

## COMPETENCY MAPPING OF EMPLOYEES IN THE BANKING SECTOR

Nisha Ann Jacob\*

### Abstract

*The banking system in India has undergone tremendous changes in the recent years. Banking services growth in India is closely associated with the employee competency in the respective organization in the form of its productivity and profitability. To compete effectively, banking institutions needs professionals with the requisite skills and expertise not only at the strategic and management level, but also at the technical and operational levels. Traditionally banking industry employed highly skilled people with specialized education qualification for most of its functions. Thus, this research paper is an attempt to assess the competency and analysing the gap between the required and existing skill set among the employees in banks today.*

**Keywords:** *Banking, Competency Assessment, Competency Mapping*

### Introduction

Globalization of the world economy has necessitated an innovative approach in managing the work force. Today the work front is characterized by drastic changes in implementing and developing strategies for employee productivity and growth. For building strong working relationship within the organization, competency of the people has to be continuously monitored and enhanced in congruence with the business plan. Competencies vary from job to job, department to department. For different departments and different jobs, these

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\* Asst. Professor, School of Management, De Paul Institute of Science and Technology, Angamaly

competencies have separate weightage. Accordingly, Competency Mapping rates the employee skills and helps them to improve the competence which is important for their career development. In view of the recent developments of liberalization and globalization, every organization has to achieve excellence to become global. Competence Development will play a pivotal role in this regard.

Banking services growth in India is closely associated with the employee competency in the respective organization in the form of its productivity and profitability. Since banks in India generally appoints well-educated and technically sound work forces for execution of its financial operations. Thus, it could be rightly said that banking is a knowledge-intensive, skills-based and relationship-rich industry. In an increasingly complex and more liberalized environment, the competitiveness of banking institutions will depend critically on the equality of human intellectual capital and the extent to which industry is able to leverage on these talents. To compete effectively, banking institutions need professionals with the requisite skills and expertise not only at the strategic and management level, but also at the technical and operational levels. Traditionally banking industry employed highly skilled people with specialized education qualification for most of its functions. However, over the last few years there has been an increasing trend to outsource some of the activities. This outsourcing has resulted in creation of employment opportunities for minimally educated people which were not earlier part of the banking sector. This has resulted in skill gap among the employees as compared to the requirements of the job titles. Another reason for skill gap is the new method of recruiting which mainly focused on aptitude and intelligence test along with interviews rather than assessing required job competencies. Thus, the

major challenge facing the banking sector today is to formalize a competency analysis process starting from identification of workforce competencies required to perform the business activities to utilization of competency information for workforce activities like staffing, training and development and competency development.

### **Review of Literature**

The Allen Consulting Group (2009) in their report outlines a baseline for labor market and associated skills in eleven selected sectors in Bahrain. It forecasts the labor and skill needs for each sector for future and identify skill gaps within each sector. It also identifies the strengths, weakness, opportunities and threats in terms of the labor market in each sector and associated skill gaps. The study identifies the core skill gaps in areas like investments, dealers, operations, credit analysis, derivatives, traders, asset management and also in support functional skill gaps in financial controls, internal audit, IT, compliance etc.. Banking and finance sector respondents identified the top five skills required in the sector, which include risk management skills, customer service skills, human resource skills and treasury and investment skills.

Prastacos and Gregory(2012) provided a detailed analysis of application of competencies in banking sector and its impact on it. The study also identified the competencies needed for the sector and the developed competency areas like interpersonal excellence, decision making, sales management people management etc. It concluded that the competencies instil a culture of transparency, thus significantly motivating the human capital of the bank.

Survey for the Indian Banking, Financial Services, and Insurance Sector(2010) in the survey conducted to systematically evaluate if there are

gaps in the expectations and performance of newly hired MBAs in the Indian Banking, Financial Services, and Insurance (BFSI) sector. The Skills Gap Survey found that gaps do exist, particularly in Skills such as listening, and team work and collaboration; Attitudes such as self-motivation, self-discipline, and commitment and dedication; and Knowledge such as understanding organization and process; product, solutions, and services; and consumer behavior.

Nithyavathi and Radha(2014) in their study aims to analyze with an introspective view on the various measures initiated by the scheduled commercial banks for enhancing their employees' job competency levels and the competency level of employees in selected commercial banks operating in Coimbatore district. The empirical data analysis found that there exists difference in the competency level of employee's working in one bank to the other. The report suggests that in today's competitive banking environment the bank cannot effect to recruit employees from non-financial discipline and train them frequently to adapt in their work nature. Instead bank must prefer to employees, those candidates who are specialized in banking operations and financial operations. It is also suggested to both public and private sector banks to enhance their employees' communication skills through effective training.

Nayyar, Sudesh and Bimal(2010), discussed the effectiveness of competency mapping for the growth and performance of organization. The analysis of the study reveals that core competencies like Customer focus, Communication, Team Orientation, Technical Expertise, Result Orientation, Leadership, Adaptability, and Innovation these are relevant and necessary for managerial levels of the bank. It is found from the analysis of the study that maximum of the respondent employees give their

consent that training program is required to enhance the performance of the employee and training should be based on scientific or at least systematic identification of competency gaps and competency needs.

The report on Human Resource and Skill Requirements in Banking, Financial Services and Insurance Sector(2010), analyses the skill requirements and gaps across various functions and levels in the banking sector. The report examined and identified the skill requirement and skill gap areas in different levels like executive-sales, executive-operations, branch manager and field executive. The study discussed the skill requirements and skill gaps in corporate banking as well as retail banking. The report identifies the major skill gaps in selling skills, communication skills, people management etc. which are essential for the banking organization.

In another study (Central Bank of Nigeria, 2012) focused on efforts to promote, standardize and sustain skills and competency development in the Nigerian Banking industry. The recent global financial crisis exposed the inadequacy of skills and dearth of executive capacity in the banking industry. From the foregoing, the development of staff competencies has become important in addressing these inadequacies, underscoring the need to train a new generation of banking professionals that is customer-centric, technology-savvy and flexible. The framework is expected to address the competency challenges in the banking industry, explore growth opportunities as well as critically facilitate improvement in the quality of the industry's human capital. Under the framework, successful banks will be those that distinguish themselves by according high priority to continuous enhancement of human capital and lifelong learning.

## **Methodology**

This is a descriptive study based on the survey conducted through sampling method among the employees working in traditional and new generation private commercial banks. This research work measures the role of competency in the efficient performance of employees. The variables or the dimensions identified for the study are basic knowledge and skill, personal competencies, communication skills, leadership skills, technical skills, interpersonal skills, risk management skills, behavioral competencies and planning and objective setting. A structured pretested questionnaire was developed to assess the competency levels for each dimension.

The study was undertaken with the following objectives:

1. To identify the core competencies needed for bank employees to perform optimally in their various jobs/tasks.
2. To measure the role of competency mapping in the efficient performance of the employees.

Variables identified for the study are Skill assessment, intellectual skills, service efficiency, and empowerment, learning orientation, team building, cognitive competency, promotive nature and administrative competency

## **Results and Discussions**

From the analysis of the competency dimensions of different employees can be categorized in to three based on the level of competency they possessed. The three categories are, people having low level competency, moderate level competency and high level competency. The categories can be identified by grouping their response in to three separately for each dimension.

**Table: 1 Range of different categories on each competency dimension**

Competency Dimensions	Competency		
	Low Level	Moderate	High Level
1. Skill Assessment	2.4-3.2	3.2-4	4-5
2. Intellectual Skills	2.5-3.33	3.33-4.16	4.16-5
3. Service Efficiency	2.71-3.47	3.47-4.23	4.23-5
4. Empowerment	2.67-3.44	3.44-4.22	4.22-5
5. Learning Orientation	2.37-3.25	3.25-4.12	4.12-5
6. Team Building	2.5-3.33	3.33-4.17	4.17-5
7. Cognitive competency	2-3	3-4	4-5
8. Promotive nature	2.5-3.33	3.33-4.17	4.17-5
9. Administrative competencies	2.16-3.11	3.11-4.06	4.06-5

(Source: Survey Data)

The table: 1 shows the categorization of respondents on the basis of competency for each dimension as low level, medium level and high level. Depending on the dimension there is difference in the lower and upper values for low, medium and high level of competency.

1. Competency gap on different dimensions could be identified to measure the difference or gap that exists between the different categories of the employees. This research aimed to analyze the competency gap of the two categories of employees, i.e. executives and non-executives based on the determined competency dimensions. The findings are as follows:

- a) The difference in the mean values of two categories of employees on skill assessment is 0.07. The t-test confirmed that there is

no difference in the skill assessment as the dimension of competency.

- b) The difference in the standard deviation of the dimension of intellectual skills in two categories is 0.111. The t-test conducted confirmed that there is no difference in the intellectual skills as a dimension of competency.
- c) The difference in the mean values of the dimension service efficiency is 0.076. As per the t-test conducted, the p value is 0.231 which is higher than 0.05. That is there is no difference in service efficiency the dimension of competency.
- d) The difference in the mean values of two categories on empowerment is 0.23. T test also lead to the conclusion that this was found to be significant.
- e) The difference in the mean values of two categories of employees in the dimension of learning orientation is 0.05, which was found to be not significant in the t test.
- f) In the case of team building also, no significant difference was found between executives and non-executives.
- g) The difference in mean values of cognitive competency between executives and non-executives is 0.28 which is significant at 5 percent level.
- h) In the dimension of promotive nature, there is no significant difference between executives and non-executives.
- i) The difference in the mean values of two categories of employees is 0.22 for the dimension of administrative competency. As per the t-test conducted this difference in administrative competency between the two groups is significant.



- 2) The role of competency in the performance of employees is identified using Pearson Co-efficient of correlation. The correlation between efficiency and competency is 0.694 and it indicates a strong positive correlation. That is competency plays a major role in the efficiency of the employees. Hence, it is natural that when competency of the employees increases the efficiency also increases and vice versa.

### **Conclusion**

In this paper the researcher has attempted to identify gaps in the competency levels executive and non-executive banks employees in Ernakulum District. A total of 9 dimensions have been used to assess the performance level and identify the gaps. It is found that there exist competency gaps in four dimensions. They are empowerment, team building, cognitive competency and administrative competency. These could be developed by giving training and personality development classes for the employees.

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