International Academic Journal of Business School Research
ISSN: 5280-481X | Volume 8, Issue 8 | December, 2023 | pages 105 – 121
DOI: 2223-9428-342527-7888
Double Blind Peer Reviewed International Research Journal
https://accexgate.com
journalsaccexgate@gmail.com

Managerial Capabilities and Performance of Commerical Banks in North Central, Nigeria

Ezimma Kate Nnabuife
Department of Business Administration, Faculty of Management Sciences, Nnamdi Azikiwe University, Awka
Yande, Harriet Mnena
Department of Business Administration, Faculty of Management Sciences, Nnamdi Azikiwe University, Awka

***Abstract**: The failure of some commercial banks in Nigeria to have employees with adequate managerial capabilities was observed by the researcher. This inadequacy could impact the performance level of these commercial banks in North Central Nigeria. The broad objective of this study is to determine the type of relationship that exists between managerial capabilities and performance of commercial banks in North central Nigeria. The study was anchored on Resource Based View Theory postulated by Wernefelt (1984). Survey research design was adopted for the study. Primary source of data was employed by the researcher through questionnaire. Applying the Yamena Formular sample 394 was derived from the population of 27,829. For test of hypotheses of the study, regression analysis was used. Result obtained from the test of the formulated hypothesisis revealed that a significant positive relationship exists between managerial human capital and performance (β = 0.647, t-statistics= 9.716, P<.05); Based on the finding, the researcher concluded that there exists a strong significant positive relationship between managerial capabilities and performance of commercial banks in North central, Nigeria. Sequel to the conclusion, the researcher recommended that the studied Commercial banks should endeavour to consider employees with high managerial Human capabilities during recruitment and also regularly train them to acquire more knowledge as well as brains manpower work towards the improvement of profit as firms.*

***Keywords:** managerial capabilities, managerial human capital, performance, profitability.*

Introduction

In global competition, managerial capabilities are of great importance in the strategic management of private and public organizations towards achieving optimum performance in both developed and developing nations. Scholarly interest has diverted from studying the characteristics of organizations' resources as a source of competitive advantage to understanding the managerial capabilities through which organizations acquire, manage, configure, orchestrate, and transform their resources (Huy & Zott, 2019; Ying, Hassan & Ahmad, 2019). Since the first published article about managerial capabilities in 1990, the concept has gained several Scholarly attentions to develop its empirical studies. Several studies have explored the link between dynamic capability and firm performance (Prashantham & Dhanaraj, 2010; Alexander 2021; Putri and Yasa 2020; Khan, Atlas, Zhang and Farhan 2019; Mohamad and Ahamat 2019; Nurazwa, Halima, Alina, Eta, Noor and Abu 2019). Since the seminal work of Teece, Pisano, and Shuen (1997) in the mid-2000s, a team at Microsoft, in concert with Accelare, developed the Motion Methodology Capability-Based Framework (Ludwig & Pemberton, 2011). In 2008, Ric Merrifield, Jack Calhoun, and

Dennis Stevens, in "The Next Revolution in Productivity" added the use of Sewia Oriented Architecture (SOA) and its role in supporting capability delivery at breakthrough cost and speed. Also introduced was the use of heat maps for capability analyses (Cordes-Berszinn, 2013).

A functional banking system facilitates the exchange of goods and services, provides facilities, which includes checking and savings accounts, loan and mortage service, wealth management, providing credit and debt cards, overdraft service encourages individuals to save and efficiently channel the funds to productive investments. The banking sector plays a significant role in the economic growth and development of the country as such it is important to ascertain its managerial capabilities since they are a major employer. In 2020, FDIC insured commercial banks alone employed nearly two Million people in the United States of America. Here in Nigerian the banking industry progressively contributed some 168.4 trillion to the country's Gross Domestic Product (GDP) between 2017 and 2020, indicating an incredible resilience and growth, despite Two difficult recessions. The sector contributed about 34.6 Trillion to the country's GDP in 2017. Money deposit bank assets to GDP in Nigeria were reported at 16.40% (World Bank Collection of Development Indicators, 2021).

Despite the numerous benefits that abound from managerial capabilities, there is still a growing shortage of capable managers. It is important to improve the skill level of all managers and employees as this will contribute to improving their output. Improving the managerial capabilities at all levels needs to be a priority for all stakeholders. Against this background, the study seeks to examine the relationship between managerial capabilities and the performance of commercial banks in North Central Nigeria.

Objectives of the Study

The broad objective of the study is to examine the relationship between managerial capabilities and the performance of commercial banks in North Central, Nigeria.
The specific objectives of the study seek to:

i. Find out the relationship between human capital and profitability of commercial banks in North Central Nigeria.

Justification for the Study

This study is apt as there seems to be limited study on the study area in Nigeria. The study will be of great benefit to the management of the Nigerian banking sector because it will reveal in-depth knowledge of the vital roles managerial capabilities play in achieving optimum organizational performance. The study would also be significant in generating data that would enhance the understanding of managerial capabilities and how they affect the performance of public sector organizations in Nigerian. It will add to the existing body of Lastly, this study seeks to contribute to existing literature on the subject area.

Literature/Theoretical Underpinning

Managerial Capabilities

Parnell, Long and Lester (2015) opined that managerial capabilities prevail as a result of distinctive capabilities and core competencies possessed by organizational members, work force and employees, especially senior or top-level management. This arises as a result of specialized knowledgeable skills acquired of experience through training and learning. Superior managerial capabilities have long been acknowledged as an important source to generate above-normal rent for organizations (Hunt & Madhavaram, 2012; Parnell, Long & Lester, 2015). Management capabilities in an organization are usually required for communicating and implementing strategy, maintaining beneficial relationships with internal and external stakeholders (Dangol & Kos, 2014) and participating in organizational resource allocation and

deployment such as innovation and entrepreneurial systems (Basile & Faraci, 2015), and incentive systems (Simon, Klobas & Sohal, 2015).
Scholars have emphasised the importance of managerial capability in firm strategy and performance (Helfat & Martin, 2015). Literature provides evidence of the central role of managers to create competitive advantage (Anzengruber, Martin & Nold, 2017).

Therefore, managerial capabilities refer to the strengths of managers to generate healthy and friendly workplaces that not only attracts employees, but also facilitates and motivates them to create the opportunities that emerged from the conceptualization, integration, and reconfiguration. Furthermore, it also encourages employees towards personal growth, which in turn enhances performance and helps in achieving targeted goals. Capabilities manifest themselves as a configuration of routines and organizational processes that combine to create a landscape of non-linear performance (Fainshmidt, Pezeshkan, Lance Frazier, Nair & Markowski, 2016).

These capabilities can be leveraged to continuously create, extend, upgrade, protect and maintain the company's unique asset base. Dynamic managerial capabilities can be disaggregated in capacity to sense and shape opportunities and threats, seize opportunities and maintain competitiveness to reconfigure, enhance, match and protect tangible and intangible assets (Teece, 2009) as cited in (Souza and Forte 2021).

Dimensions of Managerial Capabilities

The dimensions of managerial capabilities as advanced by (Adner & Helfat, 2003) includes managerial human capital, managerial social capital, and managerial cognition which are the three main antecedents of managerial capabilities and the Three are intertwined. Managers differ in terms of the three antecedents and these differences induce differences in outcomes. It is because these Three antecedents are unevenly distributed among managers, some managers have more effective dynamic managerial capabilities than others and some lack dynamic managerial capabilities entirely (Helfat & Martin, 2015). Teece's (2007), research conceptualized managerial capabilities in terms of managerial sensing capability, managerial seizing capability, and managerial reconfiguring capability. The study adopted measures namely; managerial human capital, because the measures are more applicable to the banking industry

Managerial Human Capital

Managerial human capital refers to the managers' skills and knowledge, analytical ability, which have been shaped by their education, personal and professional experience, power and internal connections. These are the mechanisms that managers employ to convert learning into capabilities (Declerca, Sapuenza, Yaooz & Zhou, 2012; Kor & Mesko, 2013). This learning nourishes knowledge and intensifies the ability of managers to deal with intense activities. The managers' experience serves as a basis for acquiring knowledge, developing further experience, and improving individual skills. Such capital can serve to assist managers in sensing and seizing opportunities and threats and in reconfiguring the resource base (Helfat & Martin, 2015). Managers differ in terms of their mix of skills and in terms of how developed those skills are (Adner & Helfat, 2003). Helfat and Martin (2015) noted that managerial human capital is the key driver of the development of capabilities which requires prior entrepreneurial, managerial, academic, and training activities to mobilize resources and competencies

Organizational Performance

Organisational performance is the evaluation of the constituents that try to assess the capability and ability of a company in achieving the constituents' aspiration levels using efficiency, effectiveness, or social referent criteria. Technical and technological potential, equipment quality, know-how, employee qualification and productivity level, are factors that determine the present and future competitiveness of the enterprise and hence its financial performance through financial policies (capital accumulation, investment, productive capital management) (Jenatabadi, 2015) as cited in Elena (2020). According to previous studies in the field and due to the very high pressures of the external environment, high-performance organisations are entities that have exceptional financial results, satisfied customers and employees, high productivity, and organisations that encourage innovation and skills development.

Measures of organization performance

There are various measures of performance in banking institutions which consists of financial and non-financial (Gilbert & Wheelock, 2009). However, measuring performance is not an easy task. Many researchers have used managers' subjective perceptions (questionnaires, interviews) to measure beneficial outcomes for firms. Others have preferred objective data (such as information published in annual reports of organisations on the measures such as returns on assets, profitability, shareholder's dividend, liquidity etc. Scholars have widely established that there is a high correlation and concurrent validity between objective and subjective data on organizational performance, which implies that both are valid when calculating a firm's performance for instance (Dess & Robinson, 1984, Venkatraman and Ramanujan, 1986, Falshaw, Glaister & Tatoglu, 2006).

For this study profitability was used to measure performance.

Profitability

Profitability is the ability of a company in generating profit within a certain period, which is usually calculated with profitability ratios (Said &Ali, 2016). In this study, the profitability ratio is proxies through Return on Assets (ROA). ROA serves to measure the effectiveness of companies in generating profits by utilizing the assets owned. The greater the ROA owned by a company, the more efficient the use of assets so that it will enlarge profit. Large profits will attract investors because the company has a high rate of return. Profitability is one of the study topics that has piqued the interest of not only academics but also shareholders, managers and management body authorities in analysing the profitability of a bank and finding factors that influence it. To ensure financial stability, bank profitability must be monitored not only by the banks but also by regulatory authorities (Linh, Hong and Dan 2021). The profitability of commercial banks is heavily dependent on the capital demand of individuals and cooperation in the economy. Profitability is important for employees and society and business organizations provide sustainability and stability for employees for both of them.

Managerial Human Capital and Profitability

There is a large and growing body of evidence that demonstrates a positive linkage between the development of human capital and organisational performance. The emphasis on human capital in organisations reflects the view that market value depends less on tangible resources, but rather on intangible ones, particularly human resources. Recruiting and retaining the best employees, however, is only part of the equation. Such results have led some scholars to support a 'best practices' approach, arguing that there is a set of identifiable practices, which have a universal, positive effect on company performance. Other scholars contend that difficulties in specifying the constituents of a best-practices set, and the sheer number of contingencies that organisations experience, make the best-practice approach problematic. A general and growing trend in this debate is to see these approaches as complementary rather than in opposition, with best practice viewed as an architectural dimension that has generalisable effects, but within each organisation, the bundles of practices will be aligned differently to reflect the context and contingencies faced by the firm. Though there appears to be a growing convergence on this issue, the measurement of human capital remains rather ad hoc, and more needs to be done to develop robust methods of valuing human contribution.

FHence, all these debates fundamentally focus on individual and organizational performance. From the individual level, point out that the importance of human capital depends on the degree to which it contributes to the creation of a competitive advantage. From an economic point of view, transaction costs indicate that firm gains a competitive advantage when they own firm-specific resources that can not be copied by rivals. Thus, as the uniqueness of human capital increases, the firm has incentives to invest resources into its management and the aim to reduce risks and capitalize on the productive potential. Hence, individuals need to enhance their competency skills to be competitive in their organizations. Human capital investment is any activity which improves the quality (productivity) of the worker. Therefore, training is an important component of human capital investment.

This refers to the knowledge and training required and undergone by a person that increases his or her capabilities in performing activities of economic value. From the organizational level, human capital plays an important role in strategic planning on how to create competitive advantages. The firm indicates that resources are valuable when they allow for improving effectiveness, capitalizing on opportunities and neutralizing threats. In the context of effective management, value focuses on increasing profits in comparison with the associated costs. In this sense, a firm's human capital can add value if it contributes to lower costs, and provide increased performance. Another study by Selim, Ashour, and Bontis (2007) analysed the relationship between human capital and the organizational performance of software companies. They found that the human capital indicators had a positive association with organizational performance. These indicators such as training attended and teamwork practices, tended to result in superstar performers where more productivity could be translated to organizational performances. Human capital is a way that is attached to education, training, and other professional initiatives to enhance the levels of knowledge, skill, abilities and social assets of an employee. This eventually leads to the satisfaction and performance of employees and results in firm performance. It is significant for long-term sustainability. There is no doubt in the fact that human resource input performs an important role in increasing the competitiveness of a firm. Significant studies were carried out on human capital and its implication on firm performance, thus human capital enhancement will result in greater competitiveness and performance. The uniqueness of human capital increases and firms have incentives to invest resources into their management and the aim to reduce risks and capitalize on productive potential. Hence, individuals need to enhance their competency skills to be competitive in their organizations. The human capital theory has undergone rapid development. Within its development, greater attention has been paid to training-related aspects. This is much related to the individual perspective. Human capital investment is any activity which improves the quality (productivity) of the worker. Therefore, training is an important component of human capital investment.

Theoretical Framework

The study applied, the Resource Based Theory of the Firm by Wernerfelt, (1984) as its theoretical base.

Resource Based View Firm Theory

Resource Based View of the Firm regards the firm as a bundle of resources and capabilities that are heterogeneously distributed across firms that persist over time (Ambrosine & Bowman, 2009). Academicians suggest that when a firm has resources which are valuable, rare, inimitable and non-substitutable, they can use them to implement value creation strategies that provide a sustainable competitive advantage (Peteraf & Barney, 2003). RBV originates in the strategy literature

(Wernefelt, 1984) which provides a useful framework for examining the development of management.

Resource based view theory was employed with a major focus on how firm's resources and knowledge development affect performance (Kanyabi & Devi, 2012). It assumes that for an organization to achieve competitive advantages it has to develop its resources. Other who expanded the theory were Wernerfelt (1984) and Helfat and Martin (2015). RBV emphasized resources and capabilities as the origin of competitive advantage. Eisenhardt and Martin (2000) looked at maximizing long run profits through exploiting and developing firm resources. The RBV approach sees firms with superior system and structures being profitable not because they engage in strategic investments but because they have markedly lower cost to offer. It focuses on the rents according to the owners of scarce firm-specific resources rather than the profits from market positioning. It puts vertical integration and diversification into a new strategic light (Ambrosine & Bowman, 2009).

However, RBV has been criticized for its inability to explain how resources are developed and duplicated and failure to consider the impact of dynamic market environments. Some researchers have criticized RBV that it is a static theory that has failed to develop into a competitive advantage especially in dynamic environment fostered by rapid technological change (Priem & Butler, 2011) and in response to concerns; the capability, competencies and dynamic capability approach were developed. The literature indicates while possessing valuable, rare, inimitable and non-substitutable resources may be beneficial.

Empirical Framework

This section discusses the work of different scholars who have carried out related studies. The empirical review included global and regional as well as local reviews.

Yang, Fazal, Maran, Gao and Yang (2023), modeling the significance of dynamic capability on the performance of microfinance institutions in Indonesia. Using a cross-sectional research design, the current study quantitatively assesses the mediating effect of dynamic capability on the relationships of total quality management, customer intellectual capital, and human resource management practice with the performance of microfinance institutions. An online survey involving 120 members of Induk Koperasi Kredit, a credit union association in West Kalimantan, Indonesia, is conducted. All the data are subjected to variance-based partial least squares structural equation modeling (PLS-SEM) analysis. The obtained results demonstrate the significant and positive influence of total quality management and human resource management practice on dynamic capability. Furthermore, dynamic capability is found to mediate the relationship between total quality management and human resource management practice on the performance of microfinance institutions. Nonetheless, this study demonstrates the crucial need for microfinance institutions to enhance their management activities via dynamic capability to enhance performance.

Nefa, Beatrice and Jairo (2023) effect of Dynamic Capabilities on Performance of Commercial Banks in Kenya. The Kenyan banking industry contributes significantly to the government revenues yet financial reports indicate that Kenya's listed banks recorded a negative EPS (earnings per share) growth of 0.8% in the financial year 2017, compared to average positive growth of 4.4% in the financial year 2016. Kenya's listed published their financial year 2018 performance, with an average growth a share, of 13.8%, compared to a 1.0% decrease the past year. Objective one was regressed from the dependent and the independent variables. The study applied the resource base theory because it looks at the role of internal aspects resources and capabilities of the organization during change. Cross-sectional survey design and correlational was done of the eleven listed commercial banks in Kenya. The respondents comprised 68 heads of departments, 11 CEOs, 29 regional heads, and 145 regional managers. Primary data collection was done vide a questionnaire. Reliability was ascertained using Cronbach's alpha test. The performance scale should indicate a Cronbach alpha of at least 0.7. Face validity was ensured by administering the questionnaire to two senior bank managers. construct validity was established. Content validity was ascertained through subjection of a pool of questions to experts. Data analysis was done using descriptive and inferential statistics. The results discovered that generic strategies by porter, affected commercial banks' performance, (β=0.645, p=0.000) and accounted for 41.6% variance, dynamic capabilities positively affect performance (β=0.364, p=0.000) and accounts for 12.9% and dynamic capabilities are a positive moderator of the relationship between porters' generic strategies and performance (β=0.030, p=0.010) with a percentage increase of 1.5%. It is concluded from the findings that porter's generic strategies and dynamic capabilities positively affect commercial banks' performance while dynamic capabilities moderate the relationship. It was recommended from the findings that companies improve more on the cost strategy and dynamic capabilities to realize better performance. The study would contribute to the existing literature by adding the moderating effect of dynamic capabilities. The study will help bankers to focus on dynamic capabilities while studying performance. The academia will benefit from this study as well.

Putri and Yasa (2020) studied managerial capabilities and market orientation with business performance of coffee processing SMEs in Pupan. The objective of the study was to ascertain the effect of managerial capabilities and mediating entrepreneurial orientation. The study adopted the survey research design. The data for the study were collected using questionnaires using a sample of 52 owners and managers of the unit. Partial least square was used statistical analysis tool was used to test the mediation effect. The result reviewed that, managerial capabilities and market orientation has positive and significant influence on and act as a partial mediator between business performances.

Khan, Atlas, Zhang and Farhan (2019) studied the mediating role of dynamic managerial capabilities; the interplay between dominant logic and small medium sized enterprises performance in China. The objectives of the study were to ascertain the dynamic managerial capabilities (DMCs), measured by human capital along with social capital and managerial cognition, play a mediating role in the relationship between DL, consisting of proactiveness and routine, and firm performance. The study used a descriptive survey research design. The population of the study was constituted from the selected 204 SMEs in China. The study used multistage sampling techniques. The study used questionnaire and group interview as instrument of data collection. The study used face and content validity to validate the instrument of data collection. The study used frequency and percentages to analyzed data collected while multiple regression was used to test the hypotheses of the study. The findings reviewed that, successfully utilizing intangible/operant resources that are characterized as firm dynamic capabilities, SMEs can achieve superior performance and competitive advantage. The study also found that dominant logic managerial capabilities as a positive significant role in selected enterprises performance in China.

Mohamad and Ahamat (2019) studied top management capabilities and performance of halal product in Malaysia. The specific objectives of the study were to investigate the influence of top management capabilities inclusive of global mindset (GM), foreign knowledge (FK) and international organization performance (IP). The study used a descriptive study. The population of the study was 118 selected SMEs in Malaysia which also serve as the sample size. The study used a structured questionnaire as instrument of data analysis. The study analysed data collected using mean and standard deviation while multiple regression analysis was applied to test the influence of the two variables of managerial capabilities on international organization performance. The study found that both global mindset and foreign knowledge have a significant influence on selected international organization performance in Malaysia.

Ali, Sun and Murad (2017) studied the impact of managerial and adaptive capabilities to stimulate organizational innovation in SMEs in Nigeria. The aim of the study was to empirically explore and propose a rigorous model for the positive impact of managerial capability (in terms of decision-making, management style, people development, and succession planning) and adaptive capability (in terms of horizon scanning, change management, and resilience) on organizational innovation in the context of small and medium-sized enterprises (SMEs). The study uses partial least squares structural equation modelling (PLS–SEM) to test the model hypotheses, and importance-performance matrix analysis (IPMA) to provide information regarding the significance and relevance of the dimensions of managerial and adaptive capability in explaining organizational innovation in the proposed model. The empirical data was gathered through questionnaires from 210 SMEs. The results show a strong and significant relationship between managerial capability, adaptive capability, and organizational innovation. The study found that all of the dimensions of managerial capability and adaptive capability help to develop and improve the performance of organizational innovation in SMEs. The study concludes with a comprehensive discussion of the research limitations, and provides suggestions for future research.

Abera (2015) conducted his study on the impact of human capital on company performance case of the footwear sector in Ethiopio. A survey research design was adopted to test the proposition using a sample of 143 small scale Footwear sector in Addis Ababa, Ethiopia. Estimation results using a regression model indicates that having human capital investment in company lead to the improved Company Performance. The findings of the study have important implications for theory, policy and practice.

Ogola, Marjery and Bagire (2015) studied managerial capabilities and strategic business success in the petroleum industry in Uganda. The study explores the relationship between managerial capabilities and strategic business success in the petroleum industry in Uganda. Managerial capabilities were measured using communication, conceptual, human and technical skills. The study premised on knowledge-based view of the firm theory. The population was 347 licensed petroleum companies in Uganda and a sample of 186 was used. The study used a survey research design. Regression and correlation were used to for data analysis. The study used a self-administered questionnaire and semi-structure key informant interviews. Findings indicate that managerial capabilities have positive and significant relationship with strategic business success. Findings also indicate leadership partially mediated the relationship between managerial capabilities and strategic business success. It is recommended that the level of conceptual skills be internally assessed by each company since it was ranked lower than other dimensions. Leadership is a contributor to increased and sustainable relationship between managerial capabilities and strategic business success.

Camison (2005) study measured distinctive managerial capabilities in various instruments of competencies notably; knowledgeable problem solving in spain. The study was a qualitative research design. Data for the study for the first validation of the instrument created in Spanish industrial firms. The initial sample of 2000 firms was selected from the industrial census of span. By procedure of stratified sampling. The field work was carried out within (October1997 and January, 1998). Findings reviewed that there is a distinction between managerial capabilities and performance.

Gap in Knowledge

The related empirical studies above were reviewed to help the researcher identify relevant dimensions, and methodology to adopt for the study. Based on the various empirical studies reviewed in the study, the researcher found that many studies have been conducted on the effect of managerial capabilities on performance in public sector industries, and telecommunication organizations both abroad and in Nigeria. However, none of the empirically reviewed studies has researched the managerial capabilities and performance with a specific reference to commercial banks (UBA, First Bank, Fidelity Bank and Zenith Bank) in the North-Central Nigeria using the same analytical/methodological approaches. This is the knowledge gap that needs to be filled. The present empirical study, therefore, aims to fill this knowledge gap as well as provide materials for further research and reference.

Methodology

The study adopted descriptive survey research design. The population of the study was 27,829 employees from four selected commercial banks in Benue State namely: First Bank Plc, Fidelity bank, United Bank for Africa Plc and Zenith Bank Plc with a sample size of 394. (6,643 employees of First Bank Plc, 10,838 employees of United Bank for Africa Plc, Fidelity bank 2,804 and 7,544 employees of Zenith Bank Plc) which was determined using Taro Yamane (1974) formula. Multistage sampling technique was used for sample selection. The instrument used for data collection was a structure questionnaire titled: managerial Capabilities and Performance (MCPQ) developed by the researchers from the literature reviewed. The response of each item in the questionnaire were based on a 5-point rating scale of strongly strong, Agreed, Neutral, disagreed, strongly disagreed with a corresponding nominal value of 5, 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 394 questionnaires were administered by the researcher and all the 394 questionnaires were retrieved from the respondents and used for data analysis. Data collected for the study were analyzed using both descriptive and inferential statistics. Descriptive statistics of mean (real limits of numbers) and standard deviation was used to answer the research questionnaire, while Multiple regression was used to test the hypotheses at 0.05 level of significance.

In answering the research questions, the real limits of numbers was used for decision making as follows; 5 = Strongly agreed; 4 = Agreed; 3=undecided ;2=disagreed ;1= strongly Disagreed.

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.

RESULTS AND FINDINGS

Descriptive Statistics

1 What type of relationship exists between Managerial human capital and profitability of commercial banks in North central, Nigeria

Table 1: Descriptive Statistics for Human capital (Cumulative)

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
1. My organisation usually send staff on training	385	1	5	4.44	.798
2. The management emphasizes updating ability and been creative	385	2	5	4.29	.726
3. My organisation assign you to demanding roles that requires different skill	385	2	5	4.15	.517
4. My organisation allows employees to go on training so as to acquire more knowledge and skills.	385	2	5	4.36	.521
5. Staff are allowed to regularly attend workshops.	385	1	5	4.18	.703
Valid N (listwise)	385				

Source: SPSS Version 27 Print Out

The mean scores of the responses from questions relating to customer focus for the four focused commercial bank (UBA, First bank, fidelity bank, zenith bank) are >2.5. This makes the responses acceptable.

Table 2: Descriptive Statistics for Profitability (Cumulative)

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
1. My banks gross profit margine has increased	385	1	5	4.42	.804
2. My banks operating profit has increased	385	1	5	4.26	.785
3. The percentage of total sales revenue has improved	385	1	5	4.15	.520
4. The net income margin of My bank has increased	385	3	5	4.34	.520
5. The net income margin of My bank as at the end year ended improved	385	1	5	4.19	.687
Valid N (listwise)	385				

Source: SPSS Version 27 Print Out

The mean scores of the responses from questions relating to profitability for the four focused commercial banks in North central Nigeria (UBA,First bank, Fidelity bank, Zenith bank) are >2.5. This makes the responses acceptable.

Test of Hypothesis

i. There is no significant relationship between managerial human capital and profitability of selected commercial banks in North Central Nigeria.

Table 4.59 Regression Output for Hypothesis One

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	F Change	Beta	Anova	t	Durbin-Watson
1	.647[a]	.419	.417	1.046	.419	276.090	.647	302.062 419.029 721.091	9.716 16.61	1.012

a. Predictors: (Constant), Human Capital Q1,Q2,Q3,Q4,Q5s

b. Dependent Variable: Profitability Q1,Q2,Q3,Q4,Q5

The results obtained revealed that managerial human capital has significant effect on the profitability of Cumulative regression ($\beta = 0.647$, t-statistics= 9.716, $P<.05$). And also is a predictor of profitability (F-statistic = 276.090; R-squared = 0.417; $P <.05$). The predictor variable solely explained 64.7 % of the variance in profitability, while the remaining 35.3% could be due to the effect of the extraneous variables. The Durbin-Watson value of 1.012 shows that there is no first order serial correlation. This makes the result acceptable.

Ha: There is a significant relationship between managerial social capital and shareholders dividend of commercial banks in North central Nigeria.

Discussion

The findings obtained from the test of hypothesis One for United Bank for Africa Plc revealed that there exists a strong significant positive relationship between managerial human capital and profitability.

This corroborates the findings of Putri and Yasa (2020) studied managerial capabilities and market orientation with the business performance of coffee-processing SMEs in Pupan. The result reviewed that, managerial human capital has a positive and significant influence on business performance. Mohamad and Ahamat (2019) studied top management capabilities and the performance of halal products in Malaysia. The study found that both global mindset and foreign knowledge have a significant influence on selected international organization performance in Malaysia. Ali, Sun and Murad (2017) studied the impact of managerial and adaptive capabilities to stimulate organizational innovation in SMEs in Nigeria. The study found that all of the dimensions of managerial human capability help to develop and improve the performance of organizational innovation in SMEs. Abera (2015) conducted his study on the impact of human capital on company performance case of the footwear sector in Ethiopia. The findings of the study have reviewed that human capital has important implications for theory, policy and practice. Ogola, Marjery and Bagire (2015) studied managerial capabilities and strategic business success in the petroleum industry in Uganda. Findings indicate that managerial human capabilities have a positive and significant relationship with strategic business success. Adner and Helfat (2013) studied that Managerial capabilities are built from two underlying managerial resources, namely managerial human capital and managerial social capital in the USA. In the study, managerial capabilities were measured by aspects of human capital: education (type and level) and work experience and social capital; social network ties (internal and external), network characteristics (size, closeness, strength, diversity and centrality) and relationships (with managers from other firms, business contacts, directors and government officials). Findings reviewed that human capabilities had positive effects.

Implication to Research and Practice

The implication of this study to research and practice is that this study will help management of the studied banks to have an insight of the effect managerial capabilities (MC) methodologies could have on their operations. Also, this study will give researchers, managers and captains of industry an idea of what Managerial capabilities and performance is all about.

Contribution to Knowledge

The study is significant and will contribute to knowledge since it address the issue of global concern and has expanded frontiers on the concept managerial capabilities and performance in commercial banks in North Central Nigeria. This is the first work on the topic that have reviewed empirical works both local and international works up to seventy (70).
This is the first study on managerial capacity that have taken time to enumerate secondary data on profitability, liquidity and shareholders dividends in commercial banks in North Central Nigeria, between 2011-2021.
The study provides a useful guide to research into managerial capabilities (Human capital, social capital, cognition, sensing, seizing) on performance of selected commercial banks in North Central Nigeria.

Conclusion

Based on the results obtained from the test of the hypothesis, the researcher concludes that there exists a significant positive relationship between Managerial capabilities (MC) and the performance of commercial banks in North Central Nigeria. The findings of the study revealed that a relationship exists between the adoption of managerial capabilities and performance of commercial banks in North Central Nigeria.

Recommendation

The studied Commercial banks should endeavour to consider employees with high managerial Human capabilities during recruitment and also regularly train them to acquire more knowledge as well as brains manpower work towards the improvement of profit as firms

Future Research

This study investigates the relationship between managerial capabilities on performance of commercial banks in North Central Nigeria. Thus, this does not cover all the aspects of managerial capabilities and other factors that affect performance commercial banks in North central Nigeria. The researcher hereby suggests further studies should examine managerial capabilities and performance in tertiary institutions in North Central Nigeria. Also, further studies should investigate the relationship between managerial capabilities and productivity of manufacturing firms in North Central Nigeria. Finally, further studies should be done to determine the relationship between managerial capabilities on performance of the hospitality in North Nigeria

REFERENCES

Abdo, S and Edgar, D. (2019). Moderating efffects of dynamic managerial capabilities on heterogeneous workplaces? A case study of private banks in Egypt. *International journal of business adminstration,* 10(3), 23-38. https://doi.org/10.5430/ijba.

Abeera D*, (2015).* The impact of Human Capital Company performance case of the footwear sector in Ethopia*. JBAS 6(2) : 89-95*

Adner, R., and Helfat, C.E. (2003). Corporate effects and dynamic managerial capabilities. *Strategic management review,* 2(7), 17-40

Aduloju, S.A. (2014). Information technology managerial capabilities and customer service performance among insurance firms in Nigeria sage open Doi: 10.1177121581

Ahmed, K. (2017). The influence of development on managerial capabilities and Performance: empirical evidence from Pakistan. *Journal of Southeast Asian Research.* http://ibimapublishing.com/articles/jsar/2017/

Akintunde J. A. , Adegbile A. S., Ogunkunle O. J. (2016). Managerial Capability and The Innovative Prowess of Entrepreneurial Firms in Nigeria. *World Journal of Research and Review (WJRR)* ISSN:2455-3956, 2(3).

Alexander, T. (2021). Dynamic managerial capabilities, international opportunities, and international from an emerging economy. Doctoral thesis management. Faculty of economic university of Medellin

Alexander, T. (2021). Dynamic managerial capabilities, international opportunities, and international from an emerging economy. Doctoral thesis management. Faculty of economic university of Medellin

Altintas, G., and Ambrosin, V. (2019). Dynamic managerial capabilities. Business policy and strategy online publication. Doi.10.1033/acrefore/9700190224851.20

Ambrosin, I. J. and Bowman D. (2009). "The Effect of Managerial Capabilities, Strategic Alliance and Strategic Innovation on Product Lifecycle Management: A Case Study in Indonesia," *The Journal of Asian Finance, Economics and Business*. Korea Distribution Science Association, 8(6), pp. 407–414.

Ambrosini, V., and Altintas, G. (2019). *Dynamic managerial capabilities. Inoxford research encyclopedias: business and management* (1st Ed.). Oxford university press.

Ambrosini, V., Bowan, C., and Collier, N. (2009). Dynamic capabilities: an exploration of how firms renew their resource base. *Bristish journal of management 20:9-24*

Anzengruber, J, Martin, G., and Nold, H. (2017). Effectiveness of managerial capabilities at different hierarchical levels. *Journal of managerial psychology, 32*(2); 134-148. Doi:10.1108/jmp.12.2017

Anzengruber, J, Martin, G., and Nold, H. (2017). Effectiveness of managerial capabilities at different hierarchical levels. *Journal of managerial psychology, 32*(2); 134-148. Doi:10.1108/jmp.12.2017

Augier, M., and Teece, D. J. (2009). "Dynamic Capabilities and the Role of Managers in Business Strategy and Economic Performance. *Organization Science,* (20:2); 410 421

Basile, A. and Faraci, R. (2015). Aligning management model and business model in the management innovation perspective. The role of management dynamic capabilities in the organization change. *Journal of organizational change management*. 28(1):43-88

Cordes-Berszinn, P (2013). *Dynamic Capabilities:* How Organizational Structures affect Knowledge Processes. London, U.K: Palgrave Macmillan. Pp 160

Dangol, R., and Kod, A. (2014). A basis for untangling dynamic capabilities from operational capabilities. *Journal of strategy and management, 7*(13); 34-45

De Cleacg, D., Sapuenza, H.J., Yaooz, R.I. and Zhou, L. (2012). Learning and knowledge in early internationalization reserach past accomplishments and future directions. *Journal of business ventuing*, 27(1); 143-165

Dess, G. and Ribinson, R. (1984). Measuring organizational performance in the absence of objective measures: the case of privatelely held firm and conglomerate business unit. *Strategic management journal,* 5 (3); 265-273

Egbide, B. (2018). Working Capital Management and Profitability of Listed Companies in Nigeria. Nigerian Research Journal of Accountancy, 1(7),44-57

Eisenhardt, K. M & Martin, J. A. (2000). Dynamic Capabilities: What are they? *Strategic Management Journal*, *21(10-11) 1105-1121.*

Elena, B. N. (2020). Environmental uncertainty and managers' use of discretionary accruals. *Accounting, Organizations and Society* 34: 188–205

Falshwa, J.R., Glaister, K. W., and Tatoglu, E. (2006). Evidence on formal strategic planning and company performance. *Management decision*, 44(1); 9-30

Gilbert, A. Wheelock, D. C. (2009). Measuring Commercial Bank Profitability: Proceed with Caution. Electronic Journal 89(Nov):515-532

Helfat C.E. & Martin J.A. (2015) Dynamic Managerial Capabilities: Review and Assessment of Managerial Impact on Strategic Change: *Journal of Management* *https://doi.org/10.1177/0149206314561301*.

Helfat, C. E., and Martin, J. A. (2015). Dynamic managerial capabilities: review and assessment of managerial impact on strategic change. *Journal of management* 41(5); 15-19

Hunt, S.D., and Mdhavaram, S. (2012). Managerial action and resource advantage theory; conceptual frame works emanating from positive theory of competition. *Journal of business and industrial marketing*, 27(7); 582-591

Keraney, A., Harrington, D., and Kelliber, F. (2014). Management capability for innovation for micro firms: integrating theory with empirical evidence. *Irish journal of management,*36(1); 49-59

Khan, K.U., Atlas, Z.X., and Farhan K (2019). The mediating rok of dynamic managerial capbilities: The interplay between dominant logic and small and medium sized enterprises performance in China Wileeonline/brary.com/journal/pa:pp11Mohamad and Ahemad (2019)

Khan, K.U., Atlas, Z.X., and Farhan K (2019). The mediating rok of dynamic managerial capbilities: The interplay between dominant logic and small and medium sized enterprises performance in China Wileeonline/brary.com/journal/pa:pp11

Kor, Y., and Mesko, A. (2013). Dynamic managerial capabilities: configuration and orchestration of top executive capabilities and the firm's dominant logic. *Strategic*

Kor, Y., and Mesko, A. (2013). Dynamic managerial capabilities: configuration and orchestration of top executive capabilities and the firm's dominant logic. *Strategic*

Linch, H., Hong, L. and Dan, L. (2021). Determinants of banks profitability: case of Vietnam listed commercial banks. *European journal of business and management research*. 6(6).Linkage; examining India outsourcing providers. *Journal of world business,* 47(1);

Ludwig, Gregory; Pemberton, Jon (2011). "A managerial perspective of dynamic capabilities in emerging markets: The case of the Russian steel industry". *Journal of East European Management Studies*. **16** (3): 215–236.*Management,* 34 (2); 233-244

Martin J.A (2011). Dynamic managerial capabilities and the multibusiness team. The role of episodic teams in executive leadership groups, organization science, 22(1), 118-140

Michelle, A. (2015). A grounded exploration of the dimensions of managerial capability; a management. *Strategic management journal,* 18 (4); 509-533

Mohamed, U., and Ahamat, A. (2019). Top managment capabilities and performance of halal product. Emerald insight at https://www.emerald.comlinsight/2315-8961.htm

Mohamed, U., and Ahamat, A. (2019). Top managment capabilities and performance of halal product. Emerald insight at https://www.emerald.comlinsight/2315-8961.html

Nefa, Beatrice Abongo, and Jairo (2023) effect of Dynamic Capabilities on Performance of Commercial Banks. *European Journal of Business and Management Research . 4(3):12-17.*

Ogola, D., Marjery, R., and Baqire, V. (2015). Managerial capabilities and strategic business success in the protroleum industry in Uganda.*Fexila international journal of management,* 4(2); 12-23

Ogola, D., Marjery, R., and Baqire, V. (2015). Managerial capabilities and strategic business success in the protroleum industry in Uganda.*Fexila international journal of management,* 4(2); 12-23

Ogola, D., Marjery, R., and Baqire, V. (2015). Managerial capabilities and strategic business success in the protroleum industry in Uganda.*Fexila international journal of management,* 4(2); 12-23

Parnell, J. A., Long, Z., & Lester, D. (2015). Competitive strategy, capabilities and uncertainty in small and medium sized enterprises (SMEs) in China and the United States. Management Decision,53(2),402 – 431. http://doi.org/10.1108/MD-04-2014- 0222

Peteraf, M.A., and Bergen, M.E. (2003). Scanning dynamic competitive landscapes: a market based and resources based framework. *Strategic management journal*, 9(10); 1027- 1041

Prashantham, S., & Dhanaraj, C. (2010). The dynamic influence of social capital on the international growth of new ventures. Journal of Management Studies, 47(6): 967-994

Priem, R.L., and Butler, J.E (2001). Is the resource-based view" a useful perspective for Strategic Management Research? Academy of Management Review, 26, 22-40.

Putri, I. A., and Yasa, S. C. (2018). Managerial capabilities and market orientation with business performance of coffee processing smes in pupuan. *Journal of business management and economic research*, 2(8); 1-12

Putri, I. A., and Yasa, S. C. (2018). Managerial capabilities and market orientation with business performance of coffee processing smes in pupuan. *Journal of business management and economic research*, 2(8); 1-12

Said, M., Ali, H. (2016), an analysis on the factors affecting profitability level of Sharia banking in Indonesia. Banks and Bank Systems, 11(3); 28-36

Selem, A, Ashour, A and Bontis, N. (2007) Human capital and organizational performance: A Study of Egyptian software companies. Managing decision, 45,789-901.

Seyed, M.A. and Esmail, D. (2019). Studying the Relationship between Working Capital Management and Profitability of Listed Companies in Tehran Stock Exchange Business Management Dynamics,2,(4), 1-8

Souza, M. and Forte, S. (2021). Exploring the relationship between management cognitive capabilities and dynamic management capabilities. International journal of business administration. 12(5):1-13

Sreckovic T.W (2018). The performance effect of network and managerial capabilities of entrepreneurial firms. Springer. 50(40). Doi:10.10071s11187-017-9896-0.

Teece, D. J. (2007). Explicating Dynamic Capabilities: The Nature and Micro-Foundations of (sustainable) Enterprise Performance. *Strategic Management Journal, 28 (13) 1319-1350*

Teece, D., Pisano, G., & Shuen, A. (1997). "Dymamic Capabilities and Strategic Management". *Strategic Management Journal.* 18 (7): 509–533.

Venkatraman, N., and Ramanujam, V. (1986). Measurement of business performance in strategy research a comparison approach. *Academy of management review,* 6(3-4);

View of strategic management. *Strategic management journal* 23(8); 769-780

Wernerfelt, B. (1984). A resource- based view of the firm. *Strategic management journal, 8(5);171-180*

Yang M, Fazal SA, Maran , Gao J, Yang Q, (2023). Modeling the significance of dynamic capability on the performance of microfinance institutions. Journal of International Development, 30(5), 911–914.

Yazdanfar, D. (2019). Profitability determinants among micro firms: evidence from Swedish

Ying, Q., Hassari, H., and Ahmad, H. (2019). The role of a managers intangible capabilities Prashantham and Dhanaraj (2010)