CHAPTER – 1
INTRODUCTION

The beginning of globalization has encouraged organizations and its pioneers to think and act globally to have the upper hand on their competitors (Noe, Hollenbeck, Gerhart & Wright, 2017; Enright, 2000). Indian organizations are seeing an adjustment in the frameworks, administration, and rationality because of the worldwide arrangement of Indian organizations (Scott & Davis, 2015; Dayasindhu, 2002). Since independence, India has witnessed many phases of growth in its socio-economic landscape as compared to its peers in Asia (Datt, Ravallion & Murgai, 2016; Sehrawat & Giri, 2015). India as a country has progressed in bringing out the necessary framework to drive the economy to a high growth path by creating basic infrastructure, like building roads and ports and ramping up the food grain production (Erumban & Das, 2016). However, its fastest-growing population trend and infrastructure woes stipulate more work to be done on numerous fronts. Without a doubt, any organization's achievement relies upon how it deals with its assets. A company's assets move it towards its objectives, similarly as a motor impels a car towards its goal. Human Resources (HR) of an organization is a collection of aggregate mastery, advancement, administration, pioneering and administrative aptitudes of the employees of an organization (Collings, Wood & Szamosi, 2018). Human asset is an important resource of any organization, and the effectiveness of organizations relies on how it has used their human resources. Each industry has its human capital and the success of an organization depends upon - how they are building up the abilities of their employees? how they motivate them to give their best performance and ensuring that they keep up their responsibility towards the organization in a committed manner. This will ultimately lead to the fulfillment of organizational end goals (Robbins, DeCenzo & Gabilliet, 2008).
Out of all intangible resources of a business organization, human resource (HR) is more likely to produce the most competitive advantage required for the success of the business, as they are often rare and not accessible for the competitors to imitate (Vivares-Vergara, Sarache-Castro & Naranjo-Valencia, 2016; Schuler, Tarique & Jackson, 2004). The previous studies have also portrayed that the performance of business increases with the better deployment of human resources (Ulrich, 1998; Huselid, 1995; Evans, 1986). A similar conclusion was given by Pfeffer (1994), which suggests that the key to outstanding performance is effective human resources capabilities. A manager's skill to maintain the relationship between employees and management and their ability to retain and attract human capabilities is of paramount importance to sustainable organizational growth to manage the evolving businesses. Organizations hire employees with basic foundational competencies. In line with business requirements, they are then trained for more specific competencies directly related to their position and role and responsibilities.

Hamel and Prahalad (1990) in their core competence model revealed that the human capital and organizational capacity has an enormous pact with the organization's "core competencies", i.e., How the organization differentiates itself from its competitors. The key HR activities directly relevant to organizational capability and its sustainable business growth are the organization's process of attracting and retaining talent with the high competencies and skills related to the core competencies of the organization.

Human Resource Management (HRM) is that part of an administration that is concerned about individuals at work and their connection within the organization. It
comprises of practices that enable the organization to bargain successfully with its kin amid the different periods of the employment cycle, like pre-selection of a prospective employee, selection of a suitable candidate, and finally after the selection of an employee is made (Kleiman, 2005). The essential target of HRM is to guarantee the accessibility of an equipped and willing workforce to an organization. In the past, HRM was just a tagalong unit with individuals arranged plans, not a noteworthy piece of arranging or key reasoning. Today, given the acknowledgment of the vital significance of individuals, HRM in an expanding number of associations which has turned into a noteworthy player in creating vital plans. The significance of enlisting, choice, preparing, creating, fulfilling, redressing, and inspiring the workforce is perceived by supervisors in each unit and the utilitarian zone of an association (Ivancevich, 2003).

According to Khandekar and Sharma (2005), the role of human resource capability (HRC) and employee competencies are pivotal to drive the business. In any business organization's performance and its sustainable competitive advantage (SCA) in Indian global organizations, the human resource competencies and capabilities are positively related to the organization's performance. Furthermore, HRC has a significant positive impact on the sustainable competitive advantage for any business. To efficiently manage the evolving industry, we need to have a constant focus on Strategic Human Resource Management (SHRM) and International Human Resource Management (IHRM).

Human Resource Management has turned out to be a standout amongst the most vital elements of the administration since it is concerned with the human factor
in organizational performance. For quite a while, it has been the practice to assign out particular responsibilities to functionary for enrolment, training, and development, and wage segregation. However, in recent years, the significance of a progressive and dynamic approach to deal with the human factor has got a considerable amount of attention. To empower each individual to comprehend, create, and use his/her potential, associations and countries ought to give a developed atmosphere and also different opportunities.

Human resources can be defined as the energies, aptitudes, talents, and knowledge of individuals that possibly can, and ought to be connected, to the creation of goods and services. The trajectory of HR in administration is that of all the ‘M’s in management, i.e., management of techniques, machines, materials, money, and thought process, the most critical 'M' is for man or HR. Out of the five ‘M's of an organization, four 'M's are adjusted by the fifth M, that is, Human assets. Consequently, there is a need to accentuate human resources as it is also essential for the economic development of a country. It is verifiable truth, that wherever relationships exist, there are least frictions among employers and employees. This further leads to a more profitable and harmonious work environment and the output of the employees becomes significantly more prominent.

Human resources should be used to the most significant conceivable expansion with the end goal to accomplish individual and organizational objectives. The quantity and quality of human resources in an organization have a direct impact on the end result and overall productivity of the employees. In this competitive era of global scenarios, the difficulties for organizational managers are noteworthy in
number. For viably managing these difficulties, the managers need to have the required information and aptitudes to analyze what goes ahead in this complex dynamic environment. He must create systems for meeting new conditions, actualizing such measures, which will support organizational wellbeing and vitality.

Among different sources, the human asset is viewed as a critical asset on account of the changing situation of business environment policy and trade. The autonomy, communication, headway in innovation, liberalization, and privatization, globalization, stiff rivalry among competitors, and few more have made the HR a more crucial aspect of any organization. In the present aggressive, dynamic and versatile to change, enrich and keep side by side the present innovation, and quick development, it is very much challenging to an organization even to survive in the field, although it has a sufficient amount of different assets.

In developing nations, the economy will keep developing until they properly develop their human resources by giving proper training and education. In like manner, an organization cannot gain any ground except if it has well trained, effective and adequately motivated work-group. So also, people cannot determine work satisfaction and can lead to an elevated standard of living except if they are well trained and exceptionally energetic. All these need the environment of human work relations.
Problem Statement

In an exceedingly competitive worldwide business, selecting abilities with specialized skills are not sufficient any longer. Over their specialized capabilities, employees must have the essential business abilities, especially in settling on choices that are in fact sound, as well as consistent with the goals of their organizations. In addition to this, as the organizations inside procedures develop, so should employee’s basic leadership and execution capability. An organization is an aggregate group of individuals cooperating a similar way, towards the achievement of the organization's objective. It is imperative to focus on building a high-performance culture within the organization. It is the workforce, the human asset, which is the center essence of an organization and is of utmost importance to the organization. To motivate the workforce of an organization continuously, they should treat their employees as assets rather than a liability.

In the present age of the worldwide economy, worldwide interdependence of business resources, markets, and business rivalry flourishes. Throughout the world, competitive organizations rely upon the uniqueness of their human resources and the frameworks for managing HR successfully to gain the upper hand over their competitors. With the internationalization of business, the most affected area of any organization is its human resources. Since the business has progressed towards becoming internationalized, the procedure and variables that make up the HRM concept have also turned out to be worldwide. The processes of HRM occur either inside the setting of the organization or the outer environment of the organization. Managing human resources in the learning-based industry is a unique challenge for
human resource managers as it requires multi-task duty. In the present situation, human resource administrators perform an assortment of duties. Prior, their job was restricted to managerial capacities like managing employee’s prerequisites and keeping roles for the association. In this era of global scenario, it is more vital according to the requests of the changing business environment.

To manage and accelerate the business to the next higher level, employees have to acquire the required skills and competencies. Rather than creating a structured road map for enhancing organizational, technical, behavioral, functional and management competencies of the employees, business organizations mainly depend on education and training institutions for their short term need-based training to develop required competencies amongst the employees. Hence, a field study is necessary to understand the subject matter. The outcome will enable the business leaders to develop the competencies of the workforce in a structured and robust manner to manage the evolving business human resource requirements. Hence the problem statement in the present research is ‘Employees competencies and capabilities to deliver the results and its leadership force play an important role in driving business growth’.

**Justification for Research**

Post liberalization, privatization and globalization scenario, the opening up of the Indian economy and its market to global competition has forced the Indian corporate world to seriously rethink about their internal practices on management and human resource management. There is a strong belief that if
business organizations have to survive and succeed in a global economy, they are required to attract world-class human resource competencies and the processes for managing them effectively in terms of developing them and retaining them. Hence, developing an important group of employees who are knowledgeable or highly skilled in a particular technology may constitute a potential source of competitive advantage for them (Khandekar and Sharma, 2005). As a result, more and more domestic organizations are designing their HR systems, policies, procedures in a way that enables employees to use the knowledge and skills for a competitive edge. This is more so in the case of MNCs. The performance of the global business organizations depends on their ability to cope with diverse cultures, coordinating heterogeneous resources, competitive environment, and to leverage innovations across national boundaries (Bartlett and Ghosal, 1989; Sanders and Carpenter, 1998; Hitt et al., 2001).

Out of all the intangible resources of a business organization, HR is more likely to produce the most competitive advantage required for business success. This is because they are often scarce and cannot be easy for competitors to imitate (Jackson et al., 2005). The connection between HRM capabilities and organizational performance in terms of evolving business needs is established through a) how Indian global business organizations are overseeing their HR Competencies and capabilities as well as b) its relationship with organizational performance and sustainable competitive advantage.
The Indian MNC’s have started to shift their attention to experiences and knowledgeable human resources just like global firms. The following sections will address the need for focusing on developing employee competencies.

**Objectives of the Study**

The purpose of the present study is to examine the various practices of organizations in developing the competencies of the employees to make them future-ready to meet the evolving business needs and its further influence on managing a business by reducing the crises for talent search. Keeping this in consideration, the major objectives of the study are:

i. To explore major human resource competencies that address the changing business environment.

ii. To understand the role of human resource competencies for business performance.

iii. To examine the implementation of various competencies development models and their influence on human capital development within the organization.

iv. To provide suitable recommendations to develop employee competencies to manage an evolving business environment.

**Theoretical Framework**

As per the business dictionary definition, competency is a “cluster of related abilities, commitments, knowledge, and skills that enable a person (or an organization) to act effectively in a job or situation”. Competency may be considered as a key performance indicator in appraising the individuals’ performances. Sita and
Pinapati (2013) discussed competency in terms of “the ability and capability of a person to play progressively in a given situation”. Adsule and Badrinarayan (2014) explained the competency as “the necessary behavior followed by the employees considering the requirement of the situation for accomplishing the individual/organizational goals for high performances.

**People Capability Maturity Model**

The term PCMM popularized in the year 1995. PCMM is a maturity framework that concerns with managing and developing the competencies in the employees of an organization. The Carnegie Mellon University Software Engineering Institute built up the People Capability Maturity Model (P-CMM) to enable organizations, to manage knowledgeable employees across the globe, and also among turning grey and millennial ages. The PCMM explains the evolutionary stages in the development of human assets through knowledge, skills, and motivation in the workforce. PCMM also focuses on benchmarking strategies followed by an organization in human resource management. PCMM is meant for matured organization culture, excellence, priorities of the workforce in continuous development and improvement in the processes of workforce management.

The People CMM's aim is to enhance the ability of the employees. With the end goal to quantify and enhance ability, the employees of many organizations must be partitioned into desired workforce skills. Every skill signifies to a unique combination of learning, aptitude, and process capacities acquired through specialized training. Purposefully, an organization needs to make its employees competent in
such a way that it should incorporate the different workforce abilities needed to accomplish the business endeavors underlying its fundamental competency. The workforce competencies can be described by its capacity, the profile of learning, aptitude, and process capacities accessible to the organization in that area.

Numerous workforce benchmarks center around workers, and their satisfaction rather than employee rehearses. The satisfaction and attitude of an employee are critical indicators, for example, turnover, they do not generally give the important guidance to distinguish which practices ought to be enhanced next. Conversely, the arranged structure of the PCMM enables the firm priorities for its development. The PCMM regards employee advancement as an authoritative procedure, enhanced employee capabilities simpler to coordinate with organization processes. Every dynamic level of the model creates one of a kind change in the culture of an organization. With the end goal to accomplish this, organizations are furnished with all the more intense practices to attract, create, arrange, and motive its workforce. People CMM sets up a coordinated arrangement of employee skills and develops keeping the business goals, employee performance, and evolving needs in view.

The PCMM enhance the maturity of an organization through developing the employee competencies, improving the team efforts, motivating the employee for high performance and shaping the employee competencies as per the need of a future business plan. PCMM prepares the organizational workforce to meet the contingency well. PCMM also clarifies the effective use of information for the organization's development. PCMM establishes a good control of organization over planning, organizing, leading, and controlling activities in achieving the organization's goals.
**PCMM Principles**

i. Linking the HR capabilities to the business goals

ii. Strategic HRM practices to handle contingencies.

iii. Strategies to improve HRM capabilities in the employees to achieve the organizational goals and to develop multi-skill qualities in them.

iv. Enhancing the knowledge of employees through a knowledge management program.

v. Measuring the performance of employees at the individual, workgroup, and organizational levels.

vi. Managing the critical core skills in employees required by the organization for the present and future roles.

vii. Managing, the operation of the organization smoothly for achieving the quality, quantity, and economy.

viii. Recognizing the opportunities for employee development.

**Taxonomy of Competencies**

Frequent changes in technology and organizational structural forms addresses the following HR practices and HR competencies for the organization:

**Organizational competencies**

This mainly includes setting up the standards for Organization Culture, Mission, Vision, Values considering the need for competition.
Core competencies

This identifies the core competencies of employees and focuses on developing high technical expertise among the employees through strategic HRM.

Technical competencies

This is achieved by enhancing the efforts for managing the gap between technological changes and high performances of the employees. Such efforts include careful employment decisions on individuals.

Behavioral competencies

Validating the expected behavior required for promoting excellence in the organization culture.

Functional competencies

Scientific job designing for the employees to meet the high-performance work system.

Management competencies

Management competencies focus on the attributes and capabilities associated with the individual employee. For example, leadership characteristics, such competencies can be enhanced through training and development. Globalization has replaced the traditional business methods with the modern ones, thus metamorphosing the way companies operate today. A sea change has taken place in the way businesses are being conducted. This has, in turn, generated the requirement for global managers who are adept at a specific set of skills and possess in-depth
knowledge regarding cultural and cross-cultural awareness. The intensely competitive
global marketplace demands business graduates and managers to rise above the
conventional notions of management and develop competencies that are favorable for
beneficial sustainability in the international business environment.

When someone aiming for the role of a successful business manager or leader,
it is paramoutly important that employees need to build the following abilities:

**Leadership skills**

It is always assumed that successful managers are good leaders by default. Hence, graduates must hone their leadership skills by developing their knowledge, mastering the art of conducting engaging interactions, and knowing how to create opportunities for the growth of employees. A good leader is someone who discovers the strengths and skills of employees and provides them ample chances to develop. The progress of employees is directly proportional to the success of the organization as a whole;

**Communication skills**

The ability to indulge in engaging conversations is a must to attain excellence as a manager or leader. Stellar communication prowess will help them become flexible with their conversation as per the personality of fellow employees.

**Time management**

A good leader is an effective time manager and knows the importance of time management very clearly.
**Managing Multi-generation business environment**

The work trends of an organization transform with changing generations. Hence, for becoming an effective manager and a business leader, it is of supreme importance to gain a better understanding of the difference in the work styles of different generations for examples managing Baby boomers, X Gen, Y gen and I Zen, etc. in a business environment, and adapt smoothly into the prevailing one. A good manager can comprehend the requirements of various generations and can embrace the change.

**Timely feedback**

Global managers and leaders understand that employees are the soul of an organization. Hence, they help them strengthen their career through frequent constructive feedback. This gives a boost to their performance and thus, helps in grooming future managers.

**Cross-cultural awareness**

Globalization has made this world a global village. It is obvious to see people of a particular country working in different parts of the globe. This scenario demands managers to be proficient in dealing with cultural and cross-cultural matters. Detailed know-how of the same will help them understand cultural diversity and its importance in the functioning of an organization.

**All-round development of total knowledge**

For becoming a charismatic leader and an efficient manager of tomorrow, graduates should develop their overall knowledge of technology, industry, and
business. Detailed knowledge about the various aspects of a business is crucial for developing as a professional manager.

Besides the skills mentioned above, leaders must be competent in global risk management, dealing with competitors and should possess the knack to develop healthy and long-lasting relationships and partnerships. The need of the hour is flexible, pro-active and enthusiastic individuals who can take on the baton of contributing to the organization’s well-being and growing professionally in their journey to take the business organization to new heights.

According to Curtis, Hefley, and Miller (2009), the People Capability Maturity Model and its implementation help organizations in enhancing the competencies of the employees in a structured manner to align the evolving business needs. These best practices help identify skill gaps to break down workflow bottlenecks and empower team members to develop skills that will help the organization succeed.