ORGANIZATIONAL CAPABILITIES AND PERFORMANCE OF MONEY DEPOSIT BANKS IN BENUE STATE, NIGERIA

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Abstract
The study examined the relationship between organizational capabilities and performance of money deposit banks in Benue State, Nigeria. The study was guided by two specific objectives. Two research questions were raised and answered by the study while two hypotheses were formulated and tested. The study adopted a descriptive survey research design. The population of the study consists of 1104 employees and a sample size of 294; this was determined using the Taro Yamane (1974) formula. The study used questionnaire as instrument of data collection. The instrument was subjected to face and content validity. Cronbach alpha method was used to establish the internal consistency of the questionnaire items which yielded a reliability coefficient of 0.81. Data collected for the study were analyzed using descriptive statistics, precisely the mean (real limits of number) and standard deviation to answer the research questions while the Multiple regression statistics was used to test the hypotheses at a 0.05 level of significance.The study after analyzed the data, concluded that the variables of the organizational capabilities such as managerial and technological capabilities affected the performance ofthe money deposit banks in the Benue State to a very high extent. The study recommended among others that, management of the money deposit banks in the Benue State should improve on the managerial aspect of the organizational capability in order to have competitive advantage over competitors that guarantee maximum organizational performance.

Key Words: Banks, Capability, Organization, Performance, Managerial, Technology,

Introduction

Organizations in the current business trend highly focused on building their capabilities to lift their business in order to survive and match the radical business changes across the globe. In view of that, organizations have to analyze their resources and capabilities for surveillance in a highly competitive and dynamic business environment. Organizational capabilities entails the organization ability to manage its resources effectively, it highly involves making strategic decisions and effectively implements the strategic decision process to achieve the desired results (Lopez-Cabrales, Vale & Herrero, 2006). Thus, it involves organizational capacity to deploy its resources, tangible or intangible to perform a task or activity to improve performance in order to achieve organizational goals.

The effective used of dimensions of the organizational capabilities such as managerial capabilities and technological capabilities may affect organization performance positively or negatively. Managerial capabilities is concern with the organizational ability to create a strategic vision and identity for the organization, communicate these throughout the organization, and encourage the workforce to achieve them while technology is the systematic application of information and communication technology that allow the integration of information and knowledge in the organization and providing the creation, transfer, storage and protection of knowledge resources in the organization.

Performance refers to ability of an organization to achieve such objectives as high profit, quality product, large market share, good financial results, and survival at pre-determined time using relevant strategy for action (Koontz & Donnell, 2016). In Nigeria, the deposit money banks are the hub of productive activity, as it performs the vital roles of financial intermediation and effecting good payments system, as well as assisting in monetary policy implementation. Ofanson, Aigbokhaevbolo & Enabulo (2010) posit that the process of financial intermediation involves the mobilization and allocation of financial resources, through the financial (money and capital) markets by financial institutions (banks and non-banks) and by the use of financial instruments (savings, securities and loans). Due to the critical and important role banks play in financial intermediation as well as being custodian of public and private assets; the business of banking transcends beyond profit margin. Thus, there are certain organizational capabilities which banks must imbibe in order to have competitive advantage over competitors.

However, observation have shown that, despite the used of variables of the organizational capabilities such as managerial capabilities and technological capabilities by the money deposits banks in Benue State, their performance was not encourage. In view of that, the study set to examine the effect of organizational capabilities on performance of money deposits banks in Benue State.

Objectives

The broad objective of the study is to examine the effect of organisational capabilities on performance of money deposits banks in Benue State. While the specific objectives are to:

i. determine the effect of managerial capabilities on performance of money deposits banks in Benue State; and
ii. examine the effect of technological capabilities on performance of money deposits banks in Benue State.

Research Question

The following research questions were raised and answered by the study:

i. To what extent has managerial capabilities affect performance of money deposits banks in Benue State?
ii. To what extent has technological capabilities affect performance of money deposits banks in Benue State?

Hypotheses

The following hypotheses were formulated and tested by the study:

i. Managerial capabilities have positive significant effect on performance of money deposits banks in Benue State.

ii. Technological capabilities have positive significant effect on performance of money deposits banks in Benue State.

Conceptual Framework

Concept of Organisational Capabilities

Organizational capabilities refer as the ability of an organization to perform a coordinated set of tasks, utilizing organizational resources, for the purpose of achieving a particular end result (Helfat & Peteraf, 2003). The capabilities were identified with the know-how of a firm of performing particular problem-specific activities. Carmeli & Tishler (2004) identified six measures of organizational capabilities namely: managerial capabilities, human capital, internal auditing, technological capabilities, organizational culture and organizational reputation. For the purpose of this study two measures were used namely; managerial capabilities and technological capabilities that are more applicable to money deposits banks. Organizational capabilities mean that firms' have the ability to deploy their resources such as tangible resources and intangible resources to perform an activity to enhance their performance.

Managerial Capabilities

Adner & Helfat (2003) described managerial capabilities as the abilities of management to integrate and re-configure organizational resources and competencies. Management capability can be defined as the ability to transform the technology development out come into a coherent operations and transaction arrangement (Zawislak, Alves, Tello-Gamarra, Barbieux, & Reichert, 2012)). It is the process of fine-tuning efficiency and stability in order to allow any organization to work well. Managerial capabilities were defined as possessing the ability to create a strategic vision and identity for the organization, communicate these throughout the organization, and encourage the workforce to achieve them (Lopez-Cabrales, Vale, & Herrero, (2006). Casillasm & Moreno (2010) analysed the managerial capability in terms of managerial skills and human capital. Other scholars underscore cognitive managerial skills, social capital and human capital as essential components of managerial capability and their influence on performance (Helfat & Martin, 2015).

Therefore, managerial capability refers to the strengths of managers to generate a healthy and friendly workplace that not only attracts employees, but also facilitates and motivates them. Furthermore, it also encourages employees towards personal growth, which in turn enhances business performance and helps in achieving targeted goals.

Technological capabilities

Technology is a systematic application of physical forces for production of goods and services. The element of technology in knowledge infrastructure involves information technology systems that allow the integration of information and knowledge in the organization and providing the creation, transfer, storage and protection of knowledge resources in the organization. Although, the existence of a proper technology infrastructure is a necessity for knowledge management but the researches which studied the link between the information technologies and organizational performance indicators have remained inconclusive and have failed to explain a direct relationship between the information technology and performance (Emadzade, Mashayekhi & Abdar, (2012), For example, Powell & Danet (1997) found that information technology does not increase the organizational performance solely, but it is required to combine with other human and labour capitals. Additionally, Teece, Pisano & Shuen (1997) stated that lack of a relationship between technology and performance can be due to this reason that technology, information systems resources, can be easily copied and transformed to a weak competitive advantage.

In response to the demands for quick, efficient, effective and reliable services, organizations are increasingly deploying technology as a means of generating insights into customers' behavioural patterns, taste and preferences. It is imperative to note that developed outsourcing support functions (technology and operations) are increasingly being used to provide services and manage costs in the Nigeria organizations which the banking institution is inclusive as well. The technology used include: Automated Teller Machine networks, Cards processing, Software Development, Call centre operations and Network management, electronic mail, GSM banking, smart cards, wide area network, point of scale systems (POS) local area network, Daily calculation of accounts program (DCAP) among others.

Concept of Performance

The concept of performance deals with the actual output or results of an organization as measured against its intended outputs (or goals and objectives). Richard (2009) opines that organizational performance encompasses three specific areas of firm outcomes. These include financial performance (profits, return on assets, and return on investment), Product market performance (sales, market share) and Shareholder return (total shareholder return, economic value added). Performance is basically the measure of how efficient and effective an organization is (Stoner, 2011). In other words, how well an organization achieves its set objectives. The major objectives of most organization are profit maximization or cost minimization. Other objectives of the organizations include growth, increase in market share, improved productivity in terms of better quality and quantity of goods and services, customer satisfaction, individual enhancement and organizational development (Hales & Savoie, 2009).

Performance also refers to ability of an enterprise to achieve such objectives as high profit, quality product, large market share, good financial results, and survival at pre-determined time using relevant strategy for action (Koontz & Donnell, 2016). Performance can also be conceptualized in terms of net income, revenue, number of employees, physical expansion, increased market share and financial sustainability (Kotter, 2012). Performance covers financial performance which includes profits, return on assets, return on investment, sales volumes, market share and shareholder return. Therefore, performance can be measured by the extent to which an organization achieves appropriate objectives such as profitability, improvement in quality, service, customer satisfaction, loyalty and good corporate image, market share, e.t.c.

Empirical Review

Jones & Robert (2018) studied Managerial Capabilities and Private University performance in Kenya. The objective of the study was to analyses the effects of managerial capabilities such as Sensing ability, positive influence on the performance of private universities in Kenya. The result showed that managerial capabilities have a positive influence on private universities performance. The finding provides more insights on how managerial capabilities can be deployed in the university changing environment to influence performance.

Nurazwa, Halima, Alina, Eta, Noor & Abu (2019) studied the relationship between technological capability and manufacturing performance. The result of the study revealed a positive linear relationship among the construct which prove an increase on technological capability will also increase the performance of the organization. Dutrenit (2004) also found that there is appositive relationship between technological capability and organizational performance. Siddharth & Arindam (2019) studied Information Technology Capability and Firm Performance: The Role of Strategic Orientation. The study found that, information technology capability has a significant effect on firm performance.

Theoretical framework

The study adopted Resource-based view theory developed by Penrose (1959) as it theoretical based. The theory argues that performance is a result of organization specific resources and capabilities which may often be implicit or intangible in nature. Organization that possesses rare, non-imitable, valuable, unique, and non-substitutable resources will outperform organization that does not possess such resources. The theory ties organizational capabilities with competitive advantage generation through focusing on fostering the internal resources that the organization owns which are unique and special to the organization. In essence, the theory view organizational capabilities in terms of managerial capabilities, culture and technology that organization needs in order to perform effectively and efficiently.

Based on the resource-based view (RBV) of the firm, the three organizational capabilities collectively may give rise to competitive advantage and lead to enhanced organizational performance.

The relevance and applicability of resource-based view to the study lies in its contributions to the idea of organizational capabilities. The theory explains how organization can achieve maximum performance through the indices of organizational capabilities such as managerial capabilities, culture and technology. The theory is therefore, appropriate for the study because it aims at achieving maximum organizational performance through the use of managerial capabilities, culture and technology in the selected money deposit bank in Benue State.

Methodology

The study adopted a descriptive survey research design. The population of the study was 1351 employees from the three selected money deposit banks in Benue State namely: the First Bank Plc, United Bank for Africa Plc and Zenith Bank Plc with a sample size of 309 (149 employees of First Bank Plc, 78 employees of United Bank for Africa Plc and 82 employees of Zenith Bank Plc) which was determined using the Taro Yamane (1974) formula. Multistage sampling technique was used for sample selection. The instrument used for data collection was a structured questionnaire titled: Organizational Capabilities and Performance (OCPQ) developed by the researchers from the literature reviewed. The response of each item in the questionnaire were based on a 4-point rating scale of very high extent, high extent, low extent and very low extent with a corresponding nominal value of 4,3,2 and 1 respectively. The instrument was subjected to face and content validity. Cronbach Alpha method was used to establish the internal consistency of the OCPQ items which yielded a reliability coefficient of 0.90 indicating that the instrument is highly consistent, and hence reliable for the study. The instrument was administered to the respondents by the researcher. A total of 309 questionnaires were administered by the researcher and were all retrieved from the respondents and used for the data analysis. Data collected for the study were analyzed using both descriptive and inferential statistics. Descriptive statistics of the mean (real limits of numbers) and standard deviation was used to answer the research questionnaire, while the Multiple regression statistics was used to test the hypotheses at a 0.05 level of significance.

In answering the research questions, the real limits of numbers was used for decision making as follows; 3.50 - 4.00 = very high extent; 2.50 – 3.49 = high extent; 1.50 – 2.49 = low extent; 1.00 – 1.49 = very low extent.

The decision rule for testing the hypotheses was based on the p-value and alpha value. A hypothesis of no significant effect was not rejected for any cluster of items whose p-value was equal to or greater than (≥) the alpha value of 0.05 while it was rejected for any cluster of items whose p-value was less than the alpha value of 0.05.

Result and Discussion

The data obtained during the field survey in the selected money deposit banks in the Benue State was presented and analyzed in this part of the paper using descriptive statistics of mean (real limits of numbers) and standard deviation.

Table 1: Mean Rating and Standard Deviation of Respondents on the extent to which Managerial Capabilities Affect Performance of Money Deposit Banks in Benue State

S/N	Variables	N	Min	Max	Mean	Std. Deviation	Remark
1.	Top management teams coordinate and taking effective decisions that enhance performance	309	1.00	4.00	3.51	.724	Very high extent
2.	The organization implementing effective management policies that affect performance positively	309	2.00	4.00	3.73	.654	Very high extent

3.	High level of managerial leadership affect performance	309	2.00	4.00	3.86	.648	Very high extent
4.	Management setting goals that are reliable and achievable that enhance performance	309	1.00	4.00	3.74	.651	Very high extent
5.	Managerial capabilities of organization affect performance	309	2.00	4.00	3.50	.713	High extent

Source: Field survey data, 2021.

Data presented in Table 1 revealed that all the 5 items had their mean values ranged from 3.50 to 3.86 which were real limits of 3.50 to 4.00. This shows that managerial capabilities affect performance of selected money deposit banks in the Benue State to a very high extent. The Table further showed that the standard deviation of the items ranged from .64 to 72, indicating that the respondents were not too far from the mean and from the opinion of one another in their responses on the extent to which managerial capabilities affect performance.

Table 2: Mean Rating and Standard Deviation of Respondents on the extent to which Technological Capabilities Affect Performance of Money Deposit Banks in Benue State

S/N	Variables	N	Min.	Max.	Mean	Std. Deviation	Remark
11.	ATM has increase the performance of the organization	309	2.00	4.00	3.76	.813	Very high extent
12.	GSM banking has	309	1.00	4.00	3.67	.653	Very high

	improve the operational efficiency of the banks						extent
13.	Online banking has provided opportunities of paying bills and other transaction electronically that enhance performance	309	1.00	4.00	3.54	.543	Very high extent
14.	Effective internet facilities affect performance	309	2.00	4.00	3.71	.651	Very high extent
15.	Computer system affect performance	309	2.00	4.00	3.63	.613	Very high extent

Source: Field survey data, 2021.

Data presented in Table 2 revealed that all the 5 items had their mean values ranged from 3.54 to 3.76 which were real limits of 3.50 to 4.00. This shows that technological capabilities affect performance of selected money deposit banks in the Benue State to a very high extent. The Table further showed that the standard deviation of the items ranged from .54 to 81, indicating that the respondents were not too far from the mean and from the opinion of one another in their responses on the extent to which technological capabilities affect performance.

Test of Hypotheses

A multiple regression analysis was conducted to determine the effect of the variables being studied. The independent variables (managerial capabilities and technological capabilities) were regressed against the dependent variable (performance). The outcomes of the analysis were summarized below;

Table 3: Model summary

Model	R	R Square	Adjusted	Std. Error of the	Durbin-Watson

			R Square	Estimate	
1	.847a	0.748	0.706	.5347	1.803

Predictors: (Constant), managerial capabilities and technological capabilities
Source: Field survey data, 2021.

According to Table 3 above, R square is the coefficient of determination indicating the change in the dependent variable due to variations in the independent variables. The R square value is at 0.748 indicating that a 74.8% change in performance of selected money deposit banks in Benue State was due to variations in the use of managerial capabilities and technological capabilities. Hence, 25.2% of variation in the dependent variable (performance) could only be explained by other factors that were not part of the study model and were unstudied in this research.

The Durbin-Watson statistics which is employed to check for autocorrelation recorded 1.803 as its value which is within the acceptable threshold. This shows that the variables used in the model are not auto-correlated and are therefore, reliable for predications.

Table 4: ANOVA (Analysis of Variance).

Model		**Sum of Squares**	**Df**	**Mean Square**	**F**	**Sig.**
1	Regression	91.714	4	22.92850	76.72	.0000a
	Residual	36.039	119	0.30285		
	Total	127.753	123			

a. Predictors: (Constant), managerial capabilities and technological capabilities
b. Dependent Variable: Performance

Source: Field survey data, 2021.

Analysis of Variance (ANOVA) is made up of tests that give data on the variability levels within a regression model and are the basis on which the model significance is based on.

The "F" column gives the statistic for determining the hypothesis that all $\beta \neq 0$ against the null hypothesis that $\beta = 0$. From the results shown in Table 5 above, the significance value is .0000 which is lower than the given significance level of 0.05, showing that the regression model was statistically significant in determining the way managerial capabilities and technological capabilities affected the performance of selected money deposit banks in Benue State. Further, outcome of the F critical at a level of significance of 5% is 2.58. Because the value of F calculated at 76.72 was higher than the value of F critical at 2.58, this is enough affirmation that the used regression model was significant.

Table 5: Regression coefficients results

	Unstandardized Coefficients		**Standardized Coefficients**	**T**	**Sig.**
	B	**Std. Error**	**Beta**		
(Constant)	3.673				
Managerial capabilities	0.806	.151	.661	4.682	.000
Technological capabilities	0.821	.187	.582	3.321	.000

Source: Field survey data, 2021.

From the findings obtained from the regression coefficients in Table 6 above, the regression model is given as;
$Y = 3.673 + 0.806X_1 + 0.821\ X_3 + \ell$

According to the above equation, taking the 2 predictor variables (that is, managerial capabilities and technological capabilities) at a constant level of zero, performance of selected money deposit banks in the Benue State would be 3.673.

Discussion of the Findings

The findings from research question 1 in Table 1 revealed that 5 variables of managerial capability affect performance of money deposit banks in the Benue State to a very high extent. The variables were: coordinate and taking effective decisions, implementing effective management policies, managerial leadership, setting goals that are reliable and achievable and management capabilities.In addition, hypothesis tested in Table 5 showed that managerial capabilities has a positive significant effect on performance of money deposit banks in Benue State ($\beta_1 = 0.806$; p-value = $0.000<0.05$). The finding of the study is in agreement with Jones & Robert (2018) they found that managerial capabilities has positive significant effect on organizational performance.

The findings from research question 1 in Table 2 revealed that 5 variables of technological capabilities affect performance of money deposit banks in the Benue State to a very high extent. The variables were: Automated Teller Machine ATM, GSM banking, online banking,Effective internet facilities and Computer system.In addition, hypothesis tested in Table 5 showed that technological capabilities has a positive significant effect on performance of money deposit banks in Benue State ($\beta_2 = 0.821$; p-value = $0.000<0.05$). The finding of the study collaborates with the work of Nurazwa, Halima, Alina, Eta, Noor & Abu (2019) they found that technological capability has significant effect on performance. Dutrenit (2004) also found that there is appositive and significant relationship between technological capability and organizational performance. The finding of the study agreed with Siddharth & Arindam (2019) that technology has a significant effect on firm performance.

Conclusion

The aim of the study was to examine the effect of organizational capabilities variables such as managerial capability and the technological capability, and identify how these capabilities contribute to the performance of money deposit banks in the Benue State. Based on the findings of the study, the study concluded that Managerial capabilities have a positive significant effect on performance of money deposit banks in the Benue State because managerial capabilities are able to show managerial functions that would enhances performance. The study also concluded that technological capabilities have a positive significant effect on performance of money deposit banks in the Benue State.

Recommendation

The study recommended that:

1. The management of money deposit banks in the Benue State should improve on the managerial aspect of the organizational capability in order to have competitive advantage over competitors that guarantee maximum organizational performance.
2. The organizations should pay keen attention to importance of technological capabilities, create an environment for technological innovation and constantly evaluate the maintenance strategies of the technology for efficient and effective operation.

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