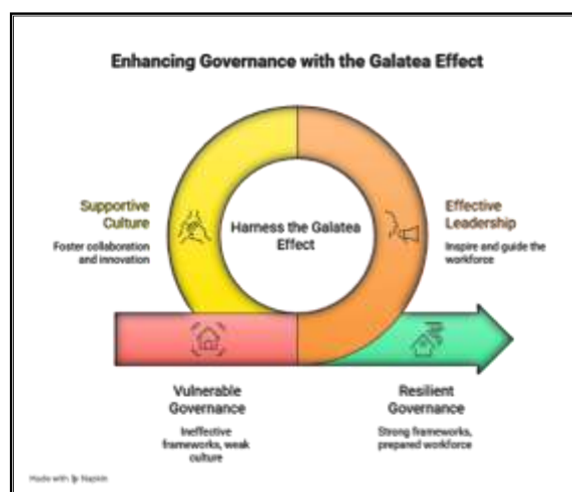


**THE ROLE OF GALATEA EFFECT ON GOVERNANCE OF RESILIENT ORGANIZATIONS (WITH REFERENCE TO PRIVATE BANKS IN DURG DISTRICT OF CHHATTISGARH)****Mrs. Reeta Pradhan**Research Scholar  
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Bharti Vishwavidyalaya, Durg**ABSTRACT: -**

In the world of dynamic and drastic changes quality of organizational resilience is the need of the time. Different organizations especially banks are considered as resilient organizations given their capacity to cope up with the digitally transformative world from time to time. The Indian banking sector is portrayed by market volatility and stringent regulatory demands and it requires an adaptive mindset of the workforce to maintain the changes. Effective managers make their institution resilient by their effective leadership often facilitated by the important effect as Galatea.

*Graphical Abstract*

This psychological effect manifest within the hierarchical and service-oriented structure of private banks. This study, therefore, investigates the impact of Galatea on governance of resilient organizations. For the study a structured close ended questionnaire was used to collect data from 150 bank employees of different private banks in Durg district of Chhattisgarh. The empirical results demonstrate a significant positive impact of the psychological effect on governance frameworks that underpin organizational resilience.

**Keywords:**

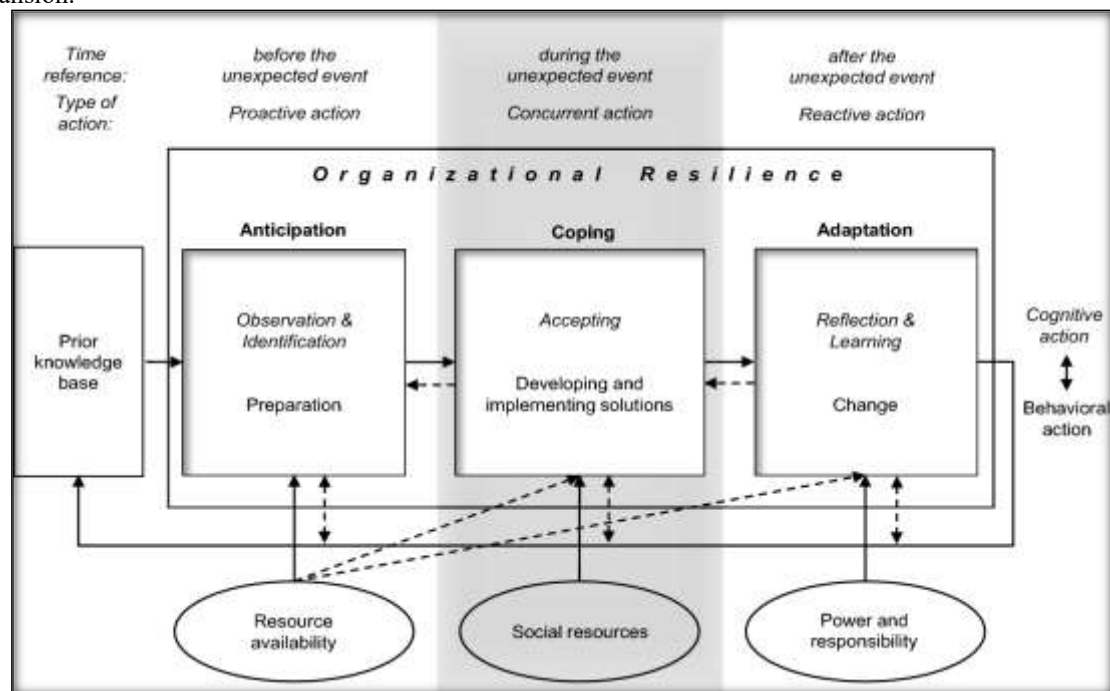
Governance, Organizational Resilience, Galatea effect, psychological effect, Banking sector etc.

**INTRODUCTION:**

The banking sector is often viewed as a cornerstone of economic stability and growth, particularly in developing countries like India. As the landscape of banking evolves with digital transformation, the need for resilience

becomes increasingly critical. Resilient organizations are those that can adapt to changes, manage crises effectively, and maintain operational continuity. This adaptability is largely influenced by the leadership styles and psychological effects present within the organization. One such psychological effect is the Galatea effect, which posits that individuals perform better when they believe in their own capabilities, often influenced by the expectations set by their leaders. The modern financial world is marked by rapid digitalization and resilience. This is due to economic crisis and growing competition among different institutions to be successful in the long run. Another reason may be growing recession that leads to the institution to be more resilient.<sup>1</sup> Economic crisis could be due to natural disasters, terrorist attacks or technical malfunctions. Unexpected events, may occur internally or externally to an organization, and can also vary in several dimensions: for example, the nature of the event, the time and location of its occurrence, its frequency, and its duration. Additionally, the significance and scale of its impact on the organization can also be surprising. According to Williams et.al.(2017) the energetic nature of resilience as an interaction between the organization and environment, the core concept of resilience lies in tackling the adverse conditions during their entire lifecycle. Based on this the resilience process is divided into 3 sequential stages as anticipation, coping and adaptation.

Post-global financial crisis, Indian banks had showcased greater resilience and better performance than international competitors across several key processes. The sector continues to be a beacon of stability amid escalating geopolitical risks and unprecedented macroeconomic volatility. According to a BCG/FICCI/Indian Banks' Association report, Indian banks have defied global inflationary pressures and valuation drops, reporting record profits, robust credit growth, and strong balance sheets underpinned by a high-caliber book and strategic expansion.<sup>2</sup>



*Fig 1 A capability-based conceptualization of organizational resilience<sup>3</sup>*

Digital transformation spurred an urgent need for technological resilience. Along with, greater attention to employee well-being has driven the focus on workforce resilience. Furthermore, concerns regarding society and the environment—specifically diversity, equity, and climate change—have compelled banks to elevate their

<sup>1</sup> A Joseph et.al. (2014), Does Governance confer Organizational Resilience? Evidence from Uk employee owned businesses, European Management Journal, Volume 32 Issue 1.

<sup>2</sup> <https://rmaindia.org/indian-banks-resilient-but-only-10-follow-risk-management/>

<sup>3</sup> Stephanie Ducheck (2019), Organizational Resilience: a capability based conceptualization, Volume 13, pages 215-246.

commitment to societal and environmental resilience across their operations.<sup>4</sup>The present study was done on different private banks in the premises of Durg district.

#### **The Galatea Effect**

The Galatea effect is rooted in self-fulfilling prophecies, where the expectations of leaders can shape the performance and self-perception of their subordinates. In the context of private banks, where service orientation and hierarchical structures are prevalent, the Galatea effect can significantly impact employee motivation and engagement. When leader's express confidence in their employees' abilities, it can lead to enhanced performance, greater job satisfaction, and a stronger commitment to organizational goals.

#### **Organizational Resilience in the Banking Sector**

Organizational resilience refers to the ability of an organization to anticipate, prepare for, respond to, and recover from disruptive events. In the Indian banking sector, resilience is particularly vital due to the challenges posed by market volatility, regulatory changes, and technological advancements. Banks must cultivate an adaptive mindset among their workforce to navigate these challenges effectively. This adaptability is often facilitated by effective leadership, which can harness the Galatea effect to foster a resilient organizational culture.

#### **Problem Statement; -**

Every organization needs to be adapted according to the need of the present world of accelerating digital disruption, escalating geopolitical risks, and unprecedented macroeconomic and environmental volatility (e.g., climate change). Failure to cope with this changes leaves organizations critically vulnerable. Consequently, they face the immediate risk of:

**1.Systematic Failure:** -When organizations fail to cope with major shocks as cyber-attacks, supply chain collapse or regulatory crisis they experience systematic failure.

**2.Competitive Erosion:** - When organizations lose market share to their competitors who can pivot and adapt faster in dynamic markets, this is known as competitive erosion.

**3.Talent Drain:** - Organizations fail to retain an adaptive workforce due to a lack of workforce resilience and investment in employee well-being during stressful periods, known as Talent drain.

**4. Reputational Damage:** - When organization suffer loss of faith by others due to some societal and environmental challenges, is termed reputational.

On the basis of these problems every organization should be well adapted to face resilience due to different reasons. Self-motivation (Galatea effect) is one such phenomena through which the morale of the employees can be boosted to face organizational resilience.

#### **Literature Review: -**

According to A. Adamu et.al.(2023), Crisis management is one of the method to deal with organizational resilience. Employees who were well communicated about internal crisis management were better in dealing with resilient conditions of the organization. According to Rana B. S. Madi Odeh (2021), transformational leadership has a significant impact on organizational resilience through adaptive culture. Transformational leadership plays a major or positive role in increasing organizational resilience and adaptive nature. According to M.Mousa et.al.(2020), organizational learning helps any organization to achieve organisational resilience through mediating role of multistate holder networks. According to Gyan.P.Nyaupane et.al. (2020),some of the organizational qualities as favorable working environment, effective long planning are some important factor for improving organizational resilience. According to Mirjana Radovic – Markovic (2025), resilient times could be faced easily through simple steps taken by the managers as promoting participation, rewards etc. Employee feedback is also necessary for a smooth move in ten organizations. According to Andrew W.Ishak et.al.(2018),there are different methods of dealing organizational resilience and the method to deal with it differs with institution. The dual spectrum model could therefore be used which is more adaptive helps tackling organizational resilience.

#### **Research Gap: -**

The literature on organizational resilience and change methods is substantial. However, research examining the specific link between an adaptive workforce and the governance efficacy of organizational resilience is scarce. To date, the contribution of employee self-motivation (operationalized as the Galatea Effect) to navigating resilient situations within the banking sector has not been empirically established. This paper seeks to bridge this

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<sup>4</sup> [https://www.ey.com/en\\_gl/banking-capital-markets-risk-regulatory-transformation/how-resiliency-in-risk-management-is-the-new-top-priority-for-banks](https://www.ey.com/en_gl/banking-capital-markets-risk-regulatory-transformation/how-resiliency-in-risk-management-is-the-new-top-priority-for-banks)

gap by examining the positive impact of self-motivated private bank employees on their proactive preparation for organizational resilience.

**Objectives: -**

- 1.The paper aimed to focus on the impact of self-motivation (Galatea effect) on the governance of resilient organizations.
- 2.The study focused to investigate the problems faced by employees of private banks during organizational resilience.

**Hypothesis: -**

H<sub>0</sub>:-There is no significant impact of Galatea on workforce of private banks.

H<sub>0</sub>:-There is no significant impact of Galatea on governance of resilience conditions in banks.

**Research Methodology: -**

Research design:- Research Design provides a structural framework to show the different steps of a research in a systematic and comprehensive manner.It helps to better understand the various steps adopted and the ways how the research objective has been clearly achieved in a given research.A well structured research design should suggest the pathway to test the hypothesis through proper data analysis techniques or answer the research questions using various approaches.In the present paper the research design approach would be quantitative, survey based.

**Sample: -** The sample is the population which is targeted to collect the data from. The present paper chose 150 employees from the different private banks of Durg district of Chhattisgarh. The presence of different private banks in Durg district of Chhattisgarh makes it a first choice for the study. The quick adoption of digitalization is specially adapted by the private banks. In essence, Durg provides a concentrated, economically complex, and representative environment where the pressures that necessitate organizational resilience are high, and the conditions required to observe the Galatea Effect within private banking hierarchies are clearly present.

**Instrumentation: -** A close ended questionnaire was used for the survey method. Close ended questions are such which allows the respondents to choose from given option either “yes or no” or multiple choice questions. Close ended questions make it easier to compare responses of respondents. It also restricts the responses by providing options. They also consume less time as the questions are multiple choice question, so easily answered. The Likert scale of 5 points is used to measure the two variables. The reliability of the questionnaire is checked by Cronbach’s Alpha which helps to check the scale’s internal consistency or reliability and shows how closely the items are interrelated.

**Data Collection Procedure: -**The data was collected by the method of Convenience sampling where the online procedure was used to collect data from the employees of different private banks.

**Data Analysis: -** For data analysis the statistical software SPSS is used, and the techniques used are descriptive statistics, correlation, and regression analysis to test the hypothesis.

**Correlation of GE for Developing Inner skill and Governance of resilient organization**

	Mean GE for Developing Inner skill	Mean of Governance of Resilient O
Mean GE for Developing Inner skill.	1	
Mean of Governance of Resilient O	0.881901376	1

**Correlation GE for Decision Making and Governance of resilient organization**

	Mean of Governance of Resilient O	Mean GE for Decision making
Mean of Governance of Resilient O.	1	
Mean GE for Decision making	0.96996077	1

Regression Statistics	
Multiple R	0.563992411
R Square	0.318087439
Adjusted R Square	0.313479922
Standard Error	0.260602334
Observations	150

ANOVA								
	df	SS	MS	F	Significance F			
Regression	1	4.688524035	4.688524035	69.03662	5.6849E-14			
Residual	148	10.0512093	0.067913576					
<b>Total</b>	<b>149</b>	<b>14.73973333</b>						
	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%	Lower 95.0%	Upper 95.0%
Intercept	2.11780769	0.227366588	9.314507051	1.59E-16	1.668503468	2.567111912	1.668503468	2.567111912
X Variable 1	0.466200242	0.056109025	8.308828076	5.68E-14	0.355321938	0.577078547	0.355321938	0.577078547

### Inferences-

The findings of the study are represented by the table which displays a correlation matrix table1. Relation of Galatea– development of inner skill and Governance of organizational resilient.

Variables: -The table signifies the two variables one independent value Galatea effect with two factors-developing inner skill and one dependent variable Governance of organizational resilient. The table presents the correlation between two variable:"Mean GE for Inners" and "Mean of Governance of Organizational Resilient.

Diagonal Values: The table represents value of 1 on the diagonal indicates the perfect correlation of each variable with itself.

Correlation Coefficient: -The off-diagonal value of approximately 0.881901376 represents a strong positive correlation between "Mean GE for Inner s. and "Mean of Governance of organizational resilient. This signifies that as the value of one variable increases, the value of other tends to increase.

### 2. Relation of Galatea-Decision making and governance of resilient organization.

Variables: -The table compares two specific matrices related to "Galatea effect for decision making and governance of organizational resilient.

Correlation Coefficients: -The value of 1 in table represents the correlation of a variable with itself i.e."Mean of Governance of Organizational resilience with mean of governance of Organizational resilience."This represents a positive relation. The value of 0.96996077 represents the correlation between "Mean of Governance of Organizational resilience and mean of Galatea effect for decision making."

The value of approximately 0.97 indicates a very strong positive correlation between the two metrics. This suggests that as one metric increases, the other metric also tends to increase significantly.

Regression Statistics: -This section provides overall measures of how well the model fits the data.

Multiple R: The correlation coefficient, which measures the strength of the linear relationship between the actual dependent variable values and the predicted values. A value of 0.564 indicates a moderately strong linear relationship.

R Square: The coefficient of determination, which indicates the proportion of the variance in the dependent variable that is predictable from the independent variables. The value 0.318 means about 31.8% of the variation in the dependent variable explained by the X variable.

### Results: -

The Cronbach's Alpha value for the items is calculated as 0.8565, which shows a good internal consistency and the items in the questionnaire expresses the same underlying construct.

$$\alpha = \frac{k}{k-1} \left( 1 - \frac{\sum V_i}{V_t} \right)$$

### Hypothesis Testing: -

The empirical results demonstrate a significant positive impact of the Galatea Effect on governance frameworks, thus supporting the hypothesis. Hence the null hypothesis is rejected.

**Key Findings**

**Leadership Expectations:** Employees who felt that their leaders had high expectations of them were more likely to exhibit resilience in their roles.

**Self-Efficacy:** A strong correlation was found between employees' self-efficacy and their perception of organizational governance, suggesting that empowered employees are more engaged and productive.

**Organizational Culture:** The study highlighted the importance of a supportive organizational culture that fosters trust and confidence among employees, which is essential for resilience.

**Discussion and Conclusion: -**

The results showed a positive relation between different aspects of Galatea on Governance of resilient organization. The employees of the different private banks when gets motivation from inner self they get boosted towards facing different organizational problems. The study provided how different self motivation factors play a significant role in understanding different resilient situations and are directed to overcome the situations through Galatea effect. The study provides practical, actionable advice for bank managers in Durg and the wider Indian banking sector. It recommended leadership training programs that focus on enhancing the manager's self-efficacy (Galatea).

**Limitations: -**

The study was mainly confined to Durg district of Chhattisgarh. The data was collected through digital mode due to shortage of time. The data collected from a single district among many other districts in Chhattisgarh could not be taken as a general data as the result could be different in other districts.

**Conclusion: -**

The study was based on employees of different private banks in Durg district of Chhattisgarh. Their method of dealing the resilient situations is strongly effected by their self-motivation known as Galatea Effect. When employed gets self-motivated, they can easily develop their inner skills and can take fruitful decisions to combat difficult situations. The wise decisions made by the managers at the time of crisis helps the bank to fight any situation. Employees' self-motivation is one of the best way to deal with resilient conditions. The belief in oneself helps tackle every difficult conditions by remaining strong.

**Future Research: -**

The future scope of the study could be a comparative study based on Galatea effect could be done between private and public sector banks. The organizational work culture could be taken as a moderating factor in shaping employees attitude towards self motivation.

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