

# **A Study on the Managerial Competency Effect and Business Performance among Manufacturing Companies in China**

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## **ABSTRACT**

This conceptual research work explores the relationship between managerial competency and business performance among manufacturing companies in China. The manufacturing industry in China has been a significant contributor to the country's economic growth and global competitiveness. Managerial competency, referring to the knowledge, skills, and abilities possessed by managers, plays a vital role in effectively addressing challenges, capitalizing on opportunities, and driving sustainable business performance. This analysis draws on existing literature and theoretical frameworks to provide insights into talent management strategies, the influence of organizational culture and context, the role of knowledge sharing and collaboration, and the importance of continuous learning and development. The findings highlight the need for organizations to align their talent management practices with the specific competencies required in the manufacturing sector. Furthermore, the analysis emphasizes the mediating role of organizational culture and the impact of knowledge sharing and collaboration on the relationship between competency and performance. The importance of continuous learning and development for managers to adapt to the changing industry landscape is also underscored. The implications of the analysis provide practical guidance for managers, organizations, and future research in the field.

**KEYWORDS:** Managerial competency, Business performance, Manufacturing companies, China, Talent management

## **I. INTRODUCTION**

The manufacturing industry in China has experienced remarkable growth and development, contributing substantially to the country's economic progress and global competitiveness (Chen, Yang, & Yang, 2021). As a result, the role of managerial competency has become increasingly important for manufacturing companies operating in this dynamic environment. Managerial competency encompasses the knowledge, skills, and abilities that managers possess to effectively lead and manage their teams (Kerzner, 2017). It is essential for managers to possess a diverse range of competencies to navigate the complexities of the manufacturing industry in China and drive sustainable business performance. Numerous studies have emphasized the significance of managerial competency in achieving positive outcomes in various industries and countries. For instance, Zhu, Zhou, and Ye (2018) conducted research focusing on Chinese manufacturing firms and found a significant positive association between managerial competency and financial performance indicators. The study highlighted the critical role of managerial competencies in driving financial success, such as return on assets and return on sales.

Furthermore, Li, Wang, and Huang (2019) investigated the impact of managerial competency on innovation performance in Chinese manufacturing firms. Their findings demonstrated that managers with higher levels of competency, particularly in areas such as strategic thinking, innovation management, and cross-functional collaboration, were more likely to foster a culture of innovation within their organizations. This, in turn, led to improved innovation performance, as measured by the development of new products and technologies. Understanding the conceptual foundations of managerial competency and its impact on business performance in the Chinese manufacturing sector provides valuable insights into the unique challenges and opportunities faced by manufacturing companies in this context. China's manufacturing industry is characterized by intense competition, evolving market dynamics, and rapid technological advancements (Dai, Zhang, & Huang, 2019). Effective managers equipped with the necessary competencies can navigate these complexities and contribute to improved business performance. Moreover, a conceptual understanding of the specific competencies relevant to the Chinese manufacturing industry can inform the design of training and development programs for managers. Identifying the key competencies that drive business performance enables organizations to focus their resources on developing these skills and abilities among their managerial workforce.

The purpose of this conceptual research study is to provide a theoretical framework and conceptual understanding of the relationship between managerial competency and business performance among manufacturing companies in China. The research aims to identify the key dimensions of managerial competency that are most influential in the Chinese manufacturing sector, based on existing literature. For example, Chen, Zhou, and Liu (2020) highlight the significance of leadership competency, strategic thinking, and technological awareness as critical dimensions of managerial competency in the Chinese manufacturing industry. Furthermore, the study aims to explore the theoretical linkages between managerial competency and various dimensions of business performance, such as financial performance, productivity, innovation, and customer satisfaction. Prior research has established the positive association between managerial competency and financial performance (Zhu et al., 2018) as well as the impact of managerial competency on innovation performance (Li et al., 2019) in the Chinese manufacturing context. Additionally, the research aims to examine potential mediating factors that may influence the relationship between managerial competency and business performance. Organizational culture, employee engagement, and knowledge sharing have been identified as important mediating factors in previous studies (Wu, Shieh, & Chang, 2017). Understanding these mediating factors can provide insights into the mechanisms through which managerial competency influences business performance.

Existing literature offers valuable insights into the relationship between managerial competency and business performance across various industries and countries. Several studies have emphasized the positive impact of managerial competency on organizational outcomes. For instance, research conducted by Zhu et al. (2018) found a significant positive association between managerial competency and financial performance indicators in Chinese manufacturing firms. Li et al. (2019) demonstrated that managers' competency in areas such as strategic thinking and innovation management positively influenced innovation performance in Chinese manufacturing firms. Understanding the conceptual foundations of managerial competency and its impact on business performance in the Chinese manufacturing sector provides valuable insights into the unique challenges and opportunities faced by manufacturing companies in this context. China's manufacturing industry is characterized

by intense competition, evolving market dynamics, and technological advancements. Effective managers with the necessary competencies can navigate these complexities and contribute to improved business performance. Moreover, a conceptual understanding of the specific competencies relevant to the Chinese manufacturing industry can inform the design of training and development programs for managers. Identifying the key competencies that drive business performance can enable organizations to focus their resources on developing these skills and abilities among their managerial workforce.

The purpose of this conceptual research study is to provide a theoretical framework and conceptual understanding of the relationship between managerial competency and business performance among manufacturing companies in China. The research aims to:

- Identify the key dimensions of managerial competency that are most influential in the Chinese manufacturing sector based on existing literature.
- Explore the theoretical linkages between managerial competency and various dimensions of business performance, such as financial performance, productivity, innovation, and customer satisfaction.
- Examine the potential mediating factors that may influence the relationship between managerial competency and business performance, such as organizational culture, employee engagement, and knowledge sharing.
- Provide a theoretical foundation for future empirical research, guiding the development of research hypotheses and methodologies.

By addressing these research objectives, this conceptual study seeks to contribute to the theoretical understanding of the role of managerial competency in driving business performance within the Chinese manufacturing industry. The findings will serve as a basis for future empirical investigations and inform the development of practical strategies to enhance managerial competency and improve business performance in manufacturing companies in China. In conclusion, this conceptual research aims to establish a theoretical foundation for understanding the relationship between managerial competency and business performance among manufacturing companies in China. By reviewing existing literature, identifying key dimensions of competency, and exploring conceptual linkages, the study will contribute to the body of knowledge on this topic, guide future empirical research, and provide valuable insights for managerial practices and policy recommendations in the Chinese manufacturing sector.

## **II. DISCUSSION**

The conceptual paper aims to explore the relationship between managerial competency and business performance among manufacturing companies in China. It provides a comprehensive analysis of the theoretical foundations, existing literature, and key insights related to the topic.

The paper starts by highlighting the significance of the manufacturing industry in China, emphasizing its role in the country's economic growth and global competitiveness. It establishes the context in which managerial competency becomes crucial for manufacturing companies to effectively address challenges, seize opportunities, and achieve sustainable business performance. To support its claims, the paper incorporates relevant in-text

citations from scholarly sources. For instance, it references Chen, Yang, and Yang (2021) to highlight the growth and development of the manufacturing industry in China. This citation adds credibility to the argument and supports the assertion that the industry is a key contributor to the country's economic progress.

The conceptual analysis delves into the definition of managerial competency, encompassing the knowledge, skills, and abilities that managers need to effectively lead and manage their teams. This definition provides a foundation for understanding the concept and its relevance in the context of the Chinese manufacturing sector.

To support the importance of managerial competency, the paper refers to several studies conducted in the Chinese manufacturing context. It cites Zhu, Zhou, and Ye (2018) to establish the positive association between managerial competency and financial performance indicators, such as return on assets and return on sales. This citation strengthens the argument that managerial competency plays a vital role in driving financial success in manufacturing companies. Furthermore, the paper cites Li, Wang, and Huang (2019) to demonstrate the impact of managerial competency on innovation performance in Chinese manufacturing firms. This reference supports the argument that managers with higher levels of competency, particularly in areas such as strategic thinking and innovation management, contribute to improved innovation outcomes. By incorporating these citations, the paper showcases the existing research and empirical evidence on the relationship between managerial competency and business performance in the Chinese manufacturing industry.

The conceptual analysis also provides valuable insights into the topic. It highlights the unique challenges and opportunities faced by manufacturing companies in China, such as intense competition, evolving market dynamics, and rapid technological advancements. This insight helps to contextualize the importance of managerial competency in navigating these complexities and driving business performance. Moreover, the paper suggests that understanding the specific competencies relevant to the Chinese manufacturing industry can inform the design of training and development programs for managers. This insight demonstrates the practical implications of the research, as it can guide organizations in focusing their resources on developing the necessary competencies among their managerial workforces.

The purpose of the research is clearly outlined in the analysis. The paper aims to provide a theoretical framework and conceptual understanding of the relationship between managerial competency and business performance in the Chinese manufacturing sector. It identifies the key research objectives, such as identifying dimensions of managerial competency, exploring the linkages between competency and business performance, and examining potential mediating factors. These objectives demonstrate the scope and focus of the research, aligning with the purpose of the conceptual study. Overall, the conceptual analysis provides a comprehensive overview of the topic, integrating relevant literature, key insights, and theoretical foundations. It supports the importance of managerial competency in driving business performance in the Chinese manufacturing industry, establishes the need for further empirical research, and provides practical implications for managers and organizations in enhancing competency and improving performance. Additional insights that can be drawn from the conceptual analysis of the research topic:

The analysis suggests that understanding the key dimensions of managerial competency in the Chinese manufacturing sector can inform talent management strategies. By identifying the specific competencies that

drive business performance, organizations can focus on recruiting, developing, and retaining managers who possess these crucial skills and abilities. This insight emphasizes the importance of aligning talent management practices with the competencies required for success in the manufacturing industry in China.

The conceptual analysis highlights the role of organizational culture as a potential mediating factor in the relationship between managerial competency and business performance. It suggests that the cultural context within manufacturing companies in China can influence how managerial competency translates into outcomes. For example, a culture that fosters innovation and encourages collaboration may enhance the impact of managerial competency on innovation performance. This insight emphasizes the need to consider the broader organizational context when examining the relationship between competency and performance.

The analysis hints at the potential influence of knowledge sharing and collaboration on the relationship between managerial competency and business performance. Manufacturing companies in China operate in a rapidly changing environment where knowledge sharing and collaboration across functions and teams are crucial for success. Managers with strong competencies in communication, teamwork, and collaboration may be better equipped to facilitate knowledge sharing and foster a culture of collaboration, thereby positively impacting business performance.

The analysis indirectly highlights the importance of continuous learning and development for managers in the Chinese manufacturing industry. Given the dynamic nature of the sector, managers need to continuously update and enhance their competencies to stay effective and relevant. This insight suggests that organizations should invest in ongoing training and development programs that cater to the evolving needs of managers, enabling them to adapt to new challenges and drive improved business performance.

The conceptual analysis identifies gaps in the existing literature and calls for further empirical research. It emphasizes the need for future studies to explore the specific dimensions of managerial competency that are most influential in the Chinese manufacturing sector and to examine the mediating factors that shape the relationship between competency and performance. This insight provides a roadmap for researchers interested in exploring the topic further and contributes to the development of a more robust body of knowledge in this area.

In conclusion, the conceptual analysis of the research topic provides several valuable insights. It highlights the importance of talent management strategies, the influence of organizational culture and context, the role of knowledge sharing and collaboration, the significance of continuous learning and development, and the need for future research. These insights contribute to a deeper understanding of the relationship between managerial competency and business performance in the Chinese manufacturing industry and offer practical implications for managers, organizations, and researchers in this field.

### **III. CONCLUSION**

In conclusion, the conceptual analysis of the relationship between managerial competency and business performance among manufacturing companies in China highlights the crucial role that managerial competency plays in driving sustainable success in this dynamic industry. By examining existing literature and theoretical frameworks,

several key insights emerge. Firstly, the conceptual analysis emphasizes the significance of identifying the specific dimensions of managerial competency that are most influential in the Chinese manufacturing sector. This understanding can inform talent management strategies, allowing organizations to recruit, develop, and retain managers who possess the essential skills and abilities needed for success in this context.

Secondly, the analysis highlights the potential mediating factors, such as organizational culture, knowledge sharing, and collaboration, that can shape the relationship between managerial competency and business performance. These factors emphasize the importance of considering the broader organizational context when examining the impact of competency on performance outcomes. Additionally, the analysis underscores the need for continuous learning and development among managers in the Chinese manufacturing industry. As the industry undergoes rapid changes, managers must continuously update their competencies to effectively address emerging challenges and drive improved business performance. In summary, the conceptual analysis emphasizes that managerial competency is a critical factor in driving business performance among manufacturing companies in China. It sheds light on the specific competencies required for success, the mediating factors that influence the relationship, and the importance of continuous learning and development.

The analysis also highlights several important lessons. It underscores the value of aligning talent management strategies with the competencies needed in the manufacturing industry, as well as the significance of creating an organizational culture that fosters innovation, collaboration, and knowledge sharing. Furthermore, the analysis emphasizes the need for managers to embrace continuous learning and development to remain effective in an evolving business landscape. Looking towards future research directions, the conceptual analysis identifies areas for further empirical investigation. Future studies could focus on exploring the specific dimensions of managerial competency that have the greatest impact on business performance in the Chinese manufacturing sector. Additionally, investigating the mechanisms through which organizational culture, knowledge sharing, and collaboration influence the relationship between competency and performance would provide valuable insights.

Furthermore, future research can examine the role of technology and digitalization in shaping managerial competency and its impact on business performance in the manufacturing industry. The growing influence of Industry 4.0 and automation presents new challenges and opportunities that warrant exploration. In conclusion, the conceptual analysis provides a foundation for understanding the relationship between managerial competency and business performance in the Chinese manufacturing industry. It highlights the importance of competency, the mediating factors at play, and the significance of continuous learning. By focusing on these aspects, organizations can enhance their managerial practices, improve business performance, and contribute to the overall success of the manufacturing sector in China.

The conceptual analysis suggests several avenues for future research. Firstly, further empirical studies could delve deeper into the specific dimensions of managerial competency that have the greatest impact on business performance in the Chinese manufacturing sector. By identifying and understanding these key competencies, organizations can develop targeted training programs and strategies to enhance managerial effectiveness. Secondly, future research can explore the mechanisms through which organizational culture, knowledge sharing, and collaboration influence the relationship between competency and performance. Understanding these underlying

processes can provide valuable insights into how organizations can foster a supportive environment that maximizes the impact of managerial competency on performance outcomes. Lastly, given the increasing influence of technology and digitalization in the manufacturing industry, future research could investigate the role of technology-related competencies in driving business performance. Exploring how managers navigate the challenges and opportunities presented by Industry 4.0 and automation can offer practical guidance for organizations in the era of digital transformation.

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