

CHAPTER 5

DISCUSSION, CONCLUSION AND IMPLICATIONS

5.1 Introduction

Literature has proven that a managerial competency is an important ingredient for managerial effectiveness. The current research endorses this fact that there is a direct relationship between the two variables. Also, this study came up with a new finding that the relationship between the two variables can be reinforced by the addition of a third variable which acts as a moderator. This moderator variable of organizational culture needs to be specially taken care of by the organizations to make employees more effective. The study is based on a sample of 506 employees working in the banking sector. The managerial competency scale developed in the course of the study adds a new dimension to the body of knowledge.

The analysis of the study is discussed as follows:-

5.2 Objective 1

Identifying the important competencies required for middle level managers across different functional areas in the Indian banking sector.

In spite of the fact that a great deal of studies have been conducted to investigate the competencies required for various categories of employees across different sectors, but through this study, the researcher has made an attempt to identify the important competencies especially for the banking sector employees. The study came up with the findings that mainly 25 competencies were very important for the middle managers who were working in banks.

These competencies were listening skills, team building, customer relations knowledge, maintaining professional & ethical standards, delegating effectively, managing knowledge and talent, communication skills, motivating others, understanding self and others, relationship management, problem solving, time management ability, taking initiative, integrity and trust, developing subordinates, shows approachability, self-development, cooperation, patience, quality

focused, crisis management, portraying enthusiasm and passion, drive for results, following processes and procedures; and negotiation

5.2.1 Implications for organization

i) The list of competencies can be used by HR managers during the recruitment and selection process so that right kind of candidate possessing the requisite competencies can be hired.

ii) The list of competencies can also be used by the OD practitioners to design their training and development program.

5.3 Objective 2

Developing and validating a scale of Managerial competency

Though a lot of studies have been concluded in the area of managerial competency but it has been observed by the researcher that the scale used in the past researches were more generic. The current study has come up with the development of a 16-item parsimonious, reliable and valid measure of Managerial competencies which specifically caters to the middle managers of the banking sector. The results suggest that Managerial competency is a multi-dimensional construct comprising of five different dimensions i.e. interpersonal competencies, professional competencies, intrapersonal competencies, cognitive competencies and leadership competencies as important components for managerial competencies and as important drivers for managerial effectiveness.

5.3.1 Implications for organization

i) The scale can be used by management practitioners in the banking sector, to evaluate the levels of competencies amongst the managers during the performance appraisal process.

ii) The scores in each of the five broad dimensions of managerial competencies can be used to assess the needs for managerial competency development amongst the employees and can contribute in enhancing managerial effectiveness.

5.4 Objective 3

Understanding the culture archetype of the banks

The Competing Values Framework used in this research was actually developed to evaluate the OC of the corporate sector. The findings affirm that the framework is appropriate for the banking sector as well.

The outcomes reflected that on a general premise, the banks studied exhibited a moderate culture. This is obvious as all the four banks surveyed were high performing banks in their respective areas. These banks have responded to the changing needs of the environment, and therefore a moderate culture has been inculcated within them. This finding is in line with Cameron that a moderate culture is an ideal situation for successful organizations, which in this case includes the chosen 2 banks. Similar findings were also confirmed by Ramachandran, Chong and Ismail in 2011 for public and private Higher Educational Institutions. [91]. The findings indicate that these banks are in a better position to improve their organizational culture practices, in order to respond to the changes in the ever changing environment. Also, according to Nemeth (1997), organizations with a strong culture may knowingly or unknowingly prevent the development of creativity of their employees due to daze responsibility to an arrangement of thoughts. [120]. In the long run, thus strong culture will reduce intellectual diversity in the organization. Similar finding was also mentioned by Ramachandran, Chong and Ismail (2011) that “while strong culture may help the implementation of creative ideas, it may not help to breed them and may become a liability during periods of change”. [91].

Talking about the higher mean scores in all the four types of OC, it is very much apparent that even adhocracy culture is prevalent in the public sector bank. The mean score of this type of culture in public sector banks is almost at par with the private sector banks and the difference between them is insignificant. Thus, earlier conclusions that government organizations under emphasize adhocracy culture are therefore challenged [121] [122] [123]. The earlier conclusions although holds true for the market culture, wherein the same researchers had mentioned that government organizations under emphasize market culture. The mean scores of the market culture, which emphasizes aggressiveness and competitiveness, reflect that it is more pronounced in private banks as compared to the public banks. This finding is easy to grasp, since it is seen

that the private sector banks are increasingly competing with each other as well as with the public sector banks to attract the customers.

One similarity between the two banks, as is visible in Table 4.53, is the tendency to emphasize hierarchical culture. In both the categories of banks, the hierarchical culture ranked first. This finding can be explained because of the importance given by these banks to rules, policies, procedures and stability in order to provide efficient products (savings account, current account, fixed deposit, loans, mutual funds) and in terms of providing excellent and consistent services to the customers. Also the finding can be attributed to the fact that these banks can't come up with new policies and procedures of their own as they have to act within the guidelines provided by RBI which is the central banking institution of the country that manages all major monetary policies of India and handles the economic stability and growth.

On their own, in the public sector banks the clan culture dominates, which suggests that employees in these banks work together as a team for the completion of their tasks. Also, loyalty and commitment, an important component of clan culture, is visible in the employees of the public sector. This can be attributed to the fact that their job is relatively more stable and secure. The private sector banks taken in isolation conform to the hierarchical culture. This finding contradicts the conclusions of the earlier studies wherein the researchers have claimed that private organizations are usually controlled by external factors such as competition, increasing market share and shareholders' interests. [91] [123]. This can be explained with the fact that the private sector banks are profit oriented and target driven. In order to achieve the target, the entire chain of command work towards the set target within the restricted boundaries put forth by RBI.

5.4.1 Implications for organization

i) The finding has contributed to the literature in understanding the types of culture of the selected banks. This will help the banks to do an introspection of their OC so that timely action can be taken to minimize any gaps.

ii) Both the categories of banks can acquire knowledge from each other about the different types of culture. For example, public sector banks should try to enhance their market, adhocracy and hierarchical culture while maintaining the existing clan culture. Similarly, the private sector banks should try to reduce their hierarchical culture and improve the market, adhocracy and clan

cultures. This will ensure a right mix of all the culture types and there will be a balanced culture in both the categories of banks.

5.5 Objective 4

Understanding the relationship between OC and MC.

The study has contributed knowledge to the area of relationship between managerial competencies and organizational culture. Earlier, researchers had opined that OC may influence managerial competencies but there was a dearth of empirical findings in this area [2] [3] [124].

The results reveal that there is a significant positive relationship between all the four types of organizational culture and managerial competencies. Thus it can be rightly said, that there should be a right balance between all the types of culture in a particular organization as each of them help in shaping managerial competencies.

Further findings from Table 4.58 to Table 4.62 reflect that there is a positive relationship between all the four types of culture and the other dimensions of managerial competencies i.e. Professional, Interpersonal, Leadership and Cognitive competencies. Intrapersonal competencies were not significantly related to Organizational culture. This is probably due to the fact that these are competencies within a person's self which are not affected by the external factors.

5.5.1 Implications for organization

i) The findings have reiterated the fact that the banks need to do a self-evaluation in order to understand their existing OC type, as it was observed that all the four types of organizational culture were equally important in shaping managerial competencies.

ii) The findings can also serve as a guiding tool for the both the categories of banks while they are designing their training programme. For example, if the employees are lacking in cognitive and leadership competencies, then hierarchical and market culture should be emphasized. Similarly, if interpersonal and professional competencies are to be developed, then clan and adhocracy culture should be enhanced.

5.6 Objective 5

Examining the independent effect of Managerial competencies on Managerial effectiveness

The results of this study suggested that Interpersonal, Professional and Intrapersonal competencies have a significant effect on Managerial competencies. Out of the five competencies, interpersonal competency was the most important predictor. This finding can be explained judiciously because the target respondents were the middle level managers. They are the ones who interact with the customers directly as well as with the top level managers. So it is quite likely that maintaining interpersonal relationship is most important. Hence, the importance of interpersonal competency in contributing to managerial effectiveness is empirically proven. The findings are also in line with the past researches wherein researchers have demonstrated the importance of Managerial competencies in improving managerial performance [2] [125] [126] [127] [128] [129] [130]

Surprisingly, the leadership competencies did not have a significant effect on effectiveness. This finding contradicts the earlier researches wherein leadership competencies had been significantly related to managerial performance [131] [132] [133]. This can be due to the fact that the sample chosen were the middle level managers and for them the interpersonal competencies are more important as compared to the leadership competencies.

5.6.1 Implications for organization

- i) Customers of today have become more demanding as compared to the customers of yesteryears. The middle managers of the banks are the ones who interact with the customers on a daily basis and try to resolve their problems. Therefore, it is important for them to demonstrate their expertise through effective communication and relationship building, apart from the technical roles assigned to them. Interpersonal competency can be used in this regard to deliver effective services.
- ii) The employees of the banking sector have to face the intense competition and challenges posed by their counterparts. In such a situation, the differentiating factor is likely to arise from the competencies possessed by the managers of the banks. Interpersonal, Intrapersonal and

professional competencies would help the managers in improving their effectiveness which ultimately would contribute to increasing the effectiveness of the banks.

iii) Amongst all the five competencies namely: Interpersonal, professional, intrapersonal, leadership and cognitive competencies, it is observed that an interpersonal competency is the most important contributor to effectiveness. Therefore, this competency needs to be strengthened in the employees of the banking sector. The same thing can be kept in mind by the Organizational development practitioners when they are designing the training program for the middle level managers.

5.7 Objective 6

Examining the effect of various types of OC on ME.

The linkage between OC and ME is not unquestioned. Researchers earlier had concluded that Organizational culture significantly affects individual effectiveness as well as organizational effectiveness [1] [22] [35] [50] [119] The findings of this study has contributed to the existing body of knowledge as far as establishing cause and effect relationship between OC and Managerial effectiveness in the banking sector is concerned.

The results show that both adhocracy and hierarchical cultures are significant predictors of managerial effectiveness. Our findings corroborate the previous researches which have proven that flexibility oriented organisation, such as those of adhocracy culture has a positive effect on trust, commitment, service quality, job satisfaction & productive behaviour. [46] [93] [134]

The study also revealed an interesting finding that hierarchy culture has a significant effect on Managerial effectiveness. Such culture highlights stability, rules and regulations, monitoring, and standardisation of procedures. Researchers have advocated that such type of culture is effective in the management and communication of information which plays a pivotal role in the performance and effectiveness of the employees.

5.7.1 Implications for organization

i) It is expected that the findings of this study will provide insights to the banking sector on how to develop their culture in the right manner so that the effectiveness of the employees could be

enhanced. Specifically, the role of adhocracy culture and hierarchical culture should not be undermined.

5.8 Objective 7

Examining the joint effect of Managerial Competencies and Organizational Culture on Managerial Effectiveness.

In the past, researchers had assumed that Organizational culture has a direct effect on the performance of the organization [1] [50] and that changes in Organizational culture will have an effect on efficiency and effectiveness [135]. The findings of this study provide a similar support for this view.

Past researches have also suggested that cultures which are strong, have a positive association with company's success [1] [40]. However, the findings of this research reflect that the two types of culture i.e. hierarchical and clan cultures, are not significantly contributing to performance, when the variable Managerial competencies are added. Surprisingly, both the types of culture are characterized by an emphasis on internal focus, cohesiveness, uniformity and establishment of rules and regulations which are considered to be the foundations of a strong culture. But through this research, little proof evidence is found to help the claim of a connection between cultural strength and performance. Hence, while the results indicate that the two internally focused cultures are not significantly contributing to Managerial effectiveness, the total effects of such cultures on Managerial effectiveness can't be ignored.

However, the analysis of the links between market and adhocracy cultures and managerial effectiveness finds a significant and positive association. Both the cultures are externally focused and are characterized by competition, entrepreneurship and innovativeness. These findings are in line with the past investigations which suggest that cultures which have an external focus are positively related to performance. [1] [135].

Also, it was observed that out of the five competency dimensions, i.e. Interpersonal, Professional, Intrapersonal, Cognitive and leadership competencies, two of them i.e. Professional and Interpersonal competencies played a very significant effect on effectiveness. While evidence

of a direct relationship between OC types and the role of MC on ME is not present, but the results of the current study reflect that the creation of an organizational culture which is externally focused, coupled with interpersonal and professional competencies would lead to increase in effectiveness of the employees.

5.8.1 Implications for organization

i) The finding of a positive association between externally focused cultures and managerial effectiveness indicate that *OC change* efforts in the banking sector should focus not only on internal cohesiveness and internal consistency but also should focus on external environment and competition.

ii) The finding also have implication for the banks that how can they generate *competitive advantage*. The results reveal that apart from emphasizing upon their internal rules and regulations, uniformity in standards and procedures, the banks should also pay attention to their competitors and the external environment. This finding corroborates the work of Barney (1991) who opined that OC can give an upper hand, if the culture is adjusted to external conditions.

iii) The finding also has an implication for the OD practitioners in the banks, that while they are they are making efforts in the direction of organizational culture change, they should also ensure that the employees are having the right mixture of Interpersonal and Professional competencies. If not, training programme should be devised by them to improve these areas.

iv) The findings also have implications for the selection and assessment of managerial positions in the banking sector. Accordingly, candidates who are high in interpersonal and professional competencies can be hired.

5.9 Conclusion model for the banking sector

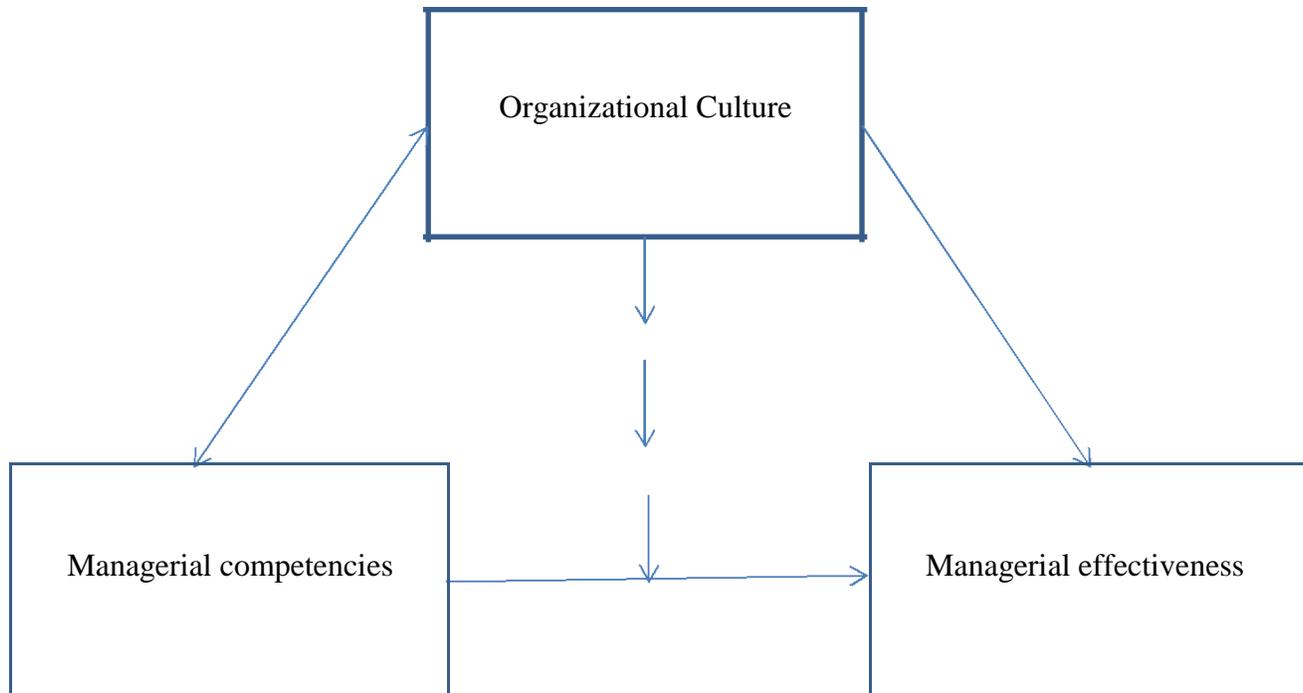


Figure 5.1 Conclusion Model: Relationship of Managerial competencies, Organizational culture and Managerial effectiveness

5.10 Concluding remarks

As per the investigations made on OC, MC and ME, it appeared that while some confirmation exists of connections between MC and ME, and between OC and ME, the combined study of all the three concepts has been missing. Subsequently, based on literature review which suggests that MC and ME are linked, and OC and ME are linked, and OC and MC are related, it was proposed that OC moderates the association between MC and ME. In an effort to add to the literature, the results of the survey were analysed and sufficient proof was gathered to support this proposition. Thus the findings of this study indicate that the association between Managerial competencies and Managerial effectiveness is moderated by Organizational culture.