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Publisher: Elite Hall Publishing House**Editor in Chief:**

Dr. Muzaffar Ahmed (Bangladesh)
E-mail: muzaahme1@gmail.com

Editorial Board:

Dr. Claudio De Stefano
Professor, Department of Computer Science
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E-mail: rasti@cc.iut.ac.ir

Mr. Mohsen Fathollah Bayati
Department of Industrial Engineering
Iran University of Science and Technology, Iran
E-mail: mfbayati@ind.iust.ac.ir

Dr. Edgardo Palza Vargas
Telfer School of Management
University of Ottawa, Canada
Email: edgardo.palza-vargas.1@ens.etsmtl.ca

Dr. Solomon Markos
Assistant Professor, School of Commerce
Addis Ababa University, Ethiopia
Email: solomonmarkos5@yahoo.com

Dr. Olu Ojo
Lecturer, Department of Business Administration
Osun State University, Nigeria
Email: oluojo@yahoo.com

Dr. Mohammed-Aminu Sanda
Visiting Research Fellow, Lulea University of Technology,
Sweden
Senior Lecturer, Department of Organization and Human
Resource Management, University of Ghana, Ghana
Email: masanda@ug.edu.gh

Dr. Khalid Zaman
Assistant Professor, Department of Economics,
University of Wah, Pakistan
Email: dr.khalidzaman@uow.edu.pk

Dr. Kartinah Ayupp
Deputy Dean, Economics and Business
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Email: akartinah@feb.unimas.my

Dr. Malyadri. Pacha
Principal, Government Degree College
Affiliated to Osmania University, India
Email: grpm16@yahoo.co.in

Dr. Arif Anjum
Assistant Professor, M.S.G. Arts, Science & Commerce
College, Malegaon, India
Managing Editor, International Journal of Management
Studies
Email: infoijcms@gmail.com

Mr. Andrew McCalister
Global Research Awardee, Royal Academy of Engineering,
University of Cambridge, UK
Email: andrewmccalister@gmail.com

Dr. Mohsin Shaikh
Professor & Head, Department of Management Studies
SKN College of Engineering, Pune, India
Email: skmohs@yahoo.co.in

Prof Dr. M Razaullah Khan
Professor and Head at Dept of Management and Commerce
Maulana Azad National Urdu University Hyderabad, India
Email: razakhan@manuu.edu.in

Mr. Kai Pan
Research Assistant & Ph.D. Candidate, Department of
Software and Information Systems
University of North Carolina (UNC Charlotte), USA
Email: kpan@unc.edu

Dr. Sundar Kumararaj
Associate Professor, Commerce Wing, Directorate of
Distance Education,
Annamalai University, Annamalai Nagar, Tamil Nadu, India
E-Mail: commercesundar@gmail.com

Dr. Mohammad Alawin
Associate Professor, Business Economics Department
The University of Jordan, Amman, Jordan
E-mail: m.alawin@ju.edu.jo

Mr. Dinh Tran Ngoc Huy
Visiting lecturer, PhD candidate, Banking University HCMC,
Vietnam
Email: dtnhuy2010@gmail.com

Dr. Cüneyt AKAR
Associate Professor, Department of Business Administration
Bandirma Onyeddi Eylül University, Turkey
Email: cakar@bandirma.edu.tr

Dr. Abdul Hafaz Ngah
Senior Lecturer, School of Maritime Business and
Management,
Universiti Malaysia Terengganu, Malaysia
Email: hafaz.ngah@umt.edu.my

Mr. Mostafa Torabi
Assistant Professor, Department of Business Administration
Brandon University, Canada
E-mail: torabim@brandonu.ca

Dr. Jia Chi Tsou
Associate Professor, Department of Business Administration
China University of Technology, Taiwan
E-mail: jtsou.tw@yahoo.com.tw

Dr. Yajnya Dutta Nayak
Assistant Professor, P.G. Department of Commerce
Khallokote Auto. College, Berhampur (Govt. College of
Odisha), India
E-mail: yajnya.dutta@gmail.com

Web: <http://ijibm.elitehall.com>

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THE EFFECT OF BRAND IMAGE ON CUSTOMER CHOICES IN THE ZIMBABWEAN FOOD INDUSTRY

Wilbert Manyanga

Lecturer

Department of Marketing
School of Entrepreneurship and Business Sciences
Chinhoyi University of Technology
Chinhoyi, Zimbabwe

Email: wmanyanga@gmail.com

Ishmael Vingirayi

Lecturer

Department of Marketing
Faculty of Commerce and Law
Zimbabwe Open University
Harare, Zimbabwe

Email: ivingirayi2009@gmail.com

Sakhile Funye

Research Fellow

Department of Marketing
Faculty of Commerce and Law
Zimbabwe Open University
Harare, Zimbabwe

Email: fmorebie@gmail.com

Chinokopota Tabeth

Teaching Assistant

Department of Entrepreneurship and Business Sciences
School of Entrepreneurship and Business Sciences
Chinhoyi University of Technology
Chinhoyi, Zimbabwe

Email: tabydumchin@gmail.com

Ruzvidzo Patricia

Teaching Assistant

Department of Entrepreneurship and Business Sciences
School of Entrepreneurship and Business Sciences
Chinhoyi University of Technology
Chinhoyi, Zimbabwe

Email: ptkabasa@gmail.com

Abstract

This study examined the effects of brand image on customer choices in Zimbabwean food industry. Three objectives of the study were to determine the effect of brand image, corporate social responsibility and employees on customer choices. In order to gain competitive advantage, determination of the importance of brand image concept in shaping customer choices. A cross sectional design in which a sample of 91 respondents was used. Both primary and secondary data were used and research instrument used was questionnaires. Data was presented in form of figures and tables. Generally, the study found that brand image influences customer choices. It was found that employees, customers and suppliers are key in the establishment of a positive brand image hence the recommendation made in this regard were that companies need to embrace trainings especially of the internal stakeholders so that they extend their knowledge to the customer and suppliers. Corporate socially responsibility came out among the pivotal activities that organisations should embark on so as to create good relations with the government and the general citizens which helps to position the image of the brand in the mind of customers.

Keywords: brand, brand image, customer choices, food industry, brand equity

1.1 Introduction

A study undertaken by Kapferer (2008) established that the brand image and the organisations' profitability are hardly separable. It follows then that brand image is one of the fundamental concepts which nations, companies and individuals need to largely invest on. World Intellectual Property Report (2013) indicated that successful local, international and global companies in the dawn of the 21st century are tirelessly working on building and maintaining superior brand image. According to Ramesh et al. (2019), the studies on brand image and its impact, though important are still at its embryonic stages. With this view, Ramesh et al. (2019) challenged the future researchers to urgently consider further researches on and surrounding issues to do with brand image. Solomon (2016) also acknowledged the infancy of this discipline and even noted that some companies have not yet invested much on building and sustaining a positive brand image despite the fact that it matters more than what people can think. Quotable statements from Solomon (2016) regarding brand image read, "You can probably spot an Apple device, a piece of Tiffany's jewellery or a can of Coca Cola from afar. It may look simple but it takes a lot to make your brand this recognisable to consumers". Companies may not put more effort in maintaining a positive brand image every time their brand interacts with customers, they will find it difficult to develop an easily recognisable brand (Solomon, 2016).

International companies such as Old Mutual have also taken the brand image so seriously. Old Mutual noted among many benefits surrounding corporate social responsibility, the issue of brand image enhancement cannot be overstated (Kapferer, 2008). Companies like Lafarge Cement are involved in cleaning the environment as a way of giving back to the society. Nyaradzo funeral service is now a talk of every Zimbabwean as far as corporate social responsibility activities is concerned. These facts among others prove

that successful companies are hinged on the creation of a positive brand image. Maintaining positive brand image helps companies to build credibility and loyalty among customers and also contribute to customers having strong relationship with the company's brand (Solomon, 2016). Ramesh et al. (2019) indicated that over and above giving the employees direction and motivation to embrace the company values and priorities as their own, brand image has the power to attract an ideal clientele base for the company. According to Ramesh et al. (2019), a company can build or improve its brand image through community involvement, sponsorship and a variety of marketing communication. This research therefore unearthed the effects of brand image on consumer preferences and tried to give prescriptions through which companies can build and preserve a positive brand image.

2.1 Literature review

Latif, Islam and Halim (2015) proposed four outcomes of brand image which have the potential to give organisations competitive edge in the market place and thus increase their overall brand image in the long run. Brand image leads to brand familiarity, customer satisfaction, brand trust, attitudinal loyalty and finally customer choice.

2.1.1 Brand

A brand can be a person, place or an organisation. Keller (2013) rightly quoted the American Marketing Association (1960) and thus defined a brand as a name, sign, term or design, or combination of them, intended to identify goods and services of one seller or group of sellers and to differentiate them from those of competition. It can also be thought of as the promise of the bundles of attributes that someone buys and provide satisfaction. Yasmin (2017) viewed a brand as a product, service or concept that is publicly distinguished from other products, services, or concepts so that it can be easily communicated and usually marketed. It is argued that when customers go into a shop to buy, they do not buy a product but they actually buy a brand. Kotler and Pfoertsch (2006) identified three brand elements which they identified as key in the formation of the visual identity of a brand and these elements are: brand name, logo and slogan. Keller (2013) indicated that brand elements or components as others would want to call them, are particularly important for differential and identity effect they bring to the brand. Brand elements need to be selected with the view that they have to create a strong, favourable and a completely different brand association as well as leading to positive perception and judgement of the brand (Keller, 2013). Keller (2013) established that the choice and design of brand elements help a lot in the construction of brand equity. In choosing brand elements, companies can be directed at any of the six criteria as specified by Keller (2013). These criteria are according to Farhana (2012) put into two groups with memorability, meaningfulness and likability forming the first group which takes the offensive role and the remaining three namely, transferability, adaptability and protectability assuming the defensive role. Neupane (2015) added that successful brands need also to be reliable, they must be consistent with their promise. Neupane (2015) gave the view that successful brands have no obstacle, they are unstoppable due to the fact that they have a lot of dimensions and innovative

2.1.2 Brand equity

Brand equity can be defined as the value which is attached to the brand that is unique from other competing brands that are available in the market. Heding et al. (2009) postulates that brand equity can be explained from two standpoints that is the objective or financial viewpoint and the customer or the subjective perspective. From the financial stand, brand equity as postulated by Heding et al. (2009) is considered to be a balance sheet entry showing how much in financial value the brand equity holds similarly to the good will. The customer centric view of brand equity as put across by this trio suggest that brand equity is the perception held by the customer that brand equity is the value added to the functional product or service through associating it with the brand name.

2.1.3 Brand equity model

Bivainienė and Šliburytė (2008) reviewed some of the brand equity models among them the two-dimensional model, commonly known as the Iceberg model of brand equity.

Iceberg brand equity model

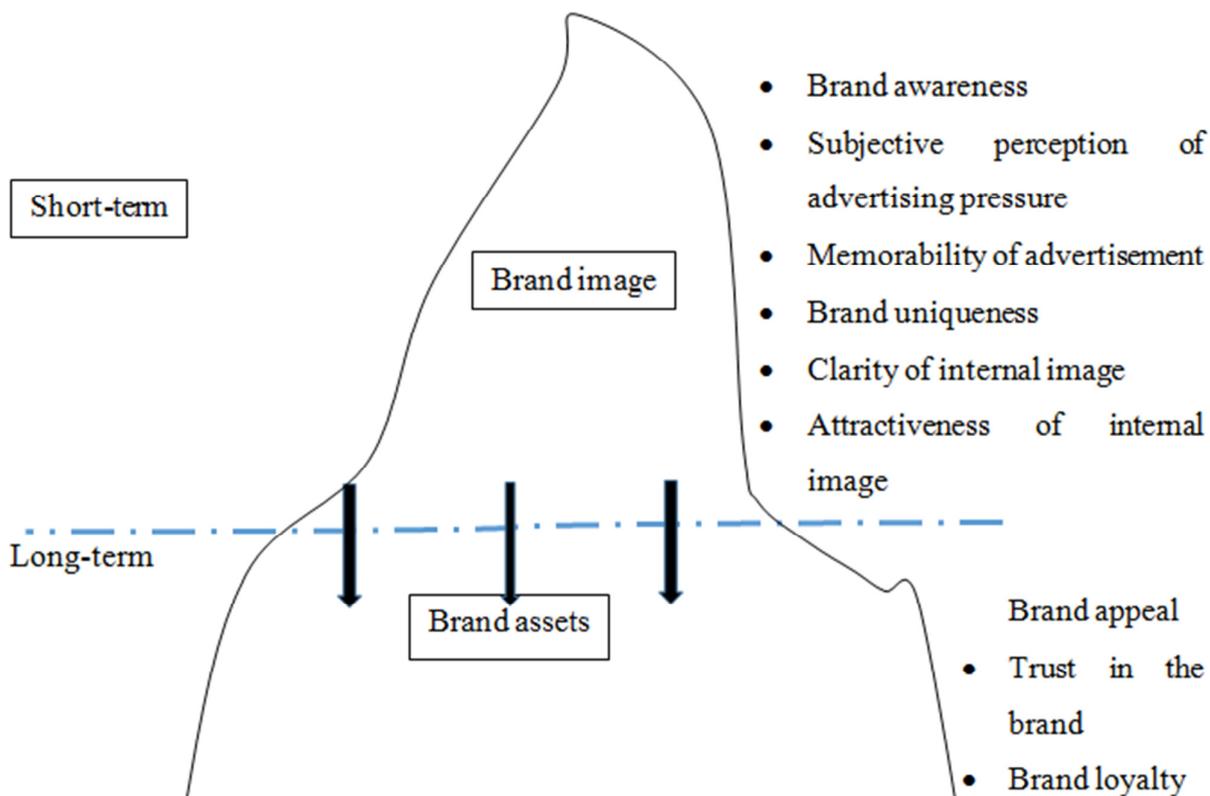


Fig I: The brand image as element of brand equity- **Source:** Bivainienė and Šliburytė (2008).

Bivainienė and Šliburytė (2008) tried to present the brand equity model clearly showing how brand image feeds into it. As per the model it is shown that brand equity is a sum of two parts namely brand image and brand assets. Brand image consists of elements that are visible to consumers while the brand assets is made up of the covered elements which of course are not seen by consumer. It is evident that brand image

comprises of short-term measures which are visible to the customer such as packaging, promotion, advertising and product among others.

2.2 Brand image

Various definitions are provided through previous researches of what really brand image is all about. The definition provided by Išoraitė (2018), which was also the view taken by Arora and Stoner (2009) suggests that brand image can be viewed as the emotional aspects that identifies a brand of a company or its products. Furthermore, Išoraitė (2018) echoed the mind of Kalieva (2015) who noted that brand image can be thought of as a generalised portrait of a branded object perceived by target audience. Saleem and Raja (2014) established that brand image can be taken to mean how customers remember the brand. A simplified definition of brand image was however given by Durmaz et al. (2018) when they noted that the very first thing that comes into the customer's mind when he or she wants to buy the brand is the brand image. Onyancha (2013) brought out the view that a positive brand image has a capacity to help organisations to hold their market positions.

Of interest is the view that in the definition of brand image provided by Durmaz et al. (2018) is the realisation that brand image can likewise be spoken from the stand point of potential customers as is with current ones. According to Durmaz et al. (2018), brand image is the perception held in the minds of both current and future or potential customers about the organisation's products or services. Yasmin (2017) held the view that brand image is a distinct or unique bundle of associations which are held in the minds of the target customers.

2.2.1 Components of brand image

The general components as highlighted by Wijaya (2013) and Deheshti et al. (2016) include but not limited to the following: services, brand, variety, quality, employees, brand campaigns and logo. Wijaya (2013) established that a good management of the above components leads to a positive brand image and a maladministration of the same brings about disastrous or negative brand image.

2.2.2 Environmental concerns

Keller (2013) highlighted that organisations can create their brand image through ensuring that their operations are considerate of the environment. Ali (2009) defined environmental concerns as the degree to which people are aware of the environmental challenges and assist in the struggles to solve them or exhibit their readiness to contribute personally to their solution. Keller (2013) spoke of simple, refillable and recyclable packaging as one of many strategies that eco-friendly organisations can use in their operations. Companies such as Nyaradzo Funeral services among others have embarked on tree planting programmes as a way keeping the environment in a usable state for the future generations.

2.2.3 Merchandising

Companies can also make use of merchandising as a strategy of enhancing their brand image. Keller (2013) signified that companies can use attractive displays for their products as well as detailed posters which are strategically located close to the points of sale in the shops. The use of brochures is also among other

merchandising skills which companies can employ to create a strong, favourable and unique brand image.

2.2.4 Staff

In order to create a favourable brand image there is need for organisations to invest in its staff. According to Keller (2013), organisational employees need to be empowered with every vital information about the brand to be able to assist their customers. Keeping a highly motivated staff also aids in the zeal of employees to treat the customers alike which is vital in the creation of a good brand image. Hooley et al. (2015) reinforced that maintaining an enthusiastic workforce has an effect of promoting a positive image to the consumers. The view that uniforms also aid in reinforcing brand image was also held to be true by Lovelock, Wirtz and Chatterjee (2011).

2.2.5 Social action programs

The pay-out for corporate social investment, commonly known as corporate social responsibility, as is provided in the Old Mutual Report (2014), is an empowered community. In this report it was highlighted that the beneficiaries of the CSI become advocates of the company and by so doing, the brand equity is strengthened. Notably also is the fact that community involvement is not about hoodwinking the society because no sooner than later, consumers will figure it out. Corporate social investment is actually a hearty commitment of the organisation. CSR is the firm's commitment in contributing to the development of both the economy and the community at large (Mohamed & Daud, 2008; Dlamini, 2016). Dlamini (2016) pointed out that CSR is a way of taking care of all stakeholders of the company in an ethical manner. Hooley et al. (2015) established that the organisations which are not careful and serious about corporate social responsibility end up with poor record and are more likely to experience large-scale consumer boycotts, weaker brand image and reduced sales. Singh et al. (2014) noted that the company's community involvement through CSR activities increases the consumers' knowledge of the brand which is one of the most vital tools for positive brand image enhancement.

2.2.6 Role of corporate design in reinforcing brand image

Lovelock, Wirtz and Chatterjee (2011) identified corporate design as another dimension through which a desired brand image can be reinforced. Lovelock et al. (2011) postulates that in a bid to further strengthen the brand image, companies can use such features as stationery, promotional materials, retail signage, uniforms, and vehicle colour schemes, equipment and buildings interiors. Corporate design according to Lovelock et al. (2011), can be achieved through but not limited to the following ways: Use of colours in corporate designs; trademark symbols rather than company names; symbol in conjunction with company name.

2.3 Brand management

M'zungu et al. (2010) proposed strategic brand management to enhance brand image. Strategic brand management according to M'zungu et al. (2010) results in a brand personality with unique symbolic features and valued experience to the customer making the brand more difficult for competitors to copy. Through their study M'zungu et al. (2010) identified three stages of strategic brand management aimed at building and protecting brand equity namely: brand orientation mindset, internal branding capabilities and consistent

delivery of the brand.

2.3.1 Brand orientation mindset

Brand orientation mindset is explained well by M'zungu et al. (2010) and in summary, the brand creation, development and protection hinges around the customer so as to gain a competitive edge. Through this orientation the organisation's management focuses much on the needs of the market, an approach known as outside-in. Erdil and Ergin (2017) echoed the outside-in approach but added that brand development needs however to be guided by the organisation's vision, mission and values.

2.3.2 Internal branding capabilities

Internal branding is a corporate strategy measure to enable and motivate employees to not only keep the brand promise but to "live" it. According to brand glossary successful brand is rooted in the company when all the employees understand it and act accordingly, the result of which is a sharpened brand image (Bye, 2007). M'zungu et al. (2010) established that internal branding can take up to four sets of activities which are explained below.

2.3.3 Coordination

This is ensuring that there are structural mechanisms and processes that allow employees to improve their focus on the customer. Four C's of coordination are considered here as follows: Cooperation is encouraging organisational people through cultural means, incentives and allocation of power to work together for the customer. Then capability entails that employees need training and development for them to deliver. M'zungu et al. (2010) noted that for the employees to have customer-focused solutions, they need some skills. It is also in the view of M'zungu et al. (2010) that capability can also be taken to mean that the employee's career path is clearly defined with proper skills to deliver the brand. Connection generally gives a view that no one can operate in a vacuum, there is need for some associations. According to M'zungu et al. (2010) it was shown that there is need to develop external relations so that they can deliver the brand in a cost-effective manner

2.3.4 Consistent brand delivery

M'zungu et al. (2010) postulates that the brand needs to be delivered. The brand should always be made available to the market which calls for consistency in delivery of the same. Consistency in the delivery of the brand according to M'zungu et al. (2010) earns the brand a good reputation which is a valuable asset to organisations. Consistence in the delivery of the brand to the market ensure the brand earns familiarity which helps to instil a positive perception of the brand in the minds of customers (M'zungu et al., 2010).

2.4 Outcomes of brand image

There are four possible outcomes of brand image as proposed by Latif et al. (2015). This entails that if an organisation works to build its brand image the results will be at least one of the following: brand familiarity,

customer satisfaction, brand trust and attitudinal loyalty. These four possible outcomes facilitate the customer's purchase choice.

2.4.1 Brand familiarity

Refer to how much the brand is known by the target market. Latif et al. (2015) is of the view that brand familiarity comes out as a result of the customer's direct or indirect experience with the brand. This view is also supported by Chinomona and Maziriri (2017) in their review when they noted that the number of product related experiences which consumers accumulate counts for brand familiarity. A good brand image gives birth to brand familiarity (Latif et al., 2015). An interesting argument by Chinomona and Maziriri (2017) posit that if consumer choices are not a matter of life or death consumers will use brand familiarity to make their choices because there is an insignificant difference among brands. Brand image is therefore very important in the creation of this familiarity. Direct experience may be obtained through using the brand whereas the indirect experience can be gained through word of mouth or watching someone while using the brand among others. Lamb et al. (2011) suggests that brand familiarity speaks of how well consumers can see and admit the company's brand. This obviously means that there will be a lot of competing brands but through good brand image which resulted in the brand being well known, consumers can clearly recognise the organisation's brand out of thousands of available brands.

2.4.2 Customer satisfaction

Kotler and Keller (2014) defined customer satisfaction as the customer's feelings of pleasure or disappointment which is a result of a comparison between products' perceived performance and the customer's expectations. The review made by Onyancha (2013) puts more light on Keller (2014)'s views by telling the world that customer satisfaction is viewed from two ends that is before and after the purchase. Onyancha (2013) stated that customer satisfaction is what the customers expect before the purchase and the perception about the performance after the purchase is made. According to Kotler and Keller (2014), if the performance of the product is below the customers' expectation, then a dissatisfaction but when the performance matches the customer's expectation the customer will be satisfied. In fact, Onyancha (2013) had a clearer view worth noting that having a positive brand image is simply exceeding what the consumers expect. More so, if the product performance exceeds the level which the customer was expecting then, the customer will be delighted. In a bid to summarise the definition given by Kotler and Keller (2014) and Latif et al. (2015) believed that customer satisfaction is the emotional response that focuses on expectations and consumption experience. It was also noted by Rai (2013) as referenced by Latif et al. (2016) that a customer satisfaction is through a, "cognitive response post subjective assessment and comparison of pre-purchase and actual performance subsequent to the consumption of the product or service".

2.4.3 Brand trust

Ahmed et al. (2014) postulates that brand trust helps in the creation of brand loyal consumers. Trust, as suggested by Latif et al. (2015) can be thought of as a solid bond that occurs in this case, between a customer and the brand of an organisation. Naggar and Bendary (2017) in their definition of brand trust used such phrases as, "feeling secure, reliable and responsible, and consumer willingness to rely on the brand".

According to Chinomona and Maziriri (2017), the extent to which consumers believe that a certain brand will satisfy their desire, is yet another definition of what really is brand image. McKinney and Benson (2013) established that credibility, care or empathy and congruency are the three main factors that help customers to build brand trust, whereas Naggar and Bendary (2017) are of the view that brand trust emanates from the consumers' previous experience and prior interactions with the brand. Brand trust can be looked at as an organisational asset in the sense provided by Chinomona and Maziriri (2017) that it reduces risk perception in the mind of consumer by giving him or her line of thinking that the brand is safe and dependable.

2.4.4 Attitudinal loyalty

Attitudinal loyalty is the same as brand loyalty. Latif et al. (2015) brings out an idea that attitudinal loyalty is a "commitment unto a brand". Rai (2013) noted that through loyalty, customers display positive attitude and on a number of times, customers unconsciously engage in favourable actions towards the brand. Keller (2009) noted that attitudinal attachment forces the consumers to see the brand as being something special. It can be concluded that loyal customers are organisational assets. Sulibhavi and Shivashankar (2017) indicated that the collaboration of brand image and customer satisfaction lead to loyalty which when the customers are willing to purchase more often, use more money and recommend more customers to use the organisations products, the organisation will immensely benefit. Moreover, loyalty can be used as a barrier to discourage customers from switching hence Sulibhavi and Shivashankar (2017) indicated that customers will repeatedly purchase the organisation's products.

2.5 Consumer choice

Dhar and Sherman (1996) noted that when people speak of consumer choice it entails that there will be a lot of alternatives available and hence the consumer will be compelled to make comparisons. Brand features that are common or shared by the various brands are cancelled and the consumer focuses much on unique features in making choices (Dhar & Sherman, 1996).

2.5.1 Influence of brand image on consumer choice

Chao et al. (2016) revealed that when consumers look at the brand image, they consider it as a type of information which helps them in purchase decision making. Chao et al. (2016) shared a view that good brand image help consumers to perceive a higher value for the organisation's products hence their purchase behaviour is positively stimulated. Onyancha (2013) challenged organisations to go an extra mile in ensuring that a favourable brand image is created bearing in mind that it strengthens the intensions of customers in selecting a brand. Basing on the fact that product performance is a vital component of brand image, Zhang (2015) postulated that good brand image brings about customer satisfaction. Sallam (2016) was convinced that if the organisations strive to build positive brand image in the minds of the consumers, value for the brands will be created which eventually facilitates the choices consumers make in their purchases. Sallam (2016) further indicated that when the brand image is strong superior brand messages for that particular brand is created which helps it to overtake its competitors.

2.5.2 Link between brand image and customer loyalty

According to Neupane (2015), there is a strong link that exists between brand image and customer loyalty. Neupane (2015) made it clear that a positive brand image contributes immensely to the enhancement of customer loyalty. If customers develop trust on a brand, they become committed to the brand which helps organisations to charge premium price because customers will not be price sensitive. Neupane (2015) noted that an unfavourable brand image erodes customer brand trust.

2.5.3 Other factors that influence consumer choice

Onyancha (2013) through a study of consumers' choice for fast foods established some of the factors which influence consumer choices as including brand name, labelling, quality, price, healthiness and associated socio-cultural considerations. Ali and Kapoor (2010) grouped these factors into various groups such as economic, cultural, psychological and lifestyle factors, a view that Kotler and Keller (2012) later adopted.

2.5.4 Socio-cultural factors

Kotler and Keller (2012) indicated that culture plays a pivotal role in shaping a person's relationship with others in the society. Through these cultural groupings, people create social groupings hence they influence each other's buying and brand preference. Kotler and Keller (2012) postulated that those people who share the same social grouping generally exhibit a homogeneous product and brand preference in many areas from food to clothing, leisure and even language. Social groups include reference groups, family, social roles and status. So, these factors including reference and family groups influence on consumer choice decisions. People usually have points of reference when they make purchases particularly of new products in the market. Normally they would want to make choices which are acceptable within their socio-cultural set up. Kotler and Keller (2012) defined reference groups as groups that have both direct and indirect influence on one's attitude and behaviour. Kotler and Keller (2012) also made it clear that groups have the power to influence a person to have a new behaviour or lifestyle, attitude and self-concept or can build pressure for conformity which eventually has the effect on that consumer's product or brand choice. Kotler and Keller (2012) noted that there are two types of families available namely, a family by orientation and a family of procreation. Kotler and Keller (2012) stressed that as children grow up, they also have the ability to recognise some characters, logos and specific brands and thus influence choice.

2.5.5 Economic factors

Lee et al. (2017) noted that economic factors include but not limited to price, inflation and unemployment, these three factors have an influence on how the consumer behave. This situation is worsened if the levels of unemployment are high (Lee et al., 2017). The researcher supports the thinking exhibited by Chao et al. (2016) that price is important in the purchase intention of consumers. If it happens that products that are highly priced are discounted, a lot of consumers will buy them.

2.5.6 Role of motivation on consumer choices

Sallam (2016) noted that the level of needs one wants to satisfy is a strong motivation of a consumer's choice of a product or brand. The way Sallam (2016) applied the Maslow's hierarchy of needs in explaining the role of motivation indicates that one can buy a product being motivated by the physiological pressure and the next time the same brand is being bought will be to satisfy social needs. Sallam (2016) established that consumer choices can also be influenced by the country of origin. Wang and Tsai (2014) expressed that there is high probability that consumers choose the brands they have full knowledge about their image due to the fact that a more positive brand image lowers the consumers' perceived risk but lifts up the perceived value.

2.6 Research objectives

1. To determine the effect of brand image on customer choices.
2. To explore the effect of corporate social responsibility on customer choices.
3. To ascertain the effect of employees on customer choices.

2.7 Research questions

1. What effect does brand image have on customer choices?
2. What effect does corporate social responsibility have on customer choices?
3. What effect does employees on customer choices?

3.1 Data and methods

The study methodology covers research design, sampling and methods used to collect data.

3.2 Research design

Kumar (2019) believes that a research design is a plan, structure or strategy of carrying out an investigation to obtain answers to the research problem, a research design can be thought of as a campus that guides the researcher during the process of collecting, analysing and interpretation of data. Kumar (2019) also provided a layman definition of a research design as a complete scheme or programme of the research. An analysis of the above definition leads to a conclusion that a research design provides an outline of what the researcher will do from the time he or she writes a research problem up until the presentation of the final data. Cross sectional survey design was adopted in this study. Creswell (2012) indicated that a cross sectional survey design is actually a procedure for collecting and analysing data at one goal and analyse the data and draw conclusions.

3.3 Research strategy

The study adopted a quantitative research approach. This strategy is in line with positivism philosophy (Creswell, 2012). The researchers gathered quantitative data using questionnaire to get the opinions of customers, employees and management from the food industry on brand image and its effects on consumer preference. Johnson and Onwuegbuzie (2004) indicated through a quantitative research the study findings can be easily analysed in modern software and results are quickly drawn for decision making.

3.4 Targeted population

According to Johnson (2010), a target population means a set of all elements. It is a large group from which the research would want to generalise the sample results. The following table provides the population which the researchers targeted.

Table I: Category of respondents and target population

Category of Respondents	Population
Consumers	45
Vendors	25
Sales manager	11
Sales representatives	15
General Employees	22
Total population	118

3.5 Sample size

Johnson (2010) defined sampling as a process of drawing a sample from a population. According to Johnson (2010), a sample is a subset selected from a large group for the purposes of understanding the characteristics of a large group. It can also be thought of as a set of elements extracted from a large group called a population. In this study a formula proposed by Israel (2003) on how to calculate the sample size was used and the margin of error applied was 5%. The Sample determination formula used as given by Israel (2003) is

$$n = \frac{N}{1+N(e)^2}$$

Where n is the sample size, N is the population targeted, e is the level of precision or sample error. The sample, $n = \frac{N}{1+N(e)^2} = \frac{118}{1+118(0.05)^2} \approx 91$. The sample size used is therefore 91.

3.6 Research instruments

Instrument used for data collection were questionnaire. Zohrabi (2013) confirmed that the questionnaire is among the widely used methods of collecting data in research. Closed ended questionnaire was used to gather data. Questionnaire is an easy instrument to quickly collect data within the shortest possible time (Zohrabi, 2013).

3.7 Validity and reliability of the research instruments

Taherdoost (2016) highlighted that validity of an instrument is a way of ensuring that the research instrument being used will measure what it is intended to measure. Zohrabi (2013) indicated that the whole idea surrounding the issue of validity is whether the research is believable and truthful. Reliability on the other hand according to Creswell (2012), speaks of stability and consistence of the used instrument. Zohrabi (2013) noted that reliability is a measure for the degree of dependability. In a bid to ensure both validity and reliability, the following strategies were employed as recommended by Creswell (2009), that is, triangulation, test re-test, pilot testing of instruments and peer examinations.

4.1 Results and Discussion

Data was presented in form of tables and figures.

4.2 Response rate

The sample size of 91 people. Out of 91 questionnaires which were administered, 11 were not fully completed hence were not included in this analysis, so 80 questionnaires were used. The percentage response rate for questionnaires settled at 88 % which was a very good response rate for generalisation into the population used.

4.3 Demographics

The demographics of the study is given below on table II.

Table II: The distribution of respondents using their age

Age group in years	Frequency	Percentage
18-24	27	34
25-34	22	27
35-44	14	18
45-54	7	9
55-	10	12
Total	80	100

The 18 to 24 years age group is more ready to respond to both interviews and questionnaires. This age group thus scored the highest percentage of response clocking 34% which is more than one third of the people who responded. The 25 to 34 years age group occupied the second highly responsive group and the 45 to 54 realised the least.

Table III: Distribution of respondents by gender

Age group	Male	Female
18-24	10	17
25-34	9	13
35-44	8	6
44-54	3	4
55 and above	4	6
Total	34	46

Male respondents constitute 34 people which is 42% whereas female respondents are 46 people which constitutes 58%.

4.4 Analysis of responses on brand image

A lot of questions to test the respondents' knowledge of brand image were asked. Some questions aimed at gathering the position of employees as far as their duty of safeguarding the company's brand image was concerned. The questionnaire also sought to give the researchers some first-hand information regarding the

effect exerted by suppliers and customers on the organisation's brand image.

4.4.1 Knowledge of brand image

Out of eighty respondents who fully answered the questionnaire, sixty-nine indicated their understanding of what really is meant by the term "brand image". There were eleven respondents who highlighted that they had a partial knowledge. Table IV below illustrate the respondents' knowledge of the term, "brand image".

Table IV: Distribution of respondents according to their knowledge of brand image

Knowledge of brand image	Full knowledge	Partial knowledge
Percentage frequency	86%	14%

4.4.2 Enhancing brand image

There are a lot of strategies that are available for companies to ensure that their brand image captures the totality of the mind of the current and new customers. Confining this analysis to the findings of this particular research the researcher noted the strategies which will be explained soon as key in building and enhancing the organisations' brand image.

4.4.3 Creating brand awareness

According to Koniewski (2012) brand awareness has a strong impact on the customer's purchasing choices. Ahmad et al. (2014) established that the awareness of the brand creates positive or negative image in the mind of customers hence it is critically important for companies to work on creating brand awareness. There are a lot of ways through which brand awareness can be created. these include marketing communication through advertising, personal selling, exhibitions and digital marketing.

4.5 Corporate social responsibility

This is in fact the company's involvement in community activities, giving back to the communities through such activities as drilling boreholes in the surrounding communities, clean-up campaigns in the surrounding suburbs and provision of bins for safe refuse disposal. According to Durmaz et al. (2018), stressed the point that organisational involvement in social causes lead to more positive feelings and judgements about the brand in the minds of the customers. The perception of the brand increases or decreases due to company's participation and failure to participate in corporate social programmes (Durmaz et al., 2018). It is therefore imperative for organisations willing to enrich their brand images to actively start on social activities behaviours. Further analysis by Durmaz et al. (2018) points to the fact that companies which actively participate in social causes reap the benefits of improved brand image. The following is a graphical illustration on responses regarding the organisation's involvement in community activities.

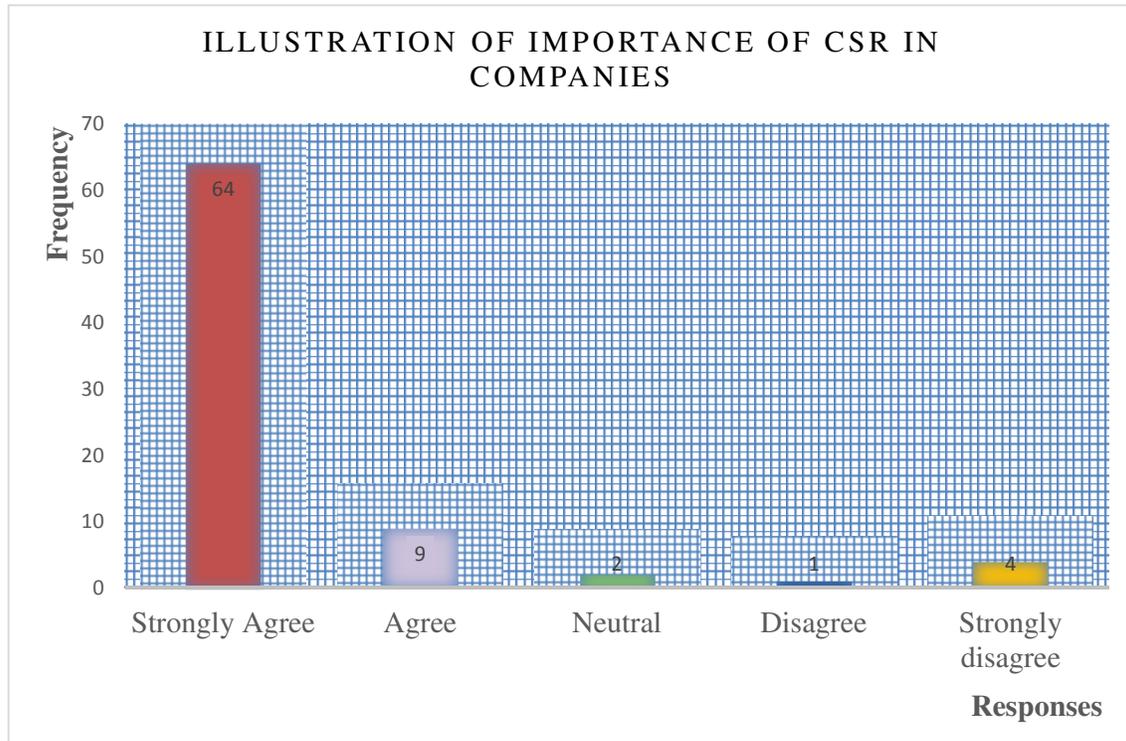


Figure II: Responses on importance of CSR

4.5.1 Benefits of corporate social responsibility

A significant number of respondents strongly believed that the companies should be involved in social responsibility, it is equally important to look at the benefits derived from being socially responsible. The following are some of the benefits of corporate social responsibility as put forward by Asemah et al. (2013): Winning the goodwill support from various stakeholders; increased financial performance; being an employer of choice through attracting better employees; staff turnover rate is reduced; reduction of operating costs through improved efficiency; customer attraction and retention leading to increased sales volumes.

4.6 Brand image motivates purchase decision

Whilst there is other motivation to purchase decision such as the price, quality of the product or service, environment where the product is purchased, this research unearthed that consumers have high concern of the brand image for them to make a choice. Most people were in support of the fact that brand image in some way motivates the purchase decision. Heding et al. (2009) noted that a positive brand image has the potential to affect consumer confidence in the quality of a product eventually thus lifting the amount of demand for these products. Heding et al. (2009) also stressed that consumers who have a positive image of a given brand are more likely to make purchases of that particular brand. It can be concluded that if companies are not particular to ensure that their brands occupy the largest share in the mind of the prospective buyer, a significant volume of sales can be lost and the company can eventually find itself out of the business.

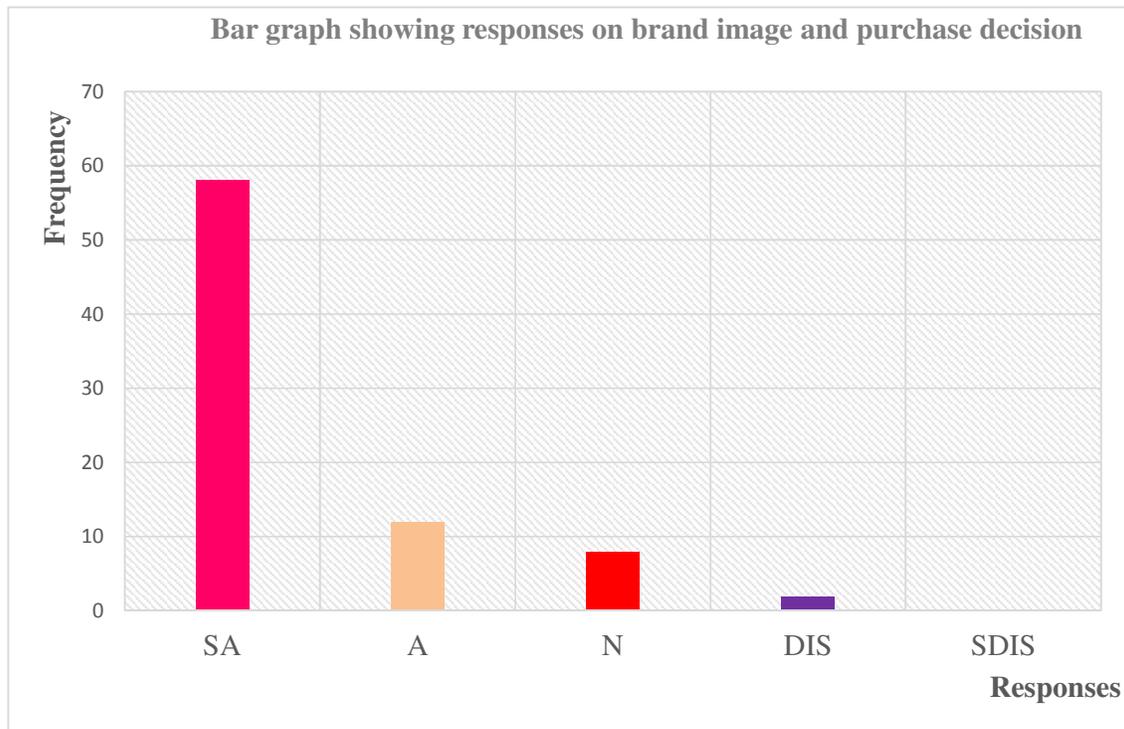


Figure III: Bar graph on brand image motivates purchase decision

4.7 Influence of organisational suppliers, customers and employees on brand image

The questionnaire carried questions which wanted the respondents to indicate their line of thinking regarding the role employees, suppliers as well as that of customers in relation to the company's brand image. Respondents noted their strong belief that the way employees behave in and away of the company has a bearing in the brand image of the company they are representing. The highest percentage of respondents indicated that they strongly believe that companies are not at loss if they invest in training their customers, suppliers and largely their employees to be brand ambassadors of the company's brand.

4.7.1 Employees and brand image

The work of King and Grace (2008) was significant in the review of the role of employees in the brand image. King and Grace (2008) indicated that, "investment in the organisational brand is considered to be a strategic weapon in the quest for an edge over competitors. The creation of a strong brand and the deliverance of perceived service quality are premised by employees' ability to deliver on customers' expectations." Organisations need to ensure that they have highly motivated employees whose morale is always on the positive. According to King and Grace (2008) companies need to train its employees so that they shape their behaviour in line with the expectations of customer. Erkmén (2018) highlighted that the whole idea of training and engaging in dialogue with the employees aim to educate the employees about the brand about the company's brand and brand values so that they can extend these to organisational customers as brand experiences. If the behaviour of employees matches the customers' expectations, customers feel

respected and this results in a plus on the brand image.

4.8 Customer choices

An analysis of the data on customer choices shows that customers are motivated by brand familiarity to make repeat purchase decisions. This claim is ascertained by the highest percentage of respondents who were at least agreeable that if customers are familiar with the brand, they are more likely ready to choose it in their next purchase. 92.5% of the respondents were at least agreeing that brand familiarity is key in purchase decision making. Whilst price is one of the fundamental pillars of the marketing mix customers earn pride through buying products which have a positive brand image than buying cheaper products that have bad image. 12.5% of the respondents indicated that price is key in purchase decision, the other 12.5% took a neutral stage but the host which amounted to 75% indicated that they were at least in in disagreement to the fact that customers are more on the lookout of price than brand image. A positive brand image has the potential to influence prime pricing. Companies can therefore invest much on the image of their brand. Brand image also helps the organisations to have satisfied customers. Customers who are satisfied by a brand image of a company are highly likely to choose the same brand in their next purchase. Satisfied customers become brand ambassadors unknowingly, they speak positive about the brand. If customers are satisfied with the brand image, they unconsciously become referral points for new customers. Good brand image locks customers to the organisation, customers become so loyal to the organisation such that for them, switching becomes costly to them.

4.9 Summary of findings

This study was on examining the effect of brand image on customer choices in Zimbabwean food industry. The study adopted a cross sectional survey approach that result in gathering of quantitative data. One major model of brand equity called “Iceberg brand equity model” was instrumental in the success of the review of related literature. After the completion of research methodology in which the research design was justified, targeted population as well as the sample were defined and the data collection instruments were fully explained, the researchers summarised and analysed the data and came up with various findings from which the recommendations were framed. Brand image was found to have an effect on customer choices. Corporate social responsibility was found to have an effect on customer choices. Also, employees were found to have an effect on customer choices.

5.1 Conclusions from the study

Conclusions of the study are as follows: Brand image leads to brand familiarity which influences customers’ choice. Customer choices are also triggered by customer satisfaction, brand trust and customer loyalty which all have their roots in brand image. Organisations need to engage in corporate social responsibility as a way of enhancing brand image. Although quality and price are fundamental for customers purchase decision in the volatile economy like the Zimbabwean case, customers still look on the image of that brand to purchase food. Employees are important in the establishment of brand image; companies need to train and motivate

their employees so that they become brand ambassadors. Customers and suppliers are equally important in the building of brand image. Companies therefore need to invest on curving relationship with both customers and suppliers so that they talk positive about the company's brand. Integrated marketing communication which takes form of advertising, personal selling, exhibition, publicity and social media are critical in creating brand awareness which helps in reinforcement of brand image. Brand names are vital hence must not be misunderstood by customers. This is achieved if the company uses a unique brand name, which is easy to pronounce and not confused with similar names in the market. Satisfaction is one of the things that makes customers think of the brand each time they make purchase decision.

5.2 Implications of the study

The study identified the following implications: A research carried out by Alhaddad (2015) highlighted that by the year 2014 the world had already recorded around three billion internet users, hence corporates in the food industry need to take advantage of the increasing growth of information and communication technology and use social media platforms such as Facebook, twitter and WhatsApp as cheaper, far reaching and fast means of promoting the organisations' brands to build and enhance the brand image. There is need for companies to incorporate continuous training of their employees about the brand image, the benefits of a good brand image, how to construct a positive brand image and the maintenance of a good brand image. The role of employees in upholding the positive brand image need to be clearly elaborated to the organisational employees. Corporates should work towards improving the standards of living of their employees. Satisfied employees are motivated to save customers to their satisfaction which uplifts the company's brand image. Yazdanifard et al. (2011) reinforced this line of reasoning by noting that employee branding promotes employee-brand identification. This raises the connection between the employee and the brand which gives a good attitude for employees facing the customers. The employees' good attitude towards the customers improves customer retention hence the likability of the brand raises too.

Through the work of Naqvi et al. (2013), it was established that various activities which are conducted by firms which are socially responsible aid the organisations to enhance their brand image. As such it is therefore advisable that companies in the food industry must invest on programs that give back to the communities. Such community involvements are key in the development and enhancement of their brand image. Ramesh et al. (2019) postulates that there is a strong link between brand image and customer loyalty; positive brand image enhances brand trust while a negative brand image destroys the reputation held by the brand in the customers' mind. It is therefore advisable that companies should invest in programs that gives their brand the largest share in mind of customers. Chances of choosing that brand when the attitude towards it is positive are very high.

5.3 Study limitations and areas of further study

The researcher focused on brand image of food industry and delineated to a single organisation. Future studies may sample more companies in the food industry and use a larger sample. Future researchers may break down brand image variables and focus on a single variable and test it on customer choices or introduce mediators or moderating factors.

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THE IMPACT OF THE LANDSCAPE OF COVID-19 ON THE GHANA STOCK MARKET

DANIEL NAYO

Department of Management Science Engineering
Nanjing University of Information Science and Technology-China.

Email: danielnayo88@gmail.com

EUGENE RAY ATSI

Department of Management Science Engineering
Nanjing University of Information Science and Technology-China.

Email: rayeugene28@gmail.com

Abstract

The present COVID-19 pandemic though a health crisis has crippled economies and stock markets worldwide and Ghana has not been exempted from the scourge. Implementing public health measures like the closure of borders and temporary lockdowns has adversely impacted the economic landscape. This paper sought to identify the pandemic's impact on the Ghana stock market by examining data from the Ghana Stock Exchange Composite Index (GSE-CI). Findings reveal a negative impact of the pandemic on the stock market, anticipating returns from 2021 onwards.

Keywords: stock market, economy, pandemic, economic, landscape, closure.

1. Introduction

The world is currently experiencing a pandemic that is proving challenging to control amidst the several interventions put in place. This pandemic referred to as the novel coronavirus disease, otherwise referred to as COVID-19, and continues to sweep across the nations of the world after emerging in China's Wuhan in December 2019. The World Health Organisation (WHO), declared the disease a pandemic on 11th March 2020 as the number of confirmed cases soared across the globe [1]. While the disease continues to spread, lives are affected as well as economies and businesses. In the last decade, there has never been a disease that has impacted economies as the COVID-19. The disease's impact is much worse than that of the Global Financial crisis in 2009 when the global GDP declined by 2.1 per cent [2].

As of 20th December 2020, globally confirmed cases of COVID-19 stands at 75 million cases with over 1.6 million deaths that have occurred across the globe since the onset of the pandemic [3]. According to the report, 1,716,697 confirmed cases are representing 2 per cent of the globally confirmed cases and 37,741 deaths, representing 2 per cent of the global deaths recorded on the Africa continent. Cumulatively, the

number of confirmed cases in Ghana stands at 53,653 with 331 deaths [3]. To curb the rapid spread of the virus across the continent, continue to develop and implement measures targeted at preventing occurrence. These measures include social distancing, lockdowns, travel restrictions, among others. Several countries in Africa have undertaken bold steps, including quarantine and lockdown measures to curb the spread [4]. However, these measures have placed health care systems under stress almost on the verge of collapsing. Also, these measures have led these countries into an economic recession.

The full socio-economic costs related to COVID-19 remain uncertain across territories. The Organization of Economic Cooperation and Development (OECD), predicted a potentially disastrous impact of COVID-19 on the African economy due to the significant decline in the volume of trade and investment from China– a country which is consistently contributed to the African continent's economy [5]. This prediction was for the immediate term and a progressive decline in trade due to the disruption in the global demand and supply chain. While the pandemic remains across the globe, so are its distressing impacts. It poses a severe threat to both economic growth and the development of national economies. This threat is more significantly perceived in developing countries with weak health care systems, poorly developed financial sectors, and limited resources and fiscal space, among others [6].

The pandemic's negative impact on market returns and the distortion in market returns may not plummet anytime soon, considering that the duration of the pandemic is not known [7]. The impact on households' welfare, economic growth, financial and non-financial markets of developing countries, including those in Africa remains evident. A study conducted on thirteen African countries indicated that the onset of the pandemic has negatively affected the performance of the African stock market even though only three among the thirteen were not significantly affected by the pandemic [6]. The sub-Saharan region of which Ghana is a part is not exempted from the pandemic's devastating effect.

A country's stock market plays a vital role in a country's development. This development is linked to the effectiveness, governance and relevant regulatory framework instituted by politicians and policymakers [8]. Ghana's stock market targets the efficient allocation of limited resources and ultimately contributes to financing projects, resulting in economic growth and prosperity. Ghana's Stock market drives economic growth, mobilises investible funds, diversifies corporate and private portfolios, and makes available investible funds for corporate bodies to use. Stock markets provide a platform for raising long-term capital and creates a forum for investing surplus funds [9]. As a result, investors are motivated to invest surplus capital in additional financial instruments that correspond with liquidity and risk appetite preferences. While national economies continue to develop, more capital is needed to correspond with rapid development. Stock markets play an instrumental role in mobilising and allocating savings crucial to economic growth and efficiency [9].

In the last few decades, due to the stability of interest rates, the attention of most investors has shifted from risk-free financial instruments to the Ghana stock market [10]. This has led to the oversubscription of

some listed companies. Investment in the stock market yields higher returns compared to other financial investments. However, these stocks are not free from risks. Liquidity from the stock market helps reduce the risks and costs associated with investments in projects that are unlikely to pay off in the long run [9]. As a result, most investors intend to invest in the stock market without paying much attention to the impact that macroeconomic variables like inflation and exchange rates can have on returns or listed companies' stock prices [11, 12]. Additionally, the Ghana stock market can provide a full hedge against inflation [13].

The Global stock market has been adversely affected by this pandemic [14]. The present situation is characterised by a decline in stock prices, an increase in stock-price volatility, and a reduction in nominal interest rates [15]. The COVID-19 pandemic and its associated public health measures have upset supply chains and significantly reduced economic activities across sectors, including the manufacturing and service sectors. This has resulted in increased layoffs. Not only that, the stock markets across the globe have crashed and the records for unemployment have risen to unprecedented levels [16].

Governments' fiscal policies to ease the disease's burden include transfers to households and businesses as observed in South Korea and Germany, an extension of social security benefits, and increased healthcare funding [16]. The United Kingdom, for instance, increased funding to the National Health service and introduced measures to assist companies, including direct grants for small business and property tax holidays. These policy decisions and international travel restrictions have severely affected stock prices and stock market indices [17].

The African stock market's adaptive capabilities and creativity/innovation largely determine how it reacts to global pressures such as economic crisis, pandemics, and economic policies' uncertainty [18]. Uncertainty is perceived to equate to the incompleteness of information to make a well-informed decision. Innovative strategies will include internal and external factors in the form of open innovation to handle issues of global uncertainty. The OECD also projected an increase in stock sales to increase capital inflows [5].

Like many other African countries, Ghana adopted fiscal, monetary, public, and human control strategies to manage the disease's devastating impact [19, 20]. The implementation of the lockdown measure in epicentres to control the spread of the disease in April, caused the GDP to fall by 27.9 per cent with an additional 3.8 million Ghanaians becoming poor for that period [21]. It is anticipated that the Ghana stock market will be adversely affected by this pandemic. This paper sets out to evaluate the impact of the COVID-19 pandemic on the Ghana stock market.

2. Materials and Methods

This paper adopts a narrative-textual case study method that employs both descriptive and exploratory approaches to evaluate the impact of COVID-19 on the Ghana stock market. It relies on text contents and official statistics for analysis.

The present study will be investigated by obtaining published and official documents from online databases and websites. The internet will be used to access these databases and websites to retrieve relevant data and information to answer the research objective. Data were retrieved from the Bank of Ghana bulletins, the Ghana Statistical Service website, and the Ghana Stock Exchange Website. The Ghana Stock Exchange Composite Index (GSE-CI) is the primary index used for assessing the country's stock market performance. It monitors the performance of all 36 companies that have been listed and traded on the Ghana Stock Exchange. Companies with shares in other markets are not included in the GSE-CI total market capitalisation. The GSE-CI is a market capitalisation weighted index-each component is assigned a weight according to its market capitalisation. Presently, the capitalisation-weighted index has a base of 1000 as of 31st December 2010.

Thus, the study adopts secondary data for further analysis. This is because it is almost impossible to collect primary data on the stock market indices for analysis. Also, the use of data provided by the Ghana Stocks Exchange provides more standardised data that can be used to assess the trend of market performance for a period. In addition to the data retrieved, the information will be sought from publications, research papers that have both been published and unpublished to draw inferences and better analyse the data retrieved.

The search terms to be used for retrieving data are "COVID-19 and the Stock market", "Impact of COVID-19 on Ghana's stock market", "Ghana" and similar search terms. The Boolean operators AND, and OR were used to improve search. Articles published within the last decade will be used in the analysis unless it is necessary to include those published in earlier years. This is to ensure that the most relevant data are included. The search was limited to meet the research objective.

To better appreciate the impact of the pandemic on the Ghana Stock market performance, data will be retrieved on the market performance before the onset of the pandemic and during the pandemic. This will also allow for trend assessment of stock market performance within the last three years.

Prior to the conduct of the study, full consent has been sought from the school's ethical review board. The paper will adhere to the principles of beneficence, respect and justice. Human subjects were not being involved in the investigation. Nonetheless, findings will be disclosed to stakeholders and target audience to influence decision making. Also, recommendations were made to improve the present situation.

3. Analysis

3.1 GSCE-CI Performance for 2020

The table below provides the descriptive statistics of the stock performance for the year 2020. The minimum points recorded in the year were 1,818.68 while the maximum was 2212.21 points. The average GSE-CI for the year was 1975.31 points.

Table 1. Summary Statistics of Stock Performance for 2020

Summary Statistics for 2020 index	
Mean	1975.31
Standard Error	43.83
Median	1920.47
Standard Deviation	151.83
Kurtosis	-1.29
Skewness	0.72
Range	393.53
Minimum	1818.68
Maximum	2212.21

Table 2. Highlight of Stock Performance for 2020

GSE STOCK INDICES/CAPITALISATION	Dec-20	YTD CHANGE
GSE Composite Index (GSE-CI)	1,941.59	-13.98%
GSE Financial Stock Index (GSE-FSI)	1,782.76	-11.73%
Market Capitalization (GH¢ M)	54,374.88	-4.25%
Domestic Capitalization (GH¢ M)	20,388.88	-10.11%

Since the beginning of the year 2020, the GSCE-CI has reduced by 386 points or 16.8%, according to the trading on a contract for difference (CFD) that monitors Ghana's benchmark index. At the end of January, the stock index was 2,212.21 and this declined gradually till the end of the year (December 2019) when the trading was closed at 1,941.59.

Table 3. Stock Performance at the End of Each Month in 2020

Month	GSE-CI points at end of the month
Jan	2,212.21
Feb	2,211.89
Mar	2,159.61
Apr	2,100.74
May	1,941.03
Jun	1,899.90
Jul	1,877.64
Aug	1,846.59
Sep	1,856.56
Oct	1,837.27
Nov	1,818.68
Dec	1,941.59



Figure A: This figure shows the Ghana stock market's performance in the year 2020

The first two cases of the COVID-19 infection was recorded on 12th March 2020. In preventing the further escalation of the condition, Ghana's government began introducing travel restrictions, border, border closures, physical/social distancing protocols, and then a two-week partial lockdown in the epicentres including Accra and Kumasi.

Table 4. Stock Performance with the Onset of COVID-19 and its Implications

Date	GSE-CI Performance
Jan 31	2,212.21
Feb 28	2,211.89
12th Mar	2,181.40
30th Mar	2,128.90
Mar 31 st	2,159.61
20th Apr	2,123.60
Apr 30 th	2,100.74
4th May	2,143.90
May 31 st	1,941.03
Jun 30 th	1,899.90
Jul 23rd	1,862.90
Jul 31 st	1,877.64
Aug 31 st	1,846.59
Sep 30 th	1,856.56
Oct 31 st	1,837.27
Nov 30 th	1,818.68
Dec 1 st	1,818.69
Dec 31 st	1,941.59

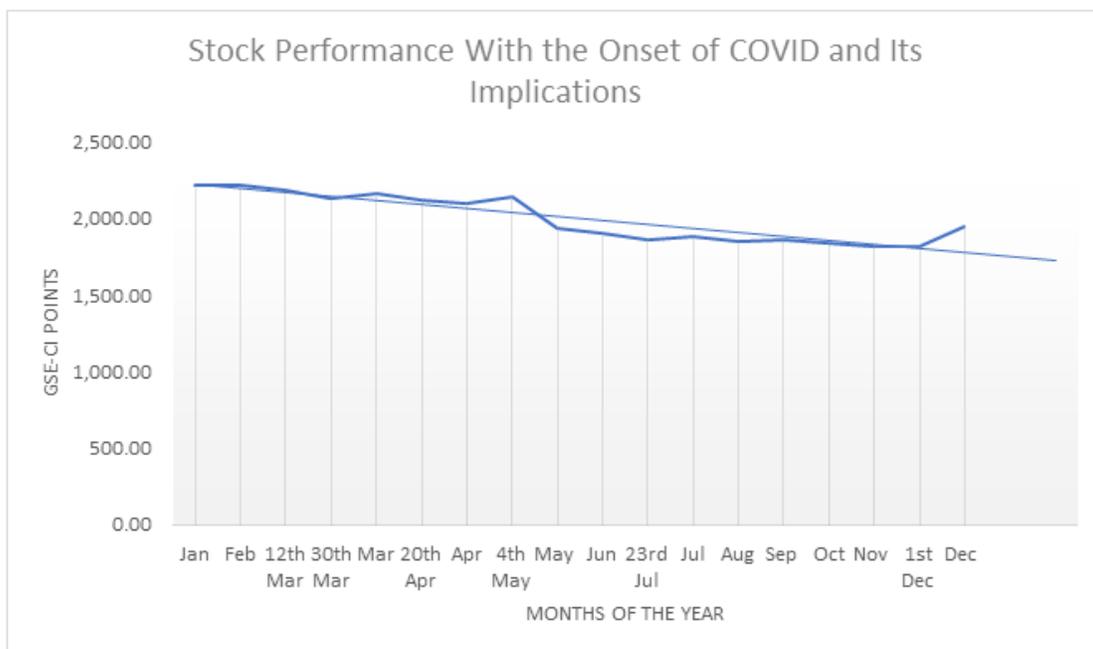


Figure B: This figure shows the decline in the Ghana stock market's performance with the onset of the COVID-19.

On the 12th of March, when the first two cases were detected, the GSE index stood at 2181.40 points. From that time, the stock performance continued to decline due to the restrictions in place, which in turn affected the stock markets. On 30th March 2020, the president imposed a partial lockdown on the major urban centres which also served as the epicentres of the virus. At the time, the Ghana stock market index was closing at 2128.90, indicating a decline in performance following the confirmation of cases and the imposition of stringent public health measures. As of 20th April, when the lockdown was finally lifted, the index was closing at 2123.60 points. Even though the ‘partial lockdown’ has been lifted, social distancing measures, as well as territorial border closures to human traffic, remain. These social distancing measures include the ban on conferences, physical training programs, workshops, sporting and religious activities, and the closure of nightclubs.

Post lockdown, stock market performance improved from 2123.60 points on 20th April 2020 to 2143.90 points on 4th May 2020 representing a gain of 2.05 per cent. It can be inferred that some investors regained their confidence in the stock market, leading to the observed improvement in trade performance. Although this performance did not exceed that of previous months, it strongly suggests that should things get back to ‘normal’ the Ghana stock market may improve again.

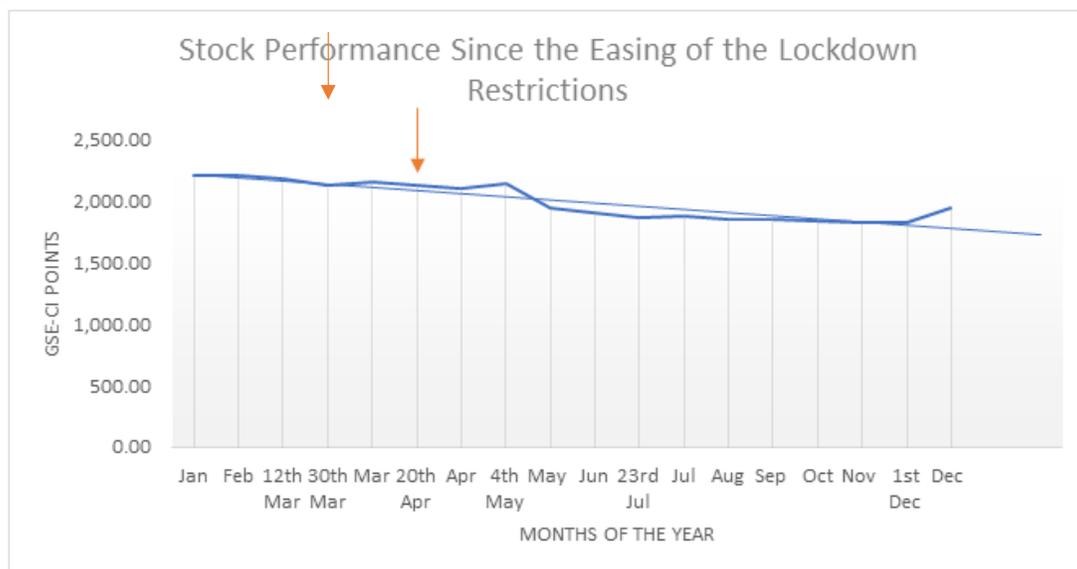


Figure C: This figure shows Performance Since the Easing of the Lockdown Restrictions

Down the line, the market performance has not been stable after the gradual ease in restrictions. There are times that the performance appears to be improving then it begins to plummet. For instance, the index started to fall from 2143.90 on 4th May to 1862.90 points on 23rd July. There are marginal increases as

well, especially in the middle of some months. This trend continued until 1st December when the market performance began to improve. The index started to rise from 1818.69 on the 1st December 2020 to 1909.87 points on 29th December 2020. This indicates that the market performance is beginning to pick up from the consistent decline observed at the end of January. At the close of the day (29th December), a total of 758,937 shares corresponding to a market value of GHS 488, 480.08 had been traded. The trading volume and turnover values show a decline of almost 87% compared to the previous trading day (24th December). The current GSE market capitalisation is 54.04 billion.

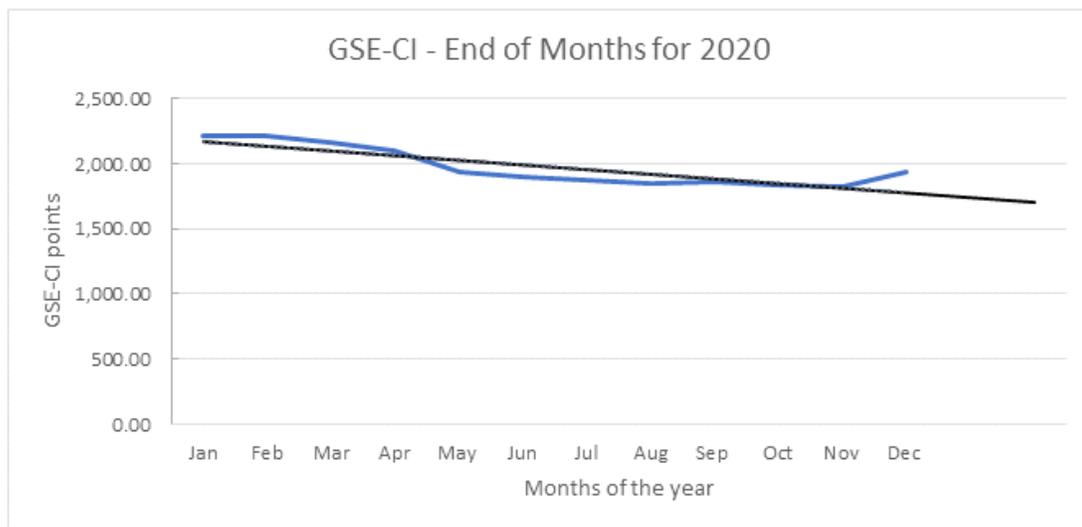


Figure D: Stock Performance against projection

The thick line in the chart represents the forecast of the stock market performance. In the early part of the year, the market performance was relatively better than earlier predicted by the Trading Economic Forum. However, around mid-May, the performance sharply declined and starting performing below the ideal projection. This is shortly after the government had begun easing restrictions like lifting the “partial lockdown”. The devastating effect of the pandemic lingers on the stock market.

The trading volume plays a vital role in establishing a security trend, thus informing investors of the course of action. Increasing volume in trade usually corresponds with rising stock prices and vice versa.

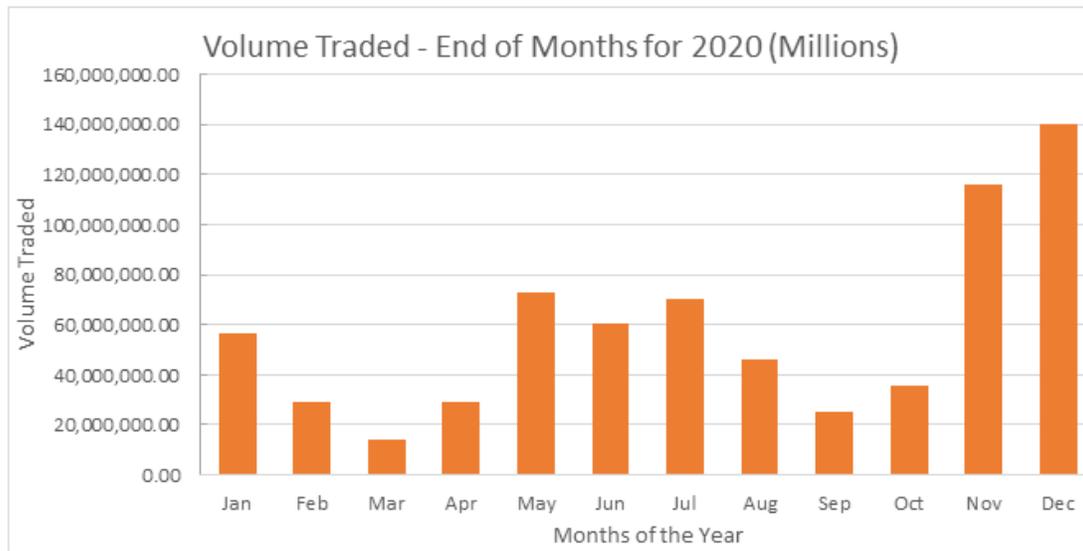


Figure E: This figure shows the trading volume of the Ghana Stock market within the year 2020
 The market volume has been declining in recent times with minimal activity between March and May and well as between September and November.

3.2 Trend of GSCE-CI Performance

Table 5. Stock Performance of Ghana’s Stock Market Between 2016 and 2020

	2016	2017	2018	2019	2020
Jan	2,004.12	1,776.40	3,076.98	2,503.85	2,212.21
Feb	1,972.18	1,854.53	3,337.20	2,479.04	2,211.89
Mar	1,912.02	1,865.01	3336.85	2,454.51	2,159.61
Apr	1,828.78	1,896.13	3489.45	2,344.32	2,100.74
May	1,758.35	1,919.71	3167.48	2,461.06	1,941.03
Jun	1,787.50	1,964.55	2879.43	2,394.82	1,899.90
Jul	1,796.29	2,256.78	2931.19	2,346.52	1,877.64
Aug	1,805.36	2,389.01	2897.53	2,303.80	1,846.59
Sep	1,774.90	2,326.09	3001.01	2,204.79	1,856.56
Oct	1,728.37	2,361.48	2844.78	2,150.66	1,837.27
Nov	1,575.71	2,521.67	2629.54	2,137.91	1,818.68
Dec	1,689.09	2,579.72	2572.22	2,257.15	1,941.59

[22-25]

Observing the stock performance trend, the GSE-CI seemed to perform much better between 2017 and 2018. After which it began to decline till November 2019. The performance began to improve between November and February 2020.

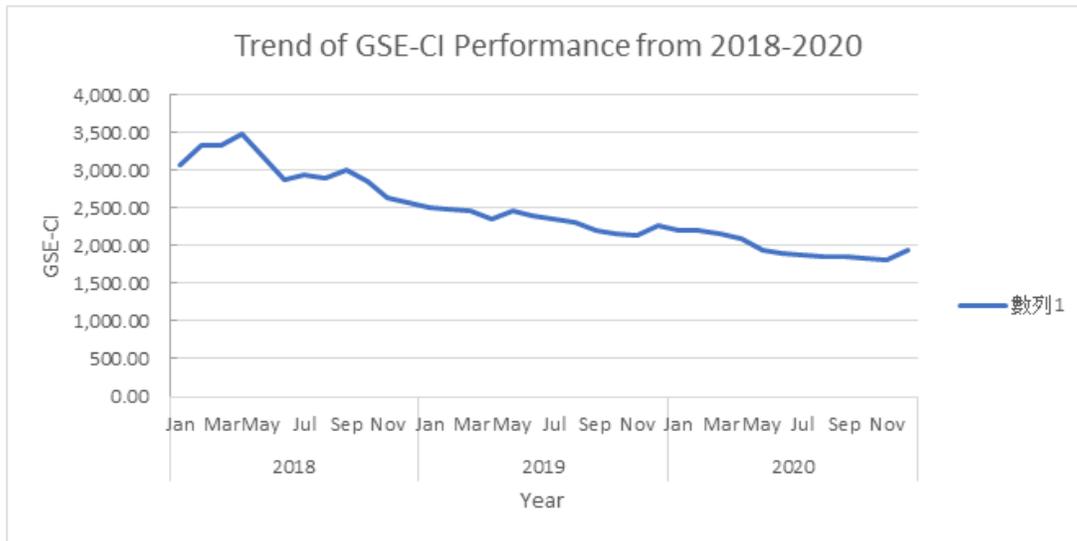


Figure F: This is a figure that shows the stock market performance from 2017 to 2020.

The chart above shows that the stock market performed very well in 2018 by reaching an all-time high of 3489.5 points in April that year. The improvement was very significant since the market hit its lowest ebb of 969.0 points seven years before. The market performance took a downward trend in 2019, even before the onset of the COVID-19. However, the decline was not as rapid as that observed in 2020. By the end of 2019, the market was closing at 2295.30 points after it had begun with 2381.90 points.

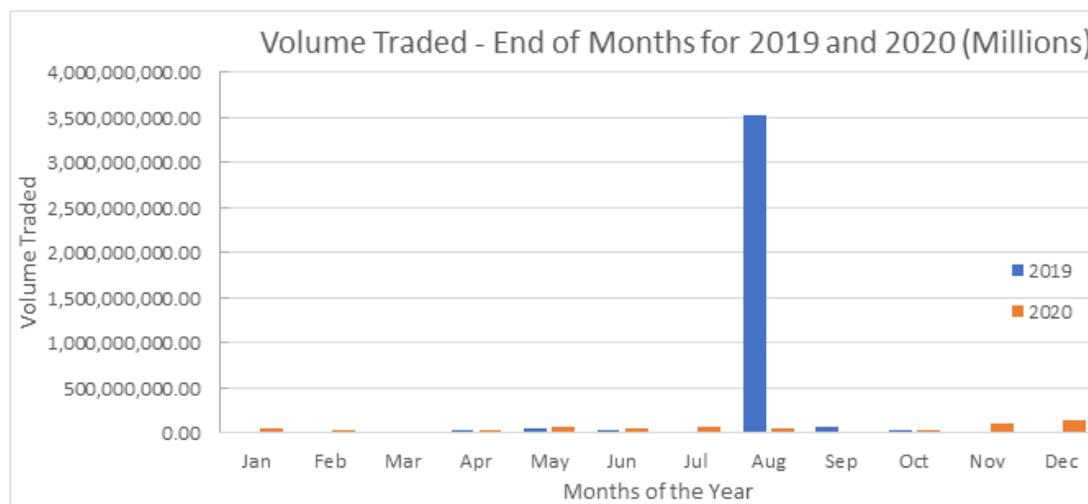


Figure G: This figure compares the stock market volume for 2019 and 2020.

From the chart above, it can be noted that the trading volume was quite low with very little activity for most of the year 2019 except for August when the total volume traded exceeded 3.5 billion. At the end of 2019, the total volume traded stood at 3,816,967,510. However, in the year 2020, the volume of shares/good traded

for each month was relatively high compared to the data for 2019. This implies that the Ghana stock market was relatively stable, and contracts did not change hands in the previous year. Despite the relative improvement in trade volume and activity, the total volume at the end of 2020 was 695,396,188.

4. Conclusion

In a quest to minimise the spread of the disease, the government of Ghana imposed public health measures including temporary lockdowns, closure of borders, social distancing protocols, among others. Social distancing has resulted in the closure of financial markets, corporate offices, businesses and events. Also, the rapid spread of the virus has increased uncertainty about the situation, thus causing investors to exercise greater caution when entering the Ghana stock market. These have had a dire impact on the Ghanaian economy more, especially on its stock market.

The pandemic's impact on the stock market and investors need to be aware of this while expecting an improvement in the coming years. The market's performance in the latter part of the year suggests that things should be getting better in the next year. However, this projection is hinged on the hopes that the number of confirmed cases does not rise faster than expected as citizens comply with protocols. By so doing, no other lockdowns and restrictions will be needed. This will create more fiscal space for businesses to not only recover from their losses but also flourish.

Even though lives are more important than economic losses and debt, prolonged economic depression could equally affect the quality of life and life expectancy. The Ghanaian government should be mindful of the measures being implemented to ease the disease and financial burden on individuals and households. Poor decisions could affect the national economy in the long term.

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SIGNIFICANCE OF TALENT MANAGEMENT IN TERMS OF HUMAN RESOURCES AND ORGANIZATIONS

Dr. Radhika Kapur

Abstract

The main objective of this research paper is to understand the significance of talent management in terms of human resources and organizations. When the human resources are engaged in various types of job duties, it is essential for them to upgrade their talents and skills on regular basis. Upgrading and managing ones talents are regarded as indispensable in achieving organizational and personal goals. Within the course of time, changes do take place within the organizations. These changes require the human resources to bring about changes in their job duties as well. They are required to generate information in terms of modern, scientific and innovative methods. Within the organizations, there are initiation of training programs, which facilitate up-gradation of skills and abilities among human resources. It is vital for the human resources to generate awareness in terms of methods and strategies that are required to hone one's talents and abilities and manage them. The main areas that have been taken into account in this research paper are, meaning and significance of talent management, history of talent management, talent management framework, the essential tools of talent management, and measures implemented to manage ones talent.

Keywords: Development, Human Resources, Organizations, Skills, Talent Management, Tools, Training Programs

Talent management is a complete discipline, encompassing a comprehensive range of programs and processes. It is apparent that in order to perform their job duties in an appropriate and well-organised manner. It is vital for the human resources to up-grade their skills and hone their talents on regular basis, especially in accordance to personal and professional goals. As it is crucial for them to make use of their skills and abilities in generating the desired outcomes. A concrete talent strategy serves as the guide in providing direction to the organization in acquiring, developing and retaining employees. The development of talents and abilities among the human resources is indispensable in putting into operation the overall strategic planning process. Another aspect is integrating individual programs and practices to ensure, they are all driving towards achievement of similar goals and objectives. Organizations are building stronger employment brands as part of the talent strategy (The State of Talent Management, 2008).

The goal of attracting and retaining talent has led the organizations to spend financial resources on talent-related initiatives. There has been significant progress made in terms of honing of talents and competencies among the employees (The State of Talent Management, 2008). In organizations, there are workshops and seminars, which are attended by the employees and other members of the organization as well. In these workshops and seminars, professionals and other individuals in leadership positions are invited from other organizations as well. They give presentations and speeches particularly in terms of topics

in which the human resources are required to augment their skills and talents. Hence, within the organizations, training and development programs, workshops and seminars are regarded as crucial factors, which render a significant contribution in the up-gradation of skills and talents. One of the important factors is, when the human resources are acquiring knowledge in terms of various aspects from leaders and professionals, they need to get engaged in regular practice to retain and enrich their talents.

Meaning and Significance of Talent Management

Talent management begins with the identification of well-qualified and competent individuals to be recruited within the organization. When the hiring authorities of the organization are recruiting and selecting the individuals, they need to ensure they possess the required qualifications that are needed to carry out their job duties in an effective manner. This is apparent that to carry out one's job duties and responsibilities in an adequate manner, the individuals need to manage their talents. After the identification and selection of the right kind of individuals, talent management implements competitive compensation. This includes, attractive pay-package, periodical increment, health insurance, paid leaves and other benefits for the employees. The selected workforce is provided with training and regular refreshment programs to match with the emerging requirements of the organization. In other words, they are required to undergo programs as well, which may enable them to manage their talents in accordance to the goals and objectives of the organization (Talent Management, 2019).

The primary objective of talent management is to develop and retain the best talent within the organization. The human resources department of the organization has the main job duty of ensuring that employees with right talents, skills and abilities get retained within the organization for a long period of time. Talent management focuses on certain objectives, these are, establishment of high performance workforce, attracting individuals with high potential and retaining them within the organization, augmenting productivity and profitability, implementing proper time management skills, ensuring the up-gradation of technical and scientific methods in the implementation of tasks and activities, and development of skills and competencies among employees (Talent Management, 2019). In order to carry out the jobs related to talent management, particularly in accordance to the goals and objectives of the organization, it is necessary for the members of the organization to generate awareness and augment their talents and skills. The hiring authorities of the organization need to be well-aware in terms of qualifications and competencies, for individuals to possess in order to get recruited within the organization.

History of Talent Management

The term talent management has emerged since more than 20 years in the past. It is regarded as a planned approach to carefully attract, develop, retain and maximise the skills and abilities of the human resources. As early as in 1 A.D., the Romans are cautiously engaged in the management of some of significant talents. The stakes for those warriors and the Roman leaders that sponsored them were never higher as entire political dynasties rose or crumbled based on the Gladiator's troupe's success. A trained gladiator would survive in almost 90 percent of the battles. This is due to their talents and competencies. Romans invested on a large scale to ensure the success of the gladiator in the process that mirrors the ways in which the organizations manage talent in the present existence. There have been significant improvements made in the recruitment and selection processes within the organization. When the human resources are able

to carry out these tasks in a well-organized manner, they are able to promote talent management satisfactorily (Upchurch & Effron, n.d.).

At the core of the Roman strategy, there were approximately 100 gladiator schools that were involved in the active recruitment and development of gladiators. Once recruited, the candidates proceeded through the series of stringent medical and training assessments to identify their potential. Suitable candidates were enrolled into the school and were imparted knowledge and instruction in terms of concepts regarding warfare. Gladiators were regarded as talented. Despite the rich history in talent management, there was less intentionally or formalization of talent management in the centuries that followed. As the corporate research forum describes in June 2016 Rethinking Talent Management Report organizations in the mid-1990s began to lay the foundation for talent management practices with their investments in internal development (Upchurch & Effron, n.d.).

These investments yielded some early success but were curbed as executives perceive talent development activities as being disconnected from the organizations. An economic downturn made provision of a reason to lead to reduction in the spending of resources on the practices of talent management. As organizations increasingly invested in talent management, the function led to the expansion of priorities and responsibility. The talent management professionals need to focus upon job duties and responsibilities and other activities that are adding value. Talent management cannot serve everyone on an equal basis. Indeed, talent management prioritises processes and resources primarily on the senior leaders of the organization. Therefore, it can be stated that history of talent management has rendered a significant contribution in augmenting the knowledge and understanding of the individuals in operatively implementing this concept within the organizations (Upchurch & Effron, n.d.).

Talent Management Framework

The talent management framework involves the phases that are dedicated towards implementation of talent management within the organizations in an appropriate manner. The three phases, which have been explored in this framework are, planning, acting and monitoring. These have been stated as follows: (Talent Management Framework, 2018).

Planning Phase

The planning phase explores the steps that lead to defining of talent. This phase focuses on the fact of what talents one possesses in the present existence and how they are meant to hone their talents. In order to hone ones talents, there are certain features that individuals need to be aware of. Depending on the strategy, the organization may define talent management on the basis of the purpose of managing talent. It facilitates the development of human resources or succession planning. The main objective of talent management influences the definition and the programs and measures of talent management. In the planning phase, the organization needs to take into account certain factors. These are attraction and retention of talented employees, development of human capital, succession planning and supporting of the organizational strategy. It is apparent that within the organizations, there are devising of strategies to carry out the function of talent management in an appropriate manner. Therefore, the members need to be well-equipped and aware of these strategies.

Talent management is closely connected to the strategies and methods of the organization. It has

contributed effectively in influencing various types of business factors. For instance, alignment of talent management with the corporate strategy has a significant impact upon the talents that lead to higher levels of motivation, and stronger commitment to the organization. In other words, when the members of the organization are working towards up-gradation and management of their talents, they are rendering a significant contribution towards achievement of personal and professional goals. In the planning phase, the members need to conduct an analysis of the alternatives and choose the one, which is the most advantageous. Development of talents is regarded as one of the crucial requirements of the organization. The members of the organization have to focus upon the management of talents of all the individuals. It is a global phenomenon that some years ago employers guaranteed high job security in return for high performance and participation. In the present existence, employers make provision of development opportunities and employability in exchange for employee loyalty and participation.

Acting Phase

In the acting phase, one of the crucial aspects that need to be taken into consideration are, the ways of identify the talents. The ability to identify the talents is regarded as the core issue in talent management and is therefore, regarded as the holy grail of talent management. This is regarded as one of the main reasons that identification of talents has emerged as one of the essential areas of applied HR research and practice. Talent identification is mostly done by the HR manager. Furthermore, many of the interview partners mentioned using a nine-box grid often called a 'talent matrix' to identify talent, the grid structures and the workforce along two dimensions: performance and potential. This leads to different groups, including talents. Talent identification criteria are derived from the corporate strategy and thus are regarded as unique for each organization. However, certain criteria have generic relevance, for example performance and potential, whereas, others are heavily influenced by culture, for example, networking and relationships. The opportunities and challenges need to be dealt with in an adequate manner.

Each organization has to define its own potential criteria. Clearly defined and practically described criteria will help the managers in evaluating the potential of the employees. For example, asking for leadership competencies is regarded as less valuable than asking the manager, if the employees possess leadership skills. Augmentation of leadership skills is regarded to be of utmost significance in the management of talents. The leaders need to ensure they guide and train the workforce in an appropriate manner in order to make sure, they are working effectively towards the attainment of the desired objectives. The leaders need to render a significant contribution in the management of working environmental conditions and provide assistance to the employees in coping with problems and challenges. Therefore, it can be stated that enrichment of leadership skills is also regarded as one of the vital aspects of talent management.

Monitoring Phase

The monitoring phase is primarily related to the regular analysis of talent management. Furthermore it shows, whether it supports organizational strategy and whether the organization defines the right employees as talents. Therefore, organizations need key performance indicators (KPI) to evaluate the talent management effectiveness. To evaluate the talent management effectiveness, there is a selection of possible KPIs for monitoring talent management. To define KPIs, there is a need to identify the talent management

objectives in a clear manner. The objectives of talent management are dependent upon the talent management strategy of the organization. Taking up the concern of raising expectations through talent management, there has been comparison of different groups. It is apparent that within the organizations, when human resources are making use of talents and abilities in the implementation of tasks and activities, it needs to be ensured that the talents are managed in an appropriate manner. One has to make use of ones talents, competencies and abilities in promoting well-being of the organization, and community.

When comparing attitudes and behaviours of the human resources, it is apparent that all employees are different from each other on the basis of their educational qualifications, competencies, abilities and personality traits. Within the organization as well, they are assigned various job duties and responsibilities. It is the job responsibility of the leaders to monitor the tasks and activities of human resources. In the monitoring process, they need to identify the flaws and inconsistencies and provide solutions to them. Furthermore, they need to provide help and assistance to the employees to carry out their job activities satisfactorily. In order to carry out the process of monitoring in an appropriate manner, it is vital for the supervisors, managers and other individuals to ensure they possess adequate knowledge in terms of job duties of their subordinates and guide and direct them in an appropriate manner.

The Essential Tools of Talent Management

The ability to attract, motivate, develop and retain the employees, particularly the ones, who are productive towards the attainment of organizational goals is termed as talent management. An adequate understanding of talent management processes and the essential tools and equipment available in the formation of a successful team of individuals should be included within the business and organizational procedures. The tools that are regarded as meaningful and beneficial in the implementation of successful talent management have been stated as follows: (The Essential Tools of Talent Management, 2019).

Talent Management initiates with Workforce Planning – Efficient workforce planning involves an intentional strategic goal to access the talented individuals from both inside and outside the organization that have the knowledge, skills and behaviours needed to achieve the desired goals and objectives of the organization. Workforce planning needs to take into account both strategic and organizational workforce planning. It also takes into account the projected losses that have been experienced by the organization, due to exits by the employees as well as the projected requirement of the educational qualifications, necessary to achieve organizational goals. Operational workforce planning builds on the use of simple tools, and techniques leading to templates and procedures that can be integrated into the existing workforce base.

Promoting Efficient Recruitment – Recruiting involves the ability to successfully identify, attract and hire talented individuals with the potential to move the organization towards the achievement of desired goals and objectives. This is comprehensively understood that in order to attain the desired goals and objectives, it is essential to recruit well-qualified, experienced and competent workforce. When the hiring authorities of the organization will possess the required knowledge in terms of what traits the workforce should possess in order to lead to progression of the organization, they will be able to promote efficient recruitment. The educational qualifications and competencies of the individuals need to be in accordance to the job duties and organizational goals.

Strategic Plan and Goal Alignment – Formulation of a strategic plan includes goal alignment. This is

regarded as one of the important aspects to maximise productivity and profitability. A strategic plan and goal alignment ensures all the members of the organization are progressing towards the achievement of same goals. Furthermore, they need to be well-aware in terms of utilization and management of resources in an efficient manner. With the formulation of strategic plans, the individuals need to be aware regarding the ways in which strategic plans would be effectual in the achievement of desired goals and objectives. With the clear strategic plan into practice, the management can effectually analyse the strengths and weaknesses at any time and has the ability to make changes and adjustments more enthusiastically.

Executive Coaching – Executive coaching is a relationship that makes provision of knowledge to the human resources in terms of concepts that are necessary to achieve personal and professional goals. This in turn helps in the development of interest and enthusiasm among the employees. In supporting growth and transformation, both the individuals as well as the organization benefits. Executive coaching helps in an ideal manner the trainers and particularly the individuals, who are in leadership positions to make provision of adequate knowledge to the individuals, so they are able to provide solutions to their problems as well as carry out their job duties and responsibilities in an efficient manner.

Leadership Development – Leadership development involves a plan of goal-driven strategies designed to enhance the leadership attitudes and abilities within the organization or individual. The goal is to develop a team of high quality leaders with the ability to share the vision of the organization as well as inspire and motivate those around them to achieve their personal as well as professional goals. Leadership development enables the human resources to access personal problems and devise strategies to avoid delay towards the achievement of goals. An efficient leadership development program promotes open communication and encourages the groups to work co-operatively to achieve personal and organizational excellence. When the individuals augment their leadership skills, they are able to adequately guide and direct the workforce.

Recognition Programs – Recognition programs within the organization acknowledge the individuals and teams that contribute in a consistent manner towards leading to effective growth and progression of the organization. It is vital to initiate an ongoing recognition program that honours and expresses gratitude to the staff members. Furthermore, rewards and incentives are also given to the staff members for their job duties. When the individuals are rewarded, they feel satisfied with their jobs. The group leaders need to be encouraged to acknowledge the contributions of the workforce on regular basis. Therefore, it can be stated that recognition programs are regarded as significant in up-grading one's talents and abilities.

Diversity and Inclusion – An awareness of diversity and inclusion extends beyond the internal work. Diversity and inclusion also encompasses the customers, suppliers and other outside resources. In addition to ethnic and cultural differences, there are also generational differences, which need to be taken into consideration. True diversity include those both internal and external to the business structure. Diversity and inclusion within the workplace or organizations have proven to be advantageous to a major extent. These factors have led to an increase in creativity, productivity and problem solving. Enhanced communication and an expanded market share are regarded as real benefits. Inclusion adds value to the employees that leads to retention and increases the ability to attract talent from various sources.

Participation – Participation of the employees is regarded as an essential tool in managing ones talent. Participation of the members of the organization in various tasks and activities is regarded as significant in

managing ones talent and developing motivation. The members of the organization are required to participate in various tasks and activities of the organization. In order to enrich their participation, they are required to up-grade their talents and capabilities. In order to manage the talent of the employees, it is vital for the organizations to make provision of opportunities to them. Job rotation is regarded as an important aspect that facilitates in generation of information and augmenting one's understanding in terms of various aspects. Therefore, it can be stated that it is of utmost significance to encourage employees to participate in various tasks and activities in order to manage their talents in a well-organised manner.

Retention – All types of organizations are well-aware that the feelings of frustration that occur during the recruitment and selection processes and providing training to the employees need to be alleviated. The feelings of frustration are regarded as barriers within the course of implementation of job duties. Therefore, it is vital to curb these feelings. Retention of employees is regarded as indispensable in leading to development of the organization. When the employees are diligent, resourceful and conscientious and carry out their job duties appropriately, it is necessary to implement methods and strategies to retain them. In order to retain human resources, there are certain aspects that need to be taken into account. These include, salary and incentives, proper infrastructure, civic amenities, amiable and pleasant working environmental conditions, equal rights and opportunities and maintenance of good terms and relationships with each other. Therefore, it can be stated when the members of the organization wholeheartedly work towards promoting well-being and goodwill of the employees, they can successfully carry out the task of retention.

Providing Opportunities – The workforce within the organization need to be provided with opportunities to depict their talents. Hence, making provision of opportunities is regarded as an important tool that facilitate in depicting and managing talents. For instance, in higher educational institutions, researchers as well as students are provided with the opportunities of presenting research papers. When they present research papers in seminars and workshops, they are able to not only do well academically, but also up-grade their communication skills. Similarly, in other organizations, as well, whether manufacturing of goods or production of services, the employees need to be provided with opportunities to up-grade and manage their talents.

Measures Implemented to manage ones Talent

To manage ones talents in an effective manner, it is vital for the members of the organization to generate awareness in terms of various measures and these have been stated as follows:

Regular Practice – One should get engaged in regular practice to enhance ones talents. For instance, when the individuals are skilled at preparation of various types of artworks, it is necessary to work towards practising them. In some of the organizations, when there are seminars, workshops or other events, the individuals, who are skilled at preparation of artworks are required to make posters and paintings. In this manner, they do not tend to forget their skills and talents. Research has indicated that regular practice in order to upgrade one's talents is carried out within the organization as well as one's home. Therefore, it can be stated regular practice contributes efficiently in managing one's talents.

Awareness in terms of Innovative Methods – It is vital for the members of the organization to generate awareness in terms of modern, technical and innovative methods. When the individuals within the organization are preparing documents, reports or working on projects or are engaged in the production and

manufacturing processes, or carrying out various other job duties, such as, initiating different methods in training and development programs, they need to upgrade their knowledge and understanding in terms of modern and innovative methods. Therefore, when the individuals are understanding and generating information in terms of modern and innovative methods, they are able to hone and manage their talents.

Morality and Ethics – It is vital for the individuals to inculcate the traits of morality and ethics, when managing one's talents, performing one's job duties and in retaining one's jobs. In morality and ethics, the main aspects that need to be taken into consideration are honesty, truthfulness and righteousness. When the individuals are making use of their talents and skills in the implementation of job duties, tasks and activities, they need to ensure they are honest and righteous. Furthermore, morality and ethics will enable the individuals to not only carry out their job duties well, but also maintain good terms and relationships with the other members of the organization.

Understanding the Power of Job Descriptions – A simple but an important strategy in many ways defines, which employees come in to represent the organization. In order to manage one's talents, it is vital to acquire an understanding of the power of job descriptions. In this case, the important factors that need to be taken into consideration are, job title, overall duties, necessary skills, work relationships, tools and equipment used and salary and benefits. These are crucial factors regarding jobs, which make provision of understanding to the individuals regarding how to manage their talents, so they can carry out their jobs well (6 Simple Talent Management Strategies, n.d.).

Understanding Organizational Culture – The assessment of the cultural traits of the candidates is regarded as an important aspect in managing one's talents. Apart from cultural traits of the human resources, it is vital to understand organizational culture as well. When the human resources at all levels will acquire an efficient understanding of organizational culture, they will be able to carry out their job duties in a well-organized manner. Organizational culture is a comprehensive concept, the human resources need to be efficiently aware in terms of rules, laws, procedures, and other approaches and methods. Therefore, it can be stated that these factors will help the individuals in carrying out their job duties and manage their talent in an effectual manner.

Understanding Organizational Goals – Understanding organizational goals is regarded to be of utmost significance in managing ones talents. It is apparent that when the individuals will be well-aware in terms of organizational goals, they will be able to know what kinds of skills and talents, they need to possess in order to achieve these goals. Augmenting profitability and goodwill is one of the indispensable goals of all types of organizations. In order to achieve this goal, it is vital for the human resources at all levels to not only generate information but also up-grade their talents, skills and abilities. Within the period of time, changes do take place in the goals of the organization, hence, the members of the organization need to learn to effectively cope with changes and manage their talents.

Getting Enrolled in Training Programs – In order to hone one's talents, the individuals need to get enrolled in training programs. When they possess the viewpoint that they are skilled and informative, still it is vital for them to get enrolled in training programs to learn the skills from professionals. The training programs are organized within as well as outside the organization. In training programs, instructors make use of modern, pioneering and innovative methods in the teaching and learning methods with the main

objective of upgrading their skills and manage their talents. The training programs may range from couple of weeks to even more than one year. The training programs that are initiated within organizations are usually short, which can last maximum to couple of weeks. On the other hand, programs in educational institutions and training centres are usually short-term as well as long-term, i.e. more than one year as well. Therefore, getting enrolled in training programs and working efficiently towards up-grading one's talents and skills are regarded as essential measures in managing talents.

Encouraging Rewards and Recognition – The encouragement of rewards and recognition enable the individuals to not only develop motivation towards the implementation of their job duties, but they are also able to manage their talents. Rewards and recognition are regarded as a significant aspect in the maintenance of the employees. When the employees are to be rewarded, they are given a task or a job duty. When they are able to perform their job duties in a well-organized manner and meet the job expectations, they are rewarded. For instance, when the employees are to complete the production target and successfully complete the job, they are rewarded. The encouragement of rewards and recognition enables the individuals to carry out their job duties satisfactorily and manage their talents.

Providing Promotional Opportunities – The individuals may get employed within the organization with low pay and at the position of a manufacturer. In such cases, when they get employed, they feel satisfied, but within the course of implementation of job duties, up-grade their talents, and render a significant contribution, so they are able to carry out their job duties in a well-organised manner. The directors, managers and supervisors need to ensure that when the workforce are performing their job duties satisfactorily and meeting job expectations, they need to get promoted. Promotional opportunities enable the individuals to generate awareness in terms of modern, technical and pioneering methods and approaches. Hence, promotional opportunities are regarded as indispensable in enabling the workforce to not only augment their talents, but also manage them.

Cultivation of an Honest Career Path – In organizations, it is vital for the human resources at all levels to cultivate an honest career path. In other words, in promoting enrichment of one's career prospects, it is necessary to follow the path of honesty and truthfulness. In order to achieve this objective, there are certain factors that need to be taken into account. These are, generating information in terms of various aspects of the organization, i.e. departments, personnel, job duties, goals and objectives and so forth; maintaining good terms and relationships with the other members of the organization; inculcating the traits of diligence, resourcefulness and conscientiousness; generating awareness in terms of job duties and responsibilities and honing ones talents and skills. Therefore, it can be stated that when the individuals are wholeheartedly dedicated towards enhancement of their career prospects, they need to implement other strategies as well as manage their talents in an effective manner.

Conclusion

The concept of talent management is regarded as a complete discipline, incorporating a comprehensive range of programs, plans and processes. It is apparent that in order to perform their job duties in an appropriate manner. It is vital for the human resources to up-grade their skills and hone their talents on regular basis. The honing of talents is particularly based upon personal and professional goals. The term talent management has emerged since more than 20 years in the past. It is a planned approach to attract,

develop, retain and maximise the skills and abilities of human resources. As early as in 1 A.D., the Romans are carefully engaged in the management of some of significant talents. The three phases, which have been explored in this framework are, planning, acting and monitoring.

The tools that are regarded as meaningful and beneficial in the implementation of talent management are, talent management initiates with workforce planning, promoting efficient recruitment, strategic plan and goal alignment, executive coaching, leadership development, recognition programs, diversity and inclusion, participation, retention and providing opportunities. To manage ones talents in an operative manner, it is vital for the members of the organization to generate awareness in terms of various measures, these are, regular practice, awareness in terms of innovative methods, morality and ethics, understanding the power of job descriptions, understanding organizational culture, understanding organizational goals, getting enrolled in training programs, encouraging rewards and recognition, providing promotional opportunities, and cultivation of an honest career path. This is apparent that when the individuals get recruited within the organization, they need to up-grade their talents, so they can meet the job requirements efficiently. Furthermore, they need to be aware of measures that are necessary to promote talent management in a well-ordered manner. Therefore, it can be stated when human resources are managing as well as making efficient use of talents, they will be able to achieve organizational and personal goals.

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LEADERSHIP MANAGEMENT AND DEVELOPMENT IN ORGANIZATIONS

Dr. Radhika Kapur

Abstract

The main objective of this research paper is to understand leadership management and development in organizations. Within various types of organizations, in order to lead to effective growth and development of human resources and achievement of desired goals and objectives in an appropriate manner, the implementation of leadership skills are regarded to be of utmost significance. It is the job of the leaders to guide and direct the workforce towards the implementation of their job duties, provide solutions to their problems, make provision of facilities, tools, equipment, technologies and so forth, create sociable working environmental conditions, provide equal rights and opportunities to all the members and help them to achieve organizational and personal goals. The leaders are vested with the authority to make decisions. When they are making decisions, they need to ensure they prove to be beneficial to the employees. In some cases, the leaders also encourage the participation of the employees in the decision making processes. The main areas that have been taken into account in this research paper are, characteristics of leadership, measures leading to reinforcement of leadership management and development, approaches to leadership, and measures to bring about improvement in leadership skills.

Keywords: Activities, Development, Job Duties, Leadership, Management, Organizations, Tasks

Leadership can be defined as the ability of the individuals to carry out number of tasks and activities. The common ones among them are, directing and guiding the individuals in the right direction, making wise decisions, providing solutions to the problems of the employees, making provision of all the facilities, technologies and equipment, getting work done through motivating and inspiring others, and creating amiable and pleasant working environmental conditions. Leadership is very important within an organization. The reason being, through guidance of leaders, the individuals are able to perform their job duties satisfactorily. Leaders also leads to improvement in the motivation and morale of the workforce and help them to cope with problems and challenges. Leadership facilitates success of the organization by creating responsibility and accountability among members of the organization. In other words, it leads to an increase in value of the organization (Organizational Behaviour – Leadership, 2019).

Leadership management and development involves preparation of individuals for the roles and situations beyond their current experience. In order to perform the leadership functions in an effective manner, it is vital for the individuals to augment their knowledge, competencies and abilities. Furthermore, they need to generate information in terms of concepts and areas that are necessary in promoting well-being of the individuals and organizations as a whole. Leadership development involves making use of social systems to help in building commitments among the members of the community. Therefore, leadership

development is regarded primarily as an investment in the human capital of selected individuals and nurturing of interpersonal skills, co-operation and integration among the members of the organization (Bolden, n.d.). Leadership development renders a significant contribution in the reinforcement of connectivity between the organizations and its members. Therefore, there is a need to put into operation the measures and approaches that lead to leadership management and development in an effective manner.

Characteristics of Leadership

The characteristics of leadership have been stated as follows: (Leadership Basics, n.d.).

1. It is an interpersonal process in which the manager is into influencing and guiding the workforce towards the performance of job duties in an efficient manner and attainment of desired goals.
2. It denotes a few qualities to be present within the person, which includes, diligence, conscientiousness, intelligence, and maturity.
3. In the leadership function, two or more individuals need to interact with each other and work in co-ordination and integration. This function cannot be carried out in seclusion.
4. A leader is involved in the shaping of the personality and behaviour of the individuals and groups of individuals. It is apparent that in order to perform ones job duties appropriately and attain the desired objectives, it is vital for the members of the organization to implement appropriate behavioural traits.
5. There is not any best leadership style. The leadership styles that are implemented by leaders normally depend upon the kinds of situations.
6. The leaders need to influence the tasks and activities of the individuals on the basis of organizational goals. Hence, the workforce need to be guided in an adequate manner to achieve organizational goals as well as enhance the reputation of the organization within the community.
7. The leaders need to make sure that the workforce do not lack the interest particularly in the performance of job duties. Even when job duties are complicated, they need to make sure, workforce feels inspired and motivated.
8. The leaders need to help the workforce in adjusting with the timings. In some cases, long hours may prove to be cumbersome and individuals do not feel comfortable. Therefore, leaders need to help the workforce in adjusting with timings.
9. The leaders need to make sure that workforce do not feel pressurised and are able to carry out their job duties comfortably. As psychological problems of stress, pressure and anxiety may prove to be disadvantageous.
10. Communication is regarded as the core aspect in the implementation of leadership function. It has to take place between individuals in a polite, respectful and decent manner.

Measures leading to Reinforcement of Leadership Management and Development

The measures leading to reinforcement of leadership management and development have been stated as follows: (Bolden, n.d.).

Evaluation of the Conceptions – The evaluation of the conceptions need to be done in a critical manner. If the development and reward systems favour the individual recognition over the collective action, then it is not possible to form a culture that would result in co-ordination and shared leadership. Therefore, it is vital to lead to co-ordination and shared leadership that development and reward systems need to favour collective recognition. When the individuals are working in a group and successfully complete the task, leaders need to reward them equally. Therefore, it can be stated that in the evaluation of the conceptions, equality of opportunities need to be promoted.

Thinking Regarding Development Needs – Promoting effective growth and development of the organizations is regarded as one of the major job duties of leaders as well as the other members of the organizations. Hence, they need to think in terms of development needs. The analysis of development needs provides crucial information to ensure that professional learning is appropriate, valid and pertinent. Methods need to be considered in which the impact of development can be evaluated from a range of perspectives. Another point that needs to be taken into consideration is, how development needs can change over the period of time, influenced by external and internal environmental conditions.

Exploring a Range of Development Options – It is vital to explore the range of development options and measures and programs. In the exploration process, there is a need to conduct an analysis of the alternatives and make selection of the one, which is most suitable and beneficial. Exploring a range of development options is a group activity, in which the individuals need to work in co-ordination and integration with each other. The approaches that integrate a variety of learning methods are particularly effectual, particularly, when they are combined with the opportunities for receiving as well as discussing the individual feedback method.

Regarding Learning and Development as Valued Activities – Learning and development are regarded as valued activities within the organization. When the individuals get recruited within the organization, they are required to go through training and development programs in which they learn various concepts that are necessary for the performance of job duties. Within the course of performance of job duties as well, the individuals learn various methods and approaches. Hence, it can be stated that learning and development are concepts that continue throughout ones job duties. When transformations takes place within the organizations in various areas, it is necessary to generate information in terms of various aspects that would prove to be worthwhile and beneficial.

Reviewing Organizational Systems and Processes – Reviewing organizational systems and processes is also one of the indispensable measures in leading to reinforcement of leadership management and development. In this manner, the individuals are able to acquire an understanding of what systems and processes are being put into operation in order to lead to functioning of the organization. Organizational systems and processes do not remain the same, within the course of time, they undergo changes. Therefore, it is the job of the leaders to ensure that members of the organization are well-aware of methods and approaches that are needed to cope with changes and promote productivity and goodwill.

Identification of Impediments to Leadership and Learning – Within the course of leadership and learning, there are occurrence of impediments. These may be related to financial resources, job duties, infrastructure, materials, equipment, tools, technologies, working environmental conditions and so forth.

The occurrence of impediments do not facilitate the implementation of tasks and activities in a smooth manner. Therefore, there is a need to devise methods and strategies to deal with impediments. In order to overcome the impediments, range of techniques, such as, desensitization, reinforcement, psychological re-enactment, social skills development and group dynamics need to be put into operation. When the individuals will be well-aware in terms of these methods, they will be able to identify as well as overcome impediments related to leadership and learning.

Recognition of Significance of Organizational Culture – The leaders as well as the other members of the organization need to recognise the significance of organizational culture. Organizational culture is regarded as a comprehensive concept, which takes into account the norms, values, ethics and principles, which the individuals, employed within the organization need to be aware of. Within the course of implementation of job duties, the individuals need to be aware of various traits that are included in the organizational culture. When the members of the organizations would recognize the significance of organizational culture, it would prove to be beneficial to them in number of ways. These include, carrying out one's job duties in a well-organized manner, maintaining good terms and relationships with others, creating sociable working environmental conditions and attaining organizational goals in an efficient manner. Therefore, apart from the implementation of job duties and generating awareness in terms of various aspects, it is vital to recognize the significance of organizational culture.

Implementation of Productive Approaches to Leadership – In order to carry out the task of leadership in an effective manner, it is necessary to implement productive approaches to leadership. The productive approaches to leadership make provision of adequate knowledge to the individuals to carry out their job duties in an appropriate manner. Approaches to leadership make provision of knowledge to the individuals in terms of various aspects. These include, learning in terms of the differences between transformational and transactional leaders, finding out in terms of charismatic leadership and how it is related to the performance of the leaders, describing the development of leader-subordinate relationships, evaluate the potential for the effectiveness of leadership and utilize the leadership skills and abilities in the best possible manner (Contemporary Approaches to Leadership, n.d.).

Promoting Effective Management – Promoting effective management is regarded as the core of leadership. It is indispensable for the success of the organization. It is vital for the leaders to carry out the managerial functions in an efficient manner. The managerial functions are, planning, organizing, directing, recruiting, co-ordinating, and controlling. They need to conduct the task of planning in an appropriate manner, which bridges the gap from where one is in the present and where one aspires to be in future. Organizing is referred to formation of tasks and activities. Directing is referred to guiding the individuals towards the right direction, recruiting is filling the job positions with suitable candidates, co-ordinating is referred to as promoting integration between the members of the organization and controlling is referred to implementing regularity on various tasks and activities. When the individuals are well-aware in terms of exercising these functions in an appropriate manner, they are able to promote effective management.

Considering Leadership to be a Long-term Process – Leadership is considered as the long-term process. This point indicates that when individuals begin the leadership process from the position of the supervisor, and he performs his job duties in a well-ordered manner, then he would acquire promotional opportunities.

From the position of the supervisor, he would get promoted to the post of the manager, then general manager and so forth. Therefore, it can be stated that individuals acquire promotional opportunities, when they are well-equipped with the implementation of job duties and inculcate the traits of diligence, resourcefulness and conscientiousness. When the individuals are employed in the posts of supervisors, managers, general managers, assistant directors or directors, they have to possess leadership skills and adequately guide their subordinates and other employees in the right direction. Therefore, it can be stated that leadership is considered to be the long-term process.

Approaches to Leadership

The subject of leadership is comprehensive and has generated the huge body of literature. Every researcher employed in the field has made an attempt to provide explanation in terms of leadership. The four different approaches to leadership are traits theory, behaviouristic theory, contingency theory and charismatic theories of leadership. These have been stated as follows: (Leadership and Approaches to Leadership, n.d.).

Traits Theory

When the question is put forward in terms of good leadership, the individuals need to be aware in terms of various traits. It is essential for the leaders to be informative in terms of various traits or characteristics. The main problem with the trait approach lies in the fact that almost as many traits and studies undertaken were identified. After several years of research, it became apparent that no such traits could be identified. Although some of the traits were identified in a considerable number of studies. The important traits that leaders need to inculcate among themselves are, technical skills, friendliness, motivation, application to task, group task supportiveness, social skills, emotional control, administrative skill, general charisma and intelligence. The individuals in leadership positions are required to be dedicated towards the inculcation of these skills on a continuous basis, throughout their jobs.

Behaviourist Theory

The behaviourist theory include the traits that were difficult to measure, these include, honesty, integrity, loyalty and diligence. To measure traits, researchers had to rely on the constructs, which lacked reliability and given differing definitions, also lacked validity. After the problems with the trait approach became evident, researchers turned to an examination of leader behaviours. With behaviours, the researchers could rely on the empirical evidence. Behaviours, contrary to traits could be observed. It was thus decided to conduct an examination of the behaviours of leaders, who have been successful in the implementation of job duties. The University of Michigan has identified two styles of leader behaviour. These include, production-centred behaviour and employee-centred behaviour. In the production-centred behaviour, the leader pays close attention to the work of the subordinates and provides them information in terms of job duties. Whereas, in the employee-centred behaviour, the leaders would be interested in the development of cohesive work group and ensuring that employees are satisfied with their jobs.

Researchers at the Ohio State leadership found results which suggested two basic leader behaviours and

styles. These include, initiating structure behaviour is when the leader provides the clear description of the leader-subordinate relations, establishes formal lines of communication and determines how tasks are to be performed. Another is the consideration behaviour, in this case, the leader shows concern for the subordinates and makes an attempt to establish a warm, supportive and friendly climate. The ideal style of leadership, as envisioned by the theory of managerial grid is the 9,9 style or team management style. In this case, there is maximum concern for people and production. The individuals are encouraged to work as a team. The basic criticisms against the behaviourist theories are, lack of generalizations of the findings, as they are found to vary comprehensively and ignoring the significant influence of the situational factors.

Contingency Theory

Managerial leadership has influenced organizational activities in many ways. These influences include, motivating subordinates, budgeting scarce resources, and serving as a source of communication. Over the years, researchers have put emphasis upon the influences of leadership on the activities of subordinates. These have led to the theories in terms of leadership. The first and perhaps the most popular, situational theory to be advanced was the contingency theory of leadership effectiveness developed by Fred E. Fiedler. This theory explains that group performance is a result of interaction of two factors. These factors are known as leadership style and situational favourableness. These two factors will be discussed along with other aspects of Fiedler's theory. In Fiedler's model, leadership effectiveness is the result of interaction between the style of leader and the characteristics of the environmental conditions in which the leader is employed.

The Fiedler's Contingency Theory of Leadership has been cautious in accepting all the conclusions. Fiedler's work is not without problems or critics. Evidence has suggested that other situational variables, such as, training and experience have an influence upon leadership effectiveness. There are also some uncertainties regarding Fiedler's measurement in terms of variables. Through this theory, one can acquire appropriate knowledge and understanding in terms of leadership effectiveness. This theory also became a discovery in terms of study of leadership. Furthermore, this theory made a major contribution in terms of various aspects that led to augmentation of knowledge in the area of leadership.

Charismatic Theories of Leadership

The charismatic theories of leadership are of three types, Hersey and Blanchard's Situational Model, The Path Goal Theory and Transformational Leadership. These have been stated as follows:

Hersey and Blanchard's Situational Model – The situational leadership model, developed by Paul Hersey and Kenneth Blanchard suggests that the behaviour of the leaders need to be adjusted in accordance to the maturity level of the followers. The level of maturity or readiness of the followers were assessed to the extent that the followers have the ability and willingness to accomplish a specific task. The four categories of follower's maturity were identified as unable and unwilling, unable but willing, able but unwilling and able and willing. The leader behaviour was determined by the same dimensions as used in the Ohio studies, i.e. production orientation and people orientation. According to the situational model, a leader should make use of a telling style, i.e. high concern for task and low concern for people. Though this theory is difficult to be tested empirically, it has the intuitive appeal and is comprehensively used for training and development in

organizations. In addition, this theory puts emphasis on the followers as the significant determinant of any leadership process.

The Path Goal Theory – The path goal theory is regarded as the most appreciated theory of leadership. It was offered by Robert House. It is based on the expectancy theory of motivation. In accordance to this theory, effectiveness of the leader depends on the following propositions. These include, leader behaviour is acceptable and satisfying to the followers to the extent that they see it as an immediate source of satisfaction or as instrumental to future satisfaction. Leader behaviour is motivational to the extent that it makes the needs of the follower's satisfaction contingent or dependent upon effective performance. Furthermore, it complements the environment of the followers by making provision of coaching, guidance, support and rewards necessary for realizing the connection between the level of their performance and the attainment of rewards. The path goal theory does not have intuitive appeal and offers number of constructive ideas for leaders, who lead number of followers in a variety of working environments.

Transformational Leadership – Transformational or charismatic leaders are the ones, who could inspire their followers to transcend their own self-interests for the good of the organizations or for the greater perspective. By the force of personal abilities, they transform their followers by raising the sense of importance and value in terms of their tasks. Five leadership attributes have been identified as significant within this framework, which are self-confidence, vision, strong conviction in that vision, extraordinary or novel behaviour and the ability to create an image of the change agent. It is however, important to note that the effect of the cultural differences within the framework of leadership need to be considered to understand and identify effective leadership behaviour. The study has identified lists of both positive and negative leader attributes, which have been universally accepted across cultures. The findings from the completed phases of study however suggest the presence of a strong influence of cultural bias on the success and effectiveness of leaders.

Measures to bring about Improvement in Leadership Skills

The measures to bring about improvement in leadership skills have been stated as follows: (Developing Leadership Skills, n.d.).

Communicate Effectively – Effective communication is dialogue. In order to exercise leadership functions in an appropriate manner, it is vital for the individuals to get engaged in effective communication with each other. In the communication processes, the individuals need to take into account three important steps. These include, speaking, listening, and responding. In addition, it is vital to make use of polite and decent language. Communication within the organizations takes place in verbal and written manner. Verbal communication is either face to face or over phone. Whereas, written communication is in the form of messages, notices, letters, emails and so forth. Upward communication is the communication that takes place from subordinates to superiors. Whereas, downward communication is the communication that takes place from superiors to subordinates. Therefore, it can be stated that effective communication is regarded as the key aspect of leadership.

Encourage Enthusiasm and Sense of Belongingness – The leaders need to encourage the workforce towards the implementation of job duties in an effective and meaningful way. In order to carry out their job

duties well, it is vital for them to develop interest and enthusiasm. When the workforce as well as other members of the organization will be enthusiastic, they will be able to wholeheartedly dedicate themselves towards the implementation of job duties. On the other hand, it is vital for the members of the organization to develop a sense of belongingness. The sense of belongingness will enable the individuals to assign priorities towards their job duties. The leaders need to implement measures on continuous basis to encourage enthusiasm and a sense of belongingness among the workforce.

Motivate Workforce towards Achievement of Desired Goals – The individuals not only obtain employment opportunities in organizations to generate income and sustain their living conditions in an appropriate manner, but they also are required to dedicate themselves wholeheartedly towards achievement of desired goals and objectives. Therefore, in order to put into operation the tasks and functions to achieve organizational goals, it is the job of the leaders to implement the measures and approaches that are required to motivate the workforce. One of the commonly used motivational methods is giving of rewards and incentives. Within the organizations, when the individuals perform their job duties well, they are given rewards in various forms, such as, trophies, certificates, financial rewards, other benefits and so forth. These rewards encourage them to develop motivation towards their work and organizations and render a significant contribution in achieving organizational goals.

Generating Awareness Regarding Other Departments and Personnel – The leaders need to generate awareness regarding other departments and personnel. Particularly when the workforce get recruited within the organization, they are in some cases not aware in terms of other personnel. Therefore, it is the job responsibility of the leaders to make provision of information among the workforce in terms of the fact that they need to be aware of other personnel. The members of the organization need to work in collaboration and integration with each other. When the members of the organization are working towards the achievement of desired goals and objectives, they cannot carry out their job duties in isolation. It is vital for them to communicate with others in order to share information and encourage ideas and suggestions. Therefore, leaders need to guide the workforce, when they need to collaborate with other departments and personnel in the implementation of job duties.

Making Effective use of Knowledge and Abilities – When the individuals get recruited within the organization, it is apparent that they possess certain knowledge, skills and abilities. It is vital for the individuals to make effective use of knowledge and abilities in the implementation of their job duties. When the leaders are required to carry out their job duties in a well-organized manner, they need to ensure that they make use of their knowledge and competencies in leading to well-being of the workforce and organizations. Knowledge and abilities are not only essential in the efficient performance of the job duties, but the leaders as well as the other members of the organization need to make use of it in promoting well-being and goodwill. When they are working, they need to make sure that their tasks and activities do not prove to be disadvantageous to others.

Accepting Responsibilities – In one's job duties, individuals do not have to focus upon just one responsibility, but number of responsibilities. The leaders need to encourage the workforce to accept responsibilities. Furthermore, they need to communicate with them the perspective that accepting responsibilities would not put any kind of pressure on them, but they need to learn to implement time

management skills. The implementation of time management skills would enable the individuals to assign priorities and take out time for all tasks and functions. Accepting responsibilities would enable the individuals to generate awareness and augment their skills and abilities. When the workforce accepts responsibilities, they are able to render a significant contribution in not only achievement of organizational goals but also in enhancing their career prospects. Therefore, it can be stated that accepting responsibilities would facilitate in the implementation of job duties in a well-organized manner.

Solving Problems through Step-by-Step Process – In providing solutions to problems, it is vital for the leaders to be aware of processes, which is termed as the step-by-step process. In this process, the first step is, stating the problem as simply and clearly as possible; secondly, gathering all the relevant information and available resources; thirdly, brainstorming is done of number of ideas; fourthly, after the process of brainstorming, the individuals need to evaluate the ideas and make selection of the one, which is most beneficial; fifthly, designing of a plan is required to make effective use of the idea or solution. These include, a timetable, assignment of roles and responsibilities and resources that need to be made use of. Sixthly, it is vital to follow up on the plan, by observing whether the ideas that have been put into operation have proved to be useful or not.

Formation of Amiable Working Environmental Conditions – It is the job of the leaders to form amiable and pleasant environmental conditions within the working environment. In the formation of these conditions, there are number of factors that need to be taken into consideration. These include, making provision of various kinds of facilities, amenities, materials, equipment and technologies, providing assistance and support particularly in the case of problems and difficulties, listening to the grievances experienced by the workforce and providing solutions to them, providing adequate supervision to the workforce, particularly in the hazardous occupations, such as, lock industries, gem polishing and so forth, and helping the workforce to adjust well within the working environment and develop motivation towards their jobs. Furthermore, the leaders also need to guide the workforce in maintaining good terms and relationships with each other and work in collaboration and integration.

Implementation of Grievance Redresser Procedures – The leaders need to ensure that proper grievance redresser procedures are put into operation. The workforce within the organization may experience certain problems and difficulties in terms of various aspects. These include, implementation of job duties, dealing with other individuals within as well as outside the organization, making use of technologies, machines, and equipment, various aspects regarding the working environmental conditions, such as, temperature, lighting, heating and cooling equipment in accordance to the weather conditions and so forth. When the workforce is experiencing these kinds of problems, they usually communicate with the supervisors. If the matter has to be addressed to the higher authority, the supervisors convey the matter. Therefore, it can be stated that implementation of grievance redresser procedures would lead to well-being of the workforce and it is one of the important job duties of leaders.

Forming Connection between Management and Workforce – It is the job of the leaders to form a connection between management and workforce. When the workforce has to communicate some information to the management, they normally address the issues and concerns to their supervisors or managers. The supervisors and managers are vested with certain power and authority to make decisions and

provide solutions to the problems and concerns of the workforce. When they are unable to provide solutions to their problems, it is vital to communicate the matter to the higher authorities in order to seek ideas and suggestions. Research has indicated that in such cases, when higher authorities need to communicate with the workforce, they may communicate personally or call discussion meetings. Therefore, it can be stated that leaders lead to formation of connection between management and workforce.

Conclusion

Leadership can be defined as the ability of the individuals to put into operation number of tasks and activities. The common ones among them are, guiding and directing the individuals in the right direction, making wise decisions, providing solutions to the problems and challenges that have been experienced by the employees, making provision of all the facilities, technologies and equipment, getting work done through motivating and inspiring others, and creating an amiable and pleasant working environmental conditions. The measures leading to reinforcement of leadership management and development are, evaluation of the conceptions, thinking regarding development needs, exploring a range of development options, regarding learning and development as valued activities, reviewing organizational systems and processes, identification of impediments to leadership and learning, recognition of significance of organizational culture, implementation of productive approaches to leadership, promoting effective management and considering leadership to be a long-term process. These measures need to be implemented on a continuous basis.

The four different approaches to leadership are traits theory, behaviouristic theory, contingency theory and charismatic theories of leadership. The measures to bring about improvement in leadership skills are, communicate effectively, encourage enthusiasm and sense of belongingness, motivate workforce towards achievement of desired goals, generating awareness regarding other departments and personnel, making effective use of knowledge and abilities, accepting responsibilities, solving problems through step-by-step process, formation of amiable working environmental conditions, implementation of grievance redresser procedures, and forming connection between management and workforce. The individuals in leadership positions are vested with the authority of guiding, directing and making effective decisions in terms of members of the organization and organization as a whole. They need to make sure that they formulate programs and laws in an appropriate manner and decisions made need to be beneficial and facilitating in achieving the organizational goals. Finally, it can be stated that role of leaders is regarded as indispensable and crucial in leading to well-being and goodwill.

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ANALYSIS OF THE DETERMINANTS OF RELATIVE TRADE BALANCE IN ETHIOPIA: ECONOMETRIC TIME SERIES APPLICATION

Gemechu Bekana Fufa

Department of Statistics, College of Natural and Computational Science, Wollega University, Nekemte,
Ethiopia.

Abstract

This study aims to analysis the determinants of trade balance in Ethiopia using econometric time series methods. Relative Trade Balance (RTB), real effective exchange rate, money supply and real income were selected as variables for this purpose. 1998 - 2018 yearly data for Ethiopia's economy were used for analysis. The results of the econometric test demonstrate that real effective exchange rate is the variable with greatest determinant of trade balance positively in Ethiopia. But Money supply and real income are negatively affecting the trade balance. Using the autoregressive distributed lag (ARDL) approach with error-correction modeling (ECM) cointegration, the popular hypothesis of J-curve effect is tested with yearly data from 1998 - 2018. The modeling results reject the J-curve effect in the short-run but show a long-lasting positive effect of Ethiopia's depreciation in trade balance. As such it is suggested that Ethiopia should maintain a good relationship with other partner countries and a stable exchange rate, money supply and real income for long-run trade balance and economic growth at an appropriate level or rate.

Keywords: Trade Balance, autoregressive distributed model; cointegration and exchange rate.

1. Introduction

Economic growth refers to an increase in aggregate production in an [economy](#). That leads to an increase in [incomes](#), moving consumers to open up their wallets and buy more, which means a higher material [quality of life](#) or standard of living. It is one of the most powerful instruments for reducing poverty and improving the quality of life in developing countries. Whenever a country overall output increases up the country Real GDP increases and we call it economic growth. Economic growth of any country reflects its capacity to increase production of goods and services. Moreover, economic growth can be stated as the increase in the Gross Domestic Product (GDP) of the country. Economic growth is one of the indicators for an economic progress. It can be measured as the percentage change in Gross Domestic Product (GDP), specifically the percentage change of the Real GDP where increments are adjusted for the effects of inflation (Wooldridge JM., 2016).

Economic growth, either in the short-run or in the long-run, is an ordinary and important issue faced by all people and countries. In simple cases or terms, this refers to the growth of gross domestic product (GDP) or, seemingly more popularly, GDP per capita. Generally economic growth studies will need to consider part or all of GDP's major components, namely consumption (private and/or government), investment, and net trade or trade balance with other countries. Of particular interest is the study of the long-term prospects of GDP in total and/or in part (Wu M-L, 2020). This paper was just originated from investigating the past experience and future trend of one important component of GDP, net trade, and the special attention was in the trade balance of Ethiopia.

Following this change in the economy, of course, the usual export promotion trade strategy needs to be revisited. If, as initially planned, the agricultural sector could produce the surplus it was expected, the export promotion strategy would have worked. In a situation where 20 percent growth in exports is equivalent to only 4 percent growth in imports of the same year and where import is growing at an average of 20 percent per annum, narrowing trade deficit becomes difficult. If, in the next ten years import continues its 20 percent growth, exports would have to grow by more than 40 percent per annum to experience a surplus after 10 years. At the current rate, however, the gap between the two couldn't help but widen (Bostan I., et al, 2018).

Studying factors determining trade balance has been the subject of plenty of research works during the past decades. Despite the fact that economic theory considers several factors that affect trade balance, such as real exchange rate, real domestic income, foreign direct investment, foreign income, and money supply, most empirical works emphasis the role of exchange rate (Alekaw K., (2016), Gebe Y., (2015)). Economic theory postulates that changing nominal exchange rate can be used to improve trade balance position through changing the relative prices of exports and imports. The study of the effect of currency devaluation or depreciation on trade balance usually conducted under the elasticity approach which introduced and developed by (Magee SP., 1973 and Bostan I., et al, 2018). According to the elasticity approach, for devaluation or depreciation to improve trade balance, the sum of the elasticities of demand for export and import must be greater than unity. This requirement is also known as Marshall-Lerner condition. The large body of empirical studies in this subject have come up with mixed results.

Some Studies support a significant and important effect of exchange rate change on trade balance and Others found a weak statistical effect, whereas a third group of studies found unfavorable effect. Furthermore, the results of many other studies fall somewhat between the previous conclusions as there is a time lag between the exchange rate change and its effect on trade balance. The j-curve effect states that there are different effects of exchange rate changes on trade balance in the short run and long run (Magee, 1973). Accordingly, devaluation initially deteriorates trade balance before starting a stage of improvement and heading towards equilibrium in the long run and thus trade balance follows a j-curve time path.

The trade balance is affected by different variables. Some of them were Real Effective Exchange Rate (REER), Household Consumption Expenditure (HHCE), Government Expenditure (GEX), openness (OP) and natural resource availability (MRX & FLM). According to the results of the short run and long run models, real effective exchange rate appreciation has worsened the trade balance both in the long run and

short run which is consistent with the research hypothesis (Henok, G., 2018). However, the worsening impact of appreciation is significant in the short run than the long run and the elasticity coefficient of Real Effective Exchange Rate not much indicating the fact that the J curve effect and the Marshal-Lerner condition does not hold in the Ethiopian context (Rose AK., 1991).

Studies have been conducted on the issue of trade balance in the Ethiopian context. For instance, Alekaw (2012) and Gebe (2015) have assessed the effects of real exchange rate, GDP and money supply. On the other hand, Bostan (2013), Abebe (2014), Tamirayehu (2015), and Nega (2015) have studied the impact of exchange rate on the trade balance. The issue of trade liberalization has also been studied by Hailegiorgis (2012). Moreover, there are studies conducted on the issue of export performance. As far as the researcher's knowledge is concerned, however, none of the studies have assessed the joint effects real exchange rate, GDP, money supply and trade liberalization. Moreover, the issue of natural resource availability has not been studied from trade balance point of view.

The studies conducted in the Ethiopian context have not studied income, money supply and real exchange rate variables to see the determinants of trade balance. Besides, the effects of variables such as real effective exchange rate, GDP and trade liberalization are ambiguous based on the results of some studies conducted (Bahmani O., et all, 2013 and Gemechu B., 2020) so far where the contradictions may be attributed to the fact that studies differ in their time periods, estimation techniques, data sets and sources, theoretical models and measures of the variables. The study has also assessed the joint effects of real exchange rate, government expenditure, household expenditure, trade liberalization, and natural resource availability (Nega, 2015 and Gemechu B., 2018). Given the dynamics in the patterns of international trade, the study is also an up to date one. It has employed time series data extending from 1984/85 up to 2016/17. Moreover, the variables are purposely selected because of the fact that the country has experienced those determinants during the time span of the study (IMF, 2015).

However, the trade balance is not only determined by the exchange rate, but also by other policies, actions or variables (Buluswar MD., et all, 2014). Recently the relationship between trade balance and other macroeconomic variables become more and more tensed, and the economy of the country was highly determined by this situation (Zelalem G., 2014). The current paper is aimed at analyzing the determinants of trade balance in Ethiopia using econometric model based on yearly time series data. The special while popular error correction model (ECM) cointegrated autoregressive distributed lag (ARDL) approach is used to support the analysis based on 20 years' relevant yearly data from 1998 to the recent year of 2018. The analysis focuses on both the long-run and short-run determinants of trade balance in Ethiopia. As usual, we will conduct a relevant literature review in the next section, followed by methodology and data description, modeling results and analysis, and finally some concluding remarks.

2. Literature Review

Examining the impact of (real effective) exchange rate (REER) on trade balance has been a popular research topic in international trade for long time. Many such studies focus on the Marshall-Lerner (M-L) condition (Lerner AP., et all, 2011 and Bahmani O., 2013) and then on the J-curve effect (Junz HB, Rhomberg RR.,

1973) Especially, there have been a large amount of researches that analyze the impact of exchange rate on trade balance by using and exploring the J-curve effect (Trinh PTT., 2014 and Bahmani O., 2004), see for example (Bahmani O., 2004) for an earlier while comprehensive literature review on the topic. But the results are somewhat different for different countries, industries and time periods, and the effects are also not the same in the long-run and short-run.

Firstly, there are many bilateral trade researches that support the J-curve phenomenon in both the long-run and especially the short-run. For example, in an earlier study using quarterly data from 1973 to 1980, (Bahmani-Osk., 2011) finds empirical evidence supporting the J-curve pattern for the then developing countries of Greece, Korea, India, and Thailand. (Petrović P, Gligorić M., 2010) verifies in the case of Serbia that, while supporting a J-curve effect in the short run, exchange rate depreciation improves its trade balance in the long run. (Abd-El., 2013) finds that decline in Egypt's exchange rate from 1989 to 2010 deteriorated its trade balance in the short-run, but increased its trade balance in the long-run, consistent with the J-curve effect. Using time series modeling approaches on monthly data from 1999 to 2013, (Mustafa M., et all, 2015) demonstrates that currency depreciation in Brazil had the J-curve effect in the short-run, although the long-run improvement in its trade balance with the US depends on more factors. Similarly, applying a number of time series analysis methods (such as unit-root and cointegration tests, impulse-response functions and VECM) to Turkey's monthly data from 2013 to 2016.

Similarly (Gemechu B., 2018) examines the short-run and long-run relationships of trade balance with the explanatory variables real exchange rate, budget balance and foreign income in Ethiopia. (Mohamed I., 2011) finds empirical evidence that the impacts of money supply on income and trade balance of Sudan. Free market economy was adopted through liberalizing trade and exerting efforts to promote and boost exports, besides adopting encouraging policies for the benefit of increasing productivity. Whenever exchange rate is determined by the market forces with weak economic productive base the impacts fall on income. Many studies focus on the relationships of trade balance and exchange rate. For example, Zelalem G., (2014) studied the relationship between exchange rate and trade balance of Ethiopia employing cointegration technique using annual data from 1974/75 to 2011/12.

Since trade data at country level may have aggregation bias and hence may not clearly reveal the underlying relationship between trade balance and exchange rate, there are also many studies that compare the trade balance of different industries to analyze the J-curve effect. For example, (Bahmani-Oskooee M., 2014) analyzes the imports and exports of 88 industries between the US and its trade partner China using cointegration analysis and find that the US trade balance of at least 34 of the industries react positively to dollar's depreciation and the J-curve effect is found to be with 22 industries.

3. Methodology

3.1 Empirical Models

This study aims at identifying the determinants of trade balance in Ethiopian Economy. A time series modeling approach is adopted from the literature (Aek J., 2007 and Rose AK., 1989) for the purpose. And

naturally the trade balance is the dependent variables in the relevant models.

The starting point of the models is the simple points that the quantity of imported goods demanded depends on real income and the relative price of imported goods:

$$M_{ET} = M_{ET}(P_{M,ET}, Y_{ET}, Z_{ET}, PEER) \quad (1)$$

where M_{ET} is Ethiopia's import from the other country, Y_{ET} is the level of real income measured in Ethiopian GDP, $P_{M,ET}$ is the relative price of Ethiopian imported goods to domestically produced goods, Z_{ET} is money supply of Ethiopia and PEER is real effective exchange rate.

Likewise, the supply of exported goods in Ethiopia can be similarly determined as:

$$X_{ET} = X_{ET}(P_{X,ET}, Y_{ET}, Z_{ET}, PEER) \quad (2)$$

where X_{ET} is Ethiopia's export to the other countries, $P_{X,ET}$ is the relative price of Ethiopia's exported goods (to other countries) to domestically produced goods, Z_{ET} is money supply of Ethiopia and PEER is real effective exchange rate.

Then, combining the above eqs. (1)-(2) and taking the local and foreign price levels as given or externally controllable, a simple and direct equation for Ethiopia's trade balance (TB) can be derived as follows:

$$TB = X_{ET} - M_{ET} = X_{ET}(P_{X,ET}, Y_{ET}, Z_{ET}, PEER) - M_{ET}(P_{M,ET}, Y_{ET}, Z_{ET}, PEER) \equiv TB(REER, Y_{ET}, Y_{ET}, Z_{ET}) \quad (3)$$

Finally, as in many studies (Hurley and Papanikolaou 2018, **Siklar and Kecili 2018**), the similar but somewhat more convenient measure of relative trade balance (RTB) is used in the following part of this paper, which is the ratio of Ethiopia's total value of export over its total value of import:

$$RTB = X_{ET} / M_{ET} = X_{ET}(P_{X,ET}, Y_{ET}, Z_{ET}, PEER) / M_{ET}(P_{M,ET}, Y_{ET}, Z_{ET}, PEER) = RTB(REER, Y_{ET}, Z_{ET}, PEER) \quad (4)$$

As well noticed, practical reason to adopt the ratio format in eq. (4) is because it has certain technical advantages over the difference format in eq. (3) such as, (i) ratios are positive and can easily take logarithms, and (ii) ratios are in small numbers and hence tend to be more stable and normal and less sensitive to outliers (Wooldridge JM., 2016).

3.2 Model Specification

For practical purposes, especially for empirical estimation using the ARDL modeling approach, eq. (4) can be expressed in a log-linear form as follows to show the long-run effect (Hurley and Papanikolaou 2018, **Siklar and Kecili 2018**):

$$\ln RTB_t = \alpha + \beta_1 \ln REER_t + \beta_2 \ln Y_{ET,t} + \beta_3 \ln Y_{ET,t} + \beta_4 \ln Z_{ET,t} + \varepsilon_t \quad (5)$$

where $\beta_1, \beta_2, \beta_3$ and β_4 are parameters for the relationships between the dependent variable ($\ln RTB_t$) and the independent variables ($\ln REER_t, \ln Y_{ET,t}, \ln Y_{ET,t}, \ln Z_{ET,t}$) in the long run. As already explained and also for clarity, here the variable LTB_t is defined as Ethiopia's export divided by its import, and $REER_t$ is defined as the weighted average of Ethiopian in relation to a basket of other currencies. Then β_1 can be expected to be positive, because increasing REER (or the depreciation of RBM) tends to increase exports and decrease imports and hence improve the (relative) trade balance, especially in the long-run, although in the short-run the J-curve hypothesis implies a negative effect of REER on trade balance.

Because the J-curve phenomenon is largely a short-run concept, so ARDL-type models with differences and/or lags are needed for analysis. When using the ARDL approach, short-run dynamics should be included based on the long-run equilibrium or cointegration model (5) (Pesaran MH., 2011) thus with a general format as shown below:

$$\begin{aligned} \Delta \ln RTB_t &= \alpha_0 + \sum_{i=1}^p \theta_i \Delta \ln RTB_{t-i} + \sum_{i=1}^p \pi_i \Delta \ln REER_{t-i} \\ &+ \sum_{i=1}^p \varphi_i \Delta \ln Y_{ET,t-i} + \sum_{i=1}^p \gamma_i \Delta \ln Z_{ET,t-i} \\ &+ \lambda_1 \ln RTB_{t-1} + \lambda_2 \ln REER_{t-1} + \lambda_3 \ln Y_{ET,t-1} + \lambda_4 \ln Z_{ET,t-1} + u_t \end{aligned} \quad (6)$$

Here in the above model (6), Δ is the difference operator (i.e., $\Delta y_t = y_t - y_{t-1}$), p is the lag order, and u_t is

assumed to be serially uncorrelated. The dependent variable ($\ln RTB_t$) and independent variables ($\ln REER_t$, $\ln Y_{ET,t}$, $\ln Y_{ET,t}$ and $\ln Z_{ET,t-1}$) would deviate from equilibrium in the short run even if these four variables are cointegrated in the long run as in model (5). An ECM term, formed by replacing the lagged level variables with λ -coefficients in Equation (6) by a lagged cointegration relationship, can correct any disequilibrium that exists during the previous period, and restrict the model's unstable endogenous variables to converge to cointegration relationship in the long-run. Specifically, the terms within the summation symbols (Σ) represent the short-run dynamics (i.e., the J-curve effect) while the terms with λ_1 , λ_2 , λ_3 and λ_4 represent the long-run relationship between the dependent variable ($\ln RTB_t$) and independent variables ($\ln REER_t$, $\ln Y_{ET,t}$, $\ln Y_{ET,t}$ and $\ln Z_{ET,t-1}$), and λ_5 shows the speed of adjustment back to equilibrium. Hence the null hypothesis is $H_0: \lambda_1 = \lambda_2 = \lambda_3 = \lambda_4 = 0$, which implies no long-run cointegration or equilibrium relationship in the model. As well noticed in the literature, using ARDL models like eq. (6), formally called ARDL bounds testing approach developed in (Pesaran MH., 2011), for analyzing the cointegration relationship like eq. (5) has a number of advantages over directly evaluating model (5) using standard cointegration methods (Johansen S., 1996). These include the freedom in using lags for variables to better capture the data-generating process using more flexible models as well as more robust and better small sample properties (Pesaran MH., 2011). Another advantage is more attractive in that an error correction model (ECM) is available in the ARDL method to adjust deviations from long-run equilibrium back, thus allowing short-run dynamics while maintaining or restricting the long-run relationships (Bahmani-Oskooee M., 2012).

3.3. Testing Stationarity: Unit root test

Stationarity in a time series occurs when the mean remains constant and the autocovariances of the series depend on the lags separating the time points. Therefore, the stochastic process Y_t is said to be stationary if:

$$i. \quad E(Y_t) = \mu, \text{ constant for all value of } t \text{ and} \quad (7)$$

$$ii. \quad Cov(Y_t, Y_{t-j}) = \gamma_j, \text{ for all } t, j=0,1,2,\dots T \quad (8)$$

Condition (7) means that all Y_t have the same finite mean vector μ and (8) requires that the autocovariances of the process do not depend on t but just on the period j the two vectors Y_t and Y_{t-j} are apart. Therefore, a process is stationary if its first and second moments are time invariant.

The stationarity of the series is tested by using statistical tests such as Augmented Dickey-Fuller (ADF) test due to Dickey and Fuller (1979, 1981).

Consider a simple AR (1) process:

$$Y_t = \theta Y_{t-1} + X_t' \delta + \varepsilon_t \quad (9)$$

Where X_t are optional exogenous regressors which may consist of constant or a constant and trend, θ and δ are parameters to be estimated, and ε_t is assumed to be white noise. If $|\theta| \geq 1$, Y_t is a non-stationary series and the variance of Y_t increases with time. If $|\theta| < 1$, Y_t is a stationary series.

Thus, the hypothesis of stationarity can be evaluated by testing whether θ is strictly less than one i.e. $H_0: \theta = 1$ (unit root in $\theta(z) = 0$) $\Rightarrow Y_t \sim I(1)$ $H_1: |\theta| < 1 \Rightarrow Y_t \sim I(0)$

The standard Dickey-Fuller test is conducted by estimating equation (9) after subtracting Y_{t-1} from both side of the equation and obtain the following equation.

$$\Delta Y_t = \alpha Y_{t-1} + \varepsilon_t \quad (10)$$

$$\varepsilon_t \sim N[0, \sigma^2], \text{ and } \text{Cov}[\varepsilon_t, \varepsilon_s] = 0 \quad \forall t \neq s.$$

Where $\alpha = \theta - 1$ and $\Delta Y_t = Y_t - Y_{t-1}$. The null and alternative hypotheses may be re-expressed as $H_0: \alpha = 0$ versus $H_1: \alpha < 0$ and evaluated using the conventional t - ratio:

$$t_\alpha = \frac{\hat{\alpha}}{s.e(\hat{\alpha})} \tag{11}$$

Where $\hat{\alpha}$ is the estimate of α , and $s.e(\hat{\alpha})$ is the standard error of $\hat{\alpha}$.

Dickey and Fuller (1979) show that under the null hypothesis of a unit root, this statistic does not follow the conventional Student's t-distribution, and they derive asymptotic results and simulate critical values for various test and sample sizes.

4. Empirical Results and Analysis

This study aims to reveal determinants of trade balance using econometric time series. Yearly data are used for the study to be closer to real world changes and also for having an appropriately larger sample size. The relevant yearly data on the four modeling variables, i.e., REER, trade balance and GDP (gross domestic product, for income) and the Money Supply, are collected online from the National Bureau of Statistics of Ethiopia.

Several quantitative time-series econometric approaches are applied to analyze the short-run and long-run relationships between the dependent variable of trade balance and the independent variables of REER, Money supply and real income. Data analysis and model estimation are performed using the professional EViews software. To be simple and clear, standard level of 5% will be used throughout the study when evaluating the significance of the modeling results.

4.1 Unit Root Tests

Firstly, the augmented Dickey and Fuller (ADF) method is used to check the stationarity of each of the four modeling variables with the popular unit-root test (Dickey DA., 1979). For the current study, this is even necessary since the variables are all in logarithm form and hence are more likely to have unit-root (Xia NX., 2005). The main purpose of doing the unit-root test is to check and avoid or remove the variables' non-stationarity so that the regression is not spurious. This is especially of value for vector atuo-regression (VAR), ARDL, cointegration and error correction models (Lu YF, Chen L., 2015). To do the test, the following null hypothesis is evaluated against the alternative one for each of the four modeling variables for both the initial level variable and its first difference,

H_0 : The variable has a unit root.

H_1 : The variable does not have a unit root.

According to the test results as shown in Table 1, the test statistics of the four initial level variables ($\ln RTB$, $\ln REER$, $\ln Y_{ET}$ and $\ln Z_{ET}$) are all much larger than the 5% critical value of -2.90, hence the null hypothesis cannot be rejected and the conclusion is that all four variables have a unit root and are not stationary. Then the same test is done for their first differences, and the results show that the test statistics of the four first-difference variables ($\Delta \ln RTB$, $\Delta \ln REER$, $\Delta \ln Y_{ET}$ and $\Delta \ln Z_{ET}$) are all much smaller than the 5% critical value of -2.90. So, the four modeling variables are stationary at their first-difference levels, or they are I (1) series, and the proposed ARDL model (6) is appropriate for examining the relevant relationships.

Table 1. ADF unit-root tests for the four variables and their first differences.

Variable	Test Statistic	Probability	Variable	Test Statistic	Probability
lnRTB	-0.676	0.562	Δ lnRTB	-5.350	0.000
lnREER	1.105	0.506	Δ lnREER	3.230	0.001
lnY _{ET}	0.562	0.772	Δ lnY _{ET}	-6.122	0.000
lnZ _{ET}	1.220	0.777	Δ lnZ _{ET}	-4.465	0.000

4.2 Autoregressive Distributed Lag (ARDL) Model

An ARDL model like the above Eq.(6) involves many lagged terms and generally needs to be “optimized” by, e.g., removing some insignificant terms. For this purpose, the model’s (lagged) variables are selected using the Akaike information criterion (AIC) or the largely equivalent Schwarz criterion (SC) as in most studies. A maximum lag of four for each of the four first-differenced variables in the model (i.e., $p = 4$) appropriate for yearly data is imposed, leading to different combinations of the lagged terms with a total of $4^4 = 256$ possibilities. Then the “best” model with the best lags for the variables is selected as the one with the smallest SC value among all possibilities under the condition of co-integration. Eventually the ARDL(2,0,0,0) model turns out to be the choice, with 2, 0, 0, and 0 being the best lags for the four modeling variables (Δ lnRTB, Δ lnREER, Δ lnY_{ET} and Δ lnZ_{ET}) respectively.

Then according to the bounds test is done to see if there is a level cointegration or equilibrium relationship like eq. (5) among the variables, which makes the major difference between the standard vector autoregression (VAR) model and the ARDL model (6) which includes the lagged *level* variables (with coefficients $\lambda_1, \lambda_2, \lambda_3$ and λ_4 respectively) to be the lagged ECM term. Hence as mentioned in section 3.2, it is necessary to test whether the lagged level variables should be kept in the ARDL model (8) to be cointegrated by testing the null hypothesis $H_0: \lambda_1 = \lambda_2 = \lambda_3 = \lambda_4 = 0$. Similar to testing the joint significance of these four parameters in traditional multiple regression models, this can be done with the bounds test by evaluating the calculated sample F-statistic, which turns out to be as big as 16.3956, much larger than the 5% upper bound critical value (around 4.00) as supplied in (Pesaran MH., 2011). Therefore, the above null hypothesis is clearly rejected and the four level variables (lnRTB, lnREER, lnY_{ET} and lnZ_{ET}) have a significant (long-run) cointegration as eq. (5).

Then the long-run relationship, i.e., the level eq. (5), is estimated, and the estimated coefficients are reported in Table 2. From the long-run results we can see that exchange rate (REER) has a positive effect on trade balance as expected and, in the long-run, a 1% increase in REER or a 1% depreciation in Ethiopia leads to a 0.501% increase in trade balance ratio (RTB). Also as expected, Money Supply and real income have negative effect on Ethiopian trade balance, supporting the general expectations for the dependence of trade balance on domestic and foreign incomes (Hurley DT, Papanikolaou., 2018). It is also noticed that the long-run coefficient estimates are all highly significant, implying a highly stable long-run cointegration relationship as follows,

$$\ln RTB = -8.420 + 0.501 \ln REER - 0.161 \ln Y_{ET} - 1.067 \ln Z_{ET} \quad (12)$$

Table 2. Coefficient estimates for the long-run level model (7).

Variable	Coefficient	Std. Error	t-Statistic	Probability
C	-8.420	1.479	-5.655	0.000
lnREER	0.501	0.081	4.247	0.000
lnY _{ET}	-0.161	0.035	-3.564	0.000
lnZ _{ET}	-1.067	0.184	5.700	0.000

Finally, the ARDL model with an ECM term is estimated to capture the short-run effects of currency depreciation in trade balance. This is done by re-estimating the optimal ARDL(2,0,0,0) model (8) after replacing the lagged level variable part “ $\lambda_1 \ln RTB_{t-1} + \lambda_2 \ln REER_{t-1} + \lambda_3 \ln Y_{CN,t-1} + \lambda_4 \ln Y_{US,t-1}$ ” by the above already-estimated long-run cointegration relationship (9) as a lagged ECM term, ECM_{t-1} . It is hoped to obtain a positive and significant coefficient for ECM_{t-1} so as to reflect the adjustment of the modeling relationship towards the long-run equilibrium (9) and the cointegration among the variables. The estimation

results are given in Table 3 and summarized by the following equation, from which it can be found that the ECM term (-0.399) is indeed negative and highly significant, confirming the existence of the long-run cointegration relationship among the four modeling variables.

$$\Delta \ln RTB_t = 0.005 - 0.526 \Delta \ln RTB_{t-1} - 0.327 \Delta \ln RTB_{t-2} + 0.252 \Delta \ln REER_t - 0.057 \Delta \ln Y_{ET,t} - 0.527 \Delta \ln Z_{ET,t} - 0.277 ECM_{t-1} \quad (13)$$

As for the short-run results, the existence of the J-curve effect requires that an increase in REER or a depreciation of local currency should decrease trade balance temporarily (reflected by, e.g., a negative and significant coefficient of $\Delta \ln REER_t$) and increase trade balance in the long-run (reflected by, e.g., a positive and significant coefficient of $\Delta \ln REER_{t-1}$ and/or a positive and significant coefficient of the level $\ln REER_{t-1}$ in a confirmed cointegration relationship). In the estimated short-run ARDL model, $\Delta \ln REER$ only has significant effect at the current level which, to be worse, is positive. So, there is no J-curve effect in the current study for the relationship between exchange rate and trade balance in Ethiopia, consistent with the previous no J-curve results of some studies in other Ethiopia [26,32] as well as on some other countries [27,28,29].

Table 3. Short-run optimal ARDL (2,0,0,0) model results with the ECM term.

Variable	Coefficient	Std. Error	t-Statistic	Probability
C	0.005	0.005	0.755	0.261
$\Delta \ln RTB_{t-1}$	-0.526	0.075	-5.750	0.000
$\Delta \ln RTB_{t-5}$	-0.327	0.071	-3.705	0.000
$\Delta \ln REER_t$	0.252	0.157	5.757	0.007
$\Delta \ln Y_{ET,t}$	-0.057	0.007	-2.310	0.001
$\Delta \ln Z_{ET,t}$	-0.527	0.175	-1.277	0.173
ECM_{t-1}	-0.277	0.071	-3.725	0.000

5. Discussions and Concluding Remarks

This paper analysis the determinants of trade balance in Ethiopia. The ECM-cointegrated ARDL model is applied with the relevant yearly data from 1998 to 2018 for Ethiopian trade balance with real effective exchange rate (REER), Real Income and Money Supply. Logarithms are taken over the variables to increase their stability and normality as suggested and used in the literature. The unit-root test shows that the variables (after taking logarithms) are not stationary at level, but stationary at first difference. Then the ARDL modeling approach is used over the first-differenced (log) variables to examine the long-run and short-run effects of exchange rate, Real income and Money supply on Ethiopia’s trade balance.

The modeling results show that all independent variables ($\ln RTB$, $\ln REER$, $\ln Y_{ET}$ and $\ln Z_{ET}$) have a significant (long-run) effects. In the short-run, instead of an expected initial not decline in trade balance after the increases of Ethiopia’s, the model reveals an increasing trade balance caused by increases and hence rejects the short-run effect. In the long-run, the increases of RMB or the increasing exchange rate will lead to export increase and/or import decrease, leading to increasing trade balance (ratio), which is the expected and favorable result. The negative and significant lagged ECM term also supports the long-run effect. A number of policy implications and suggestions can be drawn from the modeling results to the government and relevant business sectors to well manage exchange rate, real income and money supply changes for achieving appropriate level of trade balance.

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A BUS RESERVATION SYSTEM ON SMARTPHONE

UGWU NNAEMEKA VIRGINUS

Department of Computer Science, University of Nigeria, Nsukka

NELSON OGECHUKWU MADU

Department of Computer Science, University of Lagos.

OKAFOR, LOVETH IJEOMA

Department of Computer Science, University of Nigeria, Nsukka

ANUSIOBI CHINENYE LOVELINE

Department of Computer Science, University of Nigeria, Nsukka

UGWUANYI, PEACE NKIRUKA

Centre for Distance and e-learning, University of Nigeria, Nsukka

NDUNELO PAUL TOBECHUKWU

Department of Pharmacy, UNIVERSITY OF LAGOS.

ANI CHINONO DARLINGTON

Lacart Store Limited

ABSTRACT.

The use of bus in traveling is a large growing business in the world. Hence, bus reservation system deals with maintenance records of each passenger who had reserved a seat for a journey. Moreover, the ticketing system includes maintenance of schedule, fare and details of each bus traveling. This paper is a web-based application that will manage the scheduling of buses in all bus terminals of a transport company and also analyses the basic needs of passengers and design requirements of the transfer algorithm, and influence factors for effective running. This software developed can be used by any transport company as it wasn't designed for a particular bus station/company. The scheduling of buses which was the major addition to the bus booking application was implemented using round robin for proper bus assignment in a way that improves operational efficiency. The system thus designed will provide a scenario for the customer/passengers and the bus company to attain a win-win situation. It is an adaption of the speed-up technique. This aim is achieved through the use of object-oriented methodology.

Keywords: bus reservation system, passengers, online system, round robin.

1.0 Introduction

Transportation assumes an urgent part in urban areas as it altogether impacts the nature of individuals' lives and is frequently the vital methods for getting to schooling, work and fundamental administrations. All the more along these lines, throughout the long term, a great many people like to go by transports since it's more advantageous and generally reasonable than different methods for street transport. The essential commitment of a vehicle association is to give customers satisfaction to the extent organization transport by decreasing the proportion of holding on schedule for each customer. On this note, the use of reservation has used a subject of phenomenal interest. The usage of booking targets organizing a way to deal with improve the utilization of a fleet of vehicles [1]. This is characterizing the highway a vehicle should be allotted by contemplating the exercises of those vehicles. Transport working organizations depend on some huge factors, for example, populace, culture, atmosphere, and economy. As referenced already, transports are by a wide margin the most utilized procedure of street transport inferable from their adaptability, high accessibility, and availability, which normally prompted this paper. [2]. Transport reservation done physically is a method of making a schedule for each transport in the diverse warehouse by drafting the plan to contain their everyday course and arrangement of outings. At the point when a given course has less sum or no travelers, transports doled out to this course, will be reassigned to more bustling courses regardless of whether it's in another takeoff station of the vehicle organization.

Transport booking otherwise called transport booking is one of the trademark exercises of the arranging cycle in a Transport Company in that it deals with the most ideal undertaking of transport task to serve the normal voyager demand [3]. A Bus reservation System will assist the traveler with knowing when he is booked to travel which thus will assist with staying away from considerable delays and objections at the transport terminal. For example, if a traveler shows up at the bus stop and there is no transport or there are no travelers for his objective, this traveler may need to stand by the entire day and still will be unable to travel. All the more in this way, Bus reservation System will fill in as an organization chief to control and screen the development of transports and the everyday reservation of transports to various courses. Transport reservation System will fill in as a warning framework to help organizations use sound judgment and augment benefit.

Throughout the long term, people/travelers have thought that it was hard to grasp a Bus reservation System for their movements, reasons may be that they either don't design appropriately for their excursion or they are not mechanically slanted. These entanglements have been considered in this work, hence it is made to be easy to use and organizations/firms utilizing Bus reservation System might have staff(s) prepared for this reason to encourage the utilization of Bus reservation System.

2.1 THEORETICAL BACKGROUND

The theoretical background gives a synopsis of the technologies used in developing the system "Bus Reservation System" and the general concept of the research topic as seen by the other researchers. The technology is chosen in other to present a more user-friendly system.

The site developed comprises various web contents written in HTML, PHP, JAVASCRIPT and MYSQL server used in the development of the database of the system.

2.1.2 SCHEDULING ALGORITHM

Scheduling is the act of following a schedule, while a schedule is an outline of things to be done and the time when they will be done. However, the concept of scheduling is mostly used in operating systems where processes are scheduled to run within a particular time after which the CPU may be preempted from it, and this brings us to types of scheduling

Scheduling may be

1. **Preemptive Scheduling:** the CPU can be preempted from a process even while it has not exhausted its CPU burst.
2. **Non-preemptive Scheduling:** Once a process is assigned the CPU, it cannot be taken away until the process completes its CPU burst.

And this brings us to the types of scheduling algorithms.

- i. First Come First Serve (FCFS)
- ii. Shortest Job First (SJF)
- iii. Round Robin (RR)
- iv. Shortest Remaining Job First (SRJF)

2.1.3 COMPARISON OF SCHEDULING ALGORITHMS USING WAITING TIME AND STARVATION

Name	Definition	Waiting Time incurred	Starvation
First Come First Serve	Simplest possible scheduling algorithm, depending only on the order in which processes arrive	High	Leads to starvation especially when long jobs arrive first on the queue
Shortest Job First	Associate with each process the length of its next CPU burst and Uses these lengths to schedule the process with the shortest time and uses e.g., FCFS to break ties	Low	Leads to the starvation of long jobs
Round Robin	A preemptive scheduling scheme for time-sharing systems	Low	Solves the problem of starvation as each job is allocated a time slice.

2.1.4 BUS RESERVATION TECHNIQUES

Round robin scheduling (RRS) is quite possibly the most prepared, leased buildings, most attractive and most extensively used booking calculations ever utilized [4]. It is a preemptive type of planning and furthermore a work booking calculation that is accepted to be reasonable, as it utilizes time cuts that are allotted to each cycle in the line or line. Each cycle is then permitted to utilize the CPU for a given time measure, and on the off chance that it isn't finished inside the assigned time, it is appropriated and afterward moved at the rear of the line with the objective that the accompanying system in line can use the CPU for a comparative proportion of time.

Cooperative planning is a calculation predominantly utilized by working frameworks, working structures, and frameworks that serve different customers or clients that expect assets to be utilized. It handles all solicitations in a round first-in-first-out (FIFO) request and evades need so that all cycles/applications can utilize similar assets in a similar measure of time and have a similar measure of holding up time each cycle; henceforth it is additionally considered as a cyclic chief.

2.1.5 HOW ROUND ROBIN IS APPLIED

However, this project makes use of round robin in assigning buses for a particular route. Here, buses for the same route are assigned different departure time but if a bus departure time has elapsed and the bus is yet to leave the bus station within the time slice allocated to it as a result of insufficient passengers, then the passengers will be reassigned to the next bus plying that route whose departure time has not elapsed. Then the bus returned to the back of the queue where it waits for its turn again to be loaded. This process will continue as long as the bus has not yet reached its maximum sitting capacity. More so, the last bus will depart once the time slice assigned to it has elapsed (i.e. run to completion), this will ensue regardless of the number of passengers on the bus.

2.1.6 ADVANTAGES OF ROUND ROBIN OVER OTHER SCHEDULING ALGORITHMS

1. It is very simple to achieve because there are no complex timings or priorities to consider, Simply put it is a FIFO with time allocated to each job or process to ensure equal distribution of the CPU across all jobs.
2. It helps to solve the problem of starvation (a situation in which a job is not able to use the CPU because it is always preempted by other jobs that are usually considered being more important). In this case of the bus station, it helps to avoid the overstraining of some buses while others are left less busy.
3. It helps in a win-win situation. In which resources will be properly harnessed by the bus station while ensuring customer satisfaction.

2.2. REVIEW OF RELATED LITERATURE

A bus reservation system is not a new concept in use as it has been implemented for different bus stations around the globe. However, in Nigeria and most developing countries, bus reservation is basically done manually i.e. the manager picks which bus to include on the traveling queue and the bus is then assigned to passengers. In turn, a passenger goes to a bus station and books for a ticket and is manually issued a ticket which is a slip containing his name, seat number, destination and amount paid. This may be done online or offline.

Different publications have also been published on this subject as a consequence of comprehensive studies over the past decades. Several model approaches, as well as specific solving strategies have been provided for the issue and its extensions. These are discussed below based on the benefits of public bus transport, the need for customer satisfaction, bus reservation and other online bus systems.

[5] Recognized issues with the present type of the Russian urban transport scheme, since the existing modes and strategies of transport growth may not always be relevant in certain conditions. Afterward, a solution or feasible way to improve their transport system was found. The analysis was done by using the successful nominated six cities as demonstrator cities to develop a roadmap for sustainable mobility together with the city government and related stakeholders.

[6] Proposed an intelligent transport system composed of three parts: a sensor system, a surveillance system, and a display system. A sensor system gets information from a global positioning system (GPS) and near-field communication (NFC), temperature and moisture sensors. The surveillance scheme extracts significant information from the raw data collected from the sensor scheme and gives it to the bus driver.

The presentation framework shows transportation and travel-related information at the bus stop to commuters.

A paper by [7] acknowledged that the increase in the public transport traveler stacks in the USA is decreasing fuel utilization by around 11 million gallons yearly - the proportionate advantage of expelling 23,813 vehicles from the street. The benefits of public bus transport include but are not limited to: It is more economical for commuters, It helps to de congest the roads as it reduces the number of vehicles that would have filled the road if commuters had travelled with private vehicles, It helps to reduce noise pollution.

[8] Conducted a survey to determine the reasons for traffic congestion in Lebanon and discovered that the reasons are simply as a result of a high number of private cars and the absent of a good transportation code. While the later can be solved only by the government the former can be reduced by providing a good public transport system. The study tried to investigate the problems associated with the transport system in Lebanon. The problems were highlighted as:

Accidents, Traffic congestion, Noise and Air pollution

[4] Noted that there was only one functional public bus service enterprise that provides transport services in and around the city. The enterprise uses a fixed bus schedule system to serve passengers in 110 routes. However, this type of bus assignment system created a problem in the company's operational and financial performances. Hence the researchers studied the operation pattern of the enterprise and developed a model to best schedule buses for the day to day activities of the bus company. The number of passengers at each period of the day was noted and these time periods were referred to as shifts. Since the enterprise uses a fixed number of buses scheduled per route in its day to day operations, optimal bus/resource utilization was not ensured.

[9] Addresses schedule design for a bus route with one intermediate bus stop also known as time point. The authors tried to minimize passenger waiting time, the delay time for through passengers, delay/early penalty and total operation cost. Unlike. Used a schedule based holding control strategy to achieve this. Schedule-based holding control strategy involves withholding a bus ready to depart from a bus station at a time earlier than the scheduled departure time until the scheduled departure time but if it is delayed beyond the scheduled departure time, it will depart once it has completed all necessary requirements for departure.

[10] Designed a schedule to minimize waiting time at bus stops. Used the time control point strategy, which is bus arrival time at each of its time control point (i.e. bus stop) on the bus route. The strategy was chosen by because it is the type used by most bus companies in China and Singapore. This type of control involves using the expected bus arrival time at bus stops to determine when a bus will arrive at its final destination.

[11] Stressed the need for a bus information system that offers a range of helpful data for customers in towns and particularly distant regions where bus transport is the only type of transportation accessible. Again, because these remote areas contain fewer amounts of commuters, the time spent in waiting for buses at bus stops is high.

[12] Proposed implementation of a crowd-participation bus arrival time forecast scheme using cellular signals. The scheme bridges the gap between customers questioning about the arrival time of the bus and customers ready to share data, providing them real-time bus data, regardless of any bus company. A querying user sends the server the bus stop and path of concern. A sharing customer sends the server a series

of a cell tower. The server then matches the sequence of cell towers to the bus route and predicts the arrival time of the bus.

[13] Suggested a wireless sensor network with which the bus information system can provide customers with the current bus position and estimated bus arrival times. Bus nodes, router nodes, bus stop nodes, and concentrators are part of the network.

[14] Studied GPS, Remote Sensing (RS) and Geographic Information System (GIS) methods and suggested using them all to depict the real-time status of each bus and bus arrival time on maps. [15] Introduced an intelligent public transport system composed of bus modules fitted with a GPS receiver, digital speedometer, telecommunications modem, and other server modules, bus stop modules and client applications. The system supplied customers with data about the present place of buses approaching the bus stop.

While [16] suggested using the genetic algorithm to discover the shortest driving time with various situations of actual traffic environments and variable car speeds.

[17] Proposed a web-based system. It allows a customer to check the ticket availability and search for the most possible prices. The system is always available online, but the basic benefits of the system is in its ability to allow the customers to search and choose his/her seat position and ticket payment procedure. They collected data to define the new application's demands.

3.0 ANALYSIS OF PROPOSED SYSTEM

The main aim of this software is to help bus transport companies to schedule their buses to ensure maximum resource utilization in their day to day operation. This software developed can be used by any transport company as it wasn't designed for a particular bus station/company. The scheduling of buses which was the major addition to the bus booking application was implemented using round robin for proper bus assignment in a way that improves operational efficiency. The system thus designed will provide a scenario for the customer/passengers and the bus company to attain a win-win situation. Hence timers were assigned to each bus and before the designated time is exhausted the bus is checked if not at least half-filled, then the passengers in the bus are moved to the next bus in line of the same route. This is continued till the last bus to ply the route cannot accommodate the spillover passengers. Nevertheless, if there is only one bus assigned for to a particular route, it will leave the bus station once its allotted time has elapsed.

3.2 STRUCTURED OF THE PROPOSED SYSTEM

The framework to be planned is an upgraded bus reservation application. Booking in accordance with travelers and reservation in accordance with the administration of the everyday exercises and assets of the bus stop to guarantee consumer loyalty and decrease operational expense.

Examination has indicated that a great many people like to go by transport because of its vicinity and moderateness, yet the helpless administrations given by these transport organizations will in general disperse travelers who wish to go by transport. Consequently, the framework has been planned utilizing Round robin Algorithm.

The cooperative calculation includes allotting time cuts to each transport that has been doled out a course. The framework naturally checks the transports at stretches and tunes in to know whether the transport is half plowed to its ability before an hour to the takeoff time. In the event that it is up to a large portion of its ability, the transport is dispatched from the line once its time cut (takeoff time) pass, Otherwise, the travelers

are moved to the following transport in the prepared line and a message is sent across to all travelers in the transport revealing to them that their transport has been deferred. The framework consequently sends the message across educating them regarding what to do in the event of any crisis.

The product configuration measure model utilized in this work is the cascade model. This is on the grounds that it takes into consideration appropriate arranging and assists with including all the plan elicitations of the clients. The plan stage began with correspondence for example visiting the transport organization to get an outline of how the current framework runs and to determine what different functionalities they wished the framework had. The undertaking will utilize a social data set and a web engineering since it will run on the web. The social information base was picked because of its adaptability and ability to meet all kinds of information requires. The plan apparatus utilized in this work is Unified Modeling Language (UML). The UML is a standard graphical documentation for portraying programming examination and plans. It has images to help with portraying and reporting all aspects of the application improvement measure.

The class diagram contains 8 classes in which the user is a superclass to admin, customer, and agents. The aforementioned are subclasses which inherit the attributes and functions of the superclass, user. The relationships between them are specified through the multiplicity.

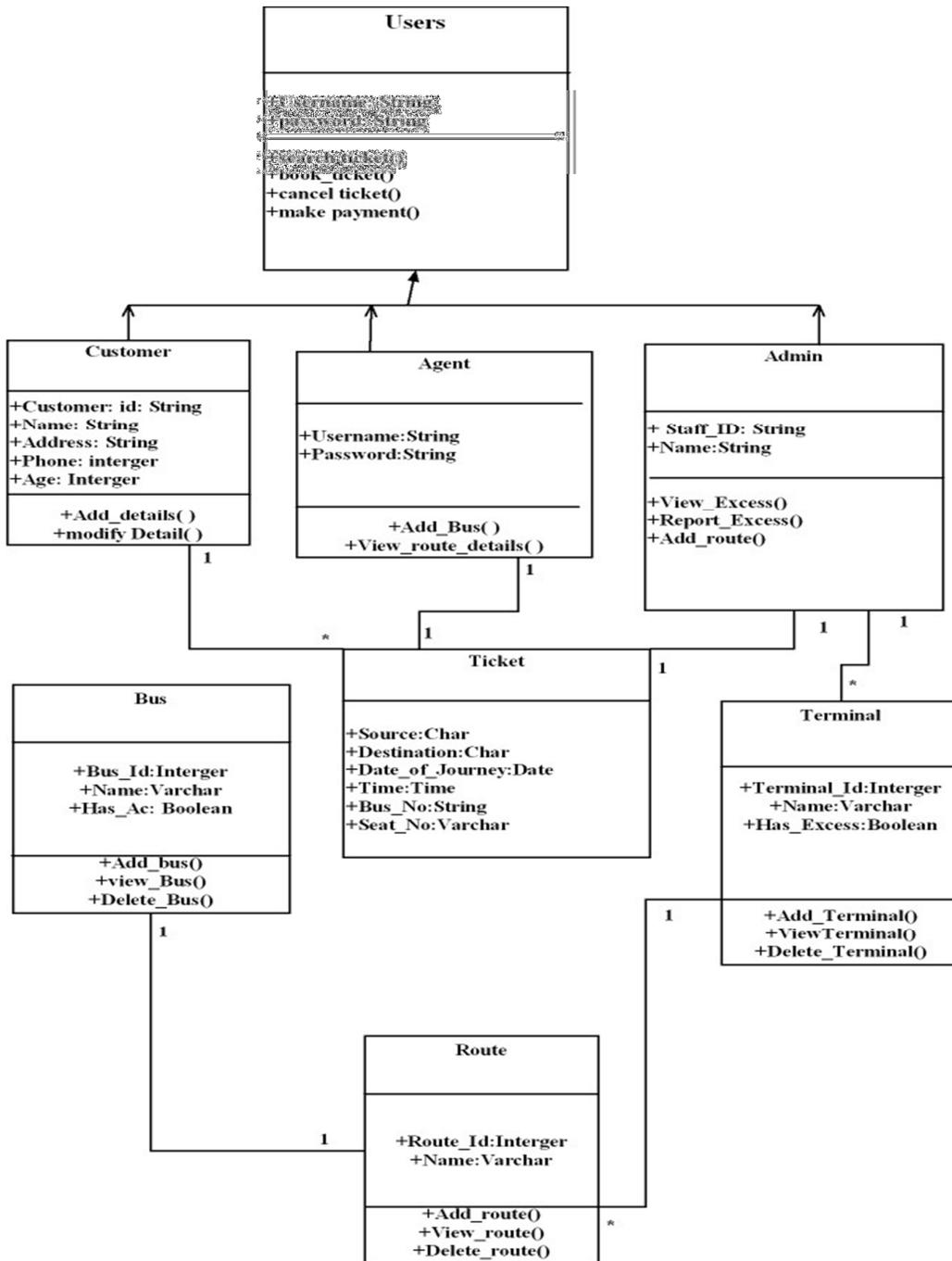


Figure 3.0: Class diagram of the proposed system

4.0 SYSTEM IMPLEMENTATION

System implementation has to do with the transformation of the framework's calculated and intelligent plans into an actual execution. Usage exercises incorporate choice and establishment of the picked language, coding, investigating, testing, documentation, preparing and client manual. In this venture work, a XAMP worker was introduced on a framework and the product was coded on its IDE and conveyed on localhost. The coding includes a methodical portrayal of the framework's model in a robotized structure under a

decision advancement climate. Investigating and testing the product incorporate eliminating the mistakes of the framework at the various phases of its turn of events and running the framework severally as every blunder is repaired. The product runs well on a nearby worker following the building structure specified in the plan.

4.1 DEVELOPMENT ENVIRONMENT

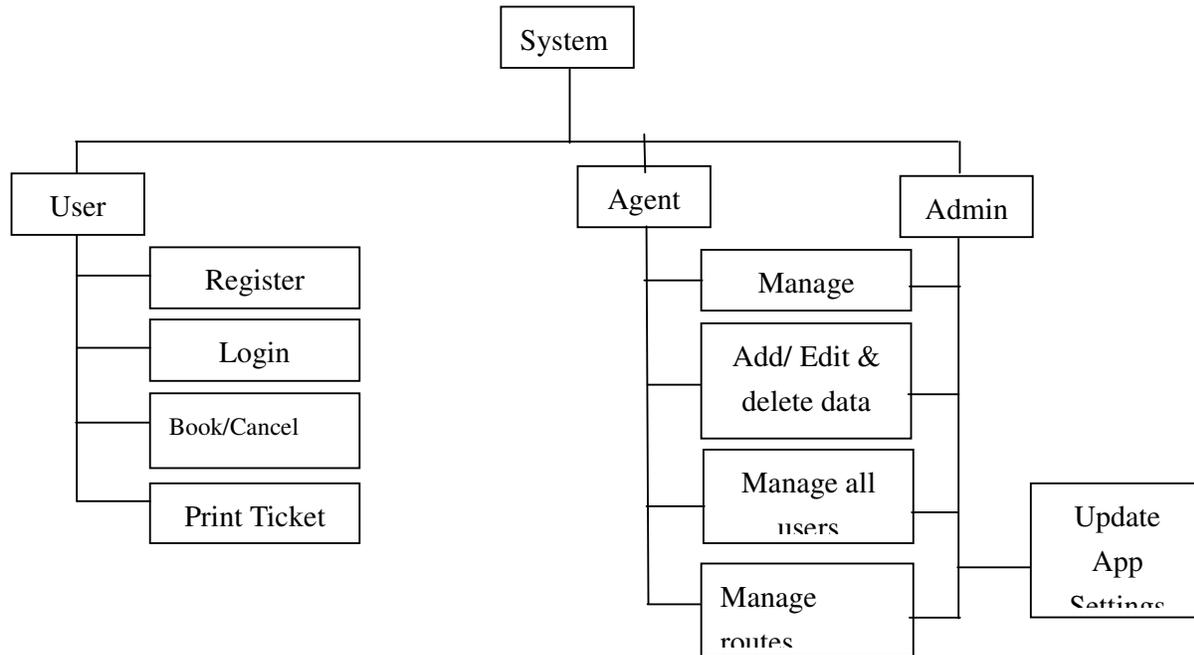
The development environment (IDE) utilized in this undertaking is Netbeans 8.1 IDE and Notepad++. In spite of the fact that, Netbeans is generally utilized as a Java IDE however it can likewise be utilized for so numerous other programming dialects including PHP. The significant favorable circumstances of NetBeans over other IDEs like scratch pad which was utilized in this work, include:

1. Ability to make test classes, run and see the code inclusion straightforwardly from IDE interface.
2. There's an implicit neighborhood history that allows you to contrast code changes and return with a particular amendment. Supportive when source code record is unintentionally overwritten.
3. The capacity to effectively leap to work usage from work call by squeezing (Ctrl + click), this element makes it simpler to investigate and adjust capacities;
4. The way it oversees source code as bundles stacking all documents identified with the venture in its record director segment instead of going forward and backward the windows record voyager.

4.2 CHOICE OF THE PROGRAMMING LANGUAGE USED

The choice of the programming language used depends on the suitability of the language attributes to the scope and usage of the system developed. They are PHP, HTML, CSS. PHP is a scripting language. It facilitates the development of a web-based program and creation of web-pages. The WAMP server has some sets of scripts, logs, SQL manager and PHP code that enable communication between the MYSQL database and HTML. The system developed is an online system that allows multi usage. The wamp server enables data to be shared among users online and secures the data from the various users. The cascading style sheet formats the presentation of a web page to the end-user. It creates a suitable and user-friendly outlook for the user interface. Hence, these attributes informed the choice of the language used.

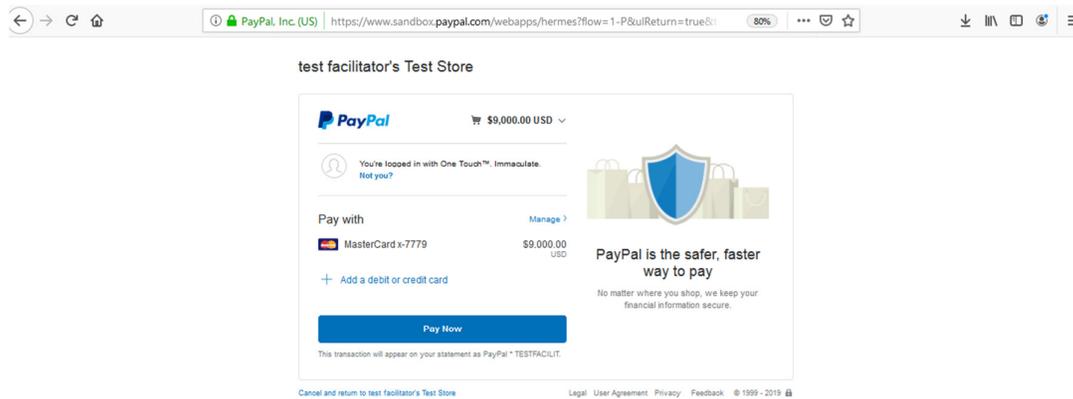
4.3 Implementation Architecture



5.0 RESULT AND DISCUSSION

Bus reservation system is another stage for travelers to book tickets by utilizing the application through their cell phones anyplace and whenever. The framework was intended to help alleviation course arranging and oversee abundance transports and transport lack at terminals. The BRS has been created to encourage travelers and give them an essential choice to book ticket as well as check their tickets anywhere and whenever utilizing their cell phone through Internet. What's more BRS will help the Admin and driver too in them day by day work to make their work more coordinated and effectively to Handle, and furthermore makes it quicker and simpler for the traveler to easily no the accessible transport and season of takeoff in the solace of their homes. The method for the framework's utilization is given in the client's manual. In an offer to diminish holding up time in transport stations while simplifying authoritative utilities, this examination was done. It is an improvement to the current reservation framework and electronic data stockpiling framework for transport stations. BRS was grown explicitly to fill in as a device for compelling transport stations the board. Below are screenshots of BRS.

Figure 5.0: Payment page



This is a test page created with paypal sandbox to test run the booking app. Once he clicks on “pay now” and a successful payment has been made.

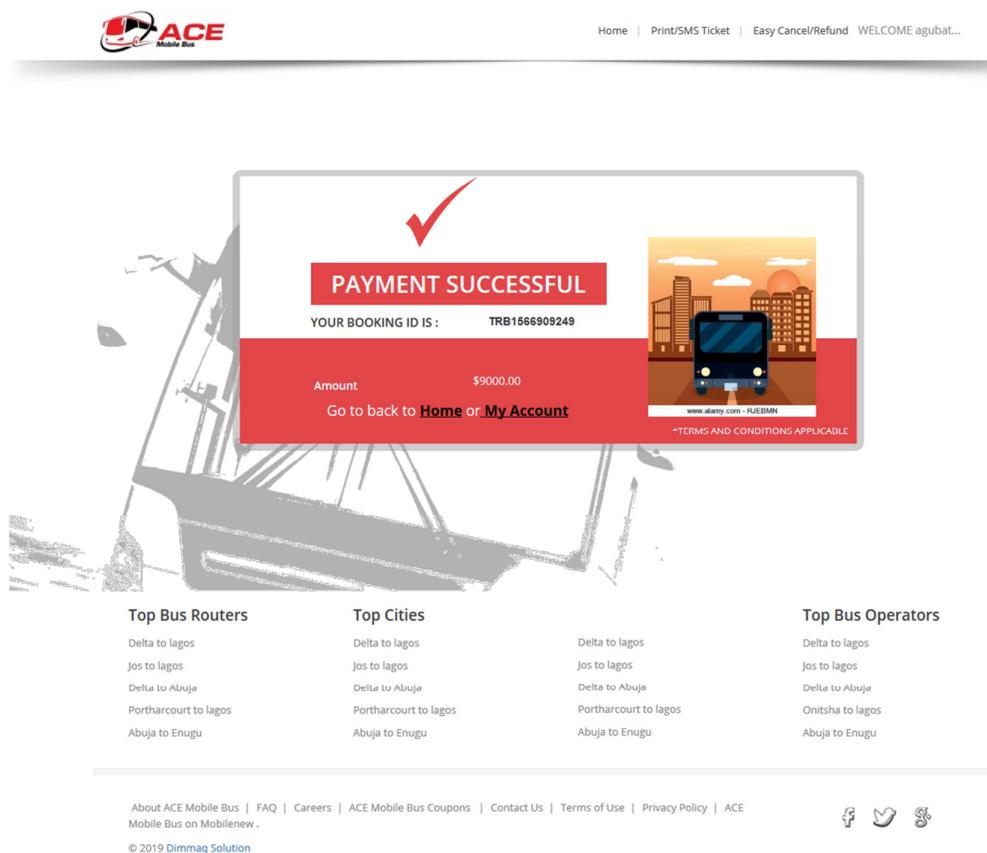


Figure 5.1: Ticket page

5.1 CONCLUSION

Bus Reservation System was developed to help passenger to book their ticket various like mobile devices or laptop and so on, also to help Admin and drivers for their daily work. In a bid to reduce waiting time in bus stations while maximizing organizational utilities, this project was carried out. It is an improvement to the

existing booking system and electronic information storage system for bus stations. This project work was named BRS and was developed specifically to serve as a tool for effective reservation of bus management. The software was tested using Mozilla Firefox alongside google chrome. Notepad++ was the IDE (integrated development environment) that was used due to its ability to specify line numbers.

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THE SIGNIFICANCE OF REWARD MANAGEMENT IN ORGANIZATIONS

Dr. Radhika Kapur

Abstract

Reward management is regarded as one of the indispensable factors in motivating the employees towards the performance of their job duties. When the employees perform their job duties adequately and meet the expectations of their employers, they are given rewards as well apart from salaries. The rewards that are given are normally in accordance to the job duties. The employers need to make sure that when the employees have worked diligently and put in adequate time and effort, they need to be rewarded suitably. When the employees are rewarded for their job duties, they are able to form constructive viewpoints in terms of work and organizational as a whole, stimulate their mind-sets and develop interest and enthusiasm. Within various types of organizations, the employers need to acquire an efficient understanding in terms of strategies that are necessary to be put into operation to manage the rewards. The main areas that have been taken into account in this research paper include, purpose of reward system, the objectives of reward management, strategies to achieve the objectives, types of rewards and strategies to recognize and reward employees.

Keywords: Employees, Job Duties, Motivation, Organizations, Reward Management, Strategies

Within the organizations, individuals get motivated by rewards and incentives, which will enable them to satisfy their own needs. But the needs of the individuals and goals associated with them vary widely. It is difficult if not impossible to predict in a precise manner, how particular reward and incentive will affect the behaviour of the individuals. Management of reward is primarily concerned with management of expectations. In return for their contributions, the employees also expect from their employers certain rewards, incentives, pay and opportunities to enhance their career prospects. Expectations are built into the employment relationship. The starting-point of which from the reward point of view is an undertaking by an employee to make provision of support and assistance to the employers. In return for their efforts and hard work, the employers provide them with rewards, salaries and incentives (Chapter – 7. Reward Management, n.d.).

Reward constitutes an important element in human resource management. Reward management is essentially about designing, implementing and maintaining the pay systems, which render a significant contribution in bringing about improvements in organizational performance. Reward management is referred to as the process of developing and implementing strategies, approaches and systems, which would make provision of help and support to the human resources in the achievement of organizational goals by increasing motivation, inspiration and commitment. The designing and operation of the reward management processes and practices would initiate from acquiring an understanding of the implications of the

psychological contract concept and motivation theory, which have an effect upon the pay levels. When the processes of reward management are put into operation, the needs and requirements of the human resources as well as the organization need to be taken into consideration. The reward processes need to be based on the framework of reward philosophies, strategies and policies that will support the achievement of organizational goals (Chapter – 7. Reward Management, n.d.).

Purpose of Reward System

The main purpose of reward system is to augment job performance, retain valuable employees and lead to overall development of the organization. Reward system puts together the real self-interests with the organization's objectives and gives three kinds of management control benefits, informational, motivational and personnel related. The rewards need to catch the attention of the employees. In other words, when the employers are providing them with rewards, they need to ensure, they prove to be beneficial to the employees. Organizations make use of the reward system to put emphasis upon the parameters, which would stimulate the mind-sets of the employees. In some cases, individuals need incentives to perform their tasks in a well-organised manner (Anku, Amewugah & Glover, 2018). Research has indicated that financial rewards and incentives are regarded to be the most beneficial. As financial resources are regarded to be the most important in the achievement of various goals as well as in the adequate sustenance of the living conditions. Apart from financial rewards, there are other rewards as well, which include, trophies, certificates, other non-monetary items and so forth, which motivate the human resources towards the performance of job duties in an effective manner.

Organizations make provision of rewards for number of reasons. The main purpose of giving rewards is to enhance recruitment and retention of employees, arouse interest and enthusiasm among them and stimulate their mind-sets towards the achievement of personal and professional goals and lead to improvements in productivity and profitability. Reward systems refer essentially to the aspects that employee value. In other words, apart from obtaining their salaries, when they are given additional rewards as well for their job duties, they develop motivation. It is vital to remember that a reward system can comprise of both positive as well as negative rewards. Positive rewards include, incentives, bonuses, power, autonomy, promotional opportunities, paid leaves, paid vacations and so forth. Whereas, negative rewards are referred to as punishments. These include, no increase in salaries, no promotional opportunities, not any type of guidance and direction obtained from superiors and so forth (Anku, Amewugah & Glover, 2018). The human resources need to conduct themselves in such a manner so any form of negative rewards are avoided.

The Objectives of Reward Management

The objectives of reward management are stated as follows: (Armstrong, 2007).

1. Reward individuals in accordance to the value they create.
2. Align reward practices with business goals and with employee values and needs.
3. Reward the right things to convey the right message regarding what is important in terms of behaviours and outcomes.
4. Help to attract and retain high-quality individuals, taking into consideration the goals and objectives of the organization.

5. Motivate individuals and obtain their participation and commitment.
6. Develop a high-performance culture.

Strategies to Achieve the Objectives

The aims of reward management are achieved by developing and implementing various kinds of strategies, policies, practices and procedures that are founded on the philosophy, operate in accordance to the principles of distributive and natural justice, function justly, equitably, consistently and transparently, are aligned to the business strategy, and are in accordance to the context and culture of the organization (Armstrong, 2007). The strategies that are necessary to achieve the objectives of reward management are, reward philosophy, distributive justice, procedural justice, fairness, equity, consistency, transparency, strategic alignment, contextual and culture fit, fit for purpose, and developing a high-performance culture. These have been stated as follows: (Armstrong, 2007).

Reward Philosophy – Reward management is based on the well-articulated philosophy. It is the set of beliefs and guiding principles that are consistent with the values of the organization and help to enact them. Philosophy recognizes that human resource management is about making investments in human capital from which a reasonable return is required. It is vital to reward the individuals in a different manner in accordance to their contribution towards the organization. The philosophy of reward management also recognises that it must be strategic in the sense that it addresses longer term issues in terms of how the individuals should be valued for their achievements.

Distributive Justice – Distributive justice refers to how rewards are given to the individuals. When the workforce is rewarded for the conduct, performance, completion of targets and implementation of job duties, they form the viewpoint that their hard work and efforts have been recognized. This in turn would motivate them to perform their job duties in a well-organized manner and meet the desired expectations. They believe that rewards have been distributed in accordance to the value of their contribution. They have received what was promised to them. This is apparent that employees aspire to get rewarded for their hard work. Therefore, rewarding them would lead to the feelings of job satisfaction.

Procedural Justice – Procedural justice refers to the ways in which the managerial decisions are made and reward policies are put into operation. When the employees are to be rewarded, it is apparent that various factors need to be taken into account. These include, job duties, activities, attendance and so forth. On the basis of these factors, decisions are made. The factors that are taken into account in the case of procedural justice are, viewpoints of the employees are given recognition, personal bias towards employees is suppressed, criteria for decisions is applied to all the employees, employees are provided with early feedback in terms of outcomes of decisions and employees are also provided with adequate explanations regarding why decisions have been made.

Fairness – A fair reward system is the one that operates in accordance with the principles of distributive and procedural justice. The assumptions underpinning the theory are that, there is an unrecognized standard of fair payment for any level of work, unconscious knowledge of the standard is shared among the population at work, pay need to be in accordance to the level of work and the capacity of the individual to get engaged into it and individuals should not receive less pay. The pay and reimbursements have to be in accordance to the job duties. This felt-fair principle is passed into the common

language of those involved in reward management. In some cases, it is used as the final arbitrator regarding how job should be graded, possibly overriding the conclusions reached by an analytical job evaluation.

Equity – Equity is achieved when the individuals are rewarded in an appropriate manner. Equity in rewards is regarded as one of the important aspects in generation of interest and enthusiasm among individuals towards the implementation of job duties. Both men and women need to be given equal pay for the same job duties performed. Furthermore, there should not be any kind of discrimination on the basis of caste, creed, race, ethnicity, religion, and socio-economic background. Equitable reward processes ensure that relativities between jobs are measured as objectively as possible. Equal pay is given for the work of equal value.

Consistency – A consistent approach to reward management is referred to when decisions are made in terms of giving of rewards, they do not vary arbitrarily, without due cause between different people or at different times. They do not deviate irrationally from what would be regarded as fair and equitable. In giving of rewards, the organization also has to take into consideration financial resources. When they possess sufficient finances, they will be able to give rewards. Whereas, when they possess limited financial resources, they have to plan rewards accordingly. Therefore, consistency and uniformity are important factors that need to be taken into consideration in giving of rewards.

Transparency – Transparency takes place when the members of the organization acquire an efficient understanding in terms of how the processes of rewards are put into operation and how they are affected by them. The reasons for pay decisions are made at the time they are made. In transparency, the employees are also provided with the rights to participate in the decision-making processes regarding development of reward policies and practices. When the employees are provided with these rights, they develop motivation towards the performance of job duties and achievement of organizational goals.

Strategic Alignment – The strategic alignment of reward practices ensures that reward initiatives are planned with reference to the requirements of the business strategy. The formulation of measures and strategies has to be in accordance to the organizational goals. When the organizations are rewarding their employees, it is vital to take into account certain factors, these include, organizational goals, number of employees, infrastructure, materials, technologies and equipment, laws and policies, job duties of all individuals and overall working environmental conditions. These factors need to be taken into consideration, when not only formulation of reward policies but also ensuring strategic alignment of reward practices.

Contextual and Culture Fit – The design of reward processes should be governed by the framework, i.e. characteristics of the organization, business strategy, type of employees and organizational culture. When it is stated type of employees, it is referred to the employees engaged in various job positions. Whereas, organizational culture is referred to values, norms, principles and standards. Worthwhile practices need to be taken into consideration. Best fit is considered more important as compared to the best practice. Therefore, it can be stated that cultures, norms and values of the organization need to be taken into consideration, when giving rewards and formulating reward practices.

Fit for Purpose – The formulation of reward strategy and design of the reward system have to be in accordance to the objectives of reward management. The members of the organization need to work in collaboration and integration in order to ensure reward strategy and reward systems are in accordance to the

aims of reward management.

Developing a High-Performance Culture – A high-performance culture is the one in which the individuals are aware of the requirements to perform well and implement appropriate conduct in order to meet the expectations. Employees will be engaged in work and will be wholeheartedly dedicated towards the achievement of organizational goals. This kind of culture takes into consideration various interrelated processes that would enable the individuals to work in collaboration. In the high-performance culture, the individuals are well-aware in terms of job duties and organizational goals, they are working towards the development of knowledge, competencies and abilities, particularly the ones, necessary to carry out their job duties satisfactorily, and managers and supervisors act as supportive leaders, guides and mentors. They provide feedback and render a significant contribution in the achievement of desired goals. In this culture, there is a climate of trust and teamwork, which would enable the individuals to carry out their job duties in a well-organized manner. Therefore, it can be stated that when the members put into operation these factors, they will be able to form a high-performance culture.

Types of Rewards

The types of rewards are monetary, non-monetary, individual-based, group-based, intrinsic, extrinsic, performance-based, membership-based, medical and health care benefits and other benefits. These have been stated as follows:

Monetary Rewards – Monetary rewards are the rewards that are related to financial rewards. Money-related reward systems can be put into three fundamental classes. These are, performance based salary increases, short-term incentive plans and long-term incentive plans. The last two rewards are based on the managerial levels and are frequently connected to performance during the specific time period. Every organization gives pay increment to the employees at all organizational levels. This is a lesser part of the salary of the employees. Short-term incentives in some form are utilized as a part of the organization. A cash bonus is normally based on performance measured over a period of time of one year or less. An organization primarily utilizes a variable pay order to differentiate it among the employees, with the goal of retaining the skilful and competent employees (Anku, Amewugah & Glover, 2018).

Non-Monetary Rewards – Non-monetary rewards are rewards, which mainly focus upon appreciation of the workforce by their employers. When one receives appreciation and gratitude from one's employers and colleagues is termed as non-monetary reward. Monetary rewards are considered to be short-term, but non-monetary rewards are the ones, which are long-term. There have been cases of employees, who are efficient in the implementation of job duties, and wholeheartedly dedicate themselves towards the achievement of organizational goals. These individuals would receive non-monetary rewards from their employers on daily basis. In other words, they get appreciated for their job duties on daily basis and please their employers. To accomplish enduring motivation among the employees the organization needs to focus upon both monetary as well as non-monetary rewards (Anku, Amewugah & Glover, 2018).

Individual-based Rewards – Individual-based rewards are the ones, which are given to individuals in return for his or her job duties. When the individuals are engaged in the implementation of a task, activity or project solely, and they are successful, they would receive appreciation as well as other types of rewards. In this manner, the individuals get retained within the organization and render a significant contribution in the

implementation of job duties. Individual-based rewards normally leads to sub-optimization. When presenting an individual-based reward, the workforce tend to focus upon their own performance rather than the performance of the organization as a whole. Approaching colleagues and managers for help and support is something, one can give consideration. This aspect is regarded as indispensable, when the individuals are experiencing problems and they need to focus towards bringing about improvements (Anku, Amewugah & Glover, 2018).

Group-based Rewards – Within organizations, when individuals carry out certain tasks and activities in groups efficiently, they obtain group-based rewards. Research has indicated that in various types of organizations, educational institutions etc. group work is encouraged. When the individuals are required to work in groups, they obtain support and assistance from each other in providing solutions to the problems and achieving the desired outcomes. When they have implemented their task in accordance to the expectations of the employers, they get rewarded. Therefore, group-based rewards are termed as rewards, which are given to the group members. Compensating a group is usually made by monetary as well as non-monetary rewards. When the members of the groups are five or six, they usually divide among themselves the monetary rewards that have been given. On the other hand, when they are given non-monetary rewards, such as, certificates of appreciation, they are given to each member of the group.

Intrinsic Rewards – Intrinsic rewards are the rewards that gives satisfaction to the employees. These satisfactions are referred to as self-initiated rewards, such as, having pride in one's work, having a feeling of achievement or being part of the team. The strategies of flex time, job enrichment, shorter work weeks and job rotation can make provision of intrinsic rewards by making provision of interesting and challenging jobs and promoting greater independence among the employees. In these types of rewards, the employees are able to develop motivation towards the implementation of their job duties as well as incur the feeling of job satisfaction. When they acquire these rewards, they are also provided with the opportunities of making own decisions, in terms of job duties. If an employee experiences the feelings of achievement or personal growth and empowerment from the job, this is an intrinsic reward (Types of Rewards, 2019).

Extrinsic Rewards – Extrinsic rewards are the rewards that include, money, promotions and fringe benefits. It is one of the major goals of the employees to acquire extrinsic rewards. These jobs are external to the jobs and initiate from the management of the organization. In other words, the management is the one that makes provision of extrinsic rewards to the employees, on the basis of their job performance. Therefore, when the employees receive an increase in salary or write an article in the company magazine, these rewards are considered as extrinsic (Types of Rewards, 2019). Extrinsic rewards render a significant contribution in developing motivation and feelings of job satisfaction among the employees.

Performance-based Rewards – Performance-based rewards are the ones that are exemplified through the use of commissions, piecework pay plans, incentive systems, group bonuses or other forms of merit pay plans. These rewards are made available to certain managers on the basis of their performance rather than their entitlement, which also implies, they can also be taken away. This is apparent that in order to obtain these rewards, the human resources need to implement their job duties in an appropriate manner in accordance to the expectations of the employers (Types of Rewards, 2019). These rewards seem to be encouraging to the employees. When they are offered these rewards, they may even get engaged in their

work overtime.

Membership-based Rewards – Membership-based rewards include, cost of living increases, profit sharing, benefits, salary increases attributable to labour market conditions, seniority, time in rank, and credentials such as, college degree or other educational qualifications. In order to acquire membership, the individuals need to possess certain characteristics and traits. In other words, the individuals need to possess certain qualifications, competencies and meet the criteria to acquire membership-based rewards. If they suit the requirements, only then they are given membership-based rewards. If these are available to all middle and upper level executives, they are based on membership or performance. In most organizations, benefits and services are regarded as the only membership-based rewards. There are other membership-based rewards, which are called implied (Types of Rewards, 2019).

Medical and Health Care Benefits – Medical and health care benefits are regarded to be of utmost significance. When the individuals will be able to have access to these benefits, they will be able to carry out their job duties well. In various organizations as well as in higher educational institutions, the employers are making provision of medical and health care benefits to the employees. When the employees get recruited within the organization, they are given medical and health care benefits, which would be beneficial to them, particularly at the time of retirement. In some organizations, reimbursement of medical expenses is also considered, which would incur the feelings of job satisfaction among employees.

Other Benefits – The organizations offer number of other benefits in order to lead to well-being of the employees. These include, paid leaves, paid vacations, insurance and gratuity, employee stock option plan, broadband connection, house rent allowance, car lease scheme, vehicle maintenance, loans and so forth. These benefits have been profitable to the employees to a major extent. When the employees get recruited within the organizations, they are provided with information in terms of other benefits. They form the viewpoint that with the acquisition of these benefits, they are not only able to promote well-being of themselves, but also their families. One of the important benefits that employees are provided with is higher education assistance. This would help them in acquiring higher education for their children. Therefore, it can be stated, in order to acquire benefits, the members of the organization need to be wholeheartedly dedicated towards the implementation of job duties (Chapter – 7. Reward Management, n.d.).

Strategies to Recognize and Reward Employees

The important strategies that are put into operation to recognize and reward the performance of the employees have been stated as follows:

Working to the Best of ones Abilities – In some cases, when rewards are given, it is not necessary that they have to be publicised. In other words, they can be given in personal as well. Research has indicated that all individuals within the organization aim to acquire rewards and incentives. Hence, to acquire these, they need to inculcate the traits of diligence, resourcefulness and conscientiousness and work to the best of their abilities. In some cases, individuals are successful in their job duties, whereas, in others, they experience setbacks. When the individuals are successful and meet the criteria, they are able to acquire recognition and rewards. Therefore, it can be stated that it is one of the indispensable aspects to work to the best of ones abilities in order to acquire recognition and rewards.

Expressing Gratitude – When the employees have performed job duties, which are pleasing to their

employers and colleagues, then gratitude is just expressed by saying thank you. Saying thank you is also regarded as one of the ways of recognizing and rewarding employees. For instance, when an employer or head has send his manager to carry out some field work and he returns after completing the job successfully, then the employer would express gratitude by appreciating him or her and saying thank you. Therefore, it can be stated that expressing gratitude is also regarded as an important way of recognizing and rewarding employees (Limeade Marketing, 2014).

Certificates and Letters – Certificates and letters of appreciation are common within the organizations. When the employers feel that employees are performing their job duties satisfactorily and are being successful in attaining the desired goals and objectives, they are given certificates and letters. Research has indicated that usually certificates and letters are given, when the employees are able to successfully complete the target or project. These indicate acknowledgment of the efforts of the employees and they are appreciated. The employees normally feel pleasurable and incur the feeling of job satisfaction, not only when they are given their pay and reimbursements, but also when they are rewarded with certificates and letters of appreciation.

Offer Time Off – When the employees are to work on projects or carry out various other tasks and activities, in which they are required to put in extra hours of work, then recognition and rewards can also be given to them by offering time off. In some cases, the employees are even required to work during late night in their offices, particularly, when they need to complete tasks or projects. Therefore, when the employers state that they have worked hard and need to take a break, they are offered time off. Offering time off, particularly after working overtime and completing the task is soothing to the employees as well as contribute in their rejuvenation (Limeade Marketing, 2014).

Giving Gifts – Giving of gifts are also considered as important in motivating employees. These are not only given for good job performance of the employees, but they are also given at the time of festivals. The gifts include, technologies, such as, mobile phones, I pads, lap-tops, kitchen appliances, gift cards to purchase clothing or make visits to grocery stores or restaurants and so forth. When employees are given gifts, they develop motivation and generate interest and enthusiasm towards their job duties. In some organizations, employees are normally informed before that they would be given a gift of a mobile phone or gift card to shop at the mall, if they are successful in the completion of job duties (Limeade Marketing, 2014).

Paid Leaves – Leaves are an integral part of jobs. The individuals, who are employed in organizations have number of other responsibilities as well to take care of. These include, family, home, health conditions, other personal problems and so forth. When they are overwhelmed by these factors, they are required to take leaves. When the employees are diligent, resourceful, conscientiousness and ethical, they are allowed to take leaves, if their problem is genuine. But they are required to complete certain task, before they go on leave and are allowed to discuss the issue with the employer. In case, they are unable to complete the task due to some reason, they will have to work on it, when they return. When the employers give permission, the employees feel contented and pleasurable. Therefore, it can be stated that paid leaves are also regarded as form of rewards and recognition.

Covering of Transportation Costs – Helping the employees in covering transportation costs is also an

important reward that is given by various organizations. This can be done through various means. These include, arranging for a vehicle that may pick up and drop individuals from home to organizations, giving employees cost of transportation for one month, which may include, free parking, bus pass or a card for petrol, and so forth. In organizations, when the employees are required to participate in field-work, they need to commute from one place to another, then too it is up to the employer to give them transportation costs. In some cases, when the employees are required to travel to other cities or countries regarding work, then too the organization pays for the ticket and other expenses involved. Therefore, it can be stated that transportation costs is also one of the important rewards given.

Offering of Chair Messages – Individual messages are considered expensive, but if the employers are keen in rewarding the group of employees, they consider hiring a masseuse for the day and offering 15 minute chair messages (Limeade Marketing, 2014). Within the organizations, particularly when the employees are required to work on projects or they need to complete the sales target, they would have to work in groups. The reason being, in order to complete these tasks efficaciously, they would have to obtain ideas and suggestions from others. Hence, when they have achieved the desired outcomes in an effective manner, they need to be rewarded. Therefore, offering of chair messages is one of the important ways of recognising and rewarding the employees, who have worked in a group.

Organize Company Events – Most of the organizations arrange events and functions. The main objective of these events is to recognize the contributions of the employees, which they have made to the organization. When there is an event, all employees are encouraged to participate. In these events, there are presentations and speeches as well in terms of various aspects, which make provision of opportunities to the individuals to participate and generate awareness. All of the company events help with more than recognition for hard work. They also augment employee morale and build relationships. In these events, the employees generate information in terms of the fact that departments need to work in collaboration with each other (Limeade Marketing, 2014).

Featuring of Top Employees on the Company Blog or Newsletter – By featuring of top employees in the company blog or newsletter, the employees not only acquire recognition, but one is also able to broadcast what the company values in top employees. Featuring of the employees in the company blog or newsletter are regarded as significant aspects in leading to enrichment of job performance. This is regarded as important aspects for recruiting as well as motivating current employees. In other words, when the employees will observe that other top employees are given recognition in the company blog and newsletter, they will also develop the aspiration to work hard and get recognized and rewarded in the same manner (Limeade Marketing, 2014).

Conclusion

Within the organizations, individuals get recruited in order to fill the job vacancies, so they are able to get engaged in employment opportunities to achieve organizational goals as well as to sustain their living conditions in a well-organized manner. Giving of rewards and incentives, enable the individuals to develop motivation and arouse interest and enthusiasm towards the adequate performance of job duties and attainment of organizational goals. The main purpose of reward system is to lead to enrichment of job performance, retain valuable employees and lead to overall development of the organization. The strategies

that are necessary to achieve the objectives of reward management are, reward philosophy, distributive justice, procedural justice, fairness, equity, consistency, transparency, strategic alignment, contextual and culture fit, fit for purpose, and developing a high-performance culture. When implementing reward management, it is vital to take into consideration various reward policies and practices. These need to be formulated to carry out the task of reward management in a well-organized manner.

The types of rewards are monetary, non-monetary, individual-based, group-based, intrinsic, extrinsic, performance-based, membership-based, medical and health care benefits and other benefits. The important strategies that are put into operation to recognize and reward the performance of the employees are, work to the best of one's abilities, expressing gratitude, certificates and letters, offer time off, giving gifts, paid leaves, covering of transportation costs, offering of chair messages, organize company events and featuring of top employees on the company blog or newsletter. With advancements taking place and with the advent of globalization and modernization, changes are implemented not only in the procedures of job duties and responsibilities, but also in terms of management of rewards. Finally, it can be stated that members of the organization need to work wholeheartedly and give rewards to the employees to enhance the overall functioning of the organization and promote well-being of employees.

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EFFECTIVE EMPLOYEE RELATIONS AS THE KEY IN LEADING TO PROGRESSION OF THE ORGANIZATIONS

Dr. Radhika Kapur

Abstract

The main objective of this research paper is to identify the fact that effective employee relations are the key aspects in leading to progression of the organizations. This is apparent that in order to lead to well-being and progression of the human resources as well as the organization as a whole, it is not only important to generate information in terms of methods and procedures, required to implement one's job duties in a well-organized manner, but the employees also need to form effective terms and relationships with each other. The major aspects that need to be taken in maintaining effective terms and relationships among employees are, forming effective communication, treating each other with respect and courtesy, making provision of equal rights and opportunities, possessing an approachable nature and an amiable attitude, being helpful and co-operative in nature and inculcating the traits of morality and ethics. The main areas that have been taken into account in this research paper are, meaning and significance of employee relations, ways of managing employee relations, elements of healthy employer and employee relations, and barriers to employee relations.

Keywords: Communication, Effective, Employee Relations, Management, Organizations, Progression

Employee relations is a term that is commonly used to put emphasis upon the particular area of subject matter. The question of whether, there are genuine differences attached to the meanings of terms and conditions that lead to reinforcement of employee relations. Employee relations is referred to the study of rules, regulations and agreements by which the employees are managed, both as individuals and as collective groups. The priority is given to the individuals as opposed to the collective relationships varying between organizations depending on the values of management. It is primarily concerned with how to acquire commitment on the part of the individuals towards the achievement of organizational goals in a number of situations. In this case, the subject matter is being defined to include both collective and individual dimensions of the employment relationships, and a managerial focus is adopted, even when interactions take place among individuals (Leat, 2014).

Employee relations put emphasis upon the fact that both management and union need to form effective terms and relationships with each other in order to achieve organizational goals. On the part of the management, it is essential to carry out the managerial functions of planning, organizing, directing, staffing, co-ordinating, controlling and leading in a suitable manner. They need to generate awareness among the employees in terms of their roles and responsibilities. In addition, they need to make provision of all the facilities, infrastructure, amenities, technologies and equipment that would enable the employees to carry out their job duties in a well-organized manner. On the other hand, the employees too need to follow the rules,

abide by the norms, inculcate the traits of diligence, resourcefulness and conscientiousness and render a significant contribution towards the performance of job duties. Therefore, it can be stated, when the management and employees generate awareness in terms of these factors, they will be able to form effective employee relations.

Meaning and Significance of Employee Relations

The most important part of any organization is its human resources. There is not any organization that can effectively operate without them. When the production processes are carried out through the use of machines, technologies and equipment, it is vital that human resources augment their knowledge and competencies and learn to make use of them in order to lead to productivity and profitability. It is apparent that when the human resources are performing various job duties, they need to work in collaboration and integration with each other. When the employees are working in the same office, then apart from implementation of job duties, they get engaged in formal as well as informal conversations. Therefore, it is apparent that in various types of jobs, i.e. management, administrative, technical, clerical, production and so forth, the individuals are required to form good terms and relationships with each other in order to generate the desired outcomes.

It is the job duty of the employers to manage relationships within the working environment to keep the business function in a smooth manner, avoid problems and make sure the employees are performing to the best of their abilities. The term 'employee relations' refer to the efforts to manage the terms and relationships between employers and employees. An organization with the good employee relations program makes provision of fair and consistent treatment to the employees, so they are committed towards their jobs and be trustworthy to the organization. Such programs also aim to prevent and provide solutions to problems arising from the situations at work (Rea, 2019). In other words, in the implementation of employee relations programs, the employees generate awareness that within the organization, apart from dedicating themselves towards the implementation of job duties in a satisfactory manner, they need to form good terms and relationships with each other. These are also regarded as important aspects in incurring the feeling of job satisfaction.

Employee relations programs are typically part of a human resource strategy. This strategy is designed to ensure the operative use of individuals to achieve the mission and goals of the organization. Human resource strategies are deliberate plans that organizations make use of to help them gain and maintain the competitive edge in the marketplace. Employee relations programs put emphasis upon the issues, which have an effect upon the employees, such as, pay and benefits, supporting work-life balance and promoting safe working conditions. These are regarded as the major three factors that contribute in development of motivation among the employees towards their job duties. When the employees are satisfied with their pay and reimbursements, when they are able to maintain adequate balance between personal life and professional life and the working environmental conditions are safe and secure, then the employees feel stimulated towards the performance of job duties in an appropriate manner as well as maintain good terms and relationships with others.

One of the most important ways for the organization to promote effective employee relations is to adopt a human resource strategy that places high value on employees as stakeholders in the organization.

Stakeholders are referred to the individuals, who are committed, financially, socially and culturally to the organization. These individuals get effected by the organization's success and failure. When the employees are treated as more than just paid labourers, but as actual stakeholders with the power to affect the outcomes, they feel more valued for the job duties they perform. The stakeholders have the primary objective of ensuring the formulation of measures and approaches that would be profitable to the organization (Rea, 2019). In this case, there are two major aspects that need to be taken into consideration. These are, generating information in terms of various modern and innovative methods, strategies and approaches and making wise decisions. When they are to make decisions, they need to ensure that they prove to be beneficial and promote well-being of employees and organization as a whole.

An effective employee relations program initiates with the implementation of measures, approaches and strategies. It is vital to formulate appropriate measures that would provide description of organization's philosophy, rules and procedures for addressing of employee-related problems and creating amiable and pleasant environmental conditions within the workplace. In most of the organizations, there is one or more employee relations representatives. These are the individuals, who are employed in the human resource department to ensure rules and procedures are followed consistently and fairly. The employees within the working environment have to follow the rules and policies. Following of rules and policies will render a significant contribution in enabling them to retain their jobs and maintain good terms and relationships with others. Employee relations representatives work with the employees and supervisors to provide solutions to problems and challenges and assist in adjusting well within the working environment. The strategies that need to be implemented for good employee relations programs can assume many forms and vary by number of factors, including, industry, location, company size and individual leadership philosophies (Rea, 2019).

It is vital for the employees to feel an integral part of the business. They need to be aware regarding what is going on in the organization, including management plans and how these plans are affecting jobs. In other words, apart from implementation of job duties, they also need to augment their understanding in terms of internal and external environmental conditions. This can be facilitated through effective communication. Therefore, it is vital for the members of the organization to put into operation effective communication strategies. These are speaking, listening, responding and giving feedback. Speaking should be done in a clear and polite manner. When one person is speaking, others need to maintain eye contact and listen carefully. After listening, the individuals respond and speaker gives feedback. In this manner, the communication process gets completed. Communication within the working environment may take place between two or more individuals. It is regarded as the core aspect in reinforcing employee relations. The members of the organization communicate with each other in a verbal as well as written manner. When the communication processes are carried out in a well-organised manner, it leads to management of employee relations appropriately.

Ways of Managing Employee Relations

The ways of managing employee relations have been stated as follows:

Open Communication – In order to maintain good relationships with others, communication is regarded as the key aspect (Robins, 2017). Employees normally spend most of their time within the workplace and work is regarded as one of the important aspects that may lead to sustenance of one's living conditions.

Therefore, within the working environment, it is vital for the individuals to form good relationships with others and this can be facilitated through open communication. In open communication, the management and workforce feel comfortable in communicating with each other. In case, employees experience any types of problems and challenges, they communicate with their managers or supervisors to seek solutions. The employees are given rights and opportunities to express their viewpoints and concerns.

Recognition – It is vital for the employees to develop interest and enthusiasm towards the job duties. Recognition is one of the important aspects to motivate them. Hence, the management need to implement recognition strategies in order to build amiable relationships with the employees. There are number of factors that facilitate recognition, these include, giving of various types of rewards, or by simply appreciating them and thanking them. When the employees are rewarded, they feel pleasurable and contented to a major extent. When they are appreciated, then too they form the viewpoint that they are pleasing their employers with their job performance. Therefore, it can be stated that recognition is considered as an important factor that would reinforce employee relations.

Constant Feedback – Feedback is referred to response or opinion regarding a concept or perspective. The employees aspire to obtain feedback from their supervisors on regular basis regarding the implementation of their job duties. When they get recruited within the organization, they are required to undergo training and development programs to augment their understanding in terms of various aspects of the organization and jobs. After going through the training and development programs, they get engaged in the implementation of job duties. Therefore, after completing the task, they need feedback in order to know how they have performed. Constant feedback enables them to know where they stand. When the managers and supervisors are providing feedback, they have to put into operation certain methods and strategies that would facilitate in the assessment of performance and provide appropriate feedback.

Invest in Employees – The employees within the organization need to be provided with certain rights and opportunities that would enable them to feel an integral part of the organization. The management need to show that they care for the employees and also implement strategies to augment their skills. With advancements taking place, with the initiation of modern and innovative methods, the employees need to be trained in terms of these methods, so they can make operative use of them. Therefore, within the course of implementation of job duties as well, they go through the training and development programs to generate information in terms of these methods. Investments need to be made on regular basis by the employers in order to lead to well-being of the employees.

Managing Conflicts and Disagreements – The conflicting situations and disagreements in some cases do take place between individuals within the organization. But it is important to manage conflicts and disagreements. Management of conflicts and disagreements is vital in order to carry out one's job duties in a well-organized manner and achieve the desired goals and objectives. These can be managed by the implementation of methods and strategies in an appropriate manner. Effective communication and listening skills are regarded to be of utmost significance in managing conflicts and disagreements. A system needs to be considered that allows for consistent and efficiently coping with problems between the individuals. This also helps the individuals to avoid misunderstandings. Therefore, it can be stated, when the individuals are well-aware of methods and approaches of managing conflicts and disagreements, they can promote effective

employee relations.

Work Timings and Wages – Work timings and wages are also considered as important factors in promoting effective employee relations. It is vital for the employers to ensure that employees are satisfied with the work timings and wages. When they will be satisfied with these aspects, they will render a significant contribution in the performance of job duties as well as in maintaining good terms and relationships with others. Research studies have shown that in some cases, employees form the viewpoint that their wages are not sufficient, particularly in accordance to the job duties, they perform. But in majority of cases, they continue to do their jobs, as individuals do experience problems in looking for employment opportunities. In such cases, they form the viewpoint that working diligently and enthusiastically will lead to an increase in pay. Therefore, in order to promote well-being of employees and achieve desired goals, it is vital to ensure that employees feel satisfied with wages and work timings.

Adequate Safety in Workplace – Within the working environmental conditions, it is vital to ensure that employees feel safe. Safety is regarded as one of the important factors in promoting effective employee relations. The employees need to feel safety physically as well as psychologically. When employees are working with chemicals, machinery, tools and equipment, it is vital for them to take precautions and make use of proper attire and assistive devices. In other words, they need to take care of physical health conditions. Whereas, psychological safety is concerned with safety of one's mind-sets. It is feeling safe within the working environment, even when one is working on computers and performing office jobs. Psychological safety can be promoted by effectively communicating with others, treating others with respect and courtesy and implementing morality and ethics. Therefore, implementing measures of promoting adequate safety in the workplace is one of the indispensable aspects of promoting effective employee relations.

Skills Development – It is vital for the employees to augment their knowledge and skills in order to perform their job duties well. Within the working environment, it is vital for the employers to implement methods and strategies that are necessary to develop skills and abilities among employees. When the employees form the viewpoint that they are provided with opportunities to develop skills and knowledge, they are not only able to make improvements in their job duties, but also are able to form good terms and relationships with others. In organizations, there are initiation of training and development programs, which would make provision of knowledge to the employees in terms of implementation of job duties well. In order to maintain good terms and relationships with others within as well as outside the organization, it is vital to focus upon development of skills.

Counselling and Guidance – Counselling and guidance are regarded as important aspects in enriching employee relations. Within the organization, the employees experience number of problems with respect to working environmental conditions, job duties, other members or may be overwhelmed due to personal problems. In such cases, they may seek counselling and guidance either from their supervisors, managers, directors or colleagues. In some organizations, there are also professional counsellors, which make provision of counselling and guidance facilities to the employees in cases of providing solutions to various problems. The possession of adequate knowledge and implementation of effective communication skills are regarded as key aspects in providing counselling and guidance facilities. Therefore, it can be stated, when the employees are able to provide solutions to their problems, they generate the feelings of pleasure and

contentment and are able to form amiable terms and relationships with others.

Attendance – It is vital for the employees to maintain attendance. When they maintain the required attendance, they are not only able to please their employers, but also are able to form good employee relations. Research has indicated that maintaining good attendance is regarded as an indispensable aspect in performing one's job duties in an appropriate manner and achieving organizational goals. The employees need to be allowed to keep track of their work timings and communicate in terms of attendance issues right from the smart devices, causes reduction in the occurrence of conflicting situations and disputations and makes provision of solutions. Therefore, it can be stated that having an effective employee relations plan in place will make provision of assistance in number of ways. One can avoid federal wage and hour violations, promote safety in the workplace, assist with the management of schedule and facilitate socialization among the members of the group. This is regarded as an excellent way to ensure one promotes an efficient and participating working environment for the employees (5 Most Common Employee Relations Issues, 2017). These factors will contribute in reinforcing employee relations.

Elements of Healthy Employer and Employee Relations

Within the organization, it is indispensable for the employees to maintain good terms and relationships with their employers. The employers are the ones, who are in leadership positions. They are vested with the power and authority to make selection of the employees, assign them job duties, guide them in the right direction, make effective decisions and control the overall functioning of the organization. It is essential on the part of the employers to create amiable and pleasant working environmental conditions, which would be favourable to the employees in the achievement of goals. On the other hand, the employees need to inculcate the traits of diligence, resourcefulness, conscientiousness and ethics, which would enable them to form good terms and relationships with the employers. Truthfulness and sincerity are regarded as vital aspects, which would lead to reinforcement of employer and employee relations.

Research has indicated that when the organization experiences set-backs and losses, this is disappointing to the members of the organization. In such cases, the employers and employees organize discussion meetings, in which they discuss various matters, which would enable them to obtain ideas and suggestions from others in terms of processes, methods and strategies which would enable them to bring about improvements. The employers are vested with the authority to make important decisions, but other members need to be provided with the opportunities to participate by giving suggestions. When employees are provided with the opportunities to redress their grievances and express their ideas and perspectives, they feel pleasurable and contented within the working environmental conditions. This in turn enables them to develop motivation towards their job duties and maintain effective terms and relationships with employers.

Mutual understanding and mutual respect are regarded as indispensable aspects that would lead to reinforcement of employer and employee relations. It is not only vital on the part of the employees to be respectful towards their employers, but the employers too need to communicate and deal with employees in a respectful and polite manner. Constructive criticism need to be implemented to identify the flaws and inconsistencies and bring about improvements. The employees need to clearly understand what is expected from them by their employers. Whereas, employers need to make provision of enough room and not put pressure on the employees. Particularly, when the job duties are lengthy and time consuming, they should be

provided with sufficient time. When employers and employees establish mutual understanding among themselves, they may even get engaged in informal conversations, such as, employees may even seek guidance from them in terms of personal problems. Therefore, it can be stated that healthy employer and employee relationships are the key to lead to progression and well-being of organization.

Barriers to Employee Relations

The major barriers within the course of formation of effective employee relations have been stated as follows:

Financial Resources – Financial resources are considered indispensable within the course of reinforcement of employee relations. The employees may demand an increase in salary, incentives and benefits. The increase in the demand of the workers usually takes place within an increase in the cost of living. Demand for more perks and fringe benefits has become argumentative and contentious (Unit - 1. Introduction of Industrial Relation Management, n.d.). When the employees feel that their demands are not being met, they develop the feelings of frustration and may not take interest in their job duties. As a consequence, they may quit from their jobs as well. Incentives festivals allowances, concessions and so forth, require an increase. Workers compare the benefits with the other industries and demand them, without comparing the capacity of the industry, where they are employed. Therefore, these are financial sources, which impede employee relations.

Job Timings and Travel – The timings that employees devote towards their jobs and the time they spend in commuting to the workplace are regarded as sources that may impede employee relations. For instance, when the employers ask the employee to complete the task, before going home, he or she may feel stressed and frustrated. As working overtime may enable the employees to feel frustrated. On the other hand, when employees are living at a distance from workplace and travelling to work is time consuming, then it is possible that they may reach late at work. Therefore, when employees reach late at work, they may not be able to attend meetings and it leads to delay in the initiation of tasks. When the employers do not feel satisfied, it leads to impediments within the course of reinforcement of employee relations.

Usage of Machines and Technologies – In order to perform ones job duties in a consistent and reliable manner, the employees need to make use of machines and technologies. It is crucial on the part of the employees to be well-equipped with the usage of machines and technologies. On the other hand, the employers are required to make sure that proper machines and technologies are provided to the employees to enable them to perform well in their job duties. When machines and technologies are not available within the working environment or when they are not in proper order, employees experience setbacks in the implementation of job duties. As when employees are unable to complete their work and it gets procrastinated then as a consequence, barriers take place within the course of maintenance of good employee relations.

Favouritism Attitude of Management – Favouritism attitude of management is in some cases observed in terms of recruitment and selection of employees, making provision of opportunities to augment their knowledge and abilities and allowing a say in the decision making matters (Unit - 1. Introduction of Industrial Relation Management, n.d.). It is comprehensively understood that all the members of the organization aspire to augment their career prospects and they look for opportunities within the working

environment that would help them to enrich their livelihoods. When the management develops favouritism in the attitude, when they make provision of opportunities to some individuals and not others, then it leads to industrial unrest as well as is regarded as one of the major barriers within the course of maintenance of effective employee relations. Therefore, it is essential to make provision of equal rights and opportunities to all the individuals, employed within the organization.

Work Pressure – Work pressure is regarded as one of the major aspects that may cause psychological problems of stress and frustration as well as have an effect upon the physical health conditions. When the employees are overwhelmed due to their job duties and responsibilities, then it is possible that they encounter problems and challenges. In order to provide solutions to various problems and challenges, they either conduct research or need to communicate and discuss the matters with the other members. When others too are occupied and are not available, then they may not be able to carry out their job duties and responsibilities appropriately. This in turn would impede employee relations. Therefore, it is vital for the members of the organization to manage their job duties and do not feel pressurised.

Gender Inequality – Research has indicated that in some organizations, there has been prevalence of gender inequality. In other words, women are discriminated against. They are not allowed to express their ideas and perspectives, they are not given equal pay for the same job duties performed as their male counterparts and have even experienced criminal and violent acts, such as, verbal abuse, neglect, discrimination and sexual harassment. When women experience these acts, they do not develop interest in the implementation of job duties and even quit their jobs. There have been cases of women, who have not quit their jobs, but due to these factors, they are unable to maintain effective employee relations. They need to work to sustain their living conditions. This is one of the indispensable factors for not withdrawing from jobs, but they become introvert in nature and simply concentrate on their job duties. Therefore, it is vital to provide equal rights and opportunities to both men and women and treat women with respect and courtesy.

Inadequate Job Performance – Job performance is regarded as one of the important aspects that would facilitate reinforcement of terms and relationships among members of the organization. When employers recruit and train the employees, they expect them to perform their job duties in a well-organized and consistent manner. When the employees acquire efficient understanding of the jobs and perform their job duties diligently and conscientiously, they are able to maintain good terms and relationships with their employers. On the other hand, when employees are unable to perform their job duties in an appropriate manner and experience setbacks. In other words, when they are unable to meet the job expectations, then they are unable to please and maintain effective terms and relationships with their employers. In such cases, they are required to either make improvements or leave the organization. Therefore, all employees are required to perform well in their jobs in order to maintain good terms and relationships with employers as well as other members.

Lack of Amenities and Facilities – Within the working environment, it is indispensable to make provision of amenities and facilities to not only carry out job duties in an appropriate manner, but also to maintain effective terms and relationships with others. Amenities and facilities include, having appropriate lighting, heating and cooling equipment in accordance to the weather conditions, furniture, clean drinking water, restrooms and so forth. When these amenities and facilities are adequately available, the individuals

feel comfortable within the working environment. Whereas, when they are lacking, the individuals feel despondent. Lack of amenities and facilities are regarded as major impediments within the course of performance of job duties as well as in maintaining good terms and relationships with others. Therefore, it is vital for the employers to ensure that there are appropriate amenities and facilities available.

Lack of Rules and Policies – Within organizations, the tasks and activities are carried out in accordance to the rules and policies. The main objective of rules and policies is to direct the human resources to implement law and order and carry out jobs and activities in accordance to the rules. The important rules and policies are formulated within the organization on the basis of number of factors. These include, working environmental conditions, job duties in various departments, infrastructure, facilities and amenities, dealing with other individuals within as well as outside the organization, anti-discriminatory policies, providing equal rights and opportunities and so forth. When the members of the organization are well-aware of rules and policies, they are able to maintain good terms and relationships with others. On the other hand, lack of rules and policies are regarded as major impediments within the course of maintenance of effective employee relations.

Criminal and Violent Acts – In organizations, there have been occurrence of criminal and violent acts, such as, verbal abuse, physical abuse, sexual harassment, exploitation, neglect, theft, robbery and grievous hurt. When the individuals feel that they are experiencing problems in their progression or when they are unable to overcome the barriers within the course of achievement of organizational goals and objectives and held someone else responsible, they usually impose criminal and violent acts upon them. The feelings of antagonism and anger are the ones that promote the occurrence of criminal and violent acts. Therefore, there is a need to formulate rules and policies that would help in curbing these acts. When the members are aware that criminal and violent acts need to be avoided within the workplace as well as outside, they will be able to form effective terms and relationships with others.

Conclusion

Employee relations are referred to as terms and relationships among the members of the organization. The organizations are required to manage the terms and relationships among the employers and employees. In order to achieve this objective, there is a need to formulate laws and measures. An organization with a good employee relations program makes provision of fair and consistent treatment to all employees, so they are able to perform their job duties wholeheartedly. Employee relations managers are the ones, who are responsible for facilitating employee relations and resolving the issues on behalf of the organization. In order to promote effective employee relations, communication is regarded as the key aspect. The members of the organization need to ensure that communication takes place in a fair and well-organised manner. The ways of managing employee relations are, open communication, recognition, constant feedback, invest in employees, managing conflicts and disagreements, work timings and wages, adequate safety in workplace, skills development, counselling and guidance and attendance.

The major barriers within the course of formation of effective employee relations are, financial resources, job timings and travel, usage of machines and technologies, favouritism attitude of management, work pressure, gender inequality, inadequate job performance, lack of amenities and facilities, lack of rules and policies and criminal and violent acts. When the individuals encounter barriers with the course of

implementation of job duties or in the maintenance of effective terms and relationships with others, it is vital that they need to formulate measures to overcome the barriers. When the individuals get recruited within the organization, they need to work diligently towards the achievement of organizational goals and incur the feeling of job satisfaction. These aims can be achieved by not only augmenting knowledge and skills but also by maintaining effective employee relations. Therefore, it can be stated that effective employee relations are the key to lead to progression and well-being of the organization and employees.

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DETERMINANTS OF THE ADOPTION OF E-WALLETS IN VIETNAM

Nguyen Nho Thanh Dat^{1,3}, Nguyen Thi Le Ha^{2,3}

^{1,2} School of Business Administration, International University, Ho Chi Minh City, Vietnam

³ Vietnam National University, Ho Chi Minh City, Vietnam

Abstract

E-wallet or electronic wallet has become crucial in our modern world these recent years. The current study attempts to develop a research model for exploring the factors affecting the use of e-wallet in an emerging country, Vietnam. Based on the Technology Acceptance Model, Unified Theory of Acceptance and Use of Technology and other related theories and studies, the research model is developed. In the study, determinants of the use of e-wallets include perceived ease of use, perceived usefulness, perceived user interface, social influence, trust and perceived risk. Online and offline surveys are both conducted to collect the necessary data. SPSS and AMOS will be then utilized to process and analyze the collected data to examine if the data supports the proposed hypotheses regarding the impact of perceived ease of use, perceived usefulness, perceived user interface, social influence, trust and perceived risk on customers' attitude and behavioral intention to use e-wallets.

Keywords: E-wallets, Perceived Ease of Use, Perceived Usefulness, Perceived User Interface, Social Influence, Trust, Perceived Risk, Attitude and Behavioral Intention.

Introduction

Background of the Study

Although Vietnamese still majorly depend on cash, E-wallet is step by step proving its reputation in the domestic market. The 4.0 era fills with modern technology and cash is no longer the most essential payment method in our daily transactions. Customers have a variety of choices, in terms of deciding how to purchase the products and services.

It has been mentioned that the modernization of our surroundings provides us with different types of bank cards, check, internet banking, and e-wallet has no exception. By the time of 2008, in the context of the e-commerce market in need of suitable payment tools, e-wallet was expected to help buyers and sellers connect quickly to each other. But at that time, it was still just a concept that was not supported by the investors, due to the fact that there were no appropriate equipments to utilize such advanced technology. Everything has changed since the year 2014, the evolution of smartphones and the internet maximized the use of applications. E-wallet was like a fish in water, as an inevitable outcome, the use of e-wallet applications such as MOMO, ViettelPay, ZaloPay... exploded and its total spend will exceed \$10 trillion in 2025. There is no exception in Vietnam. MOMO, which has possessed the largest market size in Vietnam, announced in 2020 that they have reached 20 million users in Vietnam. If COVID-19 is still a continuous pandemic, the number of consumers will keep on increasing, since indirect contacts are required, to stop the hectic current situations.

Problem Statement

As stated previously, e-wallet is taking an advanced step in terms of replacing direct cash transactions thanks to the development of the 4.0 era. However, as well as the majority of new technologies, e-wallets' investors mainly take care of youth customers and neglect the older generation. It is reasonable since young people can adapt to a new form of technology such as e-wallet easier than middle-aged people do. In 2020, the proportion of e-wallets users from the age of 18 to 34 took up to 80%.

There have been limited studies on behavior intention toward e-wallet in Vietnam. In addition, most of these studies analyze e-wallet in the aspect of youth customers. For instance, in their study, Phuong Le Viet Hoang et al. (2020) also used the famous Unified Theory of Acceptance and Use of Technology (UTAUT) model to figure out the variables that might determine the intention to participate in using e-wallets of the youth in Vietnam. Therefore, the present study will fill in the research gap that the previous related studies have not done, which is exploring a different segment of target customers that can hugely impact the electric wallet industry in Vietnam, the middle-aged. The study also discover the barriers that prevent investors taking better care of elder consumers.

1.1 Research Objectives

The present study aims to reach the following research objectives

- To examine how Perceived Ease of Use, Perceived Usefulness, Perceived Usefulness, Trust, Social Influence, and Perceived Risk can affect Attitude.
- To examine how Design, User Interface can affect Perceived Ease of Use and Perceived Usefulness.
- To examine how Attitude can affect Intention.

Significance of the Study

The study expands the previous studies by considering other factors that affect middle-aged consumers' minds in using the e-wallet. To be more precise, the older generation might find difficulties in trusting the new source of payment method and risks in using the e-wallet. Moreover, the difference that distinguishes this study is that the study tries to take user interface as a factor that might affect Perceived Ease of Use, Perceived Usefulness for middle-aged customers. Design can interfere with the overall experience that determines if older users will return to use a new kind of technology or not. In general, the study aims to examine if there is any probability that accessing e-wallet services like MOMO or ViettelPay can replace owning cash and other transactions in an emerging country where traditional payment method for the older generation is cash.

Literature Review and Hypothesis Development

The Technology Acceptance Model (TAM)

TAM is the basic model that will help us to understand the UTAUT later because the TAM is the beginning of everything. The Technology Acceptance Model (TAM) (Davis, 1989) is a customer-centered approach to measuring new technology uptake. TAM is generally credited to Fred Davis, who developed it in 1986 while working at the University of Michigan's Graduate School of Business Administration's Computer and Information Systems department. The original Technology Acceptance Model, despite its many variants, is still the most popular. This was introduced when computers became popular in the working environment and Davis was seeking a substantial mechanism to predict and explain system

utilization for suppliers and IT managers.

Although the TAM was developed to clarify the usage of computer behavior, it still makes perfect sense to use this model to clarify the usage of e-wallet behavior. In fact, the model with 2 identical variables including Perceived Usefulness and Perceived Ease of Use was applied to examine the adoption of e-wallet that is the innovation of mankind in the 80s as a computer. But the TAM has some limitations as indicated earlier. To begin with, it mainly focuses on a belief that “perceived usefulness” and “perceived ease of use” were the only 2 factors that affect a person’s decision to use new technology. Besides, the biggest limitation is that the TAM does not take social influence into consideration when adopting the latest technology (Mathieson & Galletta, 1999). Furthermore, the TAM tends to assume that there is only one technology choice for consumers to use. E-wallet is also mostly influenced by contextual factors like social influence, and digital service adoption may involve complicated factors. Additionally, e-wallet has to face some fierce competition such as numerous payment methods (cash, internet banking, digital cash, etc.), and customers have many technological options. Therefore, the combination of the UTAUT and the TAM would be used for the study.

The Unified Theory of Acceptance and Use of Technology (UTAUT)

Unified Theory of Acceptance and Use of Technology was presented in 2003 by Venkatesh (Venkatesh, Morris, Davis, & Davis, 2003). UTAUT was built upon 8 acceptance models that are TRA, TPB, TAM, MPCU, DOI, MM SCT, and C-TAM-TPB. The UTAUT is designed to define users' intentions for using an information system as well as their following usage behavior. Four essential characteristics of UTAUT are performance expectancy, effort expectancy, social influence, and facilitating factors. Those variables are thought to be direct predictors of usage intention and behavior, according to the theory (Venkatesh, Morris, Davis, & Davis, 2003). Gender, age, experience, and voluntarism are all factors to consider.

The Combination of TAM and UTAUT Model

To investigate the uptake of mobile banking services in Pakistan, Geo et al. (2017) coupled TAM and Theory of Planned Behavior. According to Shin (2009), researchers are increasingly extending the TAM with other variables, and it is the most effective instrument for investigating aspects linked to usage and adoption if adapted correctly. Shaw (2014) presented an expanded TAM model based on new components such as trust, security, lifestyle compatibility (LC), and Facilitating Conditions (FC) in research involving Canadian mobile wallet users. In the need of explaining user adoption of mobile banking applications, Muoz-Leiva et al. (2017) created a TAM that incorporates the innovation diffusion theory, perceived risk, and trust in the conventional TAM model. Matemba and Li (2017) expanded TAM's ability to forecast adoption levels of the WeChat wallet's people-to-people (P2P) services in South Africa. As the researcher mentioned, UTAUT was suggested by Venkatesh et al. (2003) to explain user intentions to utilize an information system and their subsequent behavior. Four key variables (performance expectation, effort expectancy, social influence, and FC) are suggested to be direct drivers of behavioral intention and, ultimately, user action, according to the model. Shin (2009) combined the UTAUT paradigm with security, trust, social influence, and self-efficacy components. UTAUT has been considered as a TAM expansion, and previous researches have proven its usefulness in evaluating technology acceptance. Martins et al. (2014)

created a theoretical design that included UTAUT and perceived risk to analyze behavioral intention and online banking purchase behavior in Portugal.

As can be seen from the preceding discussion, various studies have been conducted using TAM and UTAUT to explain consumers' intentions and adoption of various technologies. In the present study, the two models are used to find out the determinants of the adoption of e-wallet in Vietnam.

Perceived Ease of Use (PEOU) and Perceived Usefulness (PU)

“The degree to which the user believes that utilizing the system would assist him or her in achieving increases in work performance,” according to performance expectation (Venkatesh et al., 2003, p. 447). To put it another way, people are more inclined to accept new technology if they feel it will help them perform their jobs better. Perceived Usefulness is a term used in this study to indicate how using a service like MOMO may improve a person's payment experience. Perceived Ease of Use refers to the likelihood that a user will be able to use a service without difficulty (Davis, 1989). They're both based on Venkatesh and Davis's Technology Acceptance Model 2 (Venkatesh and Davis, 2000), which was based on Davis's Technology Acceptance Model (Davis, 1985). In this study, the degree to which MOMO customers believed that e-wallet services would be hassle-free was determined. Perceived Ease of Use has a direct impact on Perceived Usefulness, according to Davis (1985). Similarly, it is thought that a website or program will be far more valuable if it is simple to use. TAM2 (Venkatesh & Davis 2000) also shown that these two characteristics have an impact on the ability to use new applications or services.

According to the TAM theory, everyone's perception of the two elements listed above is the two factors that specify their authorization to use an information system. E-banking (Al-Smadi, 2012), mobile education (Tan et al. 2012), and mobile shopping (Kim et al. 2009) are examples. TAM2 is used to analyze the problem in the study. Due to the influence of a social force, the TAM2 (Venkatesh and Davis, 2000) was established to evaluate the interaction between PU, subjective norms, and cognitive instruments in adoption.

Perceived User Interface (PUI)

The design of a website or an application is referred to as the perceived user interface (PUI). Many features are included, such as services provided, icons, and features layout... (Parikh & Verman, 2002; Davis, Bagozzi, & Warshaw, 1989). The design of the MOMO mobile application for iPhone and Android smartphones is the subject of this study. There is a link between PU, PEOU, and PUI (Davis, 1989; Davis 2000). These investigations discovered that PUI has a direct impact on PU and PEOU. Szymanski and Hise (2000) mentioned that the more basic the user interface, the more likely customers are to utilize target websites. To Liang (1987), a good system with a decent user interface must be simple to operate. As a result, a well-structured and thoughtfully designed screen makes it easier for users to scan and identify key information (Hays et al., 2004).

Social Influence (SI)

The next variable that directly affects behavioral intention to adopt a method or technology to the UTAUT, is “the degree to which a person thinks that important others believe he or she should utilize the new system” (Venkatesh et al., 2003, p.451) (Venkatesh et al., 2003. How much an individual feels the importance that others believe he or she should use the new system. Social influence becomes the biggest supporting factor in the use of a new system by a person because it is influenced by the encouragement of

the people and situation around him.

Social influence is the most reasonable factor that is included in the UTAUT with the TAM. If one person uses an e-wallet service and turns out it is their favorite payment method, he or she may encourage others to use it as well. With the advance of social networks, social influence would affect the use of E-wallet, to spread out among Vietnamese consumers.

Trust and Perceived Risk

Trust has been extensively researched and proved to be an important element in determining customers' attitudes and intentions toward mobile banking. Zhou (2011) verified trust as a major element affecting the likelihood of consumers utilizing Mobile banking in his study to explore the factors predicting customers' initial confidence in Mobile banking. Moreover, viruses and Trojan horses may exist in smartphones; as a result, these issues raise users' concerns about payment security and reduce their faith in mobile banking, affecting their usage intention and behavior (Zhou, 2012).

The negative repercussions of customers' behaviors, according to Bauer (1960) and Ostlund (1974), lead to a well-known notion in consumer behavior: perceived risk. A significant number of researchers have studied the influence of risk on mobile banking adoption, and some of their findings are addressed. There have been many previous studies on the impact of risk on e-payment, assuming that buying Internet banking services is riskier than buying traditional banking services (Cunningham and al., 2005).

Attitude

Attitude is recognized as a major predictor of behavior (Ajzen, 1991). "Attitude is defined as an individual's overall opinion of doing an action," (Davis, 1989). A person's attitude toward an activity determines whether they have a positive or negative emotion about using an e-wallet service. The attitude is also considered as a determination of whether the outcomes of behavior are good or bad (Ajzen I., 1991). As a result, Attitude seems to be a factor that predicts behavioral intention (Armitage CJ, Conner M., 1980).

Behavioral Intention

"Behavioral intention" and "Use behavior" are the two outcome variables of the UTAUT. Behavioral intention is a direct indicator of actual usage and refers to a goal or a purpose. While the desire to utilize a system may change over time, the behavior is the actual way in which it is used (Arman & Hartati, 2015). In their TRA in 1977, Ajzen and Fishbein claim that beliefs impact attitudes, which in turn influence intentions. If consumers' behavior toward using e-wallet is formed, it would be difficult to change their behavior.

On the basis of the above review of related theories and studies, the following hypotheses are proposed.

- H1a User Interface has a positive influence on Perceived Ease of Use.
- H1b User Interface has a positive influence on Perceived Usefulness.
- H2 Perceived Usefulness has a positive influence on Perceived Ease of Use.
- H3 Social Influence has a positive influence on Attitude.
- H4 Perceived Ease of Use has a positive influence on Attitude.
- H5 Perceived Usefulness has a positive influence on Attitude.
- H6 Trust has a positive influence on Attitude.
- H7 Perceived Risk has a positive influence on Attitude.

H8 Attitude has a positive influence on Behavioral Intention.

Methodology

Research Design

This study employed quantitative research, which is defined as a systematic empirical inquiry that focuses on resolving a phenomenon that can be seen (Cooper and Schindler 2011) by gathering data from a large number of respondents via surveys or experiments. In summary, the researcher sought to collect information from a large number of random individuals, then evaluate the relationship between variables using a scholarly approach since quantitative methods are suited for dissecting a large sample size.

Sample and Sampling technique

With the proposed model above, a survey was established to examine and identify the consumer's attitude to join e-wallet services together with the probability that the attitude would influence the Behavioral Intention. Taken from the past studies that in order to validate the collected data, the variables were used and redefined to adapt to the context of e-wallet services in Vietnam. (Davis (1989); Ajzen (1991); Szymanski and Hise (2000); Lin and Hsieh (2006); Kuo et al (2009); Lamberton and Rose (2012); Lai (2014); Lai and Zainal (2015) ; Chawla and Joshi (2019))

The questionnaire is sent through social media such as Facebook and Zalo. The questionnaire is also posted on the group called Vietnam MOMO e-wallet, which is the most popular e-wallet application in Vietnam. The population of Vietnam MOMO e-wallet is nearly 40,000 members, with the confidence level of 90%, the total sample of 300 is thus determined.

Initially, the questionnaire is written in English. The terms are afterward translated into Vietnamese to guarantee that the responders understood the concept completely. After completing the questionnaire, the findings of the pilot test feedback are utilized to correct issues that are characterized as difficult to comprehend or easy to misinterpret. The questionnaire demonstrates that the items are validated to be comprehensible and could indicate their associated construct credit goes to the pilot test. There are 31 items being utilized to measure the factors, especially Attitude with 5 variables, User Interface with 4 variables, Perceived Usefulness with 4 variables, Perceived of Usefulness with 4 variables, Social Influence with 4 variables, Trust with 4 variables, Perceived Risk with 3 variables, and Behavioral Intention to Participate 3 variables,

Questionnaire Design

The questionnaire consisted of 3 different parts. The first part would have a sequence of questions to find out the using habits of consumers on e-wallet services. This part contains an overall view of the present circumstances such as how Vietnamese customers think about MOMO and what distinguishes middle-aged from other generations.

The next two parts include the main purpose of the study: a series of questions about the dependent and independent variables in the second part, and the basic information about customers such as age, gender,

jobs in the last part.

The 5-point Likert scale is used to describe the level of satisfaction or agreement of the respondents. The scale would give the informants less pressure by just ticking the level that they prefer, with no writing or trick thinking at any time. That would elevate the credibility of the result.

Variable Measurement

As presented earlier, 31 items that were developed by other researchers are adapted to measure both independent and dependent variables to guarantee truthfulness. In deed, User Interface is evaluated by the items developed by Szymanski and Hise (2000); Lin and Hsieh (2006) and Lai (2014). Perceived Usefulness is assessed by the items from Davis (1989), Lai and Zainal (2015) and Lai (2014). Attitude is measured by the items designed by Ajzen (1991). Perceived Ease of Use is assessed by the items adapted from Davis (1989), Lai and Zainal (2015) and Lai, (2014). Social Influence is measured by the items from David (2003). Trust and Perceived Risk are assessed by the items from Chawla and Joshi (2019). Behavioral Intention is measured by the items designed by Lamberton and Rose (2012).

Data Collection, Process and Analysis

With the ongoing Covid-19, the questionnaire survey would mainly be conducted by online method. the designed questionnaire is spread out through Facebook groups as described previously.

SPSS and AMOS are the main statistical tools that the current study use to process the gathered data. Descriptive analysis is used to present the percentage, mean, frequency distribution of demographic data in the first part of the questionnaire. Next, Cronbach's alpha is utilized to verify the degree of reliability and internal consistency toward the respondents' assessment of each variable. Exploratory Factor Analysis (EFA) is applied to investigate the fundamental theoretical structure regarding the phenomenon and the correlation's structure between respondents and variables. Confirmatory Factor Analysis (CFA) is then used to test how well the observed variables represent number of constructs. Structural Equation Modeling (SME) is finally applied to analyze the structural association of observed variables with latent variables.

Conclusion

While the internet has become one of the most important aspects of Vietnamese' daily life, e-wallet as a payment method is not lived up to its possible potential. The main purpose of this study is to design the research framework for investigating the determinants of e-wallet usage in Vietnam, an emerging country that still heavily depends on cash. Models namely Technology Acceptance Model, Unified Theory of Acceptance and Use of Technology are all applied in the study. Bothe online and offline questionnaire survey are used to gather the necessary data. A minimum number of Vietnamese target respondents of 300 is approached. The collected data is then processed using the two key statistical softwares that are SPSS and AMOS in order to discover if perceived ease of use, perceived usefulness, perceived user interface, social influence, trust and perceived risk affect customers' attitude and behavioral intention to adopt e-wallets. On the basis of the study findings, solutions to improve the e-wallet usage in Vietnam are proposed. The study concentrates on studying not only the youth customers but also the middle-aged Vietnamese to figure out the difficulties that might prevent the older generation from using such convenient and high technology.

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EFFECT OF INTERNET BANKING ON CUSTOMER SATISFACTION IN THE BANKING SECTOR IN ZIMBABWE

Manyanga Wilbert

Lecturer

Department of Marketing

School of Entrepreneurship and Business Sciences

Chinhoyi University of Technology

Chinhoyi, Zimbabwe

Email: wmanyanga@gmail.com

Ruzvidzo Patricia

Teaching Assistant

Department of Entrepreneurship and Business Sciences

School of Entrepreneurship and Business Sciences

Chinhoyi University of Technology

Chinhoyi, Zimbabwe

Email: ptkabasa@gmail.com

Chinokopota Tabeth

Teaching Assistant

Department of Entrepreneurship and Business Sciences

School of Entrepreneurship and Business Sciences

Chinhoyi University of Technology

Chinhoyi, Zimbabwe

Email: tabydumchin@gmail.com

Manyanga Tendai

Research Fellow

Faculty of Education

Department of Educational Studies

Zimbabwe Open University

Harare, Zimbabwe

Email: teechinhayi@gmail.com

Abstract

The main aim of this paper was to examine the effect of internet banking on customer satisfaction. There is limited research on the effect of internet banking on customer satisfaction in developing countries such as

Zimbabwe, therefore this study was necessary to be conducted. This study uses the innovation diffusion theory postulated by Roger 1983. The study was carried out using survey approach by administering structured pre-coded questionnaires to bank customers from 19 Banks in Harare, Zimbabwe. Participants were sampled using convenience sampling. A quantitative approach was used in this study. Before the survey, a pilot test was conducted to 10 workmates. 224 questionnaires were issued to customers from banks in Harare. 213 questionnaires were returned but 8 were incomplete and were discarded by the researcher and subsequently 205 questionnaires were complete which account for effective response rate of 92%. Cleaned data was then captured in IBM SPSS V20 software so that it can be analysed and presented. AMOS V21 was used to analyse data and to test hypotheses. Reliability was tested using Cronbach's alpha index and the results were within the accepted range which signifies that the sample was reliable and adequate. The study results showed that internet banking was considered secure and safe and also quick way for payment of bills and transferring money. The research contributed significantly in bringing new knowledge on internet banking and customer satisfaction. This study recommended that banks must ensure that the network is quick and efficient when customers transact online. Also, the bank must focus on increasing usage of internet banking by ensuring that the banking platform is secure, safe and protect customer privacy. So, banks must build confidence in the mind of consumers by making internet banking fast, flexible and easy to use. In addition, bank managers were urged to promote and educate customers on the benefits of using internet banking. The study limitation was smaller sample used, so future researchers may use a bigger sample and wider geographical delimitation.

Keywords: Internet banking, Customer satisfaction; Banking sector; Banks, Online, Payment of bills, Transferring money.

Introduction

In recent years, the adoption of internet banking began to occur quite extensively as a channel of distribution for financial services due to rapid advances in information technology and intensive competitive banking markets (Mahdi & Mehrdad, 2010). Online banking or internet banking helped customers to accomplish financial transactions through safe website functioned by any bank or other entity (Demoulin, 2013). Internet banking involves the use of the internet and various telecommunication networks in delivering a wide variety of value-added services and products to bank customers (Ovia, 2012; Steven, 2002) using a system that allows customers to perform various banking activities either at home or from offices or over internet platform. Internet banking has improved banking efficiency in rendering services to customers (Ndungu & Okiro, 2013).

Competition coupled with globalization and deregulation compelled banks to provide service 24 hours across the globe, while the significance problem, lies in convenience and security issues (Aliyu & Tasmin, 2012). Aliyu and Tasmin (2012) argued that both of the factors have a substantial and profound effect on banks' performance including customer service delivery. Aliyu and Tasmin (2012) further reiterated that banks failed to provide efficient customer service provision because the clients who were ready to accept this delivery channel failed to turn up again to innovation, so banks couldn't successfully have developed the required features of electronic banking setting for consumers. All banks, especially the large banks and

mutual banks, have gradually increased their number of internet banking services available to customers over the past decades (Momeni, 2013).

Internet banking complements brick and mortar branches (Onay & Ozsoz, 2012). Strategic distribution channel studies on banks affirms that customers are either into internet banking segment or department banking segment, therefore it is postulated that internet banking is growing and departmental banking is declining (Aghdai et al., 2015). Both banks and customers are increasingly migrating from traditional banking channels to the internet banking channel but despite the benefits and advantages of internet banking for both sides, it entails some critical issues both for customers and the banks (Oluoch, 2017).

The sophisticated and developed e-banking services were introduced to enhance service delivery and customer satisfaction and then customer loyalty toward the organization (Simon & Thomas, 2016). Sarlak and Hastiani (2011) recommended that banks and financial companies must survey customers' requirements on a regular basis in order to understand factors that can affect their adoption or usage of internet banking. Internet technology holds the potential to fundamentally change banks and the banking industry, therefore, an understanding of the extent of the customers' adoption or utilization of internet banking services has become critical (Simon & Thomas, 2016).

Adoption of technology in the financial sector have been examined in several studies Anbalagan (2011) and Gikandi and Bloor (2010) observed that half of the people that have tried banking services through internet banking will not become active users. Berger (2013) claims that internet banking is not living up to the hype. Many customers find internet banking to be appealing to them because of the features that the banks put like easy and quick access to their accounting information, easy access to banking information and services or easy and quick payment of bills and transfer of money (Qureshi, Zafar & Khan, 2010). While banks can reduce the cost of running and managing of its branches, by motivating, encouraging and supporting the use of the internet banking platforms by its customers, the customers can also reduce their expenditure by not paying for transactions charges and benefit from internet banking exclusive product which have great return and convenience to the customers. (Martins, Oliveira & Popovic, 2014).

As electronic banking is becoming more prevalent, so is the level of customer service delivery thus the level of customer satisfaction is also changing the scenario of technological environment (Hamisah, 2013). Customer satisfaction is considered as the function of the customer expectation level and level of service quality that is provided by an institution, electronic banking plays a major pivotal role on giving satisfaction required by the customers because electronic banking close the gap between expected and the perceived service quality (Simon & Thomas, 2016). To maintain and develop their customer base, banks should understand the criteria customers use to assess internet banking service (Rod, Ashill, Shao & Carruthers, 2008).

Nevertheless also, to understand how these criteria influence on customers' perceptions of overall internet banking service quality and their satisfaction with the electronic services and also to make the acceptance go better and to make more out of internet banking, the customer perception of internet banking must rise to a level that the consumer understands in what manner internet banking works (Johansson, 2016). Rod et al.

(2008) believe that the keys will include: the quality of online information system, product quality of the banking service and quality of online customer service. If the above factors are working optimally and in synergy, the level of customer satisfaction will eventually increase (Rod et al., 2008).

Review of the literature has attempted to address the aspects of adoption of internet banking financial services. It has however, not adequately linked the adoption of internet banking financial services on customer satisfaction. A lot of literature surrounds the area of electronic banking; much of what have been discussed is about answering the question of how electronic banking is adopted? In other words, what is level of adoption of electronic banking and factors that influence the adoption of electronic banking? Most studies were done in Sweden, Iran, Bangladesh and Kenya. However, few studies have demonstrated the relationship between electronic banking constructs and customer satisfaction. However previous studies have shied away from the effect of internet banking on customer satisfaction among banks in Zimbabwe. This study therefore sought to bridge this gap.

Theoretical framework and empirical literature

The innovation diffusion theory (IDT) was postulated by Rogers (1983) explains individuals' intention to adopt a technology as a modality to perform a traditional activity (Simon & Thomas, 2016). The critical factors that determine the adoption of an innovation at the general level are the following: relative advantage, compatibility, complexity, trialability and observability (Simon & Thomas, 2016). Many banks have found it advantageous to adopt ICT in their operation in order to improve their efficiency (Poon, Yong & Lam, 2008). This is achieved through development of websites and mobile applications that suit the customer needs (Poon et al., 2008). Customers are therefore able to access their accounts anywhere as long as they are connected to the internet (Poon et al., 2008). The innovation diffusion theory is concerned with the manner in which a new technological idea, artefact or technique, or a new use of an old one, migrates from creation to use (Simon & Thomas, 2016). According to IDT, technological innovation is communicated through particular channels, over time, among the members of a social system. The stages through which a technological innovation passes are: knowledge (exposure to its existence, and understanding of its functions); persuasion (the forming of a favourable attitude to it); decision (commitment to its adoption); implementation (putting it to use); and confirmation (reinforcement based on positive outcomes from it) (Arnaboldi & Claeys, 2008).

It is the customer's desire to get service close to hand, that is, the service will be easily accessible in order to make transactions whenever, however and wherever they want it (Rahman et al., 2017). Uddin et al. (2016) suggested that numerous measures would be put in place in order to make electronic banking system effective, more secure and smooth. Electronic banking is now an important phenomenon and it will endure as more advancement and innovations are done in information technology (Uddin et al., 2016). According to Islam (2015) internet banking refers to modern technology based and computerized system of availing banking systems to customers at low cost as well quick services.

The banking sector believes that, in order to tie customers closer, banks need to improve on customer service level through the adoption of new technology (Hasan et al., 2013). ICT based banking is dependable because it saves on time, cost and also offers full security and quick delivery of financial services (Rahman et al., 2017). Electronic banking is of tremendous importance as far as the banking industry is concerned as well as the banking customer (Rahman et al., 2017). Banking technology helps in increasing customer satisfaction, customer loyalty, improvised growth and performance of the banks (Oluoch, 2017). The internet has an ever-growing importance in the banking sector because of the advantages it brings to both the banks and their customers and also most banks agreed that the most important and beneficial contribution that internet had to the customer was convenience, reduction on cost of transaction and saving of time when they avoid queue in bank branches (Oluoch, 2017).

Ndungu and Okiro (2013) in their study in Kenya discovered that balance inquiry is the most predominant internet banking service while online bill payment was the least. Aliyu and Tasmin (2012) outlined that ICT has become the core of banking industry, while the banking sector is the core of every strong economy and if it falls so the economy will also collapse; this is absolutely apparent from current downturn in European banks crises. Aliyu and Tasmin (2012) reiterated that, globalization, innovation and competition in the banking sector by its providers in offering their services makes imperative the understanding of the various facets of consumer behaviour that impact on the innovation and to respond to the customer service delivery. Aliyu and Tasmin (2012) examined if banks have successfully achieved effective customer's service delivery, by providing high level of customer service through online delivery channel, besides operating cost minimization and revenue maximization.

Aliyu and Tasmin (2012) argued that the key parameter in banking industry to determine how successfully the web advances their objectives of customer retention, acquisition and the increased share of the wallet is customer service delivery and hence customer satisfaction. Aliyu and Tasmin (2012) further reiterated that, the study on the effect of ICT towards a bank's performance and also customer service delivery has been broad, though, few areas, with customer perspective, are left by researchers with less exploratory discussion. Aliyu and Tasmin (2012) argued that more research should be carried out at different time setting and different location, these studies may confirm or disprove the previous results by gathering the primary data in order to come to an inference for the effect of ICT on banks performance and customer service delivery.

Simon and Thomas (2016) in Kenya determined the effect of electronic banking and customer satisfaction among first tier bank in Nairobi town. Simon and Thomas (2016) concluded that flexibility of internet banking influence customer satisfaction to a great extent and in addition, many customers use internet banking because it is easy to use while personalized internet banking also affects customer satisfaction to a great extent. Simon and Thomas (2016) further concluded that usefulness of internet banking and friendliness of internet banking has relatively low effect on customer satisfaction.

Aghdaie et al. (2015) conducted a study on assessment of impact of electronic banking on the three dimensions encompassing quality of system, information and service on customer loyalty with respect to the

role of customer satisfaction amongst customers in Iran, in Isfahan city from Mellat bank. Aghdaie et al. (2015) found that the system quality has a very positive and substantial impact towards customer satisfaction, on the other hand, results show that the quality of information has a positive as well as significant impact on customer satisfaction and in addition, the impact of customer satisfaction on customer loyalty is also confirmed.

Development of research hypotheses and conceptual framework

Rahman et al. (2017) conducted research in Bangladesh on prospects and problems of electronic banking using Dutch-Bangla Bank Limited, the findings from the study were that, clients who were comfortable with electronic banking contemplates that e-banking services were fairly good than manual arrangement, but the customers were dissatisfied with bank personnel attitude and the service quality to that extent. The results from the study by Rahman et al. (2017) showed that electronic banking has several benefits to banking industry, however, their study similarly observed that customers do not have enough knowledge concerning electronic banking which is rendered by banking industry. The study by Rahman et al. (2017) gives guidance on how a bank can improve service level of the electronic banking services and the potential issues that must be introduced in the world to assist the customer and in a better technique than rivals in banking sector as a whole. Rahman et al. (2017) found that 64 percent out of 100 participants, reflect that electronic banking is easy to operate, however 36 percent of respondents think that electronic banking is difficult to operate.

Johansson (2016) conducted research in Sweden and studied security and perception of users of internet banking. Johansson (2016) argued that, internet banking offers customers access to perform all their banking through the internet and it has increased wildly. Majority of the respondents from a study by Johansson (2016) were from the ages of 16-25 and the majority of the respondents were satisfied with user experience and security of internet banking. However, a majority from the age of 55 participants, were not satisfied, and they were not confident in using internet banking. From the results 90,1 % were confident in using internet banking, so there is high chance to confirm that people were satisfied with internet banking security (Johansson, 2016). Also result of 91,5 % of the population felt satisfied with internet banking service (Johansson, 2016).

Oluoch (2017) studied on factors affecting internet banking adoption in Kenya focusing on National Bank of Kenya and Equity Bank. Research findings by Oluoch (2017) in terms of the culture and customer perceptions of internet banking usage indicated that most customers are not influenced much by culture. Among all the variables used, culture was the weakest psychological determinant in respect to internet banking adoption but still played a key role and cannot be ignored. The findings on the resources and rewards of internet banking services indicate that banks should create awareness on the benefits of using internet banking and customers can have easy access to the global markets, reducing the costs of banking, save time and improve banking services was important to them (Oluoch, 2017).

The automation of banking services and user-friendly tools for managing the customers' funds give the latter increased comfort in time management, since the customer can access internet banking services at his

convenient time, then they are able to schedule and utilize their time without unnecessary travels to a physical bank (Oluoch, 2017). Oluoch (2017) also reiterated that a customer can use internet banking to send or receive money instantly, transfer money to another country at a touch of a button and at the comfort of their homes.

The findings by Oluoch (2017) on the privacy and security of internet banking services indicated that customers do not trust banks to secure their personal information and this is a big inderence in the adoption of internet banking and lack of trust among the respondents on financial institutions was a significant issue that prevents customers from internet banking acceptance (Oluoch, 2017). Oluoch (2017) posit that respondents believe that trust and privacy are critical component in attract and retain present customers as well as improving and encouraging the adoption of internet banking. The study by Oluoch (2017) revealed that the perception of security has the stronger impact on customers' attitude, which in turn influences customers' intention to use electronic banking services. Utilization of internet banking services indicated that the respondents are worried about releasing their personal information and banking details, they believe that it is not safe to use internet banking which results in financial institutions experiencing problems in appealing to customers (Oluoch, 2017).

The hypotheses are derived based on issues raised above that is, internet banking variables and these are: safety and security, convenience, user friendly and flexibility. These variables affect the level of customer satisfaction. The hypotheses are outlined below:

Research hypotheses

The following hypothesis will be tested in line with the outlined conceptual framework:

H1: Safety and security have a positive effect on customer satisfaction.

H2: Convenience has a positive effect on customer satisfaction.

H3: User friendly has a positive effect on customer satisfaction.

H4: Flexibility has a positive effect on customer satisfaction.

Conceptual framework

The conceptual framework covers the internet banking variables which affect customer satisfaction. The conceptual framework is depicted on Figure 1 below.

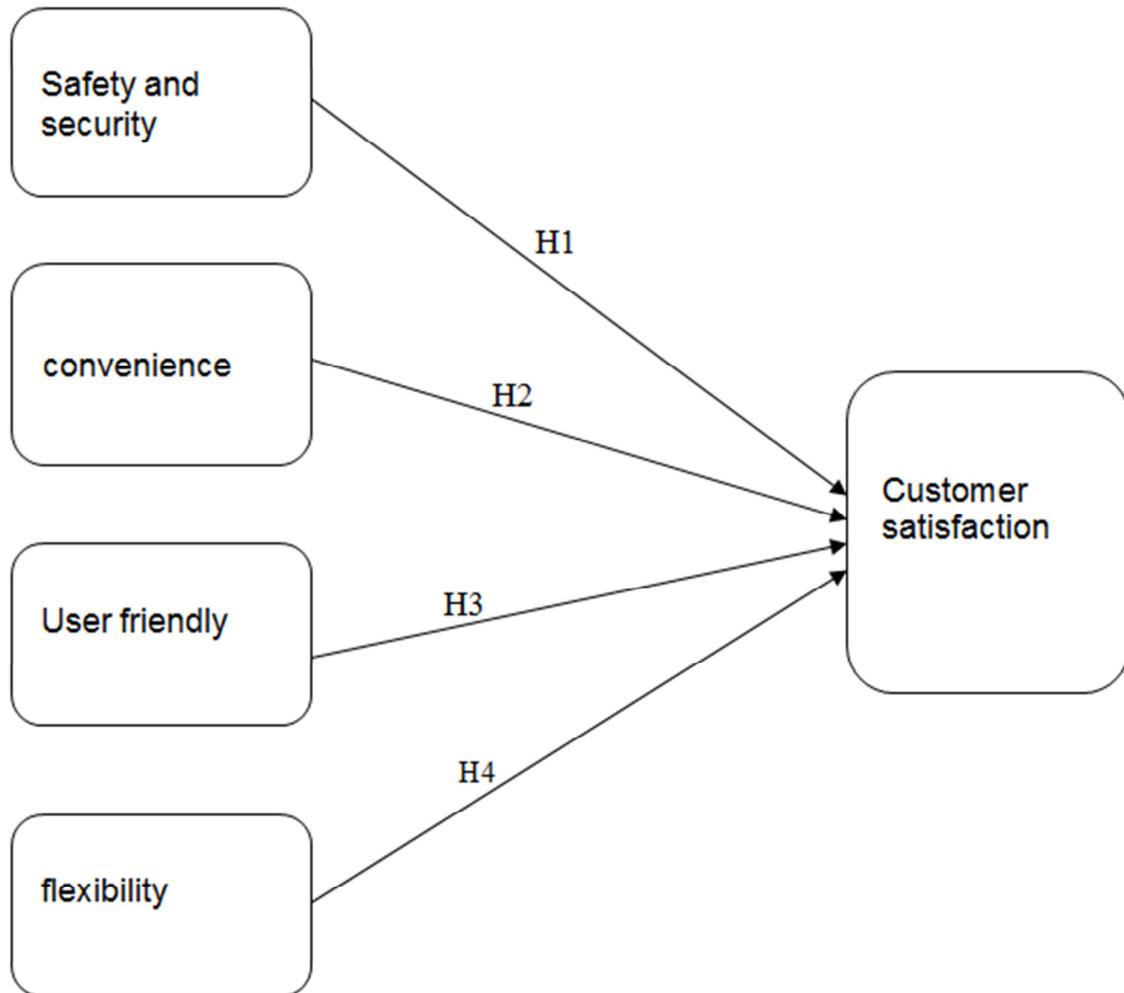


Figure 1: Conceptual framework

Research methodology

Questionnaire design and measures

The questionnaire was divided into three categories that is the general demographics on gender, age and customer category and also questions derived from each objective on internet banking and customer satisfaction. Internet banking was operationalised as a multi-dimensional construct which include safety and security (SAS), convenience (CON), user friendly (USF) and flexibility (FLE). Then customer satisfaction was denoted by (CSA). These were derived from literature as shown on table 1 below. Respondents rate these factors using a 5-point Likert scale which range from 1 up to 5, where 1 (strongly agree), 2 (agree), 3 (neither agree nor disagree), 4 (disagree) and 5 (strongly disagree).

Sampling and data collection

The population of the study was 193200 bank customers from 19 banks in Harare. The population was derived from RBZ 2017 first quarter report. Cross-sectional survey was done to bank customers in Harare, Zimbabwe. Self-administered structured questionnaire were distributed to 224 bank customers who were in

queues waiting to withdraw money outside the banking halls. The sample was obtained using coefficient of variation. The study therefore used a coefficient variation of 30% and a standard error of 2%. The higher limit for coefficient of variation and standard error was selected so as to ensure low variability in the sample and minimize the degree or error. Kombo and Tromp (2009), gives the formula as follows: $n = Nc^2 / c^2 + (N-1) e^2 = 193200(0.3)^2 / 0.3^2 + (193200-1)0.02^2 = 224$. Where, n=Sample size, N=Population, c=covariance, e= standard error. Respondents were enlightened on the purpose of the study. Completed questionnaires were collected while clients were on the queue. Out of 224 questionnaires distributed, 205 were completed in full and usable for the study. The sample profile is shown on table 2 below.

Results from table 2 below shows that female respondents constitute majority 60% whereas male respondents constitute 40% of the sample. In terms of age, closer to half is dominated by 30 to 40 age group which has 49.8 %. The second category is 25 to 30 age group which has 20%, the third age group is less than 25years which has 12.2%, then the 40 to 50 years group has 8.8% then the lowest group is the above 50 years which has 8.3%. Then an analysis of the customer type shows that individual account holders are the majority with 58.5 %. The second group is student account holders which has 23.4%. The third category is corporate account holders which has 18%.

Table 1: Constructs, codes, items and item sources

Latent constructs	Code	Items	Sources of items
Safety and security	SAS1	Is internet banking safe?	Demoulin, 2013; Simon & Thomas, 2016; Ndungu & Okiro, 2013
	SAS2	Is internet banking secure?	
	SAS3	Do you trust internet banking?	
	SAS4	Do you frequently use internet banking?	
	SAS5	Do you choose internet banking channel over other banking channels?	
Convenience	CON1	Is convenience important to you?	Oluoch, 2017; Devlin, 1995; Katz & Aspden, 1997; Bakar et al., 2017; Bapat, 2017; Martins et al., 2014
	CON2	Does internet banking provide convenience to you?	
	CON3	Do you say positive things about the convenience of internet banking?	
	CON4	Does internet banking save your time for banking?	
	CON5	Are you loyal to internet banking?	
User friendly	USF1	Is internet banking user friendly?	Kanchan, 2012; Oluoch, 2017; Thakur, 2014
	USF2	Is it easy to access banking services using internet banking?	
	USF3	Does internet banking offer various options when transacting?	
	USF4	Do you face challenges when using internet banking channel?	
	USF5	Are the internet banking features of the bank you use compatible?	
Flexibility	FLE1	Does internet banking provide flexibility to you?	Qureshi et al., 2010; Rahman et al., 2017; Oluoch, 2017;
	FLE2	Do internet banking services easily accessible?	
	FLE3	Is internet banking reliable?	
	FLE4	Do internet banking provide you access to more financial services	
	FLE5	Does internet banking provide you privacy?	
Customer satisfaction	CSA1	Do you feel confident when using internet banking?	Rod et al., 2008; Islam, 2015; Hasan et al., 2013; Simon & Thomas, 2016; Ardakani et al., 2015; Dehghan et al., 2015;
	CSA2	Are you satisfied with internet banking services?	
	CSA3CS	Does internet banking offer low transaction charges?	
	A4	Do you recommend others to use internet banking?	
	CSA5	Does internet banking improve your relationship with the bank?	

Table 2: Sample profile

Characteristic	Frequency	Percent (%)
Gender of respondents		
Male	82	40
Female	123	60
Age of respondents		
Less than 25 years	25	12.2
Between 25 and 30 years	41	20.0
Between 30 and 40 years	102	49.8
Between 40 and 50 years	20	9.8
Above 50 years	17	8.3
Customer type		
Individual account holder	120	58.5
Corporate account holder	37	18.0
Student account holder	48	23.4

Analysis and results

Before testing research hypotheses, the researchers conducted some tests to ensure data appropriateness. That is, normality, reliability test, structural equation modelling and measurement model among others.

Normality test

Test for normality of the data was tested using Shapiro-Wilk's test and Kolmogorov-Smirnov^a test. Results confirm that data was approximately normally distributed and the tests were statistically insignificant at ($p > 0.05$) that is at 95% confidence interval for all hidden constructs (Shapiro & Wilk, 1965; Field, Miles & Field, 2012).

Reliability test

Cronbach's alpha was used to test for reliability and results shown on Table 3 below shows a reliability index of 0.794. The index accepts results between 0.7 and 1 as reliable hence the test done falls within the acceptable range.

Table 3: Test for reliability

Reliability Statistics	
Cronbach's Alpha	N of Items
.794	28

Measurement model

Measurement model was assessed based on CMIN, goodness of fit (GFI), adjusted goodness of fit (AGFI), normed fit index (NFI), Tucker Lewis index (TLI), comparative fit index (CFI) and root mean square error approximation (RMSEA).

Table 4: Model fit summary

CMIN

Model	NPAR	CMIN	DF	P	CMIN/DF
Default model	60	2263.510	265	.000	4.642
Saturated model	325	.000	0		
Independence model	25	3228.441	300	.000	4.761

The CMIN is 4.642 and is acceptable since it is within the acceptable level of between 0 and 5.

Table 5: Goodness of fit index (GFI) and Adjusted goodness of fit index (AGFI)

RMR, GFI

Model	RMR	GFI	AGFI	PGFI
Default model	.149	.757	.680	.536
Saturated model	.000	1.000		
Independence model	.238	.463	.418	.427

The goodness of fit index (GFI) is 0.757 and is within the acceptable level since it must be close to 1. Also, adjusted goodness of fit index (AGFI) is 0.680 and is closer to 1.

Table 6: Normed fit index (NFI), Tucker Lewis index (TLI), comparative fit index (CFI)

Baseline Comparisons

Model	NFI	RFI	IFI	TLI	CFI
	Delta1	rho1	Delta2	rho2	
Default model	.788	.606	.826	.736	.829
Saturated model	1.000		1.000		1.000
Independence model	.000	.000	.000	.000	.000

NFI is 0.788 then TLI is 0.736 and CFI is 0.829 and all are close to 1 and are acceptable.

Table 7: Root mean square error approximation (RMSEA)

RMSEA

Model	RMSEA	LO 90	HI 90	PCLOSE
Default model	.092	.085	.099	.000
Independence model	.218	.211	.225	.000

The RMSEA is at 0.092 and is acceptable since it is between 0.05 and 0.10

Testing research hypothesis

Structural equation modelling was applied to test research hypothesis. Results shows that SEM fitted data well, where CMIN= 4.642, GFI= 0.757, AGFI= 0.680, NFI= 0.788, TLI= 0.736, CFI= 0.829 and RMSEA= 0.092 (Hair et al., 2010; Hooper et al., 2008). The results on table 8 shows that safety and security, convenience, user friendly and flexibility positively influence customer satisfaction.

Table 8: Hypotheses testing

Hypothesis	Path	Standardised estimates	Hypothesis supported (Yes/No)
H1	SAS --> CSA	0.855***	YES
H2	CON --> CSA	0.941***	YES
H3	USF --> CSA	0.848***	YES
H4	FLE --> CSA	0.849***	YES

Notes: * $p < 0.05$; *** $p < 0.001$; ns $p > 0.05$

Discussion and implications

The findings from this research have theoretical, practical and future research implications.

Theoretical implications

There is dearth of studies that have analytically deliberated on the effect of internet banking on customer satisfaction. This study seeks to close this gap. The study used a conceptual framework which incorporate safety and security, convenience, user friendly and flexibility and their effect on customer satisfaction. It was found that safety and security have a positive effect on customer satisfaction. This implies that customers consider safety and security as an imperative aspect for them to use internet banking despite. This is reinforced by Aliyu and Tasmin (2012) who posit that competition coupled with globalization and deregulation compelled banks to provide service 24 hours across the globe, while the significance problem, lies in safety and security issues. Rahman et al. (2017) posits that internet banking is dependable because it saves on time, cost and also offers full security and quick delivery of financial services. Johansson (2016) confirm that security influence perception of users of internet banking and banks must ensure that customers are satisfied with user experience and security of internet banking.

Convenience positively affects customer satisfaction. This is confirmed by earlier studies such as Martins et al. (2014) who reiterated that banks can reduce the cost of running and managing of its branches, by motivating, encouraging and supporting the use of the internet banking platforms by its customers, the customers can also reduce their expenditure by not paying for transactions charges and benefit from internet banking exclusive product which have great return and convenience to the customers. The most vital and valuable contribution that internet had to the customer is convenience, reduction on cost of transaction and saving of time when they avoid queue in bank branches (Oluoch, 2017).

User friendly has a positive effect on customer satisfaction. This is in line with (Oluoch, 2017) who posit that the automation of banking services and user-friendly tools for managing the customers' funds give the

customer increased comfort in time management, since the customer can access internet banking services at his/her convenient time, then they are able to schedule and utilize their time without unnecessary travels to a physical bank. Oluoch (2017) also reiterated that a customer can use internet banking to send or receive money instantly, transfer money to another country at a touch of a button and at the comfort of their homes.

Flexibility has a positive effect on customer satisfaction. This is also confirmed by Simon and Thomas (2016) found that usefulness of internet banking and friendliness of internet banking has relatively low effect on customer satisfaction. Internet banking helps customers to accomplish financial transactions through safe website functioned by any bank (Demoulin, 2013). Internet banking allows customers to perform various banking activities either at home or from offices or over internet platform. Internet banking has improved banking efficiency in rendering services to customers (Ndungu & Okiro, 2013).

Practical implications

Safety and security are regarded as key elements in internet banking; therefore, banks are urged to ensure their internet banking services have adequate safety and security to prevent unauthorised access of customers' private information. Consequently, banks should ensure that customer transactions are secure when they transact so as to improve customer confidence which lead to more usage of internet banking. The practical implications on convenience are that, in order to advance customer satisfaction in internet banking, banks ought to consider the need for convenience by the banking public brought about by internet banking and that convenience must always be safeguarded in order to increase usage of internet banking. User friendly is also a crucial aspect in internet banking, therefore banks must guarantee that their network, banking services including banking apps and other facilities are user friendly to ensure smooth transactions within the shortest possible time. Flexibility is of significant importance as it influences customer satisfaction to a great extent. Many customers use internet banking because it is easy to use and also offers personalized internet banking. Hence, banks must ensure that their internet banking platforms are easy to use and offer personalized internet banking services.

Limitations and implications on future research

Forthcoming studies should be done in this area and should ponder other developing countries before generalising the results. This is due to variations in terms of the economic environments prevailing in different countries, the Zimbabwean case may be unique. Upcoming studies may embrace a wider geographical space and test both in rural and urban areas.

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THE INFLUENCES OF THE LEARNERS ABILITY AND THE INFORMATION TECHNOLOGY ON THE LEARNING EFFECTIVENESS IN THE E-LEARNING ERA

Budi Sutedjo Dharma Oetomo

Information Systems Study Program, Faculty of Informatics

Duta Wacana Christian University

Dr. Wahidin Sudirohusodo street, 5-25 Yogyakarta 55224 Indonesia

Singgih Santoso

Management Study Program, Faculty of Business

Duta Wacana Christian University

Dr. Wahidin Sudirohusodo street, 5-25 Yogyakarta 55224 Indonesia

Email/correspondence author: singgih.santoso@gmail.com

Abstract

The Covid-19 pandemic has forced many face-to-face activities to stop. Face-to-face activities in the teaching and learning process are conducted by the supports of technology facilities, such as Zoom and Google Meet. This study aimed to test (1) whether the variables of the Internet Self Efficacy, the Lecturer Quality and the ICT Quality had a positive and significant effect on the Engagement variable, and (2) whether the Engagement variable had a positive and significant effect on the Learning Effectiveness variable. The Survey research was designed by using Google Forms, therefore the filling process could be done online. The questionnaire was distributed to 244 students who had online lectures. The structural equation modeling was used as the research modeling. The obtained results indicated that the Internet Self Efficacy and the Lecturer Quality did not influence the Engagement variable. Whereas the ICT Quality had an effect on the Engagement variable. Moreover, Engagement variable really influenced the Learning Effectiveness.

Keywords: *e-learning, ICT quality, Lecturer Quality, Internet Self Efficacy, Learning Effectiveness,*

1. Background

The World Health Organization (WHO) had declared Corona Virus Disease 2019 (COVID-19) as a global pandemic in mid-March 2020. The COVID-19 outbreak has had some impacts in all fields including in the economy, social, tourism, and education fields (Abidah, Hidayatullaah, Simamora, Fehabutar, & Mutakinati, 2020).

The government has swiftly announced a policy for teaching and learning activities to be carried out from and at home (Zaharah, Kirilova, & Windarti, 2020). Rapid, significant and fundamental changes also occur in the learning system in universities in Indonesia. Moreover, most of the areas that severely affected

by Covid-19 must implement the health protocols strictly. Then, the learning processes are carried out *online* or fully *online*. The *online* learning implementations are conducted in order to reduce the spread of COVID-19.

The Covid-19 pandemic situation has "forced" the community of universities in Indonesia to experience disruption (Mok, Xiong, & Bin Aedy Rahman, 2021). The entire academic community faces a major shift from its *platforms* (Liu, Lomovtseva, & Korobeynikova, 2020), educational patterns and systems. Therefore, it must immediately adapt and maximize the implementation of e-Learning patterns and media.

As a learning medium, e-Learning only requires a little procedural knowledge for its operation, but it requires a lot of adjustments to learning and teaching patterns. In addition to facilitating face-to-face lectures, e-Learning can also be used to conduct discussions among students and between students and lecturers. The use of e-Learning requires the creativity and innovation of the lecturers as a learning resource to prepare teaching materials, and design learning patterns. Meanwhile, the students who participate in the learning process also need to prepare for doing the independent study and training themselves to take more initiatives in finding and absorbing the learning materials from various learning sources that can be obtained on the internet, as well as conducting productive discussions with lecturers and their colleagues.

E-Learning is an innovation that has a major contribution towards changes in the learning process in universities. It means that the learning process is not only about listening to material descriptions from the lecturers, but also involving other activities done by the students. These activities include enriching the students' horizons with various accessible texts, graphic and animation presentations, and also videos of the teaching materials. The students also need to conduct various case studies related to the teaching materials that they have learnt, to practice and implement the knowledge in their daily life, and to present it and to get the feedback from their lecturers and other classmates. In addition, teaching materials can be visualized in various formats and forms that are more dynamic and interactive, so that the motivation and the learning atmosphere can be built to be more dynamic and fresh.

The e-Learning implementation practice is interesting to be studied in order to determine the influence of the learner abilities and information technology on the learning effectiveness in this e-Learning era. The problem formulations in this study are presented as follows:

- a. Did the Internet the *Self Efficacy*, the *Lecturer Quality*, and the *ICT Quality* variables have a positive and significant effect on the *Engagement* variable?
- b. Did the *Engagement* variable have a positive and significant effect on the *Learning Effectiveness* variable?

2. Literature Review

E-Learning can be described as an information technology-based teaching and learning process that facilitates distance learning, where the lecturers (the learning resources) and the students are in different places. The E-Learning system does not just digitalize teaching materials, exam questions and assessments, but the system allows the formation of dynamic *online* classes as a forum for remote face-to-face learnings, discussions, teaching materials presentations, giving quizzes or assignments, collecting exams, collecting the attendance, the presentation scores, and other various activities related to the teaching and learning process

(Abidah et al., 2020).

The application of e-Learning is not just about the use of the Internet to support the teaching and learning process. It is because e-Learning will facilitate the dynamics of learning and provide supporting facilities. Therefore, e-Learning will take place effectively if there is a formed combination between the community abilities involved in the learning process and information technology that facilitates it.

The main boosters for the extensive use of e-learning today are the accessibility, the affordability and the content quality (Barteit et al., 2020). Apart from the Covid-19 pandemic, the growth and the popularity of e-learning depend on its use by the lecturers and the students.

The demand for e-Learning is increasing because the learning innovations in various fields of education continue to increase; such as: in the health and engineering fields (Rodrigues, Almeida, Figueiredo, & Lopes, 2019), there is an increasing need for the analytical dashboards application for giving feedback that supports learning regulation (Sedrakyan, Malmberg, Verbert, Jarvella, & Kirschner, 2020), and an urgent need for artificial intelligence-based assessments (Cruz-Benito, Sanchez-Prieto, J.C. Theron, & Garcia-Penalvo, 2019) and so on.

2.1. Internet Efficacy, ICT Quality and Lecturer Quality

Environmental factors are the external environment of individuals that affect their ability to complete the tasks. In the e-learning system, there are at least three things that need to be considered, namely the student's ability to use the internet well (competently) which is called the *Internet efficacy*. The second is the computer and internet technology; in this case including the e-learning software that will be used, such as *Zoom* and *Google Meet*. The third factor is the educators' quality (the lecturers, the facilitators and others) that will provide learning materials by using virtual media.

The design or the environmental dimensions of the virtual learning environment are the technology, the content, the learning models, the user control and the interaction between humans and technology (Piccoli, Ahmad, & Ives, 2001). The successful model of the information system implementation developed by (Al-Fraihat, Joy, Masa'deh, & Sinclair, 2020) identifies the role of information quality (InfQ), the system quality (SysQ) and the service quality (SerQ) on the user satisfaction and the intention to use the existing technology.

2.2. Engagement

Engagement construct (the involvement) in many studies has been found to be an important antecedent for effective learning outcomes (P. J. H. Hu & Hui, 2012). Involvement can be interpreted as the quality of the students' efforts to present good performance and achieve the desired results (S. Hu & Kuh, 2002). Furthermore, a number of studies also show that the Engagement construct has three dimensions, namely the behavioral, emotional and cognitive engagements.

Behavioral engagement focuses on the participation which includes: following the rules, the class norms, the positive behavior, the active attendance, the homework completion, the involvement in *cocurricular* activities and so on (Fredricks, Blumenfeld, & Paris, 2004). Meanwhile, emotional engagement focuses on the affective reactions in the classroom which includes the interest, the pleasure, the

sense of belonging, the students' willingness to participate and so on. While cognitive involvement refers to the concept of psychological investment in learning. All of these dimensions involve the willingness of e-Learning users (students) to go beyond the requirements specified in *online* classroom learning and choose bigger challenges (Kuh, 2009). Efforts and strategies that the students use to achieve the desired results due to the involvement tend to have a positive impact on the academic results.

2.3. Learning Effectiveness

Technically, the online learning quality can be assessed by measuring the e-learning effectiveness. In general, the online learning effectiveness can be interpreted as the extent to which learning outcomes have been achieved well (Blicker, 2005). Its focus is on the learning outcomes to understand the participants' achievements (students). It is mainly because there is a paradigm shift that was originally teacher-centered to a learner-centered learning method (Ziliukas & Katiliute, 2015).

Furthermore, several studies have shown a positive correlation between learning effectiveness and a person's actual behavior (Kankanhalli, Pee, Tan, & Chhatwal, 2012). Therefore, this construct is beneficial for measuring the learning outcomes for various stakeholders, such as the students, the lecturers, the academic advisors, for the national accreditation agency for higher education, in addition to achieve specified learning outcomes (Mahajan & Singh, 2017). The Research Models are presented as follows (Figure 1):

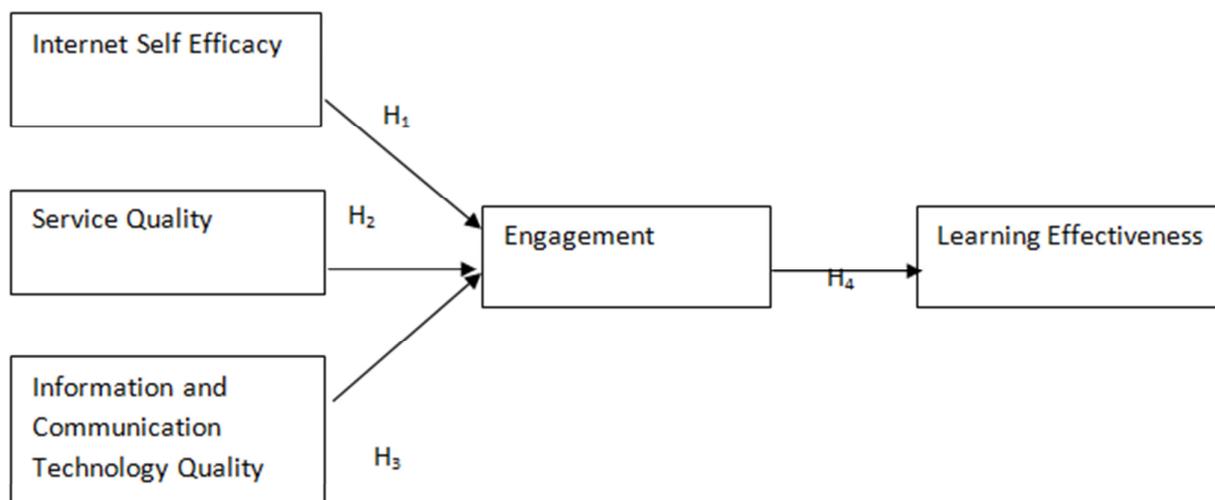


Figure 1. Research Model

The hypotheses proposed in the research on the influences of the learner abilities and the information technologies on the learning effectiveness in this e-Learning era were:

- H1: The *Internet Self Efficacy* have a positive and significant effect on the *Engagement*
- H2: The *Lecturer Quality* have a positive and significant effect on the *Engagement*
- H3: The *ICT Quality* have a positive and significant effect on the *Engagement*

H4: The *Engagement* has a positive and significant effect on the *Learning Effectiveness*

3. Research Method

3.1.Design and Research Process

In this study, a *Survey* method was used by utilizing an electronic questionnaire, with the research process presented as follows:

- a. The researchers took a number of samples (30 students). The students were taken because they became the research subjects to test the research model. The sampling technique used was the *purposive sampling*.
- b. The students (respondents) were given an *online* questionnaire consisted of two parts. The first part was about the profiles information, while the second part was a questionnaire that contained some questions to determine the respondents' self-efficacy, the lecturers' assessment, the *engagement* in e-Learning and the learning effectiveness.
- c. The validity and reliability tests were conducted. After passing these two tests, the questionnaires were distributed to 300 students by using the *purposive sampling* method.
- d. After the questionnaires were collected, the preliminary processing was carried out to ascertain how much data was missing, the entries that were considered incorrect, etc.
- e. AMOS software was used to perform the data processing for the above structural model. This was conducted to determine the model feasibility and to test the hypothesis.

3.2.Respondents

This research has been conducted on 224 respondents who are Duta Wacana Christian University students, especially from the Faculty of Information Technology and the Faculty of Business. In fact, the students who participated in and were involved in the learning process using the e-Learning system came from various different regions. The research location was carried out in the Special Region of Yogyakarta. The data gathering was done from March 2021 to November 2021.

3.3.Data analysis method

The analysis tool used *Structural Equation Modeling* (SEM), with several stages of the data processing. First, defining the existing constructs, and then developing a *measurement model*. After that, the process continued with testing the measurement model. Then the specification of the structural model and the assessment of the structural model validity were carried out.

Several model feasibility measurements which were defined in a structural equation model (Table 1):

Table 1. Goodness of Fit Measurements

Criteria	Expected value
RMSEA (root mean square error of approximation)	< 0,08

GFI (Goodness of fit index)	> 0,9
AGFI (Adjusted Goodness of fit index)	> 0,9
CMIN / df	2 – 5

Source: Hair et.al., 1998

4. RESULTS AND DISCUSSION

4.1. The Profile Analysis of the Respondents

a. Gender

Table 2. The Gender Profile of The Respondents

Gender	Amount	%
Male	112	50,00
Female	112	50,00
TOTAL	224	100,00

A total of 224 respondents filled out an *online* questionnaire consisting of 112 men and 112 women (Table 2).

b. Average Allowance

Table 3. The Profile of Respondents' Average Allowance

Average allowance per month	Amount	%
< IDR 1 million per month	97	43,31
> IDR 1 million per month until < IDR. 1.5 million per month	74	33,03
> IDR 1.5 million per month until < Rp. 2 million per month	26	11,61
> IDR 2 million per month	25	11,16
Not answering	2	0,89
TOTAL	224	100,00

The number of the respondents who had an allowance of IDR 1million per month was the most dominant with 43.31%, then the respondents who had an allowance between IDR 1 million until IDR 1.5 million was 33.03 %. The respondents who had allowance between IDR 1.5 million until 2 million was 11,61%. Moreover, there were 11.16% of the respondents who had the allowance of more than IDR 2 million. There were also two respondents who did not answer the amount of allowance section (Tabel 3).

The financial capacity of the respondent's family and their support for the e-learning implementation could be defined from the amount of the allowance. The parental support for the

implementation of e-learning can be seen from giving the allowance, providing the related devices, as well as the need for providing the credits or wifi signals to connect to the internet network.

c. The MOSTLY USED e-learning Support Software

Table 4. The Profile of the MOSTLY USED e-learning support software by the respondents

The MOST USED e-learning support software	Amount	%
Google Meet	177	79,02
Microsoft Teams	9	4,02
Zoom	36	16,07
Others	2	0,89
TOTAL	224	100,00

The mostly used e-learning support software was Google Meet, which was 79.02%. This happened because the respondents took advantage of the facility provided by the university without providing additional costs and was easy to be used with a long duration of time. Meanwhile, Microsoft Teams was also provided by the university for the students, but it was only used 4.02%. It happened because Microsoft Team was more complex than Google Meet in its operation. A total of 16.07% of the respondents used Zoom. This was possible because a number of lecturers used Zoom in conducting e-learning or the respondents took the advantage of the free facilities from Zoom, although it was limited to 40 minutes per meeting session (Table 4).

d. The Purpose of the Software that support e-learning

Table 5. The Profile of the Purpose of the software that support e-learning

The Purpose of the software that can support e-learning	Amount	%
Participating in lecture activities	216	49,88
Discussion with friends and colleagues	168	38,79
Others	49	11,33
TOTAL	433	100,00

As many as 49.88% of respondents used e-learning support software to participate in lecture activities and 38.79% used these tools for discussions with friends and colleagues to do the assignments which were designed to improve the students' collaboration skills. Meanwhile, 11.33% of the purpose of the use of these devices was for the activities that were not directly related to e-learning (Table 5).

4.2. Model Test Result

By using AMOS software, the research model (figure 1) is described as follows (Figure 2):

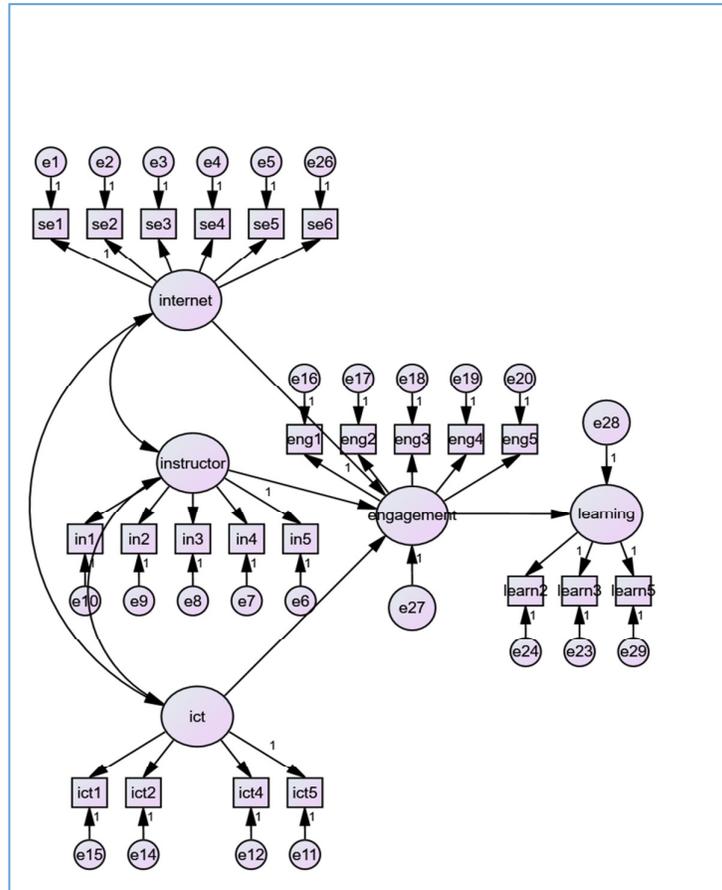


Figure 2. The Description of research model by using AMOS software

The calculation results of the fit model (Table 6):

Table 6. The calculation results of the fit model

Criteria	Expected value
RMSEA (root mean square error of approximation)	0,071
GFI (Goodness of fit index)	0,848
AGFI (Adjusted Goodness of fit index)	0,813
CMIN / df	2,135

The results of CMIN/DF were less than 5, and RMSEA was less than 0.1, so it could be said that the data have fit (in accordance) with the existing theoretical model. Although the GFI and AGFI figures were not above 0.9, they were close to these values: 0.848 and 0.813, so that the model could be analyzed further.

Hypothesis testing results (Table 7):

Table 7. Hypothesis Testing Results

			Estimate	S.E	Prob,
Engagement	<-- -	Lecturer	.204	.139	.141
Engagement	<-- -	Internet	-.055	.228	.811
Engagement	<-- -	ICT	.818	.183	***
Learning	<-- -	Engage ment	.926	.097	***

From the table it can be seen:

- a. *The Lecturer Quality* did not affect the *Engagement*
- b. *The Internet Self Efficacy* did not affect the *Engagement*
- c. *The ICT Quality* affects the *Engagement*
- d. *The Engagement* affects the *Learning Effectiveness*

Someone who works or interacts by using qualified ICT equipment, he/she will feel involved (*engage*) in these activities. A sense of *engagement* will encourage the learning process to take place effectively.

The finding that *Lecturer Quality* did not affect the student's engagement was understandable, because the learning process used *virtual learning*. The students would evaluate the performance of *Zoom* equipment or other *learning* software, and the quality of the lecturer (the lecturers) was not a determining factor. It was because they had already known that the courses taken and the interaction process between the lecturers and the students in virtual learnings were quite limited. They were aware that there was no physical interaction and the verbal interaction would be largely determined by the e-learning software itself. Therefore, the ICT quality affected the interaction among students with the lecturers, especially those who were in locations where the quality of the internet network was not stable or good. As a result, the communication became hampered. In other cases, there might be an echo or a double voice that causes instructions or some content of the communication were not delivered smoothly.

(Martín Rodríguez, González-Gómez, & Guardiola, 2019) stated that there is a need for *online* educational activities to meet the student's satisfaction when dealing with the lecturers (lecturers) because it is predicted to be able to increase the student *engagement* (involvement) and becomes one of the keys to achieve successful *e-learning* activities. This proves the truth of the hypothesis that the student *engagement* in the courses will make teaching effective.

(Bolliger & Martin, 2018) suggested in their research that there are three alternative engagement strategies in *e-learning*. They are student-student engagement, students-lecturer engagement, and students-learning content engagement. All of these three engagements have proven as the important elements for the

e-learning implementation. In addition, there is a willingness to be able to improve and diverse the various strategies so that e-learning can be successful.

(Pellas, 2014) in his research suggested that one's motivation which includes self-efficacy and self-confidence will have an impact on one's engagement factor, which includes emotional, cognitive and behavioral engagement. Therefore, if the student's *self-efficacy*, including the ability to master the internet use is quite good, then he/she will be motivated to be involved in *e-learning* activities.

(Shi, Peng, Wang, & Yang, 2018) stated in his research that students can study in two types of classes, namely in technology-based smart classrooms and in traditional lecture-based classrooms using projectors and other traditional teaching tools. Furthermore, there is an interesting finding that learning in smart technology-based classroom makes the students feel that their involvement and their internet self-efficacy are higher than using the traditional lecture-based classroom model.

From the findings above, it was true that a student's internet self-efficacy and ICT quality from e-learning devices should influence the students to be involved in e-learning and then it would make virtual classes effective. However, the Internet self-efficacy in this research had no effect on the engagement. It was because the students from Information System major who were also a part of the research samples and other students in Indonesia are currently accustomed to use Internet and its applications; including for e-learning activities.

5. CONCLUSIONS AND SUGGESTIONS

5.1. Conclusions

Based on the collected research data and also the results of processing and analyzing the data, it can be concluded that:

- a. From the three independent variables that might influence the engagement variable, it was proven that the *Lecturer Quality* and the *Internet Self Efficacy* did not affect the *Engagement*.
- b. The *ICT Quality* variable influenced the *Engagement* because the continuity and the success of the internet-based distance learning was significantly determined by the ICT quality, especially a constant and clear internet connection.
- c. Variabel *Engagement* mempengaruhi *Learning Effectiveness*. Pengajar dapat menyampaikan bahan pembelajaran, pandangan dan gagasannya, sedangkan para mahasiswa dapat memberikan respon, tanggapan maupun melakukan tanya jawab untuk memperjelas pemahaman bahan pembelajaran yang disajikan.
- d. The *Engagement* variable influenced the *Learning Effectiveness*. The lecturer could present the learning materials, the point of views and ideas, whereas the students could give responses or ask questions and answer to clarify their understanding about the learning materials presented in the classroom.

5.2. Suggestions

- a. The *Lecturer Quality* will affect the *Engagement* if the lecturers also provide the learning facilities that can be accessed by the students, especially if the Internet connection is disrupted during the learning process. The lecturers can provide the written learning materials in the form of modules or presentation *slides* or learning recordings that are shared through other channels, such as email or

YouTube. In addition, the lecturers can provide time to answer the student's questions via e-mail or WA channels. Therefore, the lecturers are advised to develop learning facilities that support the implementation of online lectures.

- b. The *Internet Self Efficacy* will influence the Engagement if the students understand that the learning process is not just a face-to-face meeting held *online*, but they can use their ability to access the internet to find learning materials, *e-books*, *e-journals*, *e-magazines* and videos and animations that can support him/her in studying the subjects that he/she is studying. Therefore, it is recommended to give the understanding to the students that the online learning process does not solely depend on face-to-face *online*.

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THE PERCEPTION OF CUSTOMER SERVICE OF BANKS IN GHANA; A SURVEY MADE IN CAPE COAST

EUGENE RAY ATSI

Department of Management Science Engineering
Nanjing University of Information Science and Technology
Email: rayeugene28@gmail.com

ALHASSAN AMADU TAFSIRU

Department of Management Studies
University of Cape Coast
Email: amadutfs@gmail.com

DANIEL NAYO

Department of Management Science Engineering
Nanjing University of Information Science and Technology
Email: danielnayo88@gmail.com

ABDUL-RAHAMAN AYISHETU

Department of Management Science Engineering
Nanjing University of Information Science and Technology
Email: ayishetuarahaman37@gmail.com

ABSTRACT

The culture of banking firms eminently influences customers' myriad decisions and actions. A bank's prevailing ideas, values, attitudes, and beliefs guide the way in which its clients think, feel and act. The importance of this study is to review on the perception that customers have on banking institutions. After the findings in this research work, the result will be used to improve the current perception customers have on banking institutions. Thus, what moves them to select a particular bank to deal with and moving from one bank to the other? To scholars, the research work will help in further study on how banking institutions can affect individuals. To the organizational employees this will help to create more awareness on how banking practice affect the lives of their clients.

KEYWORDS: *Customers, perception, expectation, loyalty, dissatisfaction and customer service.*

1.0 INTRODUCTION

Banks are established to provide financial services at a profit. The intense competition that exists in the market for financial services presents a big challenge to the profitability of retail banking institutions of all

sizes (Mokhlis, 2009). lagarsamy K, Wilson S(2013), in their research work “A study on customer behavior towards banking services with special reference to public sector banks in “Sivagangai district”, revealed that the banks are providing tailor made services to the changing needs of the ultra-modern customer to face their stiff competition from the rival banks. Today the customer services preference keep on changing at a rapid speed and their demands.

According to Chigamba and Fatoki (2011) the competition and saturation in the banking industry requires banks to be more customer focused because customers are now exposed to diversified choices; much concerned about the value for money; and have unlimited switching choices. Today`s competitive financial atmosphere has therefore led banks and financial institutions to seek ways to improve their service quality; follow new technologies; and has also generated considerable research interest in the bank marketing literature on the issue of bank selection process (Tilahun and Gedifew, 2014). Service delight is now the philosophy of several progressive companies over the world. With the worldwide increasing emphasis on service delight and service quality in all the sectors of business, the quality of service that retail banks offer has become the platform on which the banking business is now being built. Titko and Lace (2010) have stated that the competitive power and survival of a bank lies in the degree of its customer satisfaction. This assertion by Titko and Lace (2010) is considered to be very true and has been supported by several researchers in the field of service marketing. Kumar et al (2009) in a study they conducted indicated that high quality of service would result in high customer satisfaction and increased customer loyalty. Curuana (2011) developed a mediational model that linked the service quality and service loyalty via customer satisfaction and applied the model in a research in the retail banks in Malta. The results of the research appeared to prove the links between service quality, customer satisfaction and customer loyalty. Gathering from various works done on quality of service, the conclusion drawn by Boateng (2009) is that an improved service quality has the ultimate goal of achieving overall increased productivity, increased financial performance and increased profitability which emanates from the following derived advantages; enhanced customer retention rates and higher customer loyalty; attraction of new customers from word of mouth recommendation; lower advertising and promotions cost; a higher market share; improved employee morale as they belong to the winning team; insulation from price competition; and potential cost leadership arising from lower staff turnover, lower cost of training, lower administrative costs and reduced complaints from customers. The above mentioned are the importance of providing quality customer service and underscores why ensuring quality customer service has become the competitive power in today`s business world.

The issue of the perception of customers on banks is an important part of the aims and goals of banks in Ghana. For instance Ecobank has its theme for the year 2012 being “customer first”. This sudden concentration on customer service excellence by banks is attributed to the fact that over the years there has been serious accusations by the general public over their poor service delivery in the form of rude staff attitude, delays in the delivery of services, unreasonable high charges and commissions on turn-over (COT), high ATM charges and limited access to loan facilities. There is also the issue of network problem where there is continuous breakdown of network connectivity which causes most customers to spend profitable

hours in the banking halls which otherwise could have been used productively elsewhere. Another factor that bothers on customer service is the small interest earned on deposits and the high lending rates charged by banks on loans to customers. In recent times for instance, the former governor of the Bank of Ghana, the late Mr. Amissah-Arthur, cited by Mensah, (2011, July 9), openly admonished commercial banks to review downwards the rates charged on loans and still the banks maintained their high rates. These are issues that bother on the customers directly and cause customers to be dissatisfied with the service one way or the other. There is the need to know from time to time how customers feel about the quality of service they get from their bankers so as to re-strategize to give an appreciable service quality. This study therefore hopes to document from the customers the truth in the problems indicated above and their perception of the quality of service that they are currently receiving from their bankers and investigate their main sources of dissatisfaction. The objectives of this study are;

- To investigate the perception of customers on banks
- To identify factors that may cause dissatisfaction to customers.
- To find out if any gap exists between customers' perception and expectation regarding the quality of service.
- To identify the new trends in customers' expectations.

This study will contribute to the field of service marketing in academia by adding to the vast store of literature in the area of customer satisfaction. The outcome of this study will also put emphasis on the need for banks to continuously improve the quality of their customer service delivery in terms of their products, technology, staff customer contacts, interest rates and speed of service. It will be of immense importance to banks in Ghana as it gives a brief picture of the quality of service and the level of satisfaction customers perceive they are receiving from the services provided by their banks. Hence the findings will serve as guidelines for the formulation of policies on the quality of banks' services. The study considers its scope to banks in the Cape Coast community dwelling on the quality of service delivery. It focuses on the service delivery approach employed by bank officials in serving customers of the bank. It will look at the quality of service delivered by staff of banks in terms of speed, reliability, politeness, and everything that ensures the customer is delighted.

This research work is categorized into five chapters. The first chapter is the introduction which covers the background of the study, statement of the problem, objectives, relevance of the study, scope and delimitation and the organization of the study. Chapter two is the literature review and it cover reviews of existing literature on the subject matter and draws meaningful conclusions based on the existing works done in the field. Chapter three tackles the methodology used for the study taking into account the need to achieve a representative sample of the population and accuracy of information provided by respondents. It also covers the research design adopted, the area of study, the sampling methods and the data collection methods that were employed. Chapter four applies data analysis methods to the data gathered and presents the findings that bothers on the objectives of the study in the form of tables and graphs with explanations. The last chapter, which is chapter five, presents the conclusion, recommendations and summary of the study. This chapter is followed by the reference which acknowledges all persons and institutions cited in the study and the appendix which contains all other materials that bothers on the study but not used in the presentation.

LITERATURE REVIEW

2.0 Introduction

The literature review chapter looks at the various works done that bothers on quality of service in the service sector in general and the banking sector in particular. The review helps to answer some of the questions raised in the objectives and also provides supportive information that is necessary to the study. This review is picked from books, articles and research works that cover the areas of consumer behavior; the concept of service; service quality, customer satisfaction and loyalty.

2.1 Consumer Behavior

An understanding of consumer behavior is an understanding of what makes an individual select a particular bank. Wilson et al (2012) have classified factors that influence consumer behavior into four, namely, cultural, social, personal and psychological.

2.2 Cultural Factors

Engel et al (2013), has indicated that culture is the values, ideas and symbols that enable people in society to communicate, interpret and evaluate as members of that society. Sociologists posit that every member of society learns the culture of that society through a process called socialization. According to Kottler et al (2009), culture influences a person's wants and behavior since it is learned. They believe that in societies where children find themselves, they learn from the various institutions' values, perceptions, wants and behaviors. Thus, a culture has subculture or groups of people like nationalities, religions, racial groups and geographical regions with values which hold them together as has been alluded to by Imrie et al (2012). Wilson et al (2012) and Solomon et al (2009) submit that factors that determine social class include power, prestige, occupation, income, education, family background and wealth. Kotler et al (2009) indicate that the social class one belongs to influences his purchasing and consumption behavior directly.

2.3 Social Factors

The consumer's behavior to a large extent is influenced by the people to whom he relates. Wilson et al (2012) suggest that, reference groups, family and roles and status constitute the social factors that influence consumers' buying behavior. Reference groups, according to Wilson et al (2012) are the groups that have direct and indirect influence on the behavior of their members. These groups according to Wilson et al (2012) are of four types namely, primary groups, secondary groups, aspirational groups and dissociative groups. The primary groups are the ones members interact with and are of the informal types. These include family, neighbors, colleagues and friends. Secondary groups are the formal ones members interact with less often. Among them are trade unions, religious groups and professional associations. Aspirational groups are those ones people wish to come together with as a group whilst dissociative groups are the ones that people reject their values and behavior. The most influential group that exerts pressure on the individual, according to Kottler et al (2009), is the family.

2.4 Personal Factors

Individual's decision to buy is influenced by personal characteristics he possesses. These characteristics include age and life-cycle, occupation, economic situation, lifestyle and personality and self-concept, Kotler et al (2009). They further submit that aging correlates with a person's buying behavior. For example, the

demand for food, clothes, furniture, and recreation changes as a person is aging. A person who earns more is likely to lead a luxurious life and vice versa. Kotler et al, (2009), explains that blue-collar workers purchase more suits and ties as compared to those who are not involved in it. Personality and lifestyle also have an impact on one's consumption behavior. Kotler et al (2009), describe personality as the unique psychological characteristics that are responsive to someone's environment. Personality is seen in terms of traits like self-adaptability, dominance, sociability, autonomy and defensive. Both personality and lifestyle influence a person's buying decision making.

2.5 Psychological Factors

Psychological factors include motivation, perception, learning and beliefs and attitudes. Kotler et al (2009), has defined motivation as the force that drives a person to search for satisfaction. Wilson et al (2012), distinguish between two types of needs that motivate a person to crave for satisfaction namely, Biogenic and Psychogenic needs. Biogenic needs are biological such as hunger, thirst and discomfort whereas psychogenic needs are also psychological which include recognition, esteem and belonging. Perception according to Wilson et al, (2012), is how a motivated person sees a given situation and how he will behave. Kotler et al (2009), however think that it is the process through which people select, (selective attention), organize (selective distortion) and interpret (selective retention) information to a meaningful picture about the universe. Due to these three perception processes, individuals can see the same object in different ways. Selective attention is where the individual sifts numerous pieces of information that come across his way. Selective distortion is whereby people interpret or distort information to fit what they have already conceived. That means they will accept information that conforms to what they have preconceived. Selective retention is when people remember or retain information that is in accordance with their beliefs, attitudes, values and interest.

2.6 The Concept of Service

Gronroos (2009) defined service as, "a process consisting of a series of more or less intangible activities that normally, but not necessarily always, take place in interactions between the customer and service employees and/or physical resources or goods and/or systems of the service provider, which are provided as solutions to customer problems".

2.6.1 Features of Service

Mudie and Pirrie (2006) identified the following features of services:

2.6.1.1 Intangibility

Intangibility is the main feature of service. Service cannot assure the quality because it cannot be counted, measured, tested, verified and inventoried in advance of sale. Most of the firms find it difficult to understand how customers consider their services and evaluate the quality of their services.

2.6.1.2 Inseparability

There is a marked distinction between physical goods and services in terms of the sequence of production and consumption. Services are sold, produced and consumed at the same time. Whereas goods are first produced, then stored and finally sold and consumed, services are first sold, then produced and consumed simultaneously.

2.6.1.3 Heterogeneity

An unavoidable consequence of simultaneous production and consumption is variability in performance of a service. The quality of the service may vary depending on who provides it, as well as when and how it is provided.

2.6.1.4 Perishability

Services cannot be stored for later sales or use. As services are performances they cannot be stored. If demand far exceeds supply it cannot be met, as in manufacturing, by taking goods from a warehouse. Equally if capacity far exceeds demand, the revenue and/or value of that service is lost.

2.6.2 Service Quality, Customer Satisfaction and Loyalty

2.6.2.1 Service Quality

Fogli (2006) define service quality as "a global judgment or attitude relating to a particular service; the customer's overall impression of the relative inferiority or superiority of the organization and its services. Service quality is a cognitive judgment". The inbuilt features can be physical, sensory, behavioral, temporal, ergonomic or functional, whilst requirements are the stated need or expectations, be it implied or obligatory. Parasuraman et al (1991) noted that "quality" is the meeting of the needs and expectations of the customers. Therefore the yard stick for determining service quality is the expectations of customers and not the policy of the bank. This view moreover, has been asserted by Ting, (2009) and Jamali (2007).

Hossain and Leo (2009) stated that most research has indicated that service quality has been increasingly recognized as a critical factor in the success of any business with the banking industry being no exception. Service quality has been widely used to evaluate the performance of banking services according to Cowling and Newman (2009).

2.7.2.2 Customer Satisfaction

Customer satisfaction is one of the important outcomes of marketing activity, Spreng et al (2010) and Mick and Fournier (2009) have all stipulated. In today's highly competitive banking industry, customer satisfaction is considered as the essence of success, Siddiqi, (2010) has also said. Most of the studies done in the area of service marketing have dealt with satisfaction of customers or consumers of products or services. Marketing researchers generally agree that satisfaction is a response to consumption related experiences and this assertion has been corroborated by Yi, (2009) also. According to File and Prince (2011), customers who are satisfied tell others about their experiences and this increases Word of Mouth (WOM) advertising. According to Drucker (1954), the fundamental purpose of any business is to create customer satisfaction. Increasing customer satisfaction has been found to lead organization to higher future profitability as investigated by Anderson et al (2009), increased buyer willingness to pay premiums, referrals provision, and more products usage as indicated by Reichheld, (2011), and higher levels of customer retention and loyalty as suggested by Fornell, (2012). According to Oliver (2014), the customer satisfaction model explains that when the customers compare their perceptions of actual products and services performance with the expectations, then the feeling of satisfaction have arisen. Any discrepancies between the expectation and performance create the disconfirmation. Oliver further identified three types of disconfirmation, being

- Positive disconfirmation, which occurs when services performance exceeds expectations. In which case the customer is highly satisfied.

- Negative disconfirmation, which occurs when services performance is below expectation. In this case the customers are highly dissatisfied
- Zero disconfirmation, which occurs when services performance is equal to expectation. This is the case where customer is just satisfied

Giese and Cote (2009) identified the components of satisfaction as follows: Customer satisfaction is one kind of response, either emotional or cognitive, which emphasize on a particular focus, product, consumption, experience or expectations, and which occurs at a particular time, that is, either after choice, based on accumulated experience, or after consumption. Kotler (2009) defined satisfaction as a person's feelings of pleasure or disappointment resulting from comparing a product's or service's perceived performance (or outcome) in relation to his or her expectations. Hoyer & MacInnis (2001) said that satisfaction can be associated with feelings of acceptance, happiness, relief, delight, and excitement.

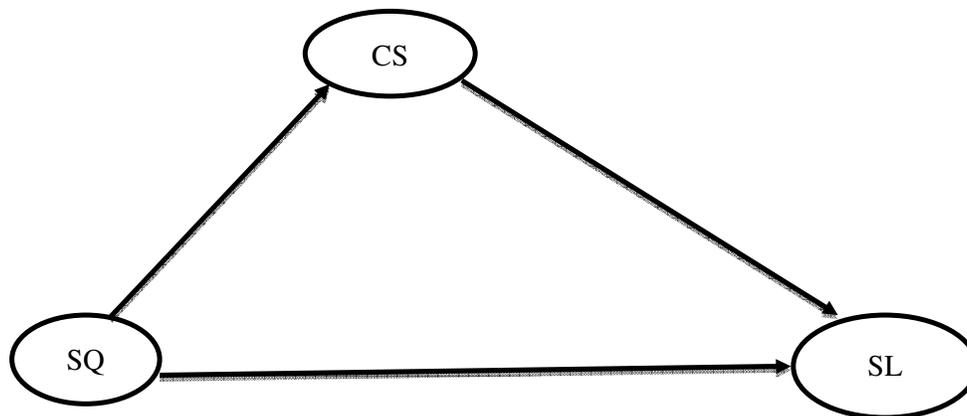
2.7.2.3 Loyalty and the Mediational Model

Customer loyalty may be best described as the development of a positive state of mind by the customer towards the organization. Customer loyalty is known to bring some advantages to the organization and which have been categorized as follows;

- Low service cost, five or six times less than serving a new customer
- High payments for a set of products or services and
- Act as word of mouth marketing agents

There are several models established by researchers that link the relationship between service quality, customer satisfaction and customer loyalty. The mediational model developed by Caruana (2002), links the service quality to the service loyalty via customer satisfaction.

FIGURE 1: MEDIATIONAL MODEL



SOURCE: CARUANA A. (2009)

SQ= Service Quality, CS= Customer Satisfaction, SL= Service Loyalty

He applied this model to the customers of a retail bank in Malta and the results proved the above mentioned relationship. The result confirmed that SQ is an important input of CS and depicts 53% of its variance. He stated that management of banks should mainly focus on CS, of which SQ is an important antecedent so as

to achieve customer loyalty.

3.0 DATA AND METHODOLOGY

There are different types of research paradigms and design but the research design used for the study is the survey method. The survey method is a way of collecting data from a sample of individuals systematically. This design involves the use of questionnaire to solicit information from a group of respondents selected from the population. The main problem under study is the perception of customer service of banks in Ghana. Using the survey method the researchers sought to gather respondents who were both customers and non-customers of the bank who walked in to transact business with the bank and interview them to bring out their candid opinions about their perception and quality of service they receive from the banks selected and further make suggestions on any improvement they wished to be made in that regard. Surveys are usually based on a sample of a population and thus the success of such a research is dependent on the representativeness of the population concerned.

The choice of the survey method is motivated by the fact that it best helps to describe the preferences, behavior, or factual information of respondents being considered. Then a sample of customers was selected to answer a series of questions based on the structured interview method so as to solicit information on their experience, opinions, suggestions and views about the kind of perception and service they receive with the bank. These responses were then analyzed using descriptive statistical methods, mainly frequency tables and t-test and discussed to bring out the main findings that bothered on the issues being investigated under this study. The banks chosen for the study were the banks at Cape Coast. The area chosen for this study was of Cape Coast. Cape Coast is the capital town of the central region of Ghana.

The population for this study was the indigenes of Cape Coast both account holders and non-account holders. The population was categorized as such because the study wanted to consider the quality of service delivered to all customers of banks both prospective customers as well as existing customers of banks. Non-account holders were also considered because some non-account holders may be very regular visitors to banks because they need to transact businesses such as paying of fees and hence received all the services that an account holder receives.

Therefore, anyone who transacts business with the bank that was selected, whether an account holder or not, was considered as a customer in this research work. Clearly a sample frame could not be obtained for the population considered for this study as described above. Due to this, the researcher employed the non-probability sampling method. A total of 250 respondents were used for this study, all 250 being customers of the bank. The respondents of 250 customers were chosen using the accidental non-probability sampling method. The accidental sampling method is widely used in marketing studies as you do not need all the population before you can make inferences about their opinion about a subject like the one being understudied in this research.

The questionnaire included both open-ended and close-ended questions. The first section of the questionnaire solicited the socio-economic characteristics of respondents. This was followed by the questions bothering on the main objectives of the study, which are assessing the gap between service delivery and customers' expectation, finding out the factors that cause dissatisfaction in customers and bringing out new expectations that customers desire from their bankers in order to make them very loyal

customers. The questionnaire was seen as the best tool for the information gathering in this study since the adoption of both open-ended and close-ended questions made it easy for responses to be coded and analyzed.

4.0 DATA ANALYSIS, RESULTS AND DISCUSSIONS

4.1 INTRODUCTION

The aim of this study was to investigate the perception and expectations of customer service of banks and some other factors that also influence customers to be loyal to their banks. The purpose of this chapter is to analyze and present the results of the study. This chapter presents the results of the study based on the data collected using the methodology championed in the previous chapter. The data was analyzed using the Statistical Package for Solutions and Services (SPSS). This chapter is organized into five main sections. The first two sections delve into the background of respondents and the account holding information of respondents. In the third section, the main findings on the factors that cause dissatisfaction in customers are presented. This is followed by the measurement of the gap between customer expectation and perception of the service using the t-test measure. The final section entails the discussion of the results on new expectations by customers.

4.2 Section A: Demographic Information

The questionnaire was designed to firstly seek information about the respondents' age, gender, education, and their occupation. This is to give a brief idea of the kind of respondents that were available for the research.

4.2.1 Gender

The analysis shows that 58.0% of the respondents are males and 42.0% are females. As shown in table 1, the gender distribution gives brief information about the bank patronage behavior of males as against females.

Table 1: gender of respondents

	Frequency
percentage	
Male	145
58.0	
female	105
42.0	
total	250
100.0	

Source: field survey (2021)

Most females as compared to males, do not visit banks to transact business or save their monies in banks. Most researches conducted, have proved the same about the gender distribution of respondents.

4.2.2 Age

The age distribution of our respondents also showed the majority of respondents being within the age group of 30 to 39 years representing about 40.8 % of the respondents. This was followed by respondents within the age group of 40 years and above which also constitute about 36.0 % of the respondents. The remaining

23.2% is made up of respondents within the ages of 20 and 29 years.

Table 2: Age of respondents

Frequency	
percentage	
20-29	58
23.2	
30-39	102
40.8	
40 & above	90
36.0	
total	250
100.0	

Source: field survey (2021)

4.2.3 Employment status

Table 3: employment status of respondent

Frequency	
percentage	
unemployed	15
6.0	
public sector	112
44.8	
private sector	123
49.2	
total	250
100.0	

Source: field survey (2021)

Respondents' occupation is also of importance to the study. From the data gathered it was realized that the majority of respondents were private sector workers. As indicated in the table above, about 49.2% of our respondents indicated that they were in private employment. This was followed by about 44.8% being in the public sector and 6% being unemployed. The employment status also gives an idea of the caliber of people that visits the banks most.

4.3 Section B: Account holding information

Information about account holding was gathered to help the researchers know how well the respondents with accounts, number of banks they operate with and the type of account they have with the banks. The discussions that follow capture information collected in this regard.

4.3.1 Number of account holders

Most respondents indicated that they have a bank account they operate. The table below indicate that out of the total 250 respondents, 241 have at least an account with a particular bank while 9 people do not have an account. The percentage ratio was 96.4% against 5.6% respectively.

Table 4: Respondents with accounts

	Frequency
percentage	
yes	241
96.4	
no	9
5.6	
total	250
100.0	

Source: field survey (2021)

4.3.2 Number of banks respondents operate account with

On the quest above, most respondents indicated that they operate accounts with three banks. This was made up of 48.4% of the respondents as indicated in table below. Moreover, about 41.2% indicated that they have only two different banks they operate accounts with as against 3.2% who indicated they operate account with a bank. From the distribution, 3.6% also indicated that they operate with 4 or more banks. It can be deduced from the table below that a total of 3.6% people do not operate with banks.

Table 5: Number of banks respondents operate account with

	Frequency
percentage	
1 bank	8
3.2	
2 banks	103
41.2	
3 banks	121
48.4	
4 & above banks	9
3.6	
No account	9
3.6	
total	250
100.0	

Source: field survey (2021)

On the enquiry of whether the respondents have accounts with banks, it can be said that about 93.2% of our respondents have had bank experiences with other banks and can better compare the service quality between banks.

4.3.3 Types of accounts owned at bank

Enquiries on respondents' type of accounts they operate with banks yielded the results indicated in the table below. Most respondents revealed that they have only savings and investment accounts. Savings and investment accounts with banks will mostly consist of savings account and Savings plus accounts.

Table 6: Types of accounts respondents operate with banks

percentage	Frequency
Savings/Investment 49.6	124
Current 22.4	56
Both savings & current 24.4	61
No account 3.6	9
total 100.0	250

Source: field survey (2021)

The majority of respondents making up 49.6% who operate the savings and investment accounts may fall within one or more of these categories of bank accounts. This category carries the majority because such accounts are interest bearing accounts and hence do not attract deductions like the current accounts. The current accounts are mostly owned by salaried workers and high net worth business persons and hence it is not surprising that it recorded about 22.4% as respondents with such accounts. The second highest percent of 24.4% also indicate customers with both savings and current accounts while 3.6% of the respondents had no account holding of any kind.

4.4 Section C: Factors and actions that cause dissatisfaction

As part of the objectives, the research wanted to enquire from customers some of the factors and actions that cause dissatisfaction as they transact business with the banks. From the table below it can be noticed that a number of responses were given as factors that cause dissatisfaction.

Table 7: Factors that cause dissatisfaction

percentage	Frequency
Long turn-around-time for 13.6 cash withdrawal	34
Unwillingness of staff to 10.0 assist customers	25
High charges on ATMs & 18.8 current account	47
Waiting for long hours to 38.4 be served in banking hall	96
Continues breakdown of 19.2 system	48
Total 100.0	250

Source: field survey (2021)

Leading the frequencies on the table is continues waiting for long hours be served in the banking hall which is made up of 38.4% of the respondents. Continues break down of system followed the hierarchy with 19.2% of responses going in its favor. The remaining factors are high charges on ATMs and current accounts, with 18.8% of respondents, Unwillingness of staff to assist customers forming 10% and long turn-around-time for cash withdrawal and confirmation also occupying 13.6% of responses.

4.5 Section D: Customer Expectation and Perception

This section of the analysis and discussions is to measure the gap between customers' expectation (E) and perception (P). Perceptions minus Expectations, that is P-E, were used to find gap scores because service quality depends on a service perceived performance in delivering value relative to customers' expectations. Expectations, perceptions and gap scores for each item are given. Thus, based on the expectancy-disconfirmation paradigm, if $E > P$, the customer is dissatisfied and if $E < P$ the customer is satisfied, proposed by Parasuraman et al., (1999). The questionnaire mainly included the scale designed to measure the perceived service quality in the banking sector. This scale evaluates both: the respondent's expectations regarding what a bank ideally has to offer, and his perception of what bank actually offers.

This double measure had to be done successively for each item, namely Tangibles, Reliability,

Responsiveness, Assurance and Empathy. A five point Likert scale from (1) =strongly agree; (2) = agree; (3) = indifferent; (4) = disagree; to (5) = strongly disagree, were used to measure expectations and perceptions. To eliminate the possibility of respondents forgetting the perception score assigned to an item when arriving at the expectations section, the expectations and perceptions scores were not collected in two separate sections {which was the case with SERVQUAL used by Parasuraman et al (1988)}, but rather were collected simultaneously for each item. This was the strategy used by Lewis and Mitchell, (1990) in their research.

Clearly, the researchers were interested in finding out whether there was any gap between customers’ perceptions and expectations. The repeated measure t-test at a confidence interval of 99% was used for analyzing respondents’ scores on the expectations and perceptions measures. The items measured are Tangibles, Reliability, Responsiveness, Assurance and Empathy. The t-test score for each item calculated for the expectations and perceptions are presented and discussed in the tables below.

4.5.1 Tangibles

Table 8: Test results on the measure of Tangibles

Tangible	mean	N	Std. Deviation
Perception	19.0	250	3.343
Expectation	21.527	250	3.471

df	t-test	P
249	8.703	<.001

Source: field survey (2021)

The mean score on customers’ expectation with regards to the tangibles of service is higher than what customers receive in their banking hall. The mean difference in the tangible scores for customers was -2.527. The repeated measure t-test also revealed a significant difference between what customers expect and what they actually get in the banking institution, as indicated statistically as: [(df = 249) = 8.703, P<.001]. This means that respondents’ expectations on tangibles are not met. This is because there is a negative difference in the mean scores. It must, however, be mentioned that the results obtained for tangibles of service is very close to meeting customers’ expectation. The gap is only -2.527. This means that, though there is a negative-disconfirmation, the banks have achieved much in terms of tangibles and will need to do a little bit more to further close the gap.

4.5.2 Reliability

Table 9: Test scores on service quality with regards to Reliability

Reliability	mean	N	Std. Deviation
Perception	15.963	250	3.696
Expectation	19.472	250	3.110

df	t-test	P
249	11.699	<.001

Source: field survey (2021)

The repeated measure t-test results revealed a significant mean gap between perception of customers and their expectation on the reliability measure. The mean score of customers on their perception for Reliability was 15.96 and their expectation for the reliability facet of the service quality scale was 19.47. It can be realized that the mean difference is -3.51. Thus, expectation of clients is far lower than what should exist in the actual banking sector [t ($df = 249$) = 11.699, $P < .001$]. In other words what clients expect is lower than what they perceive to be getting from their banks. In fact the difference between expectation and perception (-3.51) was statistically significant meaning that when it comes to reliability customers' expectations are not being met.

4.5.3 Responsiveness

Table 10: Test results on the measure of Responsiveness

Responsiveness		mean	N	Std. Deviation
df	t-test	P		
Perception		16.619	250	3.919
249	15.293	<.001		
Expectation		21.727	250	3.183

Source: field survey (2021)

The mean score on the responsiveness of bank staff to service delivery, as it exists in the banking sector was 16.619 but the mean for what customers expect on the same service quality dimension was 21.727. The repeated measure t-test showed a significant difference in how customers perceive responsiveness of staff towards service delivery in the banking institutions and what actually exists for them. As can be realized from the table, a negative gap was recorded (-5.108), an indication that customers' expectations are not being met when it comes to the responsiveness of staff towards service delivery in the banking sector. The statistical representation is: [t ($df = 249$) = 15.293, $P < .001$]. Thus the mean score for student's expectation was significantly greater than their mean score on the expectation measure. This means that staff attitude with regards to their willingness to help customers and provision of quick service with speed in solving problems was very appalling. Bank staff must be responsive by showing willingness to assist customers and by speeding up their processes of solving students' problems.

4.5.4 Assurance

Table 11: Test scores on service quality with regards to Assurance

Assurance		mean	N	Std.
Deviation	df	t-test	P	

Perception			14.96	250	12.103
249	11.895	<.001			
Expectation			29.98	250	11.676

Source: field survey (2021)

To ascertain whether customers' expectations are met on the assurance element dimension of service quality, the repeated measure t-test was used. The results showed a significant gap between the mean scores for customers' expectations (29.98) and their perception (14.96) on the assurance element indicator of the service quality scale [t ($df = 249$) = 11.895, $P < .001$]. This means that when it comes to assurance, expectations of customers far exceed what exists in the financial sector. The gap (-15.02) between what exists in the financial sector and what customers expect is statistically significant. That is with regards to the assurance item of service delivery, customers perceive the banking institutions are not doing enough in terms of knowledge of bank services and products, instilling confidence in customers and providing strong security arrangements that make customers feel very safe. Thus the financial institutions can do better than what exists now.

4.5.5 Empathy

Table 12: Test scores on service quality with regards to Assurance

Empathy		mean	N	Std. Deviation	df
t-test	P				
Perception		22.4	250	5.080	249
12.764	<.001				
Expectation		28.7	250	4.667	

Source: field survey (2021)

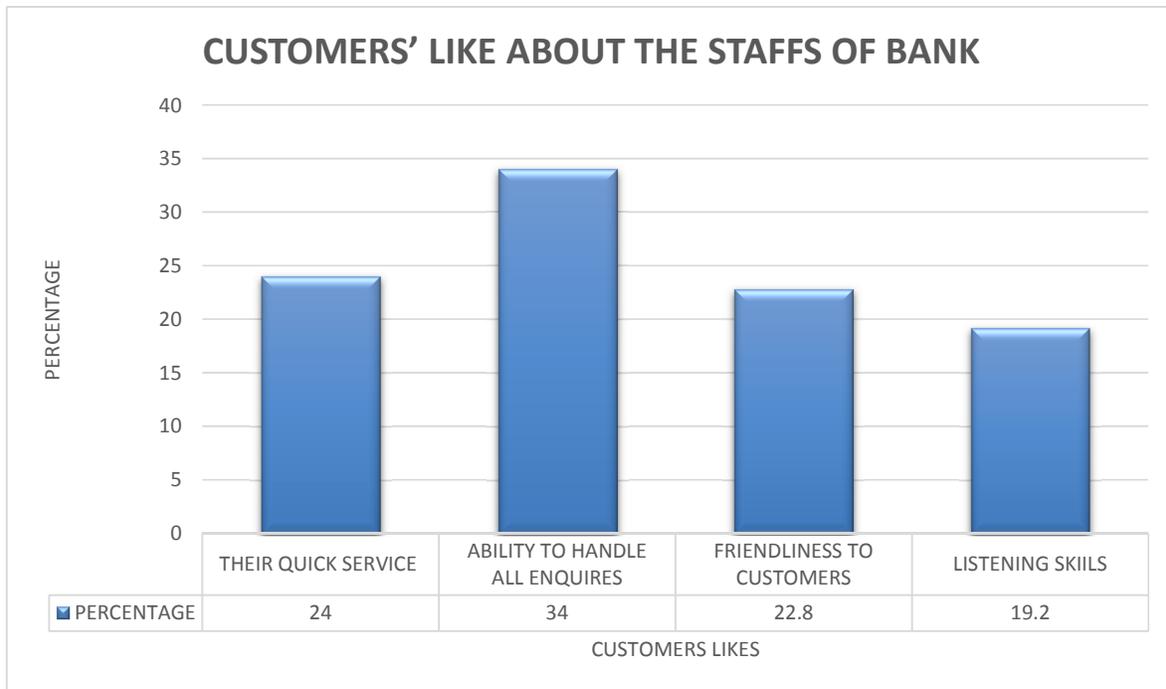
The repeated measure t-test indicated that there is a significant difference in the mean scores of respondents' expectations and perceptions on the empathy measure indicated statistically as: [t ($df = 249$) = 12.8, $P < .001$]. The mean score on empathy which customers' perceive to be receiving from the banking institutions is 22.4 but what they expect is 28.7 indicating a negative difference of -6.3. It can thus be concluded that customer expectations on empathy are not being met by the banking sector. Customers expect that banks will provide products that best suit their needs. That is, banks will provide tailored made products. Customers wish to see the banks becoming more concerned about their interest and being ready to give them individual attention.

4.6 Section E: New Expectations from Customers

This area was aimed at finding out from customers what expectations they anticipate their banks to give them in this modern era. As Parasuraman et al (1994) propounded, the achievement of quality customer service entails conformance to the customer's specifications. They further opined that it is a conscious effort to continuously learn about the expectations and perceptions of customers and non-customers in order to improve the service. In this regard quality can be said to be the meeting of the needs and expectations of customers. From the proposed question customers came up with the various options of expectations as

indicated in the graph below.

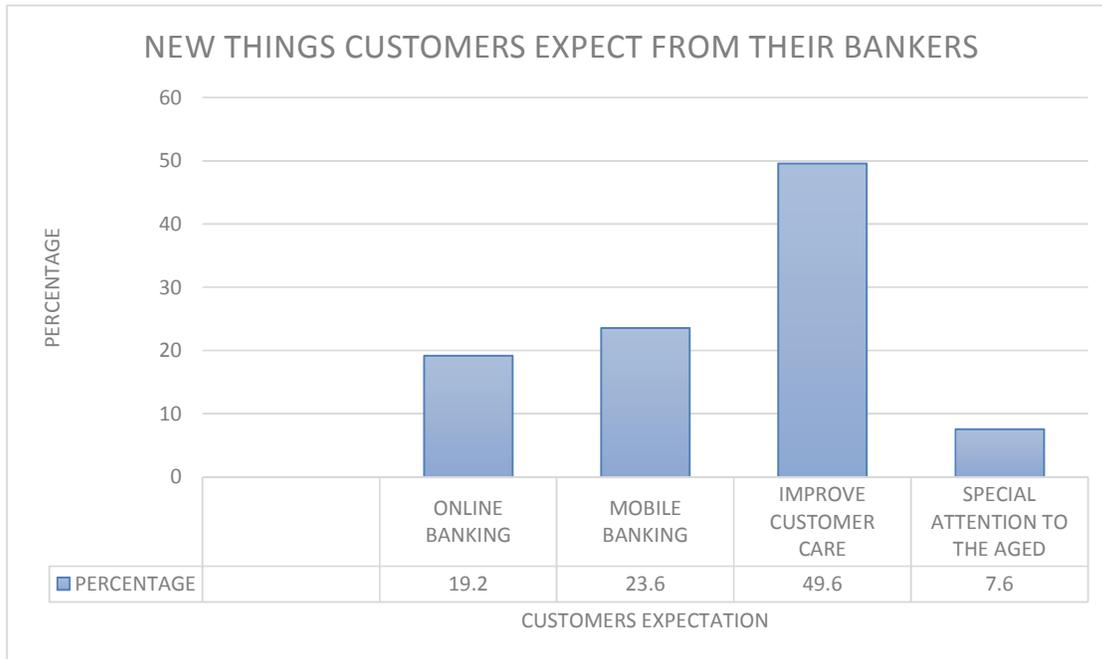
Figure 2: Customers likes about staff of banks



Source: field survey (2021)

A majority of about 34% of the respondents indicated that they were satisfied with the ability to handle all enquires by the bank staff. This is followed by a percentage of about 24% who also indicated that they liked the staffs' quick service towards them and the 22.8% of the respondents who are also pleased with the staff friendliness towards customers. The least frequency score went to listening skills of staff which received about 19.2% of responses from customers who liked the listening skills of bank staffs. Apart from indicating their likes about the staff of bank, respondents also gave their preferences about new things that they wish their bankers could adopt and add to their services.

Figure 3: New things customers expect from their bankers



Source: field survey (2021)

As it is shown in the graph above, there are a myriad of things customer wish their bankers could add to their services in order to meet their expectations. Most of them requested for improve their customer care. As the graph depicts, the highest bar which constitutes about 49.6% are responses in favor of improving the customer care system of the banks. Without any doubt, one can confidently argue that a request as this would be attributed to the fact that most banks staffs do no show much affection to their client or customer when they are making enquiries or are in thought of something. The second highest bar corresponds to mobile banking and it sums up to 23.6% of the respondents used for the study. This represents the second highest responses or suggestions from customers and hence must be taken seriously. As reported in the introduction and corroborated by researchers in the literature review, most customers are not satisfied with the current banks service since customers can not have access to their money outside the bank premises and this could be a factor of dissatisfaction to customers. Customers believe that since their monies must be accessed outside the banks since they do not need to always be at the bank to make certain transactions of their own. They are of the view that, the modern we live in now makes it simple to transact business everywhere and as such client need to have control over their money everywhere they are. The next item in order of more occurrences is “online banking” with a percent of 19.2%. Again as the literature indicated, customers’ inability to access their monies at their own time and preference from their banks is a factor of dissatisfaction and needs to be looked at clearly by banks. Online banking allows customers to operate their account where ever they are in the world without any form of difficulties. This helps client of the banks to transact business at their own pace and timing. The last item on the bar was for the banks to give special attention to the aged. It had the least score on the bar with only 7.6% of the customers claiming that the banks should provide special services to the aged to reduce the time they spend at the banks since most of the aged have medical issues.

Figure 4: New things that will make customers loyal to banks.



Source: field survey (2021)

The other areas mentioned by customers to make them loyal were reduced ATM charges; good customer care; keeping of information confidential at all times and increase interest rate. Each of these areas had the percentage of respondents being 6.4%, 63.3%, 10.4 and 19.6% respectively. All the areas indicated by respondents are areas that need to be looked at closely by banks if they wish to satisfy their customers and hence achieve customer loyalty.

5.0 SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Summary of Findings

The main aim of the study was to investigate the expectation and perception of customers on banks in Ghana and specifically to look at the following; identify factors that may cause customer dissatisfaction; find out if any gap exists between customer perception and expectation; and identify the new trends in customer expectations.

Based on these objectives, questions were raised and included; to what extent do structures put in place by banks ensure customer satisfaction; what factors generally cause customers to be dissatisfied with the services of their bankers; what is the extent of the gap between customer expectation and customer perception of the service delivered by banks; what factors are most likely to promote customer loyalty when introduced or practiced by banks; and what new services do customers expect from their banks?

To accomplish this task, the researchers set out to sample 250 customers to answer questions that will bring out their expectation and perceptions about the quality of service they receive at their banks and the factors that are more likely to cause them dissatisfaction as they transact business with their banks. A modified

version of the SERVQUAL model developed by Parasuraman et al (1988) was adapted to suite the study with the following dimensions; Tangibles; Reliability, Responsiveness; Assurance and Empathy. This was structured along a five scale likert scale with various quality measurement items under each dimension. In addition, there were closed ended and open ended questions to solicit opinions on dissatisfaction factors and new expectations from customers.

The study revealed that all the service quality dimensions contributed significantly to the prediction of service quality in the banking sector. All the service quality dimensions showed that the quality of service was below customer expectation and that more are needed to be done by banks to breach the gap. Among all the service quality dimensions, assurance was found to be highly lacking in terms of perceived service quality. This was followed by Empathy with the expectation of 108 customers agreeing that banks should give individual attention to customers later turned out to be 101 who perceive banks to be giving individual attention to clients. Tangibility was the least dimension in terms of poor quality of service. The findings also showed that there are a myriad of factors which cause customer dissatisfactions, ranging from long turn-around time for service delivery, high charges on ATM usage, online banking and mobile banking. The findings strongly show that there is room for service quality improvement in Ghana's banking industry.

5.2 Conclusions

The study has shown that generally overall satisfaction of customers was low. This means that banks are performing poorly in their customer service delivery. As was indicated in the study, customers are getting dissatisfied with the high charges on ATMs and current accounts and continues breakdown of network connectivity as well as long turn-around time for service delivery. All the dimensions on quality that is, the tangibles, reliability, responsiveness, assurance and empathy all received poor remarks from customers hence indicating that the quality of customer service is below expectation. To achieve excellence, there is the need to develop and implement an industry wide service improvement programme.

This must meet a number of objectives including: defining the banking businesses in a customer focused way; defining the management behavior needed to support customer focus; considering how to motivate staff to take part in the programme and maintain their commitment; and identifying how the success of the programme will be measured. The only real aim of any business is to win, satisfy, and hence retain, its customer base.

5.3 Recommendations

The researchers' recommendations from this study are that banks must take a critical look at the dimension areas used in the study, namely tangibles, reliability, responsiveness, assurance and empathy and patch up any differences that may exist in customer expectation and perception. The study also suggests that the SERVQUAL model is a suitable instrument for measuring the bank service quality in Ghana and therefore recommends that bank managers can use this instrument to assess the bank service quality in their banks.

The study again recommend that banks must understand the customers' needs and wants and try to increase satisfaction level of customers by providing tailor made services. There must be a consistent effort to collect information on customers' new expectations so as to fashion products that will meet them. Human needs are insatiable and they continue to change over time. What may be satisfactory to the customer today may not be considered satisfactory service at all in the near future. In as much as measuring service quality is important,

service managers should endeavor not only to measure service quality but to take steps to manage and improve service quality. Additionally, managers must also find and manage factors which may be related to service quality and which ultimately affect customer satisfaction. This may lead to service managers spending relatively more on increasing customer satisfaction so, in turn increasing customer's intention to purchase the service. This is particularly important because of the widely acknowledged belief that it is more cost effective to retain an existing customer than to attract a new one.

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