COMPETENCE PROFILING FOR LOANS OFFICERS IN THE BANKING SECTOR IN SUB-SAHARAN AFRICA: A CASE OF UGANDA

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Abstract

This paper examined the operant competences for bank loans officers in a Sub-Saharan context and provided policy input required in solving the daunting problem of the existing low levels and high failure rate of collecting loans disbursed to customers. Data were collected from a sample of 319 employees in the banking sector from Kampala district which was specifically chosen for this study. Appropriate analytical data tools were applied. Results reveal the presence of loan and client projections, client preparation and training, loan portfolio supervision and; mobilization and recruitment as operant competence factors that affect the performance of loans officers in the banking industry in Uganda. These findings and their policy implications are fully discussed in the paper. The research findings theoretically conceptualize employee competences from the objectivist perspective which assumes that there is an objective number of competences which an organization or a profession requires to meet its objectives and once this set has been identified, then every unit in the organization and profession works towards acquiring that set; to a new and contemporary constructivist view that allows users of the concept to define competence from their own environment. The study presents the importance of understanding these operant competences. There is a dearth of literature in addressing operant competences for bank loans officers from a Sub-Saharan context; creating a need to study and systematically document the prevailing supporting operant competences for loans officers in order to promote the banking sector in Uganda.

Key words: Operant, Banking Sector, Loans Officer, Client, Mobilization, Training, Uganda.

Introduction

This study aimed at examining the key competences a credit / loans officer should possess in order to handle credit management. The concept of competences is important because employees with high level competences are reported to have a higher level of psychological ownership (Chi & Tzu, 2008), and organizational commitment (Cohen-Charash & Spector, 2001; Colquitt, 2001; Konosvky &Pugh; 1994; Pillai Schrieheim& Williams 1999), organizational citizenship behavior (Kasekende, 2006, Mugabi, 2005). The change from the traditional-job based role that characterized the mass-production economy that dominated Europe during the 20th Century to competence-based role has taken precedence due to rapid developments in computing, information technology and the global economy that have combined to change business competition as well as the type of work which is done (Doyle, 1990; Mugabi, 2005).

The globalization of competition has had a major impact on the level of performance that organizations have to demonstrate in order to be successful (Lawler, 1994). One major consequence of the new performance demands that organizations face the idea of organizational capabilities founded on individual roles as a basis for competition. While competence-based approach is easy to state at face value, it requires knowledgeable people to both implement and manage the programme (Cameron & Pierce, 1994; Simpson, Fletcher & Campbell, 2000). A competence based approach leads to the development of competence frameworks or profiles that benefit the job holders in enabling them understand clearly what is required to perform effectively in a particular role as well as in wider context. These profiles can promote self-development and they provide a framework for developing tools and techniques to further performance.

A review of extant literature reveals that the term competence has no widely or universally acceptable definition. Jubb and Row-botham (1997) suggested that the purpose of defining competences was to improve human performance. Hoffman (2011) showed three main positions taken towards the definition of the term.

First, was the position taken by Boam and Sparrow (1992) and Bowden and Masters (1993) who defined competence as observable performance. The second position defined competence as the standard or quality of the outcome of a person's performance (Rutherford, 1995; Hagger & Chatzisarantis, 2008). Third is the position based on the works of Boyatzis (1982) and Steernberg and Kolligian (1990) who argued that competences are the underlying attributes of a person.

The first position focused on the output or tasks to be completed. According to the works of Hoffman (2011), the organizational outcome was to train and accredit staff by establishing clear and measurable performances for assessment and such performance was concerned with whether they are competent as described in the written standards. Individual competences were described as competences to be performed, observed and assessed for the individual to achieve accreditation as competent. By making the outcomes clear to both the assessor and the learner, it would then enhance competent performance.

The second position defined competence as a standard or quality of outcome and these could be broadened depending on the application of the standard (Hoffman & Henn, 2008). According to Hoffman, a standard could refer to minimum level of performance or a higher level of performance than had previously existed. This could be used to manage change by setting competency standards by which the new work relationships introduced and the change process could be assessed. Also this position was used to refer to standardized performance across part of the company.

The third position defined competence as the underlying attribute of a person such as knowledge, skills and abilities. The focus of this position revolves around the inputs required by the individuals to enable them to produce competent performance. It emphasized what individuals need to know or what skills or other attributes they need in order to perform their work at a competent level. This definition differs from the previous two which are result oriented because it is input oriented. This third position forms the basis of this study in the banking sector in Uganda.

The banking sector is one of the most productive areas in the economy of Uganda. However, it has been characterized by challenges of the loans section. For example during 2013, Bank of Uganda (BOU) conducted on-site examinations of all the licensed commercial banks. The examination approaches were tailored to the institutions' specific risk profiles and financial condition. The on-site examinations established that the banking sector is stable. The commercial banks demonstrated improved risk management practices. According to the report, the banking industry remained sound during 2013. Commercial banks remained well capitalized with the ratio of core capital to risk-weighted assets increasing from 18.8 percent in 2012 to 19.9 percent in 2013, well above the regulatory minimum of 8 percent

However, credit and operational risks remained to be the major risks of supervisory concern. The high credit risk exposure is attributed to the after-effects of high credit growth, the economic slowdown in 2011 and 2012, and the high interest rate regime which continued to negatively impact on the quality of the sector's loan portfolio as evidenced by a deterioration in the ratio of non-performing assets to total advances from 4.2 percent registered in 2012 to 5.6 percent in December 2013. This affected bank profitability which declined to Ushs.414 billion in 2013 from Ushs.544.8 billion in 2012, reflecting the increase in provisions for non-performing loans. (Bank of Uganda Annual Supervision Report, December 2013, Issue No. 4). Operational risk is mainly driven by technological challenges as banks strive to make unique product offerings which are not adequately supported by the existing core banking systems thus necessitating system up-grades and employee capacity building(Bank of Uganda Annual Supervision Report, December 2013, Issue No. 4).

The competence construct was popularized in management literature by researchers from McBer Company such as McClleland, (1973), Boyatzis (1982) and Spencer and Spencer (1993). They defined the term to mean an underlying characteristic of a person resulting in "effective and /or superior performance in a job" (Boyatzis, 1982, p. 6). Whereas scholars do not agree on the precise definition of competences, there appears to be broad consensus that it involves knowledge, skills and attitudes that are required to perform a job competently (Sanghi, 2007; Lucia &Lepsinger, 1999). Extant literature indicates that, practitioners and academicians who have examined competences have done so from the perspective of the objectivist tradition (Heinsman, de Hoogh, Koopman, & van Muijen (2007).

The objectivist perspective assumes that there is an objective number of competences which an organization or a profession requires to meet its objectives and once this set has been identified then every unit in the organization and profession works towards acquiring that set. However, Stoof, Martens, Van-Merrienboer and Bastiaens(2002) assert that a search for the one single true set of competences is hindering a creative use of the concept as efforts are geared towards finding and defending the one true set and its definition. This personal approach to competences in general, is tacit, complex and ambiguous. It obscures the relationship between input and output and raises the survival threshold of organizations such as banks in Africa. Stoof,Martens,Van-Merrienboer& Bastiaens (2002) propose instead, to embrace a constructivist view of competence which allows users of the concept to define competence from their own environment. In essence this calls for the use of operant competences.

To remove the ambiguity and to lower the survival threshold of organizations including banks in Africa, the authors are proposing to develop and utilize the operant competences that focus on the relationship between the external work environment and the individual loans officer. According to the authors of this paper, operant competence is defined as a competence that directly influences the work environment and contains its own reinforcements. When a loans officer in the bank meets or exceeds performance objectives he/she influences his/her working environment in at least two ways. One, it creates a situation of anticipation of a response from the manager or colleagues because the behaviour is observable. Two, irrespective of the expected response from one's superior or colleagues (the environment), the act itself is positively reinforcing because its impact on other aspects of the observable to the performer (for instance, acquisition of self-determination, confidence, meaning to the loans officer). Such clear outcomes can inspire the loans officer to be more productive and exceed his/her job expectations. Significantly from the point of view of this work, the operant competence approach to bank loans officer competences articulates bank loans officers' practices that make a difference under a given environment. However, there seems to be a dearth of literature on the factors that measure the concept of operant competences for loans officers in the banking sector in Sub Saharan Africa.

Some of the literature that examined the concept of operant competences focused on engineering lecturers' operant competences (Kagaari & Munene, 2007)and summarized it under seven key results areas (KRAs) (Armstrong & Baron, 1995) or competences (Richey, Fields &Foxon, 2001).Under each KRA the study outlined more specific behavioural competences addressing two questions namely what you need to know and what you need to be able to do to fulfil each KRA. The overall outcome was a list of specific action oriented performance statements referred to as operant competences that could easily be measured. Mugabi (2005) examined the relationship between competences of micro finance loans officers and organizational citizenship behavior; but fell short of specifying the actual factors that underlie the operant competences of a micro-finance loans officer. Kasekende (2006) examined the competences of primary school teachers and found them to be positively correlated to organizational commitment and organizational citizenship behavior. Given the trend of poor performance of the loans portfolio in the commercial banking sector (see table 1), it is necessary to therefore identify the appropriate operant competences a loans officer should possess. However, there is a dearth of literature on the concept of operant competences in this sector. This study therefore intends to bridge this gap by investigating factors relevant for effective operant competences of loans officers in the banking sector in Uganda.

Material and Methods

Research design

This study adopted a cross-sectional descriptive and analytical research design, examining operant competences for loans officers in the banking sector. In order for the researcher to answer the hypothesis developed in the literature review, the authors undertook a large scale comprehensive survey. The survey covered a random sample of banking institutions from Kampala district. This study covered Kampala district because it is the hub of banking activities in the whole country. Each of the commercial banks has a branch in Kampala making it the best area for this study. The authors used the population estimates of employees working in banks in Kampala based on documentation for the 1st quarter of the financial year 2014 as provided by Bank of Uganda. The banking sector in Kampala district alone had a population of 4430.

Population, sample size and sampling procedure

The study population was comprised of 4430 bank employees consistent with database documentation from Bank of Uganda (2014). In this study we sought 95% confidence level and computed a sample size of 354 employees based on Krejcie and Morgan (1970) sample size determination table. Lists of employees in the various banks were used to form the sampling frame.

A simple random sampling technique using a table of random numbers was used to pick the required number of employees in each bank. All employees were listed in alphabetical order and given identification numbers chronologically. The selection criterion was based on the length of the largest numbers on the population list. We selected digits in groups of two, three, and four for the numbers that were in tens, hundreds and thousands respectively. Selection was done only to those cases from the list for the sample which corresponded with the identified numbers. Using this process the authors ignored all repeated numbers and numbers that were not on the population list. We continued this process until we arrived at the required sample size of 354. The questionnaire was pilot tested in Wakiso district. All ambiguously stated and seemingly difficult questions were either revised or totally deleted from the questionnaire before conducting the final survey. Data were collected from employees in various banks in Kampala district. Kampala was chosen because of its significance as a hub for banking activities in Uganda where the industry is performing poorly in the loans portfolio.

Data collection instrument and measurement of variables

The study utilized a questionnaire to collect data from respondents. This questionnaire had fixed response questions. The measurement items were derived from previous published studies adapted and tested for validity and reliability. Chronbach alpha co-efficient for the construct was 0.94 well above the 0.7 requirement (Nunnally, 1978).In operationalizing operant competences we adopted the Partners in Learning and Action (PILA) item measures developed by Munene (2003) and modified them to suit the context of the study. This was done because the tool had been tested and used in earlier studies in similar settings; also it had been tested for validity and reliability. The tool was anchored ona 5 pointlikert scale. The scale ranged from "Strongly agree" =5(very high) with a mean range of 4.20 to 5; "Agree" =4(high) with a mean range of3.40 to 4.19; "Not sure"=3(average) with a men range of 2.60 to 3.39; "Disagree"=2(low) with a mean range of1.80 to 2.59and "Strongly disagree"=1(very low) with a mean range of 1.00 to 1.79. According to Sanghi (2007), competences involve knowledge, skills and attitudes that are required to perform a job competently.

Results

The response rate for the main survey was 90.1%. In this paper, the results were based on 319 respondents. In terms of job level the results show that 1.6% of the respondents were supervisors, 19.7% were senior officers and 78.7% junior officers. In terms of gender, male respondents accounted for 59.9% while female respondents accounted for 40.1%. This indicates a relatively even distribution of respondents showing that we were able to obtain information about operant competences from the employees in banks regardless of sex differences. In terms of level of education, respondents with first degrees accounted for the biggest percentage (75.95%) a figure above half way the total number of respondents. Those with postgraduate diplomas accounted for 11.3% while diploma holders were 12.8%. The overall results indicate that the respondents were educated enough to read, comprehend and provide appropriate responses to the required questionnaire items. In terms of period spent in the working place, results showed that 49.8% had worked in their current workplaces for between 2-4 years; 24.1% for 1-2 years, 19.1% for more than 4 years 6.3% for less than a year and 0.6% for 3 years. In terms of marital status, 61.1% were married while 38.9% were single (Table 1).

Table 1: Descriptive statistics

		Frequency	%	Cumulative %
Job grade	Supervisor	5	1.6	1.6
	Senior officer	63	19.7	21.3
	Junior officer	251	78.7	100.0
Sex of respondent	Male	191	59.9	59.9
	Female	128	40.1	100.0
Marital status	Single	124	38.9	38.6
	Married	195	61.1	100.0
Age of respondent	20-29	141	44.2	44.2
	30-39	171	53.6	97.8
	40-49	7	2.2	100.0
Highest level of education	Diploma	41	12.8	12.8
	Degree	242	75.9	88.7
	Post graduate qualification	36	11.3	100.0

		Frequency	%	Cumulative %
Time worked in the organization	Less than a year	20	6.3	6.3
	1-2 years	77	24.1	30.4
	3 years	2	.6	31.0
	2-4 years	159	49.8	80.9
	More than 4 yrs	61	19.1	100.0

Using principal component analysis as an extraction method to explore the factor structure of operant competences for loans officers in Uganda, an exploratory factor analysis was run. Varimax rotation method with Kaisor-normalization was used. It was necessary to carry out factor analysis in order to interpret, understand and describe the data in a much smaller number of concepts than the original individual variables (Hair, Anderson &Tatham., 2006). Kaisor-Meyer-Olkin measure of sampling adequacy and Bartlett's test of sphericity were run where it was established that our data was suitable for analysis. These revealed a co-efficient of 0.91, with an approximate X^2 of 4328.26, degrees of freedom 253 and significance ≤ 0.001 (Table 2).

Table 2: Factor analysis for competences of a loans officer

		Component								
		Loan & client projections	Client preparation & training	Loan portfolio supervision	Mobilization & recruitment	Loan reconciliation	KMO	Bartletts test	df	Sign
COMP13_1	Input customer information into the computer system	.82					**0.91**	**4328.26**	**253**	**0.00**
COMP14_1	Process customer data collected	.79								
COMP12_1	Collect data about the customers household and the business	.78								
COMP10_1	Get properly filled loan applications from the customers	.77								
COMP17_1	Verify loan security documents	.73								
COMP11_1	Conduct business environment analysis	.73								
COMP15_1	Investigate the consent of the household to the borrowing plan	.71								
COMP23_1	Prepare loan cases that require further approval		.79							
COMP21_1	Provide feedback for the customers /loan applicants		.77							
COMP20_1	Make business case for the loan application		.73							
COMP24_1	Draw loan repayment plan for presentation to the loan committee		.70							
COMP25_1	Follow up customers to complete loan documentation		.69							
COMP18_1	Generate loan fact sheet		.64							
COMP53_1	Review customer loan payment history			.88						
COMP52_1	Review business environment and impact on loan performance			.87						
COMP54_1	Make periodic loan recovery report to the branch management			.73						
COMP47_1	Generate daily and monthly loan arrear reports			.69						
COMP50_1	Visit the customer to discuss recovery plan			.68						
COMP26_1	Analyse and understand the terms and conditions of the approved loan				.86					
COMP29_1	Communicate to the customer the terms and conditions of the loan				.84					
COMP27_1	Generate documentation checklist for loan disbursement process				.73					
COMP39_1	Reconcile information captured in the computer system with information in customers' loan file					.83				
COMP41_1	Review terms and conditions of the loans disbursed					.79				
Total	**Total**	**4.71**	**3.72**	**3.53**	**2.20**	**1.58**				
Eigen value	**Eigen value**	**20.47**	**16.18**	**15.36**	**9.57**	**6.86**				
Cumulative %	**Cumulative %**	**20.47**	**36.65**	**52.01**	**61.58**	**68.46**				

Extraction Method: Principal Component Analysis.

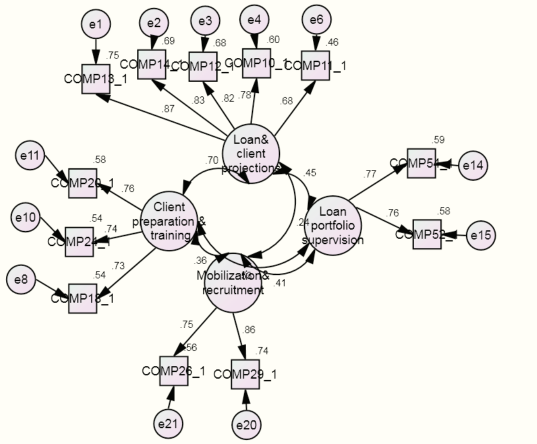
Rotation Method: Varimax with Kaiser Normalization

The results reveal that the data were fit for factoranalysis and that the relationships among variables are significant. All measurement items had communalities above 0.60. The exploratory factor analysis produced five factors of Loan & client projections (20.47%), Client preparation & training (16.18%), Loan portfolio supervision (15.36%), Mobilization & recruitment (9.57%) and Loan reconciliation (6.86%) which overall explained 68.46% of the variance in operant competences of a loans officer.

The confirmatory factor analysis (CFA)was then run to confirm the dimensions and test the fit of the theoretically grounded model of banks to data (Joreskog and Sorbom, 1989) (Figure 1). CFA for the model was investigated using Amos version 18. Since our data were normally distributed, CFA was assessed using maximum likelihood estimation. This was done through the establishment of several competing rival models to be fit to the data (Hair *et al.*, 2006). CFA allowed data reduction and to construct meaning to banks through operant competence profiling. Consistent with Schermelleh-Engel *et al.*, (2003), results revealed an acceptable model fit of X^2/df if 1.38 which was < 3 (Hair et al., 2006). The root mean square error of approximation was 0.04 compared against the recommended standard ratio of 0.08 (Table 3).

Compared to the recommended standard cutoff point of 0.95, the Tucker Lewis index was 0.99, the Comparative fit index was 0.99, the Normed fit index was0.96 and the Goodness of fit index was 0.97. Lastly, in comparison with the recommended 0.90 cutoff point, the Adjusted goodness of fit index was 0.95 (Figure 1 and Table 3).This implies that the model fit our data acceptably.

Fig 1: CFA Competence profiling for Loans Officers in the Banking sector



Chi-square (CMIN)=66.347; Degrees of freedom (df)=48;
Probability(p)=0.194; Chi-square-degrees of freedom ratio(CMIN/df)=1.382;
Goodness of fit index(GFI)=0.967; Adjusted goodness of fit index (AGFI)=0.946;Normed fit index(NFI)=0.963;
Tucker Lewis index(TLI)=0.986;Comparative fit index(CFI)=0.989;
Root mean square error of approximation(RMSEA)=0.035;
Average variance extracted(AVE)=0.610

Table 3: Model fit

	X^2	*df*	*p*	X^2/df	*GFI*	*AGFI*	*TLI*	*NFI*	*CFI*	*RMSEA*	*AVE*
Cut off point	≤ 2*		≤0.05	≤ 3	≥0.95	≥0.90	≥0.95	≥0.95	≥0.95	≤0.05	≥0.5
Estimated model	66.35	48	0.19	1.38	0.97	0.95	0.99	0.96	0.99	0.04	0.61

As observed earlier in the model in Figure 1, the operant competency construct yielded four factors namely loan and client projections, client preparation and training, loan portfolio supervision and; mobilization and recruitment. The details of these are found in Table 4.

Table4: Path coefficients for the measurement model

			Unstandardized coefficients	S.E.	C.R.	P	Label	Standardized coefficients
COMP13_1	<---	Loan & client projections	1.00					.87
COMP14_1	<---	Loan & client projections	1.00	.05	18.67	***	par_1	.83
COMP12_1	<---	Loan & client projections	.93	.05	18.15	***	par_2	.82
COMP10_1	<---	Loan & client projections	.89	.05	16.64	***	par_3	.78
COMP11_1	<---	Loan & client projections	.75	.06	13.64	***	par_4	.68
COMP18_1	<---	Client preparation &training	1.00					.74
COMP24_1	<---	Client preparation & training	1.15	.10	11.31	***	par_5	.74
COMP20_1	<---	Client preparation & training	1.24	.10	11.94	***	par_6	.76
COMP54_1	<---	Loan portfolio supervision	1.00					.77
COMP52_1	<---	Loan portfolio supervision	1.07	.13	8.18	***	par_7	.76
COMP29_1	<---	Mobilization & recruitment	1.02	.16	6.54	***	par_8	.86
COMP26_1	<---	Mobilization & recruitment	1.00					.75

The summary statistic in Table 5 indicates the presence of loan and client projection competence for loans officers in the banking sector in Uganda (Mean=3.78, SD=0.64). Operant competences were defined as individual possession of knowledge, skills and attitudes that are required to perform a job competently. Results revealed that among employees in the banking sector there is an opinion that they possess ability to project the level of loan requests from clients. The employees underscored the importance of being able to foretell how many clients are likely to take a loan and what amount. Employees in the banking sector believe that they have the skill to input customer information into the computer system (Mean=3.79, SD=0.77), thus project loan and client numbers. This finding is true because it is supported by the results in Table 4where loan and client projection explain 87% of the variance in inputting customer information into the computer system. The employees in this sector also opined that indeed they have the knowledge and capability to process the data they collect from customers (Mean=3.73, SD=0.81) further strengthening the view that during this processing of data they are dealing with loan and client projections. CFA results in Table 4attest to this effect where loan and client projection account for a significant part in processing of data collected from customers (r^2=0.83, CR=18.67, SE=0.05). The ability of the employees to also get properly filled loan applications from the customers (Mean=3.85, SD=0.76) (Table 5) is indicative of loans officers' competence in loan and client projection. From the CFA results in Table 4 one can infer that indeed client and loan projection account for a substantial part of collecting data about the customers household and the business (r^2=0.82, CR=18.15, SE=0.05). This implies that if a loans manager can competently enable a client fill his or her loan application form, enter the information, then he/she has a loan/client projection competence. The employees in the banking sector further opined that they have the ability to conduct business environment analysis (Mean=3.80, SD=0.74) (Table 5) implying that by doing so, they are exhibiting a high level of loan client projection for the bank. This is supported by CFA findings in Table 4,where client and loan projection explain a big percentage of the loans officers ability to conduct business environment analysis (r^2=0.78, CR=16.64, SE=0.05).

The above discussions have policy and managerial implications for the private sector especially the banking industry. Employers need to establish the factors that lead to loans officers develop the ability or competence to project loan and client base for the institution. Managers in the banking sector too, need to set human resource policies especially performance and appraisal policies based on loan client projection competences in the individuals; meaning that employee performance can be measured based on their ability to effectively and competently project loan/client base.

Table 5:Variable descriptive and descriptive statistics

	n	Min	Max	Mean	SD (σ)	α
Loan & client projections						
Input customer information into the computer system	319	1	5	3.79	.77	
Process customer data collected	319	1	5	3.73	.81	
Collect data about the customers household and the business	319	1	5	3.74	.76	
Get properly filled loan applications from the customers	319	1	5	3.85	.76	
Conduct business environment analysis	319	1	5	3.80	.74	
Summary item statistic	319	1	5	3.78		.64
Loan portfolio supervision						
Make periodic loan recovery report to the branch management	319	1	5	1.76	.68	
Review business environment and impact on loan performance	319	1	5	1.69	.74	
Summary item statistic	319	1	5	1.72		.63
Mobilization & recruitment						
Analyse and understand the terms and conditions of the approval loan	319	1	5	3.40	.55	
Communicate to the customer the terms and conditions of the loan	319	1	5	3.28	.48	
Summary item statistic	319	1	5	3.34		.47
Client preparation & training						
Make business case for the loan application	319	1	5	3.55	.76	
Draw loan repayment plan for presentation to the loan committee	319	1	5	3.81	.73	
Generate loan fact sheet	319	1	5	3.60	.64	
Summary item statistic	319	1	5	3.65		.59

Client preparation and training

Content analysis revealed the presence of client preparation and training competence for bank loans officers (Mean=3.65, SD=0.59) (Table 5). Client preparation and training was defined as the process of ensuring that the client seeking for a loan has enough knowledge of the details for the loan he/she is applying for. Loans officers take initiative to sensitize the clients over this issue. These results reveal that employees in the banking sector opine the ability to prepare and train loan clients as a competence. The employees draw attention to the importance of preparing and sensitizing clients on the details of the loan they are about to take. This study reveals that employees in the banking sector believe that the ability to make clients' business cases for the loan application (Mean=3.55, SD=0.76) (Table 5) translates into a preparation and training competence. The CFA results in Table 4further cement this finding when client preparation and training account for a reasonable percentage of the variance in loans officers' ability to make clients' business cases for the loan application (74%). Also when loans officers competently draw loan repayment plan for presentation to the loan committee (Mean=3.81, SD=0.73) (Table 4), they are exhibiting a preparation and training competence. In Table 4, CFA results attest to the effect when client preparation and training accounts for a sizable variance in loans officers competently drawing loan repayment plan for presentation to the loan committee (r^2=0.74, CR=11.31, SE=0.10). In other words, the employees in the banking sector assume that once a loans officer has gained the skill and knowledge of properly presenting a loan repayment plan to a loans committee or his/her manager, then such employee boasts of a preparation and training competence. Lastly this study revealed that the preparation and training competence can be established when a loans officer is able to generate aloan fact sheet (Mean=3.60, SD=0.64).This finding is further supported by CFA results in Table 4which indicate that a good part of the loans officer's ability to generate a loan fact sheet is explained by client preparation and training (r^2=0.76, CR=11.94, SE=0.10). The policy and managerial implications based on the above deliberations include the necessity for management to establish the factors that enable loans officers develop the ability or competence to prepare and train clients seeking to attain loans. Managers can ably promote this competence by establishing training related policies. Also, during performance appraisal, employees can be appraised based on the client preparation and training competences; meaning that employee performance can be measured based on their ability to effectively and competently sensitize a loan client.

Mobilization and recruitment

The study also revealed that mobilization and recruitment of clients is a key competence for bank loans officers (Mean=3.34, SD=0.47) (Table 6). Client mobilization and recruitment refers to the enlisting of genuine and potential clients to attain loans from the bank. These results reveal that employees in the banking sector view the ability to mobilize and recruit loan customers for the bank as a competence. The employees draw attention to the importance of mobilizing and recruiting genuine clients for a loan facility. This study reveals that employees in the banking sector believe that the ability of loans officers to competently analyze and understand the terms and conditions of the loan approval (Mean=3.40, SD=0.55) (Table 5) depict a mobilization and recruitment competence. The results from CFA in Table 5, demonstrate that a big percentage of the loan officers' ability to analyze and understand the terms and conditions of the loan approval is explained by mobilization and recruitment (r^2=0.86, CR=6.54, SE=0.16). This seems to imply that when the loans officer picks a genuine client, the bank will not lose its money through client failure to pay back, but it will gain through the interest paid by the client. Furthermore, the concept of employee mobilization and recruitment competence is exhibited when the loans officer appropriately communicates to the customer the terms and conditions of the loan (Mean=3.28, SD=0.48) (Table 5). From the CFA results we can infer that a good percentage of communicating to the customer the terms and conditions of the loan is explained by mobilization and recruitment (75%) (Table 4). Managerial and policy implications based on the above deliberations include the necessity for management to establish the aspects that act as precursors to the acquisition of mobilization and recruitment skills. Managers can ably promote mobilization and recruitment competence by establishing this concept in the performance management of loans officers. During performance appraisal, employees can be assessed based on how well they ably exhibited their mobilization and recruitment competences.

Loan portfolio supervision

Lastly, content analysis revealed the absence of the loan portfolio supervision competence for bank loans officers (Mean=1.72, SD=0.63) (Table 5).Loan portfolio supervision was defined as the act of managing an assortment of client and client information to whom loans have been extended and deciding whether they are performing well or not and what action to take. In this study, loans officers perceived that the appropriate supervision of the range of clients to whom loan facilities were extended to be a competence that is lacking in the banking sector. Employees in the banking sector opine that there are low levels of the ability to make periodic loan recovery report to the branch management (Mean=1.76, SD=0.68) (Table 5) hence translating into poor loan portfolio supervision competence. This finding is inconsistent with CFA results in Table 4which confirmed that indeed a sizable percentage of the loans' officers' ability to make periodic loan recovery report is explained by loan portfolio supervision (77%) (Table 4). What this means is that much as one of the operant competences loans officers should have is loan supervision, on the ground this ability is lacking. This implies that loans officers lack the skills and knowledge to make appropriate and periodic reports regarding the way the loans are running, confirming that such employees are deficient of the supervision competence. This study also revealed that the absence of loans officers ability to competently review business environment and its impact on loan performance (Mean=1.69, SD=0.74) (Table 5) is clear manifestation that the loans officer is deficient in exhibiting tendencies of loan portfolio supervision. This is contrary to the fact that a good part of the loans officers' ability to review business environment and its impact on loan performance is explained by loan portfolio supervision (r^2=0.76, CR=8.18, SE=0.13) (Table 5). The discussion above draws policy and managerial implications. This research demonstrates the necessity for management to establish the features that enable loans officers develop the ability or competence to supervise their loan portfolio. Managers can be trained in the aspect of supervision as core key result area. Also, during performance appraisal, employees can be appraised based on their ability to supervise loan portfolios.

Conclusions and recommendations

From the research finds, loan and client projections, client preparation and training, loan portfolio supervision and mobilization and recruitment significantly affect the loans section in the banking sector in Uganda. This paper creates a framework for understanding loans officers' competences in the banking industry in Uganda. These frames determine the operant competences of loans officers in the banking sector. Competence development needs a holistic competency profiling that allows banking organizations to define competence from their own environment. The authors therefore recommend that: the banking sector should provide avenues that enable the employee to develop operant competences based on the prevailing circumstances and environment. There should not be a one answer to all questions given of the dynamism in the environment or the context. Managers in the banking industry need to explore policies and practices that promote the acquisition of the right competences based on extant environment. Employees need to learn to be flexible and acquire basic skills and knowledge to manage and supervise loans in view of the environment where they do their work. Scholars need to research on the variables that act as precursors to operant competences of loans officers.

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