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## Funding Sources used by Familiar Businesses in Puebla, México

By Alfredo Pérez Paredes, José Aurelio Cruz De Los Ángeles  
& Amado Torralba Flores

*Benemérita Universidad Autónoma De Puebla*

**Abstract-** Currently, enterprises shape the economic engine of any country or region. Certainly, Puebla municipality's case in Mexico is not the exception, considering that more than 95% of the enterprises settled in Puebla are micro most of them being familiar businesses.

These types of businesses find trouble with the creation and functioning of the enterprise, due to the fact that they do not count with any funding source. That is the reason why it is a matter of interest identify the different funding sources used by this businesses.

In order to achieve the research's main purpose, a research's instrument was created and applied to managers or owners of the familiar businesses in Puebla. The information gathered showed that most of them started the business with their own capital, by the time they had collected the enough amount of money. Likewise, it was found that the main funding sources are family or friends' money, bank credits are less requested.

To conclude, results showed that the most common funding sources used by familiar businesses in Puebla are family members, friends or even their own capital. Unfortunately, the Mexican Bank System does not really support micro entrepreneurs.

**Keywords:** *funding sources, familiar businesses and puebla.*

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# Funding Sources used by Familiar Businesses in Puebla, México

## El Financiamiento De La Empresa Familiar En Puebla, México

Alfredo Pérez Paredes <sup>α</sup>, José Aurelio Cruz De Los Ángeles <sup>σ</sup> & Amado Torralba Flores <sup>ρ</sup>

**Abstract-** Currently, enterprises shape the economic engine of any country or region. Certainly, Puebla municipality's case in Mexico is not the exception, considering that more than 95% of the enterprises settled in Puebla are micro most of them being familiar businesses.

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**Keywords:** *funding sources, familiar businesses and puebla.*

**Resumen-** En la actualidad las empresas conforman el motor económico de cualquier país o región y en el caso del municipio de Puebla en México, no es la excepción sobre todo si se considera que más del 95% de las empresas son micro y la mayoría son empresas familiares.

Estas empresas familiares, se enfrentan al problema del financiamiento para poder crear la empresa y después para el funcionamiento de la misma y es por ello que es de interés identificar como ha sido el financiamiento para este tipo de empresas.

Para lograr lo anterior se diseñó un instrumento para la recopilación de información a empresarios familiares en Puebla y cuestionarles el tema del financiamiento y se encontró que la mayoría de los empresarios iniciaron su empresa hasta que reunieron la cantidad de dinero necesario para poder aperturar su empresa, así mismo, se encontró que las principales fuentes de financiamientos son los familiares o amigos y prácticamente el crédito solicitado a los bancos es muy bajo.

Como conclusiones se pueden decir que el financiamiento para los empresarios familiares en Puebla son los recursos propios o de familiares y lamentablemente el

sistema bancario mexicano en realidad no apoya a los microempresarios.

**Palabras Clave:** *financiamiento, empresas familiares y puebla.*

### I. INTRODUCCIÓN

Las empresas familiares en México conforman más del 90% Simón (2013) de las industrias establecidas, es por ello que se tomó la decisión de hacer la investigación; la misma fue realizada con el objetivo principal de conocer cuáles han sido las fuentes de financiamiento desde el inicio de operaciones hasta su funcionamiento, particularmente en el municipio de Puebla, del estado de Puebla en México, debido que resulta interesante identificar como es que las organizaciones enfrentan los problemas financieros que se llegan a suscitar.

Dentro de la investigación se presentará el marco teórico, que sustentó el estudio realizado, en él se describe detalladamente a las empresas familiares así como los tipos de financiamiento que existen en la actualidad y de los cuales las organizaciones pueden obtener recursos en caso de ser necesarios.

Para la realización de la presente investigación se utilizó un instrumento que permitiera identificar las fuentes de financiamiento en las empresas familiares en el municipio de Puebla, por lo tanto se determinó las características de la población objetivo, se determinó una fórmula para determinar el tamaño de la muestra y se ocupó el programa SPSS para la validación del instrumento para determinar su fiabilidad. Asimismo se identifican los resultados obtenidos de dicho instrumento; éstos se presentan de acuerdo a las dimensiones que se tomaron en cuenta al realizar la encuesta.

Por último se presentan las conclusiones que se obtuvieron de acuerdo a los resultados obtenidos.

### II. MARCO TEÓRICO

Se entiende por empresa al conjunto de recursos humanos, financieros, tecnológicos y materiales que conforman un sistema mediante el cual se pretende satisfacer las necesidades de la demanda, dicha institución ofrece bienes y servicios.

Las empresas pueden clasificarse de acuerdo al número de trabajadores con los que se cuentan, el

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giro comercial al que se dedican, las utilidades que se obtienen al final de un año fiscal, entre otros. Una de las clasificaciones de organizaciones que más presencia tiene es la empresa familiar es por ello que se definirá familia, porque es un elemento principal en este tipo de compañías.

La familia, según la Declaración Universal de la Comisión Nacional de los Derechos Humanos (2010) *"Es el elemento natural y fundamental de la sociedad y tiene derecho a la protección de la sociedad y del Estado"*. Por otra parte, la psicóloga Elizabeth (1998) define a la familia de la siguiente manera; *"La familia es la institución social que regula, canaliza y confiere significado social y cultural a estas dos necesidades"*.

Como ya se mencionó, las empresas familiares son las organizaciones que más impacto tienen a nivel mundial; en México conforman más del 90% de la economía, así lo menciona Simón (2013) quienes generan entre 70 y 72% de empleos en el país, además de conformar el 60% del Producto Interno Bruto PIB; dichos organismos se encuentran alrededor del país creando negocios y formas de ingreso a las familias mexicanas gracias a las ideas innovadoras que presentan los dueños, sin embargo existe un porcentaje alto que indica la tasa de mortalidad de las mismas; es decir, gracias a los retos que se presentan resulta difícil el crecimiento y madurez de las compañías.

Sveen (1991) Define Empresa Familiar como *"una empresa en la que una sola familia posee la mayoría del capital y tiene un control total. Los miembros de la familia forman parte de la dirección y/o toman las decisiones más importantes"*.

Neubauer (1999) También proporciona una definición con sentido amplio, *"una Empresa Familiar es aquella organización de carácter económico cuyo objetivo principal sea la producción o comercialización de bienes y servicios y cuya propiedad pertenece en su totalidad o en una mayoría a un grupo de personas unidas por un vínculo familiar, habitualmente los descendientes del fundador de la misma"*.

Asimismo el autor Stern (1988) ha fomentado el término de empresa familiar como *"una sociedad en la que la política y la dirección están sujetas a la influencia significativa de una o más unidades familiares a través de la propiedad y en ocasiones a través de la participación de los miembros de la familia en la gestión"*.

Una vez que se identificaron y analizaron los diferentes términos que hablan de empresas familiares se ha decidido plantear una definición propia; *"Empresa familiar es aquella entidad económica que está bajo control total o parcial de por lo menos un familiar, es éste quien toma las decisiones más significativas del rumbo que seguirá la organización"*.

Como se observa las empresas familiares son organizaciones que presentan particularidades que las han convertido en objeto de estudio, son entidades

comunes dentro de la economía global, es por ello que a continuación se presentan sus características principales.

### III. CARACTERÍSTICAS

Todas las organizaciones presentan condiciones específicas que las hacen diferentes unas de otras, es decir porque se diferencian entre las demás; las empresas familiares cuentan con características particulares por las cuales se reconocen, es necesario estudiarlas, se presentan de la siguiente manera:

- Propiedad accionaria. El o los familiares tienen es su poder el control total o parcial de las acciones, capital social de la entidad económica.
- Capacidad de voto mayoritaria. Se refiere a que la capacidad para la toma de decisiones recae en los miembros de la familia, aquellos individuos que fundaron la empresa o los que sucedieron el patrimonio.
- Gestión de la compañía. Por lo menos un familiar es el que participa en la gestión y dirección de la organización. *Emprendepyme.net* (2016).

Se identifica que la principal característica que presenta las empresas familiares se debe a que uno o varios integrantes de la familia tienen participación en los asuntos relacionados de capital, gestión y toma de decisiones.

Las entidades económicas tienen ventajas y desventajas por las que los individuos se deciden a constituir una empresa familiar, éstas se muestran a continuación.

Dentro de las empresas familiares se observan fuerzas dominantes, hay que entenderlas, identificarlas y saber diferenciarlas, gracias al estudio realizado por los investigadores Taguiri y Davis este proceso se facilita, su investigación es presentada en el modelo de los tres círculos.

#### a) Modelo de tres círculos

Los investigadores de Harvard Taguiri & John A. Davis (1978) crearon un modelo de tres círculos que permite identificar las fuerzas dominantes que conllevan el concepto de empresa familiar, en dicho modelo se puede encontrar la interconexión que existe en el ambiente laboral de una empresa familiar, es un sistema compuesto por tres sub-sistemas: los propietarios, empleados de la empresa y los miembros de la familia.

El objetivo principal es identificar y analizar las problemáticas que se pueden suscitar en las relaciones familiares y empresariales, ya que en ciertas ocasiones se crean problemas al no tener un rol específico dentro del sistema.

*El ámbito de la familia* busca el mantenimiento de la armonía familiar y el desarrollo personal de sus

miembros. Entre sus actividades críticas se destaca la definición de la misión familiar, y del protocolo familiar, el diseño y gestión eficaz de los órganos de gobierno familiar, y la gestión de los conflictos familiares. El Consejo Familiar es el principal órgano.

*El ámbito de la propiedad* persigue el mantenimiento de la armonía accionarial, la gestión del patrimonio familiar con el fin de mantenerlo y aumentarlo, y el mantenimiento y mejora de la rentabilidad y la posición competitiva. Entre sus actividades críticas destacan la definición del plan estratégico de la empresa, el diseño y gestión eficaz de los órganos de gobierno de la empresa y la selección de los miembros del consejo de administración, la gestión de los conflictos entre accionistas y la selección del sucesor.

*El ámbito de la empresa* persigue la máxima eficacia, la mejora del clima organizativo y el continuo desarrollo organizativo. Entre sus actividades críticas destacan el diseño de la estructura organizativa, la gestión del cambio y de la innovación y el establecimiento de la política de recursos humanos: selección, desarrollo, identificación y compromiso del personal.

Es de vital importancia diferenciar los ámbitos en los que se desarrollará la empresa para identificar las posibles problemáticas que se pueden suscitar, gracias al modelo presentado es más fácil reconocerlos, el de la familia, propiedad y empresarial. Todos presentan actividades específicas que se deben llevar a cabo para que el contexto sea armonioso entre la familia-empresa.

El modelo de tres círculos ha servido de base para el desarrollo del modelo de cinco círculos, en este se describen los cinco problemas raíz a los que se enfrenta la empresa, el modelo se presenta en el siguiente apartado.

#### b) Modelo de cinco círculos

Las empresas familiares se enfrentan a diferentes problemas a lo largo de la vida empresarial, sin embargo, todos ellos se derivan de cinco problemas en específico; es así como lo describe Amat (2000) quien propone un modelo de cinco círculos "la familia, la propiedad, el negocio, la gestión y la sucesión" el modelo se deriva del modelo de tres círculos. Este modelo busca complementar el modelo anterior permitiendo analizar los problemas desde las tres áreas que fueron consideradas por Davis.

De acuerdo a lo que describe el modelo, hay cinco problemas principales a los que se enfrentan las empresas, siendo el de sucesión el que más impacto tiene ya que a pesar de que las organizaciones se hayan administrado correctamente al no tener quien siga con el negocio familiar, éste puede concluir.

Considerando las estadísticas recientes del (INEGI) "70% de los negocios familiares desaparecen después de la muerte de su fundador, sólo entre un 10 y un 15% consiguen llegar a la tercera generación, que,

por lo general, disuelve los activos creados. Es bien conocido el refrán: la Primera generación funda la empresa, la segunda la hace crecer y la tercera liquida todo".

La principal tasa de mortalidad de empresas en México se debe a que no se tiene un plan de sucesión documentado, según la encuesta aplicada en 2014 por la PWC (2014), sólo el 16% del total de empresarios cuenta con dicho plan.

Sin embargo no siempre resulta así y es por ello que existen casos de éxito en los que se documenta el inicio de empresas que han llegado a ser transnacionales, éstas tuvieron sus inicios como empresas familiares, gracias a la organización que se tuvo y las visiones de sus líderes las compañías actualmente son consideradas como las mejores, la revista Forbes (2015) realizó un artículo en el cual se describen las 25 empresas familiares más poderosas del mundo; a continuación se muestran las mejores 3.

1. Walmart  
Estados Unidos  
Familia Walton  
Ingresos: 476,300 mdd  
Empleados: 2,200,000

Es una corporación multinacional de tiendas de origen estadounidense, que opera cadenas de grandes almacenes de descuento y clubes de almacenes.

2. Volkswagen  
Alemania  
Familia Porsche  
Ingresos: 261,600 mdd  
Empleados: 572,800

Fabricante de automóviles alemán es la marca original y más vendida del Grupo Volkswagen, el mayor fabricante de automóviles alemán y el segundo mayor fabricante de automóviles del mundo.

3. Berkshire Hathaway  
Estados Unidos  
Familia Buffett  
Ingresos: 182,200 mdd  
Empleados: 330,745

Tiene sus raíces en la fábrica textil establecida en 1839, se ha expandido notablemente y se dedica desde la venta de joyería hasta la fabricación de ladrillo.

Como se aprecia, existen empresas que han logrado seguir y alcanzar el éxito aún después de la muerte de sus fundadores, esto se debe a la visión que se ha tenido en las diferentes organizaciones.

Otra problemática de suma importancia a la que se enfrentan las empresas familiares es la el financiamiento, ya que en pocas ocasiones se cuenta con el capital necesario, cuando no se tiene, hay que buscar fuentes que financien la idea, es por ello que a continuación se muestran las diferentes teorías de financiamiento.

#### IV. FINANCIAMIENTO

Encontrándose en un contexto altamente cambiante y sumamente interconectado, la generación de nuevas empresas requiere de capital para trabajar en los proyectos identificados dadas las oportunidades en las que se encuentra y los recursos con los que cuenta.

Las empresas que se crean son principalmente micro empresa, empresa familiar o pequeña empresa, según los datos mencionados con anterioridad.

Es trascendente el auge en la toma de decisiones financieras debido a que cualquier incidencia que se tome va a afectar los intereses de los empresarios intervinientes.

Roman (2012) indaga que la Administración Financiera “es una disciplina que optimiza los recursos financieros para el logro de los objetivos de la organización con mayor eficiencia y rentabilidad”.

Los servicios financieros constituyen la parte de las finanzas que se ocupa del diseño y la entrega de productos financieros a individuos, empresas y gobiernos, así como de brindarles asesoría. Implica varias oportunidades interesantes de carrera en las áreas de banca, planeación financiera personal, inversiones, bienes raíces y seguros, Gitman (2007).

Según Mishkin (2008) “el sistema financiero tiene cómo actividad central transferir los fondos de las personas que los tienen, a quienes tienen un déficit, por lo que el sistema financiero promueve una mayor eficiencia, ya que hace rentable el dinero de quien no lo necesita llevándolo a quien si lo hace producir”.

Resulta importante destacar el financiamiento como factor fundamental para la puesta en marcha de una empresa, puesto que es generado por diferentes teorías que enmarcan el contraste entre cada una de éstas y muestran de dónde se origina dicho financiamiento. Las teorías influyen en el desempeño y desenvolvimiento de las organizaciones ya que ofrecen aspectos a interpretar sobre incidencias en los mercados financieros y con ello conseguir tomar las decisiones necesarias para beneficio de las organizaciones y conseguir los objetivos meta.

Gitman (2007) En Principios de Administración Financiera define a las finanzas “como el arte y ciencia de administrar el dinero”. Asimismo reconoce a las instituciones financieras como el “Intermediario que canaliza los ahorros de los individuos, las empresas y los gobiernos hacia préstamos o inversiones”.

Con lo que de acuerdo a lo que plantea Santandreu (2000), financiar significa “dotar de recursos suficientes para la cobertura de todas las necesidades creadas por una inversión o gasto corriente. La financiación se puede efectuar a través de capital o reservas, y/o a través de deudas. En el primer caso, la financiación se denomina recursos propios, y en el

segundo, se denomina fondos o recursos ajenos (endeudamiento)”.

Es decir “el financiamiento es el abastecimiento de dinero, vía crédito, aportación de capital y fondos de cualquier clase que se emplean en la realización de un proyecto o en el funcionamiento de una empresa”. Hinojosa & Alfaro (2000).

En base a lo que indica Pinea Ortega (2008) “Los financiamientos de proyectos tienen varias características comunes, el financiamiento basado en un proyecto necesariamente implica la adaptación del paquete de financiamiento a las circunstancias de un proyecto particular”. Con lo que se interpreta que el financiamiento debe ser acorde a lo que se requiera únicamente y lo que será capaz de pagarse.

Gitman (2007) Considera que el financiamiento a corto plazo “consta de obligaciones que se esperan venzan en un año o menos”.

En base a las aportaciones de los diferentes autores antes mencionados, se considera que las finanzas son el conjunto de recursos monetarios con los que se cuenta y se tiene a disposición de cualquier decisión considerada como propia a la situación en la que se encuentra. Derivado de ello las fuentes de financiamiento, las cuales se describen de la siguiente manera.

Betancourth (2010) indica que “*Las fuentes de financiamiento* son todos aquellos mecanismos que permiten a una empresa contar con los recursos financieros necesarios para el cumplimiento de sus objetivos de creación, desarrollo, posicionamiento y consolidación empresarial”.

Las fuentes que se identificaron son principalmente de ámbito interno y ámbito externo.

Las fuentes de financiamiento interno son consideradas aquellas que vienen a consecuencia de la actividad que realiza la empresa. Entre las más importantes se encuentra:

- *Capital Social Común*: Cuando se recurre a la liquidación de los fondos representados en los activos, para utilizarlos en otras actividades del negocio y en rubros diferentes de los que originalmente provenían. León (1999).
- *Generación interna de fondos (GIF)*: Esta fuente es la más importante de todas ya que representan los fondos que directamente se producen en la operación del negocio y da la pauta para evaluar las posibilidades a largo plazo de la empresa tales como posibilidades de crecimiento, de reparto de dividendos, de recuperación económica, etc. León (1999).
- *Aportes de capital*: Cualquier aporte que hagan los socios, en efectivo o en especie, se constituye en una fuente de fondos en la medida en que la administración dispone de dichos recursos para

realizar las operaciones propias del negocio, es decir, para aplicarlos. León (1999).

- Con lo que las fuentes externas son suministradas por instituciones o establecimientos ajenos. Hinojosa & Alfaro (2000), infieren que “el financiamiento por endeudamiento es una fuente de fondeo a la que la empresa puede acudir, en la medida en que esta fuente proporcione recursos a la empresa también demandará que se le reembolsen así como los intereses que se cause”.

Entre las principales se encuentra:

- Crédito bancario. Es un tipo de financiamiento a corto plazo que las empresas obtienen por medio de los bancos con los cuales establecen relaciones funcionales. El crédito bancario es una de las maneras más utilizadas por partes de las empresas hoy en día de obtener financiamiento necesario. Indica Rossana (2010).
- Papel comercial. Según Besley & Brigham (2003) “es un tipo de pagare no garantizado, emitido por empresas grandes y fuertes; que se les venden principalmente a otros negocios, compañías de seguros, fondos de pensiones, fondos mutualistas del mercado de dinero y bancos”.
- Línea de crédito. De acuerdo a Weston y Brigham(1994) “es un acuerdo que se celebra entre el banco y un prestatario en el que indican el crédito máximo que el banco extenderá al prestatario”
- Proveedores. “El crédito de proveedores se constituye así como fuente vital de recursos, al tener una relación comercial con las empresas que les otorga una ventaja comparativa frente a las instituciones financieras, tanto en la facilidad de obtención de información sobre sus clientes como en la capacidad de liquidar bienes embargados, a la vez que tienden a tener un mayor interés implícito en la supervivencia de la empresa a largo plazo”. Indica Pavón (2010).

Se alude a la estrecha relación en la que se encuentra el empresario con su proveedor dado el suministro de materiales necesarios para mantener en actividad la empresa.

Resulta importante identificar y analizar las fuentes de financiamiento para verificar cual es la conveniente para la empresa, ya que como se observa existen diferentes fuentes de financiamiento y algunas varían un poco más de otras.

Se podría hacer mención de lo que se entiende por financiamiento público o privado, interpretándose el primero como aquellos recursos que se obtienen a través del gobierno, y el financiamiento privado que es aquél que se obtiene mediante instituciones privadas como los bancos.

Autores como Stoll y Curley (1970) citado por Davidson & Dutia (1991) indican que los principales problemas encontrados por las empresas, mayormente

de nuevo ingreso, es la falta de liquidez y el acceso a financiamiento externo en los periodos y montos requeridos para lograr su desempeño óptimo, en la manera eficiente y eficaz.

Existen teorías que identifican factores clave que intervienen en la adquisición de financiamiento. Que dependiendo de la teoría, enuncian elementos específicos a interpretar.

Se identificó La Teoría de la Jerarquía propuesta por Donaldson (1961) y retomada por Myers & Majluf (1984), también conocida como “Pecking Order” establece una ordenación a la hora de obtener financiación para nuevas inversiones. Esta jerarquía consiste básicamente en que las empresas optan preferentemente por la financiación interna, es decir, beneficios retenidos y amortización y, en caso de tener que recurrir a financiación externa optan, en primer lugar, por deuda y en último lugar, por ampliaciones de capital.

La teoría de los mercados perfectos según Fazzari & Athey (1978), señala que todos los participantes tienen el mismo grado de información; es una teoría de tipo ideal, porque los mercados financieros presentan imperfecciones que inciden en su buen funcionamiento y que condicionan el acceso a la financiación de los solicitantes de fondos.

Un inconveniente del mercado de capitales que afecta al financiamiento es la asimetría de la información según Cazorla & López(2004) la asimetría de información consiste en que los suministradores de recursos financieros - accionistas y acreedores- tienen menos información sobre las características del proyecto a financiar y sobre las características de la empresa y del empresario.

Bajo el enfoque de la asimetría de la información se encuentra la Teoría del Racionamiento del Crédito propuesta por Stiglitz & Weiss (1981) que “indican que el racionamiento del crédito puede tener dos posibles efectos principales generados por las condiciones que establecen los proveedores de fondos y debido al limitado conocimiento que poseen de las empresas y sus proyectos: selección adversa o riesgo moral” indica Quiroga (2010).

Con lo que los prestatarios buscan en su caso a aquellos que demuestren tener un menor riesgo, lo que evidentemente afecta a las empresas de nuevo ingreso debido a la volatilidad en el medio que se encuentran, representando eventualidades inesperadas.

Se relaciona a la solicitud de algún crédito con lo cual se identifica que se requieren dos tipos de solvencia. La solvencia económica y la solvencia moral.

La solvencia económica hace referencia a que el valor monetario que se solicita en la institución bancaria debe ser una tercera parte de lo que como capital obtenido hasta el momento en el que se solicite, es decir, si se requirieran \$1,000.00 debería

comprobarse que la empresa tiene la capacidad para solventar la inversión mostrando utilidades de \$3,000.00.

La solvencia moral hace referencia al ámbito personal, el cómo es percibido el individuo que solicita el financiamiento y la influencia que tiene como sujeto particular.

Zorrilla (2006) indica que la importancia del capital financiero recae principalmente en incrementarlo, y para esto se debe de invertir en otros tipos o formas de capital, ya que esta reacción en cadena genera un aumento en la rentabilidad y beneficios de la empresa, al mismo tiempo que se incrementa el valor del capital en conjunto.

En cada teoría se identifican factores característicos que en sí son clave para cada teoría y con lo cual se discierne una de otra.

Geho y Frakes (2013) señalan que aun cuando ya termino la recesión mundial en el año 2009, en la actualidad las PYME, siguen en una gran lucha por acceder a los capitales y financiar sus operaciones y crecimiento.

Con lo que se identifica aún las dificultades de generar negocios que lleguen a la etapa de madurez y consolidar la organización para la generación de recursos aun cuando existen recursos disponibles no se encuentran al alcance de los solicitantes en la mayor parte de los casos.

Fazzari & Athey (1978) consideran que "se vuelve trascendental señalar que una distribución financiera, es una condición necesaria para afrontar con ciertas garantías de éxito, los retos que plantea el entorno actual" Con lo que "una composición financiera es uno de los principales problemas estructurales que limitan sus posibilidades de supervivencia y crecimiento en el mercado y no le permiten el acceso a una financiación en condiciones de costo, plazo y vencimiento adecuado" indican Hellmann & Stiglitz (2000).

La distribución financiera a largo plazo viene siendo aspecto de relevancia para la administración y proyección de capitales.

Se considera oportuno destacar la importancia del financiamiento y la agregación de capital a la empresa como medio de cumplimiento de necesidades para el beneficio y consecución de nuevas oportunidades en los mercados en los que se desarrolla o bien para conseguir el desempeño óptimo dada la situación en la que se sitúe.

## V. METODOLOGÍA

A continuación, se presenta el desarrollo de la investigación que se llevó a cabo en el municipio de Puebla, durante el año 2017, con el propósito de identificar cuáles son los usos del financiamiento en empresas familiares.

Para el presente estudio se consideraron empresas familiares con las características objeto de estudio: empresas con 0 a 10 empleados, es decir Micros y Pequeñas empresas, tanto comerciales, servicios e industrias manufactureras ubicadas exclusivamente en el municipio de Puebla, dando un total de 80,573 empresas familiares generando una muestra de 382 empresas.

Para el presente trabajo de investigación se utilizó el software SPSS, donde se capturaron cada una de las variables utilizadas en cada ítem, para posteriormente determinar el Alfa de Cronbach en el menú de analizar escala de fiabilidad con el coeficiente mencionado.

Se obtuvo el siguiente resultado: el coeficiente de fiabilidad para todas las escalas, su fiabilidad, estimada mediante el indicador Alfa de Cronbach es de 0.830, lo que se considera que es un instrumento con un nivel de confianza satisfactorio.

*Tabla 1:* Resumen del procesamiento de los casos

| Casos         | N   | %     |
|---------------|-----|-------|
| Válidos       | 382 | 100,0 |
| Excluidos (a) | 0   | 0     |
| Total         | 382 | 100,0 |

*Eliminación por lista basada en todas las variables del procedimiento.*

*Tabla 2:* Estadísticos de Fiabilidad

| Alfa de Cronbach | Alfa de Cronbach basada en los elementos tipificados | No. de elementos |
|------------------|--|------------------|
| 0,817            | 0,817  | 6                |

*Fuente:* Elaboración propia con base a cuestionario y a software estadístico SPSS

Como se observa, el resultado obtenido en el sistema SPSS, el Alfa de Cronbach es de 0.817, por lo que se considera una fiabilidad buena, por lo tanto, el cuestionario tiene validez y confiabilidad.

## VI. RESULTADOS

Primero que nada, se presentará la información obtenida por parte de las empresas familiares encuestadas para tener un panorama de cómo se caracterizan en este municipio de Puebla.

(a) *Giro de las empresas:* En esta parte se encontró que el 65.38% de las empresas familiares se desenvuelven en el sector Comercio, lo que no resulta nada extraño ya que dicho municipio es una cabecera distrital en donde la actividad comercial es una de las vocaciones productivas más fuertes que concentran a comerciantes de toda la región que se conforma de los municipios aledaños. En menor medida el 31.54% es en el sector servicios y el 3.08% en el sector industrial.

- (b) *Lugar de inicio de la empresa:* El lugar para crear una empresa familiar en la mayoría de las ocasiones suele ser un lugar rentado y en este caso se encontró que el 63.85% realizó la contratación de un local, el 21.15% tuvo la oportunidad de omitir el pago de una renta toda vez que contaba con un local propio, el 11.92% utilizó su propia casa y por el último 3.08% prefirió no contestar en este sentido.
- (c) *Utilización de Recursos Financieros:* También se cuestionó si cuando iniciaron las operaciones de la empresa familiar utilizaron recursos financieros propios y en este sentido se encontró que el 86.92% utilizó recursos propios y solo el 13.08% utilizó otras fuentes de financiamiento, reflejando como la mayoría de los empresarios familiares decidieron iniciar hasta que cuentan con todos los recursos para poder realizarlo.
- (d) *Edad de los empresarios:* Se identificó que la edad de los empresarios familiares cuando iniciaron su actual empresa fue de los 18 a los 62 años y se determinó que la edad promedio es de 35.24 años.
- (e) *Nivel de escolaridad:* Sin duda la formación de los empresarios familiares es fundamental para administrar adecuadamente una empresa, el 26.54% solo cuenta con educación básica, el 40% cuenta con educación media superior y solo el 33.46% cuenta con educación superior.
- (f) *Importancia del uso de los financiamientos:* En cuanto a la apreciación de la importancia del uso de los financiamientos se encontró que el 30.77% considera que los financiamientos ayudan a crecer y mejorar las empresas, así mismo el 47.31% no lo considera así y solo el 15.77% manifestó no saberlo.
- (g) *Uso de Créditos:* Sin embargo, cuando se les cuestionó si habían utilizado algún tipo de financiamiento cuando la empresa familiar lo necesitaba se encontró que solamente el 42.31% de los encuestados manifestó haberlo hecho y el 57.69% comentó que no lo hizo, se presentan los resultados por rango de edad.

| Rango de Edad |    | Utilizó Financiamiento | No utilizó Financiamiento |
|---------------|----|------------------------|---------------------------|
| 18            | 26 | 42.55%                 | 57.45%                    |
| 27            | 35 | 47.25%                 | 52.75%                    |
| 36            | 44 | 32.61%                 | 67.39%                    |
| 45            | 53 | 36.36%                 | 63.64%                    |
| 54            | 62 | 57.14%                 | 42.86%                    |

Fuente: Elaboración propia con los resultados del instrumento

Lo anterior refleja que la edad no influye realmente para que los empresarios decidan solicitar un financiamiento y por ello se correlacionó las variables de edad contra la utilización del crédito y se encontró que fue de 0.036, este resultado se obtuvo con el

programa SPSS y se muestra el resultado obtenido en la siguiente tabla.

|                | Edad  | Financiamiento |
|----------------|-------|----------------|
| Edad           | 1.000 | .036           |
| Financiamiento | .036  | 1.000          |

Fuente: Elaboración con programa SPSS

- (h) *Fuente de los Financiamientos:* De los que obtuvieron financiamiento se encontró que el 35.29% lo obtuvieron con familiares, el 7.69% con amigos, el 28.05% lo consiguió en un banco, el 2.26% con programas gubernamentales y solo el 26.71% respondió que lo obtuvo de otra fuente.
- (i) *Destino de los Créditos:* El 20.99% de los recursos se destinó a la compra de maquinaria, el 45.80% se orientó a la compra de materia prima, el 18.71% se invirtió en mobiliario y solo el 14.50% en infraestructura.
- (j) *Actual fuente de Ingresos:* En esta parte se encontró que el 80.99% utiliza solamente sus propios ingresos, el 8.45% préstamos personales, el 6.69% financiamientos privados y solo el 3.87% se utiliza tarjetas de crédito.
- (k) *Otorgamiento de Créditos a Clientes:* Por último se encontró que el 86% de los encuestados actualmente no otorga financiamientos a sus clientes, el 14% manifestó que si los otorga, lo que refleja que los actuales empresarios no tienen confianza en sus clientes.

## VII. CONCLUSIONES

En México la mayor cantidad de empresas familiares se constituye por micro, y pequeñas, quienes representan el 99.5% del total de las empresas del país, de las cuales las microempresas constituyen el 95.5%. Este tipo de empresas se enfrentan a múltiples problemas, siendo uno de ellos el financiero.

El mayor porcentaje de las empresas familiares solo utiliza las fuentes de financiamiento internas considerándose en mayor porcentaje préstamos con familiares y amistades con un 42.95% que se obtuvo como resultado de la investigación, y se recurre a otras fuentes de financiamiento en menor proporción con los bancos o fuentes gubernamentales.

También se identificó que los financiamientos se destinan principalmente para las compras de materias primas y en menor medida en cuestiones de maquinaria e infraestructura, lo que sin duda no permite un crecimiento o expansión como empresa, sobre todo cuando se descubrió que el 80.99% de las empresas familiares utiliza actualmente como fuente de financiamiento los ingresos propios que se generan por el funcionamiento de la empresa.

Lo anterior refleja porque actualmente las empresas familiares no otorgan financiamiento a sus

clientes, es decir el 86% de ellas no lo consideran como una opción para incrementar sus ventas.

Si bien es cierto que el 30.77% de las empresas familiares consideran que las fuentes de financiamiento si son importantes para crecer y mejorar el funcionamiento de la organización, todavía las fuentes de financiamiento siguen siendo los ingresos propios o el que se genera de familiares y amigos.

Se deja este trabajo como un diagnóstico de cómo se encuentra este tema al interior de las empresas familiares, para que posteriormente se puedan identificar algunas otras variables o actores que influyen en los créditos.

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# The Mediating Effects of Both Competency and Scope of Safety Committee on the Relationship between Management's Commitment and Effective Safety Committees

By Ummu Kolsome Farouk

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**Abstract-** The purpose of this paper, relating to occupational safety and health committees (OSHCs), is to discover the mediating effects of both competency of OSHCs and scope of OSHCs, respectively, on the relationship between management's commitment - in terms of both active management commitment and passive management commitment, respectively - and effective OSHCs in Malaysia. Using survey data from 231 manufacturing firms, operating in Malaysia, the study empirically examined the influence of active management commitment, passive management commitment, and competency of OSHCs and scope of OSHCs on the perceived effectiveness of OSHCs. Respondents of the survey method, who were members of OSHCs, perceived all five variables at the medium level, with scope of OSHCs having the highest mean value (mean = 3.70) and active management commitment the lowest mean value (mean = 3.11). Multiple regression analyses suggested that all variables, excluding passive management commitment, had significant positive associations with perceived effectiveness of OSHCs, with competency of OSHCs, having the strongest positive association with it. Findings also suggested that both competency of OSHCs and scope of OSHCs, partially mediated the relationships, between both types of management commitment and perceived effectiveness of OSHCs.

**Keywords:** *employee involvement, laws, safety committees, workplace, self-regulation, empowerment.*

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



THE MEDIATING EFFECTS OF BOTH COMPETENCY AND SCOPE OF SAFETY COMMITTEES ON THE RELATIONSHIP BETWEEN MANAGEMENT'S COMMITMENT AND EFFECTIVE SAFETY COMMITTEES

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## I. INTRODUCTION

### a) Background

Safety committees are a form of representative employee involvement, or employee co-operation with management, in the management of occupational safety and health (OSH), at the workplace. The changing work environments, precipitated by the transition of many countries into an industrial based economy, exhibited varied and evolving hazards; and

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the financial and human constraints of the governmental agency, in promulgating timely and relevant OSH laws, let alone enforcing them, brought about the recognition, that employee involvement was of primary importance, in reducing or eliminating the varied causes of workplace safety and health hazards: employees' apathy towards OSH (Barrett and James, 1981), poor safety management practices (Ali and Wan Mohammad, 2009), weak implementation of safety management practices (Ismail and Omar, 2003).

In light of the above, collaborative structures, involving employees, were sanctioned in some countries (e.g. United Kingdom, Australia, New Zealand, Singapore, Malaysia) via Robin' type legislation to introduce OSH self-regulation at the workplace. For example, Robins' type legislation in those countries might incorporate provisions mandating the need for employee consultation/engagement in OSH, or the appointment of employees' safety and health representatives; or the establishment of occupational safety and health committees (OSHCs), comprising members who are representative of management and non-management employees, respectively. In Malaysia, Section 30 of the Occupational Safety and Health Act 1994 (OSHA 1994) mandates the establishment of OSHCs in workplaces with more than 40 employees.

With this change in approach towards managing OSH at the workplace, the query is whether workplaces in Malaysia have become safer after the OSHA 1994 came into effect? In Malaysia, according to the Social Security Organization's Annual Report (2017), the number of industrial accidents reduced by more than 50%, from 75, 386 cases (in the year 2000) to 34, 376 cases (in the year 2009), and then rose again slightly to 35, 294 cases (in the year 2014). The number of industrial accidents seems to be in a state of flux after the year 2009. However, based on data sourced by the author, in April 2012, from the Department of Occupational Safety and Health (DOSH), Malaysia, the fatal injury rate, per 100 000 employees in the manufacturing sector, shows a marked increase from the year 1998 (4.7%) until the year 2011 (30.3%). This author argues that one of the many possible factors,

explaining the fluctuating number of industrial accidents and marked increase in fatality rates, might bathe inadequate level of effectiveness of OSHCs that is integral to the OSH self-regulation approach adopted in Malaysia.

b) *Purposes and Significance of the Study*

OSHCs, comprising management and non-management representatives, enable persons proximate to workplace hazards to eliminate or abate them. Established OSHCs may be symbolic, prompting researchers in countries (primarily from the West), that have utilized the OSHC as a public policy approach, to manages at the workplace, to determine its effectiveness and the determinants of its effectiveness (Shear, 2005; Walters, 2010). This study adds to past literature by providing empirical evidence as to the factors that are associated with the perceived effectiveness of OSHCs in manufacturing firms operating in Malaysia; and how these factors are related to each other in explaining the phenomenon of interest. Hence, this study attempts to answer the following three research questions: RQ1: Which among the four factors of active management commitment, passive management commitment, competency of OSHCs and functions of OSHCs, are most important, in terms of explaining the variance in the perceived effectiveness of OSHCs? RQ2: Do both competency of OSHCs and scope of OSHCs, respectively, mediate the relationship between active management commitment and perceived effectiveness of OSHCs? RQ3: Do both competency of OSHCs and scope of OSHCs, respectively, mediate the relationship between passive management commitment and perceived effectiveness of OSHCs?

The findings are important because Malaysia is moving into the third phase of the OSH Master Plan 2015 (Government of Malaysia, 2005), that spans the years 2016 to 2020, in which a 'systems based' approach that embraces "strategic decision-making and operational action" (Hamalainen, Saaremaa, and Takele, 2009, p.26) towards OSH is envisioned. This author argues that central to this 'systems based' approach is the prevalence of an effective collaborative structure that in Malaysia is in the form of effective OSHCs.

c) *Literature Review*

In Malaysia, Section 30 of the Occupational Safety and Health Act 1994 (OSHA 1994) mandates the establishment of OSHCs in workplaces with 40 or more employees; and specific provisions within it and the Occupational Safety and Health (Safety and Health Committee) Regulations 1996 (SHCR 1996), to be discussed below, shape the competency and functioning of OSHCs.

i. *Effectiveness of OSHCs*

Effectiveness of OSHCs can be measured using accident/injury statistics or perceptual measures.

The former measure is more suited for a longitudinal study (Honaker *et al.*, 2005), is prone to underreporting (Arises, 2003; Way, 2007), and captures only the reactive ability of an OSHC (e.g. to prevent the reoccurrence of an accident/injury). Perceptual measures when used might erroneously measure the 'means' of a committee as opposed to its 'ends'. For example, Eaton and Ocarina's (2000) perceptual measures of effective OSHCs - in contrast to Bode *net al.* (1984), wherein, perceptual measures focused on the internal dynamics of the committee (e.g. perceived group cohesiveness and commitment of committee members) - considered the abilities of an effective committee along five areas to improve workplace safety and health (e.g. proactive, reactive, educative, productivity and change). The perceptual measures used in Eaton and Ocarina (2000) captured the 'ends' of an OSHC as opposed to the perceptual measures in the latter study that captured the 'means' towards its ends.

A proactive role, unlike a reactive role that necessitates a remedial response, is preemptive in nature. Hence, an OSHC must be able to foresee safety and health issues and act accordingly before an unwanted incident occurs. The OSHC, being representative of employees, has to be able to educate management and non-management members alike at the workplace about safety and health issues; and consider how the promotion of safety and health issues can enhance productivity and reduce costs. Lastly, the OSHC, as a representative institution, should have the ability to transform work processes/practices, equipment/materials and substances/chemicals prevalent at the workplace especially when safety and health hazards are inherent within them.

ii. *Management Commitment*

Management's commitment towards OSH in general and OSHCs in particular, is manifested in the safety practices (Walters and Nichols, 2006) adopted in an organization that is also a reflection of upper management's safety culture (Vinod kumar and Basic, 2010). Hence, this author argues that contrary to past research (Subramanian *et al.*, 2016; Jaffa *et al.*, 2017), management commitment, in itself, should not be conceptualized as a safety management practice. Past research has evidenced significant positive associations between safety management practices (e.g. health and safety programs, provision of training, time and financial resources to enable members of OSHCs to perform their legislative duties) on the one part, and effective OSHCs (Eaton and Ocarina, 2000; Walters and Nichols, 2006; Farouk, 2017) on the other.

In Malaysia, the OSHA 1994 has mandated specific safety management practices, in the hopes that every organization will then voluntarily adopt other relevant safety management practices, for the purpose of improving OSH at the workplace. The study by Farouk (2017) conceptualized passive management

commitment as measuring safety management practices mandated by law, and active management commitment was conceptualized as measuring the adoption of safety practices not mandated by law; and the results of the said study, evidenced that manufacturing firms in Malaysia had adopted both types of safety management practices. However, the level of adoption of non-mandated safety practices (active management commitment) was lower, than that of mandated safety practices (passive management commitment), based on the mean values of 3.11 and 3.66, respectively. The results of the study also showed significant positive associations, between both active and passive management commitment, respectively, with perceived effectiveness of OSHCs, with active management commitment, having a more significant positive association with the dependent variable of interest.

### iii. *Competency of OSHCs*

In Malaysia, members of an OSHC must be competent in executing their legislative functions (Part V, SHCR 1996). Competency in legal (e.g. OSH laws), technical (e.g. hazard recognition and prevention, industrial hygiene, OSH inspections) and committee process matters (e.g. problem-solving, management of committee) is important to enable co-management between employers' and employees' representatives, respectively, at the workplace in terms of risk identification and resolution. The study by Farouk (2016) evidences a significant positive association between competency of OSHCs and perceived effectiveness of OSHCs.

Employers in Malaysia have a legal duty imposed upon them in Part V, SHCR 1996 - enforceable under Regulation 32 of the SHCR 1996 - to take steps as are reasonably practicable, to provide members of OSHCs with adequate training on safety and health, to enable them to function effectively. Consequently, employers have the sole discretion to determine the frequency, adequacy, quality and mode of training. Enforceability of this provision is difficult owing to its lack of specificity and its dependence upon the auditing and relationship skills of the enforcement officers. Hence, this author argues that competency of OSHCs would mediate the relationship between management commitment - as conceptualized by Farouk (2017) and explained in subsection 1.3.2 above - and perceived effectiveness of OSHCs.

### iv. *Scope of OSHCs*

In Malaysia, members of an OSHC must be able to execute their legislatively prescribed functions stipulated in Section 31 of the OSHA 1994 and Part III of the SHCR 1996. These functions are the 'means' that need to be undertaken so that an OSHC can achieve its 'ends' (see subsection 1.3.1 above). They cover these areas: inspective, investigative, review (e.g. of

technology, systems and internal information), collection and assessment of information, liaising with safety inspector, and educative. The study by Farouk (2016) evidences a significant positive association between scope of OSHCs and perceived effectiveness of OSHCs.

Employers in Malaysia have a legal duty imposed upon them in Part V, SHCR 1996 - enforceable under Regulation 32 of the SHCR 1996 - to ensure that members of the OSHC have a basic knowledge and understanding of their legislatively prescribed functions. However, the OSHC, to be able to exercise those legislative functions, might need the support of management in terms of provision of time (Walters and Nichols, 2006), financial or human resources. Also, remuneration by management - for the added tasks executed in one's capacity as a member of an OSHC - is important, in terms of motivating the said member to exercise those tasks, and is also indicative of management's support and appreciation of the member's role in the OSHC. Enforceability of this legal duty imposed on the employer is difficult, owing to lack of its specificity, and its dependence upon the auditing and relationship skills of the enforcement officers. For example, can enforcement officers take the employers to task, with reference to the current legislative provision, if they are perceived to not have been facilitating the efforts of members of OSHCs, in the ways suggested? Hence, this author argues that the scope of OSHCs would mediate the relationship between management commitments - as conceptualized by Farouk (2017) and explained in subsection 1.3.2 above -and perceived effectiveness of OSHCs.

### d) *Research Hypotheses*

Based on the literature above, the following hypotheses are advanced in the context of Malaysian manufacturing firms:

$H_1$ : Active management commitment has a significant positive association with effectiveness of OSHCs.

$H_2$ : Passive management commitment has a significant positive association with effectiveness of OSHCs.

$H_3$ : Competency of OSHCs has a significant positive association with effectiveness of OSHCs.

$H_4$ : Scope of OSHCs has a significant positive association with effectiveness of OSHCs.

$H_5$ : Competency of OSHCs mediates the relationship between active management commitment and effectiveness of OSHCs.

$H_6$ : Scope of OSHCs mediates the relationship between active management commitment and effectiveness of OSHCs.

$H_7$ : Competency of OSHCs mediates the relationship between passive management commitment and effectiveness of OSHCs.

$H_8$ : Scope of OSHCs mediates the relationship between passive management commitment and effectiveness of OSHCs.

## II. RESEARCH METHODS

### a) Research Model

The model of the present study comprised four independent variables: active management commitment, passive management commitment, competency of OSHCs and scope of OSHCs, because of their relative associations, with perceived effectiveness of OSHCs, the dependent variable of interest. In the model, both competency of OSHCs and scope of OSHCs were postulated, respectively, to have mediating effects on these two relationships: (i) between active management commitment and the dependent variable, and (ii) between passive management commitment and the dependent variable.

### b) Population and Sample

A target sample of 1,000 manufacturing firms, were drawn via the proportionate systematic stratified random sampling method, from a sampling frame comprising 4,337 manufacturing firms with established OSHCs, reclassified into 15 manufacturing sub-sectors, and registered with DOSH as of 3rd September 2008, because a significant proportion of accidents and work-related diseases originate from the manufacturing workplace (Social Security Organization, 2010).

An OSHC established at a manufacturing workplace must comprise at the very least an equal number of members, who are representatives of both management and non-management employees, respectively (Regulation 5, SHCR 1996). A survey package comprising a cover letter and two identical questionnaires was mailed to the Safety Manager/Safety Officer/Safety Executive of the targeted sample of 1,000 firms. Responses were solicited from both types of OSHC members because past research (Grantor and Thunberg, 2009; Osprey and Yasser, 2004; Jaffa *et al.*, 2017) is inconclusive as to whether type of member could affect the responses to the questionnaire.

As of February 2010, 196 and 82 questionnaires, completed by both management and non-management representatives, respectively, were usable for data analysis. The sample of  $n=278$  comprised two subsamples that were subsequently merged, as the results of the independent-samples *t*-test, after removal of five extreme outliers from the data set ( $n=273$ ), suggested no significant statistical difference in the mean scores for both management and non-management respondents, respectively, across the five variables in the study's model, as *p* values were more than 0.05. Thereafter, 42 cases (comprising responses from non-management representatives) were removed because 42 pairs of management and non-management representatives' responses originated from

the same firm. Hence, the final sample size was reduced to  $n=231$ .

### c) Instrument and Measurement

The research instrument used in the study was the questionnaire. Multi-item scales were used to measure the five variables in the study's model. In analyzing the results of the said variables, the mean responses between 3 and 4 were considered medium; those between 1 and 3 were considered low; and those between 4 and 5 were considered high.

#### i. Dependent Variable- Effectiveness of OSHCs

The 12 items used in Eaton and Ocarina (2000) to measure perceived effectiveness of OSHCs were adapted for use in this study. The variable was operationalised along the OSHC's perceived ability to effect changes in four ways: (i) prevent the reoccurrence of safety, health and environmental hazards; (ii) prevent the occurrence of potential safety, health and environmental hazards; (iii) improve OSH knowledge among employees, overall productivity and reduce cost and; (iv) change work practices, equipment and substances. The respondents were asked to rate the perceived abilities of their OSHCs in the past 12 months on a Liker scale of 1 to 5 (from 1=poor to 5= excellent).

#### ii. Independent Variable-Active Management Commitment

Active management commitment was measured using a multi-item scale consisting of eight items. These items required the respondents to evaluate the extent to which they perceived that management at their workplaces was executing the following safety-related practices, the substance and content of which originates from the literature, on a 5-point Liker Scale (from 1 = strongly disagree to 5 = strongly agree): (i) the participation of top management in OSHC inspections/audits; (ii) incorporating safety and health competencies into performance evaluations; (iii) certification of a company's OSH management system to safety standards; (iv) the engagement of a safety and health auditor; (v) the allocation of a budget for the OSHC's functions; (vi) the allocation of a budget for implementing the OSHC's recommendations; (vii) the provision of monetary incentives to members of OSHCs; and (viii) the provision of non-monetary incentives to members of OSHCs.

#### iii. Independent Variable-Passive Management Commitment

Passive management commitment was measured using a multi-item scale consisting of four items. These items required the respondents to evaluate the extent to which they perceived that management at their workplaces was executing the following safety-related practices, mandated by law, on a 5-point Liker Scale (from 1 = strongly disagree to 5 = strongly agree): (i) the presence of senior management at

OSHC's meetings (Regulation 5 of SHCR, 1996); (ii) the issuance of a safety policy (Section 16 of the OSHA, 1994); (iii) the provision of safety and health training to all employees (Section 15(2)(c) of the OSHA 1994); and (iv) the employment of a safety officer (Section 29 of the OSHA, 1994).

iv. *Independent Variable-Competency of OSHCs*

The variable competency of OSHCs was measured using a multi-item scale comprising 6 items adapted from Eaton and Ocarina (2000) that measured competency of OSHCs in terms of their legal, technical and committee process knowledge. The respondents were asked to rate their provision of training in those areas, in the past 12 months, on a Liker scale of 1 to 5 (from 1=none to 5= always).

v. *Independent Variable-Scope of OSHCs*

The variable scope of OSHCs was measured using a multi-item scale comprising 12 items adapted from Eaton and Ocarina (2000). The scale measured scope of OSHCs in terms of their operational, information gathering, review and educative functions. The respondents were asked to rate whether their OSHCs executed the said functions in the past 12 months on a Liker scale of 1 to 5 (from 1=none to 5= always).

vi. *Control Variables -Financial Health, Size of Firm and Type of Firm*

Financial health, type and size of firm were treated as control variables in this study. Past research evidences a significant positive relationship between the first two variables - good financial health and multinational type firm - and safety performance (Chen and Chan, 2004; Filer and Globe, 2003); whereas the association between size of firm and effectiveness of OSHCs is inconclusive from past research reviewed (Hall *et al.*, 2006). A significant majority of the firms in this study were perceived to be in good to excellent financial health (71.4%); and 58% were local in origin. In

terms of size of firm categorised based on number of employees (less than 500 or more than 500 employees), 26.4% of the firms had more than 500 employees.

### III. RESEARCH RESULTS AND ANALYSES

a) *Data Analyses and Results*

Reliability analyses were conducted to measure the construct validity and reliability of the five multi-item scales. The internal consistency of these scales was significant as their Cranach's alpha values (see Table 5) were above 0.6 (Hair *et al.*, 1998). Hence, with reference to the items used to measure these five variables, and shown in Tables 1, 2, 3 and 4, the said scales satisfied the tests of construct validity and reliability analysis. Descriptive, multiple, simple and hierarchical regression analyses were executed to answer the research questions (refer to subsection 1.2) and test the hypotheses (refer to subsection 1.4) generated for this study. All analyses were conducted using the SPSS 17.0 software.

b) *Descriptive Analyses of all Measures*

The mean values for all five variables fell on the medium scale (effectiveness of OSHCs=3.54; passive management commitment=3.66; active management commitment=3.11), with scope of OSHCs registering the highest mean value (3.70), and active management commitment registering the lowest mean value (3.11).

c) *Descriptive Analyses for Effectiveness of OSHCs*

The mean scores suggest that OSHCs were perceived to be at par in terms of their reactive (mean=3.56) and proactive (mean=3.56) abilities (Table 1). Their educative and productive ability (mean=3.56) followed next, with OSHCs being perceived the least effective in terms of their ability to transform work processes/ practices, equipment/ materials and substances/chemicals used at the workplace (mean=3.47).

Table 1: Descriptive Statistics of Effectiveness of OSHCs in Manufacturing Firms

| Items                                     | Effectiveness of OSHCs  | Mean | Std. Dev. |
|---|---|------|-----------|
| <b>Reactive Ability</b>                   |   |      |           |
| 1.  | Ability of OSHC to Reduce Reoccurrence of Potential Safety Hazard             | 3.59 | 0.77      |
| 2.  | Ability of OSHC to Reduce Reoccurrence of Potential Health Hazards            | 3.56 | 0.78      |
| 3.  | Ability of OSHC to Reduce Reoccurrence of Potential Environmental Hazards     | 3.54 | 0.83      |
|   | Mean  | 3.56 | 0.75      |
| <b>Educative &amp; Productive Ability</b> |   |      |           |
| 4.  | Ability to Improve Health and Safety Knowledge Among Management Employees     | 3.61 | 0.78      |
| 5.  | Ability to Improve Health and Safety Knowledge Among Non Management Employees | 3.54 | 0.79      |
| 6.  | Ability to Improve in General Productivity and Reducing Costs                 | 3.52 | 0.78      |
|   | Mean  | 3.56 | 0.70      |
| <b>Proactive Ability</b>                  |   |      |           |
| 7.  | Ability of OSHC to Reduce Potential Safety Hazards                            | 3.58 | 0.75      |
| 8.  | Ability of OSHC to Reduce Potential Health Hazards                            | 3.58 | 0.74      |
| 9.  | Ability of OSHC to Reduce Potential Health Environmental Hazards              | 3.54 | 0.80      |
|   | Mean  | 3.56 | 0.71      |



| Change Ability |   |      |      |
|----------------|---|------|------|
| 10             | Ability to Change Work Processes or Practices | 3.53 | 0.82 |
| 11             | Ability to Change Equipment and Materials     | 3.47 | 0.82 |
| 12             | Ability to Change Substances or Chemicals     | 3.42 | 0.87 |
|                | Mean  | 3.47 | 0.75 |

d) *Descriptive Analyses for Active and Passive Management Commitment*

The mean values (Table 2) suggest that passive management commitment (mean = 3.66) was perceived to be higher than active management commitment (mean = 3.11) given the former's higher mean value. With respect to passive management commitment, the items that recorded the highest values, in descending order, were the following: provision of safety and health training to all employees (mean=3.75), management attending OSHC's meetings (mean=3.73) and issuing a safety and health policy (mean=3.67). The item that recorded the lowest mean value was employment of an internal expert on OSH matters (mean = 3.49).

With reference to active management commitment, the items that related to the provisions of remuneration either in cash (mean = 2.48) or kind (mean = 2.79) to members of OSHCs, and the item discerning whether the company's OSH management system was certified to existing safety standards (mean = 2.77), recorded low mean values. The mean values for the other items, in descending order, ranged from 3.06 to 3.52: performance evaluations incorporating one's ability to manage OSH issues (mean = 3.52), allocation of budget for executing recommendations of OSHCs (mean = 3.49) or exercising their functions (mean = 3.40), management partipating in OSHC inspections (mean = 3.39) and the employment of an OSH auditor (mean = 3.06).

Table 2: Descriptive Statistics for Passive and Active Management Commitment in Manufacturing Firms

| Items | Passive management commitment  | Mean | Std. Dev. |
|-------|--|------|-----------|
| 1.    | All employees provided with safety and health education and training               | 3.75 | 0.92      |
| 2.    | Top management attended OSHC meetings  | 3.73 | 1.18      |
| 3.    | Top management issued good safety policy   | 3.67 | 1.02      |
| 4.    | Company employed internal expert in safety and health                              | 3.49 | 1.22      |
|       | Cranach's alpha=0.74; Mean=3.66; Std. Dev.=0.81                                    |      |           |
| Items | Active management commitment   |      |           |
| 1.    | Performance evaluation incorporated ability to handle safety and health issues     | 3.52 | 0.91      |
| 2.    | Company allocated budget for implementing safety and health recommendation of OSHC | 3.49 | 1.02      |
| 3.    | Company allocated budget for OSHC functions  | 3.40 | 1.07      |
| 4.    | Top management participated in OSHC inspections/audits                             | 3.39 | 1.14      |
| 5.    | Company employed safety and health auditor   | 3.06 | 1.25      |
| 6.    | OSHC members given non-monetary incentives   | 2.79 | 1.21      |
| 7.    | Company's OSH management system certified to safety standards                      | 2.77 | 1.39      |
| 8.    | OSHC members given monetary incentives   | 2.48 | 1.23      |
|       | Cranach's alpha=0.84; Mean=3.11; Std. Dev.=0.79                                    |      |           |

e) *Descriptive Analyses for Competency of OSHCs*

The mean score was on the medium scale in all areas of training (Table 3). In terms of technical training, both hazard recognition and prevention (mean=3.33), and inspections training (mean=3.28) had higher mean

values than industrial hygiene training (mean=3.08). With respect to non-technical training, training in the areas of committee process (mean=3.10) and problem solving (mean=2.95) was lagging behind training in OSH related laws (mean=3.32).

Table 3: Descriptive Statistics of Competency of OSHCs in Manufacturing Firms

| Items | Competency of OSHCs                        | Mean | Std. Dev. |
|-------|--|------|-----------|
|       | Technical Training                         |      |           |
| 1     | Hazard Recognition and Prevention training | 3.33 | 1.03      |
| 2     | Inspections Training                       | 3.28 | 1.07      |
| 3     | Industrial Hygiene Training                | 3.08 | 1.14      |
|       | Non-Technical Training                     |      |           |
| 4     | Training in OSHA 1994                      | 3.32 | 1.13      |
| 5     | Committee Process Training                 | 3.10 | 1.11      |
| 6     | Problem-solving Training                   | 2.95 | 1.08      |

f) *Descriptive Analyses for Scope of OSHCs*

Based on the mean values (Table 4), arranged in descending order, these OSHCs' functions were

executed relatively better than the others: investigation and review of employees' complaints (mean=4.06), accompanying inspectors during inspections

(mean=3.96), having access to employer's safety and health records (mean=3.88), educating non-management employees (mean=3.85), inspection to identify safety hazard (mean=3.85), educating management employees (mean=3.76), inspection to identify health hazard (mean=3.72), and inspection to identify environmental hazard (mean=3.64). The data

also evidences that OSHCs were relatively weak in these functions: having access to citations and corrective orders provided by DOSH (mean=3.59), review of occupational health and safety programs, policies and procedures (mean=3.57), information gathering function (mean=3.54) and review of new technology, process or substance (mean=3.34).

Table 4: Descriptive Statistics of Scope of OSHCs in Manufacturing Firms

|     | Scope of OSHCs   | Mean | Std. Dev. |
|-----|--|------|-----------|
| 1.  | Investigate and Review Complaints by Employees   | 4.06 | 0.87      |
| 2.  | Accompany Safety and Health Inspectors   | 3.96 | 1.15      |
| 3.  | Access to and Review Employer's Safety and Health Records                                  | 3.88 | 1.10      |
| 4.  | Distribute Educational/Training Material to Non-Management Employees                       | 3.85 | 1.01      |
| 5.  | Inspection to Identify Safety Hazard   | 3.85 | 0.90      |
| 6.  | Distribute Educational/Training Material to Management Employees                           | 3.76 | 0.98      |
| 7.  | Inspection to Identify Health Hazard   | 3.72 | 0.90      |
| 8.  | Inspection to Identify Environmental Hazard  | 3.64 | 1.01      |
| 9.  | Access to and Review Citations and Corrective Orders Provided by DOSH*                     | 3.59 | 1.19      |
| 10. | Review the Effectiveness of Management Health and Safety Programs, Policies and procedures | 3.57 | 1.08      |
| 11. | Collect General Information on Safety and Health Issues                                    | 3.54 | 1.06      |
| 12. | Review of New Technology, Process, Substance   | 3.34 | 1.13      |
|     | Cranach alpha=0.90; Mean=3.70; Std. Dev.=0.71  |      |           |

\* DOSH: Department of Occupational Safety and Health; Items in italic are legislated for via the SHCR 1996

g) Correlation Analyses

Table 5 shows the means, Cranach's alphas, standard deviations and correlations of all the measures. The correlations for passive management commitment ( $r = 0.48, p < 0.01$ ) and active management commitment ( $r = 0.50, p < 0.01$ ) suggest a significant, medium-to-large, positive relationship, respectively, with the effectiveness of OSHCs; with high perceptual levels of both types of management commitment associated with high levels of perceived effectiveness of OSHCs, suggesting support for H<sub>1</sub> and H<sub>2</sub>. In comparison, the correlations for competency of OSHCs ( $r = 0.65, p < 0.01$ ) and scope of OSHCs ( $r = 0.60, p < 0.01$ ) suggest a significant, large, positive relationship, respectively, with the effectiveness of OSHCs; with high perceptual levels of both competency of OSHCs and

scope of OSHCs associated with high levels of perceived effectiveness of OSHCs, suggesting support for H<sub>3</sub> and H<sub>4</sub>. Notably, the correlations for competency of OSHCs ( $r = 0.46, p < 0.01$ ) and scope of OSHCs ( $r = 0.43, p < 0.01$ ) suggest a significant, medium, positive relationship, respectively, with active management commitment; and the correlations for competency of OSHCs ( $r = 0.43, p < 0.01$ ) and scope of OSHCs ( $r = 0.45, p < 0.01$ ) suggest a significant, medium, positive relationship, respectively, with passive management commitment; suggesting support for H<sub>5</sub>, H<sub>6</sub>, H<sub>7</sub> and H<sub>8</sub>, in terms of the mediating effects of both variables, respectively, on the relationships between both types of management commitment and the dependent variable.

Table 5: Means, Cranach's alphas, Standard Deviations and Correlations of the Study's Variables

|    | Variable                      | Cranach's alpha | Mean | Standard deviation | Variable |        |        |        |        |
|----|-------------------------------|-----------------|------|--------------------|----------|--------|--------|--------|--------|
|    |                               |                 |      |                    | 1        | 2      | 3      | 4      | 5      |
| 1. | Passive management commitment | 0.74            | 3.66 | 0.81               | -        | 0.72** | 0.48** | 0.65** | 0.60** |
| 2. | Active management commitment  | 0.84            | 3.11 | 0.79               | 0.72**   | -      | 0.50** | 0.46** | 0.43** |
| 3. | Effectiveness of OSHCs        | 0.96            | 3.54 | 0.66               | 0.48**   | 0.50** | -      | 0.65** | 0.60** |
| 4. | Competency of OSHC            | 0.88            | 3.18 | 0.87               | 0.43**   | 0.46** | 0.65** | -      | 0.65** |
| 5. | Scope of OSHC                 | 0.90            | 3.70 | 0.71               | 0.45**   | 0.43** | 0.60** | 0.65** | -      |

\*\* Correlation is significant at the 0.01 level (2-tailed)

h) Multiple, Hierarchical and Simple Regression Analyses

The results of the multiple regression analyses evidence an absence of multicollinearity, based on the

Tolerance and Variance Inflation values of more than 0.10, and less than 10, respectively, and the Durbin Watson value of 1.94 that approximates 2.0. All four independent variables explained 50% of the variation in

perceived effectiveness of OSHCs (Model 1, Table 6). Furthermore, competency of OSHCs ( $p < 0.01$ , Beta value=0.385), scope of OSHCs ( $p < 0.01$ , Beta value=0.236) and active management commitment ( $p < 0.05$ , Beta value=0.155) had strong significant positive associations with the dependent variable, supported by the results of the adjusted R-square (0.504), the F statistics (59.332), and the highly significant corresponding  $p$  value ( $p < 0.001$ ). The highest Beta value for competency of OSHCs also suggests that it has the strongest influence on the perceived effectiveness of OSHCs.

When the variables relating to size of firm, type of firm and perceived financial health of the firm were controlled for (Model 1\* and Model 2\*, Table 6) using hierarchical multiple regression analyses, the findings were as follows: (i) Model 2\* (Table 6) explained 52% in the variance of the dependent variable, supported by

the results of the adjusted R-square (0.518), the F statistics (36.305), and the highly significant corresponding  $p$  value ( $p < 0.001$ ); (ii) Beta values for the three variables, with significant positive associations with the dependent variable, were as follows: competency of OSHCs ( $p < 0.001$ , Beta value=0.382), scope of OSHCs ( $p < 0.01$ , Beta value=0.212), active management commitment ( $p < 0.10$ , Beta value=0.127). Hence, the results in both Model 1 and Model 2\* (Table 6) are in support of H<sub>1</sub>, H<sub>3</sub> and H<sub>4</sub> that a higher perceived level of three variables - active management commitment, competency of OSHCs and scope of OSHCs - contributes to a higher perceived level of effectiveness of OSHCs, even when three workplace related variables (financial health, size and type of firm) were controlled for, in the hierarchical multiple regression analyses.

**Table 6:** Results of the Multiple Regression Analysis (MRA) and Hierarchical Multiple Regression Analysis (HMRA)

| Variable   | Effectiveness of OSHCs, Model 1 | Effectiveness of OSHCs, Model 1* | Effectiveness of OSHCs, Model 2* |
|--|---------------------------------|----------------------------------|----------------------------------|
|  | MRA                             | HMRA                             |                                  |
| (Constant)   | 1.138                           | 3.112                            | 1.190                            |
| Financial health (0 = poor to average; 1 = good to excellent)              | -                               | 0.365***                         | 0.143***                         |
| Type of company (0 = local; 1 = multinational)                             | -                               | 0.095                            | 0.048                            |
| Size of company (0 = less than 500 employees; 1 = more than 500 employees) | -                               | -0.009                           | -0.014                           |
| Active management commitment   | 0.155**                         | -                                | 0.127*                           |
| Passive management commitment  | 0.092                           | -                                | 0.072                            |
| Competency of OSHC   | 0.385****                       | -                                | 0.382****                        |
| Scope of OSHC  | 0.236****                       | -                                | 0.212****                        |
| R <sup>2</sup>   | 0.512                           | 0.152                            | 0.533                            |
| Adjusted R <sup>2</sup>  | 0.504                           | 0.140                            | 0.518                            |
| R <sup>2</sup> change  | 0.512                           | 0.152                            | 0.381                            |
| F change   | 59.332                          | 13.514                           | 45.458                           |
| Sig F change   | 0.000                           | 0.000                            | 0.000                            |
| F statistic  | 59.332****                      | 13.514****                       | 36.305****                       |
| Durbin-Watson  | 1.990                           | 1.94                             | 1.94                             |

Cell entries are standardised coefficient estimates (n = 231). \* $p < 0.10$  \*\* $p < 0.05$ , \*\*\* $p < 0.01$ , \*\*\*\* $p < 0.001$

The results of the multiple and simple regression analyses (Model 1 and Model 2, Table 7), evidence the partially mediating effect of competency of OSHCs, on the relationship between active management commitment and the dependant variable, for two reasons. Firstly, the Beta value for active management commitment in the simple regression analysis reduces (from 0.500 to 0.256), when the competency of OSHC ( $p < 0.001$ , Beta value=0.533), is included in the multiple regression analysis. Secondly, despite the inclusion of the latter, the former still has a significant positive relationship with the dependent variable ( $p < 0.001$ ). The results of the multiple and simple regression analyses (Model 3 and Model 4, Table 7), also evidence the partially mediating effect of

scope of OSHCs, on the relationship between active management commitment and the dependant variable, for the same two reasons. Firstly, the Beta value for active management commitment in the simple regression analysis reduces (from 0.500 to 0.298), when the scope of OSHCs ( $p < 0.001$ , Beta value=0.467), is included in the multiple regression analysis. Secondly, despite the inclusion of the latter, the former still has a significant positive relationship with the dependent variable ( $p < 0.001$ ). Hence, the findings in Table 7 are partially in support of H<sub>5</sub> and H<sub>6</sub>, that both competency of OSHCs and scope of OSHCs, respectively, mediate the relationship between active management commitment and perceived effectiveness of OSHCs.

**Table 7:** Results of Multiple (MRA) and Simple Regression Analysis (SRA) to Determine Mediators of Active Management Commitment

| Variable                     | Effectiveness of OSHCs (MRA) Model 1 | Effectiveness of OSHCs (SRA) Model 2 | Variable                     | Effectiveness of OSHCs (MRA) Model 3 | Effectiveness of OSHCs (SRA) Model 4 |
|------------------------------|--------------------------------------|--------------------------------------|------------------------------|--------------------------------------|--------------------------------------|
| (Constant)                   |                                      |                                      | (Constant)                   |                                      |                                      |
| Active management commitment | 0.256***                             | 0.500***                             | Active management commitment | 0.298***                             | 0.500***                             |
| Competency of OSHCs          | 0.533***                             | -                                    | Scope of OSHCs               | 0.467***                             | -                                    |
| R-squared                    | 0.474                                | 0.250                                | R-squared                    | 0.427                                | 0.250                                |
| Adjusted R-squared           | 0.470                                | 0.246                                | Adjusted R-squared           | 0.422                                | 0.246                                |
| F statistic                  | 102.804***                           | 76.152***                            | F statistic                  | 85.046***                            | 76.152***                            |
| Durbin Watson                | 2.020                                | 1.922                                | Durbin Watson                | 1.949                                | 1.922                                |

Cell entries are standardized coefficient estimates (n=231); \*p<0.05, \*\*p<0.01, \*\*\*p<0.001

The results of the multiple and simple regression analyses (Model 1 and Model 2, Table 8), evidence the partially mediating effect of competency of OSHCs, on the relationship between passive management commitment and the dependant variable, for two reasons. Firstly, the Beta value for passive management commitment in the simple regression analysis reduces (from 0.476 to 0.240), when the competency of OSHCs ( $p < 0.001$ , Beta value=0.547), is included in the multiple regression analysis. Secondly, despite the inclusion of the latter, the former still has a significant positive impact on the dependent variable ( $p < 0.001$ ). The results of the multiple and simple regression analyses (Model 3 and Model 4, Table 8), also evidence the partially mediating effect of scope of

OSHCs, on the relationship between passive management commitment and the dependent variable, for the same two reasons. Firstly, the Beta value for passive management commitment in the simple regression analysis reduces (from 0.476 to 0.261), when the scope of OSHCs ( $p < 0.001$ , Beta value=0.479), is included in the multiple regression analysis. Secondly, despite the inclusion of the latter, the former still has a significant positive impact on the dependent variable ( $p < 0.001$ ). Hence, the findings in Table 8 are partially in support of H<sub>7</sub> and H<sub>8</sub>, that both competency of OSHCs and scope of OSHCs, respectively, mediate the relationship between passive management commitment and perceived effectiveness of OSHCs.

**Table 8:** Results of Multiple (MRA) and Simple Regression Analysis (SRA) to Determine Mediators of Passive Management Commitment

| Variable                      | Effectiveness of OSHCs (MRA) Model 1 | Effectiveness of OSHCs (SRA) Model 2 | Variable                      | Effectiveness of OSHCs (MRA) Model 3 | Effectiveness of OSHCs (SRA) Model 4 |
|-------------------------------|--------------------------------------|--------------------------------------|-------------------------------|--------------------------------------|--------------------------------------|
| (Constant)                    |                                      |                                      | (Constant)                    |                                      |                                      |
| Passive management commitment | 0.240***                             | 0.476***                             | Passive management commitment | 0.261***                             | 0.476***                             |
| Competency of OSHCs           | 0.547***                             | -                                    | Scope of OSHCs                | 0.479***                             | -                                    |
| R-squared                     | 0.469                                | 0.226                                | R-squared                     | 0.410                                | 0.226                                |
| Adjusted R-squared            | 0.465                                | 0.223                                | Adjusted R-squared            | 0.404                                | 0.223                                |
| F statistic                   | 100.869***                           | 66.953***                            | F statistic                   | 79.094***                            | 66.953***                            |
| Durbin Watson                 | 1.986                                | 1.935                                | Durbin Watson                 | 1.938                                | 1.935                                |

Cell entries are standardized coefficient estimates (n=231); \*p<0.05, \*\*p<0.01, \*\*\*p<0.001

#### IV. DISCUSSION

##### a) Discussion

This section discusses the plausible reasons for the findings relating to the effects of all four independent variables, collectively, on the effectiveness of OSHCs; and the mediating effects of both competency of

OSHCs and scope of OSHCs, respectively, on the relationships between both types of management commitment - active and passive management commitment - and the effectiveness of OSHCs. Discussions relating to the descriptive findings of all the five variables in this study, and the significant positive

associations of each one of the four independent variables in this study, with the dependent variable of interest, can be found in Farouk (2016) or Farouk (2017).

The study by Farouk (2016) empirically suggests that both competency of OSHCs and scope of OSHCs have significant positive associations with perceived effectiveness of OSHCs; and that scope of OSHCs mediates the relationship between competency of OSHCs and the dependent variable of interest. Furthermore, Farouk (2017) also evidences that both types of management commitment - active and passive management commitment - have significant positive associations with the perceived effectiveness of OSHCs, with active management commitment, evidencing a stronger positive association with the dependent variable of interest.

*b) Determinants of Effective OSHCs and the Mediating Effects of Competency and Scope of OSHCs*

The findings of this study show that a conceptual model including all four variables - active management commitment, passive management commitment, competency of OSHCs, scope of OSHCs - is able to explain 52% of the variation in the dependent variable, even when factors such as financial health, size and type of firm were controlled for. Although all four independent variables have positive associations with the dependent variable, only three variables - active management commitment, competency of OSHCs and scope of OSHCs - have significant positive associations with it. If the said variables are arranged in descending order, in terms of the degree of their influence on the dependent variable, competency of OSHCs, is ranked first, followed by scope of OSHCs, and then active management commitment. The results of the regression analyses then evidence the mediating effects of both competency of OSHCs and scope of OSHCs, respectively, on the relationship between both active management commitment and passive management commitment, with perceived effectiveness of OSHCs.

The findings relating to the strongest associations of both competency and scope of OSHCs with perceived effectiveness of OSHCs, is consistent with the study by Eaton and Ocarina(2000), who in their study of 180 public sector workplaces with OSHCs, evidenced the same. The findings evidencing the significant positive association of active management commitment - conceptualized as safety management practices not mandated by the law - with perceived effectiveness of OSHCs is also consistent with past studies that showed a significant positive association between such practices (e.g. management's involvement in OSHCs' safety inspections or audits, health and safety performance appraisals etc.) on the one part, and effective OSHCs (Chew, 1988; Eaton & Ocarina, 2000; Walters and Nichols, 2006) on the other.

Passive management commitment although having a positive association with effectiveness of OSHCs, did not exhibit a significant relationship with it, perhaps attributed to it being more reflective of management's degree of compliance with specific safety management practices mandated by legislation, and not fairly reflective of management's genuine commitment to OSH in general and OSHCs in particular. Nevertheless, the importance of passive management commitment must not be dismissed, as there is a strong correlation ( $r = 0.72, p < 0.01$ ; Table 5) between passive management commitment and active management commitment. Hence, this author argues that mandated safety management practices might encourage some employers, over time, to incorporate voluntarily, safety management practices not mandated by law, which is argued by this author to be more reflective of management's genuine commitment to OSH in general and OSHCs in particular.

In Eaton and Ocarina (2000), the proposed research model theorized that both competency of OSHCs and scope of OSHCs, would partially mediate the relationship between workplace characteristics (e.g. senior management presence on OSHCs, health and safety programs etc.) and effectiveness of OSHCs. However, in the said paper, the empirical findings suggesting the mediating effects of both variables were absent. Hence, in this study, the term workplace characteristics was replaced with management commitment, which in turn was conceptualized into two types of management commitment - active management commitment and passive management commitment - given Malaysia's current legislative context, and OSH self-regulation framework. Most important, this study empirically evidences the mediating effects of both competency of OSHCs and scope of OSHCs, respectively, on the relationships between both types of management commitment and effectiveness of OSHCs. This can be explained with reference to the current OSH laws that impose legislative duties on employers - that are difficult to enforce due to lack of specificity in the legislative provisions; and the possible inadequacy of relationship and auditing skills, needed for such enforcing such provisions, on the part of enforcement officers - tensure the competency of OSHCs, and to ensure that the OSHCs understand their roles and functions.

In short, consistent with past studies (Chew, 1988; Walters and Nichols, 2006),if management's commitment to OSH in general and to OSHCs in particular, is assumed to be genuine, based on the extent of management's adoption of mandated and non-mandated safety management practices, and the quality of their implementation, then the OSHC will be provided by management - with the needed training to develop its competency, and the required support (e.g. time, financial and human resources) to execute its legislative

functions, and ultimately influence the perceived effectiveness of OSHCs. Otherwise, on the part of management, training provided will be perfunctory for the mere purpose of meeting legal compliance, and attempts will be made to inhibit or restrict the substantive functioning of OSHCs. Hence, both types of management commitment - active management commitment, passive management commitment - that are reflective of management's commitment to OSH in general or OSHCs in particular, would have a catalytic effect in driving the competency and scope of OSHCs, although the evidence suggests that active management commitment might have a more catalytic effect.

## V. CONCLUSIONS AND RECOMMENDATIONS

### a) *Conclusions*

The study's results provide empirical support for the hypothesized model and answers to the research questions. They suggest the following: (i) the variables active management commitment, competency of OSHCs and scope of OSHCs have significant positive associations with perceived effectiveness of OSHCs; (ii) the variable that has the strongest association with perceived effectiveness of OSHCs is competency of OSHCs; (iii) both competency of OSHCs and scope of OSHCs, respectively, partially mediate the relationship, between active management commitment and effectiveness of OSHCs; (iv) both competency and scope of OSHCs, respectively, partially mediate the relationship, between passive management commitment and effectiveness of OSHCs.

### b) *Recommendations and Theoretical Implications*

From a policy perspective, given the state of OSHC as a collaborative structure, integral to Malaysia's effective OSH self-regulation; this author suggests that the responsibility for ensuring the competency and functioning of OSHCs, rather than being placed in the hands of the employer, be assumed by the Department of Occupational Safety and Health (DOSH), the governmental agency that is responsible for enforcing OSH related laws in Malaysia. DOSH has to ensure that OSHCs are competent, and aware of their normative, economic and physical powers that are potent in influencing employers to improve OSH at the workplace (Frick, 2011). It is also suggested that a legal provision be included in the SHCR 1996, to compel the employer to facilitate the functioning of OSHCs. Hence, DOSH would have legal recourse against the employer, if OSHCs were prevented from exercising their functions, without reasonable cause or justification, on the part of the employer.

The National Institute of Occupational Safety and Health (NIOSH), the training arm of DOSH, should monitor the training quality of OSHCs, by accrediting training providers; and establishing a database of

members of OSHCs, enabling an evaluation of their training needs and competency. Certificates validating competency should enable members to seek career opportunities in the area of Ashland motivating them to perform OSHC related duties, even when the employers' provision of monetary or non-monetary incentives for their efforts are absent. NIOSH should manage the training of members of OSHCs in cost effective and practical ways: members of OSHCs employed in the same industry and geographical location can be trained together enabling the sharing of experiences/resources and the joint development of creative and practical solutions. Most important, through NIOSH, experts and researchers in the varied areas of OSH can be reached by members of OSHCs for consultation.

If responsibility for the competency and functioning of OSHCs remains solely with the employers, as an incentive, employers should be allowed to claim some form of tax related benefits in relation to the training expenses of OSHCs; simultaneously being educated on the importance of employee involvement in OSH improvement at the workplace. Consequently, employers might be enlightened on the benefits of substantive employee involvement in the co-management of OSH at the workplace, in terms of improving workplace OSH (Chew, 1988; Walters and Nichols, 2006) and inadvertently increasing the profitability and competitiveness of the firm. Perchance employers may also come to regard the establishment of a collaborative structure, and the allocation of resources in support of it, as an investment rather than an expense; perhaps driving them to execute their current legal duties (e.g. provision of training to OSHCs, ensuring the OSHCs understand their role and functions), with reference to OSHCs, with more depth and substance. From a theoretical perspective, the findings contribute to past literature by providing empirical evidence, based upon manufacturing firms operating in Malaysia, of the mediating effects of both competency of OSHCs and scope of OSHCs, respectively, on the relationships between both types of management commitment - active management commitment and passive management commitment - and perceived effectiveness of OSHCs.

### c) *Limitations of the Study*

The limitation of this study is it being cross sectional in nature with a low response rate of usable questionnaires (11.6%). It also relied only upon the responses of members of an OSHC who were provided the questionnaires by the persons in charge of OSH in their firms; hence, having a tendency to be biased, if the recipient has a more favorable view of the OSHC. In explaining the findings in this paper unverified plausible suggestions were made that may need further investigation given the Malaysian context.

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# The Adoption of Agripreneurship as a Mitigating Measure to Unemployment in Nigeria: A Topical Review

By Uche, C. & Familusi, L. C.

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**Abstract-** Agriculture as an enterprise is going through transition globally. It is assuming new shape and scope and no more the ordinary cultivation of crops and rearing of animals or an enterprise for the rural people. The concept of agripreneurship is the combination of agriculture and entrepreneurship. Agripreneurship is the option to adopt in the quest to make agriculture an enterprise of appeal in contemporary business engagements. If agriculture must transit from its largely subsistence status to becoming a competitive enterprise in the assessment of entrepreneurs, incorporation of business concepts in handling issues of agriculture is the way to go. The study was mostly a review work that focussed on using agribusiness to boost job creation, increase productivity and the income bases of farmers. This was considered because a significant number of Nigeria's population are engaged in agriculture and the development of agribusiness and agripreneurship will go a long way in curtailing unemployment that is prevalent in the economy, ensure food security and grow the economy. However, the review noted that this option is faced with various constraints and limitations in the area of experience, access to credit and infrastructure among others. Agripreneurship can contribute to social and economic development, reduction in poverty index, ensures good nutrition and food security. In addition, it will lead to diversifying the economy and income bases, providing employment and entrepreneurial opportunities.

**Keywords:** *agripreneurship, agriculture, enterprise, farmer, employment, economy.*

**GJMBR-G Classification:** *JEL Code: E24*



*Strictly as per the compliance and regulations of:*



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**Abstract** Agriculture as an enterprise is going through transition globally. It is assuming new shape and scope and no more the ordinary cultivation of crops and rearing of animals or an enterprise for the rural people. The concept of agripreneurship is the combination of agriculture and entrepreneurship. Agripreneurship is the option to adopt in the quest to make agriculture an enterprise of appeal in contemporary business engagements. If agriculture must transit from its largely subsistence status to becoming a competitive enterprise in the assessment of entrepreneurs, incorporation of business concepts in handling issues of agriculture is the way to go. The study was mostly a review work that focussed on using agribusiness to boost job creation, increase productivity and the income bases of farmers. This was considered because a significant number of Nigeria's population are engaged in agriculture and the development of agribusiness and agripreneurship will go a long way in curtailing unemployment that is prevalent in the economy, ensure food security and grow the economy. However, the review noted that this option is faced with various constraints and limitations in the area of experience, access to credit and infrastructure among others. Agripreneurship can contribute to social and economic development, reduction in poverty index, ensures good nutrition and food security. In addition, it will lead to diversifying the economy and income bases, providing employment and entrepreneurial opportunities.

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## I. INTRODUCTION

In a logical assessment, a nations' economy consists largely of two principal sectors: agriculture and industry. Agriculture to a large extent is rural based and industry bran. According to Price water house Coopers (PwC) (2016), agriculture's contribution to Nigeria's real GDP in the fourth quarter of 2015 was 24.18%. This it reported was due to the introduction of mechanised farming and the agribusiness value chain. The Government encouraged this development in agriculture as a precursor to poverty alleviation through agribusiness aided by investments from commercial farmers. With the fall in the price of crude oil in the international market in recent times, the Government is emphasizing agricultural exports as an Alternative foreign exchange earner. The articulation and

introduction of entrepreneurial principles into agriculture will be a strong driver of this programme and improve on what has been achieved so far in the agricultural sector.

Agriculture today in Nigeria is facing challenges that are yet to be addressed such as inadequate infrastructure, difficulty in accessing credit and absence of training for smallholder farmers on opportunities that the enterprise offers among other constraints in modern farming techniques. Mitigating these will assist in improving Nigeria's food security, develop agribusiness, grow the GDP and raise foreign exchange earnings (PwC, 2016). Other challenges are soaring food prices that are technically beyond the reach of the common man, changes in climatic systems that have changed patterns of agricultural practices and adaptable crops, rapid urbanisation that has altered production and consumption patterns; the list is endless.

These developments have ushered in changes in the food markets, created new opportunities and challenges for the farmers, especially the smallholders. With the recognition of the importance of agriculture in the economic development continuum and growth, market and business oriented agriculture seem to be prominent factors that will introduce dynamism in the enterprise. Agripreneurship then, is a key in this regard (Nwasiwe 2017). The dwindling potential and fortunes of Nigeria's agriculture place urgent need on the development of a system that can support the agricultural sector that is already well constrained by inadequate technologies and institutional weaknesses among others. For the agriculture sector to remain competitive in the global economy, new ideas must be developed and processes for value creation in a sustainable manner devised. (Uneze, 2013)

Agriculture as an enterprise is going through transition globally. It is assuming new shape and scope and no more a mere cultivation of crop and rearing of animals or an enterprise for the rural population. Other aspects like value addition, high-tech agriculture, global marketing, organic farming etc. have redefined agriculture (Palanivelu and Madhupriya, 2013). These have led to improved performance of the sector and enhanced human resource development initiative. Many people previously viewed agriculture as an enterprise that is laden with hard work and little profit, this is a

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misconception. Agriculture is a dynamic enterprise, offering numerous profitable opportunities for engagement along the value chain.

Nigeria's Agricultural policy is targeting food security, import substitution to mitigate the massive food import and conserve foreign exchange, job creation and enhancing economic diversification and growth. These objectives can be achieved if we run agriculture as a business and encourage private-sector led engagements as the main objective driver. This commercialization orientation will involve the application of technologies, development of input supply chains, market linkages and financial services that engage the farmers. These are critical to job creation, economic diversity, and sustainable economic growth (Ado, 2017). Therefore, it is of great importance to develop and present agriculture in the context of product development, value addition, and, as a business that is knowledge driven.

The addition of business knowledge to agriculture births agribusiness and, the incorporation of entrepreneurial principles into agribusiness have evolved agriprenurship. Therefore, the concept of agriprenurship is the combination of agriculture and entrepreneurship. An agriprenur like an entrepreneur must be able to detect and create business opportunities that he or she can exploit. Agriprenurship is an employment strategy that will ensure self-reliance and economic self-sufficiency. Its development through training is a necessary factor in the promotion of Micro, Small and Medium Enterprises particularly, for the first generation agriprenurs (Nagalakshmi and Sudhakar, 2013). There are numerous opportunities from the farm to- the- table begging to be exploited. Agriprenurs must be determined and persistent, visionary and organized with good management skills. He or she must be an innovator who can initiate changes by developing and serving new markets. Agriprenurship is the profit oriented marriage of agriculture and entrepreneurship; it turns a farm into an agribusiness (Birwa *et al*, 2014). This presentation aims at enlightening people on agriculture and how to develop and use their entrepreneurial skills to create viable and sustainable profit making enterprises from agriculture over time.

## II. METHODS AND MATERIALS

The study was entirely a review one that made use of secondary data that were culled from different reliable sources. It focussed mainly on Nigerian and the place of agriprenurship in the scheme of Nigeria's economic development. Nigeria as a nation is one of the States in the sub-Sahara Africa with a population of more than 180 million. Nigeria's economy outside reliance on petroleum is significantly dependent on agriculture with several agri-business opportunities yet to be exploited through agriprenurship initiatives.

## III. FINDINGS AND DISCUSSIONS

### a) Agriculture and Entrepreneurship

An entrepreneur whose main business is agriculture or agriculture-related is an agriprenur (Dobson and Markley, 2010). Nassir we (2017) explained Agriprenurship as application of entrepreneurship principles in agriculture and, entrepreneurship as a concept emphasizes the transformation of an idea into a business or, the expansion of an existing or established business. Entrepreneurs from his perception are usually creative people who embrace opportunities and accept risks, changing business strategies to adapt to changing environments. Citing Kahn (2012) the report indicated that entrepreneurs are often innovators. However, in reference to Wongtschwski *et al*(2013) the study further opined that farmers, while usually being innovative and creative, are often limited by inadequate experiences, access to services, markets, and skills that could engender realistic chances to succeed as entrepreneurs.

Nwassiwe (2017) in Kahn, (2012) also noted that these limitations exclude other barriers and externalities such as economic and social barriers, policies, and regulations. These perceived limitations can be mitigated through a practical application of business principles to agriculture. Referring to an Anonymous writer (2016), the work stated that Agribusiness development will benefit the economy in various ways: it will generate large-scale employment and engage idle human and natural resources, encourage capital formation through the mobilization of idle savings, decentralize economic power and engender equitable distribution of wealth, promote linkages for industrial and economic development and enhance a country's exports.

Unite, (2013) posits that the peculiarities of Nigeria's agriculture sector make it very dire for agriprenurship development. Being the mainstay of Nigeria's economy and taking up a significant share of the employment space, agriculture and agribusiness should be treated as an emergency. This then implies that Agriprenurship is a necessity for socio-economic enhancement through creation of agribusinesses, development of agricultural commodities value chains and the overall economic growth. A paradigm shift from agriculture to agribusiness is essential to rejuvenate the Nigerian agriculture with a view to making it a much more attractive and profitable enterprise.

Adipose *et al* (2015) proved this point in their campaign for cassava as a multi-faceted crop, proving that every agricultural crop holds promising features for an enterprising mind. From cassava alone, they were able to develop and show case several products to the rural farmers from the 'ordinary' cassava crop. To the local farmers and business minded participants in the

workshop that was organized, that was unimaginable. The table below shows the various products derived and show cased at the workshop from cassava alone.

*Table 1:* Derivatives of processed Cassava in agripreneurship value chain line

| Source of product              | Derivative                           | Remark                           |
|--------------------------------|--------------------------------------|----------------------------------|
| Cassava                        | High quality flour                   | Baking raw material              |
|                                | Toasted granules(garret)             | A popular dish                   |
|                                | Odourless cassava paste(fife)        | A popular dish                   |
|                                | Cassava chips                        | A processing raw material        |
|                                | Tapioca                              | Snack                            |
|                                | Starch                               | Edible/ used in textile industry |
|                                | Cassava/wheat rolls                  | Snack                            |
|                                | Cassava/wheat chin                   | Snack                            |
|                                | Cassava flour cookies                | Snack                            |
|                                | Cassava strips                       | Snack                            |
|                                | Cassava flour doughnuts              | Snack                            |
|                                | Cassava threads                      | Snack                            |
|                                | Cassava short crust pastry/ pan cake | Snack                            |
|                                | Cassava croquettes/ meat balls       | Snack                            |
|                                | Cassava crisps/fritters              | Snack                            |
|                                | Cassava bread/meat                   | Snack                            |
| Cassava meat cake/French fries | Snack                                |                                  |

Source: Adipose et al, 2015

Over eighteen products from cassava alone. Cassava is not isolated in this innovative exploits and neither are its derivatives limited to these only. Cassava is also a raw material in the pharmaceutical companies and the industries. There are several other ancillary products and services that can be developed from the cassava crop alone. Other agricultural products also hold the same feature however underdeveloped or undeveloped. All that is needed is entrepreneurial and inquisitive mind and its application in agriculture which for now is at low ebb in Nigeria.

Agriculture is assumed to be a low-tech venture that has limited dynamics and embarked on by smallholder farmers who are less innovative. This however has changed over the last decade because of economic liberalization, reduction in protection of agricultural markets and a fast evolving and critical society. Agricultural firms must take advantage of the changes in the market, consumer habits, environmental regulations, additional requirements for product quality, value chain management, food safety, and so on. These changes have made it possible for new entrants, innovations and portfolio entrepreneurship. (Nagalakshmi and Sudhakar, 2013)

An agripreneur must therefore identify opportunities and be innovative. This type of approach to agriculture provides opportunities that will enhance the hitherto unsustainable agriculture practice of mere subsistence. By implication, an Agripreneur has to consider the full range of agribusiness opportunities within the food system such as processing and packaging, logistics and services and even the recycling of agriculture wastes (Carr and Rollin, 2016). Succinctly,

agripreneurship is the discovery of new products and services or production processes, strategies and organizational forms, new markets for new products and; inputs that did not previously exist (Needy, 2011). These activities that are agriculture related have been ignored over the years for very scarce white collar jobs.

Ado, (2017) observed that agriculture is the highest contributor to Nigeria's GDP with an estimate of over 40% from the colonial period to about 29% presently and followed by services and the petroleum sectors that contributed about 15%. Agriculture therefore is pivotal to the country's economic development and should be properly linked in efforts to rejuvenate the economy.

The production of agricultural produce, its distribution and supply provide opportunities for private sector participation. There are several opportunities for agro-industries in farm operations such as production, distribution and supply of inputs like fertilizers and other agro-chemicals etc. There is therefore the need to encourage the local manufacture of inputs hitherto imported from other countries to create jobs. The production and marketing of farm machineries, tools and equipment will provide further opportunities for private sector initiatives (Ado, 2017). Other areas of opportunities are the food processing and marketing sector which are not yet optimally exploited. The agricultural sector still is battling with wastes and losses resulting from inadequate processing and storage.

Ado (2017) in Minong et al (2005) identified over a dozen enterprises in Nigeria's agriculture sector. The enterprises identified are: input production and supply, food crop production, fisheries, forestry and commodity

processing and storage. Other categories are commodity marketing, manufacturing and agricultural commodity export support services. This list however excludes the cash crop sector that is yet to be maximally exploited. Should this sector be given the attention it demands, the multiplier effect on the Nigerian economy will drastically reduce the index of unemployment, scarcity of foreign exchange that has been a protracted issue in recent times, reduce the statistics of food insecurity and grow the economy.

Carr and Rollin (2016) in UNCTAD (2015) have noted that there are challenges to the development of Agripreneurial culture in developing countries such as inadequate information, limited skills, insecurity, inadequate resources and infrastructure among others, with these, it is difficult to establish successful commercial enterprises. The need for effective policies

was also emphasized to promote small-scale agriculture and non-agricultural sectors.

Nevertheless, an agripreneur like an entrepreneur must possess some innate qualities to conquer these challenges and make a success. He or she must be proactive, persistent, visionary with strong management and organizational abilities must be innovative and creative. (Needy, 2011). These can be learnt by training which provides the requisite information, experience and knowledge that will aid better decision making. They can be acquired through formal institutions or informal avenues such as public lectures, field work and demonstrations, workshops, seminars etc (Tripathi and Agawam, 2015). The figure below shows some necessary skills the agripreneur must be equipped with to be competitive and successful as presented by Tripathi and Agarwal (2015).

|    | Category                         | Underlying skills   |
|----|----------------------------------|---|
| 1. | Professional Skills              | a. Plant and animal production skills<br>b. Technical skills  |
| 2. | Management Skills                | a. Financial management Skills<br>b. Human resource management skills<br>c. Customer management skills<br>d. General planning skills  |
| 3. | Opportunity Skills               | a. Recognising the business opportunities<br>b. Market and customer orientation<br>c. Awareness of threats<br>d. Innovation skills<br>e. Risk management skills   |
| 4. | Strategic skills                 | a. Skills to receive and make use of feedback<br>b. Reflection skills<br>c. Monitoring and evaluation skills<br>d. Conceptual skills<br>e. Goal setting skills<br>f. Strategic decision making skills<br>g. Strategic planning skills<br>h. Goal setting skills |
| 5. | Cooperation and networking skill | a. Skill relating to cooperating with other farmers and companies.  |

Source: Tripathi and Agarwal (2015)

Figure 1: Necessary skills for an agripreneur

b) *Agripreneurship in the Value Chain*

Poverty drains resources from families, Agripreneurship helps them build resources. (Dobson and Markley, 2010.). How can this be achieved? Agriculture can create wealth along the value chain through production, value addition, and export of processed or unprocessed goods among others. In the value chain, there are many areas in agriculture that entrepreneurs can exploit in on-farm and off-farm activities. The on-farm activities include production, processing (feed and seed processing), farm input manufacturing, and agro service ventures. Off-farm ventures will include agric-tourism entrepreneurship (Uneze,2013) and other service areas like transportation, storage and packaging, workshops and service centres

for the maintenance of agricultural implement in the agriculture value chain among others(Birwa et al 2014). Post-harvest technology like processing, packaging and storage will stabilize food production and ensure against excessive dependence on food imports (Ado, 1997) even as it creates more openings for employments.

In Nigeria, the economic benefits of many agricultural products are not yet optimized. This is because of limited knowledge of value addition. Others are inadequate technologies, poor infrastructure and inconsistent government policies. This has created two basic key agricultural gaps in Nigeria: the inability to meet domestic food requirements and the inability to export quality products required for market success (Ado, 2017). Value addition should increase the

economic value and consumer appeal of an agricultural commodity. The report submits that value addition technologies include processing and preservation, dehydration and drying, freezing, packaging, labelling, etc. and emphasized that it is important to be innovative in farming and agric-food processing because these are prerequisites to remain competitive. (Ado, 2017). Technological innovation will be a catalyst to boost productivity and growth in the agribusiness sector (PricewaterhouseCoopers (PwC, 2016).

Though there are abundant agripreneurial opportunities in the value chain, Nib et al (2016) observed that some factors constrain rural farmers from becoming agripreneurs. These constraints were categorized into socio-cultural, knowledge-base, and economic using what was described as the Kaisers rule

of thumb as applied by Nib and Koori (2013) in which any of the identified factors that loads 0.4 and above implied influence on agripreneurship drive. The weights of the identified limitations/influences are shown in the table below. The identified economic factors that constrained rural farmers from becoming agripreneurs included high interest rate on loan, high competitive market, poor returns to agricultural investment, and inadequate access to loan. The table may not be exhaustive in its content. However, the factors outlined affected aspects of agripreneurship drive and any factor that may be impacting agripreneurship is a potential threat to the value chain. Land tenure system and technical knowhow in various categories were also seen to exert some influences on agripreneurship and by implication the value chain.

Table 2: Identified Constraints to Agripreneurship as reported by Nib et al (2016) in Ebony State, Nigeria

| Variable<br>Socio-cultural                  | Factor 1<br>Socio-cultural | Factor 2<br>Knowledge base | Factor 3<br>Economic |
|---|----------------------------|----------------------------|----------------------|
| Land tenure system                          | 0.558                      | 0.225                      | 0.153                |
| High interest rate on loan                  | 0.023                      | -0.055                     | 0.732                |
| Lack of investment infrastructures          | 0.832                      | 0.039                      | 0.221                |
| Lack of technical know-how                  | -0.006                     | 0.508                      | 0.006                |
| Language barrier                            | 0.216                      | 0.119                      | -0.135               |
| High competitive market                     | 0.042                      | 0.212                      | 0.481                |
| Poor policy recommendation                  | -0.114                     | 0.024                      | 0.085                |
| High rate of disease and insect infestation | 0.129                      | 0.154                      | 0.370                |
| Poor return from agricultural investment    | -0.002                     | -0.079                     | 0.458                |
| Poor training by extension agents           | 0.006                      | 0.670                      | 0.007                |
| Lack of access to research results          | 0.075                      | 0.946                      | 0.056                |
| Lack access to loan                         | 0.114                      | -0.069                     | 0.756                |
| Poor access to education                    | 0.093                      | 0.025                      | 0.023                |

Source: Nib et al, 2016

Needy (2011) has outlined major agricultural products and classified them into four broad groups: foods, fibers, fuels, and raw materials. Other useful products produced by plants include resins, dyes, drugs, perfumes, bio fuels and ornamental products such as cut flowers and nursery plants. This can lead to

the development of sustainable and well-serviced markets and maintain a viable raw material supply chain. Nib et al (2016) in the table below showed some agripreneurship opportunities that exist in the value chain in few selected agricultural products and the level of participation in Ebony State, Nigeria.

Table 3: Opportunities that exist in the agriculture value chain as published by Nib et al (2016) in Ebony State, Nigeria

| Agripreneurial Components              | Opportunities/investment areas   | Frequency | Percentage |
|--|----------------------------------|-----------|------------|
| Farm input supply 76(63.33)            | Agro chemicals                   | 19        | 25.00      |
|  | Breeding stock(plants & animals) | 28        | 36.84      |
|  | Farm implements                  | 51        | 67.10      |
|  | Veterinary services              | 7         | 9.21       |
| Farm production 97(80.83)              | Arable( & cash) crops            | 74        | 76.29      |
|  | Livestock                        | 43        | 44.33      |
|  | Fisheries                        | 16        | 16.49      |
| Farm processing/Distribution 64(53.33) | Roots and tubers                 | 47        | 73.44      |
|  | Cereals                          | 24        | 37.50      |
|  | Nuts/legumes                     | 15        | 23.44      |

Source: Nib et al (2016)

The table above as published by Nib et al (2016) is not exhaustive. The immense opportunities that

exist in fruits and vegetables were not mentioned. It should be borne in mind however that for each

agricultural product whether plants or animals, there exist several agripreneurship opportunities to be developed. In the report, Nib et al(2016) however posited that the agribusiness environment was diverse with many opportunities and if fully exploited will usher in growth in the agricultural sector.

#### c) *Agripreneurship and Employment Generation*

To encourage and enhance economic growth and development, the Indian government sometimes ago initiated and pursued a growth and development policy plan that encouraged entrepreneurship and self-employment. The Nigerian government in principle has severally towed the same pathway. However, the initiative was riddled with inconsistencies, inadequate articulations and frequent policy truncations as regimes come and go. To transit from paid employment to self-employment has been an important agendum in the economy of many developed nations. To be self sustaining economically, individuals must transit from paid employment to self-employment (Palanivelu and Madhupriya, 2013). Nigeria is in a good position to encourage this transition using agriculture as the launch pad because a significantly large number of the population are engaged in the agriculture sector already. The transition may not pose serious problems if agribusiness is positioned to take up the challenge.

With the rise in unemployment and poverty in Nigeria and limited economic growth options in other sectors, there is need to develop entrepreneurship in agriculture to create jobs, raise productivity and grow the economy since for now, agriculture employs the highest amount of labour in the country and sustainable opportunities outside agriculture are limited. The application and practice of entrepreneurship in agriculture will generate a wide range of benefits such as increased productivity, development of new agribusiness ventures that will lead to Job creations, innovations in products and service delivery, and increases in wealth (Birwa *et al* 2014). Agripreneurship can contribute to social and economic development in the areas of reduction in poverty index, good nutrition and food security in the economy. In addition, it will lead to diversifying the economy and income bases, providing employment and entrepreneurial opportunities.

Anon (2016) in Ado (2017) noted that the ban on importation of certain agricultural products are opportunities for additional investment by the private sector however, Nigeria still imports what it can comfortably and cheaply produce impacting negatively the employment status of the country. Greater opportunities are wasting in the crop sector where the blends of products that can be generated are limitless. According to the report, investors can produce for special markets by just changing the form of a commodity before marketing, change the packaging and labelling for the market etc. thus; Value addition can

create jobs which are critical needs in tackling unemployment at this moment of economic recession.

## IV. CONCLUSION

In Nigerian for now, Agripreneurship is a need to make agriculture attractive and a life line for the economy. Nigeria's present economic experience calls for diversification and a paradigm shift from petroleum based economy and its attendant negatives. Real sector growth like agriculture should be supported to boost employment, reduce poverty and food insecurity. Apparently, there is huge scope for entrepreneurship in agriculture that can be tapped. Agripreneurship will provide direct employment and income to a large section of the populace. Agripreneurship outside offering opportunities is also a necessity to improving agricultural productivity and trigger the growth of allied sectors

## V. RECOMMENDATION

Nigeria must in the quest for economic development and diversification make agriculture the fulcrum of industrial take off. Enabling environments must be created by the government that effect and focus should be on mitigating the constraining factors against agriculture and entrepreneurship development.

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# Effects of Biographic Factors on Overall Job Satisfaction of Bank Employees

By Wahidul Sheikh Shemon

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**Abstract-** The objective of this study is to investigate the impact of different biographic characteristics such as gender, age, occupational level, education etc. on the overall job satisfaction of employees who are working in banks. In the era of globalization and free market economy, a workforce is the prime and sustainable source of competitive advantage. So, for retaining a qualified workforce, ensuring their maximum satisfaction carries paramount strategic importance. As job satisfaction varies from person to person based on their various personal and professional backgrounds, it is imperative to investigate that how these different biographic characteristics affect the employee job satisfaction. This understanding will help us to predict the job expectation of different biographical groups of employees and ensure maximum satisfaction of those groups. This will also help the HR managers to deal with the employees of different age and gender groups while conducting the HRM functions. To achieve the ends, 82 employees were surveyed from the ten branches of seven reputed private banks. By analyzing the data, it has been found that how the satisfaction of the employees of different age, gender and educational background varies from one another and which factors influence the groups most.

**Keywords:** *biographic variables, job satisfaction, employees performance, employees retention, organizational commitment.*

**GJMBR-G Classification:** *JEL Code: J28*



*Strictly as per the compliance and regulations of:*



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Wahidul Sheikh Shemon

**Abstract-** The objective of this study is to investigate the impact of different biographic characteristics such as gender, age, occupational level, education etc. on the overall job satisfaction of employees who are working in banks. In the era of globalization and free market economy, a workforce is the prime and sustainable source of competitive advantage. So, for retaining a qualified workforce, ensuring their maximum satisfaction carries paramount strategic importance. As job satisfaction varies from person to person based on their various personal and professional backgrounds, it is imperative to investigate that how these different biographic characteristics affect the employee job satisfaction. This understanding will help us to predict the job expectation of different biographical groups of employees and ensure maximum satisfaction of those groups. This will also help the HR managers to deal with the employees of different age and gender groups while conducting the HRM functions. To achieve the ends, 82 employees were surveyed from the ten branches of seven reputed private banks. By analyzing the data, it has been found that how the satisfaction of the employees of different age, gender and educational background varies from one another and which factors influence the groups most.

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## I. INTRODUCTION

Every organization has four fundamental elements—man, money, machine (technology) and materials (Green & Heywood, 2008). Of all these elements Man or Human resource is the vital and most essential elements. It is the central resource of an organization and all other factors of production revolve around the same. The success of an organization depends on the quality of human power, it possesses. In the service industry, human resource is more crucial because employees are directly related to the performance of the organization. So maintaining a motivated and satisfied workforce is crucial in the modern service-based economy. Bangladesh is also shifting from industry based economy to service-based economy. According to the Economic Review-2016 by Ministry of Finance of Bangladesh Government, the contribution of the service sector to GDP of Bangladesh in 2015-2016 fiscal year is 53.39 % whereas the contribution of the agriculture sector is 15.33% and the contribution of the industrial

sector 31.28%. It clearly indicates that it is high time we thought to flourish the service sector. For the growth of the service sector, ensuring good HRM (Human Resource Management) practice in the firms is a must. Through good governance and HRM practice, if we can ensure the satisfaction of the employees, the service sector will surely grow well. For this reason, job satisfaction has become a buzzword in the modern business and research area.

Every organization has two types of customers—internal customer and external customer (Green & Heywood 2008). Employees are the internal customers of an organization. For the success of the organization, the satisfaction of these both types of customers is important. But only internal customers can ensure the satisfaction of the external customers as they produce the products and provide the services to the external customers. When employees are satisfied, automatically the organization will grow. This study focuses on the impact of different biographic characteristics of employees such as gender, age, etc. on their overall job satisfaction.

In the last few decades, human life has been changed dramatically with the help of modern science and technology. From the way of thinking and communication to their food habit and dress sense, almost everything has been changed. In the modern society, the needs and requirements of the people are increasing very rapidly. So their expectations from their job are also changing. They become dissatisfied when their needs are not fulfilled. Dissatisfied employees are likely to contribute little to organizational goal attainment. There have been numerous researches on various aspects of job satisfaction throughout the world (Spector, 1997).

Different management and organizational behavior theories like Maslow's Need Hierarchy Theory, Herzberg's Motivation-Hygiene Theory and Vroom's Expectancy Model have been extended to describe the factors responsible for the job satisfaction of the employees such as age, occupational level, size of the organization, organizational climate, educational background, etc. Today both men and women are equally participating in the outside work. Men and women, although they are working in every sphere of work, have some differences in their biographic characteristic (e.g., pregnancy, physical structure and energy exertion, menstruation or period, etc.) Moreover,

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age, the length of service and educational level may have a great impact on the overall satisfaction for both men and women. In the socio-economic condition of Bangladesh, how these biographic characteristics influence the job satisfaction of employees has not been examined, especially in service industry where men and women are participating almost equally and more specifically in the banking sector. This paper aims at discovering the impact of these biographic characteristics in the job satisfaction of the employees. For time and resource limitations, this paper will focus only the impact of the biological issues on the job satisfaction of employees of banking sector, a growing part of service industry in Bangladesh.

## II. OBJECTIVES OF THE STUDY

It has been noticed that most of the research papers on job satisfaction have focused on the externality of a job such as work environment, office arrangement, financial benefits, etc. and ignored the internality such as like the age, gender etc. As per our review, no research has been conducted in Bangladesh on job satisfaction of employees in the Banking sector on the ground of these biographic factors. So the aim of this paper is-

- To study the impact of different biographic factors such as gender, age, occupational level, education on the overall job satisfaction.
- To find out the other factors affecting the job satisfaction level of the employees and the impact of those factors on overall job satisfaction.

## III. LITERATURE REVIEW

Job satisfaction may be viewed both as the result of many individual and work environment physiognomies and as a predecessor to many outcomes. According to Locke (1976) job satisfaction means a pleasurable or positive emotional state resulting from the appraisal of one's job or job experiences. Porter, Steers, Mowday and Boulian (1974) stated job satisfaction as a more rapidly formed and a transitory work attitude associated with specific and tangible aspects of the work environment. Lease (1998) argues that an employee having a greater degree of job satisfaction is less absent and more productive and he/she also displays higher organizational commitment. It has been also shown that in most of the cases, the satisfied employee is also happy in his/her personal life. Both from the managerial and technical perspective, employers can be considered as mainstay of organization development. If organizations can ensure good working conditions and boost employees' job satisfaction, organizations can surely utilize the employees' full potential.

There are a number of different dynamics which can impact employee satisfaction. It may include the

physical design of the workplace, air circulation and temperature, noise and lighting, the autonomy of employees to personalize their workspaces etc. Several researchers have shown that satisfaction associated with one or more environmental factors does not essentially yield equal satisfaction with the total environment as well as not all the elements of satisfaction is equally important. Researchers widely vary on the issue of job satisfaction and its determinants but we can classify them into two major classifications (Naumann, 1993) - content theories (Herzberg, 1968; Maslow, 1987; Alderfer, 1972) and process theories (Adams, 1965; Vroom, 1964; Locke, 1976; Hackman & Oldham, 1975). It is argued that job satisfaction mainly linked with different intrinsic and extrinsic factors. Intrinsic factors are those which are internal and abstract such as opportunities for advancement and growth, recognition, responsibility, achievement, etc. on the other hand extrinsic factors are those which are external and more visible such as supervision, pay, policies, working conditions, interpersonal relations, security, etc. (Szyman, 1996).

For organizational success, job satisfaction is a must. Employee satisfaction has a key impact on many economic and social phenomena. The primary purpose of a business organization is to be profitable, and so it must persistently ensures employee satisfaction in order to stay profitable. According to Marcson (1960) argument and findings, if any organization wants to be productive, it must assign its employees to the jobs in which they are good at and create a challenging but cooperative environment. According to Herzberg's (1968) two-factor theory, there are two types of factors existing in any job.

- Motivational factors
- Hygiene factors

The presence of hygiene factors will not necessarily bring job satisfaction but their absence will bring dissatisfaction.

Pritchard, Dunnette, and Jorgenson (1972) point to that feeling of underpayment lead to low performance and low productivity. Job Characteristic Model (JCM) of Hackman and Oldham's (1975) detects five cores job dimensions- skill variety, task identity, task significance, autonomy, and feedback. Here skill variety means the requires skills needed to perform any specific job; task identity means how any job is distinguished from others; task significance means how important any job is for the organization and how people perceive the job; autonomy means the freedom of decision making of the job holder while performing the job. These three dimensions by turn impact three key psychological states: experiencing the meaningfulness of the work, experiencing responsibility for the work, and knowledge of results and these psychological states then affect job satisfaction.

Job satisfaction has been studied both as a consequence of much individual and work environment characteristic and as an antecedent to many outcomes. According to Locke (1976), job satisfaction is pleasurable or positive emotional state that results from the appraisal of one's job or job experiences. Heneman, Greenberger & Strasser (1988) suggest that there is a strong linkage between salary and performance and it has been found that salary plays an important role in bringing job satisfaction; it influences one's psychological state of being involved in meaningful work for which one is appropriately paid.

Bolton (1991) stated that job satisfaction of employees may even be largely affected by many factors of the physical environment such as lighting, furniture, noise, temperature and other arrangement. Witt & Nye (1992) stated that if the promotion decisions are made in a fair manner, employees experience satisfaction with their jobs. Brown & McIntosh (1998) have found that there is a correlation between salary and job satisfaction in low levels, but in the higher level, non-monetary reward bring higher degree of satisfaction. Lease (1998) found that employees who have higher job satisfaction, usually show less absenteeism, more productivity, and more organizational commitment.

On the other hand, Wagner and Hollenbeck (1998) describe job satisfaction as a pleasurable feeling that results from the perception that one's job fulfills or allows for the fulfillment of one's important job values. According to Blanch Flower & Oswald (1999) have identified the following items - job insecurity, work intensity, greater stress, long working hours, etc. as the major source of dissatisfaction. Clark (1999) shows that upward changes in workers' pay overtime positively influence their satisfaction and well-being. Borzaga & Depedri (2005) show that employees, working in social service sector such in NGOs or non-profitable organization, demonstrate high level of satisfaction although their wages increase up to a threshold, not above that threshold. These two contrast scenario clearly indicates that job satisfaction is not always positively correlated with higher salary and other financial amenities. Siebern Thomas's (2005) in his cross-sectional analysis on the European Community Household Panel confirms that there is strong positive correlation between wage and job satisfaction. Diaz-Serrano & Cabral Vieira (2005) argues that low-pay worker are usually engaged with low quality jobs and they demonstrate the low level of satisfaction.

Baron (2006) shows that there is a moderate inverse relationship between job satisfaction and employee turnover. This depicts that if an employee has low satisfaction with his/her job, he/she will be more likely to be absent from work or even to resign from the job. This will increase the turnover rate of the organization. High turnover is very detrimental for

organizational development. When the employees are committed, an organization can easily achieve its goal. Sahnawaz and Juyal (2006) focus on exploring the impact of job involvement and job satisfaction on organizational commitment. Samad (2007) also shows the level of influence job satisfaction aspects will have on organizational commitment. Furthermore, commitment of employees to the organization is the key factor in achieving competitive performance.

De Varo, Li, & Brookshire (2007) focus on the contextual factors that organizations provide to maintain the satisfaction of the employees. They basically suggest that the satisfaction of the employee depends on any particular context or scenario and related issues. The same employee who is satisfied with a job, may be dissatisfied with similar job due to some related contextual factors. Singh & Kohli (2006), Thakur (2007) and Jha et al. (2008) argue that different organizational contextual factors such as pay, growth opportunities, job security, among others, affect an employee's views on job satisfaction. Green & Heywood (2008) show that performance-based reward encourage employees to optimize their ability and it provides an inner satisfaction to the employees. A job satisfaction survey was conducted by the Society for Human Resource Management (SHRM) in January 2009 with a sample of employees and a sample of HR professionals. In the survey, they have identified twenty four elements under four basic heads which curtail employee job satisfaction. These four elements are career development, relationship with management, compensation and benefits, and work environment.

The recruiting and retention of qualified and skilled employees is the foundation of any business-small or large. Research indicates that employees who are satisfied with their jobs are more likely to stay with their employers. Keeping a cadre of happy and motivated employees, however, is often elusive as the expectations of employees shift very often. These changing expectations stem from demographic trends, such as growing numbers of Generation Y employees and women entering the workforce. There has been a growing need of caring for children and elderly parent. Moreover, we are also noticing some significant changes in society such as increased stress levels as employees attempt to juggle work and personal responsibilities, work-family conflict, etc. As life is becoming challenging, employees become stressed. Therefore, the factors long thought to satisfy employees may be shifting, depending on attributes such as the gender and age of employees.

When organizations face fiscal constraints, the role of HR becomes crucial in helping companies balancing the necessity to reduce operating costs while maintaining employee motivation and satisfaction. To face this challenge, HR must focus on recruiting and selecting such employees whose biographic

characteristics match with the job description so that the job itself may become the greatest factor of satisfaction for them. Once we recruit and select such employees, it would be relatively easier to motivate and retain them which will consequently, result in organizational commitment. To do so, we must examine and understand how these biographic characteristics influence the job satisfaction of the employees. As per our review, no such study has been conducted to determine this issue in Bangladesh. As effect of biographic characteristics varies from culture to culture and influences the mentality and attitude of employees, it is significant to identify how these biographic characteristics influence the employees of Bangladesh. This paper exactly aims at exploring this.

#### IV. METHODOLOGY

For the understanding of the impact of biographic factors of employees on their job satisfaction, exploratory research has been conducted because the objective of exploratory research is to gather preliminary information that will help to define and analyze a problem. Both primary and secondary sources of data have been used in the research. Primary data has been collected mainly through observation and through both formal and informal interviews of employees.

##### a) Sources of Data Collection

To make the paper more meaningful and presentable, two sources of data and information have been used-Primary source and Secondary source.

###### i. The "Primary Sources" of Data and Information

- Informal conversation with the employees.
- Formal collection of information through questionnaire.
- Formal interview with the clients of the bank.
- Personal investigation with the bankers

###### ii. The "Secondary Sources" of Data and Information

- Website of the banks
- Different circulars issued by the head office of the banks.
- Annual reports of the banks.
- Training materials available at the BIBM library.
- Various books, articles, compilations, etc. regarding employee satisfaction

##### b) Sampling Design and Method

For the purpose of the study, ten branches of seven reputed private banks have been selected on the basis of convenience. Due to time and budget limitations, convenient sampling technique has been used to select the branches. In the second stage, simple random sampling technique has been used to select the respondents. Self- developed questionnaire was distributed among 82 respondents. The respondents were informed about the purpose of the study before filling up the questionnaire and requested

to fill up the questionnaire with accurate and unbiased information. Only 60 (73.17%) out of 82 questionnaires were found suitable for final analysis and without any discrepancies. These employees of these banks were personally interviewed.

##### c) Sampling Size

82 employees were selected from the ten branches of seven reputed private banks.

##### d) Statistical tools used for interpretation and analysis

The collected data has been analyzed by using percentage analysis. Different kinds of ratio and percentages are used in making comparison between two or more series of data, and used to describe the relation.

##### e) Questionnaire

The questions were designed to facilitate the respondents to identify the various variables contributing towards Job satisfaction. The respondents were requested to ignore their personal prejudices and use their best judgment on a 5 point Likert scale. The purpose of this exercise was to make the response a true reflection of the reality instead of an individual opinion.

The 5 point of the scale indicated in the questionnaire are-

1. Strongly Disagree,
2. Disagree,
3. Indifferent,
4. Agree and
5. Strongly Agree.

#### V. DATA ANALYSIS & INTERPRETATION

##### a) Data Analysis & Interpretation

The data so obtained was subjected to analysis and interpretation and the findings drawn are as follows (all the percentage figures have been shown in rounding figure):

Table I: Age of Employees

| Age      | No. of Employees | Percentage |
|----------|------------------|------------|
| Below 30 | 19               | 32         |
| 30-40    | 21               | 35         |
| 41-50    | 14               | 23         |
| Above 50 | 6                | 10         |
| Total    | 60               | 100        |

Source: Primary Data

*Inference:* Table-I depicts that out of 60 employees, 32% of the employees are in the age group of below 30, 35% are in the age group of 30-40, 23% are in the age group of 41-50 and the rest 10% of the employees are in the age group of 50 years. So, the lion part (67%) of our sample size is in the age limit of 40 or below.

Table II: Gender

| Gender | No. of Employees | Percentage |
|--------|------------------|------------|
| Male   | 39               | 65         |
| Female | 21               | 35         |
| Total  | 60               | 100        |

Source: Primary Data

*Inference:* Table-II shows that among the 60 employees, 65% of the employees are male and 35% of the employees are female. It has been noticed that the number of working males are greater than that of working. But the rate of women entrance in the banking sector is increasing rapidly. In 2006, the ratio of men and women in these ten branches of the banks was 7:1, while it is 3:1 in 2016. (This data has been collected from employee data base of these banks).

Table III: Marital Status

| Marital status | No. of Employees | Percentage |
|----------------|------------------|------------|
| Single         | 24               | 40         |
| Married        | 36               | 60         |
| Total          | 60               | 100        |

Source: Primary Data

*Inference:* From the above Table it is inferred that out of 60 respondents 40% are single or unmarried and the rest 60% employees are married.

Table IV: Educational Qualification

| Education Level  | No. of Employees | Percentage |
|------------------|------------------|------------|
| 12 <sup>th</sup> | 07               | 12         |
| Graduation       | 16               | 27         |
| Post-Graduation  | 34               | 57         |
| Any other        | 3                | 5          |
| Total            | 60               | 100        |

Source: Primary Data

*Inference:* In this table, the educational background of the employees has been exhibited. It shows that 12% of the respondents are 12<sup>th</sup> passed, 27% of the respondent are graduate, 57% of the respondent are post graduate and 5% of the employees have passed any other exams (Islamic education).

Table V: Designation

| Designation                            | No. of Respondents | Percentage |
|--|--------------------|------------|
| Accountant                             | 14                 | 23         |
| Cash Officer                           | 16                 | 27         |
| Clerk                                  | 07                 | 12         |
| MTO<br>(Management<br>Trainee Officer) | 12                 | 20         |
| Manager                                | 08                 | 13         |
| Any other                              | 03                 | 5          |
| Total                                  | 60                 | 100        |

Source: Primary Data

*Inference:* In this table, the designation of the respondents has been shown. It has been found that

23% of the respondents are accountants, 27% are cash officer, 11% are clerks, 20% are MTO, 13% are managers and rest 5% belongs to other designations.

Table VII: Satisfaction with the nature of job

| Satisfaction level  | No. of Employees | Percentage |
|---------------------|------------------|------------|
| Highly satisfied    | 8                | 13         |
| Satisfied           | 17               | 28         |
| Indifferent         | 10               | 17         |
| Dissatisfied        | 22               | 37         |
| Highly dissatisfied | 03               | 5          |
| Total               | 60               | 100        |

Source: Primary Data

*Inference:* In this table, the satisfaction regarding the nature of the job has been shown. It shows that 13% of the employees are highly satisfied with the nature of their job, 45% are satisfied with their job, 28% are indifferent, 37% are dissatisfied and 5% are highly dissatisfied with the nature of their job. When we analyze the upper two rows of the table-Highly satisfied and satisfied, we find that 52% of this cluster (13 employees) is women, 84% (21 employees) is married, 88% (22 employees) belongs to the age group of 30 to 50 years. On the contrary, when we analyze the lower two rows of the table-Dissatisfied and Highly dissatisfied, we unearth that 68% (17 employees) is unmarried, 80% (20 employees) men and 88% (22 employees) belongs to the age group of below 30 years.

Table VIII: Satisfaction regarding salary and incentives

| Satisfaction level  | No. of Employees | Percentage |
|---------------------|------------------|------------|
| Highly Satisfied    | 11               | 18         |
| Satisfied           | 28               | 47         |
| Indifferent         | 09               | 15         |
| Dissatisfied        | 10               | 17         |
| Highly Dissatisfied | 02               | 3          |
| Total               | 60               | 100        |

Source: Primary Data

*Inference:* About 18% of the respondents are highly satisfied with their salaries, 47% are satisfied, 15% are indifferent about their salary, 17% are dissatisfied whereas the balance 3% of the respondents are highly dissatisfied with their remuneration. Although majority of the employees are satisfied with their salaries, dissatisfied lot is not ignorable. This result may be a worrisome factor for the bank since inadequate salary or perception of being under-paid may lead to job dissatisfaction. The dissatisfied employees compare their salary with that of employees in MNCs. In inter-industry comparison, the dissatisfied employees of banks perceive that their salary is lower as they enjoy less vacation and longer working hours.



**Table IX:** Satisfaction regarding work environment

| Working Environment | No. of Employees | Percentage |
|---------------------|------------------|------------|
| Highly Satisfied    | 24               | 40         |
| Satisfied           | 21               | 35         |
| Indifferent         | 12               | 20         |
| Dissatisfied        | 02               | 3          |
| Highly Dissatisfied | 01               | 2          |
| Total               | 60               | 100        |

Source: Primary Data

*Inference:* As the satisfaction level of employees for work environment is concerned, 40 of the employees are highly satisfied with their work environment, 35% are satisfied, 20% are indifferent, 3% are dissatisfied and the rest 2% of the employees are highly dissatisfied. As majority of the employees are satisfied with their work environment, it does not lead to job dissatisfaction.

**Table X:** Satisfaction regarding performance appraisal technique

| Performance Appraisal | No. of Employees | Percentage |
|-----------------------|------------------|------------|
| Highly Satisfied      | 5                | 8          |
| Satisfied             | 36               | 60         |
| Can't say             | 15               | 25         |
| Dissatisfied          | 03               | 5          |
| Highly dissatisfied   | 01               | 2          |
| Total                 | 60               | 100        |

Source: Primary Data

*Inference:* This table show the response of the employees regarding their performance appraisal techniques. It is inferred that 8% of the employees are highly satisfied, 60% of the employees are satisfied with performance appraisal techniques, 25% are dissatisfied, 2% are highly dissatisfied and the rest 5% of the employees have nothing to say about it. On the basis of this analysis it is found that performance appraisal technique does not contribute to job dissatisfaction. But the existing appraisal system is unable to reflect the actual performance as it is mainly superior and subordinate based.

**Table XI:** Satisfaction regarding working hours

| Satisfaction | No. of Employees | Percentage |
|--------------|------------------|------------|
| Satisfied    | 22               | 37         |
| Dissatisfied | 38               | 63         |
| Total        | 60               | 100        |

Source: Primary Data

*Inference:* Working hours is the most important factor contributing towards job satisfaction or job dissatisfaction. It is inferred from the above Table that only 37% of the employees are satisfied with working hours while rest of the 63% of the employees are dissatisfied with their working hours, which is one of the main factor of job dissatisfaction. Most of the employees

cannot manage time for their family except week end. They have to get ready for

**Table XII:** Effect of work related training on job satisfaction

| Effect of Training | No. of Employees | Percentage |
|--------------------|------------------|------------|
| Agree              | 17               | 28         |
| Disagree           | 24               | 40         |
| No comments        | 19               | 32         |
| Total              | 60               | 100        |

Source: Primary Data

*Inference:* Training and Development plays a significant role in improving the efficacy of the work-force which makes him feel better equipped for the job at hand. It also helps in the career planning of the employees. Both these aspects provide a sense of job satisfaction to the work-force as well as to the leader. In response to this query an overwhelming 40% of the employees felt that the banks lacked proper training facilities for the employees, 32% refused to comment on the issue while only 28% are agree on training facilities. Lack of proper Training and Development efforts in an organization leads to a greater degree of dissatisfaction with the job. This is also a caution to the bank as well.

**Table XIII:** Satisfaction regarding relations with colleagues and other subordinate

| Effect of Relationship | No. of Employees | Percentage |
|------------------------|------------------|------------|
| Satisfied              | 35               | 58         |
| Dissatisfied           | 04               | 7          |
| Indifferent            | 21               | 35         |
| Total                  | 60               | 100        |

Source: Primary Data

*Inference:* Interpersonal relations among the officers and clerical staff play a major role in the job satisfaction of both the categories. Cordial relations build up a favorable organizational climate and increase the employee's preference to come to workplace. In response to the above question 57.5% of the employees said that they had cordial relations with their subordinate staff, only 7.5% said that they don't, while 35% of the employees have no comments on it. So we cannot generalize few people's opinion but we can say that employees appear to be satisfied with the interpersonal relationships.

**Table XIV:** Effect of frequent transfer on job satisfaction

| Effect of Frequent Transfers | No. of Employees | Percentage |
|------------------------------|------------------|------------|
| Agree                        | 36               | 60         |
| Disagree                     | 11               | 18         |
| No comments                  | 13               | 22         |
| Total                        | 60               | 100        |

Source: Primary Data

*Inference:* Transfers involve dislocation of an individual as well as his family. Frequent transfers surmounted an employee by a plethora of problems, which range from adjustment disorders to himself and his family members, having to cope with the loss of access to relatives and friends, admission problems of his children, etc. Such a situation leads to high rate of job dissatisfaction. According to the survey 60% of the respondents were facing the problem of frequent transfers. 18% of the respondents were not facing such a problem and 22% of the respondents have no comments on it. This is definitely a matter of concern since a large number of employees may be suffering from dislocation and adjustments disorders which will not only affect job productivity but also reduce their job satisfaction levels.

*Table XV:* Opinion on grievance handling and safety provisions

| Grievance Handling and Safety Provisions | No. of Employees | Percentage |
|--|------------------|------------|
| Highly Satisfied                         | 19               | 32         |
| Satisfied                                | 32               | 53         |
| Indifferent                              | 06               | 10         |
| Dissatisfied                             | 2                | 3          |
| Highly Dissatisfied                      | 1                | 2          |
| Total                                    | 60               | 100        |

Source: Primary Data

*Inference:* The above Table depicts the opinions of the employees on grievance handling and safety provisions. It tells that whether they are satisfied with the provisions or not. It shows that 32% of the employees are highly satisfied with that, 53% are satisfied, 10% are indifferent and 3% each are dissatisfied and 2% highly dissatisfied respectively. It is concluded on the basis of the above table that grievance handling and safety provision is not a hurdle in job satisfaction.

## VI. FINDINGS OF THE STUDY

The collected data were analyzed based on their demographic variables such as employee age, gender and job tenure, etc. These types of analyses are useful because they highlight that all employees do not have the same preferences with job satisfaction. HR professionals who are aware of the needs of different groups by age, gender and job tenure may be able to develop programs that appeal to certain groups more than others. For example, if an organization has high turnover among the employees of 35-year-old and younger, it would be useful to know that which factors affect their satisfaction most and how the organization can offer benefit package that attracts this segment of its employees.

1. Data shown in Table I, II, III, IV & V depict the personal characteristics of the respondent such as age, gender, marital status, educational qualification and designation of the employees respectively.

From these findings it has been found that employees working in the respective area mostly belongs to the age group of 30-50 and most of them are married.

2. These tables show some interesting and important findings. The lion share (73%) of the employees who are dissatisfied with nature of the job, salary, performance appraisal, training and development etc. belong to the age group of below 30 and most of them are male and unmarried. In the personal interview, it has been revealed that most of the male employees relatively dislike the banking jobs as the job seems boring and there is little opportunity to show their creativity. In general male graduate like to do the job where there is opportunity to show their creative power and has some opportunity to travel and to have some fun and excitement. Banking jobs, in most of the cases lack these elements. But most of the male employees are satisfied with the salary provision of banks as the salary is relatively higher than other jobs.
3. Furthermore, there is a higher tendency of switching the job among this below 30 year old employees. Most of them have a fascination for BCS (Bangladesh Civil Service). This tendency is relatively low among the higher aged employees as they have already exceed the age limit for BCS and this employees (aged above 30) are more committed to their current organization. In some cases, they (above 30) look for better opportunities in other banks but their switching rate is low (according to the information of the employee data base of these banks).
4. It has been found that women are equally participating in banking sector and they constitute approximately half of the total employees and most of them are graduates. Female employees are now working at almost every level holding different designations.
5. Female employees are showing a greater degree of satisfaction than their male counter- part. Most of the female employees have found the nature of their jobs interesting as the job is less challenging in nature and require less physical exertion. Except the working hours, most of the female employees are very satisfied with their job. There are some issues of dissatisfactions among the female employees regarding the maternity leave, absence of baby care center, etc.
6. Work-family conflict is another major problem for most of the employees and especially for female employees. That is exactly the reason for showing dissatisfaction of most of the female employees in the context of working hours. They have to start their journey at 8 am and in most of the time it ends at 7 pm although the official working hour is 9 am to 5 pm. As the female employees have to fulfill their

official as well as their traditional role as mother, wife and housewife, life of the female employees in most case is in great trouble. The situation becomes worse when they become pregnant and have a new born baby. They can hardly manage time for family. Many of them suffer from a mental inferiority that they are depriving their family for their career.

7. The next objective was to find out various factors affecting the job satisfaction level of the employees like working environment, performance appraisal techniques, grievance handling and safety programs, training and development programs, frequent transfers etc. On the basis of the Table VII to XV, it is concluded that some of the factors causing dissatisfaction regarding the job, some are neither causing dissatisfaction nor contributing much towards job satisfaction.
8. Factors like working environment of the employees, performance appraisal techniques, relationship with other employees and grievance handling and safety provisions are contributing towards job satisfaction as dissatisfaction caused by these factors are almost negligible.
9. Factors involving some amount of dissatisfaction include nature of work and salary. But overall these factors are somewhat satisfactory. Most of the male employees have some dissatisfaction regarding the nature of the job. On the other hand, most of the female employees perceive the nature of the job satisfactory or indifferent. Female employees show relatively more satisfaction regarding nature of work and salary.
10. On the other hand, there are some factors which causes dissatisfaction to the employees includes working hours, training and development of the employees and the frequent transfers of the employees. Frequent transfers of the employees may create significant dissatisfaction or even high employee turn-over since an employee may suffer from dislocation and adjustments disorders that will not only affect job productivity but also reduce their motivation to work. On the contrary, few employees like the transfer and they enjoy working at different place of the country. They argue that transfer reduces monotony and energizes them to work with new vigor.
11. Training and development is another area of concern. Lack of proper Training and Development efforts lead to a greater degree of dissatisfaction with the job. Many employees complain that they did not receive any preliminary training or orientation training and so they had to face difficulties to adjust with the banking procedure at the early stage of joining. Most of the employees learn the procedure from their senior or peer.
12. Employees learn only from their immediate boss or senior peers. There are some training and

development programs for mid and higher level employees like assistant managers or manager. But the managers also said that they can hardly relate the learning with practical work. It may be because of lack of managers' ability to apply the training and development knowledge of practical practice or there are some problems in the training and development programs themselves. But they like to participate in training program as it adds both financial benefits and mental refreshment because the training programs keep them away at least for few days from their busy schedule.

## VII. RECOMMENDATIONS AND CONCLUSION

### a) Recommendation

In this competitive world of business, human resource is one of the most important sources of competitive advantage. Among the factors of production, people or human resource is the vital and most essential factor in the process of production. It is the central resource of an organization and all other factors of production revolve around the same. The success of an organization depends on the quality of manpower it possesses. In order to achieve organizational goal, the satisfaction of the employees must be ensured and here are some recommendation that may be considered-

1. Authorities must understand the biographic variables and their effects on the satisfaction of the employees and design the overall arrangement of the organization so that maximum satisfaction is ensured. Effect of these biographic variables should be taken into consideration from designing the office space to designing the compensation package for any job and while performing other HR functions.
2. There is a tendency among the employees to move to government job because of greater benefit in pension, gratuity as well as social status. So banks must try to equalize the pension and gratuity provision of banks with that of the government organizations.
3. Special attention should be given towards reducing working hours and frequent transfer of the employees. Working hour is a matter of great dilemma for most of the employees. So some special instruments may be used to reduce the working hours of the employees, for example-
  - Shifting System
  - Internee Facilities
  - Temporary Recruitment
  - Part-Time Employees Etc.
4. 360° appraisal system should be installed where all the related parties will be included. As in most of the case the appraisal process is only superior based and in some cases subordinate based, the appraisal system cannot reflect the actual scenario

of performance. And employee's performance should be appraised from time to time so that organization can come to know about the efficiency of the organization. In performance appraisal system both the qualitative and quantitative data must be used.

5. Training and development programs should be conducted frequently to reduce boredom of the employees. There are least training facilities for the lower level employees. They only get some on-the-job informal training from their superior or senior peers. There are some off the-job-training for managers but it has been found that these training programs, in most of the case, hardly help the managers to perform well. So, the training program should be more practical rather than theoretical.
6. So the TNA (Training Need Assessment) program should be established effectively. Moreover, the necessary steps should be taken to redesign the training program so that trainees can apply the knowledge appropriately.
7. Human resource practices must be effectively and fairly used to enrich one's job. HR practices can be potentially used to chalk out employees' career paths by ensuring the proper disbursement of growth and training programs. Fair and equitable treatment must be ensured in promotion and training. Rather than personal relation, performance should be prioritized in case of promotion, demotion and other career transitions.
8. Job security has long been one of the most sensitive aspects of banking sector organizations, now employees are being more concern about it. Excessive security in job makes the employees reluctant and low performer but at the same time lower job security resist the employees' loyalty resulting higher turnover. So in order to increase their satisfaction level, the management must ensure performance based moderate level of job security which will motivate the employees to greater performance.
9. Banks should establish an open and progressive climate which will ensure more autonomy for the employees and where the employees will be heard and will join in the decision-making process. Banks should also promote less of a hierarchical and formal relationship between supervisors and subordinates which will allow the employees to have a prompt communication in case any problems arise. This will also create a sense of belongingness among the supervisors and subordinates.

#### b) Conclusion

Job satisfaction includes various factors and thus it has been a very complex area of study. The variables may create different levels of satisfaction to the employees based on their biographic characteristics.

Different factors of job satisfaction such as nature of the work, working hour, remuneration etc. create satisfaction among the employees based on the biographic characteristics of those employees. As the biographic characteristics change with the passage of the time, the same variable may create different levels of satisfaction to the same employee at the various stage of his/her career. Gender may also play an important role in employee satisfaction. Both biologically and socio-culturally, the need and priorities of male and female employees are different. Any factor of job which influences a male employees strongly whether positively or negatively, may not influence a female employee equally. So while conducting job analysis, recruitment and selection for any position or designing the overall organizational rules and regulations, the effect of these biographic characteristics must be taken into consideration. This study mainly focus on the relation between biographic characteristics of employees and employee's job satisfaction. This paper also tried to draw a relation of employee's job satisfaction with employee's performance and organizational commitment. Because only organizational commitment can ensure employee retention. To ensure organizational commitment, companies must promote job satisfaction. If the employees are satisfied, the customers will be automatically satisfied and only satisfied customer can draw the prosperous future of an organization.

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## An Empirical Study on Sales Promotion Techniques

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**Abstract-** The project report Sales promotion is one of the best promotional mix elements that are commonly employed by firms that find themselves in very competitive markets. The rationale behind the research was to establish whether sales promotion retains customers and to identify the perception of the consumer on the benefits associated with sales promotion in the markets. At present the retail sector plays a vital role in the Indian Economy. The company introduces many sales promotion activities in the market, which attracts and stimulates to purchase the products. A descriptive research design was employed and a convenience sampling to select one hundred customers. The researcher in this paper tries to identify the consumers' expectations towards sales promotions through developmental effects on consumer sales promotion in FMCG sector.

**Keywords:** market, promotional mix, consumer, sale promotion.

**GJMBR-G Classification:** JEL Code: G22



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# An Empirical Study on Sales Promotion Techniques

Dr. A. Ananda Kumar <sup>α</sup>, Ms. S. Suganya <sup>σ</sup> & Mr. V. Imayavendan <sup>ρ</sup>

**Abstract-** The project report Sales promotion is one of the best promotional mix elements that are commonly employed by firms that find themselves in very competitive markets. The rationale behind the research was to establish whether sales promotion retains customers and to identify the perception of the consumer on the benefits associated with sales promotion in the markets. At present the retail sector plays a vital role in the Indian Economy. The company introduces many sales promotion activities in the market, which attracts and stimulates to purchase the products. A descriptive research design was employed and a convenience sampling to select one hundred customers. The researcher in this paper tries to identify the consumers' expectations towards sales promotions through developmental effects on consumer sales promotion in FMCG sector.

**Keywords:** market, promotional mix, consumer, sale promotion.

## I. INTRODUCTION

Sales promotions are defined as marketing activities that add on the values to the sales force, the distributors and to the customers. The consumers (consumer promotion) and retailers

*Promotional Process*

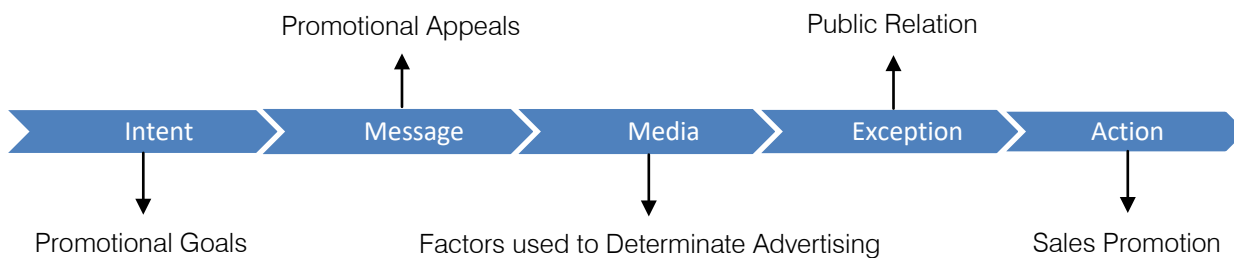


Figure 1

These efforts can attempt to stimulate product interest, trial, or purchase. Outside sales promotion activities include advertising, publicity, public relations activities, and special sales events. This paper helps to concern the level of promotional strategies implemented in this competitive market and also to understand the customer perceptions and expectations towards the current promotional mix of the organisation.

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(trade promotion) sales are increased by sales promotion by manufacturers. Retailer promotions are used by retailers to increase sales to consumers. Examples of Retailer promotions are Temporary Price Reductions (TPRs), features, and displays.

Media and non-media marketing communication are employed for a pre-determined, limited time to increase consumer demand, stimulate market demand or improve product availability. Examples include contests, coupons, freebies, loss leaders, point of purchase displays, premiums, prizes, product samples, and rebates.

Sales promotion is the short term value that motivates the consumers' member of the distribution channel and purchase of goods and services immediately by.

- Lowering the price
- Adding value

The goal is to provide value added service and to make immediate purchase to customers.

## II. NEED FOR THE STUDY

Sales promotion is being to show the short term monetary promotions which may increase the profit. Every organization is trying to increase the monetary promotions of their business. Hence sales promotion is an important tool to increase their sales volume of the business. Through sales promotion techniques the customers have more attracted the preference products and make positive buying decisions. The paper is attempting the sales promotion techniques used by Darling Digital World Pvt Ltd., Puducherry. The research is to help to increase buying decision about the products and to compete with market products.

### III. OBJECTIVES OF THE STUDY

- To know the existing techniques of sales promotion used by the company.
- To find various sales promotion tools influencing consumer buying decision.
- To understand the level of satisfaction towards the sales promotion techniques.
- To give the viable suggestion for improving sales promotion techniques.

### IV. MODEL OF SALES PROMOTION

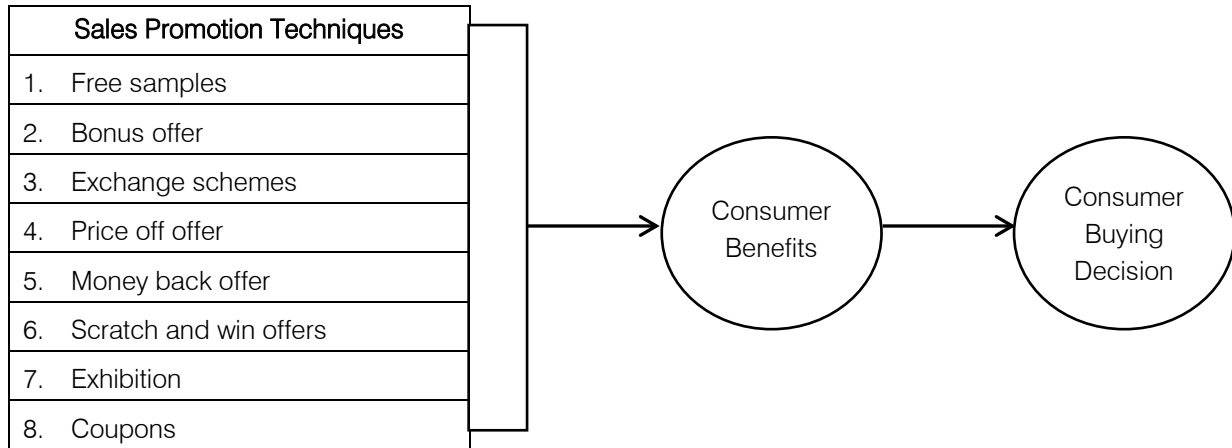


Figure 2

### V. REVIEW OF LITERATURE

Vecchio, Del, Devon et al. (2006) report the results of the study, which examined the effect of sales promotion on brand preference through Meta-analysis. Results of 51 studies were integrated and analysed. As per the study sales promotions do not affect post promotion, brand preferences in general. Ndubisi, Oly, Nelson and Me, Tung, Chiew (2005) in their study evaluated the impact of sales promotional tools, namely coupon, price, discount, free sample, bonus pack, and in-store display, on product trial and repurchase behavior of consumers. Kumar, V. And Swaminathan, Srinivasan (2005) studied the impact on brand sale and how that impact decays over the life of the coupon. The authors use an econometric model to demonstrate the coupon effect about a price reduction, coupon effect over time.

Laroche, Michel et al. (2005) studied the effect of coupons on consumer's brand categorization and choice process. He developed an approach that influences dynamic loyalty program and more traditional short-term promotions. They argue that the loyalty programs under examination successfully alter behavior and increase retention rates. Anderson, T. Eric and Simester L Duncan (2004) investigated how the depth of a current price promotion affects future purchasing of first time and established customers based on three large-scale field experiments on durable goods sold through a direct mail catalog.

Baohong et al. (2003) reviewed various studies relating to the impact of promotion on brand switching and found that these studies used choice models,

especially logic. Swat, Jofie and Erden, Tallinn (2002) focused particularly on the marketing mix, purchased packaged consumer goods, the impact on store promotions as well as the availability of the product on the shelf. Seaman, Dilip and Gourville, T. John (2001) 'O' investigated how and why price bundling affects the consumption of a service based products. The study showed that price bundling leads to sunk cost and pending benefits of a transaction.

### VI. RESEARCH METHODOLOGY

For a meaningful and systematic analysis of the problem encountered a suitable formulation of a methodology for the study is indispensable. This paper requires quantitative analysis and surveys with the use of non - probability sampling. The population defined for this study is unlimited customers to taking at Darling Digital World Pvt. Ltd., Puducherry. Here the researcher makes it consists 100 customers as a sample size to analyse the sales promotion techniques at Darling Digital World Pvt. Ltd. The selected respondents are represented and balanced with demographic factors (gender, age, education, marital status, monthly earnings and profession and number of dependents). Convenience sampling is used for the survey, and a research sample was taken to measure the sales promotion techniques in the study area.

The questionnaire for the research is divided into two parts: the first part deals with the demographic data of the respondents and the second part includes the variables about various dimensions of customers in the form of independent statements. These statements are measured through the five-point Likert scales.



Secondary data is collected from Internet, books, newspapers, journals, business magazines, etc. For primary data collection, a self-administered and non-disguised five-point scale questionnaire containing 38 statements is used. The Liker's five-point scale where the respondents had to fill one choice ranging from strongly agree, agree, neutral, disagree and strongly disagree. The statistical tests used in the study include Frequency Distribution, Correlation, Chi-square, Factor

analysis and Cluster analysis. SPSS (Statistical Package for Social Sciences) version 16.0 was used to compute and analyze the data.

VII. RELIABILITY ANALYSIS

After collecting the primary data, it has been subjected to a reliability test. The alpha and Guttman's reliability test found to be 0.73 and 0.74 since the value is more than 0.50, the reliability was established.

Table 7.1: Reliability Analysis

| Cranach's Alpha | Cranach's Alpha Based on Standardized Items | N of Items |
|-----------------|---|------------|
| .737            | .746  | 45         |

VIII. DATA ANALYSIS AND INTERPRETATION

a) Chi-Square Analysis

- i. Chi-square analysis with gender and i would like to purchase further if any offers with better financial assistance/installment facility

Hypothesis

H<sub>0</sub>- There is no association between Gender and I would like to purchase further if the darling digital world offers better financial assistance / installment facility.

H<sub>1</sub>- There is an association between Gender, and I would like to purchase further if the darling digital world offers better financial assistance/ installment facility.

Table 8.1: Tabulation of Pearson Chi-Square Test

|                              | Value             | Df | Asymp. Sig. (2-Sided) |
|------------------------------|-------------------|----|-----------------------|
| Pearson Chi-Square           | .094 <sup>a</sup> | 2  | .954                  |
| Likelihood Ratio             | .095              | 2  | .953                  |
| Linear-by-Linear Association | .023              | 1  | .879                  |
| N of Valid Cases             | 100               |    |                       |

The level of significance is 0.954 since the calculated value is more than the tabulated value, finding rejects the Null Hypothesis (H<sub>0</sub>), and accepts the Alternative Hypothesis (H<sub>1</sub>) Hence, it is justified that there is an association between Gender and I would like to purchase further if the darling digital world offers better financial assistance/ installment facility.

- ii. Chi-square analysis with marital and i think offers are explicit through display in company

Hypothesis

H<sub>0</sub>- There is no association with Marital, and I think offers are explicit through display in the company.

H<sub>1</sub> There is an association with Marital, and I think offers are explicit through display in the company.

Table 8.2: Tabulation of Pearson Chi-Square Tests

|                              | Value              | Df | Asymp. Sig. (2-Sided) |
|------------------------------|--------------------|----|-----------------------|
| Pearson Chi-Square           | 9.891 <sup>a</sup> | 16 | .872                  |
| Likelihood Ratio             | 13.429             | 16 | .641                  |
| Linear-by-Linear Association | .183               | 1  | .668                  |
| N of Valid Cases             | 100                |    |                       |

The level of significance is 0.872 since the calculated value is higher than the tabulated value;

finding rejects the Null Hypothesis (H<sub>0</sub>) and accepts the Alternative Hypothesis (H<sub>1</sub>). Hence, it is justified that

there is an association with Marital and I think offers are explicit through displays in the darling digital world.

- iii. *Chi-square analysis with profession and i would like to purchase further if darling digital world offers better financial assistance/installment facility*

**Hypothesis**

$H_0$  - There is no association between the profession, and I would like to purchase further if the darling digital world

provides offers better financial assistance / installment facility.

$H_1$ - There is an association between the profession, and I would like to purchase further if the darling digital world provides offers better financial assistance / installment facility.

**Table 8.3:** Tabulation of Pearson Chi-Square

|                              | Value  | Df | Asymp. Sig. (2-Sided) |
|------------------------------|--------|----|-----------------------|
| Pearson Chi-Square           | 14.004 | 8  | .082                  |
| Likelihood Ratio             | 14.908 | 8  | .061                  |
| Linear-by-Linear Association | .403   | 1  | .525                  |
| N of Valid Cases             | 100    |    |                       |

The level of significance is 0.82 since the calculated value is more than the tabulated value, finding rejects the Null Hypothesis ( $H_0$ ) and the Alternative Hypothesis ( $H_1$ ) is accepted. Hence, it is

justified that there is an association between the profession and I would like to purchase further if the darling digital world offers better financial assistance/ installment facility.

**b) Analysis of Correlation**

- i. *Correlation between darling digital world provides a pleasant environment, and i would prefer darling digital world the next time*

**Table 8.4:** Analysis of Pearson Correlation

|  |                                   | The darling digital world gets the proper feedback and complaints from the customer. | Darling digital world provides a pleasant environment. |
|--|-----------------------------------|--|--|
| The darling digital world gets the proper feedback and complaints from the customer. | Pearson Correlation               | 1  | .002   |
|  | Sig. (2-tailed)                   |  | .983   |
|  | Sum of Squares and Cross-products | 65.560   | .120   |
|  | Covariance                        | .662   | .001   |
|  | N                                 | 100  | 100  |
| The Darling digital world provides a pleasant environment.                           | Pearson Correlation               | .002   | 1  |
|  | Sig. (2-tailed)                   | .983   |  |
|  | Sum of Squares and Cross-products | .120   | 45.240   |
|  | Covariance                        | .001   | .457   |
|  | N                                 | 100  | 100  |

An analysis the correlation between the darling digital world gets the proper feedback, and a complaint from the customer, and the darling digital world provides a pleasant environment. From the Table, it is clear that the consumer from Darling Digital World mostly correlates with the correlation coefficient of 0.983 and it is positively correlated. From the correlation analysis, it is justified that the Darling Digital World is actively using the consumer strategy.

ii. *Correlation between the communication strategies build a good relationship with darling digital world, and i often pay attention to sales promotion activities when i am shopping in darling digital world*

Table 8.5: Analysis of Pearson Correlation

|  |                     | The communication strategies, build a good relationship with the darling digital world. | I often pay attention to sales promotion activities when I am shopping in the darling digital world. |
|--|---------------------|---|--|
| The communication strategies, build a good relationship with the darling digital world.              | Pearson Correlation | 1   | -.008  |
|  | Sig. (2-tailed)     |   | .939   |
|  | N                   | 100   | 100  |
| I often pay attention to sales promotion activities when I am shopping in the darling digital world. | Pearson Correlation | -.008   | 1  |
|  | Sig. (2-tailed)     | .939  |  |
|  | N                   | 100   | 100  |

An analysis of the correlation between the communication strategies, build a good relationship with the darling digital world, and I often pay attention to sales promotion activities when I am shopping in the darling digital world. From the Table, it is clear that the

consumer from Darling Digital World is correlated with a correlation coefficient of 0.939 and it is positively correlated. From the correlation analysis, it is justified that the darling digital world is actively using the consumer strategy.

iii. *Correlation between i am satisfied with the delivery pattern of darling digital world and i would like to purchase further if darling digital world offers better financial assistance / installment facility*

Table 8.6: Analysis of Pearson Correlation

|   |                     | I am satisfied with the delivery pattern of the darling digital world. | I would like to purchase further if the darling digital world offers better financial assistance /installment facility. |
|---|---------------------|--|---|
| I am satisfied with the delivery pattern of the darling digital world.  | Pearson Correlation | 1  | .070  |
|   | Sig. (2-tailed)     |  | .592  |
|   | N                   | 100  | 100   |
| I would like to purchase further if the darling digital world offers better financial assistance/ installment facility. | Pearson Correlation | .070   | 1   |
|   | Sig. (2-tailed)     | .492   |   |
|   | N                   | 100  | 100   |

An analysis of the correlation between I am satisfied with the delivery pattern of the darling digital world, and I would like to purchase further if the darling digital world offers better financial assistance /installment facility .From the Table, it is clear that the consumer from the Darling digital world correlated with correlation coefficient of 0.592 and it is positively correlated. From the correlation analysis, it is justified that the darling digital world is actively using the consumer strategy.

will separate those statements into similar or same group statements.

The Kaiser-Meyer-Olkin measure of sampling adequacy and Bartlett's test of sphericity is used to test the sample adequacy for applying factor analysis. Kaiser recommends values greater than 0.5 as acceptable. Since the value is 0.552, it is a good value, and hence we are confident that factor analysis could be appropriate for these data. The Bartlett's test of sphericity is significant, hence the R - matrix is not an identity matrix. It reveals that there is some relationship between variables and therefore the factor analysis is appropriate for these data.

c) *Factor Analysis*

The Personnel efficiency variable is consisting of 38 statements. It is very difficult to analyze the interpretation of those statements. In order to reduce those statements we have been used factor analysis. It

Table 8.7: KMO and Bartlett's Test

| Kaiser-Meyer-Olkin Measure of Sampling Adequacy |                    |       |
|---|--------------------|-------|
| Bartlett's Test of Sphericity                   | Approx. Chi-Square | 1.584 |
|   | Df                 | 703   |
|   | Sig.               | .000  |

Before going for factor analysis, suitability of data should be tested. KMO test and Bartlett's test are two such tests. The value of KMO of 0.552 that factor analysis is useful for the present data. Bartlett's test of Sphericity shows whether the correlation matrix is an identity matrix, that results the variables are unrelated.

The significance level determines the result of the test. Here, the significant value is 0.000 which identified that there is a significant relationship among the variables. The resultant value of KMO test and Bartlett's test shows that the present data is considered in factor analysis.

Table 8.8: Total Variance Explained

| Component | Extraction Sums of Squared Loadings |               |              | Rotation Sums of Squared Loadings |               |              |
|-----------|-------------------------------------|---------------|--------------|-----------------------------------|---------------|--------------|
|           | Total                               | % of Variance | Cumulative % | Total                             | % of Variance | Cumulative % |
| 1         | 5.223                               | 13.745        | 13.745       | 2.908                             | 7.653         | 7.653        |
| 2         | 3.171                               | 8.345         | 22.091       | 2.472                             | 6.505         | 14.158       |
| 3         | 2.875                               | 7.567         | 29.657       | 2.412                             | 6.348         | 20.506       |
| 4         | 2.523                               | 6.640         | 36.297       | 2.352                             | 6.190         | 26.695       |
| 5         | 2.145                               | 5.644         | 41.941       | 2.279                             | 5.996         | 32.692       |
| 6         | 1.827                               | 4.807         | 46.748       | 2.203                             | 5.798         | 38.490       |
| 7         | 1.675                               | 4.407         | 51.155       | 2.150                             | 5.657         | 44.147       |
| 8         | 1.519                               | 3.997         | 55.152       | 2.010                             | 5.289         | 49.436       |
| 9         | 1.410                               | 3.712         | 58.864       | 1.967                             | 5.177         | 54.613       |
| 10        | 1.385                               | 3.645         | 62.508       | 1.875                             | 4.935         | 59.548       |
| 11        | 1.207                               | 3.175         | 65.684       | 1.656                             | 4.357         | 63.905       |
| 12        | 1.175                               | 3.093         | 68.777       | 1.557                             | 4.097         | 68.003       |
| 13        | 1.118                               | 2.941         | 71.718       | 1.412                             | 3.716         | 71.718       |

From the 38 statements, only 13 statement values more than 1. Hence, the statements can be used to explain maximum variance in the characteristics of people. The total variance accounted by all the three

factors is 71.718 per cent. The significant amount of variance is determined by the reduced three factors. Therefore, it is better to take three variables for further analysis.

Scree Plot

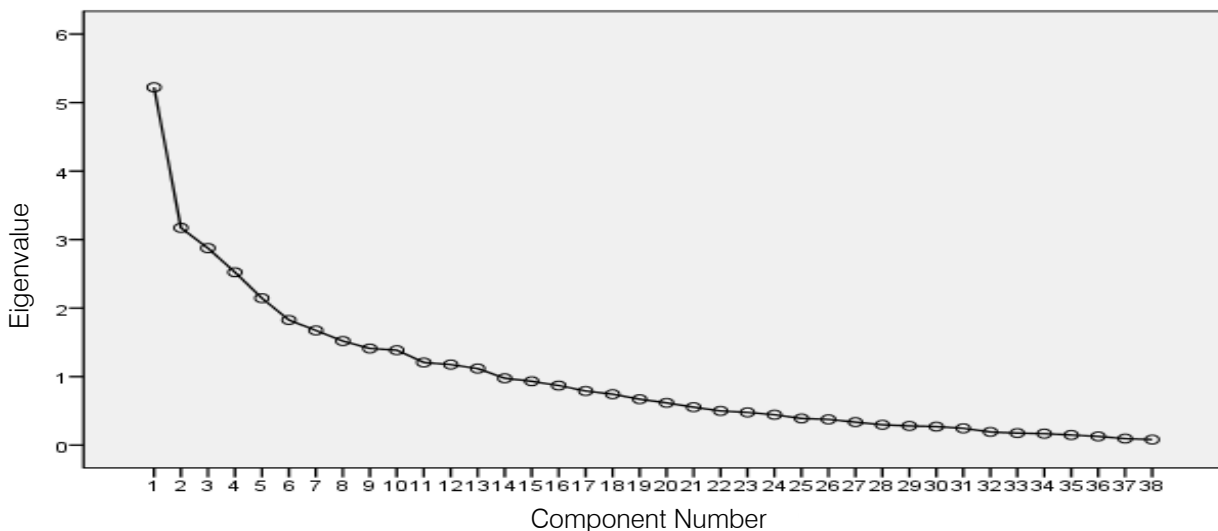


Chart 8.1: Scree Plot for Factor analysis

From the rotated component matrix it is clear that the first factor is having nine statements, second factor is having one statement and third factor is having two statements, fourth factor is having three statements, and fifth factor is having one statement, and sixth factor is having two statement, and seventh factor is having one statement, and eighth factor is having two statement, and ninth factor is having two statements, and tenth factor is having two statements, eleventh factor is having six statement, twelfth factor is having

four statements and thirteenth factor is having two statements. Based on the statements included into the factors can be named. 1. Customer Satisfaction, 2. Product Pricing, 3. Feedbacks and Service, 4. Relationship Status Opinion, 5. Exhibition Method, 6. Customer Suggestion, 7. Awareness, 8. Preference, 9. Product Offers, 10. Advertisement Pattern, 11. Sales Promotion Suggestion, 12. Perceived Quality, 13. Loyalty.

Table 8.9: Groups Ranking For Promotional Efficiency Factor

| Factors                     | Mean | Rank |
|-----------------------------|------|------|
| Customer Satisfaction       | 3.70 | VI   |
| Product Pricing             | 3.35 | XIII |
| Feedbacks And Service       | 3.62 | IX   |
| Relationship Status Opinion | 3.75 | IV   |
| Exhibition Method           | 3.44 | XII  |
| Customer Suggestion         | 3.98 | I    |
| Awareness                   | 3.56 | XI   |
| Preference                  | 3.82 | II   |
| Product Offers              | 3.59 | X    |
| Advertisement Pattern       | 3.76 | III  |
| Sales Promotion Suggestion  | 3.69 | VII  |
| Perceived Quality           | 3.74 | V    |
| Loyalty                     | 3.66 | VIII |

The highest mean score of the variable is 3.98, and the lowest mean score is 3.35 for the variable. When we are ranking to the factors, customer suggestion (3.98) is in the first rank. The preference (3.82) is in the second. The advertisement pattern (3.76) is in the third rank it tells about the satisfaction level of the consumers. The relationship status opinion (3.75) is in the fourth. The perceived quality (3.74) is in the fifth rank, and customer satisfaction (3.70) is in the sixth, and sales promotion suggestion (3.69) is in the seventh, loyalty (3.66) is in the eighth, feedbacks, and service

(3.62) are in the ninth, product offers (3.59) are in the tenth, awareness (3.56) is in the eleventh, exhibition method (3.44) is in the twelfth, and product pricing (3.35) is that the last rank.

d) Cluster Analysis

i. Segmentation of Sales Promotion

Based on the five factors the sales promotion can be segmented. Here K-Means sales promotion cluster is categorize into three.

Table 8.10: Segmentation of Sales Promotion

| Particulars  | Cluster   |           |           |
|--|-----------|-----------|-----------|
|  | 1         | 2         | 3         |
| I would prefer that exchange scheme would attract customers with darling digital world.                                      | 3.96(II)  | 3.59(IV)  | 4.75(I)   |
| The sales promotion activities of the darling digital world have an impact on my buying decision.                            | 3.54(III) | 3.52(V)   | 4.67(II)  |
| I would like to purchase further if the darling digital world provides even better financial facility / instalment facility. | 4.42(I)   | 3.84(I)   | 3.83(III) |
| I agree that sales promotion would cheapen the image of the products that are on sales at the darling digital world.         | 1.71(V)   | 3.67(II)  | 3.25(IV)  |
| I feel that the darling digital world has done a strong sales promotion  | 3.08(IV)  | 3.66(III) | 2.42(V)   |
| No. Of cases in each cluster   | 24        | 64        | 12        |
| Total percentage   | 24        | 64        | 12        |
| Average of cluster segmentation  | 3.342     | 3.656     | 3.784     |

Table 8.10 contains the mean scores of five factors related to sales promotion and the ranks are specified in the bracket. The table shows that around 24% of respondents belong to cluster 1 category, 64% of respondents belong to cluster 2 category and 12% of

respondents belong to cluster 3 categories. This reveals that the majority of respondents participated in the cluster 2 category. The mean value of these 3 clusters 3.342 in cluster one category, 3.656 in cluster two categories and 3.784 in cluster three categories.

## IX. SUGGESTION AND RECOMMENDATIONS

For the study product price could be made desirable for the customers Steps could be taken for the availability of the products. Discounts could be done in favour of the customers. Steps could be taken for better financial facilities to improve their sales. The showroom has to promote the customer about their product through better advertisement. The study reveals that many customers feel that the Darling Digital world have to improve their services. Steps should also be taken to provide individual attention and services to different groups of consumer. The organization may add few more branches to make the dealership easily accessible for existing customer services. It also helps the organization to penetrate their brands deep into the market, thereby increasing sales and revenue. Service providers should offer services according to the customers need and demand

## X. CONCLUSION

From the study, it is clear that most of the customers are satisfied with the service of the darling digital world. This study is also clearly states that the customers are expecting to improve the price and availability of the product. So the darling digital world can take an action to improve price and product availability. The customers are giving more important for more quality with the price of the product. A good quality of service creates weight of the concern.

From the study, the various aspects of advertising, the availability of the products must be improved by the way the darling digital world could improve their sales even better.

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## Criminal Jurisdiction of Securities Court in Nigeria: Panacea to Delayed Market Justice

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This article aims at examining the consequences of delay in adjudication of securities crimes by the Federal High Court on the investors and the Nigerian economy. The article therefore advocates for constitutional imprimatur by listing the IST among superior court in Nigeria clothed with both civil and criminal jurisdictions to enhance the peculiarity of securities torts and crimes adjudication; phase out the delays often experienced at the High Court by remitting securities crime cases at the IST.

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**GJMBR-G Classification:** *JEL Code: K14*



*Strictly as per the compliance and regulations of:*



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Bolarinwa Levi Pius <sup>α</sup> & Mrs. M. T. Okorodudu-Fubara <sup>ο</sup>

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## I. INTRODUCTION

The Nigerian regular court system has been plagued with a lot of problems namely delay in the administration of justice owing to the technicalities of civil and criminal procedure inherited from the United Kingdom; lack of specialization of courts and judges; the adversarial system and attendant rules of evidence; inadequate case preparation by lawyers; and the penchant of incessant adjournments by litigants and their lawyers. The net effect of all these among others is that justice is often delayed. It is said justice delayed is justice denied. These problems result in frustration and apathy of litigants to the judicial system and hinder the development of the law. Commercial cases, particularly

genre of securities cases, suffer the worst impact as the pillar of the nation's economy, capital market, collapsed due to delayed justice occasioned at the regular courts. The wheels of commerce demand quick examination of legal disputes and prompt resolution. It is not uncommon to see cases linger on for three or more years under the regular court system.

Conflicts are generally an inevitable part of human interactions, whether commercial, matrimonial, socio-political or industrial. The expectation of the parties and the demands that they make upon one another are constantly changing. It is, thus, inevitable those occasional conflicts would ensue in the course of these interactions, and that the need for some kinds of civilized mechanisms for dealing with them remains a desideratum. This is particularly the case with respect to the capital market, with its combustible mix of complex financial transactions and the near-apocalyptic competitiveness of investors. With some always looking for opportunities to abuse the capital market and defraud others, especially ignorant investors, it does not require any gift of clairvoyance to perceive the perpetual vulnerabilities of the system, despite sophisticated regulations aimed at dealing with market malpractices *ex ante*.

It cannot be disputed that in Nigeria, the increase in population in some major cosmopolitan cities and growing small towns has not been met with corresponding increases in the number or size of court buildings. Also, the remuneration offered to those on the bench is poor, which has made it difficult to attract competent judicial officers. The performance of some of them leaves a lot to be desired. Some are lazy, while others are not committed, and cases are adjourned at the slightest excuse.

It is expected of a judge to be knowledgeable and well grounded in the Laws, since that is the instrument through which he is expected to dispense justice. Accordingly, a Judge is expected to be versed in the kind of law he is expected to administer. For the judge, he is expected to be learned in the law applicable within his sphere of jurisdiction as at the time of his appointment. Furthermore, a judge should as a matter of challenge and necessity be made to undertake continuing Legal Education as he is not expected to know all especially at the time of his appointment as a judge and this is within the coordination of National Judicial Institute (NJI). The Judge must master the Penal

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and Criminal Code Laws, the provisions of the Evidence Act, the applicable procedure to his court and the rules of common law. Little knowledge will be a disservice to a judge no matter the grade. Learned counsel of various post call experience will appear before him and he must be prepared intellectually to meet the expectation of all. According to Honourable Justice A. O. Obaseki,

“The judgment seat in any court of law cannot be allowed to be occupied by any anyone not versed in the art and science of judging. The resolution of any dispute between two persons even in the simplest of societies is not allowed to be undertaken by any person or tribunal ignorant of or untutored in the norms or rules and custom regulating the relationship and dealing among members of the society Judging is a science in that it is governed by laws, rules and regulation with which it must comply in order to be acceptable in the society It is an art in that its arrangement is dictated by logical reasoning in a legal climate and environment...”

An ignorant judicial officer is not only going to be in perpetual cul-de-sac in attempting to function in that capacity, but will also spell doom for the fate of the innocent man who is at the mercy of his judgment. This concern is well said in a Latin maxim which says “ignorantia iudices est calamitas innocenti” i.e. the ignorance of the judge is a calamity for the innocent. It is therefore essential that the system for appointing a judicial officer must be careful to take proven competence into consideration before such appointment.

The legal and institutional framework that will adequately support a securities market in this era of near apocalyptic and combustible market scheming and *filibustery* include a complex network of rules, laws and regulations which require interpretation and enforcement from time to time. The need has earlier been stressed for an active and professionally skilled judiciary such that securities laws, regulations and policies are enforced with firmness to secure investor confidence and maintain the integrity of the markets.

In delineating the jurisdiction of the courts, it is expedient to consider whether the continuous remit of securities crime in the Federal High Court is morally, legally and practically sustainable amidst perennial delays of justice in genre of securities crimes. This article critically examines that amidst proposal for constitutional recognition of the Investment and Securities Tribunal among superior court having exclusive criminal and civil jurisdiction in securities disputes. This article’s call for efficient securities court with both criminal and civil litigations is *sine qua non* to quick dispensation of securities matters. Any jurisdiction that exemplifies this gains the merit and advancement of World Bank Ease of Enforcing Contract and attracts pool of investors’ portfolios into the Nigerian market.

This article will give the narratives of both the Federal High Court and Investment and Securities

Tribunal, consider their conflict of jurisdiction, examine the criminal jurisdiction of the High Court over the genre of securities crimes and will finally front the advocacy for exclusive criminal jurisdiction and jurisprudence of the Investment and Securities Tribunal over securities crimes and that same be constitutionally and statutorily reflected.

#### a) *Epistemology of the Federal High Court*

The word “epistemology” simply connotes theory of knowledge about a particular field or taxonomy of idea on interpretations, analyses or logical schema about a study. The science of epistemology is a way of investigating our human ways of knowing, with particular reference to how words obtain their various species of meanings.

#### b) *Appointments of the Federal High Court Judges*

Appointments of the Nigerian Federal Judges are constitutionally provided for under Section 250 (1-5). The person for the Office of the Chief Judge of the Federal High Court is recommended from the National Judicial Council (NJC), being the regulatory body for the nation’s Judiciary, to the Presidents for appointment subject to the confirmation of the National Assembly. This procedure is wisely provided for to avoid abuse of powers and stifling of the nation’s Judiciary by the Executive. All other Judges of the Federal High Court are recommended by the National Judicial Council (NJC) for appointment by the President without the confirmation of the National Assembly.

#### c) *Salaries Structure of the Federal High Court Judges*

The salaries of the Federal Judges are paid to the regulatory head of the Judiciary, that is, the National Judicial Council under the Chairmanship of the Chief Justice of Nigeria for onward disbursement to the Federal Judges. Judicial funds and salaries are got from the Appropriation Act and are drawn from the Consolidated Revenue Fund. The philosophy behind this is to guarantee the independence of the Judiciary from the Executive as espoused in the context of separation of powers among the three organs of Government. As it is today, the Nigerian Federal Judges are financially and functionally independent from the Executive so as to enhance impartiality, equity and natural justice in dispute resolution.

#### d) *Jurisdiction of the Federal High Court on Securities Matters*

The Court has been copytured in detail under the genres of courts as established and alluded to under Section 6 of the 1999 Constitution. Generally, the FHC has exclusive trial jurisdiction over any action or proceeding for a declaration or injunction affecting the validity of any executive or administrative action or decision by the CBN, CAC, and SEC as federal

agencies.<sup>1</sup> Specifically, the FHC has exclusive jurisdiction in civil and criminal causes and matters arising from the operation of BOFIA and (or) connected with or pertaining to banking, including a banker customer dispute.<sup>2</sup> The Court also has exclusive jurisdiction in civil and criminal causes and matters arising from the operation of CAMA or any other enactment regulating the operations of companies incorporated under CAMA.<sup>3</sup>

In effect, the FHC has a disjunctive exclusive criminal and civil jurisdictions over matters arising from CAMA on the one hand, and (or) matters arising from other laws (such as the Investments and Securities Act (ISA) that regulate the operations of companies.<sup>4</sup> *Skencconsult (Nig.) Ltd v Ukey*<sup>5</sup> supports this interpretation. It is a Nigerian authority for the proposition that the FHC has exclusive jurisdiction on matters arising from CAMA. Then position of the Constitution has not changed, even though, the case was decided when CAMA, then known as the Companies Act of 1968, was the only law regulating incorporation of companies and dealings in companies' shares. The grundnorm retains its touchstone of validity today as far as the appropriate judicial forum for securities disputes is the Federal High Court.

This is supported by the Court of Appeal in the case of *SEC vs Prof. A. B Kasunmu (SAN) & Anor*<sup>6</sup> where the Court quoted with approval and support to the judgment of the trial court (the Federal High Court):

"It is pertinent to say that the Federal High Court is a creature of the constitution. S.249 of the constitution established this court. The scope and extent of the court's jurisdiction and powers are spelt out in section 251 and 252 of the same constitution. It is therefore the same constitution that can oust or limit its jurisdiction and curtail its powers..... it is my view that S.242 of the Act which is now deemed to be an Act of the National Assembly and not a

constitutional provision and in so far as it has provided that no civil court shall have jurisdiction to entertain any suit or proceeding in respect of any matter which the tribunal constituted under the Decree is empowered to determine is inconsistent with the provision of S.6(6) (b) of the aforesaid constitution which provision has conferred on this court judicial powers on all matters between persons or between governments or authority and to any person in Nigeria and to all actions and proceedings relating thereto, for the determination of any question as to civil rights and obligations of that person. That section to the extent that it purports to oust the jurisdiction of this court is invalid".

The above judicial imprimatur identifies the Federal High Court as the right judicial forum to initiate securities matter

#### e) *Epistemology of Investments and Securities Tribunal*

The Investments and Securities Tribunal (IST), the current adjudicatory successor in the Nigerian capital market, is an independent specialized judicial body and a creature of Section 224 of the Investments and Securities Act 1999. The essence of the IST is hinged on the technical and specialized nature of the capital market as well as the nature of the transactions and participants<sup>7</sup> It has jurisdiction, original and appellate, to interpret and adjudicate on all capital market and investments civil disputes. By legislative amendments, Section 224 of the earlier Act has now been replaced by the extant Section 274 of the Investments and Securities Act 2007<sup>8</sup>. It reads:

There is established a body to be known as the Investments and Securities Tribunal to exercise the jurisdiction, powers and authority conferred on it by or under this Act.

The IST is vested with the onerous responsibility of interpreting the ISA and adjudicating on conflicts and controversies in capital market transactions. The concept of IST, though novel, is not peculiar to Nigeria<sup>9</sup>. In the U.K. there is the Financial Services and Market Tribunal (FSMT), in India, the Securities Appellate Tribunal (SAT), and the Hong Kong Market Misconduct Tribunal (MMT) among others. The Tribunal combines the rule of law applicable in traditional law courts with

<sup>1</sup> CFRN 1999, s 251(1) (r).

<sup>2</sup> *ibid* s 251(1) (d).

<sup>3</sup> *ibid* s 251 (1) (e); FHC Act 1973, s 7(1) (c)(ii).

<sup>4</sup> This interpretation of section 251 (1) (e) of the CFRN, 1999, is consistent with section 18 (3), of the Nigerian Interpretation Act, which provides to the effect that '[t]he word "or" and the word "other" shall in any enactment, be construed disjunctively and not as implying similarity.'

<sup>5</sup> [1981] NSCC 1. This is a leading authority on this point. On the facts, the respondent, a director of the appellant company litigated a boardroom dispute over the management of the appellant company, before the defunct Bendel State High Court (with the creation of the Edo and Delta states from the old Bendel State, now Delta state and Edo state High Courts). On a final appeal to the Supreme Court of Nigeria, Nnamani JSC, applying section 7 (1)(c)(1), of the Federal Revenue Court Act No. 13 of 1973, (the predecessor provision to section 251(1)(e) of the CFRN 1999 and section 7(1) (c)(ii) of the FHC Act) held that (at page 13 – 14) that the Federal High Court, the predecessor to the FHC, was the competent forum for the trial of the case.

<sup>6</sup> (2009) 10 NWLR (pt.1150) 509

<sup>7</sup> Joseph Abugu, "Special Jurisdiction: Relevance in the Nigerian Capital Market". Discussion Paper at 2009 Work Relationship Day (WRD) IST, Lagos Zonal Office, pg 8.

<sup>8</sup> Act No.29 of 2007.

<sup>9</sup> The composition of the Tribunal as specified in section 275 (1) of the ISA 2007, is as follows: (a) a full time chairman who shall be a legal practitioner of no less than fifteen years with cognate experience in capital market matters; (b) four other full time members, three of whom shall be legal practitioners of no less than ten years experience and one person who shall be knowledgeable in capital market matters; and (c) five other part time members who shall be person of proven ability and expertise in corporate and capital market matters.

the responsiveness, flexibility, speed and cost effectiveness associated with the specialized courts.

f) *The Legal, Practical and Functional Architectures of the Investment and Securities Tribunal*

The legal infrastructure administering the Investment and Securities Tribunal is Investment and Securities Act and it has no provision, intervention or regulation of Judiciary over the IST. In fact, the Nigerian Constitution which establishes superior courts with their functions, structures, powers and regulations does not list the Investment and Securities Tribunal among genre of courts in Nigeria. Even the character, spirit and letter of the Tribunal establishment Act places the Tribunal under full control of the Executive in terms of appointments of panel Members, structures of the Tribunal, powers and salaries of the Tribunal members.

The fact that the National Judicial Council (NJC), a constitutional body that superintends over the judiciary in Nigeria has nothing to do with the IST is justified by the requirements of the Act; the membership of the IST consists of ten (10) persons to be appointed by the Minister as follows:<sup>10</sup>

- (a) Full time Chairman who shall be a legal practitioner of not less than fifteen years with cognate experience in capital market matters;
- (b) our other full time Members, three of whom shall be Legal Practitioners of not less than 10 years experience and one person who shall be knowledgeable in capital market matters, who shall devote themselves to issues relating to adjudication and shall not exercise any administrative functions;
- (c) Five other part time members who shall be persons of proven ability and expertise in corporate and capital market matters;

The status of the IST chairman is that of a full time presiding officer of the IST<sup>11</sup> and, as provided in the ISA 1999 must be a legal practitioner not less than fifteen years standing, and with cognate experience in capital market matters. He is the Chief Executive and Accounting Officer of the IST and is responsible for the overall control, supervision and administration of the IST.<sup>12</sup> Four out of the members are also full time, three of which must be legal practitioners of not less than ten years' experience and the fourth full time member must be knowledgeable in capital market matters. The yardstick for measuring "knowledge in capital market matters" is, however, still ambiguous. These four full time members must devote themselves to adjudicative functions only.<sup>13</sup> The other five members who are appointed on part time basis must be persons of proven

ability and expertise in corporate and capital market matters.<sup>14</sup> It is submitted that the word "proven" used by the law makers in this provision is a relative term left to be the discretion of the Minister of Finance, who still has the sole authority and onerous power to hire and fire.<sup>15</sup>

Although the IST has been performing its statutory functions, it is not without jurisdictional controversy with the Federal High Court. Hence, stakeholders have been radically campaigning for constitutional imprimatur and urgent legislative activism to recognize the IST among the superior courts in Nigeria and establish Investment and Securities Tribunal Act in the very similitude of the Federal High Court and National Industrial Court which differently exercise both civil and criminal jurisdictions in their various genres of cases they are constitutionally empowered.

g) *Definition of Fundamental Elements of Securities Crime Court*

In this article an attempt has been made to define and clarify some basic legal concepts and/or terms necessary for proper understanding of the key terms for ease of its critical appreciation. The legal concepts such as, "*Criminal*", "*Securities Court*", "*Panacea and Jurisdiction*" need foundational light.

Much emphasis is laid on the concept of "*Jurisdiction*", being the heart of this Study. Jurisdiction permeates every aspect of judicial action. Competency of jurisdiction is very paramount to all judicial setting is an activity necessary for all successful litigation. It is through its observance that fabric of all legal systems is protected. The foregoing hypothesis is also justificatory of the structure of the Nigerian legal system in a way it sees valid and competent jurisdiction as basic fundamental. It is the authority by which the courts and judicial officers take cognizance of decided cases<sup>16</sup>. Courts are created by the authority of the state as the fountain of justice. Consequently, all judges derive their authority from the state by way of statutes, charter, patent, and order in Council. In the case of superior courts of record, no matter is deemed to be beyond their jurisdiction.

In the words of Oputa JSC,<sup>17</sup> the underlying reason why the issue of whether a court has jurisdiction should be first settled before that court proceeds to the hearing of a case on the merits is because,

Jurisdiction is a radical and crucial question of competence either the court has jurisdiction to hear the case or it has not. If it has no jurisdiction to hear the case, the proceedings are and remain a nullity

<sup>14</sup> Section 275 (1) (a)

<sup>15</sup> Section 275(1) (a), (b) and (c) of the Act, *op cit*

<sup>16</sup> See *Glasgow Navigation Co vs Iron Ore Co* (1910) AC 293, H.L.; *Bright vs Tyndall* (1876) 4 Ch. D 189; *R vs Schoor* (1915) 50 L Jo 344.n; *Tyndall vs Wright* (1922) 127 L.T 149

<sup>17</sup> *Attorney General of Lagos State vs. the Hon. Justice L.J Dosunmu* (1989) ANLR 504 at 511-512

<sup>10</sup> Section 275

<sup>11</sup> Section 275 (1) (a), *ibid*

<sup>12</sup> Section 275 (2), *ibid*

<sup>13</sup> Section 275 (1) (b), *ibid*

however well conducted and brilliantly decided they might otherwise have been. The reason is that a defect in competence is not intrinsic to but rather it is extrinsic to adjudication.

Jurisdiction is an aspect of our procedural law which forms or accounts for a large percentage of defenses in both civil and criminal cases that come before the courts. Jurisdiction or lack of it is therefore the bedrock of every adjudication. According to Black's law Dictionary<sup>18</sup>, jurisdiction is "a court's power to decide a case or issue". In furthering the conceptual understanding of jurisdiction and its fundamental impact in litigation<sup>19</sup>, additional authorities need be considered. The word 'jurisdiction' has been defined<sup>20</sup> as follows:

By jurisdiction is meant the authority which a court has to decide matters that are litigated before it or to take cognizance of matters presented in a formal way for its decision. The limits of this authority are imposed by the statute or charter or commission under which the court is constituted and may be rescinded or restricted by similar means. If no restriction is imposed the jurisdiction is said to be unlimited. The limitation may be either as to kind and nature of the actions and the matters of which the particular court has cognizance or as to the area of which jurisdiction extends or it may partake of both these characteristics.

It appears that this definition is terse. It is therefore best to gather the meaning from its judicial interpretation. The Supreme Court, per Karibi-Whyte JSC (as he then was) held in *National Bank of Nigeria Ltd Vs Soroye*<sup>21</sup> that:

The word jurisdiction means the authority the court has to decide matters before it or to take cognizance of matters presented in a formal way for its decision.

Text writers have also provided valuable contribution to the search for definition of this term. I.D. Uzo Esq<sup>22</sup> chronicled definitions of the term jurisdiction to include:

The legal right by which judges exercise their authority... it is the power and authority of court to hear and determine a judicial proceeding and power to render a particular judgment in question. It is the right and power of a court to adjudicate concerning the subject matter in a given case...

<sup>18</sup> 8th Edition (West, Thomson) 2004 page 855.

<sup>19</sup> For conceptual understanding of Jurisdiction, see: Obande F. Ogbuinya, *Understanding the Concept of Jurisdiction in the Nigerian Legal System* (2008), Snapp press Ltd, Enugu

<sup>20</sup> In Halsbury's Law of England 4<sup>th</sup> edition volume 10 paragraph 715 at page 232

<sup>21</sup> (1977) 5 SC 181. See also A. G. of the Federation vs A. G. of Abia State and 35 Ors (2001) 7 SC (Pt.1) 100.

<sup>22</sup> Preliminary Objection to Jurisdiction, Law Digest Publishing Company (2004) page 3.

'Criminal Jurisdiction' denotes a term used in constitutional law and public law to describe the power of courts to hear a case brought by a state accusing a defendant of the commission of a crime.<sup>23</sup> It refers to<sup>24</sup> a court's power to hear a case of which circumstances relate to an alleged crime. It is guided by law of criminal procedure to regulate what cases each classification of court within the judicial system shall adjudicate upon.

'Securities Crimes' are conceptualized as 'offences or criminal practices committed by filtering, stealing, defrauding or manipulating securities stocks, transactions, securities ideas to one's advantage. Securities crimes ranges from stock frauds, insider abuse/trading, cyber/internet securities illegal activities, proceeds of ill-gotten wealth from species of securities stocks, wiring of ill-gotten securities proceeds into foreign accounts. Securities crimes are getting more complex, near apocalyptic and pyronomic that to define securities-based crimes remains exhaustive. Because of the complexity of securities transactions, complex anti-social and criminal activities have become notorious among the market felons and inordinate ringleaders. The urgent message in restoring amity, trust and integrity back to the market is to keep legislating proactive laws to counter these harmful securities tradings and institutionalizing enforcement infrastructures such as specialized superior securities court with wide civil and criminal jurisdictions to adjudicate securities matters, training judges in securities terms and practices, and ensuring complete independence of the court.

'Securities Court' is a specialized court that adjudicates on securities or capital market matters or cases. Like in Nigeria where the nomenclature given to the court is Investment and Securities Tribunal (IST)<sup>25</sup>, in UK, there is the Financial Services and Market Tribunals (FSMT), and in India, the Securities Appellate Tribunal (SAT). However, there are few jurisdictions in the world have securities courts of which Nigeria is one. In clarifying the term of securities court being advocated in this article, it means a court welding exclusive criminal and civil jurisdictions in securities matters and independently seen to be an unbiased judicial forum.

#### h) *Jurisdictional Impotence of the Investment and Securities Tribunal over Securities Crimes*

The spirit, letter and operational principle of the Investment and Securities Tribunal is that it shall adjudicate over civil matters. It has no capacity or jurisdiction to entertain genre of securities crimes. As it stands today in Nigeria securities crimes cases are remitted to the Federal High Court being the only court

<sup>23</sup> [https://en.m.wikipedia.org/.../Criminal\\_...](https://en.m.wikipedia.org/.../Criminal_...) retrieved on 14 April, 2018

<sup>24</sup> [www.nolo.com/legal-encyclopedia/criminal-jurisdiction](http://www.nolo.com/legal-encyclopedia/criminal-jurisdiction) retrieved on 14 April 2018

<sup>25</sup> Section 274 of Investment and Securities Act 2007

constitutionally recognized and statutorily empowered to decide on them. There is no constitutional support or imprimatur for the creation, powers or functions of the IST; rather the 1999 Constitution only recognizes the exclusive jurisdiction of the Federal High Court to adjudicate on all the civil disputes conferred on the IST by its established Act.

The 1999 Constitution expressly provides in section 251 (1) that Federal High Courts shall have exclusive jurisdiction in all civil matters in respect of which jurisdiction is conferred on the court by section 251 (1) of the Constitution. Furthermore, in section 251 (2) (3) the Constitution confers criminal jurisdiction on the Federal High Court in respect of:

- Treason.
- Reasonable felonies and allied offences; and
- Exclusive jurisdiction in all criminal causes and matters arising from matters over which section 251 (1) of the Constitution confers exclusive civil jurisdiction on the court.

It is evident that the Federal High Court exercises Criminal Jurisdiction. By virtue of section 7 (3) of its enabling law the Court has been conferred with criminal jurisdiction in respect of matters within its civil jurisdiction. Under section 7(2)(3) of the Federal High Court Act, the Federal High Court has jurisdiction to try offences under the Second Schedule of the Exclusive Legislative List of the 1999 Constitution of which capital market is among. The Federal High Court also has jurisdiction to try offences under the criminal and penal codes provided the offences are "in relation to offences to which proceedings may be initiated at the instance of the Attorney General of the Federation".

The offences captured in the current Administration of Criminal Justice Act passed in 2015 are within the jurisdiction of the Federal High Court.

The constitutional logic and flow is that '*capital/securities market disputes*' is among civil causes over which section 251 (1) of the Constitution confers exclusive civil jurisdiction on the (Federal High) court. Therefore by constitutional interpretation or equivalence, the Federal High Court shall exclusively exercise criminal jurisdiction over '*capital/securities market disputes*'. Since 1999 when the current Constitution came into force, the Federal High Court has been exercising criminal jurisdiction over capital/securities market crimes. The 1999 Constitution uses the same qualifying words/clause in conferring both civil and criminal jurisdiction over securities matters on the Federal High Court.

The danger is that securities crime cases continue to litter the docket of the High Court due to so many factors such as shortfall in cognate securities litigation judges, judiciary strikes. This has continued to erode investors' confidence considering the exigencies of the market.

It is sad from the foregoing to note that the Investment and Securities Tribunal has been a shadow of itself as it is impotent to exercise jurisdiction on matters of securities crime, even its civil jurisdiction over the subject matter is fraught with jurisdiction controversies with the Federal High Court. Argument of the apologists that the law which establishes the Investment and Securities Tribunal was a document hurriedly prepared by the Military Government of Abdulsalaam Abubakar at the twilight of its exit could not stand the reality of time and space between 1999 and now. The securities pundits, legal scholars and cognate experts in securities market have continued to beg the question of why the democratic economy as Nigeria continues to refuse addressing a legislative Bill to amend the Constitution by removing capital market/securities matters, both civil and criminal in nature, from the adjudicatory superintendence of the Federal High Court and remitting same in the Investment and Securities Tribunal. Similarly, question has been raised on why the Tribunal has not been independently established as a specialized court under the constitutional and regulatory supervision of the Nigerian Judicial Council (NJC), the apex judicial regulatory body.

The Investment and Securities Act which establishes the Tribunal has been faulted by the academics and radical judgments of the activist-judges as instrument of Executive manipulation and scheming of the Nigerian capital market. The Investment and Securities Tribunal is classified in the Act as a parastatal/board of the Federal Government of Nigeria, whereas to the illusion of the Tribunal, it is a special court with exclusive jurisdiction over matters of securities market. Investors continue to repatriate their investments to well ordered judicial architectures where their safety is guaranteed and principle of separation of power is entrenched.

## II. IMPLICATIONS OF REMITTING MATTERS OF SECURITIES CRIMES IN THE FEDERAL HIGH COURT

The Nigerian Federal High Court saddles with many subject matter jurisdictions clearly espoused under the Exclusive Legislative List of the Second Schedule of the 1999 Constitution. There are about seventy (70) items remitted to the adjudicatory forum of the Federal High Court. The spate of inflow of disputes both criminal and civil into the High Court docket is alarming and over bloating without any corresponding improvement in administration of justice system.

The high rate of commercial criminal and civil disputes, securities crimes inclusive, entering the docket of the High Court daily is tearing apart the federal adjudicatory architectures and infrastructures. Hence, genre of securities crime cases litter the Federal High

Court docket waiting for years for wheel of justice to turn to them. Most of the times, the purpose of such securities crime litigations would have been defeated by the exigency of market culture and transactions governing the market forcing the litigants to abandon their cases and recount huge investment losses. The Investment and Securities Tribunal in Nigeria has lost its utopian vision of impartiality and independence; and in fact, statutorily it has no criminal jurisdiction on securities matters. The implications of lack of specialized securities court with criminal jurisdiction in Nigeria are:

a) *Loss of Hard Earned Securities Investments by Investors*

Investments and securities transactions in Nigeria, like every other jurisdiction, are proportionate to time and space. Particularly, transactions at the floors of the Nigerian Stock Exchange react to time. Foreign exchange trading, equity trading, buying and selling of securities are traded with consciousness of time. Futures, forward contracts, options and franchise are traded proportionate to timing. Hence, fraudulent trading, insider abuse and other genre of securities crimes that need urgent investigations and prosecution of erring company or individual on time because of the peculiarity of the market are often remitted in the docket of the Federal High Court to drag for years before they are decided. These crimes take months or years before they are finally resolved and the implication is that investors seeking justice are already frustrated and losses procured. This is as a result of complex criminal administrative procedures, frustrations by counsel, deficient cognate knowledge and skills of judges in securities/capital market transactions, and unforeseen bureaucratic forces during litigations.

b) *Lack of Synchronized Criminal Securities Jurisprudence in Nigeria*

Jurisprudence is a philosophy or epistemology of law. It is an organic growth or development of each branch of laws with the purpose of using such telepathic experience as guiding principles, promoting knowledge in that branch of law. Unlike every advanced jurisdictions of the world, Nigerian does not have data for decided securities crime cases. Nigeria only has terse securities historical narratives without corresponding or sequential law reports specially devoted for Criminal Securities Law Reports. There are lacunae of subject matter securities law reports to aid facts and evidence in similar cases. Most of the times, Nigerian lawyers consult foreign and advanced jurisdictions to import their decided cases to support their cases. This is promotion of neo-colonial securities crime dispensation. Even the few decided securities crime cases decided by the Federal High Court are scattered among general law reports and become

difficult to locate simply because they are negligible to be separately collated in a distinct law report.

c) *Further Decline in World Bank Ease of Enforcing Contract in Nigeria*

Currently, enforcing securities contract in Nigeria is poor and creates uncertainty in the minds of investors because of jurisdiction controversy between the Investment and Securities Tribunal and the Federal High Court. It becomes sadder that the IST does not have criminal jurisdiction; in fact lacks constitutional recognition. The Investment and Securities Act creating the IST lacks judicial tones and characteristics. The World Bank Ease of Enforcing Contract continues to see Nigeria as one of the dangerous and insecure jurisdiction for securities investors to commit their investments. This is because securities (crime) cases take longer time in the High Court docket and that the specialized court on the subject matter, Investment and Securities Tribunal does not have criminal jurisdiction to decide genre of securities crimes. It is a business norm/axiom that investors, even countries rely on the World Bank Index to choose where to commit their portfolios. As it is, Nigeria is a doubt.

d) *Increase in Securities Crimes and Felons*

This is a direct experience anywhere that when administration of criminal justice is slow or subject to manipulations by the offenders/felons, crimes are on the increase. On daily routine in Nigeria securities market, insider abuses, price riggings, stock stealing and superficial increase in the values of stocks are perpetuated with impunity. This is because the wheel of justice is slow, uncoordinated and easily manipulated. Many times the purpose would have been defeated before the cases were decided. This is because the appropriate court that should have subject matter jurisdiction, the Investment and Securities Tribunal is not clothed with it and the Federal High Court that determine such securities crime cases do not border about the exigency of the market and thought in the mind of investors.

e) *Repatriation/Capital Flight of Investment Portfolios from Nigeria*

This is becoming obvious as the investors who were already in the market are gradually repatriating their investments to other jurisdictions to continue their business. The release being heard at interval regarding the outflow of investments from the shore of Nigeria is alarming as investors continue to doubt the certainty of enforcing their contracts and getting justice in court against those felons who aim at defrauding them.



### III. ADVOCACY FOR CRIMINAL JURISDICTION AND JURISPRUDENCE FOR THE INVESTMENT AND SECURITIES TRIBUNAL

The 'heart' of this article is to epistemologically and culturally examine the visibility and viability of the criminal jurisdictional status of the Investment and Securities Tribunal in the mirror of securities peculiarity and speedy dispensation of securities crimes which have been suffering series of delays in the docket of the Federal High Court in Nigeria. Several stakeholders have been canvassing for a specialized criminal judicial forum to try offenders of securities transactions. In fact, the pioneer Chairman of the Investment and Securities Tribunal, Mrs Ngozi Chianakwalam touched on the exigency of criminal jurisdiction for the Tribunal in an interview she granted to the Channel TV when she resumed the Chairmanship of the Tribunal, she said among other things<sup>26</sup>:

"Right now, the position of the law is that after judgment, the person who wants to enforce the law has to go to the Federal High Court and register the judgment there. This is part of what the new Work Group would look at and part of what would be in the amended Act. This means that IST should be able to enforce its judgment. If someone commits contempt of Court before us, there is not much we can do. You cannot really try the person but in a regular Court, if anyone commits contempt of Court, you should be able to summarily try the person. Some people were even talking about having criminal as well as civil jurisdictions but I don't know how that would work out now. However, these are part of the things that we are looking at and we would look at everything holistically."

Criminal justice architecture in any jurisdiction determines the degree of inflow of domestic and foreign investments into such clime. In Nigeria, a specialized capital market court with both criminal and civil jurisdiction will promote influx of investments and raise investors' confidence in Nigeria. It will equally list Nigeria among jurisdictions with ease of enforcing contracts. Although, advanced jurisdictions of the world do not clothe their securities courts with criminal jurisdiction because they supposedly have quick dispensation of civil and criminal justice in their regular courts. This article still advocates to them to clothe their securities court with criminal jurisdiction as it will enhance uniqueness of judgment and peculiarity of securities market.

This article shares the same telepathy with the pioneer Chairman of the Investment and Securities Tribunal, Mrs Ngozi Chianakwalam, that the Nigerian

securities court is over ripe to have and exercise criminal jurisdiction on its subject matter civil jurisdiction. Looking at the implications simplified above caused by the dangers of leaving securities crime cases to judicial forum of the Federal High Court, if criminal jurisdiction, is given to the IST, it will attract inflow of investors' portfolios and double the current benefits to the Nigerian economy. Similarly, securities jurisprudence in Nigeria will witness robust outlook among the comity of nations. There will be open window for criminal securities research, critical analyses of decided securities cases among the academics to appreciate the merits and demerits of such judgment and this will rob on the entire securities market. Synchronized securities law reports will galvanize investors' confidence in the Nigerian securities market.

#### a) *Operational Architecture of Proposed Criminal Securities Court*

It is a truism that the structural foundation of any building determines how solid and far it will go. This article hereby examines how the structure of proposed criminal securities court should be amidst the administration of criminal justice in Nigeria. This is very important since, if the proposal is considered by the Nigerian Government, Nigeria would be the trailblazer with a specialized criminal securities court. Therefore, the court is expected to have strong legislative and regulatory firepower to command independence and be integrated with the Nigerian Judiciary:

#### b) *Constitutional and Statutory Imprimaturs of the Court*

The supremacy and sovereign province of the Constitution is the fundamental safety of any nation, institution and territory. This is a universal principle of any democratized nation and advanced securities economies. This becomes a mandatory submission in the clarity of the 1999 Nigerian Constitution particularly Section 1<sup>27</sup> affirms:

This constitution is supreme and if any other law is inconsistent with the provisions of the constitution, the constitution shall prevail and that other law shall to the extent of its inconsistency be void.

In taking the IST from the crisis of superficial and quixotic exclusive jurisdiction solely conferred on it by the Investments and Securities Act without constitutional imprimatur, there is a need for constitutional amendment particularly of Sections 6 (5) and 81 of the 1999 Constitution as amended to include the Investments and Securities Tribunal (IST) as among the superior courts having both criminal and civil jurisdictions and being conferred all the rights, functions, privileges and benefits enjoyed by the Federal High Court outlined in Section 81 of the 1999 Constitution and

<sup>26</sup> [www.channel.com/2013/03/12/ngozi-chianakwalam-resumes-as-chair-of-investment-and-securities-tribunal/](http://www.channel.com/2013/03/12/ngozi-chianakwalam-resumes-as-chair-of-investment-and-securities-tribunal/) retrieved on 14 April 2018.

<sup>27</sup> Sub section(1) and (3)

be regulated by the National Judicial Council, the apex judicial regulatory body.

c) *Powers of the Investments and Securities Tribunal*

The powers of the Investments and Securities Tribunal (IST) have been a subject of crisis between the Tribunal and the Federal High Court (FHC) as exhaustively canvassed above. The crisis was as a result of lacuna created in the 1999 Nigerian Constitution; that is the Constitution does not recognize the Investments and Securities Tribunal but the Federal High Court in exercising those powers on matters relating to securities market. Hence, this proposed constitutional amendment becomes necessary to succinctly define the powers of the Investments and Securities Tribunal like that of the Federal High Court. The proposed constitutional amendments in resolving the adjudicatory powers on securities matters in favour of the Investments and Securities Tribunal are captured thus:

S. 254J (1) For the purpose of exercising any jurisdiction conferred upon it by this Constitution or as may be conferred by an Act of the National Assembly, the Investments and Securities Tribunal shall have all the powers of a Federal High Court;

(2) Notwithstanding subsection (1) of this section, the National Assembly may make provisions conferring upon the Investments and Securities Tribunal, powers additional to those conferred by section as may appear necessary or desirable for enabling the Tribunal to be more effective in exercising its jurisdiction.

d) *Criminal Jurisdiction of the Investment and Securities Tribunal and its Appeal*

Section 243 of the 1999 Constitution (as amended) provides for both criminal and civil appeal and the genre of courts from which they can proceed to the Court of Appeal. It is the desire of this Thesis to equally advocate for the constitutional empowerment of the Investments and Securities Tribunal (IST) to adjudicate on genre of criminal activities bordering on securities matters. It should be couched as follows:

S. 243 Any right of appeal to the Court of Appeal from the decisions of the Federal High Court, the National Industrial Court, the Investments and Securities Tribunal or a High Court in civil or criminal matter.

Similarly, from Section 243, new Subsections should also by way procedural architecture be provided after Subsection (4) as Subsections (5) (7) thus:

Sub. 5 An appeal shall lie from the final decisions of the Investments and Securities Tribunal as of right to the Court of Appeal on capital market disputes as it relates to matters upon which the Investments and Securities Tribunal has jurisdiction;

Sub 6 An appeal shall only lie from the decisions of the Investments and Securities Tribunal to the Court of Appeal as may be prescribed by an Act of the National Assembly

Provided that where an Act or law prescribes that an appeal shall lie from the decisions of the Investments and Securities Tribunal to the Court of Appeal, such appeal shall be with the leave of the Court of Appeal

Sub 7 Without prejudice to the provisions of 254 (c) of this Constitution, the decision of the Court of Appeal in respect of an appeal arising from any civil jurisdiction of the Investments and Securities Tribunal shall be final.

It follows from the proposed amendment that there is a need to consequentially confer on the Act establishing the Investments and Securities Tribunal (IST) criminal jurisdiction on issues covering genre of crimes bordering on securities matters. The implication is that, the IST being a securities court, can painstakingly consider the issues because of the laurel of expertise; and that will further boost the confidence of investors given the innovation to our criminal jurisprudence in securities matters.

e) *Statutory Appraisal*

Similarly, there is a need for comprehensive repeal and re-enactment of the Statute establishing the Investment and Securities Tribunal. The current IST is made a stooge and a board/parastatal of the Executive without any judicial input. The panel members of the Tribunal are 'hire and fire' by the political class, and may not necessarily be lawyers. They are only constituted based on technical expertise in securities market; even, there are no criteria for such expertise. The current Investment and Securities Act (ISA) does not comprehensively capture the activities of the IST.

However, this article advocates for urgent sponsor of a Bill that will transmute into law establishing the Investment and Securities Tribunal Act like the Federal High Court Act, and specially clothed with exclusive criminal and civil jurisdictions on securities matters. Also, the powers, functions, rights and privileges of its judges must be succinctly captured.

f) *Substantial and Tenacious Application of the 2015 Administration of Criminal Justice Act to Securities Matters*

Nigerian is currently operating new criminal law with substantial justice guaranteed that if faithfully complied with, quick administration of securities crime cases will be secured. For purpose of clarity, this article examines some salient provisions in the Act that will enhance Securities Court and all the prosecutorial institutions dispense justice within time frame. The objective of the Act is explained<sup>28</sup>,

<sup>28</sup> Section 1

“The purpose of this Act is to ensure that the system of administration of criminal justice in Nigeria promotes efficient management of criminal justice institutions, speedy dispensation of justice, protection of the society from crime and protection of the rights and interests of the suspect, the defendant, and the victim”.

The purpose of the Act as captured above is a deliberate shift from punishment as the main goal of our criminal justice to restorative justice which pays attention to the needs of the society, the victims, vulnerable persons and the rights and interest of a defendant. This is the quest of securities market investors that justice is evenly distributed to boost influx of their investment pools.

g) *Establishment of the Administration of Criminal Justice Monitoring Committee*

The Act establishes the Administration of Criminal Justice Monitoring Committee (the Committee) in section 469(1). The body is charged with the responsibility of ensuring effective application of the Act. It comprises of nine members with representatives drawn from the Judiciary, Federal Ministry of Justice, Police, Prisons, Legal Aid, Nigeria Bar Association, civil society organization and National Human Rights Commission with the Chief Judge of the Federal Capital Territory as the Chairman and a Secretary appointed by the Attorney-General of Federation. The Committee has the responsibility of ensuring effective and efficient application of the Act by the relevant agencies. In doing this, the Committee shall among other things ensure that criminal matters are speedily dealt with; congestion of criminal cases in courts is drastically reduced; congestion in prisons is reduced to the barest minimum; and persons awaiting trial are, as far as possible, not detained in prison custody. This will guarantee speedy dispensation of securities crime justice because the Monitoring Committee serves as One Stop Justice Clearing House. Case management becomes seamlessly attractive and investors will have values for their investments as contract enforcement is improved upon

h) *Transparency in Dispensation of the Administration of Securities Crime Justice*

Investors who are suspects of alleged securities crimes are equally guaranteed justice throughout the trial at the securities court. In order to encourage accountability and transparency, the Act introduced in section 10, a provision which mandates a law enforcement officer to take inventory of all items or properties recovered from a suspect. The inventory must be signed by the police officer and the suspect. However, where the suspect refuses to sign, it will not invalidate the inventory. A copy of the inventory shall be given to the suspect, his legal practitioner, or such other

person as he may direct. This section further provides that where the suspect is not charged but is released on the ground that there is no sufficient reason to charge him, any property taken from him shall be returned to him, provided the property is neither connected to nor a proceed of crime. It is interesting to note that the ACJ Act makes provision for the procedure on seizure of property during arrest or investigation<sup>29</sup>. This is to also show to the world that Nigerian criminal trial system is attractive to foreign and domestic investors.

i) *Jurisprudence of Police Criminal Registry of Securities Crime Activities*

Section 16 of the Act makes provision for the establishment, within Nigeria Police, a Central Criminal Record Registry of all arrest made by the police. The registry is to be located at the Police Headquarters and at every state police command. The Act further states that every state including the Federal Capital Territory is to ensure that the decisions of the court, like this subject, securities court, in all criminal trials are transmitted to the Central Criminal Records Registry within thirty-days after delivery of judgment. This will enhance transparency and effective policing in the market. The object is to reveal the character and integrity of all the players in securities market as criminal data of bad eggs can easily be assessed at the Police and that this article also suggests that such data relating to securities market be captured in the central website of the regulatory agency of the Nigerian capital market, the Securities and Exchange Commission (SEC). Another benefit of this to the Nigerian securities market is that it grows the organic evolution of securities jurisprudence as various stakeholders such as academics, legal minds, technocrats and investors themselves can assess legal information, judgment and criminal data, and process them to get their needed results. Even agencies of government such as Nigerian Bureau of Statistic (NBS), Securities and Exchange Commission CBN, Ministry of Finance and Nigerian Stock Exchange can accurately process securities market information and project their result.

j) *Quarterly Returns of Securities/Capital Market Cases and other Criminal Proceedings to the Chief Judge*

The Act in section 110(3) specifically states that where a suspect is arrested without a warrant is brought before a magistrate court on a charge sheet or upon receiving a First Information Report and the trial does not commence within 30 days or completed after 180 days after arraignment, the court shall forward the particulars of the charge and reasons for failure to commence or complete the trial. This provision seeks to curb unnecessary delay in criminal trial and it is quite commendable. Moreso, section 110(4) to (7) stipulates that every court seized with criminal jurisdiction shall

<sup>29</sup> See section 337 of the Administration of Criminal Justice Act, 2015

forward the charges, remand and other proceedings dealt with in each court to the Chief Judge every quarter. In reviewing the returns, the Chief Judge shall ensure that:

- (a) Criminal matters are speedily dealt with;
- (b) Congestion of cases in courts is drastically reduced;
- (c) Congestion of prisons is reduced to the barest minimum; and
- (d) Persons awaiting trial are, as far as possible, not detained in prison custody for a length of time beyond that prescribed in section 293 of the act.

Copy of the above returns shall also be made available to the Administration of Criminal Justice Monitoring Committee.

k) *Plea Bargain Option in Securities Crime Proceedings*

By virtue of Section 270 of the Act, the Prosecutor before the Nigerian securities court, Investment and Securities Tribunal, may with the consent of the victim or his representatives consider, offer or accept a plea bargain from a defendant. The prosecutor must ensure that the acceptance of such plea bargain *is in the interest of justice, the public interest, public policy and the need to prevent abuse of legal process*. In determining whether it is in the public interest to enter into a plea bargain, the prosecution must weigh all relevant factors, including:

- i. The defendant's willingness to cooperate in the investigation or prosecution of others;
- ii. The defendant's history with respect to criminal activity;
- iii. The defendant's remorse or contrition and his willingness to assume responsibility for his conduct;
- iv. The desirability of prompt and certain disposition of the case;
- v. The likelihood of obtaining a conviction at trial, the probable effect on witnesses;
- vi. The probable sentence or other consequences if the defendant is convicted;
- vii. The need to avoid delay in the disposition of other pending cases; and
- viii. The expense of trial and appeal.
- ix. The defendant's willingness to make restitution or pay compensation to the victim where appropriate.

l) *Speedy trial of Securities Crime Cases before the Securities Court*

The Act in section 396 makes provision for day-to-day trial of criminal cases. Where day-to-day trial is impracticable after arraignment, parties shall only be entitled to five adjournments from arraignment to final. The interval between each adjournment must not exceed fourteen days. Where it is impracticable to conclude a criminal proceeding after the parties have exhausted their five adjournments each, the interval between one adjournment to another shall not exceed seven days. The court may award costs in order to

discourage frivolous adjournments because of the peculiarity and exigency of the market. The provision further states that a Judge of the High Court /Investment and Securities Tribunal, Nigerian Securities Court who has been elevated to the Court of Appeal shall have dispensation to continue to sit as a High Court Judge/Investment and Securities Tribunal's Judge for the purpose of concluding any part-heard criminal matter pending before him at the time of his elevation and shall conclude same within a reasonable time. This provision is intended to address the problem of trial *de novo*.

The ACJ Act in sections 306 and 396 abolished stay of proceeding and interlocutory appeals by merging all preliminary objections with the substantive case in respect of criminal cases instituted in federal courts. This revolutionary intervention of the Act is occasioned by unending trial of politically exposed persons in corruption cases such as the case of 2007/8 capital market recession. Section 109(5) mandates Courts to make quarterly returns of the particulars of all criminal cases, including charges, remand and other proceedings dealt with in a Court to the Chief Judge. In reviewing the returns, the Chief Judge shall have regard to the need to ensure that:

- (a) Criminal Matters Are Speedily Dealt With;
- (b) Congestion Of Cases In Courts Is Drastically Reduced;
- (c) Congestion Of Prisons Is Reduced To The Barest Minimum; And
- (d) Persons Awaiting Trial Are, As Far As Possible, Not Detained In Prison Custody For A Length Of Time Beyond The Prescribed Period.

Section 349(7) of the Act states that a legal practitioner engaged in a matter shall be bound to conduct the case until final judgment, unless allowed for any special reason to cease from acting by the Court.

Furthermore, section 382 provides that where an information is filed in the court, the Chief Judge shall within fifteen working day of its filing assign it for trial. Upon the assignment, the court shall within ten working days issue notice of trial to the witnesses and defendants and a reproduction warrant properly endorsed by the Judge where the defendant is in custody. The Chief Registrar is to ensure prompt service of the notice and information not more than three days from the date they are issued.

m) *Time Limit for Issuance of Legal Advice*

Section 376 makes provision for time limit for the issuance of Department of Public Prosecution's legal advice. The Attorney-General of the Federation shall, within fourteen days of receipt of police case file, issue and serve a legal advice indicating whether or not there is a *prima facie* case against a defendant. Where no *prima facie* case exists, the Attorney-General of the Federation shall serve a copy of the legal advice on the

police, court and the suspect and the suspect shall be released if he is custody.

n) *Witness Protection*

The peculiarity of the securities market makes it expedient, like the practice in the advanced democratic economies, to protect the securities informants who have voluntarily chosen to offer necessary information to the government security enforcement agencies in order to proscribe the activities of capital market felons/fraudsters. Therefore, Section 232 of the Act permits the trial of some offences in camera. One of the items listed relates to .the one within the jurisdiction of the Investment and Securities Tribunal/Securities Court, particularly sub-section 'c' which says:

“(c) offences relating to economic and financial crimes... shall be conducted in camera”

o) *Trial of Corporation*

This is another remarkable feature of the Act and highly appreciated by the securities court because most of the trials that appear before it are corporate crimes, hence the trial procedures are captured. Section 477 makes provisions for the trial of a corporation with its representative appearing on its behalf. “Corporation” in the Act means a corporate body, incorporated in Nigeria or elsewhere. Section 478 of the Act provides that a corporation can take its plea to a criminal charge or information either orally or in writing through its representative. However, when the corporation appears or fails to enter any plea, the court shall order a plea of not guilty to be entered and the trial shall proceed accordingly. More so, any requirement of the Act that says anything must be done in the presence of the defendant, or shall be read or said or explained to the defendant, shall be construed as a requirement that the thing was done in the presence of the representative or read or said or explained to the representative. Section 484 of the Act expressly provides for application of the provisions of the Act to a corporation as they apply to an adult. The same section also expressly provides that a corporation may be charged jointly and tried with an individual for any offence.

p) *Powers, Functions, Rights and Privileges of the Court and its Judges*

The Nigerian 1999 Constitution has enough provisions to cater for the needs of the Judges to enhance their independence and impartiality. The protection ranges from non persecution for any judgment delivered in the capacity of their functions, financial autonomy, regular and substantial/attractive salaries, adequate promotion in consonance with the judicial guidelines, and above all the principle of separation of power is embossed in the 1999 Constitution. Upon inclusion of the Nigerian securities court among the superior courts in Nigeria under the regulatory surveillance of the National Judicial Council,

rights, powers, privileges of its judges are fully guaranteed and investors' confidence is also secured.

q) *Leading Examples to other Jurisdiction*

From the above, this article sincerely advocates for the advanced jurisdictions' creation of securities court with both civil and criminal jurisdictions to enhance speedy trial of securities matters and development of their securities jurisprudence.

#### IV. CONCLUSION

This article has detailed the essence and benefits of establishing securities court with civil and criminal jurisdictions in Nigeria. The major benefits are that investors confidence is secured, our criminal jurisprudence becomes synchronized and accessible, ease of doing business in Nigeria becomes guaranteed to the investors, Nigerian can then have comprehensive Criminal Securities Law Reports. The essence of subject matter law reports aids easy citation of decided cases to aid evidence. Also, subject matter law reports enhance academic ratiocination, analyses, debates and practical discuss to grow securities crime jurisprudence.

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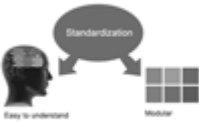




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The ' MARSBA ' title is accorded to a selected professional after the approval of the Editor-in-Chief / Editorial Board Members/Dean.

The “MARSBA” is a dignified ornament which is accorded to a person’s name viz. Dr. John E. Hall, Ph.D., MARSBA or William Walldroff, M.S., MARSBA.



MARSB accrediting is an honor. It authenticates your research activities. After becoming MARSBA, you can add 'MARSBA' title with your name as you use this recognition as additional suffix to your status. This will definitely enhance and add more value and repute to your name. You may use it on your professional Counseling Materials such as CV, Resume, Visiting Card and Name Plate etc.

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MARSBA designated members are entitled to avail a 25% discount while publishing their research papers (of a single author) in Global Journals Inc., if the same is accepted by our Editorial Board and Peer Reviewers. If you are a main author or co-author of a group of authors, you will get discount of 10%.

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## AUXILIARY MEMBERSHIPS

### Institutional Fellow of Open Association of Research Society (USA)-OARS (USA)

Global Journals Incorporation (USA) is accredited by Open Association of Research Society, U.S.A (OARS) and in turn, affiliates research institutions as “Institutional Fellow of Open Association of Research Society” (IFOARS).

The “FARSC” is a dignified title which is accorded to a person’s name viz. Dr. John E. Hall, Ph.D., FARSC or William Walldroff, M.S., FARSC.



The IFOARS institution is entitled to form a Board comprised of one Chairperson and three to five board members preferably from different streams. The Board will be recognized as “Institutional Board of Open Association of Research Society”-(IBOARS).

*The Institute will be entitled to following benefits:*



The IBOARS can initially review research papers of their institute and recommend them to publish with respective journal of Global Journals. It can also review the papers of other institutions after obtaining our consent. The second review will be done by peer reviewer of Global Journals Incorporation (USA) The Board is at liberty to appoint a peer reviewer with the approval of chairperson after consulting us.

The author fees of such paper may be waived off up to 40%.

The Global Journals Incorporation (USA) at its discretion can also refer double blind peer reviewed paper at their end to the board for the verification and to get recommendation for final stage of acceptance of publication.



The IBOARS can organize symposium/seminar/conference in their country on behalf of Global Journals Incorporation (USA)-OARS (USA). The terms and conditions can be discussed separately.

The Board can also play vital role by exploring and giving valuable suggestions regarding the Standards of “Open Association of Research Society, U.S.A (OARS)” so that proper amendment can take place for the benefit of entire research community. We shall provide details of particular standard only on receipt of request from the Board.

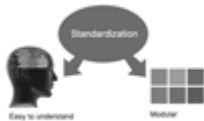


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We shall provide you intimation regarding launching of e-version of journal of your stream time to time. This may be utilized in your library for the enrichment of knowledge of your students as well as it can also be helpful for the concerned faculty members.



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. The board can also take up the additional allied activities for betterment after our consultation.

**The following entitlements are applicable to individual Fellows:**

Open Association of Research Society, U.S.A (OARS) By-laws states that an individual Fellow may use the designations as applicable, or the corresponding initials. The Credentials of individual Fellow and Associate designations signify that the individual has gained knowledge of the fundamental concepts. One is magnanimous and proficient in an expertise course covering the professional code of conduct, and follows recognized standards of practice.



Open Association of Research Society (US)/ Global Journals Incorporation (USA), as described in Corporate Statements, are educational, research publishing and professional membership organizations. Achieving our individual Fellow or Associate status is based mainly on meeting stated educational research requirements.

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We shall provide print version of 12 issues of any three journals [as per your requirement] out of our 38 journals worth \$ 2376 USD.

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**The individual Fellow and Associate designations accredited by Open Association of Research Society (US) credentials signify guarantees following achievements:**

- The professional accredited with Fellow honor, is entitled to various benefits viz. name, fame, honor, regular flow of income, secured bright future, social status etc.



- In addition to above, if one is single author, then entitled to 40% discount on publishing research paper and can get 10% discount if one is co-author or main author among group of authors.
- The Fellow can organize symposium/seminar/conference on behalf of Global Journals Incorporation (USA) and he/she can also attend the same organized by other institutes on behalf of Global Journals.
- The Fellow can become member of Editorial Board Member after completing 3yrs.
- The Fellow can earn 60% of sales proceeds from the sale of reference/review books/literature/publishing of research paper.
- Fellow can also join as paid peer reviewer and earn 15% remuneration of author charges and can also get an opportunity to join as member of the Editorial Board of Global Journals Incorporation (USA)
- • This individual has learned the basic methods of applying those concepts and techniques to common challenging situations. This individual has further demonstrated an in-depth understanding of the application of suitable techniques to a particular area of research practice.

**Note :**

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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.
- In case, the chairperson needs to be replaced then consent of 2/3rd board members are required and they are also required to jointly pass the resolution copy of which should be sent to us. In such case, it will be compulsory to obtain our approval before replacement.
- In case of “Difference of Opinion [if any]” among the Board members, our decision will be final and binding to everyone.

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# PREFERRED AUTHOR GUIDELINES

**We accept the manuscript submissions in any standard (generic) format.**

We typeset manuscripts using advanced typesetting tools like Adobe In Design, CorelDraw, TeXnicCenter, and TeXStudio. We usually recommend authors submit their research using any standard format they are comfortable with, and let Global Journals do the rest.

Alternatively, you can download our basic template from <https://globaljournals.org/Template.zip>

Authors should submit their complete paper/article, including text illustrations, graphics, conclusions, artwork, and tables. Authors who are not able to submit manuscript using the form above can email the manuscript department at [submit@globaljournals.org](mailto:submit@globaljournals.org) or get in touch with [chiefeditor@globaljournals.org](mailto:chiefeditor@globaljournals.org) if they wish to send the abstract before submission.

## BEFORE AND DURING SUBMISSION

Authors must ensure the information provided during the submission of a paper is authentic. Please go through the following checklist before submitting:

1. Authors must go through the complete author guideline and understand and *agree to Global Journals' ethics and code of conduct*, along with author responsibilities.
2. Authors must accept the privacy policy, terms, and conditions of Global Journals.
3. Ensure corresponding author's email address and postal address are accurate and reachable.
4. Manuscript to be submitted must include keywords, an abstract, a paper title, co-author(s) names and details (email address, name, phone number, and institution), figures and illustrations in vector format including appropriate captions, tables, including titles and footnotes, a conclusion, results, acknowledgments and references.
5. Authors should submit paper in a ZIP archive if any supplementary files are required along with the paper.
6. Proper permissions must be acquired for the use of any copyrighted material.
7. Manuscript submitted *must not have been submitted or published elsewhere* and all authors must be aware of the submission.

## Declaration of Conflicts of Interest

It is required for authors to declare all financial, institutional, and personal relationships with other individuals and organizations that could influence (bias) their research.

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Plagiarism is not acceptable in Global Journals submissions at all.

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Authors are solely responsible for all the plagiarism that is found. The author must not fabricate, falsify or plagiarize existing research data. The following, if copied, will be considered plagiarism:

- Words (language)
- Ideas
- Findings
- Writings
- Diagrams
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- Illustrations
- Lectures



- Printed material
- Graphic representations
- Computer programs
- Electronic material
- Any other original work

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2. Drafting the paper and revising it critically regarding important academic content.
3. Final approval of the version of the paper to be published.

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The corresponding author should mention the name and complete details of all co-authors during submission and in manuscript. We support addition, rearrangement, manipulation, and deletions in authors list till the early view publication of the journal. We expect that corresponding author will notify all co-authors of submission. We follow COPE guidelines for changes in authorship.

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### Appealing Decisions

Unless specified in the notification, the Editorial Board's decision on publication of the paper is final and cannot be appealed before making the major change in the manuscript.

### Acknowledgments

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## PREPARING YOUR MANUSCRIPT

Authors can submit papers and articles in an acceptable file format: MS Word (doc, docx), LaTeX (.tex, .zip or .rar including all of your files), Adobe PDF (.pdf), rich text format (.rtf), simple text document (.txt), Open Document Text (.odt), and Apple Pages (.pages). Our professional layout editors will format the entire paper according to our official guidelines. This is one of the highlights of publishing with Global Journals—authors should not be concerned about the formatting of their paper. Global Journals accepts articles and manuscripts in every major language, be it Spanish, Chinese, Japanese, Portuguese, Russian, French, German, Dutch, Italian, Greek, or any other national language, but the title, subtitle, and abstract should be in English. This will facilitate indexing and the pre-peer review process.

The following is the official style and template developed for publication of a research paper. Authors are not required to follow this style during the submission of the paper. It is just for reference purposes.



### ***Manuscript Style Instruction (Optional)***

- Microsoft Word Document Setting Instructions.
- Font type of all text should be Swis721 Lt BT.
- Page size: 8.27" x 11", left margin: 0.65, right margin: 0.65, bottom margin: 0.75.
- Paper title should be in one column of font size 24.
- Author name in font size of 11 in one column.
- Abstract: font size 9 with the word "Abstract" in bold italics.
- Main text: font size 10 with two justified columns.
- Two columns with equal column width of 3.38 and spacing of 0.2.
- First character must be three lines drop-capped.
- The paragraph before spacing of 1 pt and after of 0 pt.
- Line spacing of 1 pt.
- Large images must be in one column.
- The names of first main headings (Heading 1) must be in Roman font, capital letters, and font size of 10.
- The names of second main headings (Heading 2) must not include numbers and must be in italics with a font size of 10.

### ***Structure and Format of Manuscript***

The recommended size of an original research paper is under 15,000 words and review papers under 7,000 words. Research articles should be less than 10,000 words. Research papers are usually longer than review papers. Review papers are reports of significant research (typically less than 7,000 words, including tables, figures, and references)

A research paper must include:

- a) A title which should be relevant to the theme of the paper.
- b) A summary, known as an abstract (less than 150 words), containing the major results and conclusions.
- c) Up to 10 keywords that precisely identify the paper's subject, purpose, and focus.
- d) An introduction, giving fundamental background objectives.
- e) Resources and techniques with sufficient complete experimental details (wherever possible by reference) to permit repetition, sources of information must be given, and numerical methods must be specified by reference.
- f) Results which should be presented concisely by well-designed tables and figures.
- g) Suitable statistical data should also be given.
- h) All data must have been gathered with attention to numerical detail in the planning stage.

Design has been recognized to be essential to experiments for a considerable time, and the editor has decided that any paper that appears not to have adequate numerical treatments of the data will be returned unrefereed.

- i) Discussion should cover implications and consequences and not just recapitulate the results; conclusions should also be summarized.
- j) There should be brief acknowledgments.
- k) There ought to be references in the conventional format. Global Journals recommends APA format.

Authors should carefully consider the preparation of papers to ensure that they communicate effectively. Papers are much more likely to be accepted if they are carefully designed and laid out, contain few or no errors, are summarizing, and follow instructions. They will also be published with much fewer delays than those that require much technical and editorial correction.

The Editorial Board reserves the right to make literary corrections and suggestions to improve brevity.



## FORMAT STRUCTURE

***It is necessary that authors take care in submitting a manuscript that is written in simple language and adheres to published guidelines.***

All manuscripts submitted to Global Journals should include:

### **Title**

The title page must carry an informative title that reflects the content, a running title (less than 45 characters together with spaces), names of the authors and co-authors, and the place(s) where the work was carried out.

### **Author details**

The full postal address of any related author(s) must be specified.

### **Abstract**

The abstract is the foundation of the research paper. It should be clear and concise and must contain the objective of the paper and inferences drawn. It is advised to not include big mathematical equations or complicated jargon.

Many researchers searching for information online will use search engines such as Google, Yahoo or others. By optimizing your paper for search engines, you will amplify the chance of someone finding it. In turn, this will make it more likely to be viewed and cited in further works. Global Journals has compiled these guidelines to facilitate you to maximize the web-friendliness of the most public part of your paper.

### **Keywords**

A major lynchpin of research work for the writing of research papers is the keyword search, which one will employ to find both library and internet resources. Up to eleven keywords or very brief phrases have to be given to help data retrieval, mining, and indexing.

One must be persistent and creative in using keywords. An effective keyword search requires a strategy: planning of a list of possible keywords and phrases to try.

Choice of the main keywords is the first tool of writing a research paper. Research paper writing is an art. Keyword search should be as strategic as possible.

One should start brainstorming lists of potential keywords before even beginning searching. Think about the most important concepts related to research work. Ask, "What words would a source have to include to be truly valuable in a research paper?" Then consider synonyms for the important words.

It may take the discovery of only one important paper to steer in the right keyword direction because, in most databases, the keywords under which a research paper is abstracted are listed with the paper.

### **Numerical Methods**

Numerical methods used should be transparent and, where appropriate, supported by references.

### **Abbreviations**

Authors must list all the abbreviations used in the paper at the end of the paper or in a separate table before using them.

### **Formulas and equations**

Authors are advised to submit any mathematical equation using either MathJax, KaTeX, or LaTeX, or in a very high-quality image.

### **Tables, Figures, and Figure Legends**

Tables: Tables should be cautiously designed, uncrowned, and include only essential data. Each must have an Arabic number, e.g., Table 4, a self-explanatory caption, and be on a separate sheet. Authors must submit tables in an editable format and not as images. References to these tables (if any) must be mentioned accurately.



## Figures

Figures are supposed to be submitted as separate files. Always include a citation in the text for each figure using Arabic numbers, e.g., Fig. 4. Artwork must be submitted online in vector electronic form or by emailing it.

## PREPARATION OF ELETRONIC FIGURES FOR PUBLICATION

Although low-quality images are sufficient for review purposes, print publication requires high-quality images to prevent the final product being blurred or fuzzy. Submit (possibly by e-mail) EPS (line art) or TIFF (halftone/ photographs) files only. MS PowerPoint and Word Graphics are unsuitable for printed pictures. Avoid using pixel-oriented software. Scans (TIFF only) should have a resolution of at least 350 dpi (halftone) or 700 to 1100 dpi (line drawings). Please give the data for figures in black and white or submit a Color Work Agreement form. EPS files must be saved with fonts embedded (and with a TIFF preview, if possible).

For scanned images, the scanning resolution at final image size ought to be as follows to ensure good reproduction: line art: >650 dpi; halftones (including gel photographs): >350 dpi; figures containing both halftone and line images: >650 dpi.

Color charges: Authors are advised to pay the full cost for the reproduction of their color artwork. Hence, please note that if there is color artwork in your manuscript when it is accepted for publication, we would require you to complete and return a Color Work Agreement form before your paper can be published. Also, you can email your editor to remove the color fee after acceptance of the paper.

## TIPS FOR WRITING A GOOD QUALITY MANAGEMENT RESEARCH PAPER

Techniques for writing a good quality management and business research paper:

**1. Choosing the topic:** In most cases, the topic is selected by the interests of the author, but it can also be suggested by the guides. You can have several topics, and then judge which you are most comfortable with. This may be done by asking several questions of yourself, like "Will I be able to carry out a search in this area? Will I find all necessary resources to accomplish the search? Will I be able to find all information in this field area?" If the answer to this type of question is "yes," then you ought to choose that topic. In most cases, you may have to conduct surveys and visit several places. Also, you might have to do a lot of work to find all the rises and falls of the various data on that subject. Sometimes, detailed information plays a vital role, instead of short information. Evaluators are human: The first thing to remember is that evaluators are also human beings. They are not only meant for rejecting a paper. They are here to evaluate your paper. So present your best aspect.

**2. Think like evaluators:** If you are in confusion or getting demotivated because your paper may not be accepted by the evaluators, then think, and try to evaluate your paper like an evaluator. Try to understand what an evaluator wants in your research paper, and you will automatically have your answer. Make blueprints of paper: The outline is the plan or framework that will help you to arrange your thoughts. It will make your paper logical. But remember that all points of your outline must be related to the topic you have chosen.

**3. Ask your guides:** If you are having any difficulty with your research, then do not hesitate to share your difficulty with your guide (if you have one). They will surely help you out and resolve your doubts. If you can't clarify what exactly you require for your work, then ask your supervisor to help you with an alternative. He or she might also provide you with a list of essential readings.

**4. Use of computer is recommended:** As you are doing research in the field of management and business then this point is quite obvious. Use right software: Always use good quality software packages. If you are not capable of judging good software, then you can lose the quality of your paper unknowingly. There are various programs available to help you which you can get through the internet.

**5. Use the internet for help:** An excellent start for your paper is using Google. It is a wondrous search engine, where you can have your doubts resolved. You may also read some answers for the frequent question of how to write your research paper or find a model research paper. You can download books from the internet. If you have all the required books, place importance on reading, selecting, and analyzing the specified information. Then sketch out your research paper. Use big pictures: You may use encyclopedias like Wikipedia to get pictures with the best resolution. At Global Journals, you should strictly follow here.



**6. Bookmarks are useful:** When you read any book or magazine, you generally use bookmarks, right? It is a good habit which helps to not lose your continuity. You should always use bookmarks while searching on the internet also, which will make your search easier.

**7. Revise what you wrote:** When you write anything, always read it, summarize it, and then finalize it.

**8. Make every effort:** Make every effort to mention what you are going to write in your paper. That means always have a good start. Try to mention everything in the introduction—what is the need for a particular research paper. Polish your work with good writing skills and always give an evaluator what he wants. Make backups: When you are going to do any important thing like making a research paper, you should always have backup copies of it either on your computer or on paper. This protects you from losing any portion of your important data.

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**10. Use proper verb tense:** Use proper verb tenses in your paper. Use past tense to present those events that have happened. Use present tense to indicate events that are going on. Use future tense to indicate events that will happen in the future. Use of wrong tenses will confuse the evaluator. Avoid sentences that are incomplete.

**11. Pick a good study spot:** Always try to pick a spot for your research which is quiet. Not every spot is good for studying.

**12. Know what you know:** Always try to know what you know by making objectives, otherwise you will be confused and unable to achieve your target.

**13. Use good grammar:** Always use good grammar and words that will have a positive impact on the evaluator; use of good vocabulary does not mean using tough words which the evaluator has to find in a dictionary. Do not fragment sentences. Eliminate one-word sentences. Do not ever use a big word when a smaller one would suffice. Verbs have to be in agreement with their subjects. In a research paper, do not start sentences with conjunctions or finish them with prepositions. When writing formally, it is advisable to never split an infinitive because someone will (wrongly) complain. Avoid clichés like a disease. Always shun irritating alliteration. Use language which is simple and straightforward. Put together a neat summary.

**14. Arrangement of information:** Each section of the main body should start with an opening sentence, and there should be a changeover at the end of the section. Give only valid and powerful arguments for your topic. You may also maintain your arguments with records.

**15. Never start at the last minute:** Always allow enough time for research work. Leaving everything to the last minute will degrade your paper and spoil your work.

**16. Multitasking in research is not good:** Doing several things at the same time is a bad habit in the case of research activity. Research is an area where everything has a particular time slot. Divide your research work into parts, and do a particular part in a particular time slot.

**17. Never copy others' work:** Never copy others' work and give it your name because if the evaluator has seen it anywhere, you will be in trouble. Take proper rest and food: No matter how many hours you spend on your research activity, if you are not taking care of your health, then all your efforts will have been in vain. For quality research, take proper rest and food.

**18. Go to seminars:** Attend seminars if the topic is relevant to your research area. Utilize all your resources.

**19. Refresh your mind after intervals:** Try to give your mind a rest by listening to soft music or sleeping in intervals. This will also improve your memory. Acquire colleagues: Always try to acquire colleagues. No matter how sharp you are, if you acquire colleagues, they can give you ideas which will be helpful to your research.

**20. Think technically:** Always think technically. If anything happens, search for its reasons, benefits, and demerits. Think and then print: When you go to print your paper, check that tables are not split, headings are not detached from their descriptions, and page sequence is maintained.



**21. Adding unnecessary information:** Do not add unnecessary information like "I have used MS Excel to draw graphs." Irrelevant and inappropriate material is superfluous. Foreign terminology and phrases are not apropos. One should never take a broad view. Analogy is like feathers on a snake. Use words properly, regardless of how others use them. Remove quotations. Puns are for kids, not grunt readers. Never oversimplify: When adding material to your research paper, never go for oversimplification; this will definitely irritate the evaluator. Be specific. Never use rhythmic redundancies. Contractions shouldn't be used in a research paper. Comparisons are as terrible as clichés. Give up ampersands, abbreviations, and so on. Remove commas that are not necessary. Parenthetical words should be between brackets or commas. Understatement is always the best way to put forward earth-shaking thoughts. Give a detailed literary review.

**22. Report concluded results:** Use concluded results. From raw data, filter the results, and then conclude your studies based on measurements and observations taken. An appropriate number of decimal places should be used. Parenthetical remarks are prohibited here. Proofread carefully at the final stage. At the end, give an outline to your arguments. Spot perspectives of further study of the subject. Justify your conclusion at the bottom sufficiently, which will probably include examples.

**23. Upon 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 for 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 of 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 criteria peer reviewers will use for grading the final paper.

### **Final points:**

One purpose of organizing a research paper is to let people interpret your efforts selectively. The journal requires the following sections, submitted in the order listed, with each section starting on a new page:

*The introduction:* This will be compiled from reference matter and reflect the design processes or outline of basis that directed you to make a study. As you carry out the process of study, the method and process section will be constructed like that. The results segment will show related statistics in nearly sequential order and direct reviewers to similar intellectual paths throughout the data that you gathered to carry out your study.

### **The discussion section:**

This will provide understanding of the data and projections as to the implications of the results. The use of good quality references throughout the paper will give the effort trustworthiness by representing an alertness to 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 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 avoid:*

- Insertion of a title at the foot of a page with subsequent text on the next page.
- Separating a table, chart, or figure—confine each to a single page.
- Submitting a manuscript with pages out of sequence.
- In every section of your document, use standard writing style, including articles ("a" and "the").
- Keep paying attention to the topic of the paper.



- Use paragraphs to split each significant point (excluding the abstract).
- Align the primary line of each section.
- Present your points in sound order.
- Use present tense to report well-accepted matters.
- Use past tense to describe specific results.
- Do not use familiar wording; don't address the reviewer directly. Don't use slang or superlatives.
- Avoid use of extra pictures—include only those figures essential to presenting results.

#### **Title page:**

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

**Abstract:** This summary should be two hundred words or less. It should clearly and briefly explain the key findings reported in the manuscript and must have precise statistics. It should not have acronyms or abbreviations. It should be logical in itself. Do not cite 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 approaches 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. Use comprehensive sentences, and do not sacrifice readability for brevity; you can maintain it succinctly by phrasing sentences so that they provide more than a 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 limit the initial two items to no more than one line each.

*Reason for writing the article—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 for this; results of any numerical analysis should be reported. Significant conclusions or questions that emerge from the research.

#### **Approach:**

- Single section and succinct.
- An outline of the job done is always written in past tense.
- Concentrate on shortening results—limit background information to a verdict or two.
- Exact spelling, clarity 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 of comprehending and calculating the purpose of your study without having to refer to other works. The basis for the study should be offered. Give the most important references, but avoid making a comprehensive appraisal of the topic. Describe the problem visibly. If the problem is not acknowledged in a logical, reasonable way, the reviewer will give no attention to your results. Speak in common terms about techniques used to explain the problem, if needed, but do not present any particulars about the protocols here.

*The following approach can create a valuable beginning:*

- Explain the value (significance) of the study.
- Defend the model—why did you employ this particular system or method? What is its compensation? Remark upon its appropriateness from an abstract point of view as well as pointing out sensible reasons for using it.
- Present a justification. State your particular theory(-ies) or aim(s), and describe the logic that led you to choose them.
- Briefly explain the study's tentative purpose and how it meets 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 for every section. If you make the four points listed above, you will need at least four paragraphs. Present surrounding information only when it is necessary to support a situation. The reviewer does not desire to read everything you know about a topic. Shape the theory 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 soundly written procedures segment allows a capable scientist to replicate 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 to give the least amount of information that would permit another capable scientist to replicate 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 section, mention the specific item describing the way, but draw the basic principle while stating the situation. The purpose is to show 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:**

*Materials may be reported in part of a section or else they may be recognized along with your measures.*

**Methods:**

- Report the method and not the 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—detail how procedures were completed, not how they were performed on a particular day.
- If well-known procedures were used, account for the procedure by name, possibly with a reference, and that's all.

**Approach:**

It is embarrassing to use vigorous voice when documenting methods without using first person, which would focus the reviewer's interest on the researcher rather than the job. As a result, when writing up the methods, most authors use third person passive voice.

Use standard style in this and 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 as 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. Use statistics and tables, if suitable, to present consequences most efficiently.

You must clearly differentiate material which would usually be incorporated in a study editorial from any unprocessed data or additional appendix matter that would not be available. In fact, such matters should not be submitted at all except if requested by the instructor.



**Content:**

- Sum up your conclusions in text and demonstrate them, if suitable, with figures and tables.
- In the manuscript, explain each of your consequences, and point the reader to remarks that are most appropriate.
- Present a background, such as by describing the question that was addressed by creation of an exacting study.
- Explain results of control experiments and give 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 manuscript.

**What to stay away from:**

- Do not discuss or infer your outcome, report surrounding information, or try to explain anything.
- Do not include raw data or intermediate calculations in a research manuscript.
- Do not present similar data more than once.
- A manuscript should complement any figures or tables, not duplicate information.
- Never confuse figures with tables—there is a difference.

**Approach:**

As always, use past tense when you submit 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 section.

**Figures and tables:**

If you put figures and tables at the end of some details, make certain that they are visibly distinguished from any attached appendix materials, such as raw facts. Whatever the position, each table must be titled, numbered one after the other, and include a heading. All figures and tables must be divided from the text.

**Discussion:**

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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 implications of the study. The purpose here is to offer an understanding of your results and support all of your conclusions, using facts from your research and generally accepted information, if suitable. The implication of results should be fully described.

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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.

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- Give details of all of your remarks as much as possible, focusing on mechanisms.
- Make a decision as to whether the tentative design sufficiently addressed the theory and whether or not it was correctly restricted. Try to present substitute explanations if they are sensible alternatives.
- One piece of 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 other available information. Present work done by specific persons (including you) in past tense.

Describe generally acknowledged facts and main beliefs in present tense.

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| <i>Result</i>                 | 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                      |
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| <i>References</i>             | Complete and correct format, well organized  | Beside the point, Incomplete  | Wrong format and structuring                                       |



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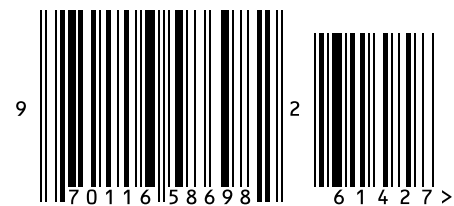
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