

**ST. MARY'S UNIVERSITY  
SCHOOL OF GRADUATE STUDIES**



**EMPLOYEES PERCEPTION OF MANAGERIAL SKILLS IN  
LION INTERNATIONAL BANK S.C**

**BY**

**MERON ZEWDE DEMEKE**

**JUNE 2017**

**ADDIS ABABA, ETHIOPIA**

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## **STATEMENT OF CERTIFICATE**

This is to certify that Meron Zewde has carried out her research work on the topic entitled, **Employees perception of managerial skills in lion international bank S.C.** for the partial fulfillment of Masters of Art in Business Administration at Saint Mary's University. This Study is an original work and not submitted earlier for any degree either at this University or any other University and it is suitable for submission of Masters Degree in Human Resource Management Business Administration.

Advisor: Tiruneh Legesse (Ass. Pro)

**St. Mary's University**

**Graduate Program**

**Employees Perception of Managerial Skills in Lion International**

**Bank S.C**

**By**

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## DECLARATION

I Meron Zewde, declare that this work entitled **Employees Perception of Managerial Skills in Lion International Bank S.C** is outcome of my own effort and that all source of materials used for the study have been duly acknowledged. I have produced it independently except for the guidance and suggestion of the Research Advisor. This study has not been submitted for any degree in this University or any other University. It is offered for the partial fulfillment of the degree of MA in Business Administration.

Meron Zewde

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May God reward you all for the work you have done to make this paper complete!

Thank you

Meron Zewde

## **LIST OF ACRONYMS**

LIB	Lion International Bank
CSM	Customer Service Manager
SCSO	Senior Customer Service Officer
CSO	Customer Service Officer
HRM/D	Human Resource Management/ Human Resource Division
SPSS	Statistical Package Software for Social Science
SD	Standard Deviation
NBE	National Bank of Ethiopia
HRM	Human resource Management

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## **ABSTRACT**

*The research was undertaken to examine the Employees perception of managerial skills in lion international bank S.C. The study was conducted in Lion International Bank to examine and assess the skills of the managers as viewed by their subordinates in Lion International Bank S.C, Using stratified random sampling technique 246 participants (employees) of the target bank-LIB were selected from the total population of 1284. Descriptive analysis tests were applied for data analysis. The descriptive analysis results have shown that there is a moderate agreement of the participant on conceptual and technical skills possessed by their managers and the employee rate human skill possessed by their managers as low compared to the other managerial skills. Based on the results of the study it was concluded that the level of managerial skills possessed by managers is low. Finally this study recommended that the bank should alter its current managerial skill and evaluate the atmosphere of the overall managerial skills.*

**Key Words:** *Managerial Skills, Conceptual skills, Human Skills and Technical Skills.*

# CHAPTER ONE

## 1. INTRODUCTION

### 1.1. Background of the Study

The development role undertaken by banking sector determines the step for development of economy. The primary function of bank is mobilizing deposits from surplus units to deficit units in the form of loan and advances to various sectors such as agricultural, industry, personal and governments. Moreover, the banking industry is undergoing a revolution caused by the changing environment. This scenario is reflected in evolution of bank marketing. Business organizations in particular have been affected by dramatic changing in environment and its needs for new generations of managers have become a demanding requirement, (Leedy and Ormrod: 2005).

In this fast paced environment companies are seeking for any possibility to increase their competitiveness and make maximum profit as much as possible. Implementing flexible work structure is considered by most of the organizations as a tool to adapt to never-ending changes. Banking industry exists to provide financial intermediation services while at the same time endeavor to maximize profit and shareholders' value, which require high level of efficiency to respond positively to the modern banking environment demand, (F. Mishkin: 1995)

A financial industry needs to put in place competitive strategies to survive in a fierce competitive environment. Sustainable competitive advantage emanates from core competencies developed within the organizations. Leaders and all other staff of a bank, regardless of position shall be aware of the fact that the survival and growth of a company relies on common understanding and working to achieve common goal. The bank is requires to respond and adapt to changes and make a sustained competitive advantage by placing value adding strategies that are not being implemented or hardly be duplicated by other potential competing banks. This is not an easy task to accomplish and requires relentless endeavor to catch up with the ever changing and improving services by other similar competitors flourishing from time to time. The same holds true to Ethiopia currently as opposed to the handful number of government banks and practically no private banks some 25 years back. By then due to the limited number and problem of accessibility to the banks by the wider community coupled with poor saving culture, the banks

had little or no competition among them that they didn't worry much to attract customers. However, as time went on and due to the free market policy in place, quite a considerable number of private banks came on board thereby increasing the coverage of the services throughout the country. This has even encouraged the older banks to improvements in their services to attract more customers in the growing economic environment.

Banking sector in Ethiopia is undergoing in severe competition between local private and government owned banks; therefore in order to achieve continuous progression managers must possess high managerial potential and skills.

This thesis assess the employees perception on skills of Lion International Bank managers in head quarter and branches, the way they handle their job, practice at work, and if they are considered to be skilled manager's attaining a high level of proficiency in their work and the necessary effect on the subordinates' performance.

## **1.2. Background of the Company**

Lion International Bank S.C. is a privately owned Share Company, established on October 2, 2006 in accordance with Proclamation 84/94 and the commercial code of Ethiopia and officially inaugurated for public services on January 6, 2007.

With over 6400 shareholders, Lion International Bank S.C. has a unique position in the commercial banking industry and is distinguished for its broad based participation of the public from all walks of life. Besides, Lion International Bank S.C. paid up capital is over Birr 642.5 million which is relatively above average capital base. Article 310(1) of the commercial code of Ethiopia entitles the promoters' committee to 20% of the net profit of the bank for a period not exceeding three years. However, they have relinquished this right by their own free will to enhance the capacity of the Bank. The Bank is led by eleven member of Board of Directors elected by the General Assembly to decide on policy matters and oversee the overall performance of the Bank. The President of the Bank, is appointed by the Board of Directors, is responsible for the day to day activities and is accountable for the financial and operational performance of the Bank. (LIB Annual Report for the year 2015/2016).

Lion International Bank S.C. has created an employment opportunity for over 1284 people, as of June 30, 2016 and expands its branch network throughout the country based on availability of potential customer, market and financial soundness. LIB open 120 full-fledged and satellite branches both in Addis Ababa & Regional Towns, and provides all banking services including deposits, local transfer, various types of credit facilities, international banking and mobile and agent banking.

### **1.3. Statement of the Problem**

Good managerial skills can create a world of difference in the efficiency and performance of the organization. These skills helps manager to execute the policies and activity associated with being a manager. Three basic skills have been identified Conceptual skills, Human relation skills and Technical skills, (Leedy and Ormrod: 2005).

However, in present days, among manager's tasks is to create an environment which motivates people to perform satisfactorily and to be a profitable asset, so that they can foster the organization's growth. In a wider context, there is an increased emphasis on people as a key source of competitive advantage, often being regarded as the key differentiator between organizations and many managers try to comprehend the complexities of motivating people at work and provide them with job satisfaction so that they can gain employee commitment. Banking business, as any other business, is facing tremendous challenges, due to the growth in technology and information. Continuous information technology development has changed traditional ways of management and business operations, (Leslie & Lloyd: 1992).

Nowadays there is a high demand for new innovative business solutions and the ways of managing people that enables to fully elicit their potential. Physical boundaries are removed; work is becoming incredibly dispersed around the world enabling growth of 24/7 customer service, home banking, online shopping and other services that seemed impossible just a few years ago. With the growing number of banks in Ethiopia, to be competitive and stay in the market, managers need to possess the competencies and skills required and demonstrate accordingly adapting the changes and the context in which the business sector is behaving. This is not only limited to in country business but worldwide linkage and networking to take part in foreign trades, money transfers and other financial services. It is therefore, increasingly

important that a banking company sustains in the business by employing the right and up to date managerial skills to effectively and efficiently run the business and remain strong. Apparently there is a possibility of a bank to get out of the market or dipped into bankruptcy if it fails to remain strong competitor with the required managerial set up and all other required capacities in time and space. There are good examples worldwide where such financial institutions and business enterprises have withered away for failing to be competitive enough to remain in the business and the reasons vary from country to country and the banking companies. Incompetent management, inefficiency, absence of staff morale, corruption, theft, money laundering, economic crisis, inability to recover borrowed money, etc can contribute to failure of banks.

The competencies of staff at all stages are vital to the success of a given bank. This study is based on Lion International Bank managers and is amid at finding out employees' perception of managerial skill profile (technical, human and conceptual skills) in order to cope with the environmental factors and keep the banking system operating effectively and efficiently, which leads the study to pose the following main question:

#### **1.4. Research Question**

The research attempts to address the following questions:

- To what extent technical skills are present and practiced by LIB managers?
- To what extent human skills are present and practiced by LIB managers?
- To what extent conceptual skills are present and practiced by LIB managers?

#### **1.5. Objective of the Study**

##### **1.5.1. General Objective**

The main objective for this study is to examine employees' perception of manager skills profile. Needed to improve the employee performance which leads the company to a higher level of effectiveness and efficiency through achieving specific objectives:

### **1.5.2. Specific Objectives**

Specific objectives of the study were aimed:

- Determine the employees' perception on Technical skills needed by the manager to have and the way they can improve it.
- Determine the employees' perception on Human skills needed by the manager to have and the way they can improve it.
- Determine the employees' perception on Conceptual skills needed by the manager to have and the way they can improve it.

### **1.6. Significance of the Study**

The significant of this study is to examine employees' perception on the skills possessed by Managers in Lion International Bank whether or not these skills help and enhance Managers to function more effectively in all ever-changing banking environments. Thus, the study can help Ethiopian banks to get insight on what it will take to improve their managerial skills and tackle problems associated with managerial skills and banking industry performance, Particularly Lion International Bank (LIB) to provide useful suggestions and recommendations regarding managerial skills, to help the management of LIB to examine its policy and designing effective way of appointing / hiring a skilled manager, to show the LIB managers themselves where they are or where they should be. In addition, the study contributed to the existing body of knowledge regarding the impact of managerial skill in banking industry motivating further research on Ethiopian Banking industry.

### **1.7. Scope of the Study**

The study would have given the whole picture of Lion International Bank Share Company if all Branches were covered. However, the study is focused only on head offices and city branches of Lion International Bank employees located in Addis Ababa city only due to time, Geographical location and Budget Constraints to address all employees.



## **1.8.Organization of the Paper**

The study has five chapters. The first chapter introduces background of the study, the research objectives, research questions and hypotheses, significance of the study and the scope of the study. The second chapter presents both theoretical and empirical review of the related literatures. The third chapter shows methodology of the study under which the approach, the source of data, the sampling design the unit of analysis, data collection method and data analysis method of the research are encompassed. The fourth chapter covers the analysis of data which were collected through questioner during the estimated data collection period. The last chapter concludes the overall findings of the research paper and gives recommendations drawn from findings of the data.

## **Chapter Two**

### **2. RELATED LITERATURES REVIEW**

#### **2.1. Theoretical Literature**

##### **2.1.1. Introduction**

Financial System played a very important role in the development of a country. Through financial System, entire money or money equals are channelized in such a way so that each sector of economy like industry, agriculture and services can be developed rationally.

The banking industry is undergoing a revolution caused by deregulation. This scenario is reflected in the evolution of bank marketing. Banking system may vary in different parts of the world; the reason for the variation may be due to features like social banking, low degree of technological sophistication and cumbersome legal system, (Venugopal and Raghu, :2010).

Now a day, banks are operating in a highly competitive and rapidly changing environment. In the changing economic scenario, a professional approach to business development is essential and the survival of a banking institution depends on its ability to take up challenges coming up in the environment. Developing business through marketing of bank's services is one of the crucial areas which need attention of the bankers to ensure profitable survival. Hence, the role of marketing in banking industry continues to change. For many years the primary focus of bank marketing was public relations. Then the focus shifted to advertising and sales promotion that was followed by focus on development of sales culture. Now day banking sectors practice all elements of marketing concept, (Anil Kumar: 2013).

Bank marketing is the aggregate of functions, directed at providing services to satisfy customers' financial (and other related) needs and wants, more effectively and efficiently than the competitors keeping in view the organizational objectives of the bank, (Venugopal and Raghu: 2010).

### 2.1.2. **Banking**

Banks are financial institutions that accept deposits from the general public and obtain money from such other sources as may be available to them in order to extend loans to those in need of the money. Banks provide a channel (financial intermediation) for linking those who have excess funds with those who are in need of funds, thus ensuring the money available in the economy is always put to good use. In so doing, banks earn income when they lend money out at a higher interest rate than they pay depositors for use of their money. A bank's main source of income is interest. A bank pays out at a lower interest rate on deposits and receives a higher interest rate on loans. The difference between these rates represents the bank's net income. Banks and other financial institutions exist in order to earn a profit and to ensure that shareholders' value is maximized.

Furthermore, a commercial bank is a depository institution that is relatively unrestricted in its ability to make commercial loans and that is largely permitted to issue checking accounts. Commercial banks are the most important of all depository institutions, (Leroy and Vanhoos: 2006). They create money through lending and purchasing securities, (Thomas: 2006). Commercial banks extend credit to different types of borrowers for many different purposes. In the case of Ethiopia, banks, insurance companies and micro-finance institutions are the major formal financial institutions. The sector is closed for non-Ethiopian citizens. Proclamation No.592/2008 FDRE (2008) does not permit foreigners to own and operate banks in Ethiopia.

### 2.1.3. **History of Banking in Ethiopia**

The history of banking in Ethiopia starts with the establishment of the first bank, Bank of Abyssinia, in 1905. It was owned and managed by the British- National Bank of Egypt and it was given a banking monopoly for fifty years, including the right to issue notes and coins. However in 1931, the Bank of Abyssinia was replaced by the Bank of Ethiopia which was wholly owned by the government and members of the Ethiopian aristocracy, becoming the first 100% African- owned bank on the continent. It was also authorized to issue notes and coins and to act as the government's bank, (Martin and Charles: 1998).

Following the Italian occupation between 1936-1941, the operation of bank of Ethiopia ceased whereas the departure of Italian and restoration of Emperor Haile Selassie's government established the state bank of Ethiopia in 1943. However, State bank of Ethiopia was separated into National bank of Ethiopia and commercial bank of Ethiopia S.C. to distinguish the responsibility of national bank from commercial banks in 1963. Then, on December 16, 1963 as per proclamation No.207/1955 of October 1963 commercial bank of Ethiopia controlled all commercial banking activities,(Fasil and Merhatbeb: 2009).

Further, as per NBE (2010), due to change of government in 1974, and the command economic system which was prevailed in the country, the Commercial Bank of Ethiopia S.C. and other banks and financial institutions were nationalized on January 1, 1975. The nationalized banks were re-organized into commercial bank- the Commercial Bank of Ethiopia and specialized banks- the Agricultural and Industrial Bank (AIB), renamed as the Development Bank of Ethiopia (DBE) and a Housing and Savings Bank (HSB) currently named as the Construction and Business Bank (CBB); and one insurance company-the Ethiopian Insurance Corporation.

Following the change of Government in 1991 and the change of economic policy directions, financial institutions were re-organized to operate towards a market oriented policy framework. Proclamation No. 83/1994 which had allowed the establishment of private banks has marked the beginning of new era in the Ethiopian banking sector development. Commercial Banks both public and private are currently operational in line with Banking Proclamation No. 592/2008.

Pertinent to the enactment of the banking legislations in the country in the 1990s, and relatively favorable environment for banking industry and other financial institutions in Ethiopia; as of June 30, 2014 the number of banks operating in the country were nineteen, of which sixteen were private and the remaining three state-owned NBE (2014).

#### **2.1.4. Nature of the Banking Industry**

In these days service industry has significant importance and its trend is increasing day by day. Many organizations provide purely services to society and customers and some organization have separate service department. Banks provide financial services to the communities and customers.

There is need to design effective reward package for employees working in banks because if employees are satisfied with their job, they will be more committed and do their job with great interest and put their maximum input which ultimately increases the satisfaction of the employees.

In the Ethiopian context banking sector divided into two main sectors i.e. Private banking sector and public banking sector. The main focus of this study was to examine the private banking sector regarding the effect of intrinsic and extrinsic rewards on employee job satisfaction.

Globalization necessitates the banking companies to re-evaluate their behaviors to communicate with both their employees and customers. A need also exists for them to organize the design of the processes and systems, tasks and enhance present management procedures. In this case there are other ways of rewarding that focus on the financial appreciation, some of which include the recognition that employees acquire from the management, the opportunity to run important tasks or projects, and even the leadership consideration, (Dewhurst et al :2010).

Furthermore, today, the benefit of human resource is measured to be one of the most important advantages of any organization; and In order to acquire the results with the highest efficiency and effectiveness from human resource, motivation of employees is very essential. In fact, employees will do their highest when they feel or hope that their hard work are to be rewarded by their managers. In this regard, many factors are available that change employees performance such as worker and employer relationship, recognition, working relation & conditions, Task Autonomy, Accomplishment, and overall rewarding policies of the company.

### **2.1.5. Management**

Management is a form of work that involves coordinating an organization's resource (land, labor and capital) toward accomplishing organizational objectives.

Managerial concepts apply equally to public, private, not for profit and religious organization. Management development in itself is a huge field of study and there are professionals who have dedicated their lives towards studying it and commenting on it, but the true essence of managing comes from effective people skills. It basically involves gathering the right people to do a certain

job, and to show them the right way to do it, and to motivate them to do so constantly,(Thadani, :2010).

### **2.1.6. Approaches to Analyzing Management**

Several approaches have been used to analyze the job of management. One common approach examines management by categorizing the functions (work) performed by managers. A second approach looks at the roles that managers perform. A third approach analyzes the skills required of managers. Each of these categories is discussed below, (Leslie & Lloyd: 1992).

### **2.1.7. Management Functions**

Being an effective manager is no easy task by any means, and no matter what field you are operating in, basic management principles remain the same for business administration and management. Whether you are heading a small organization or running a multimillion dollar corporation, there are some rules and concepts that universally apply to every situation where people management time management and resource management is necessary,(Mohamude:2012) Managers engage in certain basic activities. These activities are often grouped into conceptual categories called the functions of management. These categories are:

1. **Planning** – deciding what objectives to pursue during a future period and what to do to achieve those objectives.
2. **Organizing** – grouping activities, assigning activities, and providing the authority necessary to carry out the activities.
3. **Staffing** – determining human resource needs and recruiting, selecting, training, and developing human resource.
4. **Leading** – directing and channeling human behavior toward the accomplishment of objectives.

Controlling – measuring performance against objectives, determining the cause of deviations, and taking corrective action where necessary, (Leslie & Lloyd: 1992).

### **2.1.8. Management Roles**

Henry Mintzberg identifies 10 managerial roles, which have divided into three major groups: interpersonal roles, informational role, and decisional roles.

## **1. Interpersonal**

- 1.1. Figurehead: Manager represents the organization unit in all manner of formality.
- 1.2. Liaison: Manager interacts with peers and other people outside the organization unit to gain information and favors.
- 1.3. Leader: Manager provides guidance and motivation to the work group and also defines the atmosphere in which the work group will work.

## **2. Informational**

- 2.1. Monitor: Manager serves as a receiver and collector of information.
- 2.2. Disseminator: Manager transmits special information within the organization.
- 2.3. Spokesperson: Manager disseminates the organization's information into its environment.

## **3. Decisional**

- 3.1. Entrepreneur: Manager's role is to initiate change.
- 3.2. Disturbance handler: Role the manager must assume when the organization is threatened, such as conflict between subordinates, the sudden departure of a subordinate, or the loss of an important customer.
- 3.3. Resource allocator: Manager decides where the organization will expand its resource.
- 3.4. Negotiator: Role the manager assumes when the organization finds itself in major, non-routine negotiations with other organization or individuals. (Leslie & Lloyd, 1992).

### **2.1.9. Definitions of Managerial Skills**

- Managerial skills are set of qualities and attributes in a personality of the managers that enable them to effectively manage the working of the organization, (Kamble: 2011).
- Managerial skills also can be defined as specialized technical knowledge in certain jobs that managers should possess to perform their duties and roles by education where by people can be equipped with skills, (Analoui and Al-Madhoun :2002).
- Managerial skills are acquiring and learning abilities. In other words, we can say that managerial skills are a set of behaviors that lead to effective job performance and without them in many cases the knowledge of managers do not have any effects, (Katz :2002) defined managerial skills as the managers' ability to transform information and knowledge into practice. In his research on "Most common skills of effective managers",

the author classifies the basic skills of managers in two groups, personal and communication skills. The managerial skills have also been divided into three groups; which are – Personal skills that include developing self-awareness, stress management, problem solving skills and Interpersonal skills that include communication skills, power of influencing others, conflict management, skills of motivating people and group skills that include empowerment, team building, and authority delegation. Thus, essential skills which every manager needs for doing a better management are termed as Managerial Skills. According Daniel Katz *ibid*, there are three managerial skills, viz., Conceptual Skills, Human Relations Skills, and Technical Skills.

According to Daniel Katz *ibid*, all managers require above three managerial skills. However, the degree (amount) of these skills required varies (changes) from levels of management and from an organization to organization. Managerial skills are also termed as management capabilities which assist the development of the organization he/she leads, (Syarwan: 2012). The success or failure of an organization is determined by the ability of a manager to manage the organization effectively to reach the organization goal. There three basic skills the manager should have according to, (Schemerchorn: 1999) technical skills, social skills and conceptual skill. In this study the operational definition is managerial skills as ability of the headmaster to organize all school activities and the subordinates to achieve quality education at the individual school level.

### **2.1.10. Managerial Skills**

Another approach to examining the management process involves categorizing the skills required to perform the work. Three basic skills have been identified.

1. **Conceptual Skills** – involve understanding the relationship of the parts of a business to one another and to the business as a whole. Decision making, planning, and organizing are specific managerial activities that require conceptual skill.

Conceptual skills are essential attribute of the effective manager. Managers need the ability to think. That does not mean that they have to be original conceptual thinkers, but they do need to have good, clear minds and to be able to see the whole picture. Many managers like to believe that their cognitive skills define them, that is, that they are sharp



decision makers and smooth problem solvers. Management science models emphasize rigorous thinking and hard strategic analysis.

However, all the observational studies of managers agree that in reality management involves a lot of improvising and fudging towards a solution which is good enough in the circumstances. Lindblom (1959) has called this style 'disjointed instrumentalism'. Many studies of managers as decision makers show that managers typically do not search for the best possible solution to a problem because that would be too time-consuming. Instead they search for a temporary expedient to the problems involved and usually within the boundaries of previous decisions.

Herbert Simon (1957) Nobel Prize winner for work on decision-making, thinks that 'Managers do not seek the sharpest needle in the haystack, just one that is sharp enough to sew with.' By and large, managers need to be masters in making decisions which are 'good enough' in the circumstances, rather than masters of fundamental decision-making which addresses the complexity of a situation and the underlying forces involved. This is what we meant earlier by 'muddling with a purpose'. Mintzberg (1976) helps us to understand management decision-making by drawing a distinction between left brain thinking which he characterizes as linear, ordered, sequential and analytical and right brain thinking which is holistic, synthetic and intuitive.

Mintzberg claims that when you look at management decision-making closely it turns out not to be a regular, planned and systematic process. This is true of strategy as well as more operational decision-making. In fact, it seems discontinuous and proceeds in 'fits and starts'. Despite the obsession with measurement, quantification and sophisticated modeling in management, Richard Heller (1995) stresses that most business decision-making involves thinking with incomplete information, 'back of the envelope' calculations and common-sense constructs which we subsume under the label of 'judgment' because we are not fully aware of what is involved.

Mintzberg thinks that right brain thinking dominates in management. It is the ability to synthesize bits of information into a whole using robust categories of definition and classification which we have built up from the past. It is the ability to conceptualize and

create a picture from pieces of evidence which is most needed in management. Continuing his metaphor of left and right brain thinking, in Mintzberg's view really outstanding managers can think in the right (conceptual) hemisphere and develop a whole picture of the organization and its future but then programmed and carry out plans of action with the left (rationalist) hemisphere.

Thinking styles McKenny and Keen (1976) have suggested that managers exhibit different cognitive styles. Among the various categories they define are the following. Systematic thinkers – These are the 'methods' people. They define the problem early on in their thinking process, and then they search for solutions in a very orderly way. They give a lot of attention to making the implicit explicit and quantifying variables where they can.

They are deductive thinkers who try to calculate the consequences of different approaches and choose the line which seems most likely to optimize value. Intuitive thinkers – These managers are particularly sensitive to problem recognition. They are aware that if the problem is wrongly defined, thorough logical analysis will be misdirected and futile. Typically they fend off pressure for an early definition of the problem, instead throwing themselves into the data and thinking inductively, often reframing issues several times before coming to a final definition. Choosing a plan of action can also be intuitive, based on grasping a general idea and improvising actions which may make it work. Rational search protocols are sometimes used to justify decisions which might be ultimately described as 'instinctual' (although practitioners of this style may prefer 'calculated risk-taking' as a description).

Although management is obsessed with precision in objectives, systems and procedures, the truth is that many decisions in management arise from rough calculations which are more based on vague surmise and a 'nose' for a business opportunity than a careful option appraisal. Perceptive thinkers – These managers seem to use a thinking style which falls between the two previous extremes. It is essentially a 'mixed scanning' approach which involves building a broad picture of the issues within a context then attending to some 'trigger' factors to focus on certain things in greater depth. Switching alternately between the broad and the detailed they begin to develop explanatory concepts

of the relationship between factors which leads to a definition of a problem and the generation of alternative approaches.

Standard analytical processes are then often used to choose a final solution. Other writers on management have suggested a range of typologies to contrast thinking styles, for example, convergent (logical, rational, linear) and divergent (intuitive, expressive, ideational) thinking (Guilford and Hoepfner 1971); romantic and classical thinking; spiral, linear and lateral thinking, etc.

There is also the concept of different languages of thinking, for example, spatial, linguistic, mathematical, social thinking (Leavitt and Bahrani: 1988). These typifications have their limitations because they seek to capture something fluid and mercurial like thinking with static constructs. However, one consistent finding seems to be that the most effective managers have a broad repertoire of thinking styles, are fluent in various forms of thinking and can adapt their thinking to the needs of the situation.

More particularly, they are holistic as well as pragmatic thinkers, they think for themselves, are critically evaluative of orthodoxy, try to learn from experience and avoid the narrow grooves of popular formulae (e.g. 'The One Minute Manager') or the magical appeal of panacea ('excellence', 'business re-engineering', etc.). A recent, and engaging, attempt to categorise management thinking is an article by Gosling and Mintzberg (2004) which suggests that there are five 'management minds'. Complex organizations of the future need a 'reflective mindset'.

They also need people who can probe beneath the surface and understand how things relate together, an 'analytical mindset'. They need managers who have a sense of how things go, a 'worldly mindset'. The diversity and boundary-spanning nature of great organizations requires a culturally sensitive or 'collaborative mindset'. Finally, managers need an 'action mindset' which means creating a sense of shared direction. Managers will be stronger using 'some minds' rather than others. But all managers need to be able to move seamlessly between mindsets as changing circumstances require.

2. **Human Relations Skills** – involve understanding people and being able to work well with them. These skills are hard to define but they largely mean working with and

through other people and using careful judgment. They imply sensitivity to people and situations and skill in persuading people to achieve a common goal. A lot of management is watching, sensing, doing readings of others' behavior.

In a sense, managers are doing what we all do in social situations, but they are doing it with purpose and through complex webs of relationships within very diverse role sets (e.g. balancing the often conflicting expectations of customers, suppliers, employees, superiors, etc.). From ideas they have of themselves and their own experience managers try to infer what is going on in the heads of others.

Mangham (1986) talks of this as 'the theatre of the skull'. Managers engage in a form of 'internal dialogue' to decide on the best line of action. This is really a form of 'role taking': that is, it requires social empathy in which they imaginatively and sympathetically put themselves in the minds of others, anticipating their reactions to the flow of events. By accurately modeling others' behavior and correctly attributing intention we are well placed to act thoughtfully and appropriately.

Ethnographers of management (Watson, Hales, etc.) have found that as we interact with others in management we are judging others in terms of their significance for our plans. What are their assumptions? What values guide their management? What do they hope to achieve here? Where do they stand on various issues? Is there a difference between what they claim and what they really want? Through these 'readings', managers develop a sense of the strategy best suited to the circumstances and most likely to allow their agenda to be implemented.

The same empathy, feeling and judging are involved in other aspects of the social process. For example, the senior manager needs to have a 'sense of how things are going as a whole'.

That means having a 'feel' for how things are interconnected that is, how a micro-situation has implications for the strategy as a whole; how changing the technical system will have a 'knock on' effect for the social system. Social skills are needed for defining the situation in a way which encourages people to consider an alternative categorization of experience and to persuade them to have a sense of ownership of it.

For example, senior managers, acting out their corporate role, need the communication and facilitation skills of the change manager. This means working with groups,

explaining what the abstractions of the plan imply for practical action, encouraging people to reflect on their habitual scripts' recognize their limitations and disengage from them. It also means acting as a catalyst, helping people to find the confidence to look at things anew and experiment with new ways of behaving.

The social skills involved here are many and need to be employed with great subtlety, for example, 'playing devil's advocate', asking wise questions, summarizing, surfacing understandings, ventilating fears, persuading, influencing and building a 'negotiated order' (Strauss 1978) around new behaviors. Ultimately this involves the manager defining the situation in terms which commands the broadest possible consensus.

3. **Technical Skills** – involve being able to perform the mechanics of a particular job, (Leslie & Lloyd: 1992). Technical competence Management is a practical subject which aims to have an impact on the real world, so it requires functional knowledge and skill in applying a body of professional practice. Here we are talking about knowledge of product technology, marketing techniques, engineering, accountancy, knowledge of relevant legislation, knowledge of basic management principles and theories which purport to help the practitioner with 'best practice' in planning, organizing and controlling (Pedler et al. 2001).

Although all levels of management require a technical base, one of the unique aspects of management is that the further you ascend the hierarchy of management, the less direct use is made of techniques and the more emphasis is placed on the social, cognitive and political skills of managing. A major problem for developers is that managers often get promoted to a high level of authority because of their mastery of technical skills. Although they may be highly professional specialists, they may not have had much opportunity on the way up to develop their people skills or to gain a broad appreciation of the organization as a whole.

Once installed in a generalist role, they often find that performance requires strategic and political skills, for which their former experience has not adequately prepared them, (Garratt: 1994).

Typically, these managers find that their technical skills are not much use but they are not sure how they should behave. This role ambiguity can cause not only great anxiety but also behavior which may be dysfunctional for the organization as a whole. It is tempting

for them to emphasize what they know best and act as higher level technicians with a narrow problem-solving view of their job, interfering in issues which should be left to those lower down.

This is often the situation for directors in medium-sized private companies who are rarely trained for their role. The beginnings of wisdom in management is often knowing when you are no longer paid to perform a professional-technical role and the job now requires a strategic appreciation and the use of social-political skills to harmonies the parts in the service of a greater whole, (Garratt: 1994).

There are several defining characteristics of management skills that differentiate them from other kinds of managerial characteristics and practices, (Whatten & Cameron: 2011)

- First, management skills are behavioral. They are not personality attributes or stylistic tendencies. Management skills consist of identifiable sets of actions that individuals perform and that lead to certain outcomes. Skills can be observed by others, unlike attributes that are purely mental or are embedded in personality. Whereas people with different styles and personalities may apply the skills differently, there are, nevertheless, a core set of observable attributes in effective skill performance that are common across a range of individual differences.
- Second, management skills are controllable. The performance of these behaviors is under the control of the individual. Unlike organizational practices such as “selectively hiring,” or cognitive activities such as “transcending fear,” skills can be consciously demonstrated, practiced, improved, or restrained by individuals themselves. Skills may certainly engage other people and require cognitive work, but they are behaviors that people can control themselves.
- Third, management skills are developable. Performance can improve. Unlike IQ or certain personality or temperament attributes that remain relatively constant throughout life, individuals can improve their competency in skill performance through practice and feedback. Individuals can progress from less competence to more competence in management skills.
- Fourth, management skills are interrelated and overlapping. It is difficult to demonstrate just one skill in isolation from others. Skills are not simplistic, repetitive behaviors, but

they are integrated sets of complex responses. Effective managers, in particular, must rely on combinations of skills to achieve desired results. For example, in order to effectively motivate others, skills such as supportive communication, influence, empowerment, and self-awareness may be required. Effective managers, in other words, develop a constellation of skills that overlap and support one another and that allow flexibility in managing diverse situations.

- Fifth, management skills are sometimes contradictory or paradoxical. For example, the core management skills are neither all soft nor humanistic in orientation nor all hard driving and directive. They are oriented neither toward teamwork and interpersonal relations exclusively nor toward individualism and technical entrepreneurship exclusively. A variety of skills are typical of the most effective managers, and some of them appear incompatible, (Whatten & Cameron: 2011)
- As it is well elaborated in the economic literature, the concept of market failure illustrates among other things the necessity of a serious regulation. In this context, the failure of a banking institution is considered to be of more importance than the failure of other types of business firms because of the interconnectedness between bank institution and its adjacent spillover of systematic risk in space and time. As a result, banking institutions are typically subjected to rigorous regulations, and bank failures are one of the major public policy objectives. In the financial area it is necessary an international regulation framework of banking convergence to approach the topics risk management in terms of quantitative and qualitative indexes of banking institutions. In this respect an international business standard that requires financial institution to maintain enough cash reserves to cover risks incurred by operations (BASEL II) mechanism represents the most referential framework of micro prudential banking supervision oriented mostly to risk management of banking instruments and manager behavior in the context of stress test a specific banking efficiency.

## 2.2. Empirical Literature

**Garwood, (2012) study, entitled: "Supporting the underperforming manager: Teaching the soft skills that can make all the difference".** This study was directed to origination managers in UK. The purpose of this paper is to lament the poor quality of many managers and highlight four key skills that can help to improve their performance. The paper emphasizes the importance of self-awareness, delegation, communication and organizational skills.

**Findings:** Details the key role of training in helping to impart these skills. The paper highlights the role of a supportive organizational culture in management development and draws attention to the cost to the economy as a whole of poorly performing managers. The paper examines how middle managers' potential can be developed and maximized to benefit individual organizations and the economy as a whole.

**Gentry, Harris, Baker and Leslie, (2008) study "Managerial Skills: What has Changed since the Late 1980s".** This study, using survey methodology, is within the context of USA field research using 7,389 managers from 1988-1992 and 7,410 managers from 2004-2006.

This paper aims to show how changes in the workplace may have coincided with shifts in the importance of managerial skills over the past 15 years and to identify managerial skills needed at different levels and functions in today's work context.

**Findings:** Managerial skills important in the 1980s are relevant today. However, the importance of "relationships," "administrative/organizational ability" and "time management" shifted over the last 15 years. This paper also identifies which managerial skills are important at different levels and across different functions of an organization in today's work environment.

**Research limitations/implications:** Asking managers to choose which skills are important, rather than asking how important each skill is, may be a limitation. Future research should also consider the importance of managerial skills from a boss, peer, or direct report perspective.

This study is unique since it uses the opinions of practicing managers totaling more than 14,000 over two distinct time periods to determine whether certain skills in the past are still important (or not important) today, and whether the importance of certain managerial skills has changed over a 15-year period, and what skills are important across managerial levels and functions in today's organizational and work context.



**Hysong, (2008) study entitled “The Role of Technical Skill in Perceptions of Managerial Performance”.** A total of 107 first-tier supervisors from local petrochemical and engineering companies in (Houston, USA) completed an online survey about their professional background and managerial skills; subordinates rated supervisors' technical skill, power, and influence tactic habits. Managerial performance was measured as: production output, subordinate job satisfaction, and subordinate ratings. The purpose of this paper is to determine whether technical skill provides incremental value over managerial skill in managerial performance for first-tier managers, and explore potential mediators of this relationship.

Hypotheses: technical skill incrementally predicts managerial performance; referent and expert power mediate this relationship; and inspirational appeals and rational persuasion mediate the relationship between power and managerial performance.

**Findings:** Technical skill incrementally predicted subordinate perceptions of managerial performance over managerial skill. Referent power mediated the relationship between technical skill and both subordinate ratings and job satisfaction; expert power only mediated for job satisfaction. Rational persuasion mediated the relationship between expert power and subordinate ratings of managerial performance. Technical skill incrementally predicted subordinate perceptions of managerial performance over managerial skill. Referent power mediated the relationship between technical skill and both subordinate ratings and job satisfaction; expert power only mediated for job satisfaction. Rational persuasion mediated the relationship between expert power and subordinate ratings of managerial performance.

Technical skill is valuable to managers as a source of credibility and a means to identify with subordinates. Technical skill should not, therefore, be the most important criterion in selecting technical managers.

The relationship among the various capacities or skills can be illustrated in a simple way as follows.

Technical skills are mandatory for managers to exercise the day to day routine activities while supervising or backstopping and guiding/leading their subordinates. A manager that doesn't have the necessary technical knowledge can hardly lead, manage or supervise the staff he or she is responsible for. It is therefore, automatic that managers must acquire the right skills to get jobs done. This shall be reinforced by demonstrated managerial performance which in turn shall be improved eventually for a better achievement. The performance of the Manager shall be subject

to a transparent Subordinate rating order to get constructive feedback without any bias. Such comments/feedback through a structured questionnaire intended to enhance the managers' performance is critically important to seal any weak points be it technical, managerial and even attitudes towards behavioral aspects. The feedbacks or comments received shall be considered by managers respectfully and converted in to action which otherwise results in dishonest subordinates' feedback at a later stage. Conversely when managers are committed to transparent feedbacks and demonstrate in action, subordinates feel confident on their bosses. This can contribute to the Job satisfaction of employees which in turn results in employee retention. The effect of job satisfaction together with proper incentives and capacity building of employees' lead to a enhanced commitment and hard work which in turn contributes to the sustenance of the bank since the subordinates constitute the majority of the workforce.

## **CHAPTER THREE**

### **3. RESEARCH DESIGN AND METHODOLOGY**

#### **3.1. Research Design**

The main objective of the study is to evaluate the impact of managerial skill on banking industry. In order to achieve this objective, the study used descriptive which try to describe characteristics of subject opinions, attitudes and perceptions of people interest to the researcher, quantitative ( Pearson correlation and multiple regressions) used as it appeared to be more appropriate in exploring the impact of managerial on banking industry performance Furthermore, Descriptive studies also aim at obtaining information from a representative selection of the population and from the same: the researcher is able to generalize the findings to a larger population.

#### **3.2. Research Approach**

There are three types of research approaches namely, quantitative, qualitative and mixed methods approach, (Leedy and Ormrod; 2005). According to Creswel (2003), in quantitative studies, researchers advance the relationship among variables and pose that in terms of questions or hypotheses. Quantitative approach is used to answer question about relationships among measured variables with the purpose of explaining, predicting and controlling phenomenon.

Whereas according to Leedy and Ormrod; (2005), qualitative approach is used to answer questions about the complex nature of phenomena and its purpose is describing and Understanding the phenomena.

Contrary to quantitative research, qualitative research consists of a body of research techniques that do not attempt to measure, but rather seek insight through a less structured and more flexible approach (Gray, 2004). The mixed method approach is used when the researcher combines elements of both quantitative and qualitative approaches. Quantitative and qualitative research approach (mixed) is appropriate for answering different kinds of questions. Thus, the study

deployed quantitative research techniques:-descriptive statistics, Pearson correlation and multiple linear regressions.

### 3.3. Source of Data

Data will be collected from primary sources. Target population for the primary data will be Lion International Bank employees/ professionals at head office and Addis Ababa branches.

### 3.4. Sample Design

Sample design deals with the sample frame/ population, sample size, sampling techniques. According to Diamantopoulos & Schlegelmilch (2006), a population is a group of items that a sample will be drawn from. A sample, on the other hand, refers to a set of Individuals/companies/ selected from an identified population with the intent of generalizing the findings to the entire population. A sample is drawn as a result of constraints that make it difficult to cover the entire research population, (Leedy and Ormord: 2005).

#### 3.4.1. Population

The study with a total population 710 permanent employees in Addis Ababa (HR Division report, Dec. 2016) had seven strata i.e. senior executives, Directors, Division Managers, Branch Managers/Section Heads, Senior Officers/CSM, Officers and Junior Staffs'. Employees who are out of Addis Ababa Branches, non -clericals and below one year experience were not included in this research due to the short available time, geographical restrictions, access to data, expected rate of return from the study and the degree of literacy etc.

#### 3.4.2. Sample Size

The Sample size (246) was determined based on the sample size determination formula for descriptive research. ). Here, in the study, the information used in the formula included assuming with 99% confidence level, estimated variance (2.58) and acceptable margin of error 0.01 and sampling size calculated by formula: (Kothari ,2004). “Descriptive research typically uses larger samples as stated by, (MelchorCalmorin and Laurentina: p.230).

$$Ss = \frac{N z^2 ((Se)^2 * (1-P))}{N Se + ((z)^2 * p (1-p))}$$

Where; N = Total number of population

Z = standard value (2.58) for 99% reliability

Se = Sampling Error- 0.01

P = Largest possible proportion – 0.50

Where; N=1284      Z=2.58      Se=0.01      P= 0.50

$$\frac{1284 * 2.58 + ((0.01)^2 * (1 - 0.5))}{0.01} = 246$$

$$1284 * 0.01 + ((z)^2 * 0.5(1 - 0.5))$$

Therefore by utilizing the above formula, the calculated sample size was 246. Thus the sample was distributed to 246 respondents proportionally under the sample frame. Questionnaires were distributed personally to the respondents. Of the 246 questionnaires distributed, 245(99%) were collected and used for data analysis purpose.

### **3.4.3. Sampling Method**

Respondents are diversified in terms of educational qualification, job's variety and other parameters, the participants' perceptions of job satisfaction on issues like reward practice has expected to be varied accordingly. Thus, stratified random sampling method applied to avoid such heterogeneity of the population.

The following explanation by Kothari (2004, p.62), in his research methodology book, complements the above rationale of this study for adopting the stratified sampling design. If a population from which a sample is to be drawn does not constitute a homogeneous group, stratified sampling technique is generally applied in order to obtain a representative sample. Under stratified sampling the population is divided into several sub-populations that are individually more homogeneous than the total population (the different sub-populations are called 'strata') and then we select items from each stratum to constitute a sample. Since each stratum is more homogeneous than the total population, we are able to get more precise estimates for each stratum and by estimating more accurately each of the component parts, we get a better estimate of the whole.

The study used stratified random sampling approach for selecting samples from the population which is diversified in terms of age, sex, educational qualification, job's variety and other parameters (are Directors, Division Managers, Branch Managers/Section Heads, Senior Officers/CSM and Officers). The participants' perceptions of managerial skill on banking industry performance have expected to be varied accordingly. A stratified random sampling allows us to take into account the different subgroups of people in the population

#### **3.4.4. Sampling Frame**

The study was used descriptive correlation research method through the stratified random sampling method that engaged from both Managerial and Non-Managerial staffs. The Management staff members include all permanent employees in the Bank such as senior executives, directors, Division Managers and Non-Managerial includes: senior officers/CSM, Officers and Junior Staffs'. In short, the following detailed sampling frame used to designate the subtotal of the population and the number of participants to be sampled proportionally from the total 336 samples of the study.

Table 3.1 Sample Size Determination

Population	Population Size	Sample Size
Directors	8	0
Division Managers	17	8
Branch Managers/Section Heads	60	28
Senior Officers/CSM	117	56
Officers	319	154
Total	521	246

Source: Own Formulated, 2017

#### **3.5. Units of Analysis**

The unit of analysis is the major factors that are going to be analyzed in the research paper. As it is indicated in the research title the area of concern is the Employees' Perception of Managerial

Skills on Lion International Bank S.C. Therefore, the main unit of analysis in the research is; primary sources of data from the employees of Lion International Bank S.C.

### **3.6. Data Collection Methods**

In order to analyze the employees' perception of managerial skill on Lion International Bank the study has both primary and secondary sources. The Primary data will be collected from the responses overall representatively sampled participants in the company using structured questionnaire quantitatively measured on a five point Likert scale. Secondary data was collected through document review from existing information available in books, company magazines, organizational reports, brochures, journals, published and unpublished researches, internet and other materials.

### **3.7. Method of Data Analysis**

After the primary and secondary data gathering procedures completed, the collected data will be checked throughout the different phases (editing, coding, data entry and data analysis). To answer the study questions Frequency distributions, arithmetic mean and standard deviation. Finally, the results is triangulated and presented using tables.

**Descriptive Analysis:** Descriptive Statistics allows the researcher to give explanation of different pieces of data with a few indices. Descriptive statistics such as standard Deviation and means will be obtained for the independent and dependent variables.

### **3.8. Research Ethics**

In the study there the researcher tries to maintain objectivity, courtesy and high professional standards through scientific process and no falsification, alteration or misrepresentation of data for political or other purposes. And it also kept or protected the confidentiality of the research subjects and research sponsors.

### **3.9. Validity and Reliability**

There are two major criteria which applied to evaluate the quality of the study. These are validity and reliability.

- Validity can be assessed using theoretical or empirical approaches. Theoretical assessment of validity focuses on how well the idea of a theoretical construct is translated into or represented in an operational measure, (Anol: 2012). In this regard the validity of the current study was addressed through the review of related literatures and adapting instruments used in previous research.
- Reliability refers to the absence of random error, enabling subsequent researchers to arrive at the same insights if they conducted the study along the same steps again, (Yin, R. K.: 2003). To increase the reliability of the survey, five-scale system (Likert scale) questionnaires had been used. The reliability in such scale is higher compared to a twoscale system. Five is an effective choice since the reliability decreases if the number of response options is greater than five, (Hayes: 1992). Additionally Cronbachs alpha show whether the designed is accurately to measure the latent variable and commonly used to see if the questionnaire with multiple likret scale questions are reliable. If alpha is  $>.9$  excellent,  $0.8-0.9$  good  $.0.7-0.8$  acceptable,  $0.6-0.7$  questionable  $0.5-0.6=5-0.6$  poor and  $<.50$  unacceptable, (Kothari: 2004).

This study also used the cronbachs alpha to determine the reliability of the questionnaire, and the result shows that the questionnaire good reliable even we can say that it is excellent reliable.



## CHAPTER FOUR

### 4. DATA PRESENTATION, ANALYSIS AND INTERPRETATION

#### 4.1. Demographic Information of Respondents

The first part of the questionnaire consists of five items about demographic information of the respondents. It covers the personal data of respondents such as: Gender, Age, Current Job Position, and Year of Service in the Bank and Educational Background. The following subsequent tables will indicate the total demographic characteristics of the respondents.

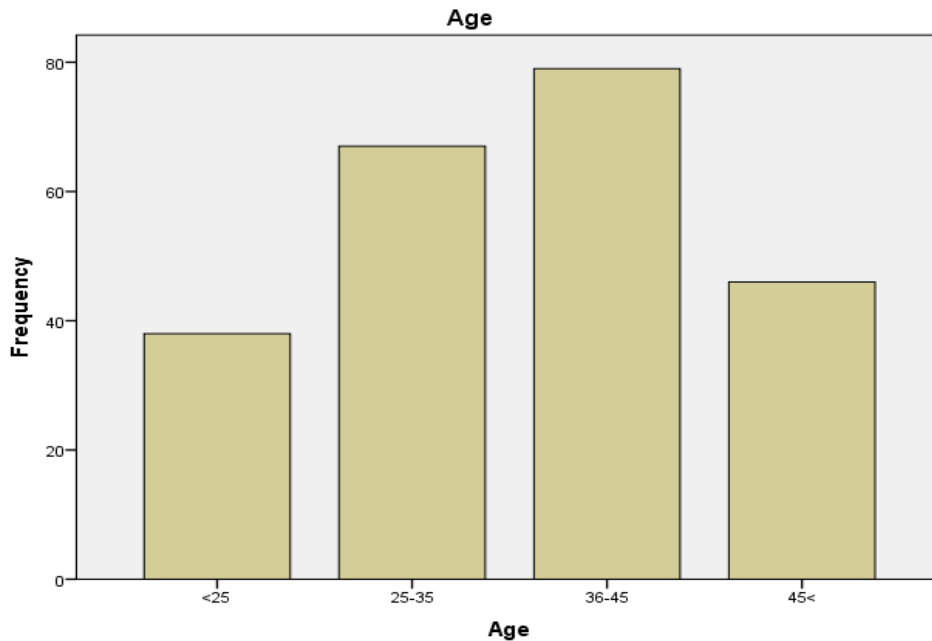
Table 4.1 Biographical Information of Respondents

Item	Scale	Frequency	Percent
Gender	Male	159	69.1
	Female	71	30.9
Total		230	100.0

Source: Owen Formulated, 2017

As shown in table 4-1, of the total respondents 69.1% (159) were male and the remaining 30.9% (71) were female. This indicates that the number of proportions between male and female employees in the company is not proportional.

Fig 4.1 Ages of Respondents



Source: Owen Formulated, 2017

With regard to respondents' age category, the highest group of respondents i.e. 79(34.3%) fall under age category of 26-45. The next higher group 67 (29.1%) fall under age category below 25-35. This implies that about 63.4% of the respondents are below 45 years of age. Therefore, the employment of LIB is proportional. The remaining group of respondents are below 25 and above 45 years is 38 (16.5%) and 46 (20.0%) respectively.

Table 4.2 Educational Background

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Diploma	28	12.2	12.2	12.2
Valid BA degree	184	80.0	80.0	92.2
Valid MA	18	7.8	7.8	100.0
Total	230	100.0	100.0	

Source: Owen Formulated, 2017

In relation to employee level of qualification the above chart clearly indicates that majority of the workforces (80.00%) acquired their first degree. Diploma Holders constitutes of 12.20% and 7.8% master holders are found from the total respondents. This implies that employees of Lion international Bank are fairly educated.

Table 4.3 Total experience in the bank

	Service Year	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Less than One	51	22.2	22.2	22.2
	1 up to 2	62	27.0	27.0	49.1
	Between 2 & 4	52	22.6	22.6	71.7
	Greater than 4	65	28.3	28.3	100.0
Total		230	100.0	100.0	

Source: Owen Formulated, 2017

Out 230 respondents, 22.3% had worked for a period of less than a year, 27% for a period of between 1 and 2 year, 22.6% had been employed for 2 to 4 years while the greater percent, 28.3% had been in service for more than 4 years. It may be concluded that majority of the employees had been with the banks for less than 2 years which implies there is a problem in retaining junior staffs for longer period of time, however 28.3% of employees had worked more than 4 years, and this implies that senior staff are sensitive to Job Security. All respondents despite the period of service at the bank had useful knowledge required for the study.

Table 4.4 Current Positions of Respondents

	Positions	Frequent	Percent	Valid Percent	Cumulative Percent
Valid	CSO	141	61.3	61.3	61.3
	SCSO/CSMS	67	29.1	29.1	90.4
	Branch Managers/Section Heads	18	7.8	7.8	98.3
	Division Managers	4	1.7	1.7	100.0
Total		230	100.0	100.0	

Source: Owen Formulated, 2017

Under job classification, the participants were classified into categories based on the Job Grades in the company. Table 4.3 illustrates that majority, 61.3% of participants, were drawn from the Customer Service Officer (CSO) staff of the organization. The other categories were Senior Customer Service Officer and Customer Service Managers (SCSO/CSMs), 29.1%, Branch Managers/Section heads Constitutes 7.8%, and Division Managers constitutes 1.7%. Top level employees include those with responsible leadership positions at the banks' Head Offices and branch level such as Division Managers, and Branch Managers. Middle level employees are Senior Customer Service Officers and Customer Service Managers at the bank while Operational level employees include Customer Service Officers.

#### 4.2. Data Analysis

The data collected from Employees of Lion International Bank Share Company through questionnaire is analyzed and presented in the below sections with the help of tables. The descriptive statistics on the data analysis and procedures are presented on the basis of performance among factors of the independent variable i.e. Managerial skills.

##### 4.2.1. Data Analysis of Managerial Skill Variables

In section two of the questionnaire, Research related questions were covered such as: conceptual skills, human skills and technical skills. In order to assess employees perception on managerial skill of Lion International Bank S.C. variables were selected and included in the questionnaires; 56 questions in three sub sections (18 conceptual skills questions, 15 human skills questions and

23 technical skills questions) from managerial skills accordingly, the analysis of each managerial skill variables is as follows:

Survey scale: 1=Strongly Disagree, 2= Disagree, 3=Neutral, 4 = Agree and 5=Strongly Agree.

Response Category: Strongly Disagree (1.50 or less), Disagree (1.51-2.50), Neutral (2.51-3.49), Agree (3.50-4.49) and strongly Agree, (4.5 or greater).source: developed for this study

#### 4.2.1.1. Employees Rating of Conceptual Skill Variables

Conceptual Skills used by managers in the form of management skill will help the performance of the bank. Under this category Decision making, planning, and organizing are specific managerial activities that require conceptual skill are included in this study due to their familiarity in the banking industry. The following Tables present summarized results of the Respondents related to performance and Conceptual Skill variables.

#### 4.2.1.2. Data analysis of Questions Directly Related to Conceptual skills

Table: 4.5 Cross tabulation of Conceptual Skills

		Valid		Missing		Total	
		N	Percent	N	Percent	N	Percent
Conceptual Skill Questions		230	93.5	16	6.5	246	100.0
	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree		
Total	0	3	143	84	0	230	

Source: Owen Formulated, 2017

In the above table 4:5 the sample respondents indicate the level of bank performance in terms of the existed conceptual skill in the company stated as follows. As a result, 84 employees out of 230 respondents', representing 36.52% agree that the conceptual skill possessed by their managers support the bank performance, while 143 respondents signifying 62.17 % could not determine their level of agreement with regards to conceptual skill possessed by their managers and its impact on the performance of the company and the rest 3 covering 1.31% disagree with

the concept of their managers possessing conceptual skill to support the company's performance. Accordingly, the majority of respondents are moderate about the concept that their manager's conceptual skill contribution to the company performances.

#### 4.2.1.3. Data Analysis of Questions Directly Related to Human Skills

Human Skills used by managers in the form of management skill will help the performance of the bank. This involves understanding people and being able to work well with them. These skills are hard to define but they largely mean working with and through other people and using careful judgment. They imply sensitivity to people and situations and skill in persuading people to achieve a common goal. The following Tables present summarized results of the Respondents related to performance and Human Skill variables.

Table: 4.6 Cross tabulation of Human Skills

		Valid		Missing		Total	
		N	Percent	N	Percent	N	Percent
Human Skill		230	93.5	16	6.5	246	100.0
		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	
Total		0	35	145	7	0	230

Source: Owen Formulated, 2017

In the above table 4:6 the sample respondents indicate the level of bank performance in terms of the existed human skill in the company stated as follows. As a result, 7 employees out of 230 respondents', representing 3.04% agree that the human skills possessed by their managers contribute to the performance of the company, while 145 respondents signifying 63.04 % could not determine their level of agreement with regards to human skill possessed by their managers and its impact on the performance of the company and the rest 35 out of 230 representing 15.22% disagree with the concept human skills possessed by their managers will help the performance of the company. Accordingly, the significance of human skill to the performance of the company in the company is rated as moderate by the majority of the respondents.

#### 4.2.1.4. Data analysis of questions directly related to Technical skill

Technical Skills used by managers in the form of management skill will help the performance of the bank. This involves knowledge of product technology, marketing techniques, engineering, accountancy, knowledge of relevant legislation, knowledge of basic management principles and theories which purport to help the practitioner with ‘best practice’ in planning, organizing and controlling. The following Tables present summarized results of the Respondents related to performance and technical variables.

Table: 4.7 Cross tabulation of Technical Skills

	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Technical Skill	230	93.5	16	6.5	24	100.0
					6	
	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	
Total	9	26	117	78	0	230

Source: Owen Formulated, 2017

In the above table 4:7 the sample respondents indicate the level of bank performance in terms of the existed technical skill in the company stated as follows. As a result, 78 employees out of 230 respondents’, representing 33.91% agree that the technical skills possessed by their managers contribute to the performance of the company and its essential for the company, while 117 respondents signifying 76.96 % could not determine their level of agreement with regards to technical skill possessed by their managers and its contribution to the performance of the company and the rest 35 out of 230 repressing15.22% disagree with the concept that technical skills possessed by their managers will help the performance of the company. Accordingly, the significance of technical skill in the company to the performance of the company is rated as moderate for by the majority of the respondents.

### 4.3. Descriptive Statistics

The major objective of this study was to examine the employees' perception of managerial skill in Lion International Bank. This objective was guided by the research question: To what extent managerial skill exists in the bank? According to Zedatol (2008) mean score 3.80 is considered high, 3.40-3.79 is moderate and below 3.39 is low satisfaction cited by Oumer Mohammed (2012, p. 44). Therefore, the managerial skills practices in the study considered by the below thresholds.

#### 4.3.1. Univariate Analysis:

In this Section Descriptive Statistics in the form of Mean & Standard Deviation for the various components of Managerial Skills and Bank Industry Performance is computed.

Table: 4.8 The Mean and Standard Deviation of managerial skill variables

Variable	N		Mean	Standard Deviation
	Valid	Missing		
Conceptual skill	230	16	3.32	0.37
Human skill	230	16	2.71	0.46
Technical skill	230	16	3.19	0.56

Source: Owen Formulated, 2017

Table 4.8: Shows the Mean and Standard Deviation of managerial skill variables such as; conceptual skills, human skills and technical skills conditions rated by respondents. The Result indicates that the impact and significance of managerial skills on bank performance among LIB employees view are 3.32 Mean with 0.37 SD. Based on the fact that a mean of 3 is indicative of the average level of satisfaction on this scale, it can be concluded that respondents agreed that managerial skills have high importance.

According to Zedatol (2008) mean score, the result from this study shows that Mean result of Managerial skills contribution is low for the variables such of Conceptual skills, Human skills and Technical skills with mean value of less than 3.39 (M=3.32, SD=.37), (M=2.71, SD=.46) and (M=3.19, SD=.56) respectively. The low SD indicates that the mean value is representative of the rate given by the majority of respondents. Moreover, the mean and standard deviation of all managerial skills are presented on the appendix part.



## **CHAPTER FIVE**

### **5. FINDINGS, CONCLUSIONS AND RECOMMENDATIONS**

#### **5.1. Summary of Findings**

Descriptive statistics in the form of arithmetic means and standard deviations for the respondents were computed for the multiple dimensions that have been assessed through the questionnaire are presented in Table 4.8. With respect to the dimensions of managerial skill assessed by the questionnaire, Table 4.8 indicates that the mean values for the, technical skill, human skill and conceptual skills by respondents ranged from a low of 2.71 to a high of 3.32.

It therefore appears that respondents in the given sample agree with the concept that banks need managerial skills; however, the mean values for the managerial skills (conceptual skill, human skills and technical skills) are moderate. The following mean values indicating managerial skills possessed by the managers are not practiced as should be. Table 4.8 thus showing that staffs in the current sample believe that conceptual and technical skills of the managers in LIB have a better performance in the bank. But the human skills possessed by the managers have a lower performance in the company.

#### **5.2. Conclusions**

Based on the findings the following main conclusions are drawn.

The aim of the study was to explore the employees' perception of managerial skills in Lion International Bank S.C. Analysis has shown a close relationship between all dimensions of managerial skill. The result of this study suggests that all managerial skills are important factors that banks need to focus on to sustain their good performance or gain a good performance. Unskilled managers are subject to lower performance or even worse to put the organization to loss. As the gathered information stated, most of the managerial skills that affect performance of the bank are not possessed by their managers. Even though majority of employees rate managerial skill variables as moderate, the mean value for the variables indicates employees disagree with the contribution of their managers skill to the company performance they believe their managers can do better if they possess a better managerial skills so the conclusions on each variables are:

- Technical skills possessed by managers have positive and significant relation with the bank if we compare it with the other managerial skill variables it have a better mean than the human skill and a little bit lesser than conceptual skill but the mean from the collected data also shows that it have moderate value which help us to conclude the technical skills of LIB managers need more work.
- Human skills possessed by managers have positive and significant relation with banking industry performance when we compare it with the other managerial skill variables it has the lowest mean and it is rated below moderate which help us to conclude that Human skills of LIB managers are not helping the company's performance and it needs critical work.
- Conceptual skills possessed by managers have positive and significant relation with banking industry performance the mean of conceptual skill have biggest value compared to other managerial skill variables and also rated as moderate which help us to conclude that Conceptual skills of LIB managers have a better performance than the other variables however conceptual skills also need to be worked on.

The Annual report of the LIB shows that the bank performance is increasing from time to time; however, with the increasing and stiff computation in the industry there is a need to further access and analyze the managerial skills possessed by the managers to sustain or increase the current performance.

In Conclusion, the major findings of this research shows that managerial skills are considered important factor for performance of the bank the managers of LIB need to work on their skills.

### **5.3. Recommendations**

Recommendations towards establishment of improved managerial skills were made based on the findings and conclusions. According to the study result the researcher suggests the following recommendations for Lion International Bank managers and researchers:

- The bank should emphasize on the maintenance and development of conceptual skills such as Decision making, Planning, and Organizing are specific managerial activities that require conceptual skill among mangers through training.
- The company should maintain and develop technical skills which requires functional knowledge and skill in applying a body of professional practice level we are talking about

knowledge of product technology, marketing techniques, engineering, accountancy, knowledge of relevant legislation, knowledge of basic management principles and theories by intensive training and creating clusters among managers due to its vital role for managers.

- The managers should work with each other to develop their human skills as it means working with and through other people and the company could perform and achieve better through its employees.
- The company should employ managerial skill Survey between to find out where its managers are categorized and Take corrective and enhancement actions on Survey Results.
- The study also recommends that future research be directed towards managerial skills and their importance to company performance and to expand the scope to cover other private and government banks.

If organizations can implement these recommendations, they will reap the benefits of managerial skills to make their organizations successful.

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**ST. MARY'S UNIVERSITY**  
**SCHOOL OF GRADUATE STUDIES**  
**MBA PROGRAM**

Dear Bank Official/ Respondents, My name is Meron Zewde Demeke and I am currently conducting research for the component of Master's degree in Business Administration at St. Mary's University. This questionnaire on "Impact of Bank Managerial Skills on Banking Industry; the case of Lion International Bank S.C" is intended to be filled by the Senior Executives/Directors/Division Managers/Branch Managers/Section Heads/Senior Officers/Customer Service Managers/Officers/Others. The overall objective of this questionnaire is to gather first-hand information on the aforementioned issue. You have the rights not to answer the questions in full or in part; however, I kindly request you to respond all questions given as they are not requiring any secret information. On Ethical part, I assure you that the data will be exclusive kept confidential, anonymous and will be used only for the intended research purposes. I sincerely thank you so much for your kind support and cooperation! For any further information please contact me with the following address:

Mobile: +251 910068093

Email: - meronzewdede83@gmail.com

Part one

Respondent's Profile (Please " X " one) [Questions 1 to 6]

1. Gender:

1.1. Male  1.2. Female

2. Age:

2.1. Below 25  2.2. 25 up   
 2.3. 36 to 45  2.4. Above 45

3. Current position? \_\_\_\_\_

4. Total Experience in the Lion International Bank:

4.1. Below 1 year  4.2. 1 up to 2 years   
 4.3. >2 up to 4 years  4.4. Above 4 years

5. What is your educational back ground?

5.1. Diploma  5.2. Bachelor Degree   
 5.3. Master's Degree  5.4 PHD and above

2.1. Conceptual Skills

	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
1. The manager finds that monitoring is a code of ethics respected by all his subordinates.					
2.The Manager finds that working as a team leads to better work results					
3. The manager is personally committed to achieve the required targets and oversees on every major and minor detail.					
4. The manager believes in his employees' capabilities and commitment, and delegates them with reassurance.					



5.The manager sees that the employees continuous encouragement is an effective production tool					
6. The manager is keen to give everyone what he deserves.					
7. The manager sees that workflow can only achieve using predefined programs and schedules.					
8. The manager believes that direct control is basic for work reasons.					
9. The manager depends on specific dates for achievement.					
10.The Manager depends on useful reminder method that does not disturb the employee in completing his work					
11. The manager is capable of giving or (nominating) his subordinates for the bonuses they deserve.					
12.The process of supervision and control is considered by our manager as personal things (self-audit)					
13. The manager always supports us physically, scientifically, morally and procedurally.					
14.The manager is keen to fulfill his promises for bounces					
15. The manager is always keen that bounces not lose their reasons.					
16. The manager always connects between reward and good performance.					
17. Positive rewards and encouragement confined to a certain class of subordinates only.					
18. The Manager depends on threatening methods to complete work tasks.					

## 2.2. Human Skills

	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
1. The communication process between the manager and his subordinates is done in a transparency and confidential manner.					
2. The Manager believes in efficacy of training to his subordinates.					
3. The manager always puts his experience in our hands.					
4. The manager always works to consult					

with subordinates in matters that concern them					
5. The manager encourages the participation of subordinates and discuss them in most things					
6. The Manager respects his subordinates and gives them confidence.					
7. We consider our manager as reliable team member					
8. The manager considers that it's one of his responsibilities to enable his subordinates to accomplish their tasks.					
9. The manager always carries out us at what affects the bank's (internal and external factors)					
10. The manager believes that the individual work leads to high productivity and give them all his support.					
11. The manager is always there to support us in front of higher authorities					
12. We look at our manager as a teacher because he does not hesitate to provide us with the necessary details to complete our tasks.					
13. The manager is characterized by his ability to form effective and productive teams					
14. The manager is not addicted in his opinion, his mind is open to suggestions and criticism					
15. We rely on our manager in transfer of our suggestion and requests to top management honesty and integrity					

### 2.3. Technical Skills

	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
1. The manager clarifies the goals to all involved parties					
2. The Manager informs us of the required goals and we only achieve them.					
3. The manager provides us with needed information related to our tasks if asked.					
4. The Manager has respect for his subordinates due to large managerial experience.					
5. The manager has the technological and managerial capabilities that make him					

win the confidence of his subordinates					
6. High level management sets the goals and we only execute them.					
7. Manager always urges us to provide new ideas					
8. Manager usually explains the objectives for the implementers and the benefits resulting from its implementation					
9. The manager provides us with the information, whatever it is, carefully and cautiously.					
10. The manager provides us with the information in an encouraging and constructive way.					
11. We consider our manager as an open book because he gives us the information honestly and conscientiously.					
12. The manager always gives us the information about the development of the bank and its performance.					
13. Manager works with all sides in the bank to produce new ideas					
14. Manager consults with us before setting the goals.					
15. The manager shows more interest in accomplishments, not in planning and organization.					
16. Goals are set based on the physical and mental ability of the people implementing them					
17. Usually the manager involves us in goals setting					
18. Goals are adopted after discussions and modifications with the lower administrative levels.					
19. Manager rewards the employee when submitting a good idea.					
20. The Manager usually avoids involving himself in complex issues.					
21. Manager holds brainstorming sessions to produce new goals					
22. The manager is efficient in routine planning and organization, not creative one.					
23. Direct Manager usually does not have a clear explanation for the objectives set					

2.2. Performance Questions

	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
1. the skills possessed by your managers contribute to the performance of the company					

3. If you have further comments on the impact managers skills on Lion International Bank S.C please use the space below.

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End of the questionnaire

Thank you very much!!

APPENDIX B - Mean and Standard Deviations for Managerial Skills

Description of Conceptual Skills	Mean	Standard Deviation
1. The manager finds that monitoring is a code of ethics respected by all his subordinates.	2.67	.488
2.The Manager finds that working as a team leads to better work results	2.22	.000
3. The manager is personally committed to achieve the required targets and oversees on every major and minor detail.	3.00	.000
4. The manager believes in his employees' capabilities and commitment, and delegates them with reassurance.	4.00	.000
5.The manager sees that the employees continuous encouragement is an effective production tool	2.47	1.181
6. The manager is keen to give everyone what he deserves.	2.45	1.165
7. The manager sees that workflow can only achieve using predefined programs and schedules.	2.87	1.071
8. The manager believes that direct control is basic for work reasons.	2.87	1.071
9. The manager depends on specific dates for achievement.	2.77	1.100
10.The Manager depends on useful reminder method that does not disturb the employee in completing his work	2.22	.631
11. The manager is capable of giving or (nominating) his subordinates for the bonuses they deserve.	3.87	1.490
12.The process of supervision and control is considered by our manager as personal things (self-audit)	4.37	.933
13. The manager always supports us physically, scientifically, morally and procedurally.	4.08	1.205
14.The manager is keen to fulfill his promises for bounces	4.10	1.157
15. The manager is always keen that bounces not lose their reasons.	4.02	1.335
16. The manager always connects between reward and good performance.	4.17	1.108
17. Positive rewards and encouragement confined to a certain class of subordinates	4.20	1.159

only.		
18. The Manager depends on threatening methods to complete work tasks.	3.57	1.701

Description of Human Skills	Mean	Standard Deviation
16.The communication process between the manager and his subordinates is done in a transparency and confidential manner.	3.91	1.642
17.The Manager believes in efficacy of training to his subordinates.	1.95	1.008
18.The manager always puts his experience in our hands.	1.55	.869
19.The manager always works to consult with subordinates in matters that concern them	2.87	1.361
20.The manager encourages the participation of subordinates and discuss them in most things	2.70	1.323
21.The Manager respects his subordinates and gives them confidence.	2.77	1.265
22.We consider our manager as reliable team member	3.06	1.224
23.The manager considers that it's one of his responsibilities to enable his subordinates to accomplish their tasks.	3.10	1.178
24.The manager always carries out us at what affects the bank's (internal and external factors)	2.67	.488
25.The manager believes that the individual work leads to high productivity and give them all his support.	2.00	.000
26.The manager is always there to support us in front of higher authorities	3.00	.000
27.We look at our manager as a teacher because he does not hesitate to provide us with the necessary details to complete our tasks.	4.00	.000
28.The manager is characterized by his ability to form effective and productive teams	2.47	1.181
29.The manager is not addicted in his opinion, his mind is open to suggestions and criticism	2.45	1.165
30.We rely on our manager in transfer of our suggestion and requests to top management honesty and integrity	2.87	1.071

Description of Technical Skills	Mean	Standard Deviation
24.The manager clarifies the goals to all involved parties	2.87	1.071
25.The Manager informs us of the required goals and we only achieve them.	2.87	1.071
26. The manager provides us with needed information related to our tasks if asked.	2.77	1.100
27.The Manager has respect for his subordinates due to large managerial experience.	2.22	.631
28.The manager has the technological and managerial capabilities that make him win the confidence of his subordinates	3.87	1.490
29.High level management sets the goals and we only execute them.	4.37	.933
30.Manager always urges us to provide new ideas	4.08	1.205
31.Manager usually explains the objectives for the implementers and the benefits resulting from its implementation	4.10	1.157
32.The manager provides us with the information, whatever it is, carefully and cautiously.	4.17	1.108
33.We consider our manager as an open book because he gives us the information honestly and conscientiously.	4.02	1.335
34.The manager always gives us the information about the development of the bank and its performance.	2.15	1.044
35.Manager works with all sides in the bank to produce new ideas	3.57	1.701
36.Manager consults with us before setting the goals.	3.91	1.642
37.The manager shows more interest in accomplishments, not in planning and organization.	1.95	1.008
38.Goals are set based on the physical and mental ability of the people implementing them	1.55	.869
39.Usually the manager involves us in goals setting	2.15	1.044
40.Goals are adopted after discussions and modifications with the lower administrative levels.	2.87	1.361

41. Manager rewards the employee when submitting a good idea.	2.70	1.323
42. The Manager usually avoids involving himself in complex issues.	2.77	1.265
43. Manager holds brainstorming sessions to produce new goals	3.06	1.224
44. The manager is efficient in routine planning and organization, not creative one.	3.10	1.178
45. Direct Manager usually does not have a clear explanation for the objectives set	3.10	1.178