

COMPETENCE BASED MANAGEMENT AND ORGANIZATIONAL CLIMATE IN DEPOSIT NIGERIAN BANKING SECTOR

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ABSTRACT

This study investigates the relationship between Competence Based Management and Organizational Climate in Nigerian Banking Sector. Competent skills and well trained personnel has been given topmost priority in the globalized economy with fierce competition among organizations in the banking sector. The objective of this paper was to examined the extent of relationship between Competence Based Management and Organizational Climate in Nigerian Banking Sector. The banking industry requires quality and competent human resources to steer its day to day operations in order to achieve the organization's objective because the availability of competent and efficient labour force does not happen by gambling but through an articulated human resources management practices. We concluded that competency based management brings out the clear picture that competency management is giving a better result in organizational climate of employees and effective and efficient organizational performances. The paper however recommends that a platform for regular training/development should be put in place to avoid employees obsolescence because times and seasons changes and to enhance their skills and use of technology for faster job performance.

Keywords: Competence based management, organizational climate, knowledge management, skill analysis, flexibility, job satisfaction

INTRODUCTION

In the globalised and skill based economies around the world, human capital is considered to be the most important resource for any organization, Walker (1980). How the organization leverages this resource will ultimately decide if it can achieve its strategic objectives. It is imperative for any organization to align its employees' behavior to its strategic objectives for sustained success. The changing nature of work as organizations transition from an industrial to a knowledge-based economy has been documented through research in the early 21st century. The American Society for Training and Development [ASTD], 2006; the Business-Higher Education Forum [BHEF], 2003; and other studies have identified the various skills and competencies important for the 21st century workforce, as well as skill gaps.

Every successful and effective manager possesses several competencies that enabled him to perform efficiently and effectively at different managerial levels. Management occurs within any type of organizational context where human and physical resources are combined to achieve certain objectives. Managerial competencies play today an important role in different types of organizations. The Competencies can detect the differences between average and excellent managers. The relationship between managerial competences and business success still remains an important issue within organizational literature (Crook et al., 2011). Competencies can give companies their competitive

advantage over their competitors. This can be achieved through companies developing competencies that are not easily transferable from one business to another. Competencies can also be called maturing when they are no longer relevant to the firm's strategic positioning. Some core competencies that are difficult to duplicate can be developed through the firm's reputation, service, traditions and image (Lado et. al, 1994).

Organizations such as banking must develop the ability to continuously and consciously transform themselves and their contexts. Contexts include restructuring for optimum effectiveness, reengineering key procedures and streamlining functions that are able to provide a source of competitive advantage. All this aims to adapt regenerate and most importantly, survive (McLean, 2006). Rothwell, Prescott, and Taylor (1998), examined many trends that affect businesses and organizations by prioritizing them as technological change, globalization, continued cost containment, market change, growing importance of knowledge capital and the increased rate and magnitude of change.

The banking industry requires quality and competent human resources to steer its day to day operations in order to achieve the organization's objective because the availability of competent and efficient labour force does not happen by gambling but through an articulated human resources management practices (Peretomode & Premotomede, 2001). In order for the banking industry in Nigeria to become more efficient and effective with their employee job performance, there is therefore urgent need to assess the association of human resources management practices and employees performance so as to determine the suitable and appropriate human resources management practices to adopt that will stir improved employees performance.

Empirically, this study have been attracted by many researchers with a bit to understand how competence based management can affect organizational climate. For instance, Spencer, & Spencer, (2008). Studied Competence atWork models for superior performance. Bakanauskiene & Martinkiene (2011) worked on Determining managerial competencies of management professionals: Business companies managers' approach. Boyatzis, (1982) examined The competent manager: a model for effective performance. Therefore, it is quite evidence from this listed existing literature stated above that there are few or no work linking competence based management and organizational climate perhaps in the banking sector. There exist a literature gap and our point of departure here is to empirically investigate the critical relationship between competence based management and organizational climate in Nigerian Banking sector.

Statement of the Problem

The Nigeria Banking Sector witnessed shocks and distress in the recent past as a result of the economic meltdown in the western hemisphere. The meltdown and the consequent restructuring in the banking sector has had significant effect on the human resources management practice and employees elements employed in the sector. Indeed, the sector has been characterized by reduction in the number of banks and uncertainties, which further aggravated the security of jobs in the sector (CBN Financial Stability Report, 2010). This espoused situation has had significant effect on human resource management (HRM) in the sector. External pressure on this sector has also created need to train and re-train the workforce to cope with the changing needs. The intervention of the regulatory authorities, the multi-faceted demand on the sector required that not only should employees be trained, but a conscious effort is needed to secure their job satisfaction in order to ensure maximum contribution to the organisations. In line with these

developments, the need to secure willing contributions from employees places HRM functions at the centre of organizational performance improvement effort. Hence, this study therefore seeks to investigate the relationship between competence based management and organizational climate in Nigerian banking sector.

Objectives of the Study

The following objectives are hereby stated;

1. To examine the extent of relationship between employee knowledge and organizational climate of deposit money banks in Rivers State.
- 1 To examine the extent of relationship between employee self-concept and organizational climate of deposit money banks in Rivers State.

Research Questions

The following stated research questions will guide the study;

1. What is the extent of relationship between employee knowledge climate of deposit money banks in Rivers State.
2. What is the extent of relationship between employee self-concept climate of deposit money banks in Rivers State. and organizational and organizational

Hypotheses

Hot: There is no significant relationship between employee knowledge and job satisfaction

1102: There is no significant relationship between employee skills and job flexibility Haft-Operational Conceptual Framework

Source: Researcher's desk, 2020

LITERATURE REVIEW

Theoretical Framework

Knowledge Based View perspective

Although Alchian and Demsetz (1972) observed that efficient production with heterogeneous resources is a result not of having better resources but in knowing more accurately the relative productive performances of those resources, the emergence of the knowledge-based view (KBV) came much later. This approach considers firms as bodies that generate, integrate and distribute knowledge (Narasimha, 2000; Miller 2002), The ability to create value is not based as much upon physical or financial resources as on a set of intangible knowledge-based capabilities.

According to the KBV competitive success is governed by the capability of organisations to develop new knowledge-based assets that create core competencies (Pemberton and Stonehouse, 2000). Fundamental to the KBV of the firm is the assumption that the critical input in production and primary source of value is knowledge (Grant, 1996a).

In the knowledge-based view, analysis of capabilities has incorporated human, social and organizational resources next to economic and technical resources. Firms that possess stocks of organizational knowledge associated with value that could be described as uncommon or idiosyncratic, stand a good chance of generating sustaining high returns (Raft and Lord, 2002).

However, Leonard-Barton (1992) does warn that there is a dual nature within these knowledge-based stocks-capabilities, which can have as a result the alteration of the prior beneficial resources to potent core rigidities or performance inhibitors, in other words,

what is a capability today may become a liability tomorrow. This concern that capabilities may become rigidities emphasizes the importance of understanding the processes of knowledge creation and development (Croom and Batchelor, 1997).

Within KBV, two large subgroups can be identified (Acedo, Barroso, and Galan, 2006): One subgroup, which could be considered as closer to the RBV, asserts that knowledge is the most important strategic resource for organizations. Although the RBV recognizes the importance and role of knowledge in firms achieving a competitive advantage (Wernerfelt, 1984; Barney, 1991, 1996) knowledge-based theorists argue that RBV does not go far enough. Specifically, the RBV treats knowledge as a generic resource, rather than having special properties, and subsequently, does not make any distinction between different types of knowledge-based capabilities (Kaplan et al. 2001).

Concept of Competence and Competency Management

The word "competence" has highlighted aspects of understanding and emphasis relatively distinct. Competence has the same meaning as capability (ability). Someone competent is who has the ability, knowledge and expertise to do things efficiently and effectively. Every organization, private or public need to develop human resources (HR) owned professional and have high competence. Human resources highly competent organization will become a center of excellence as well as support organizational competitiveness in entering the era of globalization and face the business environment as well as social conditions are changing so fast.

The concept of competency was first brought forward by David McClelland. He argued that intelligence tests were not valid predictors of intelligence and irrelevant to the workforce. He conducted a study on US Information Agency in 1973, Mc Clelland found that the five competencies are critical for people to become successful that are, specialized knowledge, intellectual maturity, entrepreneurial maturity, interpersonal maturity and on-the job maturity. Richard Boyatzis is a researcher who contributed significantly for the development of

competency management. His studies developed 21 competencies which differentiated managers from average performers.

Competency management is defined as a comprehensive human resource strategy that identifies and builds the most relevant competencies to facilitate peak employee and organizational performance. It includes the identification of critical knowledge, skill and attitude that is to be possessed by an employee to perform his role effectively. This may be categorized under the individual, departmental and organizational heads. Grouping the different level competencies may develop a competency model for the organization. The articulated and customized competency model brings out the competency based performance. The competency based performance may be better used to reward, career development, leadership, measuring performance and culture building.

The role of human resources in the organization has the same meaning as important as the work itself, so that the interaction between the organization and human resources became the focus of attention of the manager. Therefore, the values that complies with the demands of the organization's environment needs to be introduced and socialized to all individuals in the organization. Organizations in the future will be shaped around a human. Then less emphasis on tasks as a unit to build the organization. It means that it is centered on human competence. If humans are used as a development organization,

then what do they bring to the job that competence becomes very important. To obtain maximum benefit from the opportunities provided by the types of the new organization, the necessary forms of human resource management more integrated, which is based on a clear understanding of the competencies required for the role (rather than from a job or task) management so requires a sharper picture of the strengths and weaknesses of the real nature of people. Given the large sense of competence raised in the dictionary and also by the experts, the following describes some sense of competence. According to Makmur (2013) competence is as skills that should be developed by the staff when he wants to show the performance that meet the standards are fully satisfy their jobs. Formation of the competence of the government apparatus not appear by itself but through a long process and use a long time, because it is theoretically competence or the ability to form the government intelligence apparatus which is applied through proper thought and action as well as profitable. Definition of competence as stated by Hutapea (2008) that the competence of the existing capacity in someone who can make a person able to fulfill what is required by the job within an organization so that the organization is able to achieve the expected results. Suparno (2005) that the competence contains aspects of knowledge, skills and the ability or personality characteristics that influence performance. In contrast to Fogg (2004) that divides competences into two (2) categories:

1. Basic competencies and differentiate basic competencies (threshold) and
2. Competence differentiator according to criteria that are used to predict the performance of a job. Basic competence (threshold competencies) are the main characteristics, which is usually in the form of knowledge or basic skills such as the ability to read, while differentiating competencies are competencies that make a person different from another.

Organizational Climate

The organization is a form of human cooperation for the achievement of common goals. Organization is nothing more than a group of people who gather together around a technology that is used to change the inputs from the environment into goods and services that can be marketed. Climate organization by Sunyoto (2012) is a set of feelings and perceptions of the various workers who may change from time to time and daeri one worker to another worker.

Decision making, goal setting, and control. In this case, respondents were asked to choose according to his view on each item indicating autocratic tendencies in the organization, structuring high or participatory and human-oriented. The conclusion from this study is that the human-oriented organization, produce a level of achievement (performance) and higher levels of job satisfaction is higher also. Commitment to the organization is a feeling of obligation on the employee to remain in the organization that is the result of pressure to go in or go in an organization. Affective commitment concerning the emotional provide greater benefits to the organization which is to reduce employee turnover, increase productivity and higher job satisfaction. This compared with the commitment of employees, based on the financial aspects of bringing harm to the organization are employees who are experienced will try to find a job outside the organization more profitable which would reduce job satisfaction in the organization and the award high self will lead to loss of experienced employees (Tika 2008). So someone who has a high commitment to the organization will have identification, engaged earnestly and loyalty with affection there positively to the organization. Besides performing behavioral work

towards the organization's goals and desire to remain joining the organization in the long term. Organizational commitment is a psychological bond of employees in an organization characterized by strong trust and acceptance on the goals and values of the organization, packaging striving for interests of the organization, a strong desire to maintain a position as a member organization. Dunham, et al. (1994) there are four indicators used to measure the organizational commitment is proud as workers, engaged in the task, the progress of the organization, and employee behavior.

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Relationship between Competence Based Management and Organizational Climate

Competence of human resources is a factor supporting the achievement of organizational goals. According to Hutapea (2008) that the competence is a composition that is the person who can make that person is able to fulfill what is implied by the work of an organization, so that the organization is able to deliver the expected results. The importance of human resources, the human resources has high competence will affect the performance of civil servants, particularly in an organization. These results are consistent with research conducted by Hadiyatno (2012) examine the effect of competence, compensation to employee performance. The results showed that simultaneous competencies, compensation and job satisfaction have a significant effect on employee performance.

Competence of managers considering managerial skills is one of the main factors of success in any organization. Effectiveness of managers requires having managerial skills that by applying them in different organizational occasion these goals can be obtained (Mirsepasi, 1991). Peterson believes that managerial skills will result in improvement of management and using it the organization will be able to obtain its goals. According to the suggestions of Gising and Guyster (2008) managers for obtaining continuous successes

and obtaining new opportunities must look for research and information. Katz (1991) considers having managerial skills (conceptual, human and technical) as a necessity for successful management. Also claims that defect in any of these skills will decrease the chance of manager's success and consequently organization's success and any of these skills are required for fulfilling the five managerial duties (planning, organizing, leading, controlling and evaluating). Generally it is hard to imagine a successful manager in new organizations without having fundamental skills.

Organizational behavior is considered as a subjective concept that has brought several disputes and the one whom are interested in this concept consider organizational environment as a group of descriptive understanding of specifications of organization including leadership, organizational strategies, occupational specifications, etc. They consider understandings as a result of real specifications of organizations and self-conceptualized specifications. From this point of view organizational environment is a dependant variable that its area is subjected to organizational systems to some extent (Mazdarani, 1991). Hosseini (2009) has studied he relation between organizational environment with the level of entrepreneurship in the field of management in sport federations of the country and the obtained results indicate that there is a positive and meaningful relation between organizational environment and level of entrepreneurship.

Mohammad (2012) has determined relation, organizational structure and environment by publishing information technology in selected sport organizations of Iran and the obtained results indicated that there is a positive and meaningful relation between organizational view, structure and environment and its elements from the viewpoint of managers, physical education experts, sport federations and department general of physical education in schools by publishing information technology.

CONCLUSION

The studies in the field of competency based management bring out the clear picture that competency management is giving a better result in organizational climate of employees and effective and efficient organizational performances. Competency management system has become an inevitable process in the organization most especially in the banking sector in the present business environment. It is the need of the hour to create a cutting edge in the competitive field and this has lead in creating a system where in all process in the human resource system is revolving around the competency based management system.

RECOMMENDATIONS

1. This is of importance to the management of banks in Nigeria and entire service industry; management or banks should provide working environment for workers, with good welfare package, and good training programmes, in other to continue to prosper.
2. A platform for regular training/development should be put in place to avoid employees obsolescence because times and seasons changes and to enhance their skills and use of technology for faster job performance.
3. Good reward and compensation systems, such as commensurable pay, incentives, praises and friendly working conditions should be created for the sustenance of employee's loyalty to the firm.

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