Human Capital Development and Performance of Commercial Banks in Osogbo, Osun State, Nigeria

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Abstract
This study investigated the relationship between human capital development on the performance of banks among the staff of commercial banks in Osogbo, Osun State, Nigeria. This was with the view to providing insight into the relevance of human capital development in contributing to the operational performance of banks in particular and the growth of the Nigerian banking industry in general. The study employed the use of survey design. The population of the study were the bank staff of commercial banks in Osogbo. The sample consisted of sixty (60) participants randomly selected from 12 commercial banks in the study area. Data for the study was collected using questionnaires. Human capital development was measured using job training, enhanced welfare package, access to adequate medical services, education, improved remuneration, and information and communication technology development. On its part, the performance of commercial banks was measured using improvement in service delivery, providing employees with necessary skill to improve the quality of service provided to customers and promoting positive work attitude among employees. Others are increase in bank profits, achieving strategic objectives of the organisation as well as improvement of the performance level of the employees.
Data obtained were analysed descriptively using frequencies and percentages Data collected were also analysed by inferential statistical procedure using correlation analysis. Results of the descriptive analysis showed that majority of the bank staff were female and most were below the age of 30. The findings also revealed that majority of them were single which reflects the preference of the banks for employees without marital ties. Results of the correlation analysis showed that human capital development contributed positively to the performance of commercial banks in Osogbo, Osun State, Nigeria. The study therefore concludes that human capital development is a crucial factor in enhancing the performance of commercial banks.
Key words: Human capital development, Commercial banks, Osogbo, Osun State, Nigeria, Correlation analysis

I. Introduction

Human capital development, which include investment in education, training, health as well as investment in all social services influencing man's productive capacities, is regarded as the key to the developmental process of any country. Chen (2014) posited that training and development has been seen as a fundamental organisational strategy to influence human capital growth and employee retention. It is the process of determining and assuring that a country will have adequate number of qualified persons, available at the proper times. Developing countries including Nigeria have tried to accelerate the pace of their socio-economic development and modernisation since the end of the Second World War and more specifically since attaining political independence. In achieving this objective, various policies including large-scale industrialisation and rapid expansion of educational facilities have been initiated. This is because human capital is one of the most important factors that can contribute towards economic growth of a country. This is the era of change which is being driven by intense competition, globalisation, technology, talent and demographic shift. For organizations to gain and sustain the much-desired competitive edge there is the need for commitment to excellence, creativity and innovation. Unless human resources development is given top priority and people have access to opportunities to upgrade their skills, develop their abilities and improve their knowledge organizations would find it difficult to gain and sustain the competitive edge.

At the sectoral level, human capital development is deemed critical for financial services (Joshi et al., 2010). The banking sub-sector of the financial sector of any nation can be depicted as the prime mover of the nation's economy. Thus, the performance of banks goes a long way in determining the intermediation process of the economy (Olalere & Adenugba, 2013). The investment of an organisation in its human capital can greatly profit the firm and the individuals working in that firm. It helps in the development of employees to be more productive which helps the firm to perform better (Awan & Sarfraz, 2013).

The situation in the financial sector of Nigeria, especially in the last two decades, leaves much to be desired. The financial sector reforms in the country triggered the merger of firms, particularly banks, and the economic revamp strategy has consequently brought about down-sizing of staff. To send staff on off-job training now appears difficult in the face of tight working schedule. Most bank employees find it difficult to get release for further studies. Even where banks commit enormous financial resources to staff training and development, staff health care and other welfare programs, one could not tell whether its impact on organisational performance is significantly worthwhile. It is for the purpose of unravelling this mystery that this study was conducted to address issues facing employee performance in commercial banks and how they can be addressed through investment in human capital.

II. Brief Empirical Review

Most of the empirical studies that have looked at human capital development in the context of Nigeria especially in the last ten years focused on the economy as a whole by examining its effect on economic growth. These studies include Adeyemi and Ogunsola (2016), Anaduaka (2014), Kanayo (2013), Keji (2021), Odo et al. (2016), Ogundipe et al. (2021), Omotayo (2015), Popoola et al. (2019), among others. Those that focused on specific sectors of the economy laid emphasis on small and medium scale enterprises (Abdullahi et al. 2015; Abiodun & Amos, 2018; Tahir & Inuwa, 2019; Udu & Ewans, 2016, Usman & Tahir, 2018).

Only a handful of empirical studies have attempted to shed light on the relationship between human capital development and commercial banks' performance in the country within the same period. These few studies include Olalere and Adenugba (2013) which assessed the effectiveness of human capital development programmes of First Bank of Nigeria Plc. in Ibadan, Oyo State, Nigeria. Also, Sowunmi et al. (2015) examined human resource development as a correlate of performance of the banking industry in Ogun State, Nigeria. Ezeagba (2016) analysed the effect of human capital development on financial performance in 21 banks registered and quoted in Nigeria as at 2005. Abosede et al. (2018) investigated the effect of human resource management on non-financial performance in eight deposit money banks in Nigeria. One consensus among these studies is that human capital development programmes or strategies improved the performance of the commercial banks. An important point from this review is that not much work has been done in this area in Nigeria, hence the need for this study.

III. Methodology

The section focuses on the methodology employed in achieving the objective of the study. It consists of the theoretical framework, model specification, research design, area of study, population, sample size and sampling techniques, research instrument, validity, reliability as well as the techniques of data analysis.

3.1 Theoretical Framework

The theoretical framework underpinning the analysis carried out in this study is Human Capital Theory proposed by Becker (1964, 1993). The theory regards schooling, training courses, medical care and even lectures on personal improvements as capital since their improvements can raise earnings. Similarly, it views the theory of human capital as a form of investment by individuals in education up to the point where the returns in extra income are equal to the costs of participating in education. The theory proposes that the returns to education are both private as additional income and public in the form of greater productivity. The proponent of the theory noted that the most valuable of all capital is investment in human being. He distinguishes firm-specific human capital from general-purpose human capital. According to him, people who are more productive will make more money and be more employable. The net gain in lifetime wages accruing as a result of investment in education or training can thus be used to calculate the private economic return on investment in education or training, or the gain to individuals. According to the theory, therefore, a link can be established between human capital development and the performance of commercial banks.

3.2 Model Specification

Based on the Human Capital Theory highlighted above, the following econometric model which relates human capital development to commercial banks' performance is specified for this study:

$$CBP = f(HCD) \qquad\qquad (1)$$

where CBP denotes commercial banks' performance, while HCD denotes human capital development.

3.3 Research Design

This study is based on the use of the descriptive survey design whose that is targeted at describing the relevant aspects of the phenomena under consideration. The choice of this research design is informed by its appropriateness in providing an accurate and valid representation of how human capital development strategies affect financial performance in the banking sector of Osogbo, Osun State in particular and Nigeria in general.

3.4 Area of Study

The research was conducted in Osogbo, which is the capital of Osun State, Nigeria. Osun State is one of the states in Nigeria and is made of thirty local government areas (LGAs) including Osogbo. Osogbo, being the capital of the State, has twelve commercial banks as at April 2022 which is the highest among the thirty LGAs, hence its choice as the study area. The names and addresses of these commercial banks are presented in Table 1.

Table 1: Names and Addresses of Commercial Banks in Osogbo, Osun State, Nigeria

S/N	Name of Commercial Bank	Address
1	Access Bank	No. 2, Obafemi Awolowo Way, Osogbo
2	Ecobank Plc.	No. 51, New Osogbo-Gbongan Road, Osogbo
3	Fidelity Bank	Km. 4, Gbongan-Ibadan Road, Osogbo
4	First Bank of Nigeria Plc.	Alekunwodo Street, Osogbo
5	First City Monument Bank	Km. 3, Gbongan-Ibadan Road, Osogbo
6	Guaranty Trust Bank	Ikirun Road, opposite Osogbo City Stadium, Osogbo
7	Heritage Bank	No. 165, Oshogbo-Ilesha Road, Osogbo
8	Polaris Plc.	No. 30, Alekunwodo Street, Osogbo
9	Union Bank	No. 31, Obafemi Awolowo Way, Oloonkoro, Igbonna, Osogbo
10	United Bank for Africa Plc.	No. 31, Obafemi Awolowo Way, Oloonkoro, Igbonna, Osogbo
11	Wema Bank	No. 10B, Obafemi Awolowo Way, Osogbo
12	Zenith Bank	No. 4, Okefia Road, Osogbo
	TOTAL	**12**

Source: Authors' Field Survey (2022)

3.4 Population of the Study

The population for this study comprised all the staff on permanent appointment in the 12 commercial banks. The distribution of the affected staff, which is presented in Table 2, shows a total of 63 permanent staff.

Table 2: Total Population of Permanent Staff in the 12 Commercial Banks

S/N	Name of Commercial Bank	Number of Permanent Staff
1	Access Bank	5
2	Ecobank Plc.	5
3	Fidelity Bank	4
4	First Bank of Nigeria Plc.	6
5	First City Monument Bank	5
6	Guaranty Trust Bank	6
7	Heritage Bank	4
8	Polaris Plc.	5
9	Union Bank	6
10	United Bank for Africa Plc.	6
11	Wema Bank	6
12	Zenith Bank	5
	Total	**63**

3.5 Sample Size and Sampling Techniques

Due to the small size of the population for the study, total enumeration technique was employed to cover all the 63 permanent staff of the 12 commercial banks in Osogbo, Osun State, Nigeria. This is in line with the argument by Ilo et al. (2020) that the technique is appropriate when the population under study is limited in size. Hence, the entire population comprising 63 permanent staff was used as simple size.

3.6 Research Instrument

Data for the study was collected with the aid of self-administered structured questionnaire. The questionnaire is divided into three sections, A – C as follows:

Section A: This section elicits information on socio-demographic characteristics of respondents. It consists of six close-ended and one open-ended questions which cover gender, age, marital status, educational qualification, department/unit, staff status as well as working experience.

Section B: This section covers questions that are aimed at eliciting information on the human capital development strategies employed by the 12 commercial banks. It consists of six close-ended questions that that

follow a 6-point Likert scale of Strongly Agree (SA) = 6, Agree (A) = 5, Weakly Agree (WA) = 4, Weakly Disagree (WD) = 3, Disagree (D) = 2, and Weakly Disagree (WD) = 1.

Section C: This section covers questions that are aimed at eliciting information on how the human capital development strategies employed by the commercial banks have impacted on the job performance of the affected staff. It also consists of six close-ended questions and follows the same 6-point Likert scale as section B.

3.6 Validity of the Instrument
The construction of the questionnaire was carefully done to ensure that it would be able to generate the required information. It was also subjected to scrutiny by experts who is believed are believed to possess a very wide knowledge of the subject matter for the purpose of ascertaining the face validity of the instrument.

3.7 Reliability of the Instrument
A pilot study was conducted during which copies of the questionnaire were administered to 5 permanent staff each of Wema Bank and Unity Bank branches located in Ede, which is another town in Osun State, Nigeria. This was done in order to ascertain the internal consistency of the research instrument based on the Cronbach's alpha test. The test yields a correlation coefficient between 0 and 1 such that the instrument is adjudged to be internally consistent or reliable if the coefficient is not less than 0.7 based on the recommendation by Gugiu and Gigiu (2017). The results of the test, which are presented in Table 3, show that there is internal consistency of the instrument with overall Cronbach Alpha of about 0.86 and the following psychometric properties for each of the sub-scales (human capital development techniques: $\alpha = 0.02$; bank performance: $\alpha = 0.86$)

Table 3: Summary of Pilot Survey

Variable	Copies Administered	No of Items	Cronbach's Alpha
Human Capital Development Strategies	10	6	.901
Bank Performance	10	6	.860
OVERALL (All Variables)		**12**	**.864**

3.8 Method of Data Analysis
The data collected by the study were analysed using descriptive and inferential statistics. Descriptive statistical tools used include frequencies and percentages, while correlation analysis was conducted in the context of inferential statistics. The correlation analysis based on the Pearson's product moment correlation was carried out using the Statistical Package for Services Solution (SPSS), version 23. The analysis allowed for measuring the strength or degree of linear associatio*n* between human capital development and the performance of the commercial banks. The null hypothesis (H_0) underlying the analysis is that there is no significant relationship between human capital development and commercial banks' performance.

IV.   Empirical Results
This section presents the results obtained from the analysis of data carried out by the study. Out of the 63 copies of the questionnaire administered, only 60 copies could be retrieved which gives a response rate of 95.2%. The study analyses the socio-demographic characteristics of the bank staff first before assessing the relationship between the human development strategies adopted by the banks and their performance.

4.1 Socio-Demographic Characteristics of Respondents
This sub-section focuses on the results obtained from the analysis of the socio-demographic data of the respondents. The data cover gender, age, marital status, educational qualification, department/unit, staff status and working experience.

A.   Gender
The results in Table 4 on the distribution of the gender of the respondents show that 48.3% of the respondents is made up of male staff while the larger 51.7% comprises female staff. This suggests that there are more female among commercial banks' permanent staff than male.

Table 4: Gender of Respondents

Sex	Frequency	Percentage (%)	Cumulative Percentage
Male	29	48.3	48.3
Female	31	51.7	100.0
Total	60	100.0	

B.   Age

The results in Table 5 on the distribution of the ages of the respondents reveal that the largest proportion of the respondents (48.3%) is below 30 years. This is followed by those within ages 30-39 who make up 35.0% of the respondents. The table also reveals that 9% falls within the ages 41-60 years, while the remaining 1% is made up people above 50 years of age. These findings underscore the reality in Nigeria where age is one of the crucial factors considered by commercial banks when recruiting their staff.

Table 5: Age of Respondents

Age	Frequency	Percentage (%)	Cumulative Percentage
Below 30	29	48.3	48.3
30 – 39	21	35.0	83.3
40 – 49	9	15.0	98.3
50 and above	1	1.7	100.0
Total	60	100.0	

C. Marital Status

The marital status of the respondents in Table 6 shows that majority of them (51.7%) are single. This is followed by those that are married who make up 35.0% of the respondents, while the remaining 13.3% are divorced. These findings are consistent with the reality in Nigeria where commercial banks prefer employees that have no marital ties.

Table 6: Marital Status of Respondents

Marital Status	Frequency	Percentage (%)	Cumulative Percentage
Single	31	51.7	51.7
Married	21	35.0	86.7
Divorced	8	13.3	100.0
Total	60	100.0	

D.   Educational Qualification of Respondents

The distribution of the respondents based on their educational qualification is presented in Table 7. The table shows that 38.3% have HND/BSc qualification, majority (46.7%) have Masters degree, while the remaining 15.0% have doctorate degree. These findings emphasise the fact that the literacy level in the banking sector is high and that most banks have come to place more premium on higher qualification.

Table 7: Educational Qualification of Respondents

Qualification	Frequency	Percentage (%)	Cumulative Percentage
HND/BSc	23	38.3	38.3
Masters	28	46.7	85.0
Ph.D	9	15.0	100.0
Total	60	100.0	

E.   Department/Unit of Respondents

Table 8 presents the distribution of the respondents according to the department/unit where they work. The table shows majority (40.0%) worked in the cash department, 33.3% worked in Customer Care Service, 13.3% worked in the marketing/sales department, while the remaining 13.4% is divided equally between the administrative department and the financial transfer department.

Table 8: Respondents' Department/Unit

Department/Unit	Frequency	Percentage (%)	Cumulative Percentage
Cash	24	40.0	40.0
Customer Care	20	33.3	73.3
Marketing/Sales	8	13.3	86.6
Administrative	4	6.7	93.3
Financial Transfer	4	6.7	100.0
Total	60	100.0	

F.   Staff Status of Respondents

The distribution of the respondents based on their staff status is presented in Table 9. The table shows that 33.3% of the respondents belong to the junior cadre, half (50.0%) belong to the senior cadre, while the remaining 16.7% are managerial staff.

Table 9: Respondents' Staff Status

Staff Status	Frequency	Percentage (%)	Cumulative Percentage
Junior	20	33.3	33.3
Senior	30	50.0	83.3
Management	10	16.7	100.0
Total	60	100.0	

G.   Working Experience of Respondents

Table 10 presents the distribution of the respondents based on the number of year(s) they have worked in the banking sector. The table shows that majority (41.7%) have worked for less than 5 years, 40.0% have worked for between 5 and 10 years, while the remaining 18.3% have worked for more than 10 years.

Table 10: Respondents' Work Experience (Years)

Department/Unit	Frequency	Percentage (%)	Cumulative Percentage
Below 5	25	41.7	41.7
5-10	24	40.0	81.7
Above 10	11	18.3	100.0
Total	60	100.0	

4.2   Correlation Analysis Results

The results of the correlation analysis carried out to assess the relationship between human capital development and the performance of commercial banks are reported in Table 11. The table shows a significant positive association between human capital development and the performance of commercial banks in Osogbo, Osun State, Nigeria ($r = 0.381^{**}, p < .01$). The null hypothesis is therefore rejected in favour of the alternative hypothesis. This implies that human capital development contributes positively to the performance of commercial banks in Nigeria. This finding is consistent with the results of extant studies in the literature such as Abosede et al. (2018) and Ezeagba (2016).

Table 11: Correlation Analysis

		Human Capital Development	Bank Performance
Human Capital Development	Pearson Correlation	1	.381**
	Sig. (2-tailed)		0.000
	N	60	60
Bank Performance	Pearson Correlation	.381**	1
	Sig. (2-tailed)	.000	
	N	60	60

Note: Correlation is significant at the 0.01 level (2-tailed)
Source: Authors' Compilation (2022) using SPSS version 23

V.   Concluding Remarks

This study has investigated the effect of the effect of human capital development and the performance of commercial banks in Osogbo, Osun State, Nigeria. This was with the view to providing insight into the relevance of human capital development in contributing to the operational performance of banks in particular and the growth of the Nigerian banking industry in general. The study made use of primary data obtained from 60 permanent staff of the 12 commercial banks in Osogbo, Osun State, Nigeria. Data obtained were analysed descriptively using frequencies and percentages Data collected were also analysed by inferential statistical procedure using correlation analysis.

Results of the descriptive analysis showed that majority of the bank staff were female and most were below the age of 30. The findings also revealed that majority of them were single which reflects the preference of the banks for employees without marital ties. Results of the correlation analysis showed that human capital development contributed positively to the performance of commercial banks in Osogbo, Osun State, Nigeria. The study therefore concludes that human capital development is a crucial factor in enhancing the performance of commercial banks.

Based on the findings, the following measures are recommended for improving the performance of commercial banks in Osun State in particular and Nigeria in general:

(i)   There is the need for bank management to invest more in human capital development programmes for the employees.

(ii)   Government also has a role to play in ensuring that the quality of education in the country measures up to international standard since commercial banks operate within the national economy.

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