COMPETENCY FRAMEWORK- A CASE STUDY OF HCL TECHNOLOGIES LTD. (JURISDICTION LIKE KOLKATA/NOIDA ETC)

Utpalendu Mondal*

Abstract:

Through this discussion we understand the definitions of competency mapping, competency model, and competency framework. The objective of the paper is to discuss the core competencies and its areas of implementation, competency model following a specific competency framework in HCL Technologies Ltd.

Key Words: Competency mapping, competency framework, competency model, competency framework in HCL Technologies Ltd.

* Asst. Prof., Dept. of Humanities, Birbhum Institute of Engineering & Technology, Birbhum, W.B., India

Introduction:

The term 'competence' (competences) was used to describe what people need to do to perform a job and was concerned with effect and output rather than effort and input. 'Competency' (competencies) described the behaviour that lies behind competent performance, such as critical thinking or analytical skills, and described what people bring to the job. However, in recent years, there has been growing awareness that job performance requires a mix of behaviour, attitude and action and hence the two terms are now more often used interchangeably.

Competency:

Competency is the ability or capacity of an individual to do a job properly, to perform a specific role. It is individual characteristics of a person which result in an effective and superior performance in a job. Competencies, required for a post are identified through job analysis or task analysis. McBer developed a competency dictionary in which he included some generic competencies-

- Achievement Orientation
- Analytical Thinking
- Conceptual Thinking
- Customer Service Orientation
- Developing Others
- Defectiveness
- Flexibility
- Impact and Influence
- Information Seeking
- Initiative Integrity
- Interpersonal Understanding

Competencies becoming an integral part of Human Resource Management, it has helped the HR practitioners to create and share the understanding of factors leading to superior performance at the workplace.

Competency Framework:

A 'competency framework' is a structure that sets out and defines each individual competency (such as problem-solving or people management) required by individuals working in an organization or part of an organization.

Why do organizations need competency frame works?

An expected level of standard of performance is definitely required for an organization as to make fair judgment of good, bad or excellent. The development priorities will be some times affected if a common understanding parameter of good, bad, excellence is not determined by the organization. A well knitted framework can provide a common language which can be used for the performance review and evaluation of individual and groups as well as overall development of the organizations.

Design Principles of a Competency Framework:

- Use a pre-set list of common, standard competencies, and then customize it to the specific needs of your organization.
- Use outside consultants to develop the framework for you.
- Create a general organizational framework, and use it as the basis for other frameworks as needed.

Competency model:

A "Competency Model" is a valid, observable, and measurable list of the knowledge, skills, and attributes that are demonstrated through behavior which results in outstanding performance in a particular work context.

A "Competency Model" is a behavioral job description that must be defined by each occupational function and each job (Fogg et al.)

Objective of the study:

- To find out the competency framework which support the recruitment and selection of individual and enhance personal development in HCL Technologies Ltd.
- To find out the core competencies in HCL Technologies Ltd.
- To find out the area of implementation.

Growth of Software Services Industry in India:

The Indian software services started their journeys in 1970 but many matured companies were incorporated which enriched its flow at late 1970's and early 1980's. From the beginning the domestic market for Information Technology services was always small and it was around 25% - 30% of industry's sales (Nasscom-2001). In India, the software boom started in the 1990's when the demand of the skilled manpower superseded the available supply in the developed countries. India enjoys the advantages of "people attractiveness" and "location attractiveness" (Budhwar,

Luther and Bhatnagar, 2006) in the IT sector. Indian software farms primarily concentrated on export market in spite of constrains of small and undeveloped domestic market. Their early works were neither technologically very sophisticated nor critical to clients' business. The origin of the Indian software industry was firmly rooted in performing low end, technically less demanding and labour intensive work for the Global IT industry and exploiting labour cost arbitrage opportunities between India and developed country markets (Nasscom-2001). Between 1989 and 1998, over 3000 software firms were founded that aspired to serve export markets. Firms also needed to improve the productivity of labour to compete effectively in the Global market. (Ethiraj et al., 2005).

In infant stage, the Indian Software firms centered round the onsite projects where they gradually been able to provide skilled professionals which meet the client's demand. Gradually they stepped out in offshore projects where the Indian firms typically send few technically skilled professionals to understand the specific requirements of the clients and after that the entire software started to develop in India. The post development support and maintenance there after being provided widely from India. Obviously, the offshore development model is more cost effective in response to labour market arbitrage. (Chandrasekaran & Ensing,2004). In the beginning, the Indian Software firms started to develop projects onsite because of (i) the overseas clients had lack of confidence upon the Indian firms' abilities for project executions, (ii) Indian firms had limited abilities to understand client's need. They were not able to maintain the decorum of close and regular interaction with the clients (Ethiraj et al., 2005).

Since the mid – 1990's the Indian Software firms meet the overseas clients' demand in projects execution and became active participants in the design of the complete application product. As a consequence, they now span the full spectrum of jobs from highly labour-intensive code migration work such as the integration of old mainframe- based systems into new e-commerce platforms, or developing new code for predesigned applications and software tools, to projects that involve both conceptual design and implementation of customer relationship applications and supply-chain management systems" (Ethiraj et al., 2005: 26).

The economic effect of the technologically inclined services sector in India—accounting for 40% of the country's GDP and 30% of export earnings as of 2006, while employing only 25% of its workforce—is summarized by Sharma (2006):

The share of IT (mainly software) in total exports increased from 1 percent in 1n0 to 18 percent in 2001. IT enabled services such as back office operations, remote maintenance, accounting, public call centers, medical transcription, insurance claims and other bulk processing are rapidly expanding. Indian companies such as HCL, TCS, Wipro and Infosys may yet become household names around the world.

Today, Bangalore is known as the Silicon Valley of India and contributes 33% of Indian IT Exports. India's second and third largest software companies are head-quartered in Bangalore, as are many of the global SEI-CMM Level 5 Companies.

Mumbai too has its share of IT companies that are India's first and largest, like TCS and well established like Reliance, Patni, LnT InfoTech, i-Flex, WNS, Shine, Naukri, Jobspert etc. are head-quartered in Mumbai. And these IT and dot com companies are ruling the roost of Mumbai's relatively high octane industry of Information Technology.

CASE STUDY: HCL Technologies Limited

Data collection:

i) Through Websites,

ii) Magazines, Journals,

iii) Manuscripts, Monographs.

Mile Stones: HCL Technologies Limited:

(**HCL**) is an Indian provider of Information technology (IT) services and consulting company headquartered in Noida, Uttar Pradesh, India. It is primarily engaged in providing a range of outsourcing services, business process outsourcing and infrastructure services. HCL Technologies is fourth largest IT Company in India and is ranked 48 in the global list of IT services providers.

HCL during the financial year 2011-12, on a consolidated basis, the Company's revenue for the year 2011-12 stood at Rs. 20, 830.55 crores registering a growth of 32.42% over the previous year.

Table7.3.2d: Profit and Loss Account of HCL Technologies

	----------in Rs. Crores----------			
	Jun '12	**Jun '11**	**Jun '10**	**Jun '09**	**Jun'08**

	12 mths	12 mths	12 mths	12 mths	12 mths
Income					
Sales Turnover	8,907.22	6,794.48	5,078.76	4,675.09	4,615.39
Excise Duty	0.00	0.00	0.00	0.00	0.00
Net Sales	8,907.22	6,794.48	5,078.76	4,675.09	4,615.39
Other Income	300.86	91.34	114.56	91.49	-108.91
Stock Adjustments	-25.85	109.48	-82.52	0.00	0.00
Total Income	9,182.23	6,995.30	5,110.80	4,766.58	4,506.48
Expenditure					
Raw Materials	180.51	274.79	2.95	0.00	0.00
Power & Fuel Cost	154.23	126.94	86.93	100.28	0.00
Employee Cost	3,923.06	3,125.87	2,137.82	1,874.10	1,621.35
Other Manufacturing Expenses	52.40	452.33	434.77	492.39	746.92
Selling and Admin Expenses	0.00	1,114.50	724.41	637.66	639.05
Miscellaneous Expenses	2,060.95	218.23	195.71	180.99	381.11
Preoperative Exp Capitalized	0.00	0.00	0.00	0.00	0.00
Total Expenses	6,371.15	5,312.66	3,582.59	3,285.42	3,388.43
	Jun '12 12 mths	Jun '11 12 mths	Jun '10 12 mths	Jun '09 12 mths	Jun '08 12 mths
Operating Profit	2,510.22	1,591.30	1,413.65	1,389.67	1,226.96
PBDIT	2,811.08	1,682.64	1,528.21	1,481.16	1,118.05
Interest	97.27	101.39	101.36	35.35	24.93
PB DT	2,713.81	1,581.25	1,426.85	1,445.81	1,093.12
Depreciation	353.07	291.37	274.03	251.89	217.87
Other Written Off	0.00	0.00	0.00	0.00	0.00
Profit Before Tax	2,360.74	1,289.88	1,152.82	1,193.92	875.25
Extra-ordinary items	-0.29	0.00	3.43	0.00	0.00
PBT (Post Extra-ord Items)	2,360.45	1,289.88	1,156.25	1,193.92	875.25
Tax	410.32	91.60	100.01	196.61	94.60
Reported Net Profit	1,950.42	1,198.28	1,056.58	997.31	780.65
Total Value Addition	6,190.64	5,037.87	3,579.64	3,285.42	3,388.43
Preference Dividend	0.00	0.00	0.00	0.00	0.00

Equity Dividend	**830.29**	**514.49**	**270.20**	**469.61**	**598.58**
Corporate Dividend Tax	**134.74**	**84.39**	**45.40**	**79.73**	**101.72**
Per share data (annualised)					
Shares in issue (lakhs)	**6,932.83**	**6,886.89**	**6,787.84**	**6,702.57**	**6,663.40**
Earnings Per Share (Rs)	**28.13**	**17.40**	**15.57**	**14.88**	**11.72**
Equity Dividend (%)	**600.00**	**375.00**	**200.00**	**350.00**	**450.00**
Book Value (Rs)	**95.25**	**85.06**	**72.69**	**52.04**	**48.22**

Core Competencies in HCL:

HCL provides R&D/product engineering services to its customers. It provides end-to end solutions and delivers complex and critical products. Its competency spans across domains such as telecom and networking, medical devices, consumer electronics, semiconductor, manufacturing, aerospace, automotive, computing systems, and contract manufacturing.

It offers a comprehensive range of R&D/product engineering services to component vendors, OEMs, ODMs, and ISVs across multiple industry segments and domains. HCL Technologies provides full life-cycle product engineering services, spanning from requirements definition to prototype architecture, development, testing, and technical help desk, field support, maintenance, and upgrades.

HCL Technologies competencies exist in areas that include:

- Concept to manufacturing for high-tech and manufacturing companies, including environment testing and compliance
- Low-volume manufacturing and associated services, including supply chain integration, vendor management, and transfer of technology
- Post-manufacturing services, including product life-cycle services and high-level technical support
- Software product engineering solutions across the life cycle of a product, including new product development, testing, product support, end-of-life product solutions, SaaS, digital protection services, and Web 2.0 services
- Engineering portfolio optimization (EPO).

"Competency Model" of HCL Technologies is a behavioral job description that is essentially defined by each occupational function and each job. It follows a competency framework including

- **Open 360 Degree Feedback:** – where employees rate their managers, even the CEO, and the feedback / rating is made public across the organization.
- **Talent Transformation:** - an initiative designed to build behavior-based competencies in individuals.
- **Behavioural Event Interview (BEI):** It basically intends to find out the knowledge, skill, motives, traits, and self-concept of individual employees from their behavioural actions, which are verifiable, rather than abstract information.
- **Critical Incident Technique (CIT):** A set of procedures for collecting direct observations of human behaviour in such a way as to facilitate their potential usefulness in solving practical problems and developing broad psychological principles.

Conclusion:

The competency framework in HCL Technologies provides the ability to produce tailored competency models quickly and efficiently from a standard set of components. It sophisticates the recruitment, selection, employee appraisal in the organization. It helps to produce a more consistent, high quality product and services for their clients.

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