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**International Journal in Multidisciplinary and  
Academic Research (SSIJMAR)**

**Vol. 5, No. 4, August 2016 (ISSN 2278 – 5973)**

**Main And Interaction Effects Of Community And Religion On Managerial  
Competencies**

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**Impact Factor = 3.133 (Scientific Journal Impact Factor Value for 2012 by Inno Space Scientific  
Journal Impact Factor)**

Global Impact Factor (2013)= 0.326 (By GIF)

**Indexing:**



## ABSTRACT

*The contribution of business entrepreneurs is phenomenal in the growth of modern economy. The success of a business depends on how best it is being managed, which in fact is a matter of who the entrepreneur is, and how he is made up of with different calibers to manage his business . Applying the competency approach, researchers have assumed that entrepreneurial competency is distributed among the entrepreneurs across different community and religious groups without empirically examining the case of socially and economically backward communities in the light of their religious affiliations. The current research addresses this gap through this paper. A survey was conducted among the practicing entrepreneurs in Chennai city. Employing MANOVA and post hoc tests, it was found that caste and religion of the respondents had main as well as interaction effects on the combined managerial competency of the entrepreneurs. The result suggests that the managerial competency differed significantly between entrepreneurs of backward and other castes. The post hoc test results suggest that systematic planning, communication ability and technical knowledge are found to have caused for the main and interaction effects. Further examination suggests that these three managerial competency attributes are found to be higher among other community Christian entrepreneurs compared to backward cast Hindus and Muslim entrepreneurs*

**Key words: Entrepreneur –caste-religion-managerial competency**

## Introduction

Managerial competency is one of the important competencies necessary for the entrepreneurs in order to carry on the business successfully. A number of factors contribute to the success of a business, but the greatest determinant for the success of a business is the entrepreneur himself / herself. It implies that the performance of a business, in a small and medium scale, is mainly determined by the attitudes, decisions and actions of the entrepreneur cum manager of a business organization. The structure of management put the entrepreneur-manager in the most important position in running the enterprise. The success and failure of the business, to a larger extent

depend on the entrepreneur-manager's competencies. Various studies on mortality, survival and growth of small enterprises have found that failures of small businesses are mainly due to poor entrepreneurship and management (Tolentino.A, 2000).

There are a few situations that businessman must deal with, and there is no doubt that not everyone can cope up with these situations. So people who start and run businesses need to know their own strengths and weaknesses, because "entrepreneurship involves the ability to build a 'founding team' with complementary skills and talents" (Timmons, 1994, p. 7). Further if the firm size expands and becomes more complex, the need for the advanced management practices tend to materialize increasingly, and therefore it was argued that the role of managerial competencies in firm's performance is contingent upon the growth of organizational development (Whitley, 1989). Such contingency also suggests an insignificant relationship between managerial activities and small firm success as the owner-managers of small firms rely more on their traditional skills and intuitiveness, rather on the managerial approaches, to deal with the daily operational problems (Jennings and Beaver, 1997).

Adequate capital and managerial competencies are indispensable for survival, but they are rarely sufficient in themselves to ensure it. They must be supplemented by other factors, such as motivation, hard work, persistence and flexibility. Pavett and Lau (1983) said that managerial role of an entrepreneur requires conceptual, interpersonal, and even political competence for execution of his assignments.

The underlying purpose of probing in to the managerial competency of an entrepreneur is to identify the characteristics of a good and effective entrepreneur-manager (Mintzberg, 1973) so that organizations can be successful. Based on McClelland (1973)'s work, Boyatzis (1982) developed a classification of managerial competencies and defined managerial competencies as underlying characteristics of a person which leads to his/her effective and/or superior performance in a job.

Managerial competencies are personal as well as task-oriented skills that are associated with effective management and leadership (Martin and Staines,1994) whereas management practices relate to the use of formalized methodologies and practices to ensure effective functioning of

company operations (Caglino and Spina, 2002). Managerial competencies are thus the business functional skills that have been playing an increasingly important role in the development of successful business firms.

All current researches that involve entrepreneurial competencies implicitly presume that entrepreneurs are different from non-entrepreneurs in terms of the competencies they possess (e.g. Huck and McEwen, 1991; Chandler and Jansen, 1992; Minet and Morris, 2000; Baum et al., 2001; Man et al., 2002; Sony and Iman, 2005). However, no one has empirically examined whether managerial competencies can discriminate between social group entrepreneurs, namely backward and other communities in the study area or not. This study and the present paper aims to address this gap.

In order to ascertain as to whether the entrepreneurs of socially-economically backward communities and entrepreneurs of other communities have the same managerial competency or not, the study has adopted eight managerial competency attributes identified by the researchers namely information seeking, systematic planning, problem solving, persuasion, goal setting & perseverance, communication ability, technical knowledge and social skills are compared between two community groups using Multivariate Analysis of Variance or simply called MANOVA.

### **Objective of the Study**

The study makes an attempt to find out the managerial dimension and resultant entrepreneurial competency among the entrepreneurs in the light of their caste and religion.

### **Methodology**

This study has empirically tested the nature of managerial competencies using primary data collected through the interview schedule. There were fourteen demographic independent variables as against eight managerial dependent attributes qualifying for entrepreneurial competencies. Each managerial competency attribute was tested in the light of *Likert's Five Point Scale* using 5 statements (dimensions) to elicit the respondents' opinion.

## Population and Sample Frame of the Study

The population of the present study included entrepreneurs in a few designated locations in Chennai city, which was selected on the basis of density of entrepreneurial population of the respective caste. There were 480 Scheduled Caste /Tribe (SC/ST), 614 Most Back ward Castes (MBC), 996 Other Backward Castes (OBC) and 369 Other Castes (OC) registered entrepreneurs aggregating to a population of 2459 entrepreneurs. Stratified random sampling technique was applied in identifying a sample of 344 entrepreneurs by using the sampling formula at 5 % significant level;

$$n = \frac{N}{1 + N (e)^2}$$

Where,

n = No of sample (344)

N = Total population (2459)

e = Significant level (5% or 0.05)

The interview schedule was administered by the researcher himself to all the 343 sample respondents. However only 211 respondents responded positively and others (132 respondents) did not respond for obvious reasons.

## Tools of Analysis

Two-way MANOVA was carried out in order to investigate whether the eight dependent managerial competency attributes, namely **information seeking, systematic planning, problem solving, persuasion, goal setting & perseverance, communication ability, technical knowledge and soft skills** differ between two community groups when they interact with the religion. A two-way design enables to examine the main (*the effect of independent variable on the dependent variables*) and interaction effects (*the effect of two or more independent factors on dependent variables*) of independent factors on dependent variables. Further, univariate test was conducted as a follow up of MANOVA. The Tukey's HSD test was also conducted as a post-hoc measure as the number of groups in the independent factor was more than two.

The examination of the multivariate analysis would reveal that 1 minus Wilks'  $\lambda$  ( Wilks' lambda ) demonstrates the amount of variance accounted for in the dependent managerial competency variables by the independent factors of the respondents. It implies that smaller the value of Wilks'  $\lambda$ , the larger is the difference between the entrepreneurs belonging to backward and other community groups. The F value indicates the degree of difference in the dependent managerial competency variables created by the independent factors. Further P values indicate whether the effect of independent factors on the dependent variables is significant or not.

## Results and Discussion

The two-way MANOVA evaluates the main and interaction effects on the managerial competency between the entrepreneurial groups. The null hypothesis framed for the present study was that:

*H<sub>0</sub> = There is no significant difference in the managerial competency between the entrepreneurs of different community groups with different religious affiliations.*

The multivariate test results are presented in table 1.

**Table 1: Summary of Effects of MANOVA**

Independent Variables	Wilks' Lambda	F Value	P Value	Partial Eta Squared	Observed Power
Community	0.875	(8,200)=3.556	0.001**	0.125	0.981
Religion	0.778	(16,400)=3.350	0.001**	0.118	1.000
Community X Religion	0.023	(8,200)=1071.117	0.001**	0.977	1.000

Source : Primary Data : \*\*Denotes significant at 1% level : \*Denotes significant at 5% level

The multivariate analysis as shown in table 1 reveals the main and interaction effects of community and religion of the respondents on the combined managerial competency variables. The result indicates that community of the respondents has multivariate main effect on the combined managerial competency of the entrepreneurs between backward and other community groups in the study area in Chennai city. Wilks'  $\lambda$  being 0.875 and its associated partial eta squared 0.125 indicates that 12.5 percent (0.125 \* 100) of the variance of the dependent variables

is accounted for by the differences between backward and other community groups. The main effect is also confirmed by its very high power (0.981) which is greater than 0.80. Therefore the F test result (Hypothesis df. at 8 and error df. at 200)= 3.556 is statistically significant at 1 percent level.

Similarly significant multivariate main effect is also found on the managerial competency among entrepreneurs of different religious groups irrespective of their communities. Wilks'  $\lambda = 0.778$ ,  $F = 3.350$ ,  $p < 0.01$ , partial ( $\eta^2_p$ ) = 0.163, power = 1.000. The multivariate analysis also indicates that there is an interaction effect between the community and the religious factors on the combined managerial competencies of the sample respondents. Wilks'  $\lambda = 0.023$ ,  $F = 1071.117$ ,  $p < 0.01$ , partial ( $\eta^2_p$ ) = 0.977, power = 1.000.

Therefore the two-way MANOVA suggests that the combined managerial competency differs significantly among different religious group respondents between the backward and other community groups in Chennai city.

### **Results of Univariate Analysis**

Further attempt was also made to evaluate the individual dependent managerial competency variables with separate ANOVA tests to explore the effect of community and religion of the respondents on each of the eight managerial competency variables. The univariate results are shown in table 2.

**Table 2 : Univariate Analysis on Dependent Managerial Competency Variables**

Dimensions of Managerial Competency	Main Effects								Interaction Effects			
	Community				Religion							
	F	P	Eta	Power	F	P	Eta	Power	F	P	Eta	Power
Information seeking	.169	.681	.001	.069	1.378	.254	.013	.294	1.033	.379	.015	.278
<b>Systematic planning</b>	5.930	<b>.016*</b>	.028	.679	3.066	<b>.049*</b>	.029	.587	3.060	<b>.029*</b>	.042	.712
Problem solving	.882	.349	.004	.155	.837	.434	.008	.192	.787	.503	.011	.218
Persuasion	3.549	.061	.017	.466	1.501	.225	.014	.318	2.424	.067	.034	.599
Goal setting & perseverance	1.805	.181	.009	.267	2.025	.135	.019	.415	1.802	.148	.025	.465
<b>Communication ability</b>	5.316	<b>.022*</b>	.025	.631	11.638	<b>.000**</b>	.101	.994	7.812	<b>.000**</b>	.102	.989
<b>Technical knowledge</b>	4.166	<b>.043*</b>	.020	.529	5.136	<b>.007**</b>	.047	.820	4.307	<b>.006**</b>	.059	.862
Soft skills	1.570	.212	.008	.239	.946	.390	.009	.213	1.267	.287	.018	.336

Source : Primary Data : \*\*Denotes significant at 1% level : \*Denotes significant at 5% level

The univariate analysis shows that the community factor has univariate effect at 5 percent level of significance on Systematic planning , Communication ability and Technical knowledge between the community groups in the absence of their religious affiliations.

While univariate ANOVA based on religious factor has univariate effect at 5 percent level of significance on systematic planning and at 1 percent level of significance on communication ability and technical knowledge irrespective of their community factor.

The univariate result also indicates that there were interaction effects between the community and religious factors on systematic planning at 5 percent and communication ability and technical knowledge at 1 percent levels of significance.

The Univariate analyses of variance (ANOVAs) therefore suggests that three dependent managerial competency variables namely systematic planning, communication ability and

technical knowledge differed individually among respondents with different religious affiliations between community groups.

### Tukey's HSD Test Results

Tukey's HSD test was carried out on each of the managerial competency variables to find out as to which community and religious groups differed significantly on their managerial competency attributes,. The test results are shown in table 3.

**Table 3 : Comparisons of Mean values for the Significant Dependent Variables.**

Managerial Competency Attributes	Community		Religious Groups		
	Backward	Others	Hindu	Muslim	Christian
Systematic planning	19.17	<b>19.85</b>	19.93	18.71	<b>20.33</b>
Communication ability	18.20	<b>18.34</b>	17.93	16.42	<b>20.56</b>
Technical knowledge	19.27	<b>19.82</b>	19.40	18.38	<b>21.22</b>

The Tukey's HSD test results suggests that systematic planning, communication ability and technical knowledge are found to have caused for the main and interaction effects on the managerial competency of entrepreneurs with different community and religious affiliations. Further examination suggests that these three managerial competency attributes are found to be higher among other community Christian entrepreneurs compared to backward cast Hindus and Muslim entrepreneurs.

The overall analyses, therefore, leads to the conclusion that other caste Christian entrepreneurs exhibit higher managerial competency when compared to their other counterparts in Chennai city.

### Discussion

Historically caste and religious groups have often had strong links with entrepreneurial activities. Community and religious institutions have played important roles in shaping the actions of its members and philanthropists through networks and leadership discourse. The institutional facets

help create a high-trust financial network, which significantly enhances the capacity to support entrepreneurship

This paper explored the main and interaction effects of caste and religion on managerial competency of practicing entrepreneurs in Chennai city. The managerial competency was tested with eight dependable variables viz., information seeking, systematic planning, problem solving, persuasion, goal setting & perseverance, communication ability, technical knowledge and soft skills. We find that the independent factors viz., community and religion of the respondents had main as well as interaction effects on the managerial competency of the respondents. Further examination suggests that systematic planning, communication ability and technical knowledge happened to have caused such effects. This implies that the practicing entrepreneurial groups, affiliated to different castes and different religions in Chennai city, differed significantly only on those three managerial competency attributes while maintaining other attributes at equal footing. Further examination suggests that these three managerial competency attributes were found to be higher among other caste Christian entrepreneurs compared to backward cast Hindus and other caste Muslim entrepreneurs.

The finding of this paper goes with Eisenstadt (1968) who argued that religions with great transformative potential may facilitate entrepreneurial behavior. Conversely, those religions with low transformative potential may inhibit entrepreneurship. According to Uppal (2001, p.20), “the people of South Asia are deeply religious and all facets of their lives including their endeavors to achieve material advancement are affected greatly by religious beliefs and values. Singer (1966) argued that though Hindu religion may influence the choice to become an entrepreneur in India, compared to other main religion of India, it provides little encouragement or values to change one’s situation in terms of material well being. In fact according to Hinduism, every human being is Amrutasya Putraha, a child of immortality and spark of divinity. The purpose of life is to attain liberation which essentially is freedom from re-birth and the chain of cause and effect. One should live to understand reality and not for transitory material pursuits. In India, Hinduism is strongly associated with the emergence of the caste system. Although some aspects of caste system such as untouchability were abolished by the government, it remains formidable and imposing in practice. (David B. Audretsch et al.,2007).

This paper finds that caste and religion tend to shape the managerial competency of the entrepreneurs if not on all the attributes but on some aspects. The higher caste group entrepreneurs have an edge over their other counterparts, while backward caste entrepreneurs have exhibited a lower managerial competency. On the other hand Christianity is found to be more conducive to entrepreneurship, while others, such as Islam and Hindu religion inhibit entrepreneurship particularly on few of their managerial caliber attributes. The findings of this paper may have application only to the study area and in response to other studies in other areas it may differ.

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