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The Effect of Management Skills on Managing Liquidity (Case Study: State Banks in the City of Sanandaj)

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ABSTRACT

Management capability is one of the success factors and maintenance of activities in modern organizations. Managers must have the skills to help them for personnel management and technologies to ensure efficiency and effectiveness of activities under their supervision Money management is one of the main concerns. Liquidity can be an organization's ability to pay shorter obligations. This study sought to determine the effect of management skills (technical, conceptual and human) to mange liquidity in State Banksin the city of Sanandaj. The population of this research includes all managers and their deputies of 158 bank branches. The required data was collected using a questionnaire. Cronbach's alpha test was used to determine the reliability of the questionnaire. Cronbach's alpha coefficient for the inventory management skills and Liquidity Management was 0.95 &0.87, respectively. For data analysis, descriptive and inferential statistics were used. In inferential statistics of the Pearson correlation coefficient analysis and structural equation modeling was used. According to research results, the amounts of effectiveness of cognitive skills, human skills and technical skills were used in order to manage liquidity were 0.49, 0.45 and 0.44.
KEYWORDS: management skills, cash management, structural equation modeling, database, Sanandaj

1. INTRODUCTION

As organizations expand and become more complex , their financial and material resources become limited, management becomes more important and optimized resource allocation consists of five organizational capital resources, physical, human, information and temporal in an organized way so that it can bring greater productivity becomes more difficult.

(Jewel M. and Leather, 2009).Obviously managers with important tasks, complex and diverse, should have properties and features that can help them in their tasks. Continuous improvement and satisfying the demand for a society should be consistent with the goals of higher education in each country (Lawrence, 2005).Today, one of the major advantages of organizations in the competitive environment and among uncertain factors is their management. A manager's name

is seen behind every big economic success for a company or an organization. Undoubtedly, effective and efficient management guarantee success in achieving its objectives and strategies (Fardiazar, 2001). Managers' qualifications and skills are factors to maintain success of any organization.Management effectiveness and quality requires managerial skills. With their application in various corporate positions and positions, these goals can be achieved (Mirsepasi,1991: 23).

The ability of a bank or other financial institution in providing liquidity, require maintenance of financial assets with high liquidity and quick mobility; thus, cash and transmissibility are important components of such transactions. Liquidity of assets means that they can be changed into cash and become available in a short period of time (a day or less)(Jaeger and Sytz).

On the other hand, liquidity is more important. Companies with low profit or non-profit, can longer be able to serve the economy, but companies without liquidity have a lower life expectancy. Indicators to assess the liquidity of the companies have long been of particular interest of analysts. This led analysts to analyze disadvantages of conventional indices to offer new indices (Mahdavi and Ghorbani, 2012).

2 - Statement of Problem

Liquidity management in Islamic banking activities are common and can ignore the failure of banks, the banks would destroy the stability of the whole system. Liquidity problems have been the main reason for the failure of

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banks (Mark Largan, 2000). Therefore, it is important for banks to have the ability to obtain liquidity in the shortest possible time and with minimum cost (Heffernan, 1996).

Like conventional banks, Islamic banks have non-cash assets and the imbalance between savings and financial investments in Islamic banks can also cause liquidity problems and therefore, it is important for banks to manage liquidity.

Also keeping too much money vis-à-vis debts can be a threat to the profitability of the bank; for this reason, making the balance between assets and the amount of money is the most important issue in liquidity (Dusuky, 2007).Today, the success of any organization, institution or company depends on the effective utilization of human and material resources.Meanwhile, in the fast-moving and fast-paced societies, organizations are forced to go along with this change requiring changes in quality management to implement its capabilities, capacities and skills for planning, division of work, coordination and control leadership and organization. Also in the area of liquidity management and resource management in non-usury banking system,gaining knowledge of how liquidity flows and to predict it is important. Any decisions with respect to liquidity management enjoy a special place having a major impact on the micro and macro economics(Divandari, Karoluks and Mousavi, 2004).

The management skills can be one of the most challenging aspects of liquidity management development. Since managers are under their leadership and guidance of their subordinates, they can realize their mission and goals of the organization. Therefore, specific responsibilities are created in treatment of people in their organization: responsibility for identifying individuals through cognitive behavioral complexity, responsibility to motivate them. The manager is responsible to provide facilities to help them evolve and improve. In this regard, banks and financial and credit institutions are not an exception and there is a need to continually improve their optimal management principles in all layers of an organization including its branches across the country.

Moreover, importance, complexity, diversity and wide-ranging duties on the one hand, and importance, complexity, sensitivity of their mission of the organization on the other hand requires that managers not only have the necessary skills; but also have these skillsin a desirable level. In fact, the competency of administrators and quality management skills is one of the most important factors in the continued success of the organization and managers need to have basic skills to be efficient (Javaheryzadehand Charmian, 2009).Robert L. Katz (cited in Iranshahi, 2008) defines the skills as abilities to be developed and nurtured by managers reflected in their accomplishment of their tasks. Consequently, it can be said the chiefs of branches play a constructive role in increasing the financial resources and banking. Such skills are needed so that bank managers can upgrade branches and deposit their own resources to the desired level.

In modern banking several factors affect the process of mobilizing funds and financial resources of institutions and banks including the managerial skills of bank managers, the variety and quality of banking services and customer satisfaction ,identifying the major categories and their role in the success of banks and institutions. The appointment of managers having the knowledge and skills and competencies to establish the conditions seems to be necessary to create a healthy banking which can ultimately attract more resources. One of the major causes of human evolution is human curiosity concerning certain phenomena and relations between them (Reisi, 2010).Awareness of management skills can have a great impact on the development of liquidity management. This can assist policy makers and practitioners of the banking system while decision-making and adopting efficient policies. Management skills can have a facilitating role to play concerning quality. In this direction, different approaches have examined the liquidity management skills of managers. Therefore, the main question of this study is:

To what extent do the management skills affect liquidity management state bank branches in Sanandaj?

3 - Importance and Objectives

Economic and social development can be achieved when financial institutions perform their role properly with right monetary and fiscal policies (expansion and contraction) at different times

and map out a route to the identification of environmental factors (Surrey and Joiner, 2007).

Banks cash management is one of the factors that affect the country's economic boom which is of particular importance. All the efforts of managers and employees are to achieve this by using different techniques and use different tools. Organizations use a variety of resources and assets to achieve their objectives. Some of these are very valuable sources are central to gaining competitive advantage. Managers ‘skills are considered as one of these sources as skills can be seen as the final alternative to wealth creation (Jafari, 2006).

As a bank's success is largely dependent on the performance of its subsidiaries, successful branches are also indebted to the management and staff. Managers and employees who make up the bank's core capital basically distinguish one bank from others. In similar even different circumstances, managers and employees benefit from fanatics and interested employees who are aware of organizational goals. The relationship between banks is through its branches to attract customers and meet their needs. Special skills are a must for branch managers because they

play a crucial role to improve organizational performance and branches under their supervision to implement policies, strategies and guidelines to satisfy the demands and needs of customers.

This study intends to bring some factors in Resource Mobilization under consideration including Obligations of the bank in front of customers, providing resources for the payment of credit facilities to customers and so on. Given the importance of this issue for the banks is the identification and implementation of effective steps to remedy the damage done. Although research has been done in this area, completestrategieshave not been achieved. Consideration of the proposed solutions can make the Banking system aware of their strengths and weaknesses and it would lead to reforming and strengthening their weaknesses and strengths.

Research objectives

Main objective:

Identification of management skills to manage liquidity of state bank branches in Sanandaj

Secondary objectives:

1. To determine the effectiveness of management skills to manage liquidity of state bank branches in Sanandaj
2. To identify the most important skills in effective liquidity management from the perspective of mangers in state bank branches in Sanandaj
3. To determine important parameters affecting liquidity management from the perspective of mangers in state bank branches in Sanandaj

4- Conceptual development

Mahdavi and Ghorbani (2012) in an article entitled a comparative study of the role of modern and traditional liquidity in evaluating the financial performance of companies listed in Tehran Stock Exchange came to this conclusion that new liquidity measures provide a more accurate picture of the optimal decisions of users of financial information on the company's financial performance than the traditional measures of liquidity.

Tabibi et al (2011), in an article by Robert L. Katz on management skills perspective entitled "approach to health care organizations" found that over time managerial skills will increase the ability of managers and quality improvement activities of the organization.

Afshari, Honary and Ghafouri (2010) in an experimental study of managerial skills (conceptual, human, technical) of managers in physical education departments of universities across the country came to the conclusion that there are significant differences between the managerial skills of the three departments of physical education.

Akbarian and Shirazi (2010) in their article titled commodity Morabehe programs, a new tool for managing liquidity state that liquidity management is one of the most important issues in Islamic banking and this is due to limitations of various instruments (as is common in banking) and it is more important in Islamic banking.

Moussavian and Kavand (2010) in an article titled liquidity management in Islamic banking concluded that Islamic banking needs are divided into categories: immediate needs, very short term, short term, then, a review of methods for liquidity management in Islamic banking is done. A series of liquidity management tools in the form are offered which are commensurate with the requirements for liquidity management in Islamic banking.

Ahmadi and Mohammadlou (2009) in examining the relationship between technical skills and human perception of the effectiveness of secondary school principals in urban area district 1concluded that the there is no significant relationship between organizational effectiveness and technical skills of managers. As managers' human skills increases, effectiveness of the organization increases. Increasing cognitive skills managers will also increase the effectiveness and there is no significant difference between the perceptions of administrators and teachers regarding the three managerial skills.

Suri D. and Vesal M. in 2007 in an article titled "New methods of financing and liquidity management of the Bank" examined the common tools of liquidity management in non-Islamic banks and new tools developed for liquidity management in the Islamic banks.

Mollahoseini and Barkhordar (2007) investigated the relationship between self-management skills and innovation of employees in organizations in Kerman. They concluded that if organizations want their employees to foster innovation, there should give more importance to self-management. People have such a great success in satisfying the expectations and needs in relation to innovation.

Fartashasfhlan (2004) in his paper titled Educational need analysis of Finance Organization in East Azerbaijan province in regard with three managerial skills concludes that they are prioritized in order of conceptual, human and technical skills.

Aminian (2003) in a research titled 'Knowledge of female managers of managerial skills and their relationship with their managerial function' states that there was a significant correlation between managerial skills (technical, human, conceptual) and their performances.

Sattari (2003) in his article concerning the management skills from the viewpoints of teachers and its relationship with student achievement in public boy's high schools in Tehran concluded that managers of high school had reasonable skills at the three levels.

Goodarzi (2002) on an experimental design found that there was a significant relationship between different levels of managerial skills of managers in various levels in Physical Education Organizations.

Entesari (2001) in examining the educational needs in three areas of technical, human and perceptual skills and providing a suitable model for in-service girl's school administrators in Tehran found that high school managers had a reasonable level of the mentioned triad skill.

Mousavi (1998) in a study on the effect of managerial skills in the field of medical research and medical education at ShahidBeheshti University concluded that the most practical information concerning management skills are based on scientific principles and very limited.

Huemann (2010) in a case study on a company's communications services foundthat communications management and human resource needs to change from an administrative structure into a pragmatic business association. However, technical skills related to the use of tools, methods and techniques required for a specialized field.

Elatantaway (2009) also reported that the relationship between strategy and performance management skills is an interface and inherent integrated in the supply of products. Human skills, ability to work with people, understand and motivate others on an individual level and group level. Managers must have strong human skills to communicate.

Unger et al (2009) in a meta-analysis, found a significant relationship between human capital and success of the organization, managers and entrepreneurs. This relationship was then more than knowledge and skills from the aspect of education and experience. However, the concept of human capital is of little value found in the literature of management and entrepreneurship.

Bacha (2008) in a recent study came to the conclusion that interbank market in Malaysia despite the lack of interest in conventional banking is subject to changes in interest rates and bank interest. Therefore, it will be affected by interest rate risk.

Hasku (2006) suggested teamwork skills needed for leadership. He thinks team work needs appropriate skills obtained by business managers to delegate responsibility to subordinate individuals and teams.

Abdolmajid (2003) in a paper evaluates the development of tools to help manage liquidity. In this paper, the challenges and opportunities of these tools have been studied.

Edwards (2003) in a study called "Islamic liquidity management issues" investigates the problems of managing liquidity and interbank market, Islamic banks and advantages and disadvantages of some of the instruments that provide liquidity.

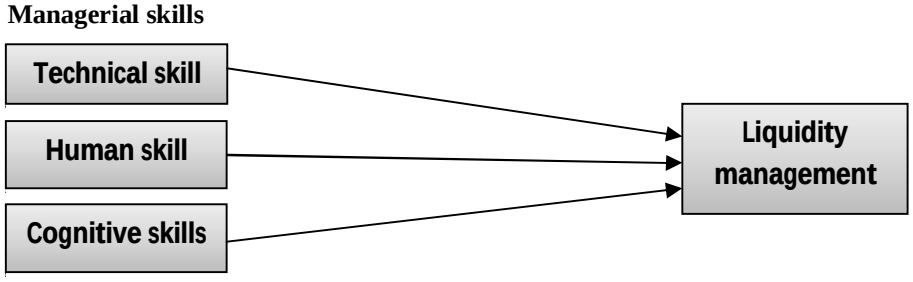
Al Saba (2001) believes that human skills are the most effective project managers on management methods.

Kastanias and Helfat (1991) acknowledged that the shortcoming of Katz's skill levels (technical, human, conceptual) is that organizations and different environments, where these skills are embedded, are not separated. According to them, management skills are: general skills, specific skills or business traits and skills related to a specific organization.

5 - Conceptual framework and research hypotheses

The field of survey research requires a map of mental and conceptual models in which appropriate analytical tools, variables and relations between them are drawn. The theoretical framework of the model is shown based on Katz's managerial skills.

Figure 1: Conceptual framework



This conceptual model is developed according to the following hypotheses:
The main hypothesis: Management skills impact management.
Sub-hypotheses:
First hypothesis: technical skills impact liquidity management.
Second hypothesis: human skill impacts the management of liquidity.
Hypothesis Three: Cognitive skills impact Liquidity management.

6 - METHODOLOGY

In this study, the variables of management skills (technical, human and conceptual) and liquidity management have been used. First, the definitions of variables are provided:

Technical skills: technical skills, application of knowledge, skills, methods, techniques and tools that are needed to perform certain tasks, and obtained through experience, education and training (Javahrizadeh and Charmian, 2009).

Human skill : ability and judgment in working with people and doing work that involves understanding and motivation and thereby applying effective management.

Cognitive skills: the ability to understand the complexity of the organization and figuring out if the person is aligned with the conditions existing in the organization (Gurzund - Chegini and Taheri, 2012).

Liquidity management: Liquidity management, bank's ability to satisfy the customers' demands for withdrawing and new demands for short-term loans (Akbari and Shirzadi, 2010).

Structured questionnaires: The questionnaire used for this study has three sections:

Part I: General Questions

In the general questions, the general population data is collected in relation to respondents.

5 questions are included.

gender	**Female**	**Male**			
age	Under 25	25-35	36-45	46-55	Over 55
education	High school diploma	Associate degree holder	Bachelor Degree Holder	Master Degree Holder	PhD
Years of service	Under 5	6-10	11-15	16-20	Over 20
Occupational position	Executive manager	Intermediate manager	Senior manager		

Part II: Professional inquiries of management skills

It includes 33 questions: Question 1 to 8 measures technical skills, Question 9 to 19 human skills and 20 to 33the cognitive skills.

	Questions	Verylittle	Low	Average	High	Very much
Technical Skills	1 Doing job in a timely manner and avoid wasting time 2 Introduction to occupational positions and distribution networks 3 Having technical knowledge in the areas of work 4 Ability to work with software and automation system 5 Communications with customers and staff via computer 6 Performing tasks efficiently 7 Understanding the principles of the equipment operation 8 Timely drafting and providing of reports					
Human skills	9 Intimate behaviors with others 10 Creating motivation and willingness to work 11 Having sense of responsibility towards others 12 Paying attention to wishes and needs of others 13 Creating an atmosphere of trust and understanding in the workplace 14 Providing accurate and timely advice to others on behavioral grounds 15 Good relationships with colleagues 16 Giving tips and guidance to others in performing duties 17 Transferring their intentions to others with ease 18 Providing suitable areas for job skills 19 Providing suitable information & experiences to employees and others					

Perceptual skills	20 Anticipating needs and problems and trying to solve them 21 Suggesting proposals and procedures applicable to the conduct of affairs and the obstacles and difficulties 22 Knowledge career development and updating of scientific and technological advances simultaneously 23 Splitting duties with respect to the size and importance of the work ability of employees 24 Paying attention to the prestige of the organization and its efforts to preserve and enhance it 25 Recognition of the goals and programs of the organization and its ability to adapt 26 Predictions and implementation of programs 27 Accurate and timely decisions based on available knowledge 28 Care coordination activities 29 Solutions for the obstacles and problems & proper evaluation of solutions 30 Tracking and monitoring the task up to the end 31 Establishing cooperation and interaction between staff 32 Anticipating effects and outcomes of programs 33 Confidence and certainty in decision making and problem solving					

Part III: Special Questions for liquidity management

This section has 10 questions from 34 to 43 to assess liquidity management

34	**There are full and accurate information about the cash receipts and payments**
35	A budget is formulated for receipts and payments
36	Liquidity conditions are continuously monitored and evaluated
37	Liquidity risks are identified fully & accurately
38	Risks are identified, monitored and evaluated
39	Timely Action is done for liquidity deficits
40	Cash surpluses are invested timely
41	There is plan for systematic and serious banking transactions
42	There are clearly articulated policies for the liquidity management
43	Monetary policies by the Central Bank are seriously considered

This research is based on an applied goal and in terms of data collection methods, it is descriptive and correlational. The research is applied as its results are used in the problem solving and is descriptive as it tries to examine the status quo among the samples. Since the research hypotheses show the relationship in the main factor of organizational behavior, the research is a correlational type and cross-sectional in terms of time.

Research area

Thematic scope: This topic areadeals with the topics of organizational behavior management and financial management.

Time Zone: This study was conducted in 2011. The scope of this study is cross-sectional.

Spatial domain: State Banks in the city of Sanandaj including four banks: Bank Melli, Bank Sepah, Bank Keshavarzi and Bank Maskan.

The study based on its goal is applied-descriptive. The method is correlational and descriptive in terms of data collection and is a structural equation model type. The structural equation model is a strong multivariate technique from the family of multivariate regression or in more exact words; it is a general linear model (GLM) which enables the researcher to test a set of regression equations simultaneously: Structural analysis of covariance and linear structural relations LISREL and Partial Least Squares (PLS). For data analysis, different descriptive –analytic methods are used. Also, to assess the causal relationship between independent variables and dependent variables, SPSS software & LISREL are used. One of the best methods of the analysis of behavioral and social science studies is a multivariate analysis because the nature of these kinds of issues is multivariate and two-variable method can not be solved. A series of multivariate analysis methods are applied to analyze whose main characteristics are the analysis of **k** independent variables and ***n*** dependent variable. This method combines a complex mathematical and statistical factor analysis (a method for summarizing data) and multiple regressions coming together in a complex system to analyze a complex phenomenon.

7. Statistical population:

The population of this study is the operational managers, middle managers and senior managers in the state banks in the city of Sanandaj (Bank Melli, Sepah, Keshavarzi and Maskan) that make up a total of 158 people. Given the small size of the study population, the whole population was surveyed. In this study, a total of

158questionnaires were distributed. Twelve questionnaires were returned unanswered: nine by branch managers of Bank Sepah and three by branch managers of Bank Melli. 146 questionnaires were collected for analysis.

8 - Model Estimation and Analysis results

Validity and reliability of the questionnaire

Validity

To examine the content validity of the questionnaire in this study questionnaire assessing liquidity management, the Delphi technique has been used. The mean and standard deviation table illustrating the opinions of professors and experts is presented as follows. The purpose of this study is to show the relevance of the questions with the study objective. The mean of the views of university professors and experts is at a high level approving that the questions are highly correlated with the study objective.

Indexes	Mean	SD
There are complete and accurate information about the cash receipts and payments.	4.33	1.03
Budget is formulated for cash receipts and payments.	4.17	0.75
Liquidity conditions are continuously monitored and evaluated.	4.33	0.52
The liquidity risks are fully identified in detail.	4.17	0.75
Risks are identified, monitored and evaluated	4.50	0.84
Timely action is to compensate for the lack of liquidity	4.00	1.10
Cash surpluses are invested in time	4.17	0.75
There is a regular and rigorous program for receiving bank demands.	4.33	0.52
There is a clear policy on liquidity management.	4.50	0.55
Central bank policies on liquidity are being seriously considered	4.33	0.52

Based on the views of the university professors , the questions are valid as the mean of their views is between related and very related .

Reliability:

In this study, the Cronbach's alpha coefficient was used to obtain the reliability of the questionnaire. Using SPSS statistical software reliability coefficient was calculated using Cronbach's alpha.

Table 1: Cronbach's alpha of inventory management skills

Variable	Number of items	Cronbach's alpha	Total coefficient
Technical skill	8	0.785	0.947
Human skill	11	0.906	
Perceptual skill	14	0.913	

Table 2: Cronbach's alpha of liquidity management questionnaire

variable	Number of items	Cronbach's alpha
liquidity management	10	0.868

9 - Exploratory factor analysis and confirmatory factor analysis

In this study, 33 items to measure (management skills) and 10 items for (liquidity management) were designed to assess liquidity management in the branches of state banks in the city of Sanandaj. Exploratory factor analysis confirmed the latent ones and the accuracy of their models were discussed.

Exploratory and confirmatory factor analysis results obtained from the SPSS software & LISREL software were presented. It should be noted that in order to reduce the variables and to consider them as a latent variable, the load factor must be greater than 3/0 (Momeni&Fa'alQayum, 2007). In this study, the load factors are identified to be greater than 5/0.

In conducting this analysis, we must first ensure that it can be used to analyze the available data. Bartlett's test can be used to be sure of sampling adequacy. The index ranges are from zero to one. If the index is close to one, the data is suitable for factor analysis; otherwise ,the data is not very good (Momeni, 2007: 193).

First, we investigated the suitability of data for factor analysis: There are several methods for this task, including (KMO) (Kaiser-Meyer_olkin) which is always a value fluctuating between 0 and 1. If the value of KMO is less than 50/0 , the data will not be suitable for factor analysis and, if its value is between 50/0 to 69/0 , it should be done with caution, but if the value is greater than 70/0, the correlation between the data for the analysis would be appropriate.

On the other hand, to ensure the correlation matrix, on which the analysis is based, is not zero in the community, the Bartlett's test (Bartlett Test) was used. In other words, using Bartlett's test, one can be sure of sampling adequacy.

Exploratory factor analysis of management skills

The measure of sampling adequacy (KMO) statistic is used to determine the proportion of variance in the variables that are shared variance and Bartlett's test of Sphericity significance (Bartlett) is used in exploratory factor analysis by SPSS which is 0.937and 0.000, respectively.

It can be concluded that the data is suitable for factor analysis.

Table 3: KMO index and the Bartlett sphericity test for management skills

Statistical Indicator		Amount
index of KMO		0/937
Bartlett'stestofsphericity	Statistics	5372/59
	Freedom degree	528
	Probability (sig)	0.000

Table 4: Variance explained by factors extracted for management skills

Factors	Explained variance			Eigenvalues		
	Cumulative percentage	Percent	Total	Cumulative percentage	Percent	Total
Perceptual skills	30/602	30/602	10/099	43/596	43/596	14/387
Human skills	56/298	25/695	8/480	61/460	17/863	5/895
Technical skills	75/364	19/066	6/292	75/364	13/904	4/588

According to the above table, the total percentage of variance explained is equal to 36/75 and values of each of these factors are greater than one. We conclude that factorial validity of this variable is appropriate when accepting the hypothesis, so it can be concluded that factor analysis of the correlation matrix is justifiable in the studied groups.

Table 5: Factor matrix (the correlation time) exploratory factor analysis

Extracted factors			
Technical skill	Human skill	Perceptual skill	Questionnaire items
0/833	0/065	0/032	b1
0/934	0/118	0/078	b2
0/900	0/034	0/038	b3
0/896	0/075	0/052	b4
0/915	0/040	0/085	b5
0/868	0/108	0/114	b6
0/829	0/113	0/049	b7
0/813	0/077	0/043	b8
0/081	0/847	0/272	b9
0/072	0/850	0/197	b10
0/196	0/768	0/147	b11
0/069	0/908	0/206	b12
0/049	0/885	0/245	b13
0/069	0/873	0/304	b14
0/053	0/868	0/224	b15
0/131	0/830	0/194	b16
-0/006	0/793	0/196	b17
0/071	0/842	0/230	b18
0/075	0/758	0/269	b19
0/179	0/209	0/839	b20
0/030	0/297	0/855	b21
0/145	0/263	0/828	b22
0/033	0/173	0/810	b23
0/031	0/047	0/746	b24
0/024	0/208	0/790	b25
0/032	0/142	0/780	b26
0/064	0/200	0/823	b27
0/060	0/256	0/832	b28
0/031	0/194	0/853	b29
0/005	0/248	0/842	b30
0/101	0/223	0/855	b31
0/028	0/236	0/842	b32
0/052	0/250	0/818	b33

According to the above table, aspects of management skills can be classified in three main groups. A look at the factorial load of these factors shows that the validity was achieved as factorial load of the items along with the related item is above 0.5 and less than 5/0 with other factors.

10 - Data collection methods

Data gathered as followsto obtain the required information:

- Reading the documents of Bank Melli, Bank Sepah, Bank Keshavarzi and Bank Maskan
- Resources from library

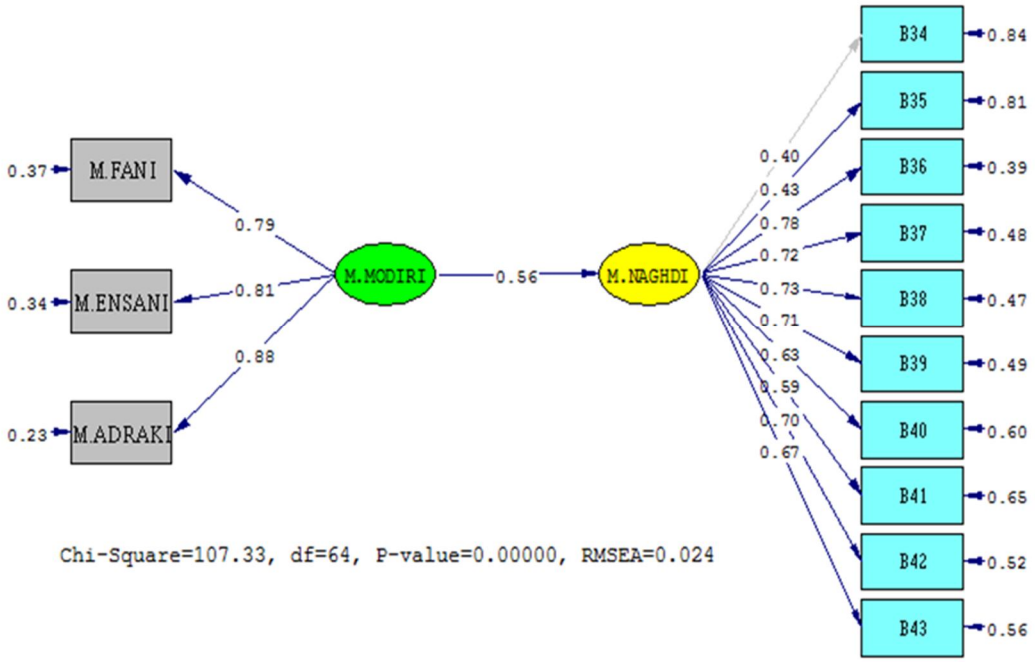
In order to gather information on the theoretical background & review of literature, library resources, articles, books and internet sources have been utilized.

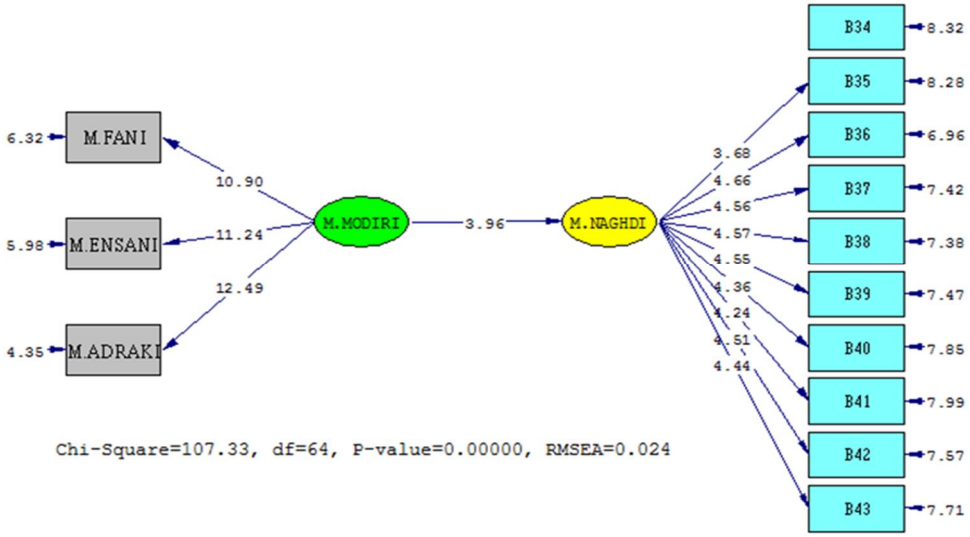
- Field research (questionnaire)
- Using scientific institutions and various professional journals
- Using research universities and centers of higher education and scientific and research institutions
- Using available books, articles and publications

11 - Structural equation models

Structural equation modeling of SEM is a family of powerful multivariate multiple regression analysis and general linear model (GLM) rather develop a set of regression equations that allow the researcher to examine the same strain.Structural equation modeling analysis can be performed by two techniques: Structural analysis of covariance and linear structural relations LISREL and Partial Least Squares PLS.The structural equation model is a comprehensive statistical approach to testing hypotheses about the structural equation model of relations between variables and the latent variables. Measured variables are variables that can be directly observed and measured; these variables are observed variables, also called indicators or manifest variables. Latent variables are variables that are not directly observable and must be inferred from the measured variables, the variables measured by the covariance between two or more variables are shown. LISREL is a mixture of the two analysis techniques: factor analysis (measurement model), path analysis - applied regression analysis (structural model). Measurement model to assess relationships between variables and latent variables by identifying the latent variable constructs. The structural model is simply a casual relationship between the latent variables. In other words, this model aims to discover both direct and indirect effects of latent independent variables on the dependent latent variables. One of the advantages of latent variable structural equation model is that are they free of random error.

Figure (2): model of skill management and managing liquidity in LISREL, with T





12 - Evaluation model

The estimated covariance matrix is acquired comparing to of the model (model) and sample covariance matrix (based on observed data). Path analysis is based on three things: First, looking at the signs of the path coefficients (+ or -) to determine the direction of causal relationships. Second, determining the model in case the coefficients are significant, and third, using the chi-square for Goodness –of-Fit Index. To ensure a good fit, the sample size from 100 to 200 is recommended. The same is done for structural equation modeling, but the main problem is that the square is influenced by sample size distribution data. One solution to this problem is the use of different fitness indicators. These parameters are given in two categories: comparative or comparative fit variances. As all the indices except one of them is between 0 and 1, the larger the index refers to better fit the criteria, so that the minimum criterion 90/0. LISREL Linear Structural Relations fitness major indices are in the second category and explain variances to examine the fitness of GFI, AGFI (Adjusted Goodness-of –Fit Index) and the square root of the estimated variance of the error of approximation RMSEA (Root Mean Square Error of Approximation).

$$GFI = 1 - \frac{tr\left\{\left[\Sigma'^{-1}\left(S-\Sigma'\right)\right]^2\right\}}{tr\left[\left(\Sigma'^{-1}S\right)^2\right]} = 1 - \frac{F_t}{F_n} = 1 - \frac{F\left[S,\Sigma(\theta)\right]}{F\left[S,\Sigma(0)\right]} = 1 - \frac{\chi_t^2}{\chi_n^2}$$

$$R^2 = 1 - \frac{\sum e'^2}{\sum\left(y-\bar{y}\right)^2}$$

The ratio measures the difference between the estimated value and the true correlation matrix (the variance and covariance explained in S and is considered as R^2. Proposed hypotheses or models follow the minimum numerator model where denominator function model hypothesis is zero or null model, i.e. a model where there is no correlation between all parameters or it is zero. No significant test is there for the index which varies between zero (poor fit) and one (perfect fit). In this case, the index being closer to 1 is a better fit of the data model.

$$AGFI = 1 - \frac{df_n}{df_t}\left(1-GFI\right) = 1 - \frac{n\left(n-1\right)}{2.df}\left(1-GFI\right) = 1 - \frac{\chi_t^2/df_t}{\chi_n^2/df_n}$$

$$df_n = (1/2)\left[(p+q)(p+q+1)\right] \ , \ df_t = (1/2)\left[(p+q)(p+q+1)\right] - t$$

$$\bar{R}^2 = 1 - \left(1-R^2\right)\frac{N-1}{df}$$

The index, which is the same as the adjusted degrees of freedom, is given attention the same as $R^2$where n is the number of exogenous latent variables and dfis the degree of freedom of the model. The closer the index is to 1 ,the better the fit of the model to the data is.

$$RMSEA = \sqrt{\max\left\{\left(\frac{F(S,\Sigma(\theta))}{df} - \frac{1}{N-1}\right),0\right\}}$$

The index explains the difference between the model fit per degree of freedom whereF functionsas the Goodness of Fit Index and N is the total number of observations. Small values of this index indicate a good fit of the model so that the index equals to or less than 0/05 (from 0/05 to 0/08 is Good, from 08/0 to 1 is very poor and more than 1 is very weak).If a significant gain in non-optimal values for all parameters of fitness is achieved an appropriate model has been gained based on table (3).

index	type	limit	Acceptable amount of goodness of fit index	Amount for our model	result
Chi-square	**-**	**-**	**P>0/05**	**Chi-square=107.33 P = 0.21**	**Acceptable fit for the model**
AIC	**Information index**	**none**	**Less than df**	**261/33**	**Df=1825/88 so it is acceptable**
CAIC	**Information index**	**none**	**Less than df**	**368/89**	**Df=1877/67 so it is acceptable**
Standard RMR	**Information index**		**Less than 0/05**	**Standardized RMR = 0.036**	**acceptable**
GFI	**comparative**		**More than 0/9**	**0.92**	**acceptable**
TLIor NNFI	**comparative**		**More than 0/9**	**0.95**	**acceptable**
CFI	**comparative**		**More than 0/9**	**0.91**	**acceptable**
Critical N	**Sample number sufficiency**	**none**	**For a different model**	**63.69**	**Sample number is 146 , so it is bigger and acceptable**

Source: Hoyle, 1995; Ulman, 1996

Referring to the above graphs and table (3) and the left column of Table (3) illustrating the data extracted from the LISREL estimated model and outlet LISREL ,one comes to the conclusion that the state model is a good fit .

13 – Conclusions & Recommendations

The main hypothesis: there is a significant relationship between liquidity management in the city of Sanandaj.

Pearson correlation between liquidity management and leadership skills

	Liquidity management	
Management skills	**Pearson correlation**	**0.480**
	sig	**0.000**
	N	**146**
p <0.01		

As a result, the sig <α = 0/05, there is a significant relationship between the management of liquidity and management skills.

Secondary hypotheses:

1) There is a significant relationship between the cognitive skills of managers of bank branches in the city of Sanandaj and liquidity management

	Liquidity management	
Cognitive skills	**Pearson correlation**	**0.461**
	sig	**0.000**
	N	**146**
p <0.01		

Since sig <α = 0/05, there is a meaningful correlation between liquidity management and cognitive skills managers.

2) There are no significant differences between the human skills management and liquidity management of branch managers of state banks in the cityofSanandaj.

	Liquidity management	
Human skills	**Pearson correlation**	**0.453**
	sig	**0.000**
	N	**146**
p <0.01		

As a result, since sig <α = 0/05, there is a meaningful correlation between the liquidity management and human skills of managers.

3) There is a meaningful connection between technical skills of branch managers of state banks in the cityof Sanandaj and liquidity management.

	Liquidity management	
Technical skills	**Pearson correlation**	**0.375**
	sig	**0.000**
	N	**146**
p <0.01		

As a result, since sig <α = 0/05 , the correlation between liquidity management and technical skills of managers is significant.

Recommendations derived from the research hypotheses:

In order to enhance liquidity management utility in State Bank branches in the city of Sanandaj, the following recommendations are offered:

- Continuous monitoring of liquidity monitoring and evaluation.
- There is a clear and comprehensive policy on liquidity management.
- There are regular and rigorous program on receiving bankdemands.
- Serious attention is given to Central bank policies on liquidity.

To improve the management skills and in order to improve liquidity management the following suggestions are proposed:

Improving liquidity management, and infrastructure required to provide the appropriate and necessary structure, technology, culture and communication strategy should be formed in order to facilitate development and organizational management skills and re-designed in case it is needed.

In order to manage and improve liquidity management, it is necessary to provide an atmosphere full of mutual trust in the organization, effective communication and good relationships among members by management in a way that facilitates interaction of ideas among employees, and encourages innovation in the organization.

After providing the appropriate structural and technological infrastructure, the development of management skills is very important and necessary. If technical expertise is developed and human skillsare given attention, but it does not consider perceptual skills, technical skills and human skills can not be properly used and practically it has no effect on improving liquidity management or the effect would be negligible. In fact, in this study, cognitive skills were most important skills, therefore special attention was paid to this skill in State Bank branches in the city of Sanandaj.

As mentioned before, building trust in managementis the most important element and the manager should consider more appropriate liquidity management.

Applied recommendations for the State Bank branches in the city of Sanandaj:

It seems that each program that is prepared and implemented to train managers, in general terms, should be provide all or part of the required supervisory skills and competencies.

In the organizational system of each society, managers and leaders must:

- be familiar enough with the culture of their community.
- should be aware of the philosophy, values, goals and objectives of your organization.
- have a scientific attitude towards their work.
- be familiar with the ideas and theories of leadership, management and adherence to treatment guidelines in practice.
- identify organization and their organization components clearly and to handle it effectively
- have the role and responsibilities of their own, with three technical, human and conceptualskills.
- have knowledge in the field of education and psychology, and have sufficient knowledge necessary to guide their staff.
- have he financial and logistical, administrative and organizational skills to mange banks.

The people who play leadership and management roles in the system are responsible for the organization, mainly through pre-planning making he design and implementation of educational programs and training possible. Skills and competencies required can be achieved only through experience and practice. In the context of the liquidity management, currency reform policies should be done to rise the exchange rate of foreign currency gradually in manufacturing enterprises and help them to grow to take serious measures to manage liquidity of manufacturing enterpsises.

Recommendations for future research

Any research uses the existing pertinent literature and is also a guide to future research. Because the study is not comprehensive and cannot review all aspects of an issue, and the researcher can identify and recommend these gaps for the future research, the present study can also offer recommendations for prospective research to develop an understanding of liquidity management and administrative skills as follows:

- Investigating the influence of management skills & liquidity management on organizational decision-making and policy setting
-Examining problems related to the promotion and strengthening of management skills in Iranian organizations
- Studying the effect of liquidity management and management skills on the performance of the organization
- Examining the effect of the managerial roles on liquidity management

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