

An empirical analysis of competencies in predicting managerial effectiveness of the sales managers: a Vietnamese banking sector perspective

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Abstract

The purpose of this paper is to examine the effects of three competencies, which are management competence, technical competence and self-management competence, in predicting managerial effectiveness of sales managers. A survey was conducted with 134 managers and employees who are working for selected commercial banks in Hanoi, Vietnam. Data were analyzed using qualitative and quantitative methods. The combination of interviews and regression analysis methods is used to test the hypotheses. The results show that all three competency factors were significantly related with managerial effectiveness. It is, thus, crucial for Vietnamese commercial banks' managers to understand and continually equip themselves with critical competencies that would transform and eventually make them effective and successful managers.

Keywords: Competencies, Managerial effectiveness; Banking sector, Vietnam

1. Introduction

With nearly twenty nine years of establishment and development, commercial banks in Vietnam have continuously developed in scale, quality and operational efficiency. The number of Vietnamese commercial banks has increased constantly. Starting from four state-owned commercial banks, the Vietnam's commercial banking system has been joined by joint-stock commercial banks. There are 35 domestic commercial banks including four state-owned and 31 joint-stock commercial banks in Vietnam (State Bank report, 2018). The Vietnamese commercial banks are the most important part of the modern banking system. They have significantly contributed to the GDP of the economy (State Bank report, 2018).

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In the context of international economic integration and the industrial revolution 4.0, technology is an important factor of the economy. Nevertheless, human resources in banking are the decisive factor (To, 2018). From the perspective of banking management, human resources are a strategic element not only for operational efficiency, but also for differences in growth and sustainable development. Therefore, commercial banks need to prepare for integrating and improving competitiveness by enhancing the quality of human resources to take advantage of new opportunities and minimize challenges.

Sales manager is one of the key positions of middle managers in Vietnamese commercial banks. Sales manager plays a key role in the business department in particular and the whole business in general. To fulfill its role, the sales manager of commercial banks need to have sufficient knowledge, skills, attitudes and qualities to effectively manage themselves, the team, and the organization. Nevertheless, studies about components of sales manager competencies and the impact of those competencies on managerial effectiveness in banking sector remain an unresolved problem. The major objective of this article focuses on testing the impact of competencies on managerial effectiveness of sales managers. The empirical results are expected to attribute to the literature by developing competency-based management and propose managerial implications to improve competencies aimed at helping sales managers to gain necessary knowledge and skills to enhance effectiveness at individual level.

This paper is structured as follows. In Section 2, it begins by establishing a conceptual framework through a review of related literature. The hypothesis development is founded on each reviewed literature theme. In Section 3, the paper presents a research framework. Based on primary data, the paper examines the impact of competencies on managerial effectiveness of sales managers in Vietnamese commercial banks in Section 4. Section 5 is followed with presentation and discussion of the main results. In the final section, the paper outlines its contribution and presents areas for future research.

2. Literature review

2.1 Sales managers

If in the 20th century, the role of the business system was only to “sell products and services”, then by the 21st century, the role of the business system has evolved into a focus on “increasing customer productivity” (Leigh and Marshall, 2001). Nowadays, the business system with marketing has a strategic importance to organizations and businesses. Sales managers not only play the role of managing the traditional “order - taker” system (buy - sell) but also manage customer relationships. In other words, they are the people who convey the values of the organization to consumers, seeking to establish relationships with customers and maintain it. It can be said that the importance of sales managers with the success or failure of each business is extremely great.

Kahle (2008) argues that sales manager is responsible for managing business plans, recruiting, implementing and presenting effective business plans. The sales manager is responsible for leading and coaching the business team (Pham, 2015).

The characteristics of sales managers are not only reflected in their role in the job, but also influenced by the nature of the business they are engaged in, in particular the banking sector. Commercial banks operate in the field of currency trading, providing credit, guarantee services, international payment services, etc. The process of providing services does not require workers to have high physical requirements, but the mentality, the attitude, qualification, relatively high level of thinking.

The sensitivity of the work that sales managers undertake is relatively high because customer confidence is a vital factor for a bank (Cowling and Newman, 1995), even a small fluctuation can affect psychology of customers, which in turn can lead to a shift in mass of customers. Building trust for customers in this area is extremely important. Therefore, sales managers at commercial banks need management qualifications, professional ethics, knowledge of the bank's regulatory system, compliance with market discipline, and disciplines in currency transaction (Alrubaiee, 2012).

Products in the financial-banking industry have similarities and are easy to be imitated. Therefore, the products of commercial banks can be easily followed by competitors. Sales managers will be the factor that helps make a difference in competition, promote credit growth in banks, because of the dynamism, creativity and ability to make big differences to develop. Setting the right business strategy, good management skills, creativity in product development, utility services and continuous innovation are the important tasks of this position. A commercial bank with qualified sales managers will deliver these positive values, thereby creating a high competitiveness and different from other commercial banks (DiPatti and Dell'Araccia, 2001).

Customers in the banking sector are diverse. In particular, sales managers with the role of providing products / services through the function of selling and customer service will have to regularly interact with customers of different ages and qualifications. Human resources in this industry must serve customers well as the ability to communicate flexibly, always have a cheerful and gracious attitude to customers. It is these things that will create a unique impression for the bank, make a difference for the brand of the bank and above all, it is the reputation and trust of the market, customers and businesses for the bank (Winstanley, 1996).

Jobs in the banking sector are often risky. Risks in banking business come from many different sources, from the business activities of customers to the morality of human resources in the industry. Therefore, sales managers need to have good managerial competencies which allow commercial banks to minimize expenses such as input costs, management costs, improve labor productivity. In addition, personnel in this position need to have a high degree of autonomy in the job such as strict compliance with business processes, proactive handling of related jobs (Staniec and Stygar, 2014).

2.2 Competency

The definition of competency is one of the most fraught tasks in business research, with little agreement among researchers. All definitions related to the competency-based approach

have their sources in the research of McClelland (1973), initiated in the 1970s. According to McClelland (1973), competencies possessed by employees consist of knowledge, skills, abilities and personal characteristics required for adequate job performance. He defines competence as a personal trait or set of habits that leads to more effective or superior job performance. In other words, an ability that adds clear economic value to the efforts of a person on the job. Boyatzis (1982) adopts the term competency an “underlying characteristic of an individual that is casually related to superior performance in a job”. Spencer and Spencer (1993) argue that the concept of competencies includes “skills and abilities-things you can do acquire through work experience, life experience, study or training”.

Although the meaning and definition of the term competency is still subject to debate (Shippman *et al.*, 2000), the paper adopts the definition which has been accepted by numerous scholars as “A competency is a cluster of related knowledge, skills, and attitudes that affects a major part of one’s job (a role or responsibility), that correlates with performance on the job, that can be measure against well-accepted standards, and that can be improved via training and development” (Lucia and Lepsinger, 1999).

2.3 Managerial effectiveness

Effectiveness of executives is important for the success of an organisation in the contemporary business arena (Bao, 2009). Organisations need effective and competent managers to be able to reach their objectives efficiently and effectively (Boyatzis, 1982). In fact, executives employ their competencies and enhance the economic value of raw resources to play a crucial role in the development and the execution of organisational operations and effectiveness of the implemented strategies/policies (Analoui, 2007). Organisations need effective and skilled executives to facilitate corporate success in the long run. Moreover, managerial effectiveness is a key component, which enables effectual operation and delivery of complex initiatives (Analoui, 1999). Researchers have described managerial effectiveness in various ways, though there is yet conformity on concept and method of mapping managerial effectiveness (Luthans, 1988). Reddin (1974) mentions managerial effectiveness as the degree to which managers achieve the output requirements corresponding to their respective positions. Broide and Bennett (1979) define managerial effectiveness as, “...results and consequences, bringing about effects, in relation to purpose, and giving validity to particular activities”. Boyatzis (1982) concerns that effectiveness as qualities, intrinsic abilities or personality strengths of an individual.

In this study, managerial effectiveness is defined as the degree to which a manager perceives that he or she fulfills or exceeds work role expectations (Spreitzer, 1995). In other words, managerial effectiveness is the extent to which managers feel that they achieve the output and goal requirements associated with their positions in conformity to their organizations’ expectations. A review of the literature revealed that there is not a single definition of managerial effectiveness, which could be handedly applied in every aspect of management. Campbell (1990) points out that it is important to consider the multidimensionality of job performance if we attempt to understand the phenomenon of individual effectiveness or competence.

2.4 The relationship between competencies and managerial effectiveness

In the knowledge economy, there is a shift from task-based approaches to competency-based approaches. Therefore, the popularity of competency management systems has gained a special concern both from practitioners and academicians (Clardy, 2008). Competency management can contribute to organization knowledge base and increase the knowledge utilization capability of an organization. Hence, it became an important research object in the more general area of knowledge management and is often integrated with learning management systems (Draganidis and Mentas, 2006).

Managerial effectiveness is quickly becoming a competitive advantage for businesses in the context of fierce competition. Therefore, good and capable managers need to keep and develop in the management system. Managers play an important role in establishing and implementing organizations' short-term and long-term strategies (Al-Madhoun and Analoui, 2004). Competence is considered an important factor affecting the efficiency in the work of individuals and organizations. Cockerill (1989) argues that managerial effectiveness is more related to the competencies of the managers than their position and authority in the organization. Because managerial effectiveness depends on the experience, knowledge, attitudes, and skills they perform in their work (Finn, 1993).

Identifying the dimensions of competencies that are linked to effectiveness has been attempted in the existing mainstream management literature from a multitude of perspectives (Fraser and Zhu, 2008). The relationship between competencies and effectiveness is demonstrated empirically in several studies (e.g., Posner and Kouzes, 1988; Heinsman, 2008; Renu, 2015). Posner and Kouzes (1988) examine relationships between leader practices and managerial effectiveness in order to establish the validity of a leader practices inventory. Analyses points out that nearly 55% of the variance in effectiveness is explained for by competency domains. Heinsman (2008) provides insights in the importance of the separate competencies for predicting effectiveness. The study shows that, overall, competencies are indeed related to perceived managerial effectiveness and explain 62% of the variance. Furthermore, her results show that in the eyes of subordinates, peers and supervisors, different competencies are considered as predictors of perceived managerial effectiveness. Managerial effectiveness is measured, in her study, as perceived by the raters. It would therefore be interesting to study the value of different competencies per rater source in predicting objective managerial effectiveness. Renu (2015) conducts a study on this relationship for middle and first-line managers of the Fortune 500 companies trading consumer good products to verify the relationship between the competencies and managerial effectiveness at the individual level. The results show that there was a positive relationship between the competencies and the effectiveness of managers at different levels in the organization. This helps provide suggestions for managers to use the competency-based management to improve the individual effectiveness.

Studies in Vietnam focus on competencies of top managers (Le, 2012; Tran, 2011; Mai and Ta, 2014) but have not paid much attention to middle managers, especially for typical positions

as sales managers. Besides, the studies examined the relationship between competencies and effectiveness at organizational level (such as business effectiveness). There is lack of studies testing the relationship at individual level. Doan (2016) focuses on the emotional competence of middle managers in Vietnamese commercial banks. The paper examines the relationship between the emotional competence of middle managers and job satisfaction, organizational behavior.

In practice, competencies are often used to distinguish effective from ineffective managers (e.g., Borman and Brush, 1993). Still, few studies examined how competencies predict an independent criterion like managerial effectiveness (Atkins and Wood, 2002), especially for sales managers. Although a direct link between competencies and effectiveness is assumed, relatively little research has been conducted to verify exactly which competencies are related to effectiveness (Heinsman, 2008). Thus, the study aims to address the research gap in the literature.

3. Research framework

3.1 Conceptual model

Based on theory and empirical research, there is the existence of the relationship between competencies and managerial effectiveness, and competencies can be considered as variables affecting managerial effectiveness. Therefore, the article proposes research model to test the relationship between the competencies of sales manager and managerial effectiveness. The research model is proposed as follows:

In the research model, the author identified three independent variables (including management competence, technical competence, self-management competence) (Pablo, 2006; Murale and Preetha, 2011; Muthuveloo *et al.*, 2017) and one dependent variable as managerial effectiveness (Leslie, 2002; Deeter-Schmelz *et al.*, 2002). From the research model developed, the research hypotheses are presented as below.

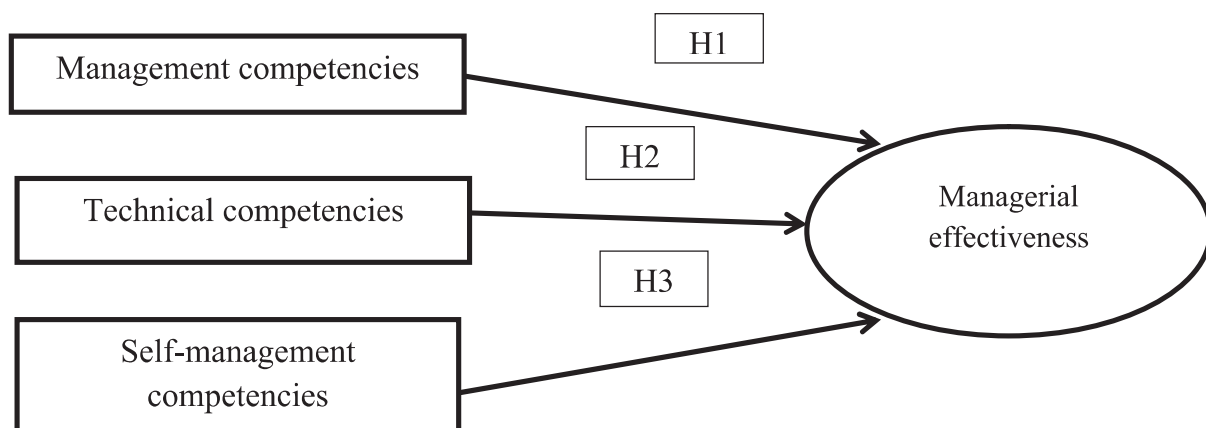


Figure 1. Proposed research model

Source: Author proposed

3.2 Hypothesis development

Currently, large companies in the world are increasingly investing to find suitable managers and developing a career roadmap for these positions by their influence on business results of the organization (Noe *et al.*, 2017). Employers try to attract good managers, develop them into potential individuals and work more effectively. Some studies focus the relationship between management competencies and managerial effectiveness to clarify what kind of competencies helps to deliver his/her role effectively irrespective of his or her functional area (Noe *et al.*, 2017).

According to Pablo (2006), management competencies are “sets of knowledge, skills, behaviours, and attitudes that a person needs to be effective in a wide range of managerial jobs and various types of organisations”. Management competencies lead to the demonstration of skills and abilities, which result in effective performance within an occupational area and also contribute significantly to career success (Lucia and Lepsinger, 1999). Leslie (2002) analyzes the impact of personality, management competencies, experience, and management roles in the global environment on the managerial effectiveness of managers. Research results showed that management competencies and managerial role have a strong influence on effectiveness. Lee (2010) points out that the respondents are subordinates who believe that management competencies has more influence on managerial effectiveness than those assessed as peers and superiors. The superior assessed that management competencies only strongly affects managerial effectiveness when the goal of managerial effectiveness is towards results/ achievements. Murale and Preetha (2011) test the relationship between management competencies and effectiveness of middle managers. Findings indicated that management competencies have a positive influence on effectiveness of managers, in which leadership and responsiveness with the most significant affect. Based on the above judgments on the relationship between management competencies and managerial effectiveness, the following hypothesis is proposed:

H1: Management competence is positively related to managerial effectiveness.

Technical skill lies *in the understanding or proficiency in specific activities that require the use of specialized tools, methods, processes, procedures, techniques, or knowledge* (Shehu and Akintoye, 2008). Frequently, individuals are promoted to managerial positions because they have shown some level of technical competency in their respective field (Hill, 2003; Byrd *et al.*, 2004). According to Katz (1955) technical skill primarily meant working with things not people. For example, operating a computer, conducting a sales presentation, and demonstrating the use of a drill press are technical skills required to perform some specialized tasks. The reason managers, especially the entry to middle level ones must have technical skill is that this skill allows the managers to train, direct, and evaluate subordinates in performing specific tasks. Muthuveloo *et al.* (2017) conduct a verification of the relationship between technical competence and managerial effectiveness for middle managers at Malaysian manufacturing enterprises as perceived by subordinates. The results showed technical competencies were an important basis for managers to get promoted in their work because

it will support the team and division get the job done with great efficiency. This relationship was also verified in the research of Rajadhyaksha (2005) when conducting surveys with 250 managers in car manufacturing enterprises in India. The results identified that when managers have good professional qualifications, they will receive the respect of their employees, be highly specialized in their knowledge, skills and this has an important impact on managerial effectiveness. Thus, according to those mentioned above, it is, therefore, hypothesized that:

H2: Technical competence is positively related to managerial effectiveness.

In a business environment, managers should be able to develop goals and opportunities for themselves to gain resources to help them adapt to the work environment (Symington, 2012). Ross (2014) suggests that if managers can manage themselves, they will be able to lead and manage others. Daft *et al.* (2015) argue that self-management competencies are efforts of individuals to manage their actions and decisions through assessing how to implement spend to solve the problems; as well as finding new resources to adapt to the work environment. For example, self-management competencies are behaved as complying with their principles which can help the individual reduce unwanted behaviors, and focus beneficial behaviors to achieve goals (Marques and Curral, 2012).

Self-management competencies can improve work performance (Renn *et al.*, 2011). These competencies will aid the person to realize what is the most efficient way for them to get things done. If the person is unaware of how they should complete their work tasks in order to be as efficient as possible, this usually leads to nonperformance (Drucker, 1999). Putting in extra hours of work when incapable of completing their work in time will backfire at some point; there will be exhaustion, disengagement and burnouts (Schwartz and McCarthy, 2007). Because of this, when an employee notices that they are not able to keep up with deadlines and other criterion of the work, they should concentrate on improving their self-management competencies rather than doing overtime work every day. Sales managers have to not only complete their work but also lead their team to accomplish personal, group and division's goals. Self-management competencies will help the managers to complete the assigned tasks more effectively, lead their teams and departments well and thus the ability to complete on time and excel at work will be higher (DeJanasz *et al.*, 2012). Therefore, inferring from the literature and the empirical evidence above, it is hypothesized that:

H3: Self-management competence is positively related to managerial effectiveness.

4. Methodology

4.1 Population and sample

The study used a multi-perspective approach of raters to examine the importance of competencies and effectiveness. Empirical studies have revealed that a combination of supervisor, peer, subordinate and self-evaluations produces a better balance of reliability, (incremental) validity and accuracy (James, 2003); and a more comprehensive picture of performance (Fletcher and Baldry, 1999). A self-report questionnaire was sent to sales

managers (with the job title as Head/Deputy Head of Corporate Banking Division, Retail Division, SMEs Division; branch manager), and other stakeholders (such as senior managers, peers and subordinates who worked and collaborated with this position).

In this paper, a survey was conducted in 11 Vietnamese commercial banks operating in Hanoi via direct and online forms (including 94 respondents collected directly and 40 respondents via Google forms). Among 11 banks participating in the survey, there are seven banks in the top 10 reputable Vietnamese commercial banks (Vietnam Report, 2018), and in the top 10 commercial banks accounting for 80% of the labor force in the banking sector in a total of 20 listed commercial banks (Economy and Consumption, 2017). There were 134 valid questionnaires for the analysis. The results of questionnaires collected at 11 banks can be represented as follows:

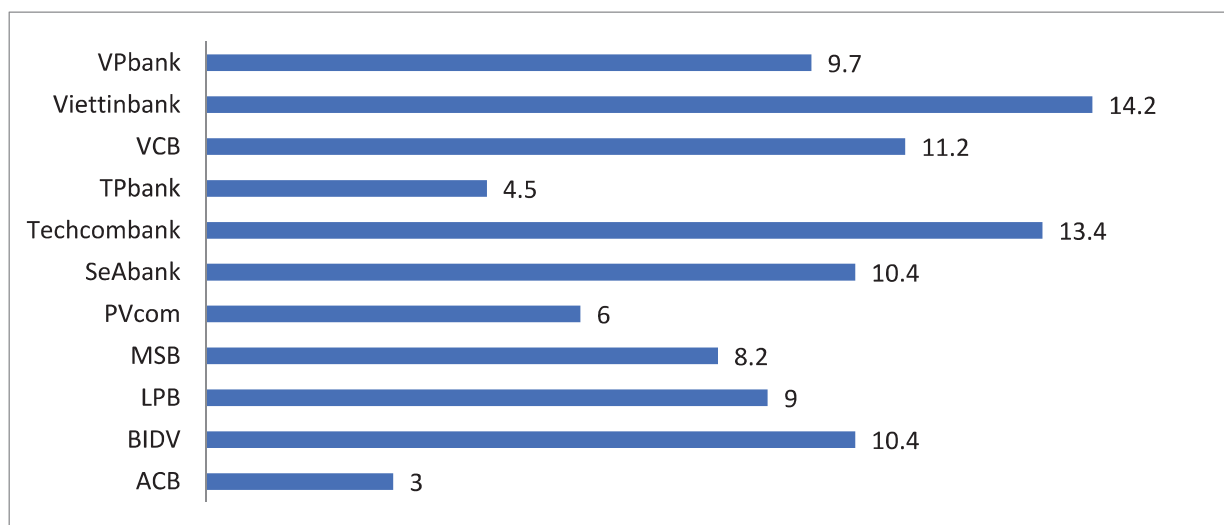


Figure 2. Percentage of survey questionnaires collected (Unit: %)

Source: Survey results of author, 2019

4.2 Demographic profile of the respondents

The survey participants included sales managers (21.6%) and related parties in the job with this position including direct supervisors (14.2%), peers (14.2%) and subordinates (50%). Regarding characteristics of the participants, 56% were female and 44% were male. The age of the participants was young. The age group from 21-40 years old accounted for a large proportion of 81.3%. Only 18.7% of the participants were over 41 years old. With a relatively young age, the number of participants with less than 5 years of experience accounts for 45.5%, and the rest number of participants is over 6 years of experience. The statistical results show that the education level of the staff at Vietnamese commercial banks in the sample is high. The percentage of bachelor degree is 71.6% and the percentage of master degree is 28.4%.

Table 1. Demographic profile of the respondents (n=134)

| Variables | | Percentage (%) |
|---------------------|------------------|----------------|
| Respondents | Sales managers | 21.6 |
| | Supervisors | 14.2 |
| | Peers | 14.2 |
| | Subordinates | 50 |
| Gender | Male | 44 |
| | Female | 56 |
| Age | < 21 years old | 0 |
| | 21-30 years old | 29.1 |
| | 31- 40 years old | 52.2 |
| | 41- 50 years old | 18.7 |
| Working experiences | < 5 years | 45.5 |
| | 6- 10 years | 35.8 |
| | >10 years | 18.7 |
| Education | Bachelor | 71.6 |
| | Master | 28.4 |

Source: The result of author's survey

4.3 Measures

Scales of management competence. Until the time of the study, there has been no research on management competencies for sales managers in commercial banks in the Vietnamese context. The scales of management competence of sales managers have been modified from previous studies to adjust and add a number of definitions that explain competencies to fit with the context. Management competence of sales managers includes four items that were conducted by Leslie (2002), Murale and Preetha (2011), Busch (2012), Le and Do (2017) including (1) *competencies for planning and execution*, (2) *teamwork management competencies*, (3) *problem solving competencies*, (4) *business acumen competencies*.

Scales of technical competence. To clarify scales for the technical competence, the author inherited a scale based on studies by Favia (2010), Busch (2012), Herbison (2013), Manasi (2014). Besides, the author based on the study on competencies sales managers in B2B enterprises in Vietnam (Pham, 2015) and the research about the skills of middle managers in non-state enterprises in Vietnam (Le and Do, 2017) adjust and supplemented the scales of technical competence to fit with the Vietnamese context. The scales of technical competence include as: (1) *Job-specific knowledge and professional skills*; (2) *Business environment and industries knowledge*; (3) *Achievement orientation*; (4) *Customer orientation*.

Scales of self-management competence. Scales of self-management competence are modified from authors by Leslie (2002), Kim and Hong (2005), Herbison (2013), Le and Do (2017). The self-management competence of managers in the above studies have in common in terms of 5 items such as (1) *Integrity*; (2) *Innovation and creation*; (3) *Stress-management*; (4) *Time management*; (5) *Continuous learning*.

Scales of managerial effectiveness. Deeter-Schmelz *et al.* (2002) argue that executives demonstrate effectiveness as they are able to inspire and motivate employees to love work. Because then managers can promote the work efforts of employees and positive working psychology. Managerial effectiveness is also reflected in the ability to cooperate with peers and subordinates through effective communication skills because then they can convey the exact expectations required for their subordinates. In addition, the managerial effectiveness of sales managers is reflected in the ability to train and develop teams to improve sales skills of groups/ agents. Good team training will help team members get timely feedback to improve work efficiency, thereby maintaining and developing customer relationships. Leslie (2002) argues that proactive and independent work is a necessary requirement to increase managerial effectiveness as they will be confident and stable when faced with difficult problems. In addition, the achievement orientation is also essential for managers, helping them achieve the expectations and goals of the position to undertake and achieve the organization's goals.

Therefore, the scales of managerial effectiveness were based on research by Leslie (2002) and Deeter-Schmelz *et al.* (2002). These two studies focus on clarifying the managerial effectiveness of middle managers with 5 items: (1) *Employee motivation*, (2) *Ability cooperating with colleagues and subordinates*, (3) *Ability to train and develop team*, (4) *Initiative ability in work* and (5) *Achievement orientation*.

4.4 Data collection

Data were collected from a two-part questionnaire. Part 1 assesses the importance of competencies and effectiveness of sales managers in commercial banks. Part 2 collects the demographics of respondents. The questionnaire is designed with 18 questions including management competence (4 items), technical competence (4 items), and self-management competence (5 items) and managerial effectiveness (5 items). To assess the importance of competencies and effectiveness of sales managers in Vietnamese commercial banks, the author uses Likert scale of 5 levels: 1 - Absolutely not important, 2 - Not yet really important, 3 - Relatively important, 4 - Important, 5 - Very important.

4.5 Data analysis

- *Methods of qualitative data analysis*

Expert method: The research conducted interviews with experts in the human resource management including specialized personnel managers and business management consultants, to evaluate the competencies whether they are appropriate. Expert's knowledge and experience

will help to identify the component of sales manager's competencies. Besides, the study also conducted interviews with sales managers who have been working at Vietnamese commercial banks to shortlist the competencies that are necessary for sales managers.

- *Methods of quantitative data analysis*

Descriptive statistics are used to describe the basic characteristics of data collected from empirical research. The frequency statistics are applied to describe the properties of the survey sample group by region, type of enterprise and the personal characteristics of sales managers.

- *Cronbach's Alpha coefficient* is used to assess reliability (internal consistency) of competencies and effectiveness scales. Cronbach Alpha coefficients are to test statistics on the reliability and correlation between observed variables in the scale.

- *Exploratory factor analysis (EFA)* is to analyze whether the components of managerial competencies have high adhesiveness and they can be grouped as originally planned groups

- *Regression analysis* is a powerful statistical method that allows examining the relationship between competencies and effectiveness of sales managers. By performing a regression analysis on this survey data, the study can determine whether or not these variables have impacted overall effectiveness, and to what extent. This information then provides about which elements of the competencies significantly impact on managerial effectiveness and where the managers need to focus attention to competencies improve effectiveness in the future.

5. Research findings

5.1 Validation of competencies and managerial effectiveness scales of sales managers

The development of the scales is carried out in a standard two-step process to check the validity and reliability of factors including Cronbach's Alpha coefficient and EFA analysis. The results of Cronbach's Alpha value for competencies and effectiveness scales have been over 0.7 (see Table 2). This confirms that the competencies and effectiveness' scales are appropriate and reliable. Therefore, all observed variables can be used in the next step of EFA analysis. The EFA analysis result for independent variables realizes that the number of factors extracted is three including self-management competence (BT), technical competence (CM), and management competence (QL). The result of KMO test is 0.860 (> 0.5) and Bartlett testing has statistical significance (Sig < 0.05). Thus, conditions for conducting EFA analysis are ensured (Table 2). The convergent value of the measured variables is acceptable through a total variance extracted of 77.803% (> 50%). It means that three factors explain 77.803% of the observed variables and all factor loadings are above 0.5. Thus, the scales of sales managers' competencies in Vietnamese commercial banks are built by three sub-scales with 13 items.

5.2 Multiple regression analysis of competencies on managerial effectiveness

To test the relationship between competencies (including self-management, technical and management competencies) and managerial effectiveness, the study applied the multiple

Table 2. Validation of competencies and managerial effectiveness scales

| Competencies | Factors | | | Cronbach Alpha |
|-------------------------------------|-----------------------------------|-----------------------------|------------------------------|----------------|
| | Self-management competencies (BT) | Technical competencies (CM) | Management competencies (QL) | |
| BT6 | 0.877 | | | 0.925 |
| BT3 | 0.838 | | | |
| BT2 | 0.830 | | | |
| BT5 | 0.829 | | | |
| BT1 | 0.818 | | | |
| CM5 | | 0.872 | | |
| CM4 | | 0.860 | | |
| CM1 | | 0.851 | | |
| CM2 | | 0.819 | | |
| QL2 | | | 0.857 | 0.890 |
| QL3 | | | 0.832 | |
| QL6 | | | 0.817 | |
| QL7 | | | 0.733 | |
| Managerial effectiveness (HQ) | | | | 0.855 |
| KMO Measure of sampling adequacy | | | | 0.860 |
| Bartlett's test of sphericity: | | | | |
| Approx. Chi-Square: | | | | 1244.272 |
| | | df | | 78 |
| | | Sig | | 0.000 |
| Extraction sums of squared loadings | | | | 77.803% |

Source: Calculated by the author

Table 3. Pearson correlations between competencies and managerial effectiveness

| Pearson correlations coefficient | Managerial effectiveness (HQ) |
|----------------------------------|-------------------------------|
| Management competence (QL) | 0.472** |
| Technical competence (CM) | 0.264** |
| Self-management competence (BT) | 0.392** |

Note: **. Correlation is significant at the 0.01 level (2-tailed)

Source: Calculated by the author

Table 4. Multiple regression analysis for competencies on managerial effectiveness

| Independent variables | Beta | Sig. | R | Adjusted R | Collinearity | |
|---------------------------------|-------|-------|-------|------------|--------------|-----------|
| | | | 0.532 | square | Statistics | Tolerance |
| Management competence (QL) | 0.346 | 0.000 | | 0.266 | 0.746 | 1.341 |
| Technical competence (CM) | 0.167 | 0.030 | | | 0.957 | 1.044 |
| Self-management competence (BT) | 0.193 | 0.026 | | | 0.750 | 1.333 |

Note: Dependent variable: Managerial effectiveness (HQ)

Source: Calculated by the author

regression analysis. Table 3 reveals that all of the three competencies of sales managers in the study have significant correlation with managerial effectiveness. Utilizing the Pearson Correlation Coefficient, the results show the correlation values of 0.472; 0.264 and 0.392, respectively.

The contribution of each of the competencies domains to managerial effectiveness was analyzed, employing a multiple regression analysis in testing the variables. Results from the analysis are stated in Table 4.

The multiple regression analysis is to predict the value of managerial effectiveness based on the value of three independent variables (Table 4).

The contribution of competencies to managerial effectiveness is presented by beta value. It reveals that all competencies positively impact on managerial effectiveness (as shown in Table 4). The one with the highest contribution is management competence ($\beta = 0.346$), whereas technical competence is the lowest ($\beta = 0.167$) and self-management competence is moderate ($\beta = 0.193$).

6. Discussion of the empirical results and contribution

6.1 Discussion of the empirical results

The results of the study have shown that management competence has the most important impacts on managerial effectiveness of sales managers in Vietnamese commercial banks. Hypothesis H1 is supported because management competence is presented by effective and efficient time, cost and resource management. It helps managers allocate and use time appropriately, mobilize the support from different units, and arrange concentrated forces to perform the assigned tasks (Stephen and Marry, 2012). Thus, it enhances managerial effectiveness of sales managers in the banks.

The self-management competence is the second important factor which impacts on managerial effectiveness of sales managers. Hypothesis H3 is accepted and the empirical results show that the competence gives managers the ability to set their own goals, and make plans to achieve them (Mullins, 2013). The competence has the potential to contribute greatly to the success of managers at work and, thereby, promotes the business results of the organization (Strydom *et al.*, 2015).

The finding of studies shows that technical competence also plays an important role in improving managerial effectiveness. Hypothesis H2 is examined and consistent with previous studies (Boyatzis, 1982; Ping and Kebao, 2010). Boyatzis (1982) considers that technical knowledge is a fundamental competence for any manager. Good managers often have more expertise than poor managers. Drucker (1999) also states that organizations only could compete, survive and develop when they had experts with good knowledge and expertise in business. Banking is a customer service industry; therefore sales managers must understand their customers' needs in order to design and develop products and services that meet those needs (Ping and Kebao, 2010).

6.2 Contribution of the research

First, the study makes contribution on identifying the construct of sales manager competencies. Sales manager competencies construct includes management, technical and self-management competencies.

Second, the finding shows that the sales manager competencies construct has significant impact on managerial effectiveness. The result suggests that management competence is important and insightful in examining effectiveness of sales managers as it is supported by the previous studies (Analoui, 1999; Nwokah and Ahiauzu, 2008; Analoui *et al.*, 2010). Thus, companies invest heavily in searching for the right people to fill managerial positions and in subsequent development of managers since they influence business results. Prospective employers try to hire new effective managers and develop their current managers to be more effective. The findings also give the guideline to managers to pay more attention to improving the management competencies to enhance effectiveness.

The results show that technical competence affects managerial effectiveness which consistent with previous studies of Tonidandel *et al.* (2012) and Hysong (2000). Technical skill lies in the understanding or proficiency in specific activities that require the use of specialized tools, methods, processes, procedures, techniques, or knowledge (Shehu and Akintoye, 2011). It means that high level of expertise will help managers to grasp and solve problems faster. It also provides a comprehensive and accurate solution to support employees at the lower level. Moreover, banking is a service industry, involving financial transaction services, circulation and monetary operations, so the banking sector's human resources, especially sales managers have a deep understanding of banking and finance industry, banking products and services. Because when equipped with good professional knowledge, sales managers can advise customers and help customers make appropriate product/ service choices.

The finding clarifies that self-management competence has a positive influence on the managerial effectiveness of sales managers. The competence is essential for any manager, because they enable them to establish their own goals and plan to achieve that goal (Mullins, 2013). It is useful in enhancing the desirable behavior of managers at workplace, and controlling the undesirable behavior which may arise from impulses, innate habits and behavior learned due to upbringing. The competence is able to contribute greatly to the success of managers in the work environment and, thereby, promote the business performance of the organization (Strydom *et al.*, 2015).

7. Conclusions

The results of research indicate that variables of management, self-management, and technical competencies simultaneously positively influence on managerial effectiveness of sales managers in commercial banking sector in Vietnam. The most significant competency is management that is most critical in improving managerial effectiveness. The study also demonstrates that sales managers in banking sector also need self-management and technical competencies to enhance effectiveness. All competencies should be trained and developed so that they enhance sales manager's effectiveness at banks.

Limitations. The survey in this study was conducted at a single point in time. In view of the significant difficulties experienced in Vietnam during the conduct of this study, there is the risk of potential distortion of the responses because respondents may have view their world and reality only in the light of whatever seemed important to them at that specific time. This limitation could be overcome by conducting longitudinal studies in the future (Barnes, 2002). Besides, this model includes three factors and 13 items with 134 samples. For better results, an increase in the sample size is desired. Hair *et al.* (2010) affirm that sample size must be 10x of entire items in the questionnaire, which would enhance the generalization of the findings to sales manager's competencies in commercial banks.

Future research. Further studies should investigate the fitness of the model by using the structural equation model (SEM) to employ qualitative methods to allow for in-depth investigation of the impact of competencies on managerial effectiveness through moderator effect of organizational environment in banking sector.

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