Employees’ Competencies Management

in Bank Sector

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Abstract

The article presents the idea of competence based management in the bank sector in Poland. The author presents the process of competence management in banks by analyzing the meaning of competence management for building organization’s competitive advantage. Then the author examines whether the human capital management process is based on competence management concept in banks. Next the results of employees’ competencies audit are shown. Finally the process of competencies assessment is described. As a conclusion some practical recommendations for banks are formulated.

Keywords: competence based management, human capital, banks

1 Introduction

The main goal of the article\(^1\) is to identify the way that competencies are managed within banks and to evaluate the level of employee competencies in banks. The main goal is built by detailed goals that refer to:

- The presentation of competence management process in banks,
- The meaning of competence management for building organization’s competitive advantage,

\(^1\) The article is a short presentation of some research results of the project that was done by the author as a part of doctoral dissertation. The title of the project was “Employees’ competencies management in bank sector”. More information and results of the research process can be found in: A. Wieczorek-Szymańska, Proces kształtowania kompetencji pracowniczych w sektorze bankowym, Economicus, Szczecin 2013.
– The analysis of human capital management process in context of competence management concept,
– The result of employee competencies’ evaluation,
– The evaluation of employee competencies development,
– The quality analysis of the competencies assessment process in organizations.

To fulfill the goal the author firstly describes the idea of competence based management and then presents the outcomes of research process on banks’ employees’ competencies.

2 Competence based management

The concept of competence management was formulated in the 90’s of the XXth century. This approach stresses the problem of adjustment of employees’ competencies to the particular organizational needs. According to P.F. Drucker the only resource that creates competitive advantage of an enterprise is a knowledge. At the same time one assumes that factors of the competitive advantage which are based on the organizational knowledge include (among others) well-developed competencies. It is worth to notice that one can consider the category of competence with regard to the two levels – the level of organization as whole, and the level of employee.

At the organizational level competences are used to describe the specific enterprise’s opportunities, by identifying its strengths in the area of knowledge and experience. Organization’s core competences help to achieve a competitive advantage in the market.

Due to the lack of one common definition of employee’s competencies’ components in the literature, there is a necessity to present the opinion of the author of this article. For the purpose of the paper one can understand employee’s competencies as: Employees’ disposal that refer to the knowledge, the skills and the attitudes that enable employee to fulfill professional duties on required level. The usage and the development of competencies in the work process led to accomplishment of the organizational goals that are formulated in the strategy.

The modern competence based management can be defined as a way of personnel policy conducting where the main goal is to ensure the adequate competence resources for the company – the competencies that are necessary to fulfill strategic goals of the organization.

The process of competence-based management includes:

3 When one talks about organizational competencies one refers to the concept of „core competences” by C.K. Prahalad and G. Hamel. Core competences of the organization are its specific abilities (strengths) that enables the organization to provide the clients with added value.
4 G. Filipowicz, Zarządzanie kompetencjami zawodowymi, PWE, Warszawa 2004, p. 46
5 T. Oleksyn, Zarządzanie kompetencjami. Teoria i praktyka, Oficyna Ekonomiczna, Kraków 2006, p. 186.
Employees’ competencies management in bank sector

- the process of analyzing organizational competence needs and designing portfolio of competencies,
- ensuring appropriate employees’ competencies in the right place and at the right time,
- encouraging people to gain and develop the essential competencies,
- the analysis and the evaluation of the gap between competencies needed and those actually possessed by employees,
- reducing the gap between required and available competencies.

The integrated systems of competence-based management provide organization with information on the most require employees’ characteristics and link these requirements with current and future tasks of the company. The effect of employees’ competencies management is reflected on the creation of so called competence profile which are used in the process of competence assessment and present competencies possessed by particular employee. On the other hand competence profiles are create to show required knowledge, skills and attitudes on particular job position in organization. Usually competence profiles include three categories of competencies:

1. Organizational competencies that are common for all employees in the organization no matter the job position, for example: self identification with organization, the knowledge of vision and mission of the organization, results orientation etc.
2. Professional competencies that refer to particular knowledge, experience, skills that are important for the job position, for example: the ability to speak foreign languages,
3. Social competencies that are so called soft competencies, for example: the ability to work in group.

It is worth to mention that competencies are the category that can be measured. So that in the process of competence management one should remember to analyze the level of competence fulfillment by particular employee. The five-staged scale is the most often used instrument to measure competencies. When using the scale one has to work out detailed characteristic for each level of competence which is in turn a basis to describe the conditions that employee has to meet to be competent.

3 Competence based management in Polish universal commercial banks

The research group was employees (managers and workers) that work in Polish, commercial, universal banks (see table 1.). The empirical data collection process is shown in the table 2.

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Table 1. The structure of research group

<table>
<thead>
<tr>
<th>The feature</th>
<th>The percentage of managers in research group</th>
<th>The percentage of employees in research group</th>
</tr>
</thead>
<tbody>
<tr>
<td>The sex</td>
<td>Females – 70,91%</td>
<td>Females – 78,0%</td>
</tr>
<tr>
<td></td>
<td>Males – 29,09%</td>
<td>Males – 22,0%</td>
</tr>
<tr>
<td>The age</td>
<td>under 25 years old – 1,82%</td>
<td>under 25 years old – 5,67%</td>
</tr>
<tr>
<td></td>
<td>25-30 – 16,36%</td>
<td>25-30 – 31,67%</td>
</tr>
<tr>
<td></td>
<td>31-35 – 30,0%</td>
<td>31-35 – 18,67%</td>
</tr>
<tr>
<td></td>
<td>36-40 – 20,00%</td>
<td>36-40 – 12,0%</td>
</tr>
<tr>
<td></td>
<td>41-45 – 8,18%</td>
<td>41-45 – 14,0%</td>
</tr>
<tr>
<td></td>
<td>46-50 – 14,55%</td>
<td>46-50 – 8,67%</td>
</tr>
<tr>
<td></td>
<td>over 50 years old – 9,09%</td>
<td>over 50 years old – 9,33%</td>
</tr>
<tr>
<td>The level of education</td>
<td>Secondary education – 2,73%</td>
<td>Secondary education – 15,67%</td>
</tr>
<tr>
<td></td>
<td>Vocational education – 3,64%</td>
<td>Vocational education – 8,33%</td>
</tr>
<tr>
<td></td>
<td>Bachelor degree – 8,18%</td>
<td>Bachelor degree – 12,33%</td>
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<tr>
<td></td>
<td>Master degree – 85,45%</td>
<td>Master degree – 63,33%</td>
</tr>
<tr>
<td>The profile of education</td>
<td>General – 1,82%</td>
<td>General – 9,33%</td>
</tr>
<tr>
<td></td>
<td>Economics – 82,73%</td>
<td>Economics– 66,33%</td>
</tr>
<tr>
<td></td>
<td>Humanities – 9,09%</td>
<td>Humanities – 14,0%</td>
</tr>
<tr>
<td></td>
<td>Technical – 2,73%</td>
<td>Technical – 7,0%</td>
</tr>
<tr>
<td></td>
<td>Law – 2,73%</td>
<td>Law – 2,0%</td>
</tr>
<tr>
<td></td>
<td>others – 1,33%</td>
<td>others– 1,33%</td>
</tr>
<tr>
<td>The length of work experience</td>
<td>Less than 1 year – 0,0%</td>
<td>Less than one year– 3,0%</td>
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<tr>
<td></td>
<td>1-5 years – 8,18%</td>
<td>1-5 years – 24,0%</td>
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<tr>
<td></td>
<td>6-10 years – 27,27%</td>
<td>6-10 years – 23%</td>
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<tr>
<td></td>
<td>11-15 years – 24,55%</td>
<td>11-15 years 18,67%</td>
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<tr>
<td></td>
<td>More than 15 years – 40,0%</td>
<td>More than 15 years – 31,33%</td>
</tr>
<tr>
<td>The type of job position</td>
<td>Customer service – 61,82%</td>
<td>Individual clients’ advisor – 31,67%</td>
</tr>
<tr>
<td></td>
<td>Finance – 22,73%</td>
<td>Corporate clients’ advisor – 11,33%</td>
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<tr>
<td></td>
<td>Administration – 7,27%</td>
<td>Specialist – 28,33%</td>
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<tr>
<td></td>
<td>Marketing – 1,82%</td>
<td>Cashier – 13,00%</td>
</tr>
<tr>
<td></td>
<td>More than one – 6,36%</td>
<td>More than one – 8,0%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>others – 2,33%</td>
</tr>
<tr>
<td>The level of the job position In the organizational hierarchy</td>
<td>Firs line – 56,36%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Middle manager – 41,82%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Top manager – 1,82%</td>
<td></td>
</tr>
</tbody>
</table>

Source:
Table 2. The idea of empirical data collection in the research process

<table>
<thead>
<tr>
<th>Research stages</th>
<th>The method of research</th>
<th>Research group</th>
<th>The period of the research</th>
<th>The quantity of research group</th>
<th>The percentage of response</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stage one – pilot study</td>
<td>Survey</td>
<td>Employees of the customer service first line and middle line managers</td>
<td>January-march 2011, Szczecin</td>
<td>100 respondents</td>
<td>70%</td>
</tr>
<tr>
<td>Stage II – proper study (centrals of Polish, universal, commercial banks)</td>
<td>Survey</td>
<td>Representatives of HR department in the bank’s central</td>
<td>July-December 2011, Poland</td>
<td>27 banks</td>
<td>55.6%</td>
</tr>
<tr>
<td>Stage III – proper study (managers and employees of Polish, universal, commercial banks)</td>
<td>Survey</td>
<td>Pracownicy banków. Menedżerowie pierwszej linii i menedżerowie średniego szczebla.</td>
<td>July-December 2011, Westpomeranian voivodship</td>
<td>1000 respondents</td>
<td>41.5%</td>
</tr>
</tbody>
</table>

Source: Author’s

To fulfill the purpose of the paper the author conduct different type of research. The empirical data was based on two different types of research:


2. Primary research within which the author used the method of survey. The author created the questioners especially for the purpose of the paper. The research was conducted in three stages:

   a) a pilot study – the main goal was to check the correctness of the questionnaires and to formulate detailed hypotheses,

   b) proper study “stage one” – the main goal was to identify the policy of competence management that is formulated in banks’ centrals (in Human Resources divisions),

   c) proper study “stage two” – the main goal was to verify how the competence management policy is realized in real in different banks’ agencies in region. In addition the author checked respondents’ opinion about banks’ core competences and its’ connection to the opinion about banks’ competitive advantage. Moreover the audit of employee competencies was performed. Next the author evaluated the process of competencies development and assessment.
It is worth to notice that stage one and two within proper study are complementary – the idea was to check whether declaration that are stated in banks’ centrals are reflected in practice, and how they are perceived by employees. All empirical data was analyzed using STATISTICA. To test the hypotheses about the independence of two qualitative characteristics the $\chi^2$ Pearson’s test was used, and to measure the strengths of the relationship between characteristics $\phi$ Yule’s, $V$ – Cramer’s and C-Pearson’s coefficients were used.

To supplement collected information the author interview the representative of the Polish Banks Association. The interview was conducted on March 15, 2012 and the purpose was to gather missing information on the characteristics of the banking sector.

The first research question during the research process was: Whether the idea of competence based management is applied within banks. Basing on results of research the author states that the idea of competence management in banks is being more popular. First of all the description of job positions are created taking into account the opinion of employees, what is typically for competence based orientation. Secondly, in case of most banks, the job position descriptions are based on competence approach. This means that for example not only the knowledge and skills are important but also attitudes of candidates are examined during the requirement process. Moreover the contribution of particular employees in creation of added value in organization is important factor in the motivation system in banks. Also the process of employees’ development is competence oriented in banks. Employees’ training is strategic process and different methods of development and results evaluation are applied in banks. The increasing role of competence management in banks was also confirmed by the representative of The Polish Bank Association (ZBP) during the interview. It was claimed that in ZBP profiles of qualifications were going to be replaced by profiles of competences, as they are more flexible, useful in practice and meet real requirements of the bank sector.

The next research question was: Whether conducting of competence based management influences competitive advantage of the bank? As a result of data analyzing the author formulated following conclusions:

1. The basic hypothesis that: Employees’ opinion about bank’s competitive advantage is not related to the result of bank’s core competence audit, was rejected\(^8\). It was proven that in respondents’ opinion banks did not work out core organizational competences that allowed for creating competitive advantage. Only 35.12% of respondents claimed that the bank, their worked for, was a market leader. The reason for that could be the gap within organizational core competences.

\(^8\) For $\alpha=0.05$ and df=1 the critical $\chi^2 > \chi^2 (0.05; 1)$
2. The basic hypothesis that: Employees’ opinion about bank’s competitive advantage is not related to the conducting of competence system based on the vision, the mission and the strategy of the bank, was rejected.

3. Verification of the basic hypothesis that: Bank’s competitive advantage is not related to competence orientation within human resources management in bank, entitled the author to state that there is relation between conduction competences based process of requirement, development, assessment in bank and employees’ opinion about bank’s competitive advantage. As a result one can say that applying competence based management in bank is related to the opinion about competitive advantage of the bank.

Next it was examined whether the level of employees’ competencies meet banks’ requirements. To check it the author formulated hypothesis that: The level of employees’ competencies is diverse and does not meet requirements what causes competencies gaps.

Research data showed that sociodemographic variables differentiated the level of particular competencies among bank employees. Moreover one could observe occurrence of competencies gaps. As a result of self-assessment of employees the level of competencies gaps was identified as $<-0.57; 0>$ and $(0; 0.41>$. At the same time it was proven that the occurrence of deficit of competencies is more often than the phenomenon of overcompetence within banks’ employees.

In the group of banks’ managers deficit of at least one professional competence occurred in case of 96.36% of respondents, at least one social competence – 82.73% of respondents and at least one organizational competence 82.73% of respondents. In group of banks’ employees deficit of at least one professional competence occurred in case of 81.00% of respondents, at least one social competence – 72.67% of respondents and at least one organizational competence 64.00% of respondents.

Then the process of competence development was checked within banks. The author stated that: Banks’ employees develop their competencies in different scope and the methods of development are not matched to employees needs.

During the research process the author got data that confirmed:

1. The relation between sociodemographic variables and the frequency of participation in educational programs of banks’ employees. The group of managers and employees differ from each other referring to the frequency of participation in educational programs.

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9 For $\alpha=0.05$ and $df=1$ the critical $\chi^2 > \chi^2 (0.05; 1)$
10 Due to the fact that the author did not get results that confirm relation between conducting competence based management within all fields of human resources management and employees’ opinion about bank’s competitive advantage, the author could not reject the basic hypothesis clearly. On the other hand statistically significant relations were identified between bank’s competitive advantage and: competence based requirement, competence based development, competence based assessment in bank.
11 The level of deficit of competencies – the maximum deficit could be -5 the minimum 0.
12 The level of overcompetence – the maximum overcompetence could be 5 the minimum 0.
2. Professional competencies are developed more often than social or organizational ones.

3. Respondents need in the field of development methods are different from methods applied within banks. The method used the most often is e-learning (in case of 54.85% of respondents) and at the same time the method is the worst evaluated by respondents. The most required method is mentoring which is applied in case of 20.91% of respondents.

4. One could observe the relation between respondents’ attitude towards competence development programs and their opinion about positive effects of development programs.

Finally the author checked the process of competence assessment in banks. As a result of data analyzing following conclusions were drawn:

1. 98.54% of respondents confirmed the existence of competence assessment programs in banks, and 70.00% of them always were given the feedback.

2. Nevertheless 53.00% of respondents claimed that they were assessed by using one-source method (90° method) and multi-source method (360°) was applied only in case of 7.00% of respondents.

Data results allow to state that in banks exist systems of competence evaluation but methods applied in the process of employees assessment are not objective.

4 Conclusions

Basing on empirical data and results of research conducting the author formulated some recommendations that refer to competence management in banks. Here are some of them.

Although representatives of 60.00% banks’ centrals claimed that system of competence management was based on bank’s mission, vision and strategy only 15.89% of employees confirmed it. This means that employees do not perceive the importance of organizational policy for building the competence system. They rather think about competence system in terms of professional knowledge and need of self-development. The author postulate to focus more on development of organizational competences that are common for all members of particular organization. It could be the way to show the link between the vision, mission and strategy of bank and the knowledge, skills and attitudes required from bank’s employees.

In examined banks competence based management is not conducted within all fields of human resources management and in some fields competence systems need to be improved. For example in the sphere of motivation one cannot observe the tendency to individualize salaries depending on competencies that are crucial for particular organization - the author postulate to do so. In regards to the process of employees’ development, professional competencies are those which are developed the most often. At the same time training programs for creating social and organizational competencies are less popular. Although representatives of banks’ centrals state that the variety of training methods are applied during development process, it was proven that the methods which are mainly used are
distinguished by less expense. What is more applied development methods are not those which are required by employees. Under such circumstances the author recommends consultation with employees about training methods. The process of evaluation of development results also needs to be improved, as in bank the simplest methods are used (for example: surveys, which verify the level of satisfaction of training participants). If one treats competencies development in the category of investment one needs to measure cost-effects ratio. The author postulate to develop evaluation systems of competencies’ development effects.

In the sphere of banks’ employees’ competence assessment it was shown that in respondents’ opinion the method based on one-source information is applied the most often. At the same time representatives of banks’ centrals stated that more complicated method were used (for example 270° method). The lack of common opinion about assessment process among employees and representatives of banks’ centrals could be a result of non effective information system – employees are not aware that they are evaluated by different assessors (for example not only by supervisors but also by clients, cooperators etc.). At the same time it was observed that the method of self assessment is applied to rare in banks (10,91% of respondents declared that they use the method). The author state that empirical data about self evaluation is important source of information about the level of employees’ competencies. So it is postulated to increase the range of usage this method in the process of competence assessment.

The recommendations pointed out above are not all and are just chosen ones. The research conducted within banks could be the basis for further analysis and studies.

References


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