

## EXECUTIVES’S PERCEPTION TOWARD DESIRABLE COMPETENCIES FOR EMPLOYEES OF THE SPECIALIZED FINANCIAL INSTITUTIONS

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### Abstract

This research aims to study the important components of employee performance in specialized financial institutions w.r.t. three different kinds of the performance, namely the core competency, the management competency, and the professional performance. Our sample population is executives from three different tiers, namely the senior tier, the intermediate tier, and the basic operation tier. Our population has 90 samples, which consists of five executives for six financial institutions i.e. Government Saving Bank (GSB), Bank for Agriculture and Agricultural Cooperatives (BAAC), Government Housing Bank (GHB), Islamic Bank of Thailand (iBank), The Bank for Export and Import of Thailand (Exim Bank), The Small and Medium Enterprise Development Bank of Thailand (SMEs Bank). Following Resis Likert’s method, we do rating scale-based questionnaires for the population. We found that 60 of them are qualified to be used for our analysis i.e. 66.67% of the whole population. To analyze the data we employ descriptive statistical methods for understanding the frequencies, percentage, mean, standard deviation, and advanced statistics for studying correlation coefficient by using AMOS. This research found that the performance of employees is as expected by the executives. That is, the performance’s priority is presented in this order: (1) the functional competency consisting of four perspectives i.e. leadership, expertise skills, analytical thinking, and self-management; (2) the managerial competency consisting of two perspectives i.e. business management and flexibility in the management; and (3) the core competency consisting of four perspectives i.e. product expertise, service mind, communication, and commitment to success.

**Keywords:** Competencies, Executive’s Perception, The Specialized Financial Institutions

### Introduction

The advancement in technology results in changes of consumers’ behaviors, attitudes and daily lives. It also leads to innovations in financial services convenient for new generation clients’ life style. They can do financial transactions at any time at anywhere. With digital banking devices, such as tablets or mobile phones, clients could operate digital banking

transactions through ATM machines or the Internet without any needs of commuting to the banks. In accordance with the PWC’s Global Banking Surveys, targeted at 157 top management executives in information technology in 14 countries worldwide, the banking transactions through smart phones increased to 64% in 2016. Similarly, the Survey of Financial Services Technology 2020 and Beyond: Embracing

Disruption conducted by PWC (Thailand) Co.,Ltd. predicted that in 2020 the advancement in technology will significantly change the faces of financial services worldwide. Additionally, there would be ten influential phenomenon in financial industries. Firstly, financial technology will drive the new forms of financial businesses. Secondly, sharing economy will be integrated in the financial system. Thirdly, Blocked chains will revolutionize the new eras of financial world. Next, digital will be the main stream in next 3–5 years. Additionally, intelligent clients identify the growth of income and maximized profits. Moreover, there will be advancement in robotics and artificial intelligence. Furthermore, the cloud public spaces will be the prototype of infrastructure. In addition, cyber security becomes another risk factor of financial institutes. Likewise, Asia will be the new global hub of financial innovations. Finally, technology will be greatly implemented in directing and monitoring functions.

Competency development improves the competitive advantages of organizations, particularly in terms of human resources. Competencies have been greatly implemented in organizational development. Private organizations are mostly satisfied with employees' competencies. In 708 companies, core competencies are one of the three popular management tools followed by corporate code of ethics and strategic planning. (Pasu Decharin, 2003 p.13) It implies that core competencies play significant roles in managerial success.

To achieve business objectives, human resources should be equipped with competencies in line with corporate visions, missions, and business targets. Each employee has different competencies, knowledge, abilities, skills, and attitudes. Screening the personnel with relevant competencies assists

companies in dealing with changes and achieving sustainable growth.

With the changing environment of financial technology in the five years period, only the employees whose competencies have been developed in line with company's needs could get better employment opportunities in financial services and investment industries. In addition, in 2015, the World Economic Forum conducted a research interviewing top management executives in human resource controlling 13 million employees in 9 industries in 15 countries. Likewise, the journal article named the Future of Jobs published in January 2016 indicated ten significant working skills in 2020 including (1) complicated problem solving skills, (2) analytical thinking skills, (3) creative thinking skills, (4) human resources management skills, (5) collaboration skills, (6) emotional intelligence, (7) decision making skills, (8) servicing skills, (9) negation skills, and (10) learning flexibility.

The current research introduces the emotional intelligence and the learning flexibility as the additional skills, replacing the quality control and active listening skills which used to be significant in the previous research in 2015. The quality control will be replaced by artificial intelligence and advanced technology. Sound recording also lessen the importance of active listening skills. The human resources executives in financial industries aim at changing employees' skills and they believe that most employees do not understand disruptive changes. Not only global financial institutes, but the financial institutes in Thailand also need to get ready for changes their roles in driving monetary economics by sourcing and allocating funds for real sector, paying prices and services, managing risk, and providing

financial information for decision making. Therefore it is significant in monitoring and directing the operations of financial institutes to be appropriate in terms of effectiveness, transparency, good governance, and risk management free from damages in people's deposit accounts.

The Specialized Financial Institutes, under the supervision of Ministry of Finance, play significant roles in economic and financial development in line with the government policies. They should be able to adopt their functions to be in line with current trends in financial technology, starting from developing the competencies of human resources by increasing abilities, skills, expertise of employees as well as developing their organizations to response to real sector. (Chotichai Suwannaporn, 2006) in order that their employees would be competent enough to serve the needs of four groups of targeted clients including (1) agricultural clients serviced by Bank for Agriculture and Agricultural Cooperatives (BAAC) taking care of farmers in provincial areas, and Government Saving Bank (GSB) taking care of community residents in urban areas; (2) small and medium-scaled industries clients serviced by Small and Medium Enterprise Development Bank of Thailand; (3) real estate clients serviced by Government Housing Bank ; and (4) others clients.

Consequently, executives in all levels should take parts in developing employees' competencies to create the differences for their corporations to survive the business competition. The researcher then focuses on the professional competencies that executives expect from their employees to strengthen their organization and to add values for sustainable development of national economics in line with the policies of the Office of the Public Sector Development

Commission (2008) promoting public sector to be learning organizations get ready for changes and to have management policies catching the trends of globalization. Therefore, to successfully compete with other financial institutes, it is worthy to study the executive's perception toward desirable competencies for employees of the specialized financial institutes.

### The Objective of Study

This research aimed to study the components of employees' desirable competencies in specialized financial institutes with regards to three different kinds of competencies, namely the core competency, the managerial competency, and the functional competency.

### Literature Review

Mc Clelland (1993) defines that competency is hidden personality in individuals enforcing them to get excellent performance or based on the criteria in their responsible assignments. Competencies comprise of knowledge, skills, attitudes, motivation, which could be divided into two groups: (1) threshold competencies or basic knowledge and required skills and (2) differentiating competencies or the factors driving each individual to get working performance higher than standards or better than others. The second group of competencies, which more interests human development scholars, focuses on the use of Knowledge, skills, and other qualifications (including values, motivation, and attitudes) to achieve excellent results.

Today, many private organizations apply competencies as management tools. In 708 companies, core competencies are one in twenty five management tools popularly ranked in the third followed by corporate code of ethics and strategic

planning. (Pasu Decharin, 2003 : 13) It implies that core competencies play significant roles in managerial success.

Basically, competencies could be classified into three groups, McClelland (1973), Arporn Phu Wittapan (2004), Panchan Sanprasan, Surang Singhakachan, Rungnapa Pachikiatchai, et al., (2003), Thanyalak Verasompat (2003), Sujitra Thananan (2009) and Usawadee Bunrod (2011):

1) Core Competencies–those reflecting human behaviours supporting organizations to achieve targets and missions based on visions documented, or human behaviours reflecting knowledge, skills, qualifications of company–wide employees, such as results focus, creativity and change management.

2) Managerial Competencies–those differentiating the levels, positions, and scope of responsibilities in chains of commands, such as leadership, prioritization, and resource management.

3) Functional Competencies–those detailing desired skills for specific job functions, such as negotiation skills, presentation skills, coordination skills, and product delivery skills.

With rapid change in financial technology, financial institutes need to follow guidelines for improving their employees’ competence in serving needs of the clients in digital age, as follows:

1)The commercial banks in Thailand should improve the working competence and performance of their employees to get maximized efficiency compatible with international banks. Additionally, digital technology should be integrated with human labors for the highest benefits.

2) The employees’ strategies should be more market-oriented.

3) The efficiency of the staff of the commercial banks in Thailand should be improved to keep in touch with rapid business competition. Employees should be equipped with customer service skills, operation skills, communication and foreign language skills, and technological skills.

4) Motivations in forms of systematically-planned benefits and challenges should be implemented to call for increasing working efficiency. (Pornnop Pukkapan, Prasertchai Trisatiebpong, 2001)

## Research Methodology

1)The population of this study comprised 90 executives from 6 specialized financial institutes namely Government Saving Bank (GSB), Bank for Agriculture and Agricultural Cooperatives (BAAC), Government Housing Bank (GHB), Islamic Bank of Thailand (iBank), The Bank for Export and Import of Thailand (Exim Bank) and The Small and Medium Enterprise Development Bank of Thailand (SMEs Bank). In other words, each financial institute received 15 copies of questionnaires of which each set of five copies was distributed to three levels of executives namely top management, middle management, and operational management. The questionnaires were collected during 1–15 February 2018. The response rate was 66.67%, or only 60 copies of questionnaires were returned.

2) The content validity of the research instrument was verified by three experts. The reliability of the instruments was conducted in the pilot study comprising 30 samples having the reliability at 0.983 and the reliability of each desired competency item ranging from 0.760 to 0.942.

3) The research data were analyzed by descriptive statistics for personal information and by the structural equation model: SEM estimated by advanced analytical statistics using AMOS software.

### Research Findings

The research findings were presented in three parts:

#### Part 1: Personal Information

The samples were composed of 37 males (61.70%) and 23 females (38.30%).

The educational background of the samples included 52 Master’s Degree graduates (86.70%), 7 Bachelor’s Degree graduates (11.70%), and 1 Doctorate’s Degree graduate (1.60%) respectively.

The years of employment of the samples ranged from 10 years or above (55 respondents or 91.70%), less than 3 years (4 respondents or 6.70%), and 3–5 years (1 respondent or 1.60%) respectively.

The managerial levels of the sample comprised 29 top management executives (48.30%), 18 middle management executives (30.00%), and 13 operational management executives (21.70%) respectively.

#### Part 2: Statistical Analysis of Core Competency, Managerial Competency, and Functional Competency

Table 1: Mean, Standard Deviation, and Rank of Competencies

The Competency of employees	Mean	S.D.	Priority	rank
<b>Core Competency: CC</b>	<b>3.799</b>	<b>0.321</b>	<b>Maximum</b>	
Achievement Motivation	3.855	0.264	Maximum	2
Service Mind	3.802	0.322	Maximum	4
Ethical Competencies	3.866	0.261	Maximum	1
Learning and Development Competencies	3.797	0.335	Maximum	5
Communication Competencies	3.770	0.339	Maximum	7
Teamwork Competencies	3.822	0.314	Maximum	3
Product expertise Competencies	3.686	0.412	Maximum	12
<b>Managerial Competency: MC</b>	<b>3.671</b>	<b>0.440</b>	<b>Maximum</b>	
Competencies Dealing with Business	3.643	0.478	Maximum	13
Expertise skill Competencies	3.740	0.448	Maximum	10
Flexibility	3.629	0.394	Maximum	15
<b>Functional Competency: FC</b>	<b>3.726</b>	<b>0.401</b>	<b>Maximum</b>	
Analytical Thinking Competencies	3.753	0.372	Maximum	9
Leadership Competencies	3.783	0.336	Maximum	6
Technical Competencies	3.636	0.482	Maximum	14
Technological Competencies	3.696	0.457	Maximum	11
Self–Management Competencies	3.763	0.357	Maximum	8
<b>Total</b>	<b>3.732</b>	<b>0.350</b>	<b>Maximum</b>	

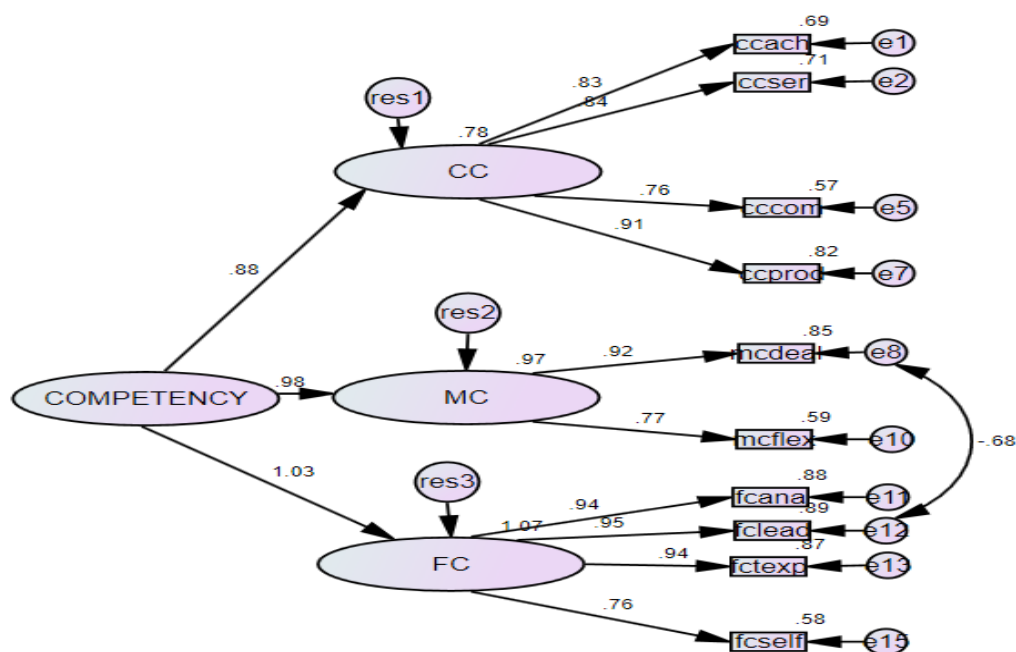
In accordance with table 1, the overall desirable competency for employees of The Specialized Financial Institutes percept by management executive was rated at the highest rank with the mean of 3.72. The competencies could be ranked in order of significance, as follows:

### Part 3: The Second Order Confirmatory Factor Analysis of Executive’s Perception toward Desirable Competencies for Employees of The Specialized Financial Institutes

For convenience in interpreting research findings, each abbreviation stands for:

CC : Core Competency  
CCACH : Achievement Motivation  
CCSER : Service Mind  
CCCOM : Communication

CCPROD : Product Expertise  
MC : Managerial Competency  
MCDEAL : Dealing with Business  
MCFLEX : Flexibility  
FC : Functional Competency  
FCANA : Analytical thinking  
FCLEAD : Leadership  
FCTEXP : Technical Competencies  
FCSELF : Self-Management  
GFI : Goodness of Fit Index  
CFI : Comparative Fit Index  
RMSEA : Root Mean Square Error of Approximation  
Df : Degree of Freedom  
P : Probability Level



Chi-Square = 44.877 df=31 p = 0.051 RMSEA = 0.078 CFI = 0.881 GFI = 0.881

Table 2: Statistical Values Testing the Linkage of the SEM Model

Statistics to used	Statistics in model	Criteria for consideration (Kline, 2005)	The results
Chi-Square) at df=31	44.877 / 31 = 1.448	< 2	Accepted
Probability Level	0.051	p> 0.05	accepted
Goodness of Fit Index (GFI)	0.881	0.00<GFI< 1.00	accepted
Comparative Fit Index (CFI)	0.978	0.00<GFI< 1.00	accepted
Root Mean Square Error of Approximation (RMSEA)	0.078	0.05<RMSEA< 0.08	accepted

As shown in table 2, the hypothesis of the SEM model were in accordance with the empirical data, prioritized as follows:

- 1) Functional Competencies included leadership, techniques, analytical thinking and self-management.
- 2) Managerial Competencies included Business Management and Flexibility.
- 3) Core Competencies included Product Expertise, Service Mind, Communication and Achievement.

## Discussion

In summary, as percept by the top management, the middle management, and the operational management executives in the specialized financial institutes of Thailand, desirable employees should be equipped with nine competencies in three major categories, as prioritized below:

1) Functional Competencies, those detailing desired skills for specific job functions, ranged from leadership, technique, analytical thinking, and self-management. The employees of specialized financial institutes should apply knowledge, experiences and previous lessons in logically solving working problems in the changing world of finance. This piece of findings

was in line with Usawadee Boonrod (2011) studying the competencies of credit officers of Krungthai Bank, Kampaengpetch Brank, of which the research results showing that the three managerial competencies included decision making, analytical thinking and changing management. The findings were also in accordant with Jirasak Sutthadol (2010) studying the competencies of officers of the commercial banks in Thailand, of which the research results showing that the three desirable competencies included human resources management, business management, and self-management.

2) Managerial Competencies were the secondly important competencies of employees in each level and position. The employees should be equipped with business management skills and the managerial flexibility. In other words, they should have knowledge in financial business and be able to link internal and external business information to achieve their organizations' business results. This was in line with Jirasak Sutthadol (2010) studying the competencies of officers of the commercial banks in Thailand, of which the research results showing that the three desirable competencies included human resources management, business management, and self-management. It was also relevant with Kuajit Cheerakarn (2012) studying the



current competencies of the human resources managers of the commercial banks in Thailand, of which the research result showing that the human resources managers of the commercial banks in Thailand should be flexible in terms of management.

3) Core Competencies, reflecting knowledge, skills, and qualifications of company-wide employees, were composed of four main competencies ranked in the order of significance namely product specification, service mind, communication and achievement commitment. Banks offer various products for various clients with different professions and incomes. Therefore, banking personnel should be specialized in understanding clients' needs, selecting and presenting appropriate banking products for various groups of clients. Likewise, they should be able to compare and contrast the strengths and weaknesses of the financial products of various banks and persuade target clients to purchase their banking products. This was relevant with two pieces of previous research including (1) Sasikarn Samakkeenont (2013) studying the expectations and satisfaction of core competencies of the employees working for the third region of the Government Saving Bank, of which the research results showing that the highly expected and highly satisfied competencies included service-minded, result-oriented, and product specialization; and (2) Kuajit Cheerakarn (2012) studying the current competencies of the human resources managers of the commercial banks in Thailand, of which the research result

showing that the human resources managers of the commercial banks in Thailand should have good communication skills.

## Recommendations

### Recommendations from This Research Study

1) The human resources departments of the specialized financial institutes should improve the procedure of human resources selection to be in lines with the executives' opinions in order that the newly recruited employees have desirable competencies percept by executives.

2) The human resources department may create human resources training and development projects to improve employees to get desirable competencies and to be promoted in their career paths.

### Recommendations for Further Studies

1) Further studies might be conducted to compare and contrast the competencies of the executives of the commercial banks in Thailand and those of the other types of financial institutes.

2) Further studies might be conducted to develop the functional competencies of various positions in order that management executives and business enterprises could be applied in their businesses.

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