Influence of Employees' Core Competencies on Employees Job Performance: A Special Reference to Insurance Companies in Batticaloa District

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Abstract

Human resource is a key factor to achieve competitive advantages in an organization. Work force with best talents is essential for organizational success. Employee's core competencies has been associated with individual skills to fulfill expectation of organization to attain job targets which are established by top management of organization. Employees tend to learn and develop core competencies in order to improve job performance. Job performance is vital because accomplishment of organizational goals and objectives can be evaluated by the performance of human resources. This study examined the research problem of whether employees' core competencies influence on job performance in Insurance companies in Batticaloa district (Manmunai North D.S Division). Quantitative methodology has been employed for this research and questionnaires were issued to obtain the data. This study sample included 152 employees who have been working in Insurance companies. Simple random sampling technique was used and Univariate, correlation, and regression analysis have been used. Finding indicates that employees' core competencies and job performance are at a high level and it also found that there is a strong positive relationship between core competencies and job performance. Moreover, core competencies significantly influence on job performance of Insurance companies in Batticaloa district.

1. Introduction

Business has become an extremely competitive environment to survive by companies as it remains to move towards globalization. According to Kogut (1999), competitive strength is a key factor to maximize profit by lowering the cost than competitors. Therefore, human resources management has been viewed as a significant approach to lower the cost of human capital and improve the organization's wealth (Ibrahim, 2006). Competency plays a vital role in improving performance of human resources. These human resources need to acquire a new set of knowledge, skills, and attitudes to survive from the changing business environment. The workforce should have willingness to learn and develop knowledge, skills, and attitudes on a continuous basis if the organizations need to survive and succeed the business environment. McClelland (1973) defined the competency as "challenging traditional criteria of assessment which had emphasized intelligence evaluation in the higher education system". Spencer &

Spencer (1993) defined as "an underlying characteristic of an employees that is causally related to criterion- referenced effective and/or superior performance in a job or situation". Competency is quantifiable by a standard and it can be enhanced by training and development. This competency can be divided as elements and it is associated to performance. According to Hoffman (1999), the reason for identifying competencies is to improve performance of human resources at work environment. As a result of it, there is an increased demand for employees to change the nature of job that has formed an interest for empirical research in understanding the competencies of employees. However, there are little researches have focused on competencies of employees in Sri Lankan context. This research has been done to determine the extent to which employee's competencies influences on employee's job performance particularly in Insurance industry. Competencies and employee's performance at work are yet at its initial stage, and has become an area for dearth of research. So, there is a dearth of empirical studies in Competencies and employee's performance in Insurance Companies. Thus there exists a clear empirical knowledge gap. Researcher examines this problem in this study and attempts to fill this empirical knowledge gap. Therefore the following research problem is advanced in this study.

2. Research Objectives

1. To examine the level of core competencies of employees in Insurance Companies in Manmunai North D.S. Division in Batticaloa District.
2. To examine the level of job performance of employees in Insurance Companies in Manmunai North D.S. Division in Batticaloa District.
3. To find the relationship between employees' core competencies and job performance of employees in Insurance Companies in Manmunai North D.S. Division in Batticaloa District.
4. To find the employee's core competencies influence on job performance of employees in Insurance Companies in Manmunai North D.S. Division in Batticaloa District.

3. Research Questions

1. To what extent the employees' core competencies exist in Insurance Companies in Manmunai North D.S. Division in Batticaloa District?
2. To what degree the level of job performance of employees in Insurance Companies in Manmunai North D.S. Division in Batticaloa District?
3. What is the relationship between employees' core competencies and job performance in Insurance Companies in Manmunai North D.S. Division in Batticaloa District?
4. Whether employee's core competency influence on employees' job performance in Insurance Companies in Manmunai North D.S. Division in Batticaloa District?

4. Significance of the study

There are extreme competition among organization in the market and to achieve goals and objectives, these organizations need to keep and use its human resources effectively. Every business organizations have to identify the competencies to have a well-trained workforce which will provide

the way to achieve the goals effectively. This study attempted to identify the relationship for organizational employee's core competencies and the employee performance. Finding of this study could give that it is very important for the organizations to assess the core competencies of its employees in order to determine the skill gaps and have requisite performance outcomes to help the organizations in developing effective training and development programs to enhance the operational efficiency and effectiveness.

5. Literature Review

Competencies can be defined as "an underlying characteristic of an employees that is causally related to criterion-referenced effective and/or superior performance in a job or situation". (Spencer & Spencer, 1993). According to Cardy & Selvarajan (2006), competencies have characteristics which could differentiate high qualified employees from lowest performing employees. Dingle (1995) defined that competencies as "combination of knowledge, skills, and awareness. Core competencies give an organization strategic competitive advantage at organizational level and can be defined as a firm's strategic resources that reflect the collective learning in the organization. Core competencies refer to distinctive capabilities of an organization that describe excellence performance, contributes to customer value, and difficult to imitate including the skills and abilities employees are expected to have or develop, as well as the processes required to achieve success (Baker et al., 2009). Moreover, it is considered to be important at a firm's corporate level, which are the key for the firm's survival and are central for its strategy (Fleury, and Fleury, 2005). Core competencies consisted of team work, communication skills, problem

solving skills, manages information, adaptability, and building relationship (Stephen and Uhles, 2012). According to Stephen and Uhles (2012), team work improves relationship among members of informal and formal teams to acquire goals successfully. Employees should have communication skills to communicate clearly and concisely with other employees and it gives proper understanding of information which is given by employees. Employees require problems solving skills to solve complex problem which arises from day to day business activities and this skills leads to develop maneuvers and strategies to solve the problems. Organization involves several business activities therefore it flows high quantity of information. Employees should have effective collection and use of those information to manage ongoing activities. Employees requires adaptability skills to plan, execute, and communicate effective change approaches within a workgroup. Employees need to develop positive relationship among working groups.

Every organization has certain objectives to achieve by employing resources such as human resource, capital, and financial resources. Even though all the resources are important but human resources are much needed resource. Because they can integrate all the resources to achieve objectives and employees with better job performance can achieve those objectives. Job performance is defined as "a function of employee ability and skill and effort in a given situation" (Lawler et al., 1974). According to Eysenck (1998), job performance consists of ability of employees to work with their goals, fulfilling expectations as well as attaining job targets and/or accomplishing a standard that are set by their organizations. Better work performance results in greater organizational success. Study by Heffernan and Flood (2000) found that

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there is a positive relationship between competency and job performance. Armstrong (2006) recommended that competency could contribute to the high levels of performance between employees as well as organization. McClelland (1973) stated that competencies and characteristics of employees expected successful job performance.
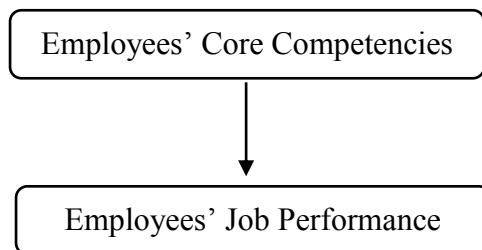
6. Conceptual Framework

Figure 1: Conceptual framework
(Source: Developed for this study)

7. Methodology
7.1. Sample criteria and sample size

The total population of this study is selected from Insurance Companies employees in Batticaloa region from that about 152 employees selected in Manmunai North in Batticaloa. In case of this study, Simple Random Sampling procedure is used. Based on percentage of the total number of employees in 08 Insurance Companies in Manmunai North Divisions, 152 employees were selected for data collection.

Table 1: Sampling framework

Insurance companies	Population	Sample
AIA Insurance Lanka PLC	45	27
Allianz Insurance Lanka Limited	15	9
Arpico Insurance PLC	13	8
Life Insurance Corporation (LIC) Lanka Ltd	34	21
Janashakthi Insurance PLC	17	10
LOLC Insurance Company Ltd	34	21
Sri Lanka Insurance Corporation Ltd	47	29
Union Assurance PLC	45	27
Total	250	152

(Source: Annual Reports of Insurance Companies)

7.2. Source of data used for this study

This research study fully depends on Primary data. It is originated by the researcher for the specific purpose of addressing the problem at hand. These kinds of data collected from many ways such as Questionnaire, Interviewing, and Observation. According to that, questionnaires were issued to employees of Insurance companies in Manmunai North D.S. Division in Batticaloa district.

7.3. Structure of the questionnaire

Regarding the data collection method the researcher fully depend on closed ended questionnaire, for measure Employee's core competency and its effect on Employees' job performance in selected Insurance Companies of Manmunai North D.S. Division in Batticaloa District. Researcher was developed the questionnaire, it contains Part I, and Part II. Part I related with personal information regarding the respondents and Part II related with research information. In this study are the ordinal measures as special mention as "Likert's five points rating Scale". It is used to require respondents to order their answers.

In the administrated questionnaire among the respondents to mark (X) their options regarding the statement in the questionnaires. And also the numerical values was formulate the purpose of

quantification of qualitative variables as follows;

Levels	Scale values
Strongly disagree	1
Disagree	2
Moderately agree	3
Agree	4
Strongly agree	5

7.4. Data analysis and evaluation
7.4.1. Univariate analysis

This study evaluates employees' core competencies and job performance. In the Univariate analysis, mean and standard deviation are used to evaluate the data. In evaluating the mean values of variables, three types of attribute can be can be derived from the variable indicated in the questionnaires between the scales of $1 - 5$ as follows.

Table 2: Decision criteria

Decision criteria	Decision attribute
$1 \leq X_i \leq 2.5$	Low level
$2.5 \leq X_i \leq 3.5$	Moderate level
$3.5 \leq X_i \leq 5.0$	High level

7.4.2. Bivariate analysis

Correlation analysis provides the relationship between two variables such as employees' core competencies as independent variable and job performance as dependent variable. Correlation can be categories based on possible ranges in relation to appropriate decision attributes corresponding way.

Table 3: Decision criteria for correlation analysis

Range	Decision attributes
r=0.5 to 1.0	Strong positive relationship
r=0.3 to 0.49	Moderate positive relationship
r=0.1 to 0.29	Weak positive relationship
r =-0.1 to -0.29	Weak negative relationship
r=-0.3 to -0.49	Moderate negative relationship
r=-0.5 to -1.0	Strong negative relationship

8. Data Analysis and Discussion
8.1. Personal Information

The collected data indicates that there are 66% of male employees and 34% of female employees. To receive accurate findings, almost equally questionnaires were distributed among different designation of employees. Most of employees lies between 25-30 age group and less numbers of employees lies between above 40 age group. Most of employees have G.C.E A/L as educational qualification and less employees have other qualification. Majority of them have 3-6 years of working experience and minority of them have above 9 years of working experience.

8.2. Research Information

Research information considers an independent and a dependent variable of Insurance Companies in Manmunai North D.S. Division in Batticaloa District. For this study, Core competencies of employees in Insurance Companies is

selected as independent variables and job performance is selected as dependent variable. These variables have dimensions that are clearly shown in the literature review. Under these dimensions appropriate indicators also considered to analysis of based on research objectives.

8.2.1. Research objective 1: To examine the level of core competencies of employees

Core Competencies includes six indicators; Such as team work, communication skill, problem solving skill, manages information, adaptability, and building relationship skills. The following table explains level of core competencies of employees.

Table 4: Level of core competencies

Dimensions	Mean	St. deviation
Team work	3.96	0.73
Communication skills	4.03	0.70
Problem solving skills	3.95	0.77
Managing information	3.64	0.95
Adaptability	3.95	0.96
Building relationship skills	3.75	0.83
Core competencies	3.79	0.68

(Source: Survey data)

Core Competencies has high level at its individual characteristic in influencing the factors (Mean =3.79). In addition, most of the respondents expressed the common opinion regarding the independent variable of Core Competencies (SD = 0.68). Dimensions of core competencies such as team work, communication skill, problem solving skill, manages information,

adaptability, and building relationship skills have mean value above 3.5. Therefore, it reveals that those dimensions can be considered as high level of significant attributes in core competencies of employees. Communication skills and team work have contributed more than other dimensions in core competencies. Managing information and building relationship skills have less contribution than other dimensions in core competencies of selected Insurance Companies.

8.2.2. Research objective 2: To examine the level of job performance

Job performance includes eight indicators; Such as productivity & efficiency, job knowledge, reliability & timeliness, availability, independence, achievement, participation, and growth. The following table explains level of job performance of employees.

Table 5: Level of job performance

Dimensions	Mean	St. deviation
Productivity & efficiency	3.95	0.98
Job knowledge	3.75	0.89
Reliability & timeliness	3.60	0.90
Availability	3.39	0.93
Independence	3.87	0.79
Achievement	3.87	0.99
Participation	3.99	0.78
Growth	3.80	0.79
Job performance	3.77	0.68

(Source: Survey data)

Job performance has high level at its individual characteristic in influencing the factors (Mean =3.77). In addition, most of the respondents expressed the common

opinion regarding the dependent variable of Job performance (SD = 0.68). Dimensions of job performance such as productivity & efficiency, job knowledge, reliability & timeliness, independence, achievement, participation, and growth can be considered as high level of significant attributes in job performance of employees and availability can be considered as moderate level of significant attributes in job performance of employees in Insurance Companies. Participation and productivity & efficiency have contributed more than other dimensions in job performance. Availability and reliability & timeliness have contributed less than other dimensions in job performance of selected Insurance Companies.

8.2.3. Research objective 3: To find the relationship between core competences and job performance

Correlation analysis is employed to find out relationship between core competencies and job performance of employees.

Table 6: Relationship between core competencies and job performance

Variables		Core competencies
Job performance	Pearson Correlation	0.861**
	Sig. (2-tailed)	0.000

**. Correlation is significant at the 0.01 level (2-tailed)
(Source: Survey data)

It indicates that there is strong positive relationship between core competencies and job performance of employees in Insurance Companies. It can be stated that

correlation was significant at 0.01 and relationship is linearly correlated.

8.2.4. Research objective 4: To find employee's core competency influence on employee job performance

Regression analysis is used to identify the influence between core competencies and job performance of employees in Insurance Companies.

Table 7: Influence between core competencies and job performance of employees

Independent variable	R^2	F	Sig.
Core Competencies	0.784	543.640	0.000

The model reveals that adjusted R^2 value is 0.784 which is in the model indicates that 78.4% of variation in job performance is explained by the core competencies. The test of significance for the F-statistics is 543.640. Significance on table (p-value = 0.000) which is less than 0.005 and it indicates that the regression model statistically significant.

9. Conclusion

Conclusions have been derived from the findings of research objectives. Employees' core competencies are at high level in selected Insurance companies in Manmunai North D.S. Division in Batticaloa District. According to correlation analysis, there is strong positive relationship between core competencies and job performance of employees and regression analysis stated that core competencies has an influence on job

performance in selected Insurance Companies.

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