

Employees' awareness towards their competencies required in the banking sector in India (with special reference to Coimbatore district)

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Abstract

Banking services in India are now going through a phase of improvement since the liberalization of Indian economy. Competencies are the knowledge, skills, and abilities that influence one's job. Employees awareness are needed to perform various functional tasks at all levels. The scope of employees' competency includes different aspects like knowledge, skill, attitude, ability, talent, power, etc. The empirical analysis provided a clear understanding on the selected bank employees' awareness towards their competencies required in the banking sector in order to retain their job. 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. Acquiring awareness and retaining talent is the most critical challenge facing the banking industry, especially for the both Indian Public Sector and Private Sector banks. Strengthening the employees' awareness of competency in the banking sector is the only possible solution by which the banks can determine its future growth prospects. The author also emphasis that the bank management must aim for building awareness about the job to their employees and recognizes the potential talent among their recruits.

Keywords: Competency, Awareness, Employees, Challenge, Growth, Talent

Introduction

The banking sector in India has grown in the past two decades, there are two areas in which the Indian banking industry will be severely challenged to find a solution over the next decade. First pertains to the rising expectation from banks to find an economically viable solution for financial exclusion. The second pertains to human resources challenge in the public sector. While the first challenge demands unusual innovation and experimentation, the second threatens to cripple the ability of the largest segment of the banking industry from being able to innovate and stay competitive. Acquiring awareness and retaining talent is the most critical challenge facing the banking industry, especially for the both Indian Public Sector and Private Sector banks.

It would warrant creation of new competencies and capabilities for its employees based on an on-going basis for which an environment of continuous learning would have to be created so as to enhance knowledge, skills and awareness. Based on this concept, this study aims to understand the employees awareness towards their competencies required in banking sector in selected commercial banks operating in Coimbatore district.

Statement of the problem

Employees in banking sector are committed to prove their competency levels to ensure that they met the expectations and actual needs of customers, employees and the Indian economy as a whole. Awareness is absolutely essential for any bank employees to adopt the changes and respond according to the changes. To compete effectively, banking institutions needs professionals with the requisite skills and awareness not only at the strategic and management level, but also at the technical and operational levels.

Objectives of the study

Based on this study, the study aims to understand the employees awareness towards their competencies required in banking sector in selected commercial banks operating in Coimbatore district.

Hypotheses of the study

H1: There exists association between employees' level of awareness towards their competencies and the category of bank they work.

H2: There exists association between employees' level of awareness towards their competencies and their work experience.

H3: There exists association between employees' level of awareness towards their competencies and their designation of work.

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. For effective data collection the researcher adopted stratified random sampling techniques. In Coimbatore district there are 531 bank branches of Nationalized Banks, SBI & Associates, Old Private Sector Banks, New Private Sector Banks and Foreign bank are functioning. Of which four branches are foreign branches that is excluded for this study. Out 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). At the end of data collection process, the

sample size was 560 bank employees. Both primary data and secondary data were collected for this study. The primary data have been collected with the help of questionnaire. The relevant information was obtained from various bank employees through a questionnaire. 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 Bank. 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 inferred that majority i.e. 53.04 per cent of respondents’ monthly earning ranges between Rs 30, 001 to Rs 40, 000.

Employees’ Awareness towards their Competencies

Competent employees are the main resource of any banks in acquiring a competitive advantage. Land, buildings or materials do not yield productivity, rather, it is ‘people capital’ that runs a business and produces value from existing resources. The demand for effective and competent employees continuously increases in both public and private banks, because a dynamic global marketplace and increasing foreign competition has compelled to become more effective and flexible in response to the rapidly changing environment. Banking being in the service industry, the employees’ competencies becomes an important factor for assessing the bank’s performances. This section of the study aims to analyze employees’ level of awareness towards their competencies.

Table 1: Employees’ level of awareness towards their competencies required for effective work execution

Variables	Sum	Mean	Rank
Knowledge on effective communication with others	2484	4.44	1
Procedures for lending loan	2146	3.83	10
Latest amendments in banking	2258	4.03	8
Knowledge of employees, behavior modification, and attitude change process	2220	3.96	9
Building positive, straight forward, and trusting relationship with others.	2427	4.33	2
Ability to maintain high level of integrity in achieving results	2372	4.24	3
Able to maintain an effective interpersonal relationship	2351	4.20	4
Ability to understand interpersonal problems	2295	4.10	7
Understanding about self- strength and weakness	2351	4.20	4
Awareness of the skill to anticipate and adopt for future issues	2315	4.13	6

Source: Primary Data

As stated earlier, “Competency” as a combination of knowledge, skills, and attitude are utilized by an employee to improve their work performance. Based on this concept, the data presented in the above table discusses the sample banking employees’ awareness towards the competency levels an employee need to possess for effective work execution. The above table indicates that sample employees have gain enough knowledge on effective communications with others and it has gained a mean score of 4.44 and ranked in first place. Similarly, respondents are aware about the importance of: positive thinking, straight forward and trusting relationship with others, and ability to maintain high level of honesty in achieving expected results both with the senior officials and the clients i.e. customers. These factors are ranked in second and third place with mean score of 4.33 and 4.24 respectively. Realization of employees about their capability of maintaining an effective relationship with others and knowledge of self-strength and weakness are rated in the fourth place with the high mean score of 4.20. Employees’ awareness on the skill to anticipate and

adopt for future plans is ranked in sixth place with the mean score of 4.13. Followed by it, employees’ ability to understand about interactive problem is placed in seventh position with mean score of 4.10. Now a day, Banking Amendment bill are expected to create more confidence among investors and depositors in both public and private sector banks in India. Employees’ knowledge on these issues is ranked in eighth place with moderate mean score of 4.03. Employees’ realization and knowledge on behavior modification, attitude change, process requirement in modern banking functions, and their understanding on procedure for lending loans are ranked in ninth and tenth places respectively. Thus, it is concluded that employees have gained knowledge on effective communications with others and its average at 4.44, and this is ranked in first place.

H1: There exists association between employees’ level of awareness towards their competencies and the category of bank they work.

Table 1: Result of Anova test Employees' level of awareness towards their competencies required for effective work execution and the category of bank

Reasons	Source	Sum of Squares	DF	Mean Square	F	Sig
Knowledge on effective communication with others	Between Groups	25.604	3	8.535	42.339	.000
	Within Groups	112.081	556	.202		
	Total	137.686	559	-		
Procedures for lending loan	Between Groups	1.207	3	.402	1.462	.224
	Within Groups	153.015	556	.275		
	Total	154.221	559	-		
Latest amendments in banking	Between Groups	1.240	3	.413	4.242	.006
	Within Groups	54.181	556	.097		
	Total	55.421	559	-		
Knowledge of employees, behavior modification, and attitude change process	Between Groups	.421	3	.140	.840	.472
	Within Groups	92.865	556	.167		
	Total	93.286	559	-		
Building positive, straight forward, and trusting relationship with others.	Between Groups	11.087	3	3.696	13.565	.000
	Within Groups	151.469	556	.272		
	Total	162.555	559	-		
Ability to maintain high level of integrity in achieving results	Between Groups	8.721	3	2.907	17.537	.000
	Within Groups	92.165	556	.166		
	Total	100.886	559	-		
Able to maintain an effective interpersonal relationship	Between Groups	.761	3	.254	1.598	.189
	Within Groups	88.237	556	.159		
	Total	88.998	559	-		
Ability to understand interpersonal problems	Between Groups	1.721	3	.574	6.663	.000
	Within Groups	47.877	556	.086		
	Total	49.598	559	-		
Understanding about self- strength and weakness	Between Groups	12.227	3	4.076	29.518	.000
	Within Groups	76.771	556	.138		
	Total	88.998	559	-		
Awareness of the skill to anticipate and adopt for future issues	Between Groups	12.535	3	4.178	44.316	.000
	Within Groups	52.421	556	.094		
	Total	64.955	559	-		

Level of significance: 5 percent

H2: There exists association between employees' level of awareness towards their competencies and their work experience.

Table 2: Result of Anova test Employees' level of awareness towards their competencies required for effective work execution and their work experience

Reasons	Source	Sum of Squares	DF	Mean Square	F	Sig
Knowledge on effective communication with others	Between Groups	15.731	3	5.244	23.907	.000
	Within Groups	121.954	556	.219		
	Total	137.686	559	-		
Procedures for lending loan	Between Groups	21.438	3	7.146	29.922	.000
	Within Groups	132.784	556	.239		
	Total	154.221	559	-		
Latest amendments in banking	Between Groups	1.355	3	.452	4.645	.003
	Within Groups	54.066	556	.097		
	Total	55.421	559	-		
Knowledge of employees, behavior modification, and attitude change process	Between Groups	6.014	3	2.005	12.772	.000
	Within Groups	87.271	556	.157		
	Total	93.286	559	-		
Building positive, straight forward, and trusting relationship with others.	Between Groups	62.195	3	20.732	114.854	.000
	Within Groups	100.361	556	.181		
	Total	162.555	559	-		
Ability to maintain high level of integrity in achieving results	Between Groups	4.005	3	1.335	7.661	.000
	Within Groups	96.881	556	.174		
	Total	100.886	559	-		
Able to maintain an effective interpersonal relationship	Between Groups	5.960	3	1.987	13.302	.000
	Within Groups	83.038	556	.149		
	Total	88.998	559	-		
Ability to understand interpersonal problems	Between Groups	7.674	3	2.558	33.922	.000
	Within Groups	41.925	556	.075		
	Total	49.598	559	-		
Understanding about self- strength and weakness	Between Groups	3.969	3	1.323	8.650	.000

Awareness of the skill to anticipate and adopt for future issues	Within Groups	85.030	556	.153	5.377	.001
	Total	88.998	559	-		
	Between Groups	1.831	3	.610		
	Within Groups	63.124	556	.114		
	Total	64.955	559	-		

Level of significance: 5 percent

H3: There exists association between employees' level of awareness towards their competencies and their designation of work.

Table 3: Result of Anova test Employees' level of awareness towards their competencies required for effective work execution their designation of work

Reasons	Source	Sum of Squares	DF	Mean Square	F	Sig
Knowledge on effective communication with others	Between Groups	40.262	2	20.131	115.094	.000
	Within Groups	97.424	557	.175		
	Total	137.686	559			
Procedures for lending loan	Between Groups	13.571	2	6.786	26.872	.000
	Within Groups	140.650	557	.253		
	Total	154.221	559			
Latest amendments in banking	Between Groups	5.289	2	2.644	29.380	.000
	Within Groups	50.133	557	.090		
	Total	55.421	559			
Knowledge of employees, behavior modification, and attitude change process	Between Groups	7.881	2	3.940	25.699	.000
	Within Groups	85.405	557	.153		
	Total	93.286	559			
Building positive, straight forward, and trusting relationship with others.	Between Groups	9.701	2	4.850	17.674	.000
	Within Groups	152.855	557	.274		
	Total	162.555	559			
Ability to maintain high level of integrity in achieving results	Between Groups	21.078	2	10.539	73.554	.000
	Within Groups	79.808	557	.143		
	Total	100.886	559			
Able to maintain an effective interpersonal relationship	Between Groups	1.123	2	.562	3.560	.029
	Within Groups	87.875	557	.158		
	Total	88.998	559			
Ability to understand interpersonal problems	Between Groups	2.658	2	1.329	15.771	.000
	Within Groups	46.940	557	.084		
	Total	49.598	559			
Understanding about self- strength and weakness	Between Groups	.915	2	.457	2.892	.056
	Within Groups	88.084	557	.158		
	Total	88.998	559			
Awareness of the skill to anticipate and adopt for future issues	Between Groups	.609	2	.305	2.637	.072
	Within Groups	64.346	557	.116		
	Total	64.955	559			

Level of significance: 5 percent

The ANOVA test results presented in the Table: 4.9, 4.10, and 4.11 indicates that probability value of ANOVA test at 5 per cent level establish good relationship between the variables. Therefore, the hypothesis framed stand accepted and it has been concluded that there exists association between

iii. Employees' level of awareness towards their competency levels and their designation of work. However, there exist differences in employees' understanding capacity about their own strength and weakness and their awareness about the skills that have to improve for the future betterment.

- i. Employees' level of awareness towards their competency levels and their category of bank they work. From the empirical data analysis it has been inferred that employees' competency levels are low in case of their awareness towards procedures for lending loan, knowledge of employees on behavior modification and attitude change process and able to maintain an effective interpersonal relationship.
- ii. Employees' level of awareness towards their competency levels and their work experience.

Factor analysis

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 employees' awareness towards competency levels and category of bank.

Table 4: Rotated component matrix - Employees' level of awareness towards their competencies required for effective work execution

Factors	Banks			
	NB	SBI	OPB	NPB
X1- Knowledge on effective communication with others	-	-	-	.793
X2- Procedures for lending loan	.529	-	-	-
X3- Latest amendments in banking	.920	-	-	-
X4- Knowledge of employees behavior modification, and attitude change process	.959	-	-	-
X5- Building positive, straight forward, and trusting relationship with others	.527	.657	-	-
X6- Ability to maintain high level of integrity in achieving results	-	-	-	.828
X7- Able to maintain an effective interpersonal relationship	-	-	.871	-
X8- Ability to understand interpersonal problems	-	-	.850	-
X9- Understanding about self- strength and weakness	-	.957	-	-
X10- Awareness of the skill to anticipate and adopt for future issues	-	.951	-	-
Eigen Values	2.545	2.541	1.970	1.538
0 of variances	25.451	25.413	19.698	15.833
Cumulative	25.451	50.864	70.562	85.945

Level of significance: 5 per cent

Four factors extracted together account for 85.945 percent of the total variance (information contained in the original 10 variables). This is pretty good, because we are able to economize on the number of variables (from 10, the researcher has reduced them to four underlying factors), while the data lost only about 14.055 per cent of the information content (85.945 per cent is retained by the four factors extracted out of the 10 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 have been identified as being maximum percentage variance accounted. The variables X₂, X₃, X₄, and X₅ are grouped as factor I and they account for 25.451 per cent of the total variance. The variables X₅, X₉, and X₁₀ constitute the factor II and they account for 25.413 per cent of the total variance. The variables X₇ and X₈ are grouped as factor III and they account for 19.698 per cent of the total variance. The variables X₁ and X₆ are grouped as factor IV and they account for 15.833 per cent of the total variance.

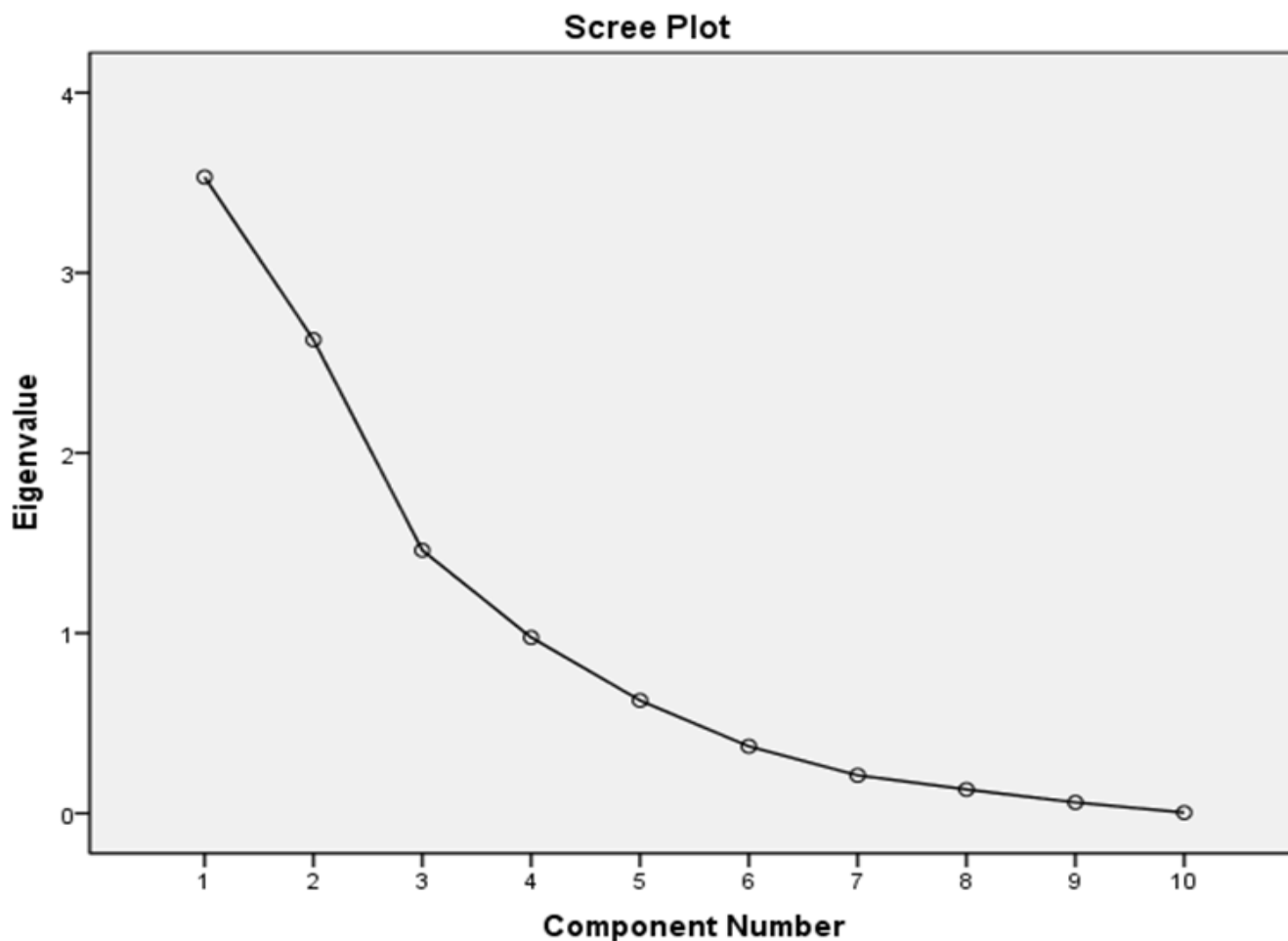


Exhibit 1: Scree plot - Employees' level of awareness towards their competencies required for effective work execution

Table 5: Summary of rotation factor analysis and cronbach alpha-Employees' level of awareness towards their competencies required for effective work execution

Factors	Factor interpretation	Variables included in the factors	Cronbach's Alpha
F ₁	Nationalized bank	Procedures for lending loan, latest amendments in banking, knowledge of employees behavior modification and attitude change process, building positive, straight forward, and trusting relationship with others	.852
F ₂	State Bank of India	Building positive, straight forward, and trusting relationship with others, understanding about self- strength and weakness, awareness of the skill to anticipate, and adopt for future issues	.736
F ₃	Old private sector bank	Able to maintain an effective interpersonal relationship, and ability to understand interpersonal problems	.627
F ₄	New private sector bank	Knowledge on effective communication with others, and ability to maintain high level of integrity in achieving results	.696

Source: Computed from Primary Data

Factor analysis was used to find out the employees' awareness towards competency levels in various categories of banks. The Cronbach's reliability values (.852, .736, .627 and .696) indicate significant correlation in employees' awareness towards competency levels. The empirical results reveal that the employees' level of competencies required differs from one category of bank to the other category. To realize these goals, the banking management needs to be well aware of their employees' level of competencies.

Findings of the study

Employees have gained knowledge on effective communications with others and its average stood at 4.44 and this is ranked in first place. The results of ANOVA test infer that there exists association between (i) employees' level of awareness towards their competencies and their category of bank they work. From the empirical data analysis, it is inferred that employees' competency levels are low in case of their awareness towards procedures for lending loan, knowledge of employees' on behavior modification and attitude change process and able to maintain an effective interpersonal relationship, (ii) employees' level of awareness towards their level of competencies and their work experience and (iii) employees' level of awareness towards their competencies and their designation of work. However, there exist differences in employees' understanding about their own strength and weakness and their awareness about the skills that have to improve for the future betterment.

Suggestions

- The empirical results of the study also reveal the fact that the employees have the intention of developing their competency levels, but they are mostly unaware of recent happening in the financial market. Bank management must take efforts to educate their employees about the recent happening and try to strengthen their skills. The bank management must aim for building awareness and that foster creativity and recognizes the potential talent among their recruits.

Conclusion

The Private and public sector banks are competing with each other to perform well. The executives of banks are now in the position to modify their traditional human resource practices and strengthen their employees' competency levels, in order to meet the challenges from other competitive banks. It deals with brining about improvements in physical capacities, relationships, attitudes, values, knowledge, and skills of the

employees required for achieving the purposes of the banks. If employees are effective, their contribution to the banks will be effective. The sample bank employees have expressed awareness towards their competency levels. From the analysis, Awareness is least associated with variables tested. However, there exist differences in employees' understanding about their own strength and weakness and their awareness about the skills that have to improve for the future betterment.

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