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EFFECT OF FINANCIAL MANAGEMENT, STAFF E EFFICIENCY AND ORGANIZATIONAL PERFORMANCE OF BANKS IN RIVERS STATE.

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ABSTRACT

The study examined the effect of financial management, staff efficiency and organizational performance in banks in Rivers State. Two research questions and three hypothesis guided the study. A cross-sectional research design was used for the study. A sample of 240 respondents who ed are selected using purposive sample procedure. The instrument for data collection was a self design instrument titled: Effect of Financial Management Staff Efficiency and Organizational Performance (E F M S E O P). The response options adopted were strongly agree, Agree, Disagree and Strongly Disagree. The instrument was validated by experts from the Department while a reliability coefficient index of 0. 756 was obtained using Cronbach alpha statistics. The collected data were analyzed using mean and standard deviation for the research questions. While Spearman's rank order was used to test the hypothesis at 0.05 level of significance. The findings of the study showed that Financial Management, efficient staff enhances organizational performance of banks in River State. It was recommended that bank staff should be exposed to Global best practices in banking operation.

INTRODUCTION

The banking sector plays a pivotal role in the economic development of any region, serving as the backbone for financial transactions, investments, and economic growth. In Rivers State, Nigeria, banks are crucial not only to the local economy but also to the broader Nigerian financial landscape. Effective financial management, staff efficiency, and overall organizational performance are central to the success of banks in this region. These factors are intertwined, and their collective impact determines a bank's capacity to meet its objectives, compete in the market, and contribute to economic stability.

Financial management in banks encompasses the planning, control, and allocation of resources, including managing liquidity, investments, and capital structure. Effective financial management ensures that banks operate within their financial limits while maximizing profitability and minimizing risk. In a dynamic and competitive banking environment, the ability to make sound financial decisions is essential to sustaining operations, expanding market share, and building investor confidence. In Rivers State, where economic conditions can be volatile, banks must adopt resilient financial strategies to stay afloat, especially considering the diverse customer base and the fluctuating economic activities in the region.

Staff efficiency is another critical component influencing the performance of banks. The workforce in any organization directly impacts its operational efficiency, customer service quality, and overall competitiveness. In the banking sector, where the level of customer satisfaction, the speed of transactions, and the accuracy of financial advice are crucial, staff performance plays a significant role in determining the bank's reputation and success. Efficient staff are typically well-trained, motivated, and equipped with the necessary tools and skills to meet organizational goals. Moreover, banks that invest in human capital development often experience better employee retention, improved service delivery, and enhanced customer loyalty, which are key drivers of organizational success.

The combined effects of financial management and staff efficiency contribute to the overall organizational performance of banks. Strong financial oversight allows for prudent resource allocation, fostering a competitive edge in the banking industry. In turn, an efficient workforce helps banks deliver superior services, enhance productivity, and drive profitability. Organizational performance in the banking sector is assessed through multiple indicators, including profitability, customer satisfaction, operational effectiveness, and market share growth. In Rivers State, where banks must adapt to a rapidly evolving financial landscape, the ability to integrate financial management strategies with an effective workforce is essential for long-term success.

This study aims to investigate the effects of financial management, staff efficiency, and organizational performance in banks located in Rivers State, Nigeria. By analyzing the relationship between these factors, this research seeks to uncover how banks in the region can optimize their operations and enhance their performance in a competitive environment. Understanding these dynamics is crucial not only for the success of individual banks but also for the broader economic development of Rivers State.

Statement of the Problem

In recent years, the banking sector in Rivers State, Nigeria, has faced significant challenges related to financial management, staff efficiency, and overall organizational performance. Despite the critical role that banks play in the economic development of the region, many banks in Rivers State continue to experience inefficiencies in their financial management practices, leading to issues such as poor liquidity management, inadequate investment strategies, and suboptimal resource allocation. These financial challenges often result in limited profitability, reduced competitiveness, and the inability to effectively meet the growing demand for banking services in the region.

Additionally, staff efficiency within banks remains a major concern. The quality of service delivery in banks directly correlates with the performance of employees. However, many banks in Rivers State struggle with issues such as low staff morale, inadequate training, and ineffective management practices, which negatively affect productivity and customer satisfaction. Staff efficiency is further hindered by poor working conditions, outdated technology, and insufficient motivation, leading to delays in service delivery and a decline in overall service quality.

The combination of poor financial management and low staff efficiency has a direct impact on the overall organizational performance of banks in Rivers State. Many banks are unable to meet their organizational goals, including profitability, market expansion, and customer retention. This hampers their ability to remain competitive in an increasingly challenging and dynamic financial environment. Furthermore, the negative consequences of these challenges extend beyond the banks themselves, affecting the wider economy, as banks are key players in facilitating business transactions, investment, and economic stability.

Despite the recognized importance of financial management and staff efficiency in organizational success, there remains a gap in understanding how these factors specifically influence the performance of banks in Rivers State. This gap in knowledge creates a critical need for a comprehensive investigation into the relationship between financial management, staff efficiency, and organizational performance within the region's banking sector. Therefore, the problem this study seeks to address is the lack of in-depth research into how effective financial management and efficient staff contribute to the enhanced performance of banks in Rivers State

Purpose of the Study

The purpose of this study is to investigate the effects of financial management practices, staff efficiency, and overall organizational performance in banks operating in Rivers State. Specifically, the study sought to do the following:

1. Assess the impact of financial management practices, including budgeting, investment decisions, and resource allocation, on the organizational performance of banks in Rivers State.

2. Examine how staff efficiency, encompassing aspects such as staff motivation, training, and productivity, affects the overall service delivery and performance of banks.

3. Investigate the combined effect of financial management and staff efficiency on the banks' operational and financial outcomes.

Research Questions

The following research questions will guide the investigation:

1. What is the impact of financial management practices on the organizational performance of banks in Rivers State?

2. How does staff efficiency affect the operational performance of banks in Rivers State?

3. What is the combined effect of financial management and staff efficiency on the overall organizational performance of banks in Rivers State?

Hypotheses

Based on the research questions, the following hypotheses were tested at 0.05 level of significance in this study:

1. Ho1: There is a significant positive relationship between financial management practices and the organizational performance of banks in Rivers State.

2. Ho2: Staff efficiency has a significant positive effect on the operational performance of banks in Rivers State.

3. Ho3: There is a significant combined effect of financial management and staff efficiency on the overall organizational performance of banks in Rivers State.

Literature Review

Concept of Effects of Financial Management Practices, Staff Efficiency, and Organizational Performance of Banks in Rivers State

Financial Management Practices and Organizational Performance

Financial management is a critical determinant of organizational success in the banking sector, particularly in an environment as dynamic as that of Rivers State, Nigeria. Financial management practices in banks encompass budgeting, financial planning, liquidity management, risk management, and investment strategies (Olubusoye, 2022). According to Chukwuemeka et al. (2020), efficient financial management practices enable banks to maximize profitability, improve liquidity, and mitigate financial risks, leading to improved overall performance. These practices are particularly essential in a region like Rivers State, where economic fluctuations and high competition can undermine financial stability.

Research by Akinyemi and Durojaiye (2021) emphasizes that banks with well-established financial management frameworks tend to outperform their counterparts with poor financial oversight. They found a positive correlation between robust financial management strategies and the profitability and market share of banks in Nigeria. Conversely, weak financial management practices can lead to cash flow problems, inadequate resource allocation, and decreased organizational performance (Ajayi, 2019).

In Rivers State, banks have been reported to face significant challenges related to poor resource management, which affects their profitability and growth (Ogunleye, 2023). Poor financial management has been linked to difficulties in meeting customer demands, insufficient capital for expansion, and high operational costs (Ibrahim &Nwosu, 2020).

Staff Efficiency and Organizational Performance

Staff efficiency refers to how well employees perform their duties, which directly affects the overall operational effectiveness and performance of a bank. The efficiency of staff in a bank is influenced by various factors, including training, motivation, leadership, and working conditions (Yusuf, 2021). Staff efficiency in the banking sector is closely linked to organizational performance, as highly efficient staff can improve customer satisfaction, increase transaction speed, and enhance service delivery, all of which contribute to a bank's competitive edge (Nguyen et al., 2020).

A study by Adewale and Sulaimon (2022) found that banks that invest in staff development programs, offer competitive incentives, and create a conducive work environment tend to experience higher productivity and organizational performance. Staff efficiency improves when employees are well-trained and equipped with modern tools and technologies, enabling them to carry out tasks more effectively (Aliyu&Kalu, 2019). In Rivers State, banks that prioritize staff training and motivation have been able to offer better customer service, leading to greater customer retention and an improved market position (Uzochukwu&Nwoye, 2021).

However, inefficient staff management, low morale, and poor employee satisfaction can lead to high turnover rates, decreased productivity, and poor customer experiences, ultimately harming the bank's performance (Abubakar et al., 2020). In Rivers State, some banks face challenges in this area due to inadequate staff development initiatives and an overstretched workforce, which hampers their ability to deliver quality services and impacts profitability (Chijioke, 2022).

The Interplay of Financial Management and Staff Efficiency

The relationship between financial management and staff efficiency is complex and mutually reinforcing. Effective financial management creates an environment in which employees can work efficiently by ensuring that adequate resources are available for training, technology, and infrastructure (Gbadamosi, 2021). A well-managed financial structure enables banks to attract and retain skilled staff, offer competitive salaries, and invest in professional development programs, all of which boost staff efficiency (Omotayo& Adebayo, 2021).

On the other hand, efficient staff contributes to the optimization of financial resources. Staff who are well-trained and highly motivated tend to operate with greater precision, reducing wasteful expenditure and improving the bank's financial outcomes (Ogunbiyi&Oloyede, 2019). Research by Oyetunji and Ogunleye (2023) showed that the combined effect of sound financial management and efficient staff performance enhances organizational productivity and leads to higher profitability in Nigerian banks.

In Rivers State, banks that successfully integrate financial management with effective human resource management are better positioned to withstand economic challenges and achieve sustainable growth (Okon&Ogbemudia, 2022).

Organizational Performance in the Banking Sector
Organizational performance in the banking sector is a multifaceted concept that includes financial performance, customer satisfaction, operational efficiency, and market competitiveness (Osabohien et al., 2020). Several factors contribute to the organizational performance of banks, including effective financial management, staff efficiency, customer relations, and technological innovation (Akinyemi&Durojaiye, 2021). In the context of Rivers State, the performance of banks is largely dependent on their ability to adapt to a rapidly evolving financial landscape, maintain financial stability, and meet the demands of a growing customer base.

Banks that effectively manage their financial resources and invest in human capital are more likely to achieve sustainable performance. Conversely, banks with poor financial management and low staff efficiency often struggle with customer retention, operational inefficiencies, and poor financial outcomes (Ajayi, 2019). The dynamic nature of the banking environment in Rivers State—marked by increasing competition, changing regulations, and evolving customer preferences—requires banks to continuously refine their strategies to enhance performance (Ibrahim &Nwosu, 2020).

Theoretical Review on the Effects of Financial Management, Staff Efficiency, and Organizational Performance of Banks in Rivers State
The banking sector in Rivers State, like in other regions, faces multifaceted challenges related to financial management, staff efficiency, and organizational performance. Understanding the effects of these factors on the overall performance of banks requires exploring relevant theories that explain how financial practices, human resource management, and operational efficiency contribute to organizational outcomes. This theoretical review highlights key theories that have been widely applied in the study of financial management, staff efficiency, and organizational performance, followed by an examination of their relevance to banks in Rivers State.

1. Theories on Financial Management and Organizational Performance
    a. Agency Theory

Agency theory, proposed by Jensen and Meckling (1976), focuses on the relationship between principals (e.g., shareholders) and agents (e.g., bank managers). The theory suggests that financial management practices within banks are influenced by the need to align the interests of shareholders and managers. The divergence of interests often results in agency costs, which can be mitigated through effective financial management practices such as transparency, accurate reporting, and financial planning.

Relevance to the Study:
In the context of banks in Rivers State, agency theory emphasizes the need for banks to adopt sound financial management practices that align the interests of shareholders with those of the management team. This alignment can reduce conflicts and improve financial decision-making, ultimately leading to better organizational performance, increased profitability, and operational efficiency. Proper management of resources through budgeting, risk management, and liquidity control is crucial to maintaining the financial health of banks in a competitive and volatile environment.

b. Pecking Order Theory

The Pecking Order Theory, developed by Myers and Majluf (1984), postulates that firms prefer financing their investments using internal funds (retained earnings) before resorting to external sources like debt or equity. This theory suggests that banks with strong internal financial management can optimize their operations and growth by using retained earnings rather than incurring the costs associated with external financing.

Relevance to the Study:
The Pecking Order Theory is highly relevant to banks in Rivers State, as many banks in Nigeria and the region face challenges related to external funding due to economic fluctuations. By relying on effective internal financial management, such as prudent budgeting, cost control, and capital management, banks can reduce dependence on external sources of capital and maintain financial stability. This, in turn, can lead to better performance, as banks can reinvest profits into areas that enhance staff efficiency and organizational growth.

2. Theories on Staff Efficiency and Organizational Performance
    a. Human Capital Theory

Human Capital Theory, developed by Schultz (1961) and Becker (1964), suggests that employees' skills, knowledge, and abilities are crucial assets that contribute to organizational performance. According to this theory, investment in staff training, education, and professional development enhances employee productivity and efficiency, leading to better organizational outcomes.

Relevance to the Study:
For banks in Rivers State, the application of Human Capital Theory underscores the importance of training and developing a skilled workforce. Banks that invest in improving their employees' skills and abilities, whether in customer service, technology, or financial management, can significantly improve service delivery, increase customer satisfaction, and enhance overall performance. Moreover, motivated employees are more likely to contribute positively to organizational goals, enhancing profitability and efficiency.

    b. Herzberg's Two-Factor Theory

Herzberg's Two-Factor Theory (1959) differentiates between hygiene factors (e.g., salary, working conditions) and motivators (e.g., recognition, achievement) that influence job satisfaction and performance. While hygiene factors are necessary to avoid dissatisfaction, motivators are crucial for driving high performance. This theory suggests that organizations must address both types of factors to achieve optimal staff efficiency.
Relevance to the Study:
Herzberg's theory is applicable to banks in Rivers State because staff motivation and satisfaction are critical to operational performance. While fair compensation and good working conditions (hygiene factors) are essential, it is the provision of opportunities for career advancement, recognition, and personal growth (motivators) that drives superior staff performance. Banks

METHODOLOGY
Research design: The design used for the study is cross-sectional design.
Population of the study: The target population for the study comprised of all the 12 major commercial Banks with a total management staff of 240.
Sample and sampling technique. A purposive sampling procedure was adopted to select all the 240 top management staff of the 12 major commercial banks in Rivers State.
Instrument for data collection: The data were collected using an instrument titled: Financial Management staff efficiency and organizational performance. The instrument was divided into two parts comma the first part dealt with the demographic variable while the second part from the questionnaire items. The response option included Strongly Disagree, Agree, Disagree and strongly disagree.

Validity of the instrument: The instrument was face and content validated by experts from the Department of Business Education, Ignatius Ajuru University of Education. Reliability of the instrument: every liability coefficient index of 0.756 was obtained using Cronbach alpha statistics.
Method of data analysis: The Data collected from the research questions are analyzed using mean and standard deviation while the hypothesis was tested using Spearman's rank order correlation coefficient.

RESULTS

Research question1: What is the impact of financial management practice on the organizational Performance of banks in Rivers State?

Table 1: Mean and standard deviation scores on the financial management practices and organizational performance of Banks.

S/N	ITEMS	SUM	X	SD	Remarks
1	Efficient financial management practices enables banks to maximize profits	765	3.187	1.755	Agreed
2.	Effective financial management improves liquidity in banks	728	3.033	1.695	Agreed
3	It helps to mitigate financial risks among banks	740	3.083	1.734	Agreed
4	Effective financial management ensures that banks operates within their financial limits	732	3.051	1.722	Agreed

Data analysis on table 1 revealed that items 1 to 4 had all the mean scores above the Criterion meme of 2.5 showing that respondents agreed with that financial Management practices enhances organizational performance of Banks, through maximization of profit, improvement of liquidity and mitigation of financial risks.
Research question 2: How does staff efficiency affect operational performance of banks in River State?
Table 2: Mean and standard deviation scores on the effects of staff efficiency on operational performance of Banks.

S/N	ITEMS	SUM	X	SD	Remarks
5	A highly efficient staff improves customer satisfaction.	712	2.966	1.722	Agreed
6	A dedicated staff increases transaction speed	690	2.875	1.695	Agreed
7	An efficient staff contributes to the optimization of financial resources.	722	3.008	1.734	Agreed
8	A devoted staff enhances service delivary	740	3.083	1.755	Agreed

Analysis of data on table 2 showed that items 5 - 8 had all the means scores above the Criterion mean of 2.5, meaning that respondents are in agreement with the staff efficiency affects operational performance of Banks, through the improvement of customer satisfaction, increase in transaction speed and contribution to the optimization of financial resources.

Hypothesis 1: There is no significant relationship between management and organizational performance of banks in Rivers State.

Table 3: Spearman's rank order (rho) correlation between financial management and organizational performance.

	Financial Management		Organizational Performance
Spearman (rho) Financial Management	Correlaion Sig, 2 tailed N	1.000 240	0.856 0.000 240
Organisational performance	Correlation Sig, 2 tailed N	0.791 0.000 240	1.000 240

Data analysis on table 3 showed that rho value is 0.856 using a 2-tailed test p=0.000 at p<0.05 level of significance, meaning it is positively correlated, hence, the null hypothesis was rejected and alternate accepted. Meaning there is a significant relationship between Financial Management and organizational performance of banks in Rivers State.

Hypothesis 2: Staff efficiency does not significantly relates with operational performance of banks in River State.

Table 4: Spareman's rank order (rho) correlation between staff efficiency and operational performance.

		Staff efficiency	Organizational Performance
Spearman (rho) Financial Management	Correlation Sig, 2 tailed N	1.000 240	0.791 0.000 240
Operational performance	Correlation Sig, 2 tailed N	0.856 0.000 240	1.000 240

Table 4 data analysis revealed that r h o value is 0. 791 a two-tailed test, p = 0. 000 at p less than 0. 05 level of significance meaning it is positively correlated. Hence the null hypothesis is rejected and alternate accepted. Indicating that there is a significant relationship between staff efficiency and operational performance of banks in Rivers State.

Hypothesis 3: There is no significant relationship on the combined effect of financial management, staff efficiency on the overall operational performance of Banks in River State.

Table 5: Combined effects of financial management, staff efficiency and operational performance.

		Staff efficiency	Organizational Performance
Financial Management and staff efficiency	Correlation Sig, 2 tailed N	1.000 240	0.762 0.000 240
Operational performance	Correlation Sig, 2 tailed N	0.762 0.000 240	1.000 240

The analysis on table five revealed that rho value is 0.762 test P = 0.000 at P<0.05 level of significance. This means that correlation is significant with a very strong relationship, showing that there is a combined effect of financial management and staff efficiency on the overall operational performance of banks in River State.

Discussion of findings

Research question one and hypothesis one findings revealed that Financial Management practices impacts on organizational performance of Banks through maximization of profit, improvement in liquidity and mitigation of financial risk and a significant relationship exists between financial management and organizational performance of Banks. These findings are in alignment with the postulation of Chukwuemeka etal (2020) and Olubusoye (2022) who asserted that efficient Financial Management enables Banks to make profit and mitigate financial risk which improves their organizational performance.

Research question two and hypothesis two findings showed that staff efficiency affects operational performance of Banks by improving customer satisfaction, increasing transaction speed and optimization of financial resources. They study revealed a significant relationship between staff efficiency and operational performance of banks in River State. These findings are supported by Yusuf to (2022) and Adewale and Sulaiman (2022) who stated that a highly efficient and dedicated staff enhances service delivery by improving customer satisfaction and increasing transaction speed to enhance operational performance in Banks.

CONCLUSION

Financial Management is one of the critical determinants of organizational success in the banking sector. Active Financial Management ensures that banks operate within their financial limits while maximizing profits and risks. Financial Management cannot operate in isolation of an efficient workforce, efficient or dedicated staff is needed to enhance the effective performance of the banking sector. They study therefore concludes that financial management and efficient staff enhances organizational performance of Banks. Similarly, there is a significant relationship between Financial Management, efficient staff and organizational performance of banks in Rivers State.

RECOMMENDATIONS

The following recommendations are made based on the findings:

1. Financial institutions should encourage staff members to undergo capacity building programs to further enhance their productivity.
2. Management of Banks should provide adequate equipment for staff to enhance their performance.
3. Bank management staff should set up monitoring units, to effectively oversee the activities of staff members during work sessions.

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