



Organizational Effectiveness and Human Capacity Development in the Banking Industry: A Study of First Bank Plc Yenagoa, Bayelsa, Nigeria.

Abejirinde, Ayodele A. & Chioma Daisy Onyige (Ph.D)

**Department of Sociology
Faculty of Social Sciences
University of Port Harcourt, Port Harcourt, Nigeria**

ABSTRACT

The study seeks to examine the relationship between human capacity building and organizational effectiveness in the banking industry, especially First Bank in Yenagoa. The objective of this paper focuses on the influence of the adoption of e-training strategy on First Bank Yenagoa branches profitability. The paper used system theory to anchor the study. The study was survey in nature as it allowed the combination of qualitative and quantitative research method. Through the use of the combination of stratified and simple random sampling, 268 respondents were selected and questionnaire was administered on them. Beside, 9 top management staff of the bank were selected and (IDI Session) was administered on them. The findings of the study revealed that the adoption of e-training HCD strategy influenced the profitability of FBN, Yenagoa. It was recommended that modern banks should leverage on e-training strategy to boost their profitability.

Keywords: Organization effectiveness – Profitability – Human capacity building.

INTRODUCTION

Human Capacity Building (HCB) as an integral part of the delivery strategy of modern businesses has become a critical area of policy and academic concern in recent times. This is because progressive human capacity building initiative is now known to represent a significant driver of growth, survival and sustainability of modern organizations. Research has shown that there is a correlation between the effectiveness of a corporate organization and the productivity of the available human capital when juxtaposed with the collective tasks and objectives of the organization. This is why Van Der (2010) opined that the contemporary manager believes that a happy, committed, actively involved employee and a positive corporate culture are important measures of effectiveness. He went on to argue that an organization is effective when employee's performance indices such as; clear cut mission direction is stated, when there is sustainability of goals, customer focused posture, the organization is outcome-oriented, employees skills and capacities are enhance and adaptive to changes.

Similarly, Ellis (2015) argued that organizational effectiveness is a strong measure of how well an organization meets its set goals. The argument was based on the logic of a mismatch between profit and organizational mission statement. For instance, it is believed that a company currently making profit may be ineffective if it is failing to meet the core values of its mission statement, attract certain customers and create value for its talented employees, through training programmes as well as plan for the next generation. While aggregate or employee job performance evaluation in organizations especially tested with variables such as motivation and employee satisfaction has occupied scholars of sociology of industry, and personnel management over the years, there is an increasing shift in research interest with a focus on the need to understand how indicators of human capacity building are designed to boost organizational effectiveness especially in the Banking Industry (Idris, 2013).

Ineffective human capacity building models have been known to have both short and long term negative effects on the business of any organization. The short term dimension relates to under performance of the organization as caused by employees' work dissatisfaction (Sullivan, 2011). Thus, this study is aimed at examine the relationship between Human Capacity Building and Organizational Effectiveness in the Banking Industry, with particular reference to First bank of Nigeria, Niger Delta. The objective of the study is to examine the influence of the adoption E-training strategy on First Bank Nigeria profitability in Niger Delta.

Literature Review And Theoretical Framework

Human Capacity Building and Organizational Effectiveness

Literatures abound that focused on employees' capacity building and employee performance, especially with regards on- the -job training. However, this empirical review will concentrate more on contemporary studies and conventional processes of employee capacity development and training. For example, Riyaz (2010) while studying the training policies of two industries which include Jammu and Kashmir limited and Addax Nigeria limited, the focus was on variables such as training inputs, quality of training program, and transfer of training to the job. The findings revealed that there is a correlation between all the variables studied and organizational effectiveness. Shishupal (2009) researched on the role of employees' capacity development on organizational productivity. The conclusion of the findings suggested that the existence of a well-defined organizational training policy as well as training manual is a critical component organizational effectiveness and employees' performance. Hence, organizational management and managers across both the public and private sector should provide employee training models as a strategy for increasing workers productivity, performance and improving workers retention. Equally while studying on the impact of capacity building on employees' commitment and performance, Stella (2013) sampled 75 managerial employees' of a Greek engineering firm. She relied on several case studied to determine the impact of changes in the role of employees training and capacity building. The findings of the research indicated a causal relationship between employee training, attachment to business goal, high level of commitment to work, and organization effectiveness . We can only conclude from her findings that there is a positive relationship between employees' capacity building and performance. In another instance, a study which focused on the effects of management training program on worker's performance about 230 sampled respondents cutting across 16 companies in Nigeria was used during the research. The study targeted the possible compulsory need for management training before staff placement at the managerial level. The findings of the research revealed strong correlation between employee management training and output. It also emphasis the need for job profiling and identification of competency gaps before training and placing management staff. Richard (2011) researched on the role of investment in employee training or capacity building development on effectiveness in the banking industry in Nigeria. The study adopted the combination of quantitative and qualitative data analysis. About 350 questionnaires were distributed across 25 commercial banks in Nigeria. The summary of the findings revealed a strong link between employees' productivity and investment in employee's training. Similarly, Amuno (2009) did an extensive study on employee of a large high tech manufacturing company to determine the influence of tuition reimbursement employee investment program on worker's turnover. The findings of the study indicated a significant decrease in turnover of employees that enjoyed the tuition reimbursement investment scheme. While examining the relationship that exist between employees' capacity development and employees' output. Harel etal (2009) focused on the study of possible link between employee training and variables such as job performance, skill acquisition, behavioral attitude, knowledge and attachment of organizational goal. About 450 sampled sized respondents were collected across three layers of staffs. Namely: general staff, senior staff, and management staff. This result showed that employee training through skills and knowledge is a reliable tool for employee performance and value creation. Besides it was observed that employee's capacity building reduces the nature of work hazards on the job which in turn leads to accomplishment of organizational goals and objectives.

Rastogi (2012) carried out a comparative analysis of the effect of capacity development of staff on employees' performance in the public and private sectors in Nigeria. The summary of the findings indicated that progressive capacity staff building through training and re training is germane to employees and organizational effectiveness. Also it was discovered that management's long term training plan is a critical component of employee's value creation. Thang (2013) studied the influence of human resources training on employee's productivity in Vietnam and found out that there is a significant relationship between employee training and performance. He concluded that the right management training will improve the skill and knowledge, and competence of the employees which will impart positively on organizational effectiveness. The other findings of the research indicated there was a progressive appreciation year in year out of the companies that prioritized employee's training (i.e 0.18 percent for 2011, 0.32 percent for 2012 respectively). The study recommended that management must pay attention to creating value for their employees' through robust employee's training schemes.

In the light of these expansive literatures review one can come to the conclusion that modern human resource managers and management must pay serious attention on issues that borders on human resources capacity building in other to be able to identify gaps inherent in employees' training concern. The singular goal of identifying and filling these gaps will go a long way in furnishing the employees' the needed cutting edge skills, knowledge, and technical knowhow required to enhance their competitive value. Progressive human capital development is one of the factors that determines the effectiveness or ineffectiveness of any modern organization (Appiah, 2010; Geroy, 2001; and Wright, 2012).

Theoretical Underpinning

System Theory

The concept of system connotes in all ramifications the relationship between entities in such a way that these seemingly independent entities become knitted as one interdependent whole. Structurally, systems are made up of distinct and autonomous sub systems in constant interaction. This interaction leads to the generation of system output. The effectiveness of this interaction depends on the viability of individual subsystem. However, a sub system viability depends on the contribution of other sub system and its ability to contribute to other sub system (Ackoff, 1974). System theorist also contributed immensely to the understanding of stakeholder's value creation in the 1970s. For instance Ackoff (1974) developed a methodology for stakeholder's analysis of organizational system. He argued that stakeholder's participation is essential for system design and the support of interaction, stakeholders would help in solving much organizational ineffectiveness (Ackoff, (1974) in Elias et al, (2002).

The system theory approach is equally based on the open system model as applied to social system. An organization is a system and is a part of environmental supra system. The systems view considers the nature of interaction between the organization and the environment to determine its organizational effectiveness. In the system theory, an organization remains effective as long as its uses its resources in an efficient manner and continues to contribute to the larger system (Singh & Chopra, 1998). Organizational effectiveness is also dependent on optimizing the input- Output cycle and process in an efficient manner. The input can be represented by the quality of investment in form of training and equipment (information technology facilities) that an organization put into her employees to make them viable in meeting customer's needs. Output, on the other hand, can be the quality or standard of product and services generated by the employees' to create value for customers. Organizational effectiveness is achieved when input and output elements are processes work in a synchronized manner such that collective goals of the organization are achieved. The organization should be able to establish a feedback system so that appropriate modification can be done.

The value network theory and system theory are two distinct management theories that equally have area of convergence and relatedness. While value network theory focuses on the interaction between employees geared towards generating tangible values. Employee effectiveness is solely derived from their enhanced capacity building. System theory on the other hand is hinged upon maximizing or optimizing the input – output cycle and process of organization in an efficient manner. The input includes the

materials and human resources, the output has to do with the final goods or services delivered to customers.

The actual points of convergence of these two theories that are germane to this study are:

1. Both theories are geared towards improving the abilities and capacities of the employees
2. Both theories emphasize the critical role of building employee or human capital capacities in order to attain organizational effectiveness.
3. Value network and system theories are both input oriented. This clearly show that the human capital development is important when targeting meaningful output in any organization

RESEARCH METHODS

The proposed research design for this study is the descriptive method. This method is preferred to other more direct method such as experimental design or field study because it allows especially in Sociology for deep analysis of both qualitative and quantitative data. The total number of Employees in First Bank Nigeria Plc in Bayelsa according to CBN bulletin is 540. From this, 268 sample employees were selected using Taro Yamane Formula i.e

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

Where:

n = the expected sample population.

N = the population of study.

e = level of significance.(0.05)

Two sampling techniques will be applied in this study; these are the cluster and simple random sampling methods. The first will be used to cluster banks in the study area based on defined criteria such as the categorization of banks. The latter will be a selection of the respondents who would eventually take part in the study. Staff lists that would suffice as sampling frame are available given the way the banking sector is organized. Having developed a clear sampling frame, numbers would be assigned to the various elements in the frame and a simple ballot system involving the use of basket and rapped papers will be applied. A sample unit will therefore be drawn from each sampled cluster; one at a time without replacement to avoid the selection of one person more than once until the required sample size is derived.

The questionnaire and in-depth interview (IDI) methods are the main primary data collection techniques to be adopted in this study. Based on this, information would be obtained through the administration of a self -designed questionnaire to respondents. 268 copies of questionnaire will be distributed to the sampled number of respondents. In the same vein, In-depth Interview method which will consist of (guided questions) would be utilized to elicit information from top management staff numbering (9) from each selected state. Results from the discussion and interview will help in the analysis especially with regard to triangulating the data collected from the field.

RESULTS AND DISCUSSION

Table 4.1 Socio-Economic Variables of selected Respondents.

Variables	FBN	
Religion	F	P
Christianity	180	70.9
Islam	60	22.38
Traditional	7	2.61
Others	11	4.10
Total	268	100
Ethnic Group		
Niger Delta	62	23.73
Igbo	56	20.90
Yoruba	45	10.79
Hausa/Fulani	5	1.86
Others	100	37.37
Marital Status		
Single	134	50
Married	113	50
Divorced	10	3.73
Widowed	11	4.10
Total	268	100
Age		
25-34 yrs	109	40.67
35-44 yrs	109	40.67
45-54 yrs	50	18.65
55 and above	0	0
Total	260	100
Educational Qua		
Secondary Cert	0	0
HND/NCE	0	0
HND/BSc	232	86.56
Post Graduate	36	13.43
Total	268	100
Annual Income		
1.m-2.4m	231	86.19
2.5m-4.4m	35	13.05
5.5m – 6.4m	2	0.74
6.5m and above	0	0
Total	268	100
Hierarchy of staff		
Mgt trainee	102	38
Unit head/super	25	9.32
Mgt. Cadre	17	6.34
Director	2	0.74
Mgt Staff	122	45.52
Total	268	100
Sex		
Male	144	53.73
Female	124	46.26
Total	268	100

Units of Optn		
Operation	124	46.26
Marketing	90	33.56
Human Resource	14	5.22
Technical/IT	10	3.73
Customers care	30	11.19
Total	268	100

Source: Researchers Survey, 2019.

From the table above, the distribution of respondents according to religious affiliation, it is clear that most of the respondents across the selected banks are Christian with the following statistical breakdown: FBN shows that 190 (70.9%) are Christians. The above scenario can be attributed to the preponderance of Christian religion in the Niger Delta Nigeria.

Also, from the same table, with regards Ethnic grouping, the findings revealed a divergent result across the four selected banks. For instance in FBN, most of the respondents at 62 (25.13%) are from Niger Delta, Igbos 56 (20.90%), and Yoruba at 45 (10.79%).

Concerning marital status of the respondents across the selected banks, the findings showed that there are more singles in the old generation banks such as FBN with the following statistics: FBN , 134(50%). The marital respondents constituted 113 (42.16%) and 42(20.89%) respectively. The divorced included 10 (3.73%) and 16(7.96%). However, the widowed among the respondents were 11(4.10%) and 2(0.99%). The findings of the study with regards Age distribution of the respondents revealed a skewed distribution towards the youth and young adult across the banks employee. For instance in FBN 109 (40.67%) are within the age range of 25-34 yrs, 152(63.86%) of the respondents fall within that bracket in FBN, 100 (49.75%) Handful of respondents across the bank employees falls within the age ranges 45-54yrs and 55 and above respectively.

The distribution of respondents on the basis on educational qualification across the bank employees revealed that overwhelming majority of them are B.Sc /HND certificate holders, while a handful of them are postgraduate degree holders. The breakdown of the statistic is thus; for FBN, 232 (86.56%) are B.Sc holders while 36(13.43%) are post graduate. The income distribution statistic of the respondents in the study conducted across the employee bank revealed a similar trajectory of bottom heavy and top light pattern. In FBN, 231 (86.19%) of their annual income fall within the range of 1m-2.4m, 35(13.05%) earns between 2.5m and 4.4m. However, only 2(0.74%) in FBN earns between 4.5m. None of the respondents sampled across the employee bank earns within the income range of 6.5m and above per annual.

Table 4.2. E -training strategy and selected Banks profit margin.

Variables	FBN	
Strongly Agree	61	28.76
Agree	70.	26.11
Disagree	39	14.55
Strong Disagree	42	15.67
Undecided	56	20.89
Total	268	100

Source: Field survey,2019.

The table 4.2 above shows the distribution of respondents' responses with regard the relationship between e-training strategy and the employee banks profit margin. The responses are based on five point likert scale. In specific term, the findings revealed that 61(28.76%) from FBN responded to strongly agree, 70 (26.11%) subscribed to Agree, 39(14.55%) disagreed to the relationship between e-training strategy and increase in profit ratio. However, 42(15.67%) strongly disagree to the relationship, while 56(20.37%) registered undecided.

DISCUSSION

The results of the above table which borders on the influence of E-training strategy as HCB and employees and First bank of Nigeria profitability show clearly that the responses of the Respondents is of the view that E-training strategy strongly influences the bank profitability as the employees indicated strongly agree and agreed to the questions in questionnaires. The result of the IDI (In-depth interview conducted on the top management staff corroborated with the result of the employees who answered the questionnaires.

For instance below are some excerpts of the IDI study conducted in relation to the first objective and research question of this study.

“ To a large extent the deployment of e-trainingship HCB strategy in the employees learning and training process has produced an outstanding result in the area of yearly profit making of the bank. The heavy reliance of my banks management on technology in her HCB strategy has over the years enhanced the banks effectiveness especially in the area of profit making and other earning channels- (IDI Report,2019 male UBA branch Manager)”

When the same research objective and question was conducted on another top management officer in First Bank of Nigeria, almost the same response was extracted. Below is an excerpt from the IDI session carried out

“ First Bank of Nigeria, like any other contemporary banks in Nigeria is 21st century compliant to advances in technology both to aid service delivery in banking operations and in human capacity development. Quite a lot of our training and learning programmes are conducted on-line. This development has contributed in no small way in improving the service delivery of staff which has in turn positively affected the banks competitiveness and profitability (IDI Report,2019-male,marketing manager, FBN employee)”

The findings of the IDI session conducted on another top management staff of Access bank in Delta State was not different. Below is an excerpt from the interview.

“ Access Bank rely hugely on e-learning application in training her staff and the outcome of this policy in term of work output has being incredible. E-training application assists in saving time and cost for both staff and management. It gives room for flexibility and allows staff to combine training exercise and work together. It is a win-win situation. E-trainingship application has no doubt contributed immensely to raise my bank’s profit and other earnings. Technology is dynamic and creative, it’s innovativeness impacts enormously on smart service delivery which in turn positively affects every aspect of the banks yearly and periodic profit making (IDI Report, 2019, First Bank Nigeria - Voucher manager, Delta State) ”

From the foregoing, the role of technological innovation especially when deployed on human capacity building process of the employee can greatly influence positive result in the earning of organization such as commercial banks. Therefore, the sequential relatedness in the findings of the first objective of this study further re-affirmed earlier known fact from earlier studies conducted which hold that e-learning training strategy /application enhances profit making ratio of commercial banks. For instance see (Ayorinde, 2018 and Annual report of FBN, 2018;CBN Annual report,2016).

CONCLUSION

There is a strong relationship between Human Capacity Building and Organizational Effectiveness. This is because, the result obtain from the study shows that E-training as a human capacity building strategy influences First Bank of Nigeria profit margin ratio. Hence, management of banks in Nigeria should incorporate the use of E-learning and E-training application to enhance the capacity and abilities of the employee. This no doubt will make both the staff and bank management effective in their service delivery to customers.

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