A Study on the Competency Evaluation Model for Financial Professionals Based on Market Demand

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Abstract

With the continuous progress of social and economic development as well as science and technology in China, economy and science and technology have gradually become the core competitiveness of all the countries in the world. Therefore, the comprehensive quality requirements of financial professionals demanded by the society have been increasingly elevated. This paper briefly introduces several common competency models, builds on the growth rules of financial professionals, combines the development characteristics of the finance discipline, and analyzes the main influencing factors of competency evaluation, so as to construct a competency evaluation model for financial professionals based on market demand and to provide a certain reference and basis for cultivating highly qualified financial professionals who can truly adapt to the demands from enterprises and industries.

Keywords: Market Demand; Finance And Economics Major; Competency Evaluation Model.

1. RESEARCH OVERVIEW

1.1 Research Background

In recent years, science and technology as well as knowledge have become the pillars of economic and social development in various countries around the globe. Worldwide speaking, the competition of comprehensive national strength, science and technology and economy has become increasingly fierce, which inevitably will lead to large-scale international intelligence competition and talent competition. Economic globalization not only exerts an enormous impact on China’s economic development and industrial structure, but also elevates the comprehensive quality requirements of financial professionals in China. As a substantial amount of international capital and multinational companies enter China’s market, more enterprises in China have also been moving towards the world at the same time. As a consequence, China’s market demonstrates a linearly growing demands for senior financial professionals who excel in trade rules, international economy, international business rules, international accounting practices, foreign language, overall quality and innovation (Sui and Cai, 2015). Therefore, it is of a necessity to establish a competency evaluation model for financial professionals, to clearly understand the competency characteristics of financial professionals, and to provide effective research ideas for cultivating financial professionals.

1.2 Research Significance

Competency evaluation model for financial professional provides a perspective for the integration of teaching management services and teaching resources, which help elevate the training efficiency of financial professionals in China. Culture and innate ideas are penetrated into the whole process of talents training with the gradual deepening of skills and knowledge. First of all, based on the design of the competency evaluation model for financial professionals, more attention is attached to the impact made by the changes in competency training and external environment. In this way, the current personnel training will not be the only limitation. Besides, an orderly arrangement is made in terms of the training of financial professionals in the future. The cultivation of financial professionals is intensified, and the reform of the training system for China’s financial professionals is deepened (Ji, 2016). Secondly, the competency evaluation model for financial professionals positions the competency talents into the high-quality financial professionals training framework, and corresponding teaching schemes are arranged based on the competency model and the level of the gap. Therefore, the professional
qualities of financial professionals are consolidated and a solid foundation is laid to cultivate more financial professionals in China (Jia, 2016).

2. THEORETICAL BASIS AND CORE CONCEPTS

2.1. Competency and Competency Model

The phase, 职能, is introduced from abroad and is rendered as competency or competence in English. After the experts in China introduced it, it is generally translated as employment skills, special competency, competency qualification, competency quality, competency characteristic, competency, etc., if expressed in English. Three translations—competency quality, competency characteristic and competency are generally applied and recognized. Competency refers to a personal feature that is able to distinguish between an average task finisher and an outstanding achiever in a certain job, including activities and knowledge skills, proficiency of a range of knowledge, attitude or value orientation, self-awareness, characteristics, objectives, etc., that is able to be effectively counted or measured, and that is able to effectively differentiate between general and excellent performance (Ge, 2016).

Competency model refers to a collection of different elements that should be included when an individual can accomplish a particular achievement or goal or successfully execute certain jobs, specifically comprising social roles, self-image, skills and knowledge, intrinsic motivation and other aspects. The guidance, observation and measurement of these skills and behaviors will effectively promote personal performance and career success (Xu, 2016). Competency model is composed of a variety of competency elements and is the synthesis or the sum of competency elements when a certain responsibility is undertaken or a certain role is assumed (Zhang and Liu, 2005).

2.2. Characteristics of Financial Professionals based on Market Demands

Market demand refers to the number of certain services or goods that a certain customer is willing and is able to purchase in a certain marketing environment, at a certain time, in a certain area and under a certain marketing program. It can be said that the sum of consumer demand is market demand. From the point of view of employer, students and school, goods refer to the financial professionals, and customers refer to the employer. If financial professionals based on the market demand want to be welcomed and recognized by the community, the orientation of market demand must be adhered to. In addition, the characteristics of financial professionals in accord with market demand are first embodied in the dynamic changes of demand for talents. Market demand is the main basis for cultivating financial professionals, and the setting of relevant professional training objectives builds on professional standards. A targeted social survey is conducted against the background of enterprises and industries, so that financial professionals are featured with the characteristics of enterprises and times. Secondly, considering the market demand, the requirements for quality, ability and knowledge of financial professionals are in a gradual improvement, which requires financial professionals to possess not only a solid theoretical foundation and professional knowledge, but also certain knowledge about society, culture, politics, history and other aspects.

3. COMPETENCE EVALUATION MODEL FOR FINANCIAL PROFESSIONALS AND ITS CONSTRUCTION PROCESS

3.1. Competency Model

A competency model is the competency qualities that are required for excellence performance in a particular position or job in a given structure, and these qualities can be evaluated and categorized. The famous American scholar, Lyle M. Spencer, was inspired by Freud’s iceberg principle, thus presenting a competency iceberg model (demonstrated in Figure 1) and laying a solid foundation for competency research. In the iceberg model, the American scholar transforms the individual characteristics into underwater icebergs and water icebergs, representing the invisible and the visible as well as intrinsic and extrinsic, which not only expresses the skills that predict the working performance of people and the individual characteristics of external knowledge, but also includes motivation characteristics such as role definition, self-awareness, quality and connotation. To be specific, skills and knowledge are also referred to as benchmark competencies, which are the basic requirements for the individuals to undertake and engage in work. Skills and knowledge can be transformed and acquired through training and education, but are difficult to differentiate their performance level. Role perception, self-
evaluation and purpose, etc. are named as discriminatory competencies, and their characteristics are precisely opposite to benchmark competency. They can effectively identify the behavioral characteristics of the general and the superior, but can not be improved in a short time through education.

Figure 1. Iceberg Model

Iceberg model provides the future users with a basic framework for the application of the competency model. However, the content in the iceberg model is highly professional. For example, the above motivations and personality traits are the professional vocabulary of related psychology, and the difference in the understanding of professional vocabulary will increase the error in applying the competency model, thereby limiting the application of the competency model in real life. Therefore, under the premise of maintaining the nature of the iceberg model, the future users construct a competency model with a honeycomb structure that is more in line with people’s using habits and cognition according to the actual needs (illustrated in Figure 2). In the honeycomb structure, competency is composed of six elements: motivation, personality, experience, ability, skill, and knowledge. Similar to the iceberg model, the competency model with a honeycomb structure also has hierarchical attributes. Specifically, skills and knowledge belong to a group, which is easy to be enhanced and to be observed; experience and ability are classified as a group, because experience and ability can be improved through the acquired culture; motivation and personality belong to hierarchy characteristic that can not be easily changed and observed, but in most cases, these two characteristics are the main factors that determine the strengths and weaknesses of the long-term individual performance. The competency model with a honeycomb structure can be decomposed into honeycombs as needed, but the six competency elements are complementary and inseparable.

Figure 2. Honeycomb
3.2. Construction Method and Process of the Competency Evaluation Model

The group discussion method is the main method to construct a competency evaluation model, especially in the form of a small-scale symposium. An experienced host communicates with other participants in a natural and relaxed state without any fixed structure, so as to obtain different and centralized views of the relevant issues and to access the corresponding information. In order to ensure that this method could achieve the desired results, a detailed and rigorous organization must be developed. The main steps are as follows: The first step is to determine the list of participants. The interview objects are determined in light of the needs of the model. It is better to select a target population that has favorable abilities of summing up and expression and belong to the same level. The number of each panel group is controlled between 5 to 7 people, and the best duration is about 2 hours. The second step is to determine the time. Participants need to work together to negotiate the time of the forum by means of e-mail, call, etc., to agree on time and place in advance, and to explain the situation of the participants and the purpose of the forum. The third step is to prepare the appropriate outline of the symposium, to explain the purpose and the reason of the symposium, and to introduce the concept and the application of the competency model. Fourthly, the forum is formally implemented. The host is required to have the ability to make immediate response and control the overall situation, to guide the participants to discuss, summarize, and to induce the relevant information of the model based on the symposium's outline. The final step is the organization of the symposium record (Li, 2016). After collecting and collating the research information of the symposium, a scientific and complete competency model is created.

In view of the above construction method of the competency model, five steps to establish the model can be determined. The first step is to obtain the competency index. This stage mainly summarizes the competency index by means of group discussion, questionnaires, interviews and other research methods. In the second step, data is gained and analyzed. Basically, the competency indexes gained in the first step are analyzed and excavated, and the weights of the key representative indexes are calculated and the connotation of the indexes is named and interpreted. The third step is the initial formation of the competency model. This step is based on the analysis results of the second step, and the competency model is initially constructed. The fourth step is the final establishment of the competency model. In the end, the competency model is validated. The method of data testing is primarily adopted to verify whether the competency model is effective and scientific (Sun, 2014).

4. AN ANALYSIS ON THE COMPETENCY EVALUATION MODEL FOR FINANCIAL PROFESSIONALS BASED ON MARKET DEMAND

4.1. The Main Influencing Factors of Competency Evaluation

4.1.1 An Analysis on the Influencing Factor of Job Performance

The basic qualities (the internal environment of financial professionals is assumed to include body, ability, knowledge, interest, psychology, etc.) and the job environment factors (the external environment of financial professionals is assumed to include work habits, values, management system, work conditions and management systems) of financial professionals exert an impact on job performance (Long, 2015) (as indicated in Figure 3). Moreover, the interest and the psychology of financial professionals are significantly influenced by the external environment (Yang, 2009).

![Figure 3: Job performance analysis](image-url)
4.1.2 The impact of external environment on the competence evaluation of financial professionals

To some degree, the external environment of the major of finance and economics will affect the internal environment. Incentive goal, leadership relationship and interpersonal relationship in the external environment will affect the interest factors (interest intensity and interest type) and the psychological factors (risk attitude and personality traits) of financial professionals (Ou and Pei, 2011). Specifically, interest and psychology are remarkably influenced by the external environment; ability and knowledge are affected by interest; body is the basis of the competence of financial professionals (Zhan, 2014).

4.1.3 Establish a Competency Evaluation Index System

The basic qualities of financial professionals are the main content of competency evaluation, and the secondary and the primary index system are accordingly constructed (Liu, 2014) (as demonstrated in Table 1). In addition, the existing competency models are classified, as shown in the following table.

<table>
<thead>
<tr>
<th>Factor type</th>
<th>First level index</th>
<th>Two level index</th>
<th>Get method description and evaluation content</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial professionals; basic quality</td>
<td>body</td>
<td>somatic reaction</td>
<td>Test your body's reaction and speed with critical incident and physical examination methods</td>
</tr>
<tr>
<td></td>
<td></td>
<td>basic condition</td>
<td>Check your health by physical examination</td>
</tr>
<tr>
<td></td>
<td>ability</td>
<td>Professional Competence</td>
<td>Critical decision making skills, operational skills, or special abilities are examined by critical incident approach.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>primary ability</td>
<td>Test learning ability, interpersonal skills and adaptability with critical incident approach.</td>
</tr>
<tr>
<td></td>
<td>knowledge</td>
<td>professional knowledge</td>
<td>Test professional knowledge by test or certificate</td>
</tr>
<tr>
<td></td>
<td></td>
<td>common knowledge</td>
<td>Test common sense by test</td>
</tr>
<tr>
<td></td>
<td>interest</td>
<td>Avocation</td>
<td>Interest intensity was found by test method</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Interest type</td>
<td>Discover interest categories by inspection</td>
</tr>
<tr>
<td></td>
<td>psychology</td>
<td>disposition</td>
<td>Using cartel personality theory to test risk tendency</td>
</tr>
<tr>
<td></td>
<td></td>
<td>attitudes toward risk</td>
<td>Test personality types with cartel personality theory</td>
</tr>
</tbody>
</table>

4.2 Research on the Construction of Competency Evaluation Model for Financial Professionals Based on Market Demand

4.2.1 Competence Evaluation Results Integration Model for Financial Professionals Based on Market Demand

Based on the above basic assumptions, it is indicated that the competency evaluation results integration model is a nonlinear evaluation model, compared with the traditional linear evaluation model. (As shown in Figure 4)
In the traditional evaluation model, in most cases, the formula is

\[ T = (1 - \lambda) \sum_{j=1}^{n} r_j k_j + \lambda \sum_{i=1}^{n} w_i u_i \] (1)

In Formula (1), T is the evaluation result; \( u_i \) and \( k_j \) respectively stand for the evaluation results of the i-th implicit index and the j-th explicit index; \( b \) and \( a \) represent the number of implicit index and explicit index respectively; \( \lambda, r_j, w_i \) and \( (1 - \lambda) \) represent the weights of all the implicit indexes, the j-th explicit index, the i-th implicit index and all the explicit indexes, respectively. Besides, \( 0 < \lambda < 1, \sum_{j=1}^{n} r_j = 1, \sum_{i=1}^{n} w_i = 1. \)

In addition, if the natural number is employed to express the competence evaluation results level, this paper proposes the integration model for the evaluation results as follows:

\[ P = C_V (1 - b^t) \] (2)

Specifically, \( C_V \) and \( P \) stand for the maximum theoretical value of the evaluation and the result; \( t \) is the integration result of the implicit index; \( b \) is the coefficient that is co-determined by the implicit index evaluation, the leading index evaluation and the job type. Therefore,

\[ b = \frac{1 - \frac{1}{C_V} \sum_{i=1}^{n} (r_j k_j) \sum_{i=1}^{n} w_i u_i}{1 + \frac{1}{C_V} \sum_{i=1}^{n} w_i u_i} \] (3)

In Formula (3), \( V \) is the evaluation coefficient associated with the job position, and \( V > 1 \). The larger the value of \( V \) is, the higher the coordination requirements of the job position is. The values of \( V \) of job position, technology, management and decision are 1, 2, 3, 5 respectively, and other parameters are the same as those in Formula (2) and Formula (1).

If the competency evaluation of the fuzzy comprehensive evaluation is selected, the competence evaluation model for financial professional proposed in this paper is indicated in Formula (4):

\[ B_i = \left( 1 - d_j \prod_{k=1}^{n} p_{jk} \right) = 1 - \left[ \frac{1 - \sum_{j=1}^{n} (r_{ij} k_j) \sum_{i=1}^{n} w_i u_{ij}}{1 + \sum_{j=1}^{n} w_i u_{ij}} \right] \] (4)

Specifically, \( B_i \) refers to the evaluation degree of the i-thevaluation result; \( u_{ij} \) and \( r_{ij} \) represent the evaluation degree of the i-th implicit index and the j-th explicit index belonging to the i-th evaluation result, respectively.
4.2.2 An Analysis on Competency Evaluation Model

In the research of financial professionals’ competency evaluation, the quality valuation index of financial professionals usually falls into two categories—implicit index and explicit index. To be specific, implicit indexes include the interest and the psychology of financial professionals, which is more likely to be influenced by the outside world. Explicit indexes comprise human body, skills and knowledge, not easily affected by the external environment. Besides, two analytical methods are proposed in terms of constructing an integrated competency evaluation result model for financial professionals. First, financial professional evaluation is classified into dynamic evaluation and static evaluation, according to whether the evaluation factors of the basic quality of financial professionals are related to the outside world. Dynamic evaluation, also known as competency evaluation, builds on static evaluation, considers the interaction between the interest and psychological factors of the financial professionals and the external environment, and modifies the static evaluation results. Furthermore, static evaluation is a linear evaluation index, regardless of the interaction between the external environment and the evaluation factors, mainly including body, skills, knowledge and other evaluation factors. Secondly, evaluation result integration analysis refers to that implicit index evaluation results will determine the competitiveness level of financial professionals when the linear indexes of the linear model are adopted to evaluate the results. If the value of the implicit index is relatively lower, it is shown that the financial professionals dislike the job. If the value of the implicit index is fairly high, it is indicated that the financial professional are fully satisfied with their job. The changes in the evaluation result of the implicit index are nonlinearly raised with the competency.

5. CONCLUDING REMARKS

To sum up, with the continuous influx of multinational companies and international capital, China’s economic market demand for the overall quality of financial professionals has gradually grown higher. This paper proceeds with the concept of competency and competency model and briefly introduces the two models—the iceberg model and the honecomb structure as well as the method and the process of constructing a competency model, so as to build a competency evaluation model for the financial professionals based on market demand, to establish harmonious social and labor relations, and to lay a theoretical basis for the study on the competency model for different levels of financial professionals and different types of enterprises.

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