

ORGANIZATIONAL ENVIRONMENT AND SALES COMPETENCIES OF TOP PERFORMING EMPLOYEES: BASES FOR PERFORMANCE APPRAISAL

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The study aimed to determine the competencies of sales employees and the organizational environment as bases for the development of a performance appraisal tool. The research was conducted in seven retail stores, with the sales employees as the respondents. Five top performing sales employees and two store supervisors were invited for focus group discussion (FGD) using a behavioral event interview questions to identify the competencies which contributed to the sales employees' successful performance. Their answers were coded and were related to the competency dictionary of Spencer and Spencer and McBer's. The 13 competencies gathered from the responses were teamwork and cooperation, customer-service orientation, concern for order and quality, impact and influence, information seeking, organizational commitment, accountability, self-confidence, empathy, integrity, relationship building, achievement orientation and positive self-concept. These competencies were the bases for the construction of a performance appraisal tool to measure the level of competencies of the sales employees, and the level of organizational environment as perceived by the sales employees. The study utilized the descriptive-correlational method using data gathering through focus group discussion (FGD), and the competency-based questionnaire, validity and reliability of which have been established. Results revealed that sales competencies and the perceived organizational environment were significantly related. Although, the total mean showed that sales employees were competent to perform the tasks required by the company, their levels of competencies varied. Those with low ratings would be the bases for the proposed group counseling and training program.

Introduction

The nature of job performance at the end of 20th century has expanded. It is apparent that job performance is not simply considered as the completion of specific tasks alone (Nikolau & Robinson, 1999). Organizations are starting to realize that their business' success is highly dependent on the employees' job performance. For the business owners, successful performance enhances organizational productivity and therefore moves their businesses forward (Stebler, Robinson, & Henon, 1997). In order for a performance to be successful, organizations must create a roadmap which will guide employees to become superior with their tasks and roles. Competency mapping is one such process that helps in identifying competencies required for successful performance in a particular role.

Competency is a standardized requirement for an individual to do a specific job and competencies aligned with business objectives help foster an organization's success. Organizations must understand their competency needs—skills, knowledge, self-concept, traits and motives that are necessary for people in key roles to deliver business results. According to Teng-Calleja, Riosa, Villanueva, and Wells (2005), identifying the competencies will draw one criterion for all the purposes of performance management—strategic purpose, administrative purpose and developmental purpose—which is more effective and cost efficient. Organizations use performance management information like performance appraisal in many administrative decisions such as salary administration, promotions, retention-termination, layoffs and recognition of individual performance (Noe, Hollenbeck, Gerhart, & Wright, 2000).

Much of what is known today about competency mapping is based on studies outside the country (Teng-Calleja et al., 2005). The common practice in most organizations is not having the same criteria for recruitment and performance appraisals. It is also typical for organizations to have career planning systems that are not aligned with their performance management or training and development programs.

Many organizations provide the same tactics to improve their employees' performance. The common practice is to provide

uniform training and incentives scheme to all employees. There are employees who successfully carry out their jobs and there are those who struggle with their performance. In a local retail company in Davao City for example, despite the training, incentive scheme, encouragement and pep talk given to all the staff, there were still some who performed below average. As a result the non-performing employees were terminated and, the company was left to hire and train new staff. The worst scenario was, one store was closed and a contributing factor to its closure was the staff performance.

Such scenario prompted the inquiry to identify competencies that are necessary to perform a variety of roles and tasks by modeling the competencies of superior performers, with the belief that incorporating the right competencies in a certain role would result to a successful performance. The identified competencies may be used as criteria for staffing, training and development, performance management, compensation and succession planning in the human resources in retail companies.

Theoretical / Conceptual Framework

This study was anchored on the theory of Spencer and Spencer (2003) which gave importance to benchmarking in competency researches. He stipulated that modeling the competencies of the few superior performers may elevate the performance of average performers. Benchmarking, has two stages: benchmark “*what*” (measures of superior performance) and benchmark “*how*” (the study of processes, materials, equipment, and human resources the best performing organizations use to get a superior result) (Spencer & Spencer, 2003). The power of benchmarking depends on its benchmark “*what*” (economic value added by best results and best practices). Benchmark “*how*” in competency research is the study of superior performers to identify characteristics and behavior to achieve the “*what*” criterion that averages do not. Boyatzis (2007) stipulated that effective action, and therefore, performance will occur when all three or any two of the critical components are consistent or fit. The three components are: the individual competencies, job demands, and the

environment. Thus, this study intended to use individual competencies and organizational environment. Job demands in this study were incorporated in organizational environment.

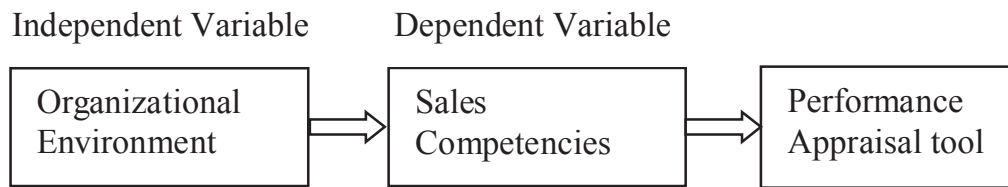


Figure 1. Conceptual Model: Organizational Environment and Sales Competencies of Top Performing Employees: Bases for Performance Appraisal

In this study, competencies were identified which made the successful performers successful. The identified competencies were the bases in developing the performance evaluation tool which was used to measure the level of sales competencies, and the level of organizational environment. In Figure 1, the dependent variables were sales competencies, and the independent variable was organizational environment. Sales competencies of the employees were dependent on the kind of organizational environment the company had, and the support they received. It was assumed that the higher the perceived organizational environment, the higher the level of sales competencies. Organizational environment referred to the characteristics of co-workers, strategies of management to handle employees, company policies, support from the job demands and the culture of the organization.

Methods

The study utilized descriptive, correlational design wherein the relationship of two variables, the level of sales competencies and organizational environment, were investigated. Descriptive method was used to gather the data for the construction of the competency-based assessment tool with the help of focus group discussion (FGD).

This research was conducted in seven retail stores. The top five superior performing sales employees and two store supervisors

were included in the FGD conducted to identify competencies which were the bases for the construction of the survey questionnaire to measure the competencies of all the sales staff of the three companies mentioned. The companies combined had a total of 23 employed sales associates.

To draw out the sales competencies, and the perceived organizational environment of the sales employees, the study made use of a mentor-approved behavioral event interview guide questions for focus group discussion. The interview guide was composed of 29 open-ended questions, and 32 follow-up statements which focused on how the respondents handled critical situations in the workplace.

Five top performing sales employees and two supervisors were invited for FGD, which was documented accordingly.

The responses were coded and 13 competencies were identified. The identified competencies were the basis in competency based performance appraisal tool construction. The tool was used to measure the level of sales competencies of sales employees and the level of organizational environment as perceived by sales employees.

The competency-based performance appraisal tool comprised two parts: parts A and B. Part A had items that covered 13 sales competencies identified during the FGD: teamwork and cooperation, customer-service orientation, concern for order and quality, impact and influence, information seeking, organizational commitment, accountability, self-confidence, empathy, integrity, relationship building, achievement orientation, and positive self-concept. Part B covers the organization environment of the company which was also identified during the FGD.

The tool was composed of 60 items, items one to 50 measured the level of sales competencies, and items 51 to 60 were statements measuring the organizational environment of the company as perceived by the sales employees. The items represented competency requirement to perform the responsibilities of the sales employees successfully. High rating on an item indicated high competency level.

The performance appraisal tool made use of Likert scale. Its scale ranges from one to five. The content of the tool was validated by three experts. Two validators were store supervisors

and one was an admission officer of a college. The validity of the instrument was rated based on conciseness, clarity, and objectivity of each item.

After the validation, reliability test was conducted with the help of 20 sales employees and attained high internal consistency reliability. Having established the validity and reliability of the competency-based assessment tool, it was then used to measure the level of sales competencies and the level of organizational environment as perceived by the sales employees.

The permission of the general manager of the seven retail stores to conduct the study was obtained. A letter, specifying the schedule to conduct the FGD with the identified top performing employees and two supervisors was sent to the company's operations manager as soon as the proposal was approved. The five top performers were recommended by the store supervisors and operations manager. Twenty-nine behavior event interview and 32 follow-up questions were formulated which were used as guide questions for the FGD. Approval for the guide questions was sought from the mentor.

The answers of the five top performers and two supervisors during the FGD were recorded, coded, and analyzed using the Spencer and Spencer and McBer's competency dictionary. The competencies gathered were used to formulate the competency based performance appraisal tool for the sales employees. The tool was content validated and its reliability was established. Another letter, specifying the schedule to conduct the survey was sent to the operations manager.

The retail stores were visited to conduct the survey personally. Instructions on how to answer the survey questions were given. The accomplished questionnaires were collected. All collected information were encoded, organized and were statistically treated with the use of mean and standard deviation. The relationship of the Organizational Environment and Sales Competencies was tested with the use of Pearson *r*.

The study utilized descriptive correlational design wherein the relationship between the level of sales competencies and organizational environment were investigated. Descriptive method was used to gather data for the construction of the competency-based assessment tool with the use of FGD.

Results

The FGD with the five top performing sales employees and two supervisors reveals 13 competencies. These are teamwork and cooperation, customer-service orientation, concern for order and quality, impact and influence, information seeking, organizational commitment, accountability, self-confidence, empathy, integrity, relationship building, achievement orientation, and positive self-concept. These competencies do not reflect someone's management theory or an academic idea of what it takes to do the job well, but rather are based on what works within the organization can most directly contribute to performance. The competencies are based upon outstanding current performance in the organization ("Competency Analysis Service," n.d.).

Behavior oriented definitions of key competencies tend to concentrate on the success factors of performance. The above statements mean that competency model of every company is unique since it is widely based on the organization, as well as the role and the performance of existing employees. Although one process was used to map competencies, dissimilar competencies were identified. Competencies of the sales employees and the perceived organizational environment were measured using the constructed competency-based tool.

Further examination of the results based on the competency assessment tool reveals that although all employees have the right competencies, the level of competencies had widespread variations which were apparent in the standard deviation of several indicators. Self-rated competency based assessment tool reveals that 70 percent of sales employees had rated themselves high in one area of competency and 30 percent rated themselves low. Similarly, some of the sales employees who rated themselves high on one area have high level of competencies while 30 percent or eight participants who rated themselves low, need to improve their level of competencies. The levels of competencies are what differentiate superior performers from average performers. The factors that differentiate average from superior performers are called differentiating competencies (Palan, 2003).

In this study, the survey result shows that the sales employees perceive the management favorably and believe that they are

competent to perform the tasks assigned. Furthermore, sales competencies and organization environment are perceived by sales employees. Therefore, effective performance is expected to occur if such notion is true to the 70 percent of the sales employees as shown in Table 1.

Table 1

Test of Significance in the Relationship of Sales Competencies of Perceived Organizational Support of Sales Employees

Middle	Mean	SD	<i>r</i> value	<i>p</i> value	Decision
Sales Competency	4.24				
Organizational Support	4.06	.66	.730	.000	Reject Ho

Organizational environment in this study is limited to the code of ethics, organizational culture, and job demands. Further studies to explore are other moderators that may affect the performance not included in the study are encouraged.

This study is relevant to all companies who plan to redesign their performance management to competency based management. The competency-based performance appraisal tool may be used to reveal the areas for improvement of the sales employees, the competencies needed and the particular sales employees who have low level of competencies. The result directly benefits the sales employees, store supervisors, human resources and the management of the retail company where this study was conducted. On the bases of the results, the necessary intervention to improve sales competencies of the employees who participated in the study can now be drawn.

Discussion

The FGD with the five top performing sales employees and two supervisors reveals 13 competencies. These are teamwork and cooperation, customer-service orientation, concern for order and quality, impact and influence, information seeking, organizational commitment, accountability, self-confidence,

empathy, integrity, relationship building, achievement orientation, and positive self-concept. These competencies do not reflect someone's management theory or an academic idea of what it takes to do the job well, but are based on what works within the organization can most directly contribute to performance. The competencies are based upon outstanding current performance in the organization ("Competency Analysis," n.d.).

Behavior-oriented definitions of key competencies tend to concentrate on the success factors of performance. The above statements mean that the competency model of every company is unique since it is widely based on the organization, role and performance of the existing employees. Although one process was used to map competencies, dissimilar competencies were identified.

The competencies of the sales employees and the perceived organizational environment were measured with the use of the constructed competency-based tool. The test reveals results in teamwork and cooperation, customer-service orientation, concern for order and quality, impact and influence, information seeking, organizational commitment, accountability, self-confidence, empathy, integrity, relationship building, achievement orientation, and positive self-concept. The results imply that the sales employees are competent with their responsibilities.

Generally, the sales employees have the right competencies to perform the job. However, the mere presence of a competency does not result in performance. It is only when the competency is demonstrated or acted upon that one has performance (Palan, 2003). Competency of some of the sales employees have not been translated to action. Most are having difficulty achieving the store target. Achieving the store target is a measure of competency translated into action. This might be one of the reasons why the result of the test is favorable yet not all employees have met the company's standard performance set by the management. Spencer (n.d.) also pointed out that competency which does not result to performance is no competency at all.

Further examination of the results based on the competency assessment tool reveals that although all employees have the right competencies, the level of competencies had widespread variations which were apparent in the standard deviation of several

indicators. For organizational commitment, providing opportunities for personal growth, providing opportunities for advancement and promotion, giving incentive and recognition and having enough to satisfy one's basic needs have high standard deviation which means the respondents' answers vary. Some sales employees are satisfied with what the company provided while some are not. The results for organizational commitment reveal that sales employees have varied levels of commitment.

Some sales employees are fully committed in acting with authority, organizational standards, needs and goals of the company while other sales employees are not. In teamwork and cooperation, having family spirit in the company, building friendly relationship with customers under relationship building, remembering the purchases of customers and asking how the product has an impact and influence have high standard deviation which means the sales employees have different answers. Some sales employees need to improve their skills in building relationship and customer service.

Similar with the indicators of accountability, resolving customer complaints at associate level before raising it to the superior and informing customers honestly about the advantages and disadvantages of the product. Being accountable means accepting full responsibility for self on behalf of the team; displaying honesty and truthfulness; readiness to apologize and displaying a strong commitment to organization. All sales employees are accountable; however, few have low level of accountability towards the job. This shows that some sales employees need to improve on accepting full responsibility which is relevant in providing services to the customers. In concern for order and quality, improving the display area by applying merchandising principle of the company reveals that some sales employees need to improve on merchandising. For self-concept, ignoring negative comments from the customers as long as knowing the right thing to do, having sufficient skills and knowledge to carry out assigned tasks and being valued by the company have high standard deviation. The three indicators for self-concept shows that not all associates perceive themselves positively.

Self-rated competency based assessment tool reveals that 70 percent of sales employees had rated themselves high in one area of competency and 30 percent rated themselves low. Similarly, some of the sales employees who rated themselves high on one area have high level of competencies while the 30 percent or eight participants who rated themselves low, need to improve their level of competencies. The levels of competencies are what differentiate superior performers from average performers. The factors that differentiate average from superior performers are called differentiating competencies (Palan, 2003).

Job demands and organizational environment, which is based on the theory of Boyatzis (2007), stipulated that effective action and therefore performance occurs when all three of the critical components - individual competencies, job demands, and organizational environment - of the model are consistent or fit. Based on the survey result, the sales employees perceive the management favorably and the sales employees are competent to perform the tasks assigned. If any of these components are inconsistent and do not correspond with each other, then it is expected that ineffective behavior or inaction will occur (Boyatzis, 2007). If any two of the components are consistent or congruent, then there is an increased likelihood that effective performance will occur. In this study, sales competencies, and organization environment are perceived positively by sales employees, therefore, effective performance is expected to occur. Such notion is true to the 70 percent of the sales employees.

The Pearson r reveals that there is a positive relationship between the sales employees' level of competencies and the level of organizational support as perceived by employees. This entails that when the perceived level of organizational support such as the organization culture (respecting opinions and ideas of people, apparent professionalism among employees, conducive store environment, and giving value to the employees opinion), job demands (setting achievable sales targets, recognizing and rewarding good performances, and providing enough benefits to address the needs of the employees), and code of ethics (strictly implementing the company's rules and regulation) increases, the level of competencies of sales employees (teamwork and cooperation, customer-service orientation, concern for order and

quality, impact and influence, information seeking, organizational commitment, accountability, self-confidence, empathy, integrity, relationship building, achievement orientation and positive self-concept) also increase. When the level of perceived organizational environment decreases, the level of competencies of sales employees also decrease.

These findings support the organizational support theory which states that in order to meet socio-emotional needs and to assess the benefits of increased work effort, employees form a general perception concerning the extent to which the organization values their contributions and cares about their well-being. Such perceived organizational support would increase employees' felt obligation to help the organization reach its objectives, their affective commitment to the organization, and their expectation that improved performance would be rewarded.

Furthermore, the employees' general perception of being valued and cared for by the company is positively related to: (a) consciousness in carrying out conventional job responsibilities, (b) expressed affective and calculative involvements in the organization, and (c) innovation on behalf of the organization. Accordingly, perceived support was positively associated with standard activities. In this study's setting, sales competencies such as customer-service orientation, concern for order and quality and information seeking are considered standard job activities. Employees who perceived high support expressed stronger feelings of affiliation and loyalty to the organization. This finding is validated as evidenced by the employees' high sales competencies in organizational commitment, teamwork and cooperation, and relationship building. Perceived positive support also breeds self-confidence and accountability in employees who rated themselves as proficient in doing their task and can carry out task without supervision. Similar to the needs-fulfilling role served by perceived support from friends and relatives, perceived organizational support meets needs for affiliation, self-esteem and approval ("Introduction to Organizational Support Theory," n.d.).

Conclusions and Recommendations

The study concludes that the sales employees receive enough support from the organizational environment to perform the job required by the management. Moderate correlation was found between sales employees' competencies and perceived organizational environment in relation to sales force performance.

It is recommended that an intervention program may be devised to improve the sales employees' competencies. Those who rated low on the different areas on measures of competencies may be invited to attend trainings. The training/counseling will be designed according to the needs of the sales employees. Since organizational environment in this study was limited to the company's policies which were more known as the code of ethics, the organizational culture, and job demands, it is recommended that further studies on other moderators of organizational environment to test their relationship with the sales competencies. Store Supervisors are the direct superiors of the sales employees. They are with the sales employees, day in and day out. They are also the one who assess the sales employees' performance, and conduct trainings on skills development and knowledge enhancement. Now that the competency requirements of the job are identified, it is imperative for the supervisors to learn basic counseling skills so that they can also address the need to improve the sales competencies of sales employees. It is also important that the trainings and counseling practices done by supervisors are consistent with the competency model of the company.

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