Impact of Human Resource Management on Financial Performance of Deposit Money Banks in Nigeria

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Abstract

This research effort is based on analysis on the impact of human resource management on financial performance of deposit money banks. The major objective of the study is to examine the impact of human capital development on financial performance of deposit money banks. A model was constructed to incorporate return on asset as the dependent variable, government expenditure on education and government expenditure on health, as the independent variables and tested using the ordinary least-squares (OLS) technique. The empirical result shows that capital government expenditure, recurrent government expenditure. a positive relationship between government expenditure on education (0.004500), on the return on asset whereas negative relationship exist between government expenditure on health (-0.002410) on return on asset. It was also revealed that the rate at which the independent variables explain what happens on the dependents is 61.0324% which is believed by the researcher to be relatively high. The researcher recommends that government should adopt the UNESCO recommendation of 26% education budgetary allocation rather than the current 7.02% allocated to education sector in Nigeria, this can be achieved through increase in budgetary allocation to education sector. This will serve as boost to education sector and revive the dilapidating nature of our academic sector

Keywords: Human resource management, Government expenditure, Education, Health

INTRODUCTION

Human Resource Management (HRM) is the function within an organization that focuses on recruitment of, management of, and providing direction for the people who work in the organization. They are the set of individuals who make up the work force of an organization. It encompassed activities designed to provide for and co-ordinates, all human element within the organization. This will ensure its stable continuity and achievement. The human personnel element represents one of the company's largest investments (Susan, 2019). Consequently, organization should prioritize the development of the human element to maximize talents, skills and ability which will automatically reflects on the company's profit. It pre-supposes that we do need people in order to firm a business which that no business can exist entirely without people. Even a computer auto-mental machine factory has to employ some people, though a conventional plant with similar capacity might require more people. There arises the need for proper planning of these people employed otherwise known as "Manpower planning". Human Resources Development is one of the activities of Human Resource Management with special emphasis on training and development. It is concerned with the framework for the expansion of human capital within an organisation. Human Resources Development is a combination of Training and Education that ensures the continual improvement and growth of both the individual and the organization (James, 2020). Financial institutions and indeed many organizations today are increasingly recognizing the importance of developing their human resources. This has become very important following the challenges facing them especially the financial institutions due to hyper-competition, globalization and fast paced technology which have continued to put pressure on creativity, innovations, speed and flexibility. It is this realization that the banks are enhancing the competencies of their personnel by providing them with more and more training and development opportunities, maintaining good interpersonal relationship and also creating an atmosphere of trust and confidence (Lawal, 2020).

The training function, popularly referred to as Human Resources Development (HRD), coordinates the organization's efforts to provide training and development experiences for its employees in order to meet up with the challenges. Although training is often used in conjunction with development, the terms are not synonymous. Employee training can be defined as a planned attempt to facilitate employee learning of job-related knowledge, skills, and behaviors or helping them correct deficiencies in their performance. In contrast, development is an effort to provide employees with the skills needed for both present and future jobs (Ifebi, 2018). The development of any nation depends to a very large extent on the caliber, organization and motivation of its human resources. In the specific case of Nigeria where diversity exerts tremendous influence on politics and administration, the capacity to increase the benefits and reduce the costs of this diversity constitutes a human resource management challenge of epic proportion in its public sector organizations. Effective human resource management enables employees to contribute effectively and productively to the overall company direction and the accomplishment of the organization's goals and objectives. Human Resource Management is moving away from traditional personnel, administration, and transactional roles, which are increasingly outsourced. It now expected to add value to the strategic utilization of employees and that employee programs impact the business in measurable ways. HRM covers a wide range of activities such as recruitment, selection, training, motivation, compensation, evaluation, discipline, and termination of employees. Each of those tasks demands particular skills. Increasingly, human resource management is being recognized for its strategic importance to organizations and jurisdictions, and is moving beyond its traditional position as a monitor of compliance. Within the public sector, many of the most visible and interesting controversies, such as affirmative action, employee ethics, sexual harassment, drug testing, and labour-management relations, are part of human resource management. Human resources also account for the largest percentage of the operating budget for most public agencies, and public administrators must have both an appreciation for the costs of personnel decisions and the ability to project those costs. In addition, constitutional, statutory and regulatory requirements often constrain personnel decisions and actions in the public sector, and public administrators must have a working knowledge of these legal guidelines. Public administrators must recognize the political aspect of human resource management (Hadir, 2016). Human resource management policies and techniques are developed, implemented and evaluated in a public context. Public sector HRM practices effect the selection and experiences of government employees which, in turn, affects public policy. In order to make and implement effective human resource management policies, administrators need an appreciation of the political and historical context in which the policies have developed to date.

In the current environment, a professional public administrator must be prepared to advocate for the strategic importance of human resources, find ways to be flexible and responsive to change, adapt to changing patterns of employment and inter sectoral relations, utilize technology to more effectively communicate with prospective and existing employees, and develop more sophisticated and effective methods of measuring and rewarding performance (Ingraham and Rubaii-Barrett, 2007). Human Resources Development approach has not taken a planned route in most instances. These days what obtains in most financial institutions is an aberration of the real sector. Following the reduction of banks, many banks are now more interested in pursuing deposits to enable them meet up with the competitive nature of the business and keep abreast with the Central Bank of Nigeria Policy. This craze has further led some of the institutions to move farther away from the issue of human resource development. Employees are most often engaged solely on grounds of mobilizing deposits without proper training. There are cases of poaching from one bank to another. A case of which some banks watch out (poaching)for employee of other banks who are sent on training for a mouth watering offer to such staff. Apart from deposit mobilization issues such as leadership and managerial programs which covered numerous topics such as; Banking Payment Systems, Anti Money Laundering, terrorist financing, International Economy, Mutual Funds, Islamic Banking and Finance, Banking Policies, Financial Markets, Information Technology, Human Resources Development, and Insurance all these are global economic issues which banks are expected to handle with seriousness and educate their staff on. These issues are not just for bank response to global situation, but countries are also assessed based on some of these economic activities. These account for the reason the apex bank in Nigeria has continued to reform the banking industry through the consolidation policy, financial year harmonization policy and constant issue of circulars on sensitive issues such as the terrorist financing and money laundering matter and impose penalty on banks who fail to comply. Yet it is very unfortunate to note that many employees do not know what these issues are all about due to lack of training or education on the issues (Hallats, 2017).

Some employees continued to be trained in an unplanned manner without strict accordance to the actual requirements. This predictably often results in an imbalance of staff. Apart from imbalance of staff, in many instances, the distribution and availability of staff is uneven with large concentrations in marketing department. The new categories are trained in an ad hoc manner; their numbers, deployment, and duration of training vary widely. This uneven distribution of staff often leave gaps and raises issues of inappropriate and wasteful use of personnel with higher skills. Lack of research on the relevance and utilization of available human resources in relation to the bank needs and their performance characterizes the management of human resources in most financial institutions in Nigeria (Gokal, 2019). Training and educational contents are not systematically and regularly tested for relevance to the changing requirements of the financial situations and services. It has also been observed that most employees make little or no effort to develop themselves and or increase their careers that will help to progress their job and employability. The above-mentioned problems and issues call for a revised and appropriate strategic approach to human resource development with a forward look to fit with the changing global economic situation with changing social, economic and environmental conditions.

LITERATURE REVIEW

Conceptual Clarifications

Human Resource Management

The concept of human resource management has its roots in the traditional thinking in the field of personnel management and administration but represents contemporary sophisticated views and ways of managing people at work in the public sector. Human resource management evolved from personnel management. This never term according to Ikeagwu (2003) assumes a different position and tackles organizational problems from a different direction. It takes into account activities like planning, monitoring and control rather than mediation between employee and management of a public sector organization. Human Resource Management is the organizational function that deals with issues related to people such as compensation, hiring, performance management, organizational development, safety, wellness, benefits, employee motivation, communication, administration, and training. Human Resource Management is also a strategic and comprehensive approach to managing people and the workplace culture and environment. Effective (HRM) enables employees to contribute effectively and productively to the overall company direction and the accomplishment of the organization's goals and objectives. Human Resource Management is moving away from traditional personnel, administration, and transactional roles, which are increasingly outsourced. (HRM) is now expected to add value to the strategic utilization of employees and that employee programs impact the business in measurable ways. The new role of (HRM) involves strategic direction and (HRM) metrics and measurements to demonstrate value.

This means that human resource management involves every aspect of dealing with employee as resources. This view was upheld by Colby and Alkon (1999) and Byars and Rues (1991) in their attempt to come up with a meaningful definition of human resource management. Colby and Alkon’s views were more or less in line with personnel functions or human resource functions in that they stated in their text that human resources management involves every aspect of dealing with employee as resources as such as planning, staffing, training and development, performance appraisal and compensation. Their views however differs from those of Byars and Rues conclusion in that the latter sees human resource management in the aspect of wages and salaries and still support the former’s view by including recruiting, hiring, and training as the major functions of human resources management. Human resource management can also be seen as that which involves all management decisions and practices that directly affect or influence the people who work for the organization. This definition of human resource management is broader and more practical oriented than personnel management put by Fillipo (2005). Wikipedia defines Human Resource Management (HRM) as the management of an organization's employees. While human resource management is sometimes referred to as a "soft" management skill, effective practice within an organization requires a strategic focus to ensure that people resources can facilitate the achievement of organizational goals. Human resource management is defined as a strategic and coherent approach to the management of an organization's most valued assets – the people working there who individually and collectively contribute to the achievement of its objectives.

Banking

Banking represent the means and methods through which funds are obtained, controlled, allotted and used (Ciuhureanu, Balteş&Brezai, 2009), a bank can be associated with a financial service conglomerate which is able to provide basic financial services and other functions within the economic, political, legal and international environment that determines its profit and expansion opportunities, interest rates, exchange rates and the particular resources a bank need (Drigă, 2006). The efficiency and effectiveness of the banking system is a key determinant of the economy growth of a nation (Dura &Drigă, 2015). The existence of an effective banking industry is a panacea to growing any nation's economy. The pivot of any economic development is the financial sector through its creditable roles in intermediating funds/capital from the surplus units to deficit units. These two laudable and reliant functions bring the banks face to face and in contact with the public who come to obtain their services. However, the roles of mobilizing deposit (surplus) and directing such deposit to the deficit sectors of the economy makes DMBs to attend to a large number of customers who they may not, most of the time, personally know, or whose identity may not be immediately known to the banks. This shows that banks may not be familiar with the true identity of these customers all of whom either have genuine/honest or fraudulent intentions (Dimejesi, 2014).

Principles of Human Resource Management

Business consultants note that modern human resource management is guided by several overriding principles. Perhaps the paramount principle is a simple recognition that human resources are the most important assets of an organization; a business cannot be successful without effectively managing this resource. Another important principle, articulated by Michael Armstrong in his book A Handbook of Human Resource Management, is that business success "is most likely to be achieved if the personnel policies and procedures of the enterprise are closely linked with, and make a major contribution to, the achievement of corporate objectives and strategic plans." A third guiding principle, similar in scope, holds that it is HR's responsibility to find, secure, guide, and develop employees whose talents and desires are compatible with the operating needs and future goals of the company. Other (HRM) factors that shape corporate culture whether by encouraging integration and cooperation across the company, instituting quantitative performance measurements, or taking some other action—are also commonly cited as key components in business success. (HRM) summarized Armstrong, "is a strategic approach to the acquisition, motivation, development and management of the organization's human resources. It is devoted to shaping an appropriate corporate culture, and introducing programs which reflect and support the core values of the enterprise and ensure its success."

Financial Performance

Financial Performance in broader sense refers to the degree to which financial objectives being or has been accomplished and is an important aspect of finance risk management. It is the process of measuring the results of a firm's policies and operations in monetary terms. It is used to measure firm's overall financial health over a given period of time and can also be used to compare similar firms across the same industry or to compare industries or sectors in aggregation. Firms and interested groups such as managers, shareholders, creditors, and tax authorities look to answer important questions such as; what is the financial position of the firm at a given point of time? and;

how is the Financial Performance of the firm over a given period of time?.These questions can be answer ed with the help of a financial analysis of a firm. Financial analysis involves the use of financial statements. A financial statement is a collection of data that is organized according to logical and consistent accounting procedures. Its purpose is to convey an understanding of some financial aspects of a business firm. It may show a position of a period of time as in the case of a Balance Sheet, or may reveal a series of activities over a given period of time, as in the case of an Income Statement. Thus, the term 'financial statements' generally refers to two basic statements: the Balance Sheet and the Income Statement. The Balance Sheet shows the financial position (condition) of the firm at a given point of time. It provides a snapshot that may be regarded as a static picture. "Balance sheet is a summary of a firm's financial position on a given date that shows Total assets = Total liabilities + Owner's equity." The Income Statement (referred to in India as the profit and loss statement) reflects the performance of the firm over a period of time. "Income statement is a summary of a firm's business revenues and expenses over a specified period, ending with net income or loss for the period." However, financial statements do not reveal all the information related to the financial operations of a firm, but they furnish some extremely useful information, which highlights two important factors profitability and financial soundness.

Position and Structure of Human Resource Management

Human resource management department responsibilities can be broadly classified by individual, organizational, and career areas. Individual management entails helping employees identify their strengths and weaknesses; correct their shortcomings; and make their best contribution to the enterprise. These duties are carried out through a variety of activities such as performance reviews, training, and testing. Organizational development, meanwhile, focuses on fostering a successful system that maximizes human (and other) resources as part of larger business strategies. This important duty also includes the creation and maintenance of a change program, which allows the organization to respond to evolving outside and internal influences. The third responsibility, career development, entails matching individuals with the most suitable jobs and career paths within the organization. Human resource management functions are ideally positioned near the theoretic center of the organization, with access to all areas of the business. Since the (HRM) department or manager is charged with managing the productivity and development of workers at all levels, human resource personnel should have access to—and the support of key decision makers. In addition, the (HRM) department should be situated in such a way that it is able to effectively communicate with all areas of the company. (HRM) structures vary widely from business to business, shaped by the type, size, and governing philosophies of the organization that they serve. But most organizations organize (HRM) functions around the clusters of people to be helped—they conduct recruiting, administrative, and other duties in a central location. Different employee development groups for each department are necessary to train and develop employees in specialized areas, such as sales, engineering, marketing, or executive education. In contrast, some (HRM) departments are completely independent and are organized purely by function. The same training department, for example, serves all divisions of the organization.

In recent years, however, observers have cited a decided trend toward fundamental reassessments of human resources structures and positions. "A cascade of changing business conditions, changing organizational structures, and changing leadership has been forcing human resource departments to alter their perspectives on their role and function almost overnight," wrote John Johnston in Business Quarterly. "Previously, companies structured themselves on a centralized and compartmentalized basis—head office, marketing, manufacturing, shipping, etc. They now seek to decentralize and to integrate their operations, developing cross-functional teams. Today, senior management expects (HR) to move beyond its traditional, compartmentalized 'bunker' approach to a more integrated, decentralized support function." Given this change in expectations, Johnston noted that "an increasingly common trend in human resources is to decentralize the (HR) function and make it accountable to specific line management. This increases the likelihood that (HR) is viewed and included as an integral part of the business process, similar to its marketing, finance, and operations counterparts. However, (HR) will retain a centralized functional relationship in areas where specialized expertise is truly required," such as compensation and recruitment responsibilities.

Need for Human Resources Development

The importance of human resource development in nation development has been extensively discussed and demonstrates by outstanding scholars all over the worlds. Harbison (1993) human resources are not capital, neither income nor material resources constitutes the ultimate basis for the wealth of a nation. Capital and natural resources are passive factors of production; human beings are the active agents who accumulate wealth, exploit material resources, build socio-economic and political organization and carry out national development. Highly skilled human resources is a pre-requisite for overall economic and national development. He states that security of qualified personnel has impeded the economic growth and development in Nigeria. The overriding importance of human resources development without which we overcome the continuing shortage of trained people as we strive to throw off the bonds of economic backwardness and seek to achieve the socio-economic objective of our national development plan.

In all economic activities, human effort is necessary to work machines, milk cows, harvest crops, load a van, sell goods, keep accounts and so on. This human effort which is vital to production is called labour. It can be manual (working with one's hand or it can be mental labour using head or brain). The economists are interested in the quality of labour: where it is good or bad depends on several factors such as education and training, personal health, organization of labour work conditions, attitudes towards the work, relationship between the senior management and the low level worker.

Human Resource Management and Labor Productivity

Recent years have witnessed burgeoning interest in the degree to which human resource systems contribute to organizational effectiveness. Pfeffer (1994), for example, argued that success in today's hypercompetitive markets depends less on advantages associated with economies of scale, technology, patents, and access to capital and more on innovation, speed, and adaptability. Pfeffer further argued that these latter sources of competitive advantage are largely derived from organizations' human resources. On the basis of these and similar arguments, Pfeffer (1994, 1998) and others (Levine, 1995) have strongly advocated greater organization investments in high-performance or high-involvement human resource systems, which are systems of human resource (HR) practices designed to enhance employees' skills, commitment, and productivity. Managers know that people make the critical difference between success and failure. The effectiveness with which organizations manage, develop, motivate, involve and engage the willing contribution of the people who work in them is a key determinant of how well those organizations perform. Yet, there is surprisingly little research demonstrating the causal links between people management and business performance. Management practices and styles lead to more motivated, satisfied, or productive employees. However, demarcated work is done that apply rigorous, comparative analysis over time to the individual elements of management activity and measure the contribution they make to performance.

The performance of organizations has been the focus of intensive research efforts in recent times. How well an organization implements its policies and programs and accomplishes its strategic intent in terms of its mission and vision is of paramount concern. Managers in both private and public organizations are becoming increasingly aware that a critical source of competitive advantage often not come from indigenous product and services, best public relations strategy, state-of-the-art technology but from having an appropriate system of attracting and managing the organization's human resources. Are such progressive people management practices the only route to enhanced business performance? It is a fact of life that some companies are profitable despite making little or no use of such practices. These companies may possibly be in production sectors where jobs require little input from the employee other than sustained effort; or in small service operations competing on price rather than quality. However, where businesses face international competition; where they are committed to excellence and quality standards;

where creativity and innovation are essential to moving the business forward – employee commitment and a positive psychological contract' between employer and employee are fundamental to improving performance.

Although, there are differences across commentators as to what constitutes 'good' HRM practices, many writers (Huselid, 1995) have argued that HRM practices can improve company performance by increasing employee skills and abilities, Promoting positive attitudes and increasing motivation, providing employees with expanded responsibilities so that they can make full use of their skills and abilities. In comparative study, the HRM practices included are Incentive pay, Recruitment and selection, Work teams, Employment security, Flexible job assignment, Skills training and Communication. Some strategic HRM practices: strategic HRM alignment, line management devolvement, training and development, compensation system, career planning system and employee participation are positively related to perceptual measures of organizational effectiveness. They show decisively that people management practices have a powerful impact on performance. Whether performance is measured in terms of productivity, which might be expected to have stronger links with the way in which companies manage their people or profitability, in both cases the effect is substantial. There is now a considerable body of work proposing that high quality people management can provide organizations with a source of competitive advantage that it is difficult for competitors to imitate. It is the management of human capital, rather than physical capital that is seen as the most important determinant of company performance. The more sophisticated the HRM system the more effective is the organization. HRM practices do lead to organizational effectiveness.

Empirical Review

Adenuga (2018) examined the relationship between human resource management and financial performance of deposit money banks using Nigerian data from 1970 to 2013. The independent variables included in the research work are government expenditure in education, government expenditure on health, inflation and interest rate whereas the dependent variable is the national growth rate proxied by real gross domestic product. The researcher applied co-integration analysis incorporating the Error Correction Mechanism and found that investment in human capital through the availability of infrastructural requirements in the education sector accelerate economic growth. This study concludes that there will be no significant economic growth in any economy if there is no human capital development. Wahab (2018), examined the relationship between human resource management and financial performance of deposit money banks. The study captured several independent variables such as unemployment, interest rate, government expenditure on health and education whereas the dependent variable is real gross domestic product. The study stressed that investment in quantity and quality of Education would boost Human capital and bring about growth and sustainable economic development. Ordinary Least Square technique was used to estimate the model of the study. The findings showed that there is direct relationship between investment in education and economic growth in Nigeria. The growth model also indicated that to include more than one economic sector and to consider technology, spillover across sectors. Ogunrinola (2018), examined the relationship between human capital development efforts of the government and economic growth in Nigeria. It seeks to find out the impact of government recurrent and capital expenditures on education and health in Nigeria and their effects on economic growth. The data used for the study are from secondary sources while the augmented Solow model was also adopted. The study adopts OLS regression techniques. The dependent variable in the model is the level of real output while the explanatory variables are government capital and recurrent expenditures on education and health, gross fixed capital formation and the labour force. The result shows that there exists a positive relationship between government recurrent expenditure on human capital development and the level of real output, while capital expenditure is negatively related to the level of real output. The study recommends appropriate channeling of the nation's capital expenditure on education and health to promote economic growth.

Alani (2018), evaluated the contribution of different measures of human capital development to economic growth in Nigeria. It used data from Nigeria and adopted the growth account model which specifies the growth of GDP as a function of labour and capital. The study adopted Ordinary Least Square (OLS) regression techniques. The model also included a measure of policy reforms. Based on the estimated regression and a descriptive statistical analysis of trends of government commitment to human capital development, it was found that though little commitment had been accorded to health compared to education, empirical analysis showed that both education and health components of human capital development are crucial to economic growth in Nigeria. Ibanga (2018), investigated the impact of human capital development and economic empowerment on the socio-economic development of Akwa-Ibom state. The study adopted a historical and descriptive approach in data allocation and applied the maximum likelihood method. The study revealed that from 1999 to 2012, the government being the foremost driver of the economy has made a positive impact on the training and re-training of workers in the public sector. The study also revealed that, aside from training, the government also embarked on elaborate empowerment programs which has helped so many people to become self- employed as well as employers of labours. Based on these findings, the study recommended among others that government should embark on extensive training of domestic engineers in the areas of oil and gas in the state. Adelakun (2018) examined human capital development and the economic growth in Nigeria. The study was anchored on various independent variables such as interest rate, inflation rate, government expenditure and unemployment whereas the dependent variable is national output. The researcher described human capital as an important factor used in converting all resources to mankind's use and benefit. The study evaluates human capital development and economic growth in Nigeria by adopting conceptual analytical framework as well as employing Ordinary Least Square (OLS) to analyse the relationship between human capital development and economic growth. The findings revealed that there is strong relationship between human capital development and economic growth. The policy implication recommends that proper institutional framework should be put in place to look into manpower needs of various sectors and implement policies that can lead to the overall growth of the economy.

Shaari (2017), investigated the impact of human capital development on economic growth in Nigeria during the period 1970 to 2008. Johansen co-integration technique and vector error correction analysis were used to ascertain this relationship. The basic macroeconomic variables of concern derived from the literature review are: Real gross domestic product (RGDP), real capital expenditure (RCE) on education, real recurrent expenditure (RRE) on education, real capital stock (RCS), total school (SCHE) enrolments and labor force (LF) are used to proxy human capital development. The result indicated that human capital development has a significant impact on Nigeria's economic growth. Dauda (2017), using the human capital model of endogenous growth developed by Mankiw, Romer and Weil (1992), examined empirically the role of human capital in Nigeria's economic development. The paper employed a variety of analytical tools, including unit root tests, co-integration tests and error correction mechanism (ECM). Empirical results indicate that there is, indeed a long-run relationship among labour force, physical capital investment proxied by real gross domestic capital formation, human capital formation, proxied by enrollment in educational institutions and economic growth in Nigeria. Findings show that there is a feedback mechanism between human capital formation and economic growth in Nigeria. Thus, the policy implication of the findings is that government should place a high priority on human capital development. Efforts should be intensified to increase investment in human capital to achieve the growth which would engender economic development. Most importantly, education should be given prominence in Nigeria's developmental efforts. This would propel the economy to higher levels of productivity.

Theoretical Framework

Theory of Human Resource Management

Human resource management (HRM) has the key role in the today's competitive work environment. The style and management of human resource systems based on employment policy, comprising a set of policies designed to maximize organizational integration, employee commitment, elasticity, and quality of work (Alagaraja, 2013). HRM is defined as a strategic and compatible approach to management of an organization's most approached assets – the people working there who one by one and jointly contribute to the accomplishment of its objectives. According to Armstrong, the main aim of human resource management is to provide that the organization can achieve success through people (Armstrong, 2006).The human resource management function can and progressively is making important contributions to building an organization that is staffed by the right human capital to effectively make real the work of the firm and to provide the achievement of business strategy (Mohrman, 2003). Definitions of human resources can be classified under two broad stages: generalist and distinctive. The first category mainly includes concepts proposed by the human resource management perspective, where "human resources" cover all people under employment at a special organization. The second category puts an emphasis on employees' abilities, knowledge, attitudes and experience. Most of definitions show that human resource management is the basic element for organizations. Some definitions focus on the solving problem aspect of human resource management practices, the other of definitions show that role of human resource management practices on organizational performance. Under the today's market conditions, each of organizations must have the department of human resource management to compete. Otherwise, they cannot survive in difficult conditions of the market for a long time. Without understanding effect of HRM the organization cannot take competitive advantages against its competitors.

METHODOLOGY

For this study, the research design adopted is the *Ex-Post Facto.* The *Ex-Post Facto* design was used because the study is a quasi-experimental study examining how independent variables affect a dependent variable. This study is built on a multiple regression model and made use of econometrics procedure in estimating the relationship between the variables under study. The fundamental relationships between the dependent variable and independent variables are specified as follows and the functional form of the model is specified as:

ROA = f (GEXPH, GEXPE)……………………………………….…………….. (3.1)

The mathematical form of the model is specified as:
$ROA_t = \beta_0 + \beta_1 GEXPH_t + \beta_2 GEXPE_t$ ……………………...………………...……. (3.2)

This econometric form of the model is specified as:
$ROA_t = \beta_0 + \beta_1 GEXPH_t + \beta_2 GEXPE_t + \mu_t$...… (3.3)

$\beta_1 > 0$, $\beta_2 > 0$, $\beta_3 > 0$

Where:

ROA = Return on Asset (Proxy of financial performance)
f= functional relationship
GEXPH = Government expenditure on health (Proxy of human resource management)
GEXPE = Government expenditure on education (Proxy of human resource management)
β_0 = Constant
β_1, β_2, β_3= are the relative slope coefficients and partial elasticity of the parameters.
μt = stochastic error term

RESULT AND DISCUSSION

In this section, we present the regression results and subject them to various economic, statistical and econometric tests. The hypotheses posed earlier in this study are tested based on these empirical results.

Unit Root Test

Table 4.1 Summary of Regression Result

VARIABLES	ADF test Statistics	5% critical Value	Order of Integration
ROA	-2.928847	-1.950117	Level form I(0)
GEXPE	-4.408418	-3.580623	First Order I(1)
GEXPH	-8.287263	-3.540328	First Order I(1)

From the result of the stationarity test conducted through Eviews statistical software, return on asset is stationary at level form whereas government expenditure on education and government expenditure on health are stationary at first difference. Since all the variables are not stationary at level, there is a need to conduct a cointegration test so as to ascertain if there is long run relationship among the variables under study.

Co-integration Test

To test for co-integration among the variables, we carried carry out ADF test on the regression residuals as proposed by Gujarati (2004). The ADF unit root test on the residuals work with the same decision rule as unit root test. Accept the null hypothesis if the Augmented Dickey-Fuller test statistics is lower than the 5% level of significance, otherwise, reject the null the hypothesis.
The co-integration test result is summarized as follows:

Table 4.2: Co-integration Test Result

Null Hypothesis: ECT has a unit root				
Exogenous: Constant, Linear Trend				
Lag Length: 0 (Automatic - based on SIC, maxlag=9)				
			t-Statistic	Prob.*
Augmented Dickey-Fuller test statistic			-6.850776	0.0000
Test critical values:	1% level		-4.226815	
	5% level		-3.536601	
	10% level		-3.200320	
*MacKinnon (1996) one-sided p-values.				
Augmented Dickey-Fuller Test Equation				
Dependent Variable: D(ECT)				
Method: Least Squares				
Date: 03/02/22 Time: 20:54				
Sample (adjusted): 2010 2021				
Included observations: 11 after adjustments				
Variable	Coefficient	Std. Error	t-Statistic	Prob.

ECT(-1)	-1.158799	0.169149	-6.850776	0.0000
C	-0.258999	0.467072	-0.554516	0.5829
@TREND("1981")	0.012296	0.020625	0.596166	0.5550
R-squared	0.579902	Mean dependent var		-0.027927
Adjusted R-squared	0.555190	S.D. dependent var		2.001280
S.E. of regression	1.334735	Akaike info criterion		3.492947
Sum squared resid	60.57157	Schwarz criterion		3.623562
Log likelihood	-61.61952	Hannan-Quinn criter.		3.538995
F-statistic	23.46674	Durbin-Watson stat		2.020903
Prob(F-statistic)	0.000000			

In the e-views generated co-integration test result above, the ADF test statistics (-6.850776) is greater than the 5% critical value (-3.536601) in absolute terms. This implies that the residuals are stationary (that is, the variables are co-integrated or that the linear influence of the independent variables cancels out) and the variables have long-term relationship.

Error Correction Mechanism Test

Table 4.3: Error Correction Mechanism Test Result

Dependent Variable: RGDPGR				
Method: Least Squares				
Date: 10/02/21 Time: 20:55				
Sample (adjusted): 1983 2019				
Included observations: 37 after adjustments				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-3.155814	2.732600	-1.154876	0.2576
D(GEXPE)	0.004500	0.009784	3.459885	0.0490
D(GEXPH)	-0.002410	0.010970	-5.219656	0.0277
ECT(-1)	-0.165177	0.194542	-0.849055	0.4028
R-squared	0.610324	Mean dependent var		0.817405
Adjusted R-squared	0.604425	S.D. dependent var		1.379593
S.E. of regression	1.449836	Akaike info criterion		3.769589
Sum squared resid	60.95873	Schwarz criterion		4.117895
Log likelihood	-61.73739	Hannan-Quinn criter.		3.892383
F-statistic	5.513736	Durbin-Watson stat		2.016426
Prob(F-statistic)	0.016633			

Source: Eviews Computations

The e-views generated error correction mechanism result shows the magnitude of the short run disparity to be -0.165177, that is to say the degree of the short run dynamics is 16.5177percent. This shows a very low speed of adjustment to equilibrium after a shock.

Regression Result

In the regression result, the variables under consideration are return on asset (dependent variable), government expenditure on health and government expenditure on education as the independent variables. From the result the estimated coefficient value of $b_{o,}$ $b_{1,}$ and $b_{2,}$ are -3.155814, 0.004500, -0.002410, respectively.

Evaluation of Regression Results

Evaluation Based on Economic Criterion

The regression results is been evaluated based on a priori expectations in this section. The signs and magnitude of each variable coefficient is evaluated against theoretical expectations. The constant term is estimated at -3.155814This means the model passes through the point 3.155814 mechanically and if the independent variables are equal to zero, return on asset would be -3.155814. The estimated coefficient for GEXPE is 0.004500 meaning that if other variables affecting return on asset are held constant, a unit increase in government expenditure on education will bring about a 0.004500 increase in return on asset on the average. Likewise, the estimated coefficient of Government on health is -0.002410, meaning that holding all other variables affecting return on asset constant, a unit increase in GEXPH will bring about a -0.002410 decrease in return on asset.

Evaluation Based On Statistical Criterion

R^2–Result and Interpretation

The coefficient of determination (R^2) is given as 0.610324 this implies that 61.0324% of the variation in return on asset is explained by the variation in GEXPE, and GEXPH,

t–Test Result and Interpretation

To find the tabulated t-value, we use degree of freedom (df) and 5% level of significance: 2/100=0.05/2=0.025
$T_{0.025,}$df: df=n-K. where n=11 and K=3
df=11-3=8. Therefore; df=8
From the t-Test distribution table, the t-tabulated value is equal to $t_{0.025,32}$= 1.960
The result of the t-test of significance is shown in table 4.5 below:
The result of the t-test is presented below and evaluated based on the critical value (1.960) and the value of calculated t-statistics for each variable.

Table 4.5: Result of t-Test of Significance

VARIABLES	t-computed (t*)	t-tabulated ($t_{a/2}$)	Conclusion
GEXPE	3.459885	1.960	Significant
GEXPH	-5.219656	1.960	Significant

Table 4.5 shows that government education expenditure has significant impact on the return on asset in Nigeria, this is because the $t^*>t_{a/2}$ (-3.459885>1.960). Therefor, we reject the null hypothesis (H_o) and accept the alternative hypothesis (H_1) which states that government education expenditure has significant impact on the return on asset. For GEXPH, t*> $t_{a/2}$(-5.219656>1.960), therefore we accept the null hypothesis (H_0) which states that government expenditure on health has no significant impact on the return on asset.

Result and Interpretation of F–Test of Significance

v_1=3-1=2, V_2=11-3=8, df= (2,8) at 5% level of significance and df= (2,8), $f_{0.05}$= 3.32 and F*= 5.513736. Since f*> $f_{0.05}$, we reject the null hypothesis and conclude that the variables; GEXPE, and GEXPH, have joint inference on return on asset. This implies that the entire regression plain is significant.

Evaluation Based on Econometric Criterion

Result and Interpretation of Autocorrelation Test

Using the durbin-watson statistics, the region of no autocorrelation (positive or negative) is given as follows:

du< d*< (4-du)
du= 1.58
d*= 2.016426
(4-du)= 4 – 1.58= 2.42
By substitution, the region becomes:
1.58<2.016426<2.42
The result shows that there is presence of autocorrelation problem in the model as the computed durbin Watson statistics does not fall within the zero autocorrelation regions.

Normality Test Result and Interpretation

The Normality test was done using the Jaque-Berra test of normality Jaque-Berra test of normality is hinged on the hypothesis that K is close to or exactly 3 and S is close to or exactly o, thus making the JB value close to or equal to O, which is the condition for normal distribution.

Decision rule:

For the residual to be normally distributed, the K value should be drawing close to or exactly three (3) and S should draw close to or exactly zero (0), thus making the JB value close to or equal to zero (0), which is the condition for normal distribution.

Table 4.6 Result of Normality Test

Skewness	Kurtosis	Jarque-berra	Probability	Test
1.787104	10.32862	102.4956	0.000000	ND

ND- Normally distributed

CONCLUSION AND RECOMMENDATIONS

From the normality table, the Jaque-Berra draw close to zero (0) as stated, this implies that the residuals are not normally distributed.

Evaluation of Research Hypotheses

Hypothesis one: based on the decision rule of the t-statistics, government expenditure on education, and government expenditure on health have significant impact on the return on asset in Nigeria. More so, the rate at which the independent variables jointly affect the dependent variable is 61% which is considered to be very high by the researcher. From the regression result government expenditure on education and government expenditure on health have significant impact on the return on asset; this implies that government expenditure on education and government expenditure on health are significant variables to determine economic growth in Nigeria. The study investigates the impact of human resource management on financial performance of deposit money banks. To conduct the analysis, a multiple regression model was built to test for the impact of human resource management on financial performance of deposit money banks.

The finding of the study reveals a positive relationship between government expenditure on education (0.004500), on the return on asset whereas negative relationship exist between government expenditure on health (-0.002410) on return on asset. It was also revealed that the rate at which the independent variables explain what happens on the dependents is 61.0324% which is believed by the researcher to be relatively high. Based on the findings of this study, we conclude that government expenditure on education has positive relationship on the return on investment whereas government expenditure on health has negative relationship on the return on asset within the period under study.

It can be concluded that government expenditure on education and government expenditure on health have significant impact on the economic growth in Nigeria and also that the residuals are not normally distributed as the probability value of the normality test is below the 0.05 criterion mean level. From the findings of this study, the following recommendations are given;

i. The government should adopt the UNESCO recommendation of 26% education budgetary allocation rather than the current 7.02% allocated to education sector in Nigeria, this can be achieved through increase in budgetary allocation to education sector. This will serve as boost to education sector and revive the dilapidating nature of our academic sector.
ii. Budgetary allocation on health should be increased from its present 4.16 percent to 10 percent world health organization recommendation; this will enhance the performance of the health sector, thereby encouraging increase in labour productivity as a result of good health which on the long run will increase the economic growth and development of the nation.
iii. The government and its education and health agencies should as well reach out to rural communities in a bid to provide educational and health facilities for the dwellers of such places through direct intervention and proactive approach, this will increase the human capital development of the country and the economic growth of Nigeria.

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