How do managerial competency and self-efficacy affect performance of university leaders?

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Abstract

This study investigates the connections between managerial competency, self-efficacy and performance of university leaders. The study adopted a quantitative approach through survey instruments design and the population of the study was the leaders of public sector universities of Punjab, Pakistan. Data collection was made through questionnaires, and the constructs used were adapted from prior research and already tested for reliability. The proposed structural equation model was assessed with Partial Least Squares (PLS) techniques. Results indicated support for the theoretical model that was considered. The findings suggest that managerial competency and self efficacy is associated with performance.

Keywords: managerial competency, self efficacy, performance, university leaders

Introduction

In the higher education system, tertiary institutions perform a vital job in educating the high-level professionals, specialists, researchers and scientists, required by the country and in creating latest information and know-how in favour of national innovation systems (World Bank, 2002). Within this situation, an ever more vital concern of many governments is to make certain that their universities are actually working at the most advanced stage of scientific and intellectual development. World class University is a requirement of today. The present higher learning system of Pakistan could be explained as ‘non market framed’. Education Policy (1998-2010) claims, “The entire thrust of Pakistani regulatory interventions and government policies not gearing universities to market requirements and market principles”. There have appeared fresh challenges raised by internationalization, liberalization and internationalization of universities. These have carried with them various requirements, approaches and dimensions to the leaders of universities (Akhtar & Kalsoom, 2012).

Leadership is one of the key factors affecting university’s performance (File & Shibeshi, 2011). While there are several research studies associated with the issue of leadership in institutions of higher education, to date research studies have not sufficiently studied specific predictors of leadership effectiveness in such institutions (Al-Shuaiby, 2009). There is a huge body of research related to leadership and job performance of middle managers in business; however, similar studies of leadership behaviour and academic performance in (HEIs) are missing (Almayali & Bin Ahmad, 2012).
After considerable analysis of the research, the scholars were concerned in finding out the degree to which leadership capabilities of university leaders can be anticipated by a blend of constructs including their leadership styles, competencies as well as roles to be an important aspect in leadership efficacy (Daugherty & Finch, 1997; Rosser et al., 2003; Eagly et al., 2003; Billing & Alvesson, 1994; Thorp et al., 1998; Eagly et al., 1992; Moss & Jensrud, 1995). However, there is a paucity of research linked with leadership styles, and professional and personal characteristics of university leaders as predictors of their leadership effectiveness.

In view of the transformation that has happened in higher education, university leaders must perform not only in their scholastic capability but also as managers. Brown (2001) suggests that effective leaders have to build both managerial and leadership traits and behavior. Yang (2003) considers that it is essential to counterbalance the new demands on the position of university leaders with an extent of managerial competence. As per Aziz et al (2005), efficacy in management competencies will eventually lead to effective and successful task achievement. Current studies on university leadership propose that in the case of apex research institutes, the top performing universities have leaders who unite good managerial competence and a thriving research profession (Goodall, 2006). As per Iversen (2000) “it is rational to conclude that there are some managerial competencies that are causally linked to effective and/or superior performance in a job”.

In current years, research on managerial competency and competency modeling has secured more and more interest and attention (Qiao & Wang, 2009). But here is so far little empirical support that competencies are positively linked to human performance (Spreitzer et al., 1997; Russell, 2001; Goldstein et al., 2001). Studies also say that the debate of competencies in the entrepreneurial research is in its initial phases (Brinckmann, 2008). Particularly competency literature in higher education is scarce and somewhat underdeveloped (Martinez, 2008).

The challenges experiencing the Pakistani universities at the beginning of the twenty first century have straight inferences for its leaders. There have appeared new challenges raised by internationalization, globalization, and liberalization of universities. These have brought with them various requirements, approaches and dimensions to the university leaders (Akhtar & Kalsoom, 2012). So in order to meet all these challenges a strong sense of efficacy is compulsory to thrive and sustain in front of all organizational challenges. Bandura (2001) supports the significance of self-efficacy in leadership situation by saying, “When faced with obstacles or setbacks…those with a strong belief in their capabilities will redouble their efforts to master the challenge”. Superior levels of self-efficacy offer the inner guidance and thrust to form the agency required to pursue challenging opportunities and tasks effectively (Shamir et al., 1993; Mischel and Shoda, 1998; Lord and Brown, 2004;
Aside from this there is a growing prominence on the role of self-efficacy in the field of entrepreneurship, involving areas such as intentionality, entrepreneurial career preferences and performance (Boyd and Vozikis 1994; Chandler and Jansen 1992; Gartner 1989; Krueger and Brazeal 1994; Scherer et al. 1989). From the above discussion it may be articulated that in today’s dynamic environment as a predictor of performance there is an immense need of self efficacy in university leader’s behavior to meet and respond all the challenges. Although studies showed the relation between leaders self efficacy and performance, but research states, even though leaders self-efficacy looks to be a promising construct for understanding their behavior and motivation, it has been comparatively unstudied (Tschannen-Moran & Gareis, 2007). Also the literature of self efficacy in the combination of university leader’s performance specifically in the field of tertiary education institutions of Pakistan is sparse and somewhat unstudied.

Administrators and scholars alike talk about a big leadership catastrophe in tertiary education. Extensive studies have been concentrated on the jobs of chancellors, presidents and deans, and have discovered the leadership catastrophe by higher learning institutions (Coats, 2000). The search for solutions to this leadership issue directs us to understand that university leader development is the least researched and most misunderstood management procedure (Gmelch, 2013). One of the most obvious deficiencies in the leadership development field is the lack of sound research on how to develop and train leaders (Conger & Benjamin, 1999). (Gmelch, 2013)

**Literature Review**

**Performance**

Job performance is questionably one of the most significant dependent variables of interest to businesses, educators, the society and government. Businesses and researchers are just now reaching agreement on widespread conceptualizations and definitions of individual level job performance. The presence of a seamless relation between broader organizational goals and individual performance is a vital supposition that underlies a systems approach to performance management (Wholey & Hatry, 1992; Behn, 1995; Pollitt & Bouckaert, 2000; Hood, 1991, 1995; Osborne & Gaebler, 1993). In high-performing businesses, every person is assessed according to his or her performance. If assessed correctly both the organization and the persons within it will be affected positively (Alam et al., 2010).

The acceptance of individual performance management in higher learning institutions is studied at the position of the dean, deputy dean, academic director and the heads of department who have a chief liability for managing the performance of their unit of institution, and therefore the performance of individual teachers and department associates (Meek et al, 2000). Growing rivalry for public funds and burden of greater liability were said to be basis for

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the use of performance indicators in higher education (see e.g. Lewis et al. 2001; Sorlin, 2007; Sukboonyasatit et al. 2011). Al-Shuaiby (2009) mentioned that various researches have also been carried out by a number of scholars on a variety of issues linked to leadership effectiveness in HEIs.

In the procedure of assessing any individual performances, the most significant issue is to make out a set of suitable criteria. This study specifically focused on certain predictors of leadership effectiveness of the university leaders serving in public sector universities of Punjab, Pakistan.

Managerial Competency

It’s perhaps safe to say that majority would agree that there are (at least) two important roles that are significant to the success of any business – leading and managing. The two roles are, realistically speaking, indivisible. Conceptually and theoretically, they can be distinguished. They can be researched, to some level, individually. But in actuality, they exist within, and are experienced by single persons. Institutions require both functions in order to succeed (Kent, 2005). Brown (2001) suggests that successful leaders have to develop both leadership and managerial traits and behavior.

In current years, researches on managerial competency and competency modeling have scored increasingly attention and interest (Qiao & Wang, 2009). Scholars put efforts to investigate the role of competencies with varied organizational results (Boyatzis, 1982; Cripe & Mansfield, 2002; Goleman, Boyatzis, and McKee, 2002). Scholars are also attempting to build competency modeling for organizations (Wickramasinghe & De Zoyza, 2009; Fortier, 2009; Sanchez & Levine, 2009; Qiao & Wang, 2009; Tahir & Abu Bakar, 2010; Chong, 2013). Competency theory is grounded on studying effective leaders, breaking down their skills, attitudes and behaviors into quantifiable aspects, and seeking ways of bringing them together in order to produce humans who show greater performance (Mitchelmore & Rowley, 2010).

As per Yang (2003), institutions of higher education required to embrace the marketplace, become customer focused, and work as full business venture in order to endure in the worldwide competitive surroundings. In view of the transformations that have taken place in higher education, Yang (2003) considers that it is compulsory to equal the new demands on the role of university leaders with an extent of managerial skills.

Self Efficacy

Self efficacy has a considerable affect on effort, adaptability, goal-setting, persistence and level of aspiration (Bandura, 1986; Gist and Mitchell, 1992). These beliefs influence the growth of useful leadership strategies, and the skillful implementation of those strategies (McCormick, 2001). Bandura (2001) supports the significance of self-efficacy in leadership setting by saying, “When faced with obstacles or setbacks…those with a strong belief in their capabilities will redouble their efforts to master the challenge”.

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McCormick (2001) proposes that one of the most often documented findings in leadership research is the association among a leader self-confidence and effective leadership in just about any organizational situation. There have been broad debates of self-efficacy and its implications for entrepreneurship and management (Wood and Bandura 1989; Boyd and Vozikis 1994; Gist 1987). There is a growing importance on the role of self-efficacy in the research of entrepreneurship comprising performance (Scherer et al. 1989; Krueger and Brazeal 1994; Gartner 1989; Chandler & Jansen 1992; Boyd and Vozikis 1994).

Efficacious educational leaders have traits that let them to be more determined in chasing goals. But, efficacious leaders are also realistic in the sense that they adapt their strategies to the current situation so that they do not misuse time attempting ineffective strategies (Osterman & Sullivan, 1996). When tackling with problems, efficacious leaders infer failure as a lack of effort, or use of an inaccurate strategy rather than a lack of ability. Leaders with higher levels of self-efficacy believe that by changing their strategy or doubling their efforts, they will achieve goals and realize victory (Versland, 2009).

The relationship between managerial competencies, self-efficacy and job performance of university leaders

Current studies on university leadership propose that in the case of apex research institutes, the top performing universities have leaders who unite good managerial competence and a thriving research profession (Goodall, 2006). As per Iversen (2000) “it is rational to conclude that there are some managerial competencies that are causally linked to effective and/or superior performance in a job”. In current years, research on managerial competency and competency modeling has secured more and more interest and attention (Qiao & Wang, 2009). But here is so far little empirical support that competencies are positively linked to human performance (Spreitzer et al., 1997; Russell, 2001; Goldstein et al., 2001). Studies also say that the debate of competencies in the entrepreneurial research is in its initial phases (Brinckmann, 2008). Particularly competency literature in higher education is scarce and somewhat underdeveloped (Martinez, 2008). So the following hypothesis can be concluded on the basis of above argument.

H1: There is a significant relationship between Managerial competency and performance of University Leaders.

Bandura (1997) reviewed almost two thousand published researches investigating the function of self-efficacy views in an array of performance areas. Eden (1992) explained that leadership was the method through which managers elevated performance expectancy and increased self-efficacy which, in turn, enhanced performance. Numerous researches have confirmed the significance of self-efficacy for enhancing performance in the organizational framework (Gist and Mitchell, 1992). In a wide literature review on self-efficacy, Bandura and Locke (2003) deduced that self-efficacy is a dominant predictor of job performance. An assessment of the pertinent self-efficacy and leadership literatures presented in validating the argument that leader’s
higher self-efficacy beliefs play a role towards leadership performance (McCormick et al., 2002). In the Judge and Bono (2001) meta-analysis, self-efficacy had the second powerful connection with performance, second only to common mental capability. Bandura (1986) stated that persons with higher self-efficacy set higher performance objectives, and then develop and more competently perform effective job strategies than those low in self-efficacy. Hence, the following hypothesis can be derived on the basis of above discussion:

H2: There is a significant relationship between self efficacy and performance of University Leaders.

Theoretical Support

Social Cognitive Learning Theory

The central thought at the back of social cognitive viewpoint is that persons can self regulate motivation, thoughts and behaviours. Social cognitive learning theory proposes comprehensive causal structure that deals with the growth of competencies, learning and self efficacy in individuals and their affect on the regulation of their behaviours (performance).

Knowledge (competency) structures symbolizing the strategies, rules and models of successful action serve as cognitive guides for the building of difficult patterns of behavior (performance). These knowledge structures are produced from the behavior and styles of thinking that are modeled, from the results of verbal instruction, innovative cognitive syntheses of gained knowledge and exploratory actions. This very much applies to the leaders in universities because through their competencies they would be able to perform better in the face of extreme challenges in highly dynamic environment.

The most significant leader cognition is the person’s self-efficacy for the leadership job. Self-efficacy beliefs influence performance through two mediating mechanisms: task strategy development and individual motivation. The ability to practice self-influence by own challenge through evaluative reaction and goal setting to one’s own performances gives a key cognitive mechanism of self-directedness and motivation (Bandura, 1991; Locke & Latham, 1990). This very much applies to the leaders in universities because through their self-efficacy believes they are able to perform better in the face of extreme turmoil in highly unstable environment.

Methodology

The study adopted a quantitative approach through survey instruments design and the population of the study was the leaders of public sector universities of Punjab, Pakistan. Data collection was made through questionnaires, and the constructs used were adapted from prior research and already tested for reliability. The proposed structural equation model was assessed with Partial Least Squares (PLS) techniques.

Measurement Model Estimation

First the measurement model of all constructs was checked for reliability, convergent validity and discriminant
validity, prior to testing the hypothesized model. Table 1 shows the scores obtained from the analysis of the measurement model. Based on Table 1, it can be seen that all loadings were meeting the threshold suggested by Hair, Hult, Ringle and Sarstedt (2013). The average variance extracted (AVE) of all constructs exceeded 0.5 (Bagozzi & Yi, 1988) while the composite reliability scores (CR) were all higher than 0.7 (Hair et al., 2013). As such we can conclude that convergent validity is achieved.

Table 1. Measurement Model

<table>
<thead>
<tr>
<th>Construct</th>
<th>Item</th>
<th>Loadings</th>
<th>AVE</th>
<th>CR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Managerial Competency</td>
<td>MC1</td>
<td>0.792</td>
<td>0.512</td>
<td>0.862</td>
</tr>
<tr>
<td></td>
<td>MC10</td>
<td>0.650</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>MC2</td>
<td>0.693</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>MC3</td>
<td>0.771</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>MC4</td>
<td>0.636</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>MC5</td>
<td>0.736</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Performance</td>
<td>PF1</td>
<td>0.768</td>
<td>0.514</td>
<td>0.894</td>
</tr>
<tr>
<td></td>
<td>PF17</td>
<td>0.696</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>PF18</td>
<td>0.705</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>PF19</td>
<td>0.728</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>PF2</td>
<td>0.756</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>PF20</td>
<td>0.707</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>PF22</td>
<td>0.682</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>PF4</td>
<td>0.687</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Self Efficacy</td>
<td>SE1</td>
<td>0.855</td>
<td>0.570</td>
<td>0.888</td>
</tr>
<tr>
<td></td>
<td>SE2</td>
<td>0.823</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>SE3</td>
<td>0.751</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>SE4</td>
<td>0.672</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>SE5</td>
<td>0.727</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>SE7</td>
<td>0.685</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: AVE = Average Variance Extracted, CR = Composite Reliability

Table 2 shows the results for the discriminant validity test. As recommended by Fornell and Cha (1994) and Fornell and Larcker (1981), the AVE of each construct should be higher than the correlation between it and any other constructs of the model. As shown in Table 2, all constructs meet this criterion indicating the constructs have discriminant validity.
Table 2. Discriminant Validity

<table>
<thead>
<tr>
<th>Construct</th>
<th>MC</th>
<th>PF</th>
<th>SE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Managerial Competency (MC)</td>
<td>0.715</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Performance (PF)</td>
<td>0.681</td>
<td>0.717</td>
<td></td>
</tr>
<tr>
<td>Self Efficacy (SE)</td>
<td>0.620</td>
<td>0.711</td>
<td>0.755</td>
</tr>
</tbody>
</table>

Note: Values in the diagonal are AVEs while the off-diagonals are squared correlations.

Structural Model Estimation

To estimate the structural model, a bootstrapping procedure with 500 resamples was run to generate the t-values. Figure 1 and 2 presents the structural model while Table 3 presents the results of the hypothesis testing.

As shown in Figure 1 and Table 3, there is a positive relationship (β = 0.391, p< 0.01) between managerial competency and performance and self efficacy was also positively related (β = 0.468, p< 0.01) to performance both explaining 59.9% variance. Thus H1 and H2 were supported.

Figure 1. Structural Model

![Structural Model Diagram]

Table 3. Results of the hypothesis testing

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Relationship</th>
<th>Std Beta</th>
<th>Std Error</th>
<th>T-Value</th>
<th>Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>MC → PF</td>
<td>0.391</td>
<td>0.071</td>
<td>5.486**</td>
<td>Supported</td>
</tr>
<tr>
<td>H2</td>
<td>SE → PF</td>
<td>0.468</td>
<td>0.068</td>
<td>6.894**</td>
<td>Supported</td>
</tr>
</tbody>
</table>
**p < 0.01, *p < 0.05**

**Discussion**

The purpose of this study was to test the effect of managerial competency and self efficacy on performance of the university leaders of Punjab, Pakistan. Results from the PLS analysis revealed that all hypothesized relationships were supported. Managerial competency was found to have a positive impact on the performance of university leaders. This finding proved to be in line with the result of a study done by Visser’s (2009) and Iversen (2000) who concluded that there are managerial competencies that are causally related to effective and/or superior performance in a job. Also the self efficacy proved to have a positive effect on the performance of university leaders and the findings were in line with the results of the study done by (Bandura and Locke, 2003; McCormick et al., 2002; Judge and Bono, 2001) who deduced that self-efficacy is a dominant predictor of job performance, play a role towards leadership performance and had the second powerful connection with performance.

This study is very informative and of a significant value for policy-makers for many reasons. First, it revealed the importance of quality initiatives to the university leader’s performance which effect the overall organizational performance of higher education institutions in Punjab, Pakistan in particular and thus to the overall economy in general. Having emphasized that the higher education sector is the heart of the economy of any country and one of the effective drivers of the economic prosperity, therefore, the policy-makers should give more attention to the higher education institutions when planning for long term development process. Towards that end, policy makers can help university leaders to achieve high level of products and services quality and offer them the required training and consultation.

For future research, scope of this research can be enhanced towards the private sector universities. There could be a comparative study between public and private sector universities based on this research model. Moreover further predictors of university leader’s performance may be examine and rank according to their affect on performance.

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