

SKILL TRANSFER AND PROFITABILITY OF COMMERCIAL BANKS IN RIVERS STATE

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ABSTRACT

The objective of this study was to examine skill transfer and profitability in commercial banks in Port Harcourt, Rivers State. Primary and secondary sources were used for data collection and analysis using frequency distribution tables, mean scores and standard deviation. The population of the study was 300 top level and middle level managers. The Taro Yemini formula was used to determine the sample size of one hundred and seventy two (172). A total of 38 structured research items were designed and distributed to top and middle level managers of these banks in order to elicit responses from them. Methodology adopted was quantitative, descriptive and correlational research design. Again, structured questionnaire with 4 modified Likert scale was used as main source of data collection. Thereafter, mean and standard deviation were used to answer the research questions whereas Pearson Product Moment Correlation Coefficient was used to analyse the hypotheses with the aid of Statistical Package for Social Science (SPSS). It was also found that performance of these commercial banks largely depends on how adequate they develop their human capital through different kinds of training, orientation and development given to them such skill transfer. It was our candid recommendation among others, that directors and managers of banks should periodically organize training, workshops, seminars and conferences to equip their staff with the relevant skills and aptitudes to be brought to bear on the corporate performance of their organisation.

Keywords: Skill Transfer, Profitability, Human Capital Development

INTRODUCTION

This present study will ex-ray these human resource management foundations metamorphosing into human capital development strategies as veritable tools for effective and efficient performance of organizations, with particular attention on commercial banks operating in Port Harcourt. Every human resource management functions/activities revolve round human capital development ranging from employee well-being, promotions, training, coaching, and mentoring relations and every other element that crystalizes employee efficiency toward organizational goals and objectives. The overall purpose of human resource management is therefore to ensure that organizations are able to achieve success through people (its workforce). It aims to increase organizational performance and capability – the capacity of an organization to achieve its goals by making the best use of the resources available to it. The contention here is that development programs that fail to treat employees as individuals may be counterproductive. Competitive advantage can come from the development of an organisation's human capital: a learning experience for employees and the organization as a whole. For some time, this learning experience was encapsulated within a particular model of training: a comparatively straight forward, organized function which depended heavily on training. On the other hand, development is the responsibility of the individual as well as the organization. Hence, to compete effectively, organisations must keep their employees well trained. Nwachukwu (2004), Nwosu (2008), Akpomi, *et al.*, (2010) opines that performance of organization is a product of human capital that enhance the skills and knowledge of human resources. Through utilizing well designed and integrated human capital development programmes, employees may acquire relevant skills and competencies, and consequently improve in their task performance. To achieve improved performance, the human capital development strategies of employees to be given a fresh drive

(Onojotah 2011). As a process of providing opportunities for the acquisition of the desired competences, there should be well designed programs put in place for the training, retraining, coaching, and mentoring of employees in new methodologies, technologies and corporate culture of the organisations. In the words of Peretomode and Peretomode (2012) human capital can only be improved upon through equipping the individual with the required competencies in productive capacities. In line with this assertion, Kaizer (2013) suggests that if human capital development is to be effective, the strategies used for its development must focus on the needs of the employees. Here, we are going to establish our point of departure using organizational performance as a product for effective installation of capable, competent and committed employees. In the course of the study, we shall examine the extent human capital development has impacted on the performance of organizations (whether positively or negatively). Organisations may be effective when employees are endowed with skills and talents and ineffective when these skills are not properly harnessed and imbibed on employees.

Research Hypothesis

The following hypotheses was formulated and tested in the study:

H₀₁: There is no significant relationship between skill transfer and profitability of the commercial banks in Rivers State.

Skills Transfer

Skills transfer is the effect of practicing ability on the learning and performance of a skill. For example, there is likely to be some positive transfer when a gymnast who has developed the abilities of balance, coordination, and flexibility engages in the skill of dancing. Transfer of skills is also related to transfer of training or transfer of knowledge or development. This is because when skill is transferred from the teacher to the learner, training is implicitly taking place and knowledge is acquired for improved performance and development. Senior staff of banks including their ICT professionals undertake in transfer of skills to junior workers and other workers who are not ICT-compliant. On the other hand, transfer in human resource management is a process of placing employees in positions where they are likely to be more effective or where they are yet to get more job satisfaction. In this case there is no change in the responsibility, designation, status or salary of the employee. It is a process of employees' adjustment with the work, time and place. Transfer may also be made as a disciplinary action on staff. According to Flipppo (1999), a transfer is a change in job where new job is substantially equal to the old in terms of pay, status and responsibilities. Changes in organization structure, technology and change in knowledge, skills, aptitude and values of employees need movement of employees from one job to another and from one place to another. Generally, transfer leads to the development of the employee because, through this, he acquires new skills and responsibilities.

Neutral or zero transfer: Zero transfer simply means that previous skills or information have zero effect on learning new skills or information. In other words, in this case the old information neither helps nor hurts the new information or skill. When learning of one activity neither facilitates nor hinders the learning of another task, it is a case of neutral transfer which is also referred to as zero transfer. For example, knowledge of history can in no way affect learning of driving a car or a scooter. This may have a neutral effect on the learner.

Positive transfer of skills: Positive transfer is the improvement or embellishment of current knowledge by acquiring additional skills, knowledge, training or education. It is more or less a foundation for more knowledge acquisition in relation to learning noble ideas similar to previous ideas acquired. It is the transfer that reflects the learning of one skill that facilitates the subsequent learning of another. It is evidenced when training of one type of skill metamorphose into another dimension useful to the individual and to the organization. For instance, learning as

a cashier in the bank counter can generate to the employee becoming a bank supervisor, knowledge of analogue typewriter can facilitate the knowledge and speed in the use of the computer or other word processing packages. Knowledge of Biology as a science subject can develop the knowledge of Physics or Chemistry. Here, performance of a task improves as a result of demonstration of other related skills/tasks by the employee. It is not difficult to acquire an in-depth knowledge of a skill or subject once the foundation of that skill has been laid via training, coaching, seminar or any other form of orientation. Hence, when two skills acquired by the learner are similar and the learner is proficient in them, positive transfer has taken place. Occupations in banking and financial industries can yield transferable skills including mathematical and analytical skills; computer application skills; financial analysis; general accounting and book keeping; knowledge of personal financial counseling and planning; credit counseling facilitation.

Profitability

Profitability is a key indicator of an organization's financial health and long-term sustainability. It measures the ability of a business to generate income relative to its costs and expenses, reflecting the efficiency and effectiveness of its operations. For any business, including commercial banks, profitability is essential for growth, competitive advantage, and value creation for stakeholders.

Achieving profitability requires a strategic approach to managing resources, optimizing operations, and meeting customer demands. In commercial banks, profitability often stems from diverse revenue streams such as interest income from loans, fees for financial services, and investments. Banks must balance these revenue sources with cost-effective operations to maintain profitability. For example, adopting digital solutions can streamline processes, reduce overhead costs, and improve customer experience, all of which contribute to higher profit margins.

Profitability is also closely tied to market conditions, regulatory frameworks, and customer satisfaction. A strong market position enables businesses to attract a larger customer base, leading to increased sales and revenue. However, organizations must also navigate challenges such as economic downturns, competition, and compliance costs. Proactive risk management and strategic planning are vital for sustaining profitability during volatile periods.

Furthermore, profitability is not solely about financial gain; it is also a driver of reinvestment and innovation. Profitable businesses can reinvest in research and development, employee training, and infrastructure to enhance their competitive edge. In commercial banks, this could mean introducing new financial products, expanding into untapped markets, or upgrading digital platforms to improve efficiency and attract customers. Profitability is the foundation for business success and growth. By balancing revenue generation, cost management, and customer satisfaction, organizations can achieve sustainable profitability. This not only ensures financial stability but also positions the business to thrive in a competitive and ever-changing environment.

Return on Investment: Return on Investment (ROI) is a critical financial metric used to evaluate the profitability of an investment relative to its cost. It measures the efficiency with which resources are allocated and helps businesses determine whether an investment is yielding the expected benefits. ROI is calculated as the net profit from an investment divided by the initial cost, expressed as a percentage. This simple yet powerful formula makes it a widely used tool across industries, including commercial banks, to assess the viability of projects, products, or strategies. For businesses, ROI serves as a benchmark for decision-making. It enables organizations to compare various investment opportunities and allocate resources to those that promise the highest returns. For instance, a bank considering investments in new technology, marketing campaigns, or branch expansion will analyze the ROI to ensure the initiative aligns with its financial goals. A high ROI indicates that the investment generates significant returns, while a low or negative ROI signals inefficiency or a potential loss.

Skills Transfer and Organizational Performance

Skills transfer is the process through which employees apply knowledge and competencies gained through training to their work roles. It bridges the gap between learning and practical implementation, thereby driving organizational performance. In commercial banks, effective skills transfer enhances productivity, improves customer service delivery, and fosters innovation. Nigerian authors have underscored the importance of this process in achieving the strategic objectives of financial institutions (Ogbari et al., 2018). The ability of employees to transfer newly acquired skills depends on factors such as the quality of training, workplace support, and the organizational culture. When training programs are tailored to address specific job demands, employees are more likely to integrate these skills into their daily operations, leading to improved performance outcomes. For instance, in Nigerian commercial banks, skills transfer in areas like digital banking, risk management, and customer engagement enables employees to adapt to technological changes and meet the evolving needs of clients (Oyeniya & Adeniji, 2020). Organizational performance improves significantly when skills transfer is effectively managed. Employees who can apply learned skills reduce errors, enhance efficiency, and contribute to achieving the bank's financial and operational goals. Additionally, skills transfer plays a critical role in fostering innovation, as employees are empowered to develop and implement new ideas that enhance service delivery and competitiveness. Nigerian banks, for example, have benefited from skills transfer programs that promote the adoption of financial technology (Ogunbayo et al., 2021). However, challenges such as inadequate follow-up mechanisms and a lack of supportive workplace environments can hinder skills transfer. Organizations must foster a culture of learning and provide opportunities for employees to practice new skills on the job.

Social Learning Theory

Albert Bandura (1997) propounded this theory by applying principles of social learning theory to work place training – which encourages trainers to include demonstration, video or play-acting exercises to reinforce concepts of appropriate and inappropriate work place behavior. Social learning theory supports the continuous learning process within teams, groups and organisations and when used effectively, it has a huge impact on employee knowledge acquisition and career development. By this way, social learning does not just help learners retain the learning but also help apply that learning on the job. In most organizations, social learning theory is being applied extensively other than formal learning, where the education is based on a rigid curriculum e.g., learning methods, online learning, coaching, mentorships and social learning.

Social learning theory, proposed by Albert Bandura, emphasizes the importance of observing, modeling, and imitating the behaviors, attitudes, and emotional reactions of others. Social learning theory considers how both environmental and cognitive factors interact to influence human learning and behavior. With the Social Learning Theory, Bandura describes how people can learn something new by observing the behavior of other people and applying rational mental behavior. Observational learning is the first step in the social learning process. The famous Bobo doll experiment supported the social learning theory of observational learning. The results of the observational learning experiment showed that kids mimicked the behavior of the adults they observed. Follow-up results also showed that the children were more likely to learn the behavior where they saw the adults were rewarded for aggressive or non-aggressive actions than those that were punished for their aggression. People desire approval in life, and therefore they function in ways to receive approval. During the experiment, it was noted that the children preferred repeating actions of the models who gained approval by being rewarded. They are also more likely to continue the behavior that results in positive consequences than negative consequences.

When kids imitate a model, it may be one type of behavior they reproduce. Kids may also identify with multiple models in their environment. Models could be parents, teachers, siblings, friends, peers, cartoon characters, or celebrities. They identify with these people because they have talents, abilities, or qualities the child wants to possess. When they identified with a model, they were more motivated to adopt various behaviors of that model than just mimicking one behavior.

It is a theory of learning and social behavior which proposes that new behaviours can be acquired by observing and imitating others as exemplified above with the case of the kids. It states that learning is a cognitive process that takes place in a social context and can occur purely through observation or direct instruction, even in the absence of motor reproduction or direct reinforcement (Wikipedia).

METHODOLOGY

The study adopted a Correlational research design. The population of the study comprises of twenty three (23) commercial banks in Rivers State. The justification for the choice of 23 commercial banks was based on the bank's age. The sample size is one hundred and thirty eight (138) drawn from the population using Census sampling technique. The instrument was a self-structured questionnaire. The data which was gathered from the field was analyzed in three main levels: The primary, the secondary and the tertiary level. All tests for the study was carried out using the Statistical Package for the Social Sciences (SPSS) version 25.

RESULTS

Correlations Skills Transfer and Organizational Performance

			Skills Transfer	Customer Satisfaction.	Growth	Profitability
Spearman's rho	Skills Transfer	Correlation Coefficient	1.000	.351	.724	.828
		Sig. (2-tailed)	.	.003	.001	.000
		N	132	132	132	132
	Customer Satisfaction	Correlation Coefficient	.351	1.000	-.097	.031
		Sig. (2-tailed)	.003	.	.268	.727
		N	132	132	132	132
	Growth	Correlation Coefficient	.724	-.097	1.000	.032
		Sig. (2-tailed)	.001	.268	.	.719
		N	132	132	132	132
	Profitability	Correlation Coefficient	.828	.031	.032	1.000
		Sig. (2-tailed)	.000	.727	.719	.
		N	132	132	132	132

Source: Survey Data via SPSS, 2024

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In the case of **H₀₁**, the correlation coefficient between skills transfer and profitability is **0.828**, with a p-value of **0.000**, reflecting a very strong positive and statistically significant relationship. Consequently, H₀₉ is rejected, affirming that skills transfer significantly affects profitability. The result indicates that skills transfer positively and significantly influences customer satisfaction, growth, and profitability in commercial banks in Rivers State.

Conclusions

They recommended that given the significant impact of high-order human capital (such as business R & D staff in their case study) as well as the increasingly fast pace of technological change that makes human capital obsolete, a concerted effort needs to be made to facilitate its continuous development. Conclusively, the analyses, interpretations and findings equally pointed that on-the-job training; off-the-job training and skill transfer have a strong positive relationship on organisational performance, customer satisfaction, growth, profitability and culture of the

organisation. The conclusion of the findings indicated that human capital development is inevitable tool to enhance organisational performance, self-reliance and overall economic growth and development of the nation.

RECOMMENDATIONS

1. Business organizations should make human capital development an important aspect of their corporate strategic plan to readily and timely upgrade their employees skills, enhance their conceptual knowledge, and broadens their understanding of the organizations total business objectives and values.
2. The study further recommends that for businesses to sustain better employees' performance, the organisation should put in place skill transfer mechanisms or programs for the employees of the organisation, so as to achieve her objectives. Skills transfer is one of the tools used for preparing tomorrow's skilled employees and is also used to strengthen organizational capabilities, intelligence, build organisation knowledge, and sustain the organization competitive advantage.
3. Organizations should therefore come up with some effective plans in investing in the various aspect of human capital as not only does it help firms to attain greater performance but also does ensure that firms remain competitive for their long-term survival.

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