

# **STRATEGII MANAGERIALE**

## **MANAGEMENT STRATEGIES**

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# IDENTIFICATION OF UNDERLYING FACTORS OF STUDENTS' DROPOUT AFTER PRIMARY EDUCATION: A CASE STUDY

Dr. Amit Kumar Chakrabarty<sup>1</sup>

## **Abstract:**

*This paper deals with dropout problem of students after primary education. The focus of this study is on identification of underlying factors of students' dropout after primary education in Katwa Municipal area West Bengal. A sample of 21 dropout students has been taken at random from 4 boys and 3 girls schools situated at the studied area. Concerned school-teachers, parents, neighbours, political leaders, officers and members of the voluntary organization have been selected to take their opinion about the dropout problem of the students, after primary education. The data has been collected visiting door to door by the investigator himself and scored & tabulated keeping in mind the Likert scoring technique. To analysis the data rank correlation, t-test of rank correlation and chi-square test has been used. The study reveals that there are so many socio-economic factors are responsible for students' dropout after primary education though the degree of influence is unequal. The author recommended some policy to arrest the growth of these factors.*

**Keywords:** After primary education, Students' dropout, Teacher, Neighbour, Parent, Political leader, Officers and Members of the voluntary organizations.

## **Introduction:**

School dropout is widely recognized as a negative life event which is often followed by further problems. Dropping out of high school has the negative long-term effects of creating social, economic, and personal challenges for the individual and the surrounding community. Mostly dropping out students are those unable to completing their high school study. As a result the individually and the society are highly affected by the issue. It has to be put more efforts and strength to reduce the dropout rate in the particular area because only through education that the life can be better and the society also can be improved. A dropout is a considered a student who for any reason other than death leaves school without transferring to another school. Dropout is a social problem and is also associated with delinquency and low school achievement.

This article deals with a socio-economic problem, which is students' dropout after primary education in Katwa Municipal area of Purba Bardhaman District, West Bengal, India. 'Dropout' means here the students' leaving from school during the transition from Class-V to Class-VIII (i.e. left out from school). Dropout is a dangerous problem relating to our education system, not only in primary education but also in upper primary level. Numerous factors are responsible for this problem. If the major factors of the problem are detected, the necessary steps can be taken to solve the problem gradually and in consequence of that effort, dropout after primary education may be checked.

This type of thinking creates the interest of the investigator to take up the study. In the present study, attempts have been taken to find-out the underlying the factors responsible for the problem in the studied area.

## **Review of Existing Literature:**

Few early researches, national and international level in this field are being highlighted below:

In a study, Chimombo (1999) observes that though the enrolment in school is almost same for girls and boys, boys have a higher likelihood of continuing school compared to girls.

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To find out the causes of daughters' dropout, Fuller and Laing (1999) and Grant and Hallman (2006) found an association between a family's financial strength and the likelihood of the daughter's dropout in South Africa.

Distance to schools, poor quality of education, inadequate facilities, overcrowded classrooms, inappropriate language of instruction, teacher absenteeism and, in the case of girls school safety, are common causes for school dropout (Colclough, et al. 2000).

Holmes (2003) also found that girls overall attain less education and tend to dropout earlier as compared to boys.

Leung and Zhang (2008) found that parents' preference for sons encourage more of them to invest for in their sons' well-being to take care of parents in the future. In fact, parental gender bias investment occurs particularly when parents have limited or lower income and resource, causing girls to leave school earlier than boys.

From the families' perspective, Ghosh, Susmita & Sengupta (2012) observe that in poor households in India, the costs of schooling for girls are likely to be higher while the benefits more tenuous for them than the boys.

A growing body of literature shows that girls' dropout rates are higher compared to boys' in most parts of the world. For instance, according to UNESCO (2012), the dropout rate is higher for girls in 49 countries compared to boys

Biswarupa Dash (2014) identified that major reason for school dropouts among tribal communities has been non-availability of books and teachers in their own language. Girls are more interested in going to schools if female teachers are there in the schools. They feel more comfortable with female teacher.

Dr. Md. Afsar Ali (2014) revealed that parental decision to dropout their wards from primary education does not depend upon gender, but depend upon their economic status. Poverty influences the parents to withdraw their wards from school.

The results of Mrityunjay Jana et.al (2014) study revealed that drop out of pupils from school in rural backward area were reluctance of parents and participation in domestic activities. Another major reason was problem of financial constraints. The parent's educational status was poor and they did not give much importance to the education of girls as they did to their sons. They perceived that sons support them in their old age.

Sateesh Gouda M & T. V. Sekher (2014), observed that the dropout was high among the children belonging to Muslim, Scheduled Caste and Scheduled Tribe families. Parental characteristics also play a significant role in determining school education. The dropouts among the children belonging to illiterate parents were four times higher than that of the literate parents. It was also observed that if parents were not working, the possibility of dropout among their children was relatively high. The study suggests that unless and until there is considerable improvement in the economic status of households and change in the social attitudes of parents, achieving the goal of universalisation of school education will remain a major challenge for India.

Chinmayee Mohanty (2018), studied the three region of Odisha such as Southern region, Northern Region and Coastal Region, the dropout rate has lowered in coastal region and highest in Northern region. The reason may be the backwardness of northern region, distance of school due to hilly areas and so on. In the trends of dropout in the two districts of Odisha such as Koraput and Sonpur it has been seen that although both the district belong to the same region that is southern region, Koraput has highest dropout rate in compare to Sonpur.

S.V. Halawar (2019), attempted to understand the nature of student strength and school dropouts. The results reveals that female student strength is comparatively high in the government schools from 2011-12 to 16-17 and male strength in private schools and later during 2017- 18, this scenario has changed and also observed the significant difference in the school dropouts year wise.

Anwar Hussain et. al (2020), showed that the major causes of dropouts in the research area were crowded and large schools; uncaring, untrained and irresponsible teachers; usage of passive teaching methods; inappropriate curriculum design; inappropriate evaluation procedure; lack of parents' involvement; lack of checks and bureaucratic system and long distance and lack of extra co curricular activities.

In the present study attempt has been made to investigate the causes of drop outs in Katwa Muinicialpal area under the district of Purba Bardhaman, WB, because no such work has been undertaken in this area.

### **Statement of the Problem:**

The statement of the problems of the study is "Identification of underlying factors of students' dropout after primary education in Katwa Municipal area of Purba Bardhaman District, West Bengal, India".

### **Objective of the Study:**

The main objective of the study is to determine the underlying factors of dropout after primary education in the studied area. In order to determine the factors, the following studies have been taken:

(a) To find out the relationship between students' dropout and economic condition, consciousness, educational standard, cultural standard, frustration, negligence of the neighbors etc. of the students' family. The significance of the relationships has been tested.

(b) To find-out the relationship between students' dropout and administrative initiative, activities of the voluntary organizations, political parties initiative, teachers' negligence etc. The significance of the relationships has also been tested.

Moreover, attempts are taken to judge the influence of the students' sexual status and residential status on students' dropout after primary education.

Apart from these, economic condition, cultural standard, consciousness, educational standard, neighbours' negligence, frustration of the students' parents and administrative initiative, voluntary organisations' activities, political parties' activities, teachers' negligence has been assessed.

### **Hypotheses:**

In order to realize the objectives of the study the following null hypotheses are proposed to be formulated.

1) **H<sub>0</sub>**: There exists no significant relationship between students' dropout and

- (a) economics condition.
- (b) cultural standard.
- (c) consciousness.
- (d) educational standard
- (e) neighbours' negligence.
- (f) parents' frustration.
- (g) administrative initiative.
- (h) voluntary organizations activities.
- (i) teachers' negligence.
- (j) political activities.

An alternative hypothesis formulated is:

**H<sub>a</sub>**: There exists significant relationship between students' dropout and

- (a) economic condition.
- (b) cultural standard
- (c) consciousness
- (d) neighbours' negligence

- (e) parents' frustration
- (f) administrative initiative
- (g) voluntary organization activities
- (h) educational standard
- (i) political activities
- (j) teachers' negligence

**2)  $H_0$ :** Sexual status of the students and students' dropout is independent to each other.

An alternative hypothesis formulated is:

**$H_a$ :** Sexual status of the students and students' dropout is dependent to each other.

**3)  $H_0$ :** Residential status of the students and students' dropout is independent to each other.

An alternative hypothesis formulated is:

**$H_a$ :** Residential status of the students and students' dropout is dependent to each other.

### **Delimitation:**

The study is confined to the jurisdiction of Katwa Municipal area under the district of Purba Bardhaman, West Bengal, India. The present study is based on 21 sample students of that area. Conclusions drawn on the basis of the above small sample may not be beyond criticism.

### **Descriptions of Attributes:**

**1) Students' Dropout (S.D):** In the present study it has been taken as an important attribute. Here drop-out means here students' leaving from school during the transition from class V to Class VIII (i.e. left out from school). Students' dropout at the upper primary level is a severe problem not only at the primary stage of education but also at the upper primary level.

A relationship between students' dropout and families' economic condition, cultural standard, consciousness, educational standard, 'neighbours' negligence', 'parents', 'frustration', 'administrative initiative', 'voluntary organizations activities', 'political parties activities', 'teachers' negligence' may therefore be expected.

**2) Economics Condition:** In the present study it has been selected as an attribute. It means economic condition of the families of the studied students. Economic condition of a family is measured in terms of real income earned by the family per year. More specifically, it can be said that how strong is their families economics position. It is obvious that strong economic position of a family may not be the cause of students' dropout conversely may be the cause of this problem.

A relationship between students' dropout and families' economic condition may, therefore, be expected.

**3) Cultural Standard:** In the present study it has been selected as an attribute. It means cultural standard of the dropout students' families. It includes families' consciousness about child's education, health, co-curricular activities, parents' education, progressive thinking and awareness etc.

A relationship between students' dropout and families' cultural standard may, therefore, be expected

**4) Consciousness:** In the present study. It has been selected as an attribute. It means consciousness of the studied students' families. Consciousness includes sincerity, seriousness and careful attitude of the parents towards the education of their child.

A relationship between students' dropout and families' consciousness may, therefore, be expected

**5) Educational Standard:** In the present study it has been selected as an attribute. It means educational standard of the families of the studied students. Families' educational standard is determined by the parents and forefathers' academic knowledge. This knowledge makes the parents conscious about their children's educational property.

A relationship between students' dropout and families' educational standard' may, therefore, be expected.

**6) Neighbours' Negligence:** In the present study it has been selected as an attribute. Here 'neighbour' means educated neighbours of the families of the studied students. Neighbours have a responsibility to convince and make the parents conscious about their children's proper education, co curricular activities, health and potentiality. When the neighbours are deviated from these duties, it is called neighbours' negligence.

A relationship between students' dropout and 'neighbours' negligence' may, therefore, be expected.

**7) Parents' Frustration:** In the present study it has been selected as an attribute. Dropout students at maximum belong to the family of the lower income group of the society. Parents of those poor students cannot think that education of those students may give financial support to their family. Because, on behalf of them it is very troublesome to meet the minimum expenditure for elementary education. Considering the fact, parents of the studied students became frustrated and they do not think about their children's education.

A relationship between students' dropout and 'parents' frustration' may, therefore, be expected.

**8) Administrative Initiative:** In the present study it has been selected as an attribute. Administration of the studied area should have not macro level plan for children education, health, fooding, co-curricular activities and also for the children who have already become dropouts.

A relationship between students' dropout and 'administrative initiative' may, therefore, be expected.

**9) Voluntary Organisations' Activities:** In the present study it has been selected as an attribute. Registered clubs, N.G.Os, Charitable institutions etc are fallen under the voluntary organizations. In the studied area these organizations have a vital role regarding the child education of the area. If the organizations are inactive in this regard, the society is deprived of this service. Responsible members of these organizations can take a responsibility about the development of child education, child health, child culture, child-co-curricular activities etc.

A relationship between students' dropout and 'voluntary organization activity' may, therefore, be expected.

**10) Political Initiative:** In the present study it has been selected as an attribute. Political initiative means activities of the political workers of the different political parties regarding children education in the studied area. Political parties have a social responsibility to remove the different social curses like dropout problem'. They should have a macro level plan for child's elementary education and continuation of that education, health, food and co-curricular activities. The steps taken by the different political parties to get rid of the trap from students' dropout problem are known as political initiative.

A relationship between students' dropout and families' 'voluntary organization activity' may, therefore, be expected.

**11) Teachers' Negligence:** In the present study it has been selected as an attribute. If any teacher avoids or does not take special care for education of the backward students, it is called teachers' negligence. It is a vital cause of students' dropout problem.

A relationship between students' dropout and 'teachers' negligence' may, therefore, be expected.

### **Design and Methodology:**

**Selection of Sample:** The study has been conducted within the Jurisdiction of Katwa Municipal area under the district of Purba Bardhaman, West Bengal, India. There exists 4 boys high schools and 3 girls high schools. Out of each boys school 3 dropouts (male) and each girls schools 3 dropouts (female) has been selected at random. The sample size of the students is 21. On the other hand, out of the 21 sample students, 9 (i.e 3x3) students of the total sample students are female. Concerned school-teachers, neighbours, parents, political leaders, officers and members of the voluntary organizations have been selected to take their opinion about the dropout problem of the students, after primary education.

### **Selection and Description of Tools:**



Primarily data have been collected by the investigator, in person, visiting door to door of the students, parents, teachers, neighbours, officers, members of the voluntary organizations and political leaders using 7 type of questionnaire. Data have also been collected likewise from the above mentioned persons by direct interview. These are discussed below:

**A) Questionnaire for Students:** Questionnaire for dropout students is prepared emphasizing their cause of dropout and non enrolment after completing primary education. They are asked about their family's economic condition and how far it is responsible for their irony. Apart from that, sexual status and residential status are also included in the questionnaire. It is short sized structured, close ended questionnaire. There are three scales of opinion (very much, moderate, not at all) having different scores for each of them. The medium of the questionnaire is Bengali for easy comprehension and communication.

**B) Questionnaire for Parents:** Questionnaire for parents is prepared emphasizing the aspects, viz. economic condition, cultural standard, educational standard, consciousness of the parents. It is a moderate sized, structured, close-ended questionnaire. There are three scales of opinion (enough/moderate/not at all) having different scores for each of them. The medium of questionnaire is Bengali for easy comprehension and communication.

**C) Questionnaire for Teachers:** Questionnaire for teachers is prepared to get their opinion about the cause and acuteness of the students' dropout problem. Apart from these, teachers' sexual status and residential status are also included in the questionnaire. There are three scales of opinion (enough/moderate/ not at all) having different scores for each of them. The medium of questionnaire is Bengali for easy comprehension and communication.

**D) Questionnaire for Neighbours:** Questionnaire for neighbours (students) is prepared to know the initiative taken by them to remove the dropout of the students and the acuteness of the problem. They are asked about the steps taken by them spontaneously to get rid of the trap of students' dropout. It is a very short sized, structured, close-ended questionnaire. There are three scales of opinion (enough/moderate /not at all) having different scores for each of them. The medium of questionnaire is Bengali for easy comprehension and communication.

**E) Questionnaire for Officers:** Questionnaire for officers is prepared emphasizing the aspects, viz. administrative initiative regarding students' dropout problem, general standard of the studied area and the acuteness of the problem. The officers, sexual and residential status are also included in the questionnaire. It is a short size, structured, close-ended Questionnaire. There are three scales of opinion (good/moderate/bad) having different scores for each of them. The medium of questionnaire is Bengali for easy comprehension and communication.

**F) Questionnaire for Members:** Questionnaire for the members of the voluntary organizations is prepared to know the initiative taken by them to remove the students' dropout problem and the acuteness of the problem. It is a very short sized, structure close-ended questionnaire. There are three scales of opinion (good/moderate/not at all) having different scores for each of them. The medium of questionnaire is Bengali for easy comprehension and communication.

**G) Questionnaire for Political Leaders:** Questionnaire for political leaders is prepared to know their initiative to solve the students' dropout problem' and the acuteness of the problem. They are asked about the steps taken by them spontaneously to get rid of the trap of students' dropout problem. It is a very short sized, structured, close-ended questionnaire. There are three scales of opinion (enough/moderate/not at all) having different scores for each of them. The medium of questionnaire is Bengali for easy comprehension and communication.

**H) Direct Interview:** Direct interview has been made by the investigator to the sample students, parents, teachers, neighbours, officers, members, and leaders to collect more information about the said problem. Students and their parents are asked about the causes of such irony. Both are also asked about the unwillingness to take the upper primary education. Teachers, leaders, neighbours, officers, members are asked about the causes, acuteness of the said problem and also their venture taken for this purpose. They are also asked about whether the Govt. expenditure for

meeting, seminar, conference, convention, workshop etc for this purpose is necessary or not. They are asked–Is the daily stipend to each such students by the Govt. be more effective to solve the students’ dropout problem’? The opinion of these persons about the impact of sexual status and residential status of the sample students’ on ‘dropout problem’ after primary education is sought for.

#### **Collection of Data:**

The data have been collected from students, parents, teachers, neighbours, officers, members of the voluntary organizations and political leaders through door to door investigation by the investigator himself. They are requested to give their natural, free and frank responses to the queries. They are taken into confidence and told that the information is required only for research purpose and will be strictly kept secret.

#### **Tabulation and Scoring of Data:**

The data which have been collected through 7 type of questionnaire are compiled on suitable tabulation sheets which are also prepared for the purpose.

The data obtained are scored, keeping in mind the ‘Likert Scoring System’ as follows:

(A) **Students’ Questionnaire:** In this questionnaire students are subjected to answer one of the three options-very much, moderate, not at all. Score 10 is allotted to very much opinion. Score 6 is allotted to ‘moderate’ opinion and score 4 is allotted to ‘not at all’ opinion.

(B) **Questionnaire for Parents:** In the parents’ questionnaire there are as many as six questions relating to their economic condition, cultural standard, educational standard, consciousness etc. These questions are subjected to answer one of the three options-enough, moderate, not at all. Score 10 is allotted to each ‘enough’ opinion. Score 6 is allotted to each ‘moderate’ opinion and score 4 is allotted to each ‘not at all’ opinion.

(C) **Questionnaire for Teachers:** In the teachers questionnaire there are three scales of opinion-enough, moderate and not at all. Score 10 is allotted to ‘not at all’ response, score 6 is allotted to ‘moderate’ response and score 4 is allotted to ‘enough response.

(D) **Questionnaire for Neighbours:** In the neighbours’ questionnaire there are three scales of opinion – enough, moderate and not at all. Score 10 is allotted to ‘enough’ response, score 6 is allotted to ‘moderate’ response and score 4 is allotted to ‘not at all’ response.

(E) **Questionnaire for Officers:** In the officers’ questionnaire there are three scales of opinion-good, moderate and bad. Most of the cases score 10 is allotted to ‘good’ response, score 6 is allotted to ‘moderate’ response and score 4 is allotted to ‘bad’ response. In one case only the score has been changed’ 4 instead of 10 and 10 instead of 4.

(F) **Questionnaire for Members:** In the questionnaire for members of the voluntary organizations, there are three scales of opinion- good, moderate and not at all. In most of the cases score 10 is allotted to ‘good’ opinion, score 6 is allotted to ‘moderate’ opinion and score 4 is allotted to ‘not at all’ opinion. In one case only the score has been changed-4 instead of 10 and 10 instead of 4.

(G) **Questionnaire for Political Leaders:** Questionnaire for political leaders is subjected to answer three scales of opinion- enough, moderate and not at all. Except one case, score 10 is allotted to each ‘enough’ response score 6 is allotted to each ‘moderate’ response and score 4 is allotted to each ‘not at all’ response. In only one case the score has been changed 4 instead of 10 and 10 instead of 4.

#### **Statistical Technique used:**

The data are tabulated and analysed keeping in view the objective spelt out and hypotheses formulated. Rank correlation coefficients (p) are calculated to study the relationship between “Students’ Dropout Problem” and

- (1) economic condition,
- (2) cultural standard.
- (3) educational standard.
- (4) consciousness

- (5) neighbours' negligence
- (6) parents' frustration
- (7) administrative initiative
- (8) members' initiative
- (9) political initiative.

In order to judge the significance of these relationship 't-value' of rank correlation coefficient (p) have been computed. Test has been made at 1% significance level in general. Chi-square ( $X^2$ ) tests has been used to test the dependence of the attributes-'Students' Dropout Problem' and (i) sexual status of the students. (ii) residential status of the students. The test has been made at 1% significance level. Corrected value of chi-squares ( $x^2$ ) [Yates correction] has also been calculated for these case.

### Findings:

**Table 1**  
**Results of Statistical Tests**

Attributes	Rank co-coeff (p)	Calculate d value of 't' of 'p'	Table value of 't' at 1% sig lev	Calculated value of ( $x^2$ )	Correct ed $x^2$ value	T.V of $x^2$ at 1% sig level	Degree of freedom	Hypothesis accepted $H_0/H_a$
a) Students' Dropout (S.D) Problem vs. Economic Condition	.69	3.79	2.86	-	-	-	19	$H_a$
b) S.D. vs. Cultural Std.	.79	4.65	2.86	-	-	-	19	$H_a$
c) S.D. vs. Consciousness	.59	3.55	2.86	-	-	-		$H_a$
d) S.D. vs. Edu. Std.	.71	4.89	2.86	-	-	-		$H_a$
e) S.D. vs. Neigs. Negl.	.07	1.79	2.86	-	-	-		$H_0$
f) S.D. vs. Parents' Frustration	.61	3.59	2.86	-	-	-		$H_a$
g) S.D. vs. Adm. Inite.	.41	2.03	2.86	-	-	-		$H_0$
h) S.D. vs. Vol.Org.Init e.	.43	1.83	2.86	-	-	-		$H_0$
i) S.D. vs. Pol.Par. Act.	.27	.97	2.86	-	-	-		$H_0$
j) S.D. vs. Tea.Negli.	.63	3.29	2.86	-	-	-		$H_a$
k) S.D. vs. Students' Sexual Status	-	-	-	1.07	.56	9.21	02	$H_0$
S.D. & vs. Students' Res. Status (Dev. Area and Under Dev. Area)	-	-	-	1.01	.51	9.21	02	$H_0$

Source: Compiled by Author

### **Conclusions:**

#### **Factors related to students' family responsible for students' dropout:**

(i) There exists a notable relationship between students' dropout problem' after primary education and their families' economic condition. The relationship is significant also.

(ii) There exists a significant relationship between 'students' dropout problem' and their families' cultural standard.

(iii) Consciousness of the students' family and 'students' dropout problem' is closely related. The relationship is significant.

(iv) The correlation between educational standard of the students' families and 'students' dropout problem' after primary education is significantly strong.

(v) There exists a relationship between the frustrations of the students' parents and 'students' dropout problem'. It is significant also.

(vi) There exists a strong relationship between students' dropout after primary education and teachers' negligence. The relationship is very significant.

The study reveals that the major underlying factors of students' dropout problem are: families' economic condition, families' cultural standard, Consciousness of the students' family, educational standard of the students' families, frustrations of the students' parents and teachers' negligence.

#### **Other factors responsible for students' dropout:**

(vii) There exists a light relationship between negligence of the students' neighbours and 'students' dropout problem'. It is not at all significant.

(viii) Though 'students' dropout problem' and lack of administrative initiative is to some extent related but the relationship is not strong at all.

(ix) There exists no significant relationship between 'students' dropout problem' and activities of the members of the voluntary organizations. There exists a negligible relationship between both attributes, though.

(x) The relationship between 'students' dropout problem' and political leaders' activities is not significant but there activities are not significant but there exists a light relationship between both the attributes.

(xi) The students' sexual status (male/female) is independent to 'students' dropout problem'. That means male/female ratio of the students is about the same in the studied area.

(xii) The students' residential status (developed/underdeveloped area) is independent to 'students' dropout problem'. It indicates that such type of students is coming at the same rate from the developed and under developed areas of the studied area.

The study also reveals that the minor underlying factors of students' dropout problem are: negligence of the students' neighbours, lack of administrative initiative, activities of the members of the voluntary organizations and political leaders' activities.

That means the underlying factors of the problem are mainly related to the students' family. More specifically and briefly it is directly related to the poverty of the students' family. Teachers also directly related to the problem. Apart from these other factors (discussed earlier) are indirectly related to such a socio-economic problem.

#### **Implications of the study:**

The study reveals a number of drawbacks of the parents, neighbours, administrations, voluntary organizations and political parties of the studied area. The state of affairs lead investigator to several implications for the concerned authorities. Suitable steps should, therefore, be taken by the respective authorities to remove the existing drawbacks. The following recommendations are made in this regard.

1. Parents should be conscious about their children's education and also their children's future.
2. Administration of the studied area has a great responsibility to remove this problem. The poverty of students' family is the major cause of this problem. Administration should take a macro level plan to get rid of the trap from the problem. It may be very effective to solve the problem if the Govt. provides daily stipend to each student at the upper primary level, cutting the government expenditure on meeting, convention, orientation programme, workshop etc for this purpose. It seems to the investigator that the 'daily stipend system' is the best way to solve the problem.
3. Neighbours should play their proper role to solve the burning problem. They should try to make the parents conscious of their children's education.
4. Teachers' should always try to find out the backward students whose attendance is irregular. They should apply interesting teaching technique for ensuring these students' attendance. "Joyful Learning' technique is very convenient in this purpose.
5. Voluntary organizations should take a continuous plan to solve the problem. They should also try to make parents conscious of their children's educations and of the future of their children.
6. Political parties should involve their workers to remove the problem. It seems to the investigator that as the 'dropout students' are not the vote bank of the political parties, naturally they neglect their duties to this problem. They should understand the depth and future of the problem and try to remove the problem.

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# REASSESSMENT OF UNDERLYING FACTORS OF JUVENILE DELINQUENCY IN THE PURVIEW OF COVID-19: A CASE STUDY

Dr. Amit Kumar Chakrabarty<sup>1</sup>

## **Abstract:**

*This paper is a reassessment of underlying factors of juvenile delinquency in the purview of Covid-19. The study tries to judge the relationship between juvenile delinquency and impact of media, heredity, environment, time, age, school performance, economic status, association etc. The significance of the relationships has been tested. Moreover, attempt has been made to study the influence of the juveniles' sexual status and residential status on juvenile delinquency. It is observed that juvenile delinquency inside the home has been increased during the lockdown period. The study reveals that media has a significant impact on juvenile delinquency. There exists no significant relationship between juvenile delinquency and age, economic status of the juveniles. The study proves that there exists a significant relationship between juvenile delinquency and heredity, environment, time, school performance, association etc. The study also proves that juvenile delinquency and juveniles' sexual status and residential status are not independent.*

**Key Words:** Covid-19, Juvenile Delinquency, Media, Heredity, Environment, Time, Age

## **Introduction:**

“Covid-19” or Coronavirus is a notorious virus which causes pandemic worldwide. At present it is not unfamiliar to human being due to its devastation. At first, Covid-19 originates and spreads in a state, Wuhan of China in the months of December 2019. Subsequently it grabs the countries of Europe, America, Africa and Asia miserably. Almost 213 Countries and Territories around the world have reported a total of [7,854,879 confirmed cases](#) of the coronavirus Covid-19 that originated from Wuhan, China, and a death toll of 431,724 deaths till death. Top six largely affected countries in the world are USA, Brazil, Russia, Spain, UK and India. No specific drug or vaccine has yet been invented to control the Covid-19. Some restrictions such as lockdown, social distancing, compulsory using of mask, sanitizer, hand washing and maintenance of new life style are the tools to combat against the pandemic. There is no light of hope to arrest the muted virus so far. This unprecedented phenomenon simultaneously creating some social, economical and psychological problems, those have serious impacts on human beings also. Adolescent school students are confined in their home a long time due to lockdown. They are in a trauma which causes some behavioral changes among them. They become violent in some cases. Now the time to reassess the underlying causes of delinquency among the juveniles in the purview of Covid-19.

Growing nature of delinquency among adolescents is a global phenomenon. Countries across the world are suffering more or less from this problem. India can never be the exception to this. It is a matter of great concern. If we give our attention to daily news papers, we will see the offences are happening frequently among the juveniles. The society is changing rapidly in the breeze of globalization. Consequently, society is becoming complex and many social problems are originated. Juvenile delinquency is certainly a social problem. In developing countries like India the acuteness of the problem is very significant. Worldwide spreading of Covid-19 and subsequent imposition of lockdown aggravated the problem among the adolescents seriously. They are becoming more delinquent inside the home. Now the time is to reassess the causes of the problem and find out the remedies.

## **Review of Literature:**

Juvenile delinquency is a subject of social science in broad sense. Many research works have been conducted on the issue in India and also abroad before occurrence of this pandemic Covid-19. Few of them are being highlighted below:

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World Youth Report (2003) indicates that the juvenile who receive less familial supervision, or who live in dysfunctional family settings or in disadvantaged families have more chances of getting involved in delinquent behavior.

He Len Chung and Laurence Steinberg (2006) indicates that when the neighborhood ties are weak and the social organization factors are not effective, the social control over the members of the society becomes weak, thus leading to delinquent tendencies. Along with the weak neighborhood, ineffective parenting and association of the youth with deviant peers leads to higher rates of offending.

According to Psacharopoulos (2007) early school leaving and criminal behavior of young people are two important concerns in every community as they can result in individual and public losses. School dropout is associated with lower economic growth, youth unemployment, decreases in gross income and with higher crime rates as well.

Piquero et al. (2007) and Bosick (2009) proves that the age-crime curve shows that the peak age of criminal behavior is in adolescence, between age of 15 and 19.

K. S. Williams (2012) explains delinquency from psychological view point, which support the Freudian concepts of id, ego and super-ego. When the id becomes too strong, and the super- ego becomes weak the ego develops into anti- social person.

Ombato, John Onyango et al (2013) concludes that social factors such as poverty and low education are also responsible for juvenile delinquency. Habits of substance abuse also make the youth vulnerable to offending. Broken families are directly related to higher rates of delinquency.

The study of female inmates in Bangladesh by Maruf et al (2015) reveals that there can a strong link between psychological condition of the youth and delinquent tendencies. Very high incidence of psychiatric disorder among the offenders of Female Juvenile Center, showed high incidence of substance abuse.

S. Choudhary (2017) categorizes the causes of Juvenile delinquency into three groups: 1.Biological 2.Socio-Environmental and 3. Psychological, Physiological and personal. Juvenile delinquency is an ongoing problem in today's society, there needs to be more programs created in order to correct this issue.

D. Agarwal (2018) tries to find out the underlying causes of juvenile delinquency and indicates increasing involvement of the juveniles in heinous crimes. To contain the problem of juvenile delinquency in India, the Act pertaining to Juvenile Delinquency has been amended and now trial of juveniles involved in heinous crimes is held as adults.

In the present article, an attempt has been made to reassess the causes of juvenile delinquency during the lockdown imposed subsequently after the outbreak of Covid-19. So far knowledge goes such type of research work is scarce in the studied area till date. If the causes are detected specifically and are dealt with properly, it may be possible to solve the problem in near future.

### **Objective of the study:**

The objectives of the study are:

1. To study the relationship between juvenile delinquency and
  - a. the impact of media
  - b. the heredity of the family
  - c. the environment of living
  - d. the impact of time
  - e. the impact of age
  - f. the school performances
  - g. the economic condition
  - h. association of the juveniles.
2. The significance of the relationships has also to be studied

3. To study the influence of the juveniles' sexual status and residential status on juvenile delinquency.
3. To assess and consider the heredity, environment, economic condition of the juveniles' families, their association, schools' performances and age of the juveniles.
4. To judge, whether the variances of opinion of guardians and also teachers regarding the impact of media on juvenile delinquency are consistent or not.

### **Hypothesis:**

In order to realize that objective of the study, the following null hypotheses have been formulated.

- (1)  $H_0$  : There exists no significant relationship between juvenile delinquency and (a) media, (b) environment, (c) heredity (d) time, (e) age, (f) performances, (g) economic condition, (h) association

An alternative hypothesis formulated is

- $H_a$  : There exists significant relationship between juvenile delinquency and (a) media, (b) environment, (c) heredity (d) time, (e) age, (f) performances, (g) economic condition, (h) association

- (2)  $H_0$ : The variances of opinion of guardians and also teachers regarding impact of media is significantly consistent.

An alternative hypothesis formulated is

- $H_a$ : The variances of opinion of guardians and also teachers regarding impact of media is significantly inconsistent.

- (3)  $H_0$ : Sexual status of the juveniles and juvenile delinquency are independent to each other .

An alternative hypothesis formulated is

- $H_a$  : Sexual status of the juveniles and juvenile delinquency are dependent to each other .

- (4)  $H_0$ : Residential status of the juveniles and juvenile delinquency are independent to each other.

An alternative hypothesis formulated is

- $H_a$ : Residential status of the juveniles and juvenile delinquency are dependent to each other.

### **Delimitation:**

The study is confined to the jurisdiction of Burdwan Municipality under the district of Purbabardhaman, West Bengal, India. The present study is based on only 21 samples of juvenile delinquent of the studied area. The major portion of the study stands on the opinion of 21 teachers of these sample juveniles.

### **Description of Attributes:**

**1. Juvenile Delinquency:** In the present study it has been selected as the only dependent attribute. Juvenile delinquency means here the crimes or offences committed by the juvenile at the period of adolescence. Destructive activities, physical and mental torture to their associates, blood shed, stealing, eve teasing, use of slang, audacity, disobedience, etc. are the examples of juvenile delinquency. Such types of offences are increasing in recent time all over the world.



A relationship between juvenile delinquency and impact of media, heredity, environment, time, age, performance, economic status, association may, therefore, be expected.

**2. Media:** In the present study it has been selected as independent attribute. Media means here both the audio visual and print media. Television., Cinema, Video etc are under the audio visual media and newspapers, magazines, journals are termed as print media. It is a fact that the impact of audio visual media as well as print media on society is very significant.

A relationship between juvenile delinquency and impact of media may, therefore, be expected.

**3. Heredity:** In the present study it has been selected as an independent attribute. Heredity is the process by which the characteristics of parents are transferred to their next generation. It is a continuous biological process. It means if the parents genetically inherit the characteristic of juvenile delinquency, it must be transferred to their sons and daughters.

A relationship between juvenile delinquency and impact of heredity may, therefore, be expected.

**4. Environment:** In the present study it has been selected as an independent attribute. Here nonphysical environment is explained. It includes sociological, cultural, economic, political, educational, religious atmosphere of the area where the juveniles are living in. Environment both inside the home and outside the home, is considered here.

A relationship between juvenile delinquency and impact of environment may, therefore, be expected.

**5. Time:** In the present study it has been selected as an independent attribute. Time means a period required for changing a society. It is consensus that the nature and habit of human being changes with the changing of society. So time plays a vital role in changing the activities of human beings.

A relationship between juvenile delinquency and impact of time may, therefore, be expected.

**6. Age:** In the present study it has been selected as an independent attribute. Here age means the impact of chronological age of juveniles on their body and mind. It is a fact that a radical change takes place in the body and mind of juveniles at the period of adolescence.

A relationship between juvenile delinquency and impact of age may, therefore, be expected.

**7. Performance:** In the present study it has been selected as an independent attribute. Performance means academic performances of the juveniles. It includes results of school examinations, co-curricular activities etc. Continuous poor performances in school evaluation system create frustration in the mind of juveniles and may, sometimes, be the cause of juvenile delinquency.

A relationship between juvenile delinquency and impact of poor performances may, therefore, be expected.

**8. Association:** In the present study, it has been selected as an independent attribute. Association means here the close companion of juveniles. In broader sense, association means the friends, parents, school teachers, private tutors, close relatives, near neighbors of the juveniles.

A relationship between juvenile delinquency and impact of association may, therefore, be expected.

### **Methodology:**

The study has been conducted on the juvenile delinquency within the jurisdiction of Burdwan (23.2324° N, 87.8615° E) Municipality in the district of Purbabardhaman, West Bengal, India. 21 delinquent juveniles including 7 female have been selected at random assuming true representatives of the total population. All sample juveniles are school students,

belonging to the age group of 13 years to 16 years. 21 teachers of these sample juveniles are choosed who are closely associated with them. 21 guardians of these juveniles are picked up with due sincerity.

#### **Selection and Description of Tools:**

Primary data have been collected by the investigator, in person, using whatsapp from the 21 teachers and 21 guardians on the basis of two types of questionnaire. Data have also been collected from the sample juveniles by direct interview conducted through telephone. These are discussed below:

- (A) **Questionnaire for Teachers:** Questionnaire for teachers is prepared to get the opinion of teachers of the sample juveniles about the degree of delinquency, impact of media on their mind, environment where they live in, their heredity, impact of time and age on their mind, their academic performances, economic condition of their family and their association. It is a big sized, structured, close ended questionnaire. There are three scales of opinions (high, medium, low/good, moderate, bad) having different scores for each of them. The medium of questionnaire is Bengali for easy comprehension and communication.
- (B) **Questionnaire for Guardians:** Questionnaire for guardians are prepared to get the opinion of guardians of the sample juveniles about the impact of audio visual and print media on the mind of juveniles. They also asked about whether the juveniles are under the coverage of media or not. It is a short sized, structured, close-ended questionnaire. There are three scales of opinions (high, medium, low) having different scores for each of them. The medium of questionnaire is Bengali for easy comprehension and communication.
- (C) **Direct Interview:** Direct interview has been conducted by the investigator through telephone to the sample juveniles and their teachers to collect more information about the said problem. Juveniles are asked about the cause of delinquency and reluctance in study, their families, environment where they live, whether they are under the coverage of media or not, association of them, school performances etc. Teachers are asked about the aspects viz. juveniles' sexual status, juveniles' residential status, their opinion regarding the cause and acuteness of the problem. They are also asked about the influence of sexual status and residential status of the juveniles on juvenile delinquency.

**Collection of Data:** The data have been collected directly from 21 juveniles, 21 teachers and 21 guardians through telephone & whatsapp by the investigator himself. Sample juveniles, their teachers and guardians are requested to give their natural, free and frank responses to the queries. They are taken into confidence and are told that the information is required only for research purpose and will be strictly kept secret.

**Tabulation and Scoring of Data:** The data which have been collected through two type of questionnaire are compiled on suitable tabulation sheets which are also prepared for the purpose.

The data obtained from teachers and guardians are scored, keeping in mind the 'Likert Scoring System' as follows:

- (A) **Teachers Questionnaire:** In the teachers questionnaire there are as many as eight questions relating to their opinion about the juveniles' family, impact of media, age, association and performance on juveniles mind. These questions are subjected to answer one of the three options – high, medium, low/good, moderate, bad. Score 10 is allotted to each 'high'/ 'good' opinion. Score 6 is allotted to each 'medium'/ 'moderate' opinion and score 4 is allotted to each 'low'/ 'bad' opinion.
- (B) **Guardians Questionnaire:** In the guardians questionnaire there is only one major question relating to the impact of audio visual media and also print media on the

mind of juveniles. The question is subjected to answer one of the three options high, medium, low. Score 10 is allotted to each 'high' option. Score 6 is allotted to each 'medium' option and score 4 is allotted to 'low' option.

#### **Statistical Technique Used:**

The data are tabulated and analysed keeping in view the objective spelt out and hypothesis formulated. Rank Correlation Co-efficients( $\rho$ ) are calculated to study the relationship between juvenile delinquency and (1) impact of media, (2) heredity, (3) environment, (4) time, (5) age, (6) performance, (7) economic condition and (8) association. In order to judge the significance of these relationships 't-value' of rank correlation co-efficient ( $\rho$ ) have been computed. Test has been made at 1% significance level in general. Chi-Square ( $\chi^2$ ) test has been used for independence of the attribute – juvenile delinquency and (i) sexual status of the juveniles, (ii) residential status of the juveniles. The test has been made at 1% significance level. 'F-test' has also been used to study whether the variances of opinion of teachers and also guardians regarding impact of media in the mind of juveniles are significantly consistent or not. The test has been made at 5% significance level.

#### **Findings:**

Table 1 shows the result of all statistical methods have been used to analyse the collected data which outcomes the following findings:

- (1) There exists a high degree of positive relationship between juvenile delinquency and media. The relationship is significant.
- (2) There exists a notable relationship between juvenile delinquency and heredity of juveniles. The relationship is significant also.
- (3) There exists a significant relationship between juvenile delinquency and impact environment in the mind of juveniles.
- (4) Juvenile delinquency and impact of time in the mind of juveniles are very closely related. The relationship is not only close but also significant.
- (5) There exists little relationship between juvenile delinquency and age of juveniles. The relationship is insignificant.
- (6) Poor school performances of juveniles are a cause of juvenile delinquency. Because the relationship between two attributes is significant.
- (7) Economic condition of the family and juvenile delinquency is not significantly related to each other. That means juvenile delinquency does not necessarily depend upon families' economic condition.
- (8) There exists an important relationship between juvenile delinquency and impact of associations on the mind of juveniles. The relationship is very significant.
- (9) The opinion of teachers and also guardians regarding the impact of media on juveniles is significantly consistent. It means the opinion of both is more or less the same. It confirms the impact of media on juveniles is not significant at all.
- (10) Juveniles' sexual status (Male/Female) is not independent of juvenile delinquency. That means male/female ratio of delinquent juveniles differs in the studied area.
- (11) Juveniles' residential status (developed/underdeveloped) is not independent to juvenile delinquency. It indicates percentage of delinquent juveniles which varies between developed and underdeveloped region of the studied area.

#### **Conclusions:**

Juvenile delinquency has been increased during the lockdown period. The study reveals that impact of media in the mind of juveniles is significant during the lockdown period, caused due to outbreak of Covid-19. There exist a high degree of positive relationship between media and juvenile delinquency. It also reveals that most of the sample juveniles under the coverage of media both print and electronic. The opinion of the teachers and the guardians of sample juveniles regarding impact of media on juvenile delinquency support the

above hypothesis. Similarly, age and economic status of the juveniles has no significant impact on juvenile delinquency. Though sometimes it is presumed that the impact of age and economic status of the juveniles are two important causes of juvenile delinquency, but the study proves that the presumption is not true fully. Because all tender aged having poor economic condition does not become delinquent. The investigator identified 6 major causes viz. media, heredity, environment, time, school performances, association which are significantly responsible for this problem. It is also observed that the problem varies in respect of juveniles' sexual status and residential status.

#### **Implications of the Study:**

The study reveals a number of drawbacks of the guardians, teachers and administrations of the studied area. The state of affairs led the investigator to several implications for the concern authorities. Suitable steps should, therefore, be taken by the respective authorities to remove the existing drawbacks. The following **recommendations** are made in this regard.

- (i) Guardians should be conscious of their children's education and also their children's future. Restricted use of media by the juveniles is permissible. They have to sacrifice many things for the development of their children. In some cases the advice of psychologist or psychiatrist may be taken.
- (ii) Central Government, State Governments and local administration have a great responsibility to remove this problem. Administration should try to make the guardians of the juveniles conscious of their children's proper education. Administration should also take a macro level plan to get rid of the trap from the problem.
- (iii) School teachers and private tutors should take necessary care for the backward and maladjusted students whose school performances are very poor. Special teaching method is recommended for these students to create interest among the juveniles.
- (iv) Bad associations of the juveniles must be eliminated. The role of guardians and teachers is very important in this regard.

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[https://www.worldometers.info/coronavirus/?utm\\_campaign=homeAdvegas1?%20](https://www.worldometers.info/coronavirus/?utm_campaign=homeAdvegas1?%20)

**Table 1**  
**Results of Statistical Analysis**

A. Juvenile Delinquency(J.D) vs. Media.	.75	4.85	2.86						Ha
B. J.D. vs. Heredity.									
C. J.D. vs. Environment	.74	4.82	2.86						Ha
D. J.D. vs. Time									
E. J.D. vs. Age	.67	3.95	2.86						Ha
F. J.D. vs. Performance	.71	4.35	2.86						Ha
G. J.D. vs. Eco. Condn.	.25	1.12	2.86						Ho
H. J.D. vs. association.	.69	4.17	2.86						Ha
I. Tea. Op. vs. Guardain. Op. reg.	.31	1.42	2.86						Ho
Imp. Of Media.	.76	5.17	2.86						Ha
J. J.D. vs. Juv. Sex. Sta									
K. J.D. vs. Juv. Res. sta.	-	-				1.21	2.91	V <sub>1</sub> =12/ V <sub>2</sub> =10	Ho
	-	-		10.01	9.21			2	Ha
	-	-		11.07	9.21			2	Ha

# CORPORATE BOARD ATTRIBUTES AND EARNINGS MANAGEMENT IN NIGERIAN BANKING SECTOR

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## Abstract

*Every business entity has a common goal of achieving sustainable development, particularly in the areas of growth and profitability indices. Earnings manipulation by corporate managers may hinder the attainment of this lofty target. The study examined the relationship between corporate board attributes and earnings management in Nigerian banks for the period 2009-2018. The dependent variable (earnings management), was derived using modified Jones model's discretionary accruals, while four corporate board attributes (size, independence, gender diversity and board meetings) served as independent variable. The Random effect generalised least square regression results reveal a negative and significant relationship between board size, board independence and earnings management. Board gender diversity and board meetings, however, have no significant association with earnings management. It is recommended that corporate governance legislation should support large number of directors (subject to a manageable size) and more of external directors sitting on corporate boards.*

**Keywords:** Agency cost, Board of directors, Corporate governance, Earnings management, Nigeria

## INTRODUCTION

The past four decades have witnessed series of financial reporting scandals (such as Enron and Worldcom in the USA and Cadbury, Oceanic Bank and Skye Bank in Nigeria), which have suggested the existence of ethical failures from weak corporate governance mechanisms in place by these companies. These events have seriously impacted negatively on the reliability of financial reports produced by corporations for the stakeholders, capital market and the public, thereby affecting the sustainability development of these corporations.

Weak corporate governance structure affords managers the opportunity to engage in behaviour that would deplete reported earnings quality (Gonzalez & Garcia-Meca, 2014). This manifests in the form of financial statement fraud perpetrated by management through creation of distortions in the reporting of earnings (otherwise known as earnings management, creative accounting, big bathing, or financial statement manipulation). This action by corporate managers has further questioned the effectiveness of the system of corporate governance mechanisms in checkmating managerial opportunistic behaviour.

The behaviour of managers in involving in earnings management can be attributed to the separation of ownership and control couple with need to produce and report financial statements that shows that they perform better in the reporting year. Campello, Graham and Harvey (2011), and Habib, Uddin and Islam (2013) submit that the quest to conceal poor performance may propel management to opt for accounting choices that increase reported earnings as the reported earnings plays a unique role in attracting investments of fund from investors (Norwani, Mohamad & Chek, 2011). Musa and Muhammad (2018) suggest that wrong choice of accounting policy triggered by the laxity which managements enjoy in the choice of accounting policy and coupled with the deficiencies in laws regulating financial reporting preparation and presentation as well as defective corporate governance practices further afford management the opportunity of engaging in financial reporting malpractices. In order to curtail the activities of management of corporations in reducing earnings

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management to the barest minimum will require additional agency cost of monitoring on the part of the owners (shareholders). Mahrani and Soewarno (2018) observe that good corporate governance is a major requirement for effective and efficient running of organisations like banks for the achievement of depositors' confidence and equal treatment of all stakeholders.

In an attempt to address the poor status of corporate governance practices, various governments have introduced series of corporate governance reforms that aimed at strengthening corporate governance practices for improved accountability, transparency, adequate disclosure, financial statement reporting quality and sustainability in firm growth and profitability. In Nigeria, the various regulatory agencies have developed corporate governance codes for deposit money banks and public listed companies. Despite series of reforms that have been introduced in Nigeria, fraudulent practices are still predominant among Nigerian banks (Omoye & Eriki, 2014 and Soyemi, Oluyemi & Adeyemi, 2020). A typical recent example is Skye Bank which collapsed principally from weak corporate governance practices.

In the empirical literature, the bulk of evidence suggests a mixed and inconclusive association between governance attributes and earnings management. In related Nigerian studies, there were conflicting proxies used in capturing the independent variable (board attributes) and inappropriate methodologies which perhaps resulted in mixed empirical outcomes. For instance, studies conducted by Uwuigbe *et al.*, (2018), and Shiyabola, Ogbekor, Okeke and Okunade (2019) revealed no significant influence of board attributes on earnings management. Obigbemi *et al.*, (2016) and Mominah (2017) however reported significant influence. These studies also made use of pooled ordinary least square (POLS) technique as analytical tool, a method due to its numerous limitations, is considered inappropriate for this type of study.

Limited research work in this area still exists in Nigerian banking environment. This study is therefore premised on the fact that series of corporate scandals that involved financial statements manipulation arising from deficient system of governance have been seen over time in the Nigerian financial sector and this had led to the collapse of many banks despite various codes of corporate governance that are in place.

The study has its objective of assessing the influence of four attributes of corporate boards (size, independence, gender diversity and meetings) on earnings management in Nigerian listed banks. It attempts to improve on the gaps identified in prior literature, especially those ones conducted in Nigeria, by using data from ten deposit money banks for the period of ten years (2009 - 2018) and with adoption of appropriate analytical tool.

The remaining part of the paper is organised in the following manner: review of literature is presented in section 2. Methodology adopted for the study is in section 3. Section 4 discusses research findings, while the conclusion and recommendations are treated in section 5.

## **REVIEW OF LITERATURE**

### **Earnings management**

Earnings management refers to the manipulation of financial reporting process by management in an attempt to achieve certain incentives (Olaoye & Adewumi, 2019). Healey and Wahlen (1999) refer earnings management as a reported earnings situation that involves the use of managerial discretion to structure transactions in such a way that will tamper with financial statements with intention to mislead the users or influence its contractual outcomes. The alarming cases of reported earning manipulation have been an issue of great concern to investors and regulators in the world over particularly in Nigeria and has raised investors scepticism on the credibility of financial reports of companies (Musa & Muhammad, 2018).

This act has also affected the sustainability development of hitherto viable business enterprises.

Zhou and Chen (2004) suggest three reasons why corporate managers indulge in earnings management practices. These are signalling, income smoothing or earnings management and capital management. Regarding signalling factor, Wahlen (1994) opines that banks used discretionary loan loss provision to indicate higher earnings in following period. Earnings management proponents (such as Rivard, Bland & Morris, 2003) submit that loan loss provision is increased during periods of higher earnings under the assumptions of smoothing of income to enhance financial performance. The capital management factor indicates that management utilises loan loss provision to influence regulatory capital unjustly.

### **Attributes of corporate governance**

Corporate governance is simply the various mechanisms put in place by investors in an organisation which seek to protect them against opportunistic behaviour of the internal management (La Porta *et al.* 1999). In most of codes of corporate governance issued by various governments around the world, there are some attributes that are included as part of principles that have the tendency to curtail the activities of corporate management in expropriating the owners of the business as well as preventing “window-dressing” (earnings management) of the financial reports to the barest level. Four of such attributes, which incidentally form the focus of the study’s empirical analysis, are hereby discussed in turn.

#### **Board size**

This comprises the executive and non-executive/ independent directors sitting in corporate boardrooms. According to Fama and Jensen (1983), board size should be determined in such a way that will reflect the scope and complexity of its production process implying that larger and complex organisations will require larger board size and vice versa. There exist two main opposing views on board size and board effectiveness. The first group argues that smaller board size is more effective than larger ones due to difficulty of coordination (Yermack, 1996), which may in turn affects presentation of quality financial reporting. The opposing view suggests that a large board is more effective as they are able to leverage on informational and expertise of members (Dalton *et al.*, 1999 and Xie, Davidson & DaDait, 2003).

#### **Board independence**

The structure of the board that is dominated by sufficient non-executive directors, who bring independent judgement to the foray, is generally believed to be associated with lesser earnings management practices. Shafi, Adamu, Ooi and Kwong (2020) stress that non-executive directors are independent of managers and they contribute their wealth of experience to the firm by diligently carrying out their oversight functions. For effective board functioning, the board must be balanced. A balanced board is one that is not dominated by executive directors but also comprise of non- executive directors who are independent of managers and shareholders. Independent board, according to Klein (2002), is one of the effective tools in monitoring the accounting process. This is expected to enhance accounting quality by reducing all forms of financial reporting malfeasance to the barest minimum, thereby achieving sustainable growth of the corporation.

#### **Board gender diversity**

Women are generally perceived to be associated with less fraudulent practices. The inclusion of women on corporate boards may likely reduce the opportunistic tendency of appointed managers and enhance accounting quality. In corporate management, women are found



to be more risk averse as they are less likely to take risks and act unethically in a bid to gain private benefits (Gul, Fung & Jang, 2009). The inclusion of women on the board may therefore serve as a control mechanism towards reducing earnings management from occurring and improving the quality of financial statements and enhancement of sustainable development of corporate entities.

### **Board meetings**

Board meeting is the frequency at which the board of directors hold meetings to deliberate on important issues of concern to the entity. As financial reporting is among the core responsibility areas of management, frequency of meetings can help in improving financial reporting quality. This will ultimately reduce to some extent the occurrence of manipulation of financial statements and achieving a sustainable development of business enterprises..

### **Theoretical framework**

A theory that perhaps best explains board attributes - earnings management nexus is Agency theory, as proposed by Jensen and Meckling (1976). The theory suggests that there is tendency for the management (agents) to involve in some activities that will profit them as managers but which are against the interest of the owners (principal). One of such activities is involvement in financial accounting manipulations (earnings management) with intention of dubiously encouraging the shareholders and potential investors alike to invest in the business, despite the fact that the entity is not operating at a level presented by the management.

Fama and Jensen (1983) posit that corporate governance structure assists in monitoring managerial behaviour towards reducing agency problem. In line with this proposition, several studies have documented significant influence of corporate board attributes on the integrity of accounting information (Patelli & Prencipe, 2007 and Hashim & Devi, 2008).

### **Empirical review**

Mominah (2017) assessed corporate governance and earnings quality of 38 retail and wholesale companies quoted on London stock exchange between the time frame of 2010 and 2014 by using simple regression as analytical tool. The result suggested that all the corporate governance variables have no influence on earnings management practices.

Damak (2018) analysed the influence of board gender diversity on earnings management in 85 French companies for the financial year 2004-2014. The result of the study showed an inverse relationship between the two variables.

Uwuigbe *et al.*, (2018) examined the links between corporate governance and quality of financial statements of 15 Nigerian banks from 2008 to 2015. The regression result indicated that size of board and board independence have indirect and no significant association with the timeliness of financial reports.

Shiyanbola, *et al.*, (2019) explored the effect of corporate governance on reported earnings quality in 10 Nigerian banks for period covering 2000-2017. No significant relationship between board size, firm size, board independence and reported earnings quality was found. The study however established significant positive effect of foreign directors on reported earnings quality.

Olaoye and Adewunmi (2019) revealed from the study of corporate governance and earnings management of Nigerian banks from 2006 to 2015 that audit quality had positive but no significant effect on earnings management, while board size and leverage had insignificant negative effect on earnings management.

El Diri, Lambrinoudakis and Alhadab (2020) examined corporate governance and earnings management in concentrated markets. The result of the findings presented evidence in support of corporate governance effectiveness in reducing earnings management in non-

concentrated markets while reverse is the case for concentrated market as corporate governance drives managers to substitute accruals with real earnings management.

Chatterjee and Rakshit (2020) examined effect of corporate governance on earnings management of Indian firms by employing regression analysis. The findings revealed that board independence and diligence showed significant and adverse effect on earnings management.

### **Hypotheses**

Having reviewed extant literature and some prior empirical studies in this subject, the following hypotheses in null forms, are postulated:

H<sub>01</sub>: No significant influence exists between board size and earnings management practices.

H<sub>02</sub>: No significant influence exists between board independence and earnings management practices.

H<sub>03</sub>: No significant influence exists between board gender diversity and earnings management practices.

H<sub>04</sub>: No significant influence exists between board meetings and earnings management practices.

### **METHODOLOGY**

#### **Data source and sample**

Data were sourced from published financial statements of banks as contained in their websites and Nigerian stock exchange Factbooks for the period of study, 2009-2018. As at December 31, 2018, the population of Nigerian listed deposit money banks was fifteen out of which a sample of ten banks was selected through judgmental sampling technique and availability of data for analytical exercise.

#### **Model Specification**

The general model of the study is in form of functional relationship as stated in equation 1.

$$EMG = f(BSZ, BIN, BGD, BMT, FAG, LEV) \quad (1)$$

The specific model is as presented in equation 2.

$$EMG_{it} = \beta_0 + \beta_1 BSZ_{it} + \beta_2 BIN_{it} + \beta_3 BGD_{it} + \beta_4 BMT_{it} + \beta_5 FAG_{it} + \beta_6 LEV_{it} + e_{it} \quad (2)$$

Where,

EMG- Earnings management

BSZ - Board size

BIN - Board independence

BGD - Board gender diversity

BMT - Board meetings

FAG - Firm age

LEV - Firm leverage

$\beta_1, \dots, \beta_6$  Coefficient of independent and control variables

For better financial reporting quality to be achieved, the *a priori* expectation is that the sign of the coefficient of each of the four board attributes in relation with earnings management should be negative ( $\beta_1, \beta_2, \beta_3, \beta_4 < 0$ ).

### Variable description and measurement

The dependent variable of the study is earnings management. Following Aygun, Ic and Sayim (2014), Eriabie and Izedonmi (2016), Alhebri and Al-Duais (2020) and Soyemi *et al.*, (2020), the study employed the most commonly and accepted approach for measuring earnings management, Discretionary Accruals (DA), as put forward by Jones (1991), with modification by Dechow, Sloan and Sweeney (1995). The operationalisation of DA is as provided in equation 3.

$$DA_{it} = TAC_{it}/A_{it-1} - \alpha_{1t} [1/A_{it-1}] + \alpha_{2i} [(\Sigma REV - \Sigma REC)/A_{it-1}] + \alpha_{3i} [PPE_{it}/A_{it-1}] \quad 3)$$

Where,

TAC - Total accruals, defined as accounting earnings less operating cash flow

$A_{it-1}$  - Total assets in previous year

$\Sigma REV$  - Change in revenue

$\Sigma REC$  - Change in receivables

PPE - Property, plant and equipment

In line with empirical literature reviewed, the study has four independent variables that are capable of influencing earnings management practices in the Nigerian banking environment. These are board size, independence, gender diversity and meetings.

There are some other variables that have tendency to influence earnings management but not adequately represented in the model of the study. To mitigate the impact of these variables on the overall result, the study made use of two- firm age and leverage as control variables.

The operationalisation of independent and control variables is exhibited in Table 1.

**Table 1: Operationalisation of independent and control variables**

Variable	Type	Acronym	Measure	Studies
Board size	Independent	BSZ	Number of directors sitting in boardroom	Dabor and Dabor (2015), Abata and Migiro (2016)
Board independence	Independent	BIN	Ratio of external directors on total board membership	Uwuigbe <i>et al.</i> , (2018), Akintayo and Salman (2018), Shubita (2020)
Board gender diversity	Independent	BGD	Ratio of female directors on total board membership	Osemene Adeyele and Adinnu (2018), Nguyen (2017)
Board meetings	Independent	BMT	Number of times board meetings hold in a year	Adegbie, Salawu and Shiyanbola (2019)
Firm age	Control	FAG	Natural log of the age of firm	Pranesh and Chinmoy (2017), Salah (2018), Kajola, Olabisi, Soyemi and Olayiwola (2019)
Firm leverage	Control	LEV	Ratio of total debts to total assets	Kajola, Desu and Agbanike (2015), Samad (2015), Hajawiyah, Wahyudin, Sakinah and Pahala (2020)

Source: Authors' compilation as in Table 1

### Data estimation technique

Unlike some prior studies in the literature that employed pooled ordinary least squares (POLS) as analytical tool, this study adopted panel data methodology with fixed effects least square (FE) and random effects generalised least squares (RE) as analytical techniques. POLS technique was not used because the method, unlike FE and RE, does not take into cognisance heterogeneity or individuality that may present among the selected banks.

For the purpose of making an unbiased inference, the Hausman (1978) specification test was conducted to discriminate between the FE and RE techniques.

## RESULTS AND DISCUSSION

The results of the descriptive and inferential analysis are presented in this section.

### Descriptive statistics

Table 2 presents summary results of the descriptive statistics.

**Table 2: Summary of descriptive statistics**

Variable	Mean	Minimum	Maximum	Standard deviation
EMG	0.101	0.001	0.559	0.110
BSZ	13.54	6	20	2.862
BIN	0.637	0.467	0.90	0.108
BGD	0.170	0.000	0.333	0.103
BMT	5.87	2	12	2.043
FAG	1.547	1.23	1.547	0.243
LEV	0.087	0.000	0.684	0.084

Source: Authors' Computation, 2020

Table 2 reveals that mean earnings management is 0.1013 and it ranges between 0.001 and 0.559. It suggests that the extent of financial statements' manipulation on the average is about 10.1%. The board size averages 14, with minimum of 6 and maximum of 20 members. External directors sitting in the boardroom (BIN) averages 63.70%. Female directors average 17% of total board membership, while the highest is 33.33% and with some banks having no female representation during the period of study. Board meetings were held on the average 6 times (BIN = 5.87). This is above the benchmark of 4 meetings as provided for in the Nigerian Securities and Exchange Commission (2018) code for public companies. The sample banks are low-g geared as the mean leverage is about 8.7%, although the maximum leverage of 68.4% is shown. The mean age of the banks is about 35years (log inverse 1.547). Board size has the highest deviation from the mean (standard deviation = 2.862) and the least deviation variable is leverage (standard deviation = 0.084).

### Multicollinearity test

Consistent with submission of Gujarati and Porter (2009), Variance Inflation Factor (VIF) and Tolerance Value (TV) approaches were used to test for collinearity among the variables adopted in the study. Gujarati and Porter (2009) suggest that any variable with VIF of above 10.0 or TV of less than 0.1 has a multicollinearity issue. Table 3 presents the results of both VIF and TV approaches.

**Table 3: Collinearity test result**

Variable	VIF	TV
BSZ	1.948	.513
BIN	1.938	.516
BGD	1.212	.825
BMT	1.051	.952
FAG	1.153	.867
LEV	1.250	.800

Source: Authors' computation, 2020

Result from Table 3 suggests that none of the variables has VIF of more than 10. The highest is 1.948 while the least is 1.051. Also, there is no variable with TV of less than 0.10, highest being 0.952 and the least value of 0.513. Thus, there is no presence of multicollinearity problem among the variables.

### Correlation

Correlation matrix reflects association between variables and is also regarded as a powerful tool that can be employed in detecting multicollinearity among variables. The Pearson correlation matrix for the study is as presented in Table 4.

**Table 4: Correlation matrix**

Variable	EMT	BSZ	BIN	BGD	BMT	LEV	FAG
EMT	1						
BSZ	-.294*** (.003)	1					
BIN	-.250** (.018)	-.603*** (.000)	1				
BGD	-.094 (.355)	.351*** (.000)	-.338*** (.001)	1			
BMT	.133 (.187)	.019 (.851)	-.048 (.636)	.098 (.331)	1		
LEV	-.112 (.266)	-.214 (.218)	-.037 (.712)	-.066 (.511)	.150 (.136)	1	
FAG	.127 (.232)	.090 (.372)	.379*** (.000)	-.015 (.890)	.065 (.540)	.174 (.100)	1

\*\*\* = 1%, \*\* = 5%, \* = 10% significance level; sig values in parentheses

Source: Authors' computation, 2020

Result of Pearson correlation matrix as presented in Table 4 indicates that board size (BSZ) is indirectly correlated with earnings management (EMT) at 1% level. Board independence and EMT are also negatively correlated and this is significant at 5%. However, board gender diversity (BGD) and board meetings (BMT) have insignificant correlation with EMT. The two control variables, leverage (LEV) and firm age (FAG), also have no significant association with EMT.

The correlation matrix only shows the direction of association between variables and not strength of relationship. It is therefore not a powerful technique that can be used for interpretation and discussion of results. It is however useful for testing of multicollinearity among independent variables. Following Gujarati (2003) and Wooldridge (2009), a variable with coefficient value of 0.8 and above has a collinearity issue. It can be seen from Table 4 that no variable has coefficient of 0.8 and above, the highest being -0.603 (association between BIN and BSZ variables). This further provides proof that all the study variables are free from collinearity problem.

### Regression

Table 5 depicts the result of the regression based on the two models- FE and RE. Summary result of the Hausman test as revealed in Table 5 indicates probability of 0.2708 and this is not significant at 5% level (prob > 0.05). It therefore suggests that RE is better than FE as analytical technique for purpose of interpretation of regression results (Gujarati & Porter, 2009). Hence, discussion of the result and test of hypotheses are based on the outcome of the RE regression.

**Table 5: Regression result**

	Fixed Effects			Random Effects		
	Coeff.	t-stat	prob	Coeff.	t-stat	prob
Constant	0.1591	0.4374	0.6648	0.2177	0.8450	0.4003
BSZ	-0.1341	-2.305**	0.0259	-0.3336	-2.2171**	0.0321
BIN	-1.4354	-2.140**	0.0434	-0.2990	-2.2474**	0.0261
BGD	-0.0194	-0.1549	0.8773	-0.0096	-0.7733	0.4413
BMT	-0.0027	0.4676	0.6413	-0.0102	-1.8714*	0.0644
FAG	-0.2589	-1.0214	0.3100	-1.2093	-1.8757*	0.0642
LEV	0.0731	0.4865	0.6279	0.0691	0.3948	0.6941
R <sup>2</sup>	0.5237			0.5930		
Adj. R <sup>2</sup>	0.4387			0.4628		
F-Stat/ (Prob)	6.158*** (.000)			4.554*** (.000)		
Durbin-Watson	2.0574			2.0943		
Hausman Chi-square/ (Prob)			7.5769 (.2708)			
Observations		100			100	

\*\*\* = 1%, \*\* = 5%, \* = 10% significance level

Source: Authors' Computation, 2020

The R<sup>2</sup> is 0.5930 and this indicates that 59.3% of the variation in earnings management is explained jointly by variation in the four explanatory and two control variables, while 40.7% is due to other factors not captured in the study model. F-stat of 4.554 (p = 0.000), shows that the independent variables are jointly significant and the model fits well. Durbin-Watson value of 2.0943 reveals that no existence of serial autocorrelation in the model.

From Table 5, board size (BSZ) has a significant negative relationship with earnings management at 5% level. It shows that number of directors has an adverse influence on earnings management. With more people in the boardroom, it will be difficult for management to manipulate financial reports (earnings management) and inhibit the sustainable development of corporate entities because of the high level of scrutiny that will be made by directors sitting on the board on financial reports prepared by management. The outcome is in agreement with the works done by Obigbemi *et al.*, (2016), Uwuigbe *et al.*, (2018) and Olaoeye and Adewumi (2019). It is however contrary to the studies conducted by Santiago and Brown (2009), which suggested positive and significant relationship. Null hypothesis 1 is rejected. Thus, board size has a significant relation with earnings management.

Board independence (BIN) has a significant indirect effect at 5% level on earnings management. This suggests that outside directors has significant impact on the ability of management to involve in earnings management practices. The involvement of outside directors in boardroom activities is a good corporate governance mechanism because of their ability to use their skills and experience to monitor the actions of the management (including scrutiny of financial reports) objectively and effectively. This will also have positive influence in the attainment of sustainable growth in corporate entities. The finding has the support of Kao and Chen (2004), Samaila (2014) and Chatterjee and Rakshit (2020). The study by Shinyobola *et al.*, (2019), however revealed a contrary result as no significant association was reported. Null hypothesis 2 is rejected. Thus, board independence has significant relationship with earnings management.

Board gender diversity (BGD) has a negative but no relationship with earnings management at 5% level (prob > 0.05). Although the negative sign of the relationship is in line with *a priori* expectation, it is however insignificant. It shows that female directors sitting on the board try to prevent earnings management practices but their efforts show no significant impact. This is not unexpected as a result of the negligible size of female representation in the boardrooms of the sampled banks and in many of African corporations.

In this study, the average representation of female directors was mere 17%. The outcome is in line with the findings by Emilia and Sami (2010), Wang (2015) and Mominah (2017). On the contrary, Damak (2018) study revealed a negative significant relationship. The study therefore fails to reject Null hypothesis 3. Thus, there is no significant effect of board gender diversity on earnings management.

Board meetings (BMT) and earnings management relation is negative but not significant at 5% level ( $\text{prob} > 0.05$ ). Finding suggests that regular meetings of the board have the tendency to reduce manipulation of financial statements by management but it is not effective enough. The outcome is consistent with the work by Uwuigbe, Amilolamen, Uwuigbe and Jafaru (2017). It is however inconsistent with the study by Adigbie *et al.*, (2019) that produced significant negative relationship. Null hypothesis 4 is failed to be rejected. Thus, board meeting has no significant relationship with earnings management.

The findings regarding control variables suggest no effect of firm age (FAG) and leverage (LEV) on earnings management as result indicates insignificant relationship at 5% level.

### **Conclusion and Recommendations**

The study assessed the influence of board attributes on earnings management of ten deposit money banks in Nigeria for the period covering 2009-2018. With the use of Random effects generalised least square technique, results suggested that two of the board attributes-board size and board independence, are powerful corporate governance attributes used by the selected banks in curtailing financial reports manipulation (earnings management) by management. The empirical result however did not provide evidence in support of board gender diversity and board meetings as effective board attributes in reducing earnings management practices.

Following the empirical findings and for sustainable development of these corporate organisations to be achieved, it is hereby recommended that corporate governance code in Nigeria should be revised in such a way to encourage bank shareholders to elect more members as directors (subject to a manageable size) to perform oversight functions on activities of corporate managers. Regarding board membership, more external directors should dominate the corporate boardrooms. For effect of female directors sitting on the board to be felt, government policy makers and regulatory institutions should revise the existing corporate governance code in Nigeria by mandating every listed company to have at least one-third of their board membership as female. Regular board meetings and attendance by directors be made mandatory, especially when issues of financial reports and appraisal of management are to be considered.

In future, researchers should consider other economic areas such as insurance, conglomerates and manufacturing sectors. Increasing the size of the sample and study time frame is also encouraged. Cross-country studies can also be done, especially for countries operating within similar economic or regional bloc.

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# MANAGERS EXPERIENCES IN APPROACHING PERFORMANCE EVALUATIONS

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## Abstract:

*The present article is intended to develop an analysis of the project manager within the project. As the coordination of the project team is one of the most important and time-consuming responsibilities of a project manager, a good project manager must know how to rigorously plan human resources, assign roles and responsibilities to each team member, improve competencies and interactions of team members, follow individual performance and, last but not least, solve problems and conflicts emerging inside the project team. The project manager is responsible for the team's success. If the team has low morale and cannot respect the deadlines, he must find a way to solve this situation. If the team members do not understand what they have to do and what is the deadline, the project manager is directly responsible for this.*

**Keywords:** management, managers, organization, project, strategy

**JEL code:** M10, M12, M54

## 1. Organizational development, a field with a very high degree of applicability

Starting from the creation of an organization, activities take place in conditions of effectiveness, later all through its running, the organization adapts and changes to its new internal and external conditions, which requires an organizational development, improving the strategy or structure of the organization, the result being the increment of the efficiency the way actions take place. As a process or as a field of research, organizational development is formed under a diversity of activities, starting with the formation of a management team at the top management level, reaching at the improvement of the organizational structure.

There are several definitions of the notion of organizational development, for example W. Burke, considers that "organizational development is a planned process of change in the culture of the organization, through the use of behavioral theory and practice". However, it highlights only the culture of the organization, without giving importance to the other components of the organization, which also contribute to its development to increase performance.

W. French who considers that "organizational development refers to the long-term effort to improve the organization's ability to solve problems and its ability to adapt to changes in the external environment, by using consultants in behavioral science or change issues" highlights the usefulness of long-term actions in order to increase the efficiency of these actions and activities carried out within the respective organizations. This definition is the opportunity for management to consider more issues of the organization, not just its culture.

In the paper "Organizational development. Strategies and models", R. Beckhard considers that "organizational development is a planned effort, coordinated by superior management, which points the entire organization and aims to increase efficiency, improve working conditions, through intervention on processes, using knowledge of science behavior". Similar to previous researchers, R. Beckhard highlights the role of organizational development, to grow efficiency through the use of behavioral science research.

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Organizational development is a field of great applicability, useful to each organization, necessary for its evolution, according to Beckhard "a planned effort, which includes the entire organization, which aims to increase efficiency and improve the overall state of the organization, by implementing 3 interventions in the processes of the organization, using knowledge in the field of behavioral sciences " (1969).

Thus, is highlighted the importance that organizational development must have within the organization, through a permanent development effort or intervening periodically to calibrate processes. The organizational change model developed by Lewin (1946) was research-action, according to which "research for social practice must take the shape of an integrated approach in all social disciplines and should deal with two different types of questions, namely the study of general laws (...) and diagnosis of specific situations " (1946, p. 36). This model is currently used in various ways, improved by other authors who have given it other connotations around the same common points (Dickens & Watkins, 1999; Fisher, 2003).

Another model of organizational change with conceptual relevance is the appreciative investigation, which retains what is positive in an organization and enhances success (Cojocaru & Brăgaru, 2012). The notion of appreciative investigation was the result of a response to the research-action model, focusing on the good things in an organization, not on the problems, according to Lewin.

All the researches highlighted above have in common the improvement of the organization's performances, of the efficiency of the activities using the science of the behavior in improvement, as well as of its management.

## **2. The role of the manager in the project management**

### **2.1. The concept of project**

The most ordinary used concepts in the business environment are the terms Project, Project Management and Project Manager. We can divide our activities into current or routine activities, with a repetitive character and unique activities, achievable only once, called project.

At the beginning, the tools specific to the projects referred to constructions, infrastructure or industrial fields, later, this concept acquired wide connotations. The project takes place within a certain organization, which produces the result of the project.

There are a number of external factors that can influence the development and results of the project, for example the context in which it takes place, the elements involved, the endurance. Therefore, when discussing about Project Management and the role of the Project Manager, we must consider the way in which the structuring of the project and the team is part of the organization that implements it.

The way in which the organizations implement the projects differs, we can meet the situation in which the organization realizes projects for other organization, so the organization that leads the project is a client, not the beneficiary and the project is done following a partnership or contracts.

If the organization unrolls projects internally, it has adopted project management for its own activities, an area imposed by the growing demands of the market as reactive to the opportunities.

If we talk about the functional model, on departments, each one fulfills a specific task. Given that customer requirements are increasingly individualized and have an increasingly high degree of uniqueness, the characteristics of a project, and therefore project management is the best way to organize activities. Thus, the organization can internalize its accounting systems, time and resource management. For each project you can measure the value, efficiency, rate of interests or return on investment.

There are organizations that carry out projects occasionally, being an understanding of their advantage, but not of the ways implemented within the organization. The probability of success is low because the activities of the referred projects benefit from limited support within the departments. These projects are not a priority for department heads.

## **2.2.Types of organizations**

From the point of view of the structure, there are two types of organizations, the functional / departmental ones and project-oriented organizations.

The functional / departmental organization, in which the members are grouped on departments, has as result the fact that the same number of people could produce much more than if they had each made the same product. It is characterized by specialization in head of production functions, sales manager, marketing director, attainments director, financial director, etc. The members of the project team cannot take independent decisions and not even the project managers can use the team's time and resources without the consent of the respective managers.

Project-oriented organization, in which members are divided into projects, is more dynamic and has, below the top management level, direct project managers, project team members are directly subordinated to the project manager, and project coordination is directly done between the project manager and his team members.

## **3. Management of organizational performance**

One of the most important ways to achieve performance is feedback of results, a high level of their performance is essential for organizational success. Organizational performance management is an intensively debated topic amid the uncertainty generated by the global economic crisis. Another problem with this topic is the failure of the managers to remedy low performance situations.

Each company has two components: "its employees and everything else" (Goldsmith & Carter, 2010). Companies increase their profitability by continuously developing employee performance (Chamberlin, 2011). While GB Brumbach (1988) defines performance as "a combination of behaviors and outcomes," other authors describe it as "a correlation between the three dimensions of the work environment: ability, motivation, and opportunity" (Lowman & Rees, 2005).

Bath University studies which aim at the link between human capital and organizational performance bring the "involvement" of the employees in achieving successful results. According to T. Perrin (2003), "involvement is the desire and ability of the employees to contribute to the success of the company [...], the extent to which employees make discretionary efforts at work, whether in the form of time invested, intelligence or effort". Even J. Purcell (2002) argues that "in any organization one of the value promoted should be the high level of performance, according to the AMO model - (A) ability, (M) motivation and (O) opportunity - (Appelbaum et al ., 2000): the employees with the right skills to hold current or future jobs within the organization, adequate motivation systems that will enable them to use their skills effectively and, at the same time, opportunities to adopt behaviors discretionary".

Performance management is defined by Walters (1995), according to Bratton and Gold, (2007) as "managing and supporting the employees to work as efficiently and effectively as possible, in accordance with the needs of the organization". G. Dessler (2003) views "performance management as a process of managing all the forces that affect the performance of human capital". Performance management aims the administrative perspective, salary adjustments, transfers or cases of low performance, but also the strategic perspective, meaning "improving the employee performance in concordance with the company's objectives"

(Dessler, 2003). Thus, performance management is essential for human resource management, by Harvard, Michigan or Guest (Ivo, 2006).

Lowman and Rees (2005) point out that there is much evidence that individual performance positively influences performance at the organizational level. Human resources specialists have development strategies that lead to attracting talents and adding value to human capital by synchronizing individual performance objectives with organizational ones. According to Purcell, J. Bratton, and J. Gold (2007), "performance management is evidence of organizations' attempt to strategically approach the common human resource practices".

Pitariu (2000) states that "human resources are an asset that can provide a source of competitive advantage, as they are often difficult to imitate". Competitive advantage turns into performance if the organizations implement the best practices, as in the model supported by Pitariu (2000) and later discussed by Mercer HR Consulting "people, work processes, managerial structure, level of information, knowledge and their sharing in the organization, decision-making process and reward systems".

#### **4. Managers, key actors of performance**

"The only more difficult task than receiving feedback is its formulation and transmission" (Cleveland et al., 2007). Those who can evaluate performance and provide feedback are managers, management staff (Dessler, 2003; Fletcher, 2008). Feedback is urgently needed in the professional development of employees, managers "are responsible for the continuous development of their team members" (Mumford, 2000), so feedback has become a managerial activity with a maximum role (Van Fleet et al., 2005).

Reporting of the managers to good practices in performance management and feedback are ideals, managers being evaluated according to predefined performance criteria focus on the level of performance of the team or department, not on their professional development. For example, Fletcher (2008) concludes that managers "choose to hide high-performing employees, obstruct their development, in order to retain them in the team and thus maintain a high level of efficiency of the department".

Researchers warn that the dual purpose of performance and development feedback can damage both uses (Laird & Clampitt, 1985). They claim that "employees avoid open discussions about their weaknesses, especially as the discussion may affect their earnings". Meyer (1991) adheres to the same idea by demonstrating the incompatibility of the roles of manager, counselor and judge. As a result, in the performance evaluation process, many managers use a more tolerant evaluation, which could lead to a salary increase for their subordinates (Fletcher, 2008); however, a deceitful feedback is very wrong in the professional development of employees.

Therefore, many researchers believe that the best way is to part the administrative feedback from the developmental one (Meyer et al., 1965). Kanter (1989, 223) expresses his ideology, exactly the opposite, asking a question "Is anyone against the idea that employee's earnings should reflect their performance".

A difficult feedback can be hard to transmit, so the transmission of negative feedback is always connected with some state of anxiety (Millward et al., 2009). Managers fear that it influences the feelings of their subordinates, and the subordinates that it may have information that highlights professional defects (Rogers, 2004), resembles this type of feedback to Sophocles' statement: "No one likes the man who brings bad news".

Negative feedback causes reactions from employees, they "become angry, shout, violently leave the office, verbally unleash themselves" or even appeal to physical violence (Cannon & Witherspoon, 2005, 122). In order to avoid such situations, managers decide to wring the message sent or delegate responsibility. However, there is conclusive evidence that the use of other communication channels such as e-mail to transmit negative feedback can

reduce the difficulty of information responsibility. However, Fletcher (2008, 65) emphasizes that "the use of information technology should be sensed to facilitate communication between the manager and the employee, and not to total replace the face-to-face feedback".

Lack of time is very often invoked in team development through feedback (Kaye & Williams, 2012). Marchington and Wilkinson (2008) point out that it is well known that managers feel that their job is to solve much more urgent problems than to engage in human resources activities, such as providing feedback on results. According to the 2004 "Work Relations" study, 75% of the managers interviewed stated that they give feedback, randomly, to some of their subordinates.

Although giving feedback is at first sight simple to achieve and preferred by managers, there are many difficulties. There are managers who are afraid that favorable feedback may lead to a decrease in the level of employee performance, other managers who are afraid that they will lose employees with good performance. Other managers see "the unusually high performance of a subordinate as a threat to their own position" (Fletcher, 2008).

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# ANALYSIS OF FACTORS INFLUENCING ADOPTION OF HUMAN RESOURCE PRACTICES BY SMALL AND MEDIUM SCALE ENTERPRISES IN NIGERIA.

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## Abstract:

*In the 21<sup>st</sup> century, the human resources is the most important resources an organization can boast of since it ensures the efficient and effective utilization of other resources. Overcoming the deficiencies associated with SMEs failure has required firm to embrace and develop the value of their human resources practices in order to be more competitive. This study investigated the factors influencing adoption of human resource practices by small and medium scale enterprises in Kwara State, Nigeria. The survey strategy was employed. The study has a population of 200 SMEs whose businesses are situated in Kwara Central Senatorial District and who are registered with the National Association of Small and Medium Enterprises (NASMEs). Primary data with the aid of a structured questionnaire was used. Multiple regression analysis was used to test the hypothesis at 5% level of significance. Findings from the multiple regression analysis showed an overall  $p$ -value of 0.000 and  $R^2$  of 0.8128. Furthermore, financial availability with ( $\beta=0.76$ ;  $t = 8.63$ ;  $p < 0.05$ ) was found to the highest influence on the adoption of HRM practices by SMEs in Kwara State. This was followed by firm size, ( $\beta=0.46$ ;  $t = 4.66$ ;  $p < 0.05$ ). The study concluded that SMEs in Kwara State, Nigeria adopt HRM practices and these are influenced by some factors. This study recommends that sustainable efforts be placed on the identified variables such as availability of funding and firm size and ownership type in order to continually improve business performance.*

**Keywords:** Human Resource, Management, Small and Medium Scale Enterprises, Nigeria

## 1. INTRODUCTION

Human resources is the most important resources or asset an organization can boast of in the 21<sup>st</sup> century workplace since organization are run and steered by people. It is through people that goals are set and objectives attained (Ibikunle, 2014). Thus, the performance of an organization is dependent on the sum total of the performance of its members. Ojokuku (2012) opine that it is indeed very difficult for any organization to succeed without managing its human resources effectively. Ojokuku (2012) opined that recent research attention has revealed the increased interest that scholars place on the pivotal role that Human Resource Management (HRM) plays in Small and Medium Scale Enterprises (SMEs).

HRM is becoming increasingly important in the new “knowledge-based” economy, as companies constantly require the need for highly trained employees. This has subsequently reinforced the need for effective HRM practices in the small firms (Audretsch & Klepper, 2000). It is therefore not surprising that research on HRM practices in small and medium-sized enterprises has captured increased attention in recent years. SMEs just like any other enterprise needs employees with certain skills, training and specific experience.

The importance of HRM practices adoption cannot be overemphasized in the life of SMEs because they rely more heavily on individual employees contribution than their larger counterparts. Business organizations, irrespective of its size or objectives all have philosophy

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of growth, survival and adaptiveness and their inability to maintain this philosophy can be regarded as business failure (Lawal, 1998). In Nigeria, despite several efforts of the government in development of SMEs to ensure their continuous survival, Akabueze (2002) opine that one would have thought that they would flourish and grow, but the reverse is the case because of some challenges that is associated with managing businesses in Nigeria. Saka (2009) in examining the problems affecting business classified them into two main categories internal factors and external factors.

Okwuonu (2009) opined that the root cause of business failure is inadequate management which is borne out of the failure to adopt a sound human resource management practices. This has led to the high mortality rate of SMEs. Osalor (2010) opine that SMEs have also been affected by lack of enabling environment and this has led to their sudden death. This implies that there are not growth propelling resources at the disposal of SMEs in Nigeria over the years and these tend to deteriorate their growth mechanisms, (Sangosanya, 2011). Oshagbemi (1983) stated that less than five out of every twenty SMEs established in Nigeria survive in their first year of operation. Onnumere (1992) in a study conducted over thirty years on SMEs stated that half of SMEs in Nigeria do not survive beyond half a century. Unfortunately, this mortality rate is not confined to new entrants; it also affects older established SMEs (Oshagbemi, 1983). Despite the increase in the rate of failure of SMEs, entrepreneurs continue to venture into it and it will be to the disadvantage of the economy considering the pivotal roles of SMEs if this bottlenecks, obstacles and challenges to the performance and sustenance of SMEs are not addressed. It is pertinent that all the factors mentioned have their solution lying on the feet on the feet of the external environment such as the government except the factor of competent personnel which has its solution with the entrepreneur himself (Ogunwoye, 2015).

#### **Statements of problem**

The alarming rate of SMEs failure and discontinuations give the Nigerian economy cause for concern; there is therefore urgent need to research on factors that influences the adoption of HRM practices which may be responsible for influencing SMEs growth and performance in the area of study with a view to preventing their total extinctions from the Nigerian industrial sector. Small and Medium Scale Enterprises (SMEs) have, for long, been considered to be key players in the sustainable development of both the developed nations, and the developing economies of Third World countries, owing to their contribution to all aspects of the phenomenon. In Africa, the SME sector is the largest source of employment and constitutes the backbone of almost every economy on the continent. (Ojokuku, Sajuyigbe & Ogunwoye, 2014). Small-scale enterprises are important for modern economy and it is widely recognized that they contribute to employment growth (Drucker, 1985). About 99% of all European companies are small and medium sized and they provide 66% of all working places. Over the last decade, enterprises with less than 10 employees provided more new jobs than bigger companies (Mulhern, 1995).

Small and Medium Scale businesses constitute a driving force for economic growth, job creation, and poverty reduction in developing countries. In Nigeria, the informal economy has grown to a stage where it contributes over 65% of Gross National Product, and accounts for more than 70% of all new jobs in the country (Osalor, 2010). Despite the significant position Nigeria enjoys as the giant of Africa, in terms of natural resources, majority of firms predominantly small and medium scale enterprise still underperform while others wind up within first five years of business, only five to ten percent survive to achieve maturity stage, even with available financial resources (Ayanda & Danlami, 2011; Onugu, 2005), due to lack of strategic human resource planning (Okpara, 2011). This research addressed an important dearth identified in the literature with regard to factors that influences the adoption of HRM

practices of SMEs in Kwara state. From the foregoing the objective of this research is to investigate the factors that influences the adoption of HRM practices by SMEs in Kwara State

## **2. LITERATURE REVIEW**

### **a. Conceptual Crystallization**

#### **Small and Medium Scale Enterprises**

A review of the literature on SMEs shows that the definition of SMEs significantly varies from country to country depending on factors such as the country's state of economic development, the strength of the industrial and business sectors, the size of SMEs and the particular problems experienced by SMEs (Otokiti, 1987). Hence, there is no uniform or universally accepted definition of SMEs (Investment Climate Assessment (ICA), 2009). In Nigeria, parameters such as asset base (excluding land), the number of workers employed and the annual turnover are used for the classification of SMEs. Carpenter (2001) maintains that there is no one definition for SMEs; they are defined in Nigeria and other countries based on one or all of the following: the size or amount invested in assets excluding real estate; the annual turnover and the number of employees.

The concept of SMEs is dynamic and relative (Otokiti, 1987). Several institutions and agencies defined SMEs differently with parameters such as employee's size, asset base, turnover, financial strength, working capital and size of the business (Olutunla, 2001). Small and Medium Enterprise Equity Investment Scheme (SMEEIS), a private initiative by the Bankers' Committee defined MSME as enterprises with an asset base not exceeding \$3.85 million (N500 million) excluding land and working capital with staff strength of not less than 10 and not more than 300 (Sanusi, 2003). Pacific Economic Cooperation Council (2003) also opined that the International Finance Corporation (IFC) defined SMEs as firms with less than 300 employees and total assets less than 15million US dollars. The corporation adds that, in smaller economies SMEs are defined as firms with less than 20employees.

Oyeyinka (2011) opined that SMEs are broadly defined as businesses with turnover of less than N100 million per annum and/or less than 300 employees. For the purpose of Small and Medium Equity Investment (SMESEI) scheme, SMEs are defined as enterprise with a maximum asset base of ₦500 million (excluding land and working capital) and with no lower or upper limit of staff. The CBN in its monetary policy circular no 22 of 1988 defined small scale enterprise as having an annual turnover not exceeding ₦500,000. In the 1990, budget, the federal government of Nigeria defined small scale enterprise for purposes of commercial bank loans as those with annual turnover not exceeding ₦500,000 and for merchant bank loan as those enterprise with capital investment exceeding ₦ 2million(exceeding cost of land). Oyeyinka also stated that the National Council of Industries refers to business enterprises whose total cost excluding land is not more than N2million.

The Third National Development Plan (1975-1980) defined SMES as a manufacturing establishment employing less than 200 people or whose investment in equipment and machinery exceeds ₦5million. AbdulMajeed (2002) opined that the Federal Ministry of Industries defined SMEs as any manufacturing, processing or services with capital investment not more than ₦150 million in machinery and equipment alone. Section 37b(2) of the Companies and Allied Matters Decrees of 1990 defines a small company as one with an annual turnover of not more than 2 million and net asset value of not more than ₦1million. The European Commission (2007) also defined SMEs as enterprise which employs fewer than 250 persons and which has an annual turnover not exceeding 50 million euro, and /or annual balance sheet total not exceeding 43 million euros.

The above shows clearly that there is no clear cut definition of SMEs as the various definitions are centered on one or a combination of criteria such as the number of employees, sales turnover, capital outlay, asset base etc. One would quite agree that indeed definitions of

SMES varies from country to country and even in the same country, it varies from sector to sector as different institutions may adopt different definitions depending on the policy focus. It is also quick to note that these definitions change overtime. In furtherance of this, National Council on Industry (2001) offered the following definitions for micro, small medium and large scale enterprises in Nigeria.

- (i) **Micro/Cottage Industry:** An industry with a labour size of not more than 10 workers and total cost of not more than N1.50 million, including working capital but excluding cost of land.
- (ii) **Small-Scale Industry:** An industry with a labour size of 11-100 workers or a total cost of not more than N50 million, including working capital but excluding cost of land.
- (iii) **Medium Scale Industry:** An industry with a labour size of between 101-300 workers or a total cost of over N50 million but not more than N200 million, including working capital but excluding cost of land.
- (iv) **Large Scale:** An industry with a labour size of over 300 workers or a total cost of over N200 million, including working capital but excluding cost of land.

### **Human Resource Management Practices**

In the 21<sup>st</sup> century, the human resources is the most important resources an organization can boast of since it ensures the efficient and effective utilization of other types of resources. This is why organization must continually engage in attracting and retaining human resource (Ibikunle, 2014). The term HRM is widespread, the definition of the term has remained varied and elusive. HRM is a distinctive approach to employment management which seeks to achieve competitive advantage through the strategic deployment of highly committed and capable workforce, using an integrated array of cultural, structural and personnel technique”.

Human Resource Management (HRM) is a strategic, integrated and coherent approach to the employment, development and well-being of the people working in organisations. To Boxall and Purcell (2008), HRM is the management of work and people towards desired ends. Som, (2008) described HRM as carefully designed combinations of such practices geared towards improving organisational effectiveness and hence better performance outcomes. Human resource management has been defined as all management decisions and actions that affect the relationship between the organisation and employees.

HRM practices refer to organisational activities directed at managing the pool of human resources and ensuring that the resources are employed towards the fulfillment of organisational goals (Schuler & Jackson, 1987; Schuler & MacMillan, 1984). In most organisations human resource management is grouped under several functions namely Human Resource Planning, Recruitment, Selection, Placement and Induction, Training and Development, Performance Appraisal, Employee Compensation, Welfare Services and Benefits, Industrial Relations

### **b. Theoretical Framework- Human Capital Theory**

Human capital theory advocates education as a tool for improving human capital, stimulating labour productivity and boosting the levels of technology across the globe (Robert, 1991). This is so because Human capital is the most important resource or asset an organization or a country can boast of in the 21<sup>st</sup> century workplace since organizations are run and steered by people and it is through people that goals are set and objectives attained. Human capital consists of skills and knowledge that individuals acquire through investments in schooling, on-the-job training, and other types of experience. From micro economics perspective, human capital theory suggests that people possess skill, knowledge, and ability that have the potential to generate economic rent. Economic rent refers to profits in excess of formal economic returns (Coff, 2007). Like other assets, human capital has value in the

market place, but unlike other assets, the potential value of human capital can be fully realized only with the cooperation of the person, since firm investment to increase employee skills, knowledge, and abilities carry cost to the organization, they are only justified if they produce future returns by means of increased productivity and overall firm performance.

Human capital is recognized as the most critical in development. It has been directly linked to the ability of nations to transform from underdeveloped to developed economies. Indeed, the quality of a country's human capital is central to promoting and sustaining innovation as well as the adoption of appropriate technology for accelerated sustainable development (Ajibade, 2013). That human capital was largely accountable for the transformation of resource-poor countries like South Korea, Taiwan and Singapore while resource-rich countries like Nigeria, Venezuela and Angola are still at the lower wrung of the development ladder is a fact. This point, in fact, re-iterates the case for accelerated human capital development, especially in the developing countries, if the world is to overcome the global socio-economic and ecological crisis that have the potential to endanger our individual and collective existence as well as rob future generations of their well-being

The search for sources of sustainable competitive advantage increasingly pointed inward towards organizational capability and more specifically to the strategic management of human resource as capital and technology become increasingly available to virtually anyone anywhere. Human capital refers to the productive capabilities of people. Skills, experience and knowledge have economic value to organizations because they enable it to be productive and adaptable; thus people constitute the organizations human capital.

### **c. Empirical Review**

Madurapperuma (2009) studied informal HRM practices and level of performance in manufacturing SMEs in Sri Lanka. He identified that performances of SMEs are determined by various factors such as management process, marketing, strategies, networks, Human Resources Management (HRM) practices, technology (information and production technology) and so on. According to him adoption of such practices and the extent to which those are put in place, depend upon management and workforce of a particular organization. He concluded that, without having positive support from workforce, it is difficult to obtain desired results even though other practices such as marketing strategies, management process and network are apparent in the firm. His study ascertains whether manufacturing SMEs adopt formal human resources management practices in the same manner as large organizations. He concluded that informal HRM practices positively correlated with higher business performances. He described that more formal HRM practices are seen in SMEs where product quality is a concern and the numbers of employees are large.

Abdulkadir (2012) examined whether the effectiveness of SHRM practices on organizational performance is contingent on organizations' work place climate in the Nigerian Insurance Industry. Employing descriptive statistics and correlation analysis, the results suggested that the relationship between SHRM practices and organizational performance in the Nigerian insurance industry is moderately influenced by organizational climate. Also, the results showed that strategic HRM alignment, Line management training in HR, selection system, career planning, and job definition were significant to organisation's performance. Muogbo (2013) investigated the impact of SHRM on manufacturing SMEs in Anambra State Nigeria using 17 paint manufacturing firms. Employing correlation analysis, the results indicated that there was a strong positive correlation between SHRM and performance level of competition in SMEs. However, the study showed that majority of the SMEs in Anambra state Nigeria does not adopt SHRM.

Subramanian, Ibrahim and Shamsudin (2011) studied, linking human resource and organizational performance: evidence from small and medium organizations in Malaysia. In their study HR practices namely compensation, information sharing, job security and training

and development are considered. According to them compensation influences the employee and organizational performance and Information sharing improves organizational performance. They explained that in small and medium enterprises trust is important among the small workforce, which enables the organization to gather relevant input for critical decision making for the success of the organization. According to them for smaller work force, it is easy for the organization to share information about the day to day running of the organization and this makes the employee feel sense of belongingness and improves organizational performance. They concluded that Training and development improves organizational necessary skill and knowledge enhances work performance of employees and organizational performance.

### 3. Methodology

This study adopted the survey strategy in which it is descriptive and was inductive in approach. Additionally, this study has a population of 200 SMEs whose businesses are situated in Kwara Central Senatorial District and who are registered with the National Association of Small and Medium Enterprises (NASMEs). Primary data with the aid of a structured questionnaire was employed. The close ended questionnaire was designed using Rensis Likert scale format and administered to owners of selected SMEs. Data collected from the questionnaire were analyzed, summarized, and interpreted accordingly with the aid of descriptive statistical techniques such as total score and simple percentage. Multiple regression analysis was adopted to show the degree of impact of HRM practices on SMEs performance. The hypotheses were tested at 5% level of significance with the aid of STATA 11.0 Computer statistical software.

### 4. RESULT AND DISCUSSION

**Research Objective:** To investigate the factors that influences the adoption of HRM practices by SMEs in Kwara State.

**Research Hypothesis:** Adoption of HRM practices by SMEs in Kwara State are not influenced by any factor(s)

**Table 1: Multiple Regression Analysis showing the factors that influence the adoption of Human Resource Management Practices by SMEs**

Model	R-Squared	Adjusted R Squared		Root MSE	
1	0.8128	0.7926		.37753	
Source	Sum of Square	Df	Mean Square		Probability
Model	143.49759	4	10.8743999		74.29
Residual	10.689900	175	0.14253200		0.0000
Total	154.18749	179	11.016931		
Variable	Coef.	Std. Error	T	Sig	Beta
Firm Size	0.2961687	0.0635737	4.66	0.000	0.455103
Govt. Policy	0.4276609	0.1623688	2.63	0.045	0.2189244
Ownership Type	0.0799815	0.0475752	1.68	0.049	0.148262
Financial Availability	0.7859462	0.911105	8.63	0.000	0.7616384
Cons	1.620937	0.4952143	3.31	0.258	

Source: Researcher's Analysis, 2019 Using STATA 11.0 (Statistically significant at 5%)

The regression analysis results obtained in the evaluation of factors that influenced the adoption of HRM practices shows that the  $R^2$  Coefficient (0.8128) which is the coefficient of determination indicates that the explanatory variables account for 81.2% of the variation of factors that influences adoption of HRM practices. Given the adjusted  $R^2$  of 80% with 0.0000 at 5% level of significant. This is an indication that the independent variables in the model jointly and significantly explain the factors that influences adoption of HRM practices. Furthermore, the coefficient of the constant as shown in Table 1 above indicates that there exists 164% increase in HRM practices irrespective of factors that influences its adoption. Also, the F-statistics (74.29) indicates that the variables (Firm size, Government policy, Ownership type and Financial Availability) jointly predict the factors that influence HRM practices in SMEs in Kwara State. Financial availability ( $\beta=0.76$ ;  $t = 8.63$ ;  $p < 0.05$ ) was significant. This implies that the availability of funds constitute the most factor that influences the adoption of HRM practices by SMEs in Kwara State. Firm size was also significant with ( $\beta=0.46$ ;  $t = 4.66$ ;  $p < 0.05$ ). This implies that the adoption of HRM practices also depend on the size of SMEs. Although, ownership type ( $\beta=0.15$ ;  $t = 1.68$ ;  $p < 0.05$ ) and government policies ( $\beta=0.21$ ;  $t = 2.63$ ;  $p < 0.05$ ) were significant but very low.

The null hypothesis is rejected and the alternative hypothesis is accepted which states that there is significant relationship between adoption of HRM practices and performance of SMEs in Kwara State. This result is in agreement with Sels, Delmotte, Maes, Faems and Forrier (2006) who asserted that adoption of formal HRM practices may not always be possible because it is often too costly. The result is complementary to the previous findings by Mohammad (2012) who affirmed that firms of different sizes differ in the implementation of HRM practices. Tiwari and Saxena (2012) also opined that adoption of human resource practices is influenced by some factors

## 5. CONCLUSION AND RECOMMENDATIONS

The study has offered a new dimension for better understanding on how HRM practices can contribute to the success of SMEs especially in Kwara State, Nigeria. The adoption of HRM practices no doubt is one of the fundamental factors that can influence the performance of SMEs in Kwara State, Nigeria. The organizations which implements HRM practices with dedication, remains ahead of their competitors because such practices affects other variables such as competitive advantage, job satisfaction, financial performance, service quality, employee commitment etc. in a positive manner and leads to overall corporate performance. Thus, HRM practices are associated with higher work productivity, higher profits and an increase innovation capacity. Based on the findings of this study, factors such as financial availability and firm size will influence the extent of adopting HRM practices by SMEs.

This study recommends that since adequate financial capability is one of the factors that determine adoption of HRM practices, funding facilities should be provided for SMEs so as to boost their ability to adopt HRM practices. In the same vein, government should continue to come up with policies that will create an enabling environment that fosters encouragement of adoption of HRM practices by SMEs. This is expected to facilitate their ability to grow and build up the required capacity for the promotion of sustainable development in the nation.

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