

HCD Practices and Its Impact on Sustainable Growth: “A Study on Selected Banks in Ghana.”

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Abstract The study introduces HCD Practices as the main alternative for interventions that improve the efficacy of individuals working in the Ghanaian Banking Industry. HCD Practices are lasting practices such as training and continuous education designed to improve the competencies and skill set of employees to enable them perform tasks required of them. The study was conducted using qualitative and quantitative approach. A sample of (155) respondents from eight private owned banks in Ghana constituted the sample size unit for the study. Stratified sampling procedure was used to reach the participants in their workplace for data collection and analysis. Three factors were deduced from the study. Results of the study identified significant difference in the challenges associated with using intervention amongst the selected Private Banks in Ghana. In the light of this Private Banks should provide career planning and training opportunities for their staff as effective employees will result in effective groups and intergroup which could eventually lead to total organizational effectiveness necessary for sustainable growth.

Keywords: HCD Practices, Sustainable growth, Total Organizational Intervention, Organizational Development Intervention, Group and Team Intervention, Organizational Development.

INTRODUCTION

There is a growing recognition for fundamental changes in the way private firms are structured and managed. Human Capital Development is a holistic process that includes knowledge and skills attainment or intellectual properties that concentrates on entrepreneurship abilities, science and technology knowledge besides possessing positive character, values, and ethics as well as being competitive and progressive. According to [1], human capital development is an action plan for enhancing employee's level of performance to excel in the current job or prepare for new responsibilities. Thus with the banking industry becoming more technology oriented and highly competitive, many banking firms will require the execution of a broad range of hands-on strategies to improve as well as sustain their functioning [2] asserts that organizational development integrates a collection of planned change interventions that relies on humanistic and democratic values, aimed at improving organizational effectiveness and well being. Several types of interventions have been developed over the years to address the challenges associated with growing competitive nature amongst firms. Notable of a few such interventions are sensitivity training, grid training, process consultation, management by objective and team building.

BACKGROUND OF STUDY

The Bank of the British West Africa now Standard Chartered Bank opened its first branch in Ghana in 1896. The success of the Bank attracted other foreign Banks to begin operations in the then Gold Coast. For instance, the Colonial Bank started its operations in 1918 and later merged with Anglo-Egyptian Bank, the National Bank of South Africa and Barclays Bank and became known as Barclays Bank. The Bank of the British West Africa and Barclay's Bank were the only banks operating in the Gold Coast from [15]. Thereafter the Ghana commercial bank now GCB Bank was established in 1953 as the first indigenous bank to reduce the control of the banking sector by the two expatriate banks. (Source: International Institute for the Advanced Study of Cultures, Institutions, and Economic Enterprise, [3]. The Bank of Ghana (BOG) was established after Ghana's independence in 1957 to manage the country's currency. After the establishment of BOG other banks came into the scene with many being Development Financial Institutions and Public Banks to provide what the Commercial Bank could not offer. Thus following the enactment of the 1989 (PNDC Law 225) and the banking sector reforms in 1992 a number of locally incorporated banks were set up. Currently, there are about thirty (30) universal banks operating in the country with seventeen (17) having foreign majority ownership and thirteen (13) having Ghanaian majority Ownership [4]. Against the background of Ghanaian

banking history, we realize that some level of success has been experienced in the industry from the Gold Coast era to date. It is obvious that a number of related factors have accounted for the success chalked. Undoubtedly the banking reforms coupled with introduction and wide application of information technology towards the successes of the Ghanaian banking industry cannot be underestimated. According to [5], implementation of information technology and communication networking has brought revolution in the functioning of the banks and the financial institutions. Several related studies conducted reveals that Information Technology (IT) has contributed extensively to many aspects of the banking industry, notably on bank productivity, cashiers' work, banking transaction, bank patronage, bank services delivery, customers' services and bank services. The studies revealed that Information Technology has positive effects on the growth of the Banking Industry [6-8, 14, 5]. This study however looks at the role of diverse interventions in promoting sustainable growth of private sector banking in Ghana.

STATEMENT OF THE PROBLEM

The August 2016 Ghana banking survey report reveals that the industry profit before tax declined from GH¢2.9bn in 2014 to GH¢2.4bn in 2015 and the profit before tax (PBT) margin fell from 42.6% to 31.5%. Thus this suggests a considerable decline in the successes of the Ghanaian Banking Industry between 2014 and 2016. Given this background, this study explores the impact of HCD Practices as an organizational intervention for sustaining growth targets in the Banking Industry in Ghana.

OBJECTIVE OF STUDY

1. To examine the perceived growth interventions in the selected banks.
2. To study whether there is a significant difference in challenges faced by selected Banks in the use of interventions.

LITERATURE REVIEW

Human capital development falls under the umbrella of human resource development, which refers to organized learning experiences provided by the employer to enhance performance and personal growth [12]. It implies building an appropriate balance and critical mass of human resource base and providing an enabling environment for all individuals to be fully engaged and contribute to goals of an organization. OD is seen as an effort to deal with or initiate change in organizational cultures involving collaboration between a change agent and members of an organizational

system to expedite the diagnosis of organization problems and to encourage strategies that equip organizational members to learn how to cope with their difficulties [9]. It recognizes that every organization is unique and that the same solutions cannot necessarily be applied in different organizations. In view of this, diverse interventions have been created to address different organizational problems. In general organizations that wish to achieve a high degree of organizational change will employ a full range of interventions to transform individual behavior and group outlook. Human effort is mainly the focus of organizations adaptableness and is the ones who really execute all the tasks in a dynamic environment. For these reason, organizations need to increase their generative motivation, interactive employee engagement, and functional team work. To achieve this, organizational leaders must implement development programmes for their staff. According to [13, 10], there are different types of Interventions for organizational development and each of these interventions is designed for particular situation. These interventions range from structural, process consultation, techno-structural, team building, Individual, sensitivity training, large scale, strategic, management by objective, leadership, grid training interventions to several others.

According to [11] Sustainable growth is the growth that is most realistic estimate of the growth in a company's earnings, assuming that the company does not alter its capital structure. The most common method of estimation is to estimate sustainable growth as the product of the return on equity and earnings retention. Thus, [Sustainable growth = Return on equity × Earnings retention rate]

METHODOLOGY

The study was conducted using qualitative and quantitative approaches. A sample of (155) respondents from eight private owned banks in Ghana constituted the sample size unit for the study. Stratified sampling procedure was used to reach the participants in their workplace for data collection and analysis. A semi structured interview was conducted for the Senior HR Managers in the eight banks to obtain an in-depth qualitative and quantitative understanding for the study. Cronbach alpha test was conducted to check the internal consistency of the instrument used for the study. Thus the average inter-item correlation for the study is reliable at (0.907). This justifies the use of factor analysis as an appropriate tool for the study.

FINDINGS

Table -1 Cronbach Alpha Coefficient

Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.907	.906	13

The result of the Cronbach alpha for the scale as seen in Table 1 above is (0.907). This is higher than the acceptable minimum limit of (0.6).

Table-2: FACTORS AND VARIABLES

	Component		
	1	2	3
FACTOR 1- TOTAL ORGANIZATIONAL INTERVENTION			
Management relies on strategic planning activities to formulate key policies at my work place	.805		
Stake holders of the firm are engaged in the change process of the firm	.744		
I experience work quality reviews regularly as a staff	.666		
Feedbacks are easier to get from my working colleagues	.657		
FACTOR 2- GROUP AND TEAM INTERVENTIONS			
There are opportunities for goal realization in group settings at my work place		.598	
Partnering for target realization is often used to attain set objectives in my firm		.553	
Intergroup goal setting targets are encouraged at my work place		.378	
Skilled personnel are usually contacted to manage interpersonal conflicts at my workplace		.500	
Client consulting and outsourcing are approaches often used by management for idea/product development at my work place		.747	
FACTOR 3- HCD PRACTICES			
There are life and career planning opportunities for staffs at my work place			.895
There are coaching and counseling opportunities for staffs at my work place			.588
There are opportunities to make me aware of my own behavior and others at my work place			.389
There are educational and training opportunities for staff at my work place			.385
KMO AND BARTLETT'S TEST			
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.			.817
Bartlett's Test of Sphericity			1168.234
Sig			0.000

Table 2 shows that the Bartlett test of Sphericity is significant at (0 .000) where as KMO measure of sampling adequacy is greater than the minimum accepted value of (0.6). The KMO test result of (0.817) reveals the compact pattern of correlation

and hence the three factors deduced namely Total organizational intervention, Group and team Interventions and HCD Practices are reliable at pure variable loadings of (0.3).

**Table 3
Variables Entered/Removed^a**

Model	Variables Entered	Variables Removed	Method
1	HCD Practices		Forward (Criterion: Probability-of-F-to-enter <= .050)
2	Total organizational intervention		Forward (Criterion: Probability-of-F-to-enter <= .050)

a. Dependent Variable: Sustainable growth

Table 3 displays a forward variable selection in which all the variables are entered in a sequential model. In all, there are three variables namely HCD Practices, Group and team interventions, and total organizational intervention. HCD Practices is the first variable considered for entry into the regression equation as it is the variable amongst the three having

the largest positive correlation with the independent variable sustainable growth. The second variable to be considered for entry into the regression equation is total organizational intervention. However the last variable group and team intervention was omitted because it did not meet the entry criterion at (Probability-of-F-to-enter <= .050)

Table-4: Model Summary^c

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.565 ^a	.319	.314	.779	.319	71.648	1	153	.000
2	.664 ^b	.441	.434	.707	.122	33.320	1	152	.000
a. Predictors: (Constant), HCD Practices									
b. Predictors: (Constant), HCD Practices, Total organizational intervention									
c. Dependent Variable: Sustainable growth									
From Table 4 above, HCD Practices on its own contributes (56.5%) of the variance in sustainable growth. At the second step, the R square change statistic and the Sig. F Change value makes Organizational Intervention a significant unique role with (12.2%) significant impact.									

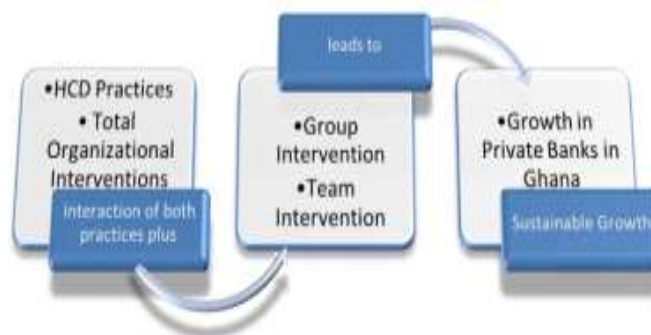


Fig-1. Conceptual model

Figure 1 above displays linkage of HCD Practices, Total organizational intervention and Group interventions on sustainable growth in the Banking industry. Thus where as HCD Practices, namely availability of training educational opportunities, counseling and coaching among others attempts to increase the competencies of employees as per this

study, the variables under total organizational intervention are designed to improve the effectiveness of the entire organization. Also the variables under group and team interventions improve the effectiveness of intergroup performance of employees as per this study. This is eventually likely to sustain growth patterns in the Banking industry.

Table 5 Friedman Test

Test Statistics ^a	
N	8
Chi-Square	4.000
Df	1
Asymp. Sig.	.046
a. Friedman Test	

The results of Friedman test shows that there is significant difference in the challenges associated with using OD interventions amongst the selected private Banks as (P < 0.05). Some of the challenges are procedural bottlenecks, conflict in personal character and organizational character, lack of stakeholder engagement in interventions, OD interventions not well structured etc. Figure 1 presents a graphic view of the listed challenges associated with the application of OD Interventions in selected private banks in Ghana.

CONCLUSION

HCD Practices are lasting practices such as training and continuous education designed to improve the competencies and skill set of employees to enable

them perform tasks required of them. These tasks are usually long-term in nature. The study identified three main interventions, namely HCD Practices, Group and Team Interventions and Total organizational intervention. The study introduces HCD Practices as the main alternative for interventions that improves the efficacy of individuals working in the Banking industry. HCD Practices explains (56.5%) variations in sustainable growth and its substantial predictor. Interventions that enhance the efficiency and effectiveness of total organization make a significant contribution of (12.2%) to the variance of sustainable growth. This suggests that total organization effectiveness cannot be readily achieved without an effective human capital. Thus total organization

effectiveness is driven to somewhat large extent on the wheels of an effective labor force which is essential for sustainable growth. Also there is a significant difference in the challenges associated with using intervention amongst the selected banks at ($P = 0.046 < 0.05$) confidence level. This implies the eight private banks as per this study do not have identical challenges; each bank has its own distinctive challenge that includes notably procedural bottlenecks, lack of well structured organizational development interventions among others.

RECOMMENDATION

Private Banks should provide career planning cum training opportunities for their staff as effective employees will result in effective group and intergroup *ceteris paribus* which will eventually result in total organizational effectiveness necessary for sustainable growth. Periodic sensitivity training should be conducted to address the issue of conflict between personal character of employees and organizational culture. Lastly authority lines should be decentralize and well structured to reduce procedural bottlenecks.

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