

**EVALUATE THE EFFECT MANAGEMENT COMPETENCY ON  
CUSTOMER PERFORMANCE (CASE STUDY: AGRICULTURAL BANK  
MANAGERS IN ARDABIL PROVINCE)**

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**Abstract**

The purpose of this study is to evaluate the effect of manager's competency on customers' performance (Case Study is: Ardabil Keshavarzi Bank managers). The present study is applied from its goal point of view and methodologically is descriptive and correlational. The study population in this study consisted of 152 managers of Ardebil Keshavarzi Bank of which 109 were selected as the sample size and the purpose statistical community was 15000 of bank customers. Of these, 305 were selected based on Cochran formula. In the first stage, the used sampling method was stratified rationing (sampling method according to the number of branch managers and customers) then each class is used randomly. Two questionnaires were used to collect data and both the questionnaire is designed as arranged Likert spectrum. SPSS 20 software was used for statistical analysis. The research results showed that communicational skills, decision-making, encouragement, innovation and change, business communications, and professional leadership have a direct impact on performance of the Keshavarzi Bank customers.

**Keywords:** managers' competency, customer performance, Keshavarzi Bank.

**Introduction**

Today, banks in developed countries act as economic problem solving centers, professional consultants specialized for increasing financial resources of the firm, and for the collection and exchange of information of their customers and are one of the engines driving the national economy (Abasgholi Poor, 1389). Today, with the increasing number of credit and financial institutions and private banks to attract customers, creating solutions for our customers both financial, welfare and services is forcing us to challenge so that with identifying the talents in aspects of management competency and their promotion in order to estimate the needs and wants of the customers and having advantage to gain a larger share of bank liquidity in this competition. It is clear that this will be possible by having good, skilled, knowledgeable and informed managers who are familiar with the customers' wishes and needs and also respect them and their ability to assess and remove the costumers wanting. Managers often play a critical role in organizations. The effect of outstanding managers in revenue, profit and organizational success today is clearly manifested in many successful companies. From one hand, the rapid response to the threats and opportunities of the present times has made the managers as the principal source in resolving issues raised in the

organization that the organization needs to skillful managers is more and more evident (Karami, 1386).

And from the other hand, With regard to technology and the environmental changes and the intense competition between banks to attract resources and efforts on the customer and customer satisfaction, especially with the emergence of private banks and financial institutions, therefore, most of the methods are used to achieve competitive advantage by banks and acknowledgment of the fact that private banks compared to state banks have high financial maneuverability to their customers, banks, as government agencies as considered in our study (Keshavarzi Bank) that is one of them, This requirement should be a priority of their program that should pay attention to the requirements and the skills and competencies of managers and bank employees in interaction with customers and thereby be able to compete in the market against the private banks which have higher budget and guarantee their presence in this fluctuating environment. Therefore, the research issue can be stated as; how the competence of managers can affect the performance of the customer?

**Research theoretical basis:**

The word competency in the public dictionary is meant as merit, competence, skills and expertise and in the professional management dictionary is as sense of competence, capacity, competence, ability. The common point of these definitions, competence and know-how which is the combination of knowledge, attitudes and skills in a work. Competence in slang, means having the ability, skill, knowledge and competence, and scientifically is meant according to the work area. Competences are specifically related to job training. This subject is relevant to new technical technology which is applied to the area of responsibility or role, Ability to quickly learn the concepts of Technology, creativity, world-wide perspective, innovation ability, the ability to communicate, ability to develop interpersonal relationships, ability to work in a team, control your emotions, ability to lead to new and unusual situations, the ability to transition from uncertainty and confusion, initiation and decision-making, the ability of ones commitment to organizational goals, ability to create effective results, the ability of job creation, these are merits focused on the individual and the individual focus. (Khorshidi, Farokhi, 1391).

Office of employees affairs Management of America (2002) is defined competence as measurable model of the knowledge, skills, abilities, behaviors and personal other required specifications for successful job work or function (quoting from Rezayat et al., 1390).

According to Rodriguez et al. (2002), competencies, are behavioral patterns, he paid attention to the competency as a measurable model of definitions of knowledge, skills, attitudes, behavior and other characteristics of a person to perform the work or The successful job functions required (quoting from Watkins and Cheseh, 2009).

Also Spencer (1993) believes that competency, the underlying characteristics of an individual that is related to the criteria affected performance or superior performance in a job or situation. He defines the competencies into two categories; the required competencies which specifies necessary skills to minimum function in a work or doing a task. Superior competencies by which the results are higher than average and performance is higher (quoted by Sheykholeslami al et al., 1391)

Griffin (1994) says managers to perform administrative tasks are required to a number of specific skills, including skills which include:

1. The human skills,
- 2.technical skills
- 3.conceptive skills
4. Cognitive skills,
5. Communication skills
6. Decision making Skills
7. Skills in time management.

He believes that research skills means the skills that enable an administrator to give the best response to the situation. Managers must be able to manage diversity. They should be able to have, coordinate and direct in a team intelligent and skilled group of people with different personalities. (Clark, 1995).

Holi English and Steffi (1998) in their book "Leadership skills for success in the 21st century, the standard for management high and excellent performance " are referring to the following skills which are essential for effective management:

- Conscious leadership - politics and manage - Relations and Social communications - organizational management – planning and development- staff assessment and personnel managers - development of research, employee, values and ethics of leadership.

Today the customer value and their performance is obvious to anyone. All organizations, especially business organizations without the client will lose its meaning so it is therefore essential that the organization has a good understanding of the performance of its customers and to evaluate them continually.

Customer performance can be conceptualized as a performance by the continuing relationships between the customers create something more than a brand. Customer performance consists of; attract customers, customer retention, customer satisfaction, brand awareness, brand image, and performance related to the brand and like it. (Lee et al., 2011).

The following are some of the research related to this paper which is briefly mentioned.

- Razzaghi (2007) in a paper called "managers' soft competence scale with the goal of assess and survey of managers leadership and competence, improve the selection and appointing methods of managers, help improve the management of the organizations and the development of appropriate tools to measure criteria and levels of competency of managers was conducted.

In the study, eighteen factors are understanding and cultural sensitivity, economic management, effective control, contributing to the development of others, cooperation and teamwork, emphasis on efficiency, resource allocation, attention to customer needs, risk tolerance, time management, organizational awareness, problem solving ability, maturity, performance, management, monitoring and control capabilities, creativity, confidence and counseling.

- Abbas Gholipour, (1389) in the article entitled an effective factor in improving the performance of the banks came to the following conclusion: in new banking, major part of resources are obtained from non-banking activities.

Factors that increase the power of the banks in their financial resources are; information and communication technology, human resources skills, diversity of banking services, banking service quality, customer satisfaction from the employees of the bank, bank favorable internal environment, the favorable bank location.

- Dorrif et al (2013) in a study titled "Do managers focus too much on business performance," said the major programs of account management in the banking sector are in a priority, as a competitive advantage for security and customer loyalty, this research seeks to obtain a broad understanding of how to manage main accounts in the banking sector.

#### **Research hypotheses:**

- Communication skills of managers influence on the customer performance in Keshavarzi bank.
- Decision making skills influence on the customer performance in Keshavarzi bank.
- Encouragement, innovation and research influence on the customer performance in Keshavarzi bank.

- Work relations influence on the customer performance in Keshavarzi bank.
- Leadership skills influence on the customer performance in Keshavarzi bank.
- Professional skills influence on the customer performance in Keshavarzi bank.
- Applying positive abilities skills influence on the customer performance in Keshavarzi bank.
- Team work activity development influence on the customer performance in Keshavarzi bank.

**Methodology:**

The study is applied in terms of its goal and in terms of data analysis, it is descriptive and correlational, and in terms of the data collection methodology it is survey.

**Population and statistical sample:**

Our population consisted of 152 managers of the Keshavarzi Bank of which 109 were selected as sample size, the statistical community bank clients was 15,000, that 305 of them were selected. Sampling was determined according to the number of managers and customers in any branch or part. The sample size was calculated using the formula Cochran.

**Data collecting tools and validity:**

To analyze the data from two questionnaires, managers' competency and performance of the client is used. That in the questionnaires of management competency questions 1 to 4 were on the skills of communication, questions 5 to 8 of the skills of decision making, questions 9 to 12 relating to the encouragement, innovation and change, questions 13 to 16 on the index of business communications Questions 17 to 21 on the index of leadership skills , Questions 26 to 29 related to the use of the positive potential and questions 30 to 33 related to the development of team skills and customer Questionnaire 5 Questions had been raised. The face and content validity of the questionnaire is confirmed. So that the questionnaire was given to a number of experts and questions concerning the transmission of content, item validity, accuracy of measurement of the structure and the wording has been modified and was approved. The results are shown in Table 1. The questionnaire's reliability using Cronbach's alpha and half was accepted.

Table 1: questionnaire's reliability

Dimensions	No. of Items	Alpha
managers competencies	33	0.88
business performance	14	0.93

**Descriptive analysis of data:**

The results showed that among the managers and staff of the Agricultural Bank 16.3 per cent (16) were female and 83.7 percent (82) were male. And 1.7% (7 cases) diploma, 1.5% (5 cases), Associate Degree, 4.68 percent (67 cases) undergraduate and 19.4% of (19) are masters. And among these 88.8% (87) were married and 11.2% (11) are single.

The mean and standard deviation components:

Table 2: Mean and SD of competency and its components in the managers and staff of the Keshavarzi Bank

Variables	S.D	Mean
Communication skills	68/1	63/13
Decision-making skills	01/2	39/11
Encourage and innovation and change	83/2	45/11

Work Relation	81/1	21/13
Leadership skills	20/3	35/14
Professional Skills	18/2	74/12
Skills in use of positive capabilities	72/2	43/12
Skills in develop of team activities	04/3	27/12
Total	58/13	015/100

Table 3: Mean and standard deviation of the Keshavarzi Bank customers

S.D	Mean	Variables
4.16	16	customer performance

**Analytical findings**

Table 4: Correlation coefficients of managers' competency and client performance

Independent variable	dependent variable	r	P-value	Result
Communication skills	customer performance	0.306	.002**	Confirm H <sub>1</sub>
Decision-making skills		0.262	.009*	Confirm H <sub>1</sub>
Encourage and innovation and change		0.238	.018*	Confirm H <sub>1</sub>
Work Relation		0.275	.006**	Confirm H <sub>1</sub>
Leadership skills		0.449	.000***	Confirm H <sub>1</sub>
Professional Skills		0.201	.031*	Confirm H <sub>1</sub>
Skills in use of positive capabilities		0.243	.016*	Confirm H <sub>1</sub>
Skills in develop of team activities		0.327	.001**	Confirm H <sub>1</sub>
Total		0.407	.000***	Confirm H <sub>1</sub>

*P\* < P\*\*0.05 < P\*\*\*0.01 < 0.00*

The results of the table above show the results of communication skills (r =0/306), decision-making skills (r= 0/262), encouragement and innovation and change (r =0/238), business communications (r = 0/275), leadership skills (r =0/449), professionalism (r =0/201), skillful use of positive features (r =0/243), skill development team (r =0/327) total score of merit managers and employees (r =0/407) have a significant correlation with the performance of the Keshavarzi Bank customer.

Table 5: Results of step by step multiple regression analysis of client managers competency with clients performance in the Keshavarzi Bank

P	F	MS		DF	SS		Model
0/000	24/17	338/36		1	338/36		Regression
		13/99		96	1343/64		Remain
				97	1682/00		Total
T	Standardized coefficients	Non-standard coefficients		ARS	R2	R	Predictor variables
	Beta	B	SE				
4/38 ***	-	7/630	1/744	-	-	-	Constant
4/92 ***	0/449	0/583	0/119	0/193	0/201	0/449	leadership skills

To determine the effect of each variables of competence (communication skills, decision making skills, and encourage innovation and change, business communication, leadership skills, professional skills, capabilities and positive application development team skills) as predictor variables and customer performance as a criterion variable in the regression equation were analyzed.

In Table 6, the observed F is significant and 20% of the variance in customer performance of the Keshavarzi Bank is explained by leadership skills variable. Due to beta coefficients the leadership skills ( $B=0/449$ ) is as the most powerful variable to predict the performance of the customer of the Keshavarzi Bank. In other words, leadership skills have more impact than any other variables of the Keshavarzi Bank on the performance of its client.

### **Conclusion**

According to hypotheses test managers competence has influence on the performance of the client's in the Keshavarzi Bank. Also, 20% of the variance of the performance of the Keshavarzi Bank customers is explained by leadership skills variable. Due to the beta coefficients, leadership skills ( $B=0/449$ ) is as the most powerful variable to predict the performance of the Keshavarzi Bank customer. In other words, leadership skills have more than any other component of the Keshavarzi Bank an impact on the performance of the client. Due to the fact that the banking industry is considered one of the pillars of the economy and their customers play key role. It is necessary to pay special attention to the needs and demands of customers as important issues of Iran and the world. The importance of customer for the companies and banks due to their impact on the growth and survival of the bank and earning interest from them, has led to this fact that customer satisfaction is accepted as a main principle and all the banking units tend to have customers and their activity is toward attracting customers.

Communication skills and good human relations of managers and clients creates an affirmative feeling in the customers and improve their performances. In a Bank environment through human communication can take advantage of the favorable interaction, and change potential customers into actual customers and make him a customer of not one time but a perpetual customer.

When companies decide on strategies for clients, they do assess their customers' attention to decide or influence the decision-making process and give credit to the comments on how to create a customer relationship. Therefore, managers' decision making skills are essential in improving the performance of managers.

According to the hypothesis formulated, the Keshavarzi Bank in order to be able to improve customers' performance, its managers should improve in themselves their competency and encourage skills and, innovation and change, business communication, leadership skills and continuously improve their professional skills so that it provoke the customers to have better performances.

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