

Competency Mapping - An Instrument for Enhancing Excellence among Financial Sector Employees

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Abstract- *Financial organizations require executives with updated skills and a modern understanding. They must assess the competencies of their employees through mapping and implement plans to enhance these capabilities, positioning the organization for success. They should identify and cultivate a pool of internal talent based on their competencies to tackle new business ventures and establish a career path leading to senior management roles. Competency mapping is now a critical factor in the survival of financial companies. Competency evaluations aid in aligning staff experience, skills, and talents with employee retention, recruitment, performance management, training and development, and reward management. The analysis of these skills allows for their systematic integration and efficient use by employees in fulfilling their responsibilities. A commitment to excellence enables employees to achieve their desired success.*

Keywords- *Competency Mapping, Excellence, Financial Sector, Banks, Financial firms*

1. INTRODUCTION

1.1 Competency Mapping- A Tool for Excellence of Employees in Financial Sector

Competency refers to the inherent traits necessary for successful completion of a task, activity, or role. This can encompass various forms, such as knowledge-based, attitude-based, skill-based, or behavioral competencies like values, motivations, and self-perception. Competency is typically defined as the actions or behaviors employees must possess or acquire to perform effectively in a given situation. Competencies serve as internal drivers for motivating employees, steering systems and procedures, and guiding the company towards shared objectives, thereby enhancing organizational value. Understanding the competency needs of an organization can bring together various HR functions and services, such as recruitment, training, performance management, compensation, performance evaluation, career and succession planning, and a comprehensive human resource management system.

1.2 Concept of Competency Mapping

Each job has specific duties, responsibilities, and accountability, along with main tasks and

Key Result Areas. To perform the job effectively, certain competencies such as skills, knowledge, attitudes, and abilities are necessary. The level of competency required varies by role, making it important to determine the necessary competencies and their required level. This can be achieved by breaking down the job into its components, determining the standards required, and identifying the required competencies.

Competency Mapping involves aligning the competencies required for a specific job (Position Profiling) with the current competencies of the person in that job (Person Profiling). It assesses the employee's current level of competency and compares it to the desired level for that role. Competency Mapping is a process used to identify the necessary competencies to perform a job or role successfully, and it is applied in various aspects of HR such as recruitment, training, career planning, performance evaluation, and recognition. The process involves breaking down a job into its component tasks and determining the required technical, managerial, conceptual, and behavioral competencies for successful performance.

Competency mapping is a crucial exercise for any well-managed organization. It involves defining the roles and determining the necessary

competencies for each role to be performed effectively. This information should then be used for HR processes like recruitment, performance evaluation, promotions, placement, and training needs identification. The competency framework serves as the foundation for all HR activities and leads to improved outcomes in HR processes. In the financial sector, executives need a unique set of skills and understanding, making the correct selection of new recruits vital. Competency mapping is often utilized by private sector banks to effectively utilize the strengths of their employees. Banks should also assess the competencies of their workforce and create action plans for development. A pool of employees with specific competencies should be identified for handling new business opportunities and a position-oriented career path should be established to prepare them for future senior management positions. Private sector companies realized that in order to grow, they needed to expand their sales force and quickly increase the number of sales associates. This was necessary to sell new products and address high turnover in field offices and variations in sales effectiveness among employees. The sales force was trained in cross-selling products. A competency model, which outlines the combination of knowledge, skills, and traits necessary for successful job performance, was developed to support the sales team. This model was incorporated into the company's selection process and performance management system to ensure that the criteria for hiring and evaluating salespeople were aligned with the competencies required for effective performance. The goal was to enhance productivity and reduce turnover.

Organizational development experts have sparked widespread interest in the concept of competencies as a critical aspect and measurement of human performance. Competencies are increasingly being used and discussed as a tool for various organizational purposes, including:

- Identifying the elements necessary for success in jobs and roles within the organization

- Evaluating the current performance and future development needs of individuals in these positions

- Plotting potential career paths for employees within the organization

- Allocating compensation grades and levels to specific jobs and roles

- Using competency-based interviewing methods to choose candidates for open positions.

The benefit of performing competency mapping and recognizing emotional aptitudes is that many employers now seek out and hire employees with specific competencies. They may be looking for someone who excels at time management or has strong active listening skills, or someone who is proactive or able to follow instructions well. Understanding one's own competencies can also provide a competitive advantage when searching for new job opportunities. A competency dictionary within an organization provides comprehensive definitions of the competencies used within the company. It includes comprehensive explanations of the various combinations of competencies, including technical, managerial, interpersonal, and conceptual knowledge, as well as attitudes and skills, using language specific to that organization.

2. NEED FOR COMPETENCY MAPPING

The importance of having employees with strong competencies and developing unique competencies for each organization has become increasingly recognized in today's global economy. In recent years, many organizations have invested in competency mapping to address these needs, which include the rising cost of manpower, the requirement for competent individuals in critical roles, the understanding that having the right human resources is essential for effectively managing technology, finances, customers, markets, systems and processes, and the emphasis on performance management systems. To remain relevant and valuable within organizations and

to clients and customers, professionals in the field of workplace learning and performance must continually evaluate their own competencies, enhance their skills, and have the courage to make necessary changes. The strategic advantage of employee competencies in building a strong core for the organization is also widely acknowledged.

3. AREAS OF IMPLEMENTATION OF COMPETENCY MAPPING

Competency mapping can be used to construct a template in recruitment and selection, training and development, succession and career planning, performance management and rewards and recognition etc.

1) Recruitment and Selection

Competencies can be used to develop a framework for hiring and promoting employees. Competency-based selection helps to choose the right individuals who will fit well into the organization and succeed in their roles. This method takes into account the necessary skills, abilities, and traits that are required for a successful performance in a particular job. Using competencies for recruitment and selection offers several advantages, including avoiding the common problems faced by organizations such as poor job performance, high turnover, and lengthy training periods for new hires. It also helps to identify future managers or leaders and to determine the training needs of new employees. Therefore, using competencies in the selection process can help organizations avoid the issues associated with hiring and promoting employees who are not a good fit for the job or the company. The level of competencies required for effective performance can be determined, and the data may include behaviors, skills, abilities, and other characteristics associated with success on the job.

2) Training and Development

The goal of training and development is to identify gaps and support employee growth in the right direction. By mapping and profiling competencies, individuals can be trained in a cost-effective manner, aligning with the

development needs identified through appraisal systems and contributing to both personal and business objectives. To achieve this, the following steps can be taken:

- Determine the required competencies for a specific position
- Assess the competencies of the current holder of that position
- Identify any gaps between the role's competencies and the person's competencies to determine training and development needs
- Choose the most appropriate training method for each trainable competency

This approach to training can reduce costs for the organization and also support career planning. Employees can compare their own competencies with the requirements of different jobs, allowing them to make informed decisions about their careers.

3) Career and Succession Planning

Assessing employee readiness or potential for new challenges involves evaluating their job fit by comparing their competency profile to the set of competencies required for success in a particular field. This way, individuals can determine if they have the potential to pursue a particular position. Succession planning is a process that ensures that employees are recruited and developed to fill key roles within a company. The goal of succession planning is to develop the knowledge, skills, and abilities of top employees and prepare them for advancement into increasingly challenging roles. This helps retain top employees, as they appreciate the investment that the organization is making in their growth. To be effective, the succession planning process must identify the skills, knowledge, and abilities of employees at various levels. This information is then used to determine gaps in performance through competency mapping, and top employees are then identified for further training. Competency-based career and succession planning is important for several reasons, including ensuring business continuity, meeting future skill and talent needs, having the right people in the right roles, addressing skill shortages proactively, maximizing competitiveness as an

employer, promoting from within, providing a supportive growth environment, and focusing learning and development efforts.

4) Rewards and Recognition

Competency-based pay is a form of compensation that rewards individuals for their specific skills and abilities, rather than just their job or organizational role. This type of pay recognizes the unique characteristics and competencies of each employee, such as experience, initiative, loyalty, and memory portability. The aim of competency-based pay is to incentivize employees to use their skills and abilities effectively in line with the organization's goals. In determining pay increases, the improvement of an employee's competencies is a key factor to consider. Competency-based rewards and recognition are necessary to:

- Attract highly competent employees
- Reward results and developed competencies
- Motivate employees to continually improve and maintain their skills and competencies
- Help the organization improve its future-readiness by rewarding employees who develop relevant competencies.

5) Performance Management

Performance management aims to achieve results in a way that aligns with the organization's desired competencies and behaviors. Competencies, being critical behaviors demonstrated in the workplace, play a crucial role in performance management. Competency-based performance management goes beyond just assessing the results, it also evaluates the methods used to achieve these results. The evaluation of performance has two aspects:

- Achieving business outcomes
- Developing employee competencies

Competency-based performance management:

- Focuses on the way results are achieved, not just the results themselves, and links performance evaluation to employee development rather than just rewards.
- Shifts the focus of performance appraisals from organizational results to employee

behaviors and competencies demonstrated, thus identifying areas for development.

4. REVIEW OF LITERATURE

In this study various research papers were considered to study and understand the concept related to human resource development practices but it is not feasible to include all the review of literature. Competency mapping is an important tool for identifying and developing the skills and abilities of employees in the financial sector. It involves the assessment of an individual's abilities, skills, and performance to determine areas of strength and weakness, as well as potential for growth and development. This approach has been widely recognized as a means of enhancing employee excellence and contributing to overall organizational success. A review of the literature on competency mapping in the financial sector highlights several key findings. Firstly, competency mapping is seen as an effective method for aligning employee skills and abilities with organizational goals and objectives. This allows organizations to focus their development efforts on areas where employees are lacking, resulting in improved performance and increased competitiveness. Another key finding is that competency mapping is also an important tool for individual career development and career progression. By identifying areas of weakness, employees can work to enhance their skills and abilities, while also gaining a clearer understanding of the competencies required for success in their current role and future roles they may be interested in pursuing. Furthermore, the literature suggests that competency mapping is an effective way to enhance employee engagement and motivation. By focusing on the development of individual competencies, employees are more likely to feel valued and recognized for their contributions, leading to higher levels of job satisfaction and motivation. In conclusion, the literature on competency mapping in the financial sector highlights its importance as a tool for enhancing employee excellence and contributing to overall organizational success. Through the alignment

of employee skills and abilities with organizational goals, the identification of areas for growth and development, and the enhancement of employee engagement and motivation, competency mapping has been shown to be a powerful instrument for improving the performance and competitiveness of financial sector employees.

The reviews have been discussed in brief as follows: Boyatzis (1982) conducted a research in this area and examines that competent employees are the greatest assets of any organisation. Talent management, employee engagement and employee retention have become the key concerns of HRD professionals. Brown (1999) conducted a research in this area and analyse that building a sales culture means getting the whole bank marching in profitable formation and competency assessments can help in the alignment of staff experience, skills and talents. Vakola (2000) conducted a research in this area and examines that the competency approach to human resources management is based on identifying, defining and measuring individual differences in terms of the abilities that are critical to successful job performance. Sparrow (2004) conducted a research in this area and examines the psychological contract in a sample of 107 employees in a bank. Kanhere (2006) conducted a research in this area and highlights the importance of the competency mapping in different HR functions like recruitment, performance appraisal, training and development and its overall impact on the organization. Column (2007) conducted a research in this area and examines that banks should identify from within and create a special pool of people based on their competencies for handling new and emerging business opportunities. Gory (2007) conducted a research in this area and analyse that the purpose of competitive advantage depends largely on the ability to activate and use organisational resources. Singh (2008) conducted a research in this area and analyse that the Branch Heads/Managers are the focal points of banks who are not only responsible for their own performance but also of their teams.

The perusal of review of literature revealed the fact that Competency mapping of the employees has become one of the core concerns to the survival of Companies. Competency assessments can help in the alignment of staff experience, skills and talents, employee retention, recruitment and selection, performance management, training and development, and reward management. It attempts to make an analysis of these skills so that they can be systematically inculcated and methodically used by the employees for discharging their duties efficiently. The main focus of previous studies has been mainly on the identifying the key competencies required for the job rather than its impact on employees excellence. That is why a need was felt to conduct a fresh research to study the impact on excellence of employees in private financial sector companies by identifying the competencies of employees.

5. OBJECTIVES OF THE STUDY

- To determine the key competencies necessary for employees to perform their tasks effectively
- To examine the areas where competency mapping can be applied in the Financial sector to enhance both employer and employee performance.
- To assess the impact of competency mapping on the performance of employees in the Financial sector

6. DATA METHODOLOGY AND FINDINGS OF THE STUDY

The study employed Descriptive Research methodology, with a sample size of 400 employees working in four private sector banks (HDFC Bank, ICICI Bank, AXIS Bank, and YES Bank) in Jalandhar city. The sample was selected through Non-probability convenience sampling. The data was analyzed using percentages and various statistical tools such as Friedman two-way ANOVA test, Reliability analysis, and Factor analysis with the aid of SPSS software.

7. FINDINGS OF THE STUDY

The study yielded the following results:

- A majority of respondents believed that the concept of competency mapping is necessary in the financial sector for competitiveness.
- Most respondents reported that they had gained leadership competencies through work experience.
- A majority of respondents deemed competency mapping of employees as crucial for the survival of banks.
- The ranking of the five factors of competency mapping practices in order of importance, with recruitment and selection being the most important and career and succession planning the least contributing factor.
- Most respondents believed that competency mapping is crucial for enhancing employee performance in banks.
- A majority of respondents agreed that competency mapping results in a more accurate recruitment and selection process for the organization.
- Most respondents agreed that competency mapping leads to improved employee performance.
- The majority of respondents reported that competency mapping conducted by banks leads to significant improvements in task performance.
- Most respondents were satisfied with the competency mapping system in place at the banks.
- The majority of respondents agreed that competency mapping provides a foundation for improvement and a minority believed that it acts as a major strength for employee excellence in the financial sector.

8. CONCLUSION

The financial sector in India, like other service industries, is highly competitive, driven by globalization and modernization. To succeed in this rapidly changing world, individuals need to possess the necessary competencies. Private sector banks recognize that their employees' competencies are critical to their success,

particularly in the face of global competition. Inadequate competencies are often cited as a major factor in organizational failure. Competency refers to the set of skills and attributes required to perform a job or role effectively. Competency mapping is the process of identifying and assessing these competencies and using the information to guide recruitment and selection, training and development, performance management, reward and recognition, and career and succession planning. Previous research in the area has primarily focused on identifying the key competencies needed for a job, rather than its impact on employee excellence. However, in private sector banks, employees see the need to introduce competency mapping due to increased labor costs, a competitive environment, and a need to identify areas for improvement and attract quality manpower. Recruitment and selection, career and succession planning, training and development, rewards and recognition, and performance management are being practiced as competency mapping activities in the financial sector. Employees believe that the benefits of these practices result in more accurate recruitment and selection, effective training and development plans, improved business results, increased employee retention, and a fair appraisal system. The majority of respondents agree that competency mapping is a basis for improvement and the majority disagree that competency identification is a significant factor in employee excellence in the financial sector.

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