

COMPETENCY MAPPING & SUCCESSION PLANNING: A POOL OF POTENTIAL EMPLOYEES

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ABSTRACT

It is one of the biggest challenges for any organization to identify the right potential candidate that can contribute to the growth of the organization. Potential appraisal and succession planning enables an individual to merge his individual's aspirations with those of the organization. The tough competition faced by the companies on the global front, the pressure of the multinational companies has forced the employers to track and retain their High Potential (HIPO) employees who can successfully sail their ship in the times of unpredicted crises. Potential appraisal has gained importance as and when the situation demands the organizations to have a competent and a strong workforce to face the challenge coming up by the thirteen new players in the private banking sector. They need to identify potential that can be developed as a part of succession planning, a step forward to face the challenge.

The present study suggests about fostering a talent management culture with a commitment for development from the executive level to senior levels in the organization. In this regard the present study focuses on identifying the major competencies required to identify the potential employees for succession planning.

INTRODUCTION

With the Indian banking sector being exposed to huge global mega challenges the financial market presently is on its all time high. Indian banking sector is expected to become the fifth largest industry by 2020 and third largest by the end of 2025. The RBI deputy governor in the Hindu Business Line 2015 challenged the Indian banking industry for huge hopping of jobs. He further elaborated that attrition is going to be the norm. Nicolas Dumoulin, Regional Director, Michael Page India said "In fact, we expect 50 per cent higher attrition level compared to last year across all revenue-generating functions in banking," He further said that "this trend has already picked up pace over the last six months as new entrants, foreign banks - both existing as well as new entrants, and global pension funds (setting up offices in India) are driving the current recruitments in the market adding to higher churn in the market". A large pool of jobs is expected to be created as thirteen new private players are entering the market of private banking sector. This will in turn raise the need of high potential or competent workforce at the lower end of the pyramid but at the same time it will open wider options for the experienced or the existing high potential employees as addressed by Sunil Goel, the MD of Global Hunt.

The existing players therefore in the existing environment would try to retain their potential workforce by providing better career opportunities and compensation. The market is expected to be an expertise driven or a niche market. The existing players will try to find their best potentials internally that is try to find their best successors for key roles in order to survive in this high competition era. Most of the private players are expected to strive hard for a potential workforce (Kumar *et al.*, 2012; Patil and Masthan, 2014). To do so the banks need to identify their high potential cadre (Dries and Peperman, 2012; Juhdi and Pa'wan, 2010) by mapping their competencies and develop them for the key successive roles (Fahnestock and Brethower, 2004; Barzinpour *et al.*, 2014).

Way back in 2006 when Joint Managing Director Lalita Gupte of ICICI bank retired the Bank did not take even a week's time to declare Chanda Kochhar as their new CEO and today she is widely recognised for her contribution in retail banking in India. This can be cited as the best example of identifying the right person for succeeding Lalita Gupte (Adhikar, 2006 in *Who's Next*).

It is one of the biggest challenges for any organization to identify the right potential candidate (Wan, 2011; Ulrich and Smallwood, 2012; Bournois and Roussillion 1988) that can contribute to the growth of the organization. Potential appraisal and succession planning enables an individual to merge his individual's aspirations with those of the organization (Sharma *et al.*, 2015; Silzer and Church, 2009). The tough competition faced by the companies on the global front, the pressure of the multinational companies has forced the employers to track and retain their High Potential (HIPO) employees (Juhdi and Pa'wan, 2012; Pepermans *et al.* 2003; Dries and Pepermans, 2012) who can successfully sail their ship in the times of unpredicted crises (Meyers *et al.* 2013; Leibman, *et al.*, 1996; Avanes 2011).

REVIEW OF LITERATURE

Potential Appraisal and Competency Mapping

Competency mapping is an important thread for potential appraisal (Kumar *et al.*, 2012; Upadhyay, 2013). The study showed clarity of roles enhances credibility and profitability of the banks. It outlined the vital role of competency mapping in development of banks and employees. It is an individual's set of competency that gives him an upper edge over others and in the recent years more efforts have been made in the direction of developing the potential cadre (Ingram, 2013). McClelland in 1973 gave the concept of mapping competencies rather than an individual's intelligence. He further advised to predict an individual capacity to perform a particular task we need to measure his competencies for futures so as to judge his potential to perform at key levels. Competencies can be identified as a perfect combination of skills abilities and commitment to achieve higher goals (Upadhyay, 2013; Jain 2013; Jyotsna and Sudha, 2014).

Competency mapping is a process to identify key competencies required for a particular position and then placing the right person on the right position according to his/her potential. Here planning an individual according to his competencies or his high potential to the next successive position is the most important strategy to face the immense pressure of competition (Bharathy, 2013). Competency mapping helps an organization to identify the extent to which the requirements of a job and the individual's potential match (Chouhan and Shrivastava 2013). It is the need of the hour to develop a competency based selection process not only for new hires but also the existing employees in order to understand their potential for future roles. The study further indicated that

competency mapping model also indicates the gap existing between the required competencies and existing potential (Upadhyay, 2013). The concept of competency mapping in Indian industries is well defined as “*the competencies he possesses, the potentials he has in him and the perception of the superiors and other members about his abilities*” (Jain, 2013).

Potential Appraisal, Competency Mapping and Succession Planning in Banking Sector

The Indian service sectors have followed a people related system whereby recruitment, selection, performance appraisal, which has been the key systems but today's competition has forced the sector to look beyond this. Today the banks need to develop a potential appraisal system in order to maintain the following: a.) Identify the key competencies required to fulfill responsibilities on the senior level and b.) To develop the identified workforce for key successive roles. Various authors have recognized the competencies required to be the potential talent of the workforce like Mankidy (1996) highlighted **Technical Competencies** which relates to Technical Skills and Technical Knowledge; **Managerial Competencies** which includes Planning and Organizing; Problem Solving and Decision-making; Risk Taking; Flexibility/Adaptability; Controlling Ability; **Interpersonal Competencies that includes** Motivating; Team Building; Co-operation; Communication Skills - Verbal and Written; Sociability; Negotiating Ability; **Personal Competencies** (Attributes) that includes Ambition; Openness; Optimism; Empathy; Integrity; Creativity. Kumar *et al.* (2012) has discussed competencies such as Customer Focus, Communication, Team Orientation, Technical Expertise, Result Orientation, Leadership, Adaptability and Innovation. Patil, Masthan (2014) has studied and discussed 49 major competencies required by bank managers and in their analysis have identified 15 major competencies which are customer service, decision making, time management, result orientation, leading people, team work etc. Every individual has become aware of the career path he needs to follow in his life and these competencies pave his way to be a high potential candidate in order to survive in this high tech competition. Many authors have used Big Five personality questionnaire and MBTI Questionnaire as they support maximum personality features that are identified as competencies but competencies like customer focus or technical/ functional aspect could not be covered by following MBTI.

Potential appraisal has gained importance as and when the situation demands the organizations to have a competent and a strong workforce to face the challenge coming up by the thirteen new players in the private banking sector. They need to identify potential that can be developed as a part of succession planning, a step forward to face the challenge (Mankidy 1996).

Rothwell (2007) highlighted the relation between high potential employees and succession planning. He developed a model with following steps: (1) get commitment (2) analyse the work and people (3) evaluate performance (4) analyse the work and people needed in the future (5) evaluate potential (6) develop people for next level (7) evaluate program results. Kelly (2013), Boyatzis (2008), Anisha (2012), Juhdi and Pa'wan (2012) highlighted the need to develop potential appraisal system by mapping competencies (Pepermans *et al.*, 2003) as they form basis of various other programmes like fast track promotions, talent retention and individual career plans. Identifying and then differentiating between high potentials and non- potentials will be an interesting research (Dries and Pepermans, 2012; Upadhyay, 2013 and Barrett and Depinet, 1991).

Further, Grooves (2007), Azaara (2007), Rothwell (2005), Neefe (2009), Pritchard and

Becker (2009) and Sengupta *et al.* (2013) have suggested that once the future required competencies and potential competencies are identified and the organizations make a talent pool, a successful succession programme is needed to nurture and retain this talent pool for the key positions of the organizations. Potential appraisal is the brick and mortar for succession planning. Barzinpour *et al.* (2014) developed a model for knowledge management and succession planning (key position identification, developing competency model, performance appraisal and establishing a talent pool, prepare and maintain candidates for future position, implementation and follow programme with the top management support. The following table 1.1 summarises the major competencies required to identify the potential employees for succession planning.

1.1 Major Competencies Required by the Potential Employees for Succession Planning

Researcher	Planning and Organizing	Customer Focus	Dec. Making and Result Orientation	Social	Problem Solving and Negotiating	Team building and Communication	Ambitious and self oriented	Creativeness And Innovative	Empathy, understanding or flexible	Technical and Functional
Kumar <i>et al.</i> (2012)		✓	✓			✓		✓	✓	✓
Velayudhan (2011)	✓	✓	✓	✓		✓	✓	✓	✓	✓
Mankidy (2013)	✓		✓	✓	✓	✓	✓	✓	✓	✓
Jainm (2012)	✓		✓		✓	✓	✓		✓	
Sengupta <i>et al.</i> (2013)	✓	✓	✓	✓		✓	✓	✓	✓	✓
Patil and Masthan (2014)	✓	✓		✓	✓					✓
Jain (2013)	✓	✓	✓	✓	✓	✓	✓		✓	✓
HPIQ people measures			✓		✓	✓				

Nicky Dries and Roland Pepermans (2012)	✓		✓		✓		✓		✓	
Fulmer et al.(2009)		✓			✓	✓	✓	✓	✓	
Upadhyay (2013)			✓			✓				✓
Chung-Herrera et al. (2003)		✓				✓	✓		✓	
Bartram (2005)	✓		✓	✓	✓	✓	✓	✓	✓	
Boyatzis (2008)	✓			✓		✓	✓		✓	
Deng and Gibson (2009)				✓		✓		✓	✓	
Uddin (2012)	✓		✓			✓		✓	✓	✓
Praveen and Karuppasamy (2012)	✓	✓	✓	✓		✓	✓	✓	✓	✓
Anisha (2012)						✓		✓	✓	✓
Kumar and Sivakumar (2014)		✓	✓	✓	✓	✓	✓	✓	✓	✓
Sharma (2015)	✓		✓	✓	✓	✓	✓	✓	✓	✓
Janani and Gomathi (2015)	✓	✓	✓	✓	✓	✓		✓	✓	
Bharathy et al. (2013)	✓	✓	✓	✓	✓	✓		✓	✓	
Sarkar (2013)	✓		✓		✓	✓	✓	✓		

Source: Compiled by the Researcher

CONCLUSION

Succession planning was defined as “a structured process involving the identification and preparation of a potential successor to assume a new role,” (Garman & Glawe, 2004). The term refers to making investments to enrich their highest potential talent in order to make successors for their hierarchical positions (Barnett & Davis, 2008; Schumacher, 2009, Derr, 1987). As the competition grows more intense, new markets, wide range of products one need to be on toes in order to survive in this dynamic and ever changing market conditions and for this employers need to attract best employees, they need to have High potential workforce who can take on as successors. Today any organization would prefer to promote or develop a HIPO than to hire a new potential (Juhdi & Pawan, 2012). Hanson (2005) mentioned high potential identification process is vital to fill an organization's leadership pipeline. He also laid stress that beyond routine internal promotion process the successive planning process represents an investment decision same as product development or a new product launch. Koay (2006) emphasized that identifying the high potential employees is essential for any organization as they form basis for succession planning system to incorporate best practices and avoid common pitfalls. The study suggested fostering a talent management culture with a commitment for development from the executive level to senior levels in the organization.

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