Abstract

Today, in every organization, human resource plays an important role in its success. The constant challenge for banks is getting their people to execute those behaviors that will deliver the organizational vision, values or strategic goals. Every person has different qualities, attitude, motives, personality traits, skills etc. that will affect their work performance. Human Resource (HR) department of banks is entrusted with the responsibility of searching, assigning and evaluating the employees by recruitment, selection and performance appraisal. The main objective of these functions is the assessment of suitability of the individuals for different functional jobs and developing their potential to be effective and excel in assigned jobs. Therefore, banking institutions are interested to ensure competency and professionalism to serve their customers better.

I. INTRODUCTION

At the heart of any successful activity lies the competency or skills. In today’s competitive world it is becoming particularly important to build on the competitive activities of business. The competency approach to human resources management is not new. The early Romans practiced a form of competency profiling that attempts to detail the attributes of a “good Roman soldier”. The introduction of competency based approaches within the corporate environment initiated around 1970 and their development and use since then has been rapid. The distinguished Harvard’s psychologist, David McClelland is credited with introducing the idea of “competency” into the human resource literature; in his efforts to assist the United States Information Agency, to improve its selection procedures. The latter argued
that traditional intelligence tests, as well as proxies such as scholastic grades, failed to predict job performance. McClelland’s counter argument to the growing dissatisfaction with the intelligence testing and the traditional job analytic approaches to personnel selection, was the proposal to test for competency. An organization’s market value and financial success rely increasingly on competence, as well as on intangibles like: knowledge, loyal customers and other manifestations of human capital (McLagan, 1997). These factors, amongst others, have created an impetus for innovative trends and advancements in the practice of human factor assessment techniques. Competency-based assessment is a process that determines whether a person meets the standards of performance required by a job. It is a new and unfamiliar technique to many practitioners arousing numerous queries, interest and even objections (Hager, 1994). 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 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.

II. COMPETENCY AND PERFORMANCE RELATIONSHIP

Many researchers believe that competency is one of the determinants in performance. Using factor analysis and the structural equation method, Wang and Chen (2002) found that managerial traits, managerial skills of managers have a close relation to job performance. For the last few decades, competencies are often used for the basis of performance appraisal (Cardy and Selvarajan, 2006). The competencies, as a measurement tool, identify behavioral factors relevant to performance in the job and viewed as how the job is carried out. Hence many organizations use competency models as a part of their employee development program to appraise behavioral performance indicators together with objectives (Özçelik and Ferman, 2006). Accordingly, many scholars (McClelland, 1973, Levenson, et.al, 2006, Ryan, et.al., 2009) have claimed that assessment of employees’ competencies provide an effective method for predicting job performance.

There is a variety of research that clarifies the relationship between competencies and employees’ job (task) performance (McClelland, 1973; Liu, 200; Dainty, 2004; Levenson, 2006; Ryan, et.al, 2009). For example, findings of Ahadzie et.al.’s (2009) study demonstrate the suitability and potential usefulness of their competency-based model that reflects elements of both performance behaviors and outcomes in predicting the performance. Similarly, there are other research (Ryan et.al, 2009; Spencer, et.al 2008) highlighting the validity and utility of competencies in predicting employees’ work performance.

Furthermore, there are studies that indicate the affects of certain competencies on individual job performance. For example Qiao and Wang, (2009) suggest that team-
building, communication; coordination, execution and continual learning are critical competencies for the success of middle managers in China. Researchers examined the influence of job performance based on different factors of competency, and some researchers examined the influence of competency on job performance from dynamic perspective by introducing intermediate variables.

III. INTRODUCTION TO COMPETENCY IN BANKING INDUSTRY

Competency is the sum total of all skills, knowledge and attitudes, manifested in the employee's behaviour. It is the "means" to achieve the "ends." “Competency is an underlying characteristic of an individual that is causally related to effective and/or superior performance in a job or a situation.” (Boyatzis, 1982). A plan to build and effectively utilize the required competency is the core theme in competency management, which determines the economic optimization of organizational goals. In today’s fast moving and knowledgeable world, it is very difficult for an organization to develop a sustainable competitive advantage. For achieving this, organizations are required to improve their operational efficiency and effectiveness. Competency management of currently available resources determines performance of any organization. Among the resources of an organization, skilled Labour is the vital resource for enhancing the output of the organization. According to Cheng et.al (2003) “the establishment of the competency of individuals is crucial for the further development of an organization”. Therefore, it is very essential to identify the individual competencies to improve the performance of the employees. According to Zeti Akhtar Aziz (2005) “Banking is a knowledge intensive, skills-based and relationship-rich industry”. In a progressive, complex and a more liberalized environment, competitiveness of banks will depend significantly on the quality of human resource and the extent to which the industry is able to enhance these talents. To compete effectively, banking institutions need professionals with the ample skills and expertise at all functional areas. Thus, the banking sector gives more priority to strengthen their intellectual human resources and the competency of them. With rapid changes taking place in the financial landscape, Scheduled Commercial banks in India need a new generation of professional bankers who are more customer-centric, technology-savvy, more highly qualified, flexible and agile with behavioural skill sets that are now more comprehensive than previously. The quality of human capital will increasingly become the cutting edge of competitiveness. Having competent staff to deliver high quality products and services is important to build customer confidence and goodwill, driving customer satisfaction, enhancing reputation, and ultimately realizing individual bank’s corporate vision and strategic goals. Therefore, banking institutions are interested to ensure competency and professionalism to serve their customers better.

IV. GAPS IN EXISTING LITERATURE

The banking system in India is currently poised for far reaching changes. The emerging business profile of banks would include non-traditional areas like merchant banking, mutual
funds, newer financial services, personal investment counseling, factoring, venture capital and possibly consultancy and research services. Along with conventional banking the banks will also enter areas of modern business ventures. These changes will call for new knowledge, skills and attitudes and training systems will have to stand up to these challenges. The enhanced technological adoption can reduce the number of routine workers at the bottom levels and increase the number of knowledge workers. The new technology will transform the skill structure in banks. The advent of technological changes, especially extensive use of computers in the sector has changed the work patterns of the bank employees and has made it inevitable to advance the competencies of the workforce in the sector.

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 needs professionals with the requisite skills and expertise not only at the strategic and management level, but also at the technical and operational levels.

With the entry of new players in the banking sector armed with innovative products, the banking system as a whole and the older banks in particular started to face a widening gap in skill sets of human resources. The new method of recruiting which mainly focused on aptitude and intelligence test along with interviews rather than assessing required job competencies may results in to widening skill gaps in the sector. Thus, the major challenge facing the banking sector is to formalize the 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. Therefore, it appears necessary to identify the various competencies required by the employees to perform their assigned task efficiently. And also it is necessary to investigate the effect of competency on the job performance of employees in the banking sector. Accurate job competencies need to be communicated to all the employed in the sector. Thus, the study is to examine the effect of competency assessment on job performance of employees in select commercial banks in Kerala.

V. CONCLUSION

Along with financial capital and technology, human resources contribute a lot to the capabilities of the banking sector to face the new challenges thrown open by globalization and liberalization. The winners in this sector will be the players who can understand the customer, fulfill customer needs, and achieve high levels of customer retention. For understanding the needs of the customers and fulfilling them, the bank employees both at
the managerial and clerical level must have the required level of competency and their job performance should also be analyzed. For this, they must aim to improve their skills as and when new changes occur. This study refers the various competencies required by the employees to perform their tasks and also to examine the influence of competency on job performance. Human Resources (HR) are more important in the service organizations than in goods producing industry. Banking sector is one of the most important service sectors. In the present era, Banking has become a highly competitive industry and for the competitive advantage, it has to enter new businesses and new markets, to develop new ways of working, to improve efficiency of employees, and to deliver higher levels of customer service. The recent trend is opening the commercial banks and their branches in every corner of the state for providing extended services to the society. Now everybody knows that the market and customers are changing frequently, their expectations have taken new forms and policies relating to people change as it is the people who are the key differentiators in the new era. But it is difficult to practice customer-centric strategic management without first achieving employee satisfaction. Therefore, the banks are focusing on the customer-centric strategic management. Employees on the frontline in banking sector are in constant contact with the customer and the customer satisfaction depends upon employee performance that in turn depends on employee satisfaction.

VI. REFERENCES


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