

**HUMAN CAPITAL DEVELOPMENT AND ORGANIZATIONAL PERFORMANCE IN
COMMERCIAL BANKS IN PORT HARCOURT, RIVERS STATE NIGERIA.**

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ABSTRACT

The objective of this study was to examine human capital development and organizational performance in commercial banks in Port Harcourt, Rivers State. The study looked at human capital development as the independent variable, organizational performance as the dependent variable as well as organisational culture as the moderating variable. The population of the study was 300 top level and middle level managers. The Taro Yemini formula was used to determine the sample size of one hundred and seventy two (172). A total of 38 structured research items were designed and distributed to top and middle level managers of these banks in order to elicit responses from them. Methodology adopted was quantitative, descriptive and correlational research design. Again, structured questionnaire with 4 modified Likert scale was used as main source of data collection. Thereafter, mean and standard deviation were used to answer the research questions whereas Pearson Product Moment Correlation Coefficient was used to analyse the hypotheses with the aid of Statistical Package for Social Science (SPSS). It was observed that development of human capital is necessary for effective performance of organizations, mostly the banks under study. We also discover that most banks become redundant and moribund because they pay lip service to development of their human resources through training and retraining. In the light of the foregoing analysis, findings and conclusions, it was our candid recommendation among others, that directors and managers of banks should periodically organize training, workshops, seminars and conferences to equip their staff with the relevant skills and aptitudes to be brought to bear on the corporate performance of their organisation.

Keywords: Organisational Performance, Human Capital Development, Skill Trasfer

INTRODUCTION

Nigerian organisations have been facing problems of mediocrity bothering on lack of development of their human resources. This ignorance has often led to inefficiency, low productivity and at times, colossal failure of these organisations to operate in our competitive environment considering the heterogeneous nature of most of them. There is no gainsaying the fact that performance of organisations has a lot to do with how well employees are trained and developed (either on the job or off the job). For organisations to sustain superlative standard in the competitive business society, the ideal should be periodic training and development of their staff. It appears most organisations have not achieved their desired efficiency and breakeven as a result of the fact that they treat development of their workforce with kids glove.

Commercial banks in the country may face liquidation and become moribund, not because they don't have the necessary resources, rather they may lack the relevant human capital to harness these resources maximally. Recruitment of staff may not be the problem, but engagement of staff with meaningful skills, talents, knowledge and attributes to bear in the organization has been a major challenge in organisations. If this problem is not tackled head on, organisations may likely have a bunch of unskilled, untalented manpower.

This study seeks to bridge this gap among the banks through the analysis, findings and subsequent recommendations that will be proffered at the end of the investigation. It is against this backdrop that this study seeks to investigate the impact of human capital development on the

effective performance of commercial banks in Port Harcourt, the Rivers State capital. Irrespective of the importance of human capital development in the business society, many organisations are still struggling with the market forces, competitive threats and other internal and external environmental factors. Research have shown that human capital development is still facing some challenges which manifest in form of inadequate funding, poor research opportunities, engagement of naïve and unskilled workforce and use of obsolete facilities etc (Chikwe, 2015). Contemporary studies have further revealed that most financial industries are challenged by lack of equipment, materials, lack of proper awareness, poor communication and brain drain (Chikwe *et al.*, 2015).

Many firms are interested in human capital development practices, but lack financial capacity, thus finding it difficult to update their employees' skills as a result of outdated technology and poor facilities which is a big threat to organizational growth and survival. Investing in human capital through training, development, skills transfer and acquisition and other forms of human capital development strategies is very fundamental to the growth, development and wealth creation of any nation or organization, be it private or public (OECD, 1998, Mathur, 1999; Manmuthu, Arokiasamy and Ismail 2009; Armstron, 2009),

The question now is: if organizations have done well in developing their workforce and investing in human capital development, why do we have chunks of ineffective, inefficient, mediocre and docile banks that cannot boast of productive, skilled and talented workforce in our contemporary financial industries? Regrettably, many organisations mostly the banking sectors are found wanting in this all-important aspect of equipping and developing their human resources and in the real sense, have not also considered investment in human capital an utmost priority. It is however a good record that some organisations are leveraging on the opportunity of digital era and competitive environment to develop their employees for their long run optimal benefits

In the light of the foregoing, every organization requires competent and skilled employees who are capable of achieving optimal performance through the various dimensions of training and mentoring impacted on them. It therefore becomes an uphill task for us to investigate how human capital impact on organizational performance (even in the midst of our present digital and automated organisations), while corroborating responses from these banks in Rivers State – considering however the ubiquitous nature and standard of the banking industry when it comes to human capital development. Again, the study would attempt to examine why banks in Nigeria, especially the ones in my area of study, Port Harcourt still pay lip service to investment in human capital and the associated consequences of this neglect on the industry.

Research Hypothesis

The following hypotheses was formulated and tested in the study:

H₀₁: There is no moderating effect of organizational culture on the relationship between human capital development and organizational performance of commercial banks in Rivers State

Concept of Human Capital Development

Human capital development is fundamental for organizational efficiency and corporate performance, and therefore, is a major challenge of management and leadership (Abejirindu, & Chioma, 2021). It refers to all effort put in place to make an individual acquire all necessary skills, competencies, knowledge and attitudes that is capable of making such person develop technical, relational and conceptual abilities that will make him successfully carry out assigned tasks and responsibilities. Human capitals are today being utilized by organizations as a prelude to gain competitive edge over rivals, and for other positive organizational outcomes. Marimuthu *et al.*, (2009) notes that firms seek to optimize their workforce not only to achieve business goals but most importantly for a long-term survival and sustainability. Moreover, sustained human capital development results to increase productivity, profitability and long-term competitiveness (Oforegbunam and Okorafor, 2010; Josan, 2013). The aim of human capital development is to

transform employees into a more tangible asset, and to match them to organizations strategic needs. Other scholars describe it as a human resource management strategy aimed at developing the skills, abilities and experience of people through recruitment, consultancy or subcontracting or grown by training and developing existing employees. Organizations with an internal job market orientation, for example most large German and Japanese companies have made a practice of growing or developing their own talents whereas the externally-oriented businesses typical of Anglophone countries have tended to buy in skilled people.

In his contributions, Price (2011) opines that human capital development (HCD) is a strategic approach in investing in human beings (human resources). It draws on other human resource processes, including resourcing and performance assessment, to identify actual and potential talents. Human capital development provides a framework for self-development, training programs and career progression to meet organization's future skill requirements. Learning in workplace has a linear relationship with development of individuals on the job also enhances employee engagement and motivation. Systematic human capital development maximizes the human capital of organization, devoting time, money and thought to improve the pool of essential competencies among its staff. This has a general impact on business performance by enhancing product knowledge and service expertise, motivating staff, drawing on their talents and demonstrating that they are valued by the organization. It is also claimed to empower staff, allowing individuals to take a measure of control over their own careers and develop life patterns that offer increased opportunity and satisfaction both to the employee and the organisation. Sambrook (2001), human capital development has its roots in the early organisation development interventions of the 1940s, but the term was first used by Nadler in 1972. Nadler (cited in Nadler and Nadler, 1989) described human capital development as organized learning experience provided by employers, within a specified period of time, to bring about the possibility of performance improvement and/or personal growth. There seem to be a symbiotic relationship between human capital development and organisational performance. This is because development of human resources through training, seminars, workshops and conferences go a long way to develop t the corporate image and potency of organisation. Human resources are the most vital resource of any organisation used to coordianate and control other resources. Develop the human being; you have developed these resources effectively and efficiently. However, there is a long-standing tendency to regard training as something done to lower-level worker, whereas development is a process experienced by managers – hence, 'management development'. This seems to be incompatible with the central rhetorical principle of human resource management that all employees are assets whose competencies need to be developed. It is appropriate therefore to regard training and development as an integral aspect of human capital development.

Concept of Organizational Performance

Organisational performance is a complex and multidimensional phenomenon in the business literature. It comprises of the results of an organisation or the actual outputs of an organisation, which can be measured against intended outputs, goals and objectives. It also involves three areas associated with the organisation which includes, but not limited to the following; financial performance (return on investments, profits etc), shareholder return (economic value added, total shareholders etc) and the product/service market performance (market share, sales margin etc, Gavrea, et al 2011). Performance is a tool that can be used to measure the level of achievement or policy groups and individuals. Performance is a translation of performance that is often interpreted as appearance, demonstration or achievement (Keban, 2004). It also agrees with Mangkunegara (2008) that the term performance comes from the word job performance or actual performance that is the performance or achievement to be achieved. Murphy (1990) states that performance is a set of behaviors relevant to the goals of the organization or organizational unit of the workplace. While the meaning of organizational performance is as a description of the level of achievement of the implementation of an organization's tasks in an

effort to realize the goals, goals, mission and vision of the organization (Bastian, 2001). Then another definition of organizational performance proposed by Paso long (2007) is the work achieved by employees or group of employees within an organization, in accordance with the authority and responsibility of each in an effort to achieve the objectives of the relevant organization legally, not violating the law and in accordance with morals and ethics. Organizational performance comprises the actual output or results of an organization as measured against its intended outputs (or goals and objectives). Organizational performance also the success or fulfillment of organization at end of program or projects as it is intended (Wikipedia). Thus it can be said organizational performance is a picture of the work of the organization in achieving goals that of course will be influenced by resources owned by the organization. The resources in question can be physical such as human and non-physical resources such as regulations, information, and policies, to better understand the factors that can affect an organization's performance. The concept of organizational performance also illustrates that every public organization provides services to the public and can be measured performance by using existing performance indicators to see whether the organization has done a good job and also to determine whether the established goals have been achieved or not. According to Stout (1999) describes performance measurement as the process of recording and measuring the achievement of activities in the direction of mission accomplishment through the results of products, services or processes.

Organisational Culture

Organizational culture plays a crucial role in shaping the effectiveness of human capital development initiatives and their impact on organizational performance in commercial banks. Defined as the shared values, beliefs, and practices that guide behavior within an organization, culture acts as a framework that influences how employees learn, collaborate, and contribute to achieving organizational goals (Schein, 2010). A supportive culture that emphasizes learning, innovation, and teamwork can enhance the relationship between human capital development and performance outcomes.

In commercial banks, human capital development involves training programs, leadership development, and skill enhancement initiatives aimed at improving employee competencies. However, the success of these efforts largely depends on the organization's culture. A culture that prioritizes employee growth and recognizes the value of continuous learning creates an environment where employees feel empowered to apply new skills and knowledge to their roles (Armstrong & Taylor, 2020). For example, a bank with a culture of collaboration and innovation is more likely to see improved operational efficiency, customer satisfaction, and financial performance as employees leverage their training effectively.

Conversely, a rigid or hierarchical culture may limit the potential benefits of human capital development. When employees perceive a lack of support for creativity or opportunities for career advancement, their motivation and engagement may decline, undermining organizational performance (Kotter & Heskett, 1992).

Research highlights that organizational culture moderates the link between human capital development and performance by either amplifying or diminishing its effects. Commercial banks that foster cultures of adaptability and employee recognition are better positioned to achieve superior results, particularly in competitive and dynamic financial environments.

Value: Values in commercial banks are the foundational principles that guide organizational behavior, decision-making, and interactions with customers, employees, and stakeholders. These values define the identity of the bank and shape its culture, ultimately influencing the bank's reputation and its success in a competitive financial landscape. Common values in commercial banks include integrity, transparency, customer focus, and innovation, which help to build trust and loyalty among customers and create a positive working environment for employees. Integrity

is a cornerstone value in commercial banking, as it ensures ethical behavior and compliance with regulations. Banks are expected to act responsibly, manage customer funds prudently, and maintain the highest standards of financial conduct. When banks uphold integrity, they foster trust with customers, regulators, and investors, which is crucial in maintaining long-term business relationships.

Customer focus is another essential value, as it drives the creation of products and services that meet the diverse needs of the bank's clientele. Commercial banks that prioritize customer satisfaction through personalized services and responsive support are more likely to retain clients and attract new ones. Additionally, innovation, driven by the value of continuous improvement, is vital for staying competitive in the rapidly evolving financial industry. Embracing technological advancements and offering digital solutions allows banks to better serve customers and improve operational efficiency.

Social Learning Theory

Albert Bandura (1997) propounded this theory by applying principles of social learning theory to work place training – which encourages trainers to include demonstration, video or play-acting exercises to reinforce concepts of appropriate and inappropriate work place behavior. Social learning theory supports the continuous learning process within teams, groups and organisations and when used effectively, it has a huge impact on employee knowledge acquisition and career development. By this way, social learning does not just help learners retain the learning but also help apply that learning on the job. In most organizations, social learning theory is being applied extensively other than formal learning, where the education is based on a rigid curriculum e.g., learning methods, online learning, coaching, mentorships and social learning.

Social learning theory, proposed by Albert Bandura, emphasizes the importance of observing, modeling, and imitating the behaviors, attitudes, and emotional reactions of others. Social learning theory considers how both environmental and cognitive factors interact to influence human learning and behavior. With the Social Learning Theory, Bandura describes how people can learn something new by observing the behavior of other people and applying rational mental behavior. Observational learning is the first step in the social learning process. The famous Bobo doll experiment supported the social learning theory of observational learning. The results of the observational learning experiment showed that kids mimicked the behavior of the adults they observed. Follow-up results also showed that the children were more likely to learn the behavior where they saw the adults were rewarded for aggressive or non-aggressive actions than those that were punished for their aggression. People desire approval in life, and therefore they function in ways to receive approval. During the experiment, it was noted that the children preferred repeating actions of the models who gained approval by being rewarded. They are also more likely to continue the behavior that results in positive consequences than negative consequences.

When kids imitate a model, it may be one type of behavior they reproduce. Kids may also identify with multiple models in their environment. Models could be parents, teachers, siblings, friends, peers, cartoon characters, or celebrities. They identify with these people because they have talents, abilities, or qualities the child wants to possess. When they identified with a model, they were more motivated to adopt various behaviors of that model than just mimicking one behavior. It is a theory of learning and social behavior which proposes that new behaviours can be acquired by observing and imitating others as exemplified above with the case of the kids. It states that learning is a cognitive process that takes place in a social context and can occur purely through observation or direct instruction, even in the absence of motor reproduction or direct reinforcement (Wikipedia).

METHODOLOGY

The study adopted a Correlational research design. The population of the study comprises of twenty three (23) commercial banks in Rivers State. The justification for the choice of 23

commercial banks was based on the bank's age. The sample size is one hundred and thirty eight (138) drawn from the population using Census sampling technique. The instrument was a self-structured questionnaire. The data which was gathered from the field was analyzed in three main levels: The primary, the secondary and the tertiary level. All tests for the study was carried out using the Statistical Package for the Social Sciences (SPSS) version 25.

RESULTS

Multivariate Analysis

Organizational Culture, Human Capital Development and Organizational Performance

In analyzing the moderating effect of any data, the multivariate analysis approach was applied which according to Kothari (2004), involves the use of partial correlation technique. The approach involves first, partially correlate the moderator on the independent variable. Secondly, correlate the dependent and the independent variables, and lastly, trans-correlate the dependent variable on both the independent and the moderator variables. However, this computational process was carried out by the SPSS and the output reported.

Table 1: Correlations between Organizational Culture, Human Capital Development and Organizational Performance

| Control Variables | | | Human Capital Development | Organization al Performance | Human Capital Development | Organizational Performance |
|---------------------------|-------------------------------------|----------------------------|---------------------------------|-----------------------------------|---------------------------------|-------------------------------|
| Organizational Culture | Human Capital Developmen t | Correlation | 1.000 | .523 | .477 | .607 |
| | | Significance (2-tailed) | . | .000 | .001 | .000 |
| | | Df | 0 | 129 | 129 | 129 |
| | Organizatio nal Performance | Correlation | .523 | 1.000 | .131 | .107 |
| | | Significance (2-tailed) | .000 | . | .136 | .224 |
| | | Df | 129 | 0 | 129 | 129 |
| | Human Capital Developmen t | Correlation | .477 | .131 | 1.000 | .971 |
| | | Significance (2-tailed) | .001 | .136 | . | .000 |
| | | Df | 129 | 129 | 0 | 129 |
| | Organizatio nal Performance | Correlation | .607 | .107 | .971 | 1.000 |
| | | Significance (2-tailed) | .000 | .224 | .000 | . |
| | | Df | 129 | 129 | 129 | 0 |

Source: Survey Data via SPSS, 2024

H₀₁: There is no moderating effect of organizational culture on the relationship between human capital development and organizational performance of commercial banks in Rivers State

Table 1 presents the Spearman's correlation analysis examining the moderating effect of organizational culture on the relationship between human capital development and organizational performance. The correlation between organizational culture and human capital development is **0.477**, with a p-value of **0.001**, indicating a moderate positive and statistically significant relationship. Similarly, the correlation between organizational culture and organizational performance is **0.607**, with a p-value of **0.000**, suggesting a strong positive and statistically significant relationship. Furthermore, the correlation between human capital development and organizational performance, controlled by organizational culture, is **0.523**, with a p-value of **0.000**, demonstrating a moderate positive and significant relationship. These results reject the null hypothesis (H₀₁) and affirm that organizational culture significantly moderates the relationship between human capital development and organizational performance. Thus, organizational culture

serves as an essential factor in enhancing the impact of human capital development on the performance of commercial banks in Rivers State.

CONCLUSIONS

Human capital development is the process that relates to the development activities which an organization undertakes to equip and improves the skills, talent, competencies, knowledge and creative abilities of its workers. It also consists of all activities undertaken by an individual to develop his skills, competencies, abilities, knowledge and expertise to effectively handle work tasks. The developments of human capital are therefore vital.

RECOMMENDATIONS

1. Total quality management (TQM) policy should be boldly enshrined by the board of directors of these financial institutions as an uncompromising code of conduct among their staff. This will go a long way to regulate and sustain effective delivery of service to customers considering the dynamic and competitive nature of the financial industries.
2. Business organizations should make human capital development an important aspect of their corporate strategic plan to readily and timely upgrade their employees skills, enhance their conceptual knowledge, and broadens their understanding of the organizations total business objectives and values.
3. The study further recommends that for businesses to sustain better employees' performance, the organisation should put in place skill transfer mechanisms or programs for the employees of the organisation, so as to achieve her objectives. Skills transfer is one of the tools used for preparing tomorrow's skilled employees and is also used to strengthen organizational capabilities, intelligence, build organisation knowledge, and sustain the organization competitive advantage.
4. Organizations should therefore come up with some effective plans in investing in the various aspect of human capital as not only does it help firms to attain greater performance but also does ensure that firms remain competitive for their long-term survival.

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