HUMAN RESOURCE MANAGEMENT AND BUSINESS SUCCESS OF DEPOSIT MONEY BANKS IN PORT HARCOURT, RIVERS STATE

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Abstract

The purpose of this study is to empirically examine the relationship between human resource management and business success of deposit money banks in Port Harcourt. Data were collected from a sample of 77 senior staffs of deposit money banks in Port Harcourt and analyzed with spearman’s rank correlation coefficient with the aid of statistical package for social science (SPSS) version 21.0. The result found a strong correlation with talent optimisation and the measures of business success hence; it concluded that talent optimisation possesses a strong relationship with business success of deposit money banks in Port Harcourt. The study recommends that deposit money banks should look up for employees with inborn abilities as they have been proven by our findings to be fruitful to organizations both on a long and short run.

Keywords: [Talent Optimization, Productivity, Profitability, Human Skills].

A. Introduction

The practice of banking in Nigeria can be traced back in 1892 and 1894 when African Bank Corporation (i.e. former Bank of British West African-BBWA) was established (Onoja, 1998). Since then, the industry has recorded a huge change in terms of regulations, mode of operations, ownership, product offerings and most important, level of competition. Oluduro (2015), pointed that in 1986, changes in the Nigerian banking industry became more visible with new forms of structure and expansions leading to a list of not less than one hundred and twenty-one commercial and merchant banks in Nigeria as at 1991. He further noted that banks do not perform the role of safe-keeping of money, but other key functions like the facilitating economic activities that make them an integral part of a nation.

Obviously, the banking industry is growing at a faster pace than ever before; and managers are seeking for the best strategy to achieve their organizational goals and objectives. It is obvious that the adoption of technology has become the order of the day since sophisticated devices and applications such as mobile banking, virtual banking, and internet banking have been developed to facilitate most of the daily and weekly bank activities. Despite the development of these technologies and its applications, should humans and their in-built capacity be overlooked or underused?

The effective management of human capacity has for long been a great concern for managers of various organisations and of course, the deposit money banks in Port Harcourt are not excluded. Deloitte (2012), reports that in a 2012 global survey of CEOs, 53 percent of them supported that insufficient talent within their organizations could harm them financially as time goes on. Ugwunna (2007), further observed that the realization of the value of humans in organisations has led to the proposal by experts that they should be classified as assets. In addition, Onodugo (2000), indentified that effective management of humans is essential in the achievement of business growth even as banking industry has began to see the human forces as what provide value via creativity. Armstrong (2006), stated that bankers need to be pro-active in order to meet up with the competitive environment which demands for the right placement of employees to perform certain tasks.

Further, Baquutayan (2014), noted that talent management is one important source of competitive advantage that creates value for all business organizations. He also noted that management of talents within organisations has become an interesting issue and challenge for decision makers. Supportedly, Ashton & Morton, (2005), holds that huge number of human
resource (HR) practitioners around the world reported that talent management is one of the most vital human capital challenges faced by the twenty-first century organizations. Importantly, banking industry is generally known for its financial services and these services demands for capable employees which have necessitated the work of human resource personnel. Wellins et al (2012), laid more emphasis when he asserted that every organization should have the quantity and quality of people in place to meet their current and future business priorities. Ugwunna (2007), also opined that human resource management requires accurate definition of development programmes that will be organized to exploit the potentials of the employees or to correct the deficiencies in the level of their performance.

In addition, Musyoka (2008), holds that the major goal of financial institutions is to enhance business success but the challenge for managers is to strategically equip and optimally motivate the entire workforce in order to have resourceful individuals that can take up the 21st century organizational duties. Even Olufemi (2009), supported the claim that human resources management is crucial in achieving business success and it has been examined and proven by numerous scholars.

However, among the critical questions that managers need to ask is what strategy needed to be employed in order to effectively and efficiently manage humans working with their organisations? Lots of researchers have ventured into investigation in relation to how human resource management can enhance business success of business organisations and the financial institutions. Onodugo (2004), examined human capital management, from the perspective of employee skill and capacity; and their probable impact on bank performance.

Also, Azika (2004), measured human capital management based on managing employees’ competence and emotional intelligence. Nwata (2006), modelled human resource capital and bank performance by evaluating factors such as social skills, on-the-job training, and off-the-job training.

The study was informed by the foregoing issues and challenges which created knowledge gap and intends to fill the research gap based on the fact that despite plethora of studies, the nexus between human resource management in terms of talent optimisation and business success in Port Harcourt has not been fully harnessed.

Hence, the purpose of this study is to empirically examine the relationship between human resource management and business success of deposit money banks in Port Harcourt.

B. Theoretical Foundations and Literature Review

Human Capital Theory (HCT)

The theory of human capital theory (HCT) was developed from the early work done by British economists-Adam Smith and William Petty while Gary Becker (1993) worked extensively in developing this theory (MaChin & Vignoles, 2004). Samoszuk (2018), noted that the concept of human capital is defined as the knowledge, skills, assets, and experiences of an individual which provides additional value to a business organization. He stated that human capital theory is of the view that all employees are not of the same worth, and their values are functions of the knowledge, skills, and assets they posses. The basic idea behind human capital theory is that investments in human beings can be mathematically measured based on the economic value they are able to contribute to society (Simple Economics, 2018).

In the same light, business organizations like deposit money banks in Port Harcourt can measure the value that their employees would bring to the organization before making investments on them since the HCT holds that all humans are not the same, and that humans need to be seen as capitals to their organisations. Therefore, some internal factors like skills, knowledge, experience, talents etc becomes differentiating factors. This study is anchored on the theoretical perspectives of human capital theory.

Concept of Human Resource Management

The concept of human resources management has long been conceptualised by plethora of scholars (Rastogi, 2000; Agawala, 2003; Lumpkin & Dess, 2005; Seivarralam etal., 2007). Rastogi (2000), defined human resources as the management of those processes involved in training and educating employees in order to enhance their knowledge skills, abilities, value, and social assets. Lumpkin & Dess (2005), see the concept as the
management of knowledge, skills, and competencies from the human factor that enables the organization to achieve stated objectives and goals. Selvarajan et al (2007) argued that human resources is a key element in enhancing the firms intangible assets. Furthermore, Armstrong (2006), conceive human resources to be all human abilities, both innate or acquired attributes, whose value could be developed by tremendous financial investment efforts.

From a broader perspective, Papadimitriou (2011), argued that human resources may be viewed as the nation’s work force that measures the level of production and export. He further stated that these intangible resources of the people represent a form of wealth that can be put in use to achieve predetermined goals of the Nation. In the words of Tripathi (2014), human resources or capitals are generally considered as the best and most important resource of a nation. Raphan et al (2009), affirmed that by managing human factor, not only that the aggregate income will increase, but there will be a tremendous increase in national growth and development.

More so, Enyekit et al (2012), raised an important issue by arguing that the human factor in the organization is as good as dumb, if not properly managed. Also, Dada (2005), stressed the strategic importance of managing human resources. The author argued that human resource managers have tasks of not only recruiting the best people to handle the jobs, but also, strategically to invest resources in areas of acquisition of technical know-how, job skills, knowledge-based capabilities, and social prowess.

**Talent Optimisation**

Talent optimization is the process of guiding and developing the in-built capacity of an employee. It involves the effective and efficient management of an employee’s natural ability in order to achieve organizational goals. Baassi (2007), conceptualized the concept of talent optimization as he noted that talented people will thrive and progress if they follow the competency and performance of talent management process. Talent management process is the processes involved in developing employees innate abilities.

The need to optimise the talents of employees are of necessity as studies have shown that talented employees have more to offer to their organizations. Adamsky (2003), argued that the idea of managing employees’ talent is more or less repacking of ancient human resource (HR) ideas while Chuai et al (2010), argued that talent optimization ideology focuses on the success of a business, and that a talent mind set is different from HR mind set. The authors’ argument was based on whether talent optimization is new concept from human resources or an entirely different ideology. Also, Matser., Neuropsychologie., Zandstraat., & Helmond (2017), noted that talent identification and talent optimization are significant topics that have been generally discussed in the world of sports, music and business. Programs related to talent hunts are not far-fetched in Nigeria as organisations invest their resources to harness peoples’ talent such as Multina Dance hall, Gulder ultimate Search, Star Quest, Project Fame etc.

**Business Success**

Business success encompasses outcomes such as: financial outcomes (profit, return on assets or Return on investment); market outcomes (sales volume and market share); shareholder return (dividend, economic value added) (March & Sutton, 2000). Divenney et al. (2008), defined business success as the extent to which organization achieve stated objectives. Grassman (2000), argued that business success has two aspects in terms of evaluation and definition such as quantitative and qualitative dimensions. The former is financial performance matrix such as increase in market share resulting from sales, increase in profitability, enhanced productivity, and return-on-investment (ROI). On the other hand, qualitative measures include satisfaction, loyalty, purchase intentions, and word-of-mouth referral. In this paper, productivity and profitability are adopted as the key measures for business success.

**Productivity**

Productivity could be defined as the number of outputs recorded by a firm over time. It is a measure of an organisation’s performance in terms of resources they have invested and the
outcome of their investments. Productivity is generally defined as a ratio of a volume measure of output to a volume measure of input used (OECD, 2001). Lieberman & Balasubramanian (2007), noted that productivity is an essential measure of firms’ success as its rise leads to additional value for every organization. They added that increase in productivity is beneficial to various parties such as employees, customers, shareholders etc.

**Profitability**

Profitability measures the ability of an organization to make profit after expenses have been deducted from income over time. Profitability is a key indicator of firms’ business success as it provides insights on the percentage of returns on investment. Similarly, Burja (2011), opined that productivity is key part of information about company performance and its usefulness in substantiating managerial decisions regarding potential changes in the economic resources that the company will be able to utilise on a long-run.

**Empirical Review of Talent Optimisation and Business Success**

Organization is only as good as its talents, and success largely depends on placing the right people with the right jobs by appropriately investing in knowledge and skills (Watson, 2008). Otter (2012), asserted that optimisation of an employee’s talent has been identified as one of the much needed priorities of management which ensures success. April (2006), sees the optimisation concept as a strategic action towards the maximization of potentials of the entire workforce in the organization. The author posited that organizations success is enhanced when employee knowledge, skills, and competencies are optimally directed to useful ventures. More also, Watson (2008), also agreed that optimization of employees’ talent has a huge influence on employee productivity and in-turn increase the chances of achieving organizational objectives and goals.

More also, Elsalanty (2011), noted that the development and improvement of an employee’s talent positively relates to job performance i.e. when organizations focused on enhancing the inner capacity of their employees, their level of functionality increases.

Continuously, Fapohunda (2014), found that optimising the talent of employees is critical in today’s business climate as organizations need structures and systems that stimulate further improvements to their productivity, profitability and service quality.

Baqutayan (2014), asserted that one basic outcome of talent optimization is innovation competence because innovation is the key to a company’s success. Also, Master et al (2017), posited that talent optimization has been widely proven across several industries like sports, music and business, and still promises to lead organizations into better accomplishments.

Based on the foregoing reviews, the interest of this study is to empirically investigate the relationship between talent optimisation and business success of deposit money banks in Port Harcourt. Hence, the following hypotheses were stated:

H01: Talent optimization has no significant relationship with productivity of deposit money banks in Port Harcourt.

H02: Talent optimization has no significant relationship with profitability of deposit money banks in Port Harcourt.

**Conceptual/Operational Framework**

![Conceptual/Operational Framework Diagram]
Fig. 1. Conceptual/Operational Framework on the Relationship between Human Resource Management and Business Success.
Source: Desk Research, 2018.

C. Methodological Issues
Research Design: A research design shows the plan and method the researcher wishes to gather data and conduct the analysis. Avwokemi (2005), noted that a research design is the plan, structure and strategy of investigation constructed to answer questions of how the research will be done. The study adopted survey design with a cross-sectional aspect. The study made use of questionnaire as a method of data collection.

Population and Sample: A population is the total number of people or object with similar characteristics that is of the interest of a researcher while the sample is representative of the elements of a population. The population of the study comprises senior staffs of deposit money banks in Port Harcourt.

A sample of 80 senior staffs currently holding the positions of marketing heads, customer care units, and operations managers were selected as the respondents of the study. After data cleaning, 77 copies of the questionnaire distributed were found valid for analysis.

Source of Data: The study made use of both primary and secondary data. The primary data were gotten from copies of questionnaire issued to the respondents while the secondary data comprises review from other researched findings and literature from textbook, articles through online and offline means.

Data Analysis Techniques: The data of this study were analyzed using Spearman rank correlation coefficient at a 0.05 level of significance with the aid of SPSS version 21.0.

Table 1: Statistical test of hypotheses 1 and 2

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<tr>
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<th>Talent Optimisation</th>
<th>Productivity</th>
<th>Profitability</th>
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<tbody>
<tr>
<td>Talent Optimisation</td>
<td>Correlation Coefficient</td>
<td>Sig. (2-tailed)</td>
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<tr>
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<td>77</td>
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<tr>
<td>Spearman’s rho</td>
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<tr>
<td>Profitability</td>
<td>Correlation Coefficient</td>
<td>Sig. (2-tailed)</td>
<td>.612**</td>
</tr>
<tr>
<td>N</td>
<td>77</td>
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*. Correlation is significant at the 0.05 level (2-tailed).

D. Results and Discussion
Table 1 above reveals a spearman’s coefficient of 0.810 and 0.612 where talent
optimisation is correlated with productivity and profitability at 0.05 levels of significance. The result shows that talent optimisation has a very strong correlation with productivity and a strong correlation with profitability holding the degree of correlations i.e. *0.810 and *0.612 respectively and sig < 0.05. Hence, we reject the null hypotheses (H01 and H02) and accept the alternative hypotheses which state that talent optimisation has a significant relationship with productivity and profitability of deposit money banks in Port Harcourt. Our findings are also consistent with most of the scholars enumerated in our empirical review like April (2006), who found that talent optimisation has a positive connection with business success, including, Fapohunda (2014), who also found that optimisation of employees’ talents is a critical to improvement in productivity and profitability of business organisations.

E. Conclusions

Based on the findings, we assert that by effectively combining and harnessing the workforce mix, banks have the opportunity to outpace competitors and increase business growth. This is done by ensuring that different workforces are motivated and encourage in directing their innate and acquired skills and knowledge towards achieving organization set goals. The study concludes that talent optimisation possesses a strong relationship with business success of deposit money banks in Port Harcourt.

Recommendations

In respect to the findings and conclusion, the study recommends that deposit money banks should look up for employees with inborn abilities as they have been proven by our findings to be fruitful to organizations both on a long and short run.

Specifically, management is advice to encourage intellectual and information collaboration within the organization as this will lead to increase in productivity and profitability.

Managerial Implications

The study provided a theoretical structure that enhances the knowledge of managers in terms of using employees’ talent to achieve organisational goals. Also, the study provided a framework that could serve as a guide to managerial decisions in terms of human resource management and business success. The study also exposed managers on the relevance of harnessing the potentials or in-built capabilities of employees as the concept of talent optimisation was clearly defined and linked with business success.

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