies that are well-researched, test-implemented and ratified by the results are needed in Indian context. These issues also have led organizations worldwide to research on the subject of talent management. Leading organization like Bersin & Associates, Johans Hopkin University, Mckinsey, Deloitte, ORC worldwide have been carrying out extensive studies and market research on talent management and developed various frameworks and models for successful talent management system. In India, some organization has implemented frameworks and modals on the talent management system. The present research is an attempt to partially fill this gap by documenting and analyzing specific talent management strategy.

In 2013, the world production of cement was 4,000 million tones. China produced more than half of the world production with 2,300 million tones. The other top producer was India with 280 and USA with 77.8 million tones. India is a second in cement production after China .Since 1992; India's cement installed capacity has gone over 7th times from 50Mt/yr to 350Mt/yr in 2013. The Indian government's 12th Five year plan, which runs from 2013 to 2017, states that India will require a cement capacity in the region of 480Mt/yr by the end of 2017. Due to increases in the capacity a number of new cement plants and expansion will come up across the country. It is becoming harder for companies to retain their employees. As per survey of government, new areas of lime stone reserve are identified in Rajasthan which will become a hub of cement production and also first largest state of cement production/ capacity in India by the end of 2017. Ultra Tech Cement, the country's largest firm in terms of cement capacity, holds around 22% of the domestic market, with ACC (50%-owned by Holcim) and Ambuja (50%-owned by Holcim) having 15% and 13% shares respectively. Study was carried in Ultra Tech Cement, Ambuja Cement, J.k. Cement and Birla Cement Works. This paper presents a case study of best practices in talent management is followed using interview and archival data as shared by the organization in a selected cement Industries of Rajasthan. All industries are having much concern about their workforce strategic planning and development. Ultra tech cement is having well defined talent management philosophy, policy, guidelines. The findings of the case study looked at interventions of goal setting, performance & competencies assessment and employee development practices of the company. It identifies the existing gaps in these systems and suggests a more integrated method for goal setting, performance appraisal and employee development. Hence an objective method for goal setting, performance & competencies assessment and career progression was developed and implemented; they are now discussed in details.

## **2. PERFORMANCE ASSESSMENT:**

Performance management is a much broader and a complicated function of HR, as it encompasses activities such as joint goal setting (KRA), continuous progress review & frequent communication, feedback and coaching for improved performance, implementation of employee development programs and rewarding achievements. Performance management is both a strategic and an integrated approach to delivering successful results in organization by improving the performance and developing the capabilities of teams and individual (Armstrong and Baron, 1988).

### **2.1 GOALS/KEY RESULTED AREA, SETTING SYSTEM**

The objective of the Goal/Target setting is a process to create a fairer and objective method for defining expectations and performance evaluation of the individual and team. The first step towards an effective goal/target setting process is development of the budget by all the functional areas of the organization which started from the month of February. The budget was discussed and reviewed by the top management and put up before board of directors & chairman for their acceptance.

Once the approval is sanctioned the same is converted into business goals for the entire financial year. Units/ functional heads KRA,s/ Goals (Key Performance Areas) are prepared based on 5 performance dimensions: i) Performance Factors, ii) Cost control & Cost Effectiveness, iii) Quality assurance & quality maintenance, iv) developmental initiatives & projects, v) Employee development. Performance objectives are written down and are verifiable can be far more useful if they are SMART in nature which means Specific, measurable, Achievable, Realistic and Time Bound.

i) Function's specific performance targets are prepared by all the departmental heads- Works, Marketing, Finance, Material Management and Human Resource development. For example the performance factor for works includes production targets, raw material consumption norms. Marketing includes targets for dispatches, turnover. Finance includes criteria like cash flow management, cost of funds, providing funds for new and development initiatives.

ii) Cost control & cost effectiveness: employees concern to cost effective parameters like consumption norms, reduction in generation of waste, utilization of waste, targets and frequency of review on cost are specified.

iii) Quality assurance and quality maintenance targets are specified by all to meet the quality expectations of not only ISO 9001-2000, OSHAS, TPM, and WCM (to which company is committed to) but also to have demonstrative performance for continual improvement in all areas.

iv) Developmental initiatives and projects: All employees are encouraged to participate problem solving in perennial issues, debottlenecking and take initiatives to improve systems/ subsystems.

v) Employee development is not just an HR function but every manager has to own the responsibility of their subordinate's development.

KRA's are the critical function of job or role/ responsibility contributing to the achievement of organization/business goals. Initially the KRA's are broad in concept and scope which need to be further defined into individual's key result areas. One KRA may have a number of key performance goals for which different measurements and target are to be developed. Total 5 to 6 KRA is prepared having total 100 marks. All efforts are made so that KRA with specific goals/ targets are developed and deliverables are well understood by the concerned individual. The goals are written down and documented is formally signed by the unit head and the functional head. Similar contracts are developed at all levels with immediate boss and finally written down and signed by both the employee and the reporting officer. The progress is monitored by the individual on monthly basis. The company believes that this collaborative goal setting method helps in developing challenging yet attainable targets which are owned by the individuals and hence they are more committed to achieve them. The Goal setting is completed by 15th of March for the next financial year.

## **2.2 FEEDBACK MECHANISM:**

The performance is assessed through appraisal which is done annually. The appraisal forms are filled up manually where as in some organization the appraisal system carried on electronically. Performance appraisal is done twice a year- in the month of October and end of March. The appraisal process involves four phases: a) self appraisal, b) performance review and planning, c) performance assessment, and d) evaluation and final grading.

Self appraisal is done by appraise every six months. Appraise reports about his targets fulfilled, constraints faced, facilitating resources required and suggestion for improvement after six month. The targets are discussed with the reporting officer and feedback is provided to the individual on the attainment of the targeted goals. At the end of the year appraise assess his targeted goals and also provide the information about a) highlights of performance, b) major strength and weakness, c) training/ developmental needs.

Performance review and planning (PRP): Reporting officer discuss & review self appraisal of appraise based on the targets achieved, major strengths & weakness, developmental needs and areas of improvement and write his comments on the appraisal.

Performance Assessment: Reporting officer assess, performance targets are rated on 5 points likert scale, the rating scales are: Far Exceed Expectation, Exceed Expectation, Meet Expectation, Below Expectation and Far below Expectation and consolidated rating arrived by auto computed by the system and also rated 5 values of the companies: Integrity, Commitment, Passion, Seamlessness and Speed, which is DNA of the company.

Evaluation and final grading: The reviewing officer will rate appraise on all the above both the performance and values criteria's and prepares a summary sheet indicating the scores of appraises. The HR department collects scores given by reporting officer/ reviewing officer of all functions. The reviewing and reporting officer have to give justification for the rating if desired by the HR Managers. Further to this, normalization of the ratings is also done by the HR department.

One of the output of the appraisal system is that appraise are put across the forced distribution method (Bell Curve) and divided into five different categories: FEE, EE, ME and BE and FBE. Top 10% of the employees are in category FEE, followed by next 15% in category EE, 55% in category ME and 15% in category BE, and 5% in category FBE; for each functional group.

Business head decides the final grading ensuring the distribution of appraises into five different categories. This is done to remove disparities, if any in the rating. This final rating is linked with the annual increment, variable pay, promotion and career progression of the employees.

### **2.3 TRAINING AND DEVELOPMENT PLANS:**

The training needs of an appraise have linkage to the development plan as indicated & discussed by reporting and reviewing officer as well as to the changing needs of the appraise and/ or the organization. Reporting and reviewing officer also make suggestions for Job rotation/ job enrichment if any. In the company two type of promotion exists i) promotion within group's ii) promotion between groups. Promotion within group is time bound and solely decided based on appraisals and fulfillment of qualification & experience criteria. Whereas promotion between groups is based on appraisal ratings, qualification, experience and personal interview Promotions are backed by suitable training and development interventions covering technical requirements as well as management development programs. The employees are encouraged to up-grade their qualifications, take the membership of the various institutions. Company also has collaboration with the university and provided an opportunity to the employees may continue their degree/diploma/management courses by evening classes in the premises and also encouraged corresponding courses. Company also contributes in course fee through concession to the participant employees and submission of proof of completion.

### **3. COMPETENCIES ASSESSMENT & TALENT SEGMENTATION:**

There is a constant need to increase efficiency and create & deliver values in each operation. Therefore it is imperative that a more scientific approach like competencies be used to define and understand the knowledge, skill and attitude required to perform a job effectively. Evaluating an employee's performance based on pre-defined competencies and their behavioral indicators, in turn is called competency based assessment. Competencies have been understood as person ability or capacity to do a job. To be effective at each career stage, employees are required to develop and sharpen their different competencies and behaviors. A competency is defined as a behavior or set of behaviors that describes excellent performance in a particular work contest. These characteristics help the organization in the following ways:

- Clarifying workforce standards and expectations,
- Aligning individuals, team and managers with the organization's business strategies,
- Creating empowerment, accountability, and alignment of coach, team member, and employer in performance development.

Competency model is a set of success factors, often called competencies that include the key behaviors required for excellent performance in a particular role. Excellent performer's on- the-job demonstrates these

behaviors much more consistently than average or poor performers. Competencies are not work motives, but do include observable behaviors related to motives. Competencies are developed as per the strategic requirements of the company which is differing from company to company on need basis. In response to the emerging need for defining technical/functional competencies in addition to the behavioral competencies, were identified specific role based competency clusters for each role in the group. Company identified 17 behavioral competencies and has 5 levels (1-little, 2-Average, 3-Good,4-Very good,5-Excelent) with each level manifesting the intensity of the competency exhibited. The behavioral competencies clearly provide a good yardstick to measure and estimate the capacity of the individual to move across career stage, which play a significant role in differentiating performance level of employee especially when employees move across career stages.

### **3.1 CAREER PROGRESSION:**

Career progression/ advancement follow the principal of human development and have their unique set of learning and development tasks. The movement from one stage to another depends upon qualification, interests, socio-economic factors, opportunities, ability to cope with requirements of the job, ability to learn and acquire new skill and personal priorities. The career stage model developed by the Walt Mahler form the basis of talent management framework of the company. To make successful transition from one career stage to the next, manager need to adopt different roles, responsibilities, development experience to help them gain the skill, work values that are appropriate to each stage. The career stage model proposes that every leader goes through six career passages in his work lifecycle; Manage Self( individual), Manage Others (section head), Manage Managers(Dept./regional/zonal Manager), Function Head –units, Unit Head/SBU Head, Business Head. Some company may add some more career stages as per their requirement. The career stages significantly differ in the three dimensions: Skill Requirement, Time Horizons, and Work Values.

### **3.2 TALENT SEGMENTATION:**

Performance and potential are two criteria for segmentation of the talent pool. Every individual must be rated on his performance and on his potential to move to the next two career stages. This rating on performance and potential is the basis for identifying the individual with one of the nine boxes in the matrix.

Performance is linked to the present job and is relative to others. The data of an individual's performance are considered for the past 2 to 3 years while plotting the individual on the performance axis. Defining- High (3) only FEE or combination of FEE&EE, Medium (2) only EE or ME or a Combination of EE & ME, and Low (1)only BE/FBE or a combination of ME with BE/FBE.

Potential is distinct by the ability to move career stages within a given time span. Accordingly, high potential employees are individuals who are able to move at least two career stages within a span of 5 to 6 years and who score well on various assessment criteria based on 'on-the-job' demonstration of the current as well as future career stage competencies. A-High Potential – can move to next two career stage, B-Medium – can move to one career stage, and C- Low Potential – can stay in the current career stage.

The manager will do the potential assessment rating process using the career stage competency templates and complete the rating process on line system. This rating will be reviewed by the unit head and the concerned business/ HR head. If required, rating were discussed with the line manager and modified if the case so demand and finalized.

### **3.3 DEVELOPMENT PLAN:**

Identified talented /potential employees are invited to participate in the DAC which is organized once in year at the central place where all talented pool individual attend the DAC. The consultant gives their reports which contain qualitative descriptions on each of the competencies assessed during the DAC and submit their development recommendations. Consensus discussion on the Reports was taken by the Business Head / corporate HR. After final discussion on the participant, Individual development plan are prepared by the HR

Department. This plan contains training, education, and development activities to acquire the competencies (areas of improvement) needed to meet IDP goals. The capability of an individual determines the prediction of future success in the new role of leadership. Company prepared career pathing plan for employees who may grow vertically and horizontally in the organization.

#### 4. CONCLUSION:

In the new emerging business environment described as new economy, knowledge based economy; the importance of workforce is inevitable. To obtain higher performance of the workforce is required, strategic goals of the organization & consequently, its competencies have to align with the people competencies. The collaborative goal setting on measurable performance dimension of employees are aligned with the organization goals for successful organization. Goal setting in this way provides specific and measurable goal clarity to the employees and expected results from them. Those employees who are low performer also bring upwards by performance improvement plan with proper coaching & development plan. Performance and Potential assessment are the criteria for talent segmentation. It was observed that high performer were assessed their potential for promotion and career stage development. In case of low potential employees are also assessed to understand that which competencies are required to develop & improve through training and development plan. Company should give attention by making employee's individual development plan (IDP). Talent management practices related to professional development is viewed as most effective (Wellins and Schweyer). The system does encourage individuals to undertake training and development initiatives for their career advancement but we suggest creation of a more formalized career paths and career graphs at early stages of an individual's career which can facilitate on boarding, performance, retention and growth of talent.

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