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Brand Identity and Customers Loyalty: Evidence from the Nigeria Telecommunication Industry

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Abstract: *The main thrust of this study is to investigate the relationship between brand identity and customers loyalty in the context of Nigeria telecommunication industry. Through mixed sampling method, primary data were obtained from a survey of 207 customers drawn from four major telecommunication companies that are operational in AkwaIbom State. The data were analysed using descriptive and inferential statistics. From the regression and results of correlation analysis, we found out that there is a strong positive and significant relationship between brand identity and customers loyalty. Based on this finding, we recommend among others the need for identity management combined with various promotional packages as a means of enhancing sustainable customer loyalty among consumers in the telecommunication industry.*

Keywords: *Brand identity, Brand satisfaction, Brand commitment, Customer Loyalty*.

1. Introduction

The concept of brand identity and its relationship with customers loyalty hasbeen an issue of great concern in corporate management and marketing literature (Alire, 2007; Ahmed and Gabrella, 2012; Beerh, Norton and Quantana, 2004). These concepts have dominated marketing thought, research and practice in many developed and developing economies. Eventually, concepts like these have to be well founded on a well conceived theoretical, deductive and empirical research; otherwise much of its marketing premise will be based on a loose foundation and the result of it questionable in many contexts.

However, the literature examining the relationship between brand identity and customer’s loyalty and its managerial implications is immense in developed economies like USA and Europe; but little if any is empirically known about such relationship implications in the context of emerging or developing economics like Nigeria. As Teppecco (2009) rightly observed, brand literature is less and incomplete and suffers from higher level of information asymmetry than it is in developed countries.

Customers’ loyalty is important for the continued growth of every industry. The concepts of brand identity and customers loyalty have been in existence for years and many purposeful researches have been carried out in this area. Earlier contributions to the study of brand identity and customer loyalty include the works of Behabadi (2009); Christian (2000); Gee, Coates and Nichadsen, (2008); Geuens, Maggre, Weifjfers, Bert, Bert, Wulf and Kristof (2009). This area is given attention by researchers and scholars alike because of its continued relevance and centrality in the success of every firm. To corroborate this assertion, Holliday, Sue, Kuenzei and Sven (2008) asserted that a business is as strong as its unhindered customers, as loyal customers is the centre piece of every business that is hoping to do well.

Silverman (2001) and Taylor, Celuch and Goodwin (2004) identified brand commitment and brand satisfaction as the mediating factors between brand identity and customer loyalty. In Nigeria however and especially in the Nigeria telecommunication industry, there is the problem of poor brand identity, inadequate customer satisfaction, poor network service, poor coverage, high tariff charges among others. These problems have indeed led to frequent brand switching behaviour among customers in the industry.

In spite of the apparent increase in brand research and the growth of the Nigeria telecommunication industry today, there is little empirical research on brand identity and customer loyalty in this important industry. Thus, the objective of this study is to empirically determine the relationship between brand identity and customer loyalty in the context of Nigeria telecommunication industry.

The remaining section of this study is organized into four sections. Section two discusses the conceptual and theoretical framework and proposes a preposition for the study. Section three provides the methods while section four presents the results of empirical findings. The last section is on conclusion and draw implications for managerial insight.

2. Conceptual Framework, Literature and Research Proposition

2.1. The Concept of Brand Identity

In a very simple sense, brand identity is the essence and authenticity of any brand. Thus, it is often seen or viewed as the image a company conveys about its product or its product category. Strong brands provide a clear brand identity that is well defined and explained (McCommet, and Cogan, 2004). Aaker (2002) observed that brand identity provides a framework for the integration of the brand. Therefore, brand identity consists of a unique set of brand associations that the company works to create in the market. These associations portray what the brand is and its associated promises to the customers. Thus, Kostehjk and Erik (2008), maintains that the essence of every brand is to create a unique identity in the market – which suggest that companies should create brands that are strong, powerful, desirable and unique and should be formulated based on three qualities of a good brand, namely; durability, consistency and realism. Again, scholars such as Silverman (2001) and Taylor, *et. al.*, (2004) had categorically stated that brand satisfaction along with brand commitment have a mediating role in creating customers loyalty. According to them, strong brands create more brand satisfaction which leads to brand commitment and eventual loyalty.

2.2. Customer Loyalty

Customer loyalty suggests a commitment to doing business or repurchase a brand of an organization on a continuous basis. Thus, scholars such as Allama and Aymanh (2001) described customer's loyalty as a strong commitment to repurchase a company's product or services despite potential distractions from competitors. In a more succinct sense, it is defined as a repeat buying behaviour of a product or brand. Thus, scholars enumerate the benefit of loyal customers to include; reduce customer insensitivity to price change, acquiring life-time customers value, reducing cost of new customers acquisition and overall reduction in marketing expenses.

Abdulahi (2008; 2009) and Ibok (2012) described customer loyalty as an investment that has long term enduring effect on the performance of corporate organisations. Of course, Akpan (2011) described customer loyalty as an asset acquired by a firm after a careful and dedicated effort in the market place. Accordingly, Beerli, Martin and Quintana, (2004) defined the concept of customer loyalty as a deep or strong commitment to repurchase a product or service of an organisation in the future despite potential impact of marketing efforts by competitors.

Oliver (1999), therefore described by mere definition that the concept of loyalty is a deep commitment to repurchase or support the preferred product or service in the future even in the face of confronting situational influences of competing organisations.

Richard and Jones (2008) maintain that for a firm to achieve sustainable customer loyalty, it must always strive to go beyond customer expectations. Rychid (1996) expressed the benefits of customer loyalty as long term and cumulative, which reduces marketing cost and increases revenue growth per customer, decrease operational cost, increases referrals as well as providing more competitive advantage.

2.3. Brand Satisfaction

Customers satisfaction with a brand had been described by Kotler (2005) as the degree of actual performance of a product or brand in satisfying customer's expectations. Janal and Maser (2002) define customer satisfaction as after purchase sense or attitude of the customer towards a product or service. Hence, Beerli and Quintana (2004), concludes that brand satisfaction is the positive emotion about product or service. Thus, emotions are created by satisfying or exceeding customer's expectation or overriding product performance. Therefore, the degree of brand satisfaction or dissatisfaction depends on the relationship between customer's expectations and product or brand performance (Dadkhah, 2009). Thus, it can be concluded that there is a positive relationship between brand satisfaction and attitude loyalty (Bunnett, *et. al.*, 2007). Hence, it is the motivation to re buy based on past experiences. This therefore suggests why Oliver (1999) maintained that brand satisfaction leads to loyalty and also decreased switching behaviour among customers.

2.4. Brand Commitment

Commitment refers to the sustainable effort by a customer to continue the buying relationship with a firm. Thus, commitment is the continuous warm and enjoyable feeling of a powerful emotion toward a brand. Hence, commitment can either be emotional or continuity commitment. Thus, there is a significant relationship between emotional commitment and the brand name (Aysel, 2012). Emotional commitment refers to the deep belonging towards a brand. This therefore suggests that commitment is a powerful personal feeling based on the identification of shared brand values. Thus, Eris (2012) in their study found that brand satisfaction influences emotional commitment positively and that brand trust influences emotional and sustainable commitment. Therefore, based on these variables, we conceptualised that customer loyalty is estimated to be a function of brand identity which is mediated by the forces of brand satisfaction and commitment. Hence, represented in figure 1 as follows:

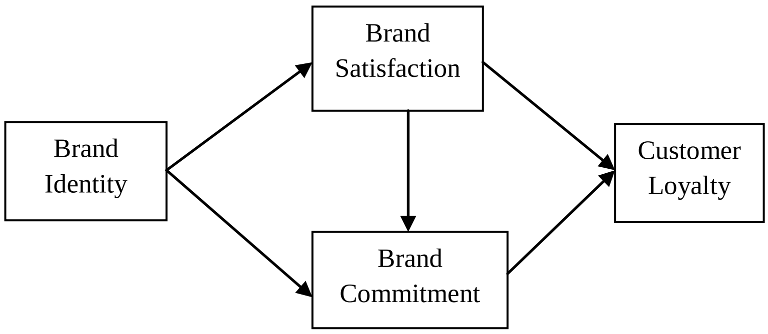

Fig1. *Schematic Framework of the Proposed Model*

2.5. Relationship between Brand Identity and Customer's Loyalty

It has been established that brand identity has significant positive relationship with customer loyalty. This is evidenced in the works of; (Ismeril, and Spinelhi, 2012; Alire, 2007; Beerli, Martins and Quintana, 2004; Behabadi, 2009; Gee, Coates and Nicholson, 2008; Richards and Jones, 2008; McCormack and Cogan, 2004). Similarly, Sweeney and Swait (2008) in their study found negative relationship between brand credibility and customer loyalty. However, contrary to this finding, the studies conducted by Tajzadeh, Abolfazi, Taizadeh and Ayadin, (2010) found no significant relationship between brand commitment and customer loyalty. In the studies carried out by Jahl, Vand, Reza and Neda (2012) and Erik, (2008); it was found that a negative relationship exist between satisfaction and commitment. On the contrary, the studies by Smeeney and Swait (2008); and Jaizadeh, *et. al.,* (2010) revealed that customer's satisfaction has positive relationship with loyalty, which consequently influences profitability. Eris, *et, al.* (2012) in their study found evidence that there is a significant relationship between emotional commitment and re-purchase intention and loyalty; while Taylor, *et. al.,* (2011) on their part investigated the effects of brand experiences, trust and satisfaction on brand loyalty and came to the conclusion that brand experience, satisfaction and trust were significant determinants of brand loyalty. Therefore, it could be inferred from all these studies that the stronger the brands are perceived by customers in the market, the better the image of the brand, because stronger brands would lead to customer satisfaction which in turn would lead to customer commitment and eventual sustainable loyalty behaviour.

In developing economies like Nigeria and the telecommunication industry in particular, there is difficulty of establishing customer satisfaction.Telecommunication companies may have to increase or improve their corporate identity which is a form of brand in order to attract and retain their committed customers and keep them loyal. This may be one of the reasons why Taylor, *et. al.,* (2004) stresses the importance of brand equity to customer loyalty. As much as possible, customers' inertia should not be allowed because it may lead to retention problems which may also lead to the total collapse of the business. Therefore, in businesses where customers retention is not treated importantly, there is possibility of having defected customers which will eventually have negative effect on sustainable marketing programmes. Based on all these we postulated that:

Ho: Brand identity has no significant positive relationship with customer loyalty in the Nigerian telecommunication industry.

3. RESEARCH METHODOLOGY

Survey method was adopted in this study. Data were obtained through the use of a well structured questionnaire. The questionnaire items were adapted and modified to suit our context from the works of Yeo and Youssef (2010); Kim and Hyun (2010; Walsh, *et. al.*, (2006), Palmatier, *et. al.,* (2007); Hsu, *et. al.,* (2006); Tsai, (2011) and Ehigie (2006). The response to each of the statements was on a 5 point Likert ordinal scale. Four telecommunication companies operating in AkwaIbom State were used for the study. These were; MTN, Airtel, Etisalat and Globacom. Through purposive, convenience and quota sampling techniques, a total of two hundred and forty (240) respondents were selected for the study; with sixty (60) respondents representing each company. Participation was clearly voluntary. However, thirty three were incorrectly filled and so they were dropped in the final analysis leaving a total of 207 customers representing 86 percent. Pearson Product Moment Correlation and Simple Linear Regression models were used for data analysis. However, to test for validity and reliability of the research instruments, the content validity of the questionnaire items were verified by two academics with expertise in the field and some telecommunication staff and after that a few telecommunication industry customers who are not part of the study were served with the instrument to get their opinions on the clarity of the questions in terms of wording and meaning. Their comments were incorporated into the final draft of the instrument. The objective of this test was to confirm that the items were understandable and unambiguous. The questionnaire was modified on the basis of comments received during the pre-test. Also through split half method of reliability test, using Cronbach's alpha, the results indicate Cronbach's reliability value or coefficient of 0.84 and 0.87 for customers loyalty and brand identity respectively. These values are above the internal consistency threshold as suggested by Guberford (1965). The result is presented in table 1.

Table1. *Reliability Test of Research Instrument*

Variables	No. of Items	Cronbach's Coefficient
Brand Identity	8	0.87
Customer Loyalty	10	0.84

4. ANALYSIS, RESULTS AND DISCUSSIONS

A total of two hundred and forty copies of the questionnaire were distributed out of which two hundred and seven were received in useable form giving a response rate of 86 percent. Their responses were coded and transformed accordingly; and the results of the analysis presented as follows in tables 2 and 3.

Table2. *Model summary of the linear regression analysis of the relationship between brand identity and customer loyalty*

Model	R	R. Square	Adjust R. Square	Std. Com of the Estimate	R Square Change	F.	DF. I	DF. 2	Sig. F.	Durbin Watson
1	.507*	.257	.254	57142	.257	71.009	1	205	.000	1.523

(a) Predictor (constant) Brand identity

(b) Dependent variable: Customer loyalty.

Table3. *ANOVA (Analysis of Variance)*

Model	Sum of Square	Df	Mean Squares	F.	Sign.
Regression	23.186	1	23.186	71.009	.000*
Residual	66.938	205	.327		
Total	90.124	206			

(a) Predictor (Constant) Brand Identity

(b) Dependent Variable: Customer Loyalty.

The regression analysis indicates that the result was significant at 5% confidence level with F-value of 71.01. The coefficient of determination was found to be 0.257 indicating that the independent variable brand identity accounts for about 26% of the variation in the values of the dependent variable (customer loyalty). The result was found to be positive and significant with a t-value of 8.43% at 5% confidence level. The result revealed that brand identity is a significant predictor of customer loyalty in the Nigerian telecommunication industry.

We tested our model and found out that brand identity significantly affect customers loyalty. The result indicates positive relationship, which is in agreement with previous studies such as Behabadi(2009); Ercis, (2012); Geuens, *et. al.*,(2009), Kapfer, (2006) and Sweney and Swart, (2008). Results show that brand identity is an essential ingredient of continued patronage. This finding is suggestive that brand identity has influence on customer loyalty and in which the customer in addition to being loyal can serve as a company advocate, maintain a strong relationship with the firm and could lead to more loyalty to a particular service provider because of brand credibility. The regression results show that brand identity has positive relationship with customer loyalty, which means that as brand identity becomes stronger, customer loyalty to the brand will also increase. The coefficients of the regression equation however show that an increase in brand image or identity will also increase customer loyalty to the brand simultaneously. If aggressive brand identity management is pursued by telecommunication companies as a culture, then customers' loyalty will increase at a higher rate everything being equal. Hence, there is need to pay attention to identity management as well as loyalty programme in a firm. If aggressive brand identity management and loyalty programmes are pursued then frequent brand switching of service providers will reduce drastically. The coefficient of determination (r^2) is 0.257. This means that brand identity can explain for 26% variation in customers' loyalty behaviour of telecommunication customers in Nigeria while the rest 74% of the variation will be explained by other factors which are not accommodated in the model. The adjusted R^2 however show that the model is averagely fit in explaining the relationship between brand identity and customer's loyalty behaviour of telecommunication customers in Nigeria. This is in agreement with the opinion of Kapfer (2006) who observed that a well designed and effective brand identity has a significant contribution on profitability and liquidity positions of firms.

5. CONCLUSION AND IMPLICATIONS

In conclusion, we have been able to establish that there is a strong positive and significant relationship between brand identity and customer's loyalty in the context of telecommunication industry in Nigeria. The implication of the findings in this study is that, it has helped to strengthen the argument that customer loyalty in the telecommunication industry is also influenced by their brand identity. Thus, mere incentives being offered by almost all the telecommunication companies in the country may not lead to loyalty behaviours unless customers are convinced about the benefits of becoming loyal and committed customers. This requires a shift in focus from mere provision of incentives to building identity. This would require an all round image and identity re-engineering in the areas of call rate, poor network, breaking network, hidden charges, poor customer service amidst launching various customer retention and loyalty programmes that will induce continued and sustainable patronage of the firm. Thus, we believe that given the right boost and appropriate climate, we may see a churn of dedicated, satisfied, committed and loyal customers in this growing and enterprising industry.

6. LIMITATION AND FUTURE RESEARCH DIRECTION

The relationship so investigated in this study may deserve further research. A major limitation of this study is the simplistic (categorization of the sampled respondents from only one service industry of a developing economy, therefore further research in other sectors may be necessary before generalisation can be made on the entire service industry. The implication here is that future research should try to replicate this study in other industries and countries, possibly with larger samples than the present study. More importantly, the influence of the mediating variables – brand satisfaction and brand commitment on brand loyalty should also be explored using both intra and inter sector analyses. Caution must also be exercised in drawing cause-effect inferences from the study because of the use of cross sectional data. The use of cross sectional data limits our ability to rule out alternative causal inferences. Studies of this nature involving dynamic processes may require a temporal focus thus making longitudinal designs more appropriate. Therefore, we suggest that a future research agenda should explore the interaction between brand identity and customer loyalty in other industries, as well as develop other relevant interactions.

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APPENDIX

Table4. *Descriptive Statistics*

Variables	Mean	Std. Deviation	N
Customer loyalty	2.8164	.66143	207
Brand identity	3.7106	.46235	207

Table5. *Correlation between Customer Loyalty and Brand Identity*

Variables	**Customer Loyalty**	**Brand Identity**
Person correlation:		
Customer loyalty	1.000	.507
Brand identity	.507	1000
Sig. (1 tailed test)		
Customer Loyalty		.000
Brand Identity	.000	
N. Customer Loyalty	207	207
Brand Identity	207	207

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The Effect of Human Resource Management Practice on Organizational Performance of Bank Employee in Punjab National Bank (PNB)

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Abstract: *The research study empirically evaluated the nine Human resource Management (HRM) practices (general climate, OCTAPACE culture, selection, job definition, career planning, employee participation, performance appraisal system, training and compensation) and their impact on perceived organizational performance in the Punjab National Bank. The sample consists of 11 managers and 33 subordinates working in different branches in Jammu and Kashmir. The findings indicated that there is significant impact of HRM practices on organizational performance. Finally, this research study depicts the limitation and future research directions.*

Key words: *HRM Practices, OCTAPACE culture, Organizational performance, PAS and PNB.*

1. Introduction

The people who make up an organization -human resources- are considered to be one of the most important resources of today's firms. People and how they are managed are becoming more important because many other sources of competitive success are less powerful than they used to. Recognizing that the basis for competitive advantage has changed is essential to develop a different frame of reference for considering issues of human resource management and strategy. Traditional sources of success such as product and process technology, protected markets, economies of scale, etc. can still provide competitive leverage but an organization's human resources are more vital for its sustainability.

Human resources are considered an asset that is most important to organization, but not all organizations utilize its potential. Lado and Wilson (1994, p. 701) define a human resource system "as a set of separate but interconnected processes, activities & functions, that are focused towards attracting, developing, retaining & maintaining an organization's human resources." Traditionally, successful management of this system has gained more attention from service organizations than from manufacturing organizations. Very sophisticated processes & technologies as well as extremely innovative manufacturing practices alone cannot enhance operational performance of an organization until and unless the required HRM practices are put in place to create a consistent techno-social system. It is due to this reason; manufacturing organizations must vigilantly and cautiously assess their HRM practices and amend them, in order to enable employees to contribute towards improvement on operational performance.

The main aim of this study is to explore the effect between HRM practices and organizational performance of Punjab National Bank as well as examining whether there is a positive impact of HRM practices on organizational performance.

2. Research Objectives

The study focuses on various HRM practices in the PNB. In addition to this the study finds out the relationship between HRM practices and organizational performance.

3. Hypothesis

- HRM practices have significant association with organizational performance.
- HRM practices have significant impact on organizational performance.

4. REVIEW OF LITERATURE

By definition, human resources are people that are employed in an organisation to carry out their daily duties in exchange for wages, salaries or rewards (Denisi and Griffin, 2005). Human resources are ways and means to achieving competitive advantage because of its unique capability to convert the other resources (money, machine, methods and material) into output (product/service). A competitor may imitate resources like capital & technology but the human resource are unique. According to Khatri (1999), people are the single most important factors providing adaptability & flexibility to organizations. Rundle (1997) argues that we need to keep in mind that people are the adaptive mechanism that will determine how the organization will respond to the competitive environment.

Many scholars have reasoned that managing people is not as easy as managing capital or technology (Barney, 1991; Lado and Wilson, 1994). However those organizations that have learnt how to manage their human resources well would have an edge over others for a long time to come because acquiring and deploying human resources effectively is cumbersome and takes much longer (Wright et al., 1994). On one hand, human resource management (HRM) is the formal system that includes philosophy, policies, and practices in an organisation to ensure that it effectively utilises the knowledge, skill, abilities, and other characteristics of the employees to achieve the organisational goals (Pynes, 2009). Proper management of human resources can provide a competitive advantage for organisations to compete in their respective industries. Human resource practices such as the recruitment and selection, training and development, compensation and benefits, retention, evaluation and promotion of employees, and labour management relations are the practices that have always been carried out and have become key elements in an organisation. It is important for the organisation to recruit the right people to fill up available vacancies in order to attain the standard needed in delivering the required quality of services and products (Hayes and Ninemeie, 2009).

The notion of "modern HRM practices" has nowadays become an accepted mode of referring to high level decisions, multiple communication channels, high compensation and benefits systems, often linked to multiple key performance indicators (KPIs), and other practices that either collectively or individually deployed to achieve high degrees of organizational performance (Zenger and Hesterly, 1997; Ichniowski et al., 1997; Teece, 2007; Colombo and Delmastro, 2008). In this context, Guthrie (2001: 181) postulates that: "The common topic in this literature is an importance on utilizing a system of management practices providing employees with skills, motivation, information and latitude which results in a workforce that provide competitive advantage to the organization."

4.1. Organizational Performance

After reviewing lot of literature on HRM & HR practices it becomes equally important to have an insight into the conceptual understanding of organizational performance. Performance is a set of financial and nonfinancial indicators which offer information on the degree of achievement of objectives and results (Lebans & Euske 2006 after Kaplan & Norton, 1992). Organizational performance is generally indicated by effectiveness (whether an organization can achieve its objectives), efficiency (whether an organization uses resource properly), satisfaction of employees and customers, innovation quality of products and services and ability to maintain a unique human pool (Delaney and Huselid, 1996; Dyer & Reeves, 1995; Guest 2001; Katou & Budhwar 2007). The ultimate goal of a business organization is higher financial performance or maximisation of wealth for stake holders (Becker & Huselid, 1998; Horngren, Foster, & Datar, 2000). Nonetheless, attaining the organization's goals depends upon the extent to which its organizational performance is reached (Katou & Budhwar, 2007).

4.2. Relationship between HRM Practices and Organization Performance

HRM practices improve organizational performance. Rondeau and Wager (2001) examined the co-relation between HRM practices, workplace climate & perceptions of organizational performance, in a large sample of Canadian nursing homes. The study found that nursing homes, which had implemented more 'progressive' HRM practices, had a general tendency to perform better on a number of valued organizational outcomes. Chand & Katou (2007) conducted a study to investigate if some characteristics of hotels affect organizational performance in the hotel industry in India; & to examine if some HRM systems affect organizational performance .Their study revealed that hotel performance is positively associated with hotel category, type of hotel & hotel performance is directly related to HRM systems of recruitment & selection, manpower planning, job design, training &

development, quality circle & pay system. **J**oseph & Dai (2009) in their studies found that there is a direct relation between HRM practices & organizational performance; that alignment of HRM is also a driver for organization's performance.

The core elements of HRM practices consists of General climate, OCTAPACE culture, selection, job definition, career planning, employee's participation, performance appraisal, training and compensation. An attempt was made to through some light on the above mentioned areas of HRM practiced linked with the present research study:

4.3. General Climate

A general climate is one where the management helps its employees out of their way besides treating them as the most important assets of an organization. At the same time, positive policies and the interest of the management to invest time and money on employees help in creating good climate in the organization. In addition to above if seniors support and trust their juniors and show equal concerns to their problems a good general climate exists in these organizations.

4.4. OCTAPACE Culture

The OCTAPACE items characterized by the occurrence of openness, confrontation, trust, authenticity, pro-activity, autonomy, collaboration and experimentation are valued and promoted in the organizations. Openness can be defined as spontaneous expression of feelings and thoughts and receiving feedback and information without defensiveness of fear of retribution. Confrontation brings problems and issues to the surface for solution, rather than hiding them under the carpet for fear of hurting or getting hurt. Trust in simple terms means "taking people at face value and believing what they say". Authenticity reflects the tendency of people to "walk-the-talk" meaning that they will do what they say. Proactive encourages employees to take initiative and risks without being prompted and supervised**.** Autonomy allows people to work independently with responsibility. Collaboration recognizes interdependencies and the value of teamwork.**.** Experimentation is using and encouraging innovative approaches to solve problems and using feedback for continuous improvement.

4.5. Selection

Selection involves matching the requirements of a job with attributes of candidates. This is facilitated by drafting a 'person specification' defining the background, education, training, personality and other characteristics of the ideal candidate. The person described may not exist, but the process of drafting a person specification creates a standard against which candidates can be compared (Boertist and Mojboom 1989). To sustain the competitive advantage an organization needs talented and skilled workers. Huselid (1995) has found that organisational productivity and high performance depends on the selection of the right person, which is also a key element to reduced turnover.

4.6. Job Definition

According to Tracey,(1998), Job definition is the written format "duties and tasks a single worker is expected to perform" In every organization, job definition helps management to define task, authority and systems will be organized and integrated across organization units and in individual jobs. Job definition is generally a combination of job description and job specification.

4.7. Career Planning

In human resource management, career planning aims to identify needs, aspirations and opportunities for individuals' career and the implementation of developing human resources programs to support that career. According to Edgar Schein career planning (Manolescu, 2003) is a continuous process for an individual to develop his own occupational concept as a result of skills or abilities, needs, motivations and aspiration.

4.8. Employee Participation

Participation has been defined as a process which allows employees to exert some influence over their work and the conditions under which they work (Heller, Pusic, trauss and Wilpert, 1998) or alternatively, as a process in which influence on decision making is shared between hierarchical superiors and their subordinates (Wagner and Gooding, 1987). Newstrom and Davis (2004), cited in Bhuiyan (2010), describe participation as a mental and emotional involvement of people in group situations that encourages them to contribute to group goals and share responsibility for them. It is social processes by which people become self- involved in an organization and want to see it work successfully.

4.9. Performance Appraisal

Performance appraisal is a process of inspecting and evaluating an individual's performance in his duty to facilitate the decision of career development of the individual. It evaluates the individual overall contribution to the organization through assessment of his internal characteristics, working performance and his capability to pursue higher position in organization (Gruman & Saks, 2011). Performance appraisal consists of a framework of planned goals, standards and competence requirements and plays an important role in integrating the individual's needs with the organizational needs (Saraswathi, 2010).

4.10. Training

In this competitive world, training plays an important role in the competent and challenging format of business. Training is systematic development of the knowledge, skills and attitudes required by an individual to perform adequately a given task or job. Flippo, (1984) "Training is the act of increasing knowledge and skills of an employee for doing a particular job."

4.11. Compensation

Compensation is an integral part of human resource management which helps in motivating the employees and improving organizational effectiveness. According to Bob, (2011) Compensation processes are based on Compensation Philosophies and strategies and contain arrangement in the shape of Policies and strategies, guiding principles, structures and procedures which are devised and managed to provide and maintain appropriate types and levels of pay, benefits and other forms of compensation.

5. RESEARCH APPROACH AND METHODOLOGY

The main components of research methodology that will be adopted for conducting the research are highlighted as under:

- A comprehensive study of primary and secondary sources was done so that authentic and relevant data can be collected and analyzed in order to understand the research problem for the sample study organization.
- Study of annual reports, booklets, survey reports and other records and documents of the organization's under study.
- Well framed and systematic questionnaire was prepared to elicit the required information from the managers and other cadre of the sample study organizations.

6. SAMPLE SIZE

The respondents were selected on the bases of simple random sampling method (SRSM). Thus, the total sample taken for the present study was 44, out of which 11 were managers and 33 were subordinates.

7. INDEPENDENT VARIABLE

The following Independent variables that contribute significantly to organizational performance: GC: General climate, OC: OCTAPACE Culture, S: Selection, JD: Job definition, CP: career planning, EP: employee participation, PA: performance appraisal, T: training and C: compensation.

8. DEPENDENT VARIABLE

Organizational performance as perceived by employees**.**

9. SELECTION OF SAMPLE STUDY ORGANIZATION

PNB was established on May 19, 1894. The founding board was drawn from inverse parts of India constituting of different faiths and a varied background. However, the common objective was to provide people of India with a truly national bank which would keep economic interest of the country as a top-most priority.

The Bank started business on 12 April, 1895. The first Board of Directors, comprised of veterans like i) Sardar Dayal Singh Majithia, who was also the founder of Dayal Singh College and the Tribune; ii) Lala Lalchand one of the founders of DAV College and President of its Management Society; iii) Kali Prosanna Roy, eminent Bengali pleader who was also the Chairman of the Reception committee of the Indian National Congress at its Lahore session in 1900; iv) Lala Harkishan Lal who became widely known as the first industrialist of Punjab; v) EC Jessawala, a well known Parsi merchant and partner of Jamshedji & Co. of Lahore; vi) Lala Prabhu Dayal, a leading Rais, merchant & philanthropist of Multan; vii) Bakshi Jaishi Ram, an eminent Civil Lawyer of Lahore; and viii) Lala Dholan Dass, a great banker, merchant and Rais of Amritsar. Thus a Bengali, Parsi, a Sikh and a few Hindus joined hands in a purely national and cosmopolitan spirit to lay a stong foundation of this Bank which opened its doors to the public on 12th of April 1895. The commitment of Board of Directors towards the bank was exemplary. They managed the bank with a Missionary Zeal. Sh. Dayal Singh Majithia was the first Chairman, Lala Harkishan Lal, the first secretary to the Board and Shri Bulaki Ram Shastri Barrister at Lahore, was appointed Manager. Keeping the importance of HRM practices in bank the PNB was taken for study.

10. Findings and Analysis Employees View's on HRM Variables in PNB

Table 1.1 and 1.2 presents the mean score, percentage of mean score of various variables of HRM used in present study which determines the manager's and subordinate's perception towards the overall HRM practices in the PNB. The Table 1.1 indicates that the mean values and percentage to mean score ranges between 2.45(36.25%) and 4.82(95.5%) in case of managers of PNB. The table 1.2 reveals that the mean value and percentage of mean score ranges between 2.76 (44.00%) and 4.61(90.25%) in case of subordinates of PNB. It is imperative to note that higher mean values or higher percentage of mean scores linked across the variables HRM indicates that these variables are perceived to be superior and effective and lower mean values or lower percentage of mean scores across the managers and subordinates have poor opinion about the effectiveness of HRM variables. To continue with the same, the table 1.1 also depicts that the perception of managers in the JK bank towards various components of HRM. It can be interpreted that only 46 out of 52 statements have crossed 60% level of satisfaction among the managerial staff of JK bank rest are less than 60%. The table 1.2 depicts the perception of subordinates of JK bank towards the various components of HRM. it can be interpreted that only 36 out of 52 statements have crossed 60% level of satisfaction and rest are below 60%. It reveals that managers are having more favorable perception towards the existing HRM practices in the PNB than subordinates. Higher the level of satisfaction towards HRM practices among the employees means good perceived organizational performance.

Table1.1. *Perceived View of PNB Managers on HRM practices*

Statements	**PNB Managers(N=11)**		
	Mean Score	**Percentage of Mean Score**	**Std. Deviation**
General climate(GC)			
GC1	3.73	68.25	1.191
GC2	4.09	77.25	1.044
GC3	3.91	72.75	1.221
GC4	3.82	70.50	0.982
GC5	4.09	77.25	0.539
GC6	4.00	75.00	0.775
GC7	4.09	77.25	0.831
OCTAPACE Culture(OC)			
OC1	3.73	68.25	1.009
OC2	4.18	79.50	0.405
OC3	4.09	77.25	0.831
OC4	3.18	54.50	0.874
OC5	4.09	77.25	0.539
OC6	4.45	86.25	0.934
OC7	4.36	84.00	0.674
Selection(S)			

S1	4.45	86.25	0.934
S2	3.91	72.75	1.221
S3	4.82	95.50	0.603
S4	4.64	91.00	0.674
S5	4.64	91.00	0.505
S6	4.18	79.50	0.751
Job Definition(JD)			
JD1	4.45	86.25	0.522
JD2	4.36	84.00	0.505
JD3	4.27	81.75	0.467
JD4	3.64	66.00	0.809
Career Planning(CP)			
CP1	4.55	88.75	0.688
CP2	3.91	72.75	0.944
CP3	3.73	68.25	1.104
CP4	3.91	72.75	0.701
CP5	4.27	81.75	0.905
CP6	3.64	66.00	0.505
CP7	4.00	75.00	0.775
Employees Participation(EP)			
EP1	3.18	54.50	0.982
EP2	2.91	47.75	0.944
EP3	3.82	70.50	0.751
Performance Appraisal(PA)			
PA1	4.18	79.50	0.603
PA2	4.27	81.75	0.647
PA3	3.73	68.25	1.104
PA4	4.00	75.00	0.894
PA5	4.00	75.00	0.775
PA6	4.00	75.00	0.775
PA7	4.18	79.50	0.603
Training(T)			
T1	4.36	84.00	0.505
T2	3.36	59.00	1.120
T3	3.45	61.25	1.036
T4	4.00	75.00	0.447
T5	3.64	66.00	0.809
T6	4.09	77.25	0.831
Compensation(C)			
C1	3.73	68.25	0.647
C2	3.73	68.25	0.647
C3	2.82	45.50	0.603
C4	2.55	38.75	0.688
C5	2.45	36.25	1.036

Table1.2. *Perceived View of PNB subordinates on HRM practices*

Statements	**PNB Subordinates(N=33)**		
	Mean	**Percentage of Mean Score**	**Std. Deviation**
General climate(GC)			
GC1	2.76	44.00	1.458
GC2	3.42	60.50	1.091
GC3	3.42	60.50	1.173
GC4	3.09	52.25	1.208
GC5	3.76	69.00	0.867
GC6	3.58	64.50	1.032
GC7	3.48	62.00	1.121
OCTAPACE Culture(OC)			
OC1	3.52	63.00	1.004
OC2	3.76	69.00	0.830
OC3	3.36	59.00	1.141
OC4	3.06	51.50	0.899

OC5	3.61	65.25	0.998
OC6	4.09	77.25	0.879
OC7	4.15	78.75	0.939
Selection(S)			
S1	3.79	69.75	0.927
S2	3.70	67.50	0.918
S3	4.06	76.50	0.933
S4	3.91	72.75	0.980
S5	3.76	69.00	1.146
S6	3.85	71.25	0.870
Job Definition(JD)			
JD1	3.67	66.75	1.051
JD2	3.76	69.00	0.902
JD3	3.73	68.25	0.876
JD4	3.70	67.50	0.951
Career Planning(CP)			
CP1	3.94	73.50	0.966
CP2	3.58	64.50	0.867
CP3	3.55	63.75	1.175
CP4	4.39	84.75	5.080
CP5	3.67	66.75	1.109
CP6	4.61	90.25	8.937
CP7	3.73	68.25	1.008
Employee Participation			
EP1	2.85	46.25	0.939
EP2	3.21	55.25	1.219
EP3	3.15	53.75	0.972
Performance Appraisal(PA)			
PA1	3.64	66.00	0.699
PA2	3.61	65.25	0.788
PA3	3.18	54.50	0.950
PA4	3.52	63.00	0.795
PA5	3.64	66.00	0.742
PA6	3.61	65.25	0.788
PA7	3.61	65.25	0.864
Training(T)			
T1	3.76	69.00	0.792
T2	2.94	48.50	1.059
T3	3.15	53.75	1.149
T4	3.73	68.25	1.039
T5	3.36	59.00	1.220
T6	3.67	66.75	1.051
Compensation(C)			
C1	3.39	59.75	0.998
C2	3.18	54.50	0.917
C3	3.27	56.75	0.944
C4	3.27	56.75	1.232
C5	2.94	48.50	1.171

Keeping the background in view, the present study has been conducted to study the relationship between HRM practices perceived organizational performance in the banking industry in India. The correlation coefficients clearly present the results of the current study. The inter correlation among different HRM practices and different measures of Organizational performance is studied organizational wise, as there are glaring differences in so far results of the study are concerned . Same has been analyzed in the following paragraphs.

The results of table 1.3 reveals that higher degree of positive correlation between various HRM practice variables such as 0.628 between General Climate and Performance Appraisal, 0.593 between Employee Participation and General Climate, 0.528 between Career Planning and Job Definition, 0.493 between Job Definition and General Climate, 0.465 between Performance Appraisal and Career

Planning, O.407 between Training and Performance Appraisal and positive correlation between various variables follows with the varying degree. The negative correlation exists between Selection and OCTAPACE culture (-0.054), Compensation and Selection (-0.071) and Compensation and Employee Participation (-0.100).

Table1.3. *Correlation coefficients among HRM practices in the managers of PNB.*

Variables		**GC**	**OC**	**S**	**JD**	**CP**	**EP**	**PA**	**T**	**C**
General climate(GC)	Correlation Coefficient	1.000								
	P-Value	.								
OCTAPACE Culture(OC)	Correlation Coefficient	0.381^{**}	1.000							
	P-Value	0.001	.							
Selection(S)	Correlation Coefficient	0.285^{*}	-.054	1.000						
	P-Value	0.020	0.668	.						
Job Definition(JD)	Correlation Coefficient	0.493^{**}	0.227	0.253	1.000					
	P-Value	0.004	0.205	0.155	.					
Career Planning(CP)	Correlation Coefficient	0.326^{**}	0.013	0.217	$.0528^{**}$	1.000				
	P-Value	0.004	0.911	0.079	0.002	.				
Employee Participation(EP)	Correlation Coefficient	0.593^{**}	0.215	0.056	0.293	0.219	1.000			
	P-Value	0.000	0.229	0.758	0.098	0.222	.			
Performance Appraisal(PA)	Correlation Coefficient	0.628^{**}	0.149	0.175	0.380^{*}	$.0465^{**}$	0.388^{*}	1.000		
	P-Value	0.000	0.195	0.160	0.029	0.000	0.026	.		
Training(T)	Correlation Coefficient	0.265^{*}	0.101	0.070	0.298	0.275^{*}	0.372^{*}	0.407^{**}	1.000	
	P-Value	0.031	0.420	0.578	0.092	0.026	0.033	0.001	.	
Compensation(C)	Correlation Coefficient	0.006	0.168	-.071	0.194	0.145	-.100	0.225	0.186	1.000
	P-Value	0.964	0.221	0.608	0.278	0.289	0.578	0.099	0.174	

From table 1.4, it is evident that all the thirty six correlation coefficients are positive, suggesting thereby that HRM practices and organizational performance are closely related, with varying degree of significance. The highest association of 0.488 is perceived between Job Definition and General Climate, 0.476 between Career Planning and Selection, 0.455 between Job Definition and Selection, 0.445 between Employee Participation and Career Planning, 0.405 between Training and Career Planning, 0.404 Training and General Climate and so on and are statistically significant. The lowest degree of positive correlation is 0.090 between Performance Appraisal and Job Definition and is statistically non-significant with p-value 0.377.

Table1.4. *Correlation coefficients among HRM practices in the subordinates of PNB*

Variables		**GC**	**OC**	**S**	**JD**	**CP**	**EP**	**PA**	**T**	**C**
General climate(GC)	Correlation Coefficient	1.000								
	P-Value	.								
OCTAPACE Culture(OC)	Correlation Coefficient	0.239^{**}	1.000							
	P-Value	0.000	.							
Selection(S)	Correlation Coefficient	0.381^{**}	0.315^{**}	1.000						
	P-Value	0.000	0.000	.						
Job Definition(JD)	Correlation Coefficient	0.488^{**}	0.282^{**}	0.455^{**}	1.000					
	P-Value	0.000	0.005	0.000	.					
Career Planning(CP)	Correlation Coefficient	0.351^{**}	0.378^{**}	0.476^{**}	0.268^{**}	1.000				
	P-Value	0.000	0.000	0.000	0.007	.				
Employee Participation(EP)	Correlation Coefficient	0.299^{**}	0.252^{*}	0.320^{**}	0.123	0.445^{**}	1.000			
	P-Value	0.003	0.012	0.001	0.225	0.000	.			
Performance Appraisal(PA)	Correlation Coefficient	0.357^{**}	0.242^{**}	0.258^{**}	0.090	0.346^{**}	0.295^{**}	1.000		

	P-Value	0.000	0.000	0.000	0.377	0.000	0.003	.		
Training(T)	Correlation Coefficient	0.404**	0.254**	0.336**	0.312**	0.405**	0.308**	0.342**	1.000	
	P-Value	0.000	0.000	0.000	0.002	0.000	0.002	0.000	.	
Compensation(c)	Correlation Coefficient	0.242**	0.180*	0.211**	0.321**	0.250**	0.181	0.210**	.356**	1.000
	P-Value	0.002	0.021	0.007	0.001	0.001	0.073	0.007	0.000	

The above results indicate that there is a correlation among the variables that were selected for the study. It is clear from the table that employees agree that HRM practices are well established and implemented in the PNB. These results can be considered as a good sign that different HRM practices are communicated and recognized by both managers as well as subordinates. It can be concluded that the results confirm positive relationship between HRM practices that indicates the level of satisfaction of employees towards HRM practices as hypothesized with varying degree of correlation. Above result also confirms that HRM practices have positive impact on organizational performance.

11. Conclusion and Suggestions

From the above discussion the present study indicates that there is a huge scope of improvement in various aspects of HRM practices in the sample study organizations. The overall pattern also suggests that the managers and subordinates have different belief towards HRM practices in the sample study organizations. The manager’s attitude towards the various issues of HRM practices is more positive than subordinates. This is evident from mean score, percentage of mean score, standard deviation, p-values and correlation. These discrepancies in beliefs must be avoided to develop a favorable HRM practices in order to improve organizational performance. The management of banks under study should adopt the organizational culture where people are open to discuss problems and encourage others to take initiatives. The management should execute appraisal system based on merits and performance of employees. The training system of organizations should be geared to design innovative and highly specialized programs as a measure to improve and provide skills, knowledge and expertise in functional areas. Further the HR managers should identify the employee's career needs and opportunities. The managements should focus more on valid and standardized tests in the selection process. Further for handling employees efficiently it is highly recommended to involve them in decision making. The management of banks under study should also provide suitable welfare facilities like compensation in such a manner that employees take active interest in their jobs and work with the feeling of involvement and satisfaction which secure the benefit of high efficiency and improves the organizational performance.

12. Limitation and Direction for Future Research

The study was limited to investigate the impact of HRM practices on organizational performance in PNB. Further investigation in other types of bank may provide additional insight into the findings of this research study. Extra research is suggested to be done longitudinally in order to assess the impact of HRM factors over time.

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Bank and Leadership Role Strategies in Nigeria Deposit Money Banks

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Abstract: *The Nigerian banking industry has been facing stiff competition for the past decades with different structuring strategies and reforms to ensure stability and meet the global standard. All the banks in the Nigerian banking institutions are effectively and efficiently competing to be a market leader. Some banks are already seen as market leaders, challenges, some market niche. The fidelity bank pic wants to use all necessary strategies of moving from challengers to leaders. There are a lot of internal factors external factors and the consumer behaviour is also a factor. It is discovered that the size of the competitors, the level of knowledge of each company, the channel of distribution, the abilities and weakness of the companies in the market is very necessary. The attitude of consumers, factors that makes customers choice of banks and also customers loyalty to banks will understood. The economic factors, the political environment, social and cultural environment, technological development are major challenges. It is very necessary therefore that a company that wants to lead the market should conduct adequate survey to understand both the internal, external and the behaviour of consumers in the market. Conclusion is made that marketing strategies should be the best approach to lead the market. Recommendations were made that marketers should understand the market, conduct research, understand their consumers and the ethics of their profession and adopt a strategy that will help them be a leader in the market.*

Keywords: *Leadership, Banks, Strategies, Depositor, Market.*

1. Introduction

The Nigerian banking industry started in 1890s'. It was the colonial masters that introduced modem banking in Nigeria. From the introduction of modem banking to the present date, the Nigerian banks have witnessed different structural changes and because of the volality of the banking industry, it is the most regulated. Reasons for the regulations is to protect the interest of the depositors, maintain equity and because of their economic role in national development. There are different types of banks that exist in the market, such as micro finance banks, money deposit banks and merchant banks as reintroduced by Sanusi Lamido Sanusi, the CBN governor. Banks because of their stiff competition are faced with a lot of challengers. Some old banks, have already dominated the market, some are challenges to the leaders, some are followers and some nichers. Fidelity banks wants to adopt some strategies that will make them be among the market leaders, this work therefore wants to look at the various strategies that the bank will adopt and the problems they will face at adoption and what will be the prospects of such strategies, if efficiently implemented, that it is the objective of the work.

2. The Concept of Banking

The concept of banking can be traced to Gold Smith, when he started collecting money for deposit and realized that some of the depositors do not collect them at the same time, he decided to give out some as loan with interest (Cyole, 2000). Interest rate sends signals to lenders, borrowers, savers and investors. Banking in its own has no particular definition. This is because banking can be seen as a profession, and institution, keeping deposit and other important documents. Rather, a banker was defined in bill of exchange Act 1958 that a banker includes a body of persons whether incorporated or not who carry out the business of banking. Pagets (1972) Doyle, 1972 Hart (1931) all were given various definitions of a banker not banking.

Today, the banking industry mobilizes savings from households, individuals and pay them interest and then give out part of the savings to investors at higher interest rate. Efficient financial intermediation is an important factor in economic development process as it has implication for effective mobilization of investible resources (Nwite, 2009).

3. Historical Development of Banking Industry

Banking is an institution for keeping, lending and exchanging etcetera of money. It is a moneybox for savings, a stock of money, fund or capital in game of hazard, (Odo^ 2004). The history of banking development in Nigeria can be traced back to 1890s. The African Banking Corporation was the first commercial bank that opened its first branch in Lagos in 1892, whose founder was Messrs Elder Dempsters and Co. a shipping firm based in Liverpool. This bank encountered different initial difficulties and eventually decided to transfer its interest to elder Dempster and Co in 1893; this led to the formation of new bank known as British Bank of West Africa (BBWA) in 1893 with the initial capital of £10,000 which was later increased to £100,000 the same year. The British Bank of West Africa (BBWA) was the first surviving bank in Nigeria and registered in London as a Limited Liability Company in March 1894, and the same year other branches started springing up.

The Barclay Bank Dominion Colonial and overseas (BBDC) was established in Lagos in 1971 now Union Bank of Nigeria PLC. Another bank, the British and French Bank in 1949, now called United Bank of Africa PLC was established in 1949 making it the third expatriate banks to dominate early Nigerian Commercial Banks. The foreign banks came principally to render services in connection with international trade, so their relation as at that time was with company and with the government. These three banks control closed up to 90% aggregate bank deposits from 1914 to early 1930s, several abortive attempts were made to establish locally owned foreign monopoly.

In Paton (1949), the indigenous sectors in 1929, industrial and commercial banks were set up by a handful of patriotic Nigerians. It folded up in 1930s due to their under capitalization, poor management, aggressive competition from expatriate banks (Emeka, 1999).

According to CBN (1990) many in indigenous banks were opened and later dissolved or collapsed between 1947 and 1952, a total of 22 banks were registered in Nigeria. However a figure as high as 185 banks were quoted from government records in 2000, but from 2005 till date after banking reform, 22 banks was left for operation and was licensed as commercial banks in Nigeria. Today, banking business or industry are licensed to operate as follows; Merchant bank, Commercial bank, specialized banks. The central bank of Nigeria repealed the universal banking operations in September 2010 therefore, directed all commercial banks to divert from non-banking business (Alawiye, 2011**).**

This reform measure effectively signaled the reversal of the universal banking operations in the banking industry and making banks to choose International, National or Regional banking licenses.

4. The Major Functions of Nigerian Banks

The reasons for existence of banks in Nigeria according to Orji (1998) are:

- **Infrastructural Development:-** Some facilities are very important in banking industry such as electricity, information technology and others, thus existence of bank give room for growth and development of these facilities where banks are located (Okoro; 2005)
- **To enhance economic growth and development:**A national bank encourages individuals to secure and also given them the opportunity to invest through purchase of bank share, fixed deposit and other investment (Orjih; 1996)
- **A safe place:** Banking institution provides a safe place for depositing cash and other valuables for safe keeping (Jhingan: 2004)
- **Availability of Industries:** The availability of industriesin Nigeria spread the growth of banking activities because most of these industries need the services of banks. Bank encourages provision of industries, which will enhance effective and efficient operation of business, this arose from loans granted to them (Olukoya; 2008).
- **Favourable Government Policy:** The enactment offavourable government policy(ies) on banking operation with the nation paved way for other policy(ies) enactment that will aid growth and development of the nation. (Jhingan: 2004).

- **Improvement in other sectors:**The improvement in other sectors of the economy like the oil and gas sub sector, agricultural sector etc was aided by banking industry (CBN: 2007)
- **Financing Customer's Activities:** Banks help in financing consumers services through loan advancement payment of services, money-gram etc which makes it possible now for them to engage in industrial activities.
- **Aid Government on Monetary Policies:** This is also another reasons for development of banking business in Nigeria. In tha.t it helps government on drafting out modalities on monetary policies like giving useful suggestions. It is also a source of income to the government. (CBN: 1993)
- **Local utilization of Deposits:** Local utilization of deposits by bank on development of the same locality also contribute to the reasons for development of baking industry (Orjih; 1996)

5. THE MARKET LEADERSHIP ROLE

A strategy as Agbo (2000) opines that it is a general programme of action and development of emphasis and resources towards the attainment of the overall objectives. It was borrowed from the military to management, marketing and other related sciences.

Nwite (2004) defines strategy as the determination of basic long term goals and objectives of an enterprise Chaudler (2000) also defines strategy as the adoption of causes of action and allocation of resources necessary to carry out these goals. There are different types of strategy.

- **Tactics:** What specific actions should be undertaken by whom and when. This involves deciding upon resources that will be used to help the organization to achieve its goals. It involves short time period.
- **Long time strategy:** This type of strategy looks at the objective of the firm and find ways of achieving such objectives. (Ikupolati, 2005).
- Programme strategy is a single use plan covering a relatively larger set of activities.

In formulation of marketing strategy, the organization have to look at the

- Market size, value, region, consumption pattern, distribution and competitive brand.
- Again, their market share in the market and how to move ahead (Murphy, 2000).
- Level of information and awareness of their product.
- The objective of the market which incorporates short and long term objective.
- The current media strategy like advertising and how effective is such strategy.

From this, the marketer will ask the following questions Median (1894) asked in strategic marketing

- Where are we now?
- Where do we want to be?
- How do we get there?
- How do we make it happen?
- Then, what next?

Fidelity bank knows that they are the major challengers in the market and wants to lead the market that is the place they want to be, what are the strategies for them to adopt to make it happen.

As a marketer, you must have certain qualities to enable you perform better.

6. QUALITIES OF A GOOD MARKETER

➢ Innate qualities:

Height is an important factors in effective marketing.

Height is implementing authority

Height, here is power of persuasion when interaction takes place in the market place.

Let us look at, the judge who sits on elevated platform so that he could sit in a position of authority.

In the church, the pulpit is the place of pastors.

In the offices, the visitors chair is always lower than that of the officers.

In companies, the topmost floor is always rescued for the management. Finally God created man and made his head on top of him and the head houses the brain that controls everything. A marketer should also be smart and agile. If a marketer is out of proportion, he will be looking out of the quality of a good marketer. A marketer should also have good communication skill.

Again, a good marketer must have the natural tendency of meeting people and always cheerful, wearing smile on her face. Smiling is contagious. It you meet a customer with a smile; he or she is bound to smile too.

A good marketer must have the ability to absorb shock.

If one cannot absorb shocks, then the alternative is to be rude to customers and the result is that you may loose him or her via, good height, good weight, communication, tendency of meeting people and the capacity of absorbing shock are very important factors.

- A good marketer should have attainable qualities such qualities are as follows;

- Persistency. See mosquito and the ear in the night and that should be the relationship between a customer and a marketer of banks.
- Patient and ability to listen to other people's view A good marketer should be a good listener.
- Empathy (Alymor, 1970) A good marketer must actually have knowledge of marketing segmentation and also know if the product will be useful to the user: Good communication skill is also very important in marketing of banking products.
- Ability to consummate failure as a challenge. It is a general adage that challenges are breakfast of champions. If a marketer is to be a champion, he should be ready to convert failure as challenge.
- A good marketer should always say the truth and not what is right.
- Good dressing culture and being simple and sharp, even does the marketing to the marketer.
- Ability to turn threats into opportunities. Every marketing environment is full of threats and opportunities. A good marketer should always try to reduce environmental threats into environmental opportunities.
- A good marketer must understand the company structure. The ownership structure is very important.
- The departmentalization of operations (Okehi, 2005).
- Communication channels.

- Knowledge of the company products is very important mostly this era of electronics banking. This must help you market better and answer some questions.

A good marketer must know their marketing strategies.

The banking industry today, the fidelity bank today is, in the challenger level.

A challenger is not that the firm is the second position but they are trying to be the leader in the market or take leadership position.

7. CONDITIONS WHICH WILL HELP BANK TO BE THE MARKET LEADER

Nwite (2004) opines that three major factors are necessary, and they are internal, external and consumer behaviour.

Nwite (2004) views were corroborated by Akintayo (2006) in his book on insurance marketing in

Nigeria.

➢ Internal factors are:

The components of the internal factors are ad follows The number of banks in the country The size of their competitors

The ease or difficulty of entrance of co-operation in the industry Level of knowledge each company has on their competitors The company's channel of distribution.

The understanding of the companies abilities and weaknesses The relationship among the different units of the industry

➢ Consumer behaviour:

- The perception of the public about the product.
- The ability to consume the products (income)
- The number of depositors and their level of deposits
- The awareness of the product
- Past experience with such product or similar products with consumers c. External factors Such external factors are

The economic environment the expenditure and resources available in the market and among consumers.

The political environment and also the regulatory environment. Like in Nigeria, the current banking reforms and structuring.

The social environment which incorporate culture, demography, agent of socialization eg. Families, school, religions, organization, social group. Technological environment. These refers to the level of knowledge and procedures available in the society to simply tasks.

8. The Problems of Some Strategies in the Banking Industry

Actually in any market, the aim is to win the interest of the general public and make more sales, have more sales volume, larger market shares and make more profits. But in most cases, it is not always so.

- First, most of the marketers do not understand the market.
- Some of them also do not understand the product they are marketing.
- Again, most of them do not have a good shock absorber.
- Some of them have very poor communication skill and also most of the marketers have poor listening ear.
- Again, introducing new product always cost a lot of money.
- Advertising newly introduced products is always very high.
- Wasteful spending on marketing since they have similar products.
- Consumers mostly fear insecurity in new products.

9. Prospects of Effective Marketing Strategies to Companies Mostly Banks

- If fidelity bank pic engages in effective marketing strategies they will have the following benefits
- They will be market leaders as now challengers.
- They will increase market share.
- They will also make more profit.

- They will also earn good image and reputation.
- They will effectively fight their competitors.
- They will increase sales.
- Reduction of cost on getting new customer.
- Their products will also be very popular.

10. CONCLUSION

From the aforementioned, Fidelity Bank Pic, which is a challenger today in the banking industry if these strategies are adopted in marketing will dominate the market hence become a market leader in few years to come.

11. RECOMMENDATIONS

Staff should be trained from time to time to know the product they are marketing.

- Public relation among staff and customers is very necessary.
- Most of the staff should be trained on communication skill understand the market and products.
- Marketers should be trained, monitored to ensure that they have shock absorbers not to insult customers as the saying goes that customers are always right.
- The marketers should be able to know their customers through market segmentation.
- Adequate orientation, training, seminars, conferences should be organized from time to time to develop new strategies among staff in the market.

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Effects of Global Financial Crisis on Greek Economy: Causes of Present Economic and Political Loss of Prestige

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Abstract: *The cause of global financial crisis in the world in 2007 – 2008 is the mortgage crisis in USA in August, 2007. The crisis caused an immense instability in markets and gradually became global. Effects of this crisis upon some countries such as Spain and Portugal were deeper and more destroying. Greece is one of these countries. It is seen that Greece has an economic structure consisting of high debt level, high budget deficit, low competitive power and unstable political structure. At the end of 2009, the political and economic crisis in Greece, which began as a debt crisis, turned out to be a Euro Zone crisis.*

Keywords: *Global Financial Crisis, Greek Economy, Debt Problem, Debts Sustainability, Economic and Political Reliability*

JEL Classification: *G01, G18, H63, H68*

1. Introduction

The financial crisis, which began in USA, first affected Europe and many developed and developing countries in the world and acquired a global dimension. The crisis, together with affecting many countries seriously, had a deeper and more destroying effect on some countries such as Spain and Portugal. Greece is one of these countries. In fact, the crisis was not the cause of the situation in Greece, but it would be a correct idea to say that the crisis was the one which triggered it, because the deterioration in economic and financial structure in Greece began much earlier. It can be said that the crisis caused it to be clearer. The financial crisis, which made the world feel its effects from mid – 2008, is seen to increase the public debt of many developed countries strikingly. That's to say, it can be said that the mortgage crisis in USA turned out to be a serious debt crisis especially in Europe. The debt problem and its effects brought about doubts about the future of European Union and Euro. While countries like United Kingdom and Ireland were affected by the banking and credit crisis seriously, such countries as Italy and Greece were not affected from these crises, but they faced debt financing. It can be said that there are many reasons for these problems. But, the striking point is the weakness of fiscal policies in European Union. Handling the point for Greece, the instability, insufficiency and reliability of political institutions, together with weak public finance and unsuccessful financial policies, can be seen. The aim of this study is to illustrate the negative effects of political corruption and degeneration on the economic structure and political reputation of Greece. In this context, in this study, firstly, political and economic reasons of the crisis in Greece will be handled, and then the precautions and results during the financial crisis will be examined.

2. Political Origins of Financial Crisis in Greece

Greece can be said to be a remarkable country by both political and economic means globally. Its history has an important role in that. In 1974, after the decline of 7 years dictatorship, third Republic of Greece was established and later a lot of efforts were made to develop a steady democratic political system (Lyrintsiz, 2005: 242-243). Greek social society, when compared with other West European societies, had a weaker structure and Greek bureaucracy was not as strong as West European Bureaucracy (Sotiropoulos, 1995). The political party (PASOK), which came to power in 1981, dominated the political structure of Greece during 80s and 90s. There are two striking points here. First, political parties were held responsible for Greece's all problems. It is claimed that the unusual rate of foreign debt, insufficiency of public sector, infertility of public services and corruption of moral values are all related to the politics applied by political parties. That is, the state is abused in the direction of benefits of political parties. Second, reforms about education, transportation, medical, markets and social security systems in Greece have all failed. In fact, PASOK government can be said to be aware of financial problems of Greece but government replied very slowly and avoided taking strict measures. Also, no political party took the situation into consideration during the election and nor did they mention the country's position (Lyrintzis, 2011). Later, the economic and political crisis turned out to be a Euro Zone crisis. In fact, the problems Greece is facing now are only a small part of financial responsibilities of member states of EU (Dabrowski, 2010).

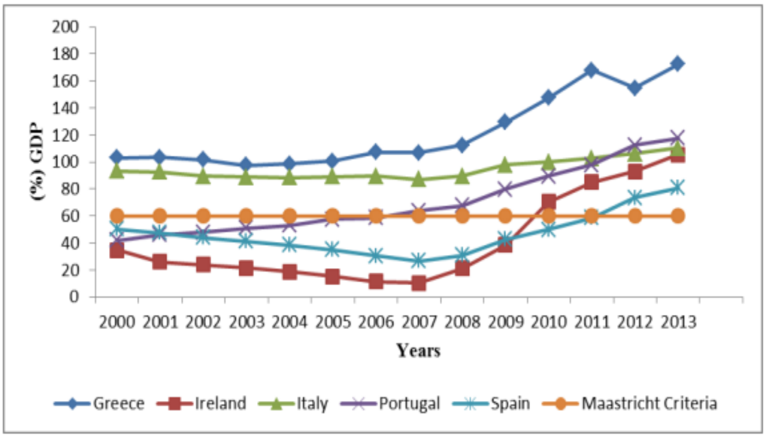
In short, it is possible to say that the current situation of Greece is a possible result of wrong policies applied in the last 25 – 30 years. This process is closely related with financial extravagancy and insufficiency of Greece government, unfair and infertile taxation system, unsustainable retirement, low competitive power, populist practices of political parties and organizational and political problems in EU and Euro Zone.

3. Unsustainable and Corrupted Structure in Economy

The idea of launching a unique money system in European Community was mentioned in 1970 in Werner report and this leaded to the establishment of European Monetary System (EMS). Greece became tenth member of European Community in 1981 and launched Euro as local currency (Clarke and Daley, 2010). The passage was thought to be more beneficial and to accelerate the modernization of economy. However, although the passage to Euro, at first, had such positive effects as development, high inflation and credibility of economy policies, it was seen that it brought about some negative causes as well (Kouretas, 2012).

For example, Greece, where export and import depended on tourism and sea transport was affected deeply by the gradual increase in Euro value in both sectors (Papanikos, 2012). Also, remarkable increases in public spending, together with wrong political choices, caused serious problems in competitive power of country and big financial instability. This is quite important to explain the situation of Greece (D'Atou, 2010).

The points, which Greece economy is sensitive about, can be collected under four topics. These points are seen to increase the worries about combined effects on financial expectations. The first of these points is financial instability. The rate of Greece's both budget deficit and debts to GDP can be said to be one of the highest in Europe. That the rate of prices, retirement and medical spending to GDP is quite high in Greece is second. The third is the important erosion in international competition affecting the economic performance and capacity to increase income taxes. The fourth is low reliability of financial statistics, the greatness of financial problems and government's approach and expressions about increasing worries about possible financial results (Papademos, 2010).

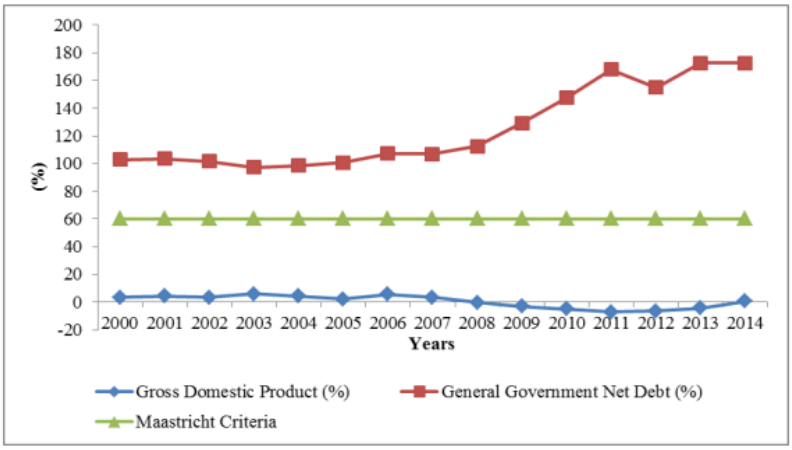


Graphic1. *State Debts and Budget Deficits in Greece (2000-2011)*

Source: *IMF, Data and Statistics, IMF Data Mapper, WEO Database, 2013, http://www.imf.org/external/data.htm*

The global crisis in Greece turned out to be a debt crisis by intensifying the financial problems. It also caused the institutions of high debt level and budget deficit rating to decrease the grade of country and to lose prestige in international markets, and this caused interest rates of loans to increase sharply (Vlachou, 2012: 171-172). The basis of Greece's debt crisis is the sustainability problem of debts and the reflection of uncontrolled increase to economy. Especially, it is seen that public sources are not managed rationally during the period of post 2000, also indiscipline public spending and lawlessness (Alogoskoufis, 2012).

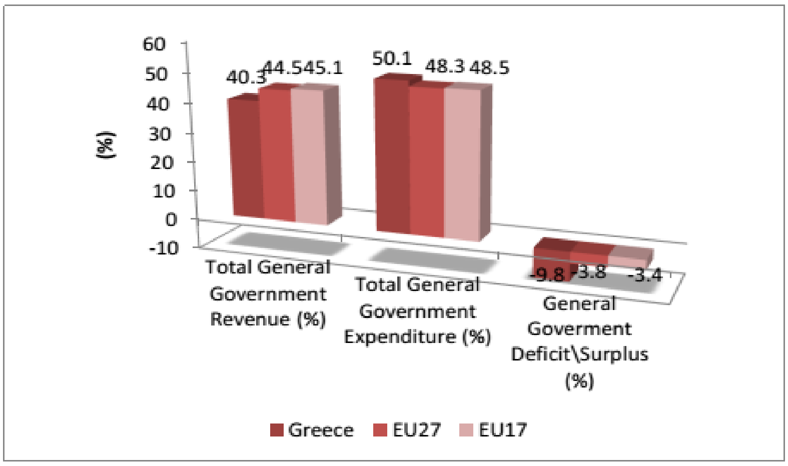
It can be said that the relation between debt and budget deficit is directly proportional. The change in budget deficit is reflected to the change in public debts and this triggers the budget deficit (Graphic 1).



Graphic2. *Greece Government Deficit and Maastricht Criteria*

Source: *IMF, Data and Statistics, IMF Data Mapper, WEO Database, 2013, http://www.imf.org/external/data.htm*

Countries of European Union are said to be unsuccessful and late to support Greece where crisis has been increasing. Later in this process, about financial sustainability of not only Greece but also many countries in European Union, worries began to emerge (Buiter and Rahbari, 2010).

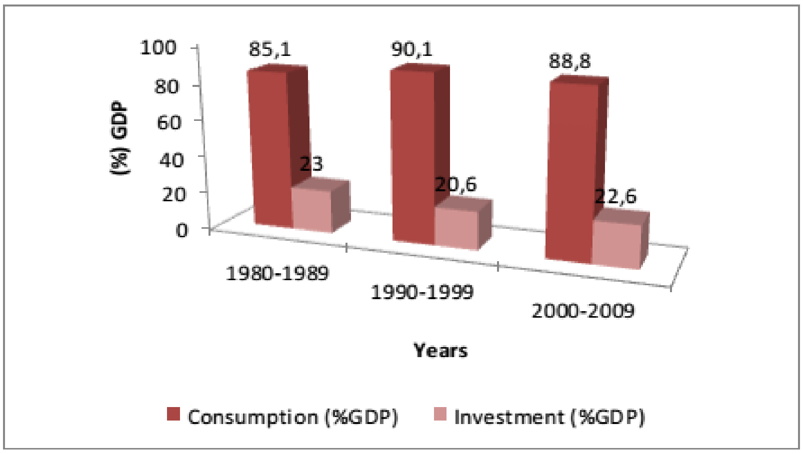


Graphic3. *The comparison of Greece's Budget Income and Outcome with EU27 and European Region Countries (17) (Average between 2006 – 2011)*

Source: *European Commission, 2013, http://epp.eurostat.ec.europa.eu/statisticsexplained/index.php/Nationalaccounts%E2%80%93GDP*

Generally, sustainability of debt is defined as a consistent Debt / GDP rate. This rate has been consistent from mid 1990s to 2007 in Greece. The deep recession caused the country to develop dramatically and also rate of Debt / GDP to increase (Bryson and Kruse, 2011). High priced precautions taken about public debt stock, which is above Maastricht criteria (60 % of GDP) and gradual increase of rate to GDP, 160 %, and the regression in production level caused big budget deficits to emerge in Greece (Graphic 2). The heavy debt crisis Greece had later spread to Portugal, Italy, and Spain and won a global dimension in region.

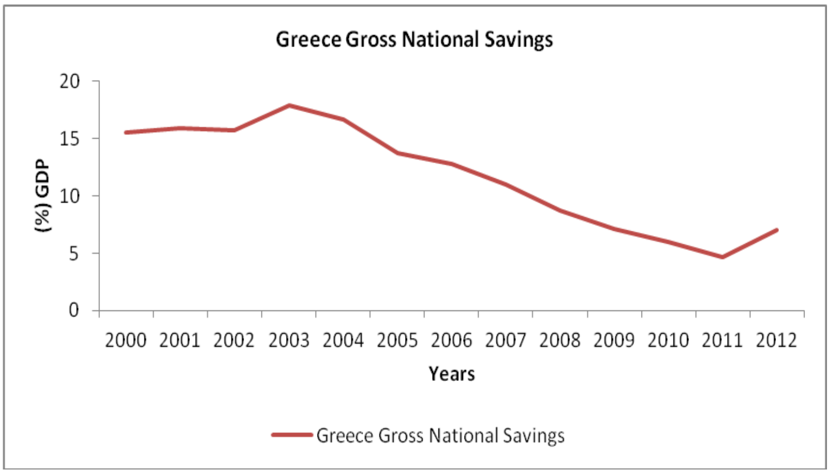
When budget income and outcome of Greece and EU are compared, budget income in Greece is seen to be lower than the average of EU27 and EU17 and budget deficit is seen to be high (Graphic 3). One of the most important reasons of it is claimed to be insufficiency of disincentive precautions in Greece and evasion of tax. It can be said that if evasion of tax is high in a country, it creates unfairness in taxation system and affects the development negatively. The insufficiency of precautions in this subject increases the evasion. Especially, punishments towards evasion must be more disincentives, accountancy practices must be modernized, organizational frame forming the interaction between government and citizen must be simplified (Meghir, Vayanos and Vettas, 2010).



Graphic4. *Consumption and Investment Spendings in Greece*

Source: *OECD, National Statistics, 2013, http://www.oecd.org/statistics/betterlifeinitiativemeasuringwell-beingandprogress.htm*

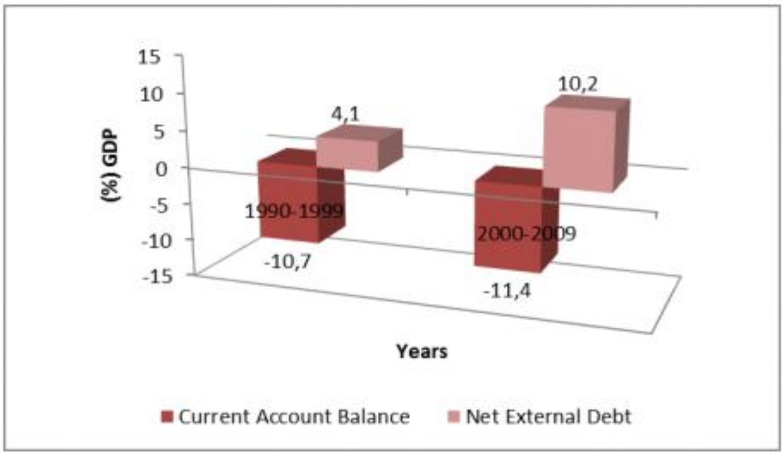
Looking at the period after 1980 in Greece, while less is spent in investments, more consumption spending is made. Great increases in public debts caused both effects during 1980s. The increase in public spending is caused by the pressure of high prices, heavy social security on public finances. This caused consumption spending to increase and investment spending to decrease (Graphic 4). Behind the decrease of investments, there are insufficiency of personal savings and so finance. It is seen that personal savings after 2000 in Greece fell dramatically (Graphic 5). In addition to this, most of the personal savings were indebted by government and government did not use it for investment. As a result, both public and private investment decreased (Meghir, Vayanos and Vettas, 2010).



Graphic5. *Gross National Savings*

Source: *IMF, Data and Statistics, IMF Data Mapper, WEO Database, 2013, http://www.imf.org/external/data.htm*

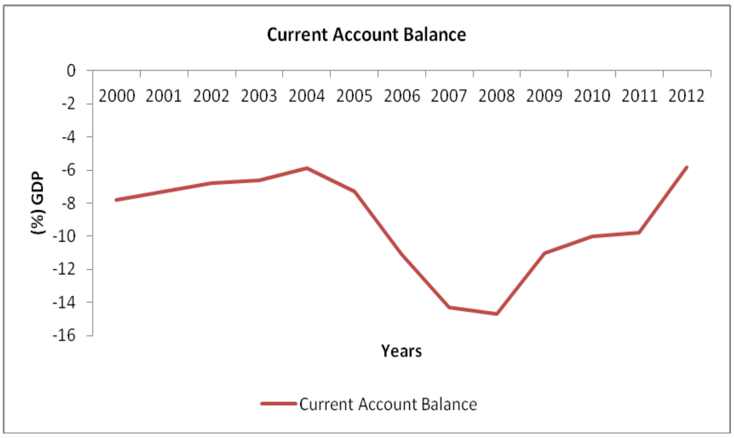
Quite a big part of foreign debt of Greece is public debt. In the last two decades, a dramatic increase is seen in Greece's foreign debt. Greece loaned foreign debt at the rate of 4,1% of GDP every year during 1990s. This increased to 10,2 % during 2000s (Graphic 6). However, the state could not effectively use the financial resources coming from foreign debts to increase the production capacity and nor could it realize the structural reforms to increase competitive power. An important portion of foreign debt is used for import directed at consumption.



Graphic6. *Current Account Balance and External Debt (% GDP)*

Source: *OECD, National Statistics, 2013, http://www.oecd.org/statistics/betterlifeinitiativemeasuringwell-beingandprogress.htm*

While Greece was at 83rd place in Global Competitiveness Index in 2010, it declined to 96th place in 2013 (Schwab and Martin, 2012). The erosion in competitiveness as well as chronic weakness of Greek economy explains the structure of current deficit and why the export performance is lower than the other European countries (Sklias and Galatsidas, 2010: 167-177). In Graphic 7 shows Greece's current account balances after 2000. Greece imports more than it exports; in other words, it consumes more than it produces. The state provides some of its financing with foreign debt. The current account balance, which was in the rate of –7% of GDP in 2001 with the effect of decline in competitiveness, realized as the level of –15% of GDP in 2008. This rate is fivefold of the EU Maastricht Criteria. In the following period, this rate was about –10%. In 2001, current account balance of Greece was about –29,3 billion dollars, that is –9,8% of GDP, which is threefold of Maastricht Criteria. In the same period, this rate was 1,1% in Ireland, –3,2% in Italy and –6,4% in Portugal.



Graphic7. *Greece Current Account Balance (2000-2011)*

Source: *IMF, Data and Statistics, IMF Data Mapper, WEO Database, 2013, http://www.imf.org/external/data.htm*

On the other hand, it can be said that the debt-maturity structure of Greece Government has relatively short and irregular range. Moreover, it can be said that about 79% of government debt is held by non-resident investors, and net international investment position of Greece was at the level of –82,2% of GDP (Cabral, 2010).

When compared to previous periods, although the inflation rates were low in Greece between 2001 and 2009, they were at relatively high levels according to the EU criteria. In Greece, both prices and high increases in wages in comparison with the Euro zone have reduced the competitiveness of the country (Provopoulos, 2010). In Greece, the inflationary pressure strengthened during 2010. The increases in VAT rates and in Special Consumption Tax led to the realization of the inflation rate in 2010 as 4,7%. In 2011, there was a decline and the inflation rate was 3,3% (Graphic 8).

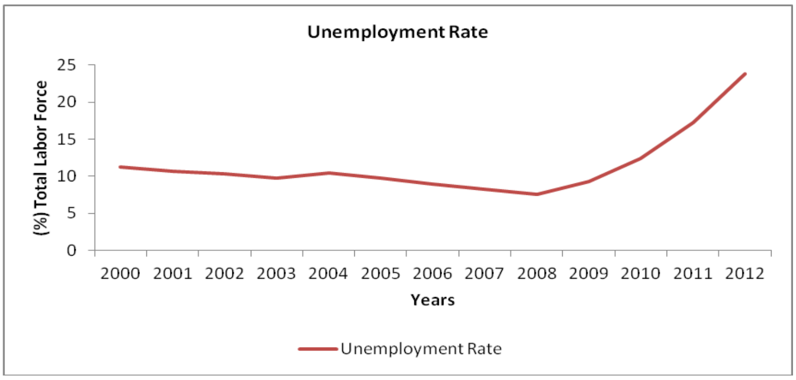
Graphic8. *Inflation Rates in Greece (%)*

Source: *IMF, Data and Statistics, IMF Data Mapper, WEO Database, 2013, http://www.imf.org/external/ data.htm*

Graphic9. *Gross Domestic Product Rates in Greece (2000-2013)*

Source: *IMF, Data and Statistics, IMF Data Mapper, WEO Database, 2013, http://www.imf.org/external/ data.htm*

In this period, Greece was exposed to continuous credit-rating downgrades by international rating agencies, and rapidly increasing borrowing costs made the public debt management unsustainable. Greece's economy entered a serious constriction period, especially after 2007 (Graphic 9). It can be said that the negative effects of the crisis were seriously felt in the European Union and the Euro zone experienced the greatest recession of its history in 2009. Afterwards, although this rate turned to positive, it has not exceeded the level of 2s%. After 2007, the Nominal GDP rate in Greece has continuously been negative value.



Graphic10. *Unemployment Rates in Greece (2000-2013)*

Source: *IMF, Data and Statistics, IMF Data Mapper, WEO Database, 2013, http://www.imf.org/external/ data.htm*

While the debt crisis continues its pressure on the real economy, layoffs and the number of unemployed as well as the cuts in public expenditures have increased as a result of severe austerity measures (Sesric Reports, 2011). Thus, this constriction brought up the unemployment problem seriously, the unemployment rate which was 7, 6% in 2008 increased rapidly and it reached the level of 17,3% in 2011. This rate is estimated to be 23,8% in 2012 (Graphic, 10). It is predicted that there will be an increase in employment and the unemployment rate will decrease if the reforms concerning economic structure and labor market are practiced as planned.

4. Political Disrepute Caused by Hidden Economic Mistakes and Failures

In 2007, when the subprime mortgage crisis broke out, all of the world economy was expected to be affected by this crisis severely. One year later, there was no doubt for most countries and their regions about facing a financial system crisis with dramatic macroeconomic and social results (Dabrowski, 2008). One of the seriously affected countries from this crisis is Greece. In fact, Greece can be said to experience the problems long before the global crisis began. Fruitlessly and unconsciously waste of money due to practices causing economic and social degeneracy such as bribery, corruption and partisan behavior lie behind the high-level budget deficits, rapidly rising public debt, deficiency in investment spending and current account imbalance (Williams, 2010). In addition, in this negative process, two important developments that would shake the markets occurred in Greece in the end of 2009. The Greek Government coming to power in November 2009 revised the budget deficit of 2009 projected as 6, 7% of GDP and brought down it to 12, 7%. In April 2010, Statistical Office of the European Communities (Eurostat) declared that this rate would realize higher than 13, 6% (Nelson, Belkin and Mix, 2011). Then, this figure increased to 15, 4% by following an upward course. This rate is two times more than previously explained figure. In this process, the public finance data released by Greece in the past were understood not to reflect the fact. Furthermore, Greece made a six-month loan postponement request from the Dubai World owned by the Government of Gulf Emirate in November 2009. This news made a serious shock in the financial markets and, in the light of the fact that the financial statement in Greece rapidly deteriorated, distracted the attention of financial markets and rating agencies to the sustainability of Greece’s financial and external imbalance. This event led to get damaged the thought that Euro Zone membership have the task of protecting against the risks (particularly credit risk) (Gibson, Hall and Tavlas, 2011). Most people agree that the Greek Government consciously changed the data and misled the authorities.

There are some reasons of Greece’s being the first Euro Zone country to be saved during the crisis and of being one of the most important rescue operations in the history. The first of these is the structure of the public debt. An important part of the public debt is external debt. This heavy debt that Greece economy has dealt big blow to the banking sector that had no problems at first and led to the deepening of the crisis. Second is that this crisis did not remain limited to Greece but spread out all European Union countries. Third, the bankruptcy of Greece will be interpreted as European Union’s inability to protect of its member, in other words, EU’s failure.

International rating agencies’ continuous credit rating downgrades of Greece discredited the investors. On the other hand, the measures taken by the Greek Government both provoked the reaction of the people and were unable to regain the trust of markets. After recognizing the seriousness of the incident and the size of the problem, the Government was forced to implement a plan to save the Greek economy by the EU and IMF. At the end of this process, in March 25th 2010, the Greek Government reached an agreement with IMF, European Central Bank (ECB) and European Commission on a 3-year and 110 billion euros plan, 80 billion funded by the EU and 30 billion by IMF. This recovery plan includes the realization of increasing the range of VAT; increasing the indirect taxes in cigarette, alcohol and oil; increasing the taxes of real estates and luxury goods; decreasing the total payments of public sector employees and making regulations on pension system. Within the framework of this agreement, Greece guaranteed that it would decline the budget deficit to 8, 1% of GDP in 2010 and 3% of GDP in 2014 and make extensive structural reforms aiming to make the economy more competitive. The plan was revised by the additional recommendations of IMF and European Union Commission in 2 May 2010 (Kouretas and Vlamis, 2010: 391-404). In fact, the problem in Greece should not be looked only in economic framework. It is obvious for a successful solution that there should be more than taking severe financial measures and - controlling public expenditures. In this context, the political and social dimension of the event should be paid attention (Koutsoukis and Roukanas, 2011:26).

Upon the remaining incapable of recovery plan of 110 billion dollars funded by the EU and IMF, a second recovery plan was established for Greece, and, within the framework of this plan, it was claimed as a prerequisite that Greece's debt of 205 billion dollars to private sector would be restructured, and thus the public sector would make a self sacrifice (Kouretas, 2012). In this sense, it is predicted that private sector creditors will contribute 106 billion dollars to the Greek economy through an exchange of debts by losing 53,5% of their bonds on nominal value. Following this debt configuration, Greece's second economic adjustment program was approved by Euro Zone countries in 14 March 2012. In this context, it was agreed that Greece would be paid additional funds of 130 billion euros, 28 billion of which would be provided by IMF, together with the unpaid portion of the first program between 2012 and 2014. In the context of the second adjustment program, Greece's public debt to GDP ratio is targeted to reduce the level of 124% by 2020 (European Union, 2013).

In fact, Greece is just the visible tip of the iceberg (Roubini, 2013). In the EU area, only the Greek economy or several countries such as Ireland or Portugal should not be regarded as problem. Unless a determined and extensive solution policy is established, other several European countries including France will be exposed to public debt crisis and economic crisis afterwards. This is an important element that threatens the integrity and future of the European Union.

5. Conclusion

Since 2007, world economy has lived one of the biggest crises ever. The financial crisis began in USA and spread to the world and affected many both developed and developing countries. One of these countries is Greece. The crisis not only accelerated the corruption in economy but it also revealed the chronic weaknesses in it.

It is clear that the discussion about Greece's exclusion of European Common Currency should have been made in 2001 when Greece accepted Euro as local currency. The support, Europe gave to save Greece, is a price it should pay and it will go on paying. Greece is also aware of it.

To solve the problems in Greece in a short time, there is a need for a structural reform about the sustainability, competitiveness and transparency of economy. This must not only be a change in economy but also in politics and society, and this change must be supported. In fact, this is not an economic problem but a loss of prestige.

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Decision-Making Paradigms, Work Place Dynamics, and Their Applications

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Abstract: *This paper applies decision-making paradigms to responsible leadership, group dynamics, ethics, and risk assessment within the workplace. The paradigms discussed are the responsible leadership paradigm, connectedness paradigm, local community paradigm, and the organization design and developmental paradigm. Each paradigm will be discussed as it relates to a corresponding work place dynamic with a discussion of its application in the environment of a college or university.*

1. INTRODUCTION

Each work place is unique in the dynamics that can effect decision-making either positively or negatively. Depending on the type of dynamic being discussed, specific paradigms may be more beneficial than others to produce the best decision among the leadership team for the organization. This is particularly true among the college environment, but carries over into most organizations that rely on a team atmosphere. For example, a non-profit organization will need to address decision-making issues using an ethically-based paradigm, such as the local community paradigm which centers decision making on what is best for the community rather than the organization itself. Each paradigm discussed in this paper addressed the ways in which particular dynamics are better suited for certain paradigms, which include responsible leadership, group dynamics, ethics, and risk assessment within the work place, and thus fostering positive decision-making.

2. WORKPLACE DYNAMICS, PARADIGMS, AND THEIR APPLICATIONS

2.1. Responsible Leadership – A Dynamic and Paradigm

Responsible leadership requires the constant effort to learn new trends and new methods that will benefit the organization, prevent potential issues, and stay informed on the current trends in the industry. Responsible leadership means being proactive within the respective industry (Smit, 2013). While a leader holds the responsibility to remain fresh to their respective industries, they are also responsible for paying forward the knowledge to their followers as well. This helps to ensure the company's team members are equally informed on new standards and methods in their industry, but prepares them for future potential work in the company (Smit, 2013).Employees thus are better able to represent the company in any atmosphere and thus, shape the future of the company.

2.1.1. Application

The decisions surrounding the dynamics of responsible leadership, such as being proactive in solving issues before they arise, or planning for future trends long before they are in the lime light of the what is new and up in coming have the potential to be highly positive to the organization as a whole as well as team members. Ybarra (2014) expresses the idea of emotional intelligence as it relates to work place dynamics that shows a clear connection between the responsibilities of leaders to assess their own emotional barriers, but also address those of their followers, which improve the relationships between team members. In addition, monitoring individual feels and emotions allows the individual to critically think about the decisions and separate those feelings, thereby guiding individual thoughts and actions (Ybarra, 2014). This gives leaders and followers alike a much better chance at to head issues off at the pass and prepare for the best approach to produce the most lucrative and successful results.

An example of a situation which would call for the responsible leadership paradigm would be in the case of a college with dwindling enrollment due to other places of higher education offering more relevant degree or training programs such as in the field of IT or an expanding nitch-market. An organization must be vigilant in spotting current trends and devising a way to create a foot-hold in an up-in-coming field before other colleges. Not only will the leadership team be able to improve their enrollment and retention rates this way, but they will also be providing members of the community with needed skills for the new field. This, in turn, supports the local economy with ready workers.

2.2. Connectedness Paradigm - Group Dynamics

In the context of group dynamics, the connectedness paradigm, as explained by Shukun (2013), states that group members should focus on the reciprocated purpose connectedness principle (2013). This principle highlights the common ground, such as an end goal, in which all parties are able to come together and promote an effective and agreed upon solution. In addition, finding common ground in one aspects can lead to finding common ground in other aspects, thereby pulling groups together to focus on a mutual goal. However, getting to the point of finding common ground may be a challenge for a leader who is unfamiliar with their team, or the team currently being used do not complement one another in terms of skill sets. Cronin and Weignart (2011) provide a detailed case study which addresses the implications of group dynamics should team members lack common ground. In these cases, it is up to the leader to forge a common ground with their team members by focusing on an a collective end goal and developing needed skills to address a particular situation.

In addition to group dynamics and the need for common ground is the idea of reciprocal influence over time (Cronin &Weignart, 2011). Once the connectedness paradigm is fostered, members of the group become reciprocal in their duties by helping one another and developing methods for complimenting one another’s skill sets and developing a working relationship that can be used again later. It should be noted that this aspect of group dynamics is one that takes considerable time to foster and the leadership team member, or team, should be prepared to provide substantial support and intervention to cultivate a strong connectedness paradigm within group dynamics (Cronin &Weignart, 2011).

2.2.1. Application

The Connectedness paradigm in the context of group dynamics works exceedingly well because the characteristics focus exclusively on a commutative goal. Each member contributes their own strengths with a common goal in mind. However, just as with any large group of people working together, there must be strong leadership involved to make the final decisions or issues within the group dynamics may arise. Group members may not see eye to eye on the best avenue to take to reach the end goal, or there may be issues within leadership when agreements are unable to be made. A strong leader to foresee and adjust the group as needed to work cooperatively is essential to the connectedness paradigm.

In the realm of the worldplace, the connectedness paradigm is one which may be used in any environment that requires the use of a team-like atmosphere or project-based teamwork. In the case of a college or university for example, such as committee, the connectedness paradigm would foster team work through unique skill sets in order to meet a common goal, such as funding for a specific purpose, the hiring of new personnel, or event planning. Group members may devise ways in which their unique skill sets may work well together or individual to meet the deadlines and achieve the overall goal of the project. Leadership is then able to provide support to team members and help guide their talents in a way that best suits the situation.

2.3. Local Community Paradigm – Ethics

The local community paradigm is surrounded with a conscious consideration from the ethics of decision making. Wood and Hilton (2012) state that with the best interests of the community and doing whatever is necessary for the greater good is placed at the forefront of a decision making process rather than the outcomes of the company. This paradigm suites the needs of non-profits nicely, however, is not as effective when placed in the context of a for-profit business. The reason being that for-profits operate in the best interest of the company’s profit margin. This does not been the company is completely unethical, but the dynamics are quite different when compared to the higher ethical priority as their non-profit counter parts.

Non-profits, on the other hand, such as non-profit organizations and colleges place have a operation foundation which places the needs and development of the individual and community as their primary motivation (Wood & Hilton, 2012). Degrassi, Morgan, Walker, Wang and Sabat, (2012) reflect on the subject of diversity within the ethical dynamics of decision making by expressing the idea that due to the diverse population, the decision making should always take into account the individual feelings and moral obligation to the community. This idea fits well into that of Wood and Hilton's (2012) local community paradigm which supports this same notion that the community at large should be at the heart of decision making responsibilities.

2.3.1. Application

The Local Community Paradigm is one which may use components of the connectedness paradigm such as a long term end goal at the focus with community/group members working together to reach said goal. However, this paradigm would cause issues in decision making should community/group members feel unsure about the solutions or should the end goal become of issue (May, Mencl, & Huang, 2014). With different cultures, backgrounds, and experiences at play, the group leader must be able to work with each member in such a way that encourages diverse ideas and skills while maintaining the status quo.

In addition, as a way to help create a foundation for understanding ethics as it relates to workplace dynamics, Christian and Gumbus (2009) provided a list of scenarios regarding ethical dilemmas in the work place to help students in particular, but any member of an organization interested in expanding their understanding of workplace ethics can certainly find use in the critical thinking practices of ethical dilemma analysis. By contemplating the vast array of ethical dilemmas within an organization, team members are able to assess their own feelings and emotions on the topics and better connect the concept discussed in responsible leadership dynamics.

An example of this sort of paradigm is presented in the college setting, which places the needs of the students and community first. This goes far beyond providing education services to students, but also awareness on common issues in society, community resources, employment assistance, health care resources, etc. While some of these services may not be entirely cost effective for the college, but provide highly needed services to a population which may not otherwise have access to said services. Leadership teams operating with the local community paradigm in mind often have difficult decisions to make in regards to tight funding and which services or programs should be given priority and will face ethical dilemmas. In such cases, the leadership team will need to focus on risk assessments based on forecasting potential issues should funding or decisions be made in regards to cuts or removal of certain programs what will ultimately be the best decision for the community at large.

2.4. Organizational Design Paradigm and the Developmental Paradigm - Risk Assessment

The organization design and developmental paradigm centers on the idea that organizations should focus on facilitating company while maximizing the quality of those decisions. This involves assessment of the organization's goals, problems, and the best possible solutions (Huber, 1986). Likewise, one of the key characteristics of a prepared leader is understanding the usefulness of reflection through analysis and the strength to make sound decisions (Welter &Egmon, 2006). In order to create the best solutions and evolve the companies to ever more efficient and profitable levels, risk assessments become a major activity to be conducted regularly. The developmental Paradigm discussed by Neill (2014) highlights the aspect of conducting assessments and evaluations in order to spot issues, access risks, and produce solutions, which connects the ideas to that of a traditional organizational design paradigm.

2.4.1. Application

The organizational and developmental paradigms are vital to risk assessment since any decisions made must have extensive risk assessment associated with it by the leader and/or team. Risk assessment within the group dynamics show the team members the leadership's ability to forecast issues and be vigilant in the understandings issues and solutions. The group dynamics may change as risk assessments are performed due to the modeling of the leaders which will in turn create team members who are also more proactive in their respective departments or tasks. However, it could also increase anxiety if team members see leaders become obsessed with risk assessments and create an unease within the group dynamics (Huber, 1986).

Risk management in organizational and developmental paradigms in an organization, such as college or university, can be used best with large scale problems, such as campus safety or even accreditation issues. Forming a team or committee that specifically looks at the risks associated with different solutions is vial. However, equally as important when a dead line, such as accreditation audits or applications, is keeping in line with a well-developed and organized plan. For this paradigm to work however, the leader(s) must be strong willed and focused on the goal to ensure compliance, attention to detail, and the energy is well cultivated. Should a leader or the team waiver, the dynamic will suffer, thus causing the goal fall short and the paradigm flounder.

3. Conclusion

There is a plethora of dynamics and paradigms within any workplace, the combinations of which may yield either positive effects in the decision-making process, or vastly negative. Different paradigms may be needed for different dynamics, depending on the situation at hand. Because of this, it is important to understand the key elements of each and how the application effects the dynamics of workplace. Welter and Egmon (2012) stated that part of the survival of any organization rests in the ability of the leader, or organization as whole, to sense and respond to changes in the environment and respond quickly and appropriately. Thus, understanding the best paradigm for a given dynamic is essential, with the acceptance that one may not be the right fit for all.

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What Can We Learn from Young Business Leaders Today?

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Abstract: *Today's workforce is as diverse as ever. This article depicts lessons that can be extracted from the lives of young and successful business leaders such as David Karp, Larry Page, and Mark Zuckerberg. Although young compared to other CEOs, these leaders persevered in achieving their goals, have great confidence in themselves, and have great team surrounding them.*

Keywords: *Gen Y, Leadership, Transformational*

1. Introduction

The field of leadership studies has frequently focused on business leaders like John D. Rockefeller, Henry Ford, Warren Buffett, and Jack Welch. While there is much to be learned from the lessons of these business leaders; however, when it comes to developing young leaders in the field of business, it seems logical to find lessons from the lives of successful young, business leaders today.

David Karp, Larry Page, and Mark Zuckerberg are the business leaders selected to extract lessons from in this article. These leaders come from the Millennial and Generation X generations and are among the most successful entrepreneurs today. This author connected leadership lessons obtained from these three prominent leaders with current leadership theory.

2. Leaders' Background

David Karp was born in 1986 in New York City, New York. Karp is a currently the founder and CEO of one of the most successful blogging site, Tumblr. He is the elder of two sons to a teacher and a composer. At a young age, Karp showed interest in programming and technology, teaching himself HTML at 11 years old. At age 15, Karp left the prestigious Bronx High School of Science and began homeschooling pursuing an internship opportunity with an animation company, Frederator Studios and soon secured a position as Web developer at UrbanBaby. In 2006, the site was sold to another company, and, soon after, Karp started working on a tumblr logging platform with Marco Arment. Tumblr was launched in 2007 with 75,000 users after two weeks commencing. Five years later, it had over 70 million blogs and employed 100 personnel. In 2013, Yahoo! announced it will acquire Tumblr for more than $1 billion. In 2009 and 2010, Karp was named Best Young Tech Entrepreneur and Top 35 innovators in the world under the age of 35 by Forbes and MIT Technology Review magazines with net worth exceeding $200 million (Cooper, 2013).

Mark Zuckerberg was born in 1984 in White Plains, New York. A successful entrepreneur and Facebook CEO, Zuckerberg showed interest in computers at an early age where he later enrolled in Phillips Exeter Academy. Born into a comfortable, well-educated family, his father ran a dental practice while his mother worked as a psychiatrist before the birth of their four children. After graduating at Exeter, Zuckerberg enrolled in Harvard University in 2002 where he developed a reputation as ingenious campus software developer. Zuckerberg and his friends developed Facebook out of a dorm in 2004 and soon dropped out of Harvard to devote himself full time to Facebook. As a result, Facebook became one of the most successful and influential site in the world.

In 2010, Time magazine named Zuckerberg as Person of the Year and Forbes ranked him No. 35 on its "400" list estimating his networth to be $6.9 billion. In 2013, Facebook made the Fortune 500 list making Zuckerberg, at age 28, the youngest CEO on the list (Deahl, 2015).

Larry Page was born in 1973 in East Lansing, Michigan. He is a successful American computer scientist and entrepreneur who co-created one of the most successful online search engine—Google.

Both of Page's parents were computer experts so it came as no surprise that he pursued computer engineering at Stanford University. Page co-created Google with Sergey Brin where a search engine listed results based on popularity of pages. After launching Google in 1998, the company purchased YouTube in 2006 making Google the most popular search engine, averaging nearly 6 billion searches daily in 2013. That same year, Page was ranked in Forbes Magazine's "Top 20" richest and powerful people listing. Page currently serves as Google's CEO (Helft, 2014).

3. Analysis of Leaders' Background

Although the three business leaders lived within a close generation with one another, it is interesting to note the similarities in their formative years.

- Page was born as a Generation X (individuals born between 1965-1979), and Zuckerberg and Karp were born in Millennial generation (individuals born after 1980) (Dulin, 2005).
- All showed interest and talent in computer and technology at an early age. Technology is an important part of these men lives as they all grew up in the digital era.
- Certainly all showed an entrepreneurial spirit and drive to succeed, creating their own businesses. All created their businesses between the ages of 15 to 29 years old.
- All were born in comfortable and well-educated families where parents nurtured their interests. Parents supported their passion at an early age.
- Page completed college while Zuckerberg and Karp dropped out of school to pursue business endeavors.

As shown in the lives of these young entrepreneurs, there are many paths to become a successful leader. However, the leaders are creative and talented-- taking risk at a young age to start a successful business enterprise. Despite the obstacle these leaders faced at a young age, all have the tenacity to overcome whatever obstacles to achieve their goals. Yukl (2013) stated that the ability to learn, adapt, and change to include emotional and social competencies is vital traits of effective leaders.

Avolio (2007) noted that most experts believe that leaders are made, with some leadership evolving over time and others being fixed. Debate continues in the academic world whether leaders are born or made.

4. Leaders' Behavior

David Karp has a unique and unconventional leadership style. Karp is the founder and CEO of Tumblr. Tumblr has over 111 million blogs and is very popular with younger generation. Growth, innovation, and autonomy are important concerns for Karp as he continues to lead and grow as a leader. His personnel continue to adapt, learn, and grow together in positive ways. Being an introvert, Karp prefers to work autonomously and prefers to be unbounded by predetermined meeting schedules. Karp's leadership style is evident as he was named Best Young Tech Entrepreneur and Top 35 innovators in the world under the age of 35 by Forbes and MIT Technology Review magazines in 2008-9 with net worth exceeding $200 million (Cooper, 2013).

Mark Zuckerberg depicts transformational leadership in action. He co-created Facebook along with his friends in Harvard from their dormitory room. Despite some legal disputes initiated by his friends, Zuckerberg continues to endure and thrive to the challenge. Zuckerberg's leadership style can be depicted as encouraging and aggressive. Demanding constant innovation and growth, he encourages debates and challenges. His subordinates are open to speak to him with suggestions and improvements on a daily basis as he tries to foster collaboration within his organization. This leadership style is evident as he was named one of the 100 influential and wealthiest personalities by Time magazine in 2012. Facebook has a total of one billion users in 2012 (Deahl, 2015).

Larry Page is an inspiring, intelligent and creative leader. He co-created Google with Sergey Brin where a search engine listed results based on popularity of pages. The Google CEO is undoubtedly a success with more accolades to back his leadership style. Although an introvert, Page is driven, ambitious, and collaborative. All these traits is evident in his philosophy—"We should be building great things that don't exits." This thinking drives his rigorously pushing his employees to do their best. Page was recently acknowledged by Fortune magazine as 2014 Businessperson of the Year and one of the ten most powerful people. Google now commands more than 2 million internet searches per second (Helft, 2014).

5. Analysis of Leaders' Behavior

There are more similarities than differences among these leaders. The similarities of these great leaders can be summed up with common features as these young leaders continue to inspire and navigate to the future. All these leaders:

- Feels strongly about innovation and passionate in what they do
- Perseveres in obstacles they faced and optimistic about the future
- Have great confidence in their ability to lead and willing to take risks.
- Depicts strong personalities and remain true to who they are
- Enamored with technology and how it can enhance the future
- Are creative and innovative in their businesses
- Continues to make signficant contribution in their fields and community.

A notable difference is in leadership style. Karp has an unconventional and unique leadership style while Zuckerberg and Page have a more distinctive leadership style. According to Elsbach, Kayes & Kayes (2016), leadership describes the process as leaders influence others to help achieve something important to the organization.

6. Conclusion

There is much to be learned from the lives of these young leaders today. The youth of today are the leaders of tomorrow. These young leaders can serve as role model for all the young, emerging leaders of tomorrow. The main results derived from this study include:

- Business leaders are innovative and creative, using technology and people to gain a competitive edge (Dobbs, Gordon, Lee, & Stamps, 1999).
- Technology helps even playing field. Hill (2011) indicated that the Web is a great equalizer and has allowed businesses, both small and large, to develop their global presence at a lower cost than ever before.
- A charismatic leadership can be helpful but is not essential (Silva, 2014).
- Leaders surround themselves with great people.
- Higher education is helpful but not essential to successful leadership.
- Personality, creativity, and intelligence seem innate, but experience plays a crucial role in lives of leaders.
- Confidence in one's ability is vital to successful leadership.

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Benefits and Security Threats in Electronic Banking

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Abstract: *Internet banking is changing the banking industry, having the major effects on banking relationships. Banking is now no longer confined to the branches were one has to approach the branch in person, to withdraw cash or deposit a cheque or request a statement of accounts. In true Internet banking, any inquiry or transaction is processed online without any reference to the branch at any time. The net banking, thus, now is more of a norm rather than an exception in many developed countries due to the fact that it is the cheapest way of providing banking services.*

Apart from the many advantages of electronic banking has certain security problems. The challenges that oppose electronic banking are the concerns of security and privacy of information. The current focus of security of information transfer is on the session layer protocols and the flaws in end to end computing. A secure of this transaction requires a secure protocol to communicate over untrusted channels and a trusted code at both endpoints. The solution addresses the use of secure protocols because trusted hannels don't really exist in most of the environment, especially since we are dealing with linking to the average consumers.

Keywords: *internet banking, Information technology, e-security, security threats, secure transactions*

1. Introduction

Internet banking means any user with a personal computer and a browser can get connected to his banks website to perform any of the virtual banking functions. In internet banking system the bank has a centralized database that is web enabled. All the services that the bank has permitted on the internet are displayed in menu. Once the branch offices of bank are interconnected through terrestrial or satellite links, there would be no physical identity for any branch. It would be a borderless entity permitting anytime, anywhere and anyhow banking.

Electronic banking is a new industry which allows people to interact with their banking accounts via the Internet from virtually anywhere in the world. The electronic banking system addresses several emerging trends: customer demand for anytime, anywhere service, product time-to-market imperatives and increasingly complex back-office integration challenges. This system allows consumers to access their banking accounts, review most recent transactions, request a current statement, transfer funds, view current bank rates and product information and reorder checks.

2. Benefits and Importance of Electronic Banking

Internet banking is the latest in the series of technological wonders of the recent past. Internet banking refers to systems that enable bank customers to get access to their accounts and general information on bank products and services through the use of bank's website, without the intervention or inconvenience of sending letters, faxes, original signatures and telephone confirmations. It is the types of services through which bank customers can request information and carry out most retail banking services such as balance reporting, inter-account transfers, bill-payment, via telecommunication network without leaving their home or organization. It provides universal connection from any location worldwide and is universally accessible from any internet linked computer. [1]

Information technology developments in the banking sector have sped up communication and transactions for clients. It is vital to extend this banking feature to clients for maximizing the advantages for both clients and service providers. Internet is the cheapest delivery channel for banking products as it allows the entity to reduce their branch networks and downsize the number of service staff. The navigability of the website is a very important part of Internet banking because it can become one of the biggest competitive advantages of a financial entity. Due to increase in technology usage the banking sector's performance increases day by day. Internet banking is becoming the indispensable part of modern day banking services.

It is notoriously difficult to predict the future, but some educated guesses can be made using past and current experiences. In our view, the next developments in e - banking will involve new products and services that were not feasible in traditional banking models. This could involve enabling instant payments using mobile devices, or tools to help people manage their multi-bank financial portfolio, simultaneously. Internet only banking may also become more viable as the functionality of e - banking systems grows, and customers adapt to the new ways of conducting their financial activities. International banking might become a reality for ordinary consumers as banking payments systems are increasingly harmonised across borders. E-banking has the potential to be a very rich and pleasant experience, and may provide more opportunities for banks to develop mutually satisfying, tailor made services to enrich relationship with customers. As technology evolves, the opportunities to extend the relationship beyond what is possible in the physical world continue to grow and will only be limited by a bank's ability to innovate or commitment to e - banking. [2]

Despite numerous advantages of electronic banking is the issue of security. Security is important in setting up an e-banking facility. In building up a secure transactions systems factors that have to be considered are improving customer trust and integrating the current services offered to the customers. Since electronic banking is a new technology that has many capabilities and also many potential problems, users are hesitant to use the system. The number of malicious applications targeting online banking transactions has increased dramatically in recent years.

3. SECURITY THREATS IN ELECTRONIC BANKING

The disclosure of important information that should remain confidential, by unauthorized persons or that exceed their authority can cause significant losses for financial institutions. Alteration of information by entering, modifying or overwriting data into the system without authorization or by exceeding one's authority is a type of attack that could potentially harm greatly the banks and their customers. Security threats can affect a financial institution through numerous vulnerabilities. No single control or security device can adequately protect a system connected to a public network. Many problems concerning the security of transactions are the result of unprotected data being sent between clients and servers.

The problems of the systems today are inherent within the setup of the communications and also within the computers itself. The current focus of security is on session-layer protocols and the flaws in end-to-end computing. A secure end-to-end transaction requires a secure protocol to communicate over untrusted channels, and a trustee code at both endpoints. It is really important to have a secure protocol because the trusted channels really don't exist in most of the environment. [3]

There are various types of attacks that e-banking can suffer. They include:

- Social Engineering - One of the most common attacks does not involve knowledge of any type of computer system. Tricking consumer s into revealing sensitive information by posing as a system administrator or customer service representative is known as social engineering. Social engineers use surveillance and a consumer's limited knowledge of computer systems to their advantage by collecting information that would allow them to access private accounts.

- Port Scanners - Attackers can use port scanners to ascertain entry points into a system and use various techniques to steal information. This type of software sends signals to a machine or router and records the message the machine responds with to ascertain information and entry points (Cobb, 2007). The main purpose of a port scanner is to gather information related to hardware and software that a system is running so that a plan of attack can be developed.

- Packet Sniffers - The connection between a user's computer and the web server can be "sniffed" to gather an abundance of data concerning a user including credit card information and passwords. A packet sniffer is used to gather data that is passed through a network. It is very difficult to detect packet sniffers because their function is to capture network traffic as they do not manipulate the data stream. The use of a Secure Socket Layer connection is the best way to ensure that attackers utilizing packet sniffers cannot steal sensitive data.

- Password Cracking - Password cracking can involve different types of vulnerabilities and decrypting techniques; however, the most popular form of password cracking is a brute force attempt. Brute force password attacks are used to crack an individual's username and password for a specific website by scanning thousands of common terms, words, activities, and names until a combination of them is granted access to a server. Brute force cracking takes advantage of systems that do not require strong passwords, thus users will often use common names and activities making it simple for a password cracker to gain access to a system. Other password cracking methods include using hash tables to decrypt password files that may divulge an entire systems user name and password list.

- Trojans - Trojan software is considered to be the most harmful in terms of electronic banking security due to its ability to secretly connect and send confidential information. These programs are developed for the specific purpose of communicating without the chance of detection. Trojans can be used to filter data from many different clients, servers, and database systems. Trojans can be installed to monitor emails, instant messages, database communications, and a multitude of other services.

- Denial of Service Attacks - Denial of service attacks are used to overload a server and render it useless. The server is asked repeatedly to perform tasks that require it to use a large amount of resources until it can no longer function properly. The attacker will install virus or Trojan software onto an abundance of user PC's and instruct them to perform the attack on a specific server. Denial of service attacks can be used by competitors to interrupt the service of another E-Commerce retailer or by attackers who want to bring down a web server for the purpose of disabling some type of security feature. Once the server is down, they may have access to other functions of a server, such as the database or a user's system. This allows the attacker the means to install software or disable other security features.

- Server Bugs - Server bugs are often found and patched in a timely fashion that does not allow an attacker to utilize the threat against an e - banking web site. However, system administrators are often slow to implement the newest updates, thus allowing an attacker sufficient time to generate a threat. With the millions of web servers in use around the world, thousands often go without timely patches, leaving them vulnerable to an onslaught of server bugs and threats.

- Super User Exploits - Super user exploits allow attackers to gain control of a system as if they were an administrator. They often use scripts to manipulate a database or a buffer overflow attack that cripples a system, much like a Denial of Service attack for the purpose of gaining control of the system. Users can create scripts that manipulate a browser into funneling information from sources, such as databases. [4]

In the modern banking the best way for protect against these attacks are: education, personal firewalls, secure socket layer and server firewalls.

A multi-layered security architecture comprising firewalls, filtering routers, encryption and digital certification can ensure that customer account information is protected from unauthorized access. At minimum, a two-factor authentication should be implemented in order to verify the authenticity of the information pertaining to Internet banking services. The first authentication factor can be the use of passwords and the second authentication factor can be the use of tokens such as a smartcard. However, for a better security, a three factor authentication process should be considered. The third authentication factor is the use of biometric.

4. Conclusion

As a result of the growth of the internet, electronic commerce has immerged and offers tremendous market potential for today's business. One industry that has benefited from this new communication channel is the banking industry. Electronic banking is offering its customers with a wide range of services. Customers are now able to interact with their banking accounts as well as make financial transactions from virtually anywhere without time restrictions. E-banking is offered by many banking institutions due to pressure from competitions. Today, it is believed that people make the difference to information technology and security development and that training on the ethical, legal and security aspects of information technology usage should be ongoing at all levels within organizations

The future of electronic banking will be a system where users are able to interact with their banks "worry-free" and banks are operated under one common standard. Most research studies have indicated that the common problem affecting information security and privacy of customers is e-services provider's lack of security control which allows damaging privacy losses. Apart from that, another problem is the subsequent misuse of consumers' confidential information, as in identity theft. These may affect customer's confidence toward online business transaction in a variety of privacy risk assessments by consumers. Current technology allows for secure site design. It is up to the development team to be both proactive and reactive in handling security threats, and up to the consumer to be vigilant when doing business online.

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Model of the Influencing Factors of the Household Savings

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Abstract: *In my research, I analyze the public's long term self-care behavior, the development of state incentives system and the state's influencing role on the households' financial management. I would like the research results to be utilized by helping the large-scale government actions and decision making, as every household needs primary schools to be introduced into teaching financial literacy in daily life.*

1. Introduction

During their different life cycles, households make a series of long-term financial decisions. The approach of self-caring is present in individual and family life, but not with the same intensity. We live the global financial world's real estate-based lending crisis. The balance between lending and savings has shifted. The lack of self-control leads the households to consume more than their income, so they reach out for loans (KIM, 2010). While shopping, people are affected by temptation and impulsivity. The lack of self-control has a negative impact on household savings (KARLSSON-GÄRLING-SELART,1997). We need to change the thinking of mankind about loans and savings. In the current situation the role of the state's market monitoring and awareness rising has increased.

1.1. Timeliness of the Topic

The self-caring population delays their purchases, and they often supplement their shopping by borrowing loans. Long-term saving is one of the essential condition for secure loan borrowing. I pay particular attention to personal income tax discount, and the state's aid in building society accounts. I examine the money management of households in different life cycles, how can the state increase the propensity to save by using a variety of incentives, as the balanced household, corporate and financial management is a societal interest, and has a major impact on proper financial knowledge of citizens. In my thesis I examine the households. The role of savings has always been an important area of economics and economic analysis. Today it is an important factor too, since the majority of Hungarian households have more loans then saving, and the repayments of the loans takes a high proportion of the household's net income. This problem is often traced back to inadequate financial literacy, so my research to analyze current issues. Politicians are beginning to recognize, the central role of financial literacy in a well-functioning economy (LUSARDI-MITCHELL, 2009). Savings will reduce the uncertainty and enhance the possibility to be able to live with dignity in retired years (STARR, 2006). Pension saving is influenced by life expectancy (BLOOM et al, 2006). The amount of real estate and pension assets determines the consumer behavior in senior years (BLAKE, 2004). Sefton and his author associates examined the political reforms in pension savings (SEFTON-VEN-WEALE, 2008). High proportion of households do not take care for retirement security (LUSARDI, 2001). Preventing poverty in old age is a social interest. To do this, radical measures are needed. To enhance savings, teaching financial literacy, proper family upbringing, effective functioning of social organizations and broadcast by the media is required (STARR, 2006). Development of human capital and proper quality education is essential, in which the state plays an important role (STIGLITZ, 2013). Fisher and Montalto found the ”contingency reserve” and pension-related savings are the motivating factor to increase regular savings significantly. They focused on the need for educational programs. The financial experts and advisory teachers have a prominent role in this topic. We need to emphasize the necessity of savings and households' long-term financial planning with educational programs (LEE-PARK-MONTALTO, 2000), as household savings are indispensable and they have a direct impact on the economy (HIRA, 1987). Financial education can help the households to become savers, and to be able to plan their financial future for themselves and for their children. Financial education is necessary in schools and workplaces too (HOGART-ANGUELOV, 2003). Many individuals are psychologically unable to save, they are characterized by impatience and lack of self-control and they are only able to think in short term. For them, managing complex financial plans causes a problem (GRAHAM-ISAAC, 2000).

The formation of the financial motivation is a long process, and the result of the behavior can be traced to deep-rooted causes. In addition, as a result of formal education, people become familiar with basic financial concepts and will be able to use them (ALAMIL-SAUPERII, 2012). Financial education must be marked as a political goal, as financial literacy relates to financial proficiency, which increases the savings, which is essential to achieve economic growth. Moreover, the policy for the dissemination of financial literacy will not only increase savings, but it will also affect the diversification of household savings (BECKMANN-HAKE-URVOVA, 2013). Financial literacy is essential throughout the world to ensure a secure retirement. Nevertheless, the financial literacy throughout the world is at very low level, regardless of the development of financial markets in the country (LUSARDI-MITCHELL, 2011). It is true in all countries, that higher educational attainment is strongly correlated with the financial knowledge, but even with the highest level of education, financial literacy generally is on low levels (LUSARDI-MITCHELL, 2011). Many household savings are not sufficient to ensure secure retirement. Policy makers often try to encourage this, in form of tax breaks. Another way is more education of financial literacy (WIENER-DOESCHER, 2008). Further research is needed to examine the relationship between financial education and saving behavior, the relationship between financial education and financial literacy of households and the long-term changes in the financial behavior (COPUR-GUTTER-ERKAL, 2010).

The perception of self-caring should be taught in young age by setting an example and teaching, because developing the individual is very important for households and for the society. In my opinion, experience, practice, upbringing of the family greatly affect the future of our adult behavior, our responsible and irresponsible savings actions. I agree, that parents are primarily responsible for shaping the children’s value system. The most important educational role stays for the parents (SZŰCS, 2011), but the parents can be savers in vain if they do not teach their children how to save (COPUR-GUTTER-ERKAL, 2010), but school systems are very important in broadcasting financial and economic knowledge as well. Education changes the way individuals think on finance, so it is important to achieve wider range of financial education (BERNHEIM-GARRETT, 1996). Financial education and social incentive programs can only be successful if the individual has the ability to change domestic settings, preferences, priorities and mindset. More and more households must be convinced to accept those rules, which are designed for increasing the savings (YUH-HANNA, 2010). Those households who are financially better educated, because they have learned financial skills in school, have much greater financial competence (HOGART-ANGUELOV, 2003). Higher financial knowledge pairs with more responsible, conscious financial decisions, so financial literacy has a positive effect on the saving behavior of households (SABRI-MACDONALD, 2010).

1.2. Objectives of the Research

During my research the first task was to review the economic and theoretical background of relevant national and international literature, the exploration of main factors affecting the savings based on the research of some authors and a description of the related previous major researches in domestic savings. I meant a major role to changes of personal income tax incentives to encourage savings. My second task was to analyze the impact of these changes. My first objective is to create a theoretical model based on gathering and processing secondary information, regarding household saving decisions. My second objective is to assess the domestic saving decision making behaviour, by primary research, using representative questionaries. I aim for a thorough examination of the role of the state in the impact of household savings. My third objective is to categorize Hungarian households based on their saving habits and the main characteristics of financial culture, since the household’s behavior of financial affairs may be different for different household types.

2. Subject and Method

During my research I followed a predetermined logical sequence. I began my research with the overview of economic theories related to the topic, from relevant domestic and foreign authors, and I acquainted the recent domestic saving related researches, I examined the Hungarian households' saving, as the aim of my research is on this area. Then I worked on the theoretical background of income tax, then I examined the closely related laws of each topic, especially the changes in tax laws, then, I made an analysis in connection to this and based on secondary data. In my secondary research I analyzed and used the annual reports of the Hungarian National Bank, the National Tax and Customs Office, the Financial Supervisory Authority, Central Statistical Office and the Association of Hungarian Insurers. During the processing of the literature, it turned out that the authors, KEYNES, 1965; MODIGLIANI, 1988; and FRIEDMAN, 1996 know, that the combined effects of more factors are influencing the households' financial saving decisions. However, different factors have different influence, and the factors do not influence with the same intensity of saving habits in each individual household. Therefore, in my primary research I look for the answer if I could allocate households with different saving habits in Hungary. If so, my goal then is to determine what are the characteristics of these households, what factors can influence the behavior of their savings. I focus on that government incentives are able to influence the financial decisions of different types of households, as it appeared in more theories, that state tax policy may influence savings, as KEYNES, 1965; and MANKIW, 2005; also wrote. In addition the level the quality of financial literacy of the population and is also significant, since the saving literaturers (LUSARDI-MITCHELL, 2009, 2011; COPUR et al., 2010 and LABRI, 2013) give priority to the importance of financial literacy. Consider all these, with quantitative research methodology I made a questionnaire survey on households (not individuals) in which I compiled my goals listed above. The questionnaire survey was implemented in two phases, where I asked the households about their saving habits and about the structure of their financial assets. The participation in the research was without prior selection, was anonymous and voluntary. The comprehensive research questionnaire survey was carried out between 2012 November and 2013 May. The incomplete questionnaires were not evaluated. The sample consisted of 4,106 households. That's because on the basis of census data, in 2011 there were 4,105,708 households in Hungary. I realized a representative survey by county and type of settlement. I chose this point of view, because not only regionally (county, region), type of settlement but also discrepancies between the financial literacy, the savings habits, and public aspects of their suggestibility.

I used for processing questionnaires Microsoft Excel spreadsheet program and SPSS 14.0 software. During the test, I tried to find the answer, that how can the examined households be divided into groups and the saving habits of the groups, what are the main characteristics of their saving related thinking. First, I used univariate statistical methods - especially average, mode, median and standard deviation - in the analysis. They are designed, that based on the information summarized in typical primary image position to formulate, because statistical data in large quantities is difficult to understand (JÁNOSA, 2011). I have tried to depict graphically the statistical data and the results of the research the in dissertation with figures and tables, because the information displayed and demonstrations is an important tool, which makes it easier to draw conclusions (KERÉKGYÁRTÓ et al., 2009). For better clarity and distinctness I gave the same color to the same household types, and regions in my figures and tables. In addition to the univariate statistical methods I examined the multi-factor relationship quality with the Cramer's association coefficient, since you can better understand the phenomenon, if you examine not only itself. Many factors can affect the development of test criteria. The Cramer association coefficient shows the close relationship (JÁNOSA, 2011).

In my research I used cluster analysis, and discriminant analysis. With the help of factor analysis the information derived from the data, it allows the joint consideration of multiple criteria. It is used for the characterization of complex phenomenon. This method is based on the relationship between the variables, and in each of the variables, variables are artificially produced, that extracts them to factors (JÁNOSA, 2011). It aims to establish groups of variables within which the variables are correlated (KERÉKGYÁRTÓ et al., 2009). The application of factor analysis was checked on the basis of Kaiser-Meyer-Olkin (KMO) criteria. If the Kaiser-Meyer-Olkin (KMO) value is below 0.5 the factor analysis can not be performed because of the inadequate level of correlation between the variables. Bartlett's test also helped me in the decision. If the Bartlett test's significance level is less than 0.05, then it means the variables that are suitable for factor analysis, since there is a correlation between them (KERÉKGYÁRTÓ et al., 2009). After checking the terms of the factor analysis, I determined the number of factors with the help of Scree Plot Figure. The Scree Plot Figure depicts the eigenvalues in order of the factors. The x-axis shows the number of the factors, the y-axis shows the eigenvalues. The eigenvalues shows that how many times a factor is in relation to the information content per unit of containing variable information (JÁNOSA, 2011).

After the completion of the factor analysis, I made correlation analysis of K-centered cluster, in which the variables on the financial culture were analyzed using ANOVA table. I used Kendall's agreement coefficient to determine, to know how much the surveyed household agree on the factors that influence their decision on savings. It also helped to define the number of clusters. The purpose of the cluster analysis is the segmentation of the population elements so, that the difference in groups is as small as possible and the difference between groups is as big as possible. Within the clusters of the segment members are similar to each other, but differ from other group members (SZŰCS, 2004). Based on the variables I created homogeneous groups, in which properties of the member of the group are close to each other, that is similarity is maximal within the group. Not too low, not too high, to enter number of clusters is not practical; it does not lead to adequate results. In the cluster analysis, the target is the creation of types (JÁNOSA, 2011). In my case, using this method I planned to classify types of Hungarian households based on their attitudes and decisions to save. After determining the types of households discriminant analysis was performed. With the help of discriminant analysis each clusters are also illustrated. The discriminant analysis is a multivariate method, which it can establish, what are the variables, that distinguishes the groups formed during the cluster analysis. Finally, I determined that in the cluster analysis what was the percentage of group of households could be classified correctly.

3. Results

When I created my model of saving, my primary goal was to make a more complex and more complete description of the factors, which are affecting savings, with the correlations taken into account. When creating the model that point was that, the state is directly and indirectly has an effect on the factors influencing the savings, hereby onto the households' savings. In the chapter of theories, I strived to display the theory of Keynes, Friedman's life cycle hypothesis, and Modigliani's permanennt income hypothesis, and many other authors's opinion about the factors influencing savings. I considered Kasilingham's and Jayabal's (2011) figure also, which distinguished saving capability of saving willingness. According to them, the determining factor of savings is propensity and not ability. I didn't make a distinction between these two, since they also depend on the combined effect and strength of many factors. I highlighted both with orange color. In my own model, I tried to indicate the combined effects of saving potentials and factors affecting the propensity to save on saving purposes, savings behavior and eventually on the magnitude of savings. In my opinion, individuals and households can be classified and characterized by their propensity to save and their financial behavior.

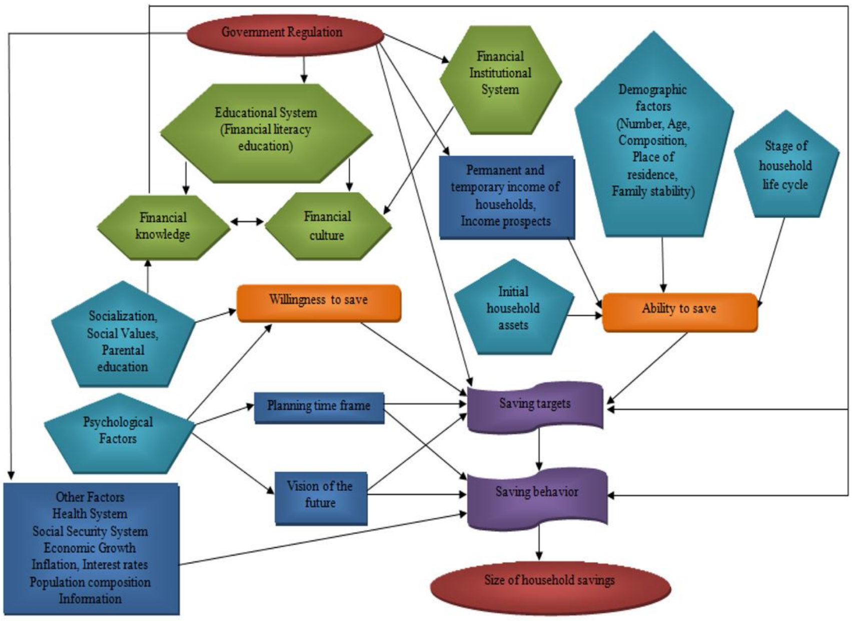

Fig. *Model: Factors influencing the household savings*

Source: *Own research*

I made a distinction between controllable and non-controllable factors. The non controllable factors are shown as pentagonal, light blue figures. The title of my dissertation: „ The effects of state regulations on the population's long term savings" also refers to the process shown in the model. As a starting factor I marked „ government regulation" and as the final product I picked „ size of household savings." With the color green I marked the financial system, the financial education and the financial knowledge. The role of government regulation has an enormous influence and social responsibility through the households' saving goals and saving behavior. Because saving goals and saving behavior are affected by the many factors that I listed and illustrated, these units are marked in purple in my model, as they are equally important, as it is a featured coefficient of the savings decision process. The controllable factors are shown blue in the figure, so I could separate them from other factors.

During my research, I also examined, how personal income tax allowances developed, how durable are they, and how they can influence long-term self-reliance. These changes were mainly caused by the appearance of various tax breaks, continuous changes in tax system and possible sudden disappearance of tax types. The tax rate and the tax allowances are influenced by the combined effects of factors each year. Changes in tax breaks creates uncertainty in long-term financial, saving decisions. Tax incentives can greatly affect the average tax burden of income within the consolidated tax base.

In the analytical examination of clusters I found, that the clusters have similar properties to the clusters occurred during the exploratory research (HORVÁTHNÉ KÖKÉNY, 2014). Accordingly, I considered it appropriate to keep the former designations.

Cluster 1: Wishing to self-care

They consider the needs for financial security of households the least important, but even in their case this value is high 4,64. They know the financial products above the average, and they are moderately trying to take advantage of various tax allowances. The 2. *„Lives for today"* cluster's members think, that it is more important to them to archive financial knowledge. 29% of surveyed households included.

Cluster 2: Lives for today

They have the least confidence in the future state pension, but they do not do anything about it. The average value is only 1,93 on 5 grade scale. Nevertheless, they are the least familiar with some of the potential savings. The use of state tax incentives is uninteresting for them. However, they consider the importance of financial security. They consider teaching financial skills is only moderately necessary. It is less important to them, as for the other cluster members. In my opinion, this is a kind of disinterest, since they do not know the options for each tax benefits, thus they do not make use of these, so they do not consider it important, for the new generation will be able to study these in the classroom. 19% of surveyed households included.

Cluster 3: Conscious Self-carer, with financial literacy

The state is able to influence them the most with tax reliefs, during their savings decisions, although they trust the most, that later state pension will cover their needs. However, the value of their case is very low too (the average value of 2.61564 on 5-point scale). They also urge the need to develop financial literacy, although they are most familiar with the variety of savings products and the associated tax benefits and state aids. They do everything for themselves and for their family members to achieve financial security. 29,6% of surveyed households included.

Cluster 4: Self-carer, without financial literacy

For them, financial security is the most important. Less than, the 3. *„Conscious Self-carer, with financial literacy"* cluster members, but the future of their children, housing and taking care of retirement years are very important for them. Nevertheless, they have very low financial literacy however, they realize, how important it is to develop the financial skills in primary school (4,09). Although they are not familiar with the various financial options, they seek to take advantage of the tax benefits (3,77-4,05). 22,4% of surveyed households included.

4. Conclusions And Recommendations

In my research I concluded, the state can't influence long-term goals equally, whether it is the tax relief, or non-refundable state aid. It turns out that the geographical location of each household is not the main determinant of saving behavior. The major determinant is their financial attitudes. The type classification is a major determining factor, so in one hand it is the state's ability to influence in form of tax benefits, in the other hand is how the households recognize different forms of savings. These two factors explain 40.435% of the knowledge and saving habits of households, and they take financial decisions on the basis of these. However, it also became clear, that the state is not equally able to influence each household types, that I defined and characterized.

The economic models emphasize that the decision-maker is well-informed and rational. I think, this is the root of the problem. This is currently not implemented in Hungary. The majority of the adult population never learned financial, economic knowledge in school and many of them haven't during their adult life.

I concluded, that in the public related savings, the use of state tax breaks and aids have two hindering factors. This is knowledge and confidence. We must teach people how to handle money in the young age. This can help both the knowledge and the development of trust.

In my opinion, which was confirmed during my research, there is a need for primary schools to introduce teaching practical financial skills, as it is in great need for every household to know this for themselves and to the society as well.

5. Summary

The examination of the state role was my emphasized aim in the look of the effect it has on the households' savings: the state's long-term politics in motivating the population to save, the law regulation of the state supports and the analysis of the population's long-term saving habits, its inclination and the exploration of its contexts.

The financial system, education system, changes in household income, incentives to encourage savings, state aids and a variety of other factors can influence the ability to save, the saving aims, the saving behaviour and finally the size of domestic saving. Another important factor is the propensity to save, what rather is an individual psychological factor and is influenced by the parental and societal values, the socialization process and the parental education. During my research I distinguished four different types of households, based on their financial attitudes. In my opinion, the state participation affects the proportion of each type too. Subsequent studies will be able to demonstrate that the „Conscious self-caring, with financial knowledge" cluster's ratio will rise significantly among Hungarian households as that age group reaches adulthood, who studied basic financial knowledge from the 7th grade of primary schools. I would like to do this for future research and hope, that I can do it during my active life.

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The Impact of Monetary Policy on Corporate Investment in Nigeria

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Abstract: *The highly unstable economic conditions in Nigeria desire government intervention through regulated public policies. Based on the above, the study investigated the impact of monetary policy on corporate investment in Nigeria, and seeks to examine the effect of monetary policy (interest rate) on corporate investment. Four hypotheses were formulated and tested using multiple regression technique. Data were obtained from Central Bank of Nigeria (CBN) Statistical Bulletin and Companies Annual Reports and Accounts. The Study revealed that there is no significant relationship between the volume of investment and interest rate, and there exist a weak relationship between the cost of capital and interest rate. The capital structure of firms in Nigeria is highly influence by interest rate. The ineffectiveness of interest rate has been attributed to the imperfect market conditions. Therefore, the study recommended that, the government should make an effective policy that will correct these market conditions, and interest rate policy should he applied in conjunction with other tools of public policy*

Keywords: *Corporate investment, monetary policy, market conditions and manufacture companies.*

1. Introduction

Financial experts and policy makers believe that real life market economies are fraught with both structural and operational imperfections, for one high profit tend to keep turnover low and these profits are maintained only by limiting entry. According to Haley and Schall, (1972), and Bassey, (1982) assert that where entry restrictions are impossible, the combination of free entry and price fixing leads to over capacity and underutilization of resources. The free market system is characterized by favouritism, hoarding, and discrimination, among others. The inherent imperfections prevent price from reflecting the true scarcity values or marginal productivities of available resources. Thus, with the resultant stagnation, fluctuation in price level and low levels of employment will make the market economy unstable.

Recognizing that the completely unfettered play of the market mechanism is completely unfettered, it lead to a highly unstable economic situation which forces government to embark on specific policies that will directed the creation of conditions which stimulate economic growth. These policies often have the desired impact on rapid and stable economic growth and development, and can also stifle economic growth and development (Johnbull, 2009, and Nzotta, 2003).

But in Nigeria, very little has been done to examine their effectiveness and their applicability (Anamakiri, 2010). The rationales for their applicability seem to be that as long as they are successfully applied in developed and developing economies. This can been done irrespective of the differences in the socio-economic environment and the level of technological development as far as it was targeted with good faith (Anamakiri, 2010).

Interest rate is one of the tools of monetary policy used for controlling the activity of the economy and it is one of the major instruments or market intervention in Nigeria. However, the Study is geared to determine the impact of interest rate on corporate investment in Nigeria. The specific objectives of the study are to examine the extent to which changes in the rate of interest influences;

The volume of firms investment in Nigeria,

Their cost of capital,

Their capital structure (financing), and

Financing behaviours of Nigeria firms

Based on the above, three null hypotheses were formulated for testing, viz:

There is no significant relationship between changes in the volume of investment and the level of interest rate.

There is no relationship between the cost of capital and the rate or interest, and

The type of financing used by a firm does not vary significantly impact on the rate of interest.

2. Literature Review

2.1. Monetary Policy in Nigeria

Monetary policy has been defined as those measures formulated to influence or regulate the quantity or volume of money, its price or rate of interest, and its allocation. It also includes polices on the balance of payments, the exchange rates and external reserves management (Nwankwo 1979). According to Vincent, (1979) monetary policy is designed to ensure that money supply in the economy is just enough to support desirable and sustainable growth.

The traditional techniques of monetary control can be classified as qualitative or quantitative. The quantitative techniques have to do with the volume of money, (Open Market Operations (OMO), reserve requirement (Rrt), the cash liquidity ratios (Clrs), and changes in the discount rates Cdrs). The OMO involves the purchase or sale of government securities. This is aimed at controlling the availability of loable funds by the banks. The bank rate or discount rate is very important as any interest rate charged by any bank or other financial institutions is function of their investment. Banks borrow from the Central Bank to enable them replenish their reserves, to be able to create deposits, extend loans to their customers and create money. Banks increases interest rate to reduces the demand for loan, and reduces interest rate to encourage borrowing for investments. Hence, Olalokun, (1979) point out that the Central Bank is regulate money creation by the banks through the discount rate policy. While the qualitative techniques of monetary policy is primary for the direction and distribution of money through moral suasion and selective credit or Credit Guidelines.

2.2. Monetary Policy (Interest Rate) and Investment Decisions

The word "firm" is used to mean all companies whether incorporated or unincorporated in Nigeria. Firms exist to pursue the goals of their owners. Hence the ultimate objective which managers aim at achieving is profit maximization. In order to ensure continuous profits for capital expansion, firms are involved in undertaking investment (projects). This means making huge expenditures in expectation of realizing future benefits (Guven et al, 2006, Hamada, 1969, and Imegi, 2008). Consequently investment decision making is a cardinal point in any business set up and therefore constitutes one of the most demanding challenges confronting management. l-or such a decision making is a cardinal point in any business set up and therefore constitutes one or the most demanding challenges confronting management. For such a decision which has a significant impact on the investing firm and the entire economy, needs a governing rule to guide it. This rule must therefore he closely tied up with the objective of the firm. This rule must provide a better basis and guidelines for investment decision to be taken.

According to Anamakiri. (2006) investment decision must be taken on a large holistic basis vis-a-vis prevailing interest rate as to enhance undertaking a reasonable and profitable project. When a project is considered on its holistic basis, it leads to failure. This can also be attributed to the absence of satisfactory methods of analysis adopted. Many techniques exist to help firms analyze their wide variety of investment problems. Such techniques includes accounting rate of return profitability index, net present return. Internal rate of return among others. The widely used criterion which also takes care of the risk element is the Net Present Value. The stream of return at the end of each year is discounted at a given rate. That rate help to find their present value. According to this criterion, a project is worthwhile only if its net present value is positive or at least equal to zero. In other words, to be able to maximize profits or the present values of the firm, a project should only be accepted if the returns exceeds the required initial capital outlay or equals it. (Boateng, 2004; Chen. 2003; De Miguel and Pindado, 2001 and Bassey, 1981). Apart from the present value of the future returns on investment, the corporate investment rule for a profit maximizing firm can be also stated in terms of the cost of capital. According to Samuel et al (1995), cost of capital can be equated to that rate of return which an investment must earn to maintain the value of the company.

2.3. Monetary Policy and Corporate Financing Decision

Financing decisions involved on how firms should finance its portfolio of investments. However, there are more than one source of finance available to a firm. Each source usually has a different maturities date, risk elements, cost and ease of raising such funds. The financial manager needs to take decisions involving source/type, the mix, the timing of the fund and the payout/retention ratio that will help in the maximization of the firm's objectives.

The aim of corporate financing is to maximizing the firm’s market value (Guven et al 2006 and Myers, 1984), the shareholders wealth (De Miguel and Pindado, 2001; Jensen, 1986).

This irrelevance was reexamined with the consideration of taxation and the real world situations (Modigliani and Miller, 1963). There are many strands on the opinion of corporate financial structure in the received literature. The first of these is the invariance theorem, the genesis which dates the classical work of Modiglani and Miller (1958). This view which has been subsequently validated by financial economists (Myers and Majluk, 1984, Hamada. 1969 and Pandey, 2001) relaxed and Hamada, 1969). The assumption briefly stated that in the absence of taxes and bankruptcy risk, the value of the firm is independent of its capital structure and its method of financing is irrelevant.

On the other hand, the advocates of the traditional theory contend that the total value of a firm is a well-behaved function of corporate financial structure even in the absence of taxes and risk of bankruptcy. Other authors that tried to explain the true situation of capital structure decision includes the work of Beattice et a1 2004; Quan. 2002; Nidyo, 2005; Chen 2003; Ozkan, 2001 and Graham 2000). At present the debate between these two opinions is very crucial in the field of financing decision making but remains unresolved, as economics have rarely been the subject of research in this field as indicated by Wiwattanakantang (1999) for Taiwan, Schulman et al (1996) for New Zeland, Chen (2003) for China, Boateng (2004) for Ghana, and Anamakiri, (2006) for Nigeria respectively.

3. Research Methodology and Model Specification

This study is largely empirical, and multiple regression technique was adopted for analysis. The population of this study consists of manufacturing firms in Nigeria. Information the Nigerian Stock Exchange Factsbook, 2009 revealed that there are a total of 57 manufacturing companies registered with the Nigerian Stock Exchange. The study employed a random sampling technique. Dates were derived mainly through secondary sources. The following models were specified for the testing of our hypotheses, viz:

i. Hypothesis 1: Interest Rate and the volume of investment and minimum lending rate is formulated as, $Y = b_0 + b_1x_1 + b_2x_2 + e$

Where:

Y = (The dependent variable), represents the percentage change in the volume of investment.

X_I = (Independent explanatory variable), represent the minimum lending rate), and

X_2 = (Another independent variable) represents the percentage change in national income, while b_o,b_l and b_2 are the partial regression coefficients)

E = represents error term

Hypothesis 2: Interest Rate and cost of capital, and minimum lending rate is formulated as:

$Y = b_0 + b_1z_1 + b_2z_2 + e$

Where:

Y = the cost of capital

Z_I = the change in the volume of investment

Z_2 = the minimum lending rate, and

E = the error terms.

ii. Hypothesis 3: Interest Rate and capital structure, and retention rate is formulated as

$Y = b_0 + b_l q_l + b_2 q_2 + e$

Where:

Y = the gearing level (or capital structure)

q_I = Interest rate

q_2 = Retention ratio

$b_0 b_1$ and b_2 are the partial regression coefficients, and

e = The Error terms

4. Data Analyses and Results

Table 1 revealed a high coefficient of relationship, ranging from 0.85 for case 1 to 0.82 to case 5. In order to determine the level of the t-tests result revealed that the values oft-test were statistically insignificant in all the five cases at the 5 percent level of significance. Thus, we accept the null hypothesis, and conclude that there is no significant relationship between changes in the volume of investment and the level of interest rate in Nigerian manufacturing firms. (See table I Appendix). Table 2 revealed that the regression coefficient (R^2) values were all greater than zero but relatively low except in cases 3 and 5 where the values were 0.96 and 0.78 respectively. The t-test results for the first independent variable (changes in the volume of investment) were not significant in four cases at 5 percent level. The second independent variables (interest rate or MLR) recorded t-values which were significant at the 5 percent level except in cases I and 5. Consequently, accept the alternative (Hi) which states that there is a relationship between the cost of capital and the rate of interest. (See table 2 Appendix). Table 3 revealed that the R^2 values obtained were high for the five cases examined. These values ranged from 0.82 to 0.99., and the t-values obtained in case 1 for the two independent variables were both significant at 5 percent level of significance. For cases 2 and 4, the t-value for the first independent variable (interest rate) was not significant but its t-values were significant for cases 3 and 5. Given the three cases out of five where the t-test results were significant for the interest rate, we can confidently accept the alternative hypothesis (Hi) and conclude that the gearing level varies with the rate of interest. (See table 3 Appendix).

Generally, the result on the relationship between interest rate and the volume of investment could he inferred with 95% certainty that the rate of interest does not have any significant effect on the changes in the volume of investment. This ineffectiveness of interest rate as a tool of monetary policy for the regulation of the volume of investment in Nigeria could be attributed to the imperfect market within which these firms operate. In other words, these firms are semi-monopolists with huge abnormal profits as seen in their published balance sheets and hence changes in the rate of interest do not have a significant effect on the volume of investment undertaken by them. Consequently, their investment decisions and policies can not be effectively regulated by the government via tools of monetary policy like the interest rate. While, the relationship between interest rate and cost of capital could be inferred with 95% certainty. Hence, the variations in the cost of capital are caused by changes in the level of interest rate. Nevertheless, the relationship is weak in most of the cases examined. This implied that the minimum lending rate used is not very effective in the regulation of the cost of capital. This ineffectiveness of interest rate as a monetary policy tool can also be explained by the imperfect market conditions. Finally, the relationship between Interest Rate and Capital Structure stood at 95% certainty. This implied that between 82% and 99% of variations in the gearing level of the firms is caused by changes in the level or interest rate. The negative values of the coefficient revealed a negative relationship due to the impact the interest rate have on debt capital. The study revealed a great relationship between the gearing level and the interest rate could be explained in terms of the high degree or dependence on debt capital. This could be attributed to series of government policies on loans to industrial ventures.

5. Conclusion and Policy Recommendation

From both the theoretical and empirical evidence obtained we then conclude that Interest rate on its own is not at all an effective measure for controlling investment decisions in Nigeria. Interest rate as a monetary policy has not failed completely in the regulations of financing decisions in Nigeria. The study discovered that, sales, profitability and cash flows were the major determinants of the volume of corporate investments. The ineffective impact of interest rate as a monetary policy tool on corporate investment in Nigeria has been mainly attributed to the imperfect market conditions under which these companies operate. Most of these firms are semi-monopolists with huge abnormal profits. Due to the above reason, government policy can have significant effect on their decision.

Based on the above, government and corporate organization should embark on policies that will correct the imperfection existing among multinational firms to create room for effective application of government policies and programmes, applied interest rate in conjunction with other tools of public policy, allowed interest rate to fluctuate according to market forces to enhance increase of volume of corporate investment, and monitor sales, profitability, and cash now as they are major determinants' of the volume of corporate investments.

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Appendix

Table1. *Regression Results: Volume of Investment versus Minimum Lending Rate (MLR) and Gross Domestic Products (GDP).*

CASES	INDEPENDENT VARIABLE	b_0	b_1	b_2	R^2		S(b)	Tb 0.05 = 2.35 df=3	F 0.05 V1 =2 V2 = 200
1.	Minimum Lending Rate and % Change in Gross Domestic Product	1.12	1.51	6.17	0.852	2114.39	$S(b_0)$=32.48 $S(b_1)$ = 9.28 $S(b_2)$ = 7.73	$S(b_0)$=0.105 $S(b_1)$=0.489 $S(b_2)$=2.394	2.373
2.	Minimum Lending Rate and % Change in Gross Domestic Product	0.821	3.281	1.637	0.655	2188.28	$S(b_0)$=33.078 $S(b_1)$ = 9.437 $S(b_2)$ = 7.866	$S(b_0)$=0.075 $S(b_1)$=1.044 $S(b_2)$=0.624	0.949
3.	Minimum Lending Rate and % Change in Gross Domestic Product	6.307	6.856	13.04	0.83	3306.66	$S(b_0)$=40.657 $S(b_1)$=11.601 $S(b_2)$ = 9.669	$S(b_0)$=0.465 $S(b_1)$=1.773 $S(b_2)$=4.158	2.441
4.	Minimum Lending Rate and % Change in Gross Domestic Product	-0.274	3.799	-1.39	0.91	86.62	$S(b_0)$=6.574 $S(b_1)$ = 1.879 $S(b_2)$ = 1.565	$S(b_0)$=0.126 $S(b_1)$=6.066 $S(b_2)$=2.664	5.056
5.	Minimum Lending Rate and % Change in Gross Domestic Product	0.184	1.365	3.879	0.821	1199.22	$S(b_0)$=24.487 $S(b_1)$ = 1.879 $S(b_2)$ = 7.565	$S(b_0)$=0.024 $S(b_1)$=0.585 $S(b_2)$=1.998	2.318

Source: *Author's Estimation. From Table 1 – 3 (See Appendix)*

Table2. *Regression Results: Cost of Capital versus Changes in the Volume of Investment and Minimum Lending Rate (MLR).*

CASES	INDEPENDENT VARIABLE	b_0	b_1	b_2	R^2		S(b)	Tb 0.05 = 2.35 df=3	F 0.05 V1 =2 V2 = 200
1.	% Changes in the Volume of Investment and Minimum Lending Rate	-0.367	-0.063	1.801	0.107	2255.72	$S(b_0)$=3.58 $S(b_1)$ = 0.806 $S(b_2)$ = 7.688	$S(b_0)$=0.033 $S(b_1)$=0.234 $S(b_2)$=2.702	0.0599
2.	% Changes in the Volume of Investment and Minimum Lending Rate	7.799	-0.434	3.749	0.443	2235.79	$S(b_0)$=29.61 $S(b_1)$ = 0.75 $S(b_2)$ = 4.75	$S(b_0)$=0.789 $S(b_1)$=1.737 $S(b_2)$=2.373	0.398
3.	% Changes in the Volume of Investment and Minimum Lending Rate	0.026	0.031	3.098	0.961	-75.276	$S(b_0)$=16.33 $S(b_1)$=0.279 $S(b_2)$ = 3.111	$S(b_0)$=0.006 $S(b_1)$=0.333 $S(b_2)$=2.988	12.69
4.	% Changes in the Volume of Investment and Minimum Lending Rate	-0.241	-0.66	2.649	0.458	368.02	$S(b_0)$=13.565 $S(b_1)$ = 1.251 $S(b_2)$ = 3.223	$S(b_0)$=0.054 $S(b_1)$=1.584 $S(b_2)$=2.466	0.423
5.	% Changes in the Volume of Investment and Minimum Lending	-2.276	0.734	-2.365	0.78	405.25	$S(b_0)$=14.235 $S(b_1)$ = 0.481 $S(b_2)$ = 3.138	$S(b_0)$=0.057 $S(b_1)$=4.758 $S(b_2)$=2.262	1.773

	Rate								

Source: *Author's Estimation. From Table 1 – 3 (See Appendix)*

Table3. *Regression Results: Gearing Level versus Minimum Lending Rate (MLR) and Retention Ratios.*

CASES	INDEPENDENT VARIABLE	b_0	b_1	b_2	R^2		S(b)	Tb 0.05 = 2.35 df=3	F 0.05 V1 =2 V2 = 200
1.	Minimum Lending Rate and % Change in Gross Domestic Product	0.11	37.998	-2.178	0.996	103.025	$S(b_0)$=7.18 $S(b_1)$ = 5.11 $S(b_2)$ = 0.42	$S(b_0)$=2.37 $S(b_1)$=22.308 $S(b_2)$=15.558	124.5
2.	Minimum Lending Rate and % Change in Gross Domestic Product	-5.595	-13.14	3.44	0.82	28271.16	$S(b_0)$=118.774 $S(b_1)$ = 119.91 $S(b_2)$ = 9.88	$S(b_0)$=0.1417 $S(b_1)$=0.33 $S(b_2)$=1.044	3.417
3.	Minimum Lending Rate and % Change in Gross Domestic Product	-1.290	31.912	0.297	0.991	1731.19	$S(b_0)$=29.39 $S(b_1)$=119.91 $S(b_2)$ = 0.865	$S(b_0)$=0.132 $S(b_1)$=10.506 $S(b_2)$=1.029	55.056
4.	Minimum Lending Rate and % Change in Gross Domestic Product	-0/27	5.05	1.898	0.99	420.12	$S(b_0)$=14.49 $S(b_1)$ = 11.14 $S(b_2)$ = 1.87	$S(b_0)$=0.057 $S(b_1)$=1.35 $S(b_2)$=3.042	49.5
5.	Minimum Lending Rate and % Change in Gross Domestic Product	-1.48	22.66	-0.81	0.93	2950.22	$S(b_0)$=38.37 $S(b_1)$ = 14.58 $S(b_2)$ = 1.50	$S(b_0)$=0.117 $S(b_1)$=4.65 $S(b_2)$=1.53	6.642

Source: *Author's Estimation. From Table 1 – 3 (See Appendix)*

Table4. *Showing % change in the Volume of Investment, Gross Domestic Product (GDP) and Minimum Lending Rate (MLR)*

Year	% Change In The Volume of Investment (Y)					MLR (X_1)	% Change in GDP (X_2)
	Flour Mills	Berger Paint	Nigeria Breweries Plc	Guinness Nigeria Plc	Nigeria Bottling Company		
2002	32.79	53.75	13.74	35.50	51.95	19.00	4
2003	17.65	62.79	12.47	67.00	123.82	15.75	11
2004	69.50	85.34	2.34	10.51	37.32	15.00	8
2005	11.22	13.11	26.31	28.98	-5.29	13.00	5

Source: *CBN Statistical Bulletin and Companies Annual Reports and Account.*

Table5. *Showing cost of capital, Minimum Lending Rate (MLR) and the Volume of Investment*

Year	Cost of Capital (Y)					% Change in the Volume of Investment (X_1)					MLR (X_2)
	Flour Mills	Berger Paint	Nigeria Breweries Plc	Guinness Nigeria Plc	Nigeria Bottling Company	Flour Mills	Berger Paint	Nigeria Breweries Plc	Guinness Nigeria Plc	Nigeria Bottling Company	
2002	45	10	-6	-10	27	32.79	53.75	11.74	35.50	51.95	19.00
2004	26	31	-2	19	15	67.50	85.34	2.43	10.51	37.32	15.00
2005	17	21	11	7	21	11.22	13.11	26.31	28.98	-5.29	13.00

Source: *CBN Statistical Bulletin and Companies Annual Reports and Account.*

Table6. *Showing Gearing Level, Minimum Lending Rate (MLR) and Retention Ratio*

Year	Gearing level					Retention Ration					MLR
	Flour Mills	Berger Paint	Nigeria Breweries Plc	Guinness Nigeria Plc	Nigeria Bottling Company	Flour Mills	Berger Paint	Nigeria Breweries Plc	Guinness Nigeria Plc	Nigeria Bottling Company	
2002	51	92	87	75	183	61	65	37	36	26	19.00
2004	106	42	87	61	191	76	82	30	81	72	15.75

Source: *CBN Statistical Bulletin and Companies Annual Reports and Account.*

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Does Firm Size Determine Corporate Retention? Evidence from Nigeria Banking Sector (2002 – 2013)

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Abstract: *The study aims at determining the nature, magnitude of influence and causalities between Firm Size and Retained Earnings with evidence from Nigeria Banking Sector (2002 -2013). The 2-step cointegration and error correction model of Engle and Granger (1987) in a simple regression framework was applied in the study and correlation approach was adopted in the analysis with an estimation of an error correction model. The study variables were tested for stationarity and were found to be integrated of the same order I (1), indicating a co integration. Firm Size has a short term positive but insignificant effect on Retained Earnings while the long run coefficient shows that Firm Size has a positive and significant influence on Retained Earnings. There is no granger causality running from either Firm Size to Retained Earnings or from Retained Earnings to Firm Size. A very strong relationship exists between Firm Size and Retained Earnings at approximately 98.6%. The long run significant relationship is in tandem with logical reasoning and in line with our a priori expectation as well as the life cycle theory. The implication is that firm size could determine the extent of reserve to be maintained by banks in the long run. Therefore, at the maturity stage of a bank, retained earnings should be reduced to increase dividend pay-out to its shareholders as the bank might have reached a point where it lacks profitable investment opportunities for the cash generated from its existing operations.*

Keywords: *Firm Size, Retained Earnings, Banks, Correlation, Regression, Causality, Nigeria.*

1. Introduction

The banking sector in Nigeria is a major driver of the emerging economy which since 1894, when First Bank of Nigeria Plc (then Bank of British West Africa), the first commercial bank was established originally to serve the British shipping and trading agencies in Nigeria, has continued to thrive from a government regulated environment to the era of the Structural Adjustment Programme (SAP) embarked upon by government in 1986. The cardinal reason for introducing SAP was to deregulate the economy, which involved the liberalisation of the bank licensing process, and allowing the forces of demand and supply to determine most macro and microeconomic variables.

The liberalisation of the licensing process gave rise to an astronomical increase in number of banks operating in Nigeria banking sector which by 2005 got up to 89. In a bid to survive in such a highly competitive environment, ethics were thrown overboard which resulted in insider abuses, poor corporate governance, inefficiencies and fear of collapse of the system. Consequently, the Central Bank of Nigeria (CBN) saw the urgent need for consolidation in the banking industry, setting the minimum capital base of each bank at N25 billion (Twenty five Billion naira only). At the end of the consolidation exercise, number of banks in the sector was compressed to 25 after a series of mergers and acquisitions, with the aim that the banks would become robust enough to act as agent of economic growth and development functioning in line with healthier and more prudent mode of operation (Sanusi, 2009).

The asset size of most banks however increased as a result of the business combinations, with the attendant consequences of maintenance and replacements. The banking sector functions with a strong Information Communication Technology (ICT) base locally and widely networked to provide services to customers even in very remote areas by simply clicking the computer. Sequel to this obligation to pay customers on demand, the need to have a strong and modern asset base to carter for their deposit and withdrawal needs cannot be over emphasized.

Retained earnings (revenue reserves) which as opine by Kim and Suh (2010) and cited by Ekwe and Inyiama (2014) is the accumulated net income that is retained by a firm rather than distributed to its shareholders as dividends, is one of the key retentions created by companies. Retained earnings are retained capital, which is the portion of net income that management keeps to fund future growth and to pay down company debt (Horkan, 2014). However, the tradeoff between retentions and distribution of profits that motives the lifecycle theory of dividends is largely consistent with the disciplining explanation, and is important to firms that potentially have agency problems as experienced in most emerging economies (Wu and Yeung, 2010).

Consequently, the aim of this study is to establish the extent of influence that total asset exerts on retained earnings. The nature and magnitude of the relationship between total asset and retained earnings, as well as the granger causality between the variables are to be ascertained by the study. Section 2, reviews existing literature in related areas, section 3 states the methodology applied for analysis of data, section 4 discusses the empirical results while section 5 concludes after summarizing the research findings

2. REVIEW OF RELATED LITERATURE

The theoretical framework upon which the study is underpinned is the Lifecycle Theory proposed by Mueller (1972). His main focus is on the agency problem within the firm, namely the question of whether the managers of a firm maximize shareholder value, or pursue growth for its own sake and "over invest" in assets contrary to shareholder interests. The theory contends that dividend policy is driven by the tradeoff between distribution and retention of corporate earnings and that this tradeoff depends on firm maturity stage as it is believed that young firms rely more on new equity (or contributed equity) for early growth while mature firms rely more on self-financing and are more able to pay dividends because of ample accumulative profits (Ekwe and Inyiama, 2014). Mueller (1972) believes that at mature stage, a shareholder value-maximizing firm would begin distributing its earnings to its shareholders as the firm might have reached a point where it lacks profitable investment opportunities for the cash generated from its existing operations.

Ekwe and Inyiama (2014) while citing Segal and Spivak (1986) in a study on firm size and optimal growth rate through reinvestment of retentions, stated that by retaining earnings and reinvesting them in the firm, the firm can change the parameters governing the stochastic process, increasing the probability of multiplication and reducing the probability of disappearance. Thus the firm's decision variable is the size of the retained earnings.

Kim and Suh (2010) examined the interactions between retained earnings and capital structure and found that retained earnings convey information about both funding needs (i.e., asset growth) and internal funds and that the inverted-U-shaped relation is an outcome of the interplay between these two factors. Thirumalaisamy (2013) studied the relationship between firm growth and retained Earnings. He found that growth of corporate firms in India is substantially financed by retained earnings and that there is no transaction and bankruptcy costs associated with retained profits which made it a major internal source of finance for companies in India.

Velnampy and Nimalathasan (2010) carried out a comparative study of bank of Ceylon and Commercial Bank of Ceylon Ltd in Srilanka on the effect of Firm Size on Profitability. The study was initiated to asses the effect of firm size on profitability of virtually all the branches of Bank of Ceylon (BOC) and Commercial Bank of Ceylon Ltd (CBC) with 10 years accounting period; 1997-2006. Correlation analysis shows that, there is a positive relationship between Firm size and Profitability in Commercial Bank of Ceylon Ltd, but there is no relationship between firm size and profitability in Bank of Ceylon.

Motahedin and Mirmostafaee (2014) conducted a study to investigate the relationship between capital structure policies and the lifecycle of listed 187 companies in Tehran Stock Exchange from 2005 to 2011. A key hypothesis and three sub hypotheses were developed and a multivariate linear regression was used to test the hypotheses. The companies were divided into those in the growth stage and those in the maturity stage; and capital structure was composed of net debt issue, retained earnings and equity. The research results showed that the effect of the deficit on net debt issue was higher in companies in the growth stage compared to companies in the maturity stage, but was no significant. The effect of the deficit on net equity and retained earnings in companies in the growth stage was higher compared to companies in the maturity stage and was significant. The study revealed that companies in the growth stage follow the hierarchical theory more than companies in the maturity stage, but it is not significant.

Ferreira and Vilela (2004) investigated the determinants of corporate cash holdings in EMU countries. The EMU includes the following countries: Germany, France, Netherlands, Italy, Spain, Finland, Belgium, Austria, Ireland, Luxemburg, Greece and Portugal. Our results suggest that cash holdings are positively affected by the investment opportunity set and cash flows and negatively affected by asset's liquidity, leverage and size. Bank debt and cash holdings are negatively related, which supports that a close relationship with banks allows the firm to hold less cash for precautionary reasons. Firms in countries with superior investor protection and concentrated ownership hold less cash, supporting the role of managerial discretion agency costs in explaining cash levels. Capital markets development has a negative impact on cash levels, contrary to the agency view.

Darabi, Ataeizadeh, Amin, Mamaghan, Mohammad, Mirmasoumi and Zadeh (2014) studied the relationship between firm size and growth opportunities, comparison of changes in debt and retained earnings in listed companies in the stock exchange. This study has been accepted in Tehran stock exchange during the 2006 to 2011. To collect theory method from library, financial information and the financial values of the company for analysis, panel method was adopted. The results revealed no significant relationship between the agent and company as much as growth opportunity companies with debt changes and retained earnings.

In this research Pervan and Visic (2012) focused their attention on firm size and evaluated its influence on firm profitability between 2002-2010. Apart from mere investigating the relationship between firm size and performance, they explored the impact of some other variables crucial in determining firm profitability. The results revealed that firm size has a significant positive (although weak) influence on firm profitability. It showed that assets turnover and debt ratio also significantly influence firms' performance while current ratio didn't prove to be an important explanatory variable of firms' profitability.

An evaluation of the co-integration, magnitude and strength of the relationships between corporate retentions as proxied by retained earnings and some key financial performance indicators, in the Nigeria manufacturing industry was conducted by Inyiama and Ekwe (2014) in Nigeria brewery sector. Results indicate that a strong relationship (about 77%) exist between retained earnings and net asset value per share. The study reveals that a long run relationship exists between retained earnings, and the rest of the variables implying that, if the retained earnings are properly invested, the returns will catalyze growth, development and expansion of the firms while the financial performance indicators will serve as predictors to the appropriate levels of retentions and investment which could guarantee good bottom line without incurring the opportunity cost of excess liquidity.

3. METHODOLOGY

The interactions between firm size and retained earnings in Nigerian banking industry is evaluated in this study by adopting the Engle-Granger (1987) two-step error correction model procedure discussed in Inyiama and Ozouli (2014). The model specification is as follows:

$$\Delta RTNEARN_t = a_O + a_1 FMSZE_t + a_2 U_{t-1} + \varepsilon_t \quad (1)$$

$$\Delta RTNEARN_t = a_O + a_1 FMSZE_t + a_2 RES_{t-1} + \varepsilon_t \quad (2)$$

Where:

Δ represents the first difference computation on the respective variables;

a_1 denotes the coefficient indicating the short run equilibrium relationship linking the two variables;

a_1 denotes the coefficient indicating the long run relationship linking the variables with *a priori* expectation of -1;

U_{t-1} or RES_{t-1} is the residual obtained from the linear regression of variables integrated in same order I (1).

The residual is lagged by one to fulfill the requirement of the granger representation theorem.

ε_t is the disturbance term for the model.

Table1. *Description of Variables*

ACRONYM	Details	Mathematical Expression
RTNEARN	Retained Earnings	Accumulated Net Income less Dividends
FMSZE	Firm Size	Total Assets

Source: *Author's Arrangement.*

3.1. Test for Stationarity of Time Series Data

Test for stationarity of data series, otherwise referred to as Unit Root Test is conducted on the Time Series Data. It is necessary for time series data to attain stationarity in order to prevent spurious regression that tends to accept a false relationship or reject a true relationship when non-stationary series are used for data analysis. A graphical representation was made to initially ascertain the existence of unit root in the time series data. The line graphs reveal that the data series were not stationary and needs to be disinfected. This is evident from the fact that the line graphs did not cross the zero line even at an instance as shown below:

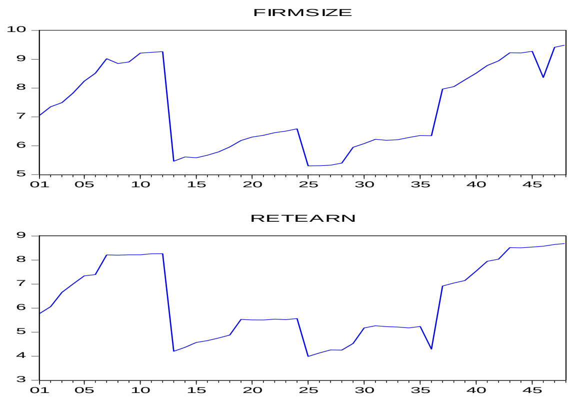


Fig1. *Graphical Representation of the Variables with Unit Root Issues*

Source: *Author's EView 8.0 Output.*

3.2. Unit Root Test

The Augmented Dickey Fuller (ADF), Phillips-Perron (PP) and Kwiatkowski-Phillips-Schmidt-Shin (KSS) procedures were adopted in testing for existence of unit root in the time series data, as well as the order of integration of both variables.

Table2. *Augmented Dickey Fuller (ADF) Unit Root Test Results-Nigerian Breweries Plc*

Variables	Test Critical Values			Test Statistics	Status
	1%	5%	10%	ADF	(Stationarity)
Firm Size	-3.581152	-2.926622	-2.601424	-6.884657	I(1)
Retained Earnings	-3.581152	-2.926622	-2.601424	-7.132819	I(1)

Source: *Researcher's EView 8.0 Computation*

Table3. *Phillips-Perron (PP) Unit Root Test Results*

Variables	Test Critical Values			Test Statistics	Status
	1%	5%	10%	PP	(Stationarity)
Firm Size	-3.581152	-2.926622	-2.601424	-6.884657	I(1)
Retained Earnings	-3.581152	-2.926622	-2.601424	-7.133650	I(1)

Source: *Researcher's EView 8.0 Computation*

Table4. *Kwiatkowski-Phillips-Schmidt-Shin (KSS) Test Results*

Variables	Test Critical Values			Test Statistics	Status
	1%	5%	10%	KSS	(Stationarity)
Firm Size	0.739000	0.463000	0.347000	0.147287	I(1)
Retained Earnings	0.739000	0.463000	0.347000	0.133814	I(1)

Source: *Researcher's EView 8.0 Computation*

Tables 2, 3 and 4 reveal that the time series data from the annual reports of some banks namely Access Bank Plc, First Bank Nig. Plc, United Bank of Africa Plc and Zenith Bank Nig. Plc achieved stationarity at first difference. The integration of time series variables at order I(1), suggests that the data tend to cointegrate (Engle and Granger, 1987) given rise to the following scenario:

- Cointegrated series share a stochastic component and a long term equilibrium relationship.
- Deviations from this equilibrium relationship as a result of shocks will be corrected over time.
- We can think of ΔYt as responding to shocks to X over the short and long term.

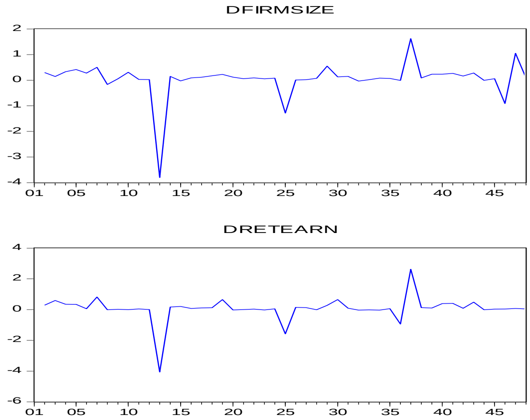


Fig2. *Graphical Representation of the Variables after differencing at I(1)*

Source: *Author's EView 8.0 Output.*

Table5. *Descriptive Statistics (Insert Table 5)*

STATISTICS	FIRM SIZE (TOTAL ASSETS)	RETAINED EARNINGS
Mean	7.291530	6.314500
Median	6.821274	5.670869
Maximum	9.497363	8.689786
Minimum	5.301455	3.990206
Std. Dev.	1.445161	1.598460
Skewness	0.158918	0.150578
Kurtosis	1.450199	1.491946
Jarque-Bera	5.005809	4.729845
Probability	0.081847	0.093957
Sum	349.9935	303.0960
Sum Sq. Dev.	98.15907	120.0885
Observations	48	48

Source: *Author's EView 8.0 Output.*

The statistics of the study variables were explained in Table 5. These include average, standard deviation, maximum and minimum values, skewness, kurtosis and Jarque-Bera statistic, among others. The coefficient of skewness for both Firm Size and Retained Earnings is below one (1) and this indicates a normal frequency distribution. This situation is confirmed by Kurtosis coefficient which is below 2 for both variables and further by Jarque-Bera statistic which reveals that both variables have insignificant p- values.

The variables were subjected to Granger-Causality test in the context of linear regression models and specified in bivariate linear autoregressive model of two variables X_1 and X_2 based on lagged values as applied by Pasquale (2006) and cited in Inyiama (2013):

$$X_1(t) = \sum_{j=1}^{P} A_{11,j}X_1(t-j) + \sum_{j=1}^{p} A_{12,j}X_2(t-j) + E_1(t) \qquad (5)$$

$$X_2(t) = \sum_{j=1}^{P} A_{21,j}X_1(t-j) + \sum_{j=1}^{p} A_{22,j}X_2(t-j) + E_2(t) \qquad (6)$$

Where;

p is the maximum number of lagged observations included in the equation, the matrix *A* contains the coefficients of the equation (i.e., the contributions of each lagged observation to the predicted values of $X_1(t)$ and $X_2(t)$,

X_1 is the earnings per share which is constant while X_2 takes the form of various prices of equity shares and,

E_1 and E_2 are residuals (prediction errors) for each time series data.

Table6. *Pairwise Granger Causality Tests*

Date: 03/30/15 Time: 09:55			
Sample: 0001 0048			
Lags: 1			
Null Hypothesis:	Obs	F-Statistic	Prob.
RETEARN does not Granger Cause FIRMSIZE	47	0.00377	0.9513
FIRMSIZE does not Granger Cause RETEARN		2.38283	0.1298

Source: *Author's EView 8.0 Output*

Table7. *Pairwise Granger Causality Tests*

Date: 03/30/15 Time: 09:51			
Sample: 0001 0048			
Lags: 2			
Null Hypothesis:	Obs	F-Statistic	Prob.
RETEARN does not Granger Cause FIRMSIZE	46	0.07260	0.9301
FIRMSIZE does not Granger Cause RETEARN		1.21888	0.3060

Source: *Author's EView 8.0 Output*

Tables 6 and 7 reveal that there is no causality running from either Firm Size to Retained Earnings or from Retained Earnings to Firm Size. The implication is that Firm Size does not granger cause Retained Earnings and vice versa.

Table8. *Residual Test for Stationarity*

Null Hypothesis: D(RES) has a unit root				
Exogenous: Constant				
Lag Length: 2 (Automatic - based on SIC, maxlag=9)				
			t-Statistic	Prob.*
Augmented Dickey-Fuller test statistic			-6.258997	0.0000
Test critical values:	1% level		-3.596616	
	5% level		-2.933158	
	10% level		-2.604867	
*MacKinnon (1996) one-sided p-values.				
Augmented Dickey-Fuller Test Equation				
Dependent Variable: D(RES,2)				
Method: Least Squares				
Date: 03/30/15 Time: 10:28				
Sample (adjusted): 0007 0048				
Included observations: 42 after adjustments				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
D(RES(-1))	-2.563010	0.409492	-6.258997	0.0000
D(RES(-1),2)	0.784477	0.302161	2.596226	0.0133
D(RES(-2),2)	0.247514	0.156783	1.578701	0.1227
C	-0.014073	0.149194	-0.094328	0.9253
R-squared	0.798691	Mean dependent var		0.006139
Adjusted R-squared	0.782798	S.D. dependent var		2.073904
S.E. of regression	0.966541	Akaike info criterion		2.860207
Sum squared resid	35.49966	Schwarz criterion		3.025699
Log likelihood	-56.06434	Hannan-Quinn criter.		2.920866
F-statistic	50.25485	Durbin-Watson stat		2.052405
Prob(F-statistic)	0.000000			

Source: *Author's EView 8.0 Output*

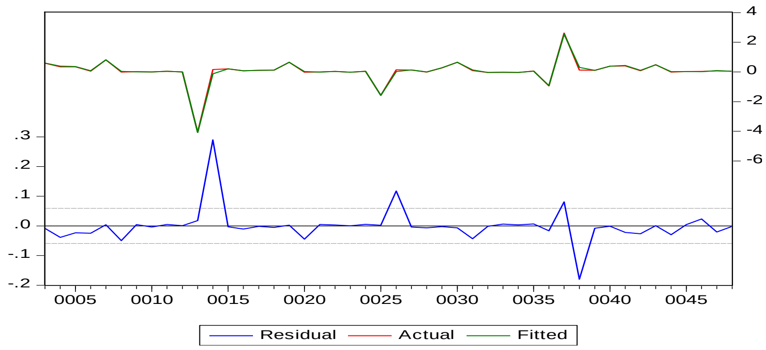
If the variables under study are integrated in the same order I(1) and are found to cointegrate, then an error correction model (ECM) which is the second step of the Engle and Granger (EG) procedure could be specified for each equation. Table 8 reveals that the variables are co-integrated at 5 percent significance level, hence an error correction model could then be estimated. The result of the regression analysis is presented in Table 9.

Table9. *Regression Analysis Results*

Dependent Variable: DRETEARN				
Method: Least Squares				
Date: 03/30/15 Time: 10:23				
Sample (adjusted): 0003 0048				
Included observations: 46 after adjustments				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
DFIRMSIZE	0.022536	0.030087	0.749008	0.4579
RES-1	0.982226	0.026108	37.62145	0.0000
C	0.056101	0.008815	6.364286	0.0000
R-squared	0.994929	Mean dependent var		0.057151
Adjusted R-squared	0.994693	S.D. dependent var		0.810207
S.E. of regression	0.059025	Akaike info criterion		-2.758720
Sum squared resid	0.149810	Schwarz criterion		-2.639460
Log likelihood	66.45055	Hannan-Quinn criter.		-2.714044
F-statistic	4217.891	Durbin-Watson stat		2.117836
Prob(F-statistic)	0.000000			

Source: *Author's EView 8.0 Output*

Table 9 reveals that Firm Size has a short term positive but insignificant effect on Retained Earnings while the long run coefficient shows that Firm Size has a positive and significant influence on Retained Earnings. The error correction mechanism suggests that deviations from equilibrium are corrected at approximately 98% per annum. This implies that the distortions affecting Retained Earnings in the long term could be corrected in approximately 1 year and two months (approximately 12.24 months). The residual graph of the parsimonious model in Figure 3 reveals that the line graph of the fitted observations is very close to the graph of the corresponding observed values.



Source: *Author's EView 8.0 Output*

Table10. *Correlation Test Results*

	FIRM SIZE	RETAINED EARNINGS
FIRM SIZE	1.000000	0.986091
RETAINED EARNINGS	0.986091	1.000000

Source: *Author's EView 8.0 Output*

There is a positive association between Firm Size and Retained Earnings as revealed by Table 10. There is a very strong relationship between Firm Size and Retained Earnings at approximately 98.6%.

4. Conclusion

The study aims at determining the nature, magnitude of influence and causalities between Firm Size and Retained Earnings. The 2-step cointegration and error correction model of Engle and Granger (1987) in a simple regression framework was applied in the study. The variables are co-integrated at 5 percent significance level and a very strong relationship exists between Firm Size and Retained Earnings at approximately 98.6%. Firm Size has a short term positive but insignificant effect on Retained Earnings while the long run coefficient shows that Firm Size has a positive and significant influence on Retained Earnings. There is no granger causality running from either Firm Size to Retained Earnings or from Retained Earnings to Firm Size. The long run significant relationship is in tandem with logical reasoning and in line with our a priori expectation as well as the life cycle theory that at the maturity stage of an organization (when the total assets are reasonably large), there may not be need for much retentions for growth and development. At this stage also, dividend pay- out rate is expected to rise. This is why Mueller (1972) believes that at maturity stage, a shareholder value-maximizing firm would begin distributing its earnings to its shareholders as the firm might have reached a point where it lacks profitable investment opportunities for the cash generated from its existing operations.

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Systematic Training Gap in Nigerian Public Enterprises

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Abstract: *Public Enterprises were established in order to fill the wide gap between what is available in terms of provision of capital and expertise, in the private and public sectors of the economy. In order to maintain the required level of competence and expertise, public enterprises need to train and retrain personnel on a regular basis. Personnel, especially at the management/senior level, must master both the special, technical or professional and managerial skills, necessary for running the enterprise. When a personnel from public enterprise organisation is sent on training, the objectives of such nominations often differ from the requirements of "Systematic Training" approach, indicating the existence of "Systematic Training Gap" in such organisations. This in itself is connected to a myriad of challenges faced by Nigerian Public Enterprise. The peculiarities of these challenges as outlined each have implications for training and retraining. The "gap" indicates that something is missing in the practice of training management in that organisation. The systematic gap is the non-application of "Training Needs Analysis" and "Programme Design" components of training function, before implementation. It could be present by not adopting the systematic approach, or using other approaches without first of all conducting "Training Needs Analysis" followed by "Programme Design". Managers adopt other approaches instead of Systematic approach, and they have genuine reasons for doing so, but the long-term effect on the organisation is undesirable. "Coaching" and "Effective Supervision" could be applied as ways of saving funds on training of personnel.*

1. Introduction

Public Enterprises were used as pivots of development especially in the third world countries where colonization played a major role in their chequered histories. Developing countries are often blamed for embarking on enterprises that ordinarily has to be undertaken by private sector organisations, but a deep reflection about the circumstances leading to the establishment of public enterprises, shows that the countries had no alternative but to use public enterprises on a considerable scale especially to kick-start development. Public enterprises were established in order to fill the wide gap between what is available in terms of provision of capital and expertise, in the private and public sectors of the economy.

Hence, they were set up as centers of expertise and competence in the economy; therefore, they ought to be exemplary, in assemblage of competent personnel in their areas of operation. In this regard, it is expected that public enterprise organisations ought to 'parade' a team of well trained, well managed and well informed personnel. Without this competence from which expertise derives, the public enterprises would not be able to carry out their mandates. In order to maintain the required level of competence and expertise, public enterprises need to train and retrain their personnel on regular basis. Personnel of public enterprises are expected to undergo several courses as they move from one level of performance to the other, due to the rapid technological and industrial changes taking place globally.

Every organisation depends on the competences of its employees in order to achieve its mission. To achieve its desired results, therefore, the human resources of an organisation must perform according to required standards. To do this, the human resources, especially at management level, must master both the special, technical or professional and managerial skills, necessary for running the enterprises. Each managerial post, thus, requires two types of training inputs. First, there is the education and training, needed to perform the technical or professional aspect of the job, and second, there is the managerial training, needed for an economic, efficient and effective performance of the job. When properly mounted or executed, training ensures the acquisition of the right knowledge, skills, attitudes etc required to ameliorate below expectation performances of employees.

Seeing that the individual requires at least two kinds of training – professional, and managerial; and that training is required for different levels of performance, it therefore suggests or indicates that managers or personnel in Public Enterprises, due to the nature of their jobs, need to undergo series of training on both aspects of their jobs. Given the number of personnel in the entire public enterprise organisations, it suggests that training institutions would be very busy round the year, training organisation's personnel. But, the experience is that public enterprise organisations do not seriously Endeavour to improve the competences of their personnel, whether in their professional or managerial areas. Training Institutes, at least from the Nigerian experience, are often under subscribed, and an examination of the course participants available indicates that public enterprises rarely subscribe. This is indicated in the table below:

Total Number of Participants Trained By the Administrative Staff College of Nigeria (Ascon) From 2008 – 2013

Year	Regular (Two Week Training Programmes)
2008	1,893
2009	1,538
2010	1,499
2011	1,022
2012	892
2013	588
TOTAL	**7,432**

Source: *Examination of Records (ASCON)*

Even the professional, areas of the enterprises are not taken care of, leading to serious inadequacies in the performances of Nigerian Public Enterprises. Given this characteristic neglect of systematic training in public enterprises, how do they bridge performance gaps and how could they be made to satisfy customers' expectations? What factors lead to this neglect of systematic training and how could these be remedied? These are some of the questions that this study set out to tackle.

2. CONCEPT OF PUBLIC ENTERPRISES

Public enterprises are sometimes called "Parastatals". They can also be called: Government Owned companies, Statutory Corporations, State sponsored bodies, or State Owned Enterprises. It does not matter what they are called; suffice it to say that they occupy a very crucial niche in the development of any nation, irrespective of the ideological inclination. Names are usually given to them according to the role that they perform, the degree of autonomy that is exercised over them, and the direction of ideological preference of the country where they are found, their management structure, nature and origin. (Fernandes and Sicherl, 1981).

Public enterprises exist as hybrid organisations, possessing some of the qualities of the private organisations, that is, the firms and some of the traditional machinery of government (that is, the Civil Service). Public enterprises therefore represent the interaction of two dimensions – the Public dimension and the Enterprise dimension.

The involvement of governments in the establishment and management of public enterprises shows clearly that they serve public purpose. Thus, one of the major differences between public and private lies in the definitions of their purpose. Private enterprises are usually set up to serve the motives of the owners. In this instance, private interests override the public interest with profit maximization as the ultimate goal. The goals of public enterprises on the other hand must represent the policies of the nation in context.

3. DEFINITION OF PUBLIC ENTERPRISE

It is important to have a working definition of Public Enterprise for the following reasons: firstly, a definition is required for statistical purpose. "Scholars and researchers need to be able to precisely delineate the boundaries and frontiers of public enterprises for cross-national studies. To understand with greater clarity the conceptual basis, the identity and character of public enterprises", (Fernandes and Sicherl, 1981). According to them, it will help to:

- Evolve national approaches to the role of public enterprises;
- Articulate the goals and objectives of public enterprises in general and specific
- goals and objectives of each enterprise in particular;
- Prepare and implement corporate plans and strategies for public enterprises;
- Evolve and implement suitable organisational and managerial polices for public enterprises;
- Design training programmes for public enterprises managers; and
- Establish an effective basis for evaluating the performance of public enterprises.

There are to be found in literature, various definitions viewed from various perceptions and background. But because of the dual nature of the roles of public enterprises, a universally acceptable definition has been very difficult (Abdul, 2002). Fernandes and Sicherl (1981) defined Public enterprises from two standpoints – the statistical and the conceptual. On statistical, they defined Public enterprises as an organisation where the government has a percentage share – holding of 50% or more, and must be an organisation composed of two dimensions – the enterprises and the public dimension.

Gbeja (2002) noted that public enterprise is a generic term covering a wide range of institutions, organisations and companies wholly or partially owned by the state. In the Nigerian context, he defined a public enterprise as "government owned organisations/institutions outside the conventional Civil Service administrative structure of machinery of government. They are usually self accounting and their employees are directly appointed by the organisations themselves rather than through the Civil Service Commission".

Although intellectually appealing, the definitions above do not aptly capture the scenario in Nigeria and also in many other countries. In the Nigerian situation, any extent of involvement of Government, however little, usually qualifies it to be a public enterprise. A working definition of a public enterprise was provided in the Privatisation and Commercialisation Decree No. 25 of 1988. It defined a public enterprise as:

> Any corporation, board, company or parastatal established by or under any enactment in which Federal Military Government, or any of its departments, ministries or agencies has ownership or equity interests and shall include partnership, joint ventures or any other form of business organisation.

Public enterprises are manifestations of the enterprise of governments – involving the exhibition of entrepreneurial spirit outside the formal machinery of the civil service. The unique nature of public enterprises places them in a position to reap the advantage of borrowing the best of management practices from two worlds – the core Civil Service and the Private Sector. These definitions mark a clear departure from the view held by some commentators (Ramanadhan, 1977; Fernandes, 1986) who viewed public enterprises as economic entities in which assets are wholly or partially owned by the government. Rondinelli (2008) defined it as "government-owned or controlled commercial entities that generate all or most of their revenues from the sale of goods or services on a full or partial self-financing basis, and in which the government or a public body/agency participates by way of having shares or representation in its decision-making structure".

4. Classification of Public Enterprises in Nigeria

The 1981 Report of the Presidential Commission on Parastatals acknowledged that in many instances, governments set up organisations that are partly or wholly financed by it. The Commission classified public enterprises into seven major categories. They are:

- Those are essentially regulatory, social, economical, cultural, political or educational.
- Research Institutions, Teaching Hospitals, Universities and other post-secondary institutions of learning awarding degrees and diplomas and dependent on government funding.
- Essentially regulatory, social, political, economical, cultural, or Educational (other than Research institutions, post-secondary institutions and Teaching Hospital) and independent of government for funding (e.g. Central Bank of Nigeria).

- Quasi-Commercial (including broadcasting) and dependent on government funding e.g. the National Sports Commission, the Nigerian Television Authority, and River Basin Development Authorities.
- Essentially Commercial or industrial but dependent on government funding. Examples are the Ajaokuta Steel Company Ltd. and the Nigerian Ports Authority.
- Commercial or Industrial, wholly owned by government and independent of government funding. The Federal Mortgage Bank is an example.
- Commercial or Industrial, with government controlling interest, independent of Government funding.

Looking at the magnitude of performance expected of public enterprises and the level of specialisation required to perform their statutory functions. It is important that personnel of these need to be competent in order to provide the necessary goods and services. Hence, training and retraining of personnel is a **sine qua non** for them. The kind of training desirable for them are supposed to be methodical and properly focused if they must be able to achieve the desired results. We saw in the opening paragraphs of this study that the manager needs two kinds of training in order to perform: the professional/technical knowledge and the managerial competence. Hence, public enterprise organisations, employing the large number of personnel as they have, and striving to perform in order to implement Government Policies, must provide intensive training for its personnel.

5. Challenges Faced by Public Enterprises

There is no doubt that every country in the world irrespective of their political ideologies has public enterprises that play some roles in their corporate existence. Nigeria, as we have noted is not an exception. They are also not immuned to the challenges that pervade their establishment and management. This statement was put graphically by Aboyade (1974) when he stated that:

> "It became impossible to manage with firmness, capital development projects approved by the board after unnecessary haggling took months to gain ministerial approval; appointments to posts were controlled by members of the board, and ministry's interference in addition to ministerial dictation on practically every issue was the norm. These practices gave rise to abuses that led to public enquiries in almost all the important corporations in the country."

In addition to those here mentioned by Aboyade (1974), Abdul (2008) gave some and these are collectively listed below:

- Inadequate funding
- Infrequent release of capital allocation
- Frequent changes in government policies
- Frequent board changes
- Politicization of appointments
- Lack of skilled manpower
- Frequent government intervention in management decisions
- Pricing policies dictated by government
- Political instability
- Poor/inexperienced Leadership
- Lack of clearly defined mission/vision
- Lack of clear and articulate corporate plans
- Economically unviable location of many enterprises
- Under utilization of plants, equipment and other facilities
- Use of antiquated machines/production processes.

- Bureaucratic delays in decision making leading to inability to take advantage of changes in market dynamics.
- Unstable security of tenure of management teams.
- Absence of performance evaluation criteria.

All of these factors individually and collectively listed above affect training and retraining either in the amount of resources available, the quality policies put in place or managerial decisions on where, how and when the training should take place.

6. THE CONCEPT OF TRAINING

The major purpose of training in an organisation is to achieve effective performance from its employees that are sent for training at all levels. It is the assumption that training improves the performance of the recipients; hence, employees are exposed to training programmes. How the organisation goes about the activity of selecting personnel and training implementation depends upon many factors including management and supervisory style, organisational climate, nature of the work environment etc. Often, training is done for the wrong reasons and in the wrong way, but Managers agree that training brings improvement in performance and productivity. What then do we mean by training and how do we determine who should be trained and by what method? These are the questions to be treated in the next section.

7. DEFINITION OF TRAINING

Today's organisations regard attendance at any training event as a serious investment that must provide value for money and relate to the objectives of the business. So, what is training? In the view of Kenny, Donnelly, and Reid (1979:2) training is helping an individual to learn how to carry out satisfactorily the work required of him in his present job. In line with Kenny et al's (1979) view that training is geared towards job performance, Marsick (1987:3) stated that training usually refers to short-term activities that emphasize practical skills immediately applicable to the job. In other words, when an employee is involved in an activity that has to do with acquisition of skills to be applied on the job, we refer to it as training. This definition indicates that if learning is not directed towards practical application of same, then it could not rightly be referred to as training. It also implies that when organisational members are sent on training, then one expects or rather, they should apply knowledge and skills acquired form that training to the job, and otherwise, they could not claim to have been trained.

Defining training from another perspective, Laird (1978:9), stated that it is the acquisition of the technology which permits employees to perform to standard. This reference to the standard aspect of organisational life is supported by Robinson (1988:12) who said that training means to develop a person's behavior pattern, in the areas of knowledge, skills or attitude in order to achieve a desired standard or level of performance. By these definitions, one understands Laird (1978) and Robinson (1988) as saying that training is for the attainment of set standards. In other words, every organisation operates on set or desired standard of operation. Therefore, where one is not measuring up to the set standard, he or she is sent on training, to bring him/her up to the required standard. It is important to note that the expected results set the standard of performance, compelling employees to work towards the achievement of desired results, based on set performance standards. This also implies that anybody who is not performing according to the set standards is not giving the desired results, and needs to be put in line through training programmes.

Reilly (1979:22), defined training as the development of a person's knowledge, skills and attitudes for a vocational purpose. In the same vein, Maduabum (1996:4) defined it as the acquisition of knowledge, skills and attitudes required to perform a given job or group of jobs, duties or tasks. Both Reilly (1979) and Maduabum (1996) agree that training provides the individual with knowledge, skills and attitudes to help the person to be more effective in the performance of a specific job. In other words, that knowledge, skills and attitudes being required for effective performance on the job, then in a situation where one is deficient in any of them, he/she needs to go on a training programme in order to acquire it. This by implication means that nomination to training programmes should be an indication that one has not got all that is required to perform on a job, and which must be obtained through training. Our discussion so far depicts that training is an activity that aims at satisfactory job performance, adherence to set performance standards; and provision of requisite knowledge, skills and attitudes for effective performance.

8. Systematic Training

A systematic training procedure is the pivot of a successful implementation of training in organisations. Training is described as a “change agent”, that is, its purpose is to effect a change in knowledge, skills and attitudes. It is oriented towards job requirement and there are different approaches to training. We have, according to Boydell (1976:33-5): the organisation development approach; the welfare approach; the political approach; administrative approach; and the systematic (systems) approach. Out of the five approaches highlighted above, the systems approach is widely agreed by Managers as most preferred. In the systems approach to training, there are different segments, and the movement from one segment to another is in a step-by-step fashion which is referred to as systematic or methodical. According to Maduabum (1992:184), the different segments include:

- Identification of Training Needs (ITN);
- Designing of training programmes;
- Implementation of training programmes; and
- Evaluation of training.

In order to appreciate the rationale for the preference of systematic training, an overview of the steps would suffice:

9. Identification of Training Needs (ITN)

Identification of Training Needs also known as Training Needs Analysis (TNA) is always the first step in the training system. In fact, it is the pivot of training since every other activity or segment in training depends on what is needed and not needed. It is widely acknowledged that there has to be an assessment of “what is” and “what ought to be” before a training need could be established. This assessment is done through what is termed as “Training Needs Analysis” (TNA). It is an examination of the organisation’s present operations, expected operations, present and manpower requirements in order to identify the number of staff and manpower categories needing to be trained and retrained; individual training needs which will enable a person to reach the required standard of performance in the current job or the future job (Osborne, 1996:138). The complete process of training needs analysis according to Peterson (1992:14) means specifying those gaps or discrepancies in performance that actually exist between what people are capable of doing now, and what you want them to do in the future.

In using the term ‘Training Needs’ we are implying that there are weaknesses somewhere in the system which demand strengthening by means of training in some form or other. Osborne (1996:43) is of the view that a training need exists when the gap between “actual” and

Required” performance i.e. training gaps, can be most economically matched by a training intervention. This view is supported by Robinson (1988:37) who defined training need as the gap which exists between the true requirements of a given job and the present capabilities of the incumbent. Both Osborne (1996) and Robinson (1988) could be regarded as using performance gap as an indication of training need, Peterson (1992:14) simply defined training need as a need for human performance improvement that can best be met by training of some kind. Craig (1976:9) stated that:

> A training need may be described as existing any time an actual condition differs from a desired condition in the human or “people” aspect of organisational performance or more specifically, when a change in present human knowledge, skills, or attitudes can bring about the desired performance.

Turell (1980:14) concluded that a training need is revealed if the results we get from the present organisation structure or present procedures are below an acceptable standard. This we can interpret to mean that when an organisation or a procedure within it is operating below an acceptable level of effectiveness, it may be because the people who work and operate procedures have not been sufficiently well developed and trained. In other words, they have a training need.

10. Why We Need to Assess Training Needs

The above section, ordinarily, would have sufficed for why training needs should be assessed, but it could be complemented by the statements of some authorities that had done in-depth study on training. In the view of Reilly (1990:17):

> A tremendous amount of training resources are wasted when training needs are not properly assessed. First, training may not be the appropriate response to a particular organisational problem. Secondly, when training is the correct response, it is important to identify what kind of training. Thus, managers and trainers should try to find out where training might improve the performance of an organisation before they commit resources to training.

Goldstein (1989:26) stated that training needs assessment provides information where training is needed, what the content of the training should be and who within the organisation needs training in certain kinds of skills and knowledge. He further explained that once an organisational analysis has been conducted to identify where training is needed (for example "X" department or work group) a task analysis determines the activities performed on the job and the conditions under which the jobs are done.

It could be seen that if training need is not assessed, one would not be exact on the kind of training to administer and who deserves such training. Managers are expected to be asking if training is likely to help solve the organisation's problems, or whether the solution lies elsewhere. If training is the answer, or at least a potential answer, what kind of training would seem appropriate? The priority in training should be determined and strictly followed. The Manager or Supervisor is expected to lead the process of training needs assessment. This is because, he/she is supposed to know better than anyone else what the jobs of his subordinates entail, and he/she should be able to assess to what extent the requirements are being met.

We have just done an overview of Training Needs Analysis which is the first step in systematic Training Methodology. The next step in "systematic training" approach which is very crucial and also distinguishes this approach from the others is "Designing of Training Programmes". Let us also do an overview of this step.

11. Design of Training Programmes

Unless, and until the successful completion of the Training Needs Analysis is done, it would practically be impossible to embark upon the design and development of training programmes. The importance of programme design is in the fact that it is an important link in the training cycle, between an awareness of the training needs of an individual or a group, and the fulfillment of that need. In other words, programme design translates identified needs into action, resulting in need satisfaction or effective training. Furthermore, programme design constitutes an important element in the evaluation of training. Unless a training programme is properly and adequately designed, it is going to be difficult to tell whether or not the training programme has, in fact, fulfilled the need for which it was executed in the first instance. It is a detailed plan of the techniques and strategies to be used for ensuring that the training objectives are achieved.

12. The Elements of Programme Design and Development

Programme Design and Development as a technique of converting training objectives into a training programme, consists of the following steps:

- **Specifying, Selecting and Appraising the Target Population:** This requires knowing everything about the target population.
- **Drawing up the course Contents:** This consists of breaking up the several training objectives into its constituent parts, training methods for delivering the components (e.g. knowledge, skills and attitudes), and an estimate of training sessions or practices necessary to attain a particular standard of the objectives.
- **Resource Allocation:** It consists of making use of the simplifications of the different training methods to arrive at the total time and facilities required by the programme as a whole.
- **Inventory of Approaches:** At this stage, the inventory of possible approaches open to the manager/trainer is taken, to look for the cheapest means of getting to the same goal.
- **Sequencing.** This consists of breaking the contents into modules or topics and arranging such modules in a sequential manner. At the same time, the trainer/manager assigns a facilitator to each subject or module and this is then composed into a timetable.

The other two segments in systematic training, that is, “Implementation” and “Evaluation” are common to all the other approaches to training. Hence, need no special discussion in this study. We have tried to discuss an overview of “Training Needs Analysis” and “Programme Design” because they are the components that distinguish “Systematic Training” from all other approaches to training already identified in this study.

13. Incidence of Systematic Training Gap in Nigerian Public Enterprises

The concept of “gap” refers to a space between two parts of an object/event because of something that is missing. In our treatment of ‘Training Needs Analysis (TNA) at an earlier section, we saw that Peterson (1992:14) refers to it (TNA) as “specifying those gaps or discrepancies in performance that actually exist between what people are capable of doing now, and what you want them to do in the future”. This makes it clear that when we talk of a “gap”, one is saying that there is something that ought to be, but is not there. This leads us to understanding that when we talk about “systematic training gap”, there is something missing about that concept. That there is something about “systematic training” which is not taking place in Nigerian Public Enterprises. What is it about “systematic training” which is not taking place in Nigerian Public Enterprises.?

In order to answer the above question, there is the need to revisit the five approaches to training which came up in the course of this study. A cursory background of the five approaches reveal as follows: Under Organisational Development Approach; decisions on training rely heavily on people’s feelings and attitudes as data. It also tends to concentrate on diagnosis of organisational climate, management style and inter-group conflict. Under the Administrative approach; it aims at carrying out prescribed tasks in the specified way by specified time, smooth running of training function; and comprehensive record system. In this case, rules, regulations, tradition, precedents, resource availability determine what training will take place. On the Welfare approach; it aims at ensuring that as many people as possible receive some form of training, it provides courses for all who want them; and creates no anxiety to those undertaking training about administrative, academic or work-related aspects of their course. The political approach aims at obtaining as much credibility, resources, power, influence, fame, prestige of the Manager and even trainee. In any of these approaches, mentioned, the peculiar problems of public enterprises earlier listed lend themselves very easily as they influence which of these four approaches to be adopted. But under the Systematic approach, training is methodical and done in stages or strict sequence, with the last one leading to the first. The first two stages are seen to be very crucial to the entire training activity. The first two stages under the “systematic training” approach are Identification of Training Needs (ITN) or (TNA) and “Programme Design” both of which had been treated in the fore-going sections.

Training practitioners and Mangers agree that these two components of the Systematic Approach are very vital to the training activity and form the pivot of training since their absence leads to guess work and inaccuracies in training function. Very clearly, these two phases or stages are not emphasised by the other approaches to training which we had mentioned. This, therefore, constitutes the “gaps” in training function being referred to. Having seen the rationale for training needs analysis and programme design, one wonders how the training function could be effectively managed without their application. Other approaches simply require nomination for training based on social considerations, but in proper organisational setting, the emphasis is on competence, performance and productivity. These are the variables paramount in systematic training approach.

14. Implications of Challenges in Public Enterprises for Systematic Training

From the previous sections, we have seen the importance of training and retraining – indeed when done systematically to the change of fortunes of Public Enterprises. It is important therefore if we are able to analyse these problems properly with the aim of devising solutions to them.

It is clear that inadequate funding of most public enterprises coupled with late releases of the paltry financial allocation have grave consequences not only for the management of the training function but for the running of all other aspects of the organisation. It is possible to have some enterprises that may not have trained their staff for upward of three to five years or more due to lack of funding. The implication is that the staff would not have been kept abreast with the latest in technology, processes and procedures ultimately, contributing to low productivity.

Frequent Board and policy changes demand a reversal to status quo or a cancellation of efforts earlier made in a particular direction. The implication is that money, materials and time would have been wasted in what was not considered important. It may also lead to abandonment of projects from a culture of policy inconsistencies. While a set of management may place a high premium on training, others may not.

Lack of skilled manpower may itself be a product of faulty recruitment exercises. Building the skills of personnel employed through the proper process is by far easier and cheaper than for others that were not very qualified or experienced in the first place. Yet in many instances, this may be the norm where the public enterprise may have a large number of “untrainable” workforce.

Bureaucratic delays and bottlenecks have frequently been experienced by would-be participants who have applied and/or nominated for training and who have found it difficult to get the necessary financial releases. This may lead to over-reliance on the welfare approach to training as only those who are connected to the top management get trained eventually. Even then, the training most of the times are not focused on the areas that are of urgent need to the public enterprise.

Many public enterprises were established without clearly defined mission/purpose. In that case, they may have come into existence as a result of Political Party Manifestoes made during electioneering campaigns. While this in itself is not wrong, the problem starts when enough feasibility study, economic and social cost benefit analyses are not done. No sooner are they set up than they become difficult to manage. In this instance, what will be the purpose of systematic training when no structure exists in the first place as a platform for training?

Tribalism, nepotism, and sectionalism have only helped to allow only those from favoured segments of the society and who are close to top management to be sent on training at the expense of others who may need the skills much more and who are more better positioned to carry out the objectives of the enterprise.

15. Two Sides of Systematic Training Gap

The existence of all of these problems notwithstanding, it has been observed that only a committed management approach to systematic training that completely derives from the objectives of the organisation will drive the enterprise forward. Where the organisation is coming from is not as important as where it is going. Remediation of past ills is possible when training is identified to be useful.

We saw earlier that a “gap” connotes that “something is missing” and (in this study) needs to be bridged. In considering the issue of “gap” in systematic training, we want to treat it from two perspectives: first, the non-application of systematic approach in training; and second, the nomination of personnel for training without first determining the need for same and method of achieving desired results.

Realising the role of Public Enterprises in the Nigerian economy, one expects a more “serious” approach to training in terms of selection and frequency. But the experience is that personnel are often sent on training programmes mainly by Administrative and welfare approach considerations. Hence, when participants return from training programmes, the issue of learning transfer is either not emphasised or envisaged. The training recipient returns to work, feeling “better qualified” than his/her counterparts, without considering what the organisation or work group would benefit from such training exposure. This connotes that attendance or participation in training programmes is not aimed at organisational survival, but rather, for the training recipient’s benefit. Hence, a public enterprise fails to improve, causing dissatisfaction to their numerous customers. Often, public enterprises’ officers on training do not bother to internalize instructions from instructors, since they would not be required to use acquired knowledge in their performance back at the work environment. The scenario being presented here is that the choice of training approach, which in many cases does not follow the systematic approach, creates a gap which could only be bridged through the application of systematic training approach.

Sometimes, training administrators and Managers become compelled to overlook the use of systematic training. This is experienced when the Manager bases his/her nomination on either the need to “rehabilitate” a staff that has economic problems, or the need to compensate a work group that had not been included in training programmes for sometimes. All these are done on social basis, against the requirements of the systematic approach which emphasises competence and productivity.

“Gap” is also experienced in situations where an organisation practices the use of systematic approach by putting the training administrator/Manager under pressure to send an employee on a particular training even though there was no need for it. This kind of consideration takes place at very senior positions in an organisation, but sometimes features at lower level also. When a training programme has an international component, senior managers struggle to benefit from it, even though they do not need the skills.

The poor performance of many Nigerian public enterprises may be indicative of this kind of approach to nomination for training, neglecting the recourse to systematic training. The gaps so created are difficult to be bridged. When organisations nominate training recipients without the exercise of training needs analysis, no progress is made in the total organisational performance. Rather it leads to a waste of resources and constant customers’ dissatisfaction.

16. Systematic Training Gap Remedies

Systematic training connotes or rather requires exposing personnel to training through first of all ascertaining their skills gap. Hence, one understands this exercise to suggest that when the skills gap of the individual is ascertained, the individual could be taken to a venue where knowledge and skills could be provided/acquired. That is, a venue away from the work environment. The manager is very much concerned about finding out what the employee needs to know but which he/she does not know, before training could be applied. Apart from ensuring that the individual learns what he/she really lacks, the Manager is concerned about huge capital outlay which may be wasted if training is not focused to required knowledge and skills. The Manager wants to derive value from money spent and wants to ensure wise spending.

There is an inexpensive type of training which may not require Training Needs Analysis. Hence, Managers who fail or could not carry out systematic training, could adopt this inexpensive approach to training. On-the-job training is relatively cheap and may not require all the arrangements made under systematic training approach. This method requires in the main, a “dedicated” supervisor, who would go round the work environment, identifying staff weaknesses and correcting them. By this method, the organisation may not need to pay for its personnel to learn in another environment, nor pay extra money to a “teacher” to deliver the instructions. But the emphasis is on “dedication” of the supervisor. In order to motivate supervisors for effective supervision of staff, “supervision allowance” could be paid as part of salary at the end of the month. This amount would be found to be far less than what could be paid to external training consultant during training away from work environment.

Apart from “effective supervision”, the Manager could adopt “coaching” as a means of training. This method has been found to be very effective and cost-free in organisations where a superior officer creates a particular time of the day or week for coaching. This should not be a “meeting” setting, but a serious session, devoted to provision of skills and knowledge for effective performance of work group members. Interaction with the “forces” reveals that superior officers create time to train their juniors on so many aspects of their job. No week passes without a superior officer enlightening subordinates on different aspects of their job. Their training is continuous.

In suggesting effective supervision and “coaching” by superior officers/managers, the problem of depth of knowledge by superior officers in public enterprises needs to be taken care of. Due to the inadequacies inherent in the Management of public enterprises, some individuals find themselves “superior” or “senior” to persons more knowledgeable than them. In such a situation, one finds a “boss” teaching or coaching someone more knowledgeable than him/her. Two remedies could be applied in such a case: First, anybody placed to superintend over any work group must have “good” knowledge of the work in that section/division. Second, where a superintendent does not fully know the technicalities of that section/division, a consultant could be brought in to perform these functions at an agreed frequency. This would still be cheaper than going on full release to a training programme away from the work environment.

"Effective Supervision" and "coaching" have an advantage over other forms of learning. When a skill is learnt on the job, the question of learning transfer is eliminated. The learner does not need to leave the venue and go to his/her work environment before transferring the skill acquired.

17. Conclusion

Virtually all public enterprises in Nigeria face one challenge or the other, the degree in intensity being a product of the closeness/importance or otherwise to the government. One thing that stands out clearly is that tremendous progress can be made on the mission/vision of the enterprise if training and retraining is given a pride of place. In doing this however, the right approach must be adopted for maximum return on training investment. The systematic approach stands out clearly in regard.

Without "competence" from which expertise derives, the public enterprises would not be able to carry out their mandates. In order to maintain the required level of competence and expertise, public enterprises need to train and retrain personnel on regular basis. Out of the five approaches discussed in this study, the "Systematic approach to training is widely recommended because it has different segments that are in step-by-step fashion. The first two steps: "Training Needs Analysis" and "Designing of Training Programmes", set this method apart from other approaches. When these two steps are missing in the practice of training functions, we say that a "gap" exists. This gap could be identified from two perspectives. First from non-adoption of Systematic approach to training; and second, by adopting other approaches without considering the above two steps. Whenever training is conducted without these two steps being considered, training gap is sure to be present.

The Manager, desirous of saving funds or, who has no training vote or limited training vote, could train by adopting "coaching" and/or "effective supervision" of subordinates. The conditions for making this approach workable must be considered and satisfied.

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The Role of Political Leaders in Enhancing Peace and Tranquility: Thinking Big

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Abstract: *Political leaders play an important role in facilitating peace and tranquility. Their vitality is appreciated due to the fact that they have followers- people who believe in what they say and act accordingly. This paper is cemented on the speech of the considered one of the guru of development management in the world, when he made his presentation before the political party leaders in Ruvuma region in Tanzania. While the amplification of the speech is based on Tanzania, we consider that the speech is relevant to the nationals of the world. The paper is a review in nature and has articulated experiential and factualism of the current world in setting the literature review, methodology, discussion and conclusion. The speech called upon leaders to realize that the emergent of political parties does not mean to jeopardize humanity. Political parties are planes, buses, trains, motorcycle, bicycle and footers for the sake of moving the direction one would want to go, yet those who move are more important than the vessels they use. Development is what one ought to vision in whatever is done. Hence, synergizing thinking is a must for attaining development under the surface of peace and tranquility. The paper concludes that peace is inevitable without political leaders playing a vital role of harnessing what they believe with others' beliefs. In addition, political leaders must appreciate that losing and wining an election is the major outcomes of democratic elections.*

Keywords: *Peace; Tranquility; Political Leaders; Development.*

1. Introduction

Leaders are the key in the proper management and development of material and human resources. Political leaders are basically those who assume offices through the votes of majoritarian that conform to the rules and regulations of a particular setting. Although definitions of political leaders may be of varied, yet we appreciate that political leaders emerge from politic which simply refer to the community on which the leader is enshrined. Several authors have come up with literatures on the interplay of leadership and the challenges posed (Eden, 1983; Edersheim, 2007; Grint, 2005; Havel, 1990; Aristotle, 1958; Takala, 1997; Tucker, 1985; Blonde, 1987; Bose; 2006; Brysk; 2002; Ciulla, 2004; Edersheim, 2007; Ferguson, 1999; Hunt, 1984).

Political leaders can be of varied categories. However, for the purpose of this work we define political leaders through tracing how they come into being. Political leaders are basically from three categories: 1) those who exist through votes of the people and go by the names such as councilors, parliamentarians, governors, prime ministers and presidents. 2) Those who exist through direct appointments made by national leaders in the name of Presidents and prime ministers and they go by names such as ministers, ambassadors, regional commissioners and district commissioners pending the nature of the named country. 3) Those who emanate from political parties of any level. They can be of national and or lower echelons of any political party be it ruling or archrival/opposition. In some instances, we do have mixed qualifications. Some political leaders are elected by the people, and in secondary stages the appointing authority would appoint them to discharge as government leaders in varied positions.

We learn that the most important contribution social psychology has made to understanding political leadership and indicating ways of improving the quality of leaders' decisions, or at least reducing their propensity to make mistakes or increasing their possibility to get things right. Therefore leadership is a reciprocal, transactional and transformational process in which individuals are permitted to influence and motivate others to promote the attaining of group and individual goals (Forsyth, 1990; Baki and David, 2007).

In recent years, the popular political leaders seem those who emanate from political parties. The strength of their popularity is articulated on their being the mother of other ventures of political leaders. Both direct elected political leaders and those appointed are basically members of the political parties. Hence, leaders of political parties though may not form the government in power yet they have followers. In this view, this paper is examining the role of political parties who stem from political parties and may not necessarily be government leaders. We expound the role of political leaders from the speech tenured before them on 15 May, 2015 when the District Commissioner addressed them, with the view to enabling them; realize their role to foster peace and development.

Before we deviate into the literature review it is important to define peace, since it is at the cornerstone of this master piece of literature. Best (2006) define peace as absence of war. Equally, if peace is absence of war it logically means that absence of war is peace (Itekpe, 2012:96). We know however, that peace is not justified by merely not fighting through the use of weapons. There may prevail political tortures, oppression, suppression, favoritism, biasness, tribalism and racism to mention some, yet no weapon is used for the purpose of capturing lives of the people. This is absence of war, yet there is no peace. Philosophers, realize peace through what the scriptures say. Some books indicate clearly the pertinence of peace (John 20:21; Mark 16:14; Luke 24:36; 1Corithians 15:5), Jesus indicates that peace be with you, which literally means remain with positive hope, relax while awaiting for his salvation; work without fighting, and forgive each other. Sociologist will simply define peace as conducive environment for the pursuance of the community development activities (Norman, 2005; Holland, 1998; Shriberg et al. 2005). The sociologist school seem to adhere to what development schools profess. Development gurus, have a view that peace it a totality of absence of torture mentally and physically, which in due course fosters human activities that lead to development (Norman, 2013; 1998).

2. Literature Review

Political leaders play an important role in promoting and or hindering the enhancement of peace and tranquility the world over (Norman, 2005). These leaders are the key in promoting development when they act in conformity to law of the land and with the view to ensuring development of the people (Tucker, 1981; 1995; Norman, 2012). The pertinence of leaders is on development hence what they echo will also the followers echo (Greenstein 2004; Hollander 1998; Kellerman 2008).

In this regard, what leaders do is important for the assimilation of the people they lead, since followers tend to copy the doings of the leaders be it voluntarily or involuntarily (Kellerman 2004; Kellerman 2008; Burns 1978; Burns 2003). We appreciate from both theoretical and praxis perspectives, that leaders are the key in both development and peace orientations. In this view political leaders assume day to day processes of creating value of their people for the attainment of the path they want. Noting this fact, Elcock (2001) asserts that political leadership is a concept central to understanding political processes and outcomes. Leaders can change the dimension of the world if they want to. Hegel (1822) and Carlyle (1841) have indicated that great leaders emerge to change the world; it could be positively or negatively.

We know that literatures the world over have indulged into expounding theories of leadership and/ or types of leadership and the management thereof (Armstrong, 2004; Kellerman, 1986; Nye, 2008; Bennis, 2003; Greenstein, 2004). But they seem to capture little on the leadership role in fostering peace and tranquility on the current verge of the global trends of events and especially on African continent. Perhaps it is because those who author the various literature are basically not politicians and hence they culminate the perceptual angle which may at times be deceitful.

Bullock (1990) reveals various actions that leaders performed, which hampered the societies positively or negatively. These include Adolf Hitler and Joseph Stalin. It is from actions of various leaders history is set to memorize them (Hay, 2002). African people applaud the brilliance of leaders such as Julius Nyerere of Tanzania for the move he had gone with to transform the country's thinking on capitalism, which was the case with the Britain and Germany, to African socialism, which meant working together for the enhancement of development and peace (Nyerere, 1974; Norman, 1998). Nyerere adds that we must work according to our abilities and enjoy benefits according to our needs.

Although some do challenge the impact of Nyerere ideology, yet the truth remain that he set a strong foundation of behavioral trait that could be assimilated generation after generation.

The literatures seem to focus generally on the prudence of leadership, and they do little on the role of political leaders in promoting and hindering peace and tranquility. Hence, this paper.

3. MATERIALS AND METHODS

This paper is a review, and has utilized the message presented before political party leaders in Ruvuma, Tanzania. Hence, it is a case study where members were drawn from 18 political parties in Ruvuma region. The representation was 98% of the total political parties found in Tanzania. Tanzania has, as on the date of this paper, 21 political parties. The paper has utilized experiential and factualism as source of information. The leader, has served in many facets which include international organizations such as the United Nations, regional organizations such as the Commonwealth, SADC, and East Africa Community (EAC). He also saved as Member of Parliament, District Commissioner and President of African Network of elections observers (ANEOPI). It is a qualitative study, and hence analysis of information is on logical reasoning appended with conceptualization. The harnessing of information has observed systemic thinking which is looking backward, sideways, to the right, to the left and into the future for the purpose of aggravating meanings without hampering the present and future generic beneficiaries.

4. DISCUSSION OF FINDINGS

Leaders of political parties have huge role to play for improving peace and hence development. We know that political party leaders are bound together by policies that they put in place. Policies step from the vision of those who lead the party. We appreciate the presence of machineries and various structures of the political parties, which drive political organizations. Political parties' main objective is to clinch power of the state. In doings so some parties attempt to schedule a period for achieving the same. Our experience indicate that some do not. Even parties that fought for independence of various countries in Africa and the world over, had varied spelt period of attaining independence- power of the state. Indeed some did not have. This is common even to those oppressed. Some determine the extent of their waging of war against those who oppress, some fight without that determination of period, hence to them victory is unpredictable situation.

In the current world, it is important to realize that whether political parties have time set to get in power, few important things are imperative. 1) The intentions of political parties should enshrine peace in everything they do. 2) Plans and actions of these parties should be adherent to development. 3) Spoken policies and thus speeches of political party leaders should profess truth. 4) Appreciation of defeat and thus victory in times of elections without undue influence of pegging failures to others even when such is not the case. 5) Political parties are not important compared to the peaceful environment on which we thrive.

4.1. Enshrining Peace in All Undertakings

Plans and strategies to get in power should always be responsive to peace and tranquility. The focus of what we plan should tell us that we prefer prevalence of peace than success of our plans at the expense of jeopardizing peace and tranquility. In achieving this we must appreciate that the land we work has existed before the creation of our parties. We should ask ourselves, are the plans and strategies set able to maintain peace and tranquility? Suppose we succeed or fail with the plans and strategies we have put in place, shall peace be enhanced? Would failure of our plans create a sense of violence amongst our members? When we are done with asking such questions, we know then that we applaud more peace than a mere victory of our parties.

4.2. Adherent of Plans and Actions to Development

Plans and actions of these political parties' leaders should adhere to development. We would not like to see plans that hamper the peace that countries enjoy. We know for instance that army throughout the world are legal entities formed by the ruling government for the purpose of protecting people, properties and the borders of the nation pending the type of the army. It would be chaotic to realize that some political leaders form a more les similar entity for the reasons totaling to "protection of our members and leaders". This is not expected under civilized leadership. In this regard, when we notice our fellow political party leaders go astray, the solution is to correct the path and not re-affirm. We should not at all cost entertain bad practices with the view to protecting our selves, leaders and members. Let the creation and formulation of these organs be at the mandate of the government. Henceforth we should not allow dubious actions which would be interpreted as conflicting with the government. Political party leaders and followers should apprehend that, one day the so called opposing party today, would be the ruling party. The question is, how opposing party manage the already destroyed country, which indeed, had been destroyed through actions of the same party. Clinching power should not be at the expense of exchanging peace with violence. To manage this, plans and actions must observe rule of law, among others.

4.3. Speeches and Policies Should Profess Truth

We are called professors, because we profess the areas of our specialization. Some professors are specialized in business management, law, sociology, finance, management and political science to mention some. Leaders of political parties should learn to value every single word they utter on rallies-open doors, and in doors. The words we speak create people that comprehend to the words. We may not be weak, but those who listen to our speeches tend to act the dimension of our words. Hence, one ought to be sensitive on every single word that is spoken if peace and tranquility is of value. We political leaders have followers; we call them followers because they follow us. We know that leaders are basically better placed than the followers. In African countries, we have noted for example followers that rally, would always be caught in the absence of their leaders. Hence, leaders seem to infiltrate persuading words to people and they follow words and not the physical orientation of the same leaders. We understand that by saying this it may mean that the emphasis is on only words that provoke members and or people of different thinking in political arena. Political leaders must be sensitive policy confession. For example, African continent and the world at large is facing increasing unemployment rate. We know in most case this is self-reporting, hence validity may be questionable. Yet we should take it. Importantly, political leaders should not for example say “If we get in power, we shall have free health services and or education services” if the economy does not support such sentence. If economic strategies in all senses do not support it then we shall be creating unnecessary hopes on the people we lead or on those we expect to lead. Political leaders must profess truth of the matter. To achieve this, professional people should be employed or incorporated in parties business especially on visioning the parties’ future.

4.4. Appreciation of Defeat in Times Elections

Defeat and victory are the two facets of any party contesting. Hence, analyzing possibilities for losing an elections is no sin. Leaders should come out and confess the results. What we have seen and experienced, is that those who contest are misled by the followers, or by their inadequacy of knowledge regarding who support who and why. Norman (2010) in his popular book, elections management in Tanzania is the electoral commission bias in favor of the ruling political party? Assert clearly that, leaders should consider recruiting political analyst as potential in creating a correct perception on the victory, change of policy, and change of governance among others. Political leaders when are seated without people who are specialist in the analysis, ought to make decisions which contravene the willingness of the majoritarian. Information received from same team would always be in favor of the team unless some team members are potential analysts. When we have an eye of specialist, we would always appreciate those who attain victory through righteous manner. In this regard, we do not expect those who manage processes of elections to execute bias or favor, instead to give honor to he who deserves honor.

4.5. The Nation or Land is More Valuable than Political Parties

Political party leaders should appreciate the fact that the land we operate is more valuable than our groups formulated through laws in the name of political parties. We should apprehend the fact that, we are not important compared to the assurance of resilience of the present and future generation. We may win an election, but the paramount question is what next if the land will be a place to hate? We better win in proper manner. Hence, preaches and speeches should connote sensitivity to the peace environment we work in and with. Leaders, we must realize that the land we contest had existed prior to the establishment and or creation of the parties we affiliate with. Our parties are just vehicles which compete to travel passengers, and the strength is on the driver who has ability to choose path to go through.

5. Conclusion

We are now concluding that political leaders as human beings have a sense and feelings, we ought to do right and wrong. However, the very purpose of creating our parties is to bridge the gaps of leadership vision of those leading now. We do it through democratic means which we have agreed upon through the use of tools of law creation such as parliament. The inner purpose of clinching power, is to foster development of the area we want to lead. Parties are just means to get political leaders in avenue for leading. In addition, we cannot practice politics, in violent manner; neither can we do it in chaotic situations. Hence, we should strive at creating peaceful environment. We can attain this through weighing whatever we do in terms of plans, strategies, sayings, acts and demonstrations to mention but a few with peace and development. The survival of our present and future generation is paramount compared to our political survival. Let us join hands to preach and profess peace and actions that prompt peace all over the world, starting at the villages, wards, divisions, districts, regions, provinces, gubernatorial, and finally at national level.

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Research on the Tourism Circular Economy Mode—Mt.Emei Scenic Area

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Abstract: *The circular economy, circular economy of tourism, and the mode of operation of circular economy are analyzed in this article. Lack the concept of tourism circular economy, tourism scenic spot bearing excessive visitors, the tourism resources recycling utilization rate are low, scenic employees have low quality are the main problems of tourism circular economy of Mt.Emei scenic area, and discussed the construction of Mt.Emei tourism circular economy mode of operation.*

Keywords: *Tourism scenic area; Circular economy mode of operation; Mt.Emei Scenic Area.*

1. Circular Economy

1.1. Circular Economy and its Mode of Operation

Circular Economy refers to a substance-based closed loop flow economy, abbreviated as resource recycling economy: (Closed loop flow refers to a substance-based economy, referred to resource recycling economy.) It is based on resource recovery, recycling, and economic development model. The basic principle of this model is about how to achieve low consumption, low emissions, high efficiency of production by reducing, reusing, and recycling resources (reducing, reusing, recycling, in order to achieve the production of low consumption, low emissions, highly efficiency.)

Circular economy's mode of operation refers to a sustainable economic development mode based on the principle of circular economy to achieve the low-power, high-yield economical operation. Specifically speaking, as to the manufacturing industry, enterprises should adopt a clean production mode to minimize the waste... as to the agriculture … Using eco mode to recycle the materials and waste on agricultural production. Establish the connection between the different industries, to achieve multi-level inter-industry ecosystem connection model. Establish commercial recovery mode for papers, plastics, glasses and others.

1.2. Tourism Circular Economy and its Mode of Operation

Using concepts of circular economy, tourism circular economy is to strengthen recycling of tourism resources and enhance sustainable development of environment according to analysis of the tourism market, developing and training, tourism product design and development, enterprise management and tourism management,

Tourism circular economy mode is following the principles of circular economy with tourism, to make resources cycle run, environmental improvement and sustainable develop of the tourism economy. Many scholars generally believe that tourism circular economy includes three aspects: tourism internal circulation; social circulation regional and tourism cycling.

1.3. Scenic Circular Economy and its Mode of Operation

Scenic circular economy means that scenic managers should for the long term benefit of scenic spots adopt cleaner manufacturing technologies, ….to keep the scenic spot attractive. ….reducing the using of tourism resources, reducing the damage to the tourist attractions of human activities, caused by tourism resources, and reducing environmental pollution to tourist attractions and ecological damage, to ensure the attractiveness of tourist attractions and ecology, sustainable development of tourism scenic spots.

Scenic circular economy mode of operation is following the principle of circular economy on the realization of tourist attractions of cleaner production, reasonable load, efficient using of resources, sustainable development model, reasonable pollution control, environmental protection, green shopping and entertainment, Figure 1.

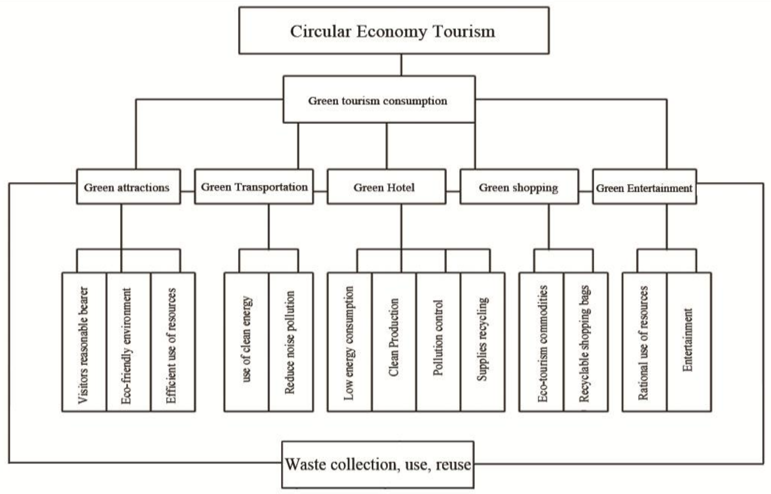

Fig1. *Scenic circular economy in general schematic*

2. MT.EMEI SCENIC AREA PROBLEMS OF CIRCULAR ECONOMY

2.1. Basic Information about Mt.Emei Scenic Area

Mt. Emei is located within the boundaries of the Sichuan Basin, in the city of leshan, Sichuan province. The whole area covers … Its charming scenery has won the name of "The Greatest Beauty under Heaven." On December 6, 1996,Mount Emei and the Leshan Giant Buddha were together included in the "World Natural and Cultural Heritage" on the World Heritage List by UNESCO In 2007, the National Tourism Administration approved Mt.Emei as a national 5A class tourist attractions. Mt.Emei is famous for abundant flora and fauna, beautiful natural scenery, ancient Buddhist culture, unique geological features.

2.2. Mt.Emei Scenic Tourism Circular Economy Problems

2.2.1. Lack of Tourism Circular Economy Concept on Tourism Scenic Area Management

Currently, some companies have come to realize the importance of the notion of circular economy, while others have not yet paid much attention to it….. Mt.Emei tourism enterprise within the awareness of recycling economy and philosophy inconsistent, some companies relatively more emphasis, some companies awareness are weak; although environmental and resource protection has some effect, most tourism enterprise lack of tourism Circular Economy conscious awareness, lack of awareness of tourism circular economy, 3R principles to promote the use of tourism circular economy are poor.

2.2.2. Excessive Bearing on Tourist

In busy seasons, the tourist crowd will cause various problems such as …. due to the excessive bearing tourists cause Mt.Emei Scenic accommodation, transport, catering and severely strained the ecological damage to the environment, bearing pressure intensified resource space, overcrowding everywhere, take a cable car line up, line up on the toilet, queuing to see the scenery; in tourist attractions appear to be thrown away garbage, food, mineral water bottles phenomenon, even there are tourists garbage discarded into the cliff area that cannot be promptly removed, resulting in the scenic environment pollution.

2.2.3. Some Resources Are Recycled at a Low Level

This issue presents itself in the following form: ….Scenic areas within the lower part of the tourist resource recycling rate reflected: residents within the area cut fresh bamboo, cane sold to tourists to make use of discarded after tourists exhausted, no recycling, resulting in a waste of natural resources; most of the area within the hotel visitors provide disposable supplies.

2.2.4. Part of the Area is Low Quality of Employees

Most staff are local residents. They have not received any professional trainings …Mt.Emei work in the tourism industry who are mostly local residents, a considerable part of the workers have not got professional system training, lack of appropriate management knowledge and concept of circular economy, re-use of resources, waste recycling and other awareness strong focus only on immediate interests, ignoring long-term interests.

3. CONSTRUCT MT.EMEI SCENIC TOURISM CIRCULAR ECONOMY MODE

Basic Pattern of Mt.Emei Scenic cycle economy include: internal circulation within the area of tourism enterprises; social cycle three regional tourist attractions and tourism cycle.

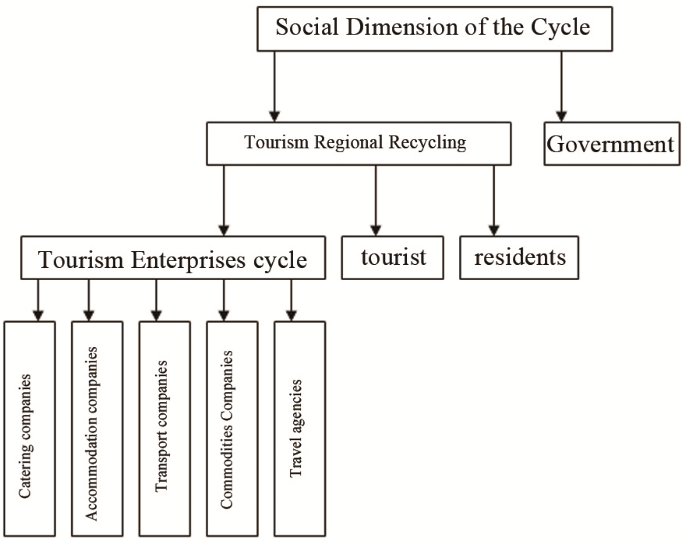

Fig2. *Mt.Emei Scenic tourism circular economy operation mode*

See Figure 2, Mt.Emei Scenic loop macro economy, namely social recycling economy, related to Mt.Emei shan City and other peripherals and a wide range of running, cycling and tourist areas including the participation of government; in view of the Mt.Emei Scenic circular economy operation, namely: Tourism regional recycling economy, involving participation and tourists, local residents; micro Mt.Emei scenic circular economy, namely: Tourism internal recycling economy, transportation companies related to Tourism within the area, travel agencies, Tourism accommodation enterprises.

See Figure 3, the Mt. Emei tourism traffic business is to require enterprises to design tour routes…; bearer reasonable vehicle; equipped with energy-saving, environmentally friendly vehicles to deal with effectively reserves emissions.

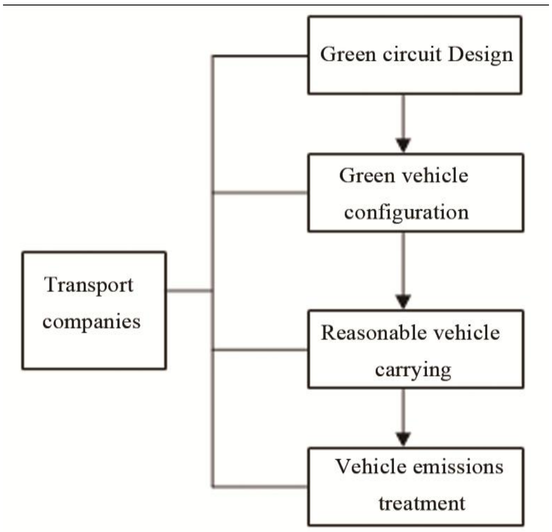

Fig3. *Mt.Emei tourist traffic business cycle of economic operation mode*

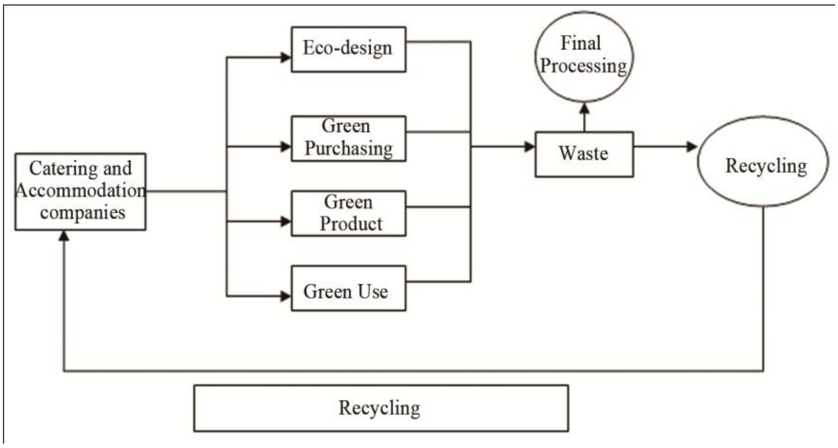

Fig4. *Mt. Emei Tourism accommodation and Catering companies internal circular economy operation mode*

See Figure 4, Mt. Emei accommodation and Catering companies internal circular economy requires themselves to set, construct materials use, energy use and other design ecology; green procurement of raw materials, environmental protection; production of energy-saving, low pollution; catering food and accommodation green and environmental protection; try to recovery and utilization of waste.

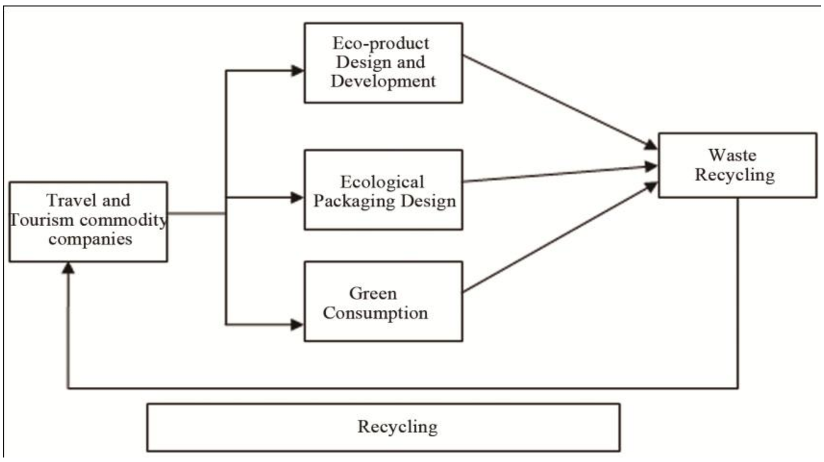

Fig5. *Mt.Emei travel and Tourism commodity companies' cycle of economic operation mode*

See Figure 5, Mt.Emei travel and tourism commodity companies cycle economy requires travel agencies to develop design different topics green tourism routes and products; travel goods companies develop green eco-Tourism product design and packaging, recycling bags.

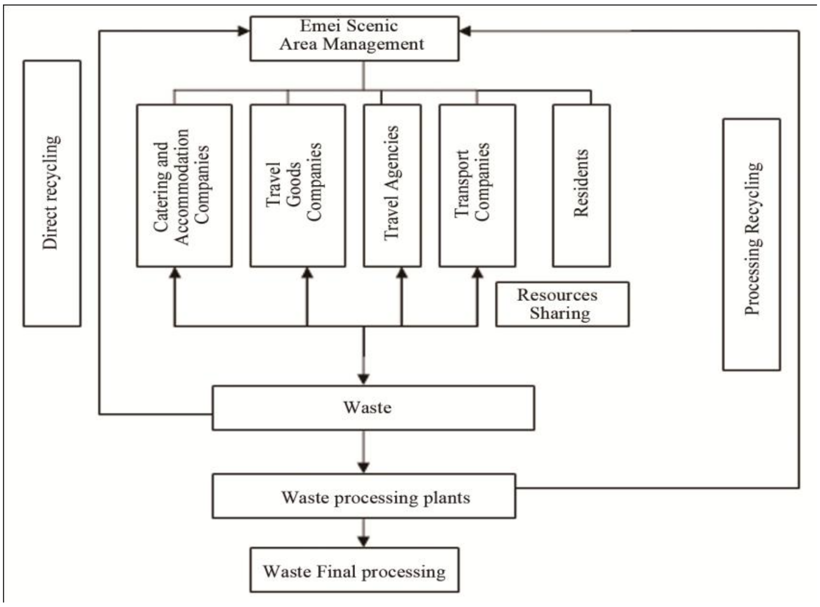

Fig6. *Mt.Emei inside the circular economy operation mode*

See Figure 6, Mt.Emei tourism circular economy operates at the regional level, including: all enterprises in the interior of Mount Emei Scenic Area, local residents as well as the overall operation of the natural and cultural scenic spots. Respective internal requirements of Emei Mountain tourism enterprises, tourists, local residents, the resort management and other Resources sharing, coordination and cooperation, to achieve sustainable development of tourist attractions.

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