MANAGERIAL SKILLS AND ORGANIZATIONAL LEARNING IN SMES OF PAKISTAN

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ABSTRACT

The paper is based on the proposed model of Robert Katz (1955) for managerial skills. Further Marquardt (2006) research tool is adopted to test the Jandaghi et al (2009) hypotheses. The objective of this research is to find the relationship between managers' skills and organizational learning in the context of Pakistan's SME business sector. The research finding showed that human skills have significant effect on organizational learning however conceptual skills also partly desirable. The results also demonstrated that among the conceptual, human and technical skills; human skill has more meaningful share in the process of organizational learning.

Introduction:

According to the Small and Medium Enterprises Development Authority - SMEDA, Pakistan, SMEs constitute nearly 90% of all the enterprises in Pakistan. It nearly employed 80% of the non-agricultural labor force; and shared approximately 40% in the annual GDP of the country. Unfortunately, uncertainty in the business and economic environment restrict entrepreneurs to take risk, however, SMEs are already faced imbalances in financial, capital, technical, marketing and human resources.

A critical challenge facing by the organizations is the dilemma of maintaining the capabilities of both efficiency and flexibility (Lant & Mezias, 1992) this dilemma become wide when organization is operating at small or medium sized scale, Thompson (1967) called it the paradox of administration. The development of a country is comprehensively based on the growth of the SMEs. For endurance and escalation, SMEs should support their competitive advantage on intellectual assets and deem strategic role of knowledge and human skill, since it ensure the market survival of a small and medium sized firm. Most studies that have made use of comprehensive stakeholder models are supportive of a positive relationship between managing for stakeholders and firm performance (Berman *et al.*, 1999; Sisodia *et al.*, 2007; Waddock & Graves, 1997). Several observers postulate that constructing and then resolving organizational crises can be an effective means of opportunistic learning (Pitt, 1990; Schon, 1967; Weick, 1988).

Many researches endorsed that to meet the needs of organizational learning; managers should promote learning opportunities and growth of talents among staff members. Learning is generally viewed as distinct from working and problematic in the face of change and learners can in one way or another be seen to construct their understanding out of a wide range of materials that include ambient social and physical circumstances and the histories and social relations of the people involved (Brown & Duguid, 1991). Concepts of knowledge or information transfer, however, have been under increasing attack in recent years from a variety of sources (Reddy, 1979). Accordingly the change of management paradigm fostering organizational learning prepare organizations to work in a real world business and provides them the means to achieve efficiency, sustainable competitive advantage, self-adjusting (Marquardt, 2006) and outperform others (Rumelt et al, 1994).

Literature Review:

The concept of organizational learning and many researchers agree that, despite the field's growth and development since the 1990s, it still lacks consistent terminology and cumulative work (Simon, 1991; Vera & Crossan, 2003; Weick, 1991). Top managers categorize and interpret the information and knowledge they accumulate has been shown to have a systematic linkage with differential organizational performance (Thomas et al. 1993).

In the sweeping change of environment, considering the need for organizational learning and learning organization in order to survive, there is need for skillful managers, so the logical performance of managers would survive and leads to the expansion of organizations (Parizi & Parviz, 2005). Organizational learning is defined as enquiring and applying knowledge, skills, value and beliefs to survive and improve organizational growth (Guns & Anandsan, 1997). According to Nonaka (1994) knowledge of organization related aspects assist in the organizational learning. Learning is the main subsystem of a learning organization and it will occur at three levels namely the individual, the team and the organization. Skill of management is positively related to organizational learning (Harrison et al, 2010; Wade & Parent, 2001/2002) and Mausolff (2004) postulated that feedback is the main element which enhances this. Moreover, Kim (1998) argues that management, their tactics and skills are closely related to organization learning. Hambrick (1989) asserted that top managers are crucial to firm outcomes because of the decisions they are empowered to make and because, ultimately, they account for what

happens to the organization. Lahteenmaki et al (2001) supporting the previous claim that there is an implicit assumption that strategic leaders are the guiding force behind organizational learning. On the other hand, Vera & Crossan (2004) claimed that researchers have said little about the role of CEOs and top management teams in implementing organizational learning in their firms. In other study of Crossen & Hulland (2003) assumed that CEOs and top executives lack guidance on how their actions facilitate or hinder learning and organizational learning have largely remained disconnected fields of inquiry (Crossan & Hulland, 2002). According to Marquardt (2006), five following key skills are needed to build and enhance organizational learning; system thinking, mental models, self-directed learning, personal competency and dialogue.

System thinking is a conceptual framework which assists to scrutinize general pattern and facilitates learning and spots and manage planned or unplanned changes.

Mental models refer to the perception regarding the event. This model emphasize on studying and exploring about the inner perceptions and than recording about the inner perception which ultimately are the foundation of mental models.

Self-directed learning is relates to individual who totally accentuates on learning about himself/herself. It helps to get awareness about individual learning style and evaluating self competencies and needs, which relating to business goals which are necessity requirement of the situation.

Personal competency refers to a high level of being professional in a particular field or skill. It requires long-term consistency and commitment in learning and leads to that professionalism which is required in fulfilling of specific skill, task or responsibility.

Dialogue meaning is elevated level of communication among employees. This instrument facilitates in create and coordinate learning and practice in all aspects of organization. This promotes to exploit social intelligence and motivates the positive thinking and collaborative interactions

Learning organizations focus on systems, norms and routines of organizations and as a whole body learn and produce collectively, but organizational learning studies, how learning occurs and it is one aspect of learning organization (Marquardt, 2006).

Huber (1991) suggested four step approach in learning process cycle:

1. *Acquire learning* gain with attainment of knowledge of organization, knowledge is grow by controlling environment, by research implementation, information systems to memorize and recycle data, training etc.
2. *Dissemination* is process through which information is shared. Knowledge can be communal and spread in formal or informal notes, articles, report and in form of skills.
3. *Interpretation*, this refers to how information is analyzed and interpreted before sharing. This step is work like a brain which shared understanding of information in organization.
4. *Organizational memory* refers to a center where the knowledge will be memorized. This plays a vital role in organizational learning.

Undoubtedly, putting this theory in to practice has a close relationship with the role and effectiveness of managers and managerial skills and knowledge. Katz (1955) further posits that acquire skills by manager are the main reason of his success and accomplishments, and these skills are technical skill, human skill, and conceptual skill. Technical skill is defined as the understanding of, or proficiency in, specific activities that require the use of special tools, methods, processes, procedures (Katz, 1955). Human skills are defined as the ability to work cooperatively with others, to communicate effectively, to resolve conflict (Katz, 1955). Finally conceptual skill is defined as the ability to see the organization as a whole or to have a systematic viewpoint (Mintzberg, 1973). Understanding every change leads to changes throughout organization. Kunz et al (1998) claim another skill titled problem solving which is the ability to solve problems to achieve organizational benefits. Managers analyze problems they identify complex

situation and related factors and exploit new conditions. Diagnosing skill is the ability of managers to study and investigate the signs of problems (Griffin, 1987).

Peter & Yang-Im (2007) studied the role of managers in implementing organizational learning as one of the strategic objectives. For this, managers create a new viewpoint revise their expectations of group members according to new requirements in organization and prepare situations to gain the latest knowledge. Amy (2008) claimed that learning managers and leaders have various trenchant characteristics and skills, but the participant gave more importance to emotionally intelligent communication. Appropriate communication by leader or managers initiates the process of learning. Costanzo & Tzoumpa (2008) found that there is a gap as to how knowledge integration and transfer occur within teams and referring to the Janczak's[1] three specific managerial processes are relevant in that middle managers can employ them to facilitate knowledge transfer and integration. They claim managers facilitate applying knowledge by management processes and exploring new knowledge (Jandaghi et al, 2009).

Hoe (2008) emphasizes on managers' role to amend organizational learning how organization concentrates on respective organizational activities. Simons et al. (2003) focused on comprehensive program of HRD managers' role. It requires managers to be supported to help their employee with learning process. Managers also influence employee's behavior.

Research Hypotheses:

This paper aims to provide theoretical based set of managers' skills and its relationship with organizational learning in SMEs of Pakistan. In relation with the objective research examined the following hypotheses, which examined earlier by Jandaghi et al (2009) in their studies:

Hypothesis # 1: There is a relationship between organizational learning and technical skill of managers
Hypothesis # 2: There is a relationship between organizational learning and human skill of managers
Hypothesis # 3: There is a relationship between organizational learning and conceptual skill of managers

The Research Model:

Marqurdt (2006) and Katz (1955) theories have been used to provide the theoretical background for this research. Referring to Marquardt (2006) model organizational learning consists of seven elements i.e. shared vision, organizational culture, team learning and working, shared knowledge, system thinking, participative leadership and personal competency. Moreover, Katz (1955) theory identified three managerial skills, which are, technical skill, human skill and conceptual skill. This model refers to the relationship between organizational learning and management skills (Jandaghi et al, 2009).

Research Methodology:

The sample size of this study included 300 respondents from the two cities of Pakistan, i.e. Karachi and Hyderabad, however, only 145 complete questionnaires was used in analysis. The managers of SMEs were randomly selected from these cities. The proportion of manager comprises on Karachi and Hyderabad is n=97 and n=48, respectively. All managers have had more than 2 years of experiences at particular company or business.

The research is self administered, thus, interviews was conducted at the company. The tool comprises on 62 items originally developed by Marquardt (2007) and Katz (1955) however minor

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[1]   Janczak, S. M (1999). Ph.D. Dissertation in Business Administration, École Des Hautes Études Commerciales, affiliated with The University Of Montréal, retrieved at 25 Dec, 2010 from
        http://www.theses.umontreal.ca/theses/pilote/janczak/these_front.html

alteration were made in the context of Pakistan, moreover, items response was recorded by using Likert's 5-points scale. On the bases on this tool data was collected for statistical and hypothesis analysis. Research tool have three parts. Part one is representing the Manager's skills construct contained 31 items, out of which 8 items are based to examine technical skills, 12 items are based to examine human skills and 11 items are based to examine conceptual skills. Part two is representing the Organizational Learning construct and contained 31 items. Last part is used to collect the demographic information. The questionnaire contains reliable and valid items and prior used by Jandaghi et al (2009) and in other studies.

Pearson correlation coefficient and multiple regressions techniques are used to find the relationship between the variables and further to analyze the results (hypotheses # 1 to 3). Partial correlation coefficient is also used to control the impact of the variables on the organizational learning.

Results & Interpretation:

Table #1 shows the Pearson correlation results between manager's three skills (technical, human & conceptual) and organizational learning. The result shows non-significance relationship between manager's technical skill and organizational learning at the level of 0/05. ($p>0/05$, n = 145, r = 0/064). The significant relationship exhibits in human skill and organizational learning ($p<0/05$, n = 145, r = 0/344). The relationship between managers' conceptual skill and organizational learning indicated the non significant relationship ($p>0/05$, n = 145, r = 0/236).

Table 1: Pearson Correlation

Variable	(r)	Sig.	(n)
Technical skill	0/064	0/392	145
Human skill	0/344	0/027	145

The multiple regression analysis was applied to examine the relationship between manager's three skills and organizational learning. Table # 2 demonstrate the results in the form of R, R2, F and significant level related to each entry level of coefficients are mentioned. The result illustrated that human skill coefficient contributing 15.3% in organizational learning which is statistically significant. Both other variables have low contribution, so technical and conceptual skills are dismissed on the bases of analysis.

Table 2: Regression Analysis

Variable	R	R2	F	Sig.
Human Skill	0/344	0/153	4/16	0/046

Table 3: Regression Coefficient of Human Skill Model

Variable	b	β	t	Sig.
Intercept value	72/22		2/222	0/035
Human skill	1/523	0/314	2/126	0/045

The regression equation of human skill (X1) for organizational learning (Y) according to table # 3 is:
Y = 72/22 + (1/523X1)

Table 4: Partial Correlation Coefficient of Human Skill & Organizational

Correlation	Scale	Sig.
Partial	0/347	0/035
Partial	0/247	0/166

The results of above table indicated that the correlation between human skill and organizational learning which was 0.342, has increased to 0.347 by controlling technical skill. However it has reduced to 0.247 with the control of conceptual skill. It illustrate that the conceptual skill has an efficacious relation between human skill and organizational learning and technical skill is significantly associates to human skills but not in the case of organizational learning. Conceptual skill has an efficacious relation between human skill and organizational learning.

Findings

Table 5:- Correlation Coefficients between Managerial Skills & Organizational Learning

Organizational culture	Learning & team working	Knowledge sharing	System thinking	Participative leadership	Personal competency	Variable	Variable
-0/162	-0/082	0/221	0/17	0/171	0/289	r	Technical skill
0/133	*0/391	*0/385	0/244	*0/378	0/201	r	Human skill
0/098	0/078	-0/039	0/23	*0/522	*0/412	r	Conceptual skill

Table 5 showed that learning & team working 0/391 (p≤0/05), knowledge sharing0/385 (p≤0/05) and participative leadership 0/378 (p≤0/05) are most significant factors/ items in relation between human skill and organizational learning.

Conclusion:

Colinson (2007), Peter & Yang-Im (2007) and Jandaghi et al (2009) analyze the significance of human skill which ameliorating the organizational learning. The findings suggested that in Pakistan, SMEs managers' human skills supports and cultivate the organizational learning. Research findings of this study clearly identified the "human skills" as a pivotal variable in organizational learning with especial reference of small and medium sized organization where learning is dependable upon human capabilities only, due to the informal training methods used in Pakistan's SMEs. Further with the research, human communication, learning & team working, knowledge sharing and participative leadership are the main ingredients identified in this study, which facilitate the SMEs organizational learning environment. Thus, learning environment provides manager with a deeper insight which leads the rational decision making and could help managers to tolerate the uncertainty in organizational learning process. The research acknowledged the organizational learning most important characteristics which include conversation and discussion, shared vision, participative leadership and engagement of individuals in organization, which ultimately leads to the considerable results (Jandaghi, 2009) in organization's performance. Last but not the least, this research validate the assumption that systematic viewpoint (conceptual skill) of a SMEs manager could play a vital role in organizational learning.

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