CHAPTER VIII

CONCLUSIONS, RECOMMENDATIONS AND DIRECTIONS FOR
FUTURE RESEARCH

• Conclusions
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CONCLUSION, RECOMMENDATIONS AND DIRECTIONS FOR FUTURE RESEARCH

The results and analysis of the present study have been presented in the last chapters. In the present chapter conclusions of the study are drawn and effort is made to make meaningful recommendation for the banks' management and leadership. On basis of literature review and results of the current study, directions for future research are provided that may be undertaken in the due course of time.

This chapter is broadly divided into four sections: Section 9.1 draws the conclusions. Section 9.2 highlights the recommendations and Section 9.3 puts forth the limitations of the study and Section 9.4 gives direction for future research.

8.1 Conclusions

The research work in hand has been able to achieve the pre-determined objectives of the present study such as:

1. Establishing that the employees in strong banks have consistent perceptions about their culture.

2. Identified the competing values between the organizational levels of the weak banks that hinder the organizational performance.

3. Investigating the similarities and dissimilarities in the culture of strong banks, average banks and weak banks.
4. The relationship between corporate culture and organizational performance has also been described.

5. The last objective of Exploring the gaps in cultural variables between the two levels of the organization and to suggest management certain appropriate interventions is being done in this chapter.

Of the seven hypothesis tested, six were substantiated i.e., Ho was not rejected. The first hypothesis proved that there are more consistent perceptions among the managerial and support staff of stronger banks in comparison to weak banks. The second hypothesis proved that there is no significant difference in the perceived core values of dominant characteristics of the strong banks in comparison to average and weak banks. The third hypothesis proved that there is no significant difference in the perceived core values of organizational leadership of the strong banks in comparison to average and weak banks. The fourth hypothesis proved that there is no significant difference in the perceived core values of management of employees of the strong banks in comparison to average and weak banks. The fifth hypothesis proved that there is no significant difference in the perceived core values of organizational glue of the strong banks in comparison to average and weak banks. The sixth hypothesis was rejected because it could not prove that there is no significant difference in the perceived core values of strategic emphases of the strong banks in comparison to average and weak banks. Indeed there was perceived differences or competing core values in practice in strategic emphases of strong banks. The seventh hypothesis proved that there is no significant difference in the perceived core values of criteria of success of the strong banks in comparison to average and weak banks.

This similar perceptions and value congruence in strong banks have established a culture which enabled the managerial and support staff to think and act similarly and hence the success was visible in the management efficiency and asset quality of the strong banks which is reflected in the financial figures and ratios of strong banks.
The perceptions of managerial and support staff in average banks also has almost consistent perceptions about their cultural dimensions but there is existence of different categories of culture in the dimensions measured. It signifies values competing against each other in their day-to-day operations. This value incongruence is visible in the management efficiency and asset quality and liquidity position maintained in the banks, which gets is reflected in the financial figures and ratios of average banks.

The perceptions of managerial and support staff of weaker banks have less consistent or inconsistent perceptions about their organizational culture. The Chi-square test revealed existence of categories of culture in cultural dimensions measured which indicates existence of differing values among the employees. This value incongruence affects their perceptions influencing behaviour. This has further reflected (as seen in the comparative charts) in the financial figures and ratios of the bank.

8.1.1 Relationship Between Organizational culture and Organizational performance in Strong Banks

The strong banks were found have culture that enabled the employees to perceive the banks positioning towards competitive position of the overall environment where the managerial and support staff perceives similarly about their culture. Hence in all their actions there was consistence and in all the financial parameters studied the strong banks led the chart.

8.1.2 Relationship Between Organizational culture and Organizational performance in Average Banks

In average banks there were consistent perceptions but on further probing competing values of stability and growth emerged. Hence both the managerial and support staff perceived differently about the orientation of the bank and this led to different practices. So in many of the financial parameters it was way behind the stronger banks.
8.1.3 Relationship Between Organizational culture and Organizational performance in Weak Banks

There were less consistent perceptions as well as competing values in almost all the organizational cultural dimensions studied.

Therefore the aggressive positioning of the management has not been interpreted correctly by the managerial and support staff. This was visible in all the financial parameters observed over five year period. The weak banks were more towards maintaining the socio-technical environment of consolidation and equilibrium.

Figure 8.1 Comparison of Mean Values of Capital to Risk Asset Weighted Ratio

All the banks have kept the Capital to Risk Asset Weighted Ratio above 9% but strong banks leads the chart which denotes high safety against bankruptcy. Also higher CAR indicates the banks ability to comply with future tighter CAR norms. High ratio is a measure of risk-enabled enterprise.
Figure 8.2 Comparison of Mean Values of Net Non-Performing Assets Ratio

A low net non-performing assets ratio implies that a bank has good credit assessment skills and is selecting while giving out loans and investing. Strong banks have maintained a low NNPA ratio in comparison to average and weak banks. Strong banks have a culture which has insight and adaptation.

Figure 8.3: Comparison of Mean Values of Return on Assets (%)

The leadership of strong banks have been able to mobilize the team to deliver and thereby the banks have been able to maintain higher return on assets in comparison to average and weak banks.
Business per employee is an absolute indicator of profitability of banks and strong banks lead the category. Similar perceptions and congruent values have enabled the staff to act appropriately.

Figure 8.5: Comparison of Mean Values of Profit per Employee (Rs.Lakhs)

Profit per Employee is true indicator of efficient utilization of skills. Strong banks have outdone their peers in average and weak bank category.
In all the financial parameters selected for study the strong banks have bested the average and weak banks. Hence the pioneering work of Deal and Kennedy (1982) and other researchers have given much impetus to the success and superior performance of the organisation. Kotter and Heskett (1992), proposed that corporate culture has a long-term impact on the performance of the organisation. Denison (1990) found that certain types of culture could enhance organisational performance, while Van der Post et al. (1998) found significant relationships between organisational culture and performance. Rasheed and Anathraman (2002) concluded that in an entrepreneurial culture, members of the organisation value risk taking and innovations. The entrepreneurial culture is generally appropriate in a dynamic, competitive environment. He continues to state that in the bureaucratic culture, values like high formalisation, standard rules and hierarchical coordination were emphasized. A rational or market culture valued achievement, demanding goals, and market superiority. In a clan culture tradition, loyalty, teamwork, personal commitment and social influence have a role.

These findings are consistent with previous research on corporate culture and financial performance (Jeena Ravendran, 1993). This suggests that cultural types have an effect on the profitability measures of organisational performance like return on assets or business per employee, rather than other measures (like liquidity) only. This reinforces the relationship between corporate culture and organisational profitability (performance).

The above studies suggest that corporate culture is an important component in an organization to better understand the context of organisations and the people managing the organisation. This implies that corporate culture could affect the success of organisations in trying to achieve its goals and objectives. Further, this research could describe the association between the effect of competing values and emerging different types of culture with performance of the organization. These have practical implications for managers and consultants in management development, and ultimately could enhance superior performance of the managers and support staff in the banks.
This research also provides an important contribution in better understanding the nature and type of organizational culture, performance of banks in a competitive environment especially the public sector banks, which may be different from those in the more established western context.

8.2 Recommendations

There were no written core values in any of the banks considered for study. But there were implicit values being practiced in the strong and average banks. Hence consistency of perceptions and no competing values in other dimensions measured except for strategic emphases in strong banks and organizational leadership and criteria of success in average banks were identified. In weak banks competing values emerged in all the dimensions except management of employees. There was lack of consistency in perceptions too, which establishes that managerial and support staff adopted practices at individual level.

1. Hence the core values should be established through an organization-wide initiative encompassing the involvement of all employees.
2. Once the core values have been established, they should be instilled into all activities, actions, and decisions throughout the organization with everyone within the organization individually accountable for consistently practicing the values on a daily basis.
3. The values should be reviewed and amended if necessary, involving participation and feedback from all employees.
4. The competing values of power, control and efficiency with individual initiative and emphasis on winning at the market place as common themes has to be instilled through organization wide communication strategies and comparative display of other banks to the managerial and support staff of weak banks.
5. Even though the managerial and support staff of weak banks perceive a no-nonsense aggressive result-oriented focus by their leadership, the emerging competing values show that they have not been able to
interpret it well and thereby the performance have not only been below the strong banks but also the industry standards.

6. The leadership in the organization has to exemplify mentoring, facilitating and nurturing environment in the weak banks.

7. The strong banks can do better if the what is more valued between stability and creating new opportunities is clarified.

8. If the weak bank wants to inculcate a rational culture, the management development programme should focus on core values that promote individuality and independence among employees so as to enhance the performance of the organization.

9. If the weak banks want adhocracy culture, core values like adaptability and involvement should be instilled.

10. An effective employee survey program that will allow for systematically monitoring employee perceptions should be instituted.

8.3 Limitations of the Study

The study was academic in nature. Hence the sample size was chosen on the basis of feasibility. The study could have been extensive in terms of geographical coverage, maybe whole of northern India or other regions.

The sample size selected for the study could be another limitation for the study.

Cooperation and support within the organization proved to be a limitation because the study was on carried out during the work office hours, making it difficult for many employees to devote time to participate in the research due to hectic schedules.

Because of the nature of this research, that is, a study that used the same participants for both the qualitative and quantitative instruments, the
researcher had to have ample perseverance in ensuring that the respondents' give responses accurately.

Further the fiscal policies of the government, RBI regulations, monetary policy, manpower position and mechanization issues have an influence on performance of the organization.

The lack of time and funds limited further and more extensive research.

8.4 Directions for Future Research

The results of this research show that there is a relationship between the perceptions of employees about the core values being practiced in the organization, the derived organizational culture and organizational performance. This finding has important implications for management development, especially in relation to Human Resource Management and motivation for employees.

While this may be true, further research is needed to examine the effects of various other factors. On the basis of extensive literature survey as also the insight gained during the course of the present study, the following can be made regarding directions for future research:

1. Other organisational factors like age, size, gender, different hierarchical levels of people and activity or sectors and managerial factors like job involvement, job satisfaction, job motivation, and job performance and commitment as another variable could be used with corporate culture and organisational performance.

1. There is a need for continued research in the area of organizational culture. This is all the more necessary as it facilitates organizational members to understand the organizational values being practiced.

2. To gain a deeper understanding, it is suggested that detailed researches need to be carried out focusing on each of cultural dimension such as
organizational leadership, strategic emphases, dominant characteristics etc., identified during the course of present study.

3. Instead of focusing on nationalized banks, future researchers could concentrate on private and foreign banks.

4. There is a need to carry out comparative studies encompassing banks of other developed and developing economies. The same may not only add to the extant literature on the subject but may also enable the researchers in identifying areas where improvement can be affected on the basis of cross-cultural studies.

5. Future researchers can perhaps improve upon the methodology adopted in the present study. For instance, they can add more dimensions to the questionnaire. It is hoped that this may lead to improvement that could probably bring in newer findings.

6. The sampling frame of the present study i.e. published paper, consisting of Z-score, there could be other parameters used for discriminant analysis. Thus, future researchers need to make an attempt to remove this bias, if any.

7. The strata used i.e., the managerial and support staff can be further divided into multiple levels. This will further lead to deeper analysis of influence of perceptions on organizational practices.

8. The structured questionnaire approach used in the present study can be supplemented with case study method and observation to gain better understanding.

Thus, this study has illustrated the relationship between organizational culture and organizational performance in public sector banks operating in India during 1997 – 2001. This is a phase when the banking reform process began and government has been taking lot of initiatives to help the public sector banks to compete with the private sector banks. It has investigated the prevalent culture vis-à-vis the core values being practiced in their day-to-day operations. It has further probed into the performance of the banks to establish that performing banks have the right culture in a competitive environment.
References:


17. Jeena Ravendran (1993), "Corporate culture in Malaysian companies", BSc Agribusiness project paper, Universiti Pertanian.