INTERNATIONAL JOURNAL OF TRENDS IN EMERGING RESEARCH AND DEVELOPMENT

Competency mapping and employee performance in Indian private sector banks: An empirical assessment

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Abstract

The present study empirically examines the impact of competency mapping on employee performance within private sector banks in India. Employing a descriptive-correlational design, data were collected from 400 banking professionals across four leading private banks using a validated competency mapping instrument and a multi-dimensional employee performance scale. The study found significant positive associations between core banking competencies-including customer orientation, problem-solving, digital proficiency, and teamwork-and key performance outcomes such as service quality, target achievement, and innovation. Regression analysis indicated that competency mapping accounted for 52% of the variance in employee performance ($R^2 = .52$, $F(4, 395) = 107.34$, $p<.001$). The findings suggest that strategic integration of competency mapping in HR practices can enhance workforce productivity and competitive advantage in the evolving banking sector. Practical implications and recommendations for HR managers are discussed, with a focus on continuous skill development and digital transformation.

Keywords: Competency mapping, employee performance, private sector banks, HRM, India, banking industry

Introduction

India's private banking sector has undergone remarkable transformation over the past two decades, driven by rapid technological adoption, regulatory changes, and intensifying competition (Sanghi, 2016; Salman *et al*., 2020) [25, 24]. In such a dynamic context, banks face mounting pressure to enhance employee performance not only through traditional HR policies but by strategically identifying, developing, and deploying the right competencies at every level of the organisation (Srivastava & Chouhan, 2017) [32].

Competency mapping, which involves systematically assessing the knowledge, skills, abilities, and personal attributes required for optimal job performance, has emerged as a cornerstone of modern human resource management (Boyatzis, 2008; Sanghi, 2016) [5, 25]. By aligning individual competencies with organisational goals, banks can ensure that their workforce remains agile, innovative, and customer-centric-a necessity in an era of digital banking and changing customer expectations (Khandelwal & Mohendra, 2010) [14].

Despite widespread acknowledgement of its strategic value, empirical studies focusing specifically on competency mapping and its impact on employee performance within Indian private sector banks remain limited. Much of the existing literature is either conceptual or confined to public sector organisations, creating a need for rigorous, context-specific research in the private banking domain (Salman *et al*., 2020) [24].

This study seeks to bridge this gap by investigating the relationship between competency mapping and employee performance among professionals working in four major private banks in India. The research aims to:

1. Assess the extent of competency mapping practices in Indian private banks.
2. Evaluate the direct impact of key competencies on multi-dimensional employee performance outcomes.
3. Provide actionable recommendations for HR practitioners seeking to optimise talent management in the digital banking age.

Literature Review
Competency Mapping: Concept and Relevance
Competency mapping is defined as the process of identifying, assessing, and developing individual competencies that are essential for successful performance in specific roles (Boyatzis, 2008; Sanghi, 2016) [5, 25]. Competencies typically encompass job knowledge, technical skills, behavioural attributes, and values aligned with organisational objectives (Spencer & Spencer, 1993) [30]. In banking, relevant competencies often include customer service orientation, regulatory compliance, digital literacy, sales acumen, and adaptability (Chouhan & Srivastava, 2014; Mishra & Mohapatra, 2016) [6, 16].

The rationale for competency mapping in banking is multifaceted. First, it supports merit-based recruitment and selection, ensuring that only those candidates whose profiles match the desired competencies are hired (Khandelwal &Mohendra, 2010) [14]. Second, it provides a scientific basis for training and development, enabling banks to tailor learning interventions to actual skill gaps rather than relying on generic programmes (Sharma & Bhatnagar, 2015) [26]. Third, competency mapping enhances performance appraisal by introducing objective, evidence-based assessment metrics.

Competency Mapping and Employee Performance
The positive association between competency mapping and employee performance has been substantiated by several empirical studies (Gupta & Kumar, 2014) [11]. For instance, Sharma and Bhatnagar (2015) [26] demonstrated that competency-based HR frameworks in Indian banks led to higher productivity, improved customer satisfaction, and reduced turnover. Mishra (2014) [16] observed that competency mapping was particularly effective in promoting digital readiness and innovation among bank employees.

More recent research highlights the importance of specific competencies in the digital banking context. Salman *et al*. (2020) [24] found that digital proficiency, teamwork, and customer orientation were the strongest predictors of employee performance in private banks, echoing similar findings in the broader service sector (Pandita & Ray, 2018) [18].

However, gaps remain regarding the measurement and operationalisation of competencies, especially in rapidly changing roles where new technologies and customer expectations continuously redefine what "high performance" means (Appelbaum *et al*., 2000; Rao, 2014) [1, 23]. This research addresses these gaps by adopting a multi-dimensional, empirically validated competency mapping instrument tailored for Indian private banking.

Materials and Methods
Research Design and Approach
This study employs a descriptive-correlational research design, enabling the examination of relationships between competency mapping practices and employee performance without experimental manipulation. The approach is well suited to field settings where naturalistic observation of HR practices yields practical insights.

Sample and Data Collection: A purposive sample of 400 employees was drawn from four leading private sector banks (ICICI Bank, HDFC Bank, Axis Bank, and Kotak Mahindra Bank), covering multiple regions and job roles. Data were collected via structured questionnaires administered both online and in-person, ensuring a high response rate and diversity in participant profiles.

Table 1: Sample Distribution by Bank and Role

Bank Name	Branch Banking	Operations	Sales & Marketing	Support Functions	Total
ICICI Bank	40	20	20	20	100
HDFC Bank	40	20	20	20	100
Axis Bank	40	20	20	20	100
Kotak Mahindra Bank	40	20	20	20	100
Total	160	80	80	80	400

Measurement Instruments
- **Competency Mapping Scale:** Adapted from Salman *et al*. (2020) [24] and Sanghi (2016) [25], this instrument covers five key domains: customer orientation, problem-solving, digital proficiency, teamwork, and adaptability. Each item is rated on a 5-point Likert scale (1 = Strongly Disagree to 5 = Strongly Agree).
- **Employee Performance Scale:** Drawn Pandita & Ray (2018) [18], this validated scale assesses performance across service quality, target achievement, innovation, and client feedback. Reliability coefficients (Cronbach's alpha) for both instruments exceeded 0.85, indicating strong internal consistency.

Data Analysis
Statistical analysis was performed using SPSS (Version 26). Descriptive statistics, Pearson correlation coefficients, and multiple regression analysis were employed to examine relationships and predictive strength between variables.

Validity and reliability were checked using exploratory factor analysis and Cronbach's alpha.

Results and Analysis
The data collected from 400 respondents across four private sector banks were analysed to explore the patterns and associations between competency mapping and employee performance. The analysis is presented in a stepwise manner: descriptive statistics, reliability and validity checks, correlation analysis, and multiple regression findings.

Descriptive statistics
Demographic and job-role data revealed a well-distributed sample across branch banking, operations, sales, marketing, and support functions. Respondents' average age was 31.2 years (SD = 5.9), with an average tenure of 6.5 years (SD = 3.7). Table 2 summarises competency mapping and employee performance scale scores.

Table 2: Descriptive Statistics of Main Variables (N = 400)

Variable	Mean	Standard Deviation	Minimum	Maximum
Customer Orientation	4.18	0.51	2.9	5.0
Problem-Solving	4.03	0.58	2.6	5.0
Digital Proficiency	3.95	0.61	2.5	5.0
Teamwork	4.21	0.50	3.0	5.0
Adaptability	3.99	0.55	2.7	5.0
Service Quality	4.09	0.48	2.8	5.0
Target Achievement	4.01	0.54	2.9	5.0
Innovation	3.89	0.60	2.4	5.0
Client Feedback	4.05	0.52	2.7	5.0

These results indicate generally high competency and performance ratings, reflecting a skilled and productive sample of banking professionals.

Reliability and Validity
To ensure the accuracy and robustness of the research instruments, reliability and construct validity tests were performed. Cronbach's alpha values for all scales were above the accepted threshold of 0.70.

Table 3: Reliability and Validity of Research Scales

Scale	Number of Items	Cronbach's Alpha	KMO Value	Bartlett's Test (Sig.)
Competency Mapping	20	0.89	0.88	0.000
Employee Performance	16	0.87	0.86	0.000

Exploratory factor analysis indicated that all items loaded strongly (>0.60) on their respective factors, confirming construct validity (Salman *et al*., 2020; Sanghi, 2016) [24, 25].

Correlation Analysis
Pearson correlation analysis was conducted to identify the strength and direction of associations between competency domains and employee performance measures.

Table 4: Pearson Correlation Matrix Between Key Competencies and Performance Outcomes

Variable	Service Quality	Target Achievement	Innovation	Client Feedback
Customer Orientation	0.61**	0.55**	0.43**	0.59**
Problem-Solving	0.48**	0.57**	0.51**	0.46**
Digital Proficiency	0.40**	0.47**	0.60**	0.38**
Teamwork	0.58**	0.51**	0.44**	0.56**
Adaptability	0.45**	0.49**	0.52**	0.43**

Note: $p<.01$ (2-tailed)

Results show strong and significant positive correlations between all five competency domains and each aspect of employee performance. Customer orientation and teamwork had the highest correlation with service quality and client feedback, whereas digital proficiency most strongly correlated with innovation.

Regression Analysis
To determine the predictive power of competency mapping for employee performance, a multiple regression analysis was performed. The overall model was statistically significant: $F(4, 395) = 107.34$, $p<.001$, $R^2 = .52$.

Table 5: Multiple Regression Predicting Employee Performance from Core Competencies

Predictor	B	SE B	B	t	p
Customer Orientation	0.28	0.05	0.30	5.60	<.001
Problem-Solving	0.21	0.06	0.22	3.50	<.001
Digital Proficiency	0.24	0.05	0.26	4.80	<.001
Teamwork	0.25	0.05	0.29	5.30	<.001
Adaptability	0.15	0.06	0.13	2.70	0.007

All predictors were statistically significant, with customer orientation, teamwork, and digital proficiency exerting the strongest influence on performance outcomes.

Additional Analysis: Subgroup Comparisons
Further analysis was conducted to examine whether competency mapping and performance varied across different job roles and years of experience. ANOVA revealed that employees in sales and marketing roles scored higher on customer orientation, while those in operations reported higher digital proficiency ($p<0.05$). Employees with more than 10 years of experience exhibited stronger adaptability and teamwork competencies, suggesting experience as a moderating factor.

Discussion
The findings of this empirical assessment provide compelling evidence that competency mapping is closely linked to enhanced employee performance in private sector banks in India. The high mean scores for both competency domains and performance indicators indicate that these organisations have invested substantially in human capital development, a trend echoed in earlier research (Sharma & Bhatnagar, 2015; Salman *et al*., 2020) [26, 24].

Significant positive correlations between customer orientation, teamwork, and service quality confirm the centrality of soft skills and relationship management in banking success (Khandelwal & Mohendra, 2010; Mishra, 2014) [14, 16]. The notable impact of digital proficiency on innovation highlights the sector's ongoing digital transformation and the growing necessity for technology-related competencies among banking professionals (Salman *et al*., 2020) [24].

Regression results demonstrate that customer orientation, teamwork, and digital proficiency are the strongest predictors of employee performance, accounting for over half the variance. This underscores the critical need for banks to systematically map and cultivate these competencies-not only during recruitment and training but

throughout the employee lifecycle (Boyatzis, 2008; Sanghi, 2016) [5, 25].

The analysis also revealed important variations by job function and experience level. These findings suggest that competency frameworks should be flexible and tailored to role-specific requirements, with opportunities for ongoing upskilling and development as employees progress in their careers (Gupta & Kumar, 2014; Pandita & Ray, 2018) [11, 18]. These results are in line with international literature, which asserts that competency-based HR practices support meritocracy, increase employee engagement, and strengthen organisational adaptability (Appelbaum *et al*., 2000; Spencer & Spencer, 1993) [1, 30]. In the context of Indian private banks, the integration of competency mapping into HRM strategy offers a sustainable pathway for enhancing service excellence, customer satisfaction, and innovation.

Implications for Practice: Based on these findings, private sector banks in India should.

1. **Institutionalise Competency Mapping:** Regularly assess and update competency frameworks to reflect evolving business goals and industry standards.
2. **Invest in Digital Skills:** Prioritise training in digital proficiency for all roles, not just IT or operations, to drive innovation and customer engagement.
3. **Enhance Teamwork and Collaboration:** Foster a culture of teamwork through cross-functional projects and collaborative targets.
4. **Customise Development Pathways:** Tailor training and career progression plans to address the unique competency needs of different job roles and career stages.

Conclusion

This empirical research on competency mapping and employee performance in private banking in India offers several meaningful contributions both to academic scholarship and to practical management. The results have shown that competency mapping is not just a theoretical or HR exercise but an operational reality with direct, measurable impact on employee performance.

Key competencies-customer orientation, teamwork, digital proficiency, problem-solving, and adaptability-were found to be strongly associated with employee success. The most significant predictors of high employee performance, according to the regression analysis, were customer orientation, teamwork, and digital proficiency. These findings reinforce the idea that the banking industry is fundamentally a people-centred business, reliant on employees' ability to connect with customers, work cohesively in teams, and adapt to technological change.

Moreover, the study's results suggest that banks that actively engage in competency mapping are better positioned to build competitive advantage by developing a workforce that is both highly skilled and highly adaptable. Systematic competency mapping enables banks to identify skills gaps, design targeted training, enhance succession planning, and make evidence-based decisions in recruitment, deployment, and promotion. In an industry where regulatory frameworks, customer expectations, and technological landscapes are continuously shifting, such agility is invaluable.

Another important aspect emerging from this research is the influence of experience and job function on both competencies and performance. While some competencies (such as adaptability and teamwork) appear to strengthen with experience, others (like digital proficiency) require continuous development irrespective of seniority. Therefore, competency management must be viewed as a dynamic and lifelong process, not a one-off event.

The study also brings to light the significance of digital proficiency in private banking. With increasing digitalisation of financial services, employees who are adept at using new technologies are seen to perform better, particularly in areas related to innovation and customer service. Banks that invest in digital upskilling for all staff, not only those in IT or digital roles, are likely to see a direct payoff in terms of customer experience and business growth.

Limitations of this study include its focus on four large private sector banks, meaning results may not be fully generalisable to all banks or to public sector counterparts. The research design was cross-sectional, so while associations are robust, causal relationships cannot be definitively established. Future research should consider longitudinal designs, more diverse samples, and comparative studies across bank types and regions.

Practical Recommendations

▪ **Strategic HR Integration:** Banks should integrate competency mapping into all HR processes-from selection to succession planning-and ensure regular updates of competency frameworks.
▪ **Continuous Professional Development:** Regular, targeted training programmes should be implemented to develop both technical and soft skills, with an emphasis on digital literacy and customer engagement.
▪ **Role-Specific Competency Profiles:** Recognising that different roles require different competencies, banks should tailor development programmes and performance appraisals accordingly.
▪ **Use of Technology in Competency Mapping:** Digital tools (such as HR analytics platforms) can help in tracking, assessing, and visualising competency gaps and development needs in real-time.
▪ **Employee Engagement:** Competency mapping initiatives should be participatory, with input from employees and line managers to ensure relevance and buy-in.

Future Research Directions: Future studies could explore the impact of competency mapping on organisational outcomes such as employee retention, customer loyalty, and financial performance. There is also a need to investigate the effectiveness of various competency assessment tools and digital HRM solutions in the banking sector. Comparative studies between private and public banks would offer further insights, as would qualitative research exploring employee perceptions of competency mapping and its career implications.

In conclusion, competency mapping stands out as an essential HR practice for driving high employee performance and organisational effectiveness in India's private banking sector. By systematically identifying,

developing, and leveraging key competencies, banks can navigate an increasingly complex business environment while sustaining both individual and collective excellence.

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