



# Employee Competency Mapping In Non-Banking Financial Companies

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## Abstract

This research paper investigates employee competency mapping within non-banking financial companies (NBFCs), focusing on Tricolour Financial Services Private Limited (TFSP) in Coimbatore. The study evaluates the current competency levels of employees, assesses the effectiveness of training programs, and identifies areas for improvement in recruitment and selection processes. Utilizing a structured questionnaire, data was collected from 118 respondents across various roles and departments. The analysis employs statistical techniques such as ANOVA and Chi-square tests, revealing significant gaps in competency mapping practices and highlighting the need for enhanced training and development initiatives. The research concludes with actionable recommendations for TFSP to refine its competency mapping framework.

## 1. Introduction

In today's competitive business landscape, human capital is recognized as a crucial driver of organizational success. As non-banking financial companies (NBFCs) increasingly seek to optimize their workforce, competency mapping has emerged as a vital practice for aligning employee skills with organizational objectives. Competency mapping involves identifying the specific skills, knowledge, and behaviors required for various roles within an organization, enabling targeted training and development initiatives. This is particularly important in the financial services sector, where regulatory compliance, customer service, and operational efficiency are paramount. Tricolour Financial Services Private Limited (TFSP), established in 2017, specializes in providing collateral-free loans and customized credit solutions to small and medium enterprises (SMEs). Given the company's reliance on skilled employees to deliver quality financial services, effective competency mapping is essential for enhancing performance and achieving strategic goals. This study aims to explore the current state of employee competency mapping at TFSP and its implications for organizational performance.

## 1.1 Background

Tricolour Financial Services Private Limited is a non-deposit-taking NBFC registered with the Reserve Bank of India. Established in 2017, TFSPL focuses on providing collateral-free loans and customized credit solutions to small and medium enterprises (SMEs). Given the company's reliance on skilled employees to deliver quality financial services, effective competency mapping is essential for enhancing performance and achieving strategic goals.

## 1.2 Objectives of the Study

The primary objectives of this research are:

- To analyze the competency levels of employees at TFSPL.
- To evaluate the effectiveness of training programs offered to employees.
- To assess the influence of competency mapping on recruitment and selection processes.

By achieving these objectives, the study aims to provide insights that can guide TFSPL towards improved operational efficiency and employee satisfaction.

## 2. Literature Review

Competency mapping is a systematic approach to identifying the skills and competencies required for roles within an organization. It has been extensively studied in various academic and industry contexts. The following literature highlights the significance of competency mapping in enhancing employee performance and organizational effectiveness:

**Table 1: Summary of Key Literature on Competency Mapping**

Author(s)	Year	Key Findings
Kumar	2013	Competency mapping enhances skill development and training efficiency.
Sahu	2009	Competency mapping improves employee satisfaction and engagement.
Chatterjee et al.	2020	Organizations employing competency mapping outperform peers in performance metrics.
Bhardwaj & Jain	2019	Integration of competency mapping in HR practices enhances recruitment.
Anisha	2012	Competency mapping positively impacts employee productivity.
Solomon	2013	A holistic approach to competency mapping benefits various industries.

Farah	2009	Competency mapping is crucial for effective talent management.
Nayyar et al.	2010	Managerial perceptions of competency mapping in banking.
Kodwani	2009	Practical applications of competency mapping in organizations.
Murlidhar & Khatod	2015	Competency mapping enhances recruitment processes.
Prabha D	2015	Applications in areas such as recruitment, employee development, performance management, and organizational effectiveness.

### 3. Methodology

#### 3.1 Research Design

This study employs a descriptive research design to examine employee competency mapping practices at TFSP. A structured questionnaire was developed, incorporating both closed-ended and open-ended questions to capture quantitative and qualitative insights.

#### 3.2 Sample Size and Data Collection

A total of 118 employees from different departments, including operations, customer service, and finance, participated in the survey. The data collection occurred between April 2022 and September 2022, utilizing both online and paper-based survey methods to ensure maximum participation.

#### 3.3 Statistical Tools

Data analysis was conducted using Microsoft Excel and SPSS statistical software. Various statistical techniques were employed, including percentage analysis, ANOVA (Analysis of Variance), and Chi-square tests, to derive meaningful insights from the collected data.

## 4. Data Analysis and Interpretation

### 4.1 Demographic Profile of Respondents

The demographic analysis of respondents provides a profile of the workforce at TFSP.

**Table 2: Demographic Profile of Respondents**

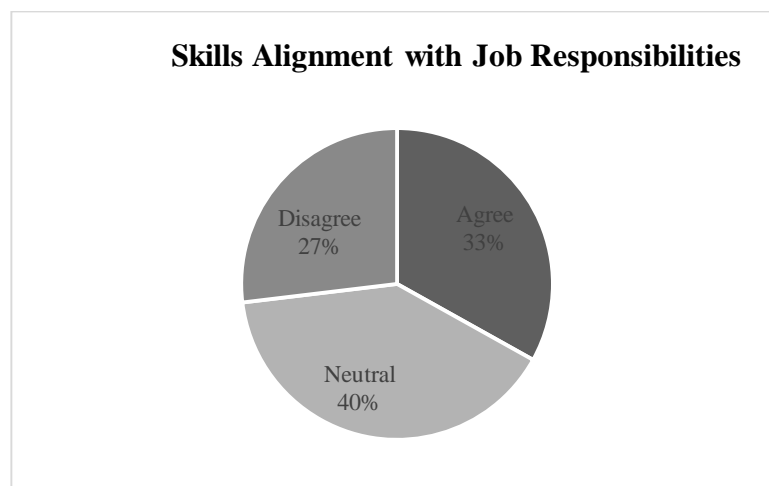
Demographic	Frequency	Percentage (%)
Age Group		
Less than 26	24	20.3
26-30	46	39
31-35	17	14.4
36-40	17	14.4
Above 40	14	11.9
Educational Qualification		
Graduate	62	52.5
Postgraduate	40	33.9
Others	16	13.6

The majority of respondents fall within the age group of 26-30 years, representing a youthful and dynamic workforce, while the educational qualifications indicate a strong emphasis on higher education within the organization.

### 4.2 Competency Mapping Findings

The analysis of competency mapping practices reveals mixed results regarding employee perceptions of their alignment with organizational goals. When respondents were asked about whether their skills matched their job responsibilities, 33.1% agreed, indicating a significant gap in perceived effectiveness.

**Chart 1: Employee Perception of Skills and Job Responsibilities**



A key finding from the survey is that only 38.1% of employees felt they received adequate training to perform their roles effectively. This lack of perceived training effectiveness can significantly hinder employee performance and development.

The ANOVA results indicated a significant difference ( $p < 0.05$ ) between employee experience levels and their perceptions of organizational support for skill development. This suggests that more experienced employees may have different expectations and experiences regarding the training opportunities provided.

**Table 3: ANOVA Results on Training Effectiveness by Experience Level**

Experience Level	Mean Score	F-value	p-value
Less than 1 year	3.2	5.67	0.004
1-3 years	3.6		
3-5 years	4.1		
More than 5 years	4.3		

Further, Chi-square analysis demonstrated a significant association between educational qualifications and the evaluation of competency considerations during recruitment, with a majority of respondents indicating that competency mapping impacts hiring processes ( $p < 0.05$ ).

## 5. Findings and Recommendations

### 5.1 Key Findings

Significant gaps exist in the alignment of competency mapping with employee roles at TFSPL.

The perceived effectiveness of training programs is low, necessitating immediate attention.

Competency mapping is not consistently integrated into recruitment and selection processes, hindering optimal hiring practices.

### 5.2 Recommendations

Given the findings of this study, the following recommendations are proposed for TFSPL to enhance its competency mapping practices:

**Regular Competency Mapping Exercises:** Implement systematic competency mapping sessions to regularly assess and update the required skills for each role.

**Enhanced Training Programs:** Develop and deliver tailored training programs that address the specific skill gaps identified during competency mapping. These initiatives should include on-the-job training, workshops, and e-learning platforms.

**Integration of Competency Mapping in Recruitment:** Establish clearer competency criteria for recruitment and selection processes to ensure alignment with organizational requirements. This will help in hiring employees whose skills match job needs.

**Foster a Culture of Continuous Learning:** Encourage a workplace culture that promotes ongoing learning, professional development, and skill enhancement through mentorship programs and professional courses.

## 6. Conclusion

This study highlights the critical role of employee competency mapping in enhancing organizational performance within NBFCs like Tricolour Financial Services Private Limited. As the sector continues to evolve, it is imperative that TFSPPL adopts a more structured approach to competency mapping to ensure that employee skills align with organizational goals. The findings emphasize the necessity for ongoing training and development initiatives to nurture a skilled and capable workforce, ultimately contributing to the company's long-term success.

Future research can explore the relationship between competency mapping and employee performance in similar organizations to validate these findings across different contexts and sectors.

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