VOLUME 16 NUMBER 3 Aug 2024
ISSN 2076-9202 (Print)
ISSN 2218-046X (Online)

International Journal of Information, Business and Management

ELITE HALL PUBLISHING HOUSE

International Journal of Information, Business and Management

ABOUT JOURNAL

The International Journal of Information, Business and Management (IJIBM) was first published in 2009, and is published 4 issues per year. IJIBM is indexed and abstracted in **ROAD, OALib, Ulrich's Periodicals Directory, ProQuest (ABI/INFORM Global) , ZORA (Zurich Open Repository and Archive), IndexCopernicus, JournalSeek, New Jour, getCITED, Directory of Research Journals Indexing, Open J-Gate, Universal Impact Factor, CiteFactor, ResearchBib, EBSCO Open Access Journals, Scientific Indexing Service, InnoSpace - SJIF Scientific Journal Impact Factor, The Index of Information Systems Journals, National Central Library Taiwan, National Library of Australia , National Science Library (Chinese Academy of Sciences), German National Library of Economics, Eurasian Scientific Journal Index, INTERNATIONAL INSTITUTE OF ORGANIZED RESEARCH (I2OR), Stanford University (USA), The University of New South Wales (Australia)**. Since 2013, the IJIBM has been included into the ProQuest (ABI/INFORM Global) list. Since 2014, the IJIBM has been included into the National Science Library (Chinese Academy of Sciences) one of the top databases in China.

IJIBM is an international journal that brings together research papers on all aspects of Information, Business and Management in all areas. The journal focuses on research that stems from academic and industrial need and can guide the activities of managers, consultants, software developers and researchers. It publishes accessible articles on research and industrial applications, new techniques and development trends.

IJIBM serves the academic and professional purposes for those such as scientists, professionals, educators, social workers and managers. It provides new methodology, techniques, models and practical applications in various areas.

ISSN 2076-9202

International Journal of Information, Business and Management

CONTENTS

1 **PUBLISHER, EDITOR IN CHIEF, MANAGING EDITOR AND EDITORIAL BOARD**

2 **THE ASSOCIATION BETWEEN STOCK LIQUIDITY AND CORPORATE CASH HOLDINGS**
NGUYEN THI LE HA, NGUYEN THI THU

3 **ISLAMIC V/S CONVENTIONAL MICROFINANCE INSTITUTIONS (MEASURING SATISFACTION LEVEL OF WOMEN MEMBERS)**
YASRA ASLAM, NIDA SHAH, NAJMA SOOMRO

4 **TIME MANAGEMENT SKILLS: ESSENTIAL IN IMPLEMENTING ALL JOB DUTIES ON TIME**
RADHIKA KAPUR

5 **UNDERSTANDING THE COMPLEX FACTORS CONTRIBUTING TO POVERTY IN AFRICA**
UKEYIMA E. ADAMS

6 **HUMAN RESOURCES PROCEDURES: ESSENTIAL IN PROMOTING ENRICHMENT OF HUMAN RESOURCES**
RADHIKA KAPUR

7 **THE IMPACT OF GLOBAL ECONOMIC POLICY UNCERTAINTY ON BANK CREDIT RISKS AND THE MODERATING EFFECT OF STATE OWNERSHIP: EMPIRICAL EVIDENCE FROM VIETNAMESE COMMERCIAL BANKS**
NGA T. TRINH, QUAN AI TRUONG TRAN

8 **FORMATION OF PLEASANT ENVIRONMENT WITHIN THE WORKPLACE IS ADVANTAGEOUS TO HUMAN RESOURCES AND ORGANIZATIONS AS A WHOLE**
RADHIKA KAPUR

9 **DATA BUNDLE DEPLETION AND SERVICE QUALITY AS PREDICTOR OF CUSTOMER SATISFACTION IN LUMITEL BURUNDI**
EMMANUEL KWIZERA

10 **LEADERSHIP SKILLS: INDISPENSABLE IN LEADING TO OVERALL FUNCTIONING OF THE ORGANIZATION**
RADHIKA KAPUR

11 **PROFESSIONAL SKILLS: VITAL IN LEADING TO ENHANCEMENT OF CAREER PROSPECTS AND LIVING CONDITIONS OF THE INDIVIDUALS**
RADHIKA KAPUR

ISSN 2076-9202

International Journal of Information, Business and Management

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
University of Cassino, Italy.
E-mail: destefano@unicas.it

Prof. Paolo Pietro Biancone
Professor of Financial Accounting, Faculty of Management and Economics
University of Turin, Italy
Email: biancone@econ.unito.it

Dr. Michael A. Hignite, Ph.D.
Professor, Department of Computer Information Systems, College of Business
Missouri State University, USA
Email: mikehignite@missouristateuniversity.com

Dr. Seema Varshney
Assistant Professor, Waljat college of applied sciences
Muscat, Oman
E-mail: smvarster@gmail.com

Dr. Morteza Rasti Barzoki
Assistant Professor, Department of Industrial Engineering
Isfahan University of Technology, Iran
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: oluojoe@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
Universiti Malaysia Sarawak, Malaysia
Email: akartinah@feb.unimas.my

Dr. Malyadri. Pacha
Principal, Government Degree College
Affiliated to Osmania University, India
Email: drpm16@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@uncc.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 Onyedi Eylul 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

Dr. Ionel BOSTAN
Professor DHC, Doctoral School of Economics,
Stefan cel Mare University of Suceava (Romania)
E-mail: ionel.bostan@fdsa.usv.ro

Web: http://ijibm.elitehall.com
ISSN 2076-9202 (Print)
ISSN 2218-046X (Online)

THE ASSOCIATION BETWEEN STOCK LIQUIDITY AND CORPORATE CASH HOLDINGS

Nguyen Thi Le Ha[1,3], Nguyen Thi Thu[2,3]

[1,2] School of Economics, Finance and Accounting, International University, Ho Chi Minh City, Vietnam

[3]Vietnam National University, Ho Chi Minh City, Vietnam

Abstract

How does enhanced stock liquidity affect corporate cash holdings? Does enhanced stock liquidity positively affect corporate cash holdings? The present study attempts to develop a conceptual model for discovering the impact of stock liquidity on cash holdings through the repurchase motive. In the study, stock liquidity is measured by ILLIQ and bid-ask spread. The quantitative research method will be employed. The sample period is from 2017 to 2022. Secondary data of listed companies will be collected from Vietnam Stock Exchanges HOSE and HNX. Company characteristics including firm size and age, are also controlled. Regression analysis will be utilized to examine the association between stock liquidity and corporate cash holdings emphasizing the repurchase motive in Vietnamese listed companies.

Keywords: Corporate Cash Holdings, Repurchase Motive, Stock Liquidity.

Introduction

Background of the Study

With remarkable progress in its stock markets as well as rapid economic growth, Vietnam is one of the world's fastest-growing emerging markets. Its stock market has attracted many foreign investors, expanding the total of foreign investment. (Nguyen, Bhatti, and Henry, 2017). Stock liquidity is more essential to address, or benefit from mispricing through repurchases than to promote funding for actual investments. Nyborg and Wang (2021) have proposed that when a company increases stock liquidity, it can significantly boost its potential to reap the benefits of repurchases. As a result, the company's incentive to hold cash becomes even stronger. Companies hold cash as a precautionary motive, knowing they may need to raise funds quickly. Opler et al. (1999) proposed that firms hold cash as a form of protection against future high external capital costs such as financial constraints. There are many researchers that support the precautionary motive (Zeng, Yin & Sun, 2021; Dittmar, Mahrt-Smith, and Servaes, 2003; Durán, Lozano, and Yaman, 2016; Han and Qiu, 2007; Acharya, Almeida, and Campello, 2007; Bates, Kahle, and Stulz, 2009; Sufi, 2009; Lins, Servaes, and Tufano 2010; Harford, Klasa, and Maxwell, 2014). In the agency motive, Jensen, and Meckling (1976) indicate that it is possible that some members of the board of management may decide to accumulate cash reserves with the intention of using them to spend or invest in ways that are advantageous to themselves. There are some researchers who support the theory (Harford, 1999; Gao, Harford, and Li, 2013; Nikolov and Whited, 2014).

ISSN 2076-9202

According to Huang, Liano, and Pan (2023), the repurchase motive is the desire of firms to hold cash to repurchase their shares later when they believe that the shares are undervalued. Stock liquidity makes it easier and cheaper for firms to repurchase their shares, and therefore strengthens the repurchase motive (Apergis et al., 2021). Nyborg and Wang (2013) found that firms with higher levels of stock liquidity hold higher levels of cash, even after controlling for other factors such as firm size, profitability, and investment opportunities. One of the first studies to examine the repurchase motive was conducted by Jensen and Meckling (1976). The researchers argued that firms hold cash to finance future investment opportunities and to cover unexpected expenses. Firms with high levels of stock liquidity may be more likely to hold high cash levels to repurchase their shares in the future.

Problem Statement

Firms with higher levels of stock liquidity can repurchase their shares at a lower cost of capital (Im, Oliver, and Park, 2022; Wang and Chen, 2023). Stock liquidity is an important determinant of the cost of repurchases (Brockman, Howe, and Mortal, 2008). Despite the importance of stock liquidity and corporate cash holdings. There are limited studies on the relationship between stock liquidity and corporate cash holdings in Vietnam, and the role of the repurchase motive in this relationship has not been examined extensively in the literature which may confuse investors, policymakers, and other stakeholders.

Nyborg and Wang (2021) propose that stock liquidity is an important issue of corporate finance, but still largely misunderstood, is how stock liquidity influences company policy and valuation. The repurchase motive is a key factor in the motivation behind corporate cash holdings but has little research on this subject. The impact of stock liquidity on corporate cash holdings, specifically the repurchase motive, is a topic that has been studied extensively in developed markets such as the United States and the United Kingdom. However, there still needs to be empirical studies on the impact of stock liquidity on corporate cash holdings in the context of developing countries like Vietnam, with a particular emphasis on the repurchase motive.

Although the repurchase motive has been well-documented in developed markets, limited studies on the impact of stock liquidity on corporate cash holdings in Vietnam is due to less evidence of its importance in emerging markets. Consequently, it is necessary to clarify explicitly the relationship between stock liquidity and corporate cash holdings through the repurchase motive in emerging markets like Vietnam.

Objectives of the Study

The study's main purpose is to fill the gap in the literature by exploring the impact of stock liquidity on corporate cash holdings in Vietnam-listed companies, with a focus on the repurchase motive. Particularly, the study investigates the correlation between stock liquidity and corporate cash holdings and examining whether the repurchase motive is a significant factor driving the relationship between stock liquidity and cash holdings in Vietnam-listed companies.

Literature Review

The repurchase motive for holding corporate cash has been a topic of academic interest for many years. One of the first studies to examine the repurchase motive was conducted by Jensen and Meckling (1976). They argued that firms hold cash to finance future investment opportunities and to cover unexpected expenses. They also argued that firms with high levels of stock liquidity may be more likely to hold high levels of cash in order to repurchase their own shares in the future. A study by Agrawal (2007) found that

ISSN 2076-9202

firms with higher levels of stock liquidity are more likely to announce repurchases and are more likely to complete their announced repurchases. Another study by Myers and Majluf (1984) found that firms with higher levels of stock liquidity are more likely to invest in new projects. In recent years, researchers have begun to focus on the impact of stock liquidity on corporate cash holdings, for example, Nyborg and Wang 2021 have some of the key findings on the impact of stock liquidity on corporate cash holdings. Firstly, firms with higher levels of stock liquidity hold higher cash levels. Secondly, the relationship between stock liquidity and corporate cash holdings is stronger for firms with more repurchase activity. Moreover, the relationship between stock liquidity and corporate cash holdings is not affected by firms' access to credit markets. Finally, the relationship between stock liquidity and corporate cash holdings is stronger for firms in industries with higher levels of uncertainty. Another study by Nyborg and Wang (2013) found that firms with higher levels of stock liquidity hold higher levels of cash, even after controlling for other factors such as firm size, profitability, and investment opportunities. This is because stock liquidity is an important determinant of the cost of repurchases (Brockman, Howe, and Mortal, 2008). A study by Im, Oliver, and Park (2022) indicates that stock liquidity has a positive impact on corporate cash holdings, but only for firms with more investment opportunities. Enhanced liquidity allows firms to more easily acquire new assets, which can help them to grow their businesses.

There are two main schools of thought on the impact of stock liquidity on corporate cash holdings - the repurchase motive and the real investment motive. The two schools of thought differ in their predictions about the impact of stock liquidity on corporate cash holdings. In which the repurchase motive is the view that firms hold more cash when their stock is more liquid. According to Chen and Liu (2023), this is because firms believe that they can repurchase their shares at a favorable price when their stock is undervalued (Vermaelen, 1981). For example, a firm with a lot of cash and a liquid stock may be able to buy back its own shares at a price that is below the firm's intrinsic value. This would boost shareholder value by increasing the earnings per share and returning capital to shareholders. The repurchase motive is supported by several empirical studies. For example, Nyborg and Wang (2013) find that stock liquidity has a positive causal effect on corporate cash holdings. They also find that this effect is more pronounced for firms with more investment opportunities. Under the repurchase motive, firms with more liquid stock are expected to hold more cash, regardless of their investment opportunities. The repurchase motive is driven by the desire to repurchase shares at a favorable price (Chen and Liu, 2023), rather than the need to fund future investments. For real investment motives, Im, Oliver, and Park (2020) say that firms hold more cash when they have more investment opportunities such as acquisitions or new product development. The authors argue that this is because enhanced liquidity allows firms to acquire new assets more easily, which can help them to grow their businesses. They also find that this effect is stronger when the cost of external financing is high. This is because the real investment motive is driven by the need to fund future investments, rather than the desire to repurchase shares at a favorable price.

Trade-off Theory

There is an optimal amount of cash holdings with a given level of debt, according to trade-off theory. Corporations can determine this optimal level by weighing the marginal costs and benefits of holding cash (Opler, 1999). Holding cash would bear the "cost-of-carry" if managers sought to maximize shareholder

ISSN 2076-9202

capital. The opportunity cost of capital invested in liquid assets is frequently associated with the main cost of holding cash ((Dittmar et al., 2003; (Faulkender and Rong, 2006). Furthermore, according to Ferria and Vilea (2004), cash holdings can protect firms from the risk of financial distress. In Vietnam, the costs of bankruptcy are significant, making the idea of trade-offs more supportive of cash holdings decisions (Al-Najjar, 2013). However, having a cash reserve is not always advantageous to a business. According to Saddour (2006), firms that stockpile more cash than is optimal may receive a low rate of return on cash or liquid assets. The agency cost of managerial discretion raises the cost of cash holdings if managers keep cash to keep more assets under their control for their own interests rather than acting on the wealth of shareholders. Several studies have been conducted to investigate the trade-off in cash holding behavior using financial determinants of cash holdings. Al-Najjar and Belghitar (2011), for example, empirically test this theory using leverage, liquidity, dividend payout, firm size, and growth.

Free Cash Flow Theory

Jensen (1986) pioneered the free cash flow theory, which typically explains the pattern of cash holdings. According to Jensen (1986), managers prefer to keep a large amount of cash on hand for asset management. The application of free cash flow theory to the analysis of agency problems is a significant part of modern financial literature. The optimal level of cash held by the firm also causes agency problems. Excess cash allows management to pursue investment projects and make financing decisions more easily. If the capital market is unwilling to finance new projects, for example, managers must use available cash within the firm as a risk-free investment.

To minimize the company's risk exposure, a risk-averse manager would maintain a high cash retention ratio and abandon investments with positive risky NPV (Tong, 2006). Aside from the conflict in making financial decisions, the conflict over payout policy is especially acute when free cash flow is abundant (Jensen, 1986). To keep funds within the firm, management appears to accumulate cash by lowering the payout ratio.

Pecking Order Theory

Donaldson (1961) developed the pecking order (or financial hierarchy) theory, which Myers and Majluf (1984) expanded on. When firms decide which funds to use to finance investments, this theory upholds the concept of fund priority order. According to the theory, firms prefer to finance their projects with internal resources that are easily accessible. After that, even if the firms have a sticky dividend policy, they will adjust their dividend levels to capitalize on retained earnings (Tahir, 2016). If the retained earnings ratio can no longer be adjusted, firms will sell liquid assets, with external capital raising as a last resort.

This theory focuses on using internal resources as the least expensive resource from asymmetric information and agency problem theories to reduce costs associated with equity issuance. The theory supports the idea that if a firm is profitable enough to finance its investments, it should not require any or very little outside funding.

Agency Cost Theory

Jensen and Meckling (1976) indicate that it is possible that some members in the board of management may decide to accumulate cash reserves with the intention of using them to spend or invest in

ISSN 2076-9202

ways that are advantageous to them. There are some researchers who support the theory (Harford, 1999; Gao, Harford, and Li, 2013; Nikolov and Whited, 2014).

Corporate Cash Holding

Cash holding refers to the amount of cash and cash equivalents a company or individual keeps on hand. Duchin (2010) says that cash holdings include both short-term investments and cash. Cash equivalents are short-term, highly liquid investments easily converted into cash, such as money market funds and commercial paper. Rosslyn-Smith, De Abreu, and Pretorius (2019) say companies hold cash for a variety of reasons such as to meet day-to-day operating expenses, such as payroll and inventory costs, to invest in new opportunities, such as expanding into new markets (Jabbouri and Almustafa, 2020) or acquire new business, to weather unexpected financial stocks, such as recession or a natural disaster, and to maintain a strong credit rating and attract investors. Cash holdings are an important aspect of corporate financial management because they can help companies maintain their financial flexibility and liquidity. However, excessive cash holdings can also be a sign of financial distress or managerial inefficiency (Siddiqua et al., 2019).

Stocks Repurchase in Vietnam-listed Companies.

Vietnamese stock market was established in 2000 and there are currently two primary stock exchanges: The Ho Chi Minh Stock Exchange (HOSE) is the larger exchange with a higher listing requirement, whereas the Hanoi Stock Exchange (HNX), founded in 2004, is known for listing small and medium-sized businesses. Another stock exchange is the Unlisted Public Company Market (UPCOM), which is for companies that have not been listed on HNX and HOSE. However, share repurchases have surpassed dividends as the primary payout mechanism in many countries, (Farre-Mensa, Michaely, and Schmalz, 2014). In Vietnam, cash dividends account for the vast majority of payouts. The primary legislation governing listed firms' business activities in Vietnam is the Law on Enterprises, the Law on Securities, and the Law on Investments which the National Assembly of Vietnam issues. Treasury stock redemption can take place on demand by shareholders (Article 129, Law on Enterprises, 2020) or by the business decision (Article 130, Law on Enterprises, 2020). The Securities Law (2019) indicates share buyback disclosure requirements, which require listed companies to reveal information "via the Stock Exchange's notification method when buying back stocks and selling treasury stocks". The Ministry of Finance issues circulars and decrees that provide further instructions for implementation for companies that desire to repurchase shares. Circular No. 130/2012/TT-BTC, which goes into effect on August 10, 2012, eliminates the requirement of no business losses while introducing a new time requirement of more than six months after the previous repurchase. Finally, firms that have overdue debts or are in the process of selling shares to raise extra capital have no right to participate in share repurchase activities (Barbara, Nguyen, Rafi, 2021).

Hypothesis Development

Stock Liquidity and Cash Holding

Holden, Jacobsen, and Subrahmanyam (2014); and Le and Gregoriou (2020) indicate that sock liquidity can trade in large volumes quickly at a low cost with minimal price effect. This definition reveals four dimensions of stock liquidity: trading quantity (the amount of security that can be traded at a particular cost), trading speed (how rapidly security can be traded at a particular cost with a given quantity), trading

ISSN 2076-9202

costs (all expenses associated with the trade of a given quantity of security), and price impact (how simple it is to trade the security of a given quantity with the least impact on price). Stock liquidity is a measure of how easily a firm's shares can be bought and sold (Nurhayati, Suharti, Rinda, and Endri, 2021). Liquidity is important for firms because it allows them to raise capital quickly and easily and makes their shares more attractive to investors (Utami, Wahyuni, and Nugroho, 2020).

The cost of equity is heavily influenced by stock liquidity (Alhassan and Naka, 2020). Moreover, stock liquidity is a critical aspect of corporate governance and valuation, as it represents the traceability of stock shares, which in turn signifies both cash flow and control rights. As such, it is a crucial factor for investors to consider when making investment decisions (Chung, Elder, and Kim, 2010; Pástor and Stambaugh, 2003).

H1: Stock liquidity and cash holding are positively correlated

Firm Size and Cash Holding

Alfaro et al. (2019) indicate that firm size measures the scale of a company's operations. It can be measured in a number of ways, including the number of employees, total assets, or annual revenue. According to Lin et. al. (2019), firm size has a significant impact on a company's operations, performance, and strategy. Large firms have a number of advantages over small firms. They have more resources to invest in research and development, marketing, and distribution (Dethine et. al., 2020). Caballero-Morales (2021) says that they also have greater economies of scale, which allows them to produce goods and services at a lower cost per unit. As a result, large firms often have higher profits and market shares than small firms (D'Amato & Falivena, 2019). Modranský et. al. (2020) stated that the disadvantage of large firms is more complex and bureaucratic, which can make them slower to innovate and adapt to change.

H2: Firm size positively affects stock liquidity on cash holding.

Capital Expenditure and Cash Holding

Capital expenditure (CAPEX) is the money a company spends on long-term assets. This can include things like property, plant, and equipment (PP&E) (Márkus & Rideg, 2020), software, and intangible assets like patents and trademarks. Capex is typically used to fund projects that will have a long-term benefit to the company, such as expanding production capacity (Moser et. al, 2021) or developing new products.

H3: Capital expenditure and cash holding are negatively correlated.

Market-to-Book and Cash Holding

The market-to-book ratio, also known as the price-to-book ratio (P/B ratio), is a valuation ratio that measures the market value of a company relative to its book value. It is calculated by dividing the company's market capitalization by its book value of equity.

A market-to-book ratio above 1 indicates that the market values the company at a premium to its book value (Utomo and Hanggraeni, 2021). This can be due to several factors, such as the company's growth prospects, profitability, and market share. A market-to-book ratio below 1 indicates that the market values the company at a discount to its book value. This can be due to some factors, such as the company's declining sales, industry headwinds, or financial distress. Investors can use the market-to-book ratio to identify undervalued stocks (Utomo and Hanggraeni, 2021).

H4: Market-to-book and cash holding are negatively correlated.

ISSN 2076-9202

Firm Age and Cash Holding

Aydıner et al. (2019) mention that firm age is the number of years that a firm has been in operation. It is an important factor in determining a firm's performance, as older firms tend to be larger, more profitable, and more financially stable than younger firms (Gupta, 1969). Vietnam is a relatively young country, so it is not surprising that most firms in Vietnam are also young. According to Giang et. al. (2019), over 95% of all businesses in Vietnam are small and medium enterprises (SMEs).

H5: Firm age and cash holding are positively correlated.

Leverage and Cash Holding

One of the most important determinants of cash holdings is leverage, which is the proportion of debt in the capital structure. It is argued that firms with high leverage ratios tend to hold a large amount of cash as a precautionary measure to reduce default risk (Khalil, 2017). According to Jebran et. al. (2019), firms choose to issue more debts after a crisis period to increase their cash level. The pecking order theory, on the other hand, predicts that leverage and cash holding have an inverse relationship, implying that companies that can borrow through bonds will hold less cash and will be more focused on investing.

H6: Leverage and cash holding are negatively correlated.

Research Methodology

In the study, quantitative research method is applied. A sample of 50 companies listed on HOSE and HNX will be included in the study. Stock liquidity data on trading volume, and market capital of daily and monthly stock 2017 – 2022 are gathered from these 50 listed firms. Stocks need to trade for no less than 100 days and have a price not exceeding VND100,000 per share. Stockbiz and Thomson Reuters are the data sources. The data is gathered and organized using a tabular data structure, which is made up of two parts: a cross-sectional data component and a market data component.

Descriptive statistics, correlation, model testing, and panel regressions are presented. Institutional turnover by Gaspar, Massa, Matos (2005) and Yan, Zhang (2009), and product-market fluidity by Hoberg, Phillips, and Prabhala (2014) are employed to discover the repurchase motive to hold cash. Panel regressions by Nyborg and Wang (2021) is used to examine the relationship between stock liquidity and corporate cash holding. Particularly, panel regression of cash ratio on stock liquidity measure is as follows.

$$Cash\ ratio_{i,t} = \beta_0 + \beta_1 \mathrm{ILLIQ}_{i,t-1} + \beta_2 \mathrm{SIZE}_{i,t} + \beta_3 \mathrm{CAPEX}_{i,t} + \beta_4 \mathrm{MTB}_{i,t} + \beta_5 \mathrm{AGE}_{i,t} + \beta_6 \mathrm{LEV}_{i,t} + \varepsilon_{i,t}$$

where i represents companies, i = 1, 2, …,50; t is time; β0, β1,… β6 is regression coefficient of independent and control variables, $\mathrm{Cash\ ratio}_{i,t}$, is cash ratio of a firm in year, $\mathrm{ILLIQ}_{i,t-1}$is stock liquidity of i firm in year t; SIZEi,t is firm size of i firm in year t; CAPEXi,t is capital expenditure of i firm in year t; MTBi,t is market-to-book of i firm in year t; AGEi,t is firm age of i firm in year t; LEVi,t is leverage of i firm in year t; and εi,t is error.

Nyborg and Wang (2021) is applied to test the association between stock liquidity and repurchase motive.

$$Rep_{i,t} = \beta_0 + \beta_1 \mathrm{ILLIQ}_{i,t-1} + \beta_2 \mathrm{SIZE}_{i,t} + \beta_3 \mathrm{DIV}_{i,t} + \beta_4 \mathrm{MTB}_{i,t} + \varepsilon_{i,t}$$

where i represents companies, i = 1, 2, …,50; t is time; β0, β1,… β4 is the regression coefficient of independent and control variables; REPi,t is Repurchase ratio (total share repurchase/market cap) of a firm

ISSN 2076-9202

in year t; ILLIQi,t is stock liquidity of i firm in year; SIZEi,t is the firm size of i firm in year t; DIVi,t is dividends of i firm in year t; MTBi,t is market-to-book of i firm in year t; and εi,t is error.

Conclusion

The linkage between stock liquidity and corporate policies and valuations is a critical issue in corporate finance and valuation. A repurchase motive is also an important determinant of corporate cash holdings, even in the context of an emerging economy with underdeveloped credit markets. The current study's main objective is thus to help provide valuable insights into the relationship between stock liquidity, corporate cash holdings, and the repurchase motive in Vietnam, an emerging economy. Quantitative research method is utilized. HOSE and HNX listed companies' stock liquidity data on trading volume, and market capital of daily and monthly stock 2017 – 2022 are collected. The data sources are Stockbiz and Thomson Reuters. The study employs the approach by Nyborg and Wang (2021) for most of the analysis. ILLIQ and the bid-ask spread, regression frameworks are all useful tools for exploring the correlation between stock liquidity and corporate cash holdings emphasizing the repurchase motive in companies listed on HOSE and HNX, Vietnam.

References:

Alfaro, L., Asis, G., Chari, A., & Panizza, U. (2019). Corporate debt, firm size and financial fragility in emerging markets. *Journal of International Economics*, *118*, 1–19. https://doi.org/10.1016/j.jinteco.2019.01.002

Apergis, N., Chasiotis, I., Georgantopoulos, A. G., & Konstantios, D. (2021). The integration of share repurchases into investment decision-making: Evidence from Japan. *International Review of Financial Analysis*, *78*, 101950. https://doi.org/10.1016/j.irfa.2021.101950

Apergis, N., Chasiotis, I., Georgantopoulos, A. G., & Konstantios, D. (2021). The integration of share repurchases into investment decision-making: Evidence from Japan. *International Review of Financial Analysis*, *78*, 101950. https://doi.org/10.1016/j.irfa.2021.101950

Amihud, Y., 2002. Illiquidity and stock returns: cross-section and time-series effects. Journal of Financial Markets 5, 31-56.

Al-Najjar, B. (2013). The financial determinants of corporate cash holdings: Evidence from some emerging markets. *International business review*, *22*(1), 77-88.

Alhassan, A., & Naka, A. (2020). Corporate future investments and stock liquidity: Evidence from emerging markets. *International Review of Economics & Finance*, *65*, 69–83. https://doi.org/10.1016/j.iref.2019.10.002

Al-Najjar, B., & Belghitar, Y. (2011). Corporate cash holdings and dividend payments: evidence from simultaneous analysis. *Managerial and Decision Economics*, *32*(4), 231–241. https://doi.org/10.1002/mde.1529

Aydıner, A. S., Tatoğlu, E., Bayraktar, E., Zaim, S., & Delen, D. (2019). Business analytics and firm performance: The mediating role of business process performance. *Journal of Business Research*, *96*, 228–237. https://doi.org/10.1016/j.jbusres.2018.11.028

Brockman, P., Howe, J. S., & Mortal, S. (2008). Stock market liquidity and the decision to repurchase. *Journal of Corporate Finance*, *14*(4), 446–459. https://doi.org/10.1016/j.jcorpfin.2008.06.001

Bargeron, L., & Farrell, M. J. (2021). The Price Effect of Stock Repurchases: Evidence from Dual Class Firms. *Management Science*, *67*(10), 6568–6580. https://doi.org/10.1287/mnsc.2021.4066

Campello, M., Connolly, R. A., Kankanhalli, G., & Steiner, E. (2022). Do real estate values boost corporate borrowing? Evidence from contract-level data. *Journal of Financial Economics*, *144*(2), 611–644. https://doi.org/10.1016/j.jfineco.2021.06.021

ISSN 2076-9202

Caballero-Morales, S. (2021). Innovation as recovery strategy for SMEs in emerging economies during the COVID-19 pandemic. *Research in International Business and Finance*, *57*, 101396. https://doi.org/10.1016/j.ribaf.2021.101396

Chen, N. Y., & Liu, C. C. (2023). The impact of share repurchases on equity finance and performance. *The Quarterly Review of Economics and Finance*, *91*, 198-212.

Chung, K. H., J. Elder, and J. C. Kim. 2010. Corporate governance and liquidity. Journal of Financial and Quantitative Analysis 45 (2):265–91. doi:10.1017/s0022109010000104.

Chordia, T., Roll, R., Subrahmanyam, A., 2001. Market liquidity and trading activity. Journal of Finance 56, 501-530.

Dittmar, A. K., Mahrt-Smith, J., & Servaes, H. (2003). International Corporate Governance and corporate cash holdings. *Journal of Financial and Quantitative Analysis*, *38*(1), 111. https://doi.org/10.2307/4126766

Duchin, R. (2010). Cash holdings and corporate diversification. *Journal of Finance*, *65*(3), 955–992. https://doi.org/10.1111/j.1540-6261.2010.01558.x

Donaldson, G. (1961), *Corporate Debt Capacity, Division of Research, Graduate School of Business Administration,* Harvard University, Boston.

D'Amato, A., & Falivena, C. (2019). Corporate social responsibility and firm value: Do firm size and age matter? Empirical evidence from European listed companies. *Corporate Social Responsibility and Environmental Management*, *27*(2), 909–924. https://doi.org/10.1002/csr.1855

Fang, V.W., Noe, T.H., Tice, S., 2009. Stock market liquidity and firm value. Journal of Financial Economics 94, 150-169.

Ferreira, M. A., & Vilela, A. S. (2004). Why do firms hold cash? Evidence from EMU countries. *European financial management*, *10*(2), 295-319.

Faulkender, M. W., & Rong, W. (2006). Corporate Financial Policy and the value of cash. *The Journal of Finance*, *61*(4), 1957–1990. https://doi.org/10.1111/j.1540-6261.2006.00894.x

Gaspar, J., Massa, M., & Matos, P. (2005). Shareholder investment horizons and the market for corporate control. *Journal of Financial Economics*, *76*(1), 135–165. https://doi.org/10.1016/j.jfineco.2004.10.002

Gao, H., Harford, J., & Li, K. (2013). Determinants of corporate cash policy: Insights from private firms. *Journal of Financial Economics*, *109*(3), 623-639.

Gupta, M. C. (1969). The effect of size, growth, and industry on the financial structure of manufacturing companies. The Journal of Finance, 24(3), 517–529. https://doi.org/10.1111/j.1540-6261.1969.tb00370.x

Giang, M. H., Trung, B. H., Yoshida, Y., Xuan, T. D., & Que, M. T. (2019). The causal effect of access to finance on productivity of small and medium enterprises in Vietnam. *Sustainability*, *11*(19), 5451. https://doi.org/10.3390/su11195451

Huang, GC., Liano, K. & Pan, MS. Open-market stock repurchases, insider trading, and price informativeness. *Rev Quant Finan Acc* 60, 1495–1513 (2023). https://doi.org/10.1007/s11156-023-01142-7

Holden, C. W., Jacobsen, S. E., & Subrahmanyam, A. (2014). The Empirical Analysis of Liquidity. *Foundations and Trends in Finance*, *8*(4), 263–365. https://doi.org/10.1561/0500000044

Hoberg, G., Phillips, G., Prabhala, N., 2014. Product market threats, payouts, and financial flexibility. *Journal of Finance,* 69, 293-324.

Harford, J. (1999). Corporate cash reserves and acquisitions. *The journal of finance*, *54*(6), 1969-1997.

Im, H. J., Oliver, B., & Park, H. (2022). The effect of stock liquidity on corporate cash holdings: The Real Investment Motive. *International Review of Finance*, *22*(3), 580–596. https://doi.org/10.1111/irfi.12377.

ISSN 2076-9202

Jabbouri, I., & Almustafa, H. (2020). Corporate cash holdings, firm performance and national governance: evidence from emerging markets. *International Journal of Managerial Finance*, *17*(5), 783–801. https://doi.org/10.1108/ijmf-07-2020-0342

Jensen, M. C., & Meckling, W. H. (1976). Theory of the firm: Managerial behavior, agency costs and ownership structure. *Journal of Financial Economics*, *3*(4), 305–360. https://doi.org/10.1016/0304-405x(76)90026-x

Jensen, M. C. (1986). Agency costs of free cash flow, corporate finance, and takeovers. *The American economic review*, *76*(2), 323-329.

Jebran, K., Iqbal, A., Bhat, K. U., Khan, M. A., & Hayat, M. (2019). Determinants of corporate cash holdings in tranquil and turbulent period: evidence from an emerging economy. *Financial Innovation*, *5*(1), 1-12.

Le, H., & Gregoriou, A. (2020). how do you capture liquidity? a review of the literature on low-frequency stock liquidity. *Journal of Economic Surveys*, *34*(5), 1170–1186. https://doi.org/10.1111/joes.12385

Mukherjee, P., & Chatterjee, C. (2019). Does Share Repurchase Announcement Lead to Rise in Share Price? Evidence from India. *Global Business Review*, *20*(2), 420–433. https://doi.org/10.1177/0972150918825327

Myers, S. C., & Majluf, N. S. (1984). Corporate financing and investment decisions when firms have information that investors do not have. *Journal of financial economics*, *13*(2), 187-221.

Modranský, R., Jakabová, S., & Oláh, A. (2020). Innovation management and barriers–creating space for innovation and organizational change. *Emerging Science Journal*, *4*(5), 345-364.

Márkus, G., & Rideg, A. (2020). Understanding the connection between SMEs' competitiveness and cash flow generation: an empirical analysis from Hungary. *Competitiveness Review*, *31*(3), 397–419. https://doi.org/10.1108/cr-01-2020-0019

Moser, P., Isaksson, O., Okwir, S., & Seifert, R. W. (2021). Manufacturing Management in process industries: The impact of market conditions and capital expenditure on firm performance. *IEEE Transactions on Engineering Management*, *68*(3), 810–822. https://doi.org/10.1109/tem.2019.2914995

Nguyen, C., Bhatti, M. I., & Henry, D. (2017). Are Vietnam and Chinese stock markets out of the US contagion effect in extreme events? *Physica A: Statistical Mechanics and Its Applications*, *480*, 10–21. https://doi.org/10.1016/j.physa.2017.02.045

Nyborg, K. G., & Wang, Z. (2021). The effect of stock liquidity on cash holdings: The repurchase motive. *Journal of Financial Economics*, *142*(2), 905–927. https://doi.org/10.1016/j.jfineco.2021.05.027

Nyborg, K. G., & Wang, Z. (2013). Stock Liquidity and Corporate Cash Holdings. *SSRN Electronic Journal*. https://doi.org/10.2139/ssrn.2285535

Nurhayati, I., Suharti, T., Rinda, R. T., Endri, E. (2021). Impact of tick size reduction on the market liquidity using trading friction. *Academy of Strategic Management Journal.* Volume 20, Issue 1, 2021.

Opler, T., Pinkowitz, L., Stulz, R.M., Williamson, R., 1999. The determinants and implications of corporate cash holdings. Journal of Financial Economics 52, 3-46.

Pástor, and R. F. Stambaugh. 2003. Liquidity risk and expected stock returns. Journal of Political Economy 111 (3):642–85. doi:10.1086/374184.

Rosslyn-Smith, W., De Abreu, N. V. A., & Pretorius, M. (2019). Exploring the indirect costs of a firm in business rescue. *SA Journal of Accounting Research*, *34*(1), 24–44. https://doi.org/10.1080/10291954.2019.1667647

Siddiqua, G.A., ur Rehman, A. and Hussain, S. (2019), "Asymmetric targeting of corporate cash holdings and financial constraints in Pakistani firms", *Journal of Asian Business and Economic Studies*, Vol. 26 No. 1, pp. 76-97. https://doi.org/10.1108/JABES-07-2018-0056

ISSN 2076-9202

Saleh, B. A. (2023). The Effect of Financial Ratios, Firm Size, and Cash Flows from Operating Activities on Earnings per Share. *International Journal of Professional Business Review*, *8*(6), e03317. https://doi.org/10.26668/businessreview/2023.v8i6.3317

Saddour, K. (2006). *The determinants and the value of cash holdings: Evidence from French firms* (No. halshs-00151916).

Tran, Q. T. (2020). Corporate cash holdings and financial crisis: new evidence from an emerging market. *Eurasian Business Review*, *10*, 271-285.

Tong, Z. (2006). Risk reduction as a CEO's motive for corporate cash holdings. *Xfi Centre for Finance and Investment Working Paper*, (07/02).

Tahir, M. S., Alifiah, M. N., Arshad, M. U., & Saleem, F. (2016). Financial theories with a focus on corporate cash holding behavior: A comprehensive review. *International Journal of Economics and Financial Issues*, *6*(3), 215-219.

Utami, W., Wahyuni, P. D., & Nugroho, L. (2020). Determinants of stock liquidity: Forward-Looking information, corporate governance, and asymmetric information. *The Journal of Asian Finance, Economics and Business*, *7*(12), 795–807. https://doi.org/10.13106/jafeb.2020.vol7.no12.795

Utomo, C. D., & Hanggraeni, D. (2021). The impact of COVID-19 pandemic on stock market performance in Indonesia. *Journal of Asian Finance, Economics and Business*, *8*(5), 777–784. https://doi.org/10.13106/jafeb.2021.vol8.no5.0777

Vermaelen, T. (1981). Common stock repurchases and market signalling. *Journal of Financial Economics*, *9*(2), 139–183. https://doi.org/10.1016/0304-405x(81)90011-8

Wang, P., & Chen, R. (2023). Share repurchase and the cost of capital: Discussion on the nature of share repurchase of Chinese listed companies. *PLOS ONE*, *18*(9), e0292171. https://doi.org/10.1371/journal.pone.0292171

Yan, X., Zhang, Z., 2009. Institutional investors and equity returns: are short-term investors better informed? *Review of Financial Studies,* 22, 893-924

ISSN 2076-9202

ISLAMIC V/S CONVENTIONAL MICROFINANCE INSTITUTIONS (MEASURING SATISFACTION LEVEL OF WOMEN MEMBERS)

Yasra Aslam (Corresponding author)
PhD Scholar, School of Management
Huazhong University of Sciences and Technology (HUST). China
I202022034@hust.edu.cn
(Assistant Professor)
Department of Management Sciences
Isra University, Hyderabad Campus, Sindh. Pakistan
Email: Yasra.aslam@isra.edu.pk

Nida Shah
Isra University, Hyderabad Campus, Sindh. Pakistan
Email: nida.shah54@gmail.com

Najma Soomro
PhD Scholar, Department of Management Sciences
Institute of Business Administration Sukkur (IBA) Sukkur, Sindh. Pakistan
Email: najma.phdmgts19@iba-suk.edu.pk

Abstract

All microfinance institutions whether Islamic or Conventional provide small loans to poor people. Islamic microfinance institutions provide small (Riba Free) loans to (people) women to start their businesses. The purpose of this study is to compare the Islamic and Conventional Microfinance banks of Hyderabad in terms of level of satisfaction, age, type of financing, loan size, and time of repayment. We received 51 questionnaires from Islamic and Conventional Microfinance Banks through a convenient sampling technique. They analyzed the satisfaction level of women members of both microfinance institutions by using a questionnaire as a tool and derived data from women members of Islamic and conventional microfinance institutions of Hyderabad city. For data analysis, we used descriptive statistics to calculate the normality of distribution. Moreover, the Satisfaction level between Islamic Microfinance Banks and Conventional Microfinance banks is compared by using the Mann-Whitney U-test and computing the Chi-square test to determine the significant difference between categorical variables (age, type of loan, loan size, and time of repayment) and satisfaction. The findings of the study conclude that Islamic Microfinance is popular among women aged 31 years or above who borrow small amounts of loans for the short term. In contrast, Medium to Large amount of loan is borrowed mostly by women between 21-31 years from conventional banks for medium to longer term.

ISSN 2076-9202

Keywords:
Islamic Microfinance, Conventional Microfinance, Qualitative, Riba free Micro financing, Satisfaction.

1.1 Introduction

1.1 Microfinancing Concept

Throughout the world almost every country must confront poverty, this situation led to many difficulties like reduced health facilities, poor illiteracy rates, and decreased quality of life (Kashif et al., 2011). Researchers have been contributors to the empowerment of women, increased health, education, democratization, and environmental improvement concerns through the Islamic Microfinance banking system (Mayoux, 2001). According to the World Bank (2001) reports, developing countries like Pakistan, Bangladesh, and Ethiopia their societies are discriminated against based on gender have greater poverty, slower economic growth, weaker governance, and a lower standard of living, micro-financing institution solves this problem and improve their living standards (Kifle et al., 2013).

Microfinance institutions stand for providing loans and further services to women and low-income group people. According to the State of Microcredit Summit Campaign Report 2001 14.2 million of the world's poorest women now have access to financial services through specialized Microfinance Institutions (MFI's) and other non-bank Microfinance Institutions (Cheston et al., 2001).

Islamic banking is a new concept and boost value can be taken over not only in Islamic countries but all over the world (Rizwan et al., 2014). Islamic banking in Pakistan steadily increased over the past few years. Market share increased from 1% to 7% of Islamic banks, from 2001 to 2011 (Imran et al., 2010). About six Islamic banks operate more than 20 conventional banks and offer a variety of products and services in Pakistan and every bank, customer satisfaction for their own needs (Zahoor et al., 2010).

"Allah has permitted for your trade and prohibited interest" (2. 275). In the light of these Holy Quran verses Islamic Micro-finance banks offer products and services accordance in with Shariha compliance like: "Modaraba, Musharaka, Murabaha, Sukuk, Ijara and Salam" (Anum et al.,2013).

Nowadays sustainable livelihood is essential for good living. The state we have studied is Bangladesh. In Bangladesh poverty rate is increasing day by day with an increasing number of marginally impoverished people every year from 78.2 million in 1970 and 80.46 in 2009. This is on condition that Microfinance credit to solve their problems (Basher 2013) and helps alleviate poverty but generating income, creating jobs, allowing children to go to school, enabling families to obtain health care, and empowering people to make choices that best serve their needs (Asamoah, 2004).

In Pakistan Islamic Micro Finance generated gained trust and made identity among the customers. Islamic microfinance banking system tries to satisfy the financial needs of potential customers, and positively contribute to economic growth (Akhtar et al., 2009). According to (Anum et al., 2013) more than 10 Islamic Microfinance Institutions are operating in Pakistan, according to the guidelines of SBP for Islamic Microfinance Business by Financial Institutions under prudential regulation vide SMED Circular No.

- Establishing Full fledge Islamic Microfinance Banks (IMFBs)

ISSN 2076-9202

These cover:

- Licensing Requirements
- Application Forms
- Compliance with Legal Framework & Prudential Regulations for IMFBs

➢ The following Islamic Microfinance Banks are currently operating:

- Khushali Bank Limited
- NRSP Micro Finance Bank Limited
- Tameer Micro Finance Bank Limited

➢ Islamic Microfinance Services by Full-fledge Islamic Banks

These cover:

- Mode I - Islamic Microfinance Counters at Existing Branches
- Mode II - Stand-alone Islamic Microfinance Branches & Mobile Banking
- Mode III - Establishing Independent IMFBs as Subsidiaries of Banks
- Mode IV - Developing Linkages with Islamic MFBs/MFIs
    - The Banks working under such regulations are:
- Al Baraka Bank Limited
- Bank Islami Pakistan Limited
- Buri Bank Limited
- Dubai Islamic Bank Limited
- Meezan Bank Limited

➢ Islamic Microfinance Services by Conventional Banks.

These cover:

- Mode 1 - Islamic Microfinance Counters at Existing Branches
- Mode II - Stand-alone Islamic Microfinance Branches & Mobile Banking
- Mode III- Establishing Independent IMFBs as Subsidiaries of Banks
- Mode IV- Developing Linkages with Islamic MFBs/MFIs

➢ Following Conventional Banks are operating under Shariah-compliant policies:

- Askari Bank Limited
- Bank AL Habib Limited

ISSN 2076-9202

- Bank Alfalah Limited
- Faysal Bank Limited
- Habib Bank Limited
- Habib Metropolitan Bank Limited
- MCB Bank Limited
- National Bank of Pakistan
- Silkbank Limited
- Soneri Bank Limited
- Standard Chartered Bank (Pakistan) Limited
- The Bank of Khyber
- The Bank of Punjab
- United Bank Limited

➢ Islamic Microfinance Services by Conventional Microfinance Banks (MFBs)
These cover:

- Eligibility Criteria.
- Islamic Microfinance Division
- Islamic Microfinance Fund
- Systems and Control

➢ Utilizing Conventional Branch Network

- Internal Audit
- Accounting Records and Disclosure
- Statutory Liquidity and Cash Reserve Requirements

➢ The Conventional Microfinance Banks providing Islamic microcredit are as follows:

- Apna Micro Finance Bank Limited
- Kashf Micro Finance Bank Limited
- Pak Oman Micro Finance Bank Limited
- Rozgar Micro Finance Bank Limited
- The First Micro Finance Bank Limited.

➢ Other Islamic Micro Finance Institutions are:

ISSN 2076-9202

- Akhuwat
- Al Huda Foundation
- Farz Foundation
- Center for Women Cooperative Development, Pakistan / Wasil Foundation. (Aunm et al., 2013)

1.2 Islamic Micro Finance and the Role of Women

For microfinance projects, women are more and more praised by development agencies as Effective poverty reduction interventions to Impact economic growth and a positive Range of social development indicators, in short, the provision of credit is believed not only to alleviate poverty but to lead the 'empowerment' of women (Hunt et al., 2010). International donors, governments, academics, and other development experts attach great importance to microfinance as a strategy to reach women and involve them in the development process. The microfinance industry has made great to identify barriers to women's access to financial services and develop progress on how to overcome these obstacles (Cheston et al., 2001).

In Pakistan, women face problems for many reasons such as the lack of education, religion Interpretation, patriarchal society, lack of employment opportunities, lack of financial resources (Sara et al., 2013). Most religious beliefs and misleading staff interpreters' repression, neglect, and abuse of women. Religious instruction is taken into account negatively. Thus, women were considered inferior to men, and the second stage category was human (Sinclair, 2012). Pakistani women are not only bound by restriction, but they also face social, and cultural norms, and values and no permission to work outside the home, according to an Economic Survey (2007) report, the total civilian labor force of the country is about 33.82 percent and the female participation is only 7 percent. Now we are in the 21st century its a need to break the traditions, customs, and participation of women to overcome barriers of non-traditional and generate revenue activities, and participate in the country's economy (Zia et al., 2009).

1.3 Objective of the Study

The main objective of the study was:

1- To assess and compare the satisfaction of Islamic and Conventional Microfinance Banks among women customers.
2- To compare the age of women customers of Islamic and Conventional Microfinance Banks
3- To compare the size of loans of women customers of Islamic and Conventional Microfinance Banks.
4- To compare the time to repay loans of women customers of Islamic and Conventional Microfinance Banks.

2. Literature Review

ISSN 2076-9202

Research has revealed a huge turnover in the field of Islamic Microfinance and women's empowerment. Nicholas (et al., 2009) in an article on "The Women's Crusade" in the New York Times, share a true story. How Islamic Microcredit Institute empowers the women in (Lahore) Pakistan. That institute does not empower the one woman it empowers the one nation.

Saiful (2014) examined the study on the role of microcredit in women's empowerment through financial inclusion. Data was collected through a questionnaire among low-income underprivileged rural areas in southwestern, Bangladesh. This study aims to examine the usage and effectiveness of microfinance. The target population was rural women. Data was analyzed by STATA and multiple regression and descriptive statistic was applied to interpret the data. The study found that Microfinancing promotes financial inclusion and plays a significant role in empowering women, through microfinance they can generate income, save, and invest in health, education, and community development.

Ahiahmed (2014) researched to explore the challenges and opportunities of poor women in SFPI microfinance intervention in the Oromia Special Zone Surrounding Fin fine, Sululta Woreda. It was a qualitative case study approach. Data was collected through 12 in-depth interviews with poor women, these respondents were divided into two focus groups as a sampling method. One from urban and the other from rural areas of Sululta Woreda. Studies indicate poor women. Microfinance banks lend money to those women to start their busies and become empowered in all aspects (improvement in income, expenditure, and home utility, generally improvement in social and economic condition). Studies also indicate these women faced many challenges during financing. The result shows, that these challenges negatively affect women and create social problems. These findings indicate, restructuring and redesigning the policy, and during policy-making researchers address all social, challenges and problems to improve operational efficiency.

Microcredit institutes are not enough to boost social and economic growth and development in society. The proper implementation of the Islamic Microfinance banking system gives the provision to skilled workers to implement their ideas effectively in the market and prove themselves as small entrepreneurs. Anum (et al., 2013) conducted research, and that research has two parts. Its first part endorses the Islamic Microfinance model and its dimensions. How does this model help to achieve the social, financial, humanitarian, and religious objectives? In the Second part researcher study critical issues, challenges, and barrier to the Islamic Microfinance banking system. The findings of this study are purely theoretical and based on an extensive literature review depicting the true image and status of Islamic Microfinance and its models in rural Pakistan. The result shows, that for operational efficiency, need to restructure the Islamic Microfinance model and redesign the socioeconomic conditions for rural areas.

Microfinance institutions play a very important role in empowering women especially the financially weak, who face so many problems accessing microcredit for a variety of reasons like being a member of a patriarchal society, misinterpreting religious concepts about her role and position in the society, and cultural restraints. Sara (et al., 2013) through study investigated and assessed women's experiences with microfinance institutions for empowerment. This is qualitatively based. Data was collected through in-depth interviews and stopped at saturation level. Through phenomenological analysis, women's lived experiences

ISSN 2076-9202

were analyzed. The result indicates that Microcredit strengthens women in all dimensions, but plays a more influential role in providing independent microfinance institutions access to micro-credit, support, and facilities from their families. Nowadays, needless to say, multi-dimensional women, "the stable contribution to alleviating the feminization of poverty, which is not a social issue, but a global problem,

Kifle (et al., 2013) carried out the study to find out the major constraints that members faced in utilizing the services of microfinance institutions in the rural part of Dire Dawa Administrative Region, Ethiopia. The districts divided into two areas, (Halo Busaand Hula Hulul) were selected randomly. Data was gathered from 48 respondents. For the comprehensive results researcher conducted interviews by employing the focus group discussion method. The data were analyzed qualitatively. The result shows the multiple constraints such as (insufficient loan amount, lack of training and follow-up, unavailability of nearby markets, and high cost of inputs) for lenders. The study concluded that Microfinance banks need to pay attention to the loan amount, employee training, innovation in products, quality of services, and profit.

Usman (et al., 2011) conducted research, to know the effect of microfinance on poverty alleviation. In this study, it is analyzed that microfinance is an important element for an effective poverty reduction strategy. This study shows the role of microfinancing and how it helps to improve social and economic aspects. This study reveals that sufficient provision of micro-finance can change the low-income individual lifestyle that east manage their risk, gradually save money, enhance their earning income, educate their children, start their own small business even enjoy an improved life.

Zia (et al., 2009) investigate the role of micro-credit in women's empowerment. Microcredit is a small-scale credit that becomes effectual for the growth of micro-enterprises and thus works in poverty alleviation in Pakistan. This study aims to examine the impact of Khushhali Bank Limited (KBL). This empirical study is based on qualitative research, data collected through in-depth interviews with borrowers and the National Distribution Manager of Khushhali Bank Limited. The finding suggested that micro-credit has a positive impact on women's socio-economic status and empowerment. It increases to some extent self-confidence and feelings of identity for women in society. Through this financing, they educate their children, feel independent, and make decisions confidently. The study also entailed a lack of a centralized system among the microfinance institutions which increased the risk of dual loaning. This trend adversely affects the repayment capacity of borrowers and limits the positive impact of micro-credit.

Ahktar (et al., 2009) try to find out the important role of microfinancing as an important component in poverty alleviation strategies. This research paper undertakes a case study of Akhuwat, an Islamic microfinance organization operating in Pakistan. This study was critically and financially analyzed. The Islamic Microfinance Institute provides its services or interest-free loans to those women who are living below the poverty line. This study recommends the integration of Islamic microfinance and NGO, NGO (Non-Profit Organizations), Zakat, Awqaf, and Islamic insurance with vocational training and capacity-building institutions to strengthen the financial stability of the Islamic microfinance institutions, it would be useful to realize one roof to provide microfinance to the poorest service purposes under.

ISSN 2076-9202

Kiran (2008) conducted an exploratory study to understand the optional Islamic Microfinance to gain an in-depth understanding of the Potential of Islamic Microfinance banks in Pakistan. Conventional banking systems claimed that they performed better than Islamic microfinance institutions. The research was qualitatively based. That research tried to solve other problems mainly women had main concerns like informational asymmetry issues with women taking loans on behalf of male relatives, high interest rates, and outmoded group lending methodologies. Islamic banks alternatively replace the interest with equity-based products. This study was conducted at the Ahkuwat Foundation.

Mustafa (2008) carried out the study to know that, the combination of microfinance enhances entrepreneurship for poverty alleviation, empowers the poor women, and sustainable development. The research question was how micro-entrepreneurship, social entrepreneurship, and microfinance serve as combined tools to reduce poverty, empower people, and contribute to sustainable development in Pakistan. This research used a qualitative approach, data was collected through structured and unstructured interviews, and secondary data sources were sources web page of the organization, statistics of Pakistan, and books. This study emphasizes both Microfinance Entrepreneurship as a case study. Akhuwat organization which started to give loans to poor people without interest. Also, we focused on the Social Entrepreneurship side of the organization which challenges other MFIs with innovative types of loaning. The research will give a vision to Akhuwat and other microfinancing organizations on how they can develop activities more successfully. The results show, that Pakistan needs to do more research in those areas and needs to offer more innovative products and improve the business process. Still in developing countries Islamic financing is quite a new approach for lending money.

Bashar (2013) conducted an empirical study of Islamic and conventional credit on the development of human capital of borrowers in Bangladesh. The study tries to find out to how improve personal confidence between Islamic Bank and Grameen Bank. Data was collected through a questionnaire. A total of 450 questionnaires were distributed from which 225 responses were received from Grameen Bank, and 195 responses from the Islamic microcredit institute, through a simple random sampling technique. The study was analyzed by descriptive statistics. The result shows from both MFI that 95% of women borrowers, help their families and fulfill their social and economic needs.

Noreen (2011) found that the usage of credit by ladies removes preferable outcomes over male relatives. The review additionally found that the strengthening status of country ladies in the Bahawalpur City of Pakistan can be essentially created by upgrading their pay-producing exercises by giving advance with no security through various microfinance programs.

Shah and Butt (2011) demonstrated the part of micro-credit in wage-producing exercises of ladies and its effect on their financial strengthening. They found that micro-credit has a noteworthy effect on the uplift of financial strengthening of the borrowers. The outcomes demonstrated that the vast majority of the females who benefited from the office of microcredit, at last, got financial strengthening.

Khan et al. (2011) contemplated the effect of the microcredit plan of the Punjab Rural Support Program

ISSN 2076-9202

(PRSP) on the strengthening of ladies. This review analyzed the status of ladies previously, then after the fact taking microcredit. Microcredit program expanded the consciousness of ladies and ladies' strengthening. It contributes to the kid's training, self-personality, proficiency, going shopping, and support in family planning.

Asamoah (2004) study explored that, empowering women Economically through Microcredit prospects and challenges in the Eastern Region of Ghana. The main objective of that study was to explore the relationship between microcredit and women's economic empowerment schemes. That study sought to identify a few challenges faced in implementing micro-credit plans. It could be concluded that micro-recognition has optimistic implications for respondent's economic empowerment. In the end, micro-credit has been established changing the lives of the poor for improving their businesses.

Kessey (2005) conducted a contemporary study on Empowering Muslim women. Through micro-credit scheme (a case study of Sunyani Gonja Muslim Women's Group) in Ghana. The purpose was to integrate women into the development process by having greater access to resources and willpower to control the fruits of their labor in terms of profits or in short to be empowered. Lastly, the drive towards the empowerment of the Sunyani Gonja Muslim women's fish seller group should be stepped up through a sustained resource allocation and the incorporation of local knowledge in the current methodology of loan administration.

2.1 Research Gap.

After reviewing the literature, many studies conducted on Islamic Microfinance and Microfinance institutes, how they support or help out in women empowerment (Saiful 2014, Sara et al., 2013) that institutes provide opportunities and role of micro-credit institutes to become micro-entrepreneurs, social entrepreneur, it helps out to reduce the poverty (Ahiahmed2014, Mustafa 2008, Ahkatar et al., 2009, Usman et al., 2011). Some researchers endorse the Islamic Microfinance model and its dimensions. How that model helps to achieve social, financial, humanitarian, and religious objectives (Anumet al., 2013) Microcredit becomes effectual for the growth of micro-enterprises (Zia et al., 2009). Even some researchers, find the constrain in IMFI's & MFI's in implementation, operational process (Kifleet al., 2013), and how we can improve personal confidence between Islamic bank and Grameen Bank (Bashar 2013). This study focuses on women's money borrowers from Islamic Microfinance banks and Non- Non-Microfinance banks, how they impact it, their performance, and last but not least these micro-credit banks support empowerment specifically in the Hyderabad region, Sindh. Pakistan.

3. Research Method

3.1 Data Collection

The data was gathered for this paper through the primary method (questionnaire). To determine the significant difference between women members of conventional microfinance banks and Islamic Microfinance Banks our target population was women members. A total of 120 questionnaires were

ISSN 2076-9202

distributed. Out of which 51 responses were received. Respondents were chosen by convenience sampling method, wherein Islamic and Conventional banks were. Likert format items were presented with a 5-point scale. For analysis used Mann-Whitney U – test and Chi-square test.

3.2 Research Hypotheses

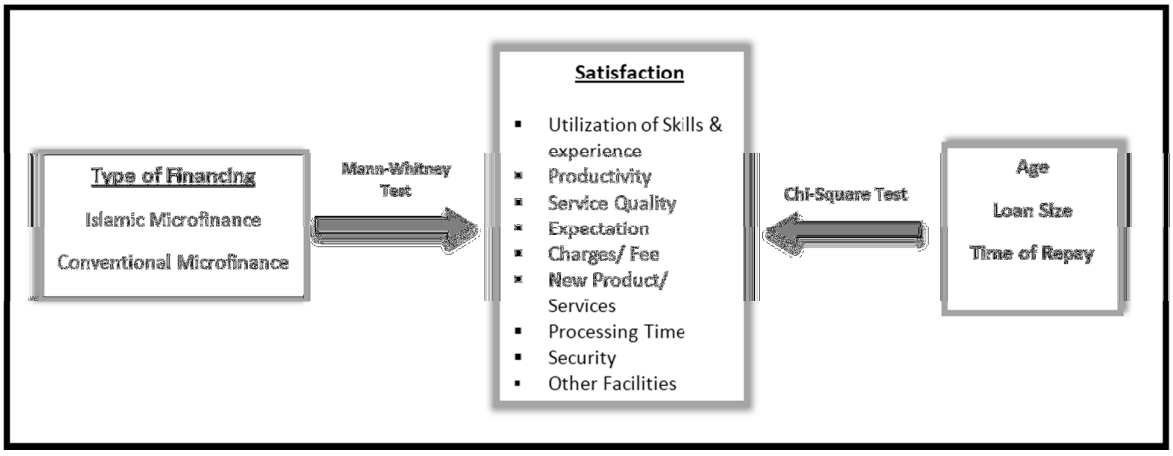
The hypotheses are as follows:

1. **H1** – Women members are more satisfied with Islamic Microfinance Banking than Conventional Microfinance Banks.
2. **H2** – Young women choose conventional microfinancing and vice versa.
3. **H3** – Women prefer Islamic microfinance for short-term loans and conventional microfinancing for the medium and long term.
4. **H4** – For a small amount of loans women prefer Islamic microfinancing.

3.3 Research Framework

A research framework was constructed and formulated. This framework demonstrates the satisfaction level between two Microfinance Institutions (Islamic Microfinance and conventional Microfinance Banks) among women.

Fig: 1 Research Framework



3.4 - Mann-Whitney U- Test

In this study, we used a non-parametric test (Mann-Whitney U) test for analysis. Mann and Whitney acknowledged the previous work by Wilcoxon on the two-sample rank sum test (Wilcoxon, 1945), and proposed an equivalent test statistic (Berry et al., 2012). This test is used for comparison between two independent groups, samples, or variables which not normally distributed but are ordinal or continuous.

ISSN 2076-9202

Formula:

$$U = N_1 N_2 + \frac{N_1(N_1 + 1)}{2} - R_1$$

Where U is the Mann-Whitney statistic, N_1 and N_2 are the number of cases in samples 1 and 2, respectively, and R_1 is the sum of the ranks for the first sample.

Moreover, the Satisfaction level between Islamic Microfinance Banks and Conventional Microfinance banks is compared by using the Mann-Whitney U-test.

3.5 - Chi-square Test

The chi-squared test is used to determine whether there is a significant difference between the expected frequencies and the observed frequencies in one or more categories. In this study, we compute the Chi-square test to determine the significant difference between categorical variables (age, type of loan, loan size, and time of repayment) and satisfaction. It is also used to test the hypothesis.

Formula:

$$\chi^2 = \sum \frac{(O - E)^2}{E}$$

O = Observed Frequency, E = Expected Frequency, $\sum$ = Summation & x^2 = Chi-square value.

4. Analysis

For analysis, we used statistical software SPSS version 22.0. The descriptive statistics of the variable are calculated before testing the hypotheses.

4.1- Descriptive

The mean value of satisfaction of Conventional Microfinance ($\bar{x} = 4.3043$) is smaller than that of Islamic Microfinance ($\bar{x} = 4.6661$). Moreover, the skewness of both Conventional and Islamic Microfinance (-0.627) and (-1.126) indicates that both have a left-skewed distribution. Similarly, the distribution of Total Satisfaction is also left skewed.

ISSN 2076-9202

Table - 01

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
Conventional Microfinance	23	3.48	5.00	4.3043	.51176	-.627	.481	-.774	.935
Islamic Microfinance	28	4.09	4.91	4.6661	.28426	-1.126	.441	.176	.858
Total Satisfaction	51	3.48	5.00	4.5030	.43810	-1.179	.333	.648	.656

4.2- Normality Test

Shapiro-Wilk normality test is applied to assess the normality of multiple variables (age, type of financing, loan size, time of repayment loan, and satisfaction) since the number of observations is 51. Table-02 shows the results of the normality test. The significance value (P-value) of all variables is 0.000 which is less than 0.05.

Table - 02

Tests of Normality

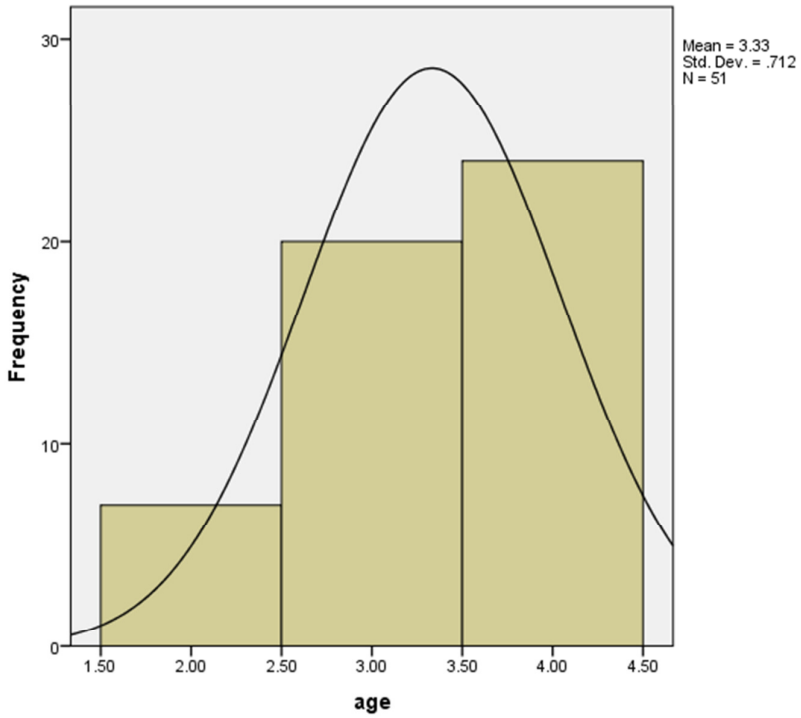
	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Age	.296	51	.000	.768	51	.000
Type of Financing	.364	51	.000	.633	51	.000
Loan size	.203	51	.000	.867	51	.000
Time of repaying the loan	.218	51	.000	.806	51	.000
Satisfaction	.242	51	.000	.838	51	.000

a. Lilliefors Significance Correction

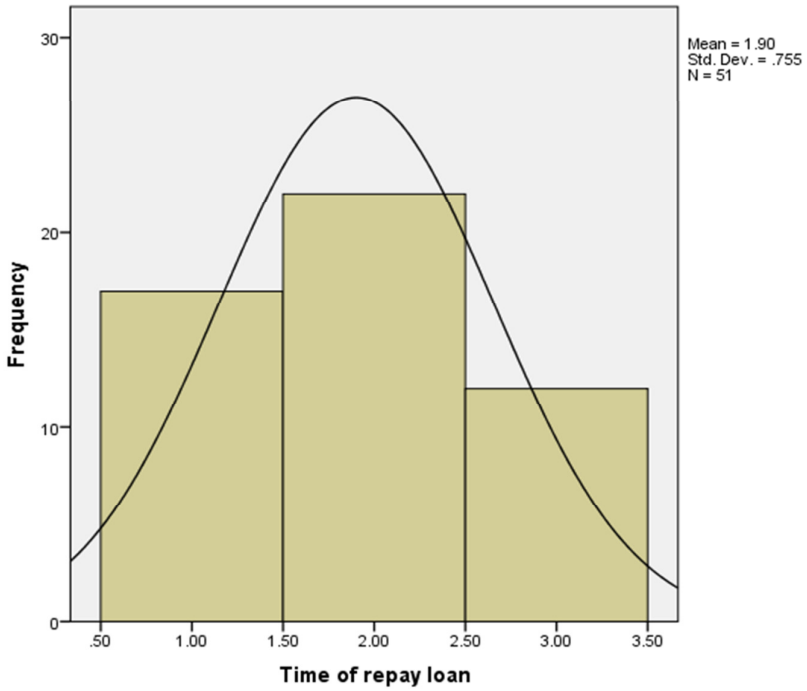
The histogram of age, type of financing, loan size, and time of repayment are presented in graphs 1 -5. The histogram depicts that age, satisfaction, and loan size are left skewed and the time of repaying the loan and type of financing are right-skewed.

ISSN 2076-9202

Graph 01: Histogram Age

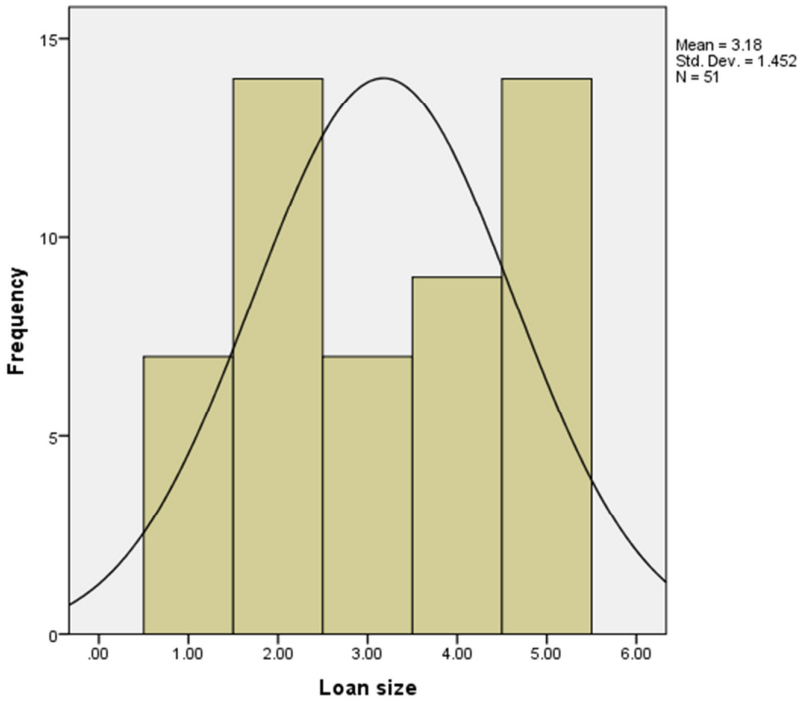


Graph – 02: Histogram Time of Repay Loan

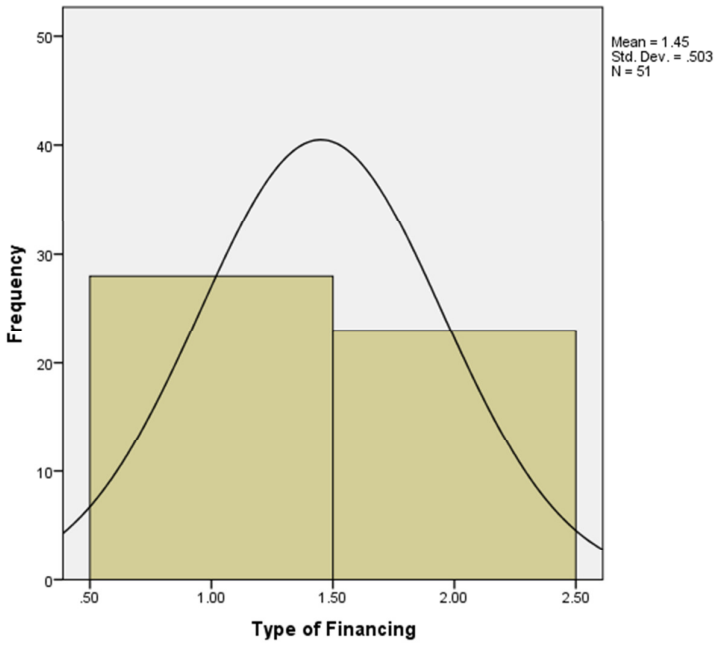


ISSN 2076-9202

Graph – 03: Histogram Loan Size

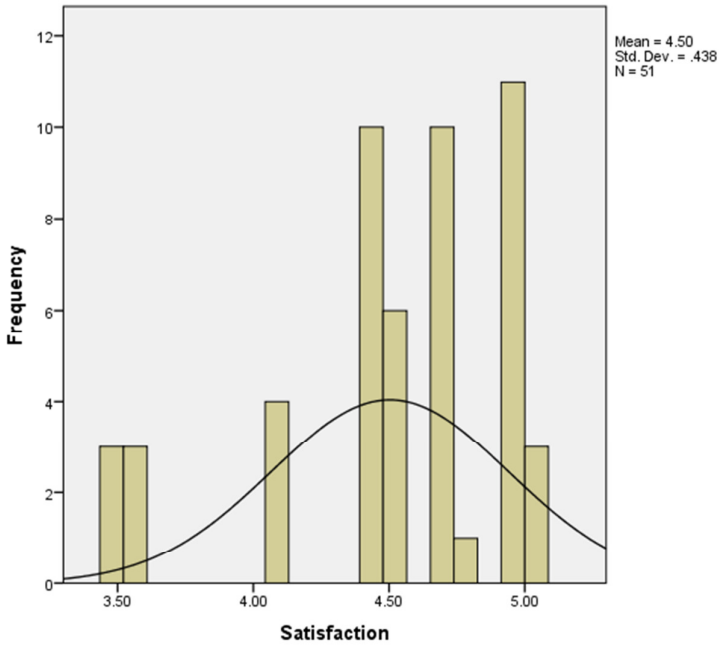


Graph – 04: Histogram Type of Finance



ISSN 2076-9202

Graph – 05: Histogram of Satisfaction



4.3 - Hypothesis Testing

H 1- Women members are more satisfied with Islamic Microfinance Banking than Conventional Microfinance Banks.

First, the mean values for satisfaction levels of Islamic and Conventional Microfinance Banks are calculated separately. The mean satisfaction level of Islamic Microfinance Banks ($\bar{x} = 4.66$) is higher than Conventional Microfinance Banks ($\bar{x} = 4.30$). Mann-Whitney test is applied to prove Hypothesis 1 because satisfaction (dependent variable) and type of financing (grouping variable) are not normally distributed. The significance value 0.007 (P<0.05) proves that the satisfaction level of women customers at Islamic and Conventional Microfinance Banks is different. Hence we reject the null hypothesis by accepting the alternative hypothesis. Results are shown in Table 03.

ISSN 2076-9202

Table - 03

Hypothesis Test Summary

	Null Hypothesis	Test	Sig.	Decision
1	The distribution of Satisfaction is the same across categories of Type of Financing .	Independent-Samples Mann-Whitney U Test	.007	Reject the null hypothesis.

Asymptotic significances are displayed. The significance level is .05.

H 2 - Young women choose conventional microfinancing and vice versa.

The chi-square test of independence between variables is used to determine the relationship between age (ordinal variable) and type of financing (nominal variable). Table 04 (a) illustrates the cross-tabulation of age and type of financing. Most of the women aged between 21 – 31 years use Conventional Microfinance. However, women aged 31 and above choose Islamic Microfinance. The significant value of Pearson Chi-square 0.002 (P<0.05) also validates a significant relationship between age and type of financing (shown in table 4(b)). Hence, hypothesis 2 is accepted by rejecting the null hypothesis.

Table 04 (a): Crosstab - Age* Type of finance

Count

		Type of Financing		
		Islamic Microfinance	Conventional Microfinance	Total
age	21 - 25 years	0	7	7
	26 - 31	10	10	20
	Above 31 years	18	6	24
Total		28	23	51

\

ISSN 2076-9202

Table 04 (a): Chi-Square - Age* Type of finance

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	12.631[a]	2	.002
Likelihood Ratio	15.492	2	.000
Linear-by-Linear Association	11.740	1	.001
N of Valid Cases	51		

a. 2 cells (33.3%) have an expected count of less than 5. The minimum expected count is 3.16.

H 3 - Women prefer Islamic microfinancing for short-term loans and conventional microfinancing for the medium and long term.

To determine the relationship between the type of financing (nominal variable) and time to repay (ordinal variable) Chi-square test of independence between variables is employed. Women mostly prefer Islamic Microfinance banks for short-term loans (1 – 12 months) and Conventional Microfinance banks for medium to long term. However, the significant value of (time of repay the loan) is 0.015 ($P<0.05$) proving the impact of time of repay the loan on the type of financing. Hence the null hypothesis is rejected by accepting the alternative hypothesis. The results shown in Table 05 (a-b) show the cross-tabulation of the time of repayment of the loan and type of financing.

ISSN 2076-9202

Table – 05 (a): Crosstab - Time of repay loan * Type of financing

Count

		Type of Financing		
		Islamic Microfinance	Conventional Finance	Total
Time of repaying the loan	1 - 12 Month	14	3	17
	13 - 24 month	8	14	22
	Above 24 month	6	6	12
Total		28	23	51

Table – 05 (b): Chi-Square - Time of repay loan * Type of financing

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	8.344[a]	2	.015
Likelihood Ratio	8.889	2	.012
Linear-by-Linear Association	3.835	1	.050
N of Valid Cases	51		

a. 0 cells (0.0%) have an expected count of less than 5. The minimum expected count is 5.41.

H 4- For small amounts of loans women prefer Islamic microfinancing.

Table 06 (a) illustrates the cross-tabulation of loan size (ordinal variable) and type of financing (nominal variable). The chi-square test of independence between variables is used to determine the relationship between these variables. Women mostly choose Islamic Microfinance banks for small amounts of loans and Conventional Microfinance banks for medium to large amounts of loans. The results of the Pearson Chi-square test are shown in Table 6(b)). The significant value of Pearson Chi-square 0.005 ($P<0.05$) also validates a significant relationship between loan size and type of financing. Hence, hypothesis 4 is accepted and the null hypothesis is rejected.

ISSN 2076-9202

Table 06 (a): Crosstab- Loan size * Type of financing

Count

		Type of Financing		
		Islamic Microfinance	Conventional Finance	Total
Loan size	10000	7	0	7
	20000	7	7	14
	30000	0	7	7
	40000	6	3	9
	Above 40000	8	6	14
Total		28	23	51

Table – 06 (b): Chi-Square, Loan size * Type of financing

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	14.939[a]	4	.005
Likelihood Ratio	20.223	4	.000
Linear-by-Linear Association	.583	1	.445
N of Valid Cases	51		

a. 6 cells (60.0%) have an expected count of less than 5. The minimum expected count is 3.16.

5. Conclusion & Limitation

In the light of research, it has been found most of the countries facing vulnerability in education, health, and necessities of life. According to the World Bank report, developing countries such as Ethiopia, Bangladesh, and Pakistan not only lack facilities but gender discrimination too (Kifle et al., 2013). To deal with such issues conventional microfinancing and Islamic microfinancing have been playing their roles. This study tries to highlight, how women overcome these problems with the help of micro-financing.

Women are equally problematic due to a lack of religious and academic education, social pressure, and a lack of job opportunities. In such situations, conventional and Islamic microfinance banks help women get on their feet. From which women improve their future and current situation as well.

The purpose of this study is to compare the Islamic and Conventional Microfinance banks of Hyderabad in

ISSN 2076-9202

terms of level of satisfaction, age, type of financing, loan size, and time of repayment. To the best of my knowledge, this is the first study on the comparison of Islamic and Conventional Microfinance which is based on women in Hyderabad. The data was collected using a structured closed-ended survey questionnaire. A sample of 51 women borrowers were selected from the locality of Hyderabad, which of these two institutions has proved to help women increase their satisfaction level. Women's satisfaction depends on that, whatever steps they have taken, they or their family do not face any difficulty.

To get the desired results, selected the women's as a sample and surveyed both institutions. In a survey question was asked, from which banks women are more satisfied with the facilities. The result of this question proved that a woman's level of satisfaction was very different. This shows that women living in Muslim countries are not necessarily satisfied with the performance of Muslim banks. Other factors also contribute to being satisfied.

During the survey, those women were young, and they preferred to take a load from conventional microfinance banks rather than Islamic micro-finance banks. Because of a lack the awareness of Islamic micro-financing. Usually, such loaner women belong to middle or lower-class families. Such women often get basic and vocational education and not too much confidence. That's why they were not aware of the banking sector and their facilities.

In our society, women mostly depend on their family male members and they are responsible for fulfilling their basic needs and wishes too. In such a situation, if any woman thinks of availing loan, it strives to be removed as soon as possible. These findings proved our study that's that most women take small loans in terms of the amount and from Islamic micro-finance banks. They are convinced that we are helping ourselves and our families in this way. But not increasing the financial burden on their shoulders.

However, the satisfaction level of Islamic Microfinance is higher than Conventional Microfinance. This may be due to shorter loan processing time, few legal requirements, and easier accessibility of Islamic Microfinance than its counterpart. The results suggested a few suggestions, like: Islamic Microfinance Banks need to offer new products and services for young customers like Conventional Microfinance Banks and an awareness campaign about Islamic banking terminologies which easily understandable.

Reference:

(Bhuiyan, A. (2013). Microcredit and Sustainable Live hood. An empirical Study of Islamic and Conventional Credit on the Development of Human Capital of borrowers in Bangladesh. *Journal of Economic Corporation and Development*, 101 - 128.

Aasmaan Anam Najeeb Jamal, M. A. (October 2013, Vol. 1, No,3). Challenges Faced by the Model of Islamic Microfinance for the Development of Micro Entrepreneurs and SMEs in Rural Pakistan. *International SAMANM Journal of Finance and Accounting*.

Ahiahmed, A. (2014). *Exploring the Challenges and Opportunities of Poor Women in Microfinance Intervention: The Case of SPE Cialized Financial and Promotional Institution, Clients of Chancho Branch. Sululta Woreda.* Oromia: College of Social Sciences.

ISSN 2076-9202

Bhuiyan, A. (2013). Microcredit and Sustainable Live hood. An Empirical Study of Islamic and Conventional Credit on the development of human capital of Borrowers in Bangladesh. *Journal of Economic Corporation and Development*, 34,3,101-128.

Dereje Kife, Y. T. (Vol.3 No. 7. 2013). Constraints of Rural Women to Utilize Finance Institutions: The Case of Members of Microfinance Institution in Rural District of Dire Dawa Administration, Ethiopia.

Dr. Waheed Akhter, D. N. (14 November 2009). Islamic Microfinance and Poverty Alleviation: A Case of Pakistan. *CBRC.* Lahore.

(2007). *Economic Survey.* Pakistan: Pakistan Accountancy Publication.

Islam, M. S. (June 2014). Microcredit, Financial Inclusion and Women Empowerment Nexue in Bangladesh. *Journal of Asian Development Studies*, Vol. 3, Issue 2.

Juliet Hunt, N. K. (2010, July). Pathway to Empowerment? Reflections on Microfinance and Transformation in Gender Relations. South Asia.

Kenneth J. Berry, P. W. (2012, December). *The Two-sample Rank-sum Test: Early Development.* Retrieved from Electronic Journal for History of Probability and Statistics: www.jehps.net

Kessey, D. C. (October, 2005). Empowering Muslim Women Through Micro Credit Scheme: Sunyani Gonja Muslim Women's Group Case Study. *Working Paper on Ghana: Historical and Contemporary Studies, 7*.

Mayoux, L. (2001). *Impact of Micro-Finance: Towards a Sustainable Learning Process.* Manchester, UK: DFID Enterprise Development Impact Assessment Information Service (EDIAIS).

Muhamad Imran, S. A. (November 2010). Awareness Level of Islamic Banking in Pakistan's Two Largest Cities. *Journal of Managerial Sciences*, Vol. v.

Muhammad Kashif Khan Durani, D. A. (November 2011). Role of Micro Finance in Reducing Poverty: A look at Social and Economics Factors. *International Journal of Business and Social Sciences*, Vol. 2, No. 22.

Muhammad Saiful Islam. (June 2014). Microcredit, Financial Inclusion, and Women Empowerment. *Journal of Asian Development Studies, Vol. 3, Issue 2*.

Muhammad Rizwan, G. Y. (Vol. 4, No.2, 2014). Incorporating Attitude towards Islamic Banking in an Integrated Services Quality, Satisfaction, Trust and Loyalty Model. *International Journal of Accounting and Finance*.

Muhammad Zia-ul-Haq, M. K. (2009). *Role of Microcredit in Women's Empowerment.* Sweden: Master thesis Jönköping International Business School.

Nicholas D. Kristof, S. W. (2009, August 23). *The Women's Crusade.* Retrieved from www.NYtime.com

Obaidullah, M. (2008). *Introduction to Islamic Microfinance.* Jeaddha: IBF Net (P) Limited, India.

Sara Wali Qazi, D. M. (2013). Women Empowerment through Microcredits: Step Towards Alleviating Feminization of Poverty. *Journal of Management and Social Sciences*, Vol.9, No.2, 09 - 22.

ISSN 2076-9202

Siddiqui, K. (2008). *The Potential of Islamic Microfinance in Pakistan.* Karachi.

Susy Cheston, L. K. (2001). *Empowering Women through Microfinance.* New York.

Sara Noureen, L. K. (2001). *Empowering Women Through Microfinance.* New York.

Zahoor Khan, M. F. (November 2010). Analysis of the Performance of Islamic and Conventional Banks in Pakistan. *Jurnal of Manaegrial Sciences*, Vol.V

ISSN 2076-9202

TIME MANAGEMENT SKILLS: ESSENTIAL IN IMPLEMENTING ALL JOB DUTIES ON TIME

Dr. Radhika Kapur

Abstract

The members within organizations have various types of job duties to put into operation. These are to be paid attention towards in both personal and professional lives. Some job duties are less time consuming, whereas, some are more time consuming. Time is necessary which needs to be taken out for all job duties. From the stage of early childhood, the individuals are trained in terms of putting into operation these skills in an effective manner. In order to complete all job duties on time, the members need to recognise the meaning and significance of time management skills. The implementation of these skills in an effective manner will facilitate in completing all job duties on time. Furthermore, they will create a balance between personal and professional lives. The time management skills will enable the individuals to incur the feelings of pleasure and contentment. When the individuals are able to take out sufficient amount of time for all job duties in their personal and professional lives, they will feel satisfied. Hence, throughout the lives of the individuals in both personal and professional spheres, they need to put emphasis on reinforcement of these skills. Therefore, it can be stated, time management skills are essential in implementing all job duties on time. The main concepts that are taken into account in this research paper are, understanding the four Ds of time management skills, factors highlighting the meaning and significance of time management skills and measures of bringing about improvements in time management skills.

Keywords: Development, Important, Job Duties, Members, Organizations, Responsibilities, Time Management Skills

In all types of organizations, all the members, irrespective of their job positions in the hierarchy are overwhelmed by number of job duties and responsibilities. Some are less time consuming, whereas, others are more time consuming. The members are required to be well-versed in terms of time management skills. These skills enable the members to take out sufficient amount of time for all tasks and activities. The individuals assign priorities to the tasks. The job duties, which are more important are carried out first, whereas, the job duties, which are less important are carried out after the completion of the more important ones. The employers and supervisors normally ensure that sufficient amount of time is available for the employees to complete complicated and more time consuming job duties (Kos, 2020). On the other hand, when tasks can be completed in less amount of time, the time given is usually less. All the members need to be well-versed in terms of methods and strategies to complete tasks and job duties. But apart from awareness regarding procedures and approaches, the time management skills need to be reinforced throughout the job duties of the individuals.

ISSN 2076-9202

When the individuals are overwhelmed with number of job duties and responsibilities, it is apparently understood that they will feel stressed. The implementation of time management skills will enable the individuals to overcome stress. The experiencing of various types of psychological problems of stress, anxiety, anger and frustration are common within the workplace. But when the individuals recognize the meaning and significance of time management skills, they will be able to overcome the psychological problems in an effective manner (Kukreja, 2021). These skills facilitate the implementation of job duties within the specified period of time. The supervisors and employers feel contented and pleasurable, when the employees carry out their job duties within the specified period of time. When the employees are wholeheartedly dedicated towards doing well in their jobs, achieving organizational goals and leading to up-gradation of the overall structure of the organizations, they need to be informative in terms of time management skills. Therefore, it can be stated, these skills have proven to be enriching and favourable to all the members of the organizations.

The members are required to create a balance between professional and personal lives. When an employee is required to remain in his office for eight to ten hours on daily basis and is required to take care of his elderly parents, he may have to take a leave from office. In such cases, he may have to put in extra hours in order to complete his job duty. In most cases, the members are required to ensure, they spend either one or two hours on daily basis or complete the job duties within homes. The implementation of these skills will enable the members to create a balance between professional and personal lives. In the present existence, with advancements taking place, the members are required to depict creativity in their job duties. They need to pay attention towards reinforcement of creative skills. When the individuals recognize the meaning and significance of time management skills, they will be able to pay attention towards up-gradation of creative skills. In other words, time management skills facilitate in enhancement of creative skills. Therefore, it is well-understood, when members will take out sufficient time for all tasks and activities, they will reinforce creative skills.

Understanding the Four Ds of Time Management Skills

Within the organizations, in putting into operation job duties and responsibilities, the members need to be informative in terms of four Ds of time management skills. In acquiring an efficient understanding of time management skills, it is necessary to be informative in terms of the four Ds. The four Ds make provision of information in terms of ways, how the time management skills are required to be put into operation in an efficient manner. In the implementation of these skills, the members may work on their own or they obtain support and assistance from the other members of the organizations. These include, superiors, subordinates and colleagues. The four Ds of time management skills are, do, defer, delegate and delete. These are stated as follows:

Do

Do is referred to doing, implementing and putting into practice various types of job duties, tasks and activities. In order to do well in one's job duties and achieve the desired goals, it is of utmost significance to be informative in terms of methods, approaches and strategies. When there are occurrence of various types of problems as well, these need to be prevented from giving rise to obstacles. Furthermore, solutions need to be provided to them in a satisfactory manner. Hence, there are number of tasks and activities that are

ISSN 2076-9202

required to be put into operation by the individuals throughout their jobs.

Defer

The individuals need to work in collaboration and integration with each other in putting into practice various tasks and activities. They usually require support and assistance from each other, particularly when the job duties are complicated and they are overwhelmed by difficulties. Defer is referred to submit, accede and comply. When the individuals are working in co-ordination with each other, they are required to submit, accede and comply with others. When the ideas and suggestions of the individuals are considered meaningful, they are accepted. On the other hand, when they are not regarded as worthwhile, they are declined in a polite manner.

Delegate

The task of delegation is referred to allocation, designation and assignment. The members of the organization are overwhelmed by number of job duties and responsibilities. When they feel that they will not be able to take out sufficient amount of time for all tasks and activities, they will delegate the job duties to other members. The superiors normally delegate the tasks to their subordinates, particularly when they form the viewpoint that they will not be able to take out time to carry out those tasks. Hence, delegation is regarded as one of the important Ds of time management skills. The implementation of delegation usually facilitates the implementation of job duties within the required time frame.

Delete

Delete is referred to erasing, removing and dropping off the tasks. The individuals assign priorities to the tasks. The job duties, which are more important are carried out first, whereas, the job duties, which are less important are carried out after the completion of the ones, which are considered as more significant. When they feel that they will not be able to take out sufficient amount of time for all tasks and activities, they will delete them. In other words, they will not take out any time for them. Therefore, delete is also regarded as one of the indispensable Ds of time management skills.

Factors highlighting the Meaning and Significance of Time Management Skills

In all types of organizations, i.e. production, manufacturing, services, and so forth, the members are required to take into account various factors to do well in their jobs, achieve organizational goals and lead to up-gradation of the overall structure of the organizations. These factors are related to implementation of job duties and promoting the overall functioning of the organizations in an effectual manner. When the members are to make wise and productive decisions, they need to ensure, they take out sufficient amount of time for conducting the analysis of the alternatives available. The time needs to be taken out for all tasks and functions (How to Improve Time Management, 2021). These skills are regarded to be of utmost significance. Within the workplace, it is indispensable for the individuals to incur the feeling of job satisfaction. Hence, when the job duties will be carried out in time, the members will incur the feelings of pleasure and contentment. Therefore, the members need to be informative in terms of factors highlighting the meaning and significance of time management skills. These are stated as follows:

Completing all Job Duties within the Required Time Frame

The job duties can be completed within the required time frame, when these skills are implemented in a well-organized and satisfactory manner. The members are required to acknowledge the importance of time

ISSN 2076-9202

management skills, throughout their jobs. These skills enable the members to take out sufficient amount of time for all tasks and activities. The individuals assign priorities to the tasks. The job duties, which are more important are carried out first, whereas, the job duties, which are less important are carried out after the completion of the ones, which are regarded as more important. The employers and supervisors normally ensure that sufficient amount of time is available for the employees to complete complicated and more time consuming job duties. On the other hand, when tasks can be completed in less amount of time, the time that is to be given is usually less. Therefore, completing all job duties within the required time frame is regarded as one of the significant factors highlighting the meaning and significance of time management skills.

Coping with Psychological Problems

When the individuals are overwhelmed with number of job duties and responsibilities, it is apparently understood that they will feel stressed. When the job duties and methods are complicated, this leads to augmentation of stress levels among members. The implementation of time management skills will enable the individuals to overcome stress. Furthermore, they will reinforce the abilities to work under stress. The experiencing of various types of psychological problems of stress, anxiety, anger and frustration are common within the workplace. These can be experienced in a major or in a minor form. These can give rise to barriers within the course of putting into operation tasks and activities and achievement of organizational goals. But when the individuals recognize the meaning and significance of time management skills, they will be able to overcome the psychological problems in an effective manner. Furthermore, the members will be able to concentrate well on their job duties and achieve the desired goals. Therefore, coping with psychological problems is one of the important factors highlighting the meaning and significance of time management skills.

Meeting the Expectations of Supervisors and Employers

The time management skills facilitate the implementation of job duties within the definite period of time. When supervisors and employers assign job duties to the employees and they complete them within the specified period, in this manner they meet the expectations of the supervisors and employers. As a consequence, they acquire appreciation. One of the important factors that needs to be taken into account is, appropriate methods, procedures and approaches need to be utilized. The supervisors and employers feel contented and pleasurable, when the employees carry out their job duties within the specified period of time. When the employees are wholeheartedly committed towards doing well in their jobs, meeting the expectations of supervisors and employers, and achieving organizational goals, they need to focus upon honing of time management skills. Hence, it can be stated, these skills have proven to be inspiring and constructive to all the members of the organizations. Therefore, meeting the expectations of supervisors and employers is an indispensable factor highlighting the meaning and significance of time management skills.

Creating a Balance between Professional and Personal Lives

The members in all job positions are required to create a balance between professional and personal lives. In the implementation of this task, the members are required to take out sufficient amount of time for professional and personal job duties and activities. When an employee is engaged in full-time job and is required to remain in his office for eight to ten hours on daily basis and is also vested with the job duties and responsibilities in personal lives, he may have to take a leave from office. In such cases, he may have to put

ISSN 2076-9202

in extra hours in order to complete his job duty. In most cases, the members are required to ensure, they spend either one or two hours on daily basis or complete the job duties within homes. The implementation of these skills will enable the members to create a balance between professional and personal lives. In other words, the time needs to be taken out for tasks and activities in personal and professional lives. Therefore, creating a balance between professional and personal lives is a vital factor highlighting the meaning and significance of time management skills.

Leading to Up-gradation of Creative Skills

With the advent of technologies, the members are required to depict creativity in putting into practice their job duties. Hence, they need to pay attention towards reinforcement of creative skills. Creative skills are the skills, which put emphasis on introducing artistic, inventive and ingenious aspects in tasks and activities. The main objective of making use of these skills is to make the work resourceful. When the individuals recognize the meaning and significance of time management skills, they will be able to pay attention towards up-gradation of creative skills. In other words, time management skills facilitate in enhancement of creative skills. Hence, it is well-understood, when members will take out sufficient time for all tasks and activities, they will reinforce creative skills. The supervisors and employers make provision of information among employees in terms of ways of honing creative skills. When sufficient amount of time is taken out, these skills will be up-graded and there will be an increase in productivity and profitability. Therefore, leading to up-gradation of creative skills is a crucial factor highlighting the meaning and significance of time management skills.

Facilitating in Development of Motivation

The members of the organization are required to develop motivation towards the implementation of job duties. In some cases, the job duties are manageable, whereas, in other cases, they are complicated. But the development of motivation will facilitate in generation of desired outcomes. The implementation of time management skills will facilitate in development of motivation. The reason being, the individuals will be able to take out sufficient amount of time for all tasks and activities (Time Management Skills, 2021). When the individuals form the viewpoint that they can devote time for all job duties and complete them on time, they will develop motivation. The development of motivation will stimulate the mind-sets of the individuals and enable them to form positive viewpoints regarding various aspects of the organizations. Furthermore, constructive viewpoints need to be strengthened in terms of job duties and methods utilized in them. As a consequence, time management skills will also be up-graded. Therefore, facilitating in development of motivation is a meaningful factor highlighting the meaning and significance of time management skills.

Facilitating in honing of Self-Awareness

The members of the organization are required to focus on self-awareness. Self-awareness will enable the individuals to generate information in terms of their strengths and weaknesses. The strengths need to be reinforced, whereas, weaknesses need to be curbed. In the professional lives of the individuals, when they are determined towards enhancing their career prospects, they need to focus on honing self-awareness. The implementation of time management skills will facilitate in honing of self-awareness. The reason being, the individuals will be able to take out sufficient amount of time for all tasks and activities. Apart from implementation of job duties, the individuals need to put into practice time management skills to identify the

ISSN 2076-9202

strengths and weaknesses. In other words, in facilitating honing of self-awareness, the individuals need to recognize the meaning and significance of time management skills. When the individuals form the viewpoint that they can devote time for all job duties and complete them on time, they will render an important contribution in honing self-awareness. Therefore, facilitating in honing of self-awareness is a useful factor highlighting the meaning and significance of time management skills.

Enabling the Individuals to make Wise and Productive Decisions

Decision making processes are regarded as an integral part of the professional lives of the individuals. The individuals in leadership positions are normally vested with the authority of making wise and productive decisions. The decisions are required to be made in terms of various aspects of the organizations. In some cases, the decision making processes are more time consuming, whereas, in other cases, they are less time consuming. The members need to take out sufficient amount of time for putting into operation the decision making processes. When the members are to make wise and productive decisions, they need to ensure, they take out sufficient amount of time for conducting the analysis of the alternatives available. After the analysis is conducted, the selection is made of the alternative, which is regarded as most suitable and favourable. Hence, it is well-understood in the implementation of the decision making processes as well, it is of utmost significance to take out sufficient amount of time. Therefore, enabling the individuals to make wise and productive decisions is an advantageous factor highlighting the meaning and significance of time management skills.

Facilitating in coping with Problems and Challenges

Problems and challenges are regarded as an integral part of the professional lives of the individuals. All the members of the organization, irrespective of their job positions in the hierarchy need to be informative in terms of methods and strategies to cope with problems and challenges. The implementation of time management skills will facilitate in honing of competencies among individuals to cope with various types of problems and challenges. The reason being, when the individuals will be able to take out sufficient amount of time for all tasks and activities, they will provide solutions to the problems as well. Furthermore, they will be prevented from assuming a major form. Problems and challenges need to be prevented from giving rise to impediments within the course of implementation of job duties. Apart from implementation of job duties, the individuals need to put into practice time management skills to lead to reinforcement of proficiency, expertise and professionalism. Therefore, facilitating in coping with problems and challenges is a factor highlighting the meaning and significance of time management skills, which has been acknowledged by all the members of the organization on a comprehensive basis.

Promoting Development of Mutual Understanding with Others

The honing of time management skills facilitate the implementation of job duties within the definite period of time. When supervisors and employers assign job duties to the employees and they complete them within the specified period, in this manner they render an important contribution in pleasing them. As a consequence, they acquire appreciation and develop mutual understanding with others. The important factors that needs to be taken into account are, communication processes need to take place in an effective manner, one needs to treat each other with respect and courtesy, provide factual information, form positive viewpoints in terms of all individuals and inculcate the traits of morality, ethics, diligence, and

ISSN 2076-9202

conscientiousness. The supervisors and employers feel contented and pleasurable, when the employees carry out their job duties within the specified period of time. Hence, when the employees are wholeheartedly committed towards promoting development of mutual understanding with others, they need to focus upon honing of time management skills. Therefore, promoting development of mutual understanding with others is a factor highlighting the meaning and significance of time management skills, which needs to be reinforced throughout the job duties of the members.

Measures of bringing about Improvements in Time Management Skills

The members of the organizations are aware that they need to complete the job duties within the required time frame. In order to put into operation all tasks and activities within the specific period of time, they need to be professional in their conduct. When the members are able to take out sufficient amount of time for all job duties, they need to pay attention towards reinforcement of professionalism (Time Management Skills, 2021). In all types of organizations, members need to be well-versed in terms of measures of bringing about improvements in time management skills. The information in terms of these measures is acquired by conducting research through various sources. On the internet, adequate information is found in terms of meaning and significance of time management skills and ways of improving them. Furthermore, communicating with other members is facilitating in up-gradation of knowledge and understanding. Measures of bringing about improvements in time management skills are, assigning priorities to job duties and responsibilities; setting short-term and long-term goals; forming cordial and amiable terms and relationships with each other; forming constructive viewpoints in terms of various factors; preventing wastage of time and resources and reinforcing commitment towards the implementation of job duties. These are stated as follows:

Assigning Priorities to Job Duties and Responsibilities

The implementation of time management skills has the primary objective of enabling the individuals to take out sufficient amount of time for all tasks and activities. The individuals assign priorities to the tasks. The job duties, which are more important are carried out first, whereas, the job duties, which are less important are carried out after the completion of the more important ones. But the individuals ensure, they take out time for all job duties and complete them on time. When priorities are assigned, the members are aware that they are required to take out time for all job duties. As a consequence, they do not leave any tasks and activities unattended. Therefore, in case of all job duties, assigning priorities to job duties and responsibilities is an important measure of bringing about improvements in time management skills.

Setting Short-Term and Long-Term Goals

In bringing about improvements in time management skills, setting short-term and long-term goals is regarded to be of utmost significance. The members usually work in collaboration and integration with each other in the setting of goals. When the members of the organization are putting into operation job duties and responsibilities, they are required to set goals, which can be achieved in short period of time or long period of time. The implementation of time management skills will facilitate in honing of competencies among individuals to achieve the desired goals and objectives. The reason being, when the individuals will be able to take out sufficient amount of time for all tasks and activities, they will provide solutions to the problems as well. Therefore, setting short-term and long-term goals is an indispensable measure of bringing about

ISSN 2076-9202

improvements in time management skills.

Forming Cordial and Amiable Terms and Relationships with each other

As a consequence of honing time management skills, the members will form cordial and amiable terms and relationships with each other. When supervisors and employers assign job duties to the employees and they complete them within the specified period, in this manner they render an important contribution in pleasing them. As a consequence, they acquire appreciation and form cordial and amiable terms and relationships with them. Furthermore, the important factors that needs to be taken into account are, communication processes need to take place in an effective manner, individuals need to treat each other with respect and courtesy, provide factual information, provide equal rights and opportunities to all and inculcate the traits of morality and ethics. Therefore, forming cordial and amiable terms and relationships with each other is a vital measure of bringing about improvements in time management skills.

Forming Constructive Viewpoints in terms of various Factors

The individuals need to form constructive viewpoints in terms of various factors. The factors are related to various features of the organizations, i.e. job duties, responsibilities, methods, procedures, approaches, strategies, measures, infrastructure, amenities, facilities, laws, rules, policies, superiors, subordinates, technologies, materials and the overall working environmental conditions. The implementation of time management skills will incur the feeling of contentment among individuals that they will complete all job duties on time. Furthermore, when job duties are to be carried out, the individuals will strengthen constructive viewpoints in terms of all traits, related to them. Hence, the individuals will not possess any negative feeling in terms of various factors and reinforce constructive viewpoints. Therefore, forming constructive viewpoints in terms of various factors is a crucial measure of bringing about improvements in time management skills.

Preventing Wastage of Time and Resources

All the members need to be well-versed in terms of their job duties and responsibilities. Furthermore, they need to be informative in terms of methods, procedures and approaches. When job duties are to be carried out, the individuals are required to plan financial, technical and material resources. They need to be informative in terms of methods of utilizing these resources and preventing wastage. The implementation of time management skills will incur the feeling of contentment among individuals that they will complete all job duties on time. In putting into practice these skills, the individuals make use of resources in an adequate manner. They are aware that they need to prevent wastage of time and resources. Therefore, preventing wastage of time and resources is a fundamental measure of bringing about improvements in time management skills.

Reinforcing Commitment towards the implementation of Job Duties

The members need to pay attention towards reinforcement of commitment required in the implementation of job duties. In other words, they need to pay attention towards up-gradation of enthusiasm and zest needed in the implementation of various types of job duties and responsibilities. The implementation of time management skills will incur the feeling of satisfaction among individuals that they will complete all job duties on time. In putting into practice these skills, the individuals ensure, they are wholeheartedly committed towards the implementation of job duties. For example, when the time is limited and the work

ISSN 2076-9202

pressure is more, the individuals ensure, they are determined towards the implementation of job duties. Therefore, reinforcing commitment towards the implementation of job duties is an eminent measure of bringing about improvements in time management skills.

Conclusion

Within organizations, members need to be well-versed regarding time management skills. These skills facilitate in taking out sufficient time for all job duties. The four Ds of time management skills are, do, defer, delegate and delete. Factors highlighting the meaning and significance of time management skills are, completing all job duties within the required time frame, coping with psychological problems, meeting the expectations of supervisors and employers, creating a balance between professional and personal lives, leading to up-gradation of creative skills, facilitating in development of motivation, facilitating in honing of self-awareness, enabling the individuals to make wise and productive decisions, facilitating in coping with problems and challenges and promoting development of mutual understanding with others. Measures of bringing about improvements in time management skills are, assigning priorities to job duties and responsibilities; setting short-term and long-term goals; forming cordial and amiable terms and relationships with each other; forming constructive viewpoints in terms of various factors; preventing wastage of time and resources and reinforcing commitment towards the implementation of job duties. Finally, it can be stated, time management skills will enable the individuals to complete all job duties within the required time frame.

Bibliography

How to Improve Time Management. (2021). Retrieved December 17, 2021 from tonyrobbins.com

Kos, B. (2020). Time Management Skills – 5 Skills that the Most Productive People Master. Retrieved December 17, 2021 from spica.com

Kukreja, R. (2021). 10 Practical Ways to Improve Time Management Skills. Retrieved December 17, 2021 from lifehack.org

Time Management Skills: Definitions and Examples. (2021). Indeed Career Guide. Retrieved December 17, 2021 from in.indeed.com

Time Management Skills. (2021). Retrieved December 17, 2021 from skillsyouneed.com

ISSN 2076-9202

UNDERSTANDING THE COMPLEX FACTORS CONTRIBUTING TO POVERTY IN AFRICA

Ukeyima E. Adams
PhD. Business Management
LIGS University, Honolulu-USA
Ukeyima19@gmail.com

Abstract:
Governance and corruption emerge as pivotal challenges, with Transparency International's Corruption Perceptions Index (2021) revealing a pervasive issue across many African nations. Weak governance structures and the diversion of public funds impede poverty reduction efforts and exacerbate economic disparities. The article underscores the need for effective governance to foster equitable economic growth. Education, a cornerstone of economic development, faces challenges in accessibility and quality across many African countries. The World Bank (2020) identifies inadequate infrastructure, teacher shortages, and socio-economic disparities as contributors to low enrollment rates, hindering the development of a skilled workforce and perpetuating poverty cycles. Health challenges further compound the issue, with infectious diseases such as malaria and HIV/AIDS disproportionately affecting the continent. The World Health Organization (WHO, 2020) emphasizes the impact of these diseases on healthcare expenditures and productivity, underlining the critical link between health and economic development. Agricultural productivity, often a primary source of livelihood, is hindered by land degradation, climate change, and a lack of access to modern farming techniques. The Food and Agriculture Organization (FAO, 2018) advocates for sustainable agricultural practices to improve food security and reduce poverty. Finally, the article addresses the burden of external debt, emphasizing its role in diverting resources from crucial social and economic investments. The African Development Bank (AfDB, 2021) underscores the importance of addressing debt sustainability to create fiscal space for poverty-alleviation initiatives. The different nature of poverty in Africa requires a comprehensive and collaborative approach. By understanding and addressing the complex interplay of historical, governance, educational, health, agricultural, and economic factors, stakeholders can work towards implementing effective policies and initiatives to foster sustainable development and uplift African populations.

Keywords: Poverty in Africa, Colonial legacy, Governance, Corruption, Education, Health challenges, Agricultural productivity, External debt, Inequality, Economic development, Equitable growth, Historical factors, Skilled workforce, Sustainable development, Fiscal space, Poverty-alleviation initiatives.

Introduction

Poverty remains a persistent and complex challenge in Africa, necessitating a nuanced understanding of its multifaceted determinants. This article seeks to unravel the intricate web of factors contributing to the

ISSN 2076-9202

endurance of poverty on the continent, drawing on a comprehensive body of research and expert analyses. The historical legacy of colonialism sets the stage for examining the roots of economic disparities, as highlighted by Acemoglu and Robinson (2012), revealing the enduring impact of colonial institutions on perpetuating inequality. As Transparency International's Corruption Perceptions Index (2021) sheds light on pervasive governance issues, the introduction explores how weak governance structures and widespread corruption hinder poverty reduction efforts, emphasizing the pivotal role of effective governance in fostering equitable economic growth.

The subsequent exploration delves into the challenges surrounding education, a cornerstone of economic development, and its hindrance by factors such as inadequate infrastructure, teacher shortages, and socio-economic disparities, as outlined by the World Bank (2020). Health challenges, including infectious diseases like malaria and HIV/AIDS, further exacerbate the issue, with the World Health Organization (WHO, 2020) emphasizing the intricate link between health and economic productivity. The article then shifts its focus to agricultural productivity, highlighting the impact of land degradation, climate change, and limited access to modern farming techniques on the livelihoods of many Africans, as noted by the Food and Agriculture Organization (FAO, 2018).

The burden of external debt emerges as another critical dimension, diverting resources away from essential social and economic investments, as emphasized by the African Development Bank (AfDB, 2021). By elucidating these interconnected factors, this article aims to provide a foundation for understanding the complexity of poverty in Africa and lays the groundwork for comprehensive strategies and initiatives to foster sustainable development and uplift African populations.

Historical Legacy of Factors Contributing to Poverty in Africa

Africa's history has played a significant role in shaping its current economic landscape. The era of colonization left lasting impacts on the continent, disrupting local economies and social structures. According to Acemoglu and Robinson (2012), colonial institutions often perpetuated inequality, hindering economic development and contributing to the persistence of poverty.

The historical legacy of poverty in Africa is deeply intertwined with the scars of colonialism, leaving an indelible mark on the continent's economic landscape. Acemoglu and Robinson (2012) emphasize the enduring impact of colonial institutions, which were often designed to serve the interests of colonial powers rather than fostering inclusive economic structures. The exploitation of resources forced labor, and imposition of unequal trade practices created a foundation of inequality that continues to shape the economic disparities witnessed today. Colonial powers, driven by economic motives, disrupted local economies and social structures, leaving African nations with fragmented institutions ill-suited for sustainable development. The arbitrary drawing of borders disregarded ethnic and cultural considerations, contributing to internal tensions and conflict, further hindering economic progress (Acemoglu & Robinson, 2012). The extraction of valuable resources during the colonial era also disrupted traditional modes of production and trade, pushing many African nations into dependency on a few primary commodities. This dependency left economies vulnerable to external shocks, such as fluctuating commodity prices, perpetuating cycles of poverty (Rodney, 1972).

Furthermore, the legacy of colonialism left a lasting impact on governance structures. Many post-colonial

ISSN 2076-9202

African states inherited bureaucratic systems designed for exploitation rather than effective governance. This has translated into weak institutions, corruption, and a lack of transparency – all significant barriers to poverty reduction (Easterly & Levine, 1997). In essence, the historical legacy of colonialism casts a long shadow over Africa's economic development, creating a complex web of factors that contribute to the persistence of poverty. Understanding this historical context is crucial for devising effective strategies to address the multifaceted challenges faced by the continent in its quest for sustainable development and poverty alleviation.

Governance and Corruption as a Factor Contributing to Poverty in Africa

Weak governance and widespread corruption have been identified as major impediments to poverty reduction in Africa. Transparency International's Corruption Perceptions Index (2021) reveals that many African countries rank low in terms of perceived corruption. The diversion of public funds for personal gain and the lack of effective governance structures exacerbate poverty, hindering equitable economic growth. Governance and corruption stand out as pivotal factors shaping the complex narrative of poverty in Africa. Transparency International's Corruption Perceptions Index (2021) underscores the widespread prevalence of corruption in many African nations, with detrimental effects on economic development and poverty reduction efforts. Weak governance structures contribute to an environment where corruption thrives. Ineffective institutions and a lack of accountability allow for the diversion of public funds for personal gain, hindering the allocation of resources towards poverty-alleviation programs (Mauro, 1998). This misallocation of resources perpetuates economic inequality and exacerbates the challenges faced by marginalized populations. Corruption not only impedes economic growth but also undermines public trust in government institutions. The erosion of trust diminishes citizens' willingness to engage in formal economic activities and comply with government initiatives, further hindering poverty reduction efforts (Kaufmann & Wei, 1999). The resulting lack of confidence in governance structures perpetuates a cycle of poverty as citizens may resort to informal and less productive economic activities.

Moreover, corruption has a direct impact on the quality of public services, particularly in crucial sectors such as education and healthcare. The siphoning of funds intended for these services diminishes their effectiveness, contributing to a lack of access to quality education and healthcare, which are vital components of poverty reduction (Treisman, 2000). In the business environment, corruption can deter foreign investment and hinder the growth of local businesses. The World Bank (1997) notes that corrupt practices, such as bribery and embezzlement, create an unpredictable and unfavorable business climate, discouraging both domestic and foreign investors. This, in turn, limits job creation and economic opportunities, perpetuating poverty. Addressing governance issues and combating corruption are essential steps in breaking the cycle of poverty in Africa. Strengthening institutions, promoting transparency, and enforcing accountability can create an enabling environment for sustainable economic development, fostering equitable growth and poverty reduction. As Africa grapples with the multifaceted challenges of poverty, efforts to improve governance and combat corruption emerge as crucial components of comprehensive strategies for lasting change.

Controlling the Effects of Governance and Corruption

ISSN 2076-9202

Strengthening Institutional Capacity: Strengthening the capacity of governmental institutions is crucial for effective governance. Building robust institutions that are transparent, accountable, and capable of delivering public services can help curb corruption and enhance the effectiveness of poverty-alleviation programs (World Bank, 2000).

Promoting Transparency and Accountability: Transparency International (2021) advocates for promoting transparency and accountability as key tools in the fight against corruption. Implementing measures such as open budgeting, regular audits, and public disclosure of government expenditures can enhance accountability and reduce opportunities for corrupt practices.

Enforcing Anti-Corruption Legislation: The enforcement of stringent anti-corruption legislation is essential for creating a legal framework that deters corrupt practices. Governments need to actively prosecute and penalize individuals involved in corruption, sending a clear message that such behavior will not be tolerated (Mauro, 1998).

Encouraging Civic Engagement and Civil Society Participation: Empowering civil society organizations and encouraging citizen participation can act as a check on governmental power. Engaged citizens can play a vital role in monitoring government activities, advocating for transparency, and holding officials accountable for corrupt practices (Kaufmann & Wei, 1999).

Implementing Whistleblower Protection Programs: Creating mechanisms to protect whistleblowers is crucial for exposing corruption within public and private sectors. Whistleblower protection programs can encourage individuals to come forward with information about corrupt activities without fear of reprisals (World Bank, 2000).

Utilizing Technology for Transparency: Leveraging technology, such as e-government initiatives and online platforms, can enhance transparency in public administration. Digital tools can streamline processes, reduce opportunities for corruption, and provide citizens with direct access to information, promoting accountability (Duflo et al., 2013).

Promoting International Cooperation: Corruption often transcends national borders, and international cooperation is essential for addressing global corruption challenges. Collaboration between countries, international organizations, and non-governmental entities can help share best practices, information, and resources to combat corruption effectively (Rose-Ackerman, 1999).

Building a Culture of Ethics and Integrity: Fostering a culture of ethics and integrity within both public and private sectors is a long-term strategy for preventing corruption. Educational programs, public awareness campaigns, and leadership initiatives can contribute to shaping a societal ethos that rejects corruption (Klitgaard, 1988).

By implementing these strategies, governments and stakeholders can work towards controlling the effects of governance and corruption, fostering an environment that supports sustainable development and poverty reduction in Africa.

Limited Access to Education as a Factor Contributing to Poverty in Africa

Education is a key driver of economic development, yet many African countries face challenges in providing accessible and quality education. According to the World Bank (2020), inadequate infrastructure, teacher shortages, and socio-economic disparities contribute to low enrollment rates and hinder the development of

ISSN 2076-9202

a skilled workforce, perpetuating poverty cycles. Limited access to education is a critical factor contributing to the complex issue of poverty in Africa. The World Bank (2020) identifies several challenges that hinder access to quality education across the continent, perpetuating cycles of poverty.

Inadequate Infrastructure: Insufficient infrastructure, including a lack of schools and basic amenities, poses a significant barrier to education access. Many regions in Africa struggle with a shortage of classrooms, making it challenging for children, particularly in rural areas, to attend school regularly (World Bank, 2020).

Teacher Shortages and Quality of Education: The shortage of qualified teachers, often exacerbated by inadequate training and low remuneration, impacts the quality of education. High student-teacher ratios can limit individualized attention, hindering effective learning experiences (World Bank, 2020). Improving teacher training and retention is crucial for enhancing the quality of education.

Socio-economic Disparities: Socio-economic disparities contribute to unequal access to education. Poverty often results in families being unable to afford schooling-related expenses such as uniforms, textbooks, and transportation. As a result, many children, particularly from low-income households, are excluded from the formal education system (World Bank, 2020).

Gender Disparities: Gender disparities persist in education access across Africa. UNESCO (2021) notes that girls, in particular, face barriers such as cultural norms, early marriages, and inadequate sanitation facilities in schools. Addressing gender-specific challenges is crucial for achieving equitable access to education.

Conflict and Insecurity: Regions affected by conflict and insecurity face additional challenges in providing consistent and safe access to education. The United Nations Children's Fund (UNICEF, 2020) highlights how conflict disrupts school operations, displaces students, and creates an environment where education is often considered a secondary priority.

Limited Early Childhood Education: The lack of access to early childhood education is a foundational challenge. Early childhood education is critical for cognitive development, and its absence can result in long-term educational gaps and hinder future opportunities (World Bank, 2020).

Addressing these barriers requires a comprehensive approach that involves infrastructure development, teacher training and recruitment, targeted interventions to overcome socio-economic and gender disparities, and strategies to ensure continued education in conflict-affected areas. Improving access to quality education is not only an essential component of poverty reduction but also a catalyst for broader societal development in Africa.

Health Challenges as a Factor Contributing to Poverty in Africa

Health plays a crucial role in economic productivity, and Africa faces various health challenges, including the burden of infectious diseases and inadequate healthcare infrastructure. The World Health Organization (WHO) notes that diseases like malaria and HIV/AIDS disproportionately affect the continent, contributing to increased healthcare expenditures and decreased productivity (WHO, 2020). Health challenges pose a significant and interconnected aspect of the complex factors contributing to poverty in Africa. The World Health Organization (WHO, 2020) and other sources highlight several health-related issues that contribute to the persistence of poverty on the continent.

ISSN 2076-9202

Infectious Diseases Burden: Africa bears a disproportionate burden of infectious diseases such as malaria, HIV/AIDS, and tuberculosis. The prevalence of these diseases not only results in significant healthcare expenditures but also impedes workforce productivity, affecting economic growth (WHO, 2020).

Limited Healthcare Infrastructure: Insufficient healthcare infrastructure exacerbates the impact of infectious diseases. Many regions in Africa lack access to basic healthcare facilities, preventing timely diagnosis and treatment. The absence of a robust healthcare infrastructure contributes to the perpetuation of health-related poverty (WHO, 2020).

Lack of Access to Essential Medicines: Limited access to essential medicines further compounds health challenges. The high cost and scarcity of medications for common diseases contribute to prolonged illness, increased healthcare costs, and decreased overall well-being (WHO, 2020).

Maternal and Child Health Issues: Maternal and child health issues, including high maternal mortality rates and malnutrition, significantly impact poverty. UNICEF (2020) emphasizes the importance of addressing these challenges, as they contribute to a cycle of poor health and limited economic opportunities.

Inadequate Nutrition: Malnutrition, both in terms of undernutrition and overnutrition, is a pervasive issue. The Food and Agriculture Organization (FAO, 2018) highlights the impact of inadequate nutrition on physical and cognitive development, which can limit educational attainment and economic productivity.

Water and Sanitation Challenges: Limited access to clean water and sanitation facilities contributes to the spread of water-borne diseases. The lack of proper sanitation infrastructure adversely affects health outcomes and places an additional burden on healthcare systems (World Bank, 2020).

Impact of Epidemics and Pandemics: Epidemics and pandemics, such as the Ebola outbreak, have had severe economic and health consequences. Beyond the direct health impact, these events disrupt communities, strain healthcare systems, and lead to economic losses, further entrenching poverty (Médecins Sans Frontières, 2019).

Addressing health challenges requires a comprehensive approach that involves improving healthcare infrastructure, increasing access to essential medicines, promoting maternal and child health, addressing water and sanitation issues, and building resilience to epidemics. A healthier population not only contributes to poverty reduction but also enhances the overall well-being and productivity of communities in Africa.

Agricultural Productivity as a Factor Contributing to Poverty in Africa

Agriculture is a primary source of livelihood for many Africans, yet agricultural productivity is often hindered by factors such as land degradation, climate change, and lack of access to modern farming techniques. The Food and Agriculture Organization (FAO, 2018) emphasizes the need for sustainable agricultural practices and investments to improve food security and reduce poverty. Agricultural productivity plays an important role in understanding the complex factors contributing to poverty in Africa, with various challenges affecting the continent's ability to harness the full potential of its agricultural sector. The Food and Agriculture Organization (FAO, 2018) and other sources highlight key factors shaping this intricate relationship.

Land Degradation and Climate Change: Africa faces significant challenges related to land degradation and climate change, impacting agricultural productivity. Changes in weather patterns, soil erosion, and degradation reduce the fertility of arable land, limiting its capacity to support robust crop yields (FAO,

ISSN 2076-9202

2018).

Lack of Access to Modern Farming Techniques: Limited access to modern farming techniques and technology hampers agricultural productivity. Many smallholder farmers lack access to improved seeds, fertilizers, and mechanized equipment, limiting their ability to adopt more efficient and sustainable farming practices (World Bank, 2020).

Vulnerability to External Shocks: The agricultural sector in Africa is often vulnerable to external shocks, such as fluctuating commodity prices and market dynamics. This vulnerability can lead to income instability for farmers and hinder long-term planning, perpetuating cycles of poverty (World Bank, 2020).

Inadequate Infrastructure and Market Access: Poor infrastructure, including inadequate transportation and storage facilities, limits farmers' ability to bring their products to market. This lack of market access not only results in economic losses but also restricts opportunities for income generation and poverty alleviation (FAO, 2018).

Limited Diversification of Agricultural Activities: The concentration on a few primary commodities hampers the diversification of agricultural activities. This lack of diversification can leave economies vulnerable to commodity price fluctuations, hindering efforts to enhance resilience and sustainable development (World Bank, 2020).

Policy and Governance Challenges: Weak agricultural policies and governance structures contribute to suboptimal agricultural productivity. Inadequate support, unclear land tenure systems, and policy inconsistencies create barriers that hinder the development of a vibrant and resilient agricultural sector (World Bank, 2020).

Addressing these challenges requires a multifaceted approach, including investments in sustainable agricultural practices, technology adoption, infrastructure development, and policy reforms. Enhancing agricultural productivity can not only contribute to poverty reduction but also drive broader economic development by creating employment opportunities and fostering food security in Africa.

External Debt as a Factor Contributing to Poverty in Africa

Africa's high levels of external debt pose a significant barrier to economic development. According to the African Development Bank (AfDB, 2021), debt servicing diverts resources away from critical social and economic investments, hindering poverty reduction efforts. Addressing debt sustainability is crucial for creating fiscal space to invest in poverty-alleviation programs.

The role of external debt is significant in understanding the complex factors contributing to poverty in Africa, with implications for economic development and poverty reduction efforts. The African Development Bank (AfDB, 2021) and other sources shed light on the key aspects of this relationship.

Debt Servicing Diverts Resources: High levels of external debt in many African countries lead to substantial debt-servicing obligations. These debt repayments often divert a significant portion of government revenue away from critical social and economic investments, including poverty alleviation programs (AfDB, 2021).

Limited Fiscal Space for Investments: The burden of external debt constrains the fiscal space available for governments to invest in essential sectors such as education, healthcare, and infrastructure. Limited resources hinder the implementation of poverty-reduction initiatives and impede efforts to improve living

ISSN 2076-9202

standards (AfDB, 2021).

Vulnerability to Economic Shocks: Countries with high external debt are more vulnerable to economic shocks and fluctuations in global financial markets. The exposure to external economic pressures can exacerbate existing poverty challenges, as economic downturns impact employment, income, and overall well-being (World Bank, 2020).

Risk of Debt Distress: The risk of debt distress is a concern for many African nations. When debt becomes unsustainable, countries may face challenges in meeting their financial obligations, leading to economic crises that can have severe consequences for poverty levels (IMF, 2019).

Impact on Creditworthiness and Investment Climate: Excessive external debt can negatively affect a country's creditworthiness and investment climate. Lower credit ratings may result in higher borrowing costs and reduced foreign direct investment, limiting opportunities for economic growth and poverty reduction (World Bank, 2020).

Conditionalities and Policy Implications: International lenders often attach conditions to debt relief and financing packages. The implementation of these conditions, sometimes referred to as structural adjustment policies, may have social and economic implications that affect vulnerable populations, potentially exacerbating poverty (World Bank, 2020).

Efforts to enhance debt management, negotiate favorable terms, and explore avenues for debt relief can contribute to creating fiscal space for poverty-reduction initiatives and fostering sustainable economic development in Africa.

Global Trade Disparities as a Factor Contributing to Poverty in Africa

Underdeveloped countries frequently encounter challenges in global trade characterized by unfavorable terms of trade and barriers to market access. These disparities significantly impact their ability to harness the benefits of international trade, acting as impediments to economic development and poverty reduction (World Bank, 2020).

Unfavorable Terms of Trade: Underdeveloped countries often experience unfavorable terms of trade, meaning that the prices of their exported goods are relatively lower compared to the prices of the goods they import. This phenomenon results in an imbalance where these countries receive fewer resources for their exports, making it challenging to generate sufficient income to support economic development initiatives (World Bank, 2020).

Barriers to Market Access: Barriers to market access further exacerbate the challenges faced by underdeveloped countries. These barriers may include tariffs, quotas, and non-tariff measures imposed by developed economies, restricting the entry of products from underdeveloped nations into global markets. As a result, underdeveloped countries encounter difficulties in expanding their exports and diversifying their economies (World Bank, 2020).

Limited Participation in Global Value Chains: Underdeveloped countries often find it challenging to integrate into global value chains. The complexities of these chains, along with requirements for advanced technology and infrastructure, pose barriers for underdeveloped nations to participate effectively. This limits their ability to capture higher value-added activities and hinders economic progress (World Bank, 2020).

Vulnerability to External Shocks: The susceptibility of underdeveloped countries to external economic

ISSN 2076-9202

shocks is heightened by their limited participation in global trade. Fluctuations in global markets, changes in commodity prices, and disruptions to international trade can have severe consequences on their economies, affecting income levels and exacerbating poverty (World Bank, 2020).

Inequality in Negotiating Power: Underdeveloped countries often lack equal negotiating power in international trade agreements. Developed economies may impose conditions that favor their interests, making it challenging for underdeveloped nations to secure terms that would be more beneficial for their economic development. This inequality further widens the gap between developed and underdeveloped nations (World Bank, 2020).

Initiatives should focus on reducing trade barriers, promoting fair trade practices, and providing underdeveloped countries with opportunities to participate more equitably in global markets. By fostering a more inclusive and balanced global trading system, the international community can contribute to the economic development and poverty reduction efforts of underdeveloped countries.

Social and Gender Disparities as a Factor Contributing to Poverty in Africa

Social and gender disparities exacerbate the challenges faced by underdeveloped countries, deepening the roots of poverty. This phenomenon reflects a complex interplay of social, economic, and cultural factors, disproportionately affecting marginalized populations, with a particular emphasis on the challenges faced by women. The United Nations Development Programme (UNDP, 2020) highlights the pervasive nature of these disparities and their contribution to persistent poverty.

Limited Access to Resources: Social and gender disparities often manifest in unequal access to resources such as education, healthcare, and employment opportunities. Discriminatory practices may result in restricted access to these critical resources for certain social groups, perpetuating cycles of poverty (UNDP, 2020).

Educational Inequities: Women, in particular, may face challenges in accessing education due to traditional gender roles and societal norms. Limited educational opportunities hinder women's ability to acquire skills and knowledge, limiting their potential for economic empowerment and contributing to their vulnerability to poverty (World Bank, 2020).

Healthcare Disparities: Social and gender disparities can translate into unequal access to healthcare services. Discrimination may limit women's access to reproductive healthcare, leading to health challenges that further impact their well-being and economic prospects (UNDP, 2020).

Employment Discrimination: Discrimination in the labor market can result in limited employment opportunities for certain social groups, particularly women. Gender-based occupational segregation and wage gaps contribute to economic disparities, making it challenging for women to escape the cycle of poverty (World Bank, 2020).

Unequal Land and Property Rights: In many underdeveloped countries, social and gender disparities are evident in unequal land and property rights. Discriminatory inheritance laws and cultural norms may disadvantage women, limiting their access to and control over essential assets for economic empowerment (UNDP, 2020).

Vulnerability to Gender-Based Violence: Social and gender disparities heighten the vulnerability of women to gender-based violence. Such violence can have profound physical, psychological, and economic

ISSN 2076-9202

consequences, perpetuating conditions that contribute to poverty (World Bank, 2020).

Cultural Norms and Stereotypes: Deep-rooted cultural norms and stereotypes often reinforce social and gender disparities. Traditional gender roles may confine women to caregiving responsibilities, limiting their participation in economic activities and hindering efforts to break the cycle of poverty (UNDP, 2020).

Limited Political Participation: Social and gender disparities may also manifest in limited political participation for certain social groups. Women, in particular, may face obstacles in participating in decision-making processes, limiting their ability to influence policies that could address gender-specific poverty challenges (World Bank, 2020).

Efforts should focus on education, healthcare, legal reforms, and initiatives that promote gender equality in all spheres of life. By dismantling barriers related to social and gender disparities, underdeveloped countries can create more inclusive societies and pave the way for sustainable poverty reduction.

Research Questions/Objectives

The hypothetical research questions/objectives for understanding the complex factors contributing to poverty in Africa, includes:

To Examine the Role of Governance in Poverty Dynamics: How does governance, including transparency and accountability, influence poverty levels in African countries? (Kaufmann & Wei, 1999)

To Investigate the Impact of Social and Gender Disparities on Poverty: What are the specific social and gender disparities that contribute to persistent poverty in African communities? (UNDP, 2020)

To Analyze the Relationship Between Agricultural Productivity and Poverty: How does agricultural productivity, including sustainable farming practices and rural development, affect poverty in African regions? (World Bank, 2020)

To Explore the Implications of Global Trade Disparities on African Economies: What are the consequences of global trade dynamics, including unfavorable terms of trade, on poverty in underdeveloped African countries? (World Bank, 2020)

To Assess the Impact of Environmental Challenges and Climate Change on Poverty: How do environmental challenges and climate change contribute to poverty, particularly in regions highly vulnerable to climate-related impacts? (FAO, 2018)

To Understand the Interconnectedness of Factors Contributing to Poverty: What is the interconnected nature of governance, social disparities, agricultural productivity, global trade, and environmental challenges in shaping the poverty landscape in Africa?

What opportunities exist for promoting sustainable development that addresses the root causes of poverty in Africa? How can these opportunities be harnessed for long-term poverty reduction? These research questions/objectives aim to explore the different nature of poverty in Africa, drawing on insights from various dimensions including governance, social disparities, agriculture, global trade, environmental challenges, and the effectiveness of poverty alleviation policies. The in-text citations reference key sources that contribute to these areas of inquiry.

Barriers/Limitations

Underdeveloped countries in Africa face numerous barriers and limitations that complicate their efforts to understand and address the complex factors contributing to poverty. The following analysis incorporates

ISSN 2076-9202

insights from various sources:

Limited Access to Data and Information: Underdeveloped countries often lack comprehensive and up-to-date data. This limitation hampers their ability to conduct accurate assessments of poverty and understand the specific dynamics at play. Without reliable data, policymaking becomes challenging (World Bank, 2020).

Weak Research and Analytical Capacities: The underdeveloped research and analytical capacities of institutions within these countries contribute to a lack of in-depth understanding. Limited expertise in conducting rigorous research and analysis on poverty-related issues hinders the formulation of evidence-based policies (UNDP, 2020).

Educational Challenges: Inadequate education systems, prevalent in underdeveloped countries, limit the availability of skilled professionals and researchers. A lack of well-trained experts in fields relevant to poverty alleviation constrains the depth of analysis and understanding of the multifaceted factors contributing to poverty (World Bank, 2020).

Governance Issues and Corruption: Weak governance structures and corruption within underdeveloped countries can impede the collection and dissemination of accurate information. Corruption can distort data, making it difficult to obtain an accurate picture of poverty levels and hindering efforts to address root causes (Kaufmann & Wei, 1999).

Limited Technological Infrastructure: Inadequate technological infrastructure poses a challenge to data collection, analysis, and dissemination. The lack of access to modern technology hampers the ability of underdeveloped countries to harness innovative solutions for understanding and addressing poverty-related issues (World Bank, 2020).

Vulnerability to External Influences: Underdeveloped countries are often more susceptible to external influences, such as global economic shocks and fluctuations. This vulnerability can divert attention and resources away from addressing internal poverty-related challenges (World Bank, 2020).

Environmental and Climate Change Impact: Many underdeveloped countries are particularly vulnerable to the impacts of climate change. Environmental challenges, including extreme weather events and resource degradation, exacerbate poverty-related issues and create additional complexities in understanding and addressing root causes (FAO, 2018).

Limited Access to Financial Resources: Underdeveloped countries often face constraints in accessing financial resources for research and development initiatives. Limited funding can hinder the implementation of effective poverty alleviation strategies and impede progress in understanding the underlying factors (World Bank, 2020).

Political Instability and Conflict: Political instability and conflict prevalent in some underdeveloped countries create an environment that is not conducive to sustained research and analysis. Ongoing turmoil diverts attention and resources away from addressing poverty-related challenges (World Bank, 2020).

Inequality in Global Decision-Making: Underdeveloped countries often face challenges in influencing global decision-making processes. Unequal representation in international forums can limit their ability to advocate for fair policies that address the root causes of poverty (World Bank, 2020).

Investments in education, technology, governance reforms, and sustainable development initiatives can

ISSN 2076-9202

contribute to overcoming these limitations, enabling underdeveloped countries to better understand and address the complex factors contributing to poverty in Africa.

Potential Negative Impacts

While it is essential to acknowledge the challenges faced by underdeveloped countries, it's important to note that the negative impacts are often a result of structural constraints and external influences. Here, we discuss some of the negative impacts with relevant intext citations:

Limited Research Capacities: Underdeveloped countries often have limited research capacities, which hinder their ability to conduct in-depth analyses of poverty-related factors. This constraint results in a lack of evidence-based policymaking (UNDP, 2020).

Data Gaps and Inaccuracy: Inadequate data infrastructure and limited resources contribute to gaps and inaccuracies in data collection and reporting. This affects the reliability of information available for understanding and addressing poverty (World Bank, 2020).

Policy Implementation Challenges: Underdeveloped countries may face challenges in implementing effective policies due to weak governance structures. Limited capacity to enforce policies and lack of transparency can hinder poverty alleviation efforts (Kaufmann & Wei, 1999).

Dependency on External Aid: Some underdeveloped countries heavily rely on external aid, which can create a dependency syndrome. This reliance may limit their ability to develop sustainable solutions to address poverty independently (World Bank, 2020).

Inadequate Technological Infrastructure: A lack of technological infrastructure limits underdeveloped countries' capacity to leverage modern tools for data analysis, research, and communication. This constraint impedes their ability to keep pace with global advancements in poverty research (World Bank, 2020).

Political Instability and Conflict: Political instability and conflict prevalent in some underdeveloped countries create an environment that is not conducive to sustained research and analysis. Ongoing turmoil diverts attention and resources away from addressing poverty-related challenges (World Bank, 2020).

Limited Access to Education: Inadequate education systems in underdeveloped countries hinder the development of a skilled workforce. Limited access to education limits the pool of experts and researchers available to understand and address the complexities of poverty (World Bank, 2020).

Economic Vulnerability: Underdeveloped countries are more susceptible to economic shocks and fluctuations, making it challenging to implement long-term poverty reduction strategies. Economic volatility can disrupt efforts to address poverty sustainably (World Bank, 2020).

Environmental and Climate Change Impact: Many underdeveloped countries are particularly vulnerable to the impacts of climate change. Environmental challenges, including extreme weather events and resource degradation, exacerbate poverty-related issues and create additional complexities in understanding and addressing root causes (FAO, 2018).

Global Trade Disparities: Underdeveloped countries often face challenges in global trade, with unfavorable terms of trade and barriers to market access. This limits their ability to benefit from international trade, hindering economic development and poverty reduction (World Bank, 2020).

While recognizing these negative impacts, it's crucial to emphasize the importance of international

ISSN 2076-9202

collaboration, targeted investments, and sustainable development initiatives to help underdeveloped countries overcome these challenges and foster inclusive growth. Addressing the root causes requires a concerted effort from both domestic and international stakeholders.

The Role of Governance and Policy Makers

The role of governance and policy frameworks is crucial in determining whether underdeveloped countries can effectively understand and address the complex factors contributing to poverty in Africa. The quality of governance and the nature of policy frameworks significantly influence the success of poverty alleviation efforts.

Governance Structures and Effectiveness: The effectiveness of governance structures is paramount in addressing poverty. Weak governance can hinder the implementation of poverty reduction policies, exacerbating challenges. Kaufmann and Wei (1999) emphasize the importance of good governance in fostering economic development and poverty reduction.

Transparency and Accountability: Transparent and accountable governance is vital for effective poverty alleviation. Transparency International's Corruption Perceptions Index (2021) highlights the role of transparency and accountability in reducing corruption, ensuring that resources are allocated efficiently for poverty reduction initiatives.

Policy Consistency and Implementation: Policy consistency and effective implementation are essential for sustained poverty reduction. Inconsistent policies and poor implementation can undermine efforts to address the root causes of poverty (World Bank, 2020).

Anti-Corruption Measures: Implementing anti-corruption measures is crucial for creating an environment conducive to poverty reduction. Policies that target corruption help ensure that resources are directed toward poverty-alleviation programs (Kaufmann & Wei, 1999).

Inclusive Policy Formulation: Inclusive policy formulation that considers the needs of marginalized populations is essential. Policies that address social and gender disparities contribute to a more equitable distribution of resources, promoting poverty reduction (UNDP, 2020).

Legal and Regulatory Frameworks: Strong legal and regulatory frameworks provide the foundation for effective governance. Clear rules and regulations contribute to a conducive environment for economic development and poverty reduction initiatives (World Bank, 2020).

Civil Society Engagement: The engagement of civil society in policy processes enhances accountability and promotes citizen participation. An active civil society can contribute to the scrutiny of policies, ensuring that they align with poverty reduction goals (UNDP, 2020).

Decentralization and Local Governance: Decentralization of governance structures empowers local communities and enhances responsiveness to local needs. Effective local governance is instrumental in tailoring poverty reduction strategies to specific contexts (World Bank, 2020).

Political Stability: Political stability is a key determinant of effective governance. Stability allows for consistent policy implementation and fosters an environment conducive to sustainable development and poverty reduction (World Bank, 2020).

International Cooperation and Aid Effectiveness: International cooperation plays a significant role in

ISSN 2076-9202

supporting underdeveloped countries. The effectiveness of aid is influenced by governance quality, and international collaboration is crucial for implementing poverty reduction strategies (World Bank, 2020).

By fostering good governance, promoting transparency, implementing effective policies, and engaging civil society, these countries can create an enabling environment for understanding and addressing the multifaceted factors contributing to poverty. International collaboration and targeted efforts to strengthen governance structures are key components of a comprehensive approach to poverty reduction.

Recommendations

Understanding the complex factors contributing to poverty in Africa requires a multifaceted approach that addresses social, economic, and governance challenges. This examination has shed light on various interconnected factors, emphasizing the need for comprehensive strategies.

Strengthening Governance Structures: Good governance is foundational to poverty reduction. Strengthening governance structures, enhancing transparency, and combating corruption are imperative (Kaufmann & Wei, 1999). Governments in Africa should prioritize governance reforms to ensure effective policy implementation and resource allocation.

Investing in Education and Healthcare: Education and healthcare are fundamental pillars for poverty reduction. Increased investments in education infrastructure, teacher training, and healthcare systems can empower communities and break the cycle of poverty (World Bank, 2020; UNDP, 2020).

Promoting Sustainable Agriculture: Addressing agricultural productivity challenges requires promoting sustainable farming practices, providing access to modern techniques, and improving market access for smallholder farmers (FAO, 2018). Diversification and technology adoption are key components.

Addressing Gender Disparities: To combat social and gender disparities, policies should focus on promoting equal access to resources, education, and employment opportunities. Empowering women through targeted initiatives is crucial for sustainable poverty reduction (UNDP, 2020).

Managing External Debt Responsibly: Countries should adopt responsible debt management practices, negotiate favorable terms, and explore avenues for debt relief (AfDB, 2021). International collaboration is essential to provide support for countries facing high levels of external debt.

Fostering Inclusive Economic Policies: Inclusive economic policies should be formulated to create job opportunities, reduce income inequalities, and enhance overall economic development (World Bank, 2020). Policies that prioritize the most vulnerable populations can contribute to more equitable growth.

Investing in Technology and Infrastructure: Adequate technological infrastructure is essential for data collection, research, and development. Investments in technology and infrastructure can enhance the capacity of underdeveloped countries to understand and address poverty-related challenges (World Bank, 2020).

Encouraging International Collaboration: International organizations, donors, and development partners should collaborate to address poverty comprehensively. Joint efforts can leverage resources, share best practices, and provide technical assistance to support countries in implementing effective poverty reduction strategies (UNDP, 2020).

Promoting Climate Resilience: Given the impact of climate change on poverty, policies should focus on climate resilience and disaster preparedness. Sustainable land management practices and measures to

ISSN 2076-9202

mitigate the effects of extreme weather events are essential (FAO, 2018).

Monitoring and Evaluation: Establishing robust monitoring and evaluation mechanisms is crucial to track the impact of poverty reduction initiatives. Regular assessments help identify areas of success, challenges, and opportunities for improvement, guiding evidence-based policymaking (UNDP, 2020).

Conclusion

The reasons for poverty in Africa are complex and interconnected, understanding the complex factors contributing to poverty in Africa demands a nuanced and comprehensive approach that recognizes the interconnected nature of these challenges. The complexity of poverty in Africa extends beyond economic factors, encompassing issues such as governance, education, healthcare, and environmental sustainability (World Bank, 2020). A holistic understanding acknowledges the interplay of these factors and the need for integrated solutions. Social, economic, and environmental challenges intersect, creating a web of influences that perpetuate poverty cycles. Recognizing intersectionality is crucial for designing interventions that address the root causes rather than symptoms (UNDP, 2020). The role of governance emerges as a critical factor. Effective governance structures, transparency, and anti-corruption measures are essential for successful poverty reduction initiatives (Kaufmann & Wei, 1999). Governance sets the foundation for equitable resource distribution and policy implementation. The challenges facing Africa require not only national efforts but also international collaboration. Global issues like climate change and trade disparities necessitate joint solutions and solidarity among nations (World Bank, 2020; UNDP, 2020).

Addressing poverty entails empowering marginalized populations, particularly women, and ensuring their inclusion in all aspects of society. Inclusive policies that bridge gender and social disparities are integral to breaking the cycle of poverty (UNDP, 2020). The United Nations Sustainable Development Goals (SDGs) provide a comprehensive framework for tackling poverty. Aligning strategies with the SDGs ensures a unified and globally recognized approach to poverty reduction (UNDP, 2020). Evidence-based policymaking, informed by rigorous research and data analysis, is crucial. Sound policies should address the specific needs and challenges faced by underdeveloped countries in Africa, guided by empirical evidence (World Bank, 2020). The dynamic nature of poverty requires continuous monitoring and adaptation of strategies. Regular assessments of the impact of interventions allow for adjustments, ensuring that efforts remain effective in changing circumstances (UNDP, 2020). The complexity of poverty necessitates a commitment to long-term solutions. Quick fixes may provide temporary relief but sustained efforts are required to address root causes and promote lasting change (World Bank, 2020).

Empowering local communities and involving them in decision-making processes is fundamental. Local perspectives and initiatives contribute to the contextual relevance and sustainability of poverty reduction strategies (UNDP, 2020). In essence, addressing poverty in Africa requires a unified, multi-dimensional, and sustained effort. By adopting a holistic understanding, promoting good governance, fostering global collaboration, and empowering communities, stakeholders can work towards breaking the cycle of poverty and fostering sustainable development on the continent. The journey toward poverty alleviation is not only a moral imperative but also a shared responsibility that transcends borders and requires collective dedication to building a better future for all.

ISSN 2076-9202

References

1. Daniel Kaufmann and Shang-Jin Wei: Does "Grease Money" Speed Up the Wheels of Commerce? (1999)
2. Daron Acemoglu and James A. RobinsonWhy Nations Fail: The Origins of Power, Prosperity, and Poverty (2012)
3. Daniel Treisman: The causes of corruption: a cross-national study; Journal of Public Economics Volume 76, Issue 3, June 2000, Pages 399-457
4. Esther Duflo, Michael Greenstone, Rohini Pande, Nicholas Ryan: Truth-telling by Third-party Auditors and the Response of Polluting Firms: Experimental Evidence from India; The Quarterly Journal of Economics, Volume 128, Issue 4, November 2013, Pages 1499–1545, https://doi.org/10.1093/qje/qjt024
5. Paolo Mauro: Corruption and the composition of government expenditure; Journal of Public Economics, 1998, vol. 69, issue 2, 263-279
6. Rose-Ackerman, S. (1999) Political Corruption and Democracy. Connecticut Journal of International Law, 14, 363.
7. Susan Rose-Ackerman: Corruption and Government; Causes, Consequences, and Reform; Yale University, Connecticut
8. UNICEF: Strategy for Health 2016-2030
9. Walter Rodney: How Europe Underdeveloped Africa, Bogle-1'Ouverture Publications ISBN: 0-9501546-4-4
10. William Easterly and Ross Levine: Africa's Growth Tragedy: Policies and Ethnic Divisions. The Quarterly Journal of Economics, Vol. 112, No. 4 (Nov., 1997), pp. 1203-1250 (48 pages); Published by: Oxford University Press
11. CORRUPTION PERCEPTIONS INDEX https://www.transparency.org/en/cpi/2021
12. Education in emergencies; Education is a lifeline for children in crises: https://www.unicef.org/education/emergencies
13. The State of Food and Agriculture 2018 https://www.fao.org/documents/card/en?details=I9549EN
14. Rapport International d'activités 2019 https://www.msf.org/fr/rapport-international-dactivit%C3%A9s-2019
15. UNDP Annual Report 2020 https://www.undp.org/publications/undp-annual-report-2020
16. Global Economic Prospects 2024 https://www.worldbank.org/en/home
17. World Development Report 1997: The State in a Changing World

https://openknowledge.worldbank.org/entities/publication/b8e6b919-0cd8-54a5-b42f-c7c19f12faf0

ISSN 2076-9202

HUMAN RESOURCES PROCEDURES: ESSENTIAL IN PROMOTING ENRICHMENT OF HUMAN RESOURCES

Dr. Radhika Kapur

Abstract

Within all types of organizations, the human resources make use of their educational qualifications, competencies and abilities to carry out the overall functioning of the organizations. Within organizations, the job duties need to be put into operation to achieve organizational goals and lead to overall functioning of the organizations in a satisfactory manner. The human resources procedures are the ones that have the primary objective of preparing human resources to lead to enhancement of the overall structure of the organizations. The individuals in leadership positions are vested with the authority of formulating human resources procedures. The traits of morality and ethics need to be reinforced in these procedures. The job duties need to be put into practice in accordance to the laws and rules. When the human resources will put in efforts to their best abilities to do well in their job duties, they will fulfil the expectations of their supervisors and employers. As a consequence, they will promote their enrichment. The reason being, when the employers will feel satisfied with the employees, they will incur the feeling of job satisfaction. Furthermore, they will contribute significantly in retaining their jobs. Therefore, it can be stated, human resources procedures are essential in promoting enrichment of human resources. The main concepts that are taken into account in this research paper are, understanding the meaning and significance of human resources procedures, human resources procedures and measures contributing in up-gradation of human resources procedures.

Keywords: Human Resources, Job Duties, Management, Organizations, Procedures, Recruitment, Selection

Human resources are the assets of the organizations. The overall functioning of the organizations takes place, when human resources are provided with the opportunities to make use of their educational qualifications, competencies and abilities. The procedures need to be put into operation in an adequate manner to manage the human resources. When there are occurrence of vacancies within the organizations, the hiring authorities need to ensure, the right individuals get recruited in the right positions at the right time. The processes of recruitment and selection needs to be carried out in a well-ordered and satisfactory manner. The individuals are required to follow certain rules in accordance to which the processes of recruitment and selection takes place (Hart, 2021). The candidates are required to go through interviews, get engaged in group discussions and take written tests. The recruitment and selection procedures are normally dependent upon the post and job duties. These processes may be carried out in less time, i.e. a week or they may take more amount of time, i.e. a month. Therefore, it is well-understood, recruitment and selection are regarded as important human resources procedures.

Within the course of putting into operation the job duties and responsibilities, dealing with other individuals, achieving organizational goals, and in leading to up-gradation of the overall structure of the

ISSN 2076-9202

organization, there are occurrence of various types of problems and difficulties. These need to be coped with in an adequate manner and prevented from assuming a major form. There should be implementation of grievance redresser procedures. Through these procedures, the employees are provided with the opportunities to redress their grievances (Shethna, 2020). The employees are assigned job duties in accordance to their educational qualifications, skills and abilities. The individuals in leadership positions need to provide equal rights and opportunities to all the members. Furthermore, there should not be any discrimination on the basis of any of the factors. The provision of equal rights and opportunities will enable the employees to develop motivation towards the implementation of job duties and responsibilities. Furthermore, the human resources will incur the feelings of pleasure and contentment. Therefore, implementation of grievance redresser procedures and provision of equal rights and opportunities are vital human resources procedures.

It is comprehensively understood that human resources cannot enhance their career prospects by working in isolation. Hence, they need to form cordial and amiable terms and relationships with others. The human resources are required to obtain ideas and suggestions within the course of implementation of their job duties and generation of desired outcomes. The supervisors assign them the job duties, which they are required to work in a team. The emphasis needs to be put upon reinforcement of cordial and sociable employee relations. Within the course of implementation of job duties, the human resources need to make use of technologies, materials, tools, devices and equipment. Hence, these need to be made available in an adequate manner. Furthermore, the human resources need to manage them in a satisfactory manner. The human resources need to put emphasis on up-gradation of their knowledge, skills and abilities. As in order to make use of the resources, it is necessary to make use of one's knowledge and competencies. Therefore, reinforcement of cordial and sociable employee relations and up-gradation of knowledge, skills and abilities are significant human resources procedures.

Understanding the Meaning and Significance of Human Resources Procedures

Human resources are the assets of the organizations. The overall functioning of the organizations takes place, when human resources are provided with the opportunities to make use of their educational qualifications, competencies and abilities. In all types of organizations, there are various organizational goals. These are, being well-versed in terms of job duties and responsibilities; being informative in terms of methods, procedures, strategies and approaches; leading to an increase in productivity and profitability; managing financial, human, technical and material resources in an adequate manner; promoting community well-being; satisfying customer demands; forming cordial and amiable terms and relationships with others; making use of modern, scientific and innovative methods; organizing seminars and workshops and leading to enhancement of the overall structure of the organizations. The procedures need to be put into operation in an adequate manner to manage the human resources. The reason being, the human resources need to make use of their competencies and abilities to achieve all these goals. Therefore, meaning and significance of human resources procedures is understood, when they prove to be meaningful in achieving organizational goals.

The primary objective of these procedures is to promote welfare and goodwill of the human resources.

ISSN 2076-9202

They should feel comfortable within the organizations, and should be able to concentrate on their job duties. When the human resources will be satisfied, they will render an important contribution in doing well in their job duties and in promoting well-being and goodwill of the organizations. With advancements taking place and with the advent of modernization and globalization, it is necessary to bring about transformations in these procedures. All the members of the organizations, irrespective of their job positions in the hierarchy need to make use of modern, scientific and innovative methods within the course of implementation of their job duties. When transformations are brought about, it needs to be ensured they prove to be favourable and advantageous to the human resources and the overall structure of the organizations. Therefore, it can be stated, meaning and significance of human resources procedures is understood, when they are encouraged to make use of pioneering methods within the course of implementation of job duties and responsibilities.

The up-gradation of knowledge, abilities and professionalism need to be paid attention towards by the human resources throughout the implementation of their job duties. When the human resources are determined towards achieving organizational goals and leading to enhancement of the overall structure of the organizations, they need to conduct research on regular basis. The research is conducted through making use of various sources, i.e. books, articles, reports, projects, technologies and internet. Furthermore, putting into practice effective communication processes also prove to be worthwhile and beneficial in honing knowledge, abilities and professionalism. This task renders an important contribution in augmenting knowledge, abilities and professionalism. Within the course of implementation of job duties, the human resources are required to bring about improvements in methods and procedures. When improvements are made, it needs to be ensured, they lead to achievement of desired goals. Therefore, it is well-understood, meaning and significance of human resources procedures is understood, when they are provided with various types of opportunities to lead to up-gradation of knowledge, abilities and professionalism.

Human Resources Procedures

In all types of organizations, production, manufacturing, services, financial institutions, educational institutions, and so forth, the individuals in leadership positions are vested with the authority of formulating human resources procedures. When these are formulated, it needs to be ensured, they prove to be efficacious to the individuals and the overall structure of the organizations (Processes in Human Resource Management, 2021). The traits of morality, ethics, diligence and conscientiousness need to be reinforced when formulating human resources procedures. The primary objective of these procedures is to promote well-being of the human resources. When the human resources will be satisfied, they will render an important contribution in doing well in their job duties and in promoting well-being and goodwill of the organizations. Within the course of time, it is necessary to bring about changes in these procedures. When changes are brought about, it needs to be ensured they prove to be favourable and advantageous to the human resources and the overall structure of the organizations. The human resources procedures are stated as follows:

Implementation of Recruitment and Selection Processes

The primary objective of the recruitment and selection processes is to make selection of the right

ISSN 2076-9202

candidates for the job positions. The vacancies should not remain unfilled for long period of time. As it is regarded as the impediment within the course of implementation of tasks and activities. When there are occurrence of vacancies within the organizations, the hiring authorities need to ensure, the right individuals get recruited in the right positions at the right time. The processes of recruitment and selection needs to be carried out in a well-ordered and satisfactory manner. The individuals are required to follow certain rules in accordance to which the processes of recruitment and selection takes place. The candidates are required to go through interviews, get engaged in group discussions and take written tests. The recruitment and selection procedures are normally dependent upon the post and job duties. These processes may be carried out in less amount of time, i.e. a week or a month. Therefore, implementation of recruitment and selection processes are regarded as important human resources procedures.

Organization of Training and Development Programs

When the human resources get recruited and selected within the organizations, they are required to go through training and development programs. These programs may be of couple of days, one week, one month or even six months. There is recruitment of well-qualified and competent trainers, who are required to carry out the job duties of training the human resources. In these programs, the various areas in terms of which human resources are imparted information are, history of the organization, departments, personnel, laws, rules, policies, organizational goals, mission and objectives, job duties and responsibilities, methods, procedures, strategies, approaches, infrastructure, amenities, facilities, and overall environmental conditions. The trainers make use of different training methods to augment knowledge among trainees. These are, lecture method, case studies, simulations, role playing, vestibule training, group discussions, fieldwork and so forth. The human resources need to listen and follow the instructions given by the trainers. As a consequence, they will do well in their job duties and generate the desired outcomes. Therefore, organization of training and development programs are significant human resources procedures.

Implementation of Grievance Redresser Procedures

Within the course of putting into operation the job duties and responsibilities, dealing and working with other individuals, achieving organizational goals, and in leading to up-gradation of the overall structure of the organization, there are occurrence of various types of problems and difficulties. When the human resources experience scarcity of technical or material resources, they experience problems within the course of implementation of their job duties. The various types of problems may be experienced in a major as well as in a minor form. These need to be coped with in an adequate manner and prevented from having any unfavourable effects. There should be implementation of grievance redresser procedures. Through these procedures, the employees are provided with the opportunities to redress their grievances. The supervisors and employers are required to take into account the grievances of the human resources and make provision of adequate and meaningful solutions to them. As a result, the human resources will be able to concentrate on their job duties. Therefore, in all types of organizations, implementation of grievance redresser procedures are vital human resources procedures.

ISSN 2076-9202

Provision of Equal Rights and Opportunities

Within the organizations, the human resources are different from each other on the basis of number of factors, i.e. caste, creed, race, religion, ethnicity, gender, age groups, educational qualifications, skills, abilities, cultures, personality traits and socio-economic backgrounds. The supervisors and employers need to ensure, they make provision of equal rights and opportunities to all the human resources. These need to be related to promoting well-being and goodwill. The employees are assigned job duties in accordance to their educational qualifications, skills and abilities. The individuals in leadership positions need to provide equal rights and opportunities to all the members. Furthermore, there should not be any discrimination on the basis of any of the factors. The provision of equal rights and opportunities will enable the employees to develop motivation towards the implementation of job duties and responsibilities. Furthermore, the human resources will incur the feelings of pleasure and contentment. They will put in efforts to their best abilities within the course of putting into operation their job duties and responsibilities. Therefore, provision of equal rights and opportunities is a crucial human resources procedure.

Reinforcement of Cordial and Sociable Employee Relations

It is comprehensively understood that human resources cannot carry out job duties, nor enhance their career prospects nor achieve organizational goals by working in isolation. Hence, they need to form cordial and sociable terms and relationships with others. The human resources are required to obtain ideas and suggestions within the course of implementation of their job duties and generation of desired outcomes. The problems can be solved on one's own as well as through obtaining help and support from other members. The cordial and sociable terms and relationships need to be formed with colleagues, supervisors and employers. These will enable the employees to develop motivation towards the implementation of job duties and responsibilities. Furthermore, the human resources will incur the feelings of pleasure and contentment. The supervisors assign them the job duties, which they are required to work in a team. In promoting teamwork, emphasis need to be put upon reinforcement of cordial and sociable employee relations. As the members need to work in co-ordination with each other. Therefore, reinforcement of cordial and sociable employee relations is an essential human resources procedure.

Up-gradation of Knowledge, Skills and Abilities

The up-gradation of knowledge, skills and abilities need to be paid attention towards by the human resources throughout their job duties, when they are determined towards achieving organizational goals and leading to enhancement of the overall structure of the organizations. Within the course of implementation of job duties, the human resources are required to make use of technologies, materials, machinery, tools, devices and equipment. Hence, these need to be made available in an adequate manner. Furthermore, the human resources need to manage them in a satisfactory manner. The human resources need to put emphasis on up-gradation of their knowledge, skills and abilities. As in order to make use of these resources, it is necessary to make use of one's knowledge, skills and abilities. In the implementation of this task, the human resources either work on their own or they obtain support and assistance from trainers, supervisors and colleagues. When the job duties are complicated, getting engaged in regular practice will contribute

ISSN 2076-9202

significantly in honing knowledge, skills and abilities. Therefore, up-gradation of knowledge, skills and abilities is a noteworthy human resources procedure.

Implementation of Job Duties in accordance to the Rules

When the human resources are putting into operation job duties and responsibilities within employment settings, they are not only enhancing their career prospects, but they have goals to achieve. The primary goals are, pleasing their supervisors and employers and leading to enhancement of the overall structure of the organizations. The human resources are required to abide by the rules and norms, when they are implementing various types of job duties and responsibilities. For example, when the human resources are making use of technologies and are required to carry out the job duty of printing, they need to ensure, excessive printing should be avoided. It is an important rule that technologies need to be made use of in a moral and ethical manner. The individuals in leadership positions formulate the rules. When they are formulating the rules, they have the main aim of ensuring that the job duties are carried out in a disciplined manner. Therefore, implementation of job duties in accordance to the rules is an eminent human resources procedure.

Organization of Workers Compensation Programs

In various organizations, industries and factories, such as, silk weaving, gem cutting, diamond polishing, plantations, carpet manufacturing, lock industries, beedi rolling and so forth, the job duties are hazardous. The human resources are required to make use of machines, devices, tools and equipment within the course of implementation of their job duties. It is apparently understood that workforce may suffer from injuries and accidents. Hence, there should be organization of workers compensation programs. These programs make provision of compensation benefits for the injuries and accidents that the workers have suffered. The workers compensation is of various types and is dependent upon the injuries and accidents that the workers have suffered. The injuries and accidents may be minor or major. When the workers are required to get admitted in hospitals and require medical treatment, the organizations are required to pay for the medical expenses. When the workers have suffered permanent injuries and they are unable to get back to work, the compensation is provided throughout their lives to sustain their living conditions in an adequate manner. Therefore, organization of workers compensation programs is an indispensable human resources procedure.

Giving of Rewards and Incentives

The acquisition of employment opportunities is regarded as the primary objectives of the individuals, irrespective of their communities, categories and backgrounds. When the human resources are wholeheartedly determined towards doing well in their job duties and meeting the expectations of their employers, they will put in efforts to their best abilities. Furthermore, they will augment their skills to cope with obstacles in an adequate manner. When the human resources render an important contribution in generation of the desired outcomes, they should be given rewards and incentives. The rewards and incentives are in the form of certificates, trophies, increase in pay, paid leaves, paid vacations, additional job

ISSN 2076-9202

duties to enhance one's career prospects, opportunities to hone leadership skills and so forth. The types of job duties and responsibilities determine the giving of rewards and incentives. When these are given, the human resources incur the feelings of pleasure and contentment and develop motivation towards the implementation of job duties. Therefore, giving of rewards and incentives is a human resources procedure, which has rendered an important contribution in stimulating the mind-sets of the human resources towards the implementation of job duties.

Providing Promotional Opportunities

Acquisition of promotional opportunities is regarded as one of the primary goals of all employees (Withaar, 2019). When they get recruited, they usually conduct themselves in a manner that they will be given promotional opportunities. When the human resources are wholeheartedly determined towards doing well in their job duties and meeting the expectations of their supervisors and employers, they will put in efforts to their best abilities towards the generation of desired outcomes. Furthermore, they will augment their skills to cope with obstacles in an adequate manner. When the human resources render an important contribution in generation of the desired outcomes, they should be given promotional opportunities. The promotional opportunities are referred to assigning of a higher position. These are characterized by an increase in pay and job duties. The human resources have more job duties and responsibilities to carry out. Hence, they need to pay attention towards leading to up-gradation of knowledge, skills and abilities. Therefore, providing promotional opportunities is a human resources procedure, which has enabled the human resources to enhance their knowledge and skills and career prospects.

Measures contributing in Up-gradation of Human Resources Procedures

In order to achieve organizational goals and lead to enhancement of the overall structure of the organizations, it is of utmost significance to lead to up-gradation of human resources procedures (HR Policies, Procedures & Practices, 2021). When the human resources will be well-aware and feel pleasurable and contented within the working environment, they will be able to put in efforts to their best abilities to generate the desired outcomes. All the members of the organization need to be informative in terms of human resources procedures. Furthermore, they need to be informative in terms of the ways to bring about improvements in these measures. When they will be well-aware in terms of the ways, they will be able to augment information in terms of pioneering methods that would render an important contribution in leading to up-gradation of human resources procedures. These are, formulating laws and rules; depicting the traits of helpfulness and co-operation; augmenting information regarding customer needs and requirements; conducting research on regular basis; developing motivation towards the implementation of job duties and creating an amiable and pleasant environment within the workplace. These are stated as follows:

Formulating Laws and Rules

The individuals in leadership positions are vested with the authority of formulating the laws and rules. When they are formulating the laws and rules, they have the main aim of ensuring that the job duties are carried out in a disciplined manner. All the members of the organization, irrespective of their job

ISSN 2076-9202

positions in the hierarchy need to carry out their job duties in accordance to the laws and rules. One of the important law and rule is, the members need to be provided with equal rights and opportunities. Furthermore, there should not be any discrimination on the basis of any of the factors. The provision of equal rights and opportunities will enable the employees to stimulate their mind-sets towards the implementation of job duties and responsibilities. Therefore, formulating laws and rules is a vital measure contributing in up-gradation of human resources procedures.

Depicting the Traits of Helpfulness and Co-operation

The members need to possess an approachable nature and an amiable attitude. When an individual is pleasant in attitude, he or she acquires appreciation. The job duties in some cases are complicated. The members are able to provide solutions to the problems on one's own or through taking support and assistance from the other members. Hence, depicting the traits of helpfulness and co-operation will enable the human resources to incur the feeling of job satisfaction and retain their jobs. Furthermore, these traits will contribute efficaciously in achieving organizational goals and leading to enhancement of the overall structure of the organizations. Within the course of implementation of job duties, the human resources are required to reinforce these traits. Therefore, depicting the traits of helpfulness and co-operation is regarded as one of the indispensable measures contributing in up-gradation of human resources procedures.

Augmenting Information regarding Customer Needs and Requirements

Satisfying customer needs and requirements is regarded as one of the primary goals of the organization and the human resources, who are leading to overall functioning of the organization. When the human resources are making use of pioneering methods within the course of implementation of job duties, they aim that customers will feel satisfied with the products or services. The human resources put into operation fieldwork. They interact with the customers with the main aim of identifying their needs and requirements. When the human resources will augment their information in terms of customer needs and requirements, they will be able to put into operation their job duties in an adequate manner. Furthermore, improvements will be brought about in the methods and procedures. Therefore, it can be stated, augmenting information regarding customer needs and requirements is a crucial measure contributing in up-gradation of human resources procedures.

Conducting Research on Regular Basis

Within the course of implementation of job duties, achieving organizational goals and carrying out the overall functioning of the organizations in an effectual manner, the human resources are required to bring about improvements in methods and procedures. For the implementation of this task, they need to conduct research on regular basis. The research is conducted through making use of various sources, i.e. books, articles, reports, projects, technologies and internet. Furthermore, putting into practice effective communication processes also prove to be worthwhile and beneficial in honing knowledge, skills and abilities. This task renders an important contribution in identifying the areas, which need to be improved. The task of conducting research is required to be carried out throughout the job duties of the individuals.

ISSN 2076-9202

Therefore, conducting research on regular basis is a significant measure contributing in up-gradation of human resources procedures.

Developing Motivation towards the implementation of Job Duties

The human resources need to develop motivation towards the implementation of job duties. There are various factors that lead to development of motivation, i.e. organization of training and development programs; organization of seminars and workshops; being well-versed in terms of job duties; being informative in terms of methods and procedures; development of mutual understanding with other members; giving of rewards and incentives and making provision of promotional opportunities; management of financial, human, technical and material resources in a satisfactory manner; making use of modern, scientific and innovative methods; possessing the abilities to cope with problems and difficulties and formation of an amiable and pleasant environment within the workplace. These factors need to be reinforced throughout the job duties of the human resources. Furthermore, these would contribute in an efficacious manner in leading to enrichment of human resources procedures. Therefore, it is well-understood, developing motivation towards the implementation of job duties is a meaningful measure contributing in up-gradation of human resources procedures.

Creating an Amiable and Pleasant Environment within the Workplace

Apart from implementation of job duties, achieving organizational goals and in leading to up-gradation of the overall structure of the organization, it is indispensable to focus upon creation of an amiable and pleasant environment within the workplace. When the environmental conditions will be pleasant and amiable, the human resources will be able to concentrate well on their job duties. Furthermore, they will incur the feelings of pleasure and contentment. All the members need to work in collaboration and integration with each other in the implementation of this task. The members need to put in efforts to overcome all types of obstacles. Furthermore, this job would contribute in a worthwhile manner in leading to development of human resources procedures. Therefore, creating an amiable and pleasant environment within the workplace is an essential measure contributing in up-gradation of human resources procedures.

Conclusion

The human resources procedures are put into operation with the primary aim of managing the human resources. Human resources procedures are, implementation of recruitment and selection processes, organization of training and development programs, implementation of grievance redresser procedures, provision of equal rights and opportunities, reinforcement of cordial and sociable employee relations, up-gradation of knowledge, skills and abilities, implementation of job duties in accordance to the rules, organization of workers compensation programs, giving of rewards and incentives and providing promotional opportunities. Measures contributing in up-gradation of human resources procedures are, formulating laws and rules; depicting the traits of helpfulness and co-operation; augmenting information regarding customer needs and requirements; conducting research on regular basis; developing motivation towards the implementation of job duties and creating an amiable and pleasant environment within the

ISSN 2076-9202

workplace. Finally, it can be stated, when human resources procedures will be implemented satisfactorily, they will contribute in promoting enhancement of human resources and achievement of organizational goals.

Bibliography

Hart, N. (2021). 5 Human Resource Policies your Department should put in place now. Retrieved December 15, 2021 from accesscorp.com

HR Policies, Procedures & Practices. (2021). Retrieved December 15, 2021 from growHR.co.nz

Processes in Human Resource Management. (2021). Retrieved December 15, 2021 from managementstudyguide.com

Shethna, J. (2020). HR Policies and Procedures. Retrieved December 15, 2021 from educba.com

Withaar, LD. (2019). Key Human Resource Management Policies & Procedures. Retrieved December 15, 2021 from smallbusiness.chron.com

ISSN 2076-9202

THE IMPACT OF GLOBAL ECONOMIC POLICY UNCERTAINTY ON BANK CREDIT RISKS AND THE MODERATING EFFECT OF STATE OWNERSHIP: EMPIRICAL EVIDENCE FROM VIETNAMESE COMMERCIAL BANKS

Nga T. Trinh
School of Economics, Finance and Accounting
International University-Vietnam National University Ho Chi Minh City
Quarter 6, Linh Trung Ward, Thu Duc, Ho Chi Minh City, Vietnam

Quan Ai Truong Tran
School of Economics, Finance and Accounting
International University-Vietnam National University Ho Chi Minh City
Quarter 6, Linh Trung Ward, Thu Duc, Ho Chi Minh City, Vietnam

Abstract

Economic policy uncertainty (EPU) has been a contentious issue of discussion since the the financial crisis. This study examines the effect of the global economic policy uncertainty (GEPU) on bank credit risks and whether state ownership plays a moderating role in this impact. Using the sample of Vietnamese commercial banks listed on Hochiminh and Hanoi Stock Exchanges from 2012 to 2022, we document the statistical significant and negative impact of GEPU on credit risk as determined by Loan loss reserve (LLR), but no significant effect is found when credit risk is measured by Non-performing loan (NPL). For bank-specific variables as control variables, bank size is found to have a statistical significant and positive effect on credit risk measured by LLR, whereas ROA significantly and negatively affects credit risk when credit risk is measured by NPL. The interbank interest rate as a proxy for monetary policy also has a significantly positive effect, whereas GDP growth rate negatively affects credit risk. Moreover, the results suggest that state ownership does not have a statistically significant moderating effect on the relationship between GEPU and bank credit risks.

Keywords: Commercial bank, Global economic policy uncertainty, Credit risk, State ownership
JEL Classifications: G21, E51, E60

Corresponding author: Nga T. Trinh
Email: ttnga@hcmiu.edu.vn

ISSN 2076-9202

1. Introduction

As the engine of the economy, the financial system needs to be developed further and more effectively while maintaining safety and soundness in the face of market swings. Commercial banks provide loans in an effort to boost economic expansions and contribute to greater economic efficacy. Significant progress has been made since 1986, when Vietnam began pursuing an economic opening program in response to the country's emerging issues and the more complicated developments in international politics. Innovation and advancements in banking operations throughout history have both continued and fostered the lengthy history of the sector's growth, and they are tied to the nation's future. The State Bank of Vietnam has set goals for credit orientation and credit management that will help commercial banks develop in line with the macroeconomic balance, fulfill the demand for capital in the economy while also enhancing credit quality, and concentrate on the banking industry. Priority areas include business and production; risky regions must be closely controlled.

Economic policy uncertainty (EPU) has been a contentious issue of discussion since the 2008 financial crisis. The incentives and uncertainties associated with prospective shifts in governmental policy or global leadership influence the behavior of politicians and enterprises. The effects of policy uncertainty are especially relevant in the context of the financial crisis and recession. There is a great deal of ambiguity regarding how governments implement long-term economic and regulatory policies as well as short-term investment incentives (Julio & Yook, 2012). With the EPU index rising by more than 50% since 2007, Baker et al. (2016) provide evidence of significant increases in policy uncertainty in the United States and throughout the world. Policy uncertainty refers to the risk that future legislative and regulatory actions and plans may pose to the economy. This trend increases the likelihood that businesses and consumers may postpone investments and purchases due to market volatility. The uncertainty about government regulations, spending, taxes, monetary policies, and healthcare reached a peak during the 2008 global financial crisis (Baker et al., 2016).

The influence of EPU on bank credit may depend on factors other than bank characteristics through the credit supply channel, as it is a macroeconomic element that might impact the whole banking system. Moreover, the impact is via the credit demand route as well. Reduced loan demand due to businesses and people delaying investments and spending during times of heightened uncertainty may lead to narrower banks' interest margins. When banks' return targets are sticky, they may be motivated to look for yield by putting their assets in "high-risk and high-return" investments in order to make up for the lost earnings. Moreover, lack of information may raise the likelihood of making poor decisions when uncertainty levels rise. On the other hand, banks may decide to take a wait-and-see approach until uncertainty subsides and there are more creditworthy borrowers. This limits the amount of credit extended, resulting in a decrease in credit risks. The effect of uncertainty on bank credit risks is still an intriguing empirical subject because of the theoretical ambiguity (Nguyen et al., 2020).

In addition, according to the survey of Asian and Latin American banks, government-owned banks extend credit faster (or restrained it less) than local and foreign commercial banks (Hawkins & Mihaljek,

ISSN 2076-9202

2001). Since public banks need to facilitate credit policies and their loans are more susceptible to macroeconomic shocks than those of private banks, Micco and Panizza (2004) show that public banks are more risky than other banks. Furthermore, according to Huang et al. (2020), the government, which is primarily in charge of the Chinese banking sector, is required to consider political goals in addition to using sound business judgments. As a result, Chinese banks and non-financial companies may be more susceptible to policy shift concerns than their counterparts in the West, which makes it easier for researchers to monitor and evaluate the impact of EPU on credit risks.

The main goal of our study is to investigate how the EPU affects credit risks of Vietnamese commercial banks, including those with state capital as their primary ownership. We also examine the moderating role of state ownership in the effect of EPU on bank credit risks. The association between EPU and credit risks has been examined in several earlier studies, but only in industrialized nations like the U.S. or China. To the best of our knowledge, there are not many scholarly publications discussing the effect of EPU on bank credit risks in developing nations and none examining the topic in Vietnam. In terms of economic growth, banks play a crucial and significant role. Credit is also one of the most important sources of capital that businesses may utilize to raise money and grow. Therefore, credit risk is considered the major concern of bank operations, especially during periods of uncertainty.

Our study uses the sample of Vietnamese commercial banks listed on Hochiminh Stock Exchange (HOSE) and Hanoi Stock Exchange (HNX) between 2012 and 2022 and the global EPU index developed by Baker et al. (2016). Up to now, the national EPU index has not been constructed for Vietnam. Given the progress of globalization, the Vietnamese economy has become more dependent on the global economy, making it more susceptible to the world uncertainty. Therefore, we use the global EPU index which is available on the website https://www.policyuncertainty.com/ (Baker et al., 2016). Our study contributes to the literature in several ways. First, while earlier studies conduct the analysis in developed economies, our study is one of the first to assess how credit risk in developing economies is affected by the uncertainty of economic policy and serves as a guide for upcoming research on EPU in developing countries. Second, our research have some implications for policymakers and managers in the banking industry in creating credit policies or lending decisions that are beneficial to the economy and lower risks for banks. Vietnamese banks may alter their business practices to reduce credit risks and support economic growth in an effort to counter the unpredictable nature of economic policy.

The remainder of this paper proceeds as follows. Section 2 discusses the literature and develops hypotheses. Section 3 describes the data and methodology. Empirical results are analyzed in Section 4. Section 5 concludes.

2. Literature review and Hypothesis development

2.1. The theory of bank lending

The process through which banks make new loans is far more crucial for the development of bank

ISSN 2076-9202

deposits. A bank simply credits a customer's account with a larger deposit balance when it makes a loan to that customer. As a result, new money is created (McLeay et al., 2014).

Credit is the exchange of immediate purchasing power for the commitment to repay the loan with interest at a later time while also safeguarding the pledged collateral until the debt is repaid in full. For economic expansions and overall well-beings, it is essential that savings are invested productively. As significant participants in business finance, banks are part of this process. The financial industry contributes to the economic expansion by offering financial services to all businesses with a promising future. Not only does it affect the total amount of loans, but it also has a significant impact on which businesses receive financing and under what conditions (Drigă & Dura, 2014). Banks play a crucial part in the transmission of policy when lending money. The credit channel of banks provides a compelling account for the strength, timeliness, and distributional impacts of policy on the economy (Kishan & Opiela, 2000).

2.2. Basel III

Basel III was formally endorsed by the Group of Twenty (G20) members in November 2010, marking a significant departure from the principles and content of Basel I and II. Basel III offers a set of macroprudential instruments and norms, including a universal leverage ratio and a countercyclical buffer, to control systemic risk within the global financial system (King & Tarbert, 2011).

Basel III provides new and increased standards, such as the adoption of a worldwide liquidity norm and a more strict definition of capital, to improve the uniformity, openness, and quality of the capital base. The two new liquidity ratios, the longer-term Net Stable Funding Ratio (NSFR) and the shorter-term Liquidity Coverage Ratio (LCR), encourage banks to increase their holdings of high-quality liquid assets and to seek out more stable funding sources in order to comply with the principles of liquidity risk management. Banks' Return on Equity (ROE) will be under growing pressure due to rising capital costs and increased liquidity. Basel III also provides banks with incentives to improve their operating process to meet regulatory requirements while simultaneously increasing efficiency and reducing costs. Banks are being forced to increase their capital buffers by a number of factors, including countercyclical macroprudential regulations, increased capital adequacy requirements, and the imposition of liquidity restraints (BCBS, 2010).

2.3. Global economic policy uncertainty and bank credit risks

There are a variety of factors affecting uncertainty. While certain factors, like currency fluctuations and changes in senior management, have an impact on uncertainty both in the short and long periods, other factors, like changes in oil prices, only have a short-term impact. Uncertainty has a significant influence on the expenditures and investments made by consumers, corporations, and governments. This drives many scholars to develop measures of uncertainty, particularly in regard to the unpredictability of economic policy (Al-Thaqeb & Algharabali, 2019).

The EPU index of Baker et al. (2016) is based on many sources of the unpredictability of economic

ISSN 2076-9202

policy, such as how frequently policy uncertainty is mentioned in the press. This indicator increases in response to events that are widely associated with periods of extreme policy uncertainty, such as elections, wars, talks about debt limits, the Eurozone crisis, and the enactment of the Troubled Asset Relief Program (TARP) legislation. According to Bernanke (1983), uncertainty causes investments and employment to decline, and during periods of high policy uncertainty, market volatility increases while spending and consumption decrease. EPU also has a direct impact on global economic expansion (Bloom, 2009).

The global EPU (GEPU) index has recently soared in three waves, and according to Bloom (2017), this is both the cause and the consequence of recessions. Using a fully defined structural model of the oil market, Basher et al. (2017) identify the shocks that drive oil prices and investigate the impact of GEPU on the likelihood of switching between low and high volatility states. Demir and Ersan (2017) demonstrate that GEPU significantly improves the cash holding choices of businesses in the BRIC nations.

More uncertainty seems to make businesses less motivated to recruit and invest, and consumers less ready to buy. An increase in uncertainty in 2008, which may have contributed to one-third of the decline in the U.S. GDP, was most certainly a significant factor in accelerating the severity of the economic crisis (Bloom, 2014).

In addition, Ng et al. (2020) find that banks can reduce their cost of capital by using loan loss provisions to disclose sensitive information to investors. A desire to be more proactive in loan loss recognition (and even to raise extra capital) can be shown by making bigger loan loss provisions during periods of greater policy uncertainty. This, in turn, can enhance the bank's long-term prospects. Therefore, one may anticipate higher loan loss provisions during periods of high policy uncertainty from the standpoint of compensating for the depressing impacts of policy uncertainty.

The dynamics of EPU, according to Bloom (2009), would reverse the improvements in bank financial circumstances and force bank management to modify their lending operations. He finds that policy uncertainty has a substantial and negative impact on the growth of bank loans. This impact is heteroskedastic across banks. These results might be attributed to the demand side of credit channels, where an increase in EPU has a negative impact on employment, investment, and output, which in turn causes the credit demand to drop. Nguyen et al. (2020) emphasize the need of thoroughly examining the impact of EPU on credit development within a framework that considers credit supply and demand.

Ozili (2022) reveals that banks respond to high EPU by manipulating their financial reporting in order to lessen the negative impact of EPU on their profitability. Banks are also affected by EPU through loan repricing and a decrease in credit supply. He and Niu (2018) examine the relationship between EPU and bank valuation using a large sample of banks. They find that the effect of EPU is negative for bank valuation, and that the effect is more pronounced for banks with higher loan-to-asset ratios. They also illustrate how EPU inhibits bank loan growth, which in turn causes bank values to decline.

Caglayan and Xu (2019) examine the impacts of EPU on financial depth, banks' non-performing

ISSN 2076-9202

loans, and provisions for credit losses using the uncertainty proxy provided by Baker et al. (2016) for 18 countries. From the World Bank Global Financial Development database, which covers the years 1985–2013, they extract two financial depth indicators. To evaluate financial institutions' stability and asset quality, they also calculate two ratios using the same database: non-performing loans and loan loss provisions, which are based on gross loans. Their findings suggest that it would be challenging for bank-dependent borrowers to rely on outside funding if economic policy shocks cause an overall decrease in private-sector lending. In addition, they contend that during times of greater economic policy uncertainty, the stability of financial institutions may suffer due to the adverse effects of rises in EPU on banks' non-performing loans and loan loss provisions. Since their results are based on a large cross-country panel dataset, they clearly show how crucial political stability is to the appropriate operation of financial intermediaries.

Also looking at how uncertainty affects bank credit risks is Dang and Nguyen (2022). They argue that bank credit risk profiles and loan default rates may rise because of borrowers experiencing more financial hardships during uncertain times. Using a unique microuncertainty measure based on the cross-sectional dispersion of bank-level shocks, they investigate the impact of banking uncertainty on credit risks in Vietnam from 2007 to 2019. They provide evidence that increased banking uncertainty can raise credit risks, while larger, more liquid banks are less likely to have this impact.

Furthermore, the study by Danisman et al. (2020) investigates the effect of EPU on credit growth using a sample of 2,977 private and listed banks in the EU-5 (the United Kingdom, Germany, Spain, Italy, and France) for the years 2009-2018. The results show that banks' loan growth is affected by uncertain economic policies. Their evaluations of bank type reveal that the impact is mostly true for cooperative banks. Other analyses indicate that the negative impact of EPU on loan development is more prominent in countries with a civil law system, increases with the length of the debt, and lessens for banks with a larger workforce and branch network. Moreover, banks with overseas operations, banks with a larger percentage of wholesale funding, and banks with inadequate capitalization all have more negative consequences. Additionally, they offer various policy implications for various economic players. Their primary conclusion confirms that EPU is a significant risk factor for bank credits.

In general, because commercial banks are significant players in the economy and may modify their lending practice, EPU can have a direct impact on their behaviors by swaying it in response to macro policies. Without bank credit resources, businesses cannot grow; nevertheless, because these resources are scarce, banks' credit resources may not always be able to satisfy the funding needs of businesses. Therefore, to manage loan resources wisely, banks must evaluate their client base to identify borrowers with the most potential for development. Since macroeconomic policies invariably influence how credit resources are allocated, commercial banks are forced to cope with the uncertainty regarding specific industries or businesses the authorities wish to assist. Then, it becomes challenging to pinpoint precisely which businesses or sectors are creditworthy when it comes to distributing lending resources. In this instance, banks may be misled by economic policies to offer credit to businesses or sectors that have little chance of paying money back.

ISSN 2076-9202

Since the policies may change frequently and the government may revise the original goals of regulation policies during the enforcement process, commercial banks find it challenging to accurately assess their clients' prospects. During periods of high uncertainty, there is more information asymmetry when banks are selecting how to deploy their lending resources. As a result, there are inevitably more non-performing loans and rising EPU might raise credit risks. EPU's impact on businesses might also have an adverse indirect impact on banks. Banks are the popular source of funding; a decline in a company's financial standing or bankruptcy affects the amount of non-performing loans and has an impact on how well commercial banks are operating. In particular, banks may experience loss or bankruptcy if borrowers are in serious financial difficulties (Chi & Li, 2017). The operational risks that businesses assume have an impact on the credit risks that banks face. During periods of rising global EPU, the operations of businesses may fluctuate (e.g., reducing investments or boosting cash reserves), further deteriorating their financial standing and increasing bank credit risks. Based on the arguments above, we propose the following hypothesis.

Hypothesis 1: Global EPU positively affects bank credit risks.

2.4. State ownership and the effect of EPU on bank credit risks

According to Keeton and Morris (1987), low-capital banks are willing to raise the degree of risk in their lending portfolios. These banks frequently relax their credit criteria and place less restrictions on their customers for the sake of profit. They also have negligent employees who manage and evaluate loan applications, leading to an increase in non-performing loans. Customers' actions, information asymmetry between them and the banks, improper loan usage, and investments in high-risk areas can all pose moral hazards and increase bank credit risks. When commercial banks' lending practices are adjusted to the strategic objectives of economic policy, EPU can have an impact on credit risks, especially for state-owned banks.

Using a fixed-effect panel regression model of Tunisian listed banks for the years 1999–2019, Hamdi and Hassen (2022) determine the association between EPU, credit risks, lending choices, and banking performance. They discover that the banks that are owned by the state are most impacted by rising EPU. Specifically, both their profits and credit risks have grown.

The importance of ownership structure for banking operations is also highlighted in an earlier study by Doan et al. (2018), especially in developing countries. Because state-owned banks in developing countries are expected to be treated more favorably by the government such as receiving more latitude by regulators and advantages from government supports, they often take on riskier business ventures or are given more "room" to operate in specific markets.

Chi and Li (2017) use data of Chinese commercial banks from 2000 to 2014 to explore the effects of EPU on banks' credit risks and lending choices. The findings show that the relationship between the loan migration rate, loan concentrations, non-performing loan ratios, and the EPU is strongly positive. This suggests that EPU raises bank credit risks and negatively affects loan size, especially for joint-equity banks.

ISSN 2076-9202

By lowering loan sizes, banks can enhance their operational efficiency in light of the rising credit risks brought by EPU.

Ng et al. (2020) find that policy uncertainty has a beneficial effect on loan loss provisions by looking at a sample of U.S. banks from 1996 to 2016. The impact is lessened for less risky institutions with larger levels of prior reserves. De Nicolo (2001) and Iannotta et al. (2007) argue that state-owned banks often display higher risk than other types of banks in their studies of industrialized nations.

Joint stock commercial banks with over 50% capital contributed by the state are considered banks with the largest state ownership, also called state-owned banks. Although this type of bank has capital contributions not only from the state but also from other organizations and individuals, state capital accounts for more than 50% of the bank's charter capital. In Vietnam, these banks include BIDV, Vietcombank, VietinBank, and Agribank, but the last bank is not publicly listed.

The availability of credit resources for businesses and the liquidity of the market can both be abruptly shocked by the change of credit quotas which are set by the central bank. With substantial state ownership stakes, lending choices are vulnerable to government interventions and there is little room for independent decision-making in state-owned banks. In contrast, joint stock banks have a dispersed ownership structure with less governmental control and more flexibility in their lending policies. When faced with the same level of EPU, joint stock banks lower credit lending more than state-owned banks. Thus, the following hypothesis is developed.

Hypothesis 2: The positive effect of global EPU on bank credit risks is stronger for banks with the largest state ownership.

3. Data and Methodology

3.1. Data collection

We obtain accounting data of Vietnamese commercial banks listed on Hochiminh and Hanoi Stock Exchanges (HOSE and HNX) between 2012 and 2022 from the Thomson Reuters EIKON database. The GEPU index is constructed by Baker et al. (2016) and can be downloaded from the website https://www.policyuncertainty.com/. We also hand collect data on state ownership from audited annual reports. Banks with missing data are excluded. Since Agribank is not listed on HOSE or HNX, it is not included in the sample. The final sample consists of 133 bank-year observations after accounting for errors and missing observations.

3.2. Research methodology

3.2.1. The measurement of the Global EPU index

According to Davis (2016), a monthly index of GEPU is constructed from January 1997 to present using the GDP-weighted average of monthly national EPU indices of twenty one nations—Australia, Brazil,

ISSN 2076-9202

Canada, Chile, China, Colombia, France, Germany, Greece, India, Ireland, Italy, Japan, Mexico, the Netherlands, Russia, South Korea, Spain, Sweden, the United Kingdom, and the United States.

Following prior studies, we calculate the annual GEPU index value by taking the average of twelve monthly GEPU indices of the year.

GEPU = Mean of twelve monthly GEPU indices

3.2.2. Research models

The first hypothesis investigates the connection between the credit risk of commercial banks and the worldwide EPU. Thus, this hypothesis is tested using the following equation.

$$\mathbf{Crisk_{i,t} = \beta_0 + \beta_1 GEPU_t + \beta_2 SIZE_{i,t} + \beta_3 ROA_{i,t} + B_4 SOLV_{i,t} + \beta_5 CAR_{i,t} + \beta_6 LDR_{i,t} + \beta_7 GDP_t + \beta_8 CGROWTH_{i,t} + \beta_9 IBR_t + \beta_{10} STATE_{i,t} + \varepsilon_{i,t}} \quad \mathbf{(1)}$$

The dependent variable is Credit risk (Crisk) which consists of two proxies: Loan loss reserve ratio (LLR) and Non-performing loan ratio (NPL). The greater these variables, the higher the credit risk. The main independent variable is GEPU index as calculated in Section 3.2.1. The control variables are Bank size (SIZE), Return on Assets (ROA), Solvency ratio (SOLV), Capital adequacy ratio (CAR), Loan-to-deposit ratio (LDR), Gross Domestic Product growth rate (GDP), Credit growth (CGROWTH), Monetary policy (proxied by the Interbank interest rate - IBR), and State ownership. We measure State ownership variable using a dummy variable (STATE) and the percentage of State ownership (STATEPCT). The subscripts *i*, *t,* and ε denote, respectively, the bank, year, and error term. Table 1 presents the detailed calculations of the variables.

Hypothesis 2 tests the interaction between Global EPU and State ownership in the impact on bank credit risks. Thus, Equation (2) is applied to test this hypothesis.

$$\mathbf{Crisk_{i,t} = \beta_0 + \beta_1 GEPU_t + \beta_2 GEPU_t{*}STATE_{i,t} + \beta_3 STATE_{i,t} + \beta_4 SIZE_{i,t} + \beta_5 ROA_{i,t} + \beta_6 SOLV_{i,t} + \beta_7 CAR_{i,t} + \beta_8 LDR_{i,t} + \beta_9 GDP_t + \beta_{10} CGROWTH_{i,t} + \beta_{11} IBR_t + \varepsilon_{i,t}} \quad \mathbf{(2)}$$

The only difference between Equation (1) and Equation (2) is the interaction term GEPU*STATE. Similar to Equation (1), we also use STATE and STATEPCT to measure State ownership. Therefore, the interaction term also consists of two values: GEPU*STATE and GEPU*STATEPCT. All other variables are the same as in Equation (1).

Table 1: Summary of variables

Variable code	Variable name	Variable calculation
Credit Risk		
LLR	Loan loss reserves ratio	Loan loss reserves / Gross loans
NPL	Non-performing loan ratio	Non-performing loans / Gross loans

ISSN 2076-9202

GEPU Index		
GEPU	Global Economic Policy Uncertainty	Average of twelve monthly Global Economic Policy Uncertainty indices
Control variables		
SIZE	Bank size	Natural logarithm of Total assets
ROA	Return on Assets	Net income / Total assets
SOLV	Solvency ratio	Equity / Total assets
CAR	Capital adequacy ratio	Capital / Risk-weighted assets
LDR	Loan to deposit ratio	Total loans / Total deposits
GDP	Gross domestic product	Vietnam's GDP growth rate taken from World Bank
CGROWTH	Credit growth	Growth rate of Gross loans
IBR	Monetary policy	Vietnam's 6-month Interbank interest rate from the State Bank of Vietnam
State Ownership		
STATEPCT	Percentage of State ownership	The percentage of State ownership in the ownership structure of banks
STATE	Indicator of banks with the largest state ownership	Equal 1 for three banks with the largest state ownership (Vietcombank, BIDV, and VietinBank); Equal 0 otherwise

We use three panel-data regression methods: Fixed-effect model (FEM), Random-effect model (REM), and Pooled Ordinary Least Squared (Pooled OLS). Table 2 shows the tests conducted to choose the best model. The superiority of FEM over Pooled OLS is determined using the F-test. The Breusch-Pagan Lagrange Multiplier test is used to choose the better model between Pooled OLS and REM. Finally, FEM and REM are compared using the Hausman test to determine which model is more appropriate (Hausman, 1978).

Table 2: Research testing method

F-test	Breusch-Pagan LM test	Hausman Test	The chosen model
Ho is not rejected	Ho is not rejected		Pooled OLS
Ho is not rejected	Ho is rejected		Random Effect Model
Ho is rejected	Ho is not rejected		Fixed Effect Model
Ho is rejected	Ho is rejected	Ho is rejected	Fixed Effect Model
Ho is rejected	Ho is rejected	Ho is not rejected	Random Effect Model

ISSN 2076-9202

Source: Le & Phan (2017)

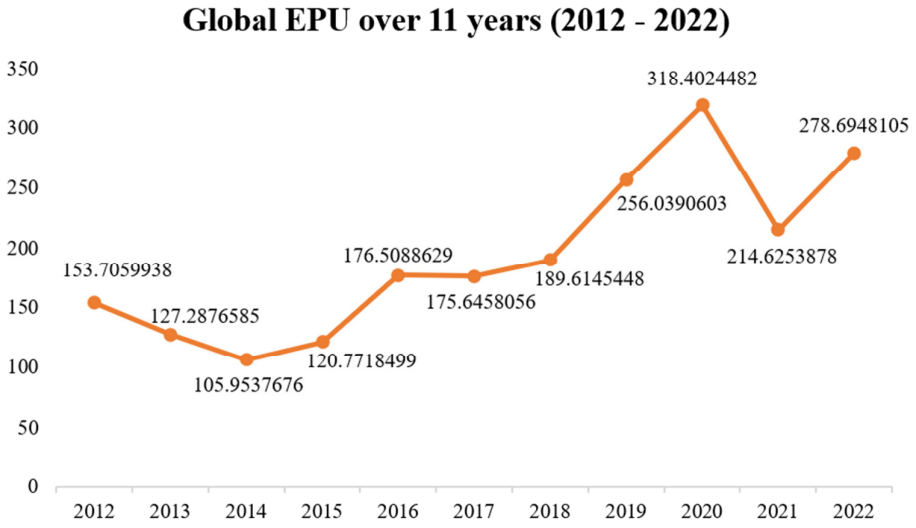
4. Empirical results

4.1. Overview of Global EPU

Figure 1 depicts the value of annual GEPU index from 2012 to 2022. As can be seen from the chart, GEPU index fluctuated significantly, reaching the peak of 318.4 in 2020 while in 2014 it got a low of 106. The GEPU index rose sharply in response to concerns about the Chinese economy in late 2015 and the Brexit referendum in June 2016 (Davis, 2016).

More than the financial crisis of 2008–2009, the COVID-19 pandemic has brought about a major shock to uncertainty that is more equivalent to the rise in uncertainty during the Great Depression of 1929–1933 (Baker et al., 2020). COVID-related uncertainty caused a significant increase in the GEPU index in 2020.

Figure 1: Global EPU index over 11 year-period (2012 - 2022)



4.2. Descriptive statistics

Table 3 displays the the descriptive statistics of all variables. The LLR variable's lowest and highest values are 0.009 and 0.029, respectively, with an average value of 0.015. The NPL variable's biggest and smallest values are 0.234 and 0.002, respectively, with an average value of 0.035.

Table 3: Descriptive statistics

The sample consists of 133 bank-year observations from 2012 to 2022. The definitions of variables are stated in Table 1.

ISSN 2076-9202

	N	Mean	Median	Min	Max	Std. Dev.
LLR	133	.015	0.013	.009	.029	.005
NPL	133	.035	0.023	.002	.234	.039
GEPU	133	209.696	189.615	105.954	318.402	65.326
SIZE	133	33.132	33.007	31.238	34.886	.758
ROA	133	.011	0.008	0	.029	.008
SOLV	133	.084	0.077	.045	.164	.028
CAR	133	.121	0.116	.084	.236	.024
LDR	133	.778	0.781	.411	1.194	.14
CGROWTH	133	.182	0.177	-.11	.482	.099
GDP	133	6.033	6.940	2.562	8.02	1.96
IBR	133	5.535	5.210	3.44	10.32	1.976
STATE	133	.113	0.000	0	1	.318
STATEPCT	133	.084	0.000	0	.958	.238

For the GEPU index, political changes around the world cause this index to fluctuate between 2012 and 2022. These changes include the European immigration crisis (Baker, 2016), the generational transfer of power in China, the U.S. presidential election (Davis, 2016), the U.K.'s exit from the EU, the Middle East crisis (Davis, 2019), the Russian invasion of the Ukraine (Ozili, 2022; Ahir et al., 2022), and most notably the global COVID-19 pandemic (Baker et al., 2020). The GEPU index has an average value of 209.696. Between 2012 and 2022, it varies between 105.954 and 318.402.

Turning to the control variables, SIZE has an average of 33.132 and ranges between 31.238 and 34.886. Moreover, this variable has a standard deviation of around 0.758, showing that there isn't much of a disparity in the sample's bank sizes. The data on bank sizes is spread fairly with a reasonable range. The second control variable is the ROA which averages 1.1% and ranges from 0% to 2.9% over an 11-year period.

SOLV has an average value of 8.4% and has a range of 4.5% to 16.4% for banks in the sample. Next is the CAR factor which indicates how well a bank can meet its obligations. An average CAR value of 12.1% is in compliance with the State Bank of Vietnam's requirement that the minimum level of CAR ratio is 9%. CAR ranges from 8.4% to 23.6% (under the old rules, banks need to maintain a CAR ratio above 8%).

LDR has an average of 0.778 and a range of 0.411–1.194. Next is the CGROWTH variable which is used to represent the growth of credit for banks. It has an average of 18.2% and ranges from a negative credit growth of -11% to a positive growth rate of 48.2%.

The GDP variable which is used to represent the growth of Vietnam's GDP has an average of 6.033% and ranges from the growth rate of 2.562% to 8.02%. The IBR variable represents the macroeconomic factor of monetary policy. The average IBR is 5.535% and it ranges from 3.44% to 10.32%. Moreover, this

ISSN 2076-9202

variable has a standard deviation of around 1.976%, an acceptable standard deviation for the variable related to the macroeconomic factor.

Finally, the two variables used to measure state ownership are STATE and STATEPCT. The dummy variable "STATE" takes the 0.113 mean value. Representing the percentage of state ownership, the variable "STATEPCT" has an average value of 8.4% and ranges from 0 (for privately-owned banks) to 95.8% (for state-owned banks).

4.3. Correlation coefficients

Overall, as shown in Table 4, the correlation coefficient between Loan loss reserve (LLR) and global EPU is negative, while the correlation coefficients between LLR and the remaining variables in the model are positive. The correlation coefficients between Non-performing loan (NPL) and global EPU, SIZE, and ROA are negative and statistically significant, while the correlation coefficients between NPL and the remaining variables are not statistically significant.

Specifically, the association between LLR and GEPU has a negative value of -0.052 but this correlation coefficient is not statistically significant. When credit risk is measured by NPL, the relationship between NPL and GEPU is negative (-0.222) and statistically significant. According to this finding, NPL will fall as GEPU rises, in contrast with the expectation that Global EPU positively affects credit risks. The possible explanation for this finding is that when there is an increase in the global EPU index, Vietnamese banks may be more cautious in making loan offers, leading to a decrease in credit risks.

STATE (STATEPCT) and LLR have positive correlations that are statistically significant (0.223 and 0.237, respectively). The finding shows that state-owned banks (banks with the larger state ownership) have higher credit risks. This result is consistent with our expectation and the finding of Liu et al. (2020). Banks with significant state-owned capital are impacted by the state control and might not be able to decide on their own when making loan decisions. For credit risk measured by NPL, there is a negative correlation between STATE (STATEPCT) and NPL (-0.089 and -0.067, respectively), suggesting that state-owned banks have a lower NPL, but the correlation is not statistically significant.

Since STATE and STATEPCT are two measures of State ownership, it is not surprising that they have the correlation of 0.994, indicating that they are highly correlated. In the regression models, we use either STATE or STATEPCT to check the robustness of our results. In addition, the absolute value of the correlation coefficient for each pair of explanatory variables is less than 0.7. Therefore, there is no multicollinearity issue in our regression models.

Table 4: Pairwise correlations

The sample consists of 133 bank-year observations from 2012 to 2022. The definitions of variables are stated in Table 1.

ISSN 2076-9202

Variables	LLR	NPL	GEPU	SIZE	ROA	SOLV	CAR	LDR	CGROWTH	GDP	IBR	STATE	STATEPCT
LLR	1.000												
NPL	0.199**	1.000											
GEPU	-0.052	-0.222**	1.000										
SIZE	0.338***	-0.152*	0.225***	1.000									
ROA	0.165*	-0.200**	0.446***	0.502***	1.000								
SOLV	0.120	-0.099	0.166*	0.087	0.620***	1.000							
CAR	0.067	-0.045	-0.200**	-0.172**	0.011	0.565***	1.000						
LDR	0.140*	0.008	0.385***	0.483***	0.611***	0.296***	-0.130	1.000					
CGROWTH	0.122	0.081	-0.083	0.036	0.190**	-0.002	-0.043	0.098	1.000				
GDP	0.000	0.054	-0.247***	-0.098	-0.111	-0.074	0.108	-0.129	0.112	1.000			
IBR	0.117	0.120	0.049	0.091	0.162*	0.156*	0.105	0.108	-0.011	0.671***	1.000		
STATE	0.223***	-0.089	-0.209**	0.585***	-0.006	-0.175**	-0.181**	-0.043	-0.034	0.019	0.001	1.000	
STATEPCT	0.237***	-0.067	-0.205**	0.579***	-0.005	-0.181**	-0.181**	-0.043	-0.037	0.016	0.002	0.994***	1.000

**** $p<0.01$, ** $p<0.05$, * $p<0.1$*

4.4. Regression results

4.4.1. The effect of Global EPU on bank credit risks

Table 5 shows that REM is the best regression for Model 1 since the null hypothesis H_0 is rejected under the F-test and LM test but not in the Hausman test (please see Table 2 in Section 3 for the guideline). Therefore, the results are analyzed using the REM.

Regarding the results of the REM regression model when credit risk is measured by LLR, among ten explanatory variables, four variables which are GEPU, SIZE, GDP, and IBR produce statistically significant results. Especially, GEPU negatively affects credit risks. In both regression models using two measures of State ownership (STATE and STATEPCT), the coefficient on GEPU is negative (-0.0027 and -0.0026, respectively) and statistically significant. The negative correlation between GEPU and LLR is contrary to hypothesis 1 and the results of previous studies (Chi & Li, 2017; Caglayan & Xu, 2019; Dang & Nguyen, 2022; Danisman et al., 2020). The possible explanation for our finding is that when there is an increase in the global EPU index, Vietnamese banks may be more cautious in making loan offers. Banks may decide to take a wait-and-see approach until the uncertainty subsides and there are more creditworthy borrowers. This limits the amount of credit extended and reduces credit risks. Another explanation for this result might be because when the global EPU increases, businesses in other countries are more affected by this uncertainty, whereas firms in Vietnam are less affected and hence can have some competitive advantages or find opportunities to perform better and grow. As a result, their ability to repay bank debt might be improved, leading to a decrease in bank credit risks. When credit risk is measured using NPL, the coefficient on GEPU is also negative but not statistically significant, suggesting that GEPU does not have a significant effect on bank credit risk when the risk is measured by non-performing loan.

Regarding the SIZE variable, the coefficient on SIZE is positive (0.0027 and 0.0025) and statistically significant. This result validates our expectation about the relationship between bank size and credit risk. As the size of the bank increases, the credit risk also increases because larger banks are able to provide more credit room to customers, which in turn may lead to an increase in credit risk.

ISSN 2076-9202

For GDP, the REM regression results suggest a statistically significant, negative relationship between GDP growth rate and credit risk in both credit risk measures (LLR and NPL). The result is consistent with our expectation about the impact of GDP on credit risk. When Vietnam's GDP increases, bank credit risk decreases as businesses and the overall economy perform better and achieve a good growth rate, borrowers can repay debt on time, and there is less default on the payments.

Regarding the monetary policy, the coeffcient on IBR in the REM regression is positive and statistically significant in two credit risk proxies (LLR and NPL) and both measures of state ownership (STATE and STATEPCT). This result supports our expectation about the relationship between monetary policy and credit risk. When Vietnam's monetary policy is restrictive through an increase in interbank interest rate, credit risk tends to increase.

For the remaining variables (ROA, SOLV, CAR, LDR, CGROWTH, STATE, and STATEPCT), the results in REM are not statistically significant, suggesting that these variables do not have a significant effect on bank credit risks. Except for ROA when credit risk is measured by NPL and STATE is used as a proxy for state ownership, the coefficient on ROA is -1.5475 and statistically significant at the 10% level. This result is consistent with our expectation about the negative relationship between profitability and credit risk. When ROA increases, bank credit risk decreases.

ISSN 2076-9202

Table 5: Regression results of Model 1 – The effect of GEPU on bank credit risks

The sample consists of 133 bank-year observations from 2012 to 2022. The definitions of variables are stated in Table 1. Standard errors are in parentheses; ***, **, and * indicate statistical significance at the 1%, 5%, and 10% level, respectively.

Variable	Pooled OLS				FEM		REM			
	LLR		NPL		LLR	NPL	LLR		NPL	
Constant	-0.0568* (0.029)	-0.0515* (0.028)	0.2510*** (0.2416)	0.3148 (0.2393)	-0.0142 (0.0545)	0.7972* (0.4283)	-0.0624 (0.0384)	-0.0584 (0.0374)	0.4619 (0.3211)	0.5497* (0.3170)
GEPU	-0.0017** (0.0014)	-0.0016 (0.0014)	-0.0320 (0.0122)	-0.0304** (0.0123)	-0.0023 (0.0017)	0.0048 (0.0135)	-0.0027* (0.0014)	-0.0026* (0.0014)	-0.0139 (0.0117)	-0.0108 (0.0117)
SIZE	0.0023 (0.0009)	0.0021** (0.0009)	-0.0020 (0.0075)	-0.0044 (0.0074)	0.0015 (0.0018)	-0.0242* (0.0138)	0.0027** (0.0012)	0.0025** (0.0012)	-0.0107 (0.0106)	-0.0139 (0.0105)
ROA	-0.0660 (0.1019)	-0.0621 (0.1016)	-1.8274** (0.8448)	-1.7667** (0.8447)	-0.2658** (0.1310)	-1.2431 (1.0298)	-0.1793 (0.1151)	-0.1727 (0.1147)	-1.5475* (0.9387)	-1.4573 (0.9349)
SOLV	0.0192 (0.0269)	0.0188 (0.0268)	0.1587 (0.2231)	0.1484 (0.2233)	0.0037 (0.0335)	0.3639 (0.2632)	0.0140 (0.0300)	0.0130 (0.0299)	0.0300 (0.2439)	0.3000 (0.2426)
CAR	0.0087 (0.0235)	0.0099 (0.0234)	-0.2625 (0.1952)	-0.2454 (0.1951)	0.0122 (0.0256)	-0.2494 (0.2017)	0.0119 (0.0238)	0.0129 (0.0238)	-0.2305 (0.1924)	-0.2200 (0.1908)
LDR	-0.0002 (0.0038)	0.00008 (0.0037)	0.0592* (0.0315)	0.0633** (0.0315)	0.0019 (0.0057)	-0.0458 (0.0448)	0.0004 (0.0046)	0.0005 (0.0046)	0.0113 (0.0382)	0.0082 (0.0382)
CGROWTH	0.0064 (0.0041)	0.0065 (0.0041)	0.0497 (0.0345)	0.0502 (0.0346)	-0.0017 (0.0037)	0.0228 (0.0294)	0.0008 (0.0036)	0.0008 (0.0036)	0.0271 (0.0291)	0.0272 (0.0289)
GDP	-0.0003 (0.0003)	-0.0003 (0.0003)	-0.0047* (0.0024)	-0.0047* (0.0024)	-0.0005** (0.0003)	-0.0050** (0.0021)	-0.0004* (0.0002)	-0.0004* (0.0002)	-0.0041** (0.0020)	-0.0042** (0.0020)
IBR	0.0004 (0.0003)	0.0004 (0.00028)	0.0065*** (0.0023)	0.0065*** (0.0023)	0.0007*** (0.0003)	0.0070*** (0.0021)	0.0005** (0.0002)	0.0005*** (0.0002)	0.0060*** (0.0020)	0.0061*** (0.0020)
STATE	0.00009 (0.0018)		-0.0140 (0.0151)				-0.0624 (0.0384)		0.0180 (0.0256)	
STATEPCT		0.00008 (0.0024)		-0.0100 (0.0200)	-0.1395 (0.1039)	0.6158 (0.8166)		-0.0027 (0.0037)		0.0405 (0.0332)
Bank FE	No	No	No	No	Yes	Yes	No	No	No	No
Year FE	No	No	No	No	Yes	Yes	No	No	No	No
Bank RE	No	No	No	No	No	No	Yes	Yes	Yes	Yes
Year RE	No	No	No	No	No	No	Yes	Yes	Yes	Yes
Adj. R-Squared	0.1058	0.1068	0.1182	0.1138						
F-statistic (p-value)	2.56 0.0076	2.58 0.0072	2.77 0.0041	2.69 0.0051						
LM test Chi-squared							29.42	27.39	46.68	47.23
(p-value)							(0.0000)	(0.0000)	(0.0000)	(0.0000)
Hausman test Chi-squared					12.00	11.65				
(p-value)					(0.2134)	(0.2339)				
Number of obs.	133	133	133	133	133	133	133	133	133	133

4.4.2. The moderating effect of state ownership on the relationship between Global EPU and bank credit risks

The results from Table 6 indicate that REM is selected as the most appropriate regression model because the null hypothesis H_0 is rejected in the F-test and LM test but not in the Hausman test. REM will thus be utilized to interpret the findings.

In the REM results, the coefficients on the interaction terms (GEPU x STATE and GEPU x STATEPCT) are positive when credit risk is measured by LLR and negative when credit risk is measured by NPL. However, all of these coefficients are not statistically significant. The results do not support hypothesis 2 and suggest that State ownership does not have a significant moderating effect on the relationship between GEPU and bank credit risks. This is different from Doan et al. (2018) and Hamdi & Hassen (2022) who find that banks that are owned by the state are more impacted by a rising EPU. The reason behind our result may

ISSN 2076-9202

be due to the fact that state-owned banks in Vietnam regularly receive government supports and protection, which can provide stability, significant expansions, and resistance to external disruptions. These advantages can offset the disadvantages of less flexibility when making loan decisions of state-owned banks.

The results of other variables in Table 6 using REM regression are similar to those in Table 5. In summary, when LLR is used as a proxy for bank credit risks, the four factors (GEPU, SIZE, GDP, and IBR) have statistically significant effects on credit risks and the directions of these effects are the same as in Table 5. The remaining variables are found to have no significant effect on credit risks. When credit risk is measured by NPL, the same results as in Table 5 are obtained for Table 6 with three significant variables (ROA when STATE is used, GDP, and IBR).

ISSN 2076-9202

Table 6: Regression results of Model 2 – The moderating role of state ownership in the effect of GEPU on bank credit risks

The sample consists of 133 bank-year observations from 2012 to 2022. The definitions of variables are stated in Table 1. Standard errors are in parentheses; ***, **, and * indicate statistical significance at the 1%, 5%, and 10% level, respectively.

Variable	Pooled OLS				FEM		REM			
	LLR		NPL		LLR	NPL	LLR		NPL	
Constant	-0.0469	-0.0424	0.2568	0.3107	-0.0054	0.7808	-0.0591	-0.0541	0.3538	0.4911
	(0.0295)	(0.0293)	(0.2478)	(0.2459)	(0.0551)	(0.4355)	(0.0379)	(0.0380)	(0.3070)	(0.3146)
GEPU	-0.0026*	-0.0024	-0.0325**	-0.0300**	-0.0020	0.0042	-0.0031**	-0.0029**	-0.0171	-0.0111
	(0.0015)	(0.0015)	(0.0131)	(0.0131)	(0.0017)	(0.0138)	(0.014)	(0.0014)	(0.0121)	(0.0121)
GEPU x STATE	0.0059		0.0035				0.0027		-0.0102	
	(0.0036)		(0.0303)				(0.0032)		(0.0261)	
GEPU x STATEPCT		0.0071		-0.0032	-0.0072	0.0134		0.0030		-0.0168
		(0.0048)		(0.0409)	(0.0070)	(0.0554)		(0.0043)		(0.0343)
SIZE	0.0021**	0.0019**	-0.0022	-0.0043	0.0016	-0.0243*	0.0026**	0.0024**	-0.0071	-0.0121
	(0.0009)	(0.0009)	(0.0076)	(0.0075)	(0.0017)	(0.0139)	(0.0012)	(0.0012)	(0.0101)	(0.0103)
ROA	-0.0748	-0.0694	-1.5326**	-1.7634**	-0.2529*	-1.2671	-0.1738	-0.1764	-1.6040*	-1.4618
	(0.1013)	(0.1012)	(0.8495)	(0.8491)	(0.1316)	(1.0392)	(0.1144)	(0.1150)	(0.9292)	(0.9343)
SOLV	0.0223	0.0212	0.1605	0.1473	-0.0031	0.3767	0.0156	0.0139	0.2770	0.2870
	(0.0268)	(0.0267)	(0.2245)	(0.2246)	(0.0341)	(0.2695)	(0.0299)	(0.0300)	(0.2434)	(0.2432)
CAR	0.0074	0.0090	-0.2633	-0.2450	0.0172	-0.2586	0.0120	0.0128	-0.2315	-0.2185
	(0.0234)	(0.0233)	(0.1961)	(0.1960)	(0.0261)	(0.2061)	(0.0239)	(0.0238)	(0.1945)	(0.1921)
LDR	0.0012	0.0014	0.0601*	0.0627*	0.0018	-0.0455	0.0011	0.0012	0.0214	0.0103
	(0.0038)	(0.0038)	(0.0325)	(0.0326)	(0.0057)	(0.04509)	(0.0046)	(0.0047)	(0.0378)	(0.0387)
CGROWTH	0.0063	0.0064	0.0496	0.0503	-0.0015	0.0225	0.0009	0.0006	0.0299	0.0288
	(0.0041)	(0.0041)	(0.0347)	(0.0348)	(0.0037)	(0.0295)	(0.0036)	(0.0036)	(0.03007)	(0.0293)
GDP	-0.0003	-0.0003	-0.0047*	-0.0047*	-0.0005**	-0.0050**	-0.0004*	-0.0004*	-0.0040*	-0.0041**
	(0.0030)	(0.0003)	(0.0024)	(0.0024)	(0.0003)	(0.0021)	(0.0002)	(0.0002)	(0.0020)	(0.0020)
IBR	0.0004	0.0004	0.0065***	0.0065***	0.0007***	0.0070***	0.0005**	0.0005**	0.0058***	0.0060***
	(0.0003)	(0.0030)	(0.0023)	(0.0023)	(0.0003)	(0.0021)	(0.0002)	(0.0002)	(0.0020)	(0.0020)
STATE	-0.0300		-0.0318				-0.0163		0.0599	
	(0.0184)		(0.1546)				(0.0163)		(0.1332)	
STATEPCT		-0.0356		0.0063	-0.0020*	0.8011		-0.0177		0.1190
		(0.0249)		(0.2089)	(0.0017)	(1.1194)		(0.0217)		(0.1738)
Bank FE	No	No	No	No	Yes	Yes	No	No	No	No
Year FE	No	No	No	No	Yes	Yes	No	No	No	No
Bank RE	No	No	No	No	No	No	Yes	Yes	Yes	Yes
Year RE	No	No	No	No	No	No	Yes	Yes	Yes	Yes
Adj. R-Squared	0.1180	0.1152	0.1110	0.1065						
F-statistic	2.61	2.56	2.5	2.43						
(p-value)	0.0052	0.0059	0.0073	0.009						
LM test Chi-squared							25.9	24.68	46.37	47.43
(p-value)							(0.0000)	(0.0000)	(0.0000)	(0.0000)
Hausman test Chi-squared					14.27	15.97				
(p-value)					0.1610	0.1005				
Number of obs.	133	133	133	133	133	133	133	133	133	133

Conclusions

ISSN 2076-9202

This study examines the relationship between the uncertainty of global economic policy and bank credit risks, as well as the moderating impact of state ownership on this relationship. Based on a sample of Vietnamese commercial banks listed on HOSE and HNX between 2012 and 2022, we find that REM is the best model for this study and the results of REM show that the impact of global EPU on credit risk measured by Loan loss reserve is negative and statistically significant. On the other hand, the impact of global EPU on credit risk measured by Non-performing loan yields an insignificant result. Moreover, the interaction effect between global EPU and state ownership on credit risk (measured by both Loan loss reserve and Non-performing loan) is not statistically significant. The finding suggests that state ownership does not have a significant moderating role in the impact of global EPU on credit risks of banks in Vietnam. This reflects the trade-off between the advantages of receiving government supports and protections and the disadvantages of government interventions when Vietnamese state-owned banks make credit decisions.

Regarding the control variables, bank size and Loan loss reserve is significantly positively correlated. The correlation between ROA and Non-performing loan is negative and statistically significant, but only when STATE is used to measure state ownership. In terms of GDP variable, the findings suggest that GDP growth rate is negatively correlated with credit risk. The results are statistically significant for all measures of credit risk and state ownership. Another macroeconomic variable, monetary policy (IBR), has a statiscally significant, positive relationship with credit risk. Other control variables such as solvency ratio, capital adequacy, loan-to-deposit ratio, credit growth, and state ownership do not have a statistically significant impact on credit risk.

Our study contributes to the literature on bank credit risks as it documents a macroeconomic factor - the global EPU index - as the new determinant of credit risks of Vietnamese commercial banks. To the best of our knowledge, this paper is the first to explore the impact of global EPU on the credit risk of Vietnamese commercial banks and the moderating effect of state ownership. In addition, our study serves as one of the first to investigate the impact of global EPU on bank credit risks in a developing country, allowing future research to compare the differences in the impact of global EPU on credit risk between developed and emerging economies.

Moreover, findings of this study provides Vietnamese banks with some implications. In particular, banks in Vietnam should assess the global EPU when making credit decisions as the Vietnamese economy is more or less affected by the global EPU. Banks need to assess risks of global political issues, revise lending policies, bad debt recovery policies, provision policies for bad debt losses, and consider other government-related issues when making decisions to grant credit.

Future studies on economic policy uncertainty in Vietnam or other developing countries may use the national EPU index if this index is available as it is more effective in capturing the intra-country impact. In addition, future research may investigate whether EPU affects other bank risks, such as liquidity, interest rate, or market risk.

References

ISSN 2076-9202

Ahir, H., Bloom, N., & Furceri, D. (2022). "The world uncertainty index". National Bureau of Economic Research. Working paper 29763. https://doi.org/10.3386/w29763

Al-Thaqeb, S. A., & Algharabali, B. G. (2019). "Economic policy uncertainty: A literature review". The Journal of Economic Asymmetries, 20, e00133. https://doi.org/10.1016/j.jeca.2019.e00133

Baker, S. R., Bloom, N., & Davis, S. J. (2016). "Measuring economic policy uncertainty". The Quarterly Journal of Economics, 131(4), 1593-1636. https://doi.org/10.1093/qje/qjw024

Baker, S., Bloom, N., Davis, S. J., & Terry, S. J. (2020). "Covid-induced economic uncertainty". National Bureau of Economic Research. Working paper 26983. https://doi.org/10.3386/w26983

Basher, S. A., Haug, A. A., & Sadorsky, P. (2017). "The impact of oil-market shocks on stock returns in major oil-exporting countries: A Markov switching approach". SSRN Working paper.

BCBS (2010). "Basel III: A global regulatory framework for more resilient banks and banking systems". Bank for International Settlements.

Bernanke, B. S. (1983). "Irreversibility, uncertainty, and cyclical investment". The Quarterly Journal of Economics, 98(1), 85-106. https://doi.org/10.2307/1885568

Bloom, N. (2009). "The impact of uncertainty shocks". Econometrica, 77(3), 623-685. https://doi.org/10.3982/ecta6248

Bloom, N. (2014). "Fluctuations in uncertainty". Journal of Economic Perspectives, 28(2), 153-176. https://doi.org/10.1257/jep.28.2.153

Bloom, N. (2017). "Observations on uncertainty". The Australian Economic Review, 50(1), 79-84. https://doi.org/10.1111/1467-8462.12203

Caglayan, M., & Xu, B. (2019). "Economic policy uncertainty effects on credit and stability of financial institutions". Bulletin of Economic Research, 71(3), 342–347. https://doi.org/10.1111/boer.12175

Chi, Q., & Li, W. (2017). "Economic policy uncertainty, credit risks and banks' lending decisions: Evidence from Chinese commercial banks". China Journal of Accounting Research, 10(1), 33-50. https://doi.org/10.1016/j.cjar.2016.12.001

Dang, V. D., & Nguyen, H. C. (2022). "Credit risk amid banking uncertainty in Vietnam". Bulletin of Monetary Economics and Banking, 25(1), 73-96. https://doi.org/10.21098/bemp.v25i1.1798

Danisman, G. O., Ersan, O., & Demir, E. (2020). "Economic policy uncertainty and bank credit growth: Evidence from European Banks". Journal of Multinational Financial Management, 57–58, 100653. https://doi.org/10.1016/j.mulfin.2020.100653

Davis, S. J. (2016). "An index of global economic policy uncertainty". National Bureau of Economic Research. Working paper 22740. https://doi.org/10.3386/w22740

Davis, S. J. (2019). "Rising policy uncertainty". National Bureau of Economic Research. Working paper 26243. https://doi.org/10.3386/w26243

ISSN 2076-9202

De Nicolo, G. (2001). "Size, charter value and risk in banking: An international perspective". SSRN Working paper.

Demir, E., & Ersan, O. (2017). "Economic policy uncertainty and cash holdings: Evidence from BRIC countries". Emerging Markets Review, 33, 189–200. https://doi.org/10.1016/j.ememar.2017.08.001

Doan, A. T., Lin, K. L., & Doong, S. C. (2018). "What drives bank efficiency? The interaction of bank income diversification and ownership". International Review of Economics and Finance, 55, 203-219. https://doi.org/10.1016/j.iref.2017.07.019

Drigă, I., & Codruţa, D. (2014). "The financial sector and the role of banks in economic development". Working paper.

Hamdi, K., & Hassen, G. (2022). "Economic policy uncertainty effect on credit risk, lending decisions and banking performance: Evidence from Tunisian listed banks". Journal of Economic and Administrative Sciences, 38(2), 287-303. https://doi.org/10.1108/jeas-09-2020-0159

Hausman, J. A. (1978). "Specification tests in econometrics". Econometrica, 46(6), 1251-1271. https://doi.org/10.2307/1913827

Hawkins, J., & Mihaljek, D. (2001). "The banking industry in the emerging market economies: competition, consolidation and systemic stability: an overview". Bank for International Settlements, 4, 1-44.

He, Z., & Niu, J. (2018). "The effect of economic policy uncertainty on bank valuations". Applied Economics Letters, 25(5), 345-347. https://doi.org/10.1080/13504851.2017.1321832

Huang, Y., Ji, Y., Ni, X., Tan, Y., & Wang, X. (2020). "Economic policy uncertainty, state ownership, and credit allocation". SSRN Working paper.

Iannotta, G., Nocera, G., & Sironi, A. (2007). "Ownership structure, risk and performance in the European banking industry". Journal of Banking and Finance, 31(7), 2127-2149. https://doi.org/10.1016/j.jbankfin.2006.07.013

Julio, B., & Yook, Y. (2012). "Political uncertainty and corporate investment cycles". The Journal of Finance, 67(1), 45-83. https://www.jstor.org/stable/41419671

Keeton, W. R., & Morris, C. S. (1987). "Why do banks' loan losses differ?" Economic Review, 72, 3-21.

King, P., & Tarbert, H. (2011). "Basel III: An overview". Banking & Financial Services, 30(5).

Kishan, R. P., & Opiela, T. P. (2000). "Bank size, bank capital, and the bank lending channel". Journal of Money, Credit and Banking, 32(1), 121-141. https://doi.org/10.2307/2601095

Le, T. P. V., & Phan, T. B. N. (2017). "Capital structure and firm performance: Empirical evidence from a small transition country". Research in International Business and Finance, 42, 710–726. https://doi.org/10.1016/j.ribaf.2017.07.012

Liu, Y., Brahma, S., & Boateng, A. (2020). "Impact of ownership structure and ownership concentration on credit risk of Chinese commercial banks". International Journal of Managerial Finance, 16(2), 253-272. https://doi.org/10.1108/ijmf-03-2019-0094

McLeay, M., Radia, A., & Thomas, R. (2014). "Money creation in the modern economy". Bank of England Quarterly Bulletin, Q1, 1-14.

Micco, A., & Panizza, U. (2004). "Bank ownership and lending behavior". Inter-American Development Bank. Working paper.

Ng, J., Saffar, W., & Zhang, J. J. (2020). "Policy uncertainty and loan loss provisions in the banking Industry". Review of Accounting Studies, 25, 726-777. https://doi.org/10.1007/s11142-019-09530-y

Nguyen, C. P., Le, T. H., & Su, T. D. (2020). "Economic policy uncertainty and credit growth: Evidence from a global sample". Research in International Business and Finance, 51, 101118. https://doi.org/10.1016/j.ribaf.2019.101118

Ozili, P. K. (2022). "Economic policy uncertainty, bank nonperforming loans and loan loss provisions: are they correlated?" Asian Journal of Economics and Banking, 6(2), 221-235. https://doi.org/10.1108/ajeb-10-2021-0119

ISSN 2076-9202

FORMATION OF PLEASANT ENVIRONMENT WITHIN THE WORKPLACE IS ADVANTAGEOUS TO HUMAN RESOURCES AND ORGANIZATIONS AS A WHOLE

Dr. Radhika Kapur

Abstract

All the members of the organizations, irrespective of their job positions in the hierarchy need to be well-versed in terms of their job duties and responsibilities. Furthermore, they need to be informative in terms of other factors that are necessary to form a pleasant environment within the workplace. Throughout the job duties of the members, they need to put emphasis on reinforcement of all the factors that would prove to be suitable in the formation of a pleasant environment within the workplace. As a consequence of putting into operation this job, the members will be able to concentrate well on their job duties. They will fulfil the expectations of their employers, incur the feeling of job satisfaction and retain their jobs. All the members are required to work in co-ordination with each other in the implementation of this task. The employees are imparted with adequate information by their supervisors. They need to acquire an efficient understanding of the information and put into practice throughout their jobs. Therefore, it is well-understood, formation of pleasant environment within the workplace is advantageous to human resources and organizations as a whole. The main concepts that are taken into account in this research paper are, understanding the significance of a pleasant environment within the workplace, factors required to form a pleasant environment within the workplace and factors highlighting the benefits of formation of a pleasant environment within the workplace.

Keywords: Communication Processes, Goals, Job Duties, Pleasant Environment, Organizations, Skills, Workplace

In all types of organizations, production, manufacturing, services, educational institutions, financial institutions and so forth, formation of a pleasant environment is the key. The members of the organizations, irrespective of their job positions in the hierarchy are aspiring to do well in their jobs, achieving organizational goals and leading to up-gradation of the overall structure of the organization. Hence, they need to focus upon formation of pleasant environment within the workplace (Ariella, 2021). For achieving this purpose, there are certain factors in terms of which members need to be aware. The communication process is the lifeline in order to form a pleasant environment. The members of the organization are required to communicate with each other in a polite and decent manner. The communication process takes place in a verbal and written form. Furthermore, the individuals need to make provision of factual and accurate information. In this manner, the members are able to develop mutual understanding with each other. Therefore, it can be stated, implementation of effective communication processes is the key to form a

ISSN 2076-9202

pleasant environment within the workplace.

The members cannot carry out their job duties to achieve organizational goals in seclusion. In other words, they need to obtain help and support from each other. When there are occurrence of any types of problems and challenges to achieve organizational goals, the members need to obtain assistance from others. Furthermore, the members are required to exchange ideas and viewpoints. Working in collaboration and integration with each other would lead to formation of a pleasant environment within the workplace (Freedman, 2020). The members need to make provision of infrastructure, amenities and facilities within the working environment. The members need to put emphasis on making provision of these throughout their job duties. These are referred to as, power supplies, water supplies, clean drinking water, restrooms, elevators, heating and cooling equipment in accordance to the weather conditions and so forth. When these will be made available, the members will be able to concentrate on their job duties well and feel comfortable within the workplace. Therefore, it is well-understood, working in collaboration and integration with others and making provision of infrastructure, amenities and facilities are fundamental factors to form a pleasant environment within the workplace.

In some cases, there are occurrence of conflicting situations among the members. The members need to put into operation peaceful conflict resolution methods. In the implementation of these methods, the individuals and groups need to listen to each other's problems and grievances. After listening to the problems and grievances, they need to come to a conclusion in a peaceful manner. Hence, there should be implementation of peaceful conflict resolution methods. The members need to focus on management of resources. The various types of resources that need to be managed are, financial, human, technical and material resources. The financial resources are the monetary resources. These are put into operation in case of all tasks and activities of the organizations. Human resources are the personnel, who carry out the overall functioning of the organizations. Technical resources are the technologies that are utilized to implement the job duties. Material resources are the tools, machines, devices, and equipment that are used to carry out tasks and activities. Therefore, implementation of peaceful conflict resolution methods and management of resources are the key factors to form a pleasant environment within the workplace.

Understanding the Significance of a Pleasant Environment within the Workplace

Within the individuals in leadership positions focus upon establishment of the organizations or recruitment and selection of workforce or introduction of innovative methods within the organizations, they are primarily focused upon the aspect that the environmental conditions within the workplace should be pleasant. When the working environmental conditions will be pleasant, cordial and amiable, the members of the organization will be able to concentrate well on the implementation of jobs, achieving organizational goals and leading to up-gradation of the overall structure of the organization. Hence, they need to focus upon putting into operation all the factors that would contribute significantly in formation of pleasant environment within the workplace. For achieving this purpose, there are certain factors in terms of which members need to be aware. The information in terms of these factors can be acquired through conducting research utilizing various sources and communicating with other members. Therefore, the members understand the significance of a pleasant environment within the workplace, when they are wholehearted focused on doing

ISSN 2076-9202

well in their jobs and achieving organizational goals.

The members within the organization are different from each other in terms of number of factors, i.e. caste, creed, race, religion, ethnicity, educational qualifications, skills, abilities, personality traits, cultures, and socio-economic backgrounds. They are assigned job duties and responsibilities in accordance to their educational qualifications, competencies and aptitude. But the members need to develop mutual understanding and work in co-ordination with each other. Furthermore, the members need to communicate with each other in an effective manner, treat others with respect and courtesy and form positive viewpoints in terms of various factors. The members need to take into account these factors throughout the implementation of their job duties. All the members need to be provided with equal rights and opportunities and there should not be any kind of discrimination on the basis of any factors. There should be formulation of laws and rules, which need to be followed by all the members. Therefore, the members understand the significance of a pleasant environment within the workplace, when they will provide equal rights and opportunities and treat all the members with respect and courtesy.

In order to do well in their jobs, achieve organizational goals and form pleasant environment within the workplace, there are certain factors in terms of which the members need to be aware, i.e. being well-versed in terms of job duties; being informative in terms of strategies, techniques and measures; possessing the abilities to work under stress; forming cordial and amiable terms and relationships with others; making wise and productive decisions; providing solutions to various types of problems in an effective manner; depicting proficiency, reliability and righteousness in the implementation of tasks and activities; taking out sufficient amount of time for all tasks and functions; inculcation of the traits of morality and ethics and implementation of the traits of diligence, resourcefulness and conscientiousness. The members need to focus upon up-gradation of these factors throughout their job duties. As a consequence, they will form pleasant environment within the workplace. Therefore, the members understand the significance of a pleasant environment within the workplace, when they are well-equipped in terms of these factors.

Factors required to Form a Pleasant Environment within the Workplace

All the members of the organization need to augment their knowledge and understanding in terms of the factors to form a pleasant environment within the workplace. The individuals employed in organizations are adults. Hence, they are aware that when they will be wholeheartedly determined to do well in their jobs, achieve organizational goals and lead to up-gradation of the overall structure of the organization, they need to focus upon formation of pleasant environment within the workplace. Hence, they need to pay attention towards reinforcement of various factors (5 Types of Work Environments, 2021). The individuals are normally well-versed in terms of these factors. They are adults and are aware that in order to incur the feeling of job satisfaction and retain their jobs, they need to form cordial terms and relationships with others and create a pleasant environment within the workplace. The members need to put emphasis on reinforcement of these factors throughout the functioning of the organizations. Factors required to form a pleasant environment within the workplace are stated as follows:

ISSN 2076-9202

Implementation of Effective Communication Processes

The communication process is the lifeline in order to form a pleasant environment. The members of the organization are required to communicate with each other in a polite and decent manner. They cannot carry out their job duties, achieve organizational goals and lead to enhancement of the overall structure of the organization by working in seclusion. Hence, it is of utmost significance for them to communicate with others. The communication process takes place in a formal as well as informal manner. Formal communication is related to work and informal communication is related to topics that are not work-related. The communication process takes place in a verbal and written form. Verbal communication takes place face to face or over the phone, whereas, written communication takes place through letters, notices, emails, messages, advertisements and internet. Furthermore, the individuals need to make provision of factual and accurate information. In this manner, the members are able to develop mutual understanding with each other. Therefore, implementation of effective communication processes is a vital factor required to form a pleasant environment within the workplace.

Being Well-versed in terms of Job Duties and Responsibilities

All the members of the organization, irrespective of their job positions in the hierarchy of the organization need to be well-versed in terms of job duties and responsibilities. In some cases, the job duties and responsibilities are manageable, whereas, in other cases, they are complicated. The members need to be informative in terms of methods and approaches to carry out job duties and responsibilities in a well-ordered and disciplined manner. It is the job duty of the supervisors and employers to impart information among their employees in terms of job duties and responsibilities. They are required to understand the information in an efficacious manner and put in efforts to their best abilities. When all the members are aware of the job duties and responsibilities that they are required to complete in the short-term as well as long-term time period, they will be able to incur the feeling of job satisfaction and retain their jobs. Furthermore, they will be able to please their supervisors and employers as well. Therefore, being well-versed in terms of job duties and responsibilities is a crucial factor required to form a pleasant environment within the workplace.

Working in Collaboration and Integration with Others

The members cannot carry out their job duties to achieve organizational goals in seclusion. In other words, they need to obtain help and support from each other. Working in collaboration and integration with others will enable the members to develop motivation towards their job duties and incur the feeling of job satisfaction. The research studies have indicated, within the working environment when members work in collaboration and integration with others, they will incur the feelings of pleasure and contentment. When there are occurrence of any types of problems and challenges to achieve organizational goals, the members need to obtain assistance from others. Furthermore, the members are required to exchange ideas and viewpoints. When they are working on complicated job duties, they are required to communicate with colleagues and supervisors in terms of various factors. Working in collaboration and integration with each other would lead to formation of a pleasant environment within the workplace. The members are required to communicate in an effective manner, treat each other with respect and courtesy and form positive viewpoints

ISSN 2076-9202

in terms of each other. Therefore, working in collaboration and integration with others is a significant factor required to form a pleasant environment within the workplace.

Making provision of Infrastructure, Amenities and Facilities

The members need to make provision of infrastructure, amenities and facilities within the working environment. The members need to put emphasis on making provision of these throughout their job duties. These referred to as, power supplies, water supplies, furniture, technologies, devices, tools, materials, clean drinking water, restrooms, elevators, heating and cooling equipment in accordance to the weather conditions and so forth. The management of financial resources is regarded to be of utmost significance within the course of implementation of this task. The individuals in leadership positions need to focus upon management of financial resources. When infrastructure, amenities and facilities will be made available, the members will be able to concentrate on their job duties well and feel comfortable within the workplace. It is apparently understood, the members are required to make use of technologies and materials within the course of implementation of job duties. Thus, when there will be provision of technologies, materials, infrastructure, amenities and facilities, they will be able to successfully implement the job duties and generate the desired outcomes. Therefore, making provision of infrastructure, amenities and facilities is an important factor to form a pleasant environment within the workplace.

Implementation of Peaceful Conflict Resolution Methods

In some cases, there are occurrence of conflicting situations among the members. These take place among superiors and subordinates and colleagues. These may take place in a minor as well as major form. The conflicting situations are unhealthy within the course of implementation of job duties and achievement of organizational goals. When these are experienced in a major form, they give rise to barriers within the course of implementation of tasks and activities and leading to up-gradation of the overall structure of the organizations. The members need to put into operation peaceful conflict resolution methods. In the implementation of these methods, the individuals and groups need to listen to each other's problems and grievances. After listening to the problems and grievances, they need to come to a conclusion in a peaceful manner. The important aspects that need to be taken into account are, the members are required to communicate in an effective manner, treat each other with respect and courtesy and form positive viewpoints in terms of each other. Therefore, implementation of peaceful conflict resolution methods is an indispensable factor to form a pleasant environment within the workplace.

Management of Resources

The members need to focus on management of resources. The various types of resources that need to be managed are, financial, human, technical and material resources. The financial resources are the monetary resources. These are put into operation in case of all tasks and activities of the organizations. When any changes are to be brought about or improvements need to take place in any factors, financial resources need to be planned. Human resources are the personnel, who carry out the overall functioning of the organizations. They need to make use of their knowledge, skills and abilities within the course of

ISSN 2076-9202

implementation of job duties and achievement of organizational goals. Technical resources are the various types of technologies that are utilized to implement the job duties. The members need to put emphasis towards leading to up-gradation of technical skills throughout their jobs. Material resources are the tools, machines, devices, and equipment that are used to carry out tasks and activities. The job duty of management of resources need to take place throughout the functioning of the organizations. Therefore, management of resources is the key factor to form a pleasant environment within the workplace.

Inculcation of the Traits of Morality and Ethics

All the members need to put emphasis towards inculcation of the traits of morality and ethics in order to form a pleasant environment within the workplace. In the reinforcement of these traits, the members need to be well-equipped in terms of methods and procedures that are needed in the implementation of job duties. Furthermore, they need to differentiate between appropriate and inappropriate. Within the course of implementation of job duties and achievement of organizational goals, the members are required to work on assignments and projects and deal with others. The traits of morality and ethics will enable them to put in efforts to their best abilities, cope with problems and difficulties in a well-organized manner; form cordial and sociable terms and relationships with others and generate the desired outcomes. Hence, in order to do well in one's job duties, incur the feeling of job satisfaction and form a pleasant environment within the workplace, these traits are regarded to be of utmost significance. Therefore, inculcation of the traits of morality and ethics is one of the meaningful factors to form a pleasant environment within the workplace.

Implementation of the Traits of Diligence, Resourcefulness and Conscientiousness

The members need to put emphasis on implementation of the traits of diligence, resourcefulness and conscientiousness. It is apparently understood that when the members are wholeheartedly determined to do well in their jobs, they will have to implement the traits of diligence, resourcefulness and conscientiousness. When the tasks and activities are carried out through these traits, the members will render an important contribution in generation of the desired outcomes. As a consequence, there will be formation of a pleasant environment within the workplace. Within the course of implementation of job duties, the members are required to work on projects and deal with customers. The traits of diligence, resourcefulness and conscientiousness will enable them to carry out cumbersome job duties in a well-organized manner and generate the desired outcomes. Hence, in order to do well in one's job duties, incur the feeling of job satisfaction and form a pleasant environment within the workplace, these traits are regarded to be of utmost significance. Therefore, implementation of the traits of diligence, resourcefulness and conscientiousness is an eminent factor to form a pleasant environment within the workplace.

Depicting the Traits of Helpfulness and Co-operation

All the members need to put emphasis upon depicting the traits of helpfulness and co-operation. These traits play an important part in forming not only cordial and amiable terms and relationships with others, but also a pleasant environment within the workplace (The Work Environment, 2021). Within the course of implementation of tasks and functions, the members are required to exchange ideas and viewpoints.

ISSN 2076-9202

In other words, the members are required to consult others. When they are working on complicated assignments and projects, they are required to communicate with colleagues and supervisors in terms of various factors. In the case of utilization of modern, scientific and innovative methods as well, the traits of helpfulness and co-operation need to be reinforced. Hence, it is well-understood, depiction of the traits of helpfulness and co-operation will lead to reinforcement of terms and relationships among individuals. Furthermore, the members will do well in their job duties and generate the desired outcomes. As a consequence, the individuals acquire appreciation and reverence from others. Therefore, depicting the traits of helpfulness and co-operation is a factor to form a pleasant environment within the workplace, which needs to be acknowledged by all the members throughout their job duties.

Augmenting Skills and Abilities

The various types of skills that need to be honed by the members within employment settings are, communication skills, decision making skills, time management skills, analytical skills, critical thinking skills, problem-solving skills, technical skills, creative skills, personal skills, presentation skills, professional skills, leadership skills, and negotiation skills. On the other hand, the abilities which need to be honed are, being well-versed in terms of job duties; being informative in terms of methods and procedures; possessing the abilities to work under stress; forming cordial and amiable terms and relationships with others; making wise and productive decisions; providing solutions to various problems in an efficient manner; depicting efficiency, truthfulness and honesty in the implementation of job duties; taking out sufficient amount of time for all tasks and activities; inculcation of the traits of morality and ethics and implementation of the traits of diligence, resourcefulness and conscientiousness. When the members reinforce their skills and abilities, they will be able to contribute significantly in formation of a pleasant environment within the workplace. Therefore, augmenting skills and abilities is a factor to form a pleasant environment within the workplace, which needs to be reinforced by all the members on regular basis.

Factors highlighting the Benefits of Formation of a Pleasant Environment within the Workplace

In all types of organizations, there are organizational goals. Some of these are, utilizing modern and innovative methods in the implementation of job duties; leading to an increase in productivity and profitability; satisfying customer demands; leading to up-gradation of the overall structure of the organizations and so forth. One of the indispensable organizational goal is, formation of pleasant environment within the workplace (Positive Working Environment, 2021). When the members implement the factors to form a pleasant environment within the workplace, they are able to benefit in number of ways. One of the important aspects that needs to be taken into account is, the members need to form positive viewpoints in terms of job duties, methods, approaches, organizational goals and the individuals whom they are dealing with. There are factors that highlight the benefits of formation of a pleasant environment within the workplace. These are, developing motivation towards the implementation of job duties; enhancing career prospects; incurring the feeling of job satisfaction; developing mutual understanding with other members; enhancing one's personality traits and leading to enhancement of the overall structure of the organization. These are stated as follows:

ISSN 2076-9202

Developing Motivation towards the implementation of Job Duties

When there is formation of a pleasant environment within the workplace, the members develop motivation towards the implementation of job duties. When there will be availability of technologies, materials, infrastructure, amenities and facilities, they will be able to concentrate well on their job duties. As a consequence, the mind-sets of the individuals will be stimulated and they will develop enthusiasm towards the implementation of job duties. Furthermore, when communication processes takes place in an adequate manner and individuals are treated with respect and courtesy, they develop motivation. As a consequence, they will feel comfortable within the working environmental conditions. Therefore, it is understood on a comprehensive basis that developing motivation towards the implementation of job duties is regarded as one of the significant factors highlighting the benefits of formation of a pleasant environment within the workplace.

Enhancing Career Prospects

When there is formation of a pleasant environment within the workplace, the members will form constructive viewpoints in terms of various aspects and develop motivation towards the implementation of job duties. When there will be availability of technologies and materials and members are informative in terms of methods and approaches they will be able to concentrate well on their job duties. As a consequence, they will render an important contribution in achieving desired goals and enhancing career prospects. The members need to be well-versed in terms of job duties and methods of putting them into operation in an efficacious manner. In this way, they will lead to enhancement of career prospects. Therefore, enhancing career prospects is one of the vital factors highlighting the benefits of formation of a pleasant environment within the workplace.

Incurring the Feeling of Job Satisfaction

The members will incur the feeling of job satisfaction, when there is formation of a pleasant environment within the workplace. There are number of reasons behind this, the members will be well-versed in terms of job duties and methods; will be able to concentrate well on their job duties; form cordial and sociable terms and relationships with other members; augment analytical, problem-solving and critical thinking skills; cope with various problems in an effective manner; carry out decision making processes in a well-ordered manner; depict proficiency and effectiveness in the implementation of job duties; taking out sufficient amount of time for all job duties; inculcate the traits of morality, ethics, diligence and conscientiousness and create a balance between personal and professional lives. In this manner, the members will feel satisfied with their jobs. Therefore, incurring the feeling of job satisfaction is an important factor highlighting the benefits of formation of a pleasant environment within the workplace.

Developing Mutual Understanding with other Members

The members cannot carry out their job duties to achieve organizational goals by working in isolation. In other words, they need to obtain assistance and support from the other members. Developing

ISSN 2076-9202

mutual understanding with other members will enable the workforce to develop enthusiasm towards their job duties and generate the desired outcomes. When the working environmental conditions will be pleasant, members will develop mutual understanding and feel pleasurable. They will work in co-ordination with others and incur the feelings of desire and contentment. When there are occurrence of any types of problems and challenges, these will get solved in a well-ordered manner. Therefore, in all types of organizations, developing mutual understanding with other members is an indispensable factor highlighting the benefits of formation of a pleasant environment within the workplace.

Enhancing one's Personality Traits

When there is formation of a pleasant environment within the workplace, the members will render an important contribution in leading to enhancement of one's personality traits. The reason being, the members will be able to do well in their jobs, achieve organizational goals and lead to up-gradation of the overall structure of the organization. When they are successful in the implementation of their job duties, they will bring about improvements in their overall personality traits. The feeling of job satisfaction will enable the members to augment the feeling of pleasure. As a consequence, improvements will take place in the overall personality traits. The members will incur the feelings of pleasure and contentment. Furthermore, they will differentiate between appropriate and inappropriate and inculcate the traits of morality, ethics, diligence and conscientiousness. Therefore, enhancing one's personality traits is a meaningful factor highlighting the benefits of formation of a pleasant environment within the workplace.

Leading to Enhancement of the overall Structure of the Organization

When there is formation of a pleasant environment within the workplace, the members will render a significant contribution in leading to enhancement of the overall structure of the organization. The reason being, the members will be able to do well in their jobs, form cordial and sociable terms and relationships with others, utilize pioneering methods, and achieve organizational goals. It is comprehensively understood in all types of organizations, when members are positive and productive in the implementation of their job duties and responsibilities they will contribute in leading to enhancement of the overall structure of the organization. Furthermore, the members will augment their concentration levels on their job duties and incur the feeling of job satisfaction. Therefore, leading to enhancement of the overall structure of the organization is a key factor highlighting the benefits of formation of a pleasant environment within the workplace.

Conclusion

All the members of the organization, irrespective of their job positions in the hierarchy need to focus upon formation of pleasant environment within the workplace throughout their jobs. Factors required to form a pleasant environment within the workplace are, implementation of effective communication processes, being well-versed in terms of job duties and responsibilities, working in collaboration and integration with others, making provision of infrastructure, amenities and facilities, implementation of peaceful conflict resolution methods, management of resources, inculcation of the traits of morality and ethics, implementation of the traits of diligence, resourcefulness and conscientiousness, depicting the traits

ISSN 2076-9202

of helpfulness and co-operation and augmenting skills and abilities. Factors highlighting the benefits of formation of a pleasant environment within the workplace are, developing motivation towards the implementation of job duties; enhancing career prospects; incurring the feeling of job satisfaction; developing mutual understanding with other members; enhancing one's personality traits and leading to enhancement of the overall structure of the organization. Finally, it can be stated, when the working environmental conditions will be pleasant, the members will concentrate well on their job duties and incur the feeling of job satisfaction.

Bibliography

Ariella, S. (2021). 6 Types of Work Environments (With Examples). Retrieved December 15, 2021 from zippia.com

Freedman, M. (2020). 4 Ways to improve your Office's Work Environment. Retrieved December 15, 2021 from businessnewsdaily.com

Positive Working Environment: Definition and Characteristics. (2021). Indeed Career Guide. Retrieved December 15, 2021 from indeed.com

The Work Environment: Definition, Key Features and Types. (2021). Retrieved December 15, 2021 from glassdoor.com

5 Types of Work Environments (and How to identify which is right for you). (2021). Indeed Career Guide. Retrieved December 15, 2021 from indeed.com

ISSN 2076-9202

DATA BUNDLE DEPLETION AND SERVICE QUALITY AS PREDICTOR OF CUSTOMER SATISFACTION IN LUMITEL BURUNDI

Emmanuel Kwizera, International Leadership University

ABSTRACT

The study aims to examine the effect of data bundle and service quality on customer satisfaction with reference to Limitel Burundi. The study adopted a descriptive and correlational research design and opted for quantitative approach. A sample size of 189 customers was used based on the rule of thumb. The results indicate a strong positive relationship between Data bundle depletion and customer satisfaction and a moderate positive relationship between Service quality and customer satisfaction in Lumitel Burundi. The combination of Data bundle depletion and Service quality predict 61.1% of the variance in Customer satisfaction in Lumitel Burundi. Data bundle depletion is a better predictor of customer satisfaction than service quality though both were statistically significant. The value of the R Square is a revelation that other than Data bundle depletion and Service quality, there were other factors that influence Customer satisfaction at 38.9% not considered in this study.

Keywords: Data, Data bundle, Bundle depletion, Service Quality, Customer satisfaction

INTRODUCTION

In an age where connectivity is the cornerstone of modern life, Lumitel, a distinguished subsidiary of the renowned Viettel Group, has played a pivotal role in connecting individuals, businesses, and communities throughout Burundi. With a commitment to innovation and accessibility, Lumitel has empowered Burundians with reliable telecommunications services, enabling access to knowledge, opportunities, and connections. While the company has made significant strides in providing telecommunications services to the nation, a growing concern among customers pertains to the rapid depletion of data bundles. This issue has led to customer dissatisfaction and poses a challenge to Lumitel's reputation as a customer-centric telecom provider. Data bundle depletion at LUMITEL is occurring at an alarming rate, causing frustration among customers. The premature exhaustion of data bundles not only leads to dissatisfaction but also raises concerns about transparency in billing and fairness in data consumption. With a crystal-clear set of objectives for this study, we believe that the end result of this study will be increased customer loyalty and satisfaction, reduction in customer complaints related to data depletion, enhanced brand reputation as a customer-focused telecom provider and lastly; empowered customers with tools and knowledge for efficient data usage. Also, addressing the premature depletion of data bundles is imperative for Lumitel Burundi. It is not just a matter of improving customer satisfaction but also safeguarding the company's reputation and competitive position. During the study, we expect to establish the company's commitment to implementing these solutions and engaging customers in this journey towards enhanced data bundle usage and customer satisfaction.

ISSN 2076-9202

Research into mobile data usage patterns indicates a growing trend of data bundle depletion before the end of billing cycles. Customers frequently report a disconnect between their expected data consumption and the actual rate at which data bundles are exhausted (Perera et al., 2020). This trend has raised concerns about the accuracy and transparency of data usage tracking systems employed by telecom companies.

There are numerous causes of rapid depletion and several authors have come out to highlight key issues: Smartphones and applications frequently consume data in the background, often without users' knowledge or consent (Chen et al., 2018). This hidden data usage can significantly impact data bundles. Some mobile apps are not optimized for data efficiency, leading to excessive data consumption (Kim, Park & Jeong, 2004). This is a crucial consideration as many customers rely on data-intensive applications.

Customers may not be fully aware of data-saving strategies or the tools available to monitor and control their data usage (Quaarach, Thaichon, & Jebarajakirthy, 2016). This lack of awareness can lead to inefficient data consumption. Customer satisfaction in the telecommunications industry is strongly influenced by perceptions of fair data usage and transparent billing (Quach, Jebarajakirthy & Thaichon, 2016). When customers perceive their data bundles as depleting unfairly, it leads to frustration, dissatisfaction, and a sense of distrust in the service provider (Kim & Park, 2019). Customer dissatisfaction stemming from data bundle depletion can have serious repercussions on customer loyalty and churn rates. Several studies have shown that customers who experience data-related issues, including premature bundle depletion, are more likely to switch to competitors (Wang et al., 2021). Telecom companies that prioritize transparency, data control, and customer education tend to outperform their competitors in terms of customer retention and satisfaction (Shafei & Tabaa, 2016). A review of the literature suggests several potential solutions to address the issue of data bundle depletion and improve customer satisfaction: Real-time usage alerts via SMS or mobile apps have been recommended to notify customers when they are nearing their data limits (Thaichon & Quach, 2015). The introduction of rollover data as a feature allows customers to carry over unused data to the next billing cycle (Shafei & Tabaa, 2016).

User-friendly data management tools, including data usage dashboards and data-saving tips, can empower customers to monitor and control their data usage (Diallo and Thierno, 2006). Transparent billing practices, including clear breakdowns of data usage, have been shown to enhance customer trust (Zhang et al., 2020). Educational materials and workshops can help customers maximize the value of their data bundles (Brunell & Richard, 2005). In conclusion, the literature review underscores the importance of addressing the issue of data bundle depletion, as it significantly affects customer satisfaction and loyalty in the telecommunications industry. The proposed solutions outlined in this proposal align with industry trends and best practices, aiming to improve the overall customer experience and maintain a telecom company's reputation as a customer-centric service provider.

Service quality is defined as the overall assessment of a service by the customer (Abd-Elrahman, 2023). Parasuraman, et al. (1988) defines service quality as the discrepancy between a customers' expectation of a service and the customers' perception of the service offering. Lee, Barker & Kandampully (2008) points out that, by defining service quality, companies will be able to deliver services with higher quality level presumably resulting in increased customer satisfaction. Understanding service quality must involve

ISSN 2076-9202

acknowledging the characteristics of service which are intangibility, heterogeneity and inseparability (Parasuraman et al., 1985); (Ramzi & Mohamed, 2010). In this study, service quality can be defined as the difference between customer's expectation for service performance prior to the service encounter and their perception of the service received. Customer's expectation serves as a foundation for evaluating service quality because, quality is high when performance exceeds expectation and quality is low when performance does not meet their expectation (Byarugaba and Osarenkhoe, 2012). Expectation is viewed in service quality literature as desires or wants of customer i.e., what they feel a service provider should offer rather than would offer (Johnson & Sirikit, 2002). Perceived service is the outcome of the customer's view of the service dimensions, which are both technical and functional in nature (Sousa and Voss, 2009).

Customer satisfaction is perceived as "psychological state (feeling) appearing after buying and consuming a product or service (Michel, Bowen, and Johnston, 2009). Thus, customer satisfaction reflects "a pleasure resulting to product's consumption, including under or over fulfillment level" (Seth, Momaya, Gupta, 2008). Customer satisfaction is closely connected with a company's success possibility now and in the future. It is acknowledged that with higher customer satisfaction level, a company could retain its customers maximally and sustain competitive advantages as well as build up customer retention and loyalty gradually in the long run (Kotler, 2006).

According to Chen and Yang (2011), customer satisfaction has increasingly gained attention from different business fields. An increasing number of companies regard customer satisfaction as a standard to measure the performance of products or services and an approach to retaining their customers. In brief, customer satisfaction is the customers' feelings of pleasure or disappointment derived from the performance of a certain product or service related to individual expectations (Kotler & Keller, 2006). Besides, Chen and Yang (2011), pointed out that customer satisfaction can also be affected by a customer's consumption experience. Customer satisfaction usually occurs when customers' experience confirms their expectations. For companies, customers are their priorities and valuable asset, reviewing customer satisfaction helps them to have an insight into both customers' current and future needs and then improve their performance of products and services. Satisfying customers maximally is extremely important in today's fiercely competitive and rapidly changing business environment (Alnsour, Tayeh & Alzyadat, 2014). Successful companies usually think highly of customer satisfaction and they try hard to fulfill customers' needs and expectations with good performance of their products or service. The characteristics of customer satisfaction are presented clearly under the Kano model, which separates dissatisfaction, satisfaction and delight intelligibly in different situations. They are 'Must be', 'More is better' and 'Delighters' respectively (Jobber, 2010). Customer satisfaction is measured by commitment, loyalty, retention and recommendation of the service (Kheiry & Alirezapour, 2012).

METHODOLOGY

The study adopted descriptive and correlational research design and opted for quantitative approach. A sample size of 189 customers was used based on the rule of thumb. Probability sampling was used as sampling procedure while simple random sampling was employed as data collection technique. The study used survey as data collection methods and self-administered questionnaire was used as tool of data

ISSN 2076-9202

collection. Statistical package for social sciences (SPSS version 25.0) was used to process and summarize information got from questionnaires. Pearson correlation and linear regression were used to analyze the relationship and effect of the study variables to explain how data bundle depletion, service quality exactly affect the customer satisfaction.

RESULTS AND DISCUSSION

Table 1: Correlation results between study variables

Correlations		
		Customer Satisfaction
Data Bundle Depletion	Pearson Correlation	.767**
	Sig. (2-tailed)	.000
	N	189
Service Quality	Pearson Correlation	.668**
	Sig. (2-tailed)	.000
	N	189
**. Correlation is significant at the 0.01 level (2-tailed).		

Source: Primary data computed, 2023

The results in the table 1 indicate that there is a strong positive relationship between Data bundle depletion and customer satisfaction in Lumitel Burundi ($r=.767^{**}$, p-vale<0.01). This implied that the improvement in Data bundle depletion is associated with the improvement in customer satisfaction. This was in line with Abdullah et al. (2020) who found that customer satisfaction in the telecommunications industry is strongly influenced by perceptions of fair data usage and transparent billing. It compares with Kim and Park (2019) that when customers perceive their data bundles as depleting unfairly, it leads to frustration, dissatisfaction, and a sense of distrust in the service provider. The results indicate also a moderate positive relationship between Service quality and customer satisfaction in Lumitel Burundi ($r=.668^{**}$, p-value<0.01). This meant that the positive change in service quality is connected with the positive change in customer satisfaction. This compares with Lee, Barker & Kandampully (2008) who point out that, by defining service quality, companies will be able to deliver services with higher quality level presumably resulting in increased customer satisfaction.

Table 2: Multivariate regression results for the effect of Data Bundle Depletion and Service Quality on Customer Satisfaction in Lumitel

Coefficients							
	Unstandardized Coefficients		Standardized Coefficients			95.0% Confidence Interval for B	
Model	B	Std. Error	Beta	t	Sig.	Lower Bound	Upper Bound
(Constant)	.662	.114		5.814	.000	.438	.887

ISSN 2076-9202

Data Bundle Depletion	.479	.054	.603	8.889	.000	.373	.585
Service Quality	.214	.065	.222	3.272	.001	.085	.342
R= .782[a]							
R Square=.611							
Adjusted R Square=.607							
F=146.049							
Sig.= .000[b]							
a. Dependent Variable: Customer Satisfaction							
b. Predictors: (Constant), Service Quality, Data Bundle Depletion							

Source: Primary data computed, 2023

The table indicate that the combination of Data bundle depletion and Service quality predict 61.1% of the variance in Customer satisfaction in Lumitel Burundi (R^2=.611). Data bundle depletion (Beta=.479, sig.=.000) is a better predictor of customer satisfaction than service quality (Beta=.214, sig.=.001) though both were statistically significant. The value of the R Square is a revelation that other than Data bundle depletion and Service quality, there were other factors that influence Customer satisfaction at 38.9% not considered in this study. For this study, the regression model equation to predict customer satisfaction in Lumitel Burundi is given below: $\mathbf{Y=0.662+0.479X_1+0.214X_2}$

The regression model for this study shows that the satisfaction of the customers becomes 0.662 units (β_0=0.662) as Data bundle depletion and service quality are nulls. Therefore, one unit of Bata bundle depletion increases the satisfaction of customer by 0.479 units (β_1=0.479); an increase of one unit of service quality increases the satisfaction of customers by 0.214 units (β_2=0.214).

CONCLUSION AND RECOMMENDATIONS

The study concludes that all independent variables namely Data bundle depletion and Service quality had a statistically significant effect on Customer satisfaction. The results indicate that the combination of Data bundle depletion and Service quality predict 61.1% of the variance in Customer satisfaction (R^2=.611). This is a revelation that other than Data bundle depletion and Service quality, there were other factors that influence Customer satisfaction at 38.9% not considered in this study. This recommends that:

(i) Lumitel should invest in stronger and more stable network than all competitors in order to allow the fast and stable uploads and downloads;

(ii) The organization staff should take time to respond to the concerns raised about billing;

(iii) The company should develop strategies to enhance confidence in the quality of Lumitel data bundles;

AUTHOR DECLARATION

I declare that this study is my original research and I agree to publish it in the journal.

REFERENCES

Abd-Elrahman, A.-E.H. (2023). Telecommunications service quality, customer satisfaction and customer loyalty in pandemic

ISSN 2076-9202

times. *Management Research Review*, 46(8): 1112-1131. https://doi.org/10.1108/MRR-08-2021-0595

Alnsour, M. S., Tayeh, B. A., & Alzyadat, M. A. (2014). Using SERVQUAL to assess the quality of service provided by the Jordanian Telecommunications Sector. *International Journal of Commerce and Management,* 24(3), 209–218. https://doi.org/10.1108/IJCoMA-03-2012-0021

Brunell, T., & Richard, M. (2005). *Broadband.* In Network Access, Regulation and Antitrust, edited by Diana L Moss, 151–177. Routledge.

Byarugaba, J., & Osarenkhoe, A. (2012). Service quality perceptions: A case of Ugandan telephony users. *Journal of Relationship Marketing,* 11(3), 149-171.

Chen, R., & Yay, H. (2011). Capacitated assortment and price optimization for customers with disjoint consideration sets. *Operations Research Letters,* 45(2):170–174.

Chen, X., Liu, Z., Wei, L., Yan, J., Hao, T., & Ding, R. (2018). A comparative quantitative study of utilizing artificial intelligence on electronic health records in the USA and China during 2008–2017. *BMC medical informatics and decision making,* 18(5), 117.

Diallo, V., & Thierno, S. (2006). *Bundling in Vertically Differentiated Communication Markets.* Université du Québec à Chicoutimi.

Jobber, M. M. (2010). Recognizing the emotional element in service excellence. *Cornell Hospitality Quarterly*, 49(3), 310–316. doi:10.1177/1938965508316267

Johnson, W., Sirikit, A. (2002). Service quality in the Thai telecommunication industry: A tool for achieving a sustainable competitive advantage. *Management Decision,* 40(7): 693-701.

Kheiry, B., & Alirezapour, M. (2012). The effect of satisfaction, trust, and switching barriers service provider on customer loyalty (mobile phone users of Iran cell company in Iran). *Australian Journal of Basic and Applied Sciences,* 6(12): 52–60.

Kim, M., Park, M., & Jeong, D. (2004). The effects of customer satisfaction and switching barriers on customer loyalty in Korean mobile telecommunication services. *Telecommunications Policy,* 28, 145–159. https://doi.org/10.1016/j.telpol.2003.12.003

Kim, Y., & Park, C. (2019). Identifying key factors affecting consumer purchase behavior in an online shopping context. *International Journal of Retail & Distribution Management*, 31(1):16-29, DOI: 10.1108/09590550310457818

Kotler, P., & Keller, K. (2006). *Marketing Management (12thed.).* Pearson.

Lee, G.G., Barker, M., & Kandampully, H.F. (2008). Customer perceptions of eservice quality in online shopping. *Int. J. Retail Distrib. Manage,* 33: 161-176.

Michel, S., Bowen, S., Johnston, R. (2009). Why service recovery fails: Tensions among customer, employee and process perspectives. *Journal of Service Management,* 20(3): 253-73.

Parasuraman, A., Zeithaml, V.A., & Berry, L.L. (1988). Servqual: A multiple item scale for measuring consumer perceptions of service quality. *J. Retailing,* 64: 12-40

Parasuraman, A., Zeithaml, V.A., & Berry, L.L. (1985). A Conceptual Model of Service Quality and its Implications for Future Research. *Journal of Marketing,* 49 (5): 132-140.

Pereraa, S., Nanayakkaraa, S., Rodrigoa, M.N.N., Senaratnea, S., & Weinandb, R. (2020). Blockchain Technology: Is it Hype or Real in the Construction Industry? *Journal of Industrial Information Integration, DOI*: 10.1016/j.jii.2020.100125

Quaarach, T. N., Thaichon, P., & Jebarajakirthy, C. (2016). Internet service providers' service quality and its effect on customer loyalty of different usage patterns. *Journal of Retailing and Consumer Services,* 29, 104–113. https://doi.org/10.1016/j.jretconser.2015.11.012

Quach, T. N., Jebarajakirthy, C., & Thaichon, P. (2016). The effects of service quality on internet service provider customers? Behaviour: A mixed-methods study. *Asia Pacific Journal of Marketing and Logistics,* 28(3). https://doi.org/10.1108/APJML-03-2015-0039

Ramzi, A., Mohamed, B. (2010). Customer loyalty and the impacts of service quality: The case of five-star hotels in Jordan. *International Journal of Human and Social Sciences,* 5(13): 886-892.

Seth, A., Momaya, K., Gupta, H.M. (2008). An exploratory investigation of customer loyalty and retention in cellular mobile communication. *Journal of Services Research,* Special Issue, 173-85.

Shafei, I. & Tabaa, H. (2016). Factors affecting customer loyalty for the mobile telecommunication industry. *EuroMed Journal of Business,* 11(3), 347-361. https://doi.org/10.1108/EMJB-07-2015-0034

Sousa, R., &Voss, C. (2009). The effects of service failures and recovery on customer loyalty in e-services. International Journal of Business, 6(2): 27-39.

Thaichon, P., & Quach, T. N. (2015). The relationship between service quality, satisfaction, trust, value, commitment, and loyalty of Internet service providers' customers. *Journal of Global Scholars of Marketing Science,* 25(4), 295–313. https://doi.org/10.1080/21639159.2015.1073419

Wang, X., Qin, X., Hosseini, M.B.,Slavin, R., Breaux, T.D., & Niu, J. (2021). *GUILeak: Tracing Privacy Policy Claims on User Input Data for Android Applications.* In 40th International Conference on Software Engineering (ICSE), 37–47. doi: 10.1145/3180155.3180196.

Zhang, Z., Xie, S., Dai, H.N., Chen, X., &Wang, H. (2020). *An Overview of Blockchain Technology: Architecture, Consensus, and Future Trends*. Presented at the 2017 IEEE International Congress on Big Data (BigData Congress).

ISSN 2076-9202

LEADERSHIP SKILLS: INDISPENSABLE IN LEADING TO OVERALL FUNCTIONING OF THE ORGANIZATION

Dr. Radhika Kapur

Abstract

The employees within organizations are wholeheartedly determined towards putting into operation the job duties in an appropriate manner, achieving organizational goals and leading to up-gradation of the overall structure of the organizations. In order to focus on these aspects, the individuals in leadership positions need to guide and train the employees in the right direction. The employees need to be imparted with adequate information, which may enable them to do well in their jobs and generate the desired outcomes. The employees need to pay adequate attention towards the instructions given to them by their employers. Furthermore, they need to form constructive viewpoints in terms of various aspects of the organizations and their job duties. The individuals in leadership positions need to put emphasis on up-gradation of leadership skills throughout their jobs. The leaders need to pay attention towards number of factors within the organizations, i.e. making provision of infrastructure, amenities and facilities; making available materials, tools, equipment, and technologies; promoting teamwork; listening to the problems and grievance of the employees and providing solutions to them; making wise and productive decisions; honing knowledge, competencies and abilities; implementing time management skills; possessing an approachable nature; promoting employee well-being and creating an amiable and pleasant environment within the workplace. Therefore, in all types of organizations, these skills are indispensable in leading to overall functioning of the organization. The main concepts that are taken into account in this research paper are, understanding the meaning and significance of leadership skills, factors in terms of which leadership skills need to be up-graded and benefits of leadership skills.

Keywords: Awareness, Employees, Functioning, Job Duties, Leadership Skills, Organizations, Up-gradation

In all types of organizations, there are individuals in leadership positions. These are, heads, directors, supervisors, managers and so forth. The leaders are vested with the authority and responsibility of putting into operation the tasks to lead to overall functioning of the organization in an effective manner. They guide and direct the employees towards the right path. Furthermore, they are required to carry out various types of job duties related to overall structure of the organizations. The individuals in leadership positions need to put emphasis on up-gradation of their skills. When the skills will be honed, they will put into operation their job duties in an appropriate manner and generate the desired outcomes (Leadership Skills, 2021). The leaders need to ensure that there is provision of adequate infrastructure, amenities, facilities, materials, and technologies. The reason being, in order to concentrate on their job duties, the individuals are required to have an environment, where there is availability of infrastructure, amenities and facilities. Furthermore, they

ISSN 2076-9202

are required to make use of technologies and materials to generate the desired outcomes. The individuals need to be informative in terms of methods and approaches to manage them in an appropriate manner. Therefore, making provision of infrastructure, amenities, facilities, materials, and technologies is an important factor in terms of which leadership skills need to be enhanced.

The employees are overwhelmed by number of problems within the course of implementation of their job duties. The problems are related to job duties, tasks, activities, resources, infrastructure, amenities, facilities, materials, technologies, work load and so forth. The leaders need to ensure, they guide the employees in an effective manner to provide solutions to their problems. One of the important points that needs to be ensured is, the problems need to be prevented from giving rise to impediments within the course of implementation of job duties and achievement of desired goals (What are the Top 24 Leadership Skills, 2021). The leaders need to possess an amiable attitude and an approachable nature. The employees should feel comfortable in approaching them. The leaders are overwhelmed by number of job duties and responsibilities. But they are required to take out time to listen to the problems and grievances of their employees. Therefore, providing solutions to the problems of the employees and possessing an amiable attitude and an approachable nature are vital factors in terms of which leadership skills need to be honed.

The leaders need to impart information among employees in terms of ways of utilizing modern, scientific and innovative methods. The utilization of these methods have contributed significantly in the implementation of job duties in an efficient manner. In some cases, the utilization of these methods is a complicated job duty. But getting engaged in regular practice will enable the individuals to hone their competencies and abilities. The leaders should make provision of opportunities to the employees to enhance their career prospects. When they will be informative in terms of modern, scientific and innovative methods, they will utilize them to achieve desired goals. The leaders need to make wise and productive decisions. The decision making processes is an integral part of the professional lives of the individuals. The leaders are required to conduct the analysis of the alternatives. After the analysis is conducted, the most suitable and favourable alternative is to be put into practice. Therefore, utilizing modern, scientific and innovative methods and making wise and productive decisions are crucial factors in terms of which leadership skills need to be up-graded.

Understanding the Meaning and Significance of Leadership Skills

When the employees get recruited within the organizations, they are required to go through training and development programs. These programs make provision of information in terms of various aspects of the organizations and methods of putting into operation the job duties. After the workforce have acquired information in terms of ways of implementation of job duties, they are to be guided by their supervisors. When they are to acquire answers to the questions or augment their information in terms of various factors, they approach their supervisors or employers. When the workforce is required to take leave from work or when they are to make use of pioneering methods, they obtain ideas and suggestions from their supervisors or employers. In the case of implementation of complicated job duties, it is apparently understood that employees will be overwhelmed by difficulties, hence, they will have to obtain help from supervisors or employers. Therefore, meaning and significance of leadership skills is understood, when the individuals in

ISSN 2076-9202

leadership positions make provision of help in the implementation of tasks and activities.

In some cases, the employees do not feel comfortable within the working environment. This is particularly in cases of hazardous job duties in industries and factories and when the job duties related to projects and assignments are complicated. There various causes behind this, i.e. being unaware in terms of job duties and responsibilities; lack of information in terms of methods, approaches and procedures; lack of infrastructure, amenities, facilities; inability to communicate effectively with others; being overwhelmed by the feelings of apprehensiveness and vulnerability; utilization of traditional methods in the implementation of job duties and so forth. It is the job duty of the leaders to create an environment, where individuals are able to concentrate on their job duties in a well-ordered manner. Furthermore, the leaders need to hone their problem-solving skills and provide solutions to the problems of the employees in an adequate manner. Therefore, meaning and significance of leadership skills is understood, when these skills prove to be worthwhile in putting into operation job duties in an efficient manner and achieving desired goals.

The individuals in leadership positions need to put emphasis on reinforcement of factors to augment leadership skills. These are, being well-equipped in terms of job duties and responsibilities; being informative in terms of methods and strategies; augmenting knowledge, competencies and abilities; communicating with each other in an effective manner; treating others with respect and courtesy; depicting the traits of helpfulness and co-operation; providing equal rights and opportunities to all; not discriminating against others on the basis of any factors; formulating laws, policies and rules in an adequate manner; making provision of infrastructure, materials, and technologies; providing solutions to the problems of the employees; possessing an amiable attitude and an approachable nature; utilizing pioneering methods; making wise and productive decisions and taking out sufficient amount of time for all tasks and activities. When these factors will be reinforced, not only leadership skills will be enhanced, but up-gradation will take place of the overall structure of the organizations as well. Therefore, meaning and significance of leadership skills is understood by all the individuals in leadership positions.

Factors in terms of which Leadership Skills need to be Up-graded

In production, manufacturing, services and in other types of organizations, there are organizational goals. All the members of the organization, irrespective of their job position in the hierarchy need to be well-versed in terms of measures to achieve goals and objectives. But leaders are vested with the authority and responsibilities of guiding the workforce in the right direction towards the achievement of goals (How to assess Leadership Skills with TestGorilla, n.d.). The leaders need to be informative regarding various factors in terms of which leadership skills need to be up-graded. These factors are related to implementation of job duties and responsibilities, achievement of organizational goals and leading to overall functioning of the organizations. The conduct, job performance and work experience of the individuals enable them to acquire leadership positions. The leaders need to be wholeheartedly determined to promote well-being of the employees and the organizations as a whole. Hence, they generate awareness regarding the factors in terms of which they are required to enhance leadership skills. These factors are stated as follows:

Making provision of Infrastructure, Amenities, Facilities, Materials, and Technologies

ISSN 2076-9202

When the leadership skills will be honed, they will put into operation their job duties in an effective manner and generate the desired outcomes. In order to do well in one's job duties, it is apparently understood, there is a need to make available sufficient infrastructure, amenities, facilities, materials, and technologies. The leaders need to ensure that there is provision of all these factors. Furthermore, employees should feel comfortable in making use of them. They need to augment their concentration levels on their job duties. The infrastructure, amenities, facilities, materials, and technologies are regarded as significant on comprehensive basis. In order to focus on their job duties, the individuals are required to have an environment, where there is availability of infrastructure, amenities and facilities. Furthermore, they are required to make use of technologies and materials to generate the desired outcomes. The individuals need to be informative in terms of methods and approaches to manage them in an appropriate manner. These need to be utilized in a suitable manner and wastage should be prevented. Therefore, making provision of infrastructure, amenities, facilities, materials, and technologies is an important factor in terms of which leadership skills need to be up-graded.

Providing Solutions to the Problems of the Employees

The employees are overwhelmed by number of problems within the course of implementation of their job duties. The problems are related to job duties, tasks, activities, resources, infrastructure, amenities, facilities, materials, technologies, work load and so forth. In some cases, the employees are overwhelmed by personal problems that they are unable to concentrate on their job duties. Hence, they need ideas and suggestions from their supervisors and employers. The problems can be solved in less or more amount of time. But when these are discussed with supervisors and they depict kind-heartedness and generosity, the employees incur the feeling of job satisfaction. The individuals in leadership positions need to ensure, they guide the employees in an appropriate manner to provide solutions to their problems. One of the important points that needs to be taken into account is, the problems need to be prevented from giving rise to impediments within the course of implementation of job duties and achievement of desired goals. Therefore, providing solutions to the problems of the employees is a significant factor in terms of which leadership skills need to be up-graded.

Possessing an Amiable Attitude and an Approachable Nature

The individuals in leadership positions need to ensure, they communicate with the employees in an appropriate manner to provide solutions to their problems. Furthermore, the leaders need to possess an amiable attitude and an approachable nature. When the individuals acquire leadership positions, it is of utmost significance for them to reinforce an amiable attitude and an approachable nature. These traits will enable them to acquire appreciation and reverence. Furthermore, these traits render an important contribution in enhancing the career prospects of the individuals in leadership positions. The employees should feel comfortable in approaching and communicating with them. When the employees discuss their issues and concerns with supervisors and they are sympathetic and understanding, the employees incur the feelings of pleasure and contentment. The leaders are overwhelmed by number of job duties and responsibilities. But they are required to take out time to listen to the problems and grievances of their

ISSN 2076-9202

employees. Therefore, possessing an amiable attitude and an approachable nature is a vital factor in terms of which leadership skills need to be up-graded.

Utilizing Modern, Scientific and Innovative Methods

With the advent of modernization and globalization, the leaders need to impart information among employees in terms of ways of utilizing modern, scientific and innovative methods. Innovation is referred to bringing in something new. Hence, the materials and techniques need to be put into operation to create something novice and original. The various materials and techniques, which are regarded as modern, scientific and innovative are, graphs, charts, pictures, images, maps, models, designs, structures, various types of technologies and so forth. The utilization of these methods have contributed significantly in the implementation of job duties in an efficient manner. In some cases, the utilization of these methods is a complicated job duty. But getting engaged in regular practice will enable the individuals to hone their competencies and abilities. The leaders should make provision of opportunities to the employees to enhance their career prospects. When they will be informative in terms of modern, scientific and innovative methods, they will utilize them to achieve desired goals. Therefore, utilizing modern, scientific and innovative methods is a crucial factor in terms of which leadership skills need to be up-graded.

Making Wise and Productive Decisions

The leaders need to make wise and productive decisions. The decisions are made in terms of various aspects of the organizations, i.e. job duties, responsibilities, resources, infrastructure, amenities, facilities, materials, technologies, laws, rules, policies, procedures, methods, approaches and the overall environmental conditions. The decision making processes are an integral part of the professional lives of the individuals. In the implementation of the decision making processes, the leaders are required to conduct the analysis of the alternatives. After the analysis is conducted, the most suitable and favourable alternative is to be put into practice. In some cases, when decisions are related to the overall organization, the leaders in some cases call for discussion meetings. In these meetings, the other members are invited. They are provided with the opportunities to express their ideas and viewpoints. One of the important aspects that needs to be taken into account is, there should be flexibility in the decision making processes. When decisions made do not appear to be favourable, transformations can be brought about in them in a manageable way. Therefore, making wise and productive decisions is a fundamental factor in terms of which leadership skills need to be up-graded.

Managing Resources in a Satisfactory Manner

The individuals in leadership positions are vested with the authority of managing resources in a satisfactory manner. The various resources that need to be managed are, financial, human, technical and material resources. The financial resources are the monetary resources. These are made use of in leading to overall functioning of the organization in an adequate manner. When improvements or transformations are brought about in any aspects of the organizations, financial resources need to be managed. Human resources are the personnel. They need to make use of their knowledge, competencies and abilities in an appropriate

ISSN 2076-9202

manner in the implementation of all types of job duties. Technical resources are the various types of technologies that are used in putting into operation the job duties. Material resources are the various types of materials that are utilized in the implementation of tasks and functions. The leaders need to impart information among the employees to make use of technologies and materials in a satisfactory manner. Furthermore, wastage should be prevented. Therefore, managing resources in a satisfactory manner is a key factor in terms of which leadership skills need to be up-graded.

Implementing Time Management Skills

The individuals in leadership positions are vested with number of job duties and responsibilities. They need to ensure, they take out sufficient amount of time for all tasks and activities. Hence, throughout the job duties of the individuals, they need to pay attention towards reinforcement of time management skills. The leaders normally make a schedule of their job duties on daily or weekly basis. They set a time limit for all job duties and make sure that they get completed within the required time frame. In the implementation of these skills, priorities are assigned. The tasks, which are more important are carried out first, whereas, the tasks, which are regarded as less important are put into operation after the completion of the first ones. The leaders ensure, they take out sufficient amount of time for all of them. In other words, they are to be completed on time. The leaders need to impart information among the employees to recognize the meaning and significance of time management skills. When these skills will be put into practice in an effectual manner, the individuals will be able to complete all job duties on time. Therefore, implementing time management skills is a beneficial factor in terms of which leadership skills need to be up-graded.

Honing Analytical and Critical Thinking Skills

The individuals in leadership positions need to put emphasis on honing analytical and critical thinking skills. In the case of reinforcement of analytical skills, the leaders are required to conduct the analysis of the options, choices and alternatives. After the analysis is conducted, the most suitable and productive option or alternative is to be put into practice. The leaders need to ensure, they prove to be meaningful to the members and the overall structure of the organizations. Within the course of putting into operation, research projects, the analytical skills are the key to generate the desired outcomes. In the implementation of critical thinking skills as well, the members need to think logically and rationally. When the employees are putting into practice various job duties, they need to be informative in terms of methods and approaches. Hence, when these are to be implemented, critical thinking skills need to be utilized. Furthermore, in the communication processes as well, when members are to exchange ideas and viewpoints, the critical thinking skills are required to be reinforced. Therefore, honing analytical and critical thinking skills is an eminent factor in terms of which leadership skills need to be up-graded.

Organizing Seminars and Workshops

In all types of organizations, seminars and workshops are regarded to be of utmost significance. When the individuals in leadership positions form the viewpoint that employees are required to be imparted information in terms of various aspects, they focus on organization of seminars and workshops. In these, the

ISSN 2076-9202

other individuals are also invited from other organizations. They make presentations and deliver speeches. In this manner, they impart information among individuals in terms of various methods, concepts and strategies (25 Leadership Skills you need to Learn Fast, 2021). Furthermore, the members of the organization also make presentations. In this manner, they lead to up-gradation of presentation skills. The leaders are required to put into operation the job duties that are related to organization of seminars and workshops. The various job duties that need to be taken into account are, planning of venue, schedule, timings, refreshments, communicating the information to the invitees and so forth. The individuals in leadership positions need to work in co-ordination with the other members in the implementation of this task. Therefore, organizing seminars and workshops is a factor in terms of which leadership skills need to be up-graded, which has been acknowledged in all types of organizations.

Creating an Amiable Environment within the Workplace

The individuals in leadership positions need to put emphasis on reinforcement of factors to create an amiable environment within the workplace. These are, communicating with each other in an effective manner; depicting the traits of helpfulness and co-operation; providing equal rights and opportunities to all; not discriminating against others on the basis of any factors; formulating laws, policies and rules in an adequate manner; making provision of infrastructure, amenities, facilities, materials, and technologies; providing solutions to the problems of the employees; possessing an amiable attitude and an approachable nature; utilizing modern, scientific and innovative methods; making wise and productive decisions and taking out sufficient amount of time for all tasks and activities. The leaders impart information among the workforce regarding these factors. All the members of the organizations, irrespective of their job positions in the hierarchy need to put emphasis on reinforcement of these factors. Therefore, it is well-understood, creating an amiable environment within the workplace is a factor in terms of which leadership skills need to be up-graded, which needs to be taken into account by the members throughout their jobs.

Benefits of Leadership Skills

When conducting research on the benefits of leadership skills, the individuals are able to augment their knowledge in terms of the ways that how these skills have been favourable to the members and the organization as a whole. In some cases, the employees do not feel comfortable within the working environment. There various causes behind this, i.e. lack of information in terms of methods and procedures; lack of infrastructure, amenities, facilities; utilization of traditional methods in the implementation of job duties; inability to put into operation time management skills and so forth. It is the job duty of the leaders to create an environment, where individuals are able to concentrate on their job duties in a well-ordered manner (The Core Leadership Skills you need in every Role, 2021). Apart from concentration on job duties, there are other benefits as well of leadership skills. These are, incurring the feeling of job satisfaction among employees; leading to enhancement of skills and abilities among the workforce; promoting teamwork; implementing peaceful conflict resolution methods; facilitating in the achievement of organizational goals and carrying out overall functioning of the organizations in a satisfactory manner. These are stated as follows:

ISSN 2076-9202

Incurring the feeling of Job Satisfaction among Employees

The leaders are vested with the authority and responsibility of guiding and directing the employees. Furthermore, they are required to carry out the overall functioning of the organizations in an effectual manner. The individuals in leadership positions need to put emphasis on up-gradation of the competencies and aptitude among employees. When the competencies will be honed, they will put into operation their job duties in an effective manner and generate the desired outcomes. The leaders need to ensure that there is provision of all the facilities, materials and technologies, which would enable them to incur the feeling of job satisfaction. Therefore, incurring the feeling of job satisfaction among employees is regarded as one of the meaningful benefits of leadership skills.

Leading to enhancement of Skills and Abilities among the Workforce

The individuals in leadership positions impart information among the workforce in terms of ways of leading to up-gradation of skills and abilities. The various skills that need to be honed are, communication skills, decision making skills, time management skills, analytical skills, critical thinking skills, problem-solving skills, personal skills, presentation skills, professional skills, negotiation skills, technical skills and creative skills. On the other hand, the abilities which need to be enhanced are, possessing the abilities to work under stress; forming cordial and sociable terms and relationships with others; abiding by the laws and rules; being well-equipped in terms of job duties and responsibilities; being informative in terms of methods and strategies and focusing on augmenting knowledge, competencies and aptitude. Therefore, leading to enhancement of skills and abilities among the workforce is one of the eminent benefits of leadership skills.

Promoting Teamwork

The supervisors and employers assign job duties to the employees, where they are required to work in a team. The teamwork has proven to be beneficial to the individuals on a comprehensive basis. The individuals are able to provide solutions to the problems in an efficacious manner; alleviate work pressure; exchange ideas and viewpoints; generate information in terms of each other's cultures and backgrounds; develop motivation towards the implementation of job duties and render an important contribution towards achievement of desired goals. Within teams, there are team leaders, who are vested with the authority and responsibility of guiding and leading the team members in the right direction. Hence, teamwork has been favourable and worthwhile in generation of desired outcomes and achievement of organizational goals. Therefore, it can be stated, promoting teamwork is a vital benefit of leadership skills.

Implementing Peaceful Conflict Resolution Methods

In some cases, there are occurrence of conflicting situations and disagreements among individuals. These are unhealthy in putting into operation various job duties, achievement of organizational goals and leading to up-gradation of the overall structure of the organizations. The individuals in leadership positions ensure that there is development of mutual understanding among employees. When the employees will form

ISSN 2076-9202

cordial and amiable terms and relationships with each other, they will be able to carry out job duties successfully. The implementation of peaceful conflict resolution methods will enable the employees to communicate with each other in an effective manner. Furthermore, in these methods, the employees will listen to each other's problems and concerns and come to a conclusion in a peaceful manner. Therefore, implementing peaceful conflict resolution methods is a noteworthy benefit of leadership skills.

Facilitating in the achievement of Organizational Goals

The leaders are vested with the authority of preparing the employees towards the achievement of organizational goals. In the achievement of organizational goals, there are various methods, procedures and strategies in terms of which the individuals need to be aware of. It is the primary job duty of the leaders to impart adequate information among the employees that would prove to be meaningful in the achievement of organizational goals. Furthermore, the leaders convey to them the information in terms of pioneering methods. On the other hand, employees need to inculcate the traits of diligence, resourcefulness and conscientiousness. Furthermore, they need to form positive viewpoints in terms of various aspects of the organizations. Therefore, facilitating in the achievement of organizational goals is a benefit of leadership skills, which needs to be acknowledged by the members throughout their job duties.

Carrying out overall functioning of the Organizations in a Satisfactory Manner

In carrying out overall functioning of the organizations in a satisfactory manner, there are various methods, procedures and strategies in terms of which the individuals need to be aware of. Furthermore, they need to ensure that they put them into practice in a positive manner. It is the primary job duty of the leaders to impart adequate information among the employees that would prove to be significant in leading to overall functioning of the organizations in a satisfactory manner. In the implementation of this job duty successfully, there are various techniques, which are conveyed by the leaders to the workforce. When the workforce is overwhelmed by certain problems and challenges, the leaders make provision of help and support. Therefore, carrying out overall functioning of the organizations in a satisfactory manner is a crucial benefit of leadership skills.

Conclusion

In all types of organizations, there are individuals in leadership positions. The leaders are vested with the authority of guiding the employees. Furthermore, they carry out the tasks related to overall functioning of the organizations. Factors in terms of which leadership skills need to be up-graded are, making provision of infrastructure, amenities, facilities, materials, and technologies, providing solutions to the problems of the employees, possessing an amiable attitude and an approachable nature, utilizing modern, scientific and innovative methods, making wise and productive decisions, managing resources in a satisfactory manner, implementing time management skills, honing analytical and critical thinking skills, organizing seminars and workshops and creating an amiable environment within the workplace. Benefits of leadership skills are, incurring the feeling of job satisfaction among employees; leading to enhancement of skills and abilities among the workforce; promoting teamwork; implementing peaceful conflict resolution methods; facilitating

ISSN 2076-9202

in the achievement of organizational goals and carrying out overall functioning of the organizations in a satisfactory manner. Finally, it can be stated, enhancement of leadership skills will prove to be favourable to the members and the overall structure of the organizations.

Bibliography

How to assess Leadership Skills with TestGorilla. (n.d.). Retrieved December 17, 2021 from testgorilla.com

Leadership Skills. (2021). Retrieved December 17, 2021 from skillsyouneed.com

25 Leadership Skills you need to Learn Fast (Especially 1 to 7). (2021). Retrieved December 17, 2021 from imd.org

The Core Leadership Skills you need in every Role. (2021). Centre for Creative Leadership. Retrieved December 17, 2021 from ccl.org

What are the Top 24 Leadership Skills that make a Great Leader? (2021). Retrieved December 17, 2021 from blog.smarp.com

ISSN 2076-9202

PROFESSIONAL SKILLS: VITAL IN LEADING TO ENHANCEMENT OF CAREER PROSPECTS AND LIVING CONDITIONS OF THE INDIVIDUALS

Dr. Radhika Kapur

Abstract

The individuals, belonging to all communities, categories and backgrounds need to put emphasis on up-gradation of professional skills. In the personal and professional lives of the individuals, they need to put emphasis on honing of professional skills. These skills will prove to be favourable to the individuals in enhancing their career prospects and living conditions. The enhancement of these skills takes place either on one's own or through taking support and assistance from others. Family members, educators, supervisors, employers and friends are the individuals, who play an important part in putting into practice this task. The individuals need to be informative. They need to be aware in terms of methods and procedures that are to be put into operation within the course of implementation of various job duties. Furthermore, they need to be informative in terms of measures to cope with various types of problems in an adequate manner. The conduct of the individuals need to be professional within the course of implementation of various tasks and in dealing with others. When the individuals will pay attention towards up-gradation of professional skills, they will benefit on a comprehensive basis. Therefore, it can be stated, professional skills are vital in leading to enhancement of career prospects and living conditions of the individuals. The main concepts that are taken into account in this research paper are, understanding the meaning and significance of professional skills, types of professional skills and factors necessary in leading to up-gradation of professional skills.

Keywords: Enhancement, Goals, Individuals, Information, Organizations, Professional Skills, Up-gradation

In all types of organizations within the course of implementation of job duties and dealing and working with others, the individuals need to put emphasis on honing of professional skills. The individuals need to ensure, they are professional in their conduct within the course of implementation of tasks and providing solutions to problems (Taylor, 2011). In leading to reinforcement of professional skills, the individuals need to possess sufficient knowledge in terms of methods and procedures. These are the key within the course of implementation of job duties, achievement of desired goals and in leading to up-gradation of the overall structure of the organizations. The individuals need to make use of pioneering methods in doing well in their jobs and in generating the desired outcomes. When the individuals are well-aware and informative, they are stated to be professional in their conduct. The depiction of expertise and proficiency is stated to be of utmost significance in leading to up-gradation of professional skills. Therefore, it can be stated, possession of adequate information in terms of various aspects is an important factor in leading to up-gradation of professional skills.

It is apparently understood that all the individuals, irrespective of their job positions in the hierarchy

ISSN 2076-9202

need to communicate with each other in an effective manner. Even when they are working on assignments and projects individually, still they need to communicate with others, i.e. supervisors, employers and colleagues. The communication processes takes place in a verbal and in a written form. The individuals need to make use of polite language and decent words within the course of implementing effective communication processes. Furthermore, they need to treat each other with respect and courtesy. The individuals need to put emphasis on enhancement of the traits of helpfulness and co-operation. When they are helpful and co-operative, they will not only be able to acquire appreciation and reverence, but will also lead to up-gradation of professional skills. These traits are regarded as indispensable, particularly when the individuals are wholeheartedly determined towards implementation of job duties, achievement of organizational goals and promoting enrichment of the overall structure of the organizations. Therefore, in all types of organizations, implementation of effective communication processes and depiction of the traits of helpfulness and co-operation are crucial factors in leading to up-gradation of professional skills.

Within the course of implementation of job duties, there are occurrence of various types of problems. These are related to job duties, responsibilities, methods, procedures, approaches, infrastructure, amenities, facilities, materials, tools, technologies and the overall working environmental conditions. The individuals need to be informative in terms of measures to cope with various problems in an adequate manner. Furthermore, they need to be prevented from assuming a major form. Professional skills would enable the individuals to cope with problems in a satisfactory manner (Copeland, 2021). Some job duties are manageable, whereas, other job duties are complicated. When the individuals are required to carry out complicated job duties or deal with cumbersome situations, they need to be professional in their conduct. The individuals should be prepared to overcome the feelings of apprehensiveness and vulnerability. Furthermore, they need to hone their confidence levels. The enhancement of professional skills will enable the individuals to possess the abilities to work under stress. Therefore, it can be stated, coping with various types of problems and possessing the abilities to work under stress are regarded as vital factors in leading to up-gradation of professional skills.

Understanding the Meaning and Significance of Professional Skills

Within the course of implementation of various types of tasks and activities and in working in co-ordination with others, the individuals need to put emphasis on honing of professional skills. The individuals need to ensure, they are professional in their conduct within the course of implementation of job duties, making use of methods and procedures and in providing solutions to various types of problems. In leading to reinforcement of professional skills, the individuals need to possess sufficient knowledge in terms of techniques, approaches, methods and procedures. These are regarded as fundamental within the course of implementation of job duties, achievement of desired goals, in leading to up-gradation of the overall structure of the organizations and in incurring the feeling of job satisfaction. Furthermore, the individuals prevent the occurrence of barriers within the course of putting into operation various job duties. Therefore, the individuals are able to acquire an efficient understanding of the meaning and significance of professional skills, when they prove to be favourable in doing well in one's job duties and in achieving organizational goals.

There are various factors that need to be taken into account by the individuals in leading to

ISSN 2076-9202

up-gradation of the overall structure of the organizations. These are, making use of modern, scientific and innovative methods in the implementation of job duties; generating information in terms of needs and requirements of the customers; leading to an increase in productivity and profitability; honing analytical, critical thinking and problem-solving skills; organizing seminars and workshops; forming cordial and amiable terms and relationships with others; implementing time management skills; making available infrastructure, amenities and facilities; managing financial, human, technical and material resources in an adequate manner; leading to enhancement of training and development programs and putting into practice evaluation methods. The up-gradation of professional skills will enable the individuals to be well-versed in terms of all these factors. When individuals are professional in their conduct, they will contribute in an efficacious manner in generating the desired outcomes and promoting enrichment of the overall structure of the organizations. Therefore, the individuals are able to acquire an efficient understanding of the meaning and significance of professional skills, when they prove to be advantageous in leading to up-gradation of the overall structure of the organizations.

In leading to up-gradation of professional skills, there are various factors that need to be taken into account by all individuals, irrespective of their job positions in the hierarchy. These are, being well-versed in terms of job duties and responsibilities; being informative in terms of methods and procedures; making wise and productive decisions; taking out sufficient amount of time for all tasks and activities; being well-equipped in terms of policies, laws and rules; developing motivation towards the implementation of job duties; forming positive viewpoints in terms of various aspects of the organizations; possessing the abilities to work under stress; possessing a pleasant personality and an approachable nature; depicting the traits of helpfulness and co-operation and reinforcing the traits of morality, ethics, diligence and conscientiousness. When individuals are professional in their conduct, they will contribute in an efficacious manner in doing well in their job duties. Therefore, the individuals are able to acquire an efficient understanding of the meaning and significance of professional skills, when they promote the enhancement of factors that would prove to be favourable to them on a comprehensive basis.

Types of Professional Skills

The different types of professional skills are stated as follows:

Technical Skills

In the present existence, with advancements taking place and with the advent of technologies, it is of utmost significance for the individuals to hone technical skills. The technical skills are the skills, which are related to utilization of various types of technologies. These are, computers, lap-tops, projectors, audio-visual aids, printers, scanners, photo-copiers and so forth. In some cases, the individuals do not feel comfortable with the utilization of technologies, but getting engaged in regular practice will enable them to be well-versed in terms of their usage. Therefore, technical skills are professional skills, which will contribute effectually in doing well in one's job duties and in generating the desired outcomes.

Presentation Skills

In various types of organizations, the employees are required to give presentations as an integral part of their job duties. The supervisors and managers regard them as evaluation methods as well. The workforce need to put emphasis on reinforcement of presentation skills. They need to be informative in terms of

ISSN 2076-9202

subjects and concepts. Furthermore, they need to hone their confidence levels and overcome the feelings of apprehensiveness and vulnerability. The supervisors and the employees are able to generate awareness in terms of ways of implementation of job duties. Therefore, presentation skills are professional skills, which would enable the workforce to generate information in terms of their job performance.

Managerial Skills

Within organizations, the individuals need to be informative in terms of ways of honing managerial skills. The managerial functions that are put into operation are planning, organizing, directing, leading, staffing, co-ordinating and controlling. The individuals in leadership positions are vested with the authority and responsibility of putting into practice these functions. Furthermore, the other members of the organization too need to be well-equipped in terms of their meaning and significance. Managerial skills are the skills that facilitate the implementation of managerial functions. Therefore, managerial skills are professional skills, which need to be put into operation in all types of organizations.

Conflict Resolution Methods

In some cases, there are occurrence of conflicting situations and disagreements among the members of the organizations. These normally take place among colleagues. But the individuals need to be professional in their conduct and put into operation peaceful conflict resolution methods. They need to develop mutual understanding and form cordial and amiable terms and relationships with each other. The implementation of effective communication processes will enable the individuals to form sociable terms and relationships with each other. Therefore, conflict resolution methods are professional skills, which need to be put into practice particularly when there are occurrence of conflicting situations and disagreements.

Work Ethics

All the members of the organization need to be well-versed in terms of work ethics. The work ethics will enable them to do well in their job duties, achieve desired goals and objectives and lead to up-gradation of the overall structure of the organizations. Furthermore, the individuals need to carry out job duties in accordance to the laws and rules. In addition, making use of pioneering methods in the implementation of job duties and in generating the desired outcomes would prove to be beneficial (15 Professional Skills, 2021). Therefore, work ethics are professional skills, which need to be reinforced in leading to up-gradation of the overall structure of the organizations.

Time Management Skills

The individuals are vested with number of job duties and responsibilities. The implementation of time management skills would enable the individuals to take out time for all tasks and activities. The individuals assign priorities to the tasks. The job duties, which are more important are carried out first, whereas, the tasks, which are regarded as less important are carried out after the completion of the more important ones. The individuals ensure, they complete all job duties on time. Therefore, time management skills are professional skills, which would enable the individuals to take out sufficient amount of time for all tasks and avoid procrastination.

Leadership Skills

The individuals in leadership positions, i.e. heads, directors, supervisors, and managers need to pay attention towards leading to up-gradation of leadership skills. It is the job of the leaders to guide the

ISSN 2076-9202

workforce in the right direction regarding their job duties and achievement of organizational goals. Furthermore, they impart them information in terms of various aspects of the organizations and focus on their well-being. The leaders provide solutions to various types of problems and challenges experienced by the individuals. Therefore, leadership skills are professional skills, which would enable the individuals to pursue the right path to implement the job duties and achieve organizational goals.

Teamwork

The job duties can be carried out on an individual basis as well as in groups. There is encouragement of teamwork among members. One of the major benefits of teamwork is, the members will work in collaboration with each other towards the generation of desired outcomes. The individuals will exchange ideas and viewpoints and divide the job duties in accordance to the competencies and abilities. Furthermore, the mind-sets of the individuals will be stimulated towards putting into practice job duties and responsibilities. Therefore, teamwork is regarded as a professional skill, which would enable the individuals to develop motivation towards the implementation of their job duties.

Problem-Solving Skills

Within the course of implementation of tasks and activities, there are occurrence of various types of problems. These may be experienced in a major or in a minor form. The individuals need to be informative in terms of measures to cope with various problems in an adequate manner. Furthermore, they need to be prevented from giving rise to impediments within the course of implementation of job duties. The up-gradation of problem-solving skills would enable the individuals to cope with problems in a satisfactory manner. Therefore, problem-solving skills are professional skills, which would enable the individuals to provide solutions to various types of problems in an appropriate manner.

Collaboration and Integration

Within the organizations, the members are required to work in collaboration and integration with each other in the generation of desired outcomes. Working in collaboration and integration will enable the individuals to reinforce professionalism. The individuals will exchange ideas and viewpoints. Furthermore, they will acquire assistance from each other in generating the desired outcomes. The job duties are divided in accordance to the competencies and abilities. In this manner, the members are able to alleviate work pressure. Therefore, collaboration and integration are professional skills, which would facilitate in stimulating the mind-sets of the individuals to concentrate well on their job duties.

Factors necessary in leading to Up-gradation of Professional Skills

It is comprehensively understood in all types of organizations, all the individuals, irrespective of their job positions in the hierarchy need to be informative in terms of meaning and significance of professional skills. They need to ensure, they are professional in the implementation of all types of tasks and activities. They need to understand that in order to do well in their jobs, fulfil the expectations of the supervisors and employers, incur the feeling of job satisfaction and retain one's jobs, they need to put emphasis on up-gradation of professional skills. The individuals need to form constructive viewpoints in terms of various aspects of the organizations and the individuals, whom they are dealing with. They need to put in efforts to their best abilities to do well in their jobs and in generating the desired outcomes (5 Professional Skills for the Workplace, 2021). The individuals are adults and aware that they need to be professional in their conduct

ISSN 2076-9202

to enhance their career prospects. Furthermore, professionalism will enable the individuals to form cordial and sociable terms and relationships with each other. Factors necessary in leading to up-gradation of professional skills are stated as follows:

Possession of Adequate Information in terms of various Aspects

The individuals need to ensure, they are professional in their conduct within the course of implementation of tasks and providing solutions to problems. When the job duties are carried out on an individual basis or in a team, the individuals need to be informative in terms of strategies and approaches. In leading to reinforcement of professional skills, the individuals need to possess sufficient knowledge in terms of methods and procedures. These are the key within the course of implementation of job duties, achievement of desired goals and in leading to up-gradation of the overall structure of the organizations. The individuals need to make use of innovative methods in doing well in their jobs and in generating the desired outcomes. When the individuals are well-aware and informative, they are stated to be professional in their conduct. The depiction of expertise and proficiency is stated to be of utmost significance in leading to up-gradation of professional skills. Therefore, possession of adequate information in terms of various aspects is an important factor necessary in leading to up-gradation of professional skills.

Implementation of Effective Communication Processes

It is apparently understood that all the individuals, irrespective of their job positions in the hierarchy need to communicate with each other in an effective manner. Even when they are working on assignments and projects individually, still they need to communicate with others, i.e. supervisors, employers and colleagues. The communication processes takes place in a verbal and in a written form. The individuals need to make use of polite language and decent words within the course of implementing effective communication processes. Furthermore, the individuals need to form positive viewpoints in terms of various aspects of the organizations, i.e. job duties, infrastructure, amenities, facilities, methods, approaches, strategies and the overall environmental conditions. They need to provide equal rights and opportunities to all and treat each other with respect and courtesy. There should not be any discrimination among individuals on the basis of any factors, i.e. caste, creed, race, religion, ethnicity, gender, age groups, cultures and socio-economic backgrounds. Therefore, implementation of effective communication processes is an indispensable factor necessary in leading to up-gradation of professional skills.

Depiction of the Traits of Helpfulness and Co-operation

The individuals need to put emphasis on enhancement of the traits of helpfulness and co-operation. When they are helpful and co-operative, they will not only be able to acquire appreciation and reverence, but will also lead to up-gradation of professional skills. When the individuals are overwhelmed by various types of job duties and responsibilities, which are lengthy and complicated, it is apparently understood that they will have to obtain support and assistance from other members. These are supervisors and colleagues. The depiction of the traits of helpfulness and co-operation will enable the individuals to hone professional skills. These traits are regarded as indispensable, particularly when the individuals are wholeheartedly determined towards implementation of job duties, achievement of organizational goals and in promoting enrichment of the overall structure of the organizations. These need to be enriched throughout the job duties of all individuals, irrespective of their job positions. Therefore, depiction of the traits of helpfulness and

ISSN 2076-9202

co-operation is regarded as one of the significant factors necessary in leading to up-gradation of professional skills.

Coping with various Types of Problems

Within the course of implementation of job duties, there are occurrence of various types of problems. These are related to job duties, responsibilities, methods, procedures, approaches, infrastructure, amenities, facilities, materials, tools, technologies and the overall working environmental conditions. The problems may be experienced in a major as well as in a minor form. The individuals need to be informative in terms of measures to cope with various problems in an adequate manner. Furthermore, they need to be prevented from assuming a major form. Professional skills would enable the individuals to cope with problems in a satisfactory manner. Furthermore, the individuals need to ensure, they do not give rise to barriers within the course of implementation of job duties. Some job duties are manageable, whereas, other job duties are complicated. When the individuals are required to carry out complicated job duties or deal with cumbersome situations, they need to be professional in their conduct. The individuals should be well-prepared to overcome the feelings of apprehensiveness and vulnerability. Therefore, coping with various types of problems is a vital factor necessary in leading to up-gradation of professional skills.

Possessing the Abilities to Work under Stress

Within employment settings, some job duties are controllable and convenient, whereas, other job duties are difficult. When the individuals are required to carry out complicated job duties or deal with tedious situations, they need to be professional in their conduct. In other words, professional skills will facilitate in implementation of complicated job duties in a manageable manner. The individuals should overcome the feelings of apprehensiveness and vulnerability. Furthermore, they need to ensure, they concentrate on their job duties in a satisfactory manner. The enhancement of professional skills will enable the individuals to possess the abilities to work under stress. When they experience situations, which are stressful, they will be able to cope with stress in an adequate manner. When the individuals are required to work for long hours, then also it is regarded as stressful. But the individuals need to prepare themselves to do well in their jobs and meet the expectations of their supervisors and employers. This is facilitated through up-gradation of professional skills. Therefore, possessing the abilities to work under stress is a crucial factor necessary in leading to up-gradation of professional skills.

Inculcating the Traits of Morality and Ethics

All the members of the organization need to inculcate the traits of morality and ethics. These traits need to be reinforced throughout the job duties of the individuals. These are regarded to be of utmost significance within the course of implementation of tasks and in dealing and working with other individuals. In leading to reinforcement of these traits, the individuals need to differentiate between appropriate and inappropriate; strengthen the traits of efficiency, truthfulness and righteousness; carry out job duties in accordance to the expectations of the supervisors and employers; incur the feeling of job satisfaction; make wise and productive decisions; depict honesty and decency; make provision of factual information to others; provide solutions to the problems in a virtuous manner; carry out job duties in accordance to the standards and principles and retain their jobs. In order to put into operation all these factors, the individuals need to recognize the significance of morality and ethics. The up-gradation of professional skills will enable the

ISSN 2076-9202

individuals to inculcate the traits of morality and ethics. When they are professional in their conduct, they will contribute in an efficacious manner in strengthening of these traits. Therefore, inculcating the traits of morality and ethics is a meaningful factor necessary in leading to up-gradation of professional skills.

Implementing the Traits of Diligence, Resourcefulness and Conscientiousness

In order to do well in one's job duties, achieve desired goals and lead to up-gradation of the overall structure of the organizations. The individuals need to implement the traits of diligence, resourcefulness and conscientiousness. These traits will enable the individuals to form positive viewpoints in terms of their job duties and responsibilities. Furthermore, they will be able to cope with various types of problems in an appropriate manner. When the job duties are complicated and lengthy, it is likely possible that the individuals will feel concerned. But when they put into operation the job duties through implementation of these traits, they will be able to do well in their job duties and generate the desired outcomes. Honing of these traits is facilitated through development of professional skills. In other words, the up-gradation of professional skills will enable the individuals to implement these traits. When they are professional in their conduct, they will contribute in an efficacious manner in strengthening of these traits. Therefore, implementing the traits of diligence, resourcefulness and conscientiousness is an eminent factor necessary in leading to up-gradation of professional skills.

Exercising Control on the Psychological Problems

In all types of organizations within the course of implementation of job duties and working with others, it is likely possible the individuals will experience the psychological problems of anger, stress, anxiety and frustration. These psychological problems are experienced in a major form, particularly when the job duties are complicated. When the individuals put emphasis on exercising control on the psychological problems is facilitated through development of professional skills. In other words, the up-gradation of professional skills will enable the individuals to promote a normal mind-set. When they are professional in their conduct, they will contribute in an efficacious manner in exercising control on the psychological problems. Furthermore, the individuals will communicate with each other in an effective manner, augment the feelings of pleasure and contentment, develop mutual understanding with others, be well-equipped in terms of methods and procedures, develop motivation towards the implementation of job duties, form positive viewpoints in terms of various aspects of the organizations and possess the abilities to work under stress. Therefore, exercising control on the psychological problems is a fundamental factor necessary in leading to up-gradation of professional skills.

Augmenting Skills and Abilities

The various skills that need to be up-graded by the individuals are, communication skills, decision making skills, time management skills, analytical skills, critical thinking skills, problem-solving skills, technical skills, creative skills, presentation skills, personal skills, professional skills, leadership skills and negotiation skills. On the other hand, the abilities, which need to honed are, being well-versed in terms of job duties and responsibilities; making wise and productive decisions; being informative in terms of methods and procedures; taking out sufficient amount of time for all tasks and activities; being well-equipped in terms of techniques, laws and rules; developing motivation towards the implementation of job duties; forming positive viewpoints in terms of various aspects of the organizations; possessing the abilities to work

ISSN 2076-9202

under stress; possessing a pleasant personality and an approachable nature and reinforcing the traits of morality, ethics, diligence and conscientiousness. When individuals are professional in their conduct, they will contribute in an efficacious manner in doing well in their job duties. Therefore, augmenting skills and abilities is a factor necessary in leading to up-gradation of professional skills, which needs to be taken into account by the individuals throughout their job duties.

Leading to Enhancement of Personality Traits

The up-gradation of professional skills will enable the individuals to put into operation all the factors that would contribute in leading to enhancement of personality traits. When they are professional in their conduct, they will contribute in enhancement of personality traits (Professional Skills, 2020). The enhancement of the personality traits are the key within the course of implementation of job duties, achievement of desired goals and in carrying out the overall functioning of the organizations in an appropriate manner. Hence, the individuals need to put emphasis on enhancing their personality traits in doing well in their jobs and achieving organizational goals. Within the employment settings, the individuals have various goals and objectives to achieve. In order to achieve the goals and objectives, the individuals need to be well-versed in terms of job duties and responsibilities. Furthermore, they need to augment their knowledge and understanding in terms of pioneering methods and approaches. Therefore, leading to enhancement of personality traits is a factor necessary in leading to up-gradation of professional skills, which has rendered an important contribution in promoting enrichment of the career prospects of the individuals.

Conclusion

In all types of organizations within the course of implementation of job duties and working with others, the individuals need to focus on honing of professional skills. The up-gradation of these skills would prove to be beneficial to the individuals to a major extent. Types of professional skills are, technical skills, presentation skills, managerial skills, conflict resolution methods, work ethics, time management skills, leadership skills, teamwork, problem-solving skills and collaboration and integration. Factors necessary in leading to up-gradation of professional skills are, possession of adequate information in terms of various aspects, implementation of effective communication processes, depiction of the traits of helpfulness and co-operation, coping with various types of problems, possessing the abilities to work under stress, inculcating the traits of morality and ethics, implementing the traits of diligence, resourcefulness and conscientiousness, exercising control on the psychological problems, augmenting skills and abilities and leading to enhancement of personality traits. Finally, it can be stated, honing of professional skills will facilitate in enhancement of personality traits and career prospects of the individuals.

Bibliography

Copeland, A. (2021). Personal Skills vs. Professional Skills: What's the Difference? Retrieved December 17, 2021 from livecareer.com

Professional Skills: 6 to Focus on in 2020. (2020). Nigel Wright. Retrieved December 17, 2021 from nigelwright.com

5 Professional Skills for the Workplace. (2021). Retrieved December 17, 2021 from glassdoor.com

ISSN 2076-9202

15 Professional Skills (Plus Definition and Tips). (2021). Indeed Career Guide. Retrieved December 17, 2021 from indeed.com

Taylor, E. (2011). Important Professional Skills to Develop Early. School Tutoring Academy. Retrieved December 17, 2021 from schooltutoring.com

ISSN 2076-9202

International Journal of Information, Business and Management

http://ijibm.elitehall.com/