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## Perceived Competency of Human Resource Managers in Referral Hospitals, Ethiopia

By Teshome Woyesa, Negalign Berhanu, Fikru Tafese & Geremew Muleta

*Jimma University, Ethiopia*

### *Abstract-*

**Background:** Sound human resources management practices are essential for retaining effective professionals in hospitals that addressing health workforce challenges and developing the health workforce strategy of the country. Thus it is rational to assess the competency level of human resource managers found in hospitals.

**Objective:** The overall objective of this study was to assess the competency level in human resource management in public referral hospitals found in Oromia regional state, Ethiopia.

**Methods:** A cross-sectional survey involving 290 human resource managers of the referral hospital found in Oromia regional carried out from February to march 2012. The survey was supplemented by in-depth interview of a qualitative method. The collected data was entered into SPSS Software version 20.0, cleaned and analyzed. Descriptive analyses and Binary logistic regression were used. The results were summarized as crude and adjusted odds ratios at 95% confidence intervals.

**Keywords:** *perceive competence, competence domains, human resource management and leadership.*

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# Perceived Competency of Human Resource Managers in Referral Hospitals, Ethiopia

Teshome Woyesa<sup>α</sup>, Negalign Berhanu<sup>σ</sup>, Fikru Tafese<sup>ρ</sup> & Geremew Muleta<sup>ω</sup>

## Abstract-

**Background:** Sound human resources management practices are essential for retaining effective professionals in hospitals that addressing health workforce challenges and developing the health workforce strategy of the country. Thus it is rational to assess the competency level of human resource managers found in hospitals.

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**Result:** A total of 290 human resource managers have been involved in this study. Two hundred fifty one (86.4%) of all human resource managers were aged between 20-45 years. One hundred four (35.9%) of them were females. Of All human resource managers, two hundred twelve (73.1%) had work experience below three years. With regards to perceived competence levels the majority of the respondents one hundred eighty nine (65.1%) have capacity to undertake personnel policy related responsibilities, and more than 60% of the respondent have capacity to undertake, performance management, human resource training and development, human resource data system, human resource retention strategy, and general leadership and management related responsibilities.

**Keywords:** perceive competence, competence domains, human resource management and leadership, Jimma.

## I. BACKGROUND

When studying the competency in human resource management (HRM) in the hospitals, it is important to reflect upon the concepts of HRM, the major functions, the required competencies from the perspective of the hospitals. Therefore, first,

definitions of concept will be given, and then the major functions of HRM were summarized and framed as a major responsibility of HRM managers. Finally, the required competencies had been discussed in the context of referral hospital.

### a) Defining human resource management

Human resource, when pertaining to health care, can be defined as the different kinds of clinical and non-clinical staff responsible for public and individual health intervention. As arguably the most important of the health system inputs, the performance and the benefits the system can deliver depend largely upon the knowledge, skills and motivation of those individuals responsible for delivering health services (1).

According to Management science for health (MSH), human resource management is defined as the integrated use of systems, policies, and management practices to recruit, maintain, and develop employees to strengthen the capacity of an organization in meeting its desired goals (2). HRM plans and implements efficient processes, policies and procedures for the work force in the organization, such as recruitment, hiring and job placement, planning and appraising employee performance, rewarding and promoting staff, human resources management also provides support for the needs, concerns, and problems of employees and identifies ways to increase staff competence and commitment (2).

In this era of rapid and continuous change, human resources management is one of the organizational domains that can provide support for employees during internal change processes and help managers and leaders identify and implement processes for change (3).

Many organizations face pressing human resource challenges, for example, staff shortages, attrition and absenteeism, and low morale- all of which can be addressed by an effective HRM system (4).

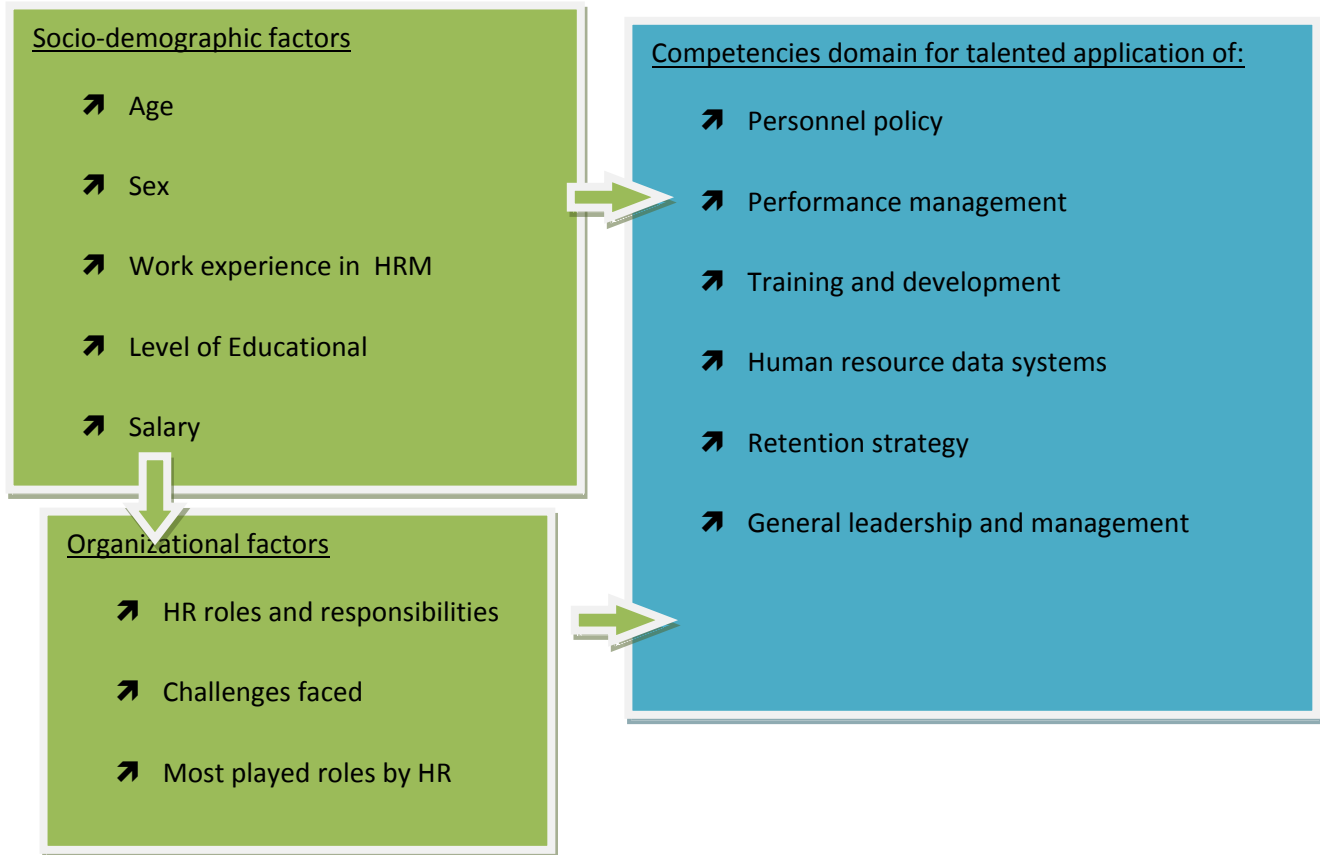
Base on the above literature review, the following conceptual model is adapted.

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Figure 1 : Conceptual frame work competency levels in HRM in oromia regional state referral hospital, March 2012



## II. METHODS AND MATERIAL

### a) Study areas and period

There are six referral hospitals in Oromia regional state found in Ethiopia. All of them were considered for the study. The study was conducted from February 5-March 5/02/2012 at, Adama, Assella, Shashamantee, Jimma, Neqamete, and Mettu Karl referral hospitals.

### b) Study design

To explore the challenges faced by staff with significant HRM responsibilities and identify the skills needed to address these challenges, a cross-sectional study design was used. This was complemented by qualitative study, face to face interview. The primary purpose of the face to face interview was to collect information from HR managers about their actual past experiences which demonstrates competencies required for the HRM functions. Face to face interview was carried out with CEO, CFO, and clinical director of each public referral hospitals.

### c) Source Population

The source of population was all HR managers working in public referral hospitals and having HRM responsibilities in the referral hospitals which were the same with study populations.

### d) Sample size

All human resource managers were included by census and totally 290 individuals were involved as sample size by available sampling technique.

### e) Study variables

Organizational factors are HR roles and responsibilities, Challenges faced, experience in HRM functions and Roles most played in HRM functions, Sex, Academic level and Salary.

HRM competencies domain are Personnel policy, Performance management, Training and development, Human resource data systems, Retention strategy and General leadership and management.

### f) Data collection tools and procedures

Competency domain assessment tool was adopted from MSH and AMREF (8) with its Cranach's alpha( $r=0.82$ ), whereas personal related questions were adapted after review of relevant literatures were pretested. The questionnaire consisted of two parts. In the first part consisted of 21 questions about personal and job-related data and to describe whether there were opportunities to fully utilize their knowledge and skills. The second part consisted of 23 questions about six competence domains in HRM functions: personnel policy and HR planning, performance management,

Training and development, HR data system, Retentions strategy and general leadership and management.

These questions address two components of each core management task:

- i. Individuals' perception of the value of a task for their management position
- ii. Their perceived competence levels of knowledge and skills to perform the task.

On a five-point Likert scale, the task value ranged from 1 (no competence) to 5 (very competent), while the perceived levels of knowledge and skills ranged from 1 (no skills) to 5 (very high skills) in performing the task regularly. For the matter of analysis it dichotomized into "yes" implies have perceived competence in performing the task regularly and "no" implies have no perceived competence to perform the task regularly respectively. The questions and statements were arranged according to what specific issue they address.

In this study, both qualitative and quantitative data were collected. The data were collected from a total of 290 managers via questionnaire and from a total of 18 CEOs via interview. The questionnaire was pretested on 5% of the sample prior to actual data collection at Bushofitu hospital which is not included in the study.

### III. RESULTS

#### a) Socio-demographic description of HRM Managers

A total of six hospitals and 290 people at different managerial levels were involved in this study.

The distribution of sex across selected institutions among the respondents, one hundred four (35.9%) of them were females. Among the people at different managerial levels, one hundred thirty nine (47.9%) were aged between 20-30 years, one hundred twelve (38.6%) were between 31-45 years of age and thirty nine (13.4%) were aged between 46-60 years.

With regard to work experience of the respondents, one hundred twelve (73.1%) were having experience below 3 years, fifty (17.2 %) were having 4-7 years of experience and seventy (5.9 %) had experience of 8-10 years, four (1.4%) having work experience 11-14 years and only seven (2.4%) had a work experience of above 15 years.

With regards to educational level and salary range shows that, most of the HR managers one hundred twenty nine (44.5%) were having salary range of 2501-3500. With regards to educational level of respondents, ninety three (32.1%) were diploma holders, one hundred forty eight (51.0%) were bachelor degree holders and 10(3.4%) were master's degree holders only nine (3.1%) PHDs holders (Table 1).

The various roles of HR manager staff with HR responsibilities within specific hospitals showed that seventy nine (27.2%) of HR responsible personnel were

found at Administration level, sixty seven (23.1%) at Training level, twenty eight (9.7%) at HR planning level, forty eight (16.6%) at Supervision level, eleven (3.8%) at Deployment level, ten (3.4%) at Recruitment and twenty four (8.3%) at Benefit levels.

Hundred eighty nine (65.1%) of the respondents have perceived capacity level to undertake personnel policy and HR planning, one hundred ninety two (66.1%) the respondents have perceived competence to undertake performance management related issues, one hundred sixty three (56.2%) of the respondent have perceived capacity level to deal with HR training and development. One hundred eighty (62.1%) of study subjects have individual that have a capacity to deal with HR data system. One hundred eighty two (62.8%) and one hundred seventy nine (61.7%) of the respondent have the capacities to deal with HR retention strategy to develop and keeping staff at hand, and in leadership and management have the team work and collaboration, communication and inter personal skills, and also leadership and advocacy respectively.

Respondents were asked about their perceived levels of knowledge and skills to perform the task in HRM functions. There were significant differences in perceived competency levels among HR managers found in Oromia regional state referral hospitals in personnel policy related responsibilities with statistically chi-square value 30.4 and with probability of less 0.01.

Age, salary range per month, experience in HRM functions, roles most played by HR managers were significantly associated with HR perceived competency level in personnel policy and HR planning (Table 5).

Age, salary range per month, experience in HRM functions, roles most played by HR managers were significantly associated with HR perceived competency level in performance management with respective odds ratio (Table 6).

The perceived competency level of age group 46-60yrs is 2.9 times significant capacity level than age group 20-30 years, HR manager whose salary is 2501-3500 is 1.5 times have the probability of perceived competence level than who have salary of less than 1500.

The Age group 31-45 and 46-60 have 1.5 and 2.5 time more perceived competence in HR data system related responsibilities than whose age is 20-30 year respectively, Those of who have experience 4-7 on HRM function have 1.8 times perceived competence than those less than 3 years. The HR Manager Whose salary range is 2501-3500 and above 4500 birr per month is 2 and 3 times more perceived competence than who have less 1500 birr per month.

Age, salary range per month and experience in HRM functions were significantly associated with HR



perceived competency level in retention strategy (table 7).

Age and salary range per month and were significantly associated with HR perceived competency level in general leadership and management with respective odds ratio as indicated in table 7 below.

#### IV. DISCUSSION

##### a) *Personnel Policy*

The perceived competence level of HR managers significantly increases with age of the managers. Among the HR managers, those that aged from 46-60 years old have the probability of 3.5 times perceived competence levels to undertake personnel policy and HR planning related responsibilities than those aged 20-30 years old. (AOR = 3.50(1.33-9.12, p-value=0.01 at 95%CI) (Table 5).

With regards to Work experience in HRM functions, those managers with the experience of 4-7 years, have perceived competence levels of 4.6 times as to those HR managers less than 3 years in personnel related responsibilities, (AOR = 4.6(1.51-7.64), p-value=0.03 at 95%CI)(Table 5).

Looking for salary range per month, HR manager ranging in salary from 2501-3500 have perceived competency level which exceeds those less than 1500 in 1.6 times. Again HR ranging from 3501-4500 exceeds those who are less than 1500 in 2.8 times, (AOR = 1.63(1.28-1.44), and 2.8(1.28-27.43) at 95%CI p<0.05).

Concerning HR's roles most played by HR managers in the hospitals under study employee champion role, perceived competency in personnel policy and HR planning show to be 1.5 times more than those who played administrative role .AOR = 2.8(0.596-3.61, p-value less than 0.05 at 95% CI).

In-depth interviewees shed additional light on the survey findings that there is no clear vision and plans on HR development. Limited budget, poor planning, and lack of awareness from the local government were mentioned as main reasons for inadequate staffing. In-depth interviewee's participants were concerned with lack of good training institutions and training programs, lack of adequate legislation for HR issues, and lack of necessary resources for HR development from the government.

These are complex issues that, if neglected, contribute directly to lower standards of performance, increased staff turnover, and higher levels of position vacancies. In a fully resourced system, professional HR managers would be trained and prepared to address these challenges.

Sixty one and half percent of the respondents have perceived competence in carrying HR responsibilities. Problematic situations in the hospitals with severe shortages of clinical staff as these people are sorely needed to provide health services on a full-

time basis. Although most of the study respondents were highly educated, the vast majority did not sense prepared to handle HR challenges facing their organizations and lacked preparation in human resource management.

At present, more than forty percent of the respondents feel they do not have the skills and/or knowledge to carry out their HR functions in six key components of HRM: personnel policy, performance management, training, HR data systems, strategy development, and leadership and management (Table 3).

Although their organizations are responsible for these HR components, the great evidence from this study is that the managers tasked with these functions need to acquire the skills and knowledge to carry them out and a concerted effort is of paramount importance to address this lack of HR management capacity.

Similar study conducted in Belgrade Chez republic primary health-care competence gap of management personnel's in public primary healthcare during 2007 and 2008, reported that more than forty five percent of the respondent revealed that either their capacity needs improvement or they do not have the capacity to deal with the personnel policy matters and HR planning issues(29).

This result is comparable with the results observed in the study conducted among Addis Ababa public hospitals for enhancing capacity building of HRM functions (2).

##### b) *Performance Management*

Among the HR managers, those that aged from 46-60 years old have the probability of 2.5 times perceived competence levels to undertake performance management related responsibilities than those aged 20-30 years old. (AOR = 2.52(1.05-6.03, p-value=0.01 at 95%CI) (Table 6).

With regards to Work experience in HRM functions, those managers with the experience of 4-7 years, have perceived competence levels of 2 times as to those HR managers less than 3 years in performance management related responsibilities.(AOR = 2.00(1.96-3.98), p-value=0.03 at 95%CI)(Table 6).

Looking for salary range per month, HR managers receiving salary from 2501-3500 have perceived competency level which exceeds those who receive less than 1500birr per a months by 1.8 times. Again HR ranging from 3501-4500 exceeds those who are less than 1500 by 6.01 times. (AOR = 1.8(1.07-3.09), and 6.01(1.68-27.43) at 95%CI p-value).

Concerning HR's roles most played by HR managers in the hospitals under study change agent role, perceived competency in performance management and HR planning show to be 1.5 times more than those who played administrative role. AOR = 1.5(1.50-4.61, p-value less than 0.05 at 95% CI).



On average, thirty three and point eight percent of respondents stated that they needed additional training to carry out these functions. This result is comparable with the results observed in the study conducted in Lebanese hospitals 2010-2011(27).

#### c) *HR Training and development*

Respondents were asked about their capacity in managing cost effective training programs, providing opportunities for staff to improve their career (Table 7). Among all hospitals, JUSH has shown the minimum demand for average training and development.

A significant proportion of the indicated forty three and half percent either they do not have perceived capacity or their capacity needs improvement related to training and development function (Table 7). This clearly shows the competency gap that managers faced in carrying out their HR responsibilities related to training and development. Based on the interview responses either there is no a functioning system of training and development of staff in place or if there is, it is not a well-established one.

As a result, most of the management staff members of the hospitals are not carrying out activities related to human resource training and development or those who are involved have limited capacity to do so. According to the interviewees the limited capacity in dealing with training and development is observed during those situations where health related fragmented training and education opportunities come to the hospitals.

#### d) *Challenges face in HRM functions*

When respondents were asked to identify their current HR management challenges, the common topics includes staff grievance, lack of satisfaction, poor work condition, lack of skilled staff, understaffing and lack of team spirit (Table 2). In Shashamantee, Nekemet and Assella hospitals at least a quarter of challenges were attributed to lack of team spirit. These points are also supported by the interview respondents. According to the interview respondents lack of skilled manpower, high turnover, absenteeism, conflict as a result of absenteeism, delay at work, lack of initiation by the clinical employees to assume HR related responsibilities, lack of basic HRM skills, limited power to use financial resources, and lack of incentives are the main challenges faced by hospital managers in relation to HRM.

This finding result on challenge faced much lower than the study conducted in sub Saharan Africa in four countries, November 2008 and March 2009, that had documented some of Challenges facing HR manager are: Understaffing (67%), Lack of staff satisfaction (65%), Lack of skilled HRM staff (63%), Poor working conditions for staff 60% HR responsibilities (60%), Staff grievances (52%)(8). This difference might

be explained by the difference in socio-economic and cultural differences of the two populations.

#### e) *Selected associated factors with competence level of HR managers*

To determine the significant difference in competence levels among the hospital managers under study, the chi-square test was used to compare proportion/percentages of HR managers who are competent Vs Not competent for specific functions in six critical components of human resource management: personnel policy, performance management, training, HR data systems, HR strategy development, and general leadership and management. Differences between HR managers' rating among the hospitals were analyzed by chi-square test in HR managers rating with regard to competence task. The proportion were significant hence the p-value was <0.05 a difference in their competence levels. For personnel policy ( $\chi^2=30.36$ ,  $P<0.001$ ), for performance management ( $\chi^2=28.369$ ,  $p\text{ value}<0.001$ ), for training Chi-Square value=17.766,  $p<0.003$ , for HR data systems ( $\chi^2=22.26$ ,  $p<0.001$ , for HR strategy ( $\chi^2=17.861$ ,  $p<0.003$ , and for general leadership and management ( $\chi^2=17.861$ ,  $p<0.003$ ) (Table 3).

The study indicates that there was significant difference among the hospital managers in their competence levels in all areas of HRM practices. Nearly all respondents indicated a need for additional preparation in all six components of HRM. The study findings indicate a critical need for capacity building in human resource management in the hospitals. Out of the socio-demographic and organizational factors, age, salary range per month, experience in HRM functions, roles most played by HR managers were significantly associated with HR perceived competency levels for the implementation of the policies and the procedure. The relationship between socio-demographic and organizational variables and competence levels of HR managers evidenced by level of implementation of policy and procedure by level capacities by positive or negative response to the ways of competent and not competent strategy use indicted by the overall means of capacity use have shown the existence of difference in proficiency level use between the groups.

## V. CONCLUSION AND RECOMMENDATIONS

#### a) *Conclusion*

The findings of this research show that majority of HR managers in Oromia regional state referral hospitals lacks competences related to HRM in six critical areas on average by 37.7%. Capacity to play an important role as a strategic partner and agent for change (14.14%) and creating team spirits (26.2%) It is clearly seen in this study that hospitals related

competencies domain are significantly related to age, sex, roles most played, salary range and experience in HRM function.

Generally Poor working condition, under staffing, lack of staff satisfaction, commitment and initiation, team spirit, skilled manpower are the main challenges faced by HR managers in Oromia regional state referral hospitals. Socio demographic and organizational factors like age, salary range, specific role and responsibilities, challenges faced by HRM at different levels and job positions were associated with perceived competence levels of the managers.

#### b) Recommendations

The Oromia regional state health bureau should design strategies to enhance the capacity of HR managers in Oromia regional state referral hospitals in the area of human resource management, playing an important role as a strategic partner and change agents

that can creating team sprits. special attention should be considered to working condition, staffing ratio, staff satisfaction, commitment and initiation, team spirit, skilled manpower by the hospital CEO and Oromia regional state health bureau to reduce challenges which could face HR managers in Oromia regional state referral hospitals.

#### c) Competing of interests

We declare that we have no competing of interests.

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**Table 1 :** Socio-demographic characteristics of survey respondents (N=290) in Oromia regional state referral hospitals, March 2012

Characteristics (Variables)		JUSH NO. % (n=47)	Mettu NO. % (n=45)	Shashmn NO. % (n=45)	Nekemet NO. % (n=48)	Adama NO. % (n=47)	Asella NO. % (n=48)	Total No.% (N=290)
Sex:	Male	33(70.2)	24(53.3)	33(73.3)	30(62.5)	36(63.2)	30(62.5)	186(64.1)
	Female	14(19.8)	21(46.6)	12(26.7)	18(37.5)	21(36.8)	18(37.5)	104(35.9)
Age in yrs	20-30	24(51.1)	20(60)	27(60)	24(50)	26(46.6)	11(22.9)	139(47.9)
	31-45	20(42.6)	16(35.6)	13(28.9)	18(37.5)	23(40.4)	22(45.8)	112(38.6)
	46-60	3(6.4)	2(4.4)	5(11.1)	6(12.5)	8(14)	15(31.2)	39(13.4)
Experience in yrs	≤3	35(16.5)	35(16.5)	36(17.0)	40(18.9)	41(19.3)	25(11.8)	212(73.1)
	4-7	6(12.0)	5(10.0)	6(12.0)	8(16.0)	10(20.)	15(30.)	50(17.2)
	8-10	3(17.6)	4(23.5)	0	0	4(23.5)	6(35.3)	17(5.9)
	11-14	1(25.0)	0	1(25.0)	0	2(50.)	0	4(1.4)
	>15	2(28.6)	1(14.3)	2(28.6)	0	0	2(28.6)	7(2.4)
Salary /month	<1500	3(6.8)	9(20.5)	13(29.5)	7(15.9)	7(15.9)	5(11.4)	44(15.2)
	1501-2500	25(28.4)	14(15.9)	13(14.8)	13(14.8)	16(18.9)	7(8)	88(30.3)
	2501-3500	14(10.9)	15(11.6)	17(13.2)	27(20.9)	25(19.4)	31(24)	129(44.1)
	3501-4500	0	4(44.4)	0	1(11.1)	3(33.3)	1(11.1)	9(3.1)
	>4500	5(25)	3(15)	2(10)	0	6(30)	4(20)	20(6.9)
Education Level	Certificate	0	0	2(4.4)	0	1(1.8)	3(6.2)	6(2.1)
	Diploma	10(21.3)	17(37.8)	17(37.8)	19(39.6)	18(31.6)	12(25)	93(32.1)
	Bachelor	32(68.1)	22(48.9)	16(35.6)	22(45.8)	27(47.4)	29(60.4)	148(51)
	Masters	1(2.1)	4(8.9)	3(6.7)	2(4.2)	0	0	10(3.40)
	PhD	2(4.3)	1(2.2)	0	1(2.1)	5(8.8)	0	9(3.1)
	Others	2(4.3)	1(2.2)	7(15.6)	4(8.3)	6(10.5)	4(8.3)	24(8.3)

**Table 2 :** HR roles and responsibilities (N=290 in Oromia regional state referral hospitals, March 2012

HR roles and responsibilities	JUSH (n=47) NO. %	Mettu (n=45) NO. %	Shashmne (n=45) NO. %	Nekemet (n=48) NO. %	Adama (n=57) NO. %	Asella (n=48) NO. %	Total (n=290) No.%
Administration	18(22.8)	13(16.5)	6(7.6)	9(11.4)	24(30.4)	9(11)	79(27.2)
Training	8(11.9)	7(10.4)	10(14.9)	12(17.9)	14(20.9)	16(23.9)	67(23.1)
HR planning	3(10.7)	5(17.9)	7(25)	5(17.9)	4(14.3)	4(14.3)	28(9.7)
Supervision	11(22.9)	0	9(18.8)	3(6.2)	11(22.9)	14(29.2)	48(16.6)
Deployment	1(2.1)	5(11.1)	1(2.2)	4(8.3)	0	0	11(3.8)
Recruitment	0	2(4.4)	1(2.2)	2(4.2)	2(3.5)	3(6.2)	10(3.4)
Benefits	3(6.4)	8(17.8)	7(15.6)	3(6.2)	1(1.8)	2(4.2)	24(8.3)
Others	3(6.4)	5(11.1)	4(8.9)	10(20.8)	1(1.8)	0	23(7.9)

**Table 3 :** Perceived competence level of HR managers by competence domains, in oromia regional state referral hospitals (N=290), March 2012

competence domains	Competence	
	Yes number &%	No number & %
Personnel policy	189(65.1)	101(34.9)
Performance management	192(66.1)	98(33.8)
HR Training and development	163(56.2)	127(43.8)
HR data systems	180(62.1)	110(37.9)
Retention strategy	182(62.8)	108(37.3)
General leadership and management	179(61.7)	111(38.3)

**Table 4 :** Significant difference in competence level of HR managers by hospitals, in oromia regional state referral hospital (N=290), March 2012

Domains	Competence	Hospitals name with respondent numbers and percent						Total (n=290)	X <sup>2</sup>	P-value
		JUSH (n=47)	Metu (n=45)	Nekemt (n=45)	Shashne (n=48)	Adama (n=57)	Assella (n=48)			
Personnel policy	yes	39(83.0)	32(71.1)	23(51.1)	18(37.5)	42(73.7)	35(72.9)	189(65.2)	30.4	<0.001
	No	8(17.0)	13(28.9)	22(48.9)	30(62.5)	15(26.3)	13(27.1)	101(34.8)		
Performance Appraisal	yes	39(83.0)	32(71.1)	24(53.3)	19(39.6)	44(77.2)	34(70.8)	192(66.2)	28.4	<0.001
	No	8(17.0)	13(28.9)	21(46.7)	29(60.4)	13(22.8)	14(29.2)	98(33.8)		
Training and development	yes	35(74.5)	28(62.2)	20(44.4)	18(37.5)	31(54.4)	31(64.6)	163(56.2)	17.8	<0.003
	No	12(25.5)	17(37.8)	25(55.6)	30(62.5)	26(45.6)	17(35.4)	127(43.8)		
HR data system	yes	34(72.3)	37(82.2)	22(48.9)	20(41.7)	34(59.6)	33(68.8)	180(62.1)	22.7	<0.001
	No	13(27.7)	8(17.8)	23(51.1)	28(58.3)	23(40.4)	15(31.2)	110(37.9)		
Retention strategy	yes	30(63.8)	29(64.4)	24(53.3)	20(41.7)	43(75.4)	36(75.0)	182(62.8)	17.9	<0.003
	No	17(36.2)	16(35.6)	21(46.7)	28(58.3)	14(24.6)	12(25.0)	108(37.2)		
General leadership and mgt	yes	36(76.6)	26(57.8)	22(48.9)	15(31.2)	43(75.4)	37(77.1)	179(61.7)	36.0	<0.001
	No	11(23.4)	19(42.2)	23(51.1)	33(68.8)	14(24.6)	11(22.9)	111(38.3)		

**Table 5 :** Association and Binary logistic regression of selected socio-demographic and other characteristics with personnel policy and planning of HR managers of oromia regional state referral hospitals (N=290), March, 2012

Characteristics		Personnel policy		Total	COR(95%CI)	AOR(95%CI)
		Yes	No			
Age	20-30	83(43.9)	56(55.4)	139(47.9)	1	1
	31-45	75(39.7)	37(36.6)	112(38.6)	2.03 (1.37-3.01)*	1.52(1 .83-2.77)*
	46-60	31(16.4)	8(7.9)	39(13.4)	3.88 (1.78-8.43)*	3.49( 1.33-9.12)*
Experience	0-3 year	129(68.3)	83(82.2)	212(73.1)	1	1
	4-7 year	41(21.7)	9(8.9)	50(17.2)	4.56 (2.21-9.37)*	3.41(1.51-7.64)*
	8-11 year	13(6.9)	4(4.0)	17(5.9)	3.25(1.06-9.97)*	1.89(.54-6.67)*
	12-15 year	0	4(4.0)	4(1.4)	.00(.00-	.00(.000-
	> 15 year	6(3.2)	1(1.0)	7(2.4)	6.00(.72-49.84)	3.18(.36-27.90)
Salary range per month	<1500	29(15.3)	15(14.9)	44(15.2)	1	1
	1501-2500	52(27.5)	36(35.6)	88(30.3)	1.44(.94-2.21)	.40 (.17-.94)*
	2501-3500	89(47.1)	40(39.6)	129(44.5)	2.23(1.53-3.23)*	1.63(1.28-1.44)
	3501-4500	8(4.2)	1(1.0)	9(3.1)	8.00(1.01-63.96)*	2.80(1.28-27.43)*
	>4500	11(5.8)	9(8.9)	20(6.9)	1.22(.51-2.95)	.24(.07-.88)*
HR Role most Played	Administrative	110(58.2)	45(44.6)	155(53.4)	1	
	Employee Champion	29(15.3)	8(7.9)	37(12.8)	3.63(1.66-7.93)*	1.47(1.60-3.61)*
	Change agent	8(4.2)	8(7.9)	16(5.5)	1.00(.38-2.67)	.46(.15-1.38)
	strategic partner	25(13.2)	16(15.8)	41(14.1)	1.56(.83-2.93)	.49(.23-1.06)
	all role equally	24(23.8)	17(9.0)	41(14.1)	.71(.38-1.32)	.25(.11-.55)*

\* Statistically significant with probability value less than 5%.

**Table 6 :** Association and Binary logistic regression of selected socio-demographic and other characteristics with performance management of HR managers in oromia regional state referral hospitals (N=290), March, 2012

Socio-demographic Variable		Performance management		Total	COR(CI95%)	AOR(CI95%)
		Yes	No			
Age	20-30	85(44.3)	54(55.1)	139(47.9)	1	
	31-45	78(40.6)	34(34.7)	112(38.6)	2.29(1.53-3.43)*	1.81(1.02-3.23)*
	46-60	29(15.1)	10(10.2)	39(13.4)	2.90(1.41-5.95)*	2.515(1.05-6.03)*
Experience	0-3 year	143(74.5)	77(78.6)	220(75.9)	1	
	4-7 year	32(16.7)	16(16.3)	48(16.6)	2.00(1.01-3.65)*	1.95(.96-3.98)
	8-11 year	10(5.2)	3(3.1)	13(4.5)	3.33(.92-12.11)	1.42(.44-4.61)
	12-15 year	3(1.6)	1(1.0)	4(1.4)	3.00(.31-28.84)	.90(.12-7.50)
	> 15 year	4(2.1)	1(1.0)	5(1.7)	4.000(.45-35.79)	3.71(.43-32.18)
Salary range per month	< 1500	29(15.1)	15(15.3)	44(15.2)	1	
	1501-2500	51(26.6)	37(37.8)	88(30.3)	1.38(.90-2.11)	.98(.56-1.73)
	2501-3500	91(47.4)	38(38.8)	129(44.5)	2.40(1.64-3.50)*	1.82(1.07-3.09)*
	3501-4500	8(4.2)	1(1.0)	9(3.1)	8.00(1.01-63.96)*	6.10(.68-54.43)
	> 4500	13(6.8)	7(7.1)	20(6.9)	1.86(.74-4.66)	.94(.31-2.82)
HR role most played	Administrative	114(59.4)	41(41.8)	155(53.4)	1	
	Employee Cha	26(13.5)	11(11.2)	37(12.8)	2.36(1.17-4.78)*	1.03(.46-2.34)
	Change agent	11(5.7)	5(5.1)	16(5.5)	2.20(.76-6.33)	1.53(.51-4.61)
	strategic partner(	23(12.0)	18(18.4)	41(14.1)	1.28(.69-2.37)	.55(.269-1.12)
	play all role	18(9.4)	23(23.5)	41(14.1)	.78(.42-1.50)	.35(.172-.73)*

\* Statistically significant with probability value less than 5%.

**Table 7 :** Association and binary logistic regression of selected socio-demographic and other characteristics with Training and development of HR managers in oromia regional state referral hospitals (N=290), March, 2012

Socio-demographic Variable		Training and development		Total	COR(CI95%)	AOR(CI95%)
		Yes	No			
Age	20-30	73(44.8)	66(52.0)	139(47.9)	1	
	31-45	61(37.4)	51(40.2)	112(38.6)	1.20(.83-1.74)	1.17(.68-2.01)
	46-60	29(17.8)	10(7.9)	39(13.4)	2.90(1.41-5.95)*	3.14(1.34-7.36)*
Experience	≤3 year	126(77.3)	94(74.0)	220(75.9)	1	
	4-7 year	25(15.3)	23(18.1)	48(16.6)	1.11(.62-1.92)	1.36(.71-2.60)
	8-11 year	7(4.3)	6(4.7)	13(4.5)	1.17(.39-3.47)	.73(.26-2.07)
	12-15 year	2(1.2)	2(1.6)	4(1.4)	1.00(.14-7.10)	.34(.03-3.44)
	> 15 year	3(1.8)	2(1.6)	5(1.7)	1.50(.25-8.98)	1.07(.22-5.15)
Salary range per month	Below 1500	24(14.7)	20(15.7)	44(15.2)	1	
	1501-2500	43(26.4)	45(35.4)	88(30.3)	.96(.63-1.45)	.79(.46-1.40)
	2501-3500	79(48.5)	50(39.4)	129(44.5)	1.58(1.11-2.25)*	1.33(.80-2.21)
	3501-4500	6(3.7)	3(2.4)	9(3.1)	2.00(.50-7.10)	1.78(.41-7.80)
	4500 above	11(6.7)	9(7.1)	20(6.9)	1.22(.51-2.95)	.79(.27-2.30)
HR role most played	Administrative	91(55.8)	64(50.4)	155(53.4)	1	
	Employee Cham	24(14.7)	13(10.2)	37(12.8)	1.85(.94-3.63)	1.47(.68-3.18)*
	Change agent	8(4.9)	8(6.3)	16(5.5)	1.00(.38-2.66)	.89(.32-2.49)
	strategic partner(	21(12.9)	20(15.7)	41(14.1)	1.05(.57-1.94)	.69(.35-1.37)
	play all role	19(11.7)	22(17.3)	41(14.1)	.86(.47-1.60)	.69(.34-1.37)

\* Statistically significant with probability value less than 5%

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## Breaking the Bottleneck of Owning in Business

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**Abstract-** A new business, is more of a gamble. The owner has no idea how the business will perform since it has no past history or customer loyalty. The owner must provide physical facilities, inventories and organization as well as create an image for the business and assume it's risks. There are certain advantages to doing this. The new firm is designed specially by the entrepreneur. Location is selected; not merely accepted because it is already there. The fixtures, equipment, inventories, employees serve the needs of the owner. Although all customers are new and must be attracted to the business, there is no chance of inheriting a poor reputation from the owner.

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# Breaking the Bottleneck of Owning in Business

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**Abstract-** A new business, is more of a gamble. The owner has no idea how the business will perform since it has no past history or customer loyalty. The owner must provide physical facilities, inventories and organization as well as create an image for the business and assume its risks. There are certain advantages to doing this. The new firm is designed specially by the entrepreneur. Location is selected; not merely accepted because it is already there. The fixtures, equipment, inventories, employees serve the needs of the owner. Although all customers are new and must be attracted to the business, there is no chance of inheriting a poor reputation from the owner.

## I. INTRODUCTION

There are different forms of business and also different means of owning them. The way of becoming an entrepreneur is either through starting a new business, inheriting an existing enterprise, buying an existing business or taking a franchise. This study will treat the first three methods of owning a business.

## II. CREATING A NEW BUSINESS

According to Hally (1983), people who possess the capacity to sense, anticipate, see, appreciate and evaluate business opportunities and are ready and able to gather the required resources to exploit them successfully are entrepreneurs. Have you ever thought about starting your own business? Do you think it would be too hard or too risky? Hundreds of would-be entrepreneurs of all ages have often asked themselves the question: "How can I learn to run my own business? Many of these people have no idea what kind of business they will want to start: they simply want to be in business. This seems to be a major trend among students and youths generally. To make it easier to choose the area of business to follow, government have classified and listed five groups of small businesses. They include: service business, retail business, construction firms, wholesalers, and manufactures. A review of a few of them may give you the needed direction.

- a) *Service Business:* You are already aware and familiar with the services provided by barbering shops, beauty parlours, dry cleaners, and other services that cater to you and your community. In your search for what business to follow, be sure to explore services such as the above or as;

- i. *Lodging Services-* Hotels, rooming houses, and other lodging places sporting and recreation camps.
- ii. *Personal Services-* Laundries supply, Carpet cleaning, Photographic studios, Health clubs, Childcare shoe repair, Funeral homes, Taxi preparation, Beauty shops.
- iii. *Business Services-* Accounting, Ad agencies, Collection agencies; Commercial photography, Commercial art, stenographic services, Window cleaning, Consulting, Equipment rental, Employment agencies, Computer agencies, Computer programming, Research and development labs, Management services, Public relations, Detective agencies, Interior, designing.
- iv. *Automotive Repair services and Garages-* Auto rental, Truck rental, Parking lots, Paint shops, Tire re-treading, Exhaust systems shops, Car washer, Transmission repair.
- v. *Miscellaneous Repair Services-* Radio and television, Watch, Reupholstery, Welding, Sharpening, Septic tank cleaning.
- vi. *Motion Picture Industry-* Production, Distribution, Theatres.
- vii. *Amusement and Recreation Services -* Dance halls, Bowling alleys, Botanic gardens, Golf courses, Amusement parks, Carnivals, Circuses.
- viii. *Health services -* Physicians, Dentists, Nursery care, Medical Labs, Dental, Labs,
- ix. *Legal Services-* Law Service
- x. *Educational Services-* Libraries, School, Correspondence schools, Data processing school.
- xi. *Social Services-* Child care, Job training, Family services
- xii. *Financial Services-* Banking, Insurance, Investment firms (brokers) Real estate agencies
- xiii. *Miscellaneous Service-* Architectural, Engineering, Surveying, Utilities.
- xiv. *Farm Services-* Clearing contractor, Cassava starch, Cornstarch, Maize production, Plantain, Animal production.

Do not limit yourself to a single ideal at an early stage in your research because you could be convinced and get committed to that idea before you are ready. According to Gray (1995). To train his mind to discover and create new business opportunities, an entrepreneur should brainstorm, develop an imaginary

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thinking, cross-fertilize ideas, use how curiosity, adopt indirect approach to problem solution, search encyclopedias, adopt systematic analysis and meditation.

- b) *Retail Business*: You have only to go to a major shopping center to see the possibilities in retailing. There are stores selling shoes, clothes, hats, gloves, sporting goods, ice cream, groceries, and more. Much more. Watch the trends, and you will see new ideas like fancy popcorn stores, T-shirt shop, videotape rental stores, yogurt shops, and more. Do any of these retail stores look like interesting places to work? If yes then you can start a business in retailing.
- c) *Construction firms*: Drive through any big city and you will see huge cranes -towering over an empty lot where major construction is taking place. Would you enjoy supervising such work? Visit some areas where construction firms are building bridges, roads, homes, school, building, and dams. There is a feeling of power and creativity in such work that excites many observers. How about you? Talk to some of the workers and supervisors and learn about the risks and rewards of small construction firms.
- d) *Wholesale*: have you ever visited a wholesale food warehouse, a wholesale jewelry center, or similar wholesale firms? If not, you are missing an important link in the small-business systems, one with much potential. Wholesale representatives often make more money, have more free time, travel more, have more fringe benefits, and enjoy their jobs more than similar people in retailing. Check it out.
- e) *Manufacturing*: Of course, manufacturing is still an attractive career for tomorrow's graduates. Manufactures make the most money among small-business owners. There are careers for designers, machinist, mechanics, engineers, supervisor, safety-inspectors, and a host other occupation. Visit some small manufactures in your area and inquire about such jobs. This could be an avenue to start your own business.

Naturally, there are thousands of small farmers who enjoy the rural life and the pace of farming. Small farms are usually not very profitable, but some that specialize in exotic crops do quite well. One way to find out how to start a business is to start your own business while you're still young and in school. There is no better way to learn about business than to start one. But how do you start a business? It is amazing how many people are eager to start a business, but have only a vague notion of what they want to do. Eventually, they come up with an idea for business and begin discussing the idea with people. It is at this stage that the entrepreneur needs a business plan or feasibility study of what he

wants to venture into that describes the nature of the business, the target market, the advantage the business will have in relation to competitors, etc.

In the broadest sense, every rational decision to make an investment is preceded by an investigation of the feasibility of the project, whether or not this is carried out in a formal manner. The larger the project and the greater the investment, the more formalize the investigation. Assurance is needed that the market exist or can be developed, that raw materials can be obtained, that sufficient labour supply is available, that local services vital to the project are at hand, and that overall cost for plant equipment, labour, and raw material inputs will be of certain order, most importantly, it must be determined that income will exceed costs by a margin sufficient to make the project financially attractive.

However, if the project is small, the study format may be quite informal. Perhaps there will be no formal study at all and little accumulation of actual data. Nonetheless, the feasibility calculations will have to be computed and evaluated even if in an informal manner, before the ultimate step of actual investment is taken.

### III. STAGES OF PROJECT FEASIBILITY ANALYSIS

The analysis of a project involves a certain number of stages during which its various elements are prepared and examined in order to reach decisions, the preparation of a project therefore can be as a series of activities culminating in the establishment of a certain number of studies and documents which permit decision making.

Project feasibility analysis is conducted in a given institutional frame, which determines its nature and the number of economic agencies likely to be interested in it. Thus the nature and sequence of decisions concerning viability of the project and its financing are determined by various institutional policies as well as company objectives. Also, the range and accuracy of information necessary for decision making during different states of a project depend on its inherent characteristics, such as size, degree of complexity, and risk. Therefore any attempt to describe a typical procedure for feasibility analysis must be general, because the decisions to be made and the information required vary among companies, institutions, and types of projects.

The process of project feasibility analysis, following the determination of the objective to be attained, can be divided into stages and steps.

#### a) *Identification Stage*

The starting point of a project analysis is the establishment of the objective to be attained. This objective may prove that it is possible and desirable to add a piece of equipment to the existing plant, to

manufacture a certain product or group of products, or to utilize certain resources.

Ideas for new products or diversification for a company can be generated in an informal and spontaneous manner from customers, distributors, competitors, salespeople, and others, or the entrepreneur can rely on a systematic process of idea generation. For the planner, the project idea is more likely to stem from a survey of existing industry, sectorial, or inter-industrial analysis, area resource surveys, or market studies. The proposed project may develop as a response to a need that appeared within the framework of industrial development planning.

#### b) *Preselection Stage*

In the pre-selection stage, a decision must be made as to whether it is advisable to examine in detail the feasibility of the project and, if so, to define the scope and estimate the cost of subsequent studies. Both the entrepreneur and planner want to ensure that the project is of sufficient interest in the technical economic plane to justify an in-depth study, that is, that a feasible solution can be anticipated. Also, the entrepreneur wants to eliminate from further consideration ideas that are dissonant with either company objectives of governmental strategy and plans. The information gathered during this states assists in the identification of those aspects of the project that deserve special attention during subsequent research (e.g., market surveys, machinery evaluation}.

The results obtained during the preselection stage are often compiled into a prefeasibility study. To permit decisions on the merit of the project, the prefeasibility study should include:

- A description of the market (estimate of consumption, trends, present supply price).
- An outline of manufacturing processes and information concerning availability of main production factors (mainly raw materials).
- An estimate of necessary investment and cost of operation.
- An approximate estimate profit
- Statement of anticipated major problems risks.

## IV. ANALYSIS STATE

At the analysis stage, the various alternatives in marketing, technology, and other considerations must be studied, and the findings, with supporting data, presented in a systematic form. For a particular project, there may be more than one possible technology to evaluate, and such factors as plant size, capital availability, raw materials availability, and labour skills availability need to be considered.

The analysis of a project can be conducted at different levels of effort with respect to time, budget, and personnel, depending on the circumstances. A

complete study contains, a market, technical, and financial analysis and is referred to as an economic feasibility study. In some cases, such a detailed study is not necessary. For example, if the project's output has a confirmed buyer, then an in-depth market analysis is not required, in some instances, a partial study of the market or of the technologies satisfies the data requirement for decision making. To permit a decision on the merit of the project, the project feasibility analysis should include the following studies.

#### a) *Market Analysis*

During the process of project feasibility analysis, market studies can be made separately or as a segment of the overall economic feasibility study. Market analysis can serve as a method for screening venture ideas and also as a means of evaluating projects feasibility in terms of the market. In each of these instances, the market analysis involves the search for an analysis of data that can be used to identify, isolate, describe, and quantify the market. The basic difference in these studies is that those conducted during the evaluation require a more extensive and in-depth analysis than those used for screening. A market analysis generally should contain:

- A brief description of the market, including the market area, method of transportation, existing rates of transportation, channels of distribution, and general trade practices.
- Analysis of past and present demand including determination of quantity and value of consumption, as well as identification of the major consumers of the product.
- Analysis of past and present supply broken down as to source" (whether imported or domestic), as well as information which will assist in determining the competitive position of the product, such as selling prices, quality, and marketing practices of competitors,
- Estimate of future demand for the product.
- Estimate of the project's share of the market, considering the demand, supply, competitive position, and the project's marketing program.

#### b) *Technical Analysis*

The technical analysis of a project feasibility study serves to establish whether or not the project is technically feasible, and it also provides a basis for cost estimating. Equally important, it porpoises an opportunity to consider the effect of various technical alternatives on employment, ecology, infrastructure demands, capital services, support of other industries, balance of payments, and other factors. The technical analysis should contain a review of techniques or processes to be applied and should incorporate:

- Description of the product, including specifications relating to its physical, mechanical, and chemical properties, as well as the uses of the product.
- Description of the selected manufacturing process, showing detailed flow of charts as well as presentations of alternative processes considered and justification for adopting the one selected.
- Determination of plant size and production schedule, which includes the expected volume for a given period, considering start-up and technical factors.
- Selection of machinery and equipment, including specifications, equipment to be purchased and origin, quotation from suppliers, delivery dates, terms of payment, and a comparative analysis of alternatives in terms of cost, reliability, performance, and spare parts availability.
- Identification of the plant's location and assessment of its desirability in terms of distance from raw materials sources and markets. For a new project, this part may include a comparative study of different sites, indicating the disadvantages and advantages of each.
- Design of plant layout and estimation of the cost of erection of the proposed types of buildings and land improvements.
- Study of the availability of raw materials and utilities, including a description of the physical and chemical properties, quantities, needed, current and prospective costs, terms of payment, locations of sources of supply, and continuity of supply.
- Estimate of labour requirements, including a detailed breakdown of the direct and indirect labour and supervision required for the manufacture of the product.
- Determination of the waste disposal method, its costs, and necessary clearance from proper authorities.
- Estimate of the production cost for the product.

#### c) *Financial Analysis*

During the financial analysis of a project feasibility study the emphasis is on the preparation of financial statements, so that the project can be evaluated in terms of various measures of commercial profitability and the magnitude of financing required can be determined. The financial analysis requires the assembly of the market and the technical cost estimates into various pro forma statements. If more information on which to base an investment decision is needed, a sensitivity analysis or, possibly, a risk analysis can be conducted.

The financial analysis should include:

- For existing companies, audited financial statements such as balance sheets, income statements, and cash flow statements.

- For projects that involve new companies, statement of total project cost, initial capital requirement, and cash flows relative to the project timetable.
- For all projects, financial projections for future time periods, including income statements, cash flows, and balance sheets
- For all projects, support schedules for financial projections, stating assumptions used as to collect periods of sales, inventory levels, payment period of purchases and expenses, and elements of production cost, selling, administrative, and financial expenses.
- For all projects, financial analysis showing return on investment, return on equity, break-even volume, ad price analysis.
- For all projects, if necessary, a sensitivity analysis to identify items that have a large impact on profitability, or possibly a risk analysis.

## V. EVALUATION AND DECISION STAGE

Decisions as to whether the project will be implemented must be made at this stage. For the entrepreneur, the studies conducted during the analysis stage of the project provide an assessment. If positive results are obtained, the entrepreneur, if seeking financing, will want to prepare an investment proposal. The planner or government official, however, having obtained positive conclusions from the economic feasibility study, will want to evaluate the project's social profitability. If an order of national development priorities exists, the project must be quantitatively assessed in terms of its social profitability. Finally, the investment proposal must be prepared and submitted to the lending institutions and, in some instances, to the government body on whose approval execution of project depends.

## VI. SOCIAL PROFITABILITY ANALYSIS

The social profitability analysis, that is, an evaluation of the project's contribution to the economy, is primarily the concern of the government loan officer or planner. The techniques used to determine social profitability range from the very simple to the complex. In developing countries, the analysis often contains no more than an estimate of project's employment impact or net foreign exchange benefits. To obtain an in-depth assessment of the social profitability, a cost benefit analysis may be a desired approach. This involves:

- Definition of the project in terms of technical description, alternate that should be considered, and any pertinent constraints.
- Enumeration of costs, benefits, and an assessment of the validity and quantifiability of the listed costs and benefits.



- Collection of the data needed to evaluate the costs and benefits.
- Measurement of the costs and benefits of the project.
- Presentation of results.

## VII. INVESTMENT PROPOSAL

The purpose of the investment proposal or loan application is to convince a lender that the project is a desirable investment. This implies that it not only possessed the potential for profit, but that the proposed management team has the capabilities to achieve the potential. The investment proposal normally contains:

- Gender information on the product, company history, nature of the industry, type of organization, organizational chart, and the reputation and qualifications of the existing or proposed management.
- Description of the project, which usually consists of extracts from the economic feasibility study and includes information on such items as markets, production, selected manufacturing method (with a detailed Indication of the cost of equipment or operation expense), and financial, statements.
- Miscellaneous information, such as proposals concerning guarantees to be offered to a lending institution, steps taken and formalities completed toward implementation of the project, and technical partners envisaged or selected.

## VIII. INHERITING A BUSINESS

Often people vacate positions of business either on account of death, retirement or ill-health. This gives room for some individuals whose parents or family members own enterprises to inherit them. Most times, these individuals have prior workings of the business they inherit because of their association with the business from birth of year of nosing around the family business.

The advantage inheriting an already existing business includes the following:

- a) The business is already established and the lucky person inheriting it is saved the problems associated with creating a new business, which often has to do with starting from the scratch. Starting the business from the scratch leaves the owner with the problem of providing physical facilities, inventories and organization as well as creating an image for the business and assuming its risk.
- b) The owner inherits some fixed current assets:- Assets are what a business owns, but they are also more than that. Assets include productive items such as equipment, the building, land, furniture, fixtures, and motor vehicles that contribute to

income as well as intangibles such as patents or copyrights. They also include the following: *Cash* - cash on hand, petty cash, and deposit in Bank. *Accounts receivable* - money owed to a business from customers who bought goods on credit, Inventory, investments, e.t.c. Thus, assets are things such as property and machines that have monetary value. There are said to be liquid when they can be easily converted into cash. Stocks are considered highly liquid assets because they can be sold easily and turned into cash. On the other hand, land is considered highly non-liquid because it takes much time and paper work to sell it. Based on liquidity, assets are divided into three categories.

- i. Current assets - Resources, including cash or non-cash items, that can be converted to cash within one year.
  - ii. Fixed assets - Items of permanent nature, such as land, building, fixture, and furniture's.
  - iii. Other assets - items such as patent and copyrights, not included in the first two categories.
- c) There also exist a pool of already established customers and their goodwill on whose back the entrepreneur can ride to greater success.
  - d) Apart from the customer's goodwill, there is the issue of existing beneficial time tested relationship with banks, suppliers, distributors, the society, government, etc.

The established firm offers several advantages to the entrepreneurs. It already shows various strengths and weaknesses by actually operating in a particular location. Customers have been attracted by the business and a reputation it has created. The immediate need to provide physical facilities and inventories, as well as hire employees, is reduced since these were done by the previous owners. But even with the above advantages the beneficiary in this case, if not impressed, can select either to sell the business or liquidate it especially if he is unsure of its future survival. However, If he decides to continue with the business, then there are certain steps or measures he must take on assumption of responsibility. They include the following: undertake an absolute and autonomous management audit of the business. A typical audit consists of five stages.

- *Planning Activities*- obtain knowledge of the business, preliminary analytical review; appraisal of risk, preliminary estimation of materiality, review of internal accounting control; developing of overall audit plan; determine optimal reliance on internal accounting control, design compliance testing procedures; design substantive procedures; write audit programme.
- *Compliance testing procedures*- conduct test; make final evaluation internal control; modify audit plan.



- *Substantive testing activities*- Conduct substantive test of transactions; conduct analytical review procedures; conduct test of details of balances; post balance sheet review procedures; aggregate findings and make evaluation; obtain representation from management and others.
- *Formulating opinion and reporting activities*- Review financial statement financial statements; review audit results; formulate opinion, draft and issue report,
- *Continuous Activities*- Supervise conduct of examination; review work of assistants; consult with appropriate persons in connection with special, problems; document work performed, findings, and conclusions. irj appropriate working papers.
- To access the assets so as to ascertain their monetary worth; state of disrepair etc, This will generally give the idea of the monetary involvement as it concerns the repair of fixed assets and some movable assets. It is generally known that inheritance seldom goes with newness. What is inherited has to do with an item that has been used and under control of the original owner. It is common knowledge therefore, that items in use co depreciate in value especially due to wear and tear arising from long term usage. The new entrepreneur now needs to have accurate assessment of the business and money assets needed to put this business back in proper shape by making or assessing.

## IX. ORDINARY AND EXTRAORDINARY REPAIRS

Ordinary repairs are made to keep an asset in normal good operating condition. For example, keeping

Jan	12	Accumulated Depreciation, Machinery	2,100.00	
		Cash		2,100.00
		To record extraordinary repairs.		0

This entry increases the book value of the asset from N2,000 to N4,100. In the remaining five years of the asset's life, depreciation should be based on this new book value. The effects of the ordinary repairs are as follows:

	Before	After
Original Cost	N8,000	N8,000
Accumulated depreciation	(6,000)	(3,000)
Book Value.....	N2,000	N4,100
Revised annual depreciation		
Expense fro remaining years .....	(N4,100/5 years)	

The machine remains in use for five years after the major overhaul, the five annual 20 depreciation

a wood-frame building in. good condition requires that you periodically repaint it and maintain its roof. Similarly, machines must be cleaned, lubricated and adjusted, and small parts must be replaced when they wear out. Such repairs and maintenance typically are made every year, and accountants treat them as revenue expenditures. Thus, their costs should appear on the current income statement as expenses.

In contrast to ordinary repairs that keeps a plant asset in its normal good operating expectation. Reflecting this nature, the costs of extraordinary repairs are capital expenditures. They are usually debited to the repaired asset's accumulated depreciation account to show that they counteract the effects of past usage reflect as depreciation. Because extraordinary repairs add to an asset's useful life, they also benefit future periods. Thus, their cost appears in the income statements of future periods as depreciation.

For example, a machine was purchased for ₦8,000 and depreciated under the assumption it would last eight years and have no salvage value. As a result, the machine's book value is ₦2,000 at the end of its sixth year, calculated as follows:

Cost of Machine.....	₦8,000
Less six years accumulated depreciation.....	₦6,000
Book Value.....	₦2,000

At the beginning of the machine's seventh year, It is given a major overhaul that extends its estimated useful life three year beyond the eight originally estimated. Thus, the company now predicts that it will be used for five more years, The ₦2,100 costs of the extraordinary repair should be recorded as follows:

charges will write off its N4,100 book value, which includes the cost of extraordinary repairs.

To go through the financial reports perhaps with an accountant if he chooses, to certain the financial position of the firm as well as its short and long term financial commitments. Public accountants participate in management accounting when they provide management advisory services to their clients. Independent auditors gain an rate knowledge of a clients accounting and operating procedures. The auditors are in excellent position to offer suggestions for improving the business or can price on outright sale of the enterprise.

## X. FINANCIAL STATEMENT

Financial statements communicate accounting information to managers and other decision makers. These statements are the primary product of the accounting process. Thus, financial statements are a good place to start your analysis of business. We begin by looking at two widely used financial statements: the Income Statement and the balance sheet.

### a) The Income Statement

The Income Statement is considered by many people to be the most important financial statement. The income statement is important because it shows whether the business earned a profit (also called *net income*), which is one of its primary operating objectives. A *net income* is earned if the company's revenues exceed its expenses; a *net loss* is incurred if the expenses exceed the revenues. The income statement does not simply report the amount of net income or net loss. Instead, it lists the types and amounts of the revenues and expenses. This detailed information is more useful for decisions than just a single number for the profit or loss. *Revenues* are in flow of assets received in exchange for goods and services provided to customers as part of the major or central operations of the business. Instead of inflow of assets, revenues also may occur as decreases in liabilities. An asset is a property or property right. While a liability is a debt owed by a business. *Expenses* are outflows or the using of assets as a result of the major or central operations of business. Instead of outflows or the using up of assets expenses may also occur as increase in liabilities.

### b) Balance Sheet

The purpose of the balance sheet is to provide information that helps users understand the financial status of the business. In fact, the balance sheet is often called the statement of financial position. The balance sheet describes the financial position by listing the types and amount of assets, liabilities and equity of the business. (Equity is the difference between a company's assets and its liabilities).

The balance sheet describes conditions that exist at a point in time. It also shows the date on which assets are identified and measured. The amounts in the balance sheet are understood to be stated as of the close of business on that date.

Note that the total amounts on the two sides of a balance sheet are equal. This quality is the source of the name *balance sheet*. The name also reflects the fact that the statement reports the balances of the assets, liabilities, and equity on a given, date. Knowledge of the time period is important for judging if the company's performance is satisfactory.

## XI. ASSETS, LIABILITIES, AND OWNER'S EQUITY

In general, the assets of a business are defined as "probable future economic benefits obtained or controlled by a particular entity as a result of past transactions or events". One familiar asset is cash. Another asset consists of amounts owed to the business by its customers for food and services sold to them on credit. This asset is called accounts receivable. In general, individuals who owe amounts to the business are called debtors. Other assets owned by the business include: merchandise held for sale, supplies, equipments, buildings, and land. Assets also can be intangible rights, such as those granted by a patent or copyright.

The liabilities of a business are its debts. Liabilities are defined more precisely as "probable future sacrifices of economic benefits arising from present obligations of a particular entity to transfer assets or provide services to other entities in the future as a result of past transactions or events. On common liability consists of amounts owed for goods and services bought on credit. This liability is called account payable. Other liabilities are salaries and wages owed to employees, taxes payable, notes payable, and interest payable.

A liability represents a claim against business, in general, those who have the right to receive payments from a company are called its creditors. From the creditor's side, a liability is the right to be paid by a business. If the business fails to pay its debts, the law gives the creditors the rights to enforce the sale of the business assets to obtain the money to meet their claims. If the assets are sold under these conditions, the creditors are paid first, up to full amount of their claims, with the remainder (the residual) going to the owner of the business.

Creditors often use a balance sheet to help them decide whether to loan money to business. They use the balance sheet to compare the amounts of the existing liabilities and assets. A loan is risky if the liabilities are small in comparison to the assets,

## XII. EVALUATE THE APPROPRIATENESS OR OTHERWISE, OF THE FIRM'S LOCATION

This can be very important, especially if the business owner thinks of keeping cost low. One of the major reasons why European and Western manufacturers shifted their manufacturing facilities to Asia, Africa, and Latin America cut cost. Producers move to where there is availability of the right kind of labour or cheap labour. Even though labour cost is becoming a smaller percentage of the total cost in some industries, cheap labour remains a key reason why many producers move their plants to the third world countries where there is

abundant cheap labour, cheaper resources are another reason for moving production facilities. Companies often need water, electricity, wood, coal and other basic resources. By moving to areas where such resources are cheap plentiful, cost can be lowered significantly not only the cost of buying such resources but of shipping as well, one reason business sometimes choose to remain in big cities is because that's where their customers are. By, locating close to their customers, business lower the cost of transportation and can be more responsive to customers needs for service, It is especially important for service organizations to be located near urban areas where they can service their customers best. The bottom line is that site location has become a critical issue in production management. Companies want to be close to their markets, but also need a skilled or trainable labour supply.

The cost of land is also becoming a more critical factor in choosing a plant location. Some business are forced to leave cities where land is expensive, and move to rural areas where land is cheaper, Some employers also enjoy living away from noise, pollution and traffic of big cities.

Another incentive to locate or relocate in a particular city is the tax situation and government support. Some states and cities have, higher taxes while some even give tax incentives and financial support. Some state and cities (CRS, Calabar EPZ) attract business by designing industrial parks or layout. An industrial park is a planned area where business can find land, shipping facilities, etc to build a manufacturing plant or storage facility. Naturally, some places are more attractive than others because of climate, storage facilities, and other factors, n summary, business now want to cut production cost and improve lifestyle by locating where:

- a) Resource are plentiful and inexpensive
- b) Skilled workers are available or trainable
- c) Labour is inexpensive
- d) Taxes are low and local government offers support
- e) Energy and water are available
- f) Land is available, inexpensive and close to market
- g) Transport cost is low
- h) Quality of life and education is high

### XIII. TO UNDERTAKE STUDY OF THE MARKET POTENTIAL OF THIS ENTERPRISE

This goes with special reference to the product and its relevance in the present market situation. The ability of the business to still stay alive despite competitors will provide the answer on whether the new owner should sell or still keep and carry on the business. The outcome of this rests entirely on the decision of the entrepreneur. Decision making here is choosing among

two or more alternatives. Should I sell or still keep this business? Will the wages of my business and financial assets compete favourably in my given location? What is my share of the market? The questions are endless. It sounds easier to say than it is in practice. In fact decision making is the heart of all the management functions an entrepreneur needs: planning, organizing, controlling and directing. They help business men to make logical, intelligent, and well founded conclusions.

The best decisions are based on sound information. Entrepreneurs often have computer terminals at their desk so they can get internal records and external data of all kinds. But all the data in the world can not replace an entrepreneur who is creative and makes brilliant decision.

After an analysis of market potentials the new owner having arrived at the decision not to sell the business should plan the way forward by providing answers to three fundamental questions of business.

- a) What is the situation now? What is the state of the economy? What opportunities exist for meeting people's needs? What products and customers are most profitable? Who are our major competitors? Why do people buy (or not buy) our products? Who are our major competitors?
- b) Where do we want to go? How much growth do we want? What is our profit goal? What are our social objectives? What are our personal development objectives for employees?
- c) How can we get there from here? This is the most important part of planning. It takes three forms
  - i. Strategic (*long-range*) planning determines the major goals of the organization and the policies and strategies for obtaining and using resources to achieve goals. In this definition, policies are broad guides to action, and strategies determine the best way to use resources. At the strategic planning stage, the company decides which customers to serve, what products or services to sell, and the geographic areas in which the firms will compete.
  - ii. Tactical (*short-range*) planning is the process of developing short term decisions about what is to be done, who is to do it, and how it is to be done. Just as objectives are specific plans to meet broad tactical planning involves defining specific plans to achieve broad strategic plans. Tactical planning is normally done by managers at lower levels of the organization, whereas strategic planning is done by the top managers of the firm (for example, the president). Tactical planning involves setting annual budget and deciding on other details of how to meet the strategic objectives.
  - iii. Contingency planning is the preparation of alternative courses of action that may be used if the primary plans do not achieve the objectives of the

organization. The economic and competitive environments change so rapidly that it is wise to have alternative plans for action ready in anticipation of such changes.

#### XIV. BUYING A BUSINESS

Buying a business seems to be the easiest way to enter the business world. A person can become an entrepreneur by buying an already established firm. This is so because the established business offers several advantages to the entrepreneur. Aside from the knowledge of the business various strengths and weaknesses of operating in a particular location, customers must have been attracted by the business for a long period and a reputation created. The immediate need to provide physical facilities and inventories, as well as hire employees, is reduced since all of these were taken care of by the previous owner. The business may have seared beneficial relationships with relevant public such as suppliers, bankers, technical partners, etc.

Given the numerous advantages, many people have taken the opportunity to own business by purchasing on-going enterprises. If you must do the same, then be prepared to evaluate the following:

- a) Determine the reason why this business is being offered for sale. The onus is for the buyer of the business to know why the present owner wants to sell the business. It is known fact that not all firms that are losing money need to be a failure. Therefore, if one is able to purchase a poorly managed but workable business at a bargain at a bargain price, then he has started a business with commendable thought.
- b) Assessing the likelihood of the firm's profitability. In analyzing the firm, the investor should consider the risk inherent in the firms operation, the time pattern over which the firm's earning increased or decreased, the quality or reliability of reported earnings and many other factors concerning the firm's profitability. This would be investor or buyer must question the impact of decision on the firms overall valuation.

#### XV. PROFITABILITY

The generality ratios enables the analyst to evaluate the firms earnings against their backdrop of a given level of sales, a certain level of assets or the owner's investment. A firm cannot easily attract outside capital if it is unprofitable. As a matter of fact an unprofitable operation will naturally cause some concern for both the firm owners and creditors. Consequently, creditors, owners, and management are usually interested in the growth in profits of the firm due to the great importance attached to earnings in the market place.

##### a) *Gross Profit Margin*

This elates to the percentage of each sales naira or amount which is left after the firm has paid for its goods. It measures the efficiency of management in converting materials (goods) into sales. The higher the gross sold and vice versa.

Sales - cost of goods sold/sales or Gross profit/Sales

##### b) *Net profit Margin*

The net profit margin measures the percentage of each sale naira remaining after all expenses, including taxes have been deducted. It is a measure of the firm's success in earnings on its sales.

Net Profit After Taxes / Sales

##### c) *Return on Investment (ROI)*

This is also known as the return on total assets. It measures the overall effectiveness of management in generating profits with the firm's available assets. In other words, the return on the firm's total investment. The higher the ROI, the better for the firm.

Net Profits after taxes / Total Assets

##### d) *Return on Equity (ROE)*

Also known as return on net worth, this ratio measures the return earned on the owner's investment. In general, the higher the return on equity, the better for the owners of the firm Net Profits After Taxes/ Shareholders Equity or NPAT/Net worth.

- i. By assessing the business through evaluating the firm qualitatively in terms of the business competitive strength, consumer's assessment of market position, present and future market growth potentials, cost, risk etc using a comparative rating analysis of the firms products or service.
- ii. Ascertaining its assets and liabilities. This is an important aspect to look into when thinking of buying an established business.

In general, the assets of a business are the properties or economic resources owned by the business. More precisely, assets are defined as "probable future economic benefits obtained or controlled by a particular entity as a result of past transactions or events". One familiar asset is cash. Another asset consists of amount owed to the business by its customers for goods and services sold to them on credits. This asset is called account receivable. In general, individuals who owe amounts to the business are called debtors. Other assets owned by the business include; merchandise held for sale, supplies, equipment, building, and land. Assets also can be tangible rights, such as those granted by a patent or copyright.

The liabilities of a business are its debts. Liabilities are defined more precisely as "probable sacrifices of economic benefits arising from present obligations of a particular entity to transfer assets or



provide services to other entities in the future as a result of past transactions or events". One common liability consists of amounts owed for goods and services bought on credit. This liability is called accounts payable. Other liabilities are salaries and wages owed to employees, taxes payable, notes payable, and interest payable.

A liability represents a claim against a business. In general, those who have the right to receive payments from a company are called its creditors. From the auditor's side, liability is the right to be paid by a business. If a business fails to pay its debts, the law gives the creditors the right to force the sale of the business assets to obtain the money to meet their claims. If the assets are sold under these conditions, the creditors are paid first, up to full amount of their claims, the remainder (the residual) going to the owner of the business.

Buyers often use a balance sheet to help them decide whether to buy a business. They use the balance sheet to compare the amounts of the existing liabilities and assets. A buy is less risky if the liabilities are small in comparison to the assets. There is less risk because there is a larger cushion if the assets cannot be sold at the amount shown on the balance sheet. On the other hand, a buy is more risky if the liabilities are large compared to the assets. The risk is greater because it is more likely that the assets cannot be sold for enough cash to pay all the debts.

Finding out whether there is a secret but gradual build up to the formation or enactment of harmful legislations that will not allow the operation of that sort of business. Some business are sold not because they are not doing well but because the operators are aware of the eminent government legislations/ regulations that are soon to be enacted and that will be inimical to the operation of such a business, and are therefore willing to sell the business at a give away price to enable them to a new business before it became too late (eg Tobacco Laws). A buyer must look deep into why the owners of a well-to-do business are willing to sell same even when it is known that they are making huge profits. Timely knowledge of this will help the buyer a great deal.

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# How Organizations can overcome the Recent Complex Environmental Change in today's Economy

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**Abstract-** This paper discusses how the environment influences changes in the organization in this 21<sup>st</sup> century new economy, where people tend to care more for services provided rather than the manufacturing process. It's very important for the organization to know what environmental factors can cause the organization to change.

**Keywords:** *change, managing, environment, organization.*

**GJMBR - A Classification :** *JEL Code: D20*



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Yap Mun <sup>a</sup> & Dr. Rashad Yazdanifard <sup>σ</sup>

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## I. INTRODUCTION

The 21<sup>st</sup> century is a fast-paced, ever-changing place, bringing with it a host of challenges not only for society, but also for the business world. In order to survive in this competitive environment, business organizations are aware that they must adapt, and adapt quickly, so that they may keep up with the constant changes. As a result, many organizations will spend countless hours in meetings, brainstorming solutions to deal with the complexity of environmental changes in the new economy. We have heretofore been throwing around words like "organizational change" and "environmental change" but what exactly are they, and what causes them? Most organization will think of downsizing, buyout, mergers, restructuring or launching new product when it comes to organizational change (Cawsey et al., 2015). However, organizational change also encompasses lesser changes like the reorganization of a department, termination of employees, installation of new technology and incentive systems, the dissolution of a product line that is not profitable and other minor changes done to improve the efficiency of the organization.

## II. THE ENVIRONMENT FACTOR THAT CAUSE ORGANIZATION TO CHANGE

Changes in the environment are inevitable and businesses have always needed to adapt in order to remain competitive. As such, it stands to reason that environmental changes can sometimes be crucial to the wellbeing of the organization. Environmental change can be defined as a change that is caused by human

influences or natural ecological processes, which we often know as climate change, which are unavoidable. However, human influences such as government and political change, changing social phenomenon, culture, an aging workforce or new technology can be manageable if companies work hard to find solutions. According to Graetz et al., 2010, in an era of global competitive markets, development of new technologies, economics of scales, environmental deterioration, and consumer confidence that is mostly invested in the brand or services, it is increasingly difficult to implement long-term organizational changes due to how swiftly the environment changes.

## III. TYPES OF ENVIRONMENTAL FACTOR THAT DRIVES ORGANIZATION TO CHANGE

Environmental factors influence the way organizations work, as they change in response with the new challenges brought about by the environment.

### a) *How Government, politics and election frauds affect organizational change*

The status of a nation, whether as third-world or developed country, is dependent on the government that runs it; i.e. Vietnam is a third-world country due to rampant poverty caused by poor governance. What then are the signs of a developed country? Developed countries like Japan, America, and Dubai are often rich in minerals or possess high technological prowess, possessing advanced infrastructure as a result. This leads to additional benefits like increased trade and foreign investment as the state of local infrastructure and developments affects the likelihood of investors coming to a particular country to trade, do business or make investments. Imagine a city where the electricity and water might go out at anytime and the roads are uneven and covered in holes, would any sane investor build a factory there? In addition, a logical investor will not invest their business in a country that is not politically sound. A good Government can make a big difference towards the investment suitability of a country, as they ensure that local laws and business practices are fair towards foreign investors, and will serve to protect businesses and individuals legally, ensuring a

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sense of security when investing or bring business into the country.

According to Daegon, (2008) in late September, Newt Gingrich launched American Solution with the aim "to move government into the 21<sup>st</sup> century with the goal of becoming a leading grass-roots movement to recruit, educate and empowered citizens and politicians to transform government". To do so, they used the web to help them to spread information and to bring together people with ideas and common agendas so that they may be empowered to make changes in their country. However, grass-roots movements like these cannot come to fruition if the Government does not cooperate and change accordingly. The importance of a country's government on an organization cannot be underestimated, as a government that is inept in handling the country's welfare, for example, will cause the value of the nation's currency to decrease, causing the organization to change. When the country's currency decreases, it has a cascading effect on the economy and the society, one of which is that foreign investors will be wary about investing or opening a business here, as they fear that they might not be able to earn back the money that they invested.

In 2013, during Malaysia's 13<sup>th</sup> general election, it was reported that sudden black outs occurred in few places during the process of counting votes. Many social media users blacked out their profile pictures on Twitter and/or Facebook to protest what they described as the "death of democracy" in Malaysia (Houghton, 2013). Besides these suspiciously timed blackouts, thousands of foreign voters from Bangladesh and Indonesia were brought into various Malaysian voting centers by airplanes, buses and public transport so that they may be registered as voters and allowed to cast their votes in exchange for benefits from various quarters during the general election. When confronted, they were unable to show identity card which causes uproar by the local voters. Moreover the indelible ink used to identify a person who has already voted can be easily washed off with hand sanitizer or soapy water, when they ink was supposed to remain on the voter's finger for a few days so that voter who tries to re-vote can be turned away. According to Ibrahim (2013), over 50,000 military servicemen who voted on April 30 could have voted again during the general election as a result of the faulty ink. Compounding matters, the mainstream media is fully controlled by the Government, and the opposition party was denied equal access to mainstream media outlets. Television airtime and newspapers were also dedicated to promoting lies and misinformation regarding the opposition party without providing the chance of rebuttal (Ibrahim, 2013).

Political situations and governments can influence the business organization to change. Governments that work to improve the lifestyle of the society through encouraging development in

infrastructure, education, health and also safety will lead to positive changes in organizations. The fiscal policy of a country also has a big impact on businesses. For example, an increase in government spending means more government jobs, which translates to increased consumer spending. A great deal of government spending goes through independent contractors for improvements like the building of roads, bridges and so forth. Huge amounts of money funneled into the development of rural areas or helping areas impacted by natural disasters in fact help the local economy and benefits everyone, instead of being wasted on planes for certain officials (Zachariah, 2015). It is clear then that governments play an important role not only political level, but also in the business world. Political stability and inefficient governments lead to lower foreign investments and a stagnant economy, which causes negative changes in business organizations.

#### *b) Social phenomenon*

Most social behavior changes over time in accordance with trends and the spirit of the age. According to Sinsinwar (2015), social phenomenon includes all behavior which influences or is influenced by organisms sufficiently alive to respond to one another. This includes influences from past generations. Niklas Luhmann, a German sociologist, opined that society is defined as a system that covers all forms of communication such as language (Sinsinwar, 2015). When social norms change it will also cause the organization to change. Examples of social phenomenon changes are changes in gender needs, gender equality, same sex marriage, transgender rights and so on. Recently, same sex marriage has been legalized in America and same sex married couples can now enjoy the same benefits and legal rights as married heterosexual couples and will be recognized on official documents such as birth and death certificates (McLaughlin, 2015). Business organizations in America responded to this change by creating rainbow themed logos and advertising, as well as expanding job scopes in order to accommodate this category of people.

Social media has also become one of the society's norms and has been a medium for social change as well as being a social phenomenon on its own. Anything that people want to voice out, they will do it on the social networks such as Facebook or Twitter. Social media users will not hesitate to post their thoughts, opinions and reviews online for others to judge or comment. For instance, if a consumer is not satisfied with an organization's products or services, they will write up the issue on Facebook and cause a negative perception of those products or services. This can be a huge problem if these matters are not handled well and this will cause the organization to have a bad reputation. When the organization's reputation is tarnished it will be difficult to regain the trust of the

consumers. Social media enables people to search for any information on the product, for instance product materials, user ratings, organization's information and so on. Social media is becoming an important part of marketing communications; therefore, it cannot be ignored by a successful organization when setting its business strategy (Svatosova, 2012). Today the focus of a business organization is no longer the manufacturing process, but in the quality of the services provided by the organization. For example, the crashing of two Malaysia Airline planes was not handled well; the family of the victims did not receive timely updates or clear explanations on the causes of the respective crashes, which tarnished the reputation of the airline until it was almost bankrupt. Because of their tarnished reputation, consumers started to lost confidence in the company, which caused the organization to fire up to 6000 staff in order to cut losses and rebuild their brand name (Gordon, 2014).

c) *Why does culture affect organizational change*

Culture refers to the behavior of people who are part of an organization and the meanings that they attach to their actions. It includes the organization's values, visions, norms, working language, systems, symbols, beliefs and habits that affect the way people and groups interact with each other, with customers, and with stakeholders (Myerson, 2014). For example, the Wither, which owns the license for 7-11 in Australia, also bought the local license for the 24 remaining Starbucks cafes in Australia (Becker, 2014). The reason for the buyout is because there are products similar to Starbucks that already exists in Australia and that the "cafe culture" Starbucks was importing is not a turn-on for the local customers (Becker, 2014). For an organization to survive, the organization must actually come out with products and/or services that suit the local taste and need.

Customer based orientations is one of the main causes of organizational change. Cultures change according to the environment and every country will have different cultures, necessitating changes in the business organization. In Malaysia, a multi-cultural country where the different races possess their own unique cultures, local organizations need to come out with products that suit these different local cultures. Before entering a foreign market, the organization should understand and learn the local culture in order to produce the right product or services for their consumers' needs.

d) *Aging workforce*

Aging is a fact of life and research on aging and work help us understand the capacity and potential of older people has been conducted, where it is said that there is an emerging view about people maintaining ability, developing potential and, possessing continued competence in old age (Lu, 2012). The global

population is increasingly made up of older adults, a prime example being Japan, whose national demographic is increasingly made up of aging people. According to new research from the National Institute of Population and Social Security Research, Japan's population will shrink by one-third by 2060, the number of people aged 65 and above will double the amount, and the Japanese workforce of people aged 15 to 65 will shrink to about half of the total population (The Associated Press, 2012). The global workforce has adapted to this continuing trend of increased elderly people by encouraging organizations and governments to extend the age of retirement so that older, skilled workers can continue to serve the organization in key jobs that would otherwise remain unfilled. (Roussin, 2015).

Another thing that organizations must adapt to and accommodate, are the differences in interests and working style being the older and the younger generation. Younger people tend to try new things and are willing take risks, while the older generation people tend to stick to traditional wisdom and the old ways of doing things. For society at large, it is believed that working older people can help boost productivity and tax revenues, enriching the pool of human resources and reducing public spending on entitlements to support early retirement (Lu, 2011). On an organizational level, training programs or team building activities bring down age barriers between the younger generation and the older generation, allowing them to warm up to each other and work together. Organizations can establish an atmosphere and culture of open communication like what the Google Company did by turning the company cafe into a place where younger employees can discuss ideas with older employees or ask the latter's advice or opinion. In today's uncertain business environment, employees tend to lose their motivation if they are not involved and kept informed of the changes going around them (Corelli, 2009).

e) *New technology*

Technology is a somewhat inexpensive way to improve customer service. Technology is a powerful tool in today's industry as it plays a significant role in helping organizations to increase their sales and also to remain competitive. In today's business environment, competitiveness is heavily influenced by the ability of multiple organizations in a supply chain to synchronize and integrate their business activities and processes (Jitpaibon & Sharma, 2011). The reason technology is important is mainly because it can help the organization to improve in certain areas, such as supply chain management, customer experience, inventory management, and loss prevention (Carr, 2014). Advances in technology are enabling organizations to forecast and manage their schedules more effectively. Basically, technology is one of the main facilitators of an

organization's ability to remain competitive by improving their products or services through technological advances, thus gaining customer satisfaction. In the 21<sup>st</sup> century, society lives with high tech gadgets and technology, and new organizations that enter the market often take advantage of the lower cost of market entry afforded by the advancement in technology by effectively implementing a variety of technologies, so that they can gain a competitive advantage (Hitt et al., 2011).

#### f) *How Economy influences the organization*

Economy plays one of the most important roles in changing an organization. The unprecedented deterioration in the economy has resulted in a significant disruption in traditional financing sources, which makes it difficult for buyers to obtain the financing for the purchase price they desire (Su, 2009). Why is that so? This is because economy is the nature of competition faced by the organization and economy is the financial resource that gives the organization success. Often enough, when the economy is bad, the organization tends to undergo huge changes in the form of downsizings, mergers, and acquisitions in order to allow them to compete in the global competition (Shook, L., & Roth, G., 2011). Downsizings, mergers, and acquisitions are the responses from these organizations to improve the firm's financial position; however, for this action to succeed, the firm needs the full support of their employees before they can change their strategies (Szabla, 2007). For instance, the increasing number of Starbucks being shut down in America due to low profitability; resulting in as many as 12,000 people being fired as a result of the close down (Linn, 2008). When the economy is not good, the organization will choose to close down, which causes many people to become jobless. If demand is dwindling, it is difficult to generate a fair price for your business, and as a rational business owner the goal is to maximize your organization's profit, one of the ways a business owner can do this is through the restructuring of the organization's strategy in order that they may come out with the products or services that suit the current economy. When there is an economical crisis, the organization should focus on the cash flow and get their products out, while working on revising the operation of the organization in order to improve on the streamline as well as to cut unnecessary costs (Su, 2009).

## IV. DISCUSSION

The major purpose of this paper is to determine how the environment plays a role in impacting the organization to change. This finding is important because to survive in a world that is full of competition, an organization must take note and try to identify the problems and come out with the solution. The organization will imprint a positive image on the

consumer if the organization takes note and strives to provide the best products and services to the consumer. Consumer relationship with the organization is important as consumers are the source of income for the organization. Without the support of consumers who buy or use the product, the organization might need to close down.

Organizations must be prepared to adapt to environmental changes such as those found in the government and politics. Infrastructural developments are the key factors for attracting foreign trade and investment, as investors are more likely to establish businesses in a country that can meet the logistic requirements of their organization with ease. A huge side benefit is that government spending to develop the nation's people and its infrastructure will increase consumer spending, thus generating a more active economy and providing employment for many people. On the other hand, poor enforcement of laws, such as that found in the fraud voting incident where foreign voters from Bangladesh, Indonesia come to Malaysia to cast their vote when they are not Malaysian citizen shows that Malaysia did not imply strict laws and regulations to protect the local citizens; could jeopardizes investments in the country as it becomes uncertain if the rights and business interests can be protected. The resulting political unrest also contributes to investors feeling unsure of the safety of their organization in the country.

Today, the social behavior of a society tends to change according to the surrounding environment. This includes the influence from past generations. Social phenomenon such can vary according to gender, as a lady's needs are different from a man's, and there has been a growing awareness for the need for gender equality. Organizations will need to come up with the right job and working environment in order to adapt to these social phenomenon changes. With today's advancement in technology, people are more active on social media and are more willing to voice out their opinions on the internet, thereby influencing the opinions of others in their network. Organizations will also need to come up with products that suit the preferences of their target audiences if the organization wants to survive in the competitive market as different people have different cultures and will, as a result, respond better to different things.

Organizations should also establish environments where the younger generation and the older generation can work together, as older people can use their past experience to improve the ideas of the more risk-seeking younger generation. Investment in new technology can help the organization improve customer service, as technology can help organizations gain feedback and improvements in prior areas of weakness. Organizations will also need to keep a pulse on changes in the economy so that they may prepare



for any challenges ahead and can make changes in their structure or strategy, as and when needed.

## V. CONCLUSION

Environmental changes are challenging for all business organizations, as they need to revise their strategy often to adapt to the environment changes. Moreover, organizations that implement the right solution to the environment problem at hand will always be one of the strongest organizations, due to its ability to adapt to changes. This is because the organization will always manage to gain a competitive advantage, and will have a head-start on any of its competitors.

In conclusion, the environment plays an important role in shaping every business and every organization must take exceptional care in managing and adapting their strategy and planning to suit environmental changes. Therefore, business organizations must be alert when looking into these factors, in order to implement the right solution to the problem. Building a new business might be easy but maintaining a business is difficult, as it requires a great deal of effort and motivation to keep it running for a long time. Thus, company's must continue to invest time and effort into making sure they are in touch with the environment and to be equipped to adapt to it as necessary.

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# Organisation Development (OD), Credit Administration and Recovery: A Mechanism for Business Growth

By Dr. Orok B. Arrey

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**Abstract-** Organisation's development co-opts diverse human resources for the accomplishment of a common goal, while considering the dynamic nature of the environment through long term planning. However, this alone, without the proper mix of capital funding cannot work. Finance is the life wire of any organisation, therefore it becomes necessary for the way and manner sourced funds are being administered. This paper examines the way the human resource is utilize, the proper way credit should be given and recovered for the growth and development of any business. It went further to ascertain the impact non recoverable credit has on our economy, particularly from the distressed banks perspective. Three recommendations were proffered, one of which is proper and constant training and evaluation of credit managers.

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## I. INTRODUCTION

Organisation is concerned with the proper mix of human and material resources for the attainment of set goals and objectives, it is the grouping of diverse talents, in a change enforcing environment to obtained their combined efforts possible maximum benefits. Organisation development tries to improve performance, mostly through capacity building and long term planning. It does this first by identifying causes and symptom of poor performance that is attributable to human activities from the top, and the application of correctives measures, using behavioural science knowledge. It is in this vein that Peter kilby talked about adoption, he argued "that the critical entrepreneurial function is adoption.

The symptom could be low profit, productivity, sales, earning, caused by wrong use of labour and capital combination, bad marketing skills, illiquidity, poor income pattern, and bad credit management. In the course of improving an organization, a lot of factor combination takes places, and a balancing of these factors for efficiency and effectively becomes imperative.

This study focuses on the ability of the organization to administer credit (account receivables, trades credits, bank loans and advances) and recover same for improve performance (development) of the organization. The first section covers the objective, characteristics and assumptions of Organisation's

Development, the second discusses the Concept of Credit, its Administration and worthiness; while the third section examines Credits Recovery techniques, considerations opened in line with the Nigerian Banking experience. Finally, conclusion was drawn and recommendation made towards enhancing business growth.

### a) Objectives or Organization Development

Varieties of considerations get into organizational development plan, the aim being to ease direction and control. The major objectives in any situation are as follows:

- i. To proffer creative or adoptive solution to problems
- ii. To treat organisation's problems as fast as they emerge
- iii. To involve individual and group or joint responsibilities in planning and implementing organizational activities (MBO)
- iv. To motivate and create job satisfaction among employees.
- v. To induce support and trust among employees.
- vi. To acknowledge and recognize skills in job situations
- vii. To effects the free flow of communication (French and Bell: 1984)

For an organization to develop efficiently and be effective as well, well qualified person must be appointed and the focus must be on job description and evaluation principles. It will involve planning and control mechanism that takes into consideration experience and the ability to generate useful data that will show the way forward.

## II. ASSUMPTIONS & TECHNIQUES

The basic assumptions in an organization's development programmes are the changing attitudes and perceptions, of (i) Individuals (ii) Group members, and (iii) Organisation members, as it relates to what should be done and how it should be done. There is the assumption that the design of the organization behave. The desire to grow and develop as well as the strong need to be accepted by others within the organization, as other assumptions.

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However, in the course of implementing these programmes, some deviations may arise thereby creating the need for some kind of interventionist techniques to be applied. The technique opened becomes:

- a) *Diagnostic activities*: Here the current conditions or situations of the organization are checked, through the use of questionnaires, interviews, survey and meetings to access various variables, and the outcomes will determine further actions.
- b) *To group techniques*: this is also called a sensitivity or training groups. Here a panel of experts are grouped together for the purpose of learning, with group member acting as a mirror for one another. Members are to access the behaviour of each member of the group with a feedback procedure in place to know how he is being perceived.
- c) *Team Building*: This promotes trust among team members, as it is intended to improve effectiveness and satisfaction of members of the team. The team meets and discusses problem and proffers common solutions.
- d) *Survey Feedback*: This is a learning tool in which employees respond to questions that measure perception and attitudes. The result of this survey is given back to the individuals or groups concerned.
- e) *Third Party Peacemaking*: This is a conflict resolution style, in which a third party, usually an OD consultant mediates. The consultant uses a variety of techniques to resolve any problem between individuals or groups. (Ceviffin, 1996:266 & 367).

All techniques of organizational development are to induce change for growth of the organization and also create organizational warmth, even though time and circumstances of usage may differ from organization to organization. Therefore, the application of organizational development (OD) is relevant to credit administration as well as recovery of same, if organizations must grow.

### III. CONCEPT OF CREDIT

The term Credit involves from the Latin word "Credere" meaning to "believe" or to "trust" It is therefore an account or an asset given to a borrower on trust.

Granting of credit (Accounts receivables) is an important function to many people and for many reasons in a market economy. It allows for the employment of available resources by channeling funds from the surplus to the deficit units. It cements the relationship between borrowers and lender and also generates income to the lender possibly through increase sales where necessary. (Perry; 75: 384) asserts that certain questions that must be asked includes (i) How much does he want? (ii) What is it for? And what is the source of repayment. However, other factors are:

- Determination of a borrowing plan;
- Credit standards and;
- Credit terms.

The Borrower must develop a good feasibility study to confirm that business is worth supporting, at least in terms of viability and profitability.

He must also ensure that proper records or documentation is done and all highlights included. The gap between what he wants and what he has and the borrowers cash flow position facilitates the activity. The timing or duration of the facility must be determined, because short term credits are self liquidating, which of course could be needed as a result of seasonal fluctuation. In fact general information about whom the facility is given must be known.

#### a) Credit Standard

Having determined the nature of credit risk from information relating to past records of the client, current network and financial stability of the client. Then the cannons of lending will come to play.

(Rose) put it as:

- i. *Character*: Responsibility, truthfulness, serious purpose, and serious intention to repay all monies owed make up what a loan officer calls character. The loan officer must be convinced that the customer has a well-defined purpose for requesting bank credit and a serious intention to repay.
- ii. *Cash*: The fundamental element of any loan application revolves around the question; does the borrower have the ability to generate adequate cash, in the form of cash flow, to repay the loan? Generally, borrowing customers have only three sources to draw upon to repay their loans: (a) cash flows resulted from sales on income, (b) the sale or liquidation of assets, or (c) funds raised by issuing debt or equity securities. Any of these sources may generate enough cash to repay a bank loan. The loan officer's evaluation of a borrower's cash flow involves asking and answering such questions as these: Is there a history of steady growth in earnings or sales? Is there a high probability that such growth will continue to support the loan?
- iii. *Capacity*: Ability to repay borrowed funds by the debtor. Is the business financially strong enough to repay from internally generated funds? The loan officer must be sure that the customer requesting credit has the authority to request a loan and the legal standing to sign a binding loan agreement. This is what is known as the capacity to borrow money. For example, a minor (e.g., under age 18 or 21) cannot legally be held responsible for a credit agreement; thus, the bank would have great difficulty collecting on such a loan.
- iv. *Condition*: The sensitivity of the operating income and cash flows to the economy. How is the

business (debtor outfit) being affected by government policy, natural hazards, competition etc. The loan officer and credit analyst must be aware of recent trends in the borrower's line of work or industry and how changing economic conditions might affect the loan. A loan can look very good on paper, only to have its value eroded by declining sales or income in a recession or by the high interest rates occasioned by inflation.

- v. *Collateral*: Types of assets pledged as secondary source of repayment. Is the asset offered adequate and easily realizable? The better the quality of the collateral, the lower the risk of the credit. In assessing the collateral aspect of a loan request, the loan officer must ask: Does the borrower possess adequate net worth or own enough quality assets to provide adequate support for the loan? The loan officer is particularly sensitive to such features as the age, condition, and degree of specialization of the borrower's assets.
- vi. *Control*: The last factor in assessing a borrower's creditworthy status is control, which centers on such questions as whether changes in law and regulation could adversely affect the borrower and whether the loan request meets the bank's and the regulatory authorities' standards for loan quality.

#### IV. CREDIT TERMS

This covers the agreed conditions before credit is extended. It takes time frame into consideration, the level of activities to be carried on by the debtor outfit, and the expenditure pattern. At times a cash discount terms of 2/10 n 30 can also be given, which means one can deduct 2 percent if one remits his funds 10 days after billing, but failing this, he must pay the full amount by the 20<sup>th</sup> day (Black and Hirt 209), thereby reducing from the face value what should be given, which can equally expedite payment.

It is after all the above mentioned criteria must have been fulfilled, that disbursement is made. Disbursement again, will only be possible, when the supplier of the credit is liquid enough, as well as the fulfillment of statutory and other requirements (legal, safety etc). The suppliers cannot extend actual disbursement if it does not have funds. However, after disbursement comes recovery.

#### V. CREDIT RECOVERY

As earlier indicated, disbursement precedes repayment, but in between comes regular review of the financial position of the debtor - outfit. Reviews of its business activities, regular and unscheduled visits, inter Socking monitoring arrangement and then control through compliance of Agreement. In order to understand if the time frame of credit terms is followed, the aging of account reliably comes to play using;

#### Ratio of bad debts Credit

The inability of the borrower to pay interest and possibly capital as at when due, these bring about non performance of credit, with the worst being a loss.

##### a) *Reasons for Credit Going Bad*

- i. Poor appraisal of proposal by lending officer
- ii. Poor quality of financial statement used for analysis
- iii. Insensitivity of economic and environmental trends.
- iv. Loss of market
- v. Inadequate project monitoring
- vi. Incomplete knowledge of customer's activities
- vii. Bad management of accounts
- viii. Poor judgment
- ix. Inadequate funding
- x. Inadequate or inappropriate equipment
- xi. Over-reliance on pledge security
- xii. Raw material shortage.

However, an alert monitoring officer could sight these signals afar and put-up measures to curb them. Some of the danger signs are as follows:

- Poor quantity of current assets
- Heavy borrowing from other sources
- Delay in payment of trade accounts
- Low account turnover
- Delay in producing audited financial statements.
- Inability to meet loan installment payments.

If these signs continue unabated, then a recovery plan is necessary to forestall a debt being bad and doubtful, and eventually becoming a loss. Credit recovery approaches are as follows:

- *Factoring of the Debt*: A lender could also sell off the debt to a factor firm either with recourse or without recourse. Of course a factor for recourse will be for a very high rate of discount.
- *Legal Proceedings*: This is usually done in an extreme case and sometimes as a last resort, because it is cumbersome, expensive and time consuming-It's also a bad way to terminate what probably was an interesting business relationship.
- *Realization of Securities*: This presupposes that the lender has a perfected title over a security pledged by the borrower which could be converted into cash.
- *Debt Collector*: Where the amount involved is small the lender can pass the recovery of such debt to a debt collector, so as to reduce unnecessary expenses.



b) *Bank Loans and Advances*

In the developmental process of a nation, bank rate is pivotal, and intermediating for sustainable economic growth and development.

However, the inability of banks to meet their maturing obligations as at when due, is linked to bad credit management, poor disbursement and recovery methods. For many banks in Nigeria, the genesis of their financial crisis (distress) began with poor lending practices. Credit are channeled to non productive sectors through insider abuse, coupled with poor or non monitoring and control measures, as well as recovery techniques.

The logical result of the aforementioned loop holes is nothing but bad, doubtful loans and then distress. The crisis in the industry has been protracted and systematic, as the monetary authorities closed about 26 banks at a fell swoop, and (Union) in (Ebhoadahe:1995) posits that the distressed institutions increased from 28 in 1993 to 45 at the end of 1994. There are also scholarly assessments of the crisis such as the works of Onwu (1994), Ekpenyong (1994), Afolabi (1994), in (Akpan; 1999: 190).

Data Presentation

YEAR	GNP (Y)	LADB (X <sub>1</sub> )	INF (X <sub>2</sub> )	INT(X <sub>3</sub> )
1989	224.8	4.3	40.9	26.80
1990	260.6	6.4	7.5	25.5
1991	324	5.4	13.0	20.01
1992	549.8	15.7	44.5	29.80
1993	697.1	25.3	57.2	36.09
1994	897.5	45.6	57.2	20.19
1995	1977.4	48.9	72.8	20.20
1996	2833.2	51.7	29.3	19.10
1997	3292	49.6	17.5	18.40
1998	3720	50.1	10.2	18.30
1999	3921	51.8	6.6	21.30

Sources: NDIC quarterly, vol 9(3), CBN Statistical Bulletin vol. 10 (20)

Data for this study, were from CBN Statistical Bulletin and the Nigerian Deposit Insurance Corporation (NDIC) quarterly. The variables used includes the GNP (Output) as a dependent variable, and other monetary credit policy variables of loans and advances of

distressed banks, inflation rate and interest rate. This was to ascertain the effect of delinquent credits of distressed based on the Nigerian economy; within the period under review - 1989-1999 (eleven).

## VI. MODEL SPECIFICATION

The functional form of the model was given thus  $Y = f(X_1, X_2, X_3)$  (1)

Where  $Y$  = GNP (income)  
 $X_1$  = Loans and Advances of Distressed Banks (LADB)  
 $X_2$  = Inflation Rate (INF)  
 $X_3$  = Interest Rate (INT)

Specifically, we have

$$GDP = f(LADB, INF, INT) \quad (2) \text{ and}$$

Mathematically, we have

$$Y = b_0 + b_1 + b_2X_2 + b_3X_3 \quad (3)$$

Transforming eq. (3) to the natural logarithm we obtain:

$$\ln GDP = b_0 - b_1 \ln LADB + b_2 \ln INF + b_3 \ln INT \quad (4)$$

Where:

GDP = Income  
LADB = Loans and Advances of Distressed Banks  
INF = Inflation Rate  
INT = Interest Rate

Our null hypothesis of no significant relationship between credits of distressed banks and the Nigerian economy was tested using the ordinary least square (OLS), of the Social Science Statistical Package (SPSS),

and accepting the transformed log-linear model; so as to reduce or remove heteroscedastic errors.

From the log-linear equation, as shown on the appendix, we have the following results:

$$\ln \text{GDP} = 6.614B + .983\ln\text{LADB} - .275\ln\text{INF} - .590\ln\text{INT}$$

(7.866)      (-2.014)      (-.987)

Multiple R	=	.966
R <sup>2</sup>	=	.934
F. Ratio	=	32.784
D.W	=	2.2

*Note: t - Statistics are in parenthesis*

With the Coefficient of determination (R<sup>2</sup>) of 93 percent, it suggests that about 93% of variations in the dependent variable is caused by the explanatory variables.

The t - statistics shows that the Coefficient of loans and advances (credit) of distressed banks of 7.87 > 2.37 in the table at 5 percent level of significance. However, the positive sign shown by its coefficient negates our appriori expectation, using the log-linear model.

In testing the hypothesis therefore, our t - calculated (7.87) is greater than t -tabulated (2.37). This shows that loans and advances of distressed banks significantly impact on the nation's economy. Also the F-ratio of 32.784 > F-table (4.35) at 5 percent level of significance showing that the entire model is significant.

Our Durbin Watson (D.W) of 2.2 shows that there is some degree of strong negative autocorrelation among the variables used for the study.

With the high level of F-ratio and the t<sub>c</sub> - (7.87) being greater than t<sub>i</sub> (2.37) at 5 percent level of significance; we therefore reject our null hypothesis of no significant relationship between distressed banks credit and the Nigerian economy.

## VII. CONCLUSION

Organisation development concentrates on capacity building, i.e. the attitudes and behaviours of employees though diverse are worked together in a systematic arrangement that considers long-range planning. This leads to improvement in organizational performance, especially after being involved in virtually all the processes and procedures of the organizations activities. Their participation and contribution in the sourcing and application of funds put in a better place to work efficiently in terms of credit extension, as well as credit recovery, where and when necessary.

In fact with their idea of improving employees relations and position (OD) and the provision of credit where necessary to "partners through and through" (credit Admin.); as well as the recovery of same being timely, enforced; the performance of outfit, otherwise growth is not in doubt.

## VIII. RECOMMEDATION

There should be a constant training and evaluation of employees to have a unified sense of purpose for organizational performance.

Credit extension should be done diligently, supervised, monitored, so that the habit of following your customer (debtor) from grace to grace to grave "if need be back to grace" should be imbibed.

Recovery of funds should be timely done, not on till the loan becomes a loss before the firm to starts recovery procedures. As soon as the danger signals are sighted, efforts toward recovery should commenced forthwith.

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# Social Media- Jeopardy or Windfall on Organizational Progression

By Dr. Neha Shukla

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**Abstract-** Galagan (2010) emphasized the role of social media at workplace, “whether we like it or not, whether we use it or not, social media is changing the way we work”. Modern workplace is characterized by changing technology and subsequently the different behavioral pattern of the employees. After reviewing the available reports and researches it is clear that social media is an effective strategic business tool but the hazards it portrays at workplace cannot be ignored. This research paper aims to put forward the risks and drawbacks of social media at workplace. It would also provide an insight to the HR professionals on how to avoid the risks involved with the use of social media.

*GJMBR - A Classification : JEL Code: M19*



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# Social Media- Jeopardy or Windfall on Organizational Progression

Dr. Neha Shukla

**Abstract-** Galagan (2010) emphasized the role of social media at workplace, "whether we like it or not, whether we use it or not, social media is changing the way we work". Modern workplace is characterized by changing technology and subsequently the different behavioral pattern of the employees. After reviewing the available reports and researches it is clear that social media is an effective strategic business tool but the hazards it portrays at workplace cannot be ignored. This research paper aims to put forward the risks and drawbacks of social media at workplace. It would also provide an insight to the HR professionals on how to avoid the risks involved with the use of social media.

## I. INTRODUCTION

Social media as defined by Wikipedia as "Social media are primarily Internet-based tools for sharing and discussing information among human beings". Modern workplace is characterized by the predominant use of these social media tools by the employees even while they are working. Many organizations are focusing on the strategic advantage of using social media for profit generation. However the impact of this on the employees' behavioral pattern, their productivity and also their relationships with their colleagues is a matter of concern for the HR professionals. In 2010, in US only 6% of companies were using social media for recruitment, it has now exploded to 89%. It is a depiction of the growing use of social media by companies.

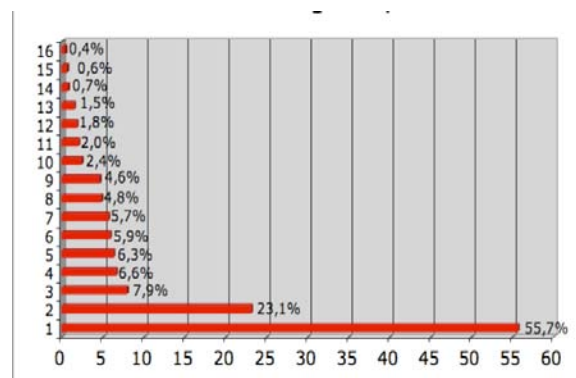
Human resource management is the key to success in any organization; employee satisfaction is what every company is looking for with respect to achieving the edge in the market. However the growing usage of social media tools like Facebook, Twitter, LinkedIn, Youtube etc. at workplace poses a serious threat in front of the HR professionals. They need to reconsider on how much and what can be accessed by the employees at work. The management needs to analyze whether putting a ban on these or restricting the usage would be acceptable by the employees. This paper is a review of the studies and research conducted by various consultants with respect to the social media and workplace. It aims to present a conceptual model which can be adopted by the HR professionals with regards to the use of social media.

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## II. REVIEW OF LITERATURE

According to Caloisi (2008), Social Media must protect employee and company privacy and be a tool used to enable employees to work more efficiently.

The graph below is given by Christian Fuchus, he states here that the major disadvantages of using social media at workplace is that of data abuse and also lack of privacy control.



According to McLain (2009), companies should consider the difference between official and unofficial communication.

Breslin (2009), "Employers have the right to hold employees responsible for such conduct if the postings are used to 'attack the company' or 'harass co-workers'.

According to Peacock (2008), "employers worry that staff are wasting time on websites during the day, weakening productivity and increasing security risks to the company by sharing data externally."

### a) Research Objectives

- Determining the role of social media at workplace.
- Analyzing the risks of using social media at workplace.
- Suggest model for HR professionals on how to manage the usage of social media in their organization.

## III. RESEARCH METHODOLOGY

This research was conducted by reviewing and analyzing the available literature on social media. Various surveys and consultants approach was reviewed and henceforth an analytical study was conducted. A model is prepared to give a holistic view



with respect to HR professionals' role in usage of social media at workplace.

a) *Social Media at Workplace- what it is?*

Technology has changed the way people communicate, the way they are informed and even how we behave at our workplace. Employees now communicate by sending a text message from their mobile phone, post comments on their favorite online network or send a short Tweet to inform or even update about their schedules. The growth of social networking platforms has been phenomenal. Every employee is member of one or more social networks. They have a permanent online presence where they create profiles, share photos, share their thoughts with friends and spend hours catching up with what their hundreds of friends are doing with their lives.

**Prominent examples of Web 2.0 & social networking sites**

**Facebook** – a social networking service where users create personal profiles, add other users as friends and exchange messages, including automatic notifications when they update their own profile. Additionally, users may join common-interest user groups, organised by common characteristics (e.g. workplace).

**Twitter** – a microblogging\* service enabling its users to send and read publicly visible messages called tweets. Tweets are text-based posts of up to 140 characters displayed on the user's profile page. Users may subscribe to other users' tweets.

**LinkedIn** – a business-related social networking site mainly used for professional networking. Users maintain a list of contact details of people with whom they have some level of relationship, called connections. This list of connections can then be used to build up a contact network, follow different companies and find jobs, people and business opportunities.

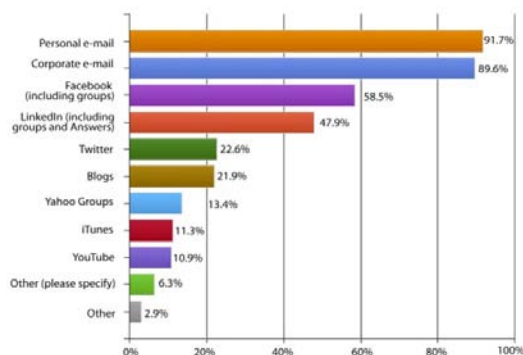
**MySpace** – an online community of users' personal profiles. These typically include photographs, information about personal interests and blogs\*. Users send one another messages and socialise within the MySpace community.

**YouTube** – a video-sharing website on which users can upload, share, and view videos. A wide variety of user-generated video content is displayed, including film and TV clips as well as amateur content such as video blogging\*. Media corporations including the BBC also offer some of their material via the site. Most videos enable users to leave and exchange comments.

**Wikipedia** – a collaborative web-based encyclopaedia project; its 18 million articles have been written collaboratively by volunteers around the world, and almost all articles are freely editable by any visitor. A prominent web 2.0 site but not an example of social networking site *per se*.

\*A blog is a type of website or part of a website usually maintained by an individual with regular entries of commentary and descriptions of events (blogging). The content of a microblog is simply smaller in size.

The graph below (Pierre Khawand, Founder and CEO of People-OnTheGo) reveals that in a survey conducted on 1000 professional across the globe about what they do using social media, checking personal emails was the answer by majority of professionals (91.7%).



**Benefits** – Social media undoubtedly has certain advantages for its organization. The employees and the management both can reap under its benefits, and provide that competitive edge which every organization strives for.

- Improved internal communication
- Enhance brand name of company
- Improved recruiting techniques
- Employee engagement
- Quick feedbacks- customers and employees
- Knowledge enhancement

**Major Drawbacks/Disadvantages-** Despite the benefits of social media, the shortfalls needs intervention from the HR professionals.

- **Employee Productivity-** With the available social networking platforms, employees focus on sharing and exchanging information which is more personal. Devoting time to this shifts their focus and thus work gets affected. Leading to a decrease in their productivity. According to researchers, managers worry that their staff members are wasting time on social networking sites which equates to a 1.5% decrease in productivity during a work day. Most employees check their "inboxes" too often, constantly interrupting their work. Employees estimate that they spend about 4 hours a day (half a workday) on social media.
- **Adverse effects on employee relationships-** Social networking sites are public platforms where everyone expresses interest or even their disgruntled attitude openly. Personal attacks are made which often leads to disturbed relations even at workplace. This often becomes a cause of de motivation and loss of interest in work. Negative messages can be sent through social networking sites and can hamper the ability for employees to work together. "Additionally, social networking provides a way for employees to communicate with one another throughout the day without anyone overhearing, leading to an increase in off-task conversations." (Zeiger)
- **Confidentiality concerns-** A big risk is involved with the employees openly discussing issues regarding their work or even the organization. Blaming the company for problems or even indulging in defaming the name of the organization with the clients, might lead to serious consequences. Thus the company's name is at stake where the employees are given total freedom to communicate on social media. Employees can inadvertently post confidential business information on blogs, wikis, or Facebook. "An employer could find itself defending its employee's unauthorized postings against claims of defamation, harassment, or trade

disparagement" (Wise, 2009) (Baker, Buoni, Fee & Vitale, 2011) Nestlé is but one of many cases where an employee who was managing content on the company's Facebook 'fan page' posted offensive comments in response to negative remarks by 'fans'. The company stated that the employee's actions violated the company's business principle of integrity and their commitment to "avoid any conduct that could damage or risk Nestlé or its reputation" which provoked a consumer backlash." ("The ethical challenges," 2011)

- **Data security concerns-** A leak out of some confidential data is also a big risk involved with the use of social media at workplace. Company's database is at risk of being secretly out and thus affecting the name of the organization.
- **No privacy-** At social networking sites, employees openly discuss and indulge in personal attacks and unhealthy comments on each other. This leads to a breach in the privacy which is unacceptable by many. Workplace problems are also made part of the arguments and discussions. Many employees feel uncomfortable due to such open forums.
- **Distraction** – Social media is the biggest cause of workplace distraction as suggested by many reports and surveys. Employees coming to work are unable to concentrate on their job and thus productivity is affected.
- **Viruses & Malware** – Another threat faced by the organizations is that of harmful viruses attacking the systems and disrupting the work. Internet access causes defects in the computer systems which need immediate corrective measures. IT department has to continuously monitor these sites in order to save the electronic systems from crashing down. This threat is often overlooked by organizations. Hackers are attracted to social networking sites because they see the potential to commit fraud and launch spam and malware attacks.
- **Access to online inappropriate & non- work related materials** – Employees get distracted at their workplace and indulge in viewing such inappropriate material which is easily available online. It is both harming the work productivity as well as damaging the ethical work culture of the organization.
- **Health issue-** Serious health concerns start due to the overuse of social media, like loss of sleep, stress, depression, indigestion to name a few. If neglected these turn into serious health hazards.

#### What companies and their HR need to do?

More than 90% of firms in a recent Symantec survey said they've experienced the downside of worker social media use.

The figure below (Richard N. Landers) describes the harmful behavior of employees as a result of using social media at workplace. Offending others, relationship damaging and reputation damaging are some of the adverse effects of excessive use of social media.

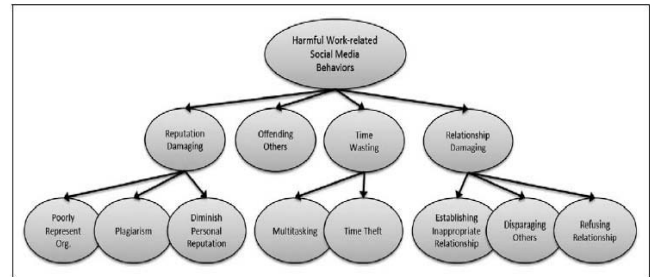
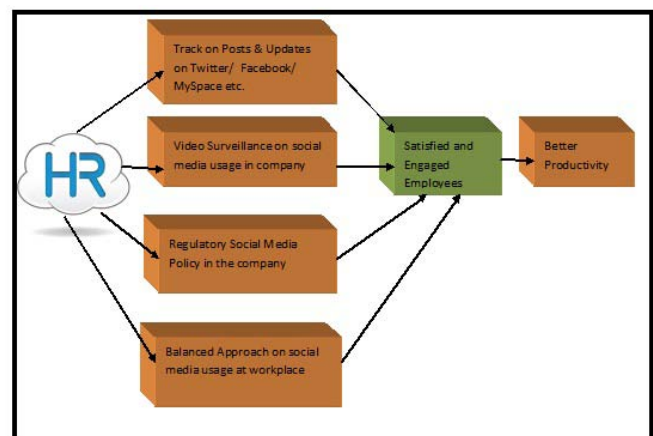


Figure 2 : Theoretical structure of harmful work-related social media behaviors

As part of the employee management, HR professionals need to devise strategies to tactfully deal with this issue. Restrictions and certain guidelines need to be adopted; however a total ban on the use of social media at work is not advisable. The reason is simple employee de motivation and disregard towards the HR. A more practical approach is needed in order to deal with these risks at workplace.

## IV. FINDINGS

### HR approach to Social Media Usage



The representation above with respect to HR's role in monitoring social media usage at workplace depicts that a well structured and balanced approach is required to allow employees to have access to their favorite social networking sites but under the company's guidelines.

In 2009 Electronic Business Communication Policies and Procedures Survey was conducted where 14% of employees admitted to emailing confidential company information to third parties; 6% sent customers' credit-card data and Social Security

numbers; and another 6% transmitted patients' electronic protected health information. Such examples have to be considered as ringing alarms for the HR professionals who need to gear up and monitor the social media usage.

With strict monitoring the HR is able to spot potential problems at an early stage, get the posts/comments/messages removed and alert and discipline the concerned employee. Video surveillance can be used by locating the cameras at strategic locations in order to get information with respect to employee's social media usage at work. However the essential part is the social media policy which needs to be adapted and effectively implemented in the company. It should:

- Introduce to the employees to the company's objective with respect to social media usage; like-knowledge exchange, collaboration or peer to peer networking.
- Lay out basic terms of engagement, like-defamatory content is not permitted, or that client confidentiality needs to be maintained at all times.
- Remind employees that they are responsible for the quality of network that is by moderating one another's posts, or generally staying on the topic of discussion.
- Identify the person, people or team to be contacted in regards to suggestions, questions, or to whom employees can report related problems.

## V. CONCLUSION

Social media can and should provide an enabling framework which allows creativity and collaboration to flourish in the organization. Adopting and adapting to it is clearly vital for any organization which aims to remain updated and successful in the market. HR professionals need to ensure that the use of social media in their company is not simply driven as an issue rather it should be looked as an innovative strategy which involves all the employees and reflects the company culture.

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# Growth Effect of Balance of Payments and Monetary Policy in Nigeria (1980-2013): A Time Series Analysis

By Osisanwo, Bukonla Grace, Maku, Olukayode Emmanuel (Ph.D), Ajike, Emmanuel O. (Ph.D) & Egwuonwu, Thomas K. (Ph.D)

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**Abstract-** The study critically investigates the effect of balance of payments deficit and monetary policy on the economic growth of Nigeria between 1980 and 2013 using dynamic econometric model. The variables used in formulating the econometric model were selected from the study of Kallon (1994) within the general framework of Thirlwall and Hussain (1982). The model balance of payments as a percentage share of gross domestic product (  $BOP Y$  ), first lag of balance of payments as a percentage share of gross domestic product (  $(BOP Y)_{t-1}$  ), exchange rate of naira via a-vis U.S dollar (ER), log of broad money supply (lnMS), and monetary policy rate (INT), in Nigeria during the review period. While, economic growth is proxied by real gross domestic product growth as the regress and. The result indicated that there is long-run relationship between balance of payments, monetary policy and economic growth in Nigeria. Also, balance of payments and monetary policy variables were found to be growth enhancing during the reviewed period. However, emanating from the empirical findings, proper policy recommendations were proffered.

**Keywords:** *balance of payments, monetary policy, economic growth, long-run, Nigeria.*

**GJMBR - A Classification :** *JEL Code: M00*



*Strictly as per the compliance and regulations of:*





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## I. INTRODUCTION

In recent years, the developing countries, Nigeria inclusive faced several problems hindering economic development, the most visible ones are the increased deficit of the state's general budget, the increased balance of payment deficit, the rise of inflation rates, either demand inflation or production costs inflation, the rise of unemployment rates and the existence of structural defects between fiscal and monetary policies. Besides, the economic deformations resulted from the difference between social and political targets, on the one hand, and the economic targets in managing and mobilizing the available economic resources.

Over the past decades, the Nigeria economy has been exemplified by high-ceilinged balance of payment deficits and declining trade balances. Several researchers believe that these characteristics are intimately, and even feasibly causally, related. Without a

doubt, the uniqueness of national income accounting warrants that national budget deficits must create either a surplus of private saving over investment or an excess of imports over exports. Typical economic reasoning suggests that government borrowing reduces the domestic supply of funds available to finance new investment that piloted an inflow of funds from abroad. A counterbalance adjustment to balance of payment account is essential to reinstate domestic account balance.

Under this consideration, an issue that has engaged the minds of governments for past decades is the effectiveness of monetary policy in influencing economic variables. Udegbonam (2003) argued that despite the lack of consensus among economists on how it actually works and on the magnitude of its effect on the economy, there is a remarkable strong agreement that monetary policy has some measure of effects on the economy. Monetary policy refers to the combination of measures designed to regulate the value, supply and cost of money in an economy, in consonance with the level of economic activities. It can be described as the art of controlling the direction and movement of monetary and credit facilities in pursuance of stable price and economy growth in an economy (CBN, 1992).

The monetary authorities "i.e. the Central Bank" must take a deliberate effort to control the money supply and credit conditions for the purpose of achieving broad economic objectives. Monetary policy rests on the relationship between the rates of interest in an economy, that is, the price at which money can be borrowed, and the total supply of money. Monetary policy uses a variety of tools to control one or both of these, to influence outcomes of macroeconomic stability which involves the achievement of internal and external balance. The internal balance refers to achievements of price stability (inflation), low unemployment, high and stable economic growth, while the external balance refers to achievements of balance of payments equilibrium and exchange rates stability (Chibundu, 2009).

Kemp (1975) identified two major shortcomings that were apparent towards the exploration of the body of research dealing with the balance of payments. First,

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there are no widely accepted theories of balance payments which simultaneously incorporate the current and capital account. The great majority of models used in payments theory consider either the capital account or the current account separately. Second, there have been very few attempts to include even the fundamentals of portfolio choice theory in balance of payments (BOP) models. In spite of this, this is surprising in view of the essential monetary nature of payment theory. The conversation of balance of payments problem and what should be done about its empirical research will invariably involve the mentioning of monetary policy. In addition, anyone who discusses an economy's monetary policy will almost certainly mention the balance of payments situation (Grove, 1965). Hence, observation and logic therefore convinces that monetary policy and balance of payment are intermeshed to such a degree that one cannot be fruitfully discussed without the other.

However, the main relevance of the study lies in its attempt in establishing the growth effect of monetary policy and balance of payments problems. In particular, by using Nigeria as an empirical evidence, the research provide quantitative information which enable us know and when to use monetary policy to restore economic growth to its long-run path being distorted by balance of payments problems. If a significant negative relationship is established between balance of payment and domestic credit expansion, the implication for monetary management will be that the manipulation of domestic credit by the monetary institutions or authorities will enhance balance of payments viability overtime especially at this critical moment of the nation's economic circumstances. On the other hand, if no significant negative relationship is established, it follows that the Nigerian monetary and fiscal authorities should give greater priority to other policy instruments or measures to achieve balance of payments stability.

Similarly, different views and analyses were given by various scholars on the definitional approaches to balance of payment; the fact still remains that balance of payments problem persistent and its inherent growth consequences. Invariably, these problems dictate macroeconomic performances, amidst the ineffectiveness of monetary policy instruments in the growth adjustment process. This argument forms the main thrust of this paper to investigate the in Nigeria between 1980 and 2013. This covers the pre structural adjustment programme (pre-SAP, 1980-1985); SAP era (1985-1993), post-SAP (1994-2002) and the current National Economic Empowerment Development Strategy (NEEDS) era (2003-2013).

The remaining part of this paper is structured into five sections. Section two covers the theoretical and empirical review, followed by stylized facts on economic growth, balance of payments, and monetary policy nexus in Nigeria as presented in section three. Section

four presents the econometric model and employed methods of estimation. The results and discussion are shown in section V. Section six concludes and recommends.

## II. THEORETICAL AND EMPIRICAL REVIEW

Historically there have been different approaches to the question of how or even whether to eliminate current account or trade imbalances. With record trade imbalances held up as one of the contributing factors to the financial crisis of 2007–2010, plans to address global imbalances have been high on the agenda of policy makers since 2009. Within the international economics literature, there have been three principal approaches to analyzing devaluation. These are the elasticity approach, the absorption approach and the monetary approach. Differences among these approaches have occasionally been the focus of sharp controversy, most notably in the case of elasticity and absorption, and recently in the case of the monetary approach as contrasted with the others. It should be noted that each approach has its own sets of arguments; hence, the three approaches are elasticity approach, absorption approach and monetary approach.

There are plethora of studies on the effect of monetary policy on balance of payments and growth, but very few studies have documented for the simultaneous nexus among economic growth, balance of payments, and monetary policy in Nigeria. This empirical gap justifies the focus of this study. However, some of the documented studies in those aspects with different views are reviewed herein. For instance, Egwaikhide (1999) shows that between 1953 and 1989, imports as proportion of GDP did not fall below 10 per cent except for 1974 and 1986.

Nwani (2005) investigates the long-run determinants of balance of payments dynamics in Nigeria over a period of 22 years i.e. 1981 to 2002 using three methods of analysis, namely OLS, Co-integration and ECM. The results gotten from the research study indicate that balance of payment co-integrated with all the identified explanatory variables, suggesting that balance of payment fluctuations in Nigeria could be caused by the level of trade openness, external debt burden, exchange rate movement and domestic inflation.

On the degree of openness, Aliyu (2007) discovers that the measure of openness was 40% in 1989, 64.8% in 1992, 86.9% in 1995 and then fell to 73.6% in 1997. The study further shows that for ten years, that is, from 1989-1998, except for 1993, 1995 and 1998 the BOP balance was consistently in deficit. Thus, the size of the openness of the economy and the pattern of disequilibrium in BOP explain how this disequilibrium is transmitted promptly and widely to the rest of the economy.

Radulescu, (2007) examined the monetary factors influencing the elements of the balance of payments in Rome using OLS and ADF. From his study, he observed that the monetary policy of the central authority did not support the efforts for the recovery of the economy. Almost during the entire decade, the monetary policy was harsh, restrictive, basically oriented towards controlling inflation, thus neglecting the other macroeconomic variables, such as the local savings discouraged by the high inflation and the investments that would have supported the economic growth.

Gulzar and Feng (2007) studied how balance of payments can act as a constraint to the rate of growth of economic output in long-term in Spain within 1850 to 2000. They discovered that the Spanish rate of GDP growth was slightly above both the EU's growth rate, and the balance of payments-constrained growth rate, so that the foreign sector would have worked to some extent, although very mildly, as a constraint to the growth of the Spanish economy in the long run.

Vasquer, Javier and Chaquero, (2007) proposes a methodology for analyzing the effect of balance of payments liberalization on measures of poverty and distribution problems in Jamaica with a glossary look at both micro and macro simulation of the cost of rent seeking. In the application to Jamaica, we find that the reallocation of resources away from rent-seeking

activities in the presence of exchange controls is significant and has large macroeconomic effects. Opening up of the current account has little effect on poverty, but liberalization of the capital account reduces poverty, especially amongst the very poor.

Umer, Abro and Ghazali (2010) examined how Pakistan's balance of payments deficit is being influenced by different factors using OLS, Cointegration, ECM. The results show that the roles of monetary variables for Pakistan's balance of payment do not determine economic growth empirically.

### III. STYLIZED FACTS: ECONOMIC GROWTH AND BALANCE OF PAYMENTS IN NIGERIA

This phase of the paper accesses the trend of balance of payment in relation with economic growth in Nigeria between a decade after independence (1970) and 2010. This enables to determine causal relationship between balance of payments components (current and capital account) and economic growth proxy as growth rate of gross domestic product (GDP). The time series plot of current and capital accounts are presented in Figure 3.1 and 3.2 respectively, the total balance of payments is presented in Figure 3.3, while the plot of gross domestic growth rate is shown in Figure 3.4.

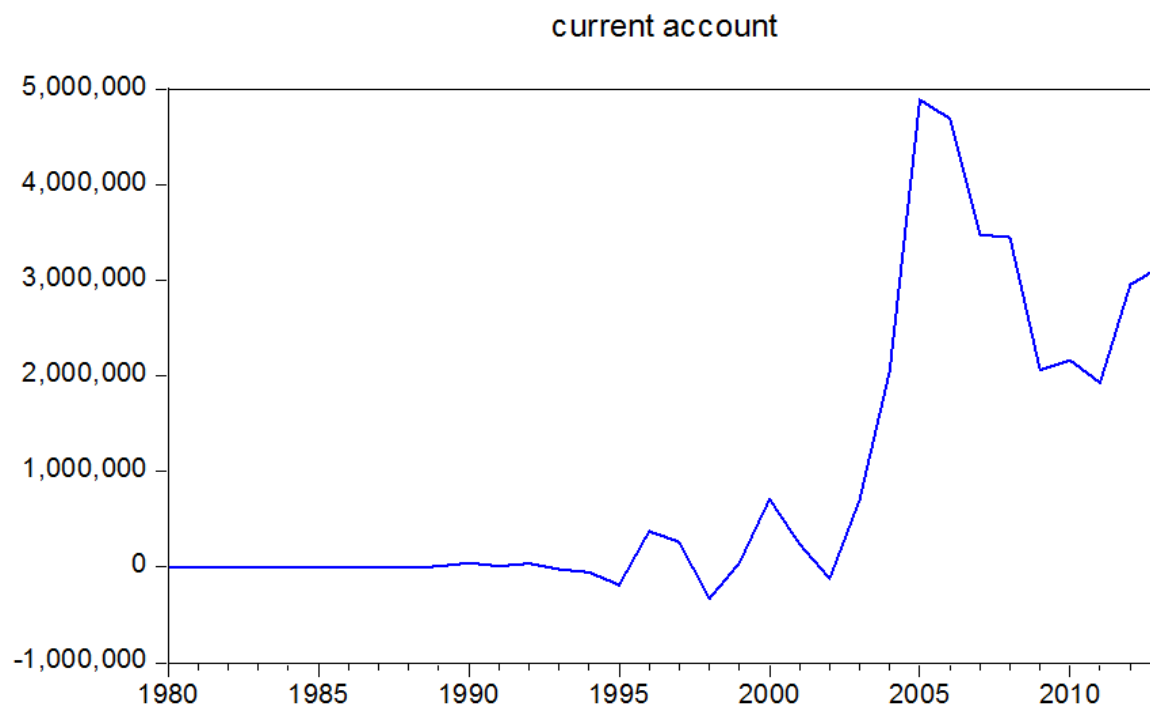


Figure 3.1 : Time Series Plot of Current Account Balance in Nigeria

Figure 3.1 indicated that deficits were recorded in current account balance in 1995, 1998 and 2002, while other periods maintained a positive balance. Though, after the post independence and structural

adjustment programme era, considerable positive position in current account balance were attained till 2010, despite a consecutive fall in the balance between 2004 and 2009.

Similarly, prior to 1985 that marks a year before inception of the structural adjustment programme (SAP) in Nigeria, positive capital account balances were recorded but in subsequent years of SAP, Post-SAP and NEEDS eras, the capital account deteriorated in values maintained negatives balances till 2010, excluding 1998

and 2009 fiscal years. Likewise, the opposite trend capital account balances were recorded for overall balance of payments. The balance of payments positions recorded deficits between 1992-1999, 2001-2003, and 2009.

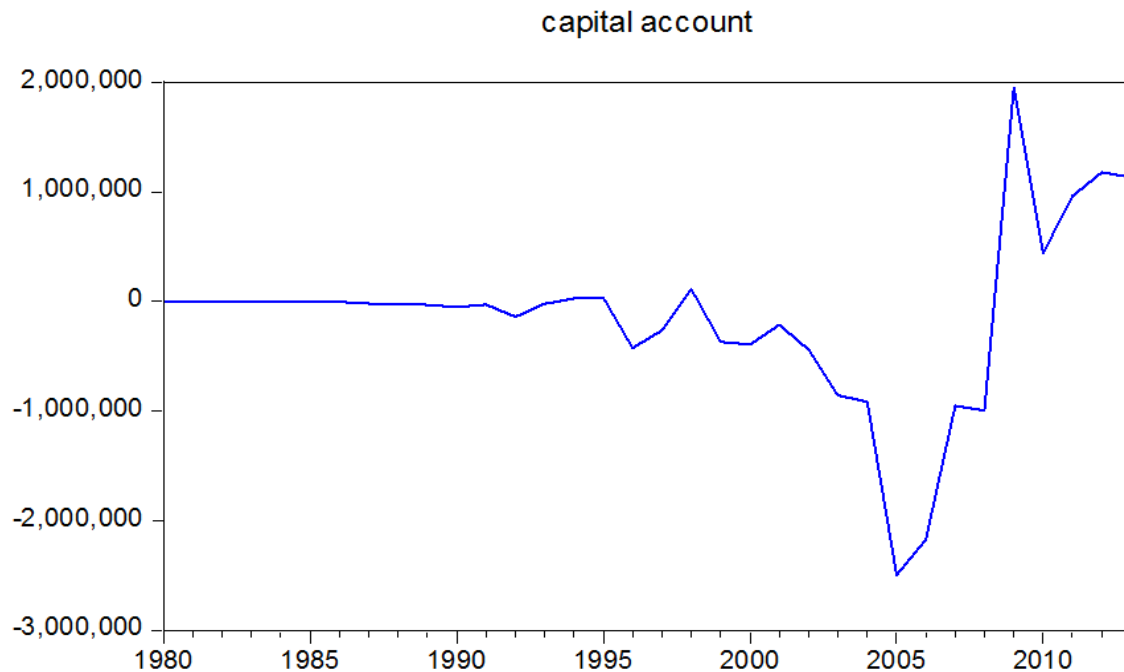


Figure 3.2 : Time Series Plot of Capital Account Balance in Nigeria

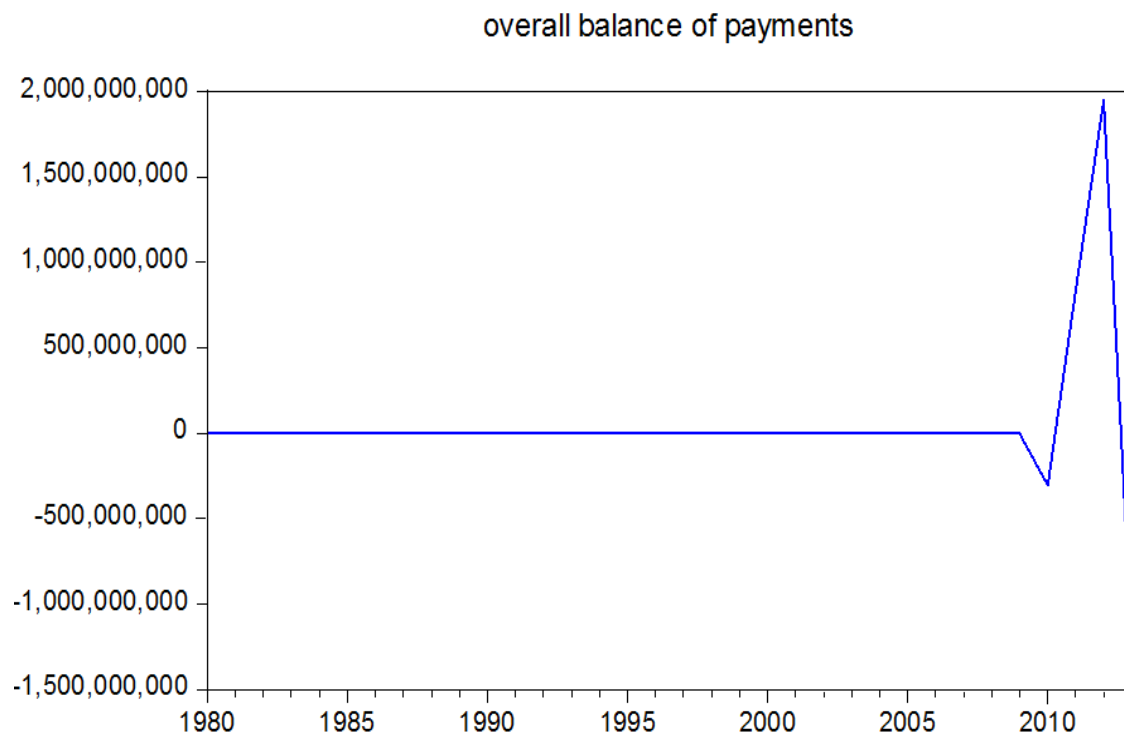


Figure 3.3 : Time Series Plot of Overall Balance of Payments in Nigeria

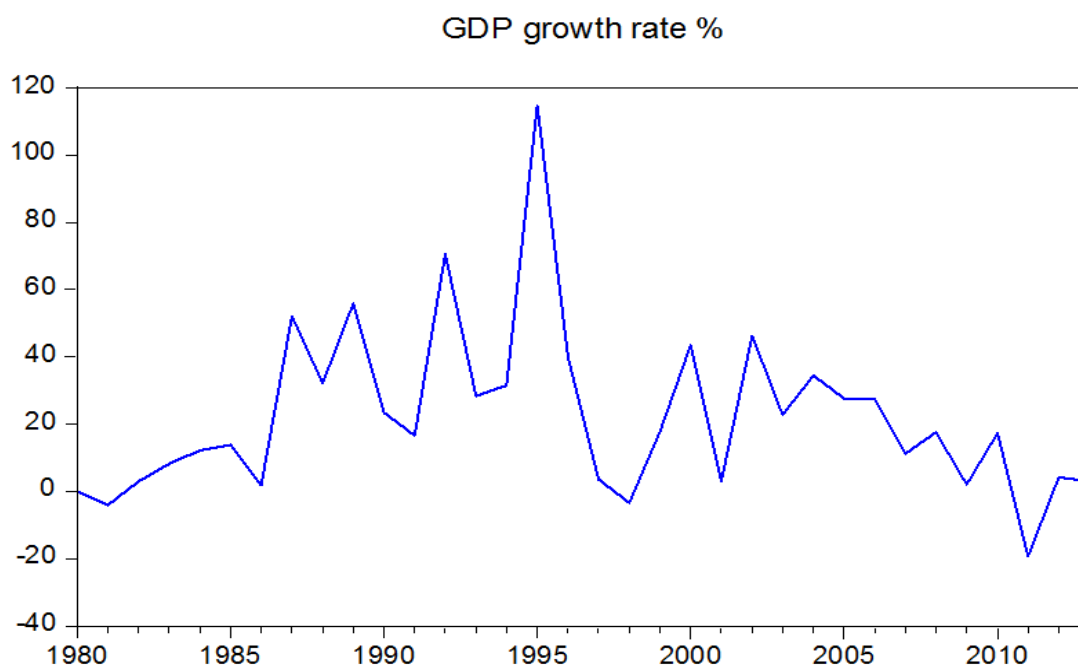


Figure 3.4 : Time Series Plot of Gross Domestic Product Growth Rate

Figure 3.4, that presents the time series plot of gross domestic product growth rate between 1980 and 2013 indicated that the Nigerian economy growth in puzzle form with fundamental strong up and down

spike. The overall descriptive summary shows that Nigeria growth at an annual average of 26.4%. The economy peaked at 118.1% in 1974, while the minimum experienced economic output growth is -4.06% in 1981.

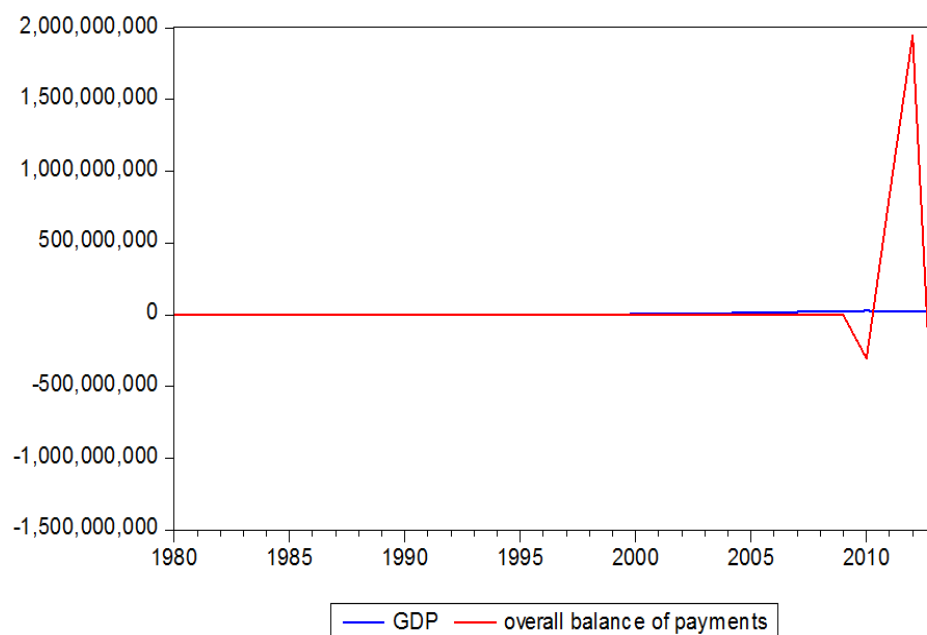


Figure 3.5 : Time Series Plot of Balance of Payments and Economic Growth in Nigeria

As presented in Figure 3.5, the nexus of balance of payments and economic growth in Nigeria, revealed that economic growth has recorded considerable growth during half a decade to the post-structural adjustment programme (SAP) despite the huge consecutive balance of payments deficits recorded in Nigeria between 1992 and 2009.

#### IV. ECONOMETRIC METHODS: SPECIFICATION AND DESCRIPTION

This section of the paper presents the methodological description for the effect of balance of payments and monetary policy on economic growth in Nigeria between 1980 and 2013. The time frame is chosen to cover the eras of economic programmes in Nigeria, like the Pre Structural Adjustment Programme (SAP), Structural Adjustment Programme (SAP), Post-Structural Adjustment Programme (Post-SAP), and the current National Economic Empowerment Development Strategy (NEEDS) era. In order, to achieve the research objective precisely, this section of the study focused on the model description of the methodology employed for detailed econometric analysis.

##### a) Model Specification

The econometric model employed by Kallon (1994) within the general framework of Thirlwall and Hussain (1982) as described by the simple open-economy LM model is employed to derive the long-run BOP Growth constraint equation. Balance of payments (BOP) constrained growth model equation is also known as Thirlwall's law and it states that an increase in the income elasticity of demand for imports reduces equilibrium income growth rate with respect to the balance of payments. The econometric specification of the equation is proposed by Thirlwall and Hussain (1982) as follows

$$\ln(Y_t) = \alpha + \beta \ln(X_t) + \mu_t \quad (1)$$

Where  $Y_t$  is domestic income level, while  $X_t$  is the value of domestic exports. This equation states that domestic income is determined by domestic exports. The implicit income elasticity of imports can be obtained

$$\ln RY_t = \theta_0 + \theta_1 \left( \frac{BOP}{Y} \right)_t + \theta_2 \left( \frac{BOP}{Y} \right)_{t-1} + \theta_3 ER_t + \theta_4 \ln MS_t + \theta_5 INT_t + u_t \quad (5)$$

Therefore equation (5) serves as the empirical model for this paper. Where

$RY$  = real gross domestic product (RGDP)

$Y_t$  = domestic income level (GDP)

$BOP_t$  = balance of payment

$BOP_{t-1}$  = First lag of balance of payment

$ER$  = Exchange rate of naira vis-a-vis U.S dollar

$MS_t$  = Money supply

$INT$  = monetary policy rate

$\ln$  = Natural logarithm

$\theta_0$  = Intercept or constant;

$\theta_{1-6}$  = Parameters or Co-efficient of explanatory variables;

by the inverse of coefficient  $\beta$ . Using this framework, Kallon (1994) further restructured the theoretical equations in a LM model of the form:

$$Y_t = \alpha_1 r_t + \alpha_2 g_t + \alpha_3 P_t^f + \alpha_4 Y_{t-1} (\alpha_1 \alpha_2 \alpha_3 \alpha_4 > 0) \quad (2)$$

Where equation (2) is the commodity market equilibrium, which is assumed to depend on the domestic interest rate ( $r$ ), level of government spending ( $g$ ), the relative price ( $P^f$ ) and the real income ( $Y$ ) of the previous year. On the other hand, the money market equilibrium (LM) equation is of the form:

$$M_t = B_1 Y_t + B_2 r_t + B_3 Op_t (B_1 > 0, B_2, B_3 < 0) \quad (3)$$

That is money market equilibrium is assumed to depend on real income ( $Y$ ), domestic interest ( $r$ ) and the domestic inflation rate ( $OP$ ). BOP constraint growth model is assumed to be independent of real income ( $Y$ ) with some lags, relative price ( $P^f$ ) and the differential between the domestic interest rate and the sum of the foreign interest rate and the expected change in the exchange rate ( $er$ ). Hence, the balance of payment constraint growth model is of the form:

$$Y_t = \theta_1 BOP_t + \theta_2 P_t^f + \theta_3 r_t \quad (4)$$

The theoretical derived balance of payments constraint growth model (4) within the Thirlwall's law and IS-LM framework is further modified for the study of Nigeria balance of payment position. However, following the law of one price (i.e. purchasing power parity), the relative prices reflects the cross-country exchange rate between trading partners (i.e. between Nigeria and U.S). This justifies the use of exchange rate as a proxy of relative prices. The theoretical adopted model is modified with the incorporation of first lag of balance of payment balance ( $BOP_{t-1}$ ) and exchange rate ( $er$ ) in order to ensure dynamism in the model as follows:

$1/\theta_{1-6}$  = Constraint elasticity coefficient of the Thirlwall BOP Growth constraint model

$u$  = Error term;

##### b) Apriori Expectations

The apriori expectation provides expected signs and significance of the values of the coefficient of the parameters under review on the part of the empirical evidence and theoretical assertions. All, the incorporated variables in theoretical modified model balance of payments constraint and monetary policy growth model (5) within the Thirlwall's law and IS-LM framework are expected to enhance economic growth positively excluding lending rate.

All the independents variables are expected to have positive relationship with the dependent variable.



And this implies that if there is increases in the independents variables there will also be a proportionate increase on the dependent variable and vice versa.

### c) Diagnostic Test

#### i. Pre Estimation Diagnostic Test

The time series properties of the variables incorporated in the dynamic model (5) is examined using the Augmented Dickey-Fuller unit root test in order to determine the long-run convergence of each series to its true mean. The test involves the estimation of the following:

$$\Delta Z_t = \eta_0 + \eta_1 Z_{t-1} + \sum_{i=1}^n \pi_i \Delta Z_{t-i} + v_t \quad (6)$$

$$\Delta Z_t = \eta_0 + \eta_1 Z_{t-1} + \eta_1 t + \sum_{i=1}^n \pi_i \Delta Z_{t-i} + v_t \quad (7)$$

The time series variable is represented by  $Z_t$ ,  $t$  and  $v_t$  as time and residual respectively. The equ. (6) and (7) are the test model with intercept only, and linear trend respectively.

Also, the paper examined the long-run relationship or cointegration among economic growth, balance of payments and monetary policy in Nigeria using single equation residual based techniques such as Engle-Granger two procedure test. The test has the null hypothesis of "series are not cointegrated".

#### ii. Post Estimation Diagnostic Test

The specified autoregressive model (5) is estimated through the use of Classical Normal Least Square Estimator and other time series diagnostic tests are employed like Ramsey RESET test for the entire structural stability of the model in line with underlining classical assumptions; residual diagnostic tests like Histogram normality test, and Breusch-Pagan-Godfrey (BPG) Heteroskedasticity test.

### d) Required Data and Sources

The required data for the empirical estimation of the specified econometric model is gross domestic product (GDP), real GDP, broad money supply, interest rate or monetary policy rate, and exchange rate of naira vis-a-vis U.S dollar. Based on the nature of incorporated variables in the formulated model, secondary data is employed for detail analysis. The time series data are sourced from the Central Bank of Nigeria (CBN) Statistical Bulletin, Volume 21, 2013 and World Development Indicator (December, 2013).

## V. RESULTS AND DISCUSSION

This section of the paper presents the results of estimated Augmented Dickey-Fuller (ADF) unit-root test models in 5.1 and the estimated regression result for the dynamic model is shown under section 5.2.

### a) Time Series Stationary Test and Cointegration Results

The stationary test results of the incorporated times series variables in the dynamic model expressed in equation (5) is presented in table 5.1 using the ADF unit-root test. The test result indicated that the time series variables, log of real gross domestic product ( $\ln RY$ ); exchange rate of naira via-a-vis U.S dollar (ER); log of broad money supply ( $\ln MS$ ), and monetary policy rate or interest rate (INT) were found to reject the null hypothesis "no stationary" at first difference. This indicates that those incorporated series in the dynamic regression model have no unit-root or are stationary at first difference and this implies that these series in their first difference are mean reverting and convergences towards their long-run equilibrium. Also, unlike other enumerated series, balance of payments as a percentage share of gross domestic product ( $BOP/Y$ ) is the only time series variables found to reject the null hypothesis "no stationary" at level.

Table 5.1 : ADF Unit Root Test Results

Variable	ADF Tau Statistics		Order of Integration
	Intercept	Linear Trend	
$\ln RY$	-5.0697*(0) [-3.6056]	-5.0382*(0) [-4.2050]	1
$BOP/Y$	-3.7173*(0) [-3.6010]	-3.6656***(0) [-3.5236]	0
$ER$	-5.8114*(0) [-3.6056]	-4.2050*(0) [-4.2050]	1
$\ln MS$	-5.2500*(0) [-3.6056]	-5.1885*(0) [-4.2050]	1
$INT$	-6.8295*(1) [-3.6105]	-7.1036*(1) [-4.2119]	1
$ect_t$	-2.6988*** (13) [-2.6299]	-4.3583** (15) [-3.6122]	0

Note: \* significant at 1%; \*\* significant at 5%; \*\*\* significant at 10% Mackinnon critical values and are shown in parenthesis. The lagged numbers shown in brackets are selected using the minimum Schwarz and Akaike Information criteria.

Source: Authors Computation, 2015.

However, the linear combination of log of real gross domestic product ( $\ln RY$ ), balance of payments as a percentage share of gross domestic product ( $BOP/Y$ ), exchange rate of naira via-a-vis U.S dollar (ER), log of broad money supply ( $\ln MS$ ), and monetary policy rate or interest rate (INT) yields the estimated error term ( $ect_t = \hat{u}_t$ ). The estimated error term ( $ect_t$ ) as shown in Table 5.1 was found to reject the null hypothesis “no stationary”, which implies the null

hypothesis “no cointegration” is rejected following the Engle-Granger cointegration procedure.

#### b) Dynamic Model Results

The estimated dynamic regression model that captures the effect of balance of payments and monetary policy variables on economic growth is shown in Table 5.2. The coefficient, residual and stability diagnostic tests results are reported in Table 5.3 and 5.4 for the estimated dynamic model.

Table 5.2 : Estimated Dynamic Model Results

Dependent Variable: $\ln RY_t$				
Method: Least Squares				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
c	2.03338*	0.452249	4.496149	0.0001
$(BOP/Y)_t$	0.0165**	0.008807	1.875912	0.0693
$(BOP/Y)_{t-1}$	0.011583	0.009192	1.260020	0.2162
$ER_t$	0.001032	0.002385	0.432577	0.6681
$\ln MS_t$	0.90312*	0.050947	17.72665	0.0000
$INT_t$	0.04279*	0.014499	2.951764	0.0057
R-squared	0.986968	F-statistic	514.9795	
Adjusted R-squared	0.985051	Prob(F-statistic)	0.000000	
S.E. of regression	0.324486	Durbin-Watson stat	0.615324	

Note: \* significant at 1%; \*\* significant at 5. The values shown in brackets are standard error

Source: Authors Computation, 2015

The estimated dynamic regression model in Table 5.2 indicated that balance of payments as a percentage share of gross domestic product ( $BOP/Y$ ), first lag of balance of payments as a percentage share of gross domestic product ( $(BOP/Y)_{t-1}$ ), exchange rate of naira via-a-vis U.S dollar (ER), log of broad money supply ( $\ln MS$ ), and monetary policy rate (INT) have positive effect on log of real gross domestic product ( $\ln RY$ ) in Nigeria between 1970 and 2010. These conform with the apriori expectations excluding the effect of interest rate as a monetary policy variable.

In magnitude term, a percentage change in balance of payments to gross domestic product ( $BOP/Y$ ), first lag of balance of payments to gross domestic product ( $(BOP/Y)_{t-1}$ ), exchange rate (ER), and monetary policy rate (INT) results to 1.65%, 1.16%, 0.1%, and 4.3% change in real gross domestic product ( $\ln RY$ ) respectively during the considered time-frame. However, in partial significance test using t-statistic indicated that among all incorporated factors, it is only first lag of balance of payments to gross domestic product ( $(BOP/Y)_{t-1}$ ) and exchange rate (ER) that

does not have significant effect on real gross domestic product ( $\ln RY$ ) as a measure of economic growth in Nigeria. This further revealed that balance of payments and monetary policy have significant effects on economic growth in Nigeria during the reviewed periods.

Similarly, the F-Statistic results indicated that balance of payments, monetary policy variables and other control variables have simultaneous significant effect on economic growth in Nigeria. This complements the results of the adjusted R-squared that revealed that 98.5% of the total variation in economic growth proxied by real gross domestic product is accounted by changes in that balance of payments as a percentage share of gross domestic product ( $BOP/Y$ ), first lag of balance of payments as a percentage share of gross domestic product ( $(BOP/Y)_{t-1}$ ), exchange rate of naira via-a-vis U.S dollar (ER), log of broad money supply ( $\ln MS$ ), and monetary policy rate (INT).

Table 5.3 : Residual and Stability Diagnostic Test Results

Model 1			
Residual Normality Test			
Jarque-Bera	0.10384	Prob(J.B)	0.9494
Heteroskedasticity Test: White			
F-statistic	1.6987	Prob. F(20, 19)	0.1268
Obs*R-squared	25.653	Prob. Chi-Square(20)	0.1776
RESET Test			
F-statistic	0.8301	Prob. F(1, 33)	0.3688
Likelihood ratio	0.9937	Prob. LR(1)	0.3188

Source: Authors Computation (2015) using E-Views 7.

The diagnostic test presented in Table 5.3 indicated that the residual generated from the dynamic model shown in Table 5.2, is found not to reject the null hypothesis of “normally distributed” at 5% significance level. Similarly, the White heteroskedasticity test result also indicated that the test statistics are insignificant at 5% and thus call for the acceptance of the null hypothesis “homoskedasticity”. However, the overall stability of the model is examined using the Ramsey

RESET test and the non-significance of the test statistics suggests that no specification error and justify the structural fit of the model for policy simulation. These diagnostic tests indicate that there is no violation of the classical linear regression considered assumptions for analyzing the effect of balance of payments and monetary policy on economic growth in Nigeria between 1980 and 2013.

Table 5.4 : Coefficient Diagnostic Test Results

Variance Inflation Factors			
Included observations: 40			
	Coefficient	Uncentered	Centered
Variable	Variance	VIF	VIF
c	0.204529	77.70049	NA
$(BOP/Y)_t$	7.76E-05	1.680750	1.578203
$(BOP/Y)_{t-1}$	8.45E-05	1.830828	1.718515
$ER_t$	5.69E-06	10.45418	6.588567
$\ln MS_t$	0.002596	140.3733	7.176197
$INT_t$	0.000210	11.86074	2.231032

Source: Authors Computation (2015) using E-Views 7.

The reported co-efficient diagnostic test in Table 5.4, Variance Inflation Factor is employed to examine the presence of multicollinearity. The result indicated that centered VIF value for each of incorporated explanatory variables is less than 10 benchmark value. This indicates that none of the explanatory variables [balance of payments as a percentage share of gross domestic product ( $BOP/Y$ ), first lag of balance of payments as a percentage share of gross domestic product ( $(BOP/Y)_{t-1}$ ), exchange rate of naira via-a-vis U.S dollar ( $ER$ ), log of broad money supply ( $\ln MS$ ), and monetary policy rate ( $INT$ )] is found co-linear. This implies that there is no multicollinearity problem in the estimated dynamic regression.

## VI. CONCLUSION AND RECOMMENDATION

This study critically examined the precise effect of balance of payment deficit and monetary policy on economic growth in Nigeria between 1980 and 2013. This ranges from the period of Pre and Post Structural Adjustment Programme (SAP) eras. During these eras, the Nigerian economy has undergone series of economic reforms over the years. The study also incorporates the significance effect of balance of payment, money supply and interest rate on economic growth. On this basis, a dynamic econometric model was formulated and the results indicated that balance of payments and considered monetary policy variables (money supply and monetary policy rate) were found to

exert positive and significant effect on economic growth in Nigeria. The joint significance of the incorporated time series using F-Statistics yield the conclusion that "balance of payments deficit and monetary policy have significant effect on economic growth in Nigeria" during the reviewed periods.

However, the observed nature of the effect of balance of payment deficit and monetary policy on economic growth in Nigeria yields the following strategic policy options are proffered as follows:

- a) The central authority should adopt a policy of export promotion combined with an import substitution strategy could be rational in terms of policy prescriptions, since both strategies lead to moderate balance-of-payments constraints in the long run.
- b) It is observed that monetary policy stimulates growth better under a flexible rate regime but it is accompanied by severe depreciation, which could destabilize the economy. In other words, monetary policy would better stabilize the economy if it is used to target inflation directly than be used to directly stimulate growth.
- c) The government should acknowledge that Excessive money supply is the loss of reserves which is another fact for policy makers in case of Pakistan. So, monetary authorities should control money supply while considering the balance of payments. Economic growth can be achieved through money demand to remove the balance of payment deficit.

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# Developing a New Integrated Model to Improve the using of Classical Approach in Designing Management Information Systems

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**Keywords:** management information system, MIS, systems development methodologies, classical approach, information system life cycle, ISLC.

**GJMBR - A Classification :** JEL Code: M13



*Strictly as per the compliance and regulations of:*





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**Abstract-** Management information system (MIS) is used to solve management problems in the practical life, the designing and building of the management information systems is done by using one of the systems development methodologies, Classical approach is one of these methodologies which still suffer from some critical problems when it is used in designing and building the management information systems, it consumes more time and cost during its life cycle. This paper develops a new integrated model to minimize the classical approach life cycle in designing and building the management information systems to avoid the additional consume in time and cost.

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## I. INTRODUCTION

The classical approach or (traditional approach) includes the series of stages that are used in building the management information systems [9], these stages are known as classical approach life cycle or the information system life cycle (ISLC) of classical approach. the work of classical approach always uses the all stages of its life cycle in building the management information systems (MIS's), but this paper develops and presents a new integrated model that leads in many cases to partially use of the classical approach life cycle stages, so this new integrated model will help in solving the classical approach problems which are consuming additional time and cost.

The classical approach life cycle stages are main five sequential steps which are:

- a) *Planning Stage*: it is the first stage in the information system life cycle, the responsibilities of this stage are:
  - Defining the problem and collecting the required information about problem which the system will solve it.[1],[2]
  - Determining the user's requirements, which the developed system will solve them. .[1],[2]
  - Determining the estimated budget and time to accomplish the system.[1] ,[2]
  - Suggesting a solution or list of solutions to the problem.[1],[2]

- b) *Analysis Stage*: it is the second stage in the information system life cycle. In this stage the system analyzer will study each solution in the list of the suggested solutions that is obtained from the previous stage (planning stage) and then choose the best solution. [1],[2]
- c) *Design Stage*: it is the third stage in the information system life cycle. Here, the designer's team will provide all the design necessary requirements such as: input screens, output screens, reports, data base and system algorithms. [1] ,[2]
- d) *Development Stage*: it is the fourth stage in the information system life cycle. Here the system will be programmed and operated. [1],[2]
- e) *Test and Maintenance Stage*: it is the fifth (final) stage in the information system life cycle. Here, the system will be tested if it includes some errors or if it needs to some improvements to be better and effective in achieving the users' requirements. [1],[2]

## II. RESEARCH METHODOLOGIES

The classical approach (traditional approach) life cycle consists sequential steps which makes this methodology simple, easy to use, and simple to implement in building the information systems [6], but at the same time, it still suffers from critical weakness; because of its additional consuming in time [6], which leads also to additional consuming in cost, so this research will help the classical approach to reduce from these problems, by the following research methodologies:

- *The first main methodology*: is to develop a new classification for management problems.
- *The second main methodology*: is to develop a new integrated model which will minimize the classical approach life cycle stages in many cases, this integrated model is designed according to the classification of the management problems in the first main methodology.

### a) *The first main methodology*

This paper develops a new classification for the management problems; this classification has two main categories:

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- i. *The first Category:* in this category, the management problems are divided according to its nature and to its corresponding solutions, as in the following:
  - a. *First order problem:* the solution of this problem is clear, and it is usually one, you need only to collect the required information about this problem in order to implement it. So the solution for this type of problems will be defined as: direct solution. [2]
  - b. *Second order problem:* The solution of this problem is also clear, but it isn't determined by one solution, there are usually a list of multiple solutions. So the solution for this type of problems will be defined as: indirect solution. [2]
- ii. *The second Category:* In this category, the management problems are divided according to the

type and nature of computer program (software) that will be used to solve these management problems. In this issue, the research divides the computer programs (software) which will be used by (MIS) in order to solve the management problems into two main types: [1]

- a. *First level problem:* Here, the management problem needs software, which can be founded as s software package, and this means that management problem doesn't need to build and develop new software, but it needs software package which is ready software, that is available directly in the markets.[1]
- b. *Second level problem:* In this case, management problem needs to build and develop its own special software, which (MIS) will use it to solve this problem. [1]

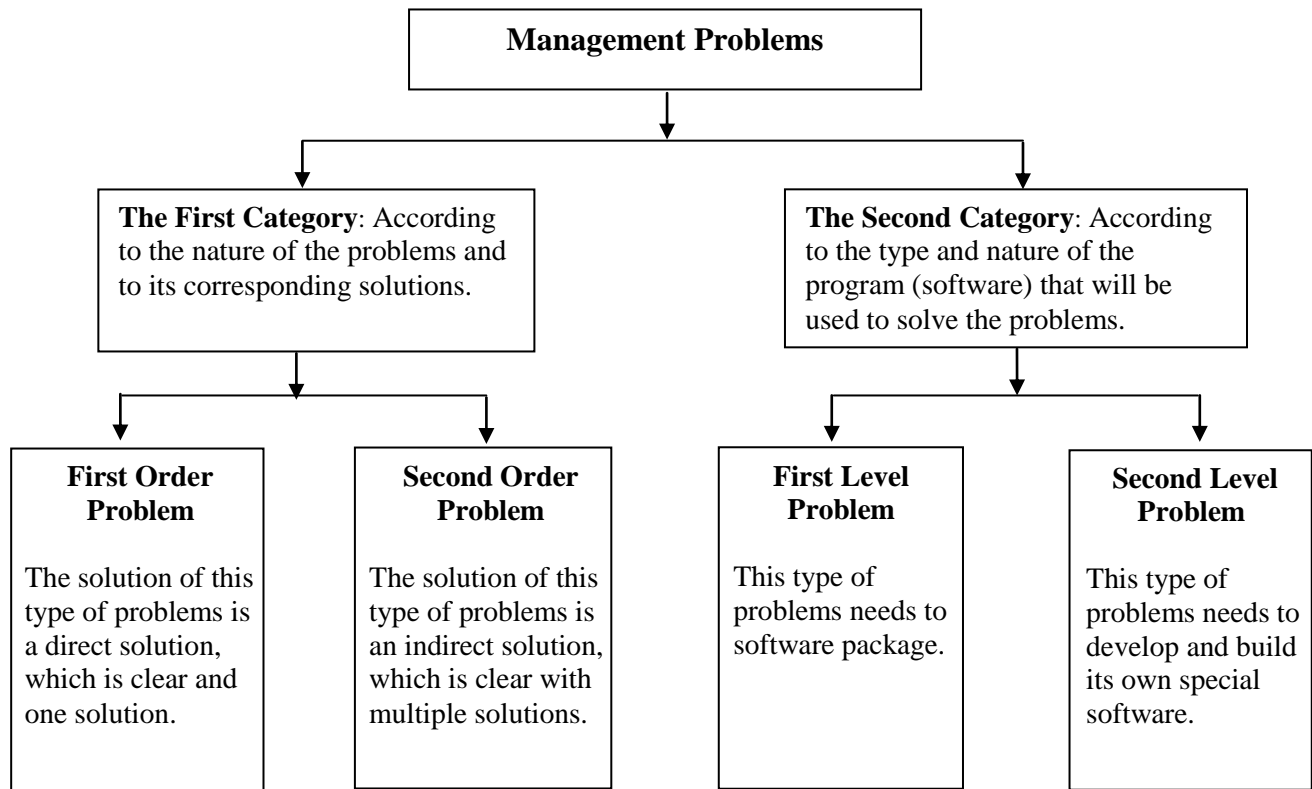


Figure 1 : The Research First Main Methodology

b) *The second main methodology*

This research develops and introduces a new integrated model, in order to minimize the classical approach life cycle during the building of management information systems (MIS's), so this integrated model will help the classical approach to reduce the additional consuming in time and cost, and this will increase the efficiency of classical approach in building the MIS's.

The integrated model is developed step by step by finding sub approaches according to the management problems classification, which the

research develops and introduces through the first main methodology in the previous section 2.1.

i. *Analysis the Effect of Management Problems Classification on the Information System Life Cycle (ISLC) of the Classical Approach*

The research will study the effect of each type of management problems on the information system life cycle (ISLC) which is a adopted by classical approach, The analysis will include all types of the management problems that are mentioned in section (2) through the management problems classification, which are: the first

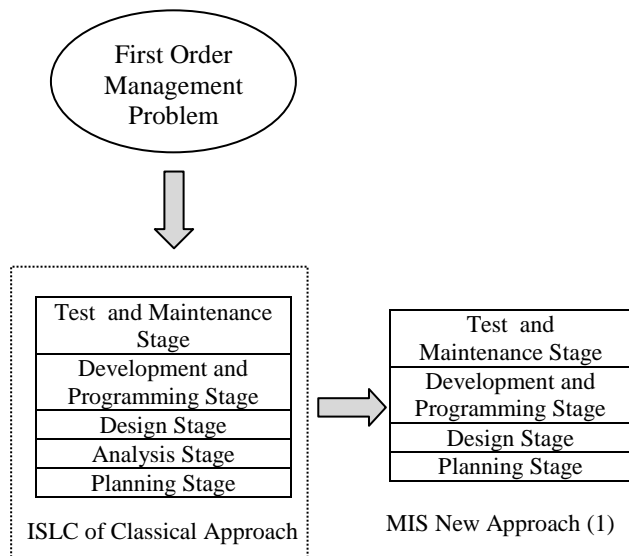
category (first order problem, second order problem) and the second category (first level problem, second level problem). needed in this case, but also must be avoided, since if it is used, this will consume more time, effort and cost through using of the analysis stage, which the determined problem doesn't need, due to its nature and properties.[2]

*a. Analysis the Effect of the First Order Management Problems on the ISLC of the Classical Approach*

The research defines the management problem as: first order management problem, when its solution is: direct solution; which is clear, and it is usually one, you need only to collect the required information about this problem in order to implement it. [2]

In this case, there is no need to find multiple solutions to the problem and choose the best solution. This means that there is no need to consume more time, effort and cost in using analysis stage, which is the second stage in the information system life cycle that is adopted by classical approach.[2]

Now, and according to the analysis of the effect of the first order management problem to the (ISLC) of the classical approach, the research develops the MIS approach (1) to build the management information systems which will be used to solve this type of problems. This approach (MIS New approach (1)) will avoid the using of analyses stage through building of the management information system by using classical approach. Using this stage is not only



*Figure 2 : Finding the MIS New Approach (1)*

*b. Analysis the Effect of the Second Order Management Problems on the ISLC of the Classical Approach*

The research defines the management problem as: second order management problem, when its solution is: indirect solution; there are usually list of multiple solutions for this type of problems, so this type of problems needs to clarify its solution by finding a list

of the suggested solutions, then, the best solution will be chosen, hence, we can notice the necessary of using the analysis stage, which is the second stage in the information system life cycle that is adopted by classical approach.[2]

The use of analysis stage in the ISLC of the classical approach will help these problems to change from second order management problem to be first order management problem.[2]

In this case, the research agrees with the current approach which classical approach uses in designing and building management information systems which includes all stages of information system life cycle (ISLC), and defines it as: MIS classical approach, so there is no skip to the second stage in the information system life cycle as in MIS approach (1), all stages must be used, this is because of the properties of this type of problems which are:

- Solution of this type of problems is clear but it is an indirect solution; since it is not determined by one solution, on the contrary, there is a list of multiple solutions.
- The existence of multiple solutions for this type of problems, will lead to the need to study each of these solutions in order to detect the best, this means that this type of problems needs (analysis stage) which is the second stage in information system life cycle that is adopted by classical approach.[2]

Test and Maintenance Stage
Development and Programming Stage
Design Stage
Analysis Stage
Planning Stage

*Figure 3 : The MIS classical approach which uses all stages of classical approach*

*c. Analysis the Effect of the First Level Management Problems on the ISLC of the Classical Approach*

Here, management problem needs software, which can be founded as s software package, and this means that management problem doesn't need to build and develop new software, but it needs software package which is ready software, that is available directly in the markets. [1]

If we return to the information system life cycle that is adopted by classical approach, and which has been explained through the introduction in this paper, we will find that the building of the computer program (software), which the management information system (MIS) will use it to solve the management problems, is related directly with the third stage (Design Stage) in the information system life cycle, because the building of

the computer program (software) includes already to the building of: algorithms, database, input and output screens, reports,...etc, and these are the responsibilities of the (Design Stage) in the information system life cycle.[1]

Hence, this research provides a scientific contribution which is: the building of computer program (software) will cause the need to use the design stage, and vice versa. So, if there isn't need to build a computer program (software), design stage in the information system life cycle will be skipped. [1]

Now, and according to the analysis of the first level management problems, the research develops a new approach (MIS New Approach (2)) to build the management information system (MIS) which will be used to solve this type of problems.[1]

The MIS new approach will skip the third stage (Design Stage) in the information system life cycle that is adopted by classical approach. this means that this new approach will minimize the information system life cycle to be four stages instead of five stages, and this will cause to reduce the number of employees that will work in the project team, in addition, the use of this new approach will help to save time, effort and cost, and this will lead to increase the efficiency in building and designing the management information systems by using classical approach.[1]

The MIS new approach will use the classical approach and skip the design stage (third stage) in building the management information system (MIS) which will be used to solve the first type of management problems. [1]

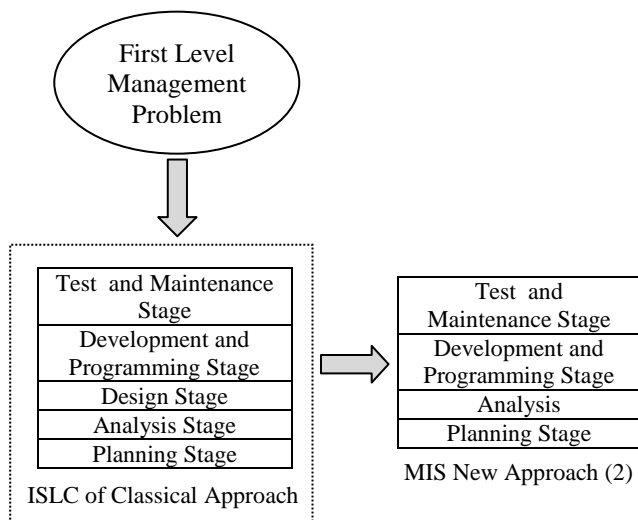


Figure 4 : Finding the MIS New Approach (2)

#### d. Analysis the Effect of the Second Level Management Problems on the ISLC of the Classical Approach

In this case, the research agrees with the current approach which classical approach uses in designing and building management information systems, which includes all stages of information

system life cycle, and defines it as: MIS classical approach, so in this case, there is no skip to the third stage (Design Stage) in the information system life cycle, as in MIS new approach(2); because and as it is mentioned in the section (2),this type of management problems needs to build its own special software, and this requires the use of design stage in the information system life cycle.[1]

Test and Maintenance Stage
Development and Programming Stage
Design Stage
Analysis Stage
Planning Stage

Figure 5 : The MIS classical approach which uses all stages of classical approach

### III. THE COMBINED MANAGEMENT PROBLEMS

This research reaches to the new types of management problems and defines these problems as: (Combined Management Problems), these problems are appeared by the combination of two different problems from the problems that research defines them in the research methodology through two main categories which are: the first category (first order problem, second order problem) and the second category (first level problem, second level problem).

#### a) Finding the Combined Management Problems

As it is mentioned in the previous section; the combined management problems are appeared by the combination of two different management problems which the research defines them in the research methodology, now we will number each one of these problems as mathematical equations numbering:

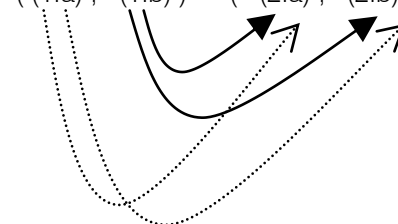
- \* First category (1)
  - First order management problem (1.a)
  - Second order management problem (1.b)
- \* Second Category (2)
  - First level management problem (2.a)
  - Second level management problem (2.b)

Now, we will apply the distributed operation between the previous equations:

$$(1) * (2) \quad (X)$$

Equation (X) implies that:

$$((1.a), (1.b)) * ((2.a), (2.b)) \quad (X^1)$$



Now, we will list all the results probabilities which will be obtained from the applying of the distributive operation in equation (X<sup>1</sup>):

First probability: (1.a), (2.a)

Second probability: (1.a), (2.b)

Third probability: (1.b), (2.a)

Fourth probability: (1.b), (2.b)

The previous results will be interpreted, in order to find the new combined management problems:

- The first combined management problem

It comes from the first previous probability {(1.a), (2.a)}, this means that the first combined management problem is a first order management problem and a first level management problem at the same time

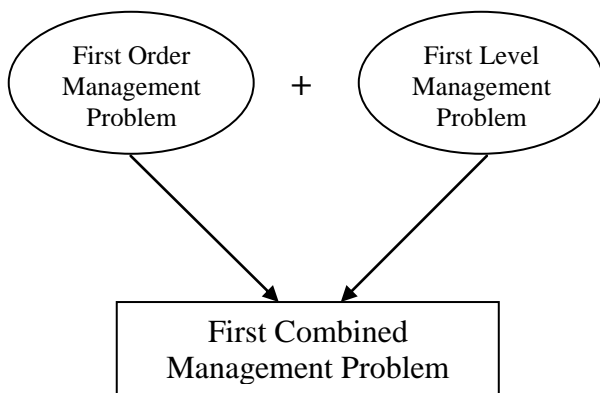


Figure 6 : First Combined Management Problem

and if we return to section 2.2, we can note that the first order management problem leads to use the MIS new approach (1), which skips the analysis stage in the ISLC of the classical approach, on the other hand, the first level management problem leads to use the MIS new approach (2), which skips the design stage in the ISLC of classical approach, and thus, the first combined management problem will combine between the skipping of the two stages: analysis and design.

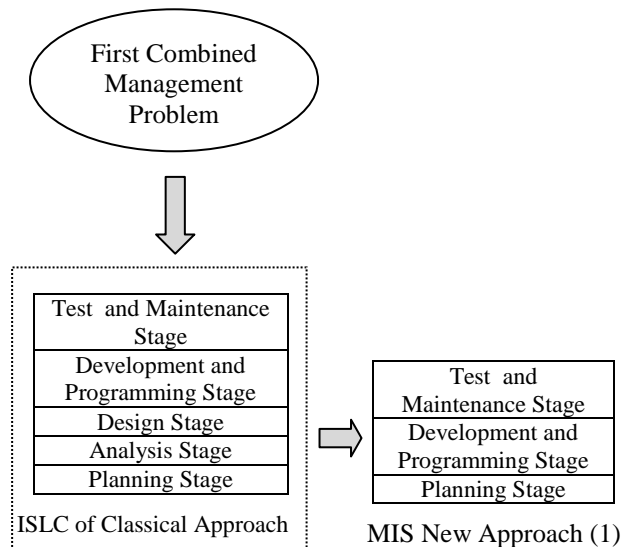


Figure 7 : Finding the MIS New Approach (3)

- The second combined management problem

It comes from the second probability {(1.a), (2.b)}, which means that the second combined management problem is a first order management problem and a second level management problem at the same time.

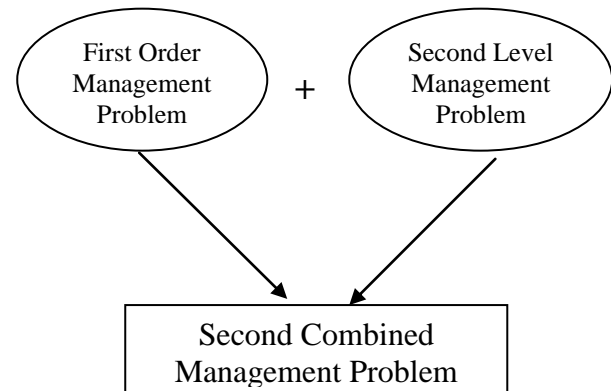


Figure 8 : Second Combined Management Problem

As the research has mentioned, the first order management problem leads to use the MIS new approach (1), which skips the analysis stage in the ISLC of the classical approach, but the second level management problem will use the current life cycle of the classical approach which uses all stages of the INSLC of the classical approach, so the second combined management problem will inherit only the skipping of the analysis stage, and hence, the second combined management problem will not generate a new approach to build the MIS, and instead of this, the research recommends to use the MIS new approach (1) to build the required MIS in order to solve the second combined management problem.



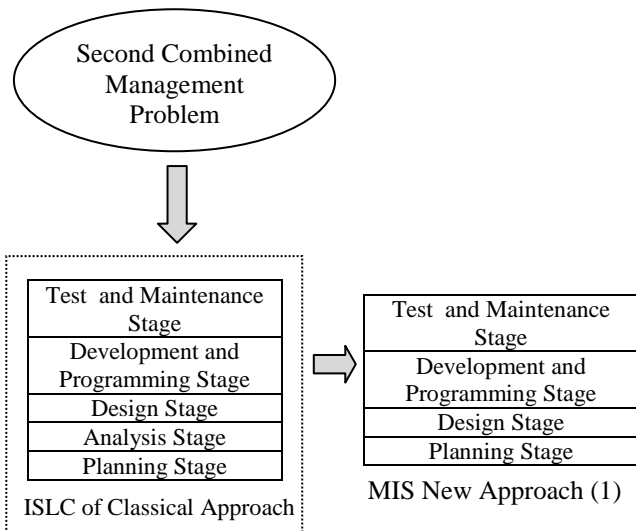


Figure 9 : Using the MIS New Approach (1) to Solve the Second Combined Management Problem

- The third combined management problem  
It comes from the third probability {(1.b), (2.a)}, which means that the third combined management problem is a second order management problem and a first level management problem at the same time.

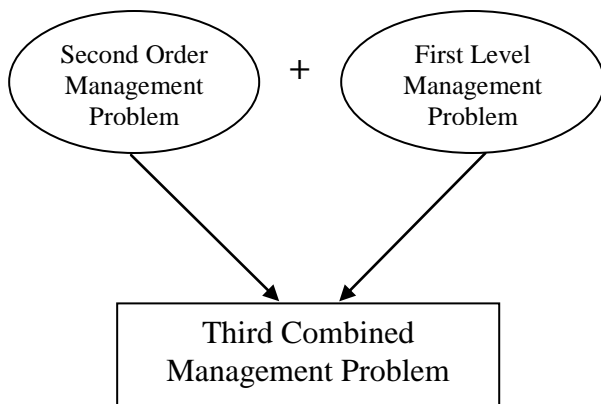


Figure 10 : Third Combined Management Problem

According to the research methodologies, the using of classical approach to build the MIS in order to solve the problems from the type of second order management problem, there is a need to use all stages of the ISLC of the classical approach, but the second level management problems lead to use the MIS new approach (2), which skips the design stage in the ISLC of classical approach, and thus, the third combined management problem will inherit only the skipping of the design stage, and this implies that the third combined management problem will not generate a new approach to build the MIS, and instead of this, the research recommends to use the MIS new approach (2) to build the required MIS in order to solve the third combined management problem.

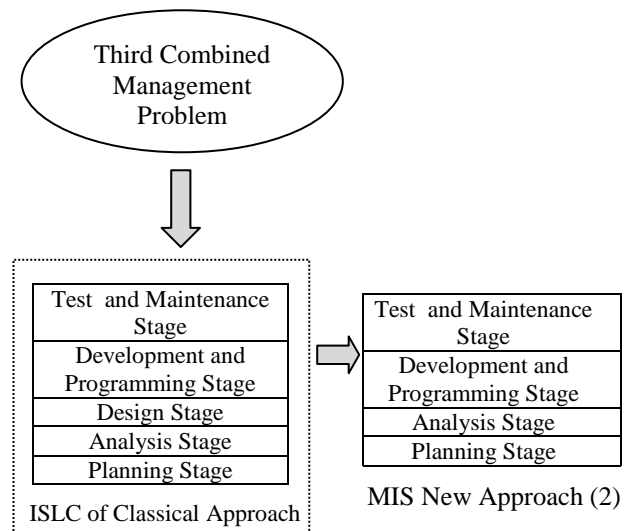


Figure 11 : Using the MIS New Approach (2) to Solve the Third Combined Management Problem

- The fourth combined management problem  
This is the last one of the combined management problems, which comes from the fourth probability: {(1.b), (2.b)}, so the components of this problem are: the second order management problem and the second level management problem.

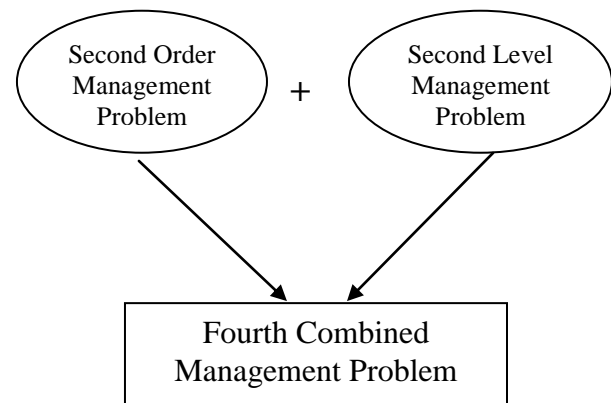


Figure 12 : Fourth Combined Management Problem

This research mentions in its methodologies to use the all stages in the ISLC of classical approach, when we want to solve the both two problems: second order management problem and second level management problem, which are the components of the fourth combined management problem, so building the MIS by using classical approach to solve the fourth combined management problem will lead to use the MIS classical approach which uses the all stages of the ISLC of classical approach, without any skipping to any stage.

Test and Maintenance Stage
Development and Programming Stage
Design Stage
Analysis Stage
Planning Stage

*Figure 13 :* The MIS classical approach which uses all stages of classical approach to solve the fourth combined management problem

#### IV. THE NEW INTEGRATED MODEL TO BUILD AND DESIGN THE MIS BY USING CLASSICAL APPROACH

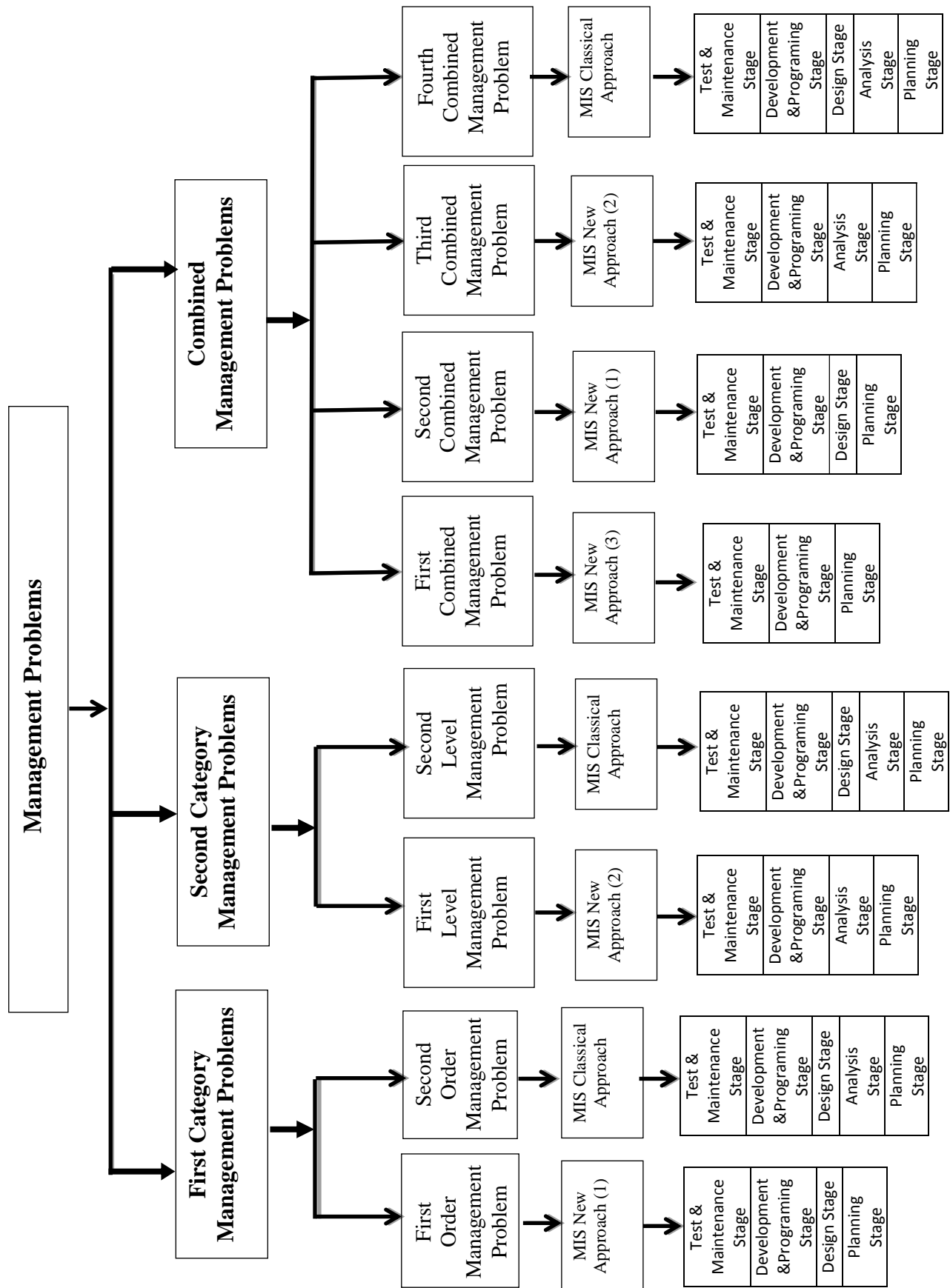
Now, and after the finding of the sub approaches for solving the different management problems, these sub approaches will be the components of the new integrated model, so the research will combine all these sub approaches in order to build and find the new integrated model.

The new integrated model will implement a general and clear procedure in order to solve all types of the management problems which are defined and founded by this research; which provides suitable approaches to solve each one of these problems by using the classical approach.

The integrated model will increase the efficiency of the used of classical approach in building the required MIS that will be used to solve the management problems. Increasing the efficiency of the classical approach comes from the minimizing of the ISLC of the classical approach, in many different cases, which will help the classical approach to overcome to its problems by decreasing the additional consuming in time and cost.



Figure 14 : The New Integrated Model



## V. CONCLUSION

Classical approach is one of the information systems methodologies that is used to design and build the management information systems (MIS's). The classical approach suffers from critical problems; which are the long time and high cost in many different cases while building MIS. These problems come from the classical approach method, which always uses the all stages in its life cycle, although some of these stages are not necessary to be used in many different cases. In order to enhance the use of the classical approach in this field, the research develops a new classification and definition of the management problems that are probably solved by MIS, and also, some new sub approaches are developed from the classical approach in order to solve such management problems with partially use of the information system life cycle (ISLC) of the classical approach, the avoidance of the use of all stages of the ISLC will help the classical approach to save time and cost during building the MIS. And with a view to achieve a general, accurate and clear procedure that organizes the research methodologies in improving the use of classical approach in building the MIS's to solve the management problems, the research develops and implements a new integrated model which includes the developed classification of management problems and also all developed MIS sub approaches.

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## Analysis Status Quo and Strategies of Medical Ethics Evaluation System of Public Hospitals in China

By Yu Wang, Qing Tu & Li Huang

*Chongqing Medical University, China*

**Abstract-** Ethics, an essential dimension of human research, is considered both as discipline and practice. For clinical research, ethically justified criteria for the design, conduct, and review of clinical investigation can be identified by obligations to both the researcher and human subject. Medical practitioners are expected to not only have the skills and knowledge relevant to their field but also with the ethical and legal expectations that arise out of the standard practices. A highest level of knowledge, awareness and understanding of ethics are expected in medical practice as it is the foundation of sound healthcare delivery system. Though literatures review, status quos of medical evaluation system are found in China. Although Chinese government attach extreme important to ethics evaluation, medical ethics education and building can be value by China. Negative List System is used in health management field firstly. Some suggestions are given to government to improve development of medical ethics evaluation system.

**Keywords:** *medical ethics evaluation; china; negative list.*

**GJMBR - A Classification :** *JEL Code: M19*



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# Analysis Status Quo and Strategies of Medical Ethics Evaluation System of Public Hospitals in China

Yu Wang <sup>a</sup>, Qing Tu <sup>σ</sup> & Li Huang <sup>p</sup>

**Abstract-** Ethics, an essential dimension of human research, is considered both as discipline and practice. For clinical research, ethically justified criteria for the design, conduct, and review of clinical investigation can be identified by obligations to both the researcher and human subject. Medical practitioners are expected to not only have the skills and knowledge relevant to their field but also with the ethical and legal expectations that arise out of the standard practices. A highest level of knowledge, awareness and understanding of ethics are expected in medical practice as it is the foundation of sound healthcare delivery system. Though literatures review, status quos of medical evaluation system are found in China. Although Chinese government attach extreme important to ethics evaluation, medical ethics education and building can be value by China. Negative List System is used in health management field firstly. Some suggestions are given to government to improve development of medical ethics evaluation system.

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## I. INTRODUCTION

As a basic aspect of human study, ethics is regarded as discipline and practice. As far as clinical research, ethically justified criteria can be identified by obligations to both the researcher and human subject [1-2]. There are some main sides of ethics in research, such as informed consent, confidentiality, privacy, privileged communication, and respect and responsibility. Medical ethics is the core of health system and hospital management, so it should be widely concerned and paid attention [3]. The main functions of noble medical ethics are to improve the health care reform, build a harmonious society, and achieve universal access to health services. However, due to healthcare and society environment change, medical ethics is worrying [2]. There are some immoral behaviors, such as accepting a bribe, giving expensive medicine, and getting rake-off. Under the circumstance of increasing number of hospitals, doctors, and patients, public hospitals in China undertake the most of medical treatments, which is an challenge not only for hardware of hospitals, but also for software of hospitals, that is, doctors' professional ethics [4-5].

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## II. METHOD AND MATERIAL

### a) Method

We use literature review method, Delphi method and expert consultation to get overall information of medical ethics in domestic and foreign, to get strategies to optimize.

### b) Material

A systematic literature search of English-language and Chinese-language articles on Pubmed, ISI web of knowledge, Science direct, Google scholar, the Cochrane database of evidence-based reviews, and the Database of Abstracts of Reviews of Effects was performed by connecting the Mesh terms ("ethics evaluation", "medical research", "research ethics evaluation", "medical education", "research ethics principles").

## III. STATUS QUO OF MEDICAL EVALUATION SYSTEM IN CHINESE PUBLIC HOSPITALS

Public hospitals are the window of city spirit. Doctors' ethics can influence the first impression about cities. In order to enhance practicing doctor management, improve doctors' ethics, ensure medical quality and safety, Chinese government formulates some rules to regularize doctors' behaviors, such as regular evaluation, self-evaluation and department evaluation [6]. However, although public hospitals have taken medical ethics into performance evaluation, basic researches are lacked and evaluation system is deficient.

### a) Hospitals Lack Propaganda, Doctors Have Weak Concept

With the development of market economy, some public hospitals despise medical ethics education, but pay much attention to physician quality. Nowadays, ways of ethics education are backward, and training methods are simple, which cannot keep pace with thoughts of doctors, making them short of sense of identity [7, 10]. Unfortunately, a few doctors' ethics is weakened by the market economy. Also, utilitarianism is been increased. They are lack of service awareness, don't have patient for their patients. Doctors' attitude towards patients and their family make the doctor-

patient relationship nervous, which damages the image of doctors [8].

*b) System is Incomplete, Mechanism is Defective*

Although Chinese government attach extreme important to ethics evaluation, medical ethics education and building can be value by China. China is short of perfect mechanism and system to supervise and manage for medical ethics education [9]. These disadvantages cannot ensure evaluation on the rails. What is more, some public hospitals are careless, don't archive evaluation documents, and don't establish incentive mechanism. So, government should, in order to enhance effectiveness and pertinence of medical ethics evaluation, improve evaluation system, complete evaluation mechanism to reduce doctor-patient contradiction.

*c) Briberies Happen Occasionally*

In recent years, bribery cases are occurred frequently in pharmaceutical sales. Due to profit-driven, leaders in public hospitals use their purchase power to accept bribes, which are offered by pharmaceutical companies so that they loosen supervision for new medicines and medical equipment. Pharmacists with drug purchase power use their position advantages to get bribes [10-11]. Moreover, doctors with prescribing lead patients to prescription of expensive and excessive drugs. Those behaviors not only violate patients' benefit, but also damage social morality. Furthermore, market and medical order are disturbed by those behaviors, forming unfair competition, making high price of medicines, and aggravating financial burden for patients [12].

*d) Leaders are Indifferent for Evaluation Results*

Although Chinese government still promotes medical ethics evaluation, establish medical ethics documents, there is not obvious effective for medical ethics evaluation, as leaders are indifferent for evaluation results [13]. Results never are used to be evidences for promotion position and titles, and further study. Evaluation has a guiding role for people. If evaluation results cannot be used effectively, guiding roles will lose its significance. For this reason, doctors will pay little attention to medical ethics evaluation results as well as they don't realize to improve their professional ethics [14].

#### IV. STRATEGIES FOR ESTABLISHING MEDICAL ETHICS EVALUATION SYSTEM

Medical ethics evaluation is a baton for doctors. During evaluation process, appraisers need focus on pertinence and maneuverability to make doctors on their ethics track. Though medical ethics evaluation, appraisers can judge doctors' behaviors to strengthen doctors' ethics consciousness, improve their self-discipline. Medical ethics evaluation system must

include who evaluation, evaluation who, what evaluation, how to evaluate, and what to do [15]. Evaluation system need to be designed by works, duties, and behaviors to make sure systematicness and integrity.

*a) Confirmation Evaluation Department*

In performance evaluation, hospitals are inclined to use 360° performance appraisal. Similarly, this method also is used in medical ethics evaluation [8]. Appraisers need to know who will be evaluated. Also, they need be fair and equal. What is more, doctors should be assessed from every aspects, such as leaders, colleagues, and external staffs [12].

*i. National Health and Family Planning Commission*

National health and family planning commission is direct supervisor of public hospital in China. Leaders of national health and family planning commission must realize that medical ethics evaluation is the most important component content for developing medical and health services, perceive medical ethics problems in public hospitals, and come up with constructive suggestions and remediation actions, according to circumstance and epoch [16]. Furthermore, leaders should put forward rules and policies for developing medical ethics evaluation in public hospitals. National health and family planning commission shoulders a responsibility to improve the doctors' ethics in China. It also needs to enhance spiritual civilization in public hospitals, doctors' responsibility. Last but not least, it have to attach much importance to carry on medical ethics evaluating.

*ii. Implement One Position, Two Responsibilities Rule in Public Hospitals*

At the last stage of evaluation, the most important thing is to avoid blaming and passing the buck between doctors and appraisers. Therefore, public hospitals should establish a Responsibility Group to assign a first-in-charge person, who is in charge of evaluation results, feedback evaluation suggestions and rectification results. Moreover, two organizations should be established: one is that party secretary and president need to be the first-in-charge person in hospitals; the other is that directors, head nurse should be the first-in-charge person in each department. Though this way, hospitals form a One Position, Two Responsibility dynamic mechanism to make sure medical ethics evaluation in order [17].

*iii. Establish Medical Ethics Evaluation Organization System in Public Hospitals*

Chinese public hospitals are lack of a complete organization system to evaluate medical ethics, which generates that medical ethics evaluation becomes formalistic. Perfect organization system is the most important prerequisites for keeping evaluation smooth. Firstly, leaders should pay much attention to evaluation work to make sure the process going well. Secondly, hospitals should establish two-stage organization

[18-19]. Department of medical ethics management is charge of evaluation and ranking. What is more, evaluation committee is constituted by leaders to evaluate uniformly and carry out specific works.

#### b) *How to Evaluate Medical Ethics*

##### i. *Use Negative List Management System*

Negative List is an international management method for foreign investment. And it is a business list for nation to prohibit foreign investment into China or restrict the ratio of foreign investment [20]. It is like a blacklist in investment area, which includes many management measures, such as national treatment, most-favored-nation treatment, performance and management request. Chinese medical ethics evaluation should imitate Negative List Management System to notify the cordon of medical ethics evaluation for doctors.

According to the situation of the first affiliated hospital of Chongqing medical university, leader established a complete and scientific medical ethics evaluation system, including Rules of Strengthen Style Construction of Medical Staffs – Twelve Prohibits in the first affiliated hospital of Chongqing medical university, Methods for Constructing Honest Party in the first affiliated hospital of Chongqing medical university, and Liability System to Build Honest Party and Anti-corruption. The first affiliated hospital of Chongqing medical university use Twelve Prohibits as Negative List.

##### ii. *Establish Scientific Medical Ethics Evaluation Standards*

In principle, Chinese government laws should be the standards for medical ethics evaluation standards. For example, Medical Moral of Medical Staffs in the People's Republic of China is formulated by National Health and Family Planning Commission. In the process of evaluation, each city need supply and intensify evaluation criterions, according to their own characteristics.

##### iii. *Improve Doctors' Awareness of Medical Ethics*

Doctors should realize that medical ethics evaluation is the most important component content for medical ethics construction. Evaluation not only improves doctors' qualities, but also punishes immoral behaviors. As we all know, to change one's behaviors is the lengthy process. Doctors should learn more knowledge about medical ethics. Moreover, hospitals should carry out Mobilization Corporation regularly for evaluation, organize medical ethics lessons and seminars, and request doctors to learn documents, which are formulated by government, in order to improve consciousness.

#### c) *Function of Evaluation Results*

How to treat evaluation results is related to doctors' attitude towards medical ethics evaluation, functions of evaluation, and subsequent measures.

##### i. *Establish Medical Ethics Documents*

This document, which is kept forever, is an original record for recording doctors' medical ethics behaviors. Also, it can be the most important substratum for doctors' performance evaluation.

##### ii. *Reward Advanced Doctors for Remarkable Medical Ethics*

Hospitals could set up individual reward for medical ethics in end-of-year evaluation. Counterparts and patients select a doctor with remarkable medical ethics together, and give him award. However, doctors with inferior medical ethics should be punished severely.

##### iii. *Punish and Warning*

According to severity, hospital should dispose the doctors with inferior medical ethics.

For gravity of the circumstances, hospital should investigate the legal responsibility, according to the Criminal Law of PRC, the criminal cases relating to commercial bribery.

For evaluation unqualified, hospital should suspend or cancel their qualification of specialist clinic and operation; teaching; applying scientific projects; assessing professional; and further study.

For low scores, hospital and department should give a warning to help them correct.

Medical ethics is a social ideology. Though medical ethics evaluation, people can distinguish good and evil, and transform it into specific behavior. Medical ethics education and evaluation are complementing each other, mutual complementation. Hospital should do medical ethics education integrating medical ethics evaluation. Furthermore, though the feedback from patients and society, hospital can use them for vivacious examples. Hospitals should improve consciousness of medical ethics evaluation to promote development of medical ethics construction.

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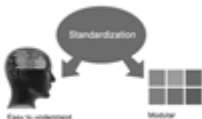
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After nomination of your institution as “Institutional Fellow” and constantly functioning successfully for one year, we can consider giving recognition to your institute to function as Regional/Zonal office on our behalf.

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- In future, if the board feels the necessity to change any board member, the same can be done with the consent of the chairperson along with anyone board member without our approval.
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1. General,
2. Ethical Guidelines,
3. Submission of Manuscripts,
4. Manuscript's Category,
5. Structure and Format of Manuscript,
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**30. Think and then print:** When you will go to print your paper, notice that tables are not be split, headings are not detached from their descriptions, and page sequence is maintained.

**31. Adding unnecessary information:** Do not add unnecessary information, like, I have used MS Excel to draw graph. Do not add irrelevant and inappropriate material. These all will create superfluous. Foreign terminology and phrases are not apropos. One should NEVER take a broad view. Analogy in script is like feathers on a snake. Not at all use a large word when a very small one would be sufficient. Use words properly, regardless of how others use them. Remove quotations. Puns are for kids, not grunt readers. Amplification is a billion times of inferior quality than sarcasm.

**32. Never oversimplify everything:** To add material in your research paper, never go for oversimplification. This will definitely irritate the evaluator. Be more or less specific. Also too, by no means, ever use rhythmic redundancies. Contractions aren't essential and shouldn't be there used. Comparisons are as terrible as clichés. Give up ampersands and abbreviations, and so on. Remove commas, that are, not necessary. Parenthetical words however should be together with this in commas. Understatement is all the time the complete best way to put onward earth-shaking thoughts. Give a detailed literary review.

**33. Report concluded results:** Use concluded results. From raw data, filter the results and then conclude your studies based on measurements and observations taken. Significant figures and appropriate number of decimal places should be used. Parenthetical remarks are prohibitive. Proofread carefully at final stage. In the end give outline to your arguments. Spot out perspectives of further study of this subject. Justify your conclusion by at the bottom of them with sufficient justifications and examples.

**34. After conclusion:** Once you have concluded your research, the next most important step is to present your findings. Presentation is extremely important as it is the definite medium through which your research is going to be in print to the rest of the crowd. Care should be taken to categorize your thoughts well and present them in a logical and neat manner. A good quality research paper format is essential because it serves to highlight your research paper and bring to light all necessary aspects in your research.

## INFORMAL GUIDELINES OF RESEARCH PAPER WRITING

### Key points to remember:

- Submit all work in its final form.
- Write your paper in the form, which is presented in the guidelines using the template.
- Please note the criterion for grading the final paper by peer-reviewers.

### Final Points:

A purpose of organizing a research paper is to let people to interpret your effort selectively. The journal requires the following sections, submitted in the order listed, each section to start on a new page.

The introduction will be compiled from reference matter and will reflect the design processes or outline of basis that direct you to make study. As you will carry out the process of study, the method and process section will be constructed as like that. The result segment will show related statistics in nearly sequential order and will direct the reviewers next to the similar intellectual paths throughout the data that you took to carry out your study. The discussion section will provide understanding of the data and projections as to the implication of the results. The use of good quality references all through the paper will give the effort trustworthiness by representing an alertness of prior workings.



Writing a research paper is not an easy job no matter how trouble-free the actual research or concept. Practice, excellent preparation, and controlled record keeping are the only means to make straightforward the progression.

### **General style:**

Specific editorial column necessities for compliance of a manuscript will always take over from directions in these general guidelines.

To make a paper clear

- Adhere to recommended page limits

Mistakes to evade

- Insertion a title at the foot of a page with the subsequent text on the next page
- Separating a table/chart or figure - impound each figure/table to a single page
- Submitting a manuscript with pages out of sequence

In every sections of your document

- Use standard writing style including articles ("a", "the," etc.)
- Keep on paying attention on the research topic of the paper
- Use paragraphs to split each significant point (excluding for the abstract)
- Align the primary line of each section
- Present your points in sound order
- Use present tense to report well accepted
- Use past tense to describe specific results
- Shun familiar wording, don't address the reviewer directly, and don't use slang, slang language, or superlatives
- Shun use of extra pictures - include only those figures essential to presenting results

### **Title Page:**

Choose a revealing title. It should be short. It should not have non-standard acronyms or abbreviations. It should not exceed two printed lines. It should include the name(s) and address (es) of all authors.



## Abstract:

The summary should be two hundred words or less. It should briefly and clearly explain the key findings reported in the manuscript-- must have precise statistics. It should not have abnormal acronyms or abbreviations. It should be logical in itself. Shun citing references at this point.

An abstract is a brief distinct paragraph summary of finished work or work in development. In a minute or less a reviewer can be taught the foundation behind the study, common approach to the problem, relevant results, and significant conclusions or new questions.

Write your summary when your paper is completed because how can you write the summary of anything which is not yet written? Wealth of terminology is very essential in abstract. Yet, use comprehensive sentences and do not let go readability for briefness. You can maintain it succinct by phrasing sentences so that they provide more than lone rationale. The author can at this moment go straight to shortening the outcome. Sum up the study, with the subsequent elements in any summary. Try to maintain the initial two items to no more than one ruling each.

- Reason of the study - theory, overall issue, purpose
- Fundamental goal
- To the point depiction of the research
- Consequences, including definite statistics - if the consequences are quantitative in nature, account quantitative data; results of any numerical analysis should be reported
- Significant conclusions or questions that track from the research(es)

## Approach:

- Single section, and succinct
- As a outline of job done, it is always written in past tense
- A conceptual should situate on its own, and not submit to any other part of the paper such as a form or table
- Center on shortening results - bound background information to a verdict or two, if completely necessary
- What you account in an conceptual must be regular with what you reported in the manuscript
- Exact spelling, clearness of sentences and phrases, and appropriate reporting of quantities (proper units, important statistics) are just as significant in an abstract as they are anywhere else

## Introduction:

The **Introduction** should "introduce" the manuscript. The reviewer should be presented with sufficient background information to be capable to comprehend and calculate the purpose of your study without having to submit to other works. The basis for the study should be offered. Give most important references but shun difficult to make a comprehensive appraisal of the topic. In the introduction, describe the problem visibly. If the problem is not acknowledged in a logical, reasonable way, the reviewer will have no attention in your result. Speak in common terms about techniques used to explain the problem, if needed, but do not present any particulars about the protocols here. Following approach can create a valuable beginning:

- Explain the value (significance) of the study
- Shield the model - why did you employ this particular system or method? What is its compensation? You strength remark on its appropriateness from a abstract point of vision as well as point out sensible reasons for using it.
- Present a justification. Status your particular theory (es) or aim(s), and describe the logic that led you to choose them.
- Very for a short time explain the tentative propose and how it skilled the declared objectives.

## Approach:

- Use past tense except for when referring to recognized facts. After all, the manuscript will be submitted after the entire job is done.
- Sort out your thoughts; manufacture one key point with every section. If you make the four points listed above, you will need a least of four paragraphs.





- Present surroundings information only as desirable in order hold up a situation. The reviewer does not desire to read the whole thing you know about a topic.
- Shape the theory/purpose specifically - do not take a broad view.
- As always, give awareness to spelling, simplicity and correctness of sentences and phrases.

#### **Procedures (Methods and Materials):**

This part is supposed to be the easiest to carve if you have good skills. A sound written Procedures segment allows a capable scientist to replacement your results. Present precise information about your supplies. The suppliers and clarity of reagents can be helpful bits of information. Present methods in sequential order but linked methodologies can be grouped as a segment. Be concise when relating the protocols. Attempt for the least amount of information that would permit another capable scientist to spare your outcome but be cautious that vital information is integrated. The use of subheadings is suggested and ought to be synchronized with the results section. When a technique is used that has been well described in another object, mention the specific item describing a way but draw the basic principle while stating the situation. The purpose is to text all particular resources and broad procedures, so that another person may use some or all of the methods in one more study or referee the scientific value of your work. It is not to be a step by step report of the whole thing you did, nor is a methods section a set of orders.

#### **Materials:**

- Explain materials individually only if the study is so complex that it saves liberty this way.
- Embrace particular materials, and any tools or provisions that are not frequently found in laboratories.
- Do not take in frequently found.
- If use of a definite type of tools.
- Materials may be reported in a part section or else they may be recognized along with your measures.

#### **Methods:**

- Report the method (not particulars of each process that engaged the same methodology)
- Describe the method entirely
- To be succinct, present methods under headings dedicated to specific dealings or groups of measures
- Simplify - details how procedures were completed not how they were exclusively performed on a particular day.
- If well known procedures were used, account the procedure by name, possibly with reference, and that's all.

#### **Approach:**

- It is embarrassed or not possible to use vigorous voice when documenting methods with no using first person, which would focus the reviewer's interest on the researcher rather than the job. As a result when script up the methods most authors use third person passive voice.
- Use standard style in this and in every other part of the paper - avoid familiar lists, and use full sentences.

#### **What to keep away from**

- Resources and methods are not a set of information.
- Skip all descriptive information and surroundings - save it for the argument.
- Leave out information that is immaterial to a third party.

#### **Results:**

The principle of a results segment is to present and demonstrate your conclusion. Create this part a entirely objective details of the outcome, and save all understanding for the discussion.

The page length of this segment is set by the sum and types of data to be reported. Carry on to be to the point, by means of statistics and tables, if suitable, to present consequences most efficiently. You must obviously differentiate material that would usually be incorporated in a study editorial from any unprocessed data or additional appendix matter that would not be available. In fact, such matter should not be submitted at all except requested by the instructor.



## Content

- Sum up your conclusion in text and demonstrate them, if suitable, with figures and tables.
- In manuscript, explain each of your consequences, point the reader to remarks that are most appropriate.
- Present a background, such as by describing the question that was addressed by creation an exacting study.
- Explain results of control experiments and comprise remarks that are not accessible in a prescribed figure or table, if appropriate.
- Examine your data, then prepare the analyzed (transformed) data in the form of a figure (graph), table, or in manuscript form.

### What to stay away from

- Do not discuss or infer your outcome, report surroundings information, or try to explain anything.
- Not at all, take in raw data or intermediate calculations in a research manuscript.
- Do not present the similar data more than once.
- Manuscript should complement any figures or tables, not duplicate the identical information.
- Never confuse figures with tables - there is a difference.

### Approach

- As forever, use past tense when you submit to your results, and put the whole thing in a reasonable order.
- Put figures and tables, appropriately numbered, in order at the end of the report
- If you desire, you may place your figures and tables properly within the text of your results part.

### Figures and tables

- If you put figures and tables at the end of the details, make certain that they are visibly distinguished from any attach appendix materials, such as raw facts
- Despite of position, each figure must be numbered one after the other and complete with subtitle
- In spite of position, each table must be titled, numbered one after the other and complete with heading
- All figure and table must be adequately complete that it could situate on its own, divide from text

### Discussion:

The Discussion is expected the trickiest segment to write and describe. A lot of papers submitted for journal are discarded based on problems with the Discussion. There is no head of state for how long a argument should be. Position your understanding of the outcome visibly to lead the reviewer through your conclusions, and then finish the paper with a summing up of the implication of the study. The purpose here is to offer an understanding of your results and hold up for all of your conclusions, using facts from your research and generally accepted information, if suitable. The implication of result should be visibly described. Infer your data in the conversation in suitable depth. This means that when you clarify an observable fact you must explain mechanisms that may account for the observation. If your results vary from your prospect, make clear why that may have happened. If your results agree, then explain the theory that the proof supported. It is never suitable to just state that the data approved with prospect, and let it drop at that.

- Make a decision if each premise is supported, discarded, or if you cannot make a conclusion with assurance. Do not just dismiss a study or part of a study as "uncertain."
- Research papers are not acknowledged if the work is imperfect. Draw what conclusions you can based upon the results that you have, and take care of the study as a finished work
- You may propose future guidelines, such as how the experiment might be personalized to accomplish a new idea.
- Give details all of your remarks as much as possible, focus on mechanisms.
- Make a decision if the tentative design sufficiently addressed the theory, and whether or not it was correctly restricted.
- Try to present substitute explanations if sensible alternatives be present.
- One research will not counter an overall question, so maintain the large picture in mind, where do you go next? The best studies unlock new avenues of study. What questions remain?
- Recommendations for detailed papers will offer supplementary suggestions.

### Approach:

- When you refer to information, differentiate data generated by your own studies from available information
- Submit to work done by specific persons (including you) in past tense.
- Submit to generally acknowledged facts and main beliefs in present tense.



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	A-B	C-D	E-F
<b>Abstract</b>	Clear and concise with appropriate content, Correct format. 200 words or below	Unclear summary and no specific data, Incorrect form Above 200 words	No specific data with ambiguous information Above 250 words
<b>Introduction</b>	Containing all background details with clear goal and appropriate details, flow specification, no grammar and spelling mistake, well organized sentence and paragraph, reference cited	Unclear and confusing data, appropriate format, grammar and spelling errors with unorganized matter	Out of place depth and content, hazy format
<b>Methods and Procedures</b>	Clear and to the point with well arranged paragraph, precision and accuracy of facts and figures, well organized subheads	Difficult to comprehend with embarrassed text, too much explanation but completed	Incorrect and unorganized structure with hazy meaning
<b>Result</b>	Well organized, Clear and specific, Correct units with precision, correct data, well structuring of paragraph, no grammar and spelling mistake	Complete and embarrassed text, difficult to comprehend	Irregular format with wrong facts and figures
<b>Discussion</b>	Well organized, meaningful specification, sound conclusion, logical and concise explanation, highly structured paragraph reference cited	Wordy, unclear conclusion, spurious	Conclusion is not cited, unorganized, difficult to comprehend
<b>References</b>	Complete and correct format, well organized	Beside the point, Incomplete	Wrong format and structuring



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