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# SKILL GAP ANALYSIS: A COMPARATIVE STUDY OF PUBLIC AND PRIVATE SECTOR BANKS WITH SPECIAL REFERENCE TO MORADABAD CITY

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Ms. Ritika Bhatia\*

Dr. Manjula Jain\*\*

## ABSTRACT

In current era of highly volatile business environment the triumph of an organization depends upon several factors but the most crucial factor that affects the organization performance is its employee. Human resources play an important role in achieving an innovative and high-quality product/ service. This paper makes a lucid attempt to study the Training gap of an individual's performance or job related skills in Public and Private Sector Banks at Moradabad city. The primary aim of this Study is to identify the difference between the Skill Gap Scores of Employees of Public and Private Sector Banks and the secondary aim is to identify the soft skill gap of employees via Skill-Will Mapping.

To fulfil this researcher has designed questionnaire comprising of General, Specific and Soft Skills. The Nature of Study is Descriptive and purposive Sampling was used to collect the data. For testing the hypotheses T Test and skill-will mapping has been done to show the gap scores using the data collected on a sample of 181 employees (115 employees of Public Sector and 66 employees of Private Sector Banks). It was found that there exist no significant differences in the General Skill gap scores and Specific Skill Scores of Public and Private Sector Bank employees.

**Keywords :** Training Need Assessment, Skill Will Mapping, Employee's Performance, Training Gap.

## INTRODUCTION

In recent years, workplace efficiency has become a priority for employers worldwide due to the global recession and the cost cutting measures that have been implemented. Completing a skills gap analysis allows organisations to keep on top of employee development, channel their resources effectively and adapt to future skills demand. It is no secret that global markets and innovations in technology are driving speedy change in the Indian

Economy. While much has been said over the years about the employment budge from goods-producing to service-providing industries, new research suggests

that the shift is not due to sectoral employment change but rather a shift in the mix of jobs within industries and the types of skills that those jobs require. Training Needs Analysis (TNA) is the key to reshaping the outlook of employees working in Banking Industry. It is a crucial component of learning to ascertain both the needs of the learners and the organization. The need for training and development is determined by the employee's performance deficiency, computed as follows:

Training and	=Standard	-	Actual
Development	Performance		Performance

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\*Assistant Professor, Gitarattan International Business School, Delhi.

\*\*Director, School of Business Management, IFTM University, Moradabad, U.P.



TNA is the systematic gathering of data to find out where there are gaps in the existing skills, knowledge and attitudes of employees. It involves the gathering of data about existing employees' capabilities and organizational demands for skills, and the analysis of the implications of new and changed roles for changes in capability. It determines and identifies the existence of a gap between what is expected of a person to perform their duties competently and what they actually know. Training Needs Analysis can be an overwhelming process. It is a method that will bridge the gap between the required performance and the actual performance of the employee. It is also a method of determining whether a training need exists, and if it does, what training is required to fill up the gap.

The gap between the present status and desired status may indicate problems that in turn can be translated into a training need.

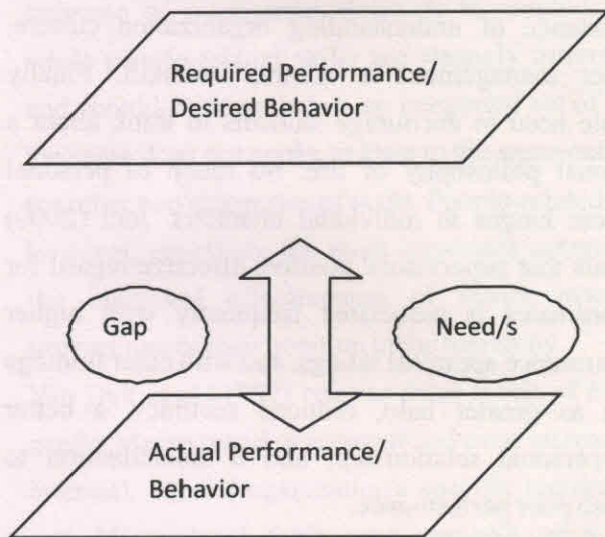


Fig: 1 SelfDesigned

Realizing the policy direction of the organization, performance analysis known as "gap" analysis is conducted to look at an official's current working performance and knowledge and spot whether an official is performing as desired based on given roles

and responsibilities. Then the more explicit the standard for current performance and knowledge, the easier it will be to explain the gap in performance or knowledge deficiency.

A skills gap analysis is a systematic review of the skills held by individuals in a company (Clark, 2012). The first step in performing an analysis is to identify all the skills required by an individual to carry out their job role effectively (Duggan, 2013). A skills gap analysis can really benefit an organisation by providing a critical overview of the workforce allowing managers to determine if their employees have the necessary skills to meet organisational objectives (Q Finance, 2009). If employees do not have these skills, an organisation can use the skills gap analysis to prioritise training resources so that they are customized to specific job roles. The issue is all the more relevant to the public sector banks who are striving hard to keep pace with the technological changes and meet up the challenges of globalization. The principle applies equally and perhaps more aptly to service institutions like banks.

## LITERATURE REVIEW / STATEMENT OF PROBLEM

Man is the only creature that not only begins a new generation, but can take the advantage of the knowledge which has accumulated through the centuries. Need identification is the starting point in any training and development activity. Need identification or assessment is not a routine function, because it should be conducted carefully and in a diagnostic manner (Al- Khayyat & Elgamal, 1997). The skill assessment begins with a "need" which can be identified in several ways but is generally described as a gap between what is currently in place and what is needed, now and in the future Hogarth et al., (2001)



report that 7 percent of establishments reported a tightly defined measure of skills gaps where around one-third of the workforce in an occupation lacked skills. Skills gaps affect more employers than skill shortages and one-in-ten employers suffer either skills gaps or skill shortages (Campbell et al., 2001).

A Gould et al (2004) state that Training Needs Analysis is the initial step in a cyclical process which contributes to the overall training and educational strategy of staff in an organization or a professional group. The cycle commences with a systematic consultation to identify the learning needs of the population considered, followed by course planning, delivery and evaluation.

Jain et al., (2005) states that many organizations across the countries have recognized that training is a strategic priority rather than a tactical response, which may be used as a catalyst for change and also as an aid to give an organization a competitive edge. Majority of the organizations, therefore, have a definite policy of training and it is formally being aligned to corporate strategy rather than remaining peripheral to organizational functions. As the world economy integrates, training the expatriates is also being emphasized. The training of expatriates and their performance have been found to be positively related. There are significant differences in training systems/practices across the countries and significant similarities within the specific country. This is, indeed, influenced by industry trends and cultural characteristics. MNCs, therefore, are adopting diverse training strategies and are also facilitating employee training in their foreign affiliates. Both the availability of required quality and quantity of Human Resource (HR), maintenance of such employment through training, as well as the HR's strategic responses to the worldwide changes ultimately determine the

competitive strength of a firm within a nation or across the countries. Hence organizations in today's world need to follow the principle "innovation-training-development-action-sustainable growth" with true concern for the meaningful development.

James (2005) tells that the "Soft Skills" of Success, a speech by James explains that those Individuals who succeeded in their careers had both excellent technical skills and "soft-skills" especially the ability to work positively with everyone. Technical skills are a part of many excellent educational curriculums. The "soft skills" need additional emphasis in school curriculums. Students who learn early of their importance will have a "leg up" as they begin a business career and life. The first soft skill is human relations. The key to effective human relations is a well-developed sense of empathy and a reputation of integrity. Effective communications is another soft skill. Organization culture, the third soft-skill, is the importance of understanding organization culture. Career management is another softskill. Finally people need to encourage students to think about a personal philosophy of life. So much of personal success hinges in individual character. Joel (2000) reveals that supervisors' positive affective regard for subordinates is associated frequently with higher performance appraisal ratings, and with other findings such as greater halo, reduced accuracy, a better interpersonal relationship, and a disinclination to punish poor performance.

.John (1995) describes a methodology for analyzing competence requirements and pinpointing competence enhancements, together with the appropriate training media, which is applicable to all management and technical specialist functions. It is argued that the methodology may be integrated with corporate career planning for professionals, and a



cost-effective tool for corporate human resource management is provided. It is concluded that continual professional development needs to be incorporated in the human resource development policy in order for business organizations to face the challenge of business change successfully.

Latif (2000) proclaims that managerial skills are viewed as being of fundamental importance for improved managerial performance and effectiveness as the whole. Recent developments in the field point to the presence of three paramount and overlapping categories of managerial skills namely, task- people- and self-related, that play a crucial role towards increasing the effectiveness of the senior managers in both private and public sector organisations. The results of a survey of executive and senior managers in the steel industry of Iran point to the emergence of distinct patterns delineating clusters of skills with various degrees of generalisability to the universe of managerial skills. It is concluded that while people-related skills are strongly interrelated, and should be regarded as an integrated set of skills, the same does not apply, at least to the same extent, to the other two categories of skills. People-related skills, however, constitute the most important category for the increased effectiveness of senior managers, irrespective of their position in the hierarchy.

Van Dyk et al (1997) refer to three levels of training needs: Macro (need of national and even international interest), Meso (organization's specific requirement) and Micro level (only one person's or a small population's need). Mathews, et al (2001) training needs assessment is dominated by senior management decision and supervisors' opinions. The skills inventory is the most widely applied formal technique. Organizations tend to pay more attention to customers and work groups when defining training needs. In

general, objective and formal methods should be adopted more widely. Riyaz Rainaye (2004), in their study empirically examined the training policy in two commercial banks, namely, State Bank of India and Jammu & Kashmir Bank Limited. The focus is on the various facets of training including Management's attitude towards training, training inputs, quality of training programmes and transfer of training to the job. Whereas it records that the training scenario is to a large extent satisfactory. It evaluates the opinions of the employees of two cadres of both banks: in particular that it can be made fully effective only when the training needs assessment and transfer of training to the job are considerably improved, besides bringing in finer improvements in other dimensions.

Niki Glaveli; Stella Kufidu (2005), in their paper analyzed the changes that took place in the Greek banking industry in the last years, their impact on the role of employees training and development for strategy implementation and success, using four case studies to investigate the effect of the environmental changes on these particular banks and the role of their training and development strategies in adjusting themselves to the changing industry environment.

K. Karthikeyan, R. Karthi. (July 2010) In their study to find out the Effectiveness of Training, concluded that when effectiveness of training increases it directly has a positive influence on growth & result of the banks. So training is really effective in all the banks.

Research by Mudor and Tooksoon (2011) indicates that providing appropriate opportunities for training that link business and individual skills needs may influence workers to stay with an employer for longer, maximising the benefits of increased employee productivity due to a higher level of skills when considered against the original cost of training. Further long-term savings are made as employees feel



valued and increasingly willing to remain with their employer, reducing the costs associated with staff turnover (Asset Skills, 2012). The above literature reviews have either emphasized on the importance of Training and Development for the effectiveness of organizations or have focused on the significance of identification and assessment of need for Training and Development. But all these studies have been negligent in focusing the need assessment process and its identification in the contemporary environment

The study "Skill-Will Mapping" is of great help to find out the areas where there employees requires training and also to understand the present working standards of the employees. This study is significant and timely in the context that tremendous changes are taking place in the banking field especially in the area of competencies needed in the new work environment. The study attempts to fill this research gap by making an exhaustive attempt to assess the need in the contemporary environment

### **OBJECTIVE OF THE STUDY**

The main objectives of the study are:

- To study the difference between the general skills scores of Employees of Public and Private Sector Banks.
- To identify the differences that exists in the specific skills scores of Employees of Public and Private Sector Banks.
- To study the soft skill parameter scores of employees of both the banks.

### **HYPOTHESES TO BE TESTED**

This paper attempts to test the following hypotheses.

**H<sub>01</sub>:** There is no significant difference in the General Skills Gap scores between Private and Public Sector Banks.

**H<sub>02</sub>:** There is no difference in the Specific Skills Gap scores between Private and Public Sector Banks.

### **RESEARCH METHODOLOGY**

The Nature of Study is Descriptive Research, Purposive Sampling Technique was used and Data was majorly collected from the Primary Source The population of study is the full time employees of the Public Sector Banks and the Private Sector Banks in Moradabad City. It includes the different types of employees in these organizations including clerks and officers but does not include sub staff. Statistical Tools like T Test was used to identify the difference between the performance of employee and Skill Will Mapping was used to identify the competency gap of employee.

## RESULTS/ FINDINGS AND DISCUSSION

### General Skills

General Skills are those which are common across all banks and are necessary to perform jobs. Hence no matter what task the employee is involved in the general skills set will be applicable to each of them.

Table:1 Descriptive Analysis of Gender Skills

Group Statistics					
	Bank Type	N	Mean	Std. Deviation	Std. Error Mean
Total	Private Sector	66	39.3182	4.13302	.50874
General Skills	Public Sector	115	40.1913	5.96466	.55621

Table:2T-Test of Gender Skills

Independent Samples Test								
		t-test for Equality of Means					95% Confidence Interval of the Difference	
		t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Lower	Upper
Total	Equal variances assumed	-1.052	179	.294	-.87312	.82961	-2.51020	.76395
General Skills	Equal variances not assumed	-1.158	172.629	.248	-.87312	.75378	-2.36093	.61469

### Eta-Squared

$$\begin{aligned}
 \text{Eta Squared} &= t^2 / t^2 + (N1+N2-2) \\
 &= (1.158)^2 / (1.158)^2 + (115+66-2) \\
 &= 0.007 \text{ (approx)}
 \end{aligned}$$

An Independent sample t-test was conducted to compare the gap scores for Public and Private Sector Bank Employees. The *t* value of 1.158 does not fall within the critical region defined by the critical value of 1.96 and the *p*-value of .248 is greater than the alpha of .05. Therefore the null hypothesis is accepted. There are no significant differences in scores for Public (M=39.31, SD=4.13) and Private {M=40.19, SD=5.96: T (172.6)=1.158, *p*=.248} sector bank employees. Possible explanation for this finding could be due to sampling method and a relatively small sample size. The magnitude of the difference in means was very small (eta squared = .007).

### Specific Skills

These are those skills which are task specific.



Table:3 Descriptive Statistics of Specific Skills

aGroup Statistics					
	Bank (1=pvt, 2=public)	N	Mean	Std. Deviation	Std. Error Mean
Total Specific Skills	Private Sector	66	23.74	2.863	.352
	Public Sector	115	24.08	2.968	.277

Table:4 T-Test of Specific Skills

Independent Samples Test								
		t-test for Equality of Means						
		t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
							Lower	Upper
Total Specific Skills	Equal variances assumed	-.742	179	.459	-.336	.452	-1.229	.557
	Equal variances not assumed	-.750	139.645	.455	-.336	.448	-1.222	.550

**Eta-Squared**

$$\begin{aligned}
 \text{Eta Squared} &= t^2 / t^2 + (N1 + N2 - 2) \\
 &= (.742)^2 / (.742)^2 + (115 + 66 - 2) \\
 &= 0.003 \text{ (approx).}
 \end{aligned}$$

Results: The *t* value of .742 does not fall within the critical region defined by the critical value of 1.96 and the *p*-value of .459 is greater than the alpha of .05. Therefore, the null hypothesis is accepted. There is no significant statistical difference in the averages of Public Sector (mean =24.08, SD = 2.968) and Private Sector Employees (Mean 23.74 SD = 2.863). The magnitude of the difference in means was very small (eta squared = .003).

**Soft Skills**

Unlike a job skill profile the soft skill profile does not focus on the technical skills of an individual, rather it

is essentially a guide to determining crucial factors such as the commitment, dedication and ability of the SFE to adapt to different conditions and to work in a team.

**Specific Skills**

These are those skills which are task specific.

The soft skill profile is designed to capture those skills which are a necessity over and above those technical skills that form an eliminating factor and not the deciding factor.

**Skill will Mapping**

Once the skill gaps have been identified for every individual a skill will matrix is prepared.



This is prepared by taking the average score of each employee for the general skill set, specific skill set and the will parameters. This is then plotted on a graph. It is desired that the employees have a more score in the general and specific skill set as well as in the will parameters. Hence there are four quadrants on the graph and the aim is to equip the employees with the necessary skills via training programs that will result in their ratings moving to the top right quadrant i.e. to the quadrant which is high both in skill and will parameters. The skill will matrix of the employees of Public and Private Sector Banks is shown below:

### **CONCLUSIONS AND SUGGESTIONS**

"It is generally found that the Training Needs Identification [TNI] is not properly done in banks. The training objectives are rarely linked to the business objectives due to inadequacy of Training Needs Identification [TNI]. In a dynamic environment, the training strategy has to be formulated on the basis of sound 'Training Needs Identification [TNI] which should be refined on a sound basis.

Different banks have adopted different methods for doing the training need analysis. The banks have not followed any scientific method of training need analysis. It is based on ad hoc process suited to the people who are required to undertake the task.

These skills gaps can have significant implications for companies as they will be unable to reach their potential productivity and profitability. For example, if employees have skills gaps in areas of verbal or written communication they could struggle to follow simple instructions, make mistakes when manufacturing products or providing services. This could result in higher costs for customers or missed opportunities to release new products or services as production will be relatively slow.

To overcome these issues, employers can administer a skills gap analysis which involves a systematic review of the skills held by individuals in a particular organisation (Q Finance, 2009). A skills gap analysis can really benefit an organisation by providing a critical overview of the workforce allowing managers to determine if their employees have the necessary skills to meet organisational objectives (Q Finance, 2009). If employees do not have these skills, an organisation can use the skills gap analysis to prioritise training resources so that they are tailored to specific job roles rather as opposed to generic training days that are not suitable for all the individuals participating.

Having identified the specific area in which training needs to be imparted, a training calendar should be designed to equip the employees with the skills essential to the efficient operation of the tasks..

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