

Components of Organizational Resilience in Iranian Banking Industry

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Extended Abstract

Abstract

The purpose of this study was to identify the dimensions and components of organizational resilience in Iranian banks using interpretive approach and qualitative method. The study population included senior managers and experts in the banking industry and tools used for data collection, interviewing and questionnaires. For this purpose, after reviewing the literature and research background, in-depth and semi-structured interviews were conducted with 12 banking industry experts and initial model was identified. The technique used for analyzing the interviews was theme analysis which involved three stages of coding including open, axial and selective. Confirmatory factor analysis technique and Smart PLS software were used to confirm the designed structure. Finally, the two main aspects of micro banking management include the components of liquidity management, capital management, risk management, sound management of arrears, rumor management, information and communication systems, crisis management, financial management, management features, observation and Problem prediction, corruption control, the need for change and dynamics, and macro-banking dimension including bank business structure, corporate governance and policy structure, and banking laws and 94 subscales were identified and confirmed.

Considering these factors can lead to the improvement of resiliency in the banking industry.

Introduction

Today, the world is affected by decisions people make in extremely complicated situations with high uncertainty. The chaotic result of these decisions has caused uncertainty in phenomena to be very high (Bergland & Macinen, 2019). One type of these organizations, which both influences and is affected by these tensions and riots, is bank. Optimal banking activities and the effective use of marketing tools to realize their goals, including exploiting capital and equipping it, will highly influence various economic activities and the general state of the country's economy (Ostadi et al., 2017).

When organizational resilience in the banking industry of the country is not studied and investigated properly, stagnation and even bankruptcy crises in the banks follow and this crisis could have devastating effects on the country's economy, given the interdependency of the state economy and the banks. Identifying the dimensions and components of organizational resilience can give managers the opportunity to work on detecting key points and resilience dimensions and components so as to increase this resilience in their organization, thus they can establish a coherent and consistent strategy and plan to improve the situation of banking system so that this system can deal with crises and incidents. Since Iran is at risk of invasion (because of its geopolitical location, natural geography and manifesto of fighting against arrogance and counteracting to capitalist systems), resilience of organizations, especially banks, is of paramount importance and priority.

Accordingly, the purpose of this study is to identifying resilience components in the banking industry of Iran. Considering the purpose of the study, some investigations were initiated on the resilience of the banking industry, and then resilience models in organizations and banks were examined. Then, interviews were conducted with experts of the banking industry, and the initial model was identified using expert opinions through thematic analysis approach. The model was then confirmed using the confirmatory factor analysis (CFA) technique.

Materials and Methods

In this research, the qualitative research strategy has been used to achieve the purpose of research. Semi-structured interviews were used to collect the required research data. The interviews were conducted with 12 experts in the field of Iranian banking at the senior level. 10 interviews were conducted to reach data saturation and 2 interviews were performed afterward. Thus, these individuals were selected to interview and identify the dimensions and components of organizational resilience model in the Iranian banks. To analyze the data collected from the interviews, the thematic analysis technique was used. Furthermore, in order to confirm the research model, the statistical confirmatory factor analysis was also used. For this purpose, a questionnaire containing 159 items was designed and then

after its reliability and validity was approved, it was distributed among the statistical population consisting of bank managers and banking experts of the country.

Discussion and Results

In this research, an organizational resilience model in banks of Iran was designed. The results of interviews and surveys showed that a comprehensive model for organizational resilience in the banking industry of the country should take two main dimensions in consideration. The first dimension is the management of micro-banking, whose components typically can be managed at the level of each bank in the country. The components of this dimension are at the level of the enterprise and include financial management (with four variables of: liquidity management, capital management, proper management of deferred debts and risk management), information and communication management, enterprise strategy management (ESM), banking supply chain management, human resource management and its focus is on monitoring and controlling and change management. In this dimension, there is the ability to manage components and variables at the enterprise level of bank.

The second level is related to macro banking management, which is in the field of banking policy. The components and variables of this dimension are beyond the control of a bank and require management and policy at a level beyond the enterprise level. Country's banking management lies at this level. Country's banking management is responsible for macro banking management and policy making. The main components of this level are changes in the field of banking business in the country, political variables, regulatory and monitoring policies, governance variables, and components related to the policy and legislation.

Conclusion

Based on the results, resilience and its scope required consideration in different aspects. In related research in the field of financial and banking resilience, the indicators were more financial in nature or attempted to compare the resilience of two or more organizations according to a specific criterion. In this study, it was attempted to develop a comprehensive model consisting of resilience dimensions and components in different scopes of internal, external, human, managerial, financial and so on which banks and financial organizations can Promote their resilience.

The results of this research can enhance the theoretical foundations of past research and expand the concept of organizational resilience in the field of financial services, in particular the banking industry. Also, the introduced model can help managers to have a better and more comprehensive understanding of their organization and potential disruptions with respect to identified components of resilience.

Keywords: Organizational Resilience, Banking Industry, Resilience Management, Resilience Indicators