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Employee Efficiency and Corporate Competitiveness in Selected Microfinance Banks in Nigeria

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Abstract

The purpose of the study was to examine employee efficiency and corporate competitiveness in selected Microfinance Banks in Nigeria. The design employed in this study was descriptive and correlational research design. The population of this study was one hundred (100) staff of Unical Microfinance bank in Calabar. The study adopted simple random sampling to select four branches. A total of eighty copies were correctly filled and returned as a sample size of the study. Data for this study were gathered from primary source and through the use of structured questionnaires from respondents of the microfinance banks in Calabar. The study employed Pearson Product Moment Correlation (PPMC) analysis to measure the relationship between variables tested in the study. Based on the analysis, the findings revealed that quality of work had a significant effect on market share of Unical microfinance bank, accuracy had a significant effect on quality of service Unical microfinance bank, timeliness had a significant effect on profitability of Unical microfinance bank, and wastage and elimination had a significant effect on market leadership of Unical microfinance bank in Calabar. Efficiency can be seen as the measure or ratio of firm's sundry resources that contribute to the performance of the firm during a process. It is concluded that efficiency is a critical factor that enhances workers' productivity.

Keywords: employee efficiency, corporate competitiveness, microfinance banks, quality of work, market share, accuracy, quality of service, timeliness, profitability, wastage and elimination, market leadership

1. Introduction

Employee efficiency is a fundamental human resource function that facilitates commitment, loyalty, a sense of belonging and cooperation in all industries and organisations including microfinance banks. Most banks suffer today because of poor handling of employees. Poor performance of the organization has led to high employee turnover, redundancies as well as poor impact on the performance of the organization. Some of the challenges of employee efficiency are the issues of poor communication, lack of training and development, lack of salaries/benefits. This phenomenon has behavioral consequences on employee's efficiency in the work place (Joshi, Kala, Chandel & Pal, 2015).

Thus, the problems listed above are the issues and challenges of management of some banks. The greatest challenge or problem of microfinance bank is how efficient and effective their management are in terms of managing resources in their various organizations and utilizing minimally what they have at its possible advantage to make profit and attain the set objectives and goals of the organizations. In the organization, work quality is the standard of work that an employee delivers consistently. Quality work is when an employee does their job in a way that is effective, efficient and accurate. When an employee is not adequately compensated, this may dampen the corporate effectiveness (Karlsson & Tavssoli, 2015). Also, the customers should be satisfied with the quality of products in terms of accuracy, if this not done, it will affect corporate effectiveness.

Microfinance banks do not have quality or habit of arriving or being ready on time, if this happens, it affects the profitability of the organization. In addition, lack of waste reduction in the area of cost, the performance of the organization will be affected. It is against this backdrop that the researcher intends to examine employee efficiency and corporate competitiveness in Unical Microfinance bank. The study will examine employee efficiency and corporate competitiveness in Unical Microfinance bank.

2. Theoretical Framework

The study adopted goal setting theory:

2.1 Goal Setting Theory

This theory was propounded by Edwin Locke in 1996. He proposed that, intentions to work towards a goal is a major source of work motivation. Locke suggested that, goals tell an employee what needs to be done and how much effort will need to be expended. According to Locke (1996), goal setting theory, which suggests that specific goals increase performance and that difficult goals, when accepted, result in higher performance. Locke developed his theory after results from laboratory experiments, involving such tasks as brainstorming, addition and assembling toys, revealed that challenging goals performed better than those individuals assigned only moderately challenging or easy goals (Ahmed, 2011). The impact of individual goals on organizational performance has been the focus of over four decades of research. Goals can be seen as an outcome that a person explicitly seeks to accomplish. More specifically, goals are commonly defined as desired end states to be achieved within a specific period of time. Goals are also suggested to stimulate human behaviour, motivating individuals to achieve performance outcomes. Thus, the core of goal theory suggests that consciously held goals will ultimately affect action.

Goals influence performance through several mechanisms. First, goals cognitively and behaviourally stimulate effort. Goals also galvanize effort towards the pursuance of end states, especially when goals are difficult to achieve (Bassell & Lambert, 2018). Goals indirectly increase task performance by motivating people to find and use appropriate knowledge and strategies. Taken in total, goals enhance performance because they mobilize efforts, direct attention and encourage persistence and strategy development.

Goals that are specific and difficult lead to higher performance than less specific, easier goals. Because “do-your-best” goals are defined idiosyncratically, lack of specificity results in a broad range of acceptable performance level that do not necessarily invoke the motivational processes, which lead to higher performance (Buheji, 2018). Easily attainable goals also fail to serve in a motivational capacity and are therefore less effective at increasing performance than are difficult goals. Goal commitment is critical to the performance enhancing effects of setting goals. Suggesting a moderating effect of goal commitment, the respective influence of goal specificity and difficulty is increased when commitment to goals is high. Although less studied, the mediating effect of group level goal commitment has also been proposed. In the latter case, it appears that goal commitment may explain how goal specificity and difficulty influence performance outcomes. Goal commitment has also been suggested to directly influence performance outcomes, as a team’s decision to commit to a goal increases the team’s performance by encouraging all members to strive harder and collaborate more intensively.

Goals can be set externally or through a participative process. Participative decision making refers to the joint management of pertinent aspects of work methods, task scheduling and assignment of group members to tasks under the team’s control. In situations team is empowered with the discretion to determine and execute courses of actions they deem appropriate to reach their goals (Demircioglu, 2020). Thus, participative goal setting can be conceptualized as a special form of participative decision making. Consistent with social identity theory, the empowerment to participate in team goal setting may also increase the member’s social identification and commitment to the group. Collectively setting challenging performance goals results in higher productivity and satisfaction. These relationships develop during the accommodation of information processes associated with collective cognition that presume a group level effect beyond the sum of the individual efforts of the team members.

3. Literature Review

3.1 Concepts of Employee Efficiency

Efficiency means a lot of things to many people depending on the variable that is of interest at that material time. Generally, efficiency can be seen as the measure or ratio of firm’s sundry resources that contribute to the performance of the firm during a process (Drucker, 2010). It can also be seen as the percentage of input to output.

The higher the ratio is, the better the efficiency. Scholars in analyzing efficiency brought in the concept of effectiveness. Effectiveness is the rate at which an organization attains its goals. Efficiency deals with the application of resources. In effect, an employee or manager can be effective but not efficient and vice versa. An employee that achieves goal setting manages less resources. Conversely, if an employee efficiently applied resources but miss-out in achieving set goals and objectives then the manager is ineffective (Edeling & Himme, 2018).

Generally, efficiency of is evaluated in terms of the inputs per outputs. It is the measure of how well a task has been completed, the amount of resources used and the volume of output compare with the amount of resources used. It is the role of the manager to assist in improving the efficiency of each member of the organization and thus the efficiency of the organization (Evangelia, 2018). Measuring efficiency implies that the job process follows a procedural approach that is measurable. Thereafter, the calculated input can be used as benchmark for the evaluation of other performances.

3.2 Employee Efficiency and Productivity

Efficiency is a critical factor that can enhance workers' productivity. Staff of the organisation that form the bulk of the resources have been the optimum target for achieving organisational efficiency (Mbithi, Muturi & Rambo, 2016). Corporate organizations are interested in the efficiency of their workers and use a variety of motivational techniques such as goal setting, employees' participation, job enrichment, monetary incentives, behaviour modification, and recognition plans, discipline, and counselling as tools to achieving organisational efficiency. Productivity is the degree of connection between the worth of 'goods and services' made and the amount of resources required to create them.

Productivity is evaluated in terms of factor inputs such as capital, technology and labour (Gao, 2013). Productivity can also be defined thus: "The measure of how resources are being brought together in organizations and utilized for accomplishing a set of results is reaching the highest level of performance with the least expenditure of resources". The measure of productivity either of an individual employee or organisation is seen as a tool for continuous evaluation of individual or group progress. It is measured in unit of input per output.

Therefore, increase productivity translates to attaining the same level of output but with less inputs or more quantity of output with the equivalent level of factor inputs. Thus, yielding productivity can come from the reduced use of factor inputs, reduce cost, adoption of efficient techniques or enhancement in factor inputs competencies, with particularly reference to skilled labour and improved materials. Two types of productivity evaluations are recorded in literature: Total factor productivity (TFP), also regarded as 'multifactor productivity and partial productivity'.

$$\text{TFP} = \frac{\text{Total output}}{\text{Weighted average of all inputs}}$$

The most critical factor inputs are capital, labour. As labour is very important because of its sensitivity so is working capital for acquisition of raw materials and maintenance of other factors. These resources are abridged to the weighted average of labour and capital.

Partial productivity (PP) is:

$$\text{PP} = \frac{\text{Total output}}{\text{Partial input}}$$

The partial input can be capital or labour, and is measured at the level of industry or factory, sector or national. Investigations have shown preference for productivity per labour input (Godin, 2012). Diverse explanations have been forwarded to account for the preference of labour compared to other factors. Foremost, labour is seen as a "means and end of production". Labour is the sole input element that causes value, impacts on its worth and that of other resources and pegs the overall productivity mark. Secondly, according to Gumus and Gumus (2015), labour is the most readily calculated factor input. Lastly, because of the low technology in emerging and third world economies, the search for better managerial competencies will accord labour suitable acknowledgement and appreciation. Whereas labour productivity appears to be most appropriate, it is necessary to state that this method has constraint. It regards human factor as being identical instead of segregating it into sex, age, education, aptitude, skills levels etc. However, worker's productivity is adopted in this study not total factor productivity.

Productivity of employees perhaps depends among others factors on how efficient the manager is in managing and coordinating the workers. The basic prerequisite required of every worker is loyalty to the manager and commitment to organisation, with this, little efforts from the workers can translates to productivity. The productivity of Nigerians in particular has been of much interest, many writers have described the productivity of workers in Nigeria as abysmal because of poor reward systems (Gupta, Malhotra, Czinkota & Foroudi, 2016). Gurhan and Gundox (2020) also observed that many managers of organisations in Nigeria have neither found better ways of treating workers nor adequately motivate them, they rather treat the workers unfairly like and expect them to bring out the best in them. What is expected of any organisation in order to meet its goals are high motivated workers with right disposition to put in their best.

Kathrina and Sebastian (2017) observed that an average Nigerian employee is too attached to his/her pay package. They consider their financial pay package as consideration for being member of the organisation not as a reward for level of productivity. This implies that whether or not they perform efficient or otherwise they will receive their compensation because of the adoption of pay for position instead of pay for performance. The ability of the management to apply the specific reward system that will spur the workers to performance at specific circumstances is essential for the productivity of the organisation. The employees must be inspired to put in more efforts and management must do it best to recruit and sustain the right calibre of workers to ensure effective and efficient performance of the organisation (Han, 2019).

4. Empirical Literature

Kim and Cribbie (2018) reported an innovativeness study in the Turkish manufacturing industry. They had a sample size of 184 manufacturing firms. They did an empirical study of the relationship between innovation and firm performance. They concluded that innovation has a positive and significant impact on firm performance.

Kipkirui (2017), conducted in study on innovation and service quality in the telecommunication sector of Kenya and brought out some examples of product and service innovations of mobile telephone network service providers are: Mobile money transfer, ring back tones which constitute music’s and even the corona virus awareness record, mobile airtime top up, mobile Tax payment, mobile banking services, the introduction of the 3G and 4G services, payment of electricity bills, payment of water bills, video streaming (live TV channels, movies, series etc.), payment of tuition fees and the provision of academic internships for young people.

Kogabayev and Moziliauskas (2017) found out that there was no relationship between innovation and service quality. Service quality may have a significant positive relationship with innovation in another setting. Usually where innovation occurs, there is either an increase or decrease in the number of subscribers. Other factors can affect innovation and make a company lead an industry.

5. Research Methodology

The design employed in this study is descriptive and correlational research design. Descriptive design is a systematic method which involves observing and describing the behavior of a subject without influencing it in any way. This research focused on employee efficiency and corporate competitiveness in Unical Microfinance banks in Calabar, Cross River State. The population of this study is one hundred (100) staff of Unical Microfinance bank in Calabar. The study adopted simple random sampling to select four branches. A total of eighty copies was correctly filled and returned as a sample size of the study. Data for this study were gathered from primary source and through the use of structured questionnaire from respondents of the microfinance banks in Calabar. For this study, the researcher used the structured questionnaire designed with employee efficiency and corporate competitiveness in Unical microfinance bank. The study employed Pearson Product Moment Correlation (PPMC) analysis to measure the relationship between variables tested in the study.

6. Analysis of Data

6.1 Hypothesis One

$H0_1$: There is no significant relationship between quality of work and the market share of Unical Microfinance bank.

Independent variable: Quality of work

Dependent variable: Market share

Test statistic: Pearson product moment correlation coefficient

The analysis showed a correlation coefficient of 0.859 indicating the existence of strong positive relationship between quality of work and the market share of Unical Microfinance bank. The test was significant at 0.01 significant level and led to the rejection of the null hypothesis which states that quality of work has no significant effect on market share. Consequently, the alternative hypothesis was accepted and conclusion reached that quality of work has a significant effect on market share of uncial microfinance bank, Calabar.

Table 1. Correlation result of relationship between quality of work and the market share of Unical Microfinance bank

		QW	MS
QW	Pearson correlation	1	.859**
	Sig. (2-tailed)		.000
	Sum of squares and cross-products	128.38	191.21
	Covariance	.253	.246
	N	80	80
MS	Pearson correlation	.859**	1
	Sig. (2-tailed)	.000	
	Sum of squares and cross-products	176.41	622.44
	Covariance	.336	1.51
	N	80	80

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

6.2 Hypothesis Two

$H0_2$: There is no significant relationship between accuracy and the quality of service of Unical Microfinance bank.

Independent variable: Accuracy

Dependent variable: Quality of service

Test statistic: Pearson product moment correlation coefficient

The analysis showed a correlation coefficient of 0.815 indicating the existence of strong positive relationship between accuracy and the quality of service of Unical Microfinance bank. The test was significant at 0.01 significant level, and led to the rejection of the null hypothesis which states that accuracy has no significant effect on quality of service. The alternative hypothesis was consequently accepted and conclusion reached that accuracy has a significant effect on quality of service.

Table 2. Correlation result of relationship between accuracy and the quality of service of Unical Microfinance bank

		ACC	QS
ACC	Pearson correlation	1	.815**
	Sig. (2-tailed)		.000
	Sum of squares and cross-products	321.74	136.94
	Covariance	.431	.323
	N	80	80
QS	Pearson correlation	.815**	1
	Sig. (2-tailed)	.000	
	Sum of squares and cross-products	146.94	125.22
	Covariance	.315	.221
	N	80	80

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

Source: SPSS analysis by Researcher, 2024.

6.3 Hypothesis Three

$H0_3$: There is no significant relationship between timeliness and the profitability of Unical Microfinance

Independent variable: Timeliness

Dependent variable: Profitability

Test statistic: Pearson product moment correlation coefficient

The analysis showed a correlation coefficient of 0.843 indicating the existence of strong positive relationship between timeliness and the profitability of Unical Microfinance. The test was significant at 0.01 significant level. This led to the rejection of the null hypothesis in favour of the alternative hypothesis which states that timeliness has a significant effect on profitability. The conclusion was that timeliness has a significant effect on profitability of uncial microfinance.

Table 3. Correlation result of relationship between timeliness and the profitability of Unical Microfinance

		TLN	PF
	Pearson correlation	1	.843**
	Sig. (2-tailed)		.000
TLN	Sum of squares and cross-products	143.22	183.92
	Covariance	.567	.604
	N	80	80
	Pearson correlation	.843**	1
	Sig. (2-tailed)	.000	
PF	Sum of squares and cross-products	134.56	298.23
	Covariance	.434	.649
	N	80	80

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

Source: SPSS analysis by Researcher, 2024.

6.4 Hypothesis Four

$H0_4$: There is no significant relationship between wastage/elimination and the market leadership of Unical Microfinance bank.

HA_4: There is a significant relationship between wastage/elimination and the market leadership of Unical Microfinance bank.

Independent variable: Wastage and elimination

Dependent variable: Market leadership

Test statistic: Pearson product moment correlation coefficient

The analysis showed a correlation coefficient of 0.725 indicating the existence of strong positive relationship between wastage/elimination and the market leadership of Unical Microfinance bank. The test was significant at 0.01 significant level and led to the rejection of the null hypothesis which states that wastage/elimination has no significant effect on market leadership. Consequently, the alternative hypothesis was accepted and conclusion reached that wastage and elimination has a significant effect on market leadership.

Table 4. Correlation result of relationship between wastage/elimination and the market leadership of Unical Microfinance bank

		WL	ML
	Pearson correlation	1	.725**
	Sig. (2-tailed)		.000
WL	Sum of squares and cross-products	183.21	174.51
	Covariance	.287	.247
	N	80	80

	Pearson correlation	.725**	1
	Sig. (2-tailed)	.000	
ML	Sum of squares and cross-products	183.41	622.84
	Covariance	.346	2.51
	N	80	80

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

7. Summary of Findings

The summary of findings are:

1) Quality of work has a significant effect on market share of Uncial microfinance bank, Calabar.

2) Accuracy has a significant effect on quality of service Uncial microfinance bank, Calabar.

3) Timeliness has a significant effect on profitability of Unical microfinance bank, Calabar.

4) Wastage and elimination has a significant effect on market leadership of Unical microfinance bank, Calabar.

8. Conclusion

The study examined employee efficiency and corporate competitiveness in selected Microfinance Banks in Nigeria. Based on the analysis, the result showed that quality of work has a significant effect on market share of Unical microfinance bank. Accuracy has a significant effect on quality of service Unical microfinance bank, timeliness has a significant effect on profitability of Unical microfinance bank, wastage and elimination has a significant effect on market leadership of Unical microfinance bank, Calabar. Efficiency can be seen as the measure or ratio of firm's sundry resources that contribute to the performance of the firm during a process. It can also be seen as the percentage of input to output. Conversely, if an employee efficiently applied resources but miss-out in achieving set goals and objectives then the manager is ineffective. It is concluded that efficiency is a critical factor that enhances workers' productivity.

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