

The Mediating Effect of Covid-19 on Capacity Building and Organizational Performance in Banking Sector

Nkamare, Stephen Ekpo¹, Ubi, Johnson Johnson² , Nwosu Eleazar Chimezie³, Arrey, Mbaze-Ebock Vivian⁴ & Awah, Catherine I. A.⁵

¹Department of Banking and Finance, Faculty of Management Sciences, University of Calabar, Nigeria

^{2&3}Department of Accountancy, Federal Polytechnic Ukana, Akwa Ibom State, Nigeria

⁴Department of Marketing Faculty of Management Sciences, University of Calabar,

⁵Department of Business Management, Faculty of Management Sciences, University of Calabar, Nigeria

Abstract

This study examined mediating effect of covid-19 on capacity building and organizational performance in the banking sector. The specific objectives were; to examine the effect of capacity building to act and self-organize, capacity building to generate and develop results, capacity building to relate on organizational performance. A total of two hundred and fifty eight (258) copies of questionnaire were distributed, while one hundred and fifty (157) copies were correctly filled and returned and therefore utilized. Survey research design and simple random sampling were employed in this study. Pearson Product Moment Correlation (PPMC) was the statistical tool used in testing the hypotheses. Based on the analysis, the findings revealed thus: Capacity building to act and self-organize; capacity building to generate and develop results; capacity building to relate and organizational performance during covid-19. The study recommended that the organizations should build and maintain networks with stakeholders in the environment they operate.

Keywords: Capacity building, human resources management, training, Development; performance, covid-19

DOI URL:<https://doi.org/10.36758/ijcbem/v4n1.2020/4>

INTRODUCTION

The greatest assets of any organization are its human resources. Organizations therefore spend considerable resources in building the capacities of their employees. Human resources capacity building equips employees to achieve organizational goals. Ohemang (2009) proposed that to fully build the human resources capacity of an organization in Nigeria, training and empowerment are the key requirements to improving job performance. The main goal of employees training and empowerment is to help the organization achieve its mission and business goals (Pinnington & Edwards, 2000).

Capacity is the ability of humans, institutions and societies to perform successfully, to identify and reach their goals, and to change when necessary for sustainability, development and advancement purposes (Fowler & Ubels, 2010). Capacity building is considered as endogenous dynamic process that relies on one's motivations, effort, and perseverance to learn and progress which enables organizations to change, flourish and grow. Some of the major capacities that enhance growth include leadership development and knowledge networking (Lopes & Theisohn 2003). According to Fowler and Ubels (2010), capacity building is based on core capacities namely; capability to act and self-organize, capability to generate development results, capability to relate, capability to adapt and self-renew, and the capability to achieve coherence. Capacity development is very much related to the ways organizations operates. Culture bears an understanding of the way and organization operates, its procedures, believes and values; it is usually affected by the people employed in it, the past incidents, present

influences, and the type of work it undergoes. New skills, competencies, and training are important features to be acquired in an organization for capacity building; material resources such as equipment and capital assets are also imperative for this purpose (Fowler & Ubels, 2010). Capacity building and its impact should be continuously assessed in an organization, so that existing gaps could be filled to ensure constant progress. Disregarding capacity building programs would probably lead to lack of growth and possible failure. Capacity building is closely related to education, training and human resource development. This conventional concept has changed in recent years towards a broader and more holistic view, covering both institutional and country specific initiatives.

Groot and Molen (2000) view capacity building as the development of knowledge, skills and attitudes in individuals and groups of people. Therefore, based on this definition, capacity building for employees in a broad sense refers to improvements in the ability of all employees to perform appropriate tasks within the standards of the organization. According to United Nations Committee of Experts on Public Administration (2006), capacity building takes place at three levels, that is, at the individual level, an institutional level and the societal level. Capacity building on an individual level means the development of conditions that enable individuals to build and enhance existing knowledge and skills. Additionally, it requires the conditions that will allow individuals to engage in the process of learning and adapting to change (Awamley, 2013). Institutional level capacity building should involve modernizing existing institutions and supporting them in forming sound policies, organizational structures, and effective methods of management and revenue control. The establishment of strong interactive public administration system that receives feedback from the population and makes public administrators more accountable and responsive is the goal of societal level capacity building (Awamley, 2013). Organizational performance enhanced by aligning the performance management and HRM practices. Employee performance leads to improve the overall efficiency and productivity of the organization processes. During pandemic, banks were not effective and productive, and this led to lack of monetary benefits, training programs, organizational support for career development, supervisory support and capacity building programs etc. This study assesses how covid-19 has affected capacity building on organizational performance.

LITERATURE REVIEW

Capacity building

According to Hughes (2005), capacity building refers to the factors that act as requisites for the emergence of a learning society for employees. Fullan (2007) view capacity building in collective aspects in terms of strategic steps adopted to enhance the group efficiency showing high improvements in performances, expansion of resources and more motivation among working persons. The results of the studies done by these researchers explains capacity building as not merely a simple concept incorporating strategic actions taken to enhance human and technical resources in order to develop learning skills. Gull, Akbar, and Jan (2012), suggested that organizations should provide capacity development programs for employees to increase new and improved business knowledge and for enhancement of organizational growth. They have also suggested that in dynamic nature business environment capacity development programs plays important role to retain and enhance employee performance., Hughes (2005) also suggested that impact of capacity building boost up human capital, physical infrastructure and new dimensions for Research and development as value addition to local economy. Capacity building is an ongoing process, which encompasses Intellectual Capital, social capital and organizational capital for value addition in the gaining of maximum output from factors of production. Multinationals are involved in capacity development of their employees for

enhancing employee performance. Most of the organizations have their separate human resource development; however, the capacity-building programs and other training programs are fewer practiced among the public and private banks. Capacity building is mainly enhanced by encouraging the participation of employees in decision making and by maintaining close relationship with the employees. Capacity building aims to strengthen parties' ability to work together for their mutual benefit by providing them with the skills and tools they need to define problems and issues. However, capacity building goes well beyond the provision of basic needs. It is matter of development at all levels of society and includes institutional development.

Employee Training and Development

An organization is only as effective as the people working in it. It is a fact that the provision of efficient services by any organization depends on the quality of its workforce. Training and development of personnel according to Bratton and Gold (2003) comprises the procedure and processes that purposely seek to provide learning activities to enhance skills, knowledge and capabilities of people, teams, and organizations so that there is no change in action to achieve the desired outcomes. It is literally impossible today for any individual to take on a job or enter a profession and remain in it for years with his skills basically unchanged. Employee training and development is not only desirable but it is an activity which management must commit human and fiscal resources if it is to maintain a skilled and knowledgeable personnel. Personnel training and development is a process of altering employee's behavior to further organizational goals.

Cole (2002) view training as any learning activity which is directed towards the acquisition of specific knowledge and skills for the purposes of an occupation or task. Development on the other hand, he said is any learning activity which is directed towards future needs rather than present needs and which is concerned more with career growth and immediate performance. The focus of development tends to be primarily on an organisation's future manpower requirements, and secondly, on the growth needs of individuals in the workplace. Development is the acquisition of knowledge and skills that may be used in the present or future. This is more long term focused. It is a comprehensive term used to describe all the different ways in which people can be encouraged to increase, update and adopt their knowledge, skills, personal abilities and competencies. He said, development has a wider focus, long time frame and broader scope. According to Cole (2002), the training policy of an organization may include a range of policies dealing with human resources. The policy statement sets out what the organization is prepared to do in terms of developing its employees and it must support the organizational mission, goals and strategies. The policy statement must be defined in clear terms and must also be available to all for references. Some organizations have a tradition of growing their own managers and specialist by providing a substantial internal training to sustain all their needs. Other organizations contract their training to external providers such as colleges, universities, consultants and private training organizations. There are, however, other organizations that adopt a mid-way position, providing induction training and job training internally but contracting out management and supervisor training. An organization is only as effective as the people working in it are. It is a fact that the provision of quality services by any organization depends on the quality of its workforce.

Cole (2013) posit that training as any learning activity which is directed towards the acquisition of specific knowledge and skills for the purposes of an occupation or task while Cascio (2012) referred to performance as an employee's accomplishment of assigned tasks. Cascio(2012) posited further that pre-determined standards should be set against which actual performances

are measured and that without any rule of measurement, it will be difficult to assess performance.

Theoretical framework

Human capital theory

This study is anchored on human capital theory. According to Dennison (2008), human capital corresponds to any stock of knowledge or characteristics the worker has (either innate or acquired) that contributes to his or her productivity. The theoretical framework for the wholesale adoption of education and development policies known as human capital theory was based on the work of economists such as Becker (2004). Human capital theory attempts to prove that formal education is highly instrumental in improving the productive capacity of a population. In other words, an educated population is a productive asset for a nation. This means that there is the need to invest in human capital through education and training so that productivity gains can be made. In other words, education and training improves the quality of labor. The theory suggests that education or training raises the productivity of workers by imparting useful knowledge and skills, hence raising workers' future income by increasing their lifetime earnings.

Approaches of capacity building

(i) The capacity building to act and self-organize

This capacity building assumes that the organization has a legal basis for engaging in binding commitments (autonomy), that it has effective systems (administrative, financial, human resource management, monitoring and evaluation) in place and that the organization has a committed and stable leadership. Capacity building describes this to capture change such as; existence and regular review of organizational business plans, strategies and visions plans and strategies are followed by effective implementation and monitoring. Leadership has decision autonomy and implements decisions in time, staff is managed proactively and encouraged to do their best (Roddy, 2004).

(ii) Capacity building to generate and develop results on human resource management

This capacity of an organization to use the knowledge expertise and experience required to carry out actions and achieve the results aimed for. For instance, an educational organization with capacity offers educational programmes which respond to demand from the labour market and are gender sensitive. It offers education which adheres to agreed standards and performance measures. This capacity is used to describe and to capture change. It has access to current and future financial resources, existence of effective systems regarding administration, finance, information management, monitoring, ICT, quality management strategic planning and management. The organization has the skills and knowledge to carry out technical, service delivery and logistical appropriate infrastructure.

(iii) Capacity building to relate on human resource management

The capacity of an organization is to build and maintain networks with external actors. The organization with this capacity can build and maintain relationships with external partners, for instance, for the acquisition of funding. It has political legitimacy, social credibility and reputation. The organization can analyze different contexts and stakeholders with attention to power relations (Mincer, 2004). This capacity describes and captures change on existence of strategy and resources to network and relate to other relevant stakeholders. Existence and density of contracts or networks with stakeholders, donors, universities and training institutes as a consequence, the networks result in sharing knowledge and experience, mobilizing adequate technical and financial resources, or influencing the broader policy frameworks in which they operate. The organization is linked to, and oriented towards the labor market. The content of its programmes is sensitive to labor market demands. The organization or system is

seen as legitimate and accountable in the eyes of its supporters and stakeholders.

Empirical Review

Many studies were carried on capacity building in developed and developing countries. Ojokuku, Adegbite, and Tajudeen (2014) investigated Impact Of capacity Building And Manpower Development On Staff Performance In Selected Organizations In Nigeria. Data was gathered from 128 managers of randomly selected firms in South western Nigeria, with the aid of a questionnaire, while descriptive and inferential statistical tools were applied for data analysis. Findings revealed a significant positive relationship between capacity building and staff performance in the selected organizations. It was concluded that capacity building and manpower development activities result in new knowledge, skills and management capabilities, and should therefore be the focus of greater attention and efforts by organizations. Aladejebil(2018) investigated the impact of the human capacity building on Small and Medium Enterprises in Lagos, Nigeria. The major aim of this study was to examine the impact of the human capacity building on Small and medium enterprises in Lagos, Nigeria. The study design was quantitative. Data was gathered from 139 respondents selected from entrepreneurs small and medium enterprises in Lagos. SPSS was used to analyze the data gathered. Findings from the study reveal that regulatory constraints, accessibility to credit and low marketing skills are the top three barriers to the SMEs owners business. Financial management, marketing and inadequate and inefficient management of employees are the major managerial problems. The SME owners adopt various training approaches like formal and informal training, on-the-job training and job-specific training. The conclusion of the study includes the need for the government to organize more training for SMEs at affordable prices; establishment of skills acquisition centres.

MATERIAL AND METHODS

The research design adopted for the study was the survey design. The population of this study consisted staff of selected banks in Calabar (First bank, First city monument bank and United bank for Africa) in Calabar. The total population of the study is 258 employees. Taro Yamane formular was used to determine the sample size of one hundred and fifty seven (157). The primary source was used to collect information from the respondents using structured questionnaire. Other methods of data collection include personal observation, interview and personal discussion with respondents. Data collected were presented using tables, the Pearson Product moment correlation and interpretations were used. The adoption of this statistical technique is to facilitate the establishment of relationships among the variables of this study.

RESULTS AND DISCUSSION

Hypothesis one

H₀1: There is no significant relationship between capacity building to act and self-organize and organizational productivity during covid-19

Independent variable: Capacity building to act on self-organize

Dependent variable: Productivity

Test statistic: Karl Pearson Product Moment Correlation Coefficient

From table 1, the analysis showed a correlation coefficient of 0.872 indicating the existence of strong positive relationship between capacity building to act on self-organize and organizational productivity. The decision rule states that if the correlation coefficient is greater than significant level at 0.01, then accept alternate hypothesis and reject null. If the correlation coefficient is less than significant level at 0.01, then accept null hypothesis and reject alternative hypothesis. The test was significant at 0.01 significant level, and led to the rejection

of the null hypothesis which states that there is no significant relationship between capacity building to act and organizational productivity. Consequently, the alternative hypothesis was accepted and conclusion reached that there is a significant relationship between capacity building to act on self-organize and organizational productivity

TABLE 1
 Correlation result of relationship between capacity building to act and self-organize and productivity

	Capacity building to act	Productivity
Pearson Correlation	1	.872**
Sig. (2-tailed)		.000
Capacity building to act	Sum of Squares and Cross-products	138.58
	Covariance	.250
	N	125
	Pearson Correlation	.872**
	Sig. (2-tailed)	.000
Productivity	Sum of Squares and Cross-products	176.41
	Covariance	.336
	N	125

** Correlation is significant at the 0.01 level (2-tailed).
 Source: SPSS Analysis.

Hypothesis two

H₀2: There is no significant relationship between capacity building to generate development and organizational productivity during covid-19.

Independent variable: Capacity building to generate development

Dependent variable: productivity

Test statistic: Karl Pearson Product Moment Correlation Coefficient

From table 2, the analysis showed a correlation coefficient of 0.845 indicating the existence of strong positive relationship between capacity building to generate development and organizational productivity. The decision rule states that if the correlation coefficient is greater than significant level at 0.01, then accept alternate hypothesis and reject null. If the correlation coefficient is less than significant level at 0.01, then accept null hypothesis and reject alternative hypothesis. The test was significant at 0.01 significant level, and led to the rejection of the null hypothesis which states that there is no significant relationship between capacity building to generate development and organizational productivity. The alternative hypothesis was consequently accepted and conclusion reached that there is a significant relationship between capacity building to generate development and organizational productivity

TABLE 2

Correlation result of relationship between capacity building to generate and develop results and productivity

	Capacity building to generate development	Productivity
Pearson Correlation	1	.845**
Sig. (2-tailed)		.000
Capacity building to generate development		
Sum of Squares and Cross-products	301.74	116.94
Covariance	.421	.305
N	125	125
Pearson Correlation	.845**	1
Sig. (2-tailed)	.000	
Productivity		
Sum of Squares and Cross-products	176.94	159.32
Covariance	.305	.201
N	125	125

** Correlation is significant at the 0.01 level (2-tailed).

Source: SPSS Analysis.

Hypothesis three

H₀₃: There is no significant relationship between capacity building to relate and organizational productivity during covid-19

Independent variable: Capacity building to relate

Dependent variable: Productivity

Test statistic: Karl Pearson Product Moment Correlation Coefficient

From table 3, the analysis showed the existence of strong positive relationship between capacity building to relate and organizational productivity evidence in the correlation coefficient of 0.809 and significant at 0.01 significant level. The decision rule states that if the correlation coefficient is greater than significant level at 0.01, then accept alternate hypothesis and reject null. If the correlation coefficient is less than significant level at 0.01, then accept null hypothesis and reject alternative hypothesis. This led to the rejection of the null hypothesis in favor of the alternative hypothesis which states that there is a significant relationship between capacity building to relate and organizational productivity. The conclusion was that capacity building to relate significantly related with organizational productivity.

TABLE 3

Correlation result of relationship between capacity building to relate and Productivity

		Capacity building to relate	Productivity
Capacity building to relate	Pearson Correlation	1	.809**
	Sig. (2-tailed)		.000
	Sum of Squares and Cross-products	33.32	124.92
	Covariance	.517	.404
	N	125	125
Productivity	Pearson Correlation	.809**	1
	Sig. (2-tailed)	.000	
	Sum of Squares and Cross-products	127.92	318.28
	Covariance	.404	.649
	N	125	125

** Correlation is significant at the 0.01 level (2-tailed).

Source: SPSS Analysis

Based on the analysis of the results, the following findings are made:

There is a significant relationship between capacity building to act and organizational productivity during covid-19; there is a significant relationship between capacity building to generate development result and organizational productivity during covid-19; there is a significant relationship between capacity building to relate and organizational productivity during covid-19.

CONCLUSION/RECOMMENDATIONS

Following the findings from the analysis of results, the following conclusions were drawn: that there is a relationship between capacity building to act on self-organize, capacity building to generate development result, capacity building to relate with organizational performance during covid-19. In line with the findings, the following recommendations are proffered;

- (i) Staff of the organization should be managed proactively in order to do their best.
- (ii) The organization should offer educational programmes that adhere to standards and will enhance performance.
- (iii) The organization should build and maintain networks with all stakeholders in the environment they operate

References

- Aladejebi, O (2018). The Impact of the Human Capacity Building on Small and Medium Enterprises in Lagos, Nigeria. *Journal of Small Business and Entrepreneurship Development* 6(2) 15-27
- Awamley, N. (2013). Enhancing employees performance via empowerment: A field survey. *Asian Journal of Business Management*, 5(3), 313-319.
- Becker, G. S. (2004). *A theoretical and empirical analysis with special reference to education*. New York: Columbia University Press.
- Bratton, J. & Gold J. (2003). *Human resource management: theory & practice* (3rd ed.). New York: Pal-grave Macmillan.
- Cascio, W. F. (2012). *Managing human resources: Productivity, quality of work life, profits*. (3rd ed.). New York: McGraw-Hill Inc.

- Cole, G. A. (2002). *Personnel and human resource management*. London: Continuum Publishers.
- Cole, G. A. (2013). *Personnel management*. London: DP Publication.
- Dennison, E. F. (2008). The sources of economic growth in the United States. *National Bureau of Economic Research*.
Entrepreneurs. Journal of Small Business & Entrepreneurship. 19 (2).
- Fowler, A. & Ubels, J. (2010). The multi-faceted nature of capacity: Two leading frameworks. In: *Ubels, J., Acquaye-Baddoo, N., and Fowler, A. eds. Capacity development in practice*. London: Washington, DC: Earthscan, 11-24.
- Fullan, M. (2007). *The new meaning of educational change* (4th ed.). New York: Teachers College Press.
- Groot, R. & Molen, P. (2000). *Workshop on capacity building in land administration for development countries: Final report*. ITC: The Netherlands.
Groot, R., & Molen, P. (2000). *Workshop on capacity building in land administration for development countries: final report*. ITC: The Netherlands.
- Gul, A., Akbar, S., & Jan, Z. (2012). Role of Capacity Development, Employee empowerment and Promotion on Employee Retention in the banking sector of Pakistan. *International Journal of Academic Research in Business and Social Sciences*. 2 (9), 284-300.
- Hughes, D.K. (2006). Exploring Motivation and Success among Canadian Women
- Lopes, C. & Theisohn, T. (2003). *Ownership, leadership and transformation management better for capacity development?* London: Sterling, VA: Earthscan Publications.
- Mincer, J. (2004). *Schooling, experience and earnings*. *National Bureau of Economic Research*.
McLean, J. E. (2005). *Improving education through active research: A guide for administrators and teachers*. Thousand Oaks: Corwin Press Inc.
- Ohemeng, F. L. K. (2009). Constraints in the implementation of performance management system in developing countries: The Ghanaian case. *International Journal of Cross-Cultural Management*, 9(1), 109-132.
- Ojokuku, R. M., Adegbite, T. A & Tajudeen, A. (2014). The impact of capacity building and manpower development on staff performance in selected organizations in Nigeria. *International Journal of Economics, Commerce and Management* 2(5)
- Pinnington, A. & Edwards, T. (2000). *Introduction to human resource*. New York: Macmillan.
- Roddy, N. (2004). Leadership capacity building model: Developing tomorrow's leadership in Science and Technology: An example in succession planning and management. *Public Personnel Management*, 33(4), 487-496.
- United Nations Committee of Experts on Public Administration (2006). *Definition of basic concepts and terminologies in governance and public administration*. United Nations Economic and Social Council. View publication stats