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"A STUDY ON COMPETENCY ASSESSMENT: A GAP ANALYSIS AMONG THE EXECUTIVE AND NON-EXECUTIVE BANK EMPLOYEES OF PRIVATE COMMERCIAL BANKS IN ERNAKULAM DISTRICT"

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Abstract

The banking system in India is currently poised for far reaching changes. 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. Therefore, it appears necessary to investigate if there is any difference in job competency expectations held by the banking sector for their employees between the required competency levels to the existing level of working. Thus, the study is to make a competency assessment; analyzing the gap between the required and existing skill set among the executive and non-executive employee in private commercial banks in Ernakulam District, Kerala. The study also identifies the dimensions of competency which are relevant and the role of competency in efficient performance of employees. The respondents in and around several selected private banks were randomly approached for their responses. Further detailed statistical analysis was done for the obtained data with the application of various analytical tools. On the basis of the analysis the dimensions identified were skill assessment, intellectual skills, service efficiency, empowerment, learning orientation, and team building, and cognitive competency, promotive cognitive and administrative competency. The results and interpretations reveal that four dimensions considered in this study have a significant gap among the employees and competency has significant impact on efficiency of employees.

Key Words: competency assessment, gap analysis, banking sector, skill gap analysis, executives, non-executives

1. Introduction

Banks competitive positions are constantly being challenged because of today's rapidly changing environment. Current and past successes do not guarantee success in the future. Clearly, the old paradigm of measuring the strength of an organization wholly or primarily on results is no longer sufficient. Banks are faced with a new challenge: how to build and measure organizational capability to support their growth and/or change strategies. In Indian banking sector, the employee's role, their needs and job roles are changing day by day. With the age profile of staff undergoing changes, banks will have to focus on leadership development and succession planning. Therefore, it is absolutely essential for any bank to adopt those changes in the employees' role and respond according to the changes. Indian scheduled commercial banks are forced to maintain competency at every level in order to survive amongst the competitors, since bank employees are the backbone for the business

organization. Based on the above discussed concept, this study aims to analyze and draw an introspective analysis on the competency level of employees in selected private commercial banks operating in Ernakulam district. The selected banks are the Federal Bank, South Indian Bank, ICICI Bank and HDFC Bank.

This study tries to find out what are the competencies ruled for an individual to be a successful bank employee and identify the gap between the present skill and the required future skills. The key to achieving business growth and success is having a workforce with the capacity to continually learn, update their knowledge, and hone their skills in today's rapidly changing environment.

1.1 Banking Today

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.

Therefore, it appears necessary to investigate if there is any difference in job competency expectations held by the banking sector for their employees between the required competency levels to the existing level of working. Accurate job competencies need to be communicated to all the employed in the sector. Research indicates that the closer of the employer job competency expectations i.e., the required competency level to the actual job competency level of the employees brings the better chance for productivity improvement, multi skill development and the higher employees will rate overall job satisfaction. In a knowledge based economy, the performance of business organizations depends on ensuring that all categories of employees possess current and up-to-date knowledge and skill.

2. Tools And Techniques Of Analysis

The primary data were subjected to selected statistical tools keeping in view with the objectivity of study and hypothetical statements proposed for the study. The statistical tools used for the primary analysis are Cronbach's Alpha and Parallel, ANOVA, T-Test, Correlation, Factor Analysis for factor reduction, chi-square test, linear regression analysis and Kaiser-Meyer-Olkin (KMO) and Bartlett's Test.

3. Reliability Statistics

Table 1. Reliability Statistics of various dimensions

Variables	Cronbach's alpha	Cronbach's alpha based on standardized items	ANOVA	Reliability of scale-parallel
Basic Knowledge and Skill	0.701	.699	0.013	
Personal Competencies	0.639	.644	0.062	.639
Communication Skills	0.650	.643	0.017	
Leadership Skills	0.650	.652	0.395	.650
Technical Skills	0.764	.762	0.000	
Interpersonal Skills	0.676	.672	0.254	.676
Risk Management Skills	0.674	.673	0.011	
Behavioral Competencies	0.698	.700	0.047	
Planning and Objective setting	0.746	.746	0.003	

Reliability statistics shows the values of Cronbach's Alpha and ANOVA values for each variable. Generally it is insisted on a reliability score of more than.5 is desirable for Alpha and ANOVA values should be less than 0.05. In most of the cases, this criterion is fulfilled and the reliability can be ensured. In some cases, that is the ANOVA value of Personal competencies, leadership skills and interpersonal skills are not satisfying the required criterion. So other test for reliability is examined and the reliability of scale is satisfied in those cases as the minimum requirement is 0.5.

4. Analysis And Results

The data were analyzed via SPSS 16.0 for Windows. Descriptive statistics were used to describe and summarize the properties of the mass of data collected from the respondents.

Parametric statistics like one way ANOVA and t-test pair-wise comparison were conducted to analyze any gap between employees on various dimensions of competency.

4.1 Identification Of Core Competencies

Factor analysis is used for the identification of core competencies from the dimensions selected for the study. The Principal Component Analysis with Varimax and Kaiser Normalization is the method used to extract factors. The identified new factors were:

Table 2. Components extracted and final competencies identified

Variables used	Competencies identified
1. Basic knowledge and skill	Skill assessment
2. Personal competencies	Intellectual skills
3. Communication skills	Service efficiency
4. Leadership skills	Empowerment
5. Technical skills	Learning orientation
6. Interpersonal skills	Team building
7. Risk management skills	Cognitive competency
8. Behavioral competencies	Promotive nature
9. Planning and objective setting	Administrative competency

4.2 Employees Under Different Levels Of Competency

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. Following table reveals the number of employees in each level of competency under various dimensions:

Table 3. No. of employees under different categories on each dimension

Competency Dimensions	Competency Levels (No. of Employees)								
	Low level			Moderate			High Level		
	Exe.	Non.	%	Exe.	Non.	%	Exe.	Non.	%
1) Skill Assessment	4	3	2	16	47	21	80	150	77
2) Intellectual Skills	12	12	8	47	82	43	41	105	49
3) Service Efficiency	6	18	8	43	97	47	51	85	45
4) Empowerment	16	5	7	38	106	48	46	89	45
5) Learning Orientation	5	10	5	42	63	35	53	127	60
6) Team Building	7	23	10	35	105	47	58	72	43
7) Cognitive competency	4	3	2	48	55	34	48	142	63
8) Promotive nature	8	14	7	49	83	44	43	103	49
9) Administrative competencies	14	4	6	46	79	42	40	117	52

4.3 Analysis Of Demographic Variables On Competency

An analysis of demographic factors is done to determine whether there is any significant difference on competency based on the demographic classifications.

Hypothesis: Selected demographic variables significantly influence the overall competency of the employees

The following table shows the implications of test using ANOVA:

Table 4. Implications of test result using ANOVA

Demographic Variables	p- value	
	Executives	Non-Executives
Age with competency	0.000*	0.238
Gender with competency	0.392	0.127
Education with competency	0.399	0.055
Experience with competency	0.221	0.037*
Competency levels of employees in different banks	0.970	0.013

(*The difference is significant at 0.05 levels)

The test result shows that the difference is significant in only two cases. That is there is significant difference in competency of different age groups among executives and in the case of non-executives; the competency is significantly differ with respect to the experience.

4.4 Competency Gap Of Employees On Various Dimensions

This research aims to analyze the competency gap of the two categories of employees, i.e. executives and non executives based on the determined competency dimensions. Here the competency gap is identified using mean and standard deviation and analyzed using result of t-test.

Hypothesis: There exists a competency gap among the employees based on determined competency dimensions

Table 5. Competency gap based on mean and standard deviation and result of t-test

Dimensions	GAP		p- value (T-test)
	Mean	Standard Deviation	
1) Skill Assessment	0.07	0.14	0.2246
2) Intellectual Skills	0.11	0.111	0.0892
3) Service Efficiency	0.076	0.09	0.2315
4) Empowerment	0.23	0.15	0.0035*
5) Learning Orientation	0.05	0.06	0.5036
6) Team Building	0.18	0.14	0.0162*
7) Cognitive competency	0.28	0.13	0.0031*
8) Promotive nature	0.09	0.03	0.252
9) Administrative competency	0.22	0.05	0.012*
Overall Competency	0.089	0.01	0.032*

(*The difference is significant at 0.05 levels)

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. The t-test result also reveals that there exists gap among executives and non-executives in overall competency.

4.5 Competency Analysis Based On Different Dimensions

The expected competency is determined for the all dimension of competency and then competency gap among the employees is identified.

Table 6. Competency analysis and number of employees

DIMENSIONS	No. of executives			No. of non-executives		
	Expected Competency	More than	Less than	Expected Competency	More than	Less than
1) Skill Assessment	5.332	55	45	5.256	114	86
2) Intellectual Skills	5.320	53	47	5.436	106	94
3) Service Efficiency	5.092	49	51	5.014	107	93
4) Empowerment	4.587	52	48	4.812	101	99
5) Learning Orientation	4.913	58	42	4.962	117	83
6) Team Building	4.548	60	40	4.366	93	107
7) Cognitive competency	4.885	48	52	5.165	94	106
8) Promotive nature	5.124	51	49	5.212	103	97
9) Administrative competency	5.039	59	41	5.112	97	103

The comparison of actual competencies of the employees with their expected level of competency helps to determine the number of employees having more than expected competency and employees who are below the level of competency. The above table summarizes the analysis.

4.6 Employees In Different Competency Levels Based On Overall Competency

From the analysis of the competency of the employees, they can be grouped in to three based on the analysis of response. The competency is categorized in to three as Excellent Competency, Moderate Competency and Slacking Competency. The following table explains number of employees based on the category which belongs to the different competency levels.

Table 7. Range and number of employees in different competency levels

Competency	Executives		Non-Executives	
	Range	**No. of Employees**	**Range**	**No. of Non-Employees**
Excellent	More than 5.38	13	More than 5.45	36
Moderate	4.67-5.38	73	4.77-5.45	134
Slacking	Less than 4.67	14	Less than 4.77	30
TOTAL		100		200

From the analysis of the above the tables, it is clear that while comparing the executives and non-executives, highest frequency belongs to the moderate level of competency, namely 73 percent and 67 percent respectively. In the case of executives the second highest frequency is in the slacking level of competency. Similarly in the case of non-executives 18 percent of them belong to excellent competency level.

4.7 Role Of Competency In The Efficient Performance Of Employees

The role of competency in the performance of employees is identified using Pearson Co-efficient of correlation. Here the two variables are efficiency and competency. The SPSS output calculates the correlation coefficient to get a numerical indication of any correlation between the variables.

Hypothesis: Competency mapping significantly influence the efficient performance of employees

Table 8. Correlation analysis between Efficient performance and competency of Employees

Executives		**Efficient Performance**	**Competency**
Competency	Pearson Correlation	.724**	1
	N	100	100
Non-Executives		Efficient Performance	Competency
Competency	Pearson Correlation	.680**	1
	N	200	200

(**Correlation is significant at the 0.01 level (2-tailed))

From the analysis, the correlation between efficiency and the competency of executives is 0.724 and among non-executives it is 0.680. That is a strong positive correlation which is significant at 5 percent level. That is competency and efficiency of the employees is related. Hence it is natural that when competency of the employees increases the efficiency also increases and vice versa.

4.8 Efficiency Estimation

The efficiency and competency is correlated and hence the efficiency level of employees increases as the competency increases. This can be estimated using an equation which is derived from the analysis of the present study. The equation for calculating the efficient performance of the employees is determined separately for executives and non-executives using linear model.

The summary of analysis shows that the efficient performance of the executives and non-executives can be estimated using the following regression equation.

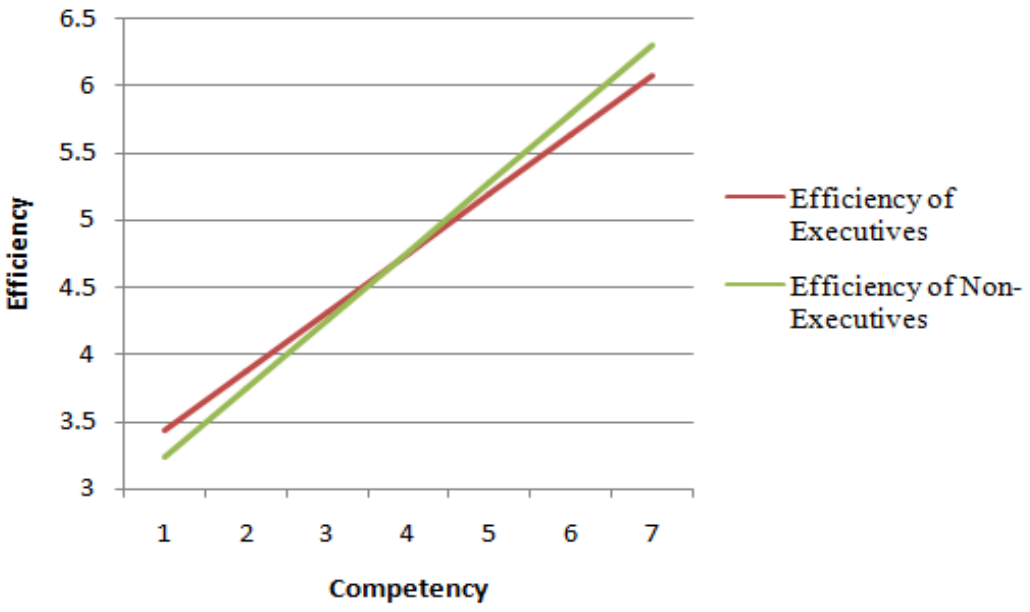
Efficiency of executives = 0.801 + 0.879 Competency

Efficiency of non-executives = 0.184 + 1.020 Competency

The efficient performance of the executives and the non-executives is determined using the equation determined above and this estimation of efficiency for Executives and Non-executives at different competency is calculated as follows and then it is plotted to determine the more efficient group.

Table 9. Estimation of Efficient performance of Executives and Non-Executives

Competency	Efficiency of Executives	Efficiency of Non-Executives
3	3.438	3.2424
3.5	3.8775	3.7522
4	4.317	4.262
4.5	4.7565	4.7718
5	5.196	5.2816
5.5	5.6355	5.7914
6	6.075	6.3012



The graph indicates the relation between the competency and the efficiency of executives and non-executives. From analyzing this it is clear that when competency of the non-executive employees increases with the level of competency compared to the executives.

5. Conclusions

HRD in banks can be defined as "planning, organizing, directing and controlling of a program that has a wide range of activities relating to the development of employees in terms of enabling them to acquire competencies needed to perform their present and future jobs with ease and enthusiasm". It is a continuous process to ensure the development of employee competencies, dynamism, motivation and effectiveness, in systematic and planned manner. The present study has been attempted to identify gaps in the competency levels executive and non executive banks employees in Ernakulam 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. The t-test result also reveals that there exists gap among executives and non-executives in overall competency.

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