



IMPACT OF SKILL DEVELOPMENT ON EMPLOYEE CORE COMPETENCY IN DEPOSIT MONEY BANKS IN SOUTHWEST, NIGERIA

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Abstract

The study examined the impact of skill development on employee core competency in deposit money banks, south west, Nigeria. This study adopts the descriptive survey research design. The population of this study consists 790 employees of the selected Deposit Money Banks in south west, Nigeria. A 5- point Likert Scale was developed and validated to collect information from the respondents. Out of two hundred and sixty-five (265) questionnaires distributed to respondents, a total of two hundred and fifty-three (253) completed and usable questionnaires were retrieved, resulting in a commendable response rate of 95.5%. The study effectively utilised a representative sample size of two hundred and fifty-three (253) individuals. The research questions were analysed using mean score and standard deviation. Multiple regression analysis was used to analyze the research hypotheses. The core findings from the results obtained showed that there is a significant relationship between skill development and employee core competencies in Deposit Money Banks in south west, Nigeria.

Keywords: Skill Development, Skill Management, Employee core Competencies, Deposit Money Banks, Descriptive Survey

1. Introduction

Talent management is the systematic attraction, identification, development, engagement, retention, and deployment of those individuals who are of particular value to an organisation. This may be through their high potential or because they fulfil critical roles (CIPD, 2012). In the past, talent management's main focus was on the most skilled employees in the organization, those with a natural aptitude and/or a technical skill that explicitly contribute to the overall success of the organization. However, talent management is evolving and is now becoming the management and development of the entire workforce and not just high performers and those with high potentials. Organizations are seeing the potential of all levels of employee to contribute to the success of the organization and are investing time and resources in engaging, developing and retaining all employees that are asset to the organization.

Institutions such as Nigerian financial institutions are increasingly seeing talent as a unique asset that can provide sustainable competitive advantage and superior result (Rop, 2015). Right talent is the greatest asset for any organization. In fact, one of the most important roles of human resources is to makes sure employees with the right aptitudes stick with the firm for long enough (Rathod, 2014; Jamnagar, 2014). Talent may be defined as the inherent skill of an individual to do



a particular thing or job in a particular way. Skill is seen as the sum of an individual's abilities, which includes his or her intrinsic gifts, knowledge, experience, intelligence, judgment, attitude, character, and drive. It also incorporates the individual's ability to learn and grow (Nafei, 2015).

Core competency involves integrated skills, and knowledge that employee possesses within an organization that distinguishes it from competitors and used to deliver corporate value to customers. An important outcome of talent development process is the development of employee core competencies. Dynamic competencies refer to knowledge and skills that are acquired through learning experiences, e.g., training and international travel and can change over time (Chang, Yuan, & Chuang, 2012; Shaffer, et al., 2006). Stable competencies in contrast, are characteristics and abilities that are consistent over time, such as personality traits (Chang, Yuan, & Chuang, 2012; Shaffer, et al., 2006). An example of dynamic competencies includes "International travel experiences" which research suggests is an important antecedent of dynamic competencies (Caligiuri, Tarique, & Jacobs, 2009; Chang, Yuan, & Chuang, 2012; Lee & Sukoco, 2010; Selmer, 2002) and the general belief in the international community is that having dynamic cross-cultural competencies is an important requirement for most international and domestic jobs (Crossman & Clarke, 2010).

This study focusses on the problems of deficient training program that are obsolete and does not help talented employee improve on their core competence causing departure of professional bankers to other sectors in Nigeria banking industry. The purpose of the study is to find out the impact of skill development on employee core competency in deposit money banks in south west, Nigeria.

2. Literature Review

2.1 Conceptual Clarification

Concept of Skill Development: Skill development is concerned with formal education, experiences on the job, relationships, and assessments of personality as well as abilities that help workers perform effectively in their current or future job and enterprise (Noe, 2016). He admitted that development activities help firms reduce turnover by showing employees that the firm is investing in their skill development, and also enhancing managers skills that can create a conducive work environment that makes workers want to come to work and contribute to firm goals. However, in this study talent development refers to all the approaches of improving, enhancing talent skills, abilities and knowledge.

In this competitive and dynamic business era, learning and development has become a backbone of success, without continuous learning, gaining and maintain performance may become impossible. Strategy makers and HR practitioners are moving their focus towards learning and development of the talented employees to enhance organizational performance. Talent development is process of upgrading the skills and attitude of the employees. As the business continuously keep on changing the technologies business models and new strategies to cope up with these changes organization needs to enhance and upgrade the knowledge of the employees. While making strategies for development practitioners must keep in mind the integration and strategic fit between the current talent and the skills of the employees.

Employee Core Competency

Competencies are the first building blocks to talent management. By identifying the critical competencies existing with high performing employees, the other employees can also be motivated



with the same by conducting training and development programmes. Anatoui (2007) identified the importance of competency-based recruitment practices. His argument states that attraction and selection of talent requires a flexible and well-designed competency-based recruitment system as a starting step towards the management of talent in any organization. Once the recruitment system is streamlined, the second phase of talent management will be proper training and development of the employees.

Employee competence is highly dependent on job design, which forms certain characteristics for employees to master (Yoon et al, 2020). Job design is a determinant in a series of jobs that contain job standards and methods used (van der Baan et al, 2022). The fulfilment of qualified employee competencies will improve employee performance, characterized by company productivity that can achieve predetermined targets and standards (Mahmood et al, 2018). Even in the next few decades, competence will be closely related to technology based on digital work and various innovations (Mangkunegara & Waris, 2015; McCartney et al, 2021; McPhillips & Licznarska, 2021). Therefore, competent employees will be able to adapt to change, be flexible, anticipate, and maximize their job potential (van der Baan et al, 2022).

2.2 Theoretical Framework

Resource Based View Theory

This theory explains the relationship between human capital (talent) and firms' performance. RBV points that human capital helps to promote organizational performance by possession of core competency that are, valuable, rare, inimitable and non-substitutable by rivals. Core competency involves integrated skills, and knowledge that employee possesses within an organization that distinguishes it from competitors and used to deliver corporate value to customers. This implies that, organizational members are expected to create corporate value and improve high productivity through core competency. This theory is linked to Talent Management because Organizational Performance depends on the knowledge, skills and competency of people. Therefore, competent workforce often helps organization to minimize work errors and improve work efficiency through cost reduction (Barney et al, 2011; Mathis & Jackson, 2004). To gain competitive advantage in business environment, firms' management are expected to strive towards identifying and developing superior talents that is vital to create value and improve organizational performance (Kibui, Gachunga, & Namusonge, 2014).

2.3 Empirical Review

Samanta and Eleni (2021) investigated how Talent Management Improved Employee Competence: A Qualitative Study was carried out through doing in-depth interviews of three mentors. Each interview roughly went for one and a half hour. The mentors were selected from different countries. The first mentor interviewed for the present study was 28-year-old Greek employed in the marketing department by a telecommunications company in Greece. The second was a 32-year-old Swedish serving business in Sweden, whose goal was to integrate the children of immigrants into Swedish culture (RAPATAC). The third mentor interviewed was the 33 years old from New Zealand working in a catering company's marketing department in England. It is interesting that, despite the fact they came from different employment countries, they had common approaches regarding training and the significance of mentoring for the workforce. The semi-structured questions pose to them were open in format and concerned talent development and its significance on the development of employee core competencies. This study aligns with Goffee



and Jones (2007) that one of the most important HR department activities is to cultivate upper management and create future leaders. Businesses should emphasize attracting talented individuals to their training as well as rewarding them.

Suresh (2017) examined Talent Management & Competency of Employees: A Study of IT Sector in India. Data has been collected with the help of semi-structured questionnaire on five-point Likert scale. Population of the study is IT sector employees and sample size were 500. Respondents were requested to assign rank to statements of questionnaire. Simple random sampling method was used at the time of collecting data. Exploratory factor analysis (EFA) is used to explore the factors and confirmatory factor analysis (CFA) is used to confirm these factors. Regression analysis has been performed to prove hypothesis of the study. T-test has been used to know the perception of male and female respondents towards talent management and competency. CFA to confirm the factor statements of questionnaire and regression is used as a tool to know the impact of talent management on competency management. The findings of R square revealed that talent management significantly affects the competency of employees. R square is the coefficient of determination. The value of R square is 0.492 indicating that 49 percent of variation in competency (dependent variable) is explained by talent management (independent variable). Remaining 51 percent of variation happens due to some other mediating variables. These mediating variables are not defined in this study. F statistic shows that there is significant relationship between talent management and career development. Beta Coefficient value is 0.701 which means one-unit change talent management results into 0.70-unit change in career development. Hence, if organization makes some competent strategies for talent management then evidently career of employees will develop. Result of the study expresses the positive relationship between talent management and competency.

3. Research Methods

This study adopts the descriptive survey research design; the survey research was selected for the purpose of this study because it encompasses any measurement procedures that involve asking respondents questions from a structured questionnaire. The survey research design was conducted using a structured questionnaire titled talent development on employee core competency, and the participants were placed on objective response for each statement on a five point likert scale. The population of this study consist of 790 employees of selected Deposit Money Banks in south west, Nigeria. The study adopts purposive or judgmental sampling techniques to select the sample. The sample size consists of 265 (265.54) participant which was drawn from the population using Taro Yamane formula;

$$(n= N/1+ N (e^2)),$$

Where:

n=Sample size,

N=Population,

e=error margin at 0.05).

$$n = N / 1+N (e)^2$$

$$n = 790 / (1+790*(0.05)^2)$$

$$n = 265$$



4. Data Presentation and Analysis

Table 4.1: Response Rate

Category	Frequency	Percentage
Response	253	95.5%
Non response	12	4.5%

Out of the initial distribution of two hundred and sixty-five (265) questionnaires to respondents, a total of two hundred and fifty-three (253) completed and usable questionnaires were retrieved, resulting in a commendable response rate of 95.5%. The study effectively utilised a representative sample size of two hundred and fifty-three (253) individuals.

4.2. Skill Development and Employee Core Competencies in Deposit Money Banks in South West, Nigeria

This section delves into the intricate relationship between talent development and employee core competencies in deposit money banks. The data collected for talent development and employee core competencies undergoes a comprehensive analysis, utilizing descriptive statistics such as frequency, percentage, mean, and standard deviation. The anticipated outcomes are meticulously presented in Table 4.2.4.

Table 4.2. Skill Development and Employee Core Competencies in Deposit Money Banks in South West, Nigeria

Talent Development	Strongly disagree	Disagree	Undecided	Agree	Strongly agree	Mean	St.Dev.
We have a process that position employee for career development.	8 3.2%	11 4.3%	9 3.6%	100 39.5%	125 49.4	4.28	0.957
We have organizational processes that match organizational needs together with team members' goals and interest	3 1.2%	16 6.3%	13 5.1%	117 46.2%	104 41.1%	4.20	0.887
We have HR professionals with the soft skills necessary for recognizing and developing the potential of each employee.	5 2.0%	14 5.5%	14 5.5%	136 53.8%	84 33.2%	4.11	0.882



Getting internal employees to replace new created departments is not easy in our bank.	1 0.4%	3 1.2%	8 3.2%	99 39.1%	142 56.1%	4.49	0.658
Our organization has close ties with leading universities to attract top talent	10 4.0%	16 6.3%	16 6.3%	108 42.7%	103 40.7%	4.10	1.036
Employee core competencies	Strongly disagree	Disagree	Undecided	Agree	Strongly agree	Mean	Std. Dev.
Competencies are the first building blocks to talent management.	18 7.1%	24 9.5%	26 10.3%	74 29.2%	111 43.9%	3.93	1.250
Talent Management has a significant impact on Business Competitiveness.	10 4.0%	15 5.9%	16 6.3%	84 33.2%	128 50.6%	4.21	1.060
Organizations that possess inherent strengths that are core competencies are likely to have an edge over others.	16 6.3%	16 6.3%	23 9.1%	46 18.2%	152 60.1%	4.19	1.217
Our organization promote competence mapping	9 3.6%	34 13.4%	25 9.9%	71 28.1%	114 45.1%	3.98	1.188
At the heart of any successful activity lies a competence or a skill	8 3.2%	19 7.5%	9 3.6%	55 21.7%	162 64.0%	4.36	1.066

Source: Field Survey, 2024.

Following the statistical analysis, Table 4.2. outlines the skill development practices adopted by the five deposit money banks under study and their impact on employee core competency. The upper part of the table elucidates talent development practices, including having the right skills for the job (mean score [SD] of 4.28 [0.957]), recruitment and selection practices that attract the best talent (mean score [SD] of 4.20 [0.887]), and ensuring the right people with the right skills are in the right positions (mean score [SD] of 4.11 [0.882]). Additional practices involve embedding talent strategy in the overall strategic plan (mean score [SD] of 4.49 [0.658]), developing a strategy to identify talent needs for crucial positions (mean score [SD] of 4.10 [0.658]), and establishing close ties with leading universities to attract top talent (mean score [SD] of 4.05 [0.892]).



Other talent management practices include recruitment strategies leveraging an internally created talent pool (mean score [SD] of 3.87 [0.894]) and senior executives dedicating a significant amount of time to managing talent management issues (mean score [SD] of 3.75 [1.112]). Based on mean scores, the predominant talent management practices embraced by deposit money banks include developing innovative recruitment strategies, utilizing an internally created talent pool for identified or vacant positions, embedding talent strategy in the overall strategic plan, ensuring the right people with the right skills are in the right places, adopting recruitment and selection practices that attract the best talent, and establishing close ties with leading universities to attract top talent. The lower section of Table 4.2. focuses on the effect of skill management practices on employee core competencies. Competencies, regarded as the initial building blocks to talent management, garner a mean score of 3.93 with a standard deviation of 1.250. Talent management significantly impacting business competitiveness obtains a mean score of 4.2 and a standard deviation of 1.060. Organizations possessing inherent strengths as core competencies are likely to have a competitive edge, as indicated by a mean score of 4.19 and a standard deviation of 1.217. The organization's promotion of competence mapping receives a mean score of 3.98 with a standard deviation of 1.188, and the acknowledgement that at the heart of any successful activity lies a competence or skill score a mean of 4.36 with a standard deviation of 1.066.

The analyzed results suggest that the majority of respondents agree that the effects of talent management on employee core competencies are significant. It is observed that talent management serves as the foundational building block and significantly impacts business competitiveness. Additionally, organizations possessing inherent strengths as core competencies are perceived to have a competitive edge over others. The results further imply that it is imperative for organizations to adopt competence mapping, as the heart of any successful organization lies in having competent and skilled employees.

4.3. Hypotheses Testing

Skill development has not significantly promoted employee core competencies in Deposit Money Banks in South West, Nigeria.

The collected data regarding skill development and employee core competencies in deposit money banks underwent selection and analysis through linear regression techniques. The ensuing results are detailed in the tables below.

Table 4.3. displays the descriptive statistics essential for the analysis, offering insights into the mean and standard deviation of the variables in this section. The mean value for employee core competencies is 20.67, with a standard deviation of 5.452. Simultaneously, the mean value for Talent management is 41.41, accompanied by a standard deviation of 5.356. Additionally, Table 4.3. provides the model summary, revealing a correlation coefficient of 0.884. This coefficient, denoted as 'r,' signifies a robust and positive relationship between talent management and employee core competencies. The obtained p-value of 0.000 substantiates the significance of this relationship. Furthermore, the model summary in Table 4.3. illustrates an R square value of 0.781 and an adjusted R square value of 0.780, indicating their proximity. Inferences drawn from this model summary suggest that, while keeping other variables constant, talent management practices would positively influence employee core competencies. The adjusted R Square value of 78% implies that the variations in employee core competencies are elucidated by the implementation of



talent management strategies. In essence, a unit increase with a focus on talent management would significantly contribute to enhancing employee core competencies.

Table 4.3. Descriptive and Model Summary

Model		Mean	Std. Dev.	N	r-value	p-value	R	R Square	Adjusted R Square	Std. Error
1	Employee core competencies	20.67	5.452	253	0.884	0.000	.884 ^a	0.781	0.780	2.554
	Talent development	41.41	5.356							

a. Predictors: (Constant), Skill development, b. Dependent Variable: Employee core competencies.

Table 4.3.1 below presents the ANOVA result for the model. The ANOVA result is used to determine whether the regression model predicts the dependent variable better than expected by chance. The p-value of 0.000 is less than 0.05 the significant value, indicating that the regression model is significant.

Table 4.3.1 ANOVA Result

Model		Sum of Squares	df	Mean Square	F	p-value
1	Regression	5852.462	1	5852.462	896.998	.000 ^b
	Residual	1637.649	251	6.524		
	Total	5159.328	252			

a. Predictors: (Constant), Skill development, b. Dependent Variable: Employee core competencies.

The beta value in Coefficient Table 4.3.2 below indicates a noteworthy influence of skill development on employee core competencies. Within the unstandardized coefficients, the predictors exhibit values of -16.592 for the constant and 0.900 for talent management. This signifies that each one-unit increase in talent management corresponds to a substantial 90% increase in employee core competencies. Essentially, the adoption of effective talent management strategies significantly contributes to the enhancement of employee core competencies.

In practical terms, the implication is that talent management practices, encompassing elements like developing innovative recruitment strategies, following recruitment practices that leverage an internally established talent pool, embedding talent strategy in the overall strategic plan of the company, ensuring the right people with the right skills are in the right positions, adopting recruitment and selection practices to attract top talent, and formulating strategies to identify talent needs for crucial positions, all play a pivotal role in significantly fostering employee core competencies.

In conclusion, it can be firmly asserted that a substantial and meaningful relationship exists between skill development and employee core competencies in Deposit Money Banks. As a result, the alternate hypothesis is accepted, while the null hypothesis is rejected.

Table 4.3.2. Coefficients ^a of the Model

Model		Unstandardized Coefficients		Standardized Coefficients		t-value	p-value
		Beta		Beta			
1	(Constant)	-	0.903			-12.567	0.000
		11.351					
	Talent management	0.772	0.022	0.914		35.694	0.000

a. Predictors: (Constant), Skill development, b. Dependent Variable: Employee core competencies.

Discussion of Findings

Relationship between skill development and employee core competency

It was found that skill development has significantly promoted employee core competencies in Deposit Money Banks in South West, Nigeria. This finding supports the study carried out by Wandia (2013) on talent management in Kenya – Nairobi at Symphony (K) Ltd. and articulated that managing talents is a source of competitive advantage. The study revealed that choice of talent management strategy massively affects firms' financial performance as can be reflected on increased sales revenue, increased productivity and increased market share. This study finding is also consistent with Wuim-Pam (2014) investigation on the impact of effective talent management on employee core competencies in Plateau State University Boko, using a non-empirical approach, the result revealed that the skills, knowledge and abilities of employees impact job descriptions and performance management. Wuim-Pam (2014) recommends the creation of a unique competency models where this skill is lacking within the organisation itself and identification and possession of high-performing behaviours. These study findings are further supported by Suresh (2020) analysis on Talent Management and Competency of Employees: A Study of IT Sector. Result of the study expresses the positive relationship between talent management and competency.

5. Conclusion and Recommendation

The findings derived from this study can be concluded that skill development has significantly promoted employee core competencies in Deposit Money Banks (DMBs) in south west, Nigeria.

It is recommended that Deposit Money Banks (DMBs) should intensify their focus on structured skill development programs. These programs should be strategically aligned with the core competencies required for superior employee performance and organizational success. By investing in continuous training, up-skilling, and reskilling initiatives, banks can not only improve individual employee capabilities but also strengthen their competitive advantage in the financial sector. Additionally, customized competency-based training, tailored to specific job roles, should be encouraged to ensure that employees can contribute effectively to both operational efficiency and customer satisfaction.



Furthermore, monitoring and evaluation mechanisms should be put in place to assess the impact of these training programs on employee performance, with periodic reviews to adjust and improve the training content as necessary.

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