

## **Competency Mapping at Toyota Financial Services Corporation**

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## **Comments by the Faculty**

Competency is a cluster of related knowledge, skills, and attitudes that affects a major part of one's job (a role or responsibility), that correlates with performance on the job, that can be measured against well-accepted standards, and that can be improved via training and development.

Competencies are derived from specific job families within the organization and are often grouped around categories such as, strategy, relationships, innovation, leadership, risk-taking, decision-making, emotional intelligence, etc. Performance Appraisal as a process can be strengthened by introduction of competencies. This will act as a common measurement system applicable for all employees to evaluate the means (knowledge, attitude, behaviors) they have used to achieve their goals. Competency mapping is a process of identifying key competencies for a particular position in an organization, and then using it for job-evaluation, recruitment, training and development, performance management, succession planning. Competency mapping, therefore, increasingly becoming imperative for any organization.

The present work has been carried in Toyota Financial Services Corporation, to develop effective learning modules for employee education on TFSIN competencies. Develop project plan for implementing learning modules across employees. The student has been provided a wonderful opportunity to study the competency mapping process. Based on the same, the process of training evaluation was also studied. A few recommendations have also been suggested in the study. As a whole, this project has helped the student to implement the knowledge of managing performance of Human Resource into practice, in the given organizational context.

**Mousumi Sengupta**

## **Competency Mapping at Toyota Financial Services Corporation**

### **Introduction**

Competency is a cluster of related knowledge, skills, and attitudes that affects a major part of one's job (a role or responsibility), that correlates with performance on the job, that can be measured against well-accepted standards, and that can be improved via training and development. According to Boyatzis (1982) "A capacity that exists in a person that leads to behavior that meets the job demands within" parameters of organizational environment, and that, in turn brings about desired results. [[http://en.wikipedia.org/wiki/Competence\\_%28human\\_resources%29](http://en.wikipedia.org/wiki/Competence_%28human_resources%29)]

Competency mapping identifies an individual's strengths, weaknesses in order to help them better understand themselves and to show them where career development effort needs to be directed. It is a process of identifying key competencies for a particular position in an organization, and then using it for job-evaluation, recruitment, training and development, performance management, succession planning.

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Over the years, highly skilled talent and knowledge based jobs are in demand. This calls for proper skill mapping in HRM initiatives. Hence, competency mapping is increasingly becoming imperative for any organization thriving for excellence.

### **Need for Competency Mapping at Toyota Financial Services India**

Performance Appraisal (PDP) as a process can be strengthened by introduction of competencies. This will act as a common measurement system applicable for all employees to evaluate the means (knowledge, attitude, behaviors) they have used to achieve their goals.

Introducing Competency Based Evaluation will improve

- Clarity for Reporting Managers and Function Heads.
- Transparency as employees will know the criteria for evaluation.

### **About the Company**

Toyota Group started its financial services arm with an objective to provide customers with unique and innovative finance solutions to support Toyota sales worldwide.

Headquartered in Nagoya, Japan, Toyota Financial Services Corporation was established in 2000 as a holding company and has grown to be a company that currently employs approximately 9,200 employees nationwide with assets in excess of \$150 billion. To meet the financing needs of Toyota customers, the company has expanded its global presence to cover over 33 countries across multiple regions. TFS now serves over 17 million customers.

The first financial services operations commenced in Sydney, Australia in 1982 as Toyota Finance Australia Limited and were soon followed by operations in the USA, Canada, Europe, Asia and Oceania. With an experience of 30 years in the field of auto finance, the group has expanded significantly both in terms of geographical reach and customer base.

## **Financial Services**

At Toyota Financial Services, the company treat customers' requirement as unique. They have designed a range of products from which one can choose the ones that suits the requirements best.

Unique finance schemes from Toyota Financial Services are based on core philosophy of "customer for life". Transparency, fairness and simplicity are the guiding principles ensuring customer delight and loyalty right through the ownership lifecycle. Buying a Toyota through Toyota financial services also means that one can choose from any of these options - 100% finance , On Road funding , Customized Products , Insurance funding, Loyalty Benefits , Extended Tenure , Low Margin Money and NRI Funding.

The integration of competencies into performance appraisals allows companies to align employees' job performance with the organization's goals. Furthermore, this integration helps companies to identify and reinforce behaviors that lead to exceptional performance rather than evaluate behaviors required for average performance. [Corporate Leadership Council (2004, December), *"The Use of Competencies in Performance Management Programs "*]

In light of the above, the objective would be to

- To develop effective learning modules for employee education on TFSIN competencies.
- Develop project plan for implementing learning modules across employees.

The scope of this project will be restricted to linking the competency mapping to the performance appraisal process and there shall be no effects on compensation measures.

## **Methodology**

Below are the steps generally involved in the process of identifying competencies and mapping them to the job profiles -

1. A job analysis to be conducted by asking incumbents to complete a position information questionnaire (PIQ). This can be performed by completing a form or conducting one-on-one interviews using the PIQ as a guide. The primary goal is to gather from incumbents what they feel are the key behaviors necessary to perform their respective jobs.
2. Using the results of the job analysis, a competency based job description is developed. It is developed after carefully analyzing the input from the represented group of incumbents and converting it to standard competencies.

3. With a competency based job description, mapping the competencies can be done. The competencies of the respective job description become factors for assessment on the performance evaluation. Using competencies will help to perform more objective evaluations based on displayed or not displayed behaviors.

### TFSIN Competencies

TFSIN, being the Indian arm of TFS, existing competency maps from Toyota Way 2001, TFS 2008 & Beyond, TFS global leadership competencies were identified by the management. In the context of TFSIN, the competencies identified reflect the companies need but based on existing competency maps. For strengthening the process of PA, identification of competencies relevant to TFSIN is critical.

The below figure shows the Bands and Levels structure at TFSIN

*Fig 1: Band and Levels*

Band	Level	Designation
S	4	Senior Vice President
	3	
	2	Vice President
	1	
M	4	Deputy Vice President
	3	
	2	Assistant Vice President
	1	
J	6	Senior Manager
	5	
	4	Deputy Manager
	3	
	2	Assistant Manager
	1	
E	E1	Finance Executives
	E	

The below competencies have been identified for the Band J and Band M employees keeping in standards with the existing competency maps of Toyota as mentioned above.

### **Band J and Band M**

1. Upholds Principles and Values
2. Working with people and networks
3. Adapting and responding to change
4. Entrepreneurial and Commercial Thinking
5. Customer First

### **Band M**

1. Formulating strategies and concepts
2. Leading and Deciding

After the competencies have been identified in alignment with the TFSIN needs, a process had to be developed as to how these competencies are to be evaluated.

### **Measuring Competency at TFSIN**

- Each Competency is defined by 6 statements describing a behavior.
- Each statement may represent different activities, but appraiser should think of these behaviors as a whole, and employees will be rated on them in total, not in each portion.
- These behaviors will be observed by the appraiser. All relevant sources of observation and feedback should be considered in assessment.
- The scoring will cover how well the competencies have been met – overall or in part.
- The score is based on the description that applies as a whole, over the entire year for that competency.
- Each of the six competencies should receive a whole number score – no decimals or fractions. Each performance level is achieved if the appraisee's performance is at least equal to the performance level and degree shown on the scoring scale.
- The appraiser should be able to describe the rationale for each score, provide examples, and discuss if the score represents changed (improved or declined) or consistent performance.
- After all competencies have been scored separately, the individual scores are discussed to determine an overall total score.

- Competency score has to be used as Supplementary information for band M, and promotion for Band J.
- Based on the scores, an employee is categorized either as an expert, or fully satisfactory at competent level or under Needs Development.

### GANTT Chart

A Gantt chart, commonly used in project management, is one of the most popular and useful ways of showing activities (tasks or events) displayed against time. Below is the Gantt chart prepared for this project. [www.gantt.com].

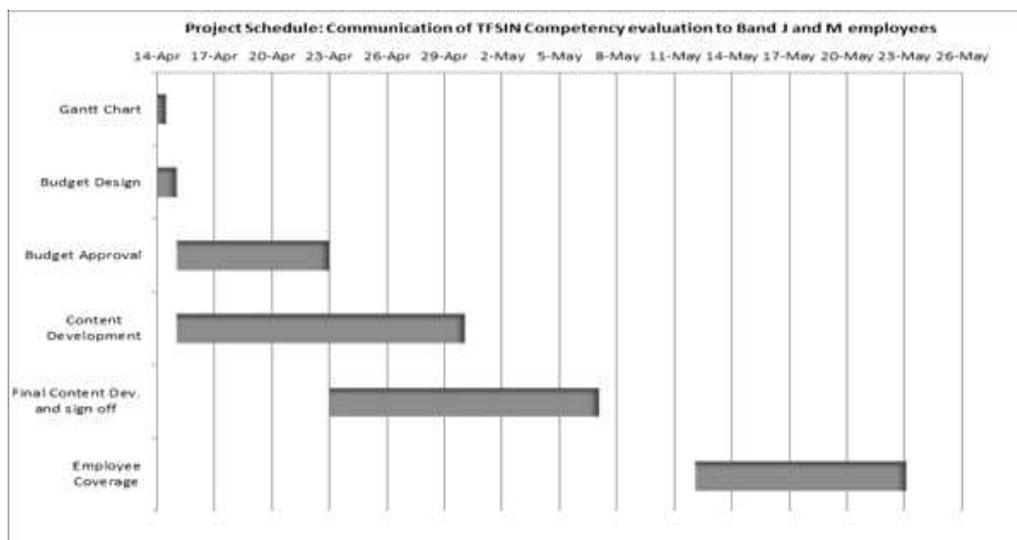


Fig 2: Gantt Chart

After measuring the competency of the individual employees and using the Gantt chart to categorize their training needs and the coverage, the training evaluation questionnaire had to be prepared to gauge the program’s effectiveness.

### Training Evaluation Questionnaire

Assessing training effectiveness is critical. In order to assess the effectiveness of the training, we use the Kirkpatrick’s 3 level evaluation model. [http://en.wikipedia.org/wiki/Donald\_Kirkpatrick]

#### Level 1 Evaluation – Reactions

This level measures how participants in a training program react to the training. This level gains knowledge about whether the participants liked the training and if it was relevant to their work.

## **Evaluation Tools**

- Online Feedback Questionnaire – If training is to be given by means of WebEx
- Face to face Feedback – Classroom training methods

In order to gauge the understanding of the participants, Questionnaire I has been designed. This is to be circulated after the training session is completed.

### ***Level 2 Evaluation - Learning***

This activity is important in the pretext that learning has actually taken place before actual behavioral change in level 3. The Pretest evaluation is planned to be captured via an activity based game for a classroom based session. Questionnaire II was designed for this purpose. For the WebEx session, an online questionnaire is planned to be floated, days before the training day. Data for the post test shall be captured along with Level 1 testing.

### ***Level 3 – Transfer***

This level checks if the learning has actually been transferred to the job. If the training goes on as planned tentatively in the month of June-July, the plan is to cover this activity during December, which is the mid-year evaluation period for TFSIN. This is also consistent with the KirkPatrick model as to conduct this activity after duration of 3-6 months.

The mode of evaluation shall be a face-face session with the reporting manager and the HR. If needed, feedback from the rest of the team members on the employee's work can be sought as well. Questionnaire III designed for this purpose can be used as a reference material during the mid-year evaluation season to see if the employees are able to put the learning to their job.

It is highly recommended that the reporting / HR managers give appropriate feedback to the employees after the evaluation process. If the employees find it difficult to develop a particular skill over a period of time, then a customized action plan could be designed. Once an employee feels more positive about his development in the organization, productivity should naturally increase.

## **Recommendations**

1. The performance system is the backbone of any organization. Steps have to be taken to ensure that the system is *fair and transparent* according to the TFSIN guidelines. Once the employees trust the existing system, there shall be little resistance in implementing the competency model based evaluation.
2. TFSIN is a company which is renowned for career growth of individuals. As competencies evaluate the 'how' of job performance, it should be linked to the promotion component of the PDP process. This will ensure that the *performing AND competent* individuals get the bigger pie.

3. TFSIN is in the process of linking competency mapping to the PDP system. Gradually, the concept of competencies can be extended to *Recruitment process* as well. This can involve the *Behavioral Event Interview* model using the STAR (Situation or Task, Action and Outcome) approach. This will ensure that the right and competent candidates are selected. An added advantage, this will effectively reduce the training cost as the competent individuals are hired.
4. Given that the proposed system identifies an individual either as an 'expert', 'Competent' or 'To Be developed' person, *appropriate training needs* can be identified. This will not only develop the individual's ability to work efficiently but contribute to the ultimate performance of the company.
5. TFSIN is an organization which fosters employee development and does not believe in the practice of laying off. If the training needs of the employee are identified and practiced, *employee attrition* can be largely reduced.
6. Every individual expects and deserves appreciation for the good work performed. This can be achieved by the *Rewards and Recognition* scheme. Data obtained from the process of Competency evaluation may be used as an input to the RnR system.

## References

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