Studying the relationship between the productivity of manpower and strategic management in financial organizations: the case study of Tavon Bank

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Abstract

The present research has been conducted based on a descriptive-correlative method aiming at studying the effects of strategic management parameters on the productivity of the staff of Tavon Bank. The statistical community of the study comprised 130 people of the staff of the bank who were selected through a straight counting method. The main tools applied for data-collection were the questionnaire of Strategic Management by Goldman (2005), and that of productivity by Hersey and Goldsmith. The validity of the questionnaires was found to be 0.87 upon applying the Cronbach alpha. The data thus gathered were analyzed by the SPSS software and it was found out that in all, employment of strategic management parameters can determine the changes in productivity up to 56 percent. It was also found that the smart opportunism variable had the greatest impact because a one-unit change in this variable can change the productivity up to 0.305 unit.

Key Words: strategic management, productivity, Tavon Bank.

Resumen

La presente investigación se realizó sobre la base de un método descriptivo-correlativo destinado a estudiar los efectos de los parámetros de gestión estratégica en la productividad del personal del Banco Tavon. La comunidad estadística del estudio estaba compuesta por 130 personas del personal del banco que fueron seleccionadas mediante un método de conteo directo. Las principales herramientas aplicadas para la recopilación de datos fueron el
cuestionario de Gestión Estratégica de Goldman (2005) y el de productividad de Hersey y Goldsmith. Se encontró que la validez de los cuestionarios era de 0.87 al aplicar el alfa de Cronbach. Los datos así reunidos fueron analizados por el software SPSS y se descubrió que, en general, el empleo de parámetros de gestión estratégica puede determinar los cambios en la productividad hasta en un 56 por ciento. También se descubrió que la variable de oportunismo inteligente tuvo el mayor impacto debido a que el cambio de una unidad en esta variable puede cambiar la productividad hasta 0.305 unidades.

**Palabras clave:** gestión estratégica, productividad, Tavon Bank.

1. **Introduction**

Recent years have witnessed an increase in the use of performance-evaluation systems in the developed organizations. The most important tool in such systems is the financial factor which has, however, encountered many problems in traditional financial systems. The most important problem in such procedures is that merely financial variables have been considered. The strategic management provides the ground for the enhancement of productivity in an organization. Studies show that the strategic importance of human resources comes from the great volume of changes that may happen in the systems for manufacturing of goods and services (Ip, 2004 & Rigby, 2009).

In the industrial societies of our time which have more advanced systems for organizing the production of goods and services, the manpower has been transformed from the operative level to semi-strategic one. And based on this great change, organizations have undertaken new approaches for organizing. (Rangriz, 2007; Armstrong, 2007). The strategic management of human resources has certain duties and functions which they perform for providing the organization with the best and most efficient workforce with which it can achieve its goals. In fact, the functions of strategic management imply that the organization penetrates the abilities, attitudes and behaviors of the staff so as to work toward achieving its organizational aims (Collins & Clark, 2011). Rapid environmental changes, globalization, competitiveness, manufacturing of innovative products and services, and along these, the changes in the needs of the customers and demands of the investors and the high standards for the organizations have all required that organizations continually improve their performance for more effective completion by reduction of the costs and increasing the quality and variety of their products and services. In response to this challenge, certain fundamental studies and researches in the last 20 years have created new fields for the concepts, theories and the models of the strategic
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management of human resources and the strategy of human resources (Beer 2010, Flouris 2007).

The strategic management of human resources is a way for deciding about the aims and plans of an organization focusing on these issues: employment relations, staffing, training, rewarding systems and affairs related to the staff’s relations. Also the strategic management of human resources concerns the relationship between the human resources management and the strategic management in an organization; it both cares for the needs of human assets and the development of process efficiency (the ability for an optimal performance of the tasks). Basically, The strategic management of human resources is concerned with any human problem that either affects the strategic plans of the organization or is affected by them (Arabi, 2007, and 2008). As the key resource of an organization, human resources will only be effectively and efficiently employed that strategic attitude is being managed. As Mintzberg (1998) has insisted, strategy of human resources is not necessarily the outcome of thoughts; rather the behavior pattern of the organization in relation to the management of human resources is the best demonstration of the strategy of human resources. The strategic approach in the management of human resources means the use of new techniques and methods by relying on which the organization can respond to the unstable environment and exploit the human resources for gaining competitive advantage and productivity from the staff (Change, 2009).

Morphologically, productivity is defined as the ability for production, and being useful and profitable. It comes from the French word “produire” and is an important concept in economics. It can also mean the greatest amount of profit through the exploitation of resources and for the aim of enhancing the society (Camus, 2007). It is not to work harder than ever; it means to work smartly and intelligently. Productivity is a criterion for evaluating the performance of an organization and determining the extent to which it has been successful in achieving its goal or failed in it. In many countries, productivity does not mean the output that each internal or input section has yielded and they do not productivity as the relationship between the output and input. Beside that, it also includes all the implications that people have of government services (Lina, Pecula, Acco and Melkas, 2010). As among the elements of production, the element of human agency is the only intelligent factor that can also act to coordinate and lead the other elements (Khalilian and Rahmanim 2008), and it is the most important element in decreasing or increasing the productivity of an organization, it demands a special attention (Maleki et al., 2005). Because if the workforce is able, motivated and productive, it can employ all the other resources effectively and make all kinds of productivities possible. This can finally lead to the
productivity of the whole organization, otherwise, decline and lag is the output of the inactive and unmotivated manpower (Sultani, 2005). But how to make the staff productive, or more productive, is the question that many different organizations and institutions have responded to differently and according to their defined missions and the kinds of demands that their personnel have. While these demands may be the same in nature, their intensity and priority can bring different changes to the productivity of the staff (Nazari, 2008). The need to have a strategic stance toward the human resources is a certain fact and environmental changes are only adding to its urgency (Armstrong, 2006). The circumstances which form the bases for the strategies of human resources and making coordination among them is one of the great challenges of industrial managers. Also, any industrial organization like the other agencies, shall always attempt to enhance its key competence and efficiency so that it can reach and keep competitive advantages (Scarborough, 2000).

Such attempts would inevitably force them into shortening the life of their products, and this, in turn, causes the organizations to make stable relationships with the customers by continually enhancing efficiency of their research and development units. This is because of the rapidity of changes, not being able to trust the environment and the ever-increasing demands of the marketplace. The effective nature of research and development organ in organizations has contributed to the belief that innovation management is a key factor in enhancing and breeding innovation which would lead to the flourishing of life and progress in an organization (Chang & Lee, 2008). Therefore, the main problem to be posed is to find out about the effects of strategic management on the productivity of the staff in financial institutes such as banks. Results from the studies of Sarwat et al. (2011) show that there is a strong positive relationship between the strategic management of performance and productivity. Another study about the effectiveness of strategic planning in the management of human resources, conducted in the state university of Texas, finds that the functions of human resources development such as staffing, maintenance and enhancement, rewards for service, and training can greatly increase the quality of training and progress. Other researchers such as Wu Hung (2012), Margono et al. (2012), and Wu et al. (2015) have also shown the effects on strategic management style and leadership on productivity. Sabzi Aliabadi (2009) suggests that the most important factor affecting the productivity of human resources is personal factor. He also emphasizes that between the ability factors and willingness to work, between organizational
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Factors and the strategic management of the organization, and between the organizational factors and the strategic management of the organization, there is no significant difference.

Figure 1: Research Model

Mohammadian Abyaneh (2012) in his study has found that there exists a significant relationship between the strategic management parameters and productivity, and strategic management parameters have a greater share in increasing productivity than job satisfaction. Based on the studies by Bordbar (2014) classifies the elements affecting productivity as follows: organizational and strategic management factors, organizational support and compensating services, environmental physical and mental factors, the factors of the freedom and independence of the staff in doing the tasks, personal factors, those for creating the atmosphere of friendship and cooperation in the hospital, planning and guiding the productivity of the staff, and the factors of enhancing the loyalty and commitment in the staff. So based on the theoretical bases of discussion, the present study aims at investigating the effects of the strategic management factors on the productivity of staff of Tavon Bank.

2. Research methodology and results

The research methodology applied was a descriptive-correlative one which is practical in purpose. The statistical community comprised the staff of the Tavon Bank based in Kermanshah province (9 branches). Based on the Morgan table, the volume of the sample was measured (n=130), and for collecting the necessary data, the tool was questionnaire. The questions on the
questionnaires consisted of two parts: the first part covered the personal and professional features of the staff. The second part, however, dealt with the questions of strategic management based on Goldman (2005) standard questionnaire, and those of productivity based on the Hersey and Goldsmith questionnaire. The LeCreta scale of 1=quite agree to 5= quite disagree was used. In order to check the validity of the questionnaires, the opinions of some of the bank managers and university professors were taken and used for correcting and improving some of the items and questions. For the ensuring the reliability of them also, the Cronbach alpha was conducted, for doing which, 30 questionnaire were handed out to certain people out of the statistical community to fill out. After collecting them and data-processing the Cronbach alpha coefficient was measured for them. Finally, 105 questionnaires were filled out correctly whose gathered data was then coded and loaded into computers. The collected and processed data was finally analyzed for the statistical processes (descriptive and deductive) by using the SPSS software 18.

| variable                  | Number of questions | Cronbach coefficients |
|---------------------------|---------------------|-----------------------|
| productivity              | 50                  | 0.89                  |
| Strategic management      | 40                  | 0.85                  |
| Both questionnaires       | 90                  | 0.87                  |

Upon considering the personal characteristics of the subjects, the following information was gathered: the average age of them was found to be 39.21 years with 9.05 years of standard deviation as the age range was from 35 years of age to 55 years. The years of service had an average of 17.16 years with 10.01 years of standard deviation covering a range of 9 to 32 years. From the 105 people who handed in correctly-filled questionnaires, only 11 were women and the other 89 ones were men. 60 percent of them held B A degrees, 23 percent, had M A, and 8 percent had even higher degrees. For studying the strategic management level and its parameters among the subjects of the study, and prioritizing the organizational culture parameters among them, mean value and the change coefficient were used, respectively (table 2). As we can see from table 2, among the four parameters of strategic management of human resources, for the subjects, such factors as foresight and opportunism have higher priorities, while conceptual thinking had the lowest position.
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Table 2:
Distribution and frequency of the strategic management parameters

| Parameters               | Mean   | Standard Deviation |
|-------------------------|--------|--------------------|
| foresight               | 4.06   | 0.98               |
| opportunism             | 81     | 0.97               |
| Systematic thinking     | 3.62   | 1.05               |
| Conceptual thinking     | 3.29   | 0.92               |

Table 3:
Distribution and frequency of productivity parameters

| Parameters               | Mean   | Standard Deviation |
|-------------------------|--------|--------------------|
| Job commitment          | 4.25   | 0.97               |
| Job satisfaction        | 3.89   | 0.98               |
| innovation              | 3.52   | 1.11               |

As we can see from table 3, the mean value of productivity and the parameters comprising it are at an average level among the subjects. This means the staff of the bank under consideration have an average level of productivity. The table also indicates that the parameters of job commitment and job satisfaction have a greater share in building the productivity of the staff. Also results from t test for comparing the productivity levels between male and female staff of the Tavaon Bank showed that there is a significant difference between them in the parameters of productivity. Based on the test and equity of the variances, it can be concluded that men were more productively innovative than women. Yet, there was no significant difference between the two groups in the parameters of organizational (job) commitment and job satisfaction (table 4).

Table 4:
Comparing productivity parameters between male and female managers

| Dependent variables     | Male M | SD  | Female M | SD  | t    | Sig.  |
|-------------------------|--------|-----|----------|-----|------|-------|
| Organizational commitment | 50.87  | 11.45 | 59.35 | 12.50 | 2.052 | 0.0101 |
| Job satisfaction        | 58.57  | 12.26 | 50.25 | 12.40 | 2.745 | 0.066  |
| Innovation              | 58.67  | 9.52  | 51.25 | 10.50 | 2.321 | 0.011  |

In order to study the extent to which the strategic management parameters and their productivity are correlated, we conducted the Pearson correlation test (table 5). Thus, it was found that between strategic management parameters and productivity, there is a significant
relationship at 1% and 5% levels. That is to say such variable have been effective in increasing productivity.

**Table 5:**
Correlation between the variables of strategic management parameters and productivity among the subjects

| variable                  | r    | sig |
|---------------------------|------|-----|
| Systematic thinking       | 0.245| 0.023|
| intelligent opportunism   | 0.421| 0.006|
| Foresight                 | 0.307| 0.002|
| Conceptual thinking       | 0.138| 0.071|

In table 6, results from multiple regression, regression coefficients and fix values are shown in table 6 below. As we can see, from the four parameters of strategic management, those of foresight, opportunism, conceptual thinking and systematic thinking are significant and can affect productivity. The $\beta$ coefficients of the mentioned independent variables show that foresight has the greatest effect because for each one unit change in this variable, there happens up to 0.258 change in the variable of productivity, while the value of $R$ is 0.75 and $R^2$ is 0.56.

**Table 6:**
The variables predicting the productivity of the staff of Tavon bank using the parameters of strategic management of human resources

| variable                  | b    | SD  | $\beta$ | t     | sig  |
|---------------------------|------|-----|---------|-------|------|
| Fix value                 | 48.406| 6.06 | -       | 7.665 | 0.000|
| Systematic thinking ($x_1$) | 0.698| 0.208| 0.204   | 2.753 | 0.000|
| Foresight ($x_2$)         | 0.831| 0.263| 0.258   | 3.347 | 0.001|
| Opportunism ($x_3$)       | 0.437| 0.385| 0.089   | 0.928 | 0.025|

The coefficient of the multiple correlation ($R$) in this analysis is 0.75, and $R^2$ is 0.56 which show that such variables as systematic thinking, foresight and opportunism can determine the productivity of the staff of the Tavon Bank.

$$Y=48/406+0/698(x_1)+0/831(x_2)+0/437(x_3)$$
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3. Conclusion

The need for having a strategic look at the human sources is a certainty the importance of which is ever being increased by the environmental and global changes that the world is undergoing (Armstrong, 2006). The conditions pertaining to the formation of the strategies of human resources and coordinating them is a challenge that industrial and financial managers are faced with. It also is a fact that financial institutes like other agencies, are ever trying to enhance their key competence and abilities so that they may reach and keep their competitive advantages (Scarbrough, 2009). This is because of the rapidity of changes, not being able to trust the environment and the ever-increasing demands of the marketplace. The effective nature of research and development organ in organizations has contributed to the belief that innovation management is a key factor in enhancing and breeding innovation which would lead to the flourishing of life and progress in an organization (Chang & Lee, 2008).

Upon considering the personal characteristics of the subjects, the following information was gathered: the average age of them was found to be 39.21 years with 9.05 years of standard deviation as the age range was from 35 years of age to 55 years. The years of service had an average of 17.16 years with 10.01 years of standard deviation covering a range of 9 to 32 years. From the 105 people who handed in correctly-filled questionnaires, only 11 were women and the other 89 ones were men. 60 percent of them held B A degrees, 23 percent, had M A, and 8 percent had even higher degrees.

Upon prioritizing the parameters of strategic management, it is evident that the level of strategic management is generally good among the staff of the Tavon Bank, and the factors of systematic thinking, and intelligent opportunism have a greater share in bringing out

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**Figure 2:** Productivity model
productivity in the staff under study, while conceptual thinking has the lowest position. About
the productivity also it was found that the mean value of this variable was generally average
among the people studied (table 3). Also, based on information presented in table 3, among the
factors comprising the productivity, those as success of offered assignments and organizational
support contribute more to the productivity of the subjects, the staff of the Tavon Bank, while
those of feedback of the performance and authenticity have lower effect on that variable. Also
results from t test for comparing the productivity levels between male and female staff of the
Tavaon Bank showed that there is a significant difference between them in the parameters of
productivity. Based on the test and equity of the variances, it can be concluded that men were
more productively innovative than women. Yet, there was no significant difference between the
two groups in the parameters of organizational (job) commitment and job satisfaction. In order
to study the extent to which the strategic management parameters and their productivity are
correlated, we conducted the Pearson correlation test (table 5). Thus, it was found that between
strategic management parameters and productivity, there is a significant relationship at 1% and
5% levels. That is to say such variable have been effective in increasing productivity. In other
words, the more such variables increase, the more productivity moves on in a positive direction.
Results from Regression test shows that the strategic management factors can determine the
changes in productivity up to 56 percent. This result agrees with the findings from the studies
of Wu Hung (2012), Margono et al (2012), Wu et al (2015), and Sabzi Aliabadi (2009), Bordbar
(2013) and Mohammadian Abyaneh (2012).

Where the top management is responsible for the productivity and general performance
of the companies, their function is a sort of leadership and strategic management and we suggest
that when assigning people in such positions, their abilities in the fields of strategic management
be closely evaluated. In fact, the main criterion for choosing the top management is their having
a strategic attitude toward the task of management. It also is recommended that training courses
on strategic management be devised and performed for the managers and the staff. Courses on
the principles of planning, designing organizational structures, and human resources
management can be provide for training the most competent people for pursuing, enhancing
and fortifying strategic management and productivity in their organizations.
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