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CORE COMPETENCY



AN INQUIRY INTO THE ON CORE COMPETENCY OF ENTREPRENEURS WITH SPECIAL REFERENCE TO HR COMPETENCY



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ABSTRACT

Competency is a combination of abilities, skills and knowledge to achieve the success in the critical situation. Here, for the entrepreneurs especially for SMEs, the core competency is significant to achieve the success in competitive era. The current competition is entirely different from what had happened in the past. Because, in the manufacturing sector the large-scale industries play important role. In the service sector, the online merchants becoming trendsetters. So the business situation for the small and medium scale industries becomes crucial and critical ever before. If the small business entrepreneurs want to stand in this competition deluge, to grow and achieve the success, they have to develop the competency in core areas such as marketing, finance, HRM, social relations and overall leadership qualities. So, the research made an attempt to know the competency level of entrepreneurs in above mentioned core areas and understand their satisfaction level with their own competency.

KEYWORDS :Core Competency, Entrepreneurial Competency, HR Competency, Competency for SMEs.

I. INTRODUCTION

Competency is capability of using the abilities, skills and knowledge to do a critical function or task and finally achieve a success in the defined working condition. In case of Small and Medium scale Entrepreneurs, their abilities, skills and knowledge in the field of marketing, finance, human resource management, social relations and over all leadership competency help them to lead the enterprise to the success in the contemporary competitive scenario.

In Indian context, the SMEs may have well established marketing channels, qualified persons for maintaining financial records but they do not have separate department for dealing human resources or they do not professionally trained to managing human resources. The human resources play pivotal role in any kind of organisation. So, it's worthy to specially focus on the entrepreneurial competency in Human Resource Management. However, while speak about core competency of entrepreneurs it's difficult to ignore the other core areas like marketing, finance, social relations and over all leader's qualities. Because, core competency is the combination of strength and strategic advantages.

II. REVIEW OF LITERATURE

According to Tim Mazzarol (2014), Since insolvency is normally high in the Small and Medium enterprise, the SME entrepreneurs should be prudent in financial management. They should concern working capital, ensure ample cash flow and cash conversion cycle i.e. organization's capability to generate cash from customer's invoice and accounts receivable.

Jimmy Hill (2001) conducted a research and found that most of the SMEs have three levels in marketing their product and services those are foundational, transitional and operational. He also found that sales orientation determines the SMEs' marketing characters and competency. The SMEs are mostly engaged with common marketing practices like personal contact with customers and building networks. They are immensely using their personal contact networks for market planning and market decisions.

Le Quan (2015) made a study among 230 CEOs of Small and Medium Enterprises in Vietnam. He adopted ASK (Attitude, Skill and Knowledge) frame work model to determine the leadership competencies of SMEs' CEOs. Broad vision in attitude , Strategic management in knowledge and leadership skills like courage, ability to encourage others, ability to create fervor, inventiveness, balanced attitude in Skill endow positive impact on the performance of SMEs.

Meutia (2013) argued that entrepreneur's Social Competency has positive influence on the business networking. Mean while, business orientation does not have the influence on business network building. The business network of the SMEs gives more advantage to their business performance and it gives competitive advantage to the Small and Medium scale Enterprises.

According to Leigh Richards human resource management is the significant component in any business. The organisation can enjoy employee's commitment towards work, loyalty, efficacy in work by delicately managing them. The organization's rules and regulations, their effective hiring system, training and development programmes, employee recognition and career development are determining the efficient management of human resources.

III. OBJECTIVES

1. To identify the various competencies related to Small and Medium scale Entrepreneurs
2. To know the HR competency of Small and Medium scale Entrepreneurs
3. To understand the Small and Medium scale Entrepreneurs' satisfaction level of their own overall competency

IV. METHODOLOGY/RESEARCH DESIGN

The research was designed to determine the Small and Medium Scale Entrepreneurs' competency in leadership, marketing, finance, social relations and Human Resource Management. Primary data were collected from SMEs in the city of Tiruchirappalli in all sectors through well-structured questionnaire. The sample size is 50. Fifty questionnaires were returned representing 100%

response rate. Thirty in-depth interviews were made among the samples. The simple frequency analysis was made to interpret the collected data.

V. ENTREPRENEURS’ HR COMPETENCY

**Table No:1
Entrepreneurs’ HR Competency**

HR Functions	% of Response				
	Strongly Agree	Agree	Neither Agree/ Disagree	Disagree	Strongly Disagree
Sometimes, my existing employees use to refer persons, in case any new vacancy arises in my firm. I accept them.	40	40	20	0	0
I used to conduct informal interviews to the potential candidates and I understand their mindset, then immediately I appoint them.	60	24	10	6	0
I used to fill the vacancies by family and friends’ referrals. I do not want to spend time and money unnecessarily for recruitment advertisements.	38	34	12	8	8
If any employee resigned the job in my firm and working somewhere else after sometimes he/she comes again to my firm for seeking job. I never accept them.	4	3	36	40	17
The new employees have to understand the general information about the organization and job themselves.	8	22	20	42	8
The new employees facing difficulties to understand and learn the organizational culture (vision, mission, habits and beliefs)	0	8	12	52	28
I guide the employees for doing their job in all circumstance but I hesitate to give guidance regarding their personal developments.	40	24	20	8	8
I hesitate very much to send my employees to the workshops/training programmes in the working days as they may leave the organization after training	12	52	16	12	8
Employees’ inner knowledge, skills and abilities are very difficult to found or measured	36	40	8	8	8
I pay the salary to the employees based on their productivity	22	8	8	44	18
I pay salary in different dates in different months to my employees	9	64	8	12	7
In my firm, any problem, issue or uncomfortably felt by the employee, they convey that to the supervisor/managers and those supervisor/manager only communicates to me, and then I take immediate actions to resolve.	18	24	8	34	16
Accepting employees suggestion may affect the growth of the firm so I never accept it.	8	22	8	30	32
If any employees resign the job, I never contact him again to try to know the reason. I am paying attention to appoint a new person to fill the vacancy as soon as possible.	20	28	8	36	8

Source: Primary Data

The table No.:1 shows various functions in human resource management and entrepreneurs’ response in every functions. It helps to understand their competency level in every HR function.

- Maximum respondents (80%) accept their existing employees’ recommendation for appointing new employees; in case of new vacancies arise in the firm. It helps to reduce the employee retention and to maintain rapport with new and existing employees.
- The entrepreneurs (72%) accept friends and relatives referrals. They consider friends and relatives referrals as a Conduct Certificate of new candidate.

- Sixty percentages of entrepreneurs use informal interview mode to appointing new employees because in small business the works are mostly physical work nature.
- 57% of respondents are ready to give appoint who are seeking job, even that employee resigned the job voluntarily and work somewhere else. Employee scarcity and difficult to find a fit person to a job is everywhere so accepting the willingness of potential employees to work again gives advantage to the firm.
- The highest percentage of 80% of respondents say that their organization's culture is understandable to the employees and also 50% of entrepreneurs teach general information about the firm to the new employees. It increases the employees; commitment to achieve the common goal of the organisation.
- 40% entrepreneurs accepted that they are not ready to guide their employees in their personal development. It is notable that small and medium entrepreneurs afraid of employees' leaving from firm so they maintain distance with employee's personal agenda.
- 52% respondents agree that their employees may leave the organization after training so they hesitate to send them for training programmes/workshops in the working days. They are afraid to sending employees in the working days because that may affect the production of the firm and also for the physical work they have vast employable opportunity everywhere so they may level after the training programmes. It shows that small and medium entrepreneurs deprived contribution to the employee's career development and their perception of inability to retain the employees for long term.
- Thirty-six percentages of the respondents strongly agree and 40% respondents are agree that they do not have the system to measure and identify their employees' inner skills and abilities. Because, in SMEs the employees are usually doing routine work they do not have chance to perform different works. SMEs never follow any system like internal job rotation. It is the failure of SMEs in efficiently using human resources.
- Productivity based compensation is the best compensation system. Though, maximum respondents (62%) do not pay the compensation to their employees based on their productivity. Since, most of the SMEs depend upon the uneven demand in the real market.
- The respondents of 64% agree that they could not pay salary to their employee on same date in every month. If they used to pay in the different dates in different month that affect employees' productivity.
- 50% of respondents say that they are available and easily accessible by their employees. So, employees can communicate their uncomfortable and issues in workplace directly to the owner. This open door policy helps to effectively handling the employees' grievance and to maintain rapport.
- The highest percentage (62%) of entrepreneurs accepts their employees' suggestion to taking business decision. It helps to obtain employees' loyalty to achieve the vision and mission of the firm.
- Forty-four percentages of the respondents approach the resigned employee before appoint the new employees to know the reasons why he/she resigned. It aids to understand the internal problems and issues in the organization.

VI. ENTREPRENEURS' SATISFACTION WITH THEIR OWN COMPETENCY LEVEL IN LEADERSHIP, MARKETING, FINANCE, SOCIAL AND HR COMPETENCY

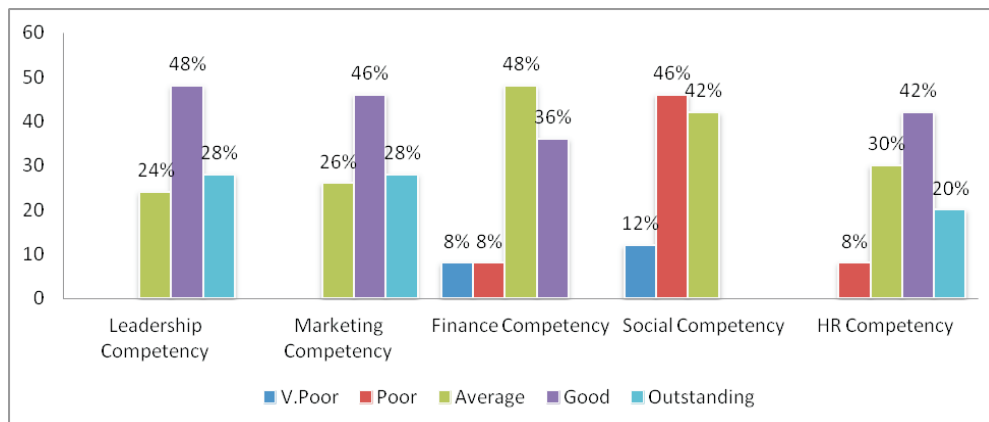
Table No:2
Satisfaction of Entrepreneurs’ Core Competency with their Own Competency Level

	Leadership Competency	Marketing Competency	Financial Competency	Social Competency	HR Competency
Very Poor	0.00	0.00	8.0	0.00	0.00
Poor	0.00	0.00	8.0	0.00	8.0
Average	24.0	26.0	48.0	12.0	30.0
Good	48.0	46.0	36.0	42.0	42.0
Outstanding	28.0	28.0	0.00	46.0	20.0

Source: Primary Data

The table No: 2 shows the satisfaction level of entrepreneurs’ with their own competency. 48% of the respondents felt that their leadership competency is good. It includes oral and written communication, time management and prioritizing the work, physical and financial risk taking, commitment in business, delegation of work to the employees and taking responsibility for the failures. The highest percentage of 46% entrepreneurs satisfy themselves as good in marketing competency. It consists developing new product and services, understanding customer’s demand, using price strategies, sales promotional activities, availability of products and services, customer loyalty, consideration customer’s feedback and market plan. In financial competency majority of the respondents (48%) felt that they are average in financial competency. It includes basic accounting knowledge, e-payments/receiving, ability in mobilizing finance, use of financial assistance, timely payment, maintaining accounts without ambiguity, aware of government’s schemes for entrepreneurs and making profit. Forty-six percentages of entrepreneurs felt that they are outstanding social competency. It embraces rapport with suppliers, distributors, government officials like District Industrial Centre (DIC), bankers and also it includes their work-life balance. Respondents (42%) satisfy as good enough in HR competencies. It comprises competency in various HR functions like recruitment, orientation, socialization, career development, employee training, compensation management, employee well-being, employee welfare and social security, workers participation and empowerment, industrial relations and grievance handling.

Chart No:1
Satisfaction of Entrepreneurs’ Core Competency with their Own Competency Level



VIII. SUGGESTIONS TO THE ENTREPRENEURS TO IMPROVE THEIR COMPETENCY

- 1.The entrepreneurs should attend the workshops conduct by the government and non-government agencies to improve their leadership, marketing and financial competency. Because, their programmes include practical/hands on training in marketing and accounts preparations. However, that includes classroom and role-play training to enrich your leadership competency.
- 2.The entrepreneurs should prepare the proposals to obtain the funds from government to start up or expand the business.
- 3.They should spend amount for vacancy advertisement to attract the potential candidate and conduct formal interview procedure to find the best one.
- 4.SMEs should give training to the newly appointed employees even for the simple work. It enhances the efficiency and reduces the wastage of materials as well as time.
- 5.To retain the potential employees, the SME owners should give the salary on correct date; ensure their career development and superior working condition.
- 6.The entrepreneurs should follow transparent and unbiased decisions regarding employees' grievance and feedback given by them.

VIII. CONCLUSION

Since, large organization in manufacturing industries and online retailers in service industries are squeezing the small business. It is significant to the SMEs to improve their performance according with changing trends by developing their core competency in core areas like finance, marketing, social relations, HRM, and overall leadership qualities to stand, grow and achieve the success in this global competitive era.

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