

## IMPACT OF CAPABILITY DEVELOPMENT ON THE EFFICIENCY OF BANKS (A STUDY OF SELECTED BANKS IN RIVERS STATE)

**JOEL AUGUSTUS-DADDIE**

Department of Business Administration & Management  
Ken Saro-Wiwa Polytechnic, Bori, Rivers State, Nigeria  
joelad2009@yahoo.com  
08035526847, 08057221538

**TAMBARI S. NWIGBO**

Department of Business Administration & Management  
Ken Saro-Wiwa Polytechnic, Bori, Rivers State, Nigeria  
08036746968

**BOMA ABBEY-KALIO**

Department of Business Administration & Management  
Ken Saro-Wiwa Polytechnic, Bori, Rivers State, Nigeria  
08055970933

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### ABSTRACT

*Capability development (Manpower training) as a yardstick for measuring the efficiency of commercial banks is increasingly becoming an area of study since the last five years. The major objective of this study is to clearly exhibit the theoretical and empirical relationship between manpower training and the efficiency of banks (commercial) in Nigeria. Data was generated through a self-developed questionnaire which was administered on selected commercial bank workers in Rivers State while responses from the survey were statistically analyzed using survey statistics and the phico efficient (Correction coefficient of dichotomous data). The result of the study indicates that those that engage in capability development (manpower training) programmes have a higher degree of adjustment to environmental changes. There is also a great relationship between training received and promotion. The paper concludes that there is a big difference between trained bank staff and the untrained ones. Part of the recommendations includes that despite the current inhibition of mobility of labour caused by the present economic situation of the country, the efficiency will be faster, if bank staff are constantly trained and retrained.*

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**Keywords:** Bank, Capability Development, Efficiency, Goals, Organizations, Training

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### INTRODUCTION

Organizations are established to achieve certain predetermined goals. The pursuit of these goals therefore necessitates the hiring of manpower. However, manpower diversity in background, experience, education and exposure endows them with diverse skill set, beliefs, value systems and orientation that call for fusion. Since they are hired to pursue organizational goals both as individuals and teams in the organization, it becomes imperative that their skill set, capabilities and orientations must be consistent

with the job they are hired to do. Capability development is therefore the needed bridge to fill this gap.

Moreover, in recent years, banks and other financial institutions have been confronted with regulatory changes that have greatly influenced their capacity to attain their goals. In response to these market changes, Nigerian banks of today are building new marketplace alliances and are employing diverse strategy alternatives including developing internal capabilities to effectively and efficiently adapt to changing operational environment. One aspect that has caught the attention of bank managers is career management and manpower development to be specific. The primary reason for the establishment of career programmes is to ensure that a sufficient supply of managerial, technical and professional talent is maintained and developed so as to meet the strategic needs of the organization in future, as regards environmental changes, growth period, uncertainty, and market demand. Indeed the banking industry now has more complex and broader services based on changing technology. Competition is currently more vigorous than ever before; all these calls for serious manpower training. Currently in Nigeria, several studies relating to manpower training and development abound.

According to Njoku and Nwosu (2010), for a better working relations and Job performances, Manpower training is the key, because human beings are the most important resource of an organization. Both Mamoria and Gankar (2009) have said that training is a process of learning a sequence of programmed behaviour. It is the application of knowledge. It gives people an awareness of the rules and procedures to guide their behaviour. It attempts to improve their performance on the current job or prepare them for an intended Job. For this research, the main focus is on the training of manpower within the banking/financial sector. To scale through in a competitive sector where new ideas/customer services are constantly changing or being reviewed always, the quality of the human element carrying out these services cannot be ignored.

Emphasizing the benefit and need for manpower training on the efficiency of bank workers, Ivancevich (2009) posits that over the years, the service sector has experienced increasing growth. This has influenced the knowledge, skills and abilities (KSA) demands of employees. Employees in today service economy are required to interact with people, work in teams, be responsive to customers, have an orientation for quality and deliver services quickly. Furthermore, as the prevailing philosophy of management moves towards more employee involvement and less hierarchical organizational structures, employees are being asked to take on more responsibility and accountability for their work.

Unfortunately however, most banks and financial institutions do not place much value or emphasis on manpower training. Recently, it has been observed that motivational speakers are being used to train bank workers. Such training sessions do not last more than a few hours on a Saturday. In the past, training used to be done either in a training school owned by the bank or in a secluded environment, such training also last for a period of between three to six months. The banking industry today, is highly knowledge - driven. According to Mamoria and Gankar (2009), any organization that does not train, will lose quality and if quality is lost, competitors will gladly cash in, and excel beyond limits. The main purpose of this study therefore, is to examine the impact of manpower training on the efficiency of banks. Other objectives include; to examine the effect or impact of manpower training on banks efficiency in the area of profitability and to examine the impact of knowledge and information on the efficiency of banks.

## Theoretical Framework

No Nation can excel beyond its human assets. In like manner, no organization can succeed beyond its manpower. It is the manpower that makes all forms of tangible and intangible products for the good of all. Gankar and Mamoria (2009) define, manpower, as the knowledge, skill, creative abilities, talents and aptitudes obtained in the population, where as from the viewpoint of the individual enterprise, they represent the total of the inherent abilities, acquired knowledge and skill as exemplified in the talents and aptitudes of its employees.

According to Oliver Sheldon in Mamoria and Gankar (2009), “No industry can be rendered efficient so long as the basic fact remains unrecognized that it is principally .human It. is not a mass of machines and technical processes, but a body of men. It is not a complex of matter, but a complex of humanity it fulfills its function not by virtue of some impersonal force, but a human energy. Its body is not an intricate maze of mechanical devices but a magnified nervous system”. The term manpower development is sometimes used interchangeably, with terms such as capability development, personnel development, human capital development or human resource development. Basically, they are synonyms and can be juxtaposed with little or no semantic challenge. There are as many contributors in the area of manpower training as there are works in management. The list is certainly unending.

## Employee Training

Every organization needs to have a well trained and experienced workforce to perform the activities that have to be done. If the current or potential job occupant can meet this requirement training is not important. But when this is not the case, it is necessary to raise the skill levels and increase the versatility and adaptability of employees. Inadequate job performance or a decline in productivity or changes resulting from job redesigning or a technological breakthrough requires some type of training and development efforts (Mamoria and Gankar, 2009).

As the job becomes more complex, the importance of employee training and development also increases. In a rapidly changing society, employee training and development are not only an activity that is desirable but also an activity that an organization must commit resources to, if it is to maintain a viable and knowledgeable workforce,” (Mamoria and Gankar, 2009). Armstrong (2004) says, training is the formal and systematic modification of behaviour through learning, which occurs as a result of education, instruction, development and planned experience

## Basic Purposes of Training

The need for training of employees has constantly been re-echoed by several authorities who have given the following points to buttress their view;

1. Training increases productivity which eventually leads to corporate profits
2. It improves quality; It should be noted that better informed workers are less likely to make operational mistakes.
3. Training helps an organization to fulfill its future manpower needs, The fact is, organizations that have a good internal educational programme will have to make less drastic-manpower changes and adjustments in the event of sudden personnel alternations when the need arises, organizational vacancies can more

easily be staffed from internal sources if a company initiates and maintains an adequate instructional programme for both its non-supervisory and managerial employees.

4. Training improves organizational climate. "An endless chain of positive reactions result from a well-planned training programme"
5. It improves health and safety; proper training can help prevent industrial accidents. A safer work environment leads to more stable mental attitudes on the part of employees.
6. Training prevents obsolescence; training and development programmes foster the initiative and creativity of employees and help to prevent manpower obsolescence, which may be due to age, temperament or motivation, or the inability of a person to adapt him to technological changes.
7. It enhances personal growth; employees on a personal basis gain individually from their exposure to educational experiences.

### **The Need for Training**

It may be observed that the need for training arises from more than one reason. Both Marnoria and Gankar (2009) have advanced the following;

1. An increase use of technology in production.
2. Labour turn over arising from normal separations due to death or physical incapacity for accidents, diseases, voluntary retirement, promotion within the organization and change of occupation or job.
3. Need for additional hands to cope with an increased production of goods and services.
4. Employment of inexperienced or new labour requires detailed instruction for an effective performance of a job.
5. Old employees needs refresher training to enable them keep abreast with changing methods, techniques and use of sophisticated tools and equipment
6. Need for enabling employees to do the work in a more effective way, to reduce learning time, supervision time, reduce wastage and spoilage of raw materials and produce quality goods and also develop their potential.
7. Need for reducing grievances and minimizing accidents.
8. Need for maintaining the validity of an organization as a whole and raising the morale of its employees.

### **Training Knowledge Transfer**

After the training exercise has been completed, it behooves on the trainee to transfer the knowledge and skill acquired into real life or workplace situation. In the view of Jenny (2002), transfer of learning is defined as the degree to which trainees effectively apply the knowledge, skills and attitudes gained in a training context to the job. Transfer of training therefore is more than a function of original learning in a training programme. She posits that for transfer to have occurred, learned behavior must be generalized to the job context and maintained over a period of time on the job.

According to Baldwin and Ford (1988), it is useful to think about evaluation of training with two levels of outcome: training outcomes and transfer outcomes. They defined training outcomes as the amount of original learning that occurs during a training programme and the retention of that material after the training is completed. Transfer of training however is generally measured by how trained skills have been maintained and generalized by the trainee after being on the job for some time.

## Factors Affecting Training Knowledge Transfer

According to Jenny (2002), the factors that affect training transfer outcomes can be grouped into three broad areas namely;

- Training Design
- Individual Trainee Characteristics
- Environment and context in which training and transfer takes place.

These three factors affect the ability of a trainee to transfer the knowledge acquired during training situation to work situations directing.

- Training Design: Jenny (2002) states that the training design factors which affect transfer of training can be grouped into four areas of literature, which are; Learning principles, Developments in cognitive psychology, guidelines for increasing training effect and adult learning theory. The most relevant of all these to the study is the developments in cognitive psychology.

The dictionary defines cognitive as the mental process of knowing, including aspects such as awareness, judgment, perception, and reasoning. Tannenbaum and Yukl (1992) asserts that cognitive approaches are especially useful for guiding the design of training for tasks involving cognitive processes such as monitoring, problem solving and decision making.

➤ Individual Trainee Characteristics: According to Fleishman and Mumford (1989), individual trainee differences can determine the amount of information learned during training and transferred to the job. The following four individual characteristics are discussed below.

- i. Cognitive Ability: Cognitive ability relates directly to general intelligence. Studies such as (Ree and Earles 1999) suggest that cognitive ability is a strong predictor of learning and training performance.
- ii. Defined self-efficacy as an individual's belief that they can perform specific tasks and behaviors. Commenting on the implication of self – efficacy to training transfer, Bramley (1996) explains that individuals who are low in self-efficacy have difficulty coping with environmental demands. They imagine that potential difficulties are more formidable than is actually the case, and dwell on personal deficiencies. He asserts that people who are strong in self- efficacy focus on the demands of a situation, and treat obstacles as challenges.
- iii. Goal Orientation: Dweck and Legett (1998) discussed two classes of goal orientation.
  - Mastery (or learning) goal orientation; where individuals seek to develop competence by acquiring new skills and mastering novel situations.
  - Performance goal orientation; where individuals pursue assurance of their own competence by seeking good performance evaluations and avoiding negative ones. Philips and Gully (2007) states that although more research is needed, recent studies have demonstrated goal orientation does influence learning outcomes and performance.
- iv. Motivation: Colquitt et al (2000) citing the work of Baldwin and Ford (1988) defined motivation as variability in behavior not attributable to individual differences

or strong situational coercion, and can affect whether or not a trainee choose to attend training, expend effort during training, or apply trained skills in the workplace. They identified cognitive ability, self – efficacy, age, and anxiety of the individual as well as a situational conditions such as organization, peers and supervisors as factors affecting motivation.

➤ Environment and Context in which the transfer take place: There are nine factors under this according to Jenny (2002) which includes organizational context, organizational climate, situational cues and consequences, social support, organizational context, organizational learning environment, opportunity to perform, skill decay over time, near and far transfer of training and multi-level and multi-dimensional.

### Methodology

This research was carried out by the use of questionnaires administered to five commercial bank workers operating in Port Harcourt, Rivers State. The employees interviewed through questionnaires range from managerial to supervisory levels. A structured questionnaire was designed and distributed to the employees by the researcher. The simple random sampling technique was used to select fifty staff members; twenty-five middle level managers and twenty five top level managers. The choice of simple random technique was informed by the fact that it provides for an equal chance of selecting any of the bank workers in Port Harcourt. The method in a general sense is flexible especially based on the purpose of this research. The phico efficient (correction coefficient of dichotomous data) was the statistical tool for data analysis. The reason for using this tool is because it interpreters nominal data, and also determine the association between two dichotomous measures.

### Results

The breakdown of the questionnaire distribution and the responses received are as shown in the table below;

| Name of Bank | Number of distribution | Number retuned | Supervisors | Asst. Managers | Manager |
|--------------|------------------------|----------------|-------------|----------------|---------|
| Union Bank   | 10                     | 10             | 2           | 6              | 2       |
| UBA          | 10                     | 10             | 2           | 6              | 2       |
| FCMB         | 10                     | 10             | 5           | 3              | 2       |
| First bank   | 10                     | 10             | 4           | 5              | 1       |
| Wema Bank    | 10                     | 10             | 1           | 3              | 1       |

### Research Question 1

Do employees who engage in manpower training programme adjust to environmental changes?

| Name of Commercial Bank | Number of employees Engaged in manpower training | Adjustment | Percentage recalling adjournment |
|-------------------------|--|------------|----------------------------------|
| Union Bank              | 7  | 6          | 0.85                             |
| UBA                     | 6  | 6          | 1.00                             |



|            |    |    |      |
|------------|----|----|------|
| FCMB       | 5  | 4  | 0.80 |
| First bank | 8  | 7  | 0.87 |
| Wema Bank  | 9  | 9  | 1.00 |
| Total      | 35 | 32 |      |

$$Z = x^1/Y^i = 32/35 = 0.91 \times 100\% = 91\%$$

**Discussion:** From the findings above, 7 employees of union bank agreed to have undergone manpower training programmes, 6 of them recalled high degree of adjustment to environmental changes, which is 0.85 percent of the base number. 6 staff of UBA assented to have attended manpower training programme, as 6 also recorded high degree of adjustment which is 1 percent. 5 employees of FCMB have attended manpower training programmes, 4 recorded adjustment which resulted to 0.80 percent. 8 staff of first bank have attended manpower training programme, as 7 recorded adjustments resulting in 0.87 percent. 9 employees of Sterling bank which is 1 percent recorded adjustment. Total percentage of adjustment recorded resulted to 91 percent.

### Research Question 2

Is it good for top management to recommend employees for training programmes?

| Name of Commercial Bank | Number assenting to manpower training | Number recalling high competence | Percentage recalling competence |
|-------------------------|---------------------------------------|----------------------------------|---------------------------------|
| Union Bank              | 7                                     | 6                                | 0.85                            |
| UBA                     | 6                                     | 6                                | 1.00                            |
| FCMB                    | 5                                     | 4                                | 0.80                            |
| First bank              | 8                                     | 7                                | 0.87                            |
| Sterling Bank           | 9                                     | 9                                | 1.00                            |
| Total                   | 35                                    | 32                               |                                 |

$$Z = x^1/Y^1 = 32/35 = 0.91 \times 100\% = 91\%$$

**Discussion:** From the above table, 7 staff of union bank assented to have attended manpower training, 6 of them recalled high competence resulting in 0.85 percent. 6 employees of UBA were trained as 6 of them recorded high competence resulting in 0.80 percent. 8 employees of first bank attended manpower training as 7 recorded high competence, resulting in 0.87%. 9 staff of Sterling bank who attended manpower training recorded high competence resulting in 1 percent. The total percentage of high competence recorded amounts to 91%.

### Research Question 3

Is there any relationship between training received and promotion?

| Name of Commercial Bank | Number assenting promotion | Number recalling percentage of manpower training | Percentage recalling promotion |
|-------------------------|----------------------------|--|--------------------------------|
| Union Bank              | 7                          | 7  | 1.00                           |
| UBA                     | 6                          | 5  | 0.83                           |
| FCMB                    | 5                          | 4  | 0.80                           |

|               |    |    |      |
|---------------|----|----|------|
| First bank    | 8  | 6  | 0.75 |
| Sterling Bank | 9  | 7  | 0.77 |
| Total         | 35 | 29 |      |

$$Z = x^1/Y^1 = 29/35 = 0.83 \times 100\% = 82\%$$

**Discussion:** In the above table, 7 staff of Union Bank assented to being promoted as a result of attendance of training which is 1% of the base number 6 staff of UBA assented to manpower training while 5 recalled promotion which is 0.83%. 5 employees of FCMB attended manpower training programmes as 4 recalled promotion which is 0.80%. 8 employees of First Bank assented to manpower training programmes as 6 recalled promotion which is 0.75%. 9 employees of Sterling bank assented to manpower training programmes as 7 recalled promotion which is 0.77%. The total percentages recorded amounts to 0.82% from the computation above.

#### Research Question 4

Are trained employees generally more capable of performing than untrained ones?

| Name of Commercial Bank | Number assenting to manpower training | Number recalling high capacity | Percentage recalling capacity |
|-------------------------|---------------------------------------|--------------------------------|-------------------------------|
| Union Bank              | 7                                     | 6                              | 0.85                          |
| UBA                     | 6                                     | 6                              | 1.00                          |
| FCMB                    | 5                                     | 4                              | 0.80                          |
| First bank              | 8                                     | 7                              | 0.87                          |
| Sterling Bank           | 9                                     | 8                              | 0.88                          |
| Total                   | 35                                    | 31                             |                               |

$$Z = x^1/Y^1 = 0.88 \times 100\% = 88\%$$

**Discussion:** From the above table, 12% did not recall capability. Thus, 7 employees of Union Bank agreed to have undergone manpower training programmes while 6 recalled high capability which is 0.85%. 6 employees in UBA assented to manpower training programmes as 6 of them recalled high capability which is 1%. 5 employees of FCMB attended manpower training programmes as 4 recalled high capabilities which is 0.80%. 8 employees of First Bank assented to have attended manpower training programme as 7 recalled high capability which is 0.87%. Nine employees of Sterling bank assented to have attended manpower training programmes as 8 recalled high capability which is 0.88%. Total percentage of high capability recorded is 88%, from the computation table above.

#### Discussion

The results of the findings revealed the following facts;

1. That capability development (manpower training) can bring about efficiency in an organization. Efficiency, as advocated by Mamoria and Gankar (2009) is a situation where staff in an organization work productively with no waste of



effort or financial resources. This is the hall mark of any bank or financial institution.

2. That manpower training had impacted greatly on the success of banks. This is in consonance with the view of Augustus - Daddie (20013) that production of quality goods and services is dependent on the skill of employees on the basis of the kind of training they receive.
3. Performance of employees on any job is very crucial in many ways, to every organization. The level of skill possessed by an individual, worker goes a long way in making the employee exude confidence in the performance of his duties. This is supported both by Njoku and Nwosu (2010), who have said “a trained worker is more confident in. carrying out assignments than an untrained one”
4. That the organization stands to gain, in the long run, if employees are trained. This Opinion debunks the view of Kanu and Nwankwo, (2010) who say, when workers are trained .by an organization, they have the tendency of leaving the workforce for greener pastures, which makes the entire exercise futile.

### Conclusion

A programme of training becomes very essential for the purpose of meeting the specific problems of a particular Organization arising out of the introduction of new lines of production, changes in design, the demands of competition and economy, the quality of material processes, individual adjustments, promotions, career development, job and personnel changes as well as changes in the volume of business. Collectively, these purposes directly relate to and comprises the ultimate purpose of organizational training programmes to enhance overall organizational effectiveness and efficiency. (Mamoria and Gankar, 2009). It is imperative therefore, for the banking industry to continue to train and retrain their staff, as the financial sector is the bedrock of every nation’s economy.

### Recommendation

1. Top management of every organization, especially the banks should frame up a training policy that will be all - encompassing.
2. The training department should assume the primary responsibility for the instruction of trainers in methods of teaching; for normal orientation; for the training of supervisors in human relations; for the development of executives and for the general education of employees.
3. Line supervisors and employees should undertake the bulk of the teaching load in the following areas; on-the-job instruction of employees, instruction in the technical and professional aspects of a business; daily development of superiors and executives through counseling; departmental communication and staff meetings as part of an over-all training programme.
4. Needless to say once again, that the top-line executives has the responsibility for both Authorizing basic training polices, reviewing and approving the broad outlines of training plans and programmes as well as approving training budgets. All these should be carried out assiduously.

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