Effect of Non-Financial Measures of Business Operations on Financial Performance of Deposit Money Banks in Nigeria

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DOI: https://dx.doi.org/10.47772/IJRISS.2024.804145

Received: 25 March 2024; Accepted: 13 April 2024; Published: 18 May 2024

ABSTRACT

This study investigates the effect of non-financial measures of business operations on financial performance of deposit money banks in Nigeria. The study specifically studied the effect of customer satisfaction, service quality delivery, employee development and corporate social responsibility on return on equity of deposit money banks in Nigeria. The study total population is 780 staff of the banks. The study adopted Taro Yamane to obtain a sample of 264 respondents. Questionnaire was distributed to the respondents and only 224 questionnaires were returned. Analysis was carried out based on the number of questionnaire returned. The relationships between the variables were analyzed using regression analysis. The study found a significant relationship between customer satisfaction, product and service quality and employee development and return on equity. The study however, found no relationship between corporate social responsibility and return on equity. The study therefore, concludes that non-financial measures of business operations actually influence financial performance of deposit money banks in Nigeria. The study recommends that: banks should place priority on customer satisfaction if they want to increase their returns; develop more innovative products and invest more in new technology; train and retrain their employees in the use of new technologies.

Key Words: Non-financial performance, customer satisfaction, product and service quality, employee development, social responsibility and return on equity.

INTRODUCTION

The desire of investors to invest not only in profitable going concerns but in businesses with a secured future has ignited the need to consider non-financial measures of business operations. Investors now consider non-financial measures of business operations. Disclosure of non financial information strengthens the trust and confidence, stakeholders repose in business entities. Companies and organizations need to communicate more vividly, openly and effectively with the owners on how the operations of their companies are going (Ahmed, Saleh and Ibrahim, 2015). Stakeholders are continually demanding greater transparency in reporting strategy, higher return on their investment and vibrant turnover and competitive advantage. To monitor and ensure the achievement of the above demands, non financial measures are incorporated in the performance measurement system. Non-financial performance measurement take an explicit strategic focus and provide more appropriate internal information within a proper time period and is able to respond to various information needed for decision making. This system is also capable of providing signals for improving crucial activities in organizations (Hoque and Adams, 2011); become better indicators

ISSN No. 2454-6186 | DOI: 10.47772/IJRISS |Volume VIII Issue IV April 2024

of future financial performance, and is valuable for motivation (Banker et al., 2000). Additionally, Van der Stede et al. (2006) contended that organizations that included objective and subjective non-financial measures have better overall performance. Many firms are supplementing financial metrics with a diverse set of non-financial performance measures that are believed to provide better information on strategic progress and success. Non-financial performance measures provide managers with timely information centered on the causes and drivers of success and can be used to design integrated evaluation systems (Kaplan and Norton, 1996; Banker et al., 2000).

The most common method of measuring nonfinancial performance indicators is the balanced scorecard (BSC) model, developed by Kaplan and Norton (1996), which put proper attention to both the financial and non-financial indicators with emphasis that non-financial performance measures are better indicators for long-term financial performance and business operational efficiency.

Managing performance and improving operational performance of Deposit money banks in Nigeria is an important issue (Eboh, Eke and Agu, 2017). Poor banking performance has a negative repercussion on the economic growth and development. Poor performance leads to runs, failures and crises. Banking crisis could entail financial crisis which in turn brings the economic meltdown as it was the case in USA in 2007 (Marshall, 2009). Several measures of financial performance include the use of ratios (ROI, ROCE), and CAMEL. All these measure are historical in nature and lack futuristic outlook (Kaplan and Norton 1996). Consequently, this study investigates non-financial measures of business operations which include customer satisfaction, product and service quality, employee development and corporate social responsibility.

Statement of the problem

The use of financial performance alone in presenting organizational performance has however, been widely criticized as inadequate for the effective management of businesses especially in the current rapidly changing and competitive markets (Kennerley & Neely, 2003; Emeakponuzo, 2014). This is especially so as companies are confronted with increasing expectations from a variety of stakeholders (Emeakponuzo, 2014). One of the major criticisms of financial measures is that it does not convey the whole picture as it provides little indication of how performance is achieved or how it can be improved (Kennerley & Neely; 2003). Thus, it is considered of limited benefit since it does not reveal factors that drive long-term success and maximization of shareholders wealth, (e.g. customer satisfaction, ability to innovate, quality etc.). The method according to Rowe and Morrow (2009) tends to undervalue intangible assets. This argument suggests that financial performance is most often a consequence of changes in non-financial factors (Kaplan & Norton 1996). Another limitation of financial performance method is that of short termism and internal focus. Scholars have argued that linking rewards to financial performance may tempt managers to make decisions that will improve short-term financial performance but may have a negative impact on long-term profitability (Venanzi, 2012). The method also tends to have an internal focus which critics argue is detrimental as firms can only compete successfully when external factors such as customer satisfaction and competitors' actions are considered (Kaplan & Norton, 1996; Venanzi, 2012; Attiea *et al.,* 2014; Emeakponuzo, 2014). This study investigates specifically investigates the effect of non financial measures of business operations such as customer satisfaction, product and service quality, employee development and corporate social responsibility on financial performance of deposits money banks in Nigeria, given the above identified short comings of financial measure of performance.

Objectives of the study

The general objective of this study is to assess the effect of non-financial measures of business operations on financial performance of deposit money banks in Nigeria. The specific objectives of the study are to:

- determine the effect of customer satisfaction on return on equity on deposit money banks in Nigeria.
- determine the effect product and service quality on return on equity of deposit money banks

in Nigeria.

- determine the effect of employee development on return on equity of deposit money banks in Nigeria
- determine the effect of corporate social responsibility on return on equity of deposit money banks in Nigeria.

Research Questions

The following questions have been formulated to guide the objectives of the study.

1. What is the effect of customer satisfaction on return on equity of deposit money banks in Nigeria?
2. What is the effect of product and service quality on return on equity of deposit money banks in Nigeria?
3. What is the effect of employee development on return on equity of deposits money banks in Nigeria?
4. What is the effect of corporate social responsibility on return on equity of deposit money banks in Nigeria?

Research hypotheses

The following hypotheses have been formulated to address the objectives of the study.

H_{01}: Customer satisfaction has no significant effect on return on equity of deposit money banks in Nigeria.

H_{02}: Product and service quality has no significant relationship with return on equity of deposit money banks in Nigeria.

H_{03}: Employee development does not have significant influence on return on equity of deposit money banks in Nigeria.

H_{04}: Corporate social responsibility is not statistically significant with return on equity of deposit money banks in Nigeria.

REVIEW OF RELATED LITERATURE

Non financial measures

Non financial measures are metrics businesses use to gauge their success and performance in specific areas, without considering financial metrics. These measurements use only non monetary values to denote success or failure. They focus on other business areas and typically look at the company's future prospects. In comparison, financial measures are lagging metrics that focus on past performance. Non-financial measures do not directly correlate with financial measures, they are also quantified numerically. They can either be quantitative or qualitative to measure the progress of the organizations.

Firm Performance

Firm performance refers to the operational ability of a business to satisfy the desires of its major shareholders (Smith & Reece, 1999). According to Islam *et al.,* (2011) performance signifies the firm's success in the market characterized by its ability to create acceptable outcomes and actions. Such outcomes may take different forms such as survival, profit; return on investment, sales growth, number of employee's happiness, reputation, and so on. The objective of performance measurement especially for-profit based organizations is to determine the changes in the value of a firm (i.e., changes in shareholders/business owner's wealth) and to communicate information that will aid managerial decisions and actions (Johansson *et al.*,2008; Attiea *et al.*, 2014). Performance measurement is used to control and keep track of how a firm is performing and whether it is meeting its objectives. The desire for firms to fulfill the need of stakeholders which include consumers, employees, suppliers, local community stakeholders and shareholders also makes performance measurement very important (Harif *et al.*, 2013). Hence, measuring performance constitute a critical component towards improving an enterprise business objectives.

Customer satisfaction and financial performance

Customer satisfaction can be an excellent indicator to measure financial situation. First, financial performance is a measure to help investors know how well the company is operated and generates revenue. Previous studies have shown that there is a close correlation between nonfinancial measures and financial performance. Nonfinancial measures have more advantages than financial measures. For example, financial measures tend to focus on the past and fail to reflect contemporary value-creating behaviors. However, some nonfinancial indicators, for instance customer satisfaction and internal business performance, are based on the company's particular view of the world, meaning that they have a strong tendency to focus on the future (Kaplan and Norton, 1992). In terms of future cost and future income, Wiersma thought that the nonfinancial indicators provided more incremental information compared with the hysteretic financial measures (Wiersma,2008). Thus, nonfinancial measures have a more advanced impact on financial performance. Customer satisfaction has received attention as one of the nonfinancial measures. Ittner and Lacker studied the correlation between nonfinancial measures and financial situation. Researchers took customer satisfaction as an example to analyze whether this nonfinancial measure can become a leading indicator of financial performance (Ittner and Larcker,1998). Authors found that when estimating financial condition and customer purchase behavior, customer satisfaction could provide some supports (Wiersma,2008). In addition, the authors also found that customer satisfaction can be economically correlated with the share market, meaning that customer satisfaction measures can provide the stock market incremental information about a company's future financial prospects ((Ittner and Larcker, 1998). Banker, Potter, and Srinivasan choose a hotel chain that directly manages 20 hotels for access to its senior managers and comes up with two criteria (likelihood of return and customer complaint) to measure customer satisfaction. They also use revenue of Toll-free lines and hotel profit to indicate a company's financial performance. They found that customer satisfaction is considerably related with future financial performance and include extra information not reflected in the previous financial measures (Banker, Porter and Srinivasan, 2020).

Employee Development

Gordon (1992) defines training as the planned and systematic modification of behaviour through learning events, activities and programs which result in the participants achieving the levels of knowledge, skills, competencies and abilities to carry out their work effectively. The main purpose of training is to acquire and improve knowledge, skills and attitudes towards work related tasks. It is one of the most important potential motivators which can lead to both short-term and long-term benefits for individuals and organizations (Cole, 2004). The importance of training has become more obvious given the growing complexity of the work environment, the rapid change in organizations and technological advancement which further necessitates the need for training and development of employees to meet the challenges. Training helps to ensure that organizational members possess the knowledge and skills they need to perform their jobs effectively, take on new responsibilities, and adapt to changing conditions (Jones, George and Hill, 2000). Similarly, training helps improve quality, customer satisfaction, productivity, morale, management succession, business development.

Relationship between Employee training and performance

Javaid, Ahmed and Iqbal (2014) highlighted the relationship between training and its impact on employee's performance in telecommunication sector D.G Khan Pakistan. 150 employees were chosen for the data analysis. Finding showed that the managerial performance is meaningfully resolute through the training instructed to the personnel, they further said that training is a significant predecessor of the performance. Whether you provide this training in-house or through a web-based training platform, your staff will be better prepared to prevent a devastating claim that could jeopardize the continuance of an organization (Schwandt, 2014).

According to (Meyer and Smith, 2000), managers are trying their level best to develop the employee's capabilities, ultimately creating good working environment within the organization. For the sake of capacity building managers are involved in developing the effective training programs for their employees to equip them with the desired knowledge, skills and abilities to achieve organizational goals. This struggle by the top management not only improves the employee performance but also creates positive image of the firm worldwide (Ying, 2004). Effective training programs helps employees to get acquaintance with the desired new technological advancement, also gaining full command on the competencies and skills required to perform at s particular job and to void on the job errors and mistakes (Obisi, 2006).

Service quality and performance

The Linkage between Service Quality and Performance Empirical studies of service quality have indicated that there is a significant and positive relationship between service quality and business performance assessed based on financial and non-financial indicators (Phillips et al 1983; Zeithaml et al 1996; Zeithaml 2000; Duncan and Elliot 2002). Lewis (1993) argued that successful service quality has a pivotal role on companies' sales, market share, profits and business performance, and successful service quality had led to decreased costs and increased productivity. Rust et al (1995) found that superior service quality helps to generate greater revenues and yield greater profitability. Zeithaml et al (1996) found that service quality has a strong positive effect on respondents' loyalty to the company. Ennew and Binks (1996) found that service quality dimensions, namely; the technical quality, functional quality, and general product characteristics were significantly affected and correctly signed with higher perceived quality and in reducing the potential for customer defection. Rapert and Wren (1998) found that service quality-based strategy had positively affected short-term increases in both operating income and growth in net revenues. In addition, it would be sustainable in the future. Service quality had a direct impact on both short and long term organisational performance measurements. In the same vein, Chang and Chen (1998) found that there is a positive relationship between service quality and business profitability. Service businesses that give service quality a high strategic priority, they have an advantage of securing medium and long term benefits that confirm continuous improvements, premium prices, better customer value, and customer orientation leading to higher profits. Duncan and Elliott (2002) found that there is a positive relationship between service quality and financial performance in financial service institutions. More recently, Kang and James (2004) found that service quality consists of three dimensions, functional, technical and image. They found that these dimensions affect the perceived quality of service and customer satisfaction. Chumpitaz and Paparoidamis (2004) found that service quality has positively affected marketing performance. Lai and Cheng (2005) found that quality management and marketing are complementary business approaches for improved performance.

Return on equity and nonfinancial financial measure of business operation

Researchers have argued that nonfinancial performance measures of business operations increase the return on equity business. This is because as the nonfinancial measures are used, the equity values are likely to increase, indicating that the general business operations impacted positively in increasing the capital of the firm.

Nonfinancial measures of business operations and corporate social responsibility

Many studies affirmed positive, neutral and negative relations between Social responsibility performance,

ISSN No. 2454-6186 | DOI: 10.47772/IJRISS |Volume VIII Issue IV April 2024

measured with non-financial reporting, and financial performance, measured with a variety of accounting metrics. Generally, it is affirmed that Corporate Social Responsibility has a positive impact on nonfinancial standing of business (Malik, 2015). Firms that implemented corporate social responsibility outperformed those that did not. Nguyen (2022) affirmed an indirect linkage between corporate social responsibility and firm performance through customer satisfaction and bank reputation.

Empirical studies

Nguyen (2022) examined the indirect linkage between corporate social responsibility (CSR) and firm performance via the effects of customer satisfaction and bank reputation. The study applies Structural Equation Modeling (SEM) to a sample of top managers, finance managers, chief accountants, and employees in Vietnamese state-owned commercial banks. The findings explore the statistically significant effect of CSR on bank performance under the mediating role of customer satisfaction and bank reputation, which are not concerned by previous studies. Because CSR activities assist banks in maintaining their reputation by complying with a long-term commitment to stakeholders' interests and providing valuable customer benefits to increase their satisfaction. So, the research results show that customer satisfaction and the bank's reputation promote a positive relationship between CSR and bank performance.

Abdullahi, Hassan and Ibrahim (2021) investigated the use of financial and non-financial performance indicators among managers and owners of small and medium size construction firms in Nigeria. Adopting a quantitative approach, data was collected from a sample of 139 owners/CEOs and top managers of Nigerian construction small and medium enterprises (CSMEs) through a cross sectional questionnaire survey. Both financial and non-financial data were collected subjectively. The data obtained was analyzed with the aid of SPSS software. Finding shows that, there is significant awareness among owners and top managers of CSMEs on the importance of both financial and non-financial measures in assessing firm performances. The most preferable financial measures of interest used by the CSMEs are: return on investments, general profit, growth in revenue and growth in assets while quality of products and services, product and service delivery performance, client's general satisfaction, employee competency and client retention were the most adopted non-financial indicators used for evaluating performance among CSMEs in the study. The study however revealed that the level of both financial and non-financial performance was moderate among the CSMEs. It was concluded from the study, that although there is an appreciable understanding of the significance of combining both financial and non-financial measures in assessing performance among Nigerian CSMEs, there is however, need for more improvement in the general performance of CSMEs in the construction sector.

Lawrence and Bola (2020) investigated the impact of human capital investment on the performance of banks in Nigeria. A multiple regression analysis and panel research design was used for the study. The study formulated two research questions, which border on the impact of human capital investments on returns on assets (ROA) and returns on equity (ROE) of Nigerian banks. The paper made use of secondary data obtained from annual reports of ten listed banks in Nigeria from 2010-2019. Results obtained showed that investment in human capital development had a positive and significant impact on ROA indicator of the banks while ROE has a negative and insignificant relationship on banks performance in Nigeria. The study recommended that there is a need for greater investments in the human capital of the banks and that bank in the country should commit sufficient funds in the training and development of their workforce.

Fadaka and Azeez (2020) assessed the effects of service delivery quality on customer satisfaction among deposit money banks in Osun state, Nigeria. The study was carried out in Osun state and used the survey method. Purposive sampling technique was used to select a total 125 respondents who were customers of at least one deposit money bank. Data collected were analyzed using descriptive and inferential statistics. The results showed that 43.2 percent of the respondents were civil servants, majority were highly knowledgeable about deposit money banks services such as ATMs, Electronic Fund Transfer (EFT), Electronic Bill

Payment (EBP), E-Cheque, Internet Banking, Mobile Banking and Debit Cards, 68.8 percent perceived the quality of service delivery as average while 61.6 percent also rated the customer satisfaction as average. The study concluded that customer satisfaction and quality of service delivery in deposit money banks was average and improved quality of service will lead to an increase in the level of customer satisfaction.

Ahmad, Bashir and Malik (2010) investigated performance by comparing economic and organizational factors. They concluded that organizational factors influenced the profitability more than that of the economic factors. Successful organizations realized the importance of ongoing performance measurement practices (Weiss & Hartle, 1998, as cited in Ahmad, Bashir and Malik, 2010) Organizational performance could be linked with market orientation, organization learning, human resource productivity, quality improvement or any other component (Santos-Vijande et al., 2005, as cited in Ahmad, Bashir and Malik, 2010).

Oyewumi, Ogunmeru and Oboh (2018) in their study focused on investment in corporate social responsibility, disclosure practices, and financial performance of banks in Nigeria. The sample consists of 21 money deposit banks in Nigeria, which was obtained from the website of the Central Bank of Nigeria (CBN). Content analysis was used to construct the panel dataset from the annual reports of the sampled banks within the reporting period (2010 to 2014). Descriptive statistics, Pearson correlation, and Wallace and Hussain estimator of component variances were performed on the panel data collected. The results from the Wallace and Hussain estimator of component variances (a two way random and fixed effects panel) suggest that corporate social responsibility investment without due disclosure would have little or no contribution to corporate financial performance. The study concluded that firms could benefit both financially and non-financially from a strategic corporate social responsibility agenda.

Salah and Salama (2016) explored the relationship between corporate social responsibility (CSR) reports and CFP. The study used the accounting-based and market-based quantitative measures to quantify the financial performance of seven organizations listed on the Egyptian Stock Exchange in 2007-2014. Then uses the information retrieval technologies to quantify the contribution of each of the three dimensions of the corporate social responsibility report (environmental, social and economic). The correlation between these two sets of variables were viewed together in a model to detect the correlations between them. The results showed a positive correlation between the Earnings per share (market- based measure) and the economical dimension in the corporate social responsibility report. Moreover, total assets and property, plant and equipment (accounting-based measure) were positively correlated to the environmental and social dimensions of the corporate social responsibility reports. It found that there is not any significant relationship between ROA, ROE, Operating income and corporate social responsibility. The study thus concluded that financial performances for Egyptian firms play important role in enhancing CSR disclosure.

Ahmad and Zabri (2016) examined the effect of the nonfinancial performance measurement systems (NFPMSs) on firm performance within Malaysian manufacturing firms. The study adopted the use of multi variable measures of product quality, efficiency, customer, employee, product development and business growth and corporate social responsibility to assessed the effect of non-financial performance indicators on average performance of firms. It was found out that most firms studied often use customer, efficiency, product development and business growth, and corporate social responsibility to measure performance within the firms. This indicated that the non-financial performance indicators with the exception of product quality are important indicators in measuring firm performance.

Samira, Noor and Masudul (2018) assessed on the impact of CSR on financial performance (FP) of Agribusiness Industries of Bangladesh, using a sample of four renowned Agribusiness industries for the period of 3 years from 2015 to 2017 through purposive sampling method. Relational research design was adopted. Data was collected from secondary sources. Regression, correlation was used for analyzing the data and results discussion. The study revealed that return on equity (ROE) & net income has significant impact on financial performance favouring those firms that do Corporate Social Responsibility whereas; return on assets (ROA) & earnings per share (EPS) has no significant impact on financial performance. Some recommendations were provided for future use to any researcher in this hypothetical arena. Based upon key findings, this study postulates CSR phenomenon is consider as an essential growth element and FP-boosting tool through Agribusiness industries of Bangladesh. Eventually, mainstream of the studies on CSR are in context of well established companies and nations, however, developing nations are least emphasized, thus the findings of this study greatly contribute in body of knowledge as well as offer pivotal implications for policy makers and governance of financial sector.

Ibrahim and Hamid (2019) examined the impact of corporate social responsibility on financial performance of listed non-financial services companies in Nigeria. The study used ex-post factor research design and utilized secondary data collected from the annual report and accounts of twenty three (23) sampled listed non-financial services companies in Nigeria for a period of 10 years (2008-2017). The sample of the study was arrived at using census sampling technique in which all the elements of the population were used for the study. The data were analyzed using descriptive statistics, correlation and regression analysis (GLS Fixed Effect) with the aid of Stata Version 14.0. Robustness tests, namely multicollinearity, heteroscedasticity, normality of residuals, Hausman specification and F-Test were conducted to validate the results. The finding of the study reveals that CSR has significant positive impact on financial performance. The study concludes that financial performance of listed companies in Nigeria can be enhanced through engaging in socially responsible investments. The study therefore, recommends among others that for an increased financial performance, listed firms in Nigeria after an industry examination should intensify more efforts in carrying out their CSR which can serve as a source of competitive advantage. Also, Securities and Exchange Commission (SEC) should come up with Social Disclosure Index (SDI) and make it mandatory for companies to comply with, which will encourage them to engage in socially responsible investments.

Akinrinola (2019) examined the effect of non-financial performance indicators, based on balanced scorecard model, on operational efficiency of Deposit Money Banks (DMBs) in Nigeria with a view of evaluating the impact of the drivers of operational efficiency. Emphasis, from prior studies, on measuring operational efficiency have been on financial performance indicators with little or no consideration for the contributions of non-financial performance indicators (NFPIs) that drive the financial indicators. The study adopted a descriptive survey research design and a structured questionnaire was administered on sampled employees of the DMBs. Data collected were analysed with the mean of descriptive and inferential statistics. The study found out that internal control and business process, customer satisfaction and learning and growth of employees individually have significant effect on operational efficiency of DMBs in Nigeria. The study concluded that NFPIs have positive relationship with, have significant effect on operational efficiency of DMBs in Nigeria and explain about 56.9% variations in operational efficiency. The study contributed to literature on significance of NFPIs and recommended that DMBs should develop objective matrices to measure individual non-financial performance indicators that tend to contribute to their operational efficiency.

Zubair, Warraich and Awan (2011) proposed that to bring assured transparency and to win stakeholder trust, companies should integrate financial and non-financial performance reports and thus should produce One Report. The paper presents an annotated literature review which covers conceptual foundations of One Report, drivers, prospective benefits to both stakeholders as well as to companies, and prospective challenges that companies can face in the adoption of One Report. Survey has been conducted to assess important factors that practitioners consider while making judgment about a company, useful metrics to be included in an annual report and prospective benefits on one report. Descriptive statistical techniques are employed and on the basis of findings, it has been discussed that how business schools can incorporate the sustainability topic into the curriculum. A roadmap for adoption of one report has also been suggested. Finally, managerial implications and future research areas have been identified.

METHODOLODY

Research Design

This is a descriptive study to determine the effect of non-performance measures of business operations on financial performance of deposit money banks in Nigeria.

Scope of the study

This is a study of effect of non financial measures of business operations on financial performance of deposit money banks in Nigeria. This study spanned for the period of 2023 financial year of the banks.

Area of study

This study was carried out in the south-eastern Nigeria made up of Abia, Anambra, Ebonyi, Enugu and Imo States.

Population of the study

It consists of all the branches of Zenith bank, First Bank, Access Bank United Bank for Africa (UBA) and Fidelity bank situated across the South-Eastern States of Nigeria. The total number of all the branches of the selected banks is 195. The target population is the bank professional cadre consisting of branch Managers, Operational Managers, Fund Transfer Officer, and Cash Officers of the selected banks. The total population of the study is constituted by each of the selected bank branch manager, operational officer, fund transfer officer and cash officer. The total population is made up of four of each of the personnel in each of the 195 branches across the states in the South-East, Nigeria, which gives a total of 780.

Sample

This study adopted Taro Yamane's formula to draw the sample form the population. The formula is stated as follows:

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

Where:

N = Population of the study

n = Sample size desired to be covered

e = error estimated/significance level

1 = Constant

Sample Size (n) = $780/1+780(0.05)^2$

= 264

Therefore, the sample size for the study is 264. So, the questionnaires were distributed to this sample size.

Research instrument

The questionnaire was structured on a 5-point Licket scale. The design of the questionnaire was pre-tested and redesigned in an iterative process to achieve the most suitable design through conducting personal interviews for pre-testing design and correcting problems – the pilot study work. This pilot study was insightful for testing the questionnaire and useful suggestions were provided by the bank personnel. The questionnaires were personally administered to the research sample at the bank's branches; the purpose of the research was explained to the respondents who were left alone to complete the questionnaire, which were picked up later. The primary data collection process lasted around two-month period from December 2022 to March 2023 which included establishing contacts with the banks. All the contacted banks agreed to participate in the research survey. A total number of 264 questionnaires were administered to the banks from which 224 were returned; the response rate was 84.8%; analysis was done based on the total number of the returned questionnaire.

Validity of instrument

The study employed face-content validity to assess the psychometric soundness of the scale used. Face validity was used through presenting the study's questionnaire to the bank personnel at the deposit money banks, as well as academics in the field of the study to review and confirm the questionnaire. After receiving feedback from the reviewers, slight changes were carried out on a few items of the questionnaire; the reviewers confirmed the suitability of the questionnaire providing evidence for face validity. The fundamental issue in content validity lies in the procedures that are used to develop the research instrument (Churchill 2001). These procedures include conducting a thorough examination of the previous empirical and theoretical on the topic of the study upon which the operational definition for each variable or construct was conducted using multiple items to capture all its attributes, conducting the pilot study before starting the fieldwork, and complete instructions provided to the respondents on how to complete the questionnaire at the beginning of each session.

Reliability of instrument

The reliability of the research constructs were assessed by examining the Cronbach's Alpha Coefficient. If the alpha coefficients are above 0.70 they indicate sound and reliable measures.

Table 3.1. Cronbach's Alpha Coefficient

Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.812	.821	22

Source: SPSS Software

Since the Cronbach's Alpha Coefficient is 0.812, then we deduce that the research constructs is reliable.

Statistical Technique

Analysis was done using multiple regressions to assess the effect of non financial measures on financial performance of deposit money banks in Nigeria.

ANALYSIS AND DISCUSSION

Table 4.1 Responses on Customer Satisfaction

	N	**Min**	**Max**	**Mean**	**Remark**
My bank delivers services promptly to customers	224	1.00	5.00	4.0982	Positive

ISSN No. 2454-6186 | DOI: 10.47772/IJRISS |Volume VIII Issue IV April 2024

My bank delivers services to customers with high degree of accuracy to customers.	224	2.00	5.00	4.6607	Positive
My bank attends to customers with patience, cheerfulness and politeness	224	2.00	5.00	4.5982	Positive
All customers request are always readily available	224	1.00	5.00	4.0223	Positive
Customers are seated comfortable while they are being attended to.	224	1.00	5.00	4.1295	Positive
Overall	224				

Legend: **0-2.49=** Negative response **2.50-5.00=** Positive response

The result in Table 4.1 above shows responses on activities carried out to enhance customer satisfaction. The result revealed that: bank delivers services promptly to customers with mean of (4.0982), bank delivers services to customers with high degree of accuracy to customers with mean value of (4.6607), the bank attends to customers with patience, cheerfulness and politeness with mean value of (4.5982), all customers request are always readily available with mean value of (4.0223) and Customers are seated comfortable while they are being attended to with mean value of (4.1295). This implies that there are general positive responses to the items stated in the cluster; this implies that the banks make every effort at keeping customers satisfied with their services.

Table 4.2 Responses on product and service quality

	N	Min	Max	Mean	Remark
Our loan facility is easily assessable to customers	224	2.00	5.00	4.6607	Positive
Our bank transfers are easy and quick	224	2.00	5.00	4.5982	Positive
Our bank offers special automobile loans	224	1.00	5.00	4.0223	Positive
Our bank offers easy airtime recharge from customers’ handsets.	224	1.00	5.00	4.0982	Positive
Our bank offers special deposits that yields good interest for customers	224	2.00	5.00	4.6071	Positive
Valid N (listwise)	224				

Legend: **0-2.49=** Negative response **2.50-5.00=** Positive response

The result in table 4.2 above, show responses on products and services put in place to enhance quality. The result revealed that: loan facility is easily assessable to customers has a mean value of (4.6607), bank transfers are easy and quick has a mean value of (4.5982), bank offers easy airtime recharge from customers handsets has a mean value of (4.0982), bank offers special deposits that yields good interest for customers has a mean value of (4.6071), are components of product and service quality and bank offers special automobile loans has a mean value of (4.0223). These are all components of products and services and there is general positive response to the items listed in cluster B, an implication that the banks see product and services quality as a necessity if they are to keep their customers happy and remain in business.

Table 4.3 Responses on employee development

	N	**Min**	**Max**	**Mean**	**Remark**
Staff are well trained in the use of new technologies	224	2.00	5.00	4.5982	Positive
Staff are always sent on training courses in their area of specialization.	224	1.00	5.00	3.9955	Positive
Staff are always granted study leave to enable them improve.	224	2.00	5.00	4.2188	Positive
Symposiums and Seminars are always organized for staff improvement.	224	2.00	5.00	4.6607	Positive
Staff are provided with good work environment	224	2.00	5.00	4.5848	Positive

ISSN No. 2454-6186 | DOI: 10.47772/IJRISS |Volume VIII Issue IV April 2024

Valid N (listwise)	224				

Legend: **0-2.49=** Negative response **2.50-5.00=** Positive response

Table 4.3 above shows responses on employee development. A mean value of (4.5982) shows that staff are well trained in the use of new technologies. A mean value of (3.9955) also shows that staff are always sent on training courses in their area of specialization. Responses that staff are always granted study leave to enable them improve has a mean value of (4.2188). Symposiums and seminars are always organized for staff improvement has a mean value of (4.6607), staff are provided with good work environment has a mean value of (4.5848). These are all components of employee development indicating a general positive response to all the questions, an implication that the banks management takes the issue of employee development seriously.

Table 4.4 Responses on corporate social responsibility activities of the banks

	N	**Min**	**Max**	**Mean**	**Std. Deviation**
My bank provides good medical care for the host community.	224	1.00	5.00	1.9821	Negative
My bank provided clean water to our host community.	224	1.00	5.00	2.1429	Negative
My bank granted scholarship to indigent citizens.	224	1.00	5.00	2.5134	Positive
My bank is always involved in evacuation of wastes in the environment	224	1.00	5.00	2.6429	Positive
My bank was involved in the construction of the road for the host community.	222	1.00	5.00	2.1667	Negative
Valid N (listwise)	222				

Legend: **0-2.49=** Negative response **2.50-5.00=** Positive response

The result in table 4.4 above, show the responses on corporate social responsibility practices of the banks. The result revealed that: Bank granted scholarship to indigent citizens with a mean value of (2.5134), bank is always involved in evacuation of wastes with a mean value of (2.6429) indicates positive response to the items. Bank provided clean water to our host community with a mean value of (1.9821), Bank provides good medical care for the host community with a mean value of (1.9821), and bank was involved in the construction of the road for the host community with a mean value of (2.1667) indicates negative responses. This implies that most of the listed items are not carried out by the banks which may be due to the capital intensive nature of some of the projects or they simply didn’t see it as part of their social responsibility.

Table 4.5 Responses on banks returns

	N	Min	Max	Mean	**Remark**
There has been increment on shareholders capital	224	1.00	5.00	4.2589	Positive
There has been increase in returns on shareholders capital	224	1.00	5.00	4.1295	Positive
There has been rise in shareholders wealth	224	2.00	5.00	4.6607	Positive
There has been rise in dividend payout	224	2.00	5.00	4.5982	Positive
Valid N (listwise)	224				

Legend: **0-2.49=** Negative response **2.50-5.00=** Positive response

Table 4.5 above, shows responses on the returns or profitability of the banks. Responses on increment on shareholders capital has a mean value of (4.2589), responses on increase in returns on shareholders capital has a mean value of (4.1295), responses on rise in shareholders wealth has a mean value of (4.6607) and responses on rise in dividend payout has a mean value of (4.5982). A general positive response to all the questions implies that the banks management takes the issue of employee development seriously.

TEST OF HYPOTHESES

Table 4.6: Summary of OLS Multiple Regression

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.113	.600		3.520	.001
	CS	.567	.048	.622	11.776	.000
	PSQ	.445	.099	.603	10.052	.001
	ED	.621	.186	.913	12.245	.000
	CSR	-.054	.053	-.053	-1.003	.317
a. Dependent Variable: ROE						

R	0.625	
R^2	0.391	
Adjusted R^2	0.380	
F	35.097	Sig.=0.010

The **R** at 0.625 62.5% shows that there is positive correlation between ROA and the independent variables. The **R- square** at 39.1% explains a poor fitness of the model on the regression line. The **Adjusted-R squared** shows the proportion of variation in the dependent variable that can be explained by the independent variables revealed that **38.0**% of the total variation in return on equity was explained using the variation in the independent variables. The **F-Ratio** (35.097) is significant at 5% level, which shows the overall significance of the entire model.

Hypothesis one

H_{01}: Customer satisfaction has no significant relationship with return on equity of deposit money banks in Nigeria

CS shows a positive relationship with ROE as indicated by the regression coefficient value of 0.567. The T-statistics shows value of 11.776 with a significance value of 0.000, therefore the null hypothesis is rejected and we accept the alternative hypothesis that Customer satisfaction has significant relationship with return on equity of deposit money banks in Nigeria.

Hypothesis two

H_{02}: Product and service quality has no significant relationship with return on equity of deposit money banks in Nigeria.

PSQ shows a positive relationship with ROE as indicated by the regression coefficient value of 0.445. The T-statistics shows value of 10.052 with a significance value of 0.001, therefore the null hypothesis is rejected and we accept the alternative hypothesis that Product and service quality has significant relationship with return on equity of deposit money banks in Nigeria

Hypothesis three

H_{03}: Employee development does not have significant influence on return on equity of deposit money banks in Nigeria

ED shows a positive relationship with ROE as indicated by the regression coefficient value of 0.621. The T-statistics shows value of 12.245 with a significance value of 0.000, therefore the null hypothesis is rejected and we accept the alternative hypothesis that Employee development has significant influence on return on equity of deposit money banks in Nigeria.

Hypothesis four

H_{04}: There is no significant relationship between corporate social responsibility and return on equity.

CSR shows a negative relationship with ROE as indicated by the regression coefficient value of -0.054. The T-statistics shows value of -1.003 with a significance value of 0.317, therefore the null hypothesis is accepted that there is no significant relationship between corporate social responsibility and return on equity.

DISCUSSION OF FINDINGS

Banks today are operating in a highly competitive and rapidly changing environment. The challenging business environment in the Nigerian financial service market has resulted in more pressure on banks to develop and utilize alternative delivery channels, with a view to attracting more customers' deposits, improving customers' perceptions, and encouraging loyalty. Findings have shown that customer satisfaction influences the profitability of banks and increase in shareholders wealth. In other words, a satisfied customer will stay loyal to a company and this reduces the cost associated with attracting new customers. Taking customer satisfaction as a priority is one of the major objectives of today's business and this is one of the components of non-financial measures some companies have overlooked. This is in line with the observation put forward by Banker, Porter and Srinivasan (2020) that customer satisfaction is considerably related with future financial performance and include extra information not reflected in the previous financial measures.

The link between effect on product and service quality and financial performance, observed that provision of quality services are required to make the company more attractive and this increases patronage. Bank customers nowadays require services that can be provided at the comfort of their homes and banks that are able to provide these services attract more customers. Across the board this research finds that competition drives the biggest improvements in the banking sector. Past empirical studies have shown that quality of products and services are directly linked with improved financial performance in service sectors such as the banking industry.

The analysis on the effect of employee development shows that there is positive relationship between employee development and financial performance of organizations. Organizations around the world are competing for the same pool of employees with skill and talent and with the result observed, the study toe the line of argument made by Lawrence and Bola (2020) that the success or failure of business organizations hinges on the ability to attract, develop, retain, empower and reward a diverse array of appropriately skilled people and is the key to improving organizational performance. They concluded that Results obtained showed that investment in human capital development had a positive and significant impact on ROA indicator of the banks. Similarly it conforms to the findings of Asaleye, Ogunjobi & Ezenwoke (2021) that the global world is presently characterized, among other things, by an increasing competitiveness, market globalization, continual technological advances and changes in work organization; therefore, the survival of a company implies the prosecution of sustainable competitive advantages. On the effect of corporate social responsibility on the performance of the banks, findings showed that corporate social responsibility does not translate into higher financial performance. This finding supports the argument made by scholars who argue that corporate responsibility reduces the funds of organization and does not have necessarily improve the profitability of the firms. This is in line with observation made by Salah and Salama (2016) that firms with higher social performance scores achieve lower returns. However, Oyewumi, Ogunmeru and Oboh (2018) concluded that firms could benefit both financially and non-financially from a strategic corporate social responsibility agenda. Samira, Noor and Masudul (2018) and Ibrahim and Hamid (2019) concluded that financial performance of listed companies in Nigeria can be enhanced through engaging in socially responsible investments.

CONCLUSION AND RECOMMENDATIONS

Conclusion

Banks lay much emphasis on financial measures as provided by accounting numbers in the financial statement, much to that is the recognition of the contribution of non-financial measures to the financial performance of banks. This study concludes that non-financial measures actually influence financial performance of banks in Nigeria. Non-financial measures like customer satisfaction, product quality and delivery and employee development had a positive relationship with return on equity, indicating the total effect of non-financial measures on financial performance of deposit money banks in Nigeria.

Recommendations

Based on the findings, this study recommends as follows:

1. Customer satisfaction should be placed as the priority by the bank managements if they seek the major objectives of increasing their returns and improving shareholders wealth.
2. Bank management should develop more innovative products and invest more in technology to improve on their products and service qualities.
3. More investment in human capital development is required to keep up with the ever changing dynamics in the business world. Efforts should be made to train and retrain employees with new software while retention strategy should be taken as one of their priorities in human employee development process.
4. It is imperative that the management of the various banks continue to invest in corporate social responsibility activities as the benefits are not measured in financial terms. A peaceful working environment and positive public relations promotes their good image.

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APPENDIX

Questionnaire

S/n	Questions	SA	A	U	D	SD
	Customer Satisfaction (CS)					
1.	My bank delivers services promptly to customers					
2.	My bank delivers services to customers with high degree of accuracy to customers.					
3.	My bank attends to customers with patience, cheerfulness and politeness					
4.	All customers request are always readily available					
5	Customers are seated comfortable while they are being attended to.					
	Product And Service Quality (PSQ)					
1.	Our loan facility is easily assessable to customers					
2.	Our bank transfers are easy and qucik					
3.	Our bank offers special automobile loans					
4.	Our bank offers easy airtime recharge from customers handsets.					
5.	Our bank offers special deposits that yields good interest for customers					
	Employee Development (ED)					
1.	Staff are well trained in the use of new technologies					
2.	Staff are always sent on training courses in their area of specialization.					
3	Staff are always granted study leave to enable them improve.					
4	Symposiums and Seminars are always organized for staff improvement.					
5.	Staff are provided with good work environment					
	Corporate social responsibility (CSR)					
1	My bank provides good medical care for the host community.					
2	My bank provided clean water to our host community.					
3	My bank granted scholarship to indigent citizens.					
4	My bank is always involved in evacuation of wastes in the environment					
5	My bank was involved in the construction of the road for the host community.					
	Returns on equity (ROE)					
1.	There has been increment on shareholders capital					
2.	There has been increase in returns on shareholders capital					
3.	There has been rise in shareholders wealth					
4.	There has been rise in dividend payout					