



**A STUDY ON CREATING A COMPETENCY DIRECTORY IN VALVE  
MANUFACTURING UNIT WITH SPECIAL REFERENCE TO INHOUSE  
MANUFACTURING AT LARSEN&TOUBRO,COIMBATORE**

A Project Report

Submitted

By

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In partial fulfillment of the requirements

for the award of the degree

of

**MASTER OF BUSINESS ADMINISTRATION**

**Department of Management Studies**

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Certified that this project report titled **“A STUDY ON CREATING A COMPETENCY DIRECTORY IN VALVE MANUFACTURING UNIT WITH SPECIAL REFERENCE TO INHOUSE MANUFACTURING AT LARSEN& TOUBRO,COIMBATORE”** is the bonafide work of **Ms Daphny Christiyana.W, 11MBA011**, who carried out the project under my supervision. Certified further, that to the best of my knowledge the work reported herein does not form part of any other project report or dissertation on the basis which a degree or award was conferred on an earlier occasion on this or any other candidate.

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Submitted for the project viva-voce examination held on \_\_\_\_\_

Internal Examiner

External Examiner

### DECLARATION

I hereby declare that this project report entitled "**A STUDY ON CREATING A COMPETENCY DIRECTORY IN VALVE MANUFACTURING UNIT WITH SPECIAL REFERENCE TO INHOUSE MANUFACTURING AT LARSEN & TOUBRO,COIMBATORE**" as has been undertaken for academic purpose submitted to Anna University in partial fulfillment of the requirements for the award of the degree of Master of Business Administration. The project report is the record of the original work done by me under the guidance of **Dr. R. HEMA NALINI Assistant Professor** during the academic year 2011-2012.

I, also declare hereby, that the information given in this report is correct to best of my knowledge and belief.

Date:

Place : Coimbatore

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## **CHAPTER 1: INTRODUCTION**

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## **CHAPTER 1: INTRODUCTION**

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## Chapter-1

### INTRODUCTION

#### 1.1 Competency:

Competence (or competency) is the ability of an individual to do a job properly. A competency is a set of defined behaviors that provide a structured guide enabling the identification, evaluation and development of the behaviors in individual employees. As defined, the term "competence" first appeared in an article authored by Craig C. Lundberg in 1970 titled "Planning the Executive Development Program". The term gained traction when in 1973, David McClelland, Ph.D. wrote a seminal paper entitled, "Testing for Competence Rather Than for Intelligence". It has since been popularized by one-time fellow McBer & Company (Currently the "Hay Group") colleague Richard Boyatzis and many others. Its use varies widely, which leads to considerable misunderstanding.

Some scholars see "competence" as a combination of knowledge, skills and behavior used to improve performance; or as the state or quality of being adequately or well qualified, having the ability to perform a specific role. For instance, management competency might include systems thinking and emotional intelligence, and skills in influence and negotiation.

Competency is also used as a more general description of the requirements of human beings in organizations and communities.

Competency is sometimes thought of as being shown in action in a situation and context that might be different the next time a person has to act. In emergencies, competent people may react to a situation following behaviors they have previously found to succeed. To be competent a person would need to be able to interpret the situation in the context and to have a repertoire of possible actions to take and have trained in the possible actions in the repertoire, if this is relevant. Regardless of training,



competency would grow through experience and the extent of an individual to learn and adapt.

Competency has different meanings, and continues to remain one of the most diffuse terms in the management development sector, and the organizational and occupational literature.

### 1.1.1 What is a Competency?

**Competency:** The combination of observable and measurable knowledge, skills, abilities and personal attributes that contribute to enhanced employee performance and ultimately result in organizational success. To understand competencies, it is important to define the various components of competencies.

- Knowledge is the cognizance of facts, truths and principles gained from formal training and/or experience. Application and sharing of one's knowledge base is critical to individual and organizational success.
- A skill is a developed proficiency or dexterity in mental operations or physical processes that is often acquired through specialized training; the execution of these skills results in successful performance.
- Ability is the power or aptitude to perform physical or mental activities that are often affiliated with a particular profession or trade such as computer programming, plumbing, calculus, and so forth. Although organizations may be adept at measuring results, skills and knowledge regarding one's performance, they are often remiss in recognizing employees' abilities or aptitudes, especially those outside of the traditional job design.
- Individual attributes are properties, qualities or characteristics of individuals that reflect one's unique personal makeup. Individual attributes are viewed as genetically developed or acquired from one's accumulated life experiences. Although personal characteristics are the most subjective of the components, a growing, significant body of research links specific personality traits to successful individual and organizational performance.
- Individually recognizing and rewarding any of these sources of expertise provides a strong basis for individual performance engagement. However, it is their combination that results in the unleashing of resources that are all too frequently untapped.

### **1.1.2 List of Core Competencies**

#### ***Accountability***

Accepts responsibility for own actions and decisions and demonstrates commitment to accomplish work in an ethical, efficient and cost-effective manner.

#### ***Adaptability***

Adjusts planned work by gathering relevant information and applying critical thinking to address multiple demands and competing priorities in a changing environment.

#### ***Communication***

Effectively conveys information and expresses thoughts and facts. Demonstrates effective use of listening skills and displays openness to other people's ideas and thoughts.

#### ***Customer/Quality Focus***

Anticipates, monitors and meets the needs of customers and responds to them in an appropriate manner. Demonstrates a personal commitment to identify customers' apparent and underlying needs and continually seeks to provide the highest quality service and product to all customers.

#### ***Inclusiveness***

Fosters respect for all individuals and points of view. Interacts appropriately with all members of the campus community, campus visitors and business and community partners without regard to individual characteristics. Demonstrates a personal commitment to create a hospitable and welcoming environment.

***Leadership***

Communicates the University's vision in ways that gain the support of others. Mentors, motivates and guides others toward goals.

***Occupational Knowledge/Technology Orientation***

Demonstrates the appropriate level of proficiency in the principles and practices of one's field or profession. Demonstrates a commitment to continuous improvement, to include understanding and application of technology (hardware, software, equipment and processes).

***Team Focus***

Works cooperatively and effectively with others to achieve common goals. Participates in building a group identity characterized by pride, trust and commitment.

## 1.2 COMPANY PROFILE

Larsen & Toubro Limited (L&T) is a technology, engineering, construction and manufacturing company. It is one of the largest and most respected companies in India's private sector.

More than seven decades of a strong, customer-focused approach and the continuous quest for world-class quality have enabled it to attain and sustain leadership in all its major lines of business.

The company's businesses are supported by a wide marketing and distribution network, and have established a reputation for strong customer support

L&T believes that progress must be achieved in harmony with the environment. A commitment to community welfare and environmental protection are an integral part of the corporate vision

In response to changing market dynamics, L&T has gone through a phased process of redefining its organisation model that facilitates growth through greater levels of empowerment. The new structure is built around multiple businesses designated 'Independent Companies' or 'ICs'.

- Hydrocarbon
- Heavy Engineering
  
- L&T Construction
  
- Power
  
- Electrical & Automation
  
- Machinery & Industrial Products
  
- Information Technology

- Financial Services
- Shipbuilding

### **1.2.1 HISTORY:**

The evolution of L&T into the country's largest engineering and construction organization is among the most remarkable success stories in Indian industry.

L&T was founded in Bombay (Mumbai) in 1938 by two Danish engineers, Henning Holck-Larsen and Soren Kristian Toubro. Both of them were strongly committed to developing India's engineering capabilities to meet the demands of industry

### **1.2.2 Early days:**

Henning Holck-Larsen and Soren Kristian Toubro, school-mates in Denmark, would not have dreamt, as they were learning about India in history classes that they would, one day, create history in that land.

In 1938, the two friends decided to forgo the comforts of working in Europe, and started their own operation in India. All they had was a dream. And the courage to dare.

Their first office in Mumbai (Bombay) was so small that only one of the partners could use the office at a time!

In the early years, they represented Danish manufacturers of dairy equipment for a modest retainer. But with the start of the Second World War in 1939, imports were restricted, compelling them to start a small work-shop to undertake jobs and provide service facilities.

Germany's invasion of Denmark in 1940 stopped supplies of Danish products. This crisis forced the partners to stand on their own feet and innovate. They started manufacturing dairy equipment indigenously. These products proved to be a success, and L&T came to be recognised as a reliable fabricator with high standards.

The war-time need to repair and refit ships offered L&T an opportunity, and led to the formation of a new company, Hilda Ltd., to handle these operations. L&T also started two repair and fabrication shops - the Company had begun to expand.

Again, the sudden internment of German engineers (because of the War) who were to put up a soda ash plant for the Tatas, gave L&T a chance to enter the field of installation - an area where their capability became well respected

### **1.3 Objectives of the study:**

To Create a Competency directory for Larsen and Toubro – Valve Manufacturing Unit based on the job description format, to improve the role of each individual effectively and efficiently in the organization.

### **1.4 Scope of the study:**

This study emphasis in the following scope:

- Plan for future skills needs
- Clear development paths for employees (align with strategic goals)
- Sets hiring priorities and needs
- Use for performance appraisals
- Helps set schedule for cross-training
- Employees can identify opportunities for advancement
- Identify skill gaps and develop action plans to address them
- Identify weak skills areas – “single points of failure”

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## **CHAPTER 2: REVIEW OF LITERATURE**

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## CHAPTER -II

### COMPETENCY DIRECTORY

#### 2.1 Review of Literature

1.. According to **Daniel**, “A Competency is an underlying characteristics of a person which enables him/her to deliver superior performance in a given job, role or a situation.”

2. According to **David McClelland(1960)**,The Occupational Competency movement is a view to moving away from traditional attempts to describe competency in terms of [knowledge](#), [skills](#) and [attitudes](#) and to focus instead on the specific self-image, values, traits, and motive dispositions (i.e. relatively enduring characteristics of people) that are found to consistently distinguish outstanding from typical performance in a given job or role

3.According to **MCSE**, A core competency is fundamental knowledge, ability, or expertise in a specific subject area or skill set. Companies with specific strengths in the marketplace, such as data storage or the development of accounting applications, can be said to have a core competency in that area.

4According to **Coetzee (2007)**, South Africa is facing a critical skills gap, an ageing but highly skilled workforce, increasingly complex technology and rising consumer expectations from service providers

5. According to **Spencer et al. (1990)**, Differentiating Competencies distinguish superior performance from average performance. These include self-concepts, traits and motives and although hard to develop, can determine long-term success on the job.

6. According to **Ulrich, Brockbank, Hohson, Sandholz and Younger (2008)** argue that the human resource function should add value and make a meaningful contribution to employees and line managers inside the company, and to customers, communities, partners, and investors outside it.

7. According to a **American Compensation Association (ACA) (1996)**, study focusing on competency applications in HR, organizations are using competencies to integrate selection, training, appraisal, and compensation. In staffing, competencies are used to select and promote employees. In human resources development, competencies are used to identify and close the gaps in individuals' capabilities. In performance management, competencies and results are appraised to connect how a job was done to the results achieved. In compensation, pay can be based on the certified skills and competencies used on the job. Many hope that competencies will also help their organizations communicate desired behaviors, control costs and increase customer satisfaction.

8. According to **The National Park Service**, competencies as a combination of knowledge, skills, and abilities in a particular career field which when acquired, allows a person to perform a task or function at a specifically defined level of proficiency.

9. According to **ASTD** defined roles as "groupings of targeted competencies" (www.astd.org). They are not job titles but a set of skills needed to empower the individual. An individual's job may encompass one or more roles, similar to different "hats" we might have to "wear".

10. The **Society for Human Resources Management (SHRM)** defines competencies as "attributes that are necessary for a person to possess in order to complete a particular job. These include knowledge, skills and abilities" (Google 2006).

11. According to **McLagan (Valkeavaara 1998)** identified four clusters of competencies. These were interpersonal competencies, business competencies, technical competencies (knowledge and delivery of traditional personnel and HRD management) and intellectual competencies.

12. According to **Tucker and Cofsky(1994)**, Competencies may be grouped as skills: the demonstration of expertise (e.g., the ability to make effective presentations, or to negotiate successfully);

**knowledge:** information accumulated in a particular area of expertise (e.g., accounting, human resources management);

**self-concepts:** attitudes, values and self-image;

**traits:** a general disposition to behave in certain ways (e.g., flexibility); and

**motives:** recurrent thoughts driving behaviors (e.g., drive for achievement, affiliation)

13. According to **Hayes(1979)**, Competencies are generic knowledge, motive, trait, social role or a skill of a person linked to superior performance on a job.

14. According to **Albanese(1989)**,” competencies are personal characteristics that contribute to effective managerial performance”

15. According to **Unido(2002)**,” competency is a set of skills, related knowledge and attribute that allow an individual to successfully perform a task or an activity within a specific function or job”

16. According to **Norman (1985)** competency is more than knowledge. It includes the understanding of knowledge, clinical, technical, and communication skills, and the ability to problem solve through the use of clinical judgment. Competence is the ability to perform a specific task, action or function successfully. Competencies are used to create unique standards within disciplines and specialties. This encompasses educators, learners, and practitioners

17. According to **Verma (2006)**, “competencies in education create an environment that fosters empowerment, accountability, and performance evaluation, which is consistent and equitable. The acquisition of competencies can be through talent, experience, or training.”

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## **CHAPTER 3: METHODOLOGY**

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## Chapter – III

### 3.1 Methodology:

- Understanding the hierarchy and flow of responsibility in L&T.
- Identification of roles in the department.
- Collection of data on activities, knowledge and skills for all roles.
- Analysing the data and consolidation.
- Data confirmation with the department heads for finalization of the data.
- Compiling the competency directory

### 3.2 Data collection:

#### 3.2.1 Primary Data:

The major tool of data collection that has been used in this study is a interview. In addition to the primary data collected through interview the researcher had discussion with the Head of the Department, Manager. This helped the researcher to collect more valuable information.

#### 3.2.2 Secondary Data:

Secondary Data refers to the information already existing. Secondary data for the study was collected through company magazines, books, journals and internets.

### 3.3 Area of the study:

Area, the Researcher has chosen for the study of creating Competency Directory in Larsen &Toubro in Coimbatore

### **3.4 Sample size:**

The boundry of this study is Competency Directory in Larsen &Toubro in Coimbatore. The sample size for the study is 138 units. Convenient sampling method was used for the selection of sample units.

### **3.5 Data processing:**

After completion of interview. The researcher edited the data collected. Afterwards code numbers were given, for further processing, the data have been entered in Ex-cel sheet for verification.

### **3.6 Period of this study:**

The time taken to complete this study is around 45 days

### **3.7 Limitation of the study:**

- Some of the respondents were not responding to some of the question
- Due to time constraint the researcher was not able to complete the project to desired level

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## **CHAPTER 5: FINDINGS AND CONCLUSION**

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## CHAPTER- 5

### FINDINGS AND CONCLUSION

#### 5.1 FINDINGS

- Understanding the hierarchy of valve manufacturing unit in Larsen &Toubro company.
- From this study, we can find there are 61 roles in Valve Manufacturing Unit.
- By creating the competency directory, we can reduce the unwanted Roles
- From this study, the company can recruit right person for a right job.
- From this study, the company can give training to the existing employees regarding the required knowledge and skills.
- By creating the competency directory, the company can reduce the Manpower
- From this study, we can find that, what are the required knowledge and skills needed to do the current activities of Valve Manufacturing Unit(VMU) in Larsen &Toubro.

## 5.2 LEARNINGS:

- Learned the Organisational structure of Valve Manufacturing Unit in Larsen & Toubro company
- Learned how to approach the Head of the Department
- Learned how many roles are in each department and also activities carried by them
- Learned what are the required knowledge and skills for the current activities
- Learned the competency Directory for the. Valve Manufacturing Unit in Larsen & Toubro company

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### **5.3 CONCLUSION**

“ Conclusion is the position,opinion or judgement reached after consideration”

The competency directory will definitely help the management of L&T to recruit the right person for a right job, to provide training to the existing employee and also to improve the knowledge and skills of the employees.

Larsen & Toubro will keep up reputation and receive many more awards in years to come. The right steps at right place taken by the company have always helped and will helped and will help the company to move up in the success line.

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