CHAPTER - 1

INTRODUCTION

The context and Focus of the study:

The successful organisation has one major attribute that sets it apart from unsuccessful organisations: dynamic and effective managers (Hersey and Blanchard, 1982, P. 82). In other words, the success of every organisation may be equated with the results produced by its individual managers who in turn attain their success with and through their subordinates.

But there can be no organisation where all managers produce results equally. Performance analyses of organisations are likely to indicate that within the same organisation managers differ in terms of the results they produce. Based on the differences in their level of performance effectiveness, managers may, therefore, be classified into high results producers, moderate results producers and low results producers. The high results producers are the people who may be said to be instrumental for the success and progress of their respective organisations. In every organisation there are such people and they are often likely to be the most wanted, liked and loved by others, while the low results producers are not equally well appreciated, especially by the top people.

The scheme of presentation of the references used in this report is as follows: In the case of journals, the name of author, the year of publication and relevant page number/s are given. In the case of books, the name of author and year of
The question that may arise in the minds of many, therefore, is why some managers are high results producers and others low results producers? Authentic and valid answers to this problem of executive effectiveness can go a long way in helping organisations improve their corporate performance in the ever competitive modern business environment.

In India, gaining informed insight into the problem of differences in performance effectiveness among managers is important to all types of organisations because the country is in the process of rapid economic advancement. Improving our understanding about the dynamics of executive performance is all the more important in those organisations that play a vital role in enhancing the conditions of social living of the people in the country.

The present study by the researcher focuses attention on the problem of performance effectiveness among managers operating in one of the critical and socially important sectors of our economy namely commercial banking. The banking sector is selected for the study due to two reasons. Firstly, commercial banking plays an important role in the country's development. Secondly, for improving the efficiency of the banking system, we need to know more about the performance dynamics of the executives in our...
banking organisations.

The importance of banking system and the role played by it in India have been well highlighted by Desai (1987, p.IX). He states that in India today the banking system has evolved as a powerful instrument of planning for economic growth. Commercial banks in the country continue to remain in the forefront of our financial system. These banks have been largely instrumental in inculcating the banking habit among the people in all walks of life, mobilising and holding deposits of crores of people, and business units including small enterprises and governments. They make funds available through their investing activities and lending to borrowers — individuals, business enterprises, corporate bodies and governments. What is more, the banks have been assisting millions of people with their schemes and enabling them to contribute their mite to the country's all-round development. In so doing, they have facilitated both the flow of goods and services from producers to consumers in the country and the financial activities of the governments both at the Centre and in States. They channelise the Government's planned development programmes in a successful manner. Indian banking has been successful in bringing a large segment of our economy under monetisation and providing the medium of exchange. It provides

referred to from the work of other authors, the relevant page number in the Secondary Source (book or journal) is given using the symbols SS:P (i.e. Secondary Source Page).
the necessary finance for the planned development.

These banking activities demonstrate that the Indian banking system is important to the functioning of the country's economy and has accelerated the process of development.

On the statistical side of banking, Desai observes that Indian banking system has grown in size. Its deposits have increased from Rs.90.8 crores in 1951 to cross the one lakh crore mark in 1986 and the level of bank deposits stood at Rs.1,00,924 crores as on February 13, 1987 and bank credit at Rs.61,679 crores. Moreover, the banks have been adding over Rs.16,000 to Rs.18,000 crores to their deposits every year. It is indicative of the fact that their deposits growth has gathered momentum in recent years. At this rate the banks are likely to add additional deposits of over Rs.20,000 crores during the next ten years (Desai 1987, p.IX). The scale and scope of banks' activities have thus undergone substantial changes in response to the changes that have taken place in the social, political and economic environment.

The ability of the Indian banking system to perform its assigned tasks efficiently and in harmony with the national goals and objectives depends, in a large measure, on efficient management. In India, the commercial banks have adopted the method of branch banking as against the method of unit, group or chain banking followed by the banks in other countries. Under the branch banking system, every commercial bank establishes for
itself a large network of branches in the country under the control of a head office. The affairs of the individual branches are managed and directed by the branch managers in accordance with the regulations and policies laid down by the Head Office. These individual branch managers along with their branch staff mobilise the deposits from the public and advance loans to them and in this process generate profits for their bank. The success or failure of any commercial bank following the branch banking system may therefore be equated with the effectiveness with which the branch managers manage their branches and produce results through the proper deployment of branch staff placed under their charge. The focus of the present study is on such branch managers whose effectiveness may be regarded as one of the chief determinants of banking efficiency.

Improving the performance efficiency of commercial banks may be viewed from different perspectives. Banking performance is no more regarded as an isolated subject. It is constantly under the influence of psychological, sociological, political, economic, and environmental pressures and dynamics. Banking theorists interested in banking efficiency have been studying and focussing attention on the various spheres of banking. Still, there are certain aspects that have not caught the attention of the researchers in the field, which need careful study and analysis. One such area in banking, where very few systematic
Attempts have been made so far, is the psychosocial characteristics associated with the differences in performance effectiveness of the branch managers of commercial banks.

Under the branch banking system followed by the commercial banking organisations in India, each branch is placed under the charge of a branch manager who is held responsible for the affairs of the branch and the results produced by it. It is the manager who is chiefly authorised to take the important decisions regarding the branch and the various courses of its activities. It is he who organises the business campaigns and lending activities of the branch through the collective efforts of the branch staff. The manager is the person who is empowered to direct and control the work activities of the branch staff. He has to motivate his subordinates for efficiently discharging their duties and responsibilities. More than anyone else, it is the branch manager who has to be concerned with rendering effective services to the consumer community and maintain good productive relations with them. Through the proper execution of these and other multifarious banking operations, the branch manager, in his capacity as the head of the branch, is expected to produce results for his branch and be effective in his executive role.

But in this challenging assignment, not all branch managers are equally effective when it comes to the 'financial targets' attained by their branches. Though many criteria may be
used for assessing the performance of branch managers, two of the important quantifiable measures which can be used for evaluating the real effectiveness of the branch managers are: 1) the level of deposits and 2) the level of advances achieved by the branches under their headship.

It is common observation that branch managers of scheduled commercial banks do differ in their level of performance effectiveness when effectiveness is measured against their deposit performance and advance performance. Quite often, it is possible to classify managers into high and low results producers. These differences in executive effectiveness are a practical problem faced by the commercial banks today and efforts have to be mobilised by these organisations to improve the performance effectiveness of all their managers. The problem acquires practical significance by the very virtue of the thinking that no organisation can prosper without a team of effective managers to guide and lead its activities.

A number of rigorous and theoretically important questions can be asked around this problem of differences in performance effectiveness of bank executives. Why are some branch managers highly effective in producing results while others are only moderate or low in their results? Are these differences in their performance levels due to any differences in their inner orientations to perform and excel at their executive jobs? Is it because of the differences in the leadership orientations held
by the branch managers in dealing with their branch staff? Have the different levels of performance effectiveness among the branch managers got any association with any of the dimensions of their personality patterns? Do the differences in the socio-economic background of the managers have any association with the levels of results produced by the branch managers? These are some of the questions that this researcher has chosen in investigating into the characteristics associated with performance effectiveness among the bank managers.

This study was, therefore, designed to relate certain selected psycho-social characteristics of branch managers with their observed differences in performance effectiveness.

The investigation was confined to managers operating in the geographic region of Kerala and, therefore, a scheduled commercial bank having bulk of its branches and the head office in Kerala was selected for the purpose of the study. This geographic confinement to the Kerala region was done because the social, cultural, political and economic climate surrounding the banking business in Kerala may not be prevalent in other parts of the country. The researcher would therefore like to generalise the findings of this study only to the context of commercial banking as prevalent in Kerala.
CONCEPTUAL BACKGROUND OF THE STUDY

In designing the theoretical lines of inquiry for this study, the researcher has preferred to confine to a few selected psychological, social and personal variables of the managers that are assumed to be important in throwing light on the theme of performance effectiveness. Within these selected variables, the investigator has paid more attention to the psychological variables, because in this field, the investigator found that the level of theoretical development is quite considerable in gaining insight into the problem of performance effectiveness among executives. But in the banking field the benefit of theory has not been fully explored. In this investigation the researcher has chosen three such psychological variables and these three variables form the basis of the major hypotheses of the study.

The first variable that was tested in this study is the leadership orientation of the managers. Theories of leadership almost invariably state that there are two basic dimensions in the study of the concept: Task dimension and Relationship dimension. (Hersey and Blanchard, 1982, p.84). While directing the activities of the subordinates, a leader can be either task oriented or relationship oriented or both in his or her approach and attitude towards the subordinates.

Leadership theory however makes a distinction between leadership orientation (attitude) of the leaders and their leadership behaviour. Leadership orientation may be defined as
the internal mental disposition or attitude of a leader toward task and people, while directing the activities of the work group placed under him or her. On the other hand, leadership behaviour is the actual behaviour displayed by the leader while directing the activities of subordinates to get various things done through them. (Hersey and Blanchard, 1982, p. 90).

A bank manager is one who is responsible for the work of his branch staff and therefore empowered to direct their work activities to produce effective results at the branch. To achieve this end, a manager has to have a strong concern for the TASKS to be performed and the PEOPLE under him who perform these tasks.

There are theories that state that managers should have a strong orientation toward task and relationship, though their exhibited behaviour might vary from situation to situation. For example, Blake and Mouton (1978a, pp. 95-120) in their Managerial Grid, which is an attitudinal model, strongly advocates that every manager, desiring to produce effective results in his performance as a manager, should have a high concern for production and an equally high concern for people. Chester Barnard (1938, pp. 114-123) observed that both these factors are necessary for the survival of any organisation. Haplin (1959, pp. 6-78) pointed out through his findings that
effective or desirable leadership behaviour is characterised by both task and relationship dimensions. The Ohio State Leadership studies in the field (Stogdill et al. 1957) concluded that the high initiating structure (Task) and high consideration (Relationship) style was theoretically the ideal or "best" leader behaviour and that the style low on both dimensions was theoretically the "worst".

The modern trend in leadership research is moving towards a contingency approach where the leaders are advised to alter their leadership behaviour depending upon the changes and differences in leadership situations. However, most of the situational or contingency models in leadership are behavioural models and not attitudinal models. None of these behavioural models have categorically refuted the ideas contained in attitudinal models, like the Managerial Grid, that leaders should possess a high task-high relationship orientation to be effective in producing results through their subordinates.

This investigator presumes that high performance effectiveness among bank managers requires a high task-high relationship orientation toward the subordinates and that any lapse or laxity in this orientation will tell upon their performance as managers. Accordingly, it was hypothesised that the managers with a high degree of performance effectiveness are characterised by a high level of concern for both tasks and people under them.
The second variable tested in this study is achievement orientation of the managers. Management of banking operations today is a highly competitive activity. A bank manager has to compete with other banks and financial institutions in his region. To be successful in such a competitive environment, the manager may be regarded as requiring "the will to succeed" and a basic desire to perform and produce results for his bank. He should have a strong internal mental disposition to achieve goals and excel in competitive situations. In short, a manager should be achievement oriented. Achievement orientation works as an internal motivation for the manager to perform and excel by producing effective results for the bank.

In discussing the theoretical base of achievement orientation much of the evidence comes from the works of David C. McClelland, a Harvard psychologist, who has been researching on the need for achievement (n-Ach) in human beings for the last few decades. McClelland and his colleagues explain achievement motive as a desire to perform in terms of a standard of excellence or to be successful in competitive situations (McClelland 1961, 1965, 1966; McClelland et al. 1953). According to them achievement-motivated people:

1. Set their goals realistically.

2. Take only moderate levels of risk.
3. Possess a need for immediate feedback on the success or failure of the task being executed by them.

4. Tend to be preoccupied with the task once they start working on a task.

5. Crave for satisfaction with accomplishment per se.

McClelland posits that achievement motive is a learned need and that it is acquired quite early in life during the period of childhood. Parental influences and the type of socialisation that a child receives during the period between five and eight years play a major role in ingraining this need in every human being. Once formed, it stabilises within every individual and remains there like a stable force influencing all the important life activities and performance of the individual. The stronger this need in a person, better his desire for excellence and spirit of achievement. These findings of McClelland on the need for achievement have been regarded as highly useful in explaining the motivation of managers and entrepreneurs.

McClelland and other scientists have studied the achievement motive and have developed instruments for measuring this need in individuals. A few years back H.J. Eysenck and G.Wilson (1975, pp.92-113) developed a personality scale for measuring the level of achievement orientation among individuals.
They described achievement-oriented people as ambitious, hard-working, competitive, keen to improve their social standing, and placing a high value on productivity and creativity.

The investigator believes that the managers operating in a high-competition business like banking invariably require a strong achievement orientation in terms of the characteristics mentioned above. Those stronger on this motive can be expected to lay emphasis on productivity and performance and are likely to produce better results. Those low on achievement orientation are likely to place lesser value on competitive performance or creative output. Accordingly, it was hypothesised that high performing managers will tend to possess higher levels of achievement-orientation than low performing managers.

The third variable of the study is about a peculiar behaviour pattern called Type A behaviour pattern regarded as characteristic of individuals who are struggling hard to meet the diverse goals of life. The practical importance of the concept lies in the fact that when type A behaviour is found in an individual to a very high degree it may be regarded that the individual is on his way to the so called coronary heart disease (Charlesworth & Nathan, 1984, p.190). The empirical evidence for this arguments derives its strength from the works of certain cardiologists who have been researching on the causes of coronary disease.
Drs. Meyer Friedman and Ray Rosenman (1974) were the first to lead the field cardiology into a study of what they later called Type A behaviour, a coronary-prone behaviour pattern. Till their time medical research suggested that many factors increased the risk of coronary heart disease. Men who were ageing and had high levels of cholesterol in their blood, high blood pressure, diabetes, a family history of heart disease, and unusual heart rhythms were at higher risk than other people. People who smoked, became obese or failed to get sufficient exercise were also at risk. But these physical risk factors could not be found in nearly half of all new cases of coronary heart disease (Charlesworth and Nathan, 1984, p. 189). Accordingly, Dr. Friedman and his associates started reviewing the contradictory evidence for coronary heart disease and they ultimately discovered a particular pattern of behaviour called Type A behaviour with which they could explain a great deal of what was happening to people prone to coronary heart disease.

Friedman and Rosenman describe Type A behaviour as an action-emotion complex that can be observed in any person who is aggressively involved in a chronic, incessant struggle to achieve more and more in less and less time, and if required to do so, against the opposing efforts of other things or persons. It may be discerned from the definition that Type A behaviour pattern is typical of people who struggle to achieve their goals or targets.
In the banking situation the managers who produce better results, against the business targets assigned to them, are likely to struggle harder than the rest who are moderate or low in producing results. It has been hypothesised earlier that the high producing managers are likely to be more achievement oriented than the rest. They try to perform and excel in the challenging job given to them. In this pursuit, the investigator believes that, they are likely to enter into a chronic, incessant struggle to achieve more and more in less and less time because they want to be ahead of others. Consequently they are likely to manifest the behavioural features characterised earlier as Type A behaviour pattern.

With these assumptions in mind the investigator was interested in knowing whether performance differences among bank managers were accompanied by corresponding differences in Type A behaviour levels. Accordingly, it was hypothesised that the High Results producing managers would show more Type A behaviour than the Moderate Results Producers and the Low Results Producers.

The last set of variables put to test in this study includes a number of personal and social variables covering the social, economic and self details of the managers under study. The presumption here was that the socio-personal context in which managers were born and brought up are likely to have an influence on their attitudes towards job and their performance as managers.
Since research literature is lacking to prove these relationships in the organisational contexts, no definite hypotheses were formulated with regard to the bio-social particulars of the managers and their performance. However, a set of Religious, Regional, Parental, Familial, Economic and other factors were considered in this study for testing their associations, if any, with the performance of managers.