Volume : 3 | Issue : 2 | Feb 2014 • ISSN No 2277 - 8160

Research Paper | Management

Job Competency of Bank Employees in India (With Special Reference to Coimbatore District)

Ms.K.Nithyavathi — Ph.D Research Scholar, Department of Management, Karpagam University, Coimbatore, Tamil Nadu, India

Dr. P.Radha — Research Supervisor,Department of Management, Karpagam University, Coimbatore & Associate Professor, RVS Institute of Management Studies, Coimbatore,Tamil Nadu

ABSTRACT

This 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 research methodology of the study is both exploratory and descriptive research in nature. The current study is focused on the scheduled commercial banks functioning 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 author 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. The author also emphasis that the bank management must aim for building and reinforcing corporate vision and culture that fosters creativity and recognizes the potential talent among their recruits. The author believes that 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 level.

KEYWORDS : Bank, Competency, Creativity, Employees, Talent, Training

Introduction

Acquiring and retaining talent is the most critical challenge facing the banking industry, especially for both Indian Public Sector and Private Sector banks. A four decade–long legacy shaped by the constraints of state ownership, and short tenures of top management has created a precarious instability for public sector banks. The diminishing people advantage of the public sector banks has to be restored with urgency. This crisis has reached a tipping point, and the competitiveness of the entire sector hangs in the balance of its HR. Most importantly without addressing its HR issues, the public sector cannot rise to the challenge of financial inclusion in any meaningful manner. On the other hand, with the entry of foreign banks, the private sector banks are forced to compete in terms of employee efficiency, technology savvy work forces, target achievements and also in terms of earning customer satisfaction. With the changing environment, both public and private sector banks have opportunities and at the same time have to face the threats that have been possessed by the HR resource imbalances. Strengthening the employees' competency is the only possible solution by which the banks can determine its future growth prospects. Because, competency always contributes to the high levels of performance between individuals as well as organization.

Statement of the Problem

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.

Objectives of the Study

Based on this concept this study aims to analyze and draw an introspective view on the:

- Various measures initiated by the scheduled commercial banks for enhancing their employees' job competency levels
- The competency level of the employees in selected commercial banks operating in Coimbatore district.

Hypothesis of the Study

- The competency level of bank employees' is not closely associated with training received by them.
- The competency level of bank employees' is not closely associated with job rotation.
- The competency level of Bank employees' is not closely associated with knowledge gained by them.
- The competency level of bank employees' is not closely associated with methods adopted to improve their communication skills by them.

Research Methodology

The research methodology of the study is both exploratory and descriptive research . The current study is focused on the scheduled commercial banks functioning in coimbatore district. There are 651 bank branches of Nationalized Banks, SBI& Associates, Old Private Sector Banks, New Private Sector Banks and Foreign bank functioning in Coimbatore district. Of which four branches are foreign branches that is excluded from this study. Out of the total 46 domestic scheduled commercial banks operating in India, 30 per cent was chosen as the sample banks for survey i.e., 14 banks (Six Nationalized banks, two SBI & Associated Banks, four Old Private Sector Banks and two New Private Sector Banks). The list of sample banks are: (i) SBI & A: State Bank of India, State Bank of Travancore. (ii) Nationalized Banks: Canara Bank, Indian Bank, Corporation Bank, Indian Overseas Bank, Syndicate Bank, Union Bank of India. (iii) Old Private Sector Banks: KarurVysya Bank Ltd, City Union Bank Ltd, Lakshmi Vilas Bank Ltd and Tamilnad Mercantile Bank Ltd. (iv) New Private Sector Banks: Axis Bank Ltd and ICICI Bank Ltd.

Both primary data and secondary data were collected for this study. The primary data have been collected with the help of questionnaire. A questionnaire was prepared and distributed to the bank employees. The relevant information was obtained from various bank employees through the questionnaire. The secondary data are those which are already collected by someone for some purpose. Secondary data were collected from different sources like newspaper, magazines, journals, books, records, websites, pamphlets, etc..for which the researcher has approached various institutions like Bharathiar University, Amrita University, PSG School of Management, SIMA Library, SRM University.

Results and Discussions

The empirical results and discussions of this research paper are briefly summarized in this section of the study.

Demographic Status of the Employee

Empirical results of the study reveals that 56.25 of the sample subjects

participate in the study are female and majority i.e. 56.79 per cent of respondents' belong to the age group 26-30 years. Further, it has been found that majority i.e. 66.61 of respondents' are married and it has also observed that majority of the respondents' i.e. 69.82 per cent of respondents' have completed their post-graduation degree.

Job Profile of the Employee

It has been concluded that 42.86 per cent of respondents' are working in Nationalized Banks. It has been found that majority i.e. 56.61 per cent of respondents' have gained 5 years' work experience or less than that. Further, it has been inferred that, 40 per cent of respondents' of were designated in administration department in the selected commercial banks. It has also been inferred that majority i.e. 53.04 per cent of respondents' monthly earning ranges between Rs 30, 001 to Rs 40, 000.

Role of Banks to Enhance Employee's Competency Level

Cent percent of respondents have opined that they the banks organize training programme to keep the staff updated with latest enactments in banking. 41As per the empirical results of the study, 46.79 per cent of bank employees have opined that the banks offer training programmes to them occasionally and majority of respondents i.e., 56.61 per cent have attended the training programs for 3 to 5 times.It has also been found that majority i.e. 83.21 per cent of employees have attended training programs for a no of days. Similarly, 80.18 per cent of bank employees have opined that the banks are adopting job rotation technique to broaden employee's knowledge. It has been concluded that majority i.e., 96.61 per cent of respondents' are in favour of job rotation as it provide opportunities for job enrichment and career development. It has been clearly inferred that 52.86 per cent of banks have been changing the rotation of job for 7 to 12 months. Batch of 46.60 percent of respondents' have opined that they are enrich job knowledge through work experience and 43.39 percent of respondents' have opined that they develop their communication skill through chatting with their colleagues.

H1: The competency level of bank employees' is not closely associated with training received by them.

TABLE: 1
RESULT OF CHI-SQUARE
ASSOCIATION BETWEEN COMPETENCY LEVELS OF BANK EMPLOYEES' AND TRAINING RECEIVED

Variables	Chi-square Value	DF	Table Value	Remark
Frequency of training	52.324	2	5.991	Rejected
No of training attended	27.189	2	5.991	Rejected
Duration of training programmes	22.206	1	3.841	Rejected
Conductor of training programmes	40.788	1	3.841	Rejected

Level of Significance: 5 per cent

The calculated chi-square values are greater than the table values 5.991 and 3.841 with degrees of freedom one and two at 5 per cent level of significance. Therefore, the hypothesis framed stands rejected and it concluded that the competency level of bank employees' is closely associated with training received by them.

H2: The competency level of bank employees' isnot closely associated with job rotation by them.

TABLE: 2
RESULT OF CHI-SQUARE
ASSOCIATION BETWEEN COMPETENCY LEVELS OF BANK EMPLOYEES' AND JOB ROTATION

Variables	Chi-square Value	DF	Table Value	Remark
Job rotation	25.826	1	3.841	Rejected
Frequency of job rotation	23.173	2	5.991	Rejected

Level of Significance: 5 per cent

The calculated chi-square values are greater than the table values 5.991 and 3.841 with degrees of freedom one and two at 5 per cent level of significance. Therefore, the hypothesis framed stands rejected and it has been concluded that the competency level of bank employees' is closely associated with job rotation by them.

H3: The competency level of bank employees' isnot closely associated with knowledge gained by them.

TABLE: 3
RESULT OF CHI-SQUARE
ASSOCIATION BETWEEN COMPETENCY LEVELS OF BANK EMPLOYEES' AND KNOWLEDGE GAINED

Chi-square Value	DF	Table Value	Remark
75.056	3	7.815	Rejected

Level of Significance: 5 per cent

The calculated chi-square value is greater than the table value 7.815 at 5 per cent level of significance. Therefore, the hypothesis framed is rejected and it has been concluded that the competency level of bank employees' is closely associated with knowledge gained by them.

H4: The competency level of bank employees' isnot closely associated with methods adopted to improve their communication skills by them.

TABLE: 4
RESULT OF CHI-SQUARE
ASSOCIATION BETWEEN COMPETENCY LEVELS OF BANK EMPLOYEES'AND THEIR COMMUNICATION SKILLS

Chi-square Value	DF	Table Value	Remark
48.125	4	9.488	Rejected

Level of Significance: 5 per cent

The calculated chi-square value is greater than the table value 9.488 at 5 per cent level of significance. Therefore, the hypothesis framed stands rejected and it has been concluded that the competency level of bank employees' is closely associated with methods adopted to improve their communication skills by them.

Factor analysis technique has been applied to find the underlying dimension (factors) that exists in the 10 variables relating to the rate of competency level.

TABLE: 5
CUMULATIVE RATE OF COMPETENCY LEVEL

Variables	Initial	Extraction
Creativity	1.000	.828
Team work	1.000	.690
Learning orientation	1.000	.880
Analytical ability	1.000	.804
Decision making skills	1.000	.877
Communication skills	1.000	.888
Initiative	1.000	.666
Job knowledge	1.000	.884
Leadership	1.000	.876
Management skills	1.000	.875
Positive approach	1.000	.938
Self- confident	1.000	.880
Time management	1.000	.713
Sense of responsibility	1.000	.938
Problem solving skills	1.000	.715

In order to provide a more parsimonious interpretation of the results, 15-item scale was then factor analyzed using the Principal Component method with Varimax rotation.

Factor analysis attempts to identify underlying variables, or factors, that explain the pattern of correlations within a set of observed variables. Factor analysis is often used in data reduction to identify a small number of factors that explain most of the variance observed in a much larger number of manifest variables. In the current study rotation factor analysis is performed to measure the association between rate of competency level and category of bank. The significance of relationship between the variables is depicted in Table: 6

TABLE: 6
ROTATED COMPONENT MATRIX RATE OF COMPETENCY LEVEL

Factors	Banks			
	NB	SBI	OPB	NPB
X_1- Creativity	.533	.728	-.103	-
X_2- Team work	.631	.473	.253	-
X_3- Learning orientation	.102	-	.184	.914
X_4- Analytical ability	.875	-	.171	-
X_5- Decision making skills	.840	.102	.225	.333
X_6- Communication skills	.240	-	-.254	.872
X_7- Initiative	.683	.170	.411	-
X_8- Job knowledge	.939	-		-
X_9- Leadership	.830	.209	.121	.359
X_{10}- Management skills	.759	.394	-.147	.350
X_{11}- Positive approach	-	.852	.446	.104
X_{12}- Self- confident	.342	.204	.848	-
X_{13}- Time management	.634	.466	.305	-
X_{14}- Sense of responsibility	-	.852	.446	.104
X_{15}- Problem solving skills	.119	.303	.780	-
Eigen Values	5.375	2.800	2.279	1.999
0 of variances	35.832	18.668	15.191	13.326
Cumulative	35.832	54.5	69.692	83.018

Level of Significance: 5 per cent

Four factors extracted together account for 83.018 percent of the total variance (information contained in the original 15 variables). This is pretty good, because we are able to economize on the number of variables (from 15 researcher have reduced them to four underlying factors), while the data lost only about 16.982 percent of the information content (83.018 percent is retained by the four factors extracted out of the 15 original variables). Since the idea of factor analysis is to identify the factors that meaningfully summarize the sets of closely related variables, the rotation phase of the factor analysis attempts to transfer initial matrix into one that is easier to interpret. Varimax rotation method is used to extract meaningful factors.

Four factors were identified as being maximum percentage variance accounted. The variable X_1,X_2,X_4, X_5,X_7,X_8,X_9, $X_{10}$and X_{13} is grouped as factor I and it accounts for 35.382 per cent of the total variance. The variable X_1, $X_{11}$and X_{14} constitute the factor II and it accounts for 18.668 per cent of the total variance. The variable $X_{12}$and X_{15} is grouped as factor III and it accounts for 15.191 per cent of the total variance. The variable X_3 and X_6 is grouped as factor III and it accounts for 13.326 per cent of the total variance.

EXHIBIT: 1
SCREE PLOT ANALYSIS
RATE OF COMPETENCY LEVEL

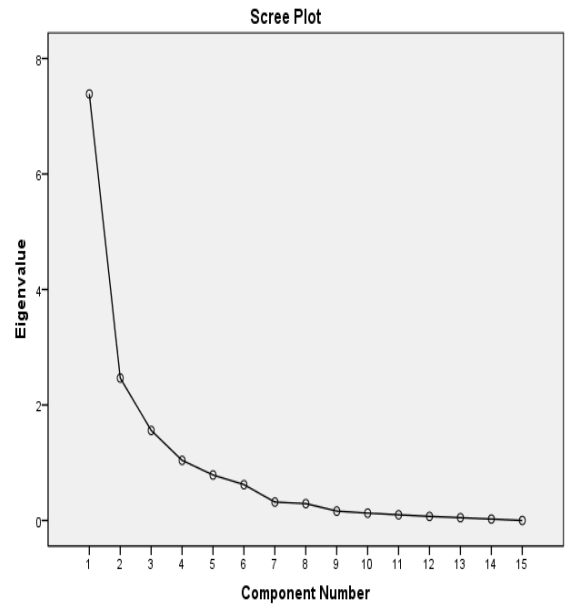


TABLE: 7
SUMMARY OF COMPETENCY LEVEL AND RELIABILITY MEASURE VALUES

Factors	Factor interpretation	Variables included in the factors	Cronbach's Alpha
F_1	Nationalized Bank	Creativity, Team work, Analytical ability, Decision making skills, Initiative, Job knowledge, Leadership, Management skills, Time management	.936
F_2	State Bank of India	Creativity, Positive approach, Sense of responsibility	.894
F_3	Old Private Sector Bank	Self- confident, Problem solving skills	.691
F_4	New Private Sector Bank	Learning orientation, Communication skills	.669

Source: Computed From Primary Data

Factor analysis was used to find out the employees rate of competency levels. The Cronbach's reliability values (.936, .894, .691 and .669) indicate significant correlation in employees'rate of competency levels. The cross sectional data analysis infers that among the banks surveyed: Nationalized banks employees have more competitive factors such as Creativity, Team work, Analytical ability, Decision making skills, Initiative, Job knowledge, Leadership, Management skills, Time management. Besides, a State bank of India employee' acquires competitive qualitative like: Creativity, Positive approach, Sense of responsibility. Further, it has been observed that the old private sectors bank employees' are self-confident and acquire the skill of problem solving. Moreover the new private sector banks employees are good at learning orientation and communication skills. Thus, from the empirical data analysis, it has been concluded that there exists difference in the competency level of the employee's working in one bank to the other.

Findings and Suggestions

From this study, it has been observed that 46.60 percent of respondents' have opined that they are gaining knowledge through work experience. In the today's competitive banking environment the bank cannot effect to recruit employee from non-financial discipline and train them frequently to adapt to their work nature. Instead, bank must prefer to employee those candidates who are specialized in banking operations and financial operations. This strategic recruitment should not be strict to their regular examination pattern, rather should be based on individual competency and the traditional an individual possesses.

This in turn also reduces the operational cost incurred by the banks in training its employees on basic activities and increases its profitability.

It has been found that 43.39 per cent of respondents' have opined that they develop their communication skill through chatting with their colleagues. Thus, it suggested to both public and private sector banks to enhance their employees' communication skills through effective training. The training programmes should aim to provide and share a proper communication medium and making the employees realizing their organizational culture, sharing work knowledge, openness, collaboration & confrontation, autonomy etc., The training should aim to bring out the employees best performance.

One of the prime challenges faced by the modern banks operating in India today is the development of the special competencies among their employees and enhancing their skills for credit appraisal and risk management in an environment of deregulation and openness. The bank management must aim for building and reinforcing corporate vision and culture that fosters creativity and recognizes the potential talent among their recruits.

Conclusion

HRD in banks can be defined as "planning, organizing, directing andcontrolling of a programthat has a wide range of activities relating to thedevelopment of employees in terms of enabling them to acquire competenciesneeded to perform their present and future jobs with easeand enthusiasm". Itis a continuous process to ensure the development of employeecompetencies, dynamism, motivation and effectiveness, in systematic andplanned manner. It deals with bringing about improvements inphysical capacities, relationships, attitudes, values, knowledge and skills ofthe employees required for achieving the purposes of the banks. Ifemployeesare effective, their contribution to the banks will be effective, consequentlythey will also be effective in accomplishing their business objectives. Individual bank management corporate have to realize the importance of enhancing employee competency level and should take adequate measures to strengthen their work force, for future success in terms of both productivity and profitability.

REFERENCES

• Dr.K.A.Goyal& Vijay Joshi (2012), Indian Banking Industry: Challenges and Opportunities, International Journal of Business Research and Management (IJBRM), Volume (3) : Issue (1), pp 18-28 | • Dr. RashmiSoni (2012), Managerial Effeciency-Key Driver towards the Profitability of Indian Commercial Banks in Turbulent Time, International Journal of Applied Research and Studies IJARS. Vol.I, Issue II,PP:1-16, ISSN 2278-9480,/Sept-Nov. | • National Institute of Financial Management, Management Development Programme on "Competency Building: A Way of Job Performance", September 23-27, 2013. | Website | • http://businesstoday.intoday.in/story/best-banks-2012-indian-banking challenges/1/189858.html,Dec 9th 2012 | • http://www.nifm.ac.in/files/MDP/MDP%20website/S1.%20No.%2017/SSK1_Brochure.pdf |