

## **Impact of Employee Competency on Job Performance Among Banking Professionals: A Conceptual Framework**

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### **ABSTRACT**

*The purpose of the present study was to develop a conceptual framework in order to investigate the effect of employee competency on job performance among the banking professionals. A qualitative study was conducted with content analysis approach. It tries to identify the current understanding of the topic and proposed a conceptual framework to determine whether a better understanding can be suggested. The analysis of the study reveals that competency based performance management has been the focus of the banking sector in the recent past and the mediating role of job satisfaction and OCB will leads to a better understanding of the same. The study proposed a research model which can be utilized in the banking sector for more efficient and effective analysis of employees. It also offers a comprehensive review and analysis on competency and job performance with reference to banking sector.*

**Keywords:** competence; managerial performance; banking sector.

### **INTRODUCTION:**

Knowledge management is the best way to develop sustainable and competitive advantage over competitors. The study aims to conceptualize employee competencies which are defined as characteristics that lead to better performance (Boyatzis, 1982). Firstly, the introduction of competencies will be developed followed by the concept of job performance. An analysis of the terms as well as the relative importance was given there. The relationship between competence and job performance is also identified after that. Thirdly, the article will study and analyze the role of mediators in establishing the relationship between competency and performance. The identified mediators are Organizational Citizenship Behavior (OCB) and job satisfaction. A brief description of the concept as well as the relationship with both competency and job performance are explained under each variable.

After establishing the mediating variables role, the relevance of the topic was discussed with respect to banking sector. Finally the proposed conceptual framework is outlined with the corresponding variables. The dimension of each variable and the sources from which it is identified is also covered. The study concluded by establishing the relationship between employee competency and job performance and also the relevance of mediating variables like OCB and job satisfaction.

### **REVIEW OF LITERATURE:**

#### **Employee Competency:**

Efficient management of workforce becomes one of the major focuses of human resource experts in every organization since the advancement of globalization. The change that occurred in the technological as well as administrative aspects leads improvement in employee skills. Employee productivity and growth becomes the major challenges faced by human resource experts which enables them to focus on the competencies of employees. Competency is not a new concept of the era but it becomes a recent practice of the organizations due to certain developments in this direction (Patil, 2014).

The concept of competence was suggested by (McClelland, 1973) in his article 'testing for competence rather than for intelligence' as a scientific alternative to intelligence tests. He criticized the traditional academic aptitude and knowledge content tests because they failed to predict performance with respect to job (Weinert, 1999). He argued that tests to be developed be valid in the sense "that scores on them change as the person grows in experience, wisdom and ability to perform effectively on various tasks that lie presents to him. Some of these competencies may be rather traditional cognitive ones involving reading, writing and calculation skills. Others should involve what traditionally have been called personality variables, although it might better be considered competencies".

However these arguments and further studies in this field especially by Goelman and Boyatzis reinforced the importance of competency as a predictor of job performance. Changes in the business environment and the nature of work itself in knowledge economies made a shift from task based approaches to competency based approaches.

The definition of the term employee competency is one of the most difficult tasks even though it is a commonly used term in everyday language. it lacks a common definition of employee competency in the literature since there is little agreement among researchers (Vazirani, 2010). After reviewing 337 citations regarding competency studies of managers, (Page and Wilson, 1994) defined competencies as "the skills, abilities and personal characteristics required by an 'effective' or 'good' manager". Another relevant definition was given by (Szymańska, 2015) as "employee's disposal that refers to the knowledge, the skills and attitudes that enable employee to fulfill professional duties on required level. The usage and development of competencies in the work process led to the accomplishment of organizational goals that are formulated in the strategy".

From these definitions we can summarize that what is required of a person to be successful in a given job is competency which includes skills, knowledge and attitude to fulfill the job requirements.

### **Job Performance:**

Job performance is one of the most important variables in human resource management as predictor of human development. Management development in every organization includes the process of human resource planning, recruitment, placement, training, promotion and appraisal which ensures right number of staffs with right capacities is available at the right time at the right places. Job performance is included in the aspects of human resource appraisal which is a subjective judgment about every employee. Clear recognition of every element is necessary while developing a job identity for the purpose of assessment. Relative importance of each job and required standards of performance determines the necessary aspects of each and every job. Various researches are attempting to construct accurate measures of job performance which is still a incomplete task.

Job performance is generally defined as what a person does at work. The nature, complexity ad different stages of job can affect overall performance of employee. So while defining the term job performance, we have to consider these aspects. This means that job performance as a construct can be defined in different ways due to different stages and complexities of job (Yuliandi, 2014). Definitions of managers' job performance have evolved from a fragmented literature. Karpin (1995) offered a definition of a manager based on work by Quinn (1992) and Boyatzis (1982), as 'an individual who achieves enterprise goals through the work of others. Managers are responsible for the control or direction of people, a department or an organization'.

This study seeks to address the existing research by identifying the dimensions that underlined managers' performance. Managers' performance consists of multiple dimensions and it is necessary to measure these dimensions including contextual and task performance. the study also aimed to determine if the managers performance dimensions can be generalized across different occupations.

### **Competency and Job Performance:**

Competencies are often used as the basis of measuring job performance in many organizations over the last few decades. Job performance is analyzed based on the behavioral factors as well as the abilities and knowledge of the person who carried out the job. Competencies are identified as a measurement tool to identify these indicators and used as appraise for the employee development. Accordingly many scholars have claimed that assessment of employee competencies provide an effective method for predicting job performance.

A well known definition of competency was given by Boyatzis, where competency was described as an underlying characteristic of an individual which are casually related to job performance. Therefore competency can be summarized as skills, knowledge, attitude and behavioral indicators which lead to better job performance of employees. Similarly competency levels of employees and job performance have found positive relationship in many studies (Kurz, Bartram, & Kurz, 2008), (Rahmawati, 2017), (Anderson, Ones, Sinangil, & Viswesvaran, n.d.), (Bashook, 2005), (Bohlouli et al., 2017)(Psychology, 2002), (Verlag, 2017), (Singh, Singh, Hasnaa, &

Mahmood, 2016). Further, job performance has always been regarded as an important factor in management of employees. Many studies identified that competency is one of the determinants in performance. Some researchers identified that there is no significant correlation between competency and each factor of job performance but may predict task and contextual performance which are dimensions of job performance. The role of intermediate variable in establishing the relationship between competency and job performance was also introduced in some studies.

This study also aimed to analyze the relationship between competency and job performance from a dynamic perspective by introducing mediating variables such as job satisfaction and Organizational Citizenship Behavior.

## **ROLE OF MEDIATORS:**

### **Organizational Citizenship Behaviour (OCB):**

Last decade, organizations are adopting measures like downsizing and right sizing as a reaction to the economic pressures with respect to employees. Therefore understanding the concept of OCB especially among the employees is crucial for every organization (Serim & Demirba, 2014). OCB is generally defined as the extra role behavior performed by the employees beyond the pre-determined job requirements (Mahdiun, Ghahramani, & Rezaii, 2010). The concept was introduced by Organ (1988), and he defined OCB as 'individual behavior that is discretionary not directly or explicitly recognized by the formal reward system, and that in aggregate promotes the effective functioning of the organization'. Over the years large number of studies was conducted to analyze the Organ's work and identified the antecedents, consequences, nature as well as intensity of the concept. Great deals of researchers have suggested Big Five dimensions of OCB which are classified as conscientiousness, altruism, courtesy, sportsmanship and civic virtue (Of, Of, & Of, 2008)

### **The mediating role of OCB:**

#### **(i) Competency and OCB**

Competence is a person's ability to transfer his skills and knowledge to a satisfactory level in the workplace and to utilize new opportunities available (Rahmawati, 2017). Several studies have been conducted to analyze the relationship between competency and OCB and the results indicate that competency has significant effect on OCB (K. A. Kurniawan et al., 2016)(Riana, 2015)(Rahmawati, 2017)(A. Kurniawan, 2014). Therefore it should be necessary to consider the role of OCB while analyzing the effect of competency on job performance.

#### **(ii) OCB and job performance**

In today's world of work, jobs are increasingly being distributed among teams and employers are expecting higher level of performance among the members. Since OCB is a unique aspect of individual activity in work, its contribution in the field of job performance is expected to be actively participating. It contributes the idea that employee is not only doing the main tasks but also willing to take extra tasks in their work. Studies in the field of management have long recognized the importance of OCB that contribute to the employee performance. (Suyantiningsih, Haryono, & Zami, 2018).

However, the extent to which OCB can act as a mediating variable in the relationship between competency and job performance is still not clear. So this paper makes an assumption regarding the role of OCB as a mediator in a positive way.

### **Job Satisfaction:**

Job satisfaction is one of the most popular and widely researched areas in the field of management as well as psychology. Both as a consequence and as an antecedent to many outcomes, job satisfaction is contributing in various studies (Shrivastava & Purang, 2009). Locke (1978) has defined job satisfaction as the 'pleasurable emotional state resulting from appraisal of one's job or job experience'. Qualified, efficient and dedicated workforce remains the three pillars of every successful organization. However the satisfaction level of employees towards its current facilities, rules and regulations will definitely affect their level of performance. Dissatisfaction among human resource is undesirable and dangerous in any profession. So it is very important to manage workforce and to determine whether they are satisfied or not in their job.

### **The Mediating Role of Job Satisfaction:**

#### **(i) Competency and job satisfaction**

Quality of every work is determined by the complexity and the nature of work. It includes the process of implementation, difficulty and diversity among tasks related to each and every job. Competence is an individual characteristic of behaviour which helps the individual to handle his jobs and perform it effectively (K. A.

Kurniawan et al., 2016). The ultimate result brings job satisfaction as well as better employee performance. The method used to identify the competencies required for every job to support the ability to concentrate on behavioral outcomes. Job satisfaction is defined as positive emotional state as a result of evaluation of one's work outcomes. From these, it can be concluded that there exists some relation between competency as well as job satisfaction. Studies that examine this also identified that there exists a positive and significant effect on job satisfaction (Mansyur, Kamase, Mallongi, & Chalid, 2017), (Saragih, Sanusi, & Manan, 2017), (Shukla, 2014), (Simatupang, Prayogo, & Gupron, 2017).

(ii) Job satisfaction and job performance

Every organization considers human resource as an important resource to achieve their goals. To get the work done effectively, employees should be satisfied in their job and also keep them well trained (Balasundaram, 2010). As a valuable resource to the organization, employees must be given much attention along with the content of their jobs. More importance must be given to factors like quality of work life, proper training, and employee relations etc... to ensure the satisfaction of employees. These helps the managers to make how best to make work more satisfying for employees and also to identify the obstacles to effective performance. Every organization expects that satisfying employees are more performing. Studies which underline these assumptions are also concluded that there exists positive relation between job satisfaction and employee performance (Bakotić, 2016), (Platis, Reklitis, & Zimeras, 2015), (Yuen, Loh, Zhou, & Wong, 2018), (Andyanto, 2018), (Saragih et al., 2017), (Judge, Thoresen, Bono, & Patton, 2001), (Davar & Davar, 2017).

### **INDIAN BANKING SECTOR:**

In India, being a service sector success of banking institutions largely dependent on quality of human resource it possesses. Selection of efficient human capital and its maximum utilization will emphasize their success. Nowadays, HR experts are challenges in recruiting skilled manpower as well as in retaining them . During 90's banking sector in India neglected these human resource functions and started feeling pinch. Further, with high level of competition due to the entry of new players especially private sector banks, the sector started to face widening gap in the skill sets of human resource. Later, they realized that only the strength of human resource will leverage the organizations success otherwise they would fail miserably in attaining complete edge in the global arena.

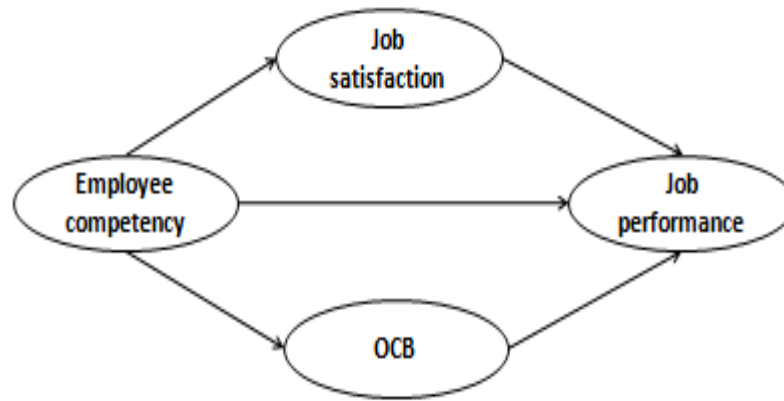
K C Chakrabarty, former Deputy Governor of RBI pointed out that at present banking personnel are busy developing 'on-line' application forms and 'online' tests but they are not even make sure that they are targeting the right kind of talent pool. This is why banks often end up with people having brilliant minds but incapable of actually delivering the tasks assigned (Central, 2012). Banking services in India is closely associated with employee competency in the form of professionals with requisite skills and expertise each level. Thus competency based performance assessment becomes an important tool of human resource management and development.

### **PROPOSED CONCEPTUAL FRAMEWORK:**

The purpose of this study was to get in line with previous researches in developing a conceptual framework in order to investigate the effect of employee competency on job performance of banking professionals. The logic of conceptual framework is explained by defining the factors under each variable and show the relationship.

The dimensions of employee competency refers to the Spencer and Spencer's (1993) general competency model for managers, which include initiative, conceptual thinking, information seeking, achievement orientation, team work and co-operation, team leadership, analytical thinking, impact and influence, self confidence, developing others and assertiveness. According to (Koopmans, 2014), the indicators of job performance are task performance, contextual performance and counterproductive performance. Organ (1988) stated that the indicators of OCB are altruism, civic virtue, sportsmanship, consciousness and courtesy. The level of job satisfaction among the employees can be determined using Minnesota Satisfaction Questionnaire (short form).

The theoretical background which stipulates the relation between variables is already explained and the proposed research model is outlined below:



This frame work is being the basis for the following hypotheses:

H<sub>1</sub>: Employee competency has significant influence over job performance

H<sub>2</sub>: Job satisfaction will mediate the relation between employee competencies job performance

H<sub>3</sub>: OCB will mediate relation between employee competencies job performance

### CONCLUSION:

This study was aimed to propose a conceptual framework for establishing the relationship between employee competency and job performance through the mediating effect of job satisfaction and OCB. In this world of competition, organizations are directed to optimize the competencies for sustainability. The competitive attitude of the players forced organizations to workout differentiated strategies after analyzing the strength and weaknesses. Employing and retaining skilled workers are the need for the occasion to deal with the competition. Further job performance has always been regarded as an importance factor in employment management in every organization. Nowadays, competency based performance has been emerging as an important dimension of human development for both employability as well as competitive advantage. Further analysis among the existing literatures highlighted the importance of job satisfaction and OCB as the mediators in establishing the relationship between competency and job performance.

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