IN THIS ISSUE

Vision to the Efficiency of Management

Financial Performance of Commercial Banks

International Business: Enthrall and Prospect

Effects of Humanitarian Intervention in the Libyan Crisis

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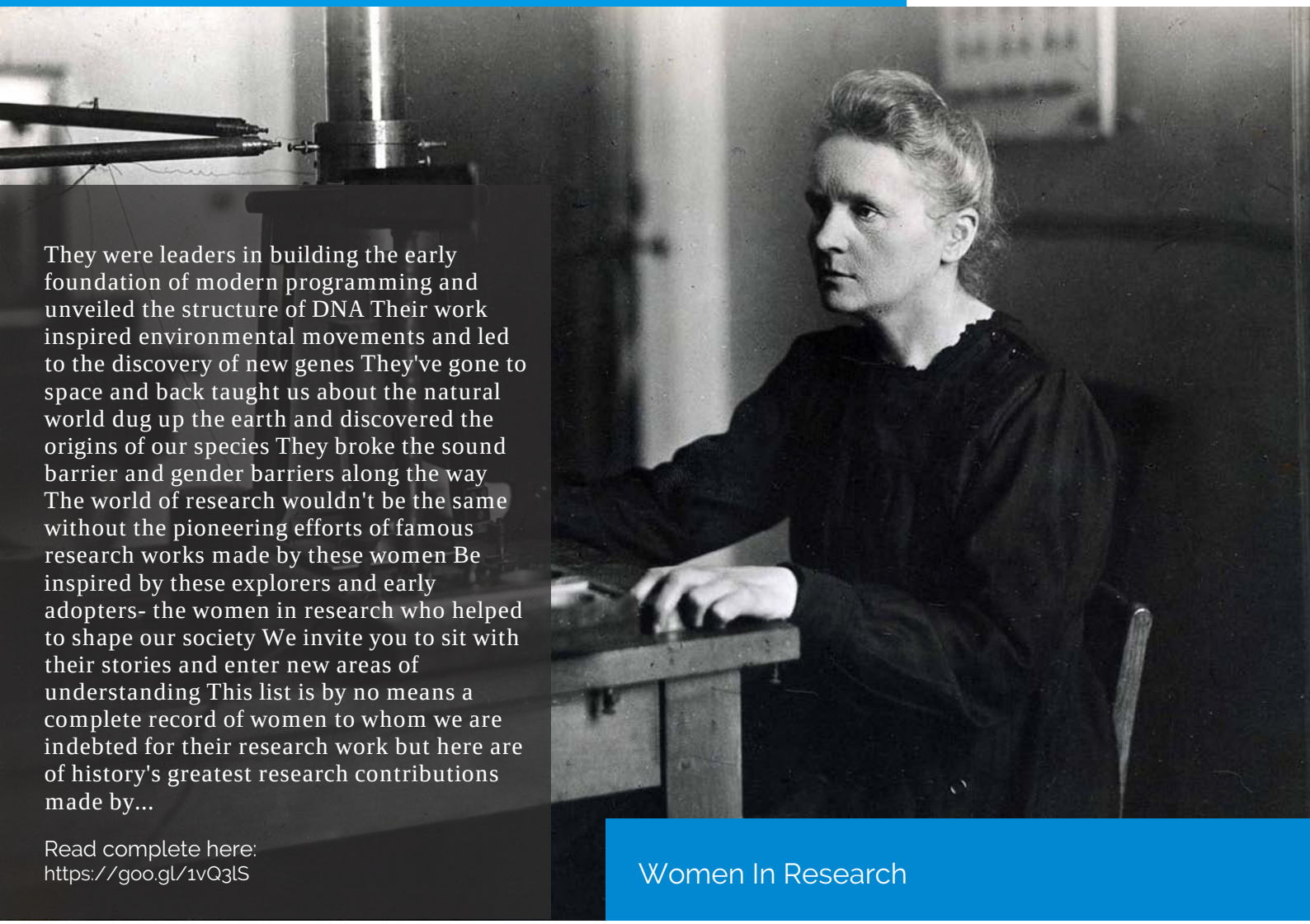

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Journal Content

In this Issue

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i. Journal introduction and copyrights

ii. Featured blogs and online content

iii. Journal content

iv. Editorial Board Members

1. Organizational Behavior in the Field of Public Administration: Vision to the Efficiency of a Management. ***1-15***
2. The Repercussions of the Humanitarian Intervention in the Libyan Crisis in 2011 in Terms of the Responsibility to Protect. 17-***21***
3. The Mediating Role of Entreprenuarial Orientation on the Relationship Between First Mover Strategy and Performance of Selected Telecommunication Application Service Firms in Kenya. ***23-43***
4. Effects of Central Bank of Rwanda Regulations on the Financial Performance of Commercial Banks in Rwanda. ***45-53***
5. Capital Inflow, Exchange Rate and Agricultural Output: Evidence From Sub-Saharan African Region. ***55-68***
6. International Business: Enthrall and Prospect. ***69-78***

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Organizational Behavior in the Field of Public Administration: Vision to the Efficiency of a Management

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ABSTRACT

This scientific article proposes to analyze the organizational behavior in the Public Administration, developed in the Labor Inspectorate in Maracay-Aragua, a public institution that has presented weaknesses in the work environment, such as: demotivation, absenteeism from work, communication deficiencies, lack of career plans and promotions, a situation that has materialized job dissatisfaction, dissatisfaction with human talent and failure to meet organizational goals. These aspects are framed within a socioeconomic context, characterized by shortages, inflation, insecurity and a deficit wage policy. To cover the specific objectives proposed, a non-experimental design was used as a methodology, based on field research.

Keywords: behavior, organization, human talent, public administration, leadership, work environment.

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Organizational Behavior in the Field of Public Administration: Vision to the Efficiency of a Management

Comportamiento Organizacional en El Ámbito De La Administración Pública: Visión a La Eficiencia De Una Gesti

Parra, Indimar

RESUMEN

El presente artículo científico plantea analizar el comportamiento organizacional en la Administración Pública, desarrollado en la Inspectoría del Trabajo en Maracay- Aragua, institución pública que ha presentado debilidades en el entorno laboral, como: desmotivación, ausentismo laboral, deficiencia en la comunicación, carencia de planes de carreras y ascensos, situación que ha materializado insatisfacción laboral, descontento del talento humano e incumplimiento de las metas organizacionales.

Estos aspectos, se encuentran enmarcados dentro de un contexto socioeconómico, caracterizado por el desabastecimiento, inflación, inseguridad y una política salarial deficitaria. Para abarcar los objetivos específicos propuestos, se empleó como metodología un diseño no experimental, fundamentado en una investigación de campo. La población objeto de estudio estuvo representada por catorce (14) trabajadores de la referida institución pública.

En este sentido, se empleó como técnicas de investigación la revisión documental y la encuesta, utilizando como instrumento el cuestionario escala Likert, con 5 alternativas de repuesta. Las consideraciones finales, determinaron que el comportamiento organizacional, se traduce en una situación anómala y desviada de los propósitos estratégicos, considerando que el talento humano presenta ciertas disconformidades con la gestión de la estructura organizacional, lo que incide notablemente en el servicio prestado, aspectos por el que se recomendó fortalecer el valor que tiene el talento humano para lograr una gestión eficiente y eficaz acorde con la misión y visión institucional.

Palabras clave: comportamiento, organización, talento humano, administración pública, liderazgo, clima laboral.

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ABSTRACT

This scientific article proposes to analyze the organizational behavior in the Public Administration, developed in the Labor Inspectorate in Maracay-Aragua, a public institution that has presented weaknesses in the work environment, such as: demotivation, absenteeism from work, communication deficiencies, lack of career plans and promotions, a situation that has materialized job dissatisfaction, dissatisfaction with human talent and failure to meet organizational goals. These aspects are framed within a socioeconomic context, characterized by shortages, inflation, insecurity and a deficit wage policy. To cover the specific objectives proposed, a non-experimental

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design was used as a methodology, based on field research. The population under study was represented by fourteen (14) workers from the aforementioned public institution. In this sense, the research techniques used were the documentary review and the survey, using the Likert scale questionnaire as an instrument, with 5 response alternatives. The final considerations determined that organizational behavior translates into an anomalous situation and deviates from strategic purposes, considering that human talent presents certain disagreements with the management of the organizational structure, which significantly affects the service provided, aspects for It was recommended to strengthen the value of human talent to achieve efficient and effective management in accordance with the institutional mission and vision

Keywords: behavior, organization, human talent, public administration, leadership, work environment.

I. INTRODUCCIÓN

Toda organización es un sistema social, que se traduce en la expresión de una realidad: política, cultural y económica, donde coexisten diversos criterios que deben estructurarse en armonía, para garantizar un equilibrio dinámico y donde participa un conglomerado humano que se interrelaciona de una manera particular al realizar las actividades y funciones que le son asignadas. Cualquier intento de entender por qué las personas se comportan del modo en que lo hacen en su sitio de trabajo, requiere cierto grado de comprensión. Los gerentes emplean un tiempo considerable evaluando el ajuste entre los individuos, las responsabilidades de los cargos y la eficacia.

Las instituciones marcan las pautas y estrategias para producir mejores resultados, por lo que ellas se entienden como elementos o entidades que administran recursos, programas, proyectos, servicios y actividades. Las mismas están conformadas por personas, de cuyo comportamiento y desempeño.

Por otra parte, es necesario que los directivos también se planteen conocer cómo influyen las diferencias individuales en el comportamiento organizacional, puesto que éste, dentro de la institución es complejo, debido a que es afectado por las variables del entorno y otros factores.

Deben reconocer también la dificultad inherente que existe cuando se trata que las personas actúen y piensen como la entidad de trabajo lo desee, porque desde esta perspectiva podrían controlar los acontecimientos.

Así las cosas, el comportamiento organizacional es el estudio del ejercicio y de las actitudes de las personas en el seno de las instituciones. Este campo centra su análisis en cómo el desempeño de los trabajadores contribuye o disminuye la eficacia y productividad del mismo y comprende tres unidades de análisis: el individuo, el grupo y la organización (ventaja competitiva). Las dos primeras unidades de análisis se centran en un micro aspecto (al nivel individual del trabajador), sobre este campo se resaltan temas como los rasgos de personalidad (diferencias entre las personas), las actitudes de los trabajadores, su motivación para el trabajo y liderazgo, la formación de grupos y la toma de decisiones en grupo.

Cabe destacar entonces, que el comportamiento organizacional no es más que la conducta moral que manifiesta cada individuo en su puesto de trabajo conociendo la misión, los valores, el método de la estructura para el logro de los objetivos o metas fijadas por la organización; por tanto, es necesario trabajar logrando la solidez en el funcionamiento de la misma, donde las expectativas de los miembros correspondan con los principios del trabajo influyendo en ellos de manera poderosa y contando con la cooperación de todos.

En este sentido, es importante recordar que el comportamiento organizacional considera algunos elementos vitales para el funcionamiento de una organización, entre los que se destacan: comunicación efectiva, establecimiento de metas, objetivos claros y precisos, clima organizacional adecuado, motivación y grandes expectativas de logro.

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Los gerentes deben estar seguros de que sus organizaciones serán prósperas y para ello se hace indispensable conocer sobre el comportamiento humano en los puestos de trabajo y éste será entendible sólo cuando se analiza de manera holística, sistémica y multidisciplinaria, en donde las relaciones personas- organización deben verse como un todo, teniéndose entendido que las habilidades técnicas son necesarias para el éxito en la gestión administrativa.

Con atención a lo descrito, el presente trabajo científico persigue analizar el comportamiento organizacional en una Institución de la Administración Pública, la Inspectoría del Trabajo de la Ciudad de Maracay, Estado Aragua, a los efectos de determinar las debilidades que caracterizan la relación de los trabajadores (as) vs organización en el contexto socioeconómico actual, sustentándolo en una investigación de campo apoyada con indagaciones de tipo documental, enmarcada en un paradigma cuantitativo.

Siendo así, esta investigación a los efectos de resaltar la identidad epistémica de los estudios organizacionales, va a enfocarse en el análisis de un fenómeno organizacional (comportamiento de los servidores públicos) a fin de destacar que tan efectiva puede ser la institución pública objeto de estudio, considerando que cada organización es única y los fenómenos que se estudian tienen características diferentes, situación esta que justifica el aspecto ontológico de la organización y su relación con sociedad, entiéndase trabajadores y empleadores como protagonistas de la relación laboral conforme a lo previsto por la legislación que regula la materia.

De igual modo cabe precisar, que la orientación epistemológica estará destinada a exaltar la fuente de información obtenida de los propios funcionarios (as) de la institución pública *in comento*, además de ser fortalecida por el conocimiento del espacio que tienen las investigadoras, sus interacciones con los funcionarios (as) públicos y la percepción que han obtenido en razón de los expedientes administrativos iniciados en esta instancia administrativa. Esta relación entre la investigadora y la realidad abordada permitirá concretar la visión ontológica.

En esta simbiosis de ontológico y epistemológico, se estará ubicando el contexto "empírico realista", dado que se estará revelando el resultado de las encuestas que revela el sentir de los funcionarios públicos, para la valoración de las experiencias y su utilización en el comportamiento organizacional.

En efecto, es sabido a partir de las distintas teorías para abordar los estudios organizacionales, se concibe una mirada mecánica de las organizaciones. Ello así, la Teoría del comportamiento, representada por Simon, March y Cyert, aportó teóricamente a la lectura de la organización desde una racionalidad moderada: las decisiones programadas y no programadas, la organización como sistema decisorio, el equilibrio organizacional, el foco de atención, la atención secuencial de metas, la flexibilidad organizativa, la solución de problemas, el aprendizaje organizacional, la organización como coalición política, y las variables de la incertidumbre y de la ambigüedad al momento de saber tomar decisiones. El análisis se centra en el individuo y la organización, asumiendo al hombre desde un enfoque administrativo como un ser capaz de tomar decisiones en ambientes de incertidumbre o racionalidad limitada. (Morales,2012)

En consecuencia, esta teoría es un punto de referencia que permitirá dar respuesta a las necesidades del ser humano en las organizaciones, dado que es lógico entender que éste como actor incide notablemente en la gestión social, el desarrollo económico y social de un territorio, y en el caso de la investigación planteada lo ocurrido en la institución pública objeto de estudio es de vital importancia para el entorno del mundo laboral, en el cual convergen intereses de los trabajadores y patronos por ser el trabajo un hecho social.

II. DESARROLLO

Las Instituciones de la Administración Pública en la actualidad, son consideradas como un sistema socio cultural con sus componentes ideológicos y

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particulares, principios, valores, mitos y creencias establecidas por quienes hacen vida en ella.

Es sabido y por todos conocidos que el concepto de organización ha cambiado y se ha consolidado. En este sentido, (Chiavenato,2011), define a la Organización como una asociación de personas reguladas por un conjunto de normas en función de determinados fines. Estas metas son producto de la planificación y de los procesos de toma de decisiones en donde los objetivos son creados tomando como base la capacidad de aprender que tienen los empleados conociéndose que las instituciones cobrarán relevancia al aprovechar el entusiasmo y la capacidad de aprendizaje del personal que poseen.

Sin embargo, lo interesante es analizar como las personas en este sistema social, como expresión de una realidad: política, cultural y económica, sea cual fuere su fin, interactúan entre sí, basándose en todo momento en la idea de alcanzar el logro de las metas propuestas de la mano con la misión y visión del sitio donde laboran.

En este contexto los gerentes quieren estar seguros de que las estructuras podrán soportar mucho tiempo y para ello se hace indispensable conocer sobre el comportamiento humano en las organizaciones y éste será entendible sólo cuando se analiza de manera holística, sistémica y multidisciplinaria en donde las relaciones personas-organización deben verse como un todo, teniéndose como entendido que las habilidades técnicas son necesarias para el éxito en la gestión administrativa.

Además, hay que destacar que los líderes necesitan tener buenas habilidades con la gente y canalizar las inquietudes de sus trabajadores, ya que el impacto positivo y/o negativo que los componentes de las instituciones (individuos, grupos y estructura) tiene sobre ella misma será directamente proporcional al éxito o fracaso que obtengan. Así las cosas, y en el entendido de estos aspectos la presente investigación, se enfoca la realidad de una organización perteneciente a la Administración Pública, la Inspectoría del Trabajo, ubicada en Maracay, Estado Aragua, ente adscrito al Ministerio del Poder Popular para el Proceso Social del Trabajo que regula las situaciones y relaciones laborales entre patrono y trabajadores en Venezuela, derivadas del trabajo como hecho social.

Actualmente, la referida institución pública está presentando debilidades en el entorno laboral y el comportamiento de sus trabajadores (as), entre las cuales se pueden mencionar: desmotivación, altos índices de ausentismo, deficiencia en los canales de comunicación, carencia de planes de carreras y ascensos acordes al perfil laboral, falta de actualización de los manuales de normas y procedimientos sobre la captación, incorporación y selección del nuevo talento humano. Todos estos aspectos, han incidido negativamente en la conducta del recurso humano, su desempeño laboral y por ende la eficiencia de una gestión institucional, situación está que en definitiva se traduce como un inadecuado comportamiento organizacional.

Lo antes descrito, se encuentra afianzado en el resultado de informe de auditoría interna realizada en el periodo desde 16/02/2017 hasta 17/03/2017 en la mencionada institución producto de las constantes denuncias por parte de usuarios y usuarias exigiendo respuestas a sus solicitudes o reclamos y por otra parte, la desmotivación de los trabajadores y trabajadoras donde a su vez se aprecia que no se determinan las diferencias de responsabilidad y complejidad entre los cargos, ausencia de criterios idóneos para asignarles remuneración, se desconocen los factores e indicadores de una buena gestión, excesiva individualidad en los jefes en perjuicio del trabajo en equipo, predominio absoluto de la subjetividad y de la intuición en la toma de decisiones. Se ignora el conocimiento del saber y existe resistencia ante los consejos y recomendaciones de especialistas.

De igual manera, hay indefinición de un estilo de liderazgo idóneo debido a que los inspectores jefes son nombrados por periodos de tiempo muy cortos dificultando la continuidad de los procedimientos y el logro de mejoras internas en el comportamiento y compromiso de los trabajadores (as). Por otra parte, en cuanto a la

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remuneración y beneficios contractuales son inadecuados pues las necesidades básicas de los funcionarios están insatisfechas, así mismo hay carencia de las condiciones ambientales necesarias para el óptimo desarrollo de las tareas laborales que permitan el cumplimiento de las metas organizacionales.

Dada las condiciones que anteceden, se realizó una nueva intervención de auditoría interna en función a los expedientes y procedimientos en trámites que cursaban en las distintas Salas y Unidades la Inspectoría del trabajo del Estado Aragua, la cual se efectuó en el periodo desde 16/09/2018 hasta 19/11/2018, resultando lo siguiente: insatisfacción laboral y descontento del talento humano que se convierten en incumplimiento de las funciones y actividades y por ende retardo de los lapsos procesales, generando que la gestión en la referida institución deje mucho que decir, en donde afloran grandes irregularidades producto de los muchos factores que se han dejado de corregir tales como el ausentismo elevado, el retardo en las ejecuciones y decisiones de las distintas solicitudes, reclamos y procedimientos que realizan los usuarios y usuarias del ente.

En el contexto anteriormente descrito, se consideró plantear una investigación de campo apoyada con indagaciones de tipo documental, enmarcada en un paradigma cuantitativo, a los efectos de indagar con relación al fenómeno planteado.

En este mismo orden de ideas, el nivel de investigación estuvo pautado en el aspecto "descriptivo", con la finalidad de obtener datos precisos y confiables que permitieran determinar el comportamiento de los empleados en el área de estudio seleccionada. Ahora bien, la población y muestra que se empleó, estuvo representada por la cantidad de catorce (14) funcionarios (as), seleccionados en cada una de las salas que conforman la institución pública en cuestión, lo cual representó el 100% de la población, considerando que la autora no realizó extracción muestral, debido a que la población es finita, pequeña y de fácil acceso. En virtud de lo anteriormente descrito, la técnica de estudio, estuvo representada por la observación directa a los efectos de tener unas visiones amplias del comportamiento de los funcionarios (as) seleccionadas.

De igual forma, el instrumento que se empleó para la recolección de los datos fue el cuestionario con la modalidad de opciones de respuesta de tipo cerrada, las cuales se midieron con las variables operacionalizadas mediante una escala de Likert, y cuya validez y confiabilidad se determinó con el coeficiente alfa de Cronbach.

Con lo anteriormente indicado, las investigadoras buscaron materializar la comprensión del comportamiento organizacional y sus implicaciones en las gestiones gerenciales en la Institución objeto de estudio.

Finalmente, se presentaron las reflexiones y sugerencias que surgieron del estudio investigativo, para culminar con la indicación de las Referencias y todos los anexos que soportaron la elaboración de dicho estudio.

Por lo antes expuesto, la investigadora surge la siguiente interrogante:

¿Cómo se caracteriza el comportamiento organizacional en la Inspectoría del Trabajo de Maracay, Estado Aragua?

2.1 Objetivos de la investigación

Objetivo general

Analizar el comportamiento organizacional en el ámbito de la Administración Pública.

Objetivos específicos

1. Diagnosticar el comportamiento organizacional que se evidencia en la Inspectoría del Trabajo de Maracay.
2. Determinar la eficacia de los trabajadores de la Inspectoría de Maracay en el cumplimiento de las funciones asignadas.
3. Resignificar la conceptualización del comportamiento organizacional en la Administración Pública.

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III. METODOLOGÍA

Este trabajo se ubicó dentro de los parámetros de la investigación de campo, por cuanto los datos fueron tomados directamente de la realidad objeto de estudio, apoyado en una investigación de tipo documental, debido a que se emplearon fuentes de datos secundarios que permitieron recabar el máximo de información disponible o accesible para el análisis del problema.

En cuanto al nivel de la Investigación fue de tipo descriptivo, porque se buscó la obtención de datos confiables y precisos para desarrollar un estudio completo que determinara el comportamiento de los empleados del área en estudio.

3.1 Población y Muestra

Para efectos de este estudio, la población la conforman 14 empleados(funcionarios) nómina mensual que ocupan los siguientes cargos:

Cuadro 1: Distribución de la Población

Áreas	Cantidad de empleados
Sala de Despacho	1
Sala de Solvencia	1
Sala de Sanciones	1
Sala de Sindicato	1
Sala de Reclamo	2
Sala de Fuero	2
Sala de Registro de Empresa	2
Sala de Contrato	1
Sala de Relatores	2
Sala de Procuraduría	1
Total	14

Fuente Autoras (2021)

Es importante destacar, que no efectuó extracción muestral debido a que la población es finita, pequeña y de fácil acceso se trabajó con la totalidad de la población es decir el 100% que equivale a 14 personas.

3.2 Técnicas E Instrumentos De Recolección De Datos

Siendo la encuesta el método más usado para la recolección de información, y la que permite establecer la relación directa entre el investigador y su objeto de estudio, a través de individuos o grupos, con el fin de obtener testimonios orales, se empleó por la investigadora para reunir información proveniente de personas o grupos que proporcionan datos para la investigación. La misma fue aplicada al personal miembro de la muestra.

El instrumento de recolección de datos que se utilizó es el cuestionario, cuyas preguntas se diseñaron con la modalidad de opciones de respuesta de tipo cerrada, las cuales miden las variables operacionalizadas mediante una escala de *Likert*, considerada como un conjunto de ítems presentado ante los cuales se pide al sujeto que exteriorice su reacción eligiendo uno de los tres puntos de la escala.

IV. ANÁLISIS DE DATOS

Los resultados obtenidos, se analizaron desde el punto de vista individual de cada ítem, y se realizó una interpretación general descriptiva de los mismos, a fin de evaluar las líneas fundamentales que actualmente caracterizan el comportamiento organizacional en la Administración Pública desarrollado en el ámbito de la Inspectoría del Trabajo del estado Aragua.

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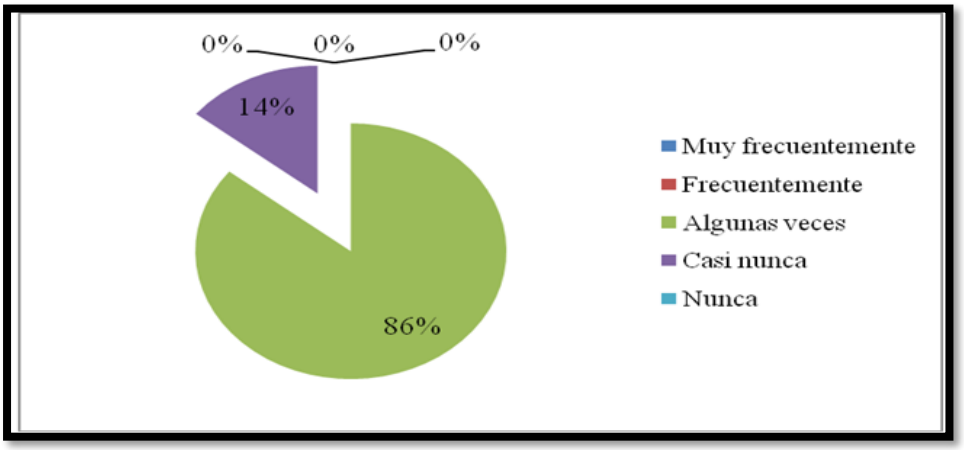
Aplicado el cuestionario para la recolección de los datos, fue necesario clasificar la información para luego analizar los resultados obtenidos, estos resultados fueron expresados mediante un cuadro respectivo para cada pregunta.

4.1 Ítems. La Gestión Del Talento Humano Es Efectiva Dentro De La Institución

Gráfico 1

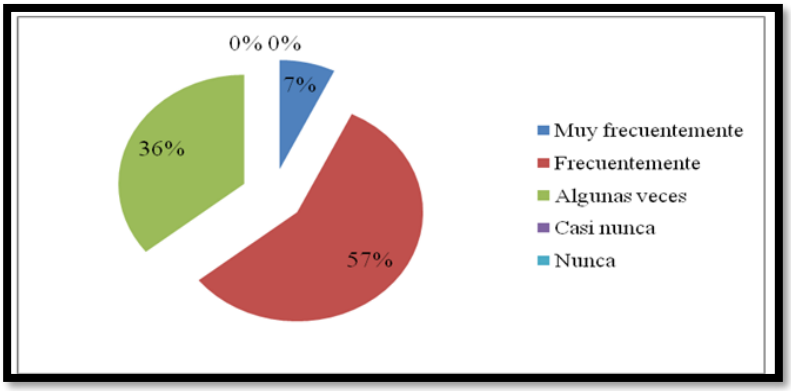


Fuente Elaboración propia (2021)

La gestión del Talento Humano, se refiere al proceso que incorpora nuevos integrantes a la fuerza laboral, y que además desarrolla y retiene a un recurso humano existente, esto demuestra que hay debilidad en este aspecto, dado que los encuestados en un (86%) señalaron que "algunas veces" solo se hace efectiva la gestión de Talento Humano, por lo que es necesario una revisión para lograr que se cumplan todos los trámites y procedimientos que caracterizan la política de ingreso, con el cumplimiento de los requisitos y perfiles idóneos, y más cuando los mismos prácticamente son centralizados a nivel del Ministerio del Poder Popular para el Proceso Social del Trabajo (MPPPST), aspecto éste que representa una gran desventajas para atender los procesos administrativos y satisfacer las necesidades y requerimiento de sus trabajadores (as). La creación de una Dirección Estadal no ha representado una solución para estos efectos.

4.2 Ítems Existe un alto nivel de ausentismo laboral en la Inspectoría del Trabajo en Maracay-Estado Aragua

Gráfico 2



Fuente Elaboración propia (2021)

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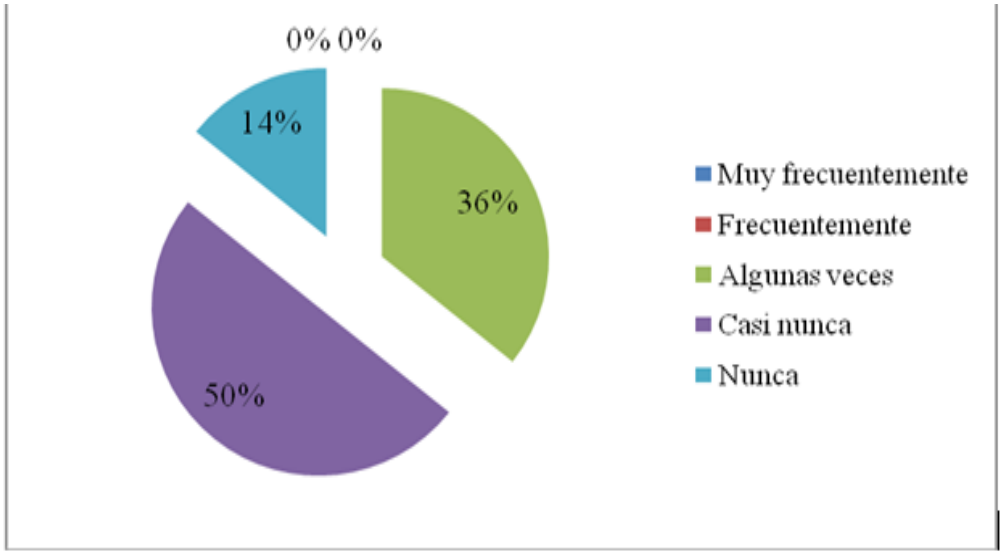
Se evidencia un alto ausentismo laboral, considerando que un 57% de los encuestados afirma que es una situación frecuente, lo cual permite deducir que hay fallas en la asistencia del personal, bien sea por reposos o abandono de trabajo, situación está que influye en la respuesta que le pueda dar la institución al administrado. Estos aspectos al ser tramitados centralizadamente no reciben adecuadas respuestas, por lo que se percibe en forma constante.

4.3 Ítems. El plan de Rotación del personal es aceptado por los trabajadores y trabajadoras de la institución

Gráfico 3

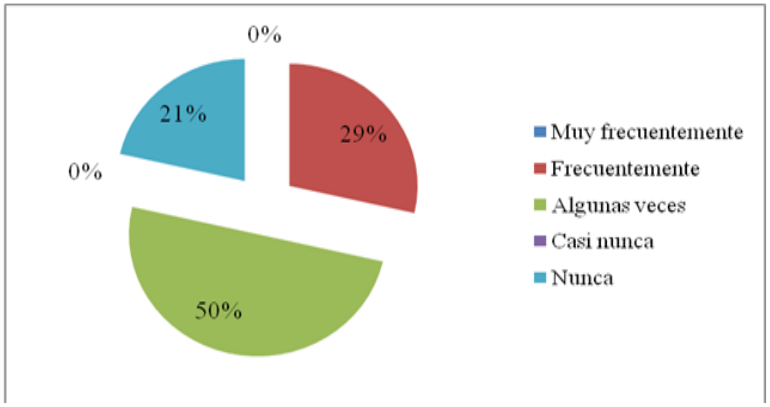


Fuente Elaboración propia (2021)

Estos resultados demuestran que la rotación de personal no es manejada de manera efectiva de acuerdo a lo referido por el 50% de los trabajadores encuestados, por lo tanto, no genera el impacto positivo y deseado dentro de la institución, dado que dichos trabajadores son ubicados en otras áreas de trabajo sin tomar en cuenta su capacitación, perfil para el cargo y desempeño.

4.4 Ítems Considera que la eficiencia está presente en la aplicación de los procedimientos solicitados ante esta institución pública

Gráfico 4



Fuente Elaboración propia (2021)

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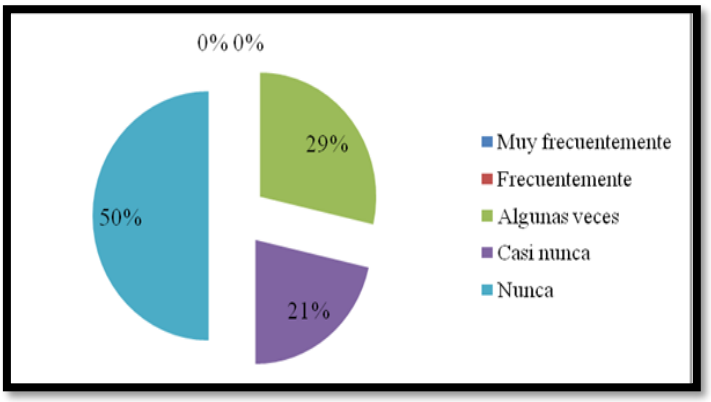
Estos resultados permiten deducir que los procedimientos administrativos que presta la institución son de calidad baja por lo que los trabajadores (as) perciben en un (50%) que los usuarios están inconformes con el servicio prestado por la Inspectoría del estado Aragua, ante la falta de respuestas oportunas y adecuadas tanto a los empleadores como trabajadores, lo cual está distante de la misión establecida en la Ley Orgánica del Trabajo, Trabajadores (as), que es garantizar la defensa de los derechos e intereses de los trabajadores venezolanos ante violaciones flagrantes derivadas del trabajo como hecho social.

4.5 Ítems. Se aplican con efectividad los canales de comunicación entre las Gerencias y los trabajadores y trabajadoras de la Inspectoría

Gráfico 5

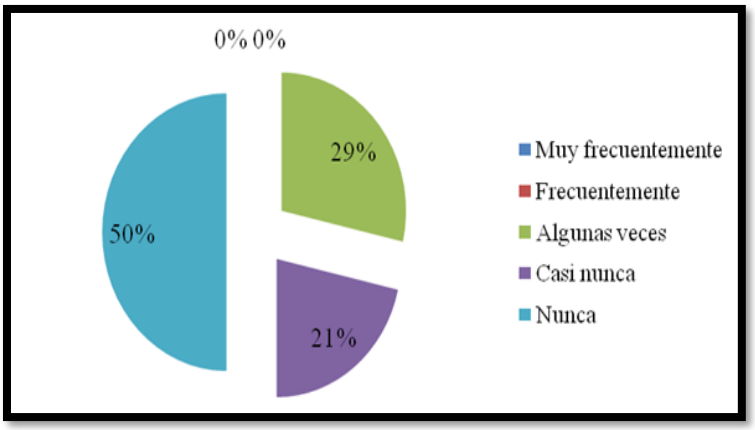


Fuente Elaboración propia (2021)

La labor comunicativa basa su accionar en las estrategias de buen relacionamiento, en donde convergen distintos elementos que configuran a la comunicación como una estructura organizacional dinámica. No obstante, hay un quebrantamiento en los canales y estrategias de comunicación, dado que los trabajadores (as) en un (50%) señalaron que nunca se percibe una buena comunicación entre la Gerencia y los trabajadores (as), lo que es determinante para el liderazgo de un gerente, aunado a las complicaciones que surgen para la organización del trabajo.

4.6 Ítems Hay Un Buen Trabajo en Equipo Dentro De La Inspectoría, Que Permita El Desarrollo De Las Diferentes Actividades

Gráfico 6



Fuente Elaboración Propia (2021)

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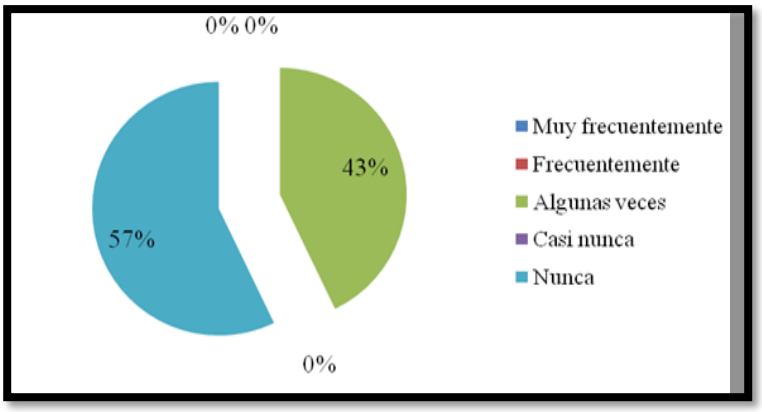
De acuerdo con los resultados mostrados en la tabla el 50% de los encuestados expresó que Frecuentemente hay un buen trabajo en equipo dentro de la Inspectoría, el 29% opina que algunas veces hay un buen trabajo en equipo, mientras el 21% indicó que casi nunca, situación que permite deducir que a pesar de las debilidades que presenta la Inspectoría hay trabajo en equipo. Los equipos de trabajo dan vida a las organizaciones, de gran parte de ellos depende el logro de los objetivos. Por tal motivo, son numerosos los beneficios que ofrece el trabajo en equipo tanto para la institución como para sus trabajadores (as).

4.7 Ítems. El Ambiente Laboral Es Propicio Para El Desempeño De Sus Funciones Dentro De La Inspectoría

Gráfico 7

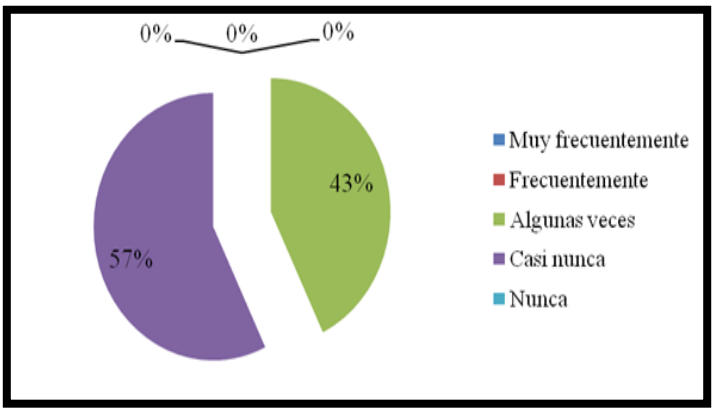


Fuente Elaboración propia (2021)

El 57% opinaron que nunca el ambiente laboral es propicio para el desempeño de sus funciones dentro de la Inspectoría, por su parte el 43% restante dice que algunas veces el ambiente laboral es propicio para el desempeño de sus funciones. Contar con unas características medio ambientales negativas en el lugar de trabajo, como son: iluminación insuficiente, calor, ruido ambiental, infraestructura colapsada (filtraciones), baños inoperativos, sin condiciones sanitarias, suministro de agua precario, inadecuada distribución de los espacios, una mala ubicación de las personas y de los instrumentos de trabajo, hacen que los trabajadores no se sientan cómodos y dispuestos en el lugar de trabajo, lo que repercute negativamente en su productividad y en la calidad de sus tareas.

4.8 Ítems. Realiza La Inspectoría Actividades De Crecimiento Personal Para Afianzar Una Autoestima Adecuada en Los Trabajadores Y Trabajadoras

Gráfico 8



Fuente Elaboración Propia (2021)

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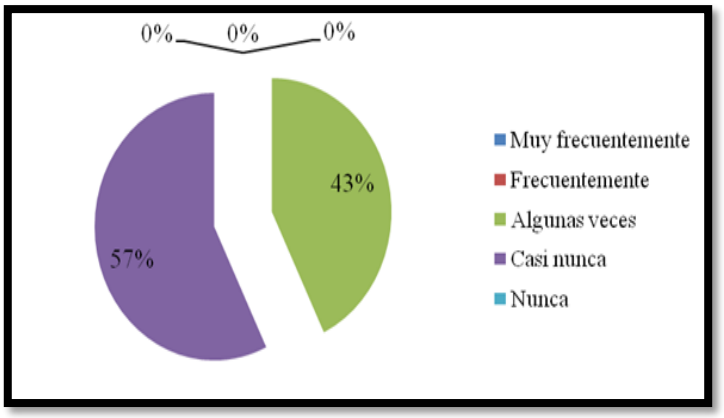
Los encuestados dicen que casi nunca (57%) la Inspectoría de Maracay realiza actividades de crecimiento personal para afianzar una autoestima adecuada en los trabajadores y trabajadoras, por su parte el 43% opina que algunas veces realizan actividades de crecimiento personal para afianzar una autoestima adecuada, esto permite deducir que la institución ha dejado atrás los planes de crecimiento profesional para afianzar la autoestima de los trabajadores, es importante que el personal tenga una autoestima adecuada ya que eso repercute en la calidad y cantidad del trabajo que desarrolla y en las diferentes relaciones que éste implica (entre compañeros, con los jefes, o usuarios).

4.9 Ítems. Existe Posibilidad De Crecimiento Profesional Dentro De La Institución

Gráfico 9

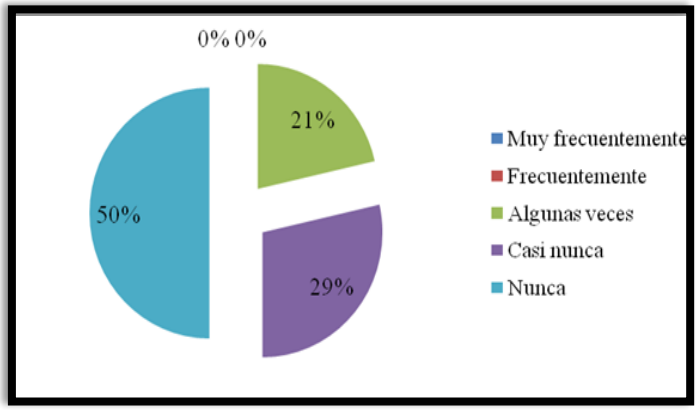


Fuente Elaboración Propia (2021)

Los trabajadores encuestados opinaron que Nunca existe posibilidad de crecimiento profesional dentro de la institución, por su parte el 29% dice que Casi nunca existe posibilidad de crecimiento profesional en la Inspectoría del trabajo; finalmente el 21% restante expresó que algunas veces existe posibilidad de crecimiento profesional dentro de la institución. Esta situación permite deducir que influye en el trabajador ya que piensa que no tiene mayores posibilidades de mejorar en su ámbito laboral por lo que se traduce en una desmotivación que se ve reflejada en el servicio que presta la Inspectoría.

4.10 Ítems. ¿Considera usted que está conforme por la remuneración recibida?

Gráfico 10



Fuente Elaboración propia (2021)

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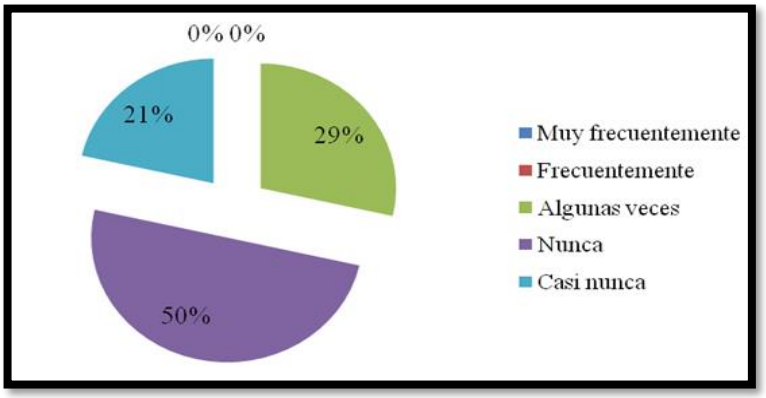
Los encuestados dice que casi Nunca están conformes por la remuneración recibida, un 31% señaló que Algunas veces están conformes con la remuneración, mientras que un 23% expresó que nunca está conforme con la remuneración recibida. El término remuneración se utiliza para hacer referencia a todo aquello que una persona recibe como pago por un trabajo o actividad realizada; el tipo de remuneración corresponde a cada trabajo dependiendo de la cantidad de horas que necesite, de la capacitación o profesionalización del mismo, de los riesgos que esa actividad implique, de la duración, etc.

4.11 Ítems. Los Ascensos Dentro De La Institución Se Realizan en Forma Periódica a Través De Las Evaluaciones

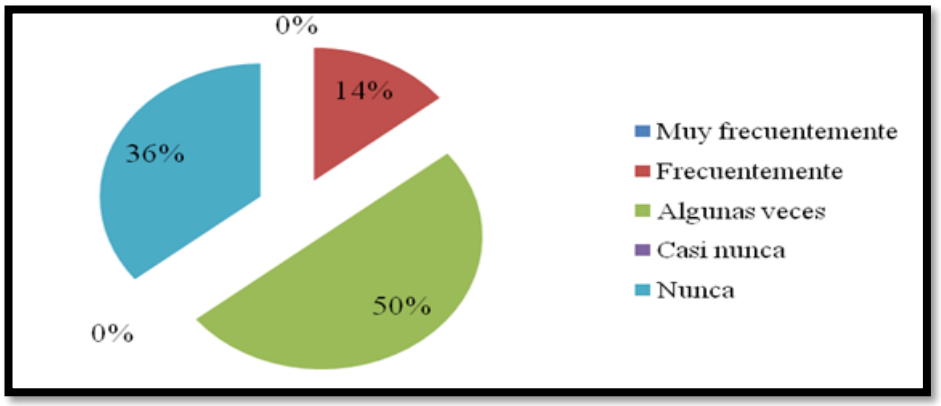
Gráfico 11



Fuente Elaboración propia (2021)

Los encuestados dice que nunca los ascensos dentro de la institución se realizan en forma periódica a través de las evaluaciones, el 29% dice que algunas veces se realizan evaluaciones periódicas para los ascensos, por su parte el 21% dice que casi nunca se hacen evaluaciones para los ascensos. Hoy en día la evaluación del desempeño es la forma más usada para estimar o apreciar el desenvolvimiento del individuo en el cargo y su potencial de desarrollo, así como su crecimiento profesional dentro de la institución.

4.12 Ítems. Con Que Frecuencia Siente Usted Motivación Al Realizar Sus Funciones Dentro De La Inspectoría



Fuente Elaboración propia (2021)

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Los trabajadores encuestados expresaron que algunas veces siente motivación al realizar sus funciones dentro de la Inspectoría. Por su parte un 36% opina que nunca siente motivación al realizar sus funciones, finalmente el 14% restante dice que Frecuentemente siente motivación al realizar sus funciones dentro de la institución. La motivación laboral es la capacidad que tienen las empresas y organizaciones para mantener el estímulo positivo de sus empleados en relación a todas las actividades que realizan para llevar a cabo los objetos de la misma, es decir, en relación al trabajo.

V. REFLEXIONES FINALES

Desarrollados los objetivos específicos del presente estudio, se concluye lo siguiente: El mundo actual se ha caracterizado por cambios radicales que marchan a la par de procesos de transformaciones socioeconómicas, en el cual, el logro adecuado de un comportamiento organizacional, constituye el instrumento para alcanzar mayores niveles de eficacia y eficiencia. Por ende, un buen comportamiento organizacional dependerá de cómo se haya gestionado el capital humano en la organización, cómo están integrados los miembros que la conforman, cuál es su identificación con la institución, cómo se manifiesta su crecimiento personal y profesional, cómo se da la motivación, la creatividad, la productividad, la identificación, y la pertenencia.

El estudio de campo realizado, bajo el enfoque epistemológico y ontológico expresado ha permitido percibir las vivencias y experiencias de la población encuestada, funcionarios (as) que han manifestado su disconformidad con aspectos esenciales dentro de un entorno de trabajo, remuneración, ambiente laboral, factores psicosociales, oportunidades de crecimiento, los cuales son determinantes para la gerencia de una organización y el cumplimiento de los planes de gestión.

En este sentido, siendo que el comportamiento organizacional que se evidencia actualmente en la Inspectoría del Trabajo en Maracay presenta debilidad y distorsión sistemática, debido a que el talento humano presenta ciertas inconformidades con las respuestas que reciben de sus directores y gerentes, situación ésta que quedó comprobada por la insatisfacción laboral, ausentismo, falta de identificación con los valores de la organización, lo cual se traduce en resultados que han afectado el rendimiento del personal y la efectividad en el cumplimiento de los objetivos institucionales, en un clima laboral emocionablemente desfavorable, lo que sin duda puede generar conflictos, afectar el trabajo en equipo, que en este caso específico no se ha manifestado, e incidir en la productividad de una institución pública que tiene encomendada una importante misión a nivel de las relaciones laborales en Venezuela El análisis del comportamiento organizacional de esta institución permite afirmar que las organizaciones de la administración pública, como cualquier sistema social, están inmersas en un entorno de múltiples dimensiones: ideológica, normativa tecnológica, social, económica, política, cultural, y otras. Dicho entorno incide sobre las características y el comportamiento de dichas organizaciones, y éstas a su vez inciden, en cierto grado, sobre su entorno.

Una institución socialmente responsable es aquella que posee la capacidad de identificar los intereses y necesidades de diferentes partes, como son: los directivos, los prestadores de servicios, los usuarios, el gobierno y la comunidad. Esto se logra si, si los equipos orientan su poder y capacidades a las necesidades del colectivo y no de las suyas propias. Por ello, se deben implementar los modelos adecuados en el manejo de la Organización, lo cual resulta indispensable, alguno de ellos es, según (Hodgetts,1995), citado por (Berry, 2011): a) De participación y delegación de autoridad, b) Custodia, c) De Apoyo (Liderazgo. D) Colegiado (propósito común).

Esta es la realidad de una organización en el mundo del trabajo, en un espacio determinado y en un momento caracterizado por profundas contradicciones económicas y políticas que afectan notablemente al talento humano como piezas fundamentales de una gestión social, entendida esta como una práctica esquematizada orientada a la acción y a la solución de problemas

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de la administración, tal como lo afirma Dávila (2002).

VI. RECOMENDACIONES

- Luego de haber desarrollado cada uno de los objetivos de esta investigación y tomando en cuenta las conclusiones resultantes se recomienda:
- Tomar en cuenta y reconocer el valor que tienen los trabajadores y trabajadoras dentro de la institución, ya que de ellos depende en gran parte el éxito de la misma.
- Mejorar el proceso de comunicación de los Directivos, jefes y los subalternos, permitiendo la retroalimentación para desarrollar las actividades de la institución; se debe estimular la participación de los trabajadores (as) en la toma de decisiones lo que genera confianza.
- Desarrollar acciones para establecer un sistema de salud ocupacional acorde con las características propias de la sociedad venezolana, enfocado en la disminución del estrés laboral.
- Activar un Sistema de Gestión de Salud y Seguridad Laboral: delegados de Prevención, Comité de Salud y Seguridad Laboral, Programa de Salud y Seguridad Laboral, Vigilancia Epidemiológica y Servicio de Salud y Seguridad Laboral.
- Fomentar las reuniones de equipo y periódicas con los trabajadores (as) para promover la participación, el intercambio de ideas y motivar el desempeño de su personal.
- Trabajar continuamente en el análisis del comportamiento organizacional, específicamente en la medición periódica del clima laboral para así identificar como va evolucionando el talento humano.
- Establecer mecanismos administrativos efectivos para el proceso de ingresos y ascensos dentro de la Inspectoría del trabajo del estado Aragua.
- Aplicar expeditamente lineamientos sancionatorios para las ausencias en el puesto de trabajo que no estén debida y claramente justificadas.
- Actualizar a los nuevos tiempos los sistemas de información gerencial además mejorar y simplificar los procedimientos de Denuncias de Despidos Injustificados, Reclamos y Supervisiones Integrales, así como también los distintos programas administrativos para facilitarles el trabajo y poder brindar a los usuarios (as) de la institución una atención más rápida y con calidad para que este quede satisfecho con la ejecución de su trámite o procedimiento.
- Rescatar aspectos de la conceptualización del comportamiento organizacional para analizar el efecto del ambiente de la institución, sus recursos humanos, misiones, objetivos y estrategias. Así como también, las teorías en las que se sustenta el comportamiento organizacional.

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The Repercussions of the Humanitarian Intervention in the Libyan Crisis in 2011 in Terms of the Responsibility to Protect

Nesma Tarek

ABSTRACT

This article aims to assess the role of Responsibility to protect based on its repercussions after its implementation in the Libyan crisis in 2011. This can be tackled by examining its legal aspect and enforcement mechanism from an offensive realism perspective. Moreover, it shows the main clarifications of the different implementation of international humanitarian law, humanitarian intervention, and responsibility to protect. The article focuses on the case of Libya as it is considered the first case for the implementation of R2P. Thus, the examination of the Libyan case can be considered for testing the results of R2P and on what bases it was implemented for instance its implementation was as a political tool to achieve the required interests and ends of the states or for the protection of human rights.

Keywords: responsibility to protect, humanitarian intervention, libya, offensive realism.

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Keywords: responsibility to protect, humanitarian intervention, libya, offensive realism.

I. INTRODUCTION

Responsibility to protect can be considered as a tool to prevent any violation of human rights and to avoid any atrocities. It emerged due to the failure of international forces to respond to the genocides in Rwanda and Yugoslavia in the 1990s.

Thus, it was developed in the 2000s to enhance the sovereignty of the states under the notion of "responsible sovereignty" which is not only focusing on the sovereignty of the states over its territory but to protect its population. Thus, R2P emerged based on moral and political considerations (Welsh, 2016).

However, the concept of R2P was used as a tool to achieve the interests of the states based on humanitarian reasons. In order to assess the role of R2P, it is important to assess its repercussions.

Thus, the purpose of this paper is to discuss the repercussions of the R2P in Libya in 2011 and whether it achieved the required outcomes or not.

This can be tackled through the research question which is "why responsibility to protect in Libya was controversial?". This paper argues that responsibility to protect in Libya was controversial due to the lack of its legality and the political interests of the states that can be shown in the repercussions of the intervention which are the tribal and ethnic divisions. This paper is divided into two sections. The first section discusses the concept of R2P and its pillars based on the legal perspective. In addition, it includes discussing R2P from traditionalists' perspective specifically offensive realism. The second section discusses the case of the Libyan crisis in 2011 and the impact of R2P on it.

II. THE NOTION OF THE RESPONSIBILITY TO PROTECT AND OFFENSIVE REALISM

The core notion of responsibility to protect is that the sovereignty of the state is not only specified to its political and physical jurisdiction but in the protection of its citizens from any atrocities or human rights violations. This can be shown in the definition of R2P as "an emerging international security and human rights norm which seeks to enhance the state's ability to protect civilians from four mass atrocity crimes: genocide, crimes against humanity, ethnic cleansing, and war crimes." (UNA-UK, 2016).

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The R2P started to be adopted unanimously in 2005 at the UN World Summit and it was articulated in paragraphs 138 and 139 of the World Summit Outcome Document. On one hand, paragraph 138 emphasized the responsibility of the states to protect their citizens from war crimes, ethnic cleansing, genocides, and crimes against humanity. On the other hand, paragraph 139 emphasized the responsibility of the international community in protecting the citizens from atrocities whether genocides, ethnic cleansing, war crimes, or crimes against humanity (Global Centre for the Responsibility to Protect, 2005).

The R2P is mainly based on three pillars that can be used to assess its outcomes. These pillars are; first, emphasize the responsibility of states in protecting its population against the four atrocities, second, the responsibility of the international community in assessing the stats in achieving that responsibility and third, in case the state failed to protect its population, the international community must take a collective action based on the UN charter (Renshaw, 2021).

In addition, the International Commission on Intervention and State Security defined and specified three pillars for the concept of responsibility when the state is unable to protect its citizens in the cases of humanitarian crisis.

These pillars are; the responsibility to prevent which can be implemented via the early warnings and direct prevention or by tackling the root causes of conflicts, the responsibility to react which is considered the most controversial pillar as it could use coercive actions, and finally the responsibility to rebuild which refers to the assistance that could be provided for the states after conflicts especially after the military interventions such as the reconstruction (Borgia, 2015).

The legality of R2P can be shown through its ground in international law. It is not legally binding which represents the main difference between it and international humanitarian law. It emerged to resolve the humanitarian issues and respect the sovereignty of the states. Thus, it considered the use of force as the last resort, and its use is related to the four atrocities. Therefore, R2P is considered a preventive mechanism, on the other hand, humanitarian intervention refers to the use of military force and is used in any humanitarian emergencies (Australian Red Cross, 2011).

Consequently, the notion of R2P is ambiguous and confusing due to the lack of its legality and its use by the international community which weakens its application as a result of allowing states to use it as a fragile foreign policy tool. This ambiguity arises due to the concept of "responsibility" as it does not have a legal definition in international law or any of its conventions which made it close to the concept of legitimacy instead of legality (Sulaeman, 2018).

The notion of R2P is considered by the traditionalists specifically offensive realism as a tool used by the state to gain power for achieving security in the anarchic international system.

Thus, its use to R2P is not by coincidence "humanitarian and strategic concerns are not merely coincidental [but] indistinguishable" (Sulaeman, 2018). Based on the assumptions of offensive realism, the R2P is used by states to employ their military capability due to the uncertainty among states about the intentions of the other states.

Moreover, as great powers are considered rational actors, it uses R2P to achieve their survival (Johnson & Thayer, 2016). Thus, governments considered R2P as nonbinding to contribute to achieving their interests. This can be shown in the second and the third pillars of R2P as they were viewed as foreign policy decisions which can be decided based on the cost-benefit analysis "decision-makers seek to preserve their position and further their constituents' interests; utilizing, ignoring, or blocking R2P are different ways to achieve these goals, as is recourse to the normative shield of sovereignty" (Sulaeman, 2018). Also, in the third pillar, it was mentioned that it should "carried out only for the purposes proposed" which is unrealistic as Kenneth Waltz mentioned, "It can be safely assumed that rulers

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want to remain in power and promote the security of their position and constituents – if the third pillar furthers these objectives and the major institutional powers at the UN (the P5) concur, R2P will be applied." (Sulaeman, 2018). In order to show the selectivity of the cases based on the interests of states, there are some cases that meet the criteria of R2P, however, there was no action from the international community such as in the cases of Darfur and Syria.

III. THE LIBYAN CRISIS IN TERMS OF R2P

The Libyan case is considered the only case that witnessed the implementation of R2P as a response to what Qaddafi declared in February 2011 against the anti-government protestor whether by "cleanse Libya house by house" or for attacking the protestors as he described them as "cockroaches". Thus, the security council gave permission to NATO to intervene to prevent any mass killings and to protect the citizens as the state itself was not able to protect them which refers to the first pillar of R2P. Therefore, the security council applied the second and third pillars which are related to the responsibility of the international community to assist and intervene via collative action (Renshaw, 2021).

The Libyan crisis under R2P can be analyzed by offensive realism as a tool to achieve the interests of states rather than being a protective tool. This was represented in achieving their interests which is primarily the security, especially the US in order to guarantee its existence in the Middle East particularly with the increasing presence of Russia in the Middle East. In this regard, the assumption of offensive realism about uncertainty among states can be shown due to the fears of the US from the Russian intentions in the Middle East.

Moreover, R2P was a chance for Britain after Brexit to extend and maintain its global abilities (Ferguson, 2017). Also, Libyan energy specifically the Libyan oil represented an important element for Britain and France "The British and French governments have worked "hand in glove" with the big energy companies in the war to rid Libya of Gaddafi and secure access to future energy supplies" (Thakur, 2011).

There is no concern about the implementation of the first and the second pillars of R2P. However, the main concern is in the third pillar, 1970 and 1973 resolutions. These resolutions represented a merger between the political considerations and the humanitarian objectives. Although the 1970 resolution emphasized on arms embargo and the travel ban for those who violate human rights and 1973 reemphasized the protections of the civilians, their implementation under the third pillar of R2P was specified as "collective action based on the UN charter". Thus, the two resolutions were implemented under Chapter VII of the UN Charter, "which was provided for the use of coercive means 'in case of any threat to peace, breaches of the peace or acts of aggression" (Pommier, 2011).

Although humanitarian collective action was described as being "Humanitarian" and based on the main role of R2P for not using force only as a last resort. However, this was not implemented in Libya due to the explicit legitimization for using force. Thus, there are concerns raised regarding this issue which are; international humanitarian law and the use of armed force to protect civilians and the politicization of protecting the civilians.

Regarding the IHL and the use of force, its main aim is to regulate how the war was waged and to limit the number of causalities of civilians. It permits the use of armed forces based on the UN charter which contradicts its role as being "Humanitarian". Therefore, it could be used by states for justifying the use of force. Although humanitarian organizations such as the International Committee of the Red Cross provided memorandums about the rules of IHL to all the parties include NATO and the armed opposition, it was not taken into consideration.

On the other hand, the issue of protection was politicized due to state interests and intentions. Thus, it was linked to political and military actors.

As was stated in offensive realism that states are rational actors and aim to achieve their survival, states used the notion of civilians' protections to justify their armed force. This can be shown in the 1973 resolution which was mainly based on a

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political decision that led to confusion for ICRC (Pommier, 2011).

The implementation of R2P in Libya was controversial with regard to achieving its aim or not, however, it can be assessed based on the consequences of R2P that showed how its main role contradicted its actual application in Libya.

As it achieved the triumph for the citizens' soldiers and the triumph of R2P in terms of working through an organized multilateralism. However, it ruined and destroyed the political infrastructure which led to the current ethnic and tribal divisions. It did not apply the responsibility to rebuild and reconstruct which require more intervention from external powers (Thakur, 2011).

In addition, the role of NATO was not neutral as it declared that Operation Unified Protector would be ended after the Libya government accept the following demands "ending attacks against civilian-populated areas, withdrawing to bases all military forces and permitting unlimited humanitarian access" (Dembinski & Reinold, 2011). However, NATO was not a neutral protector for the civilians as its main aim was to overthrow the Libyan government.

IV. CONCLUSION

In conclusion, R2P can be used mainly for protecting civilians in times of atrocities. However, its role was abused by the states due to their interests. This can be shown in the case of Libya in 2011. Although R2P can be treated as the first to be implemented in Libya and was successful. However, it did not achieve the required outcomes due to the lack of its legality, enforcement mechanisms, and the states' interests. This can be assessed based on its three pillars and how the ambiguity in the third pillar was used based on states' intentions which represented in using the military force although it uses force as a last resort. Also, its role in Libya can be assessed based on the outcomes which can be shown in the current situation in Libya that is represented in the tribal and political divisions besides the involvement of external actors in order to reach a political solution.

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The Mediating Role of Entreprenuarial Orientation on the Relationship Between First Mover Strategy and Performance of Selected Telecommunication Application Service Firms in Kenya

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ABSTRACT

In today's world, economic development is promoted through modern telecommunication facilities that ensure rapid transmission of information. Rapid advancement and expansion of network infrastructure and internet technologies has led to growth of telecommunication application service firms.

However dynamics in the telecommunication sector is rapidly changing as a result application service firms are experiencing declining performance. Rapid growth in the sector has increased competition leading to loss of customers, firm reputation and declining profitability. Developing a strategy that can cope in a chaotic environment is very critical for application service firms.

Keywords: first mover strategy; barrier to entry strategy; quality improvement strategy; mass market strategy; niche market penetration strategy, entrepreneurial orientation, firm performance; telecommunication application service firms.

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In today's world, economic development is promoted through modern telecommunication facilities that ensure rapid transmission of information. Rapid advancement and expansion of network infrastructure and internet technologies has led to growth of telecommunication application service firms.

However dynamics in the telecommunication sector is rapidly changing as a result application service firms are experiencing declining performance. Rapid growth in the sector has increased competition leading to loss of customers, firm reputation and declining profitability. Developing a strategy that can cope in a chaotic environment is very critical for application service firms. The first mover strategy is a phenomenon adopted by first movers where competitive advantage can be created and sustained. Entrepreneurial orientation enhances the ability of first movers to discover and exploit opportunities that emerge in a changing environment. This study sought to investigate first mover strategy and performance of selected telecommunication application service firms in Kenya and the mediating role of entrepreneurial orientation. The study was grounded on the game theory, goal setting theory and entrepreneurial orientation theory. The target population was 21 selected application service firms. Primary data was collected using semi-structured questionnaires, while secondary data was collected from Communication Authority (CA). Descriptive and inferential statistics were used to analyze quantitative data. Hypotheses testing was conducted at 5% level of significance using P-value to assess significance.

The study findings revealed that the indicators of first mover strategy which included barrier to entry strategy, quality improvement strategy and niche market penetration strategy have a positive and significant effect on performance. In additionally, entrepreneurial orientation partially mediates the relationship between first mover strategy and performance. Therefore firms in the sector should consider to adopt and leverage on first mover strategy to improve on firm performance.

Keywords: first mover strategy; barrier to entry strategy; quality improvement strategy; mass market strategy; niche market penetration strategy, entrepreneurial orientation, firm performance; telecommunication application service firms.

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I. INTRODUCTION

Telecommunication industry has been largely state-owned, however reforming the sector has been critical for governments to improve efficiency and performance (Ariff, Cabanda & Sathye, 2009). Deregulation in the sector has prompted the need of quality products and services that result to superior performance (Monday, Akinola, Ologbenla & Aladeraji, 2015).

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According to Narayana, (2011) deregulation, privatization and competition are the key determinants of economic growth in the telecommunication sector. However, there exists a gap between growth in customer-base, data traffic and the growth in revenue for telecommunication firms. For instance in Europe, reports indicated that data traffic and mobile subscribers had increased while revenue had declined, (Oertzen & Asensio, 2017). In addition there was reduction in market share and profitability as a result of price undercutting, blocking of mergers and takeover by regulators. Similarly, rapid growth in terms of subscribers in Indonesia is not in line with revenue generated. For instance, the low pricing strategy adopted by firms due to competition on undifferentiated services and emerging technology has resulted in low profitability (Wulansari, Rismayani & Pramudiana, 2015).

Entry of new foreign and domestic telecommunication firms in Africa has led to intense competition, inevitably impacting the profitability of firms in the sector, (Djiofack-zebaze & Keck, 2009). According to Yeboah-asiamah, Narteh and Mahmoud, (2018) growth in telecommunication sector has increased competition and as a result firms are experiencing poor customer retention and declining profitability. Consequently, in Kenya, strategies considered by the telecommunication firms must be able to anticipate, create and respond effectively to both internal and external environment changes,(Letangule & Letting,2012).

Kipkirong and Rabach, (2013) contends that for firms to respond to actual and expected changes, there is need for firms to be proactive as well as formulate responsive strategies.

Creating strategy for the future in order to cope with a chaotic environments where markets and industries continously emerge, collide, split, critical and decline is amongst the most critical challenge in business. The firm's ability to handle uncertainty by intensifying resilience and adaptation to the changing environment is one of the prime antecedent of success (Vecchiato, 2015).

Firms can integrate a first mover strategy in order to be successful (Malik, 2012; Mueller, Titus, Covin, & Slevin, 2012; García-Villaverde, Parra-Requena, & Ruiz-Ortega, 2017; Hsiao, Chen, Guo, & Hu, 2017). Rapid changes and innovations in technology have made the first mover strategy a must-have for firms aspiring to perform at their best. First mover advantages are achieved through a collaboration of firm resources and capabilities. Yet, superior performance is not guaranteed even when a firm owns resources and capabilities. Iaquinto, (2011), in support of this argument, proposed that when a firm's intended strategy is to be a first mover, then their intentions should determine the behaviour and decisions undertaken to improve performance.

Performance outcomes derived from the strategy occur when asymmetry is developed between a firm and its competitors from the firm's possession of unique resources (Koch, 2014). The lack of a strategy by a first mover provides a platform where late entrants enjoy the benefits of free ride (Koch, 2014). Cleff and Rennings, (2012), argued that in a highly competitive environment, first mover advantages are likely not to last, however a successful first mover strategy can be achieved through technological leadership, strong R&D, large scale marketing, production, and distribution capabilities. Building from prior research Lieberman and Montgomery, (2013) argued that to overcome a situation where first mover advantages may be significantly undermined, the first mover must have a strategy to cope with conditions encountered for superior performance. The telecommunications industry is seen to be concentrated or competitive, therefore adopting a first mover strategy is likely to result in a larger market share (Karabag & Berggren, 2011).

The size of the market share counts much when a firm can effectively use its competitive advantage to rise above the inconsistencies of both internal and external environments.

Entrepreneurial orientation (EO) enhances the firm's ability to discover and exploit resources, breaking rules that exist as well as initiation of new institutional paradigms within the market, thus improv ing on firm performance (Khanna &

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Palepu, 2010). The concept of Entrepreneurial orientation(EO) is considered to be associated with strategic management as well as strategic decision making process that is at the firm level. It is the organisation enthusiam to explore and to undertake new opportunities as well as the responsibility to affect change (Zehir, Can, & Karaboga, 2015). Bendickson, (2016) argues that EO was emphatically and actively linked to financial performance which can be measured in terms of archival and perceived financial performance, and non-financial performance such as satisfaction. However, Alegre and Chiva, (2013) contradicted this by arguing that some studies show a non-significant relationship.

1.1 First Mover Strategy

According to Jiang, Li,Liu and Tao, (2017), a first mover is a firm that is the first to implement a specific strategy within a given opportunity.

Hence a first mover strategy is associated to service, process or product strategy. Jakopin and Klein, (2012), conceptualized the first mover strategy as a strategy undertaken by a firm by intentionally being first to introduce a product or service in the market and thus achieve a competitive advantage thereby establish strong resource position barriers for follower firms.

Markides and Sosa, (2013) proposed the first mover strategy as a strategy adopted by a pioneer firm to exploit first mover advantages, by creating sustainability. Sustainability depended on initial and subsequent resources as well as capabilities relative to the quality of capabilities and resources owned by late entrants. Besharat, Langan, and Nguyen, (2016) viewed first mover strategy as a phenomenon where firms derive competitive advantage from being first in the market. While according to Hsiao *et al.,*(2017), first mover strategy allows a firm to overtake its competitors with more potent resources and capabilities that are more dynamic. Firms that adopt a first mover strategy could create customer switching costs, pre-occupy scarce resources and attain leadership positions (Lee, John & Fong, 2018). However, in order to benefit from the first mover advantages, a firm needs to own resources and capabilities that can exploit the opportunities presented successfully.

The first mover strategy debate arises from discussions by prior scholars in strategy on first mover advantages sustainability, as well as the question of whether being a pioneer in a market is sufficient to generate the desired advantages.

Thus, Vecchiato, (2014) opined that first mover advantage are major benefits gained by a firm as a result of pioneering, through market change anticipation as well as disadvantages encountered by a late mover that fails to foresee such changes.

Walter, Edelma and Hatten, (2016) perceived the first mover advantages as the gains in performance that was attained by a firm for being first to introduce a new product category in the market when there was control on firm resources and lead time. Environmental changes provide the opportunity to first movers; however, the firm must first own the resources and organisational skills that can be strategized to capitalize on such opportunities. That meant that competitive advantage must be maintained continuously (Kaličanin, 2008).

The lack of a strategy by a first mover provides a platform where late entrants enjoy the benefits of free ride (Koch, 2014). Cleff and Rennings, (2012), argued that in a highly competitive environment, first mover advantages are likely not to last, however a successful first mover strategy can be achieved through technological leadership, strong R&D, large scale marketing, production, and distribution capabilities. Building from prior research Lieberman and Montgomery, (2013) argued that to overcome a situation where first mover advantages may be significantly undermined, the first mover must have a strategy to cope with conditions encountered for superior performance.

Extensive research by Yannopoulos, (2013) looked at successful strategies employed by first movers.

The strategies proposed in the study include building complementary assets, barrier to entry, exploitation of distribution advantage, quality improvement, continuous innovation, and

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reaction to new entry, time-in market advantages, mass market dominance and niche market penetration strategy. Whilst, Iaquinto, (2011) proposed new product development strategy for firms whose intended strategy is to be first entrants in a market or industry. However the strategy could only suitable when technological development is rapid, economic growth and the acceptance of consumers to new products is equally quick. Wunker, (2012) examined niche penetration strategy for superior product reputation, value chain strategy for a solid ecosystem where a firm sought to be the industry standard and facilitated-network strategy to penetrate a nascent industry. While Markides and Sosa, (2013) examined the mass dominance strategy for first mover firms. Walter, Edelman, and Hatten, (2016) examined innovation and quality improvement strategy to adapt new firm capabilities. This study adopted the first mover strategy as proposed by Jakopin and Klein, (2012) and Yannopoulos, (2013), which included barrier to entry strategy, quality improvement strategy, mass market dominance strategy and niche market penetration strategy.

1.2 Statement Problem

According to CA reports, (2021) the overall market share in the telecommunication sector for the third quarter of financial year 2020/21 declined by 1.5%. In addition the sector had recorded a decline in growth from 11.3% in 2018 to 8.8% in 2019, (CA, 2019). Further, CA ICT survey (2016), shows that the number of firms offering application services have increased, however, the cut throat competition had resulted to a downward trend in performance. For instance, CA reports (2017) on mobile services indicated that Safaricom Limited market share reduced from 71.2% in 2016 to 69.1% in 2017 and 63.3% in 2018. Airtel market share reduced from 17.6% in 2016 to 17.2% in 2017. While Finserve market share reduced from 4.7% in 2017 to 4.2% in 2018 and 3.6% in 2019. Telkom market share 5 to 8.1% in 2019 from 8.8% in 2018. Further firms offering data and internet services such as Jamii Telecommunication Limited market share reduced by 1.3% from 2017 to 2018, while Liquid Telecommunication market share also reduced from 3.0% in 2017 to 2.2% in 2018. This decline could be attributed to changing customer demands and advancement in technology, but further enquiry is paramount.

Literature review on first mover strategy revealed a number of research gaps. For instance, empirical study by Jiang, Li, Liu and Tao, (2017) conceptualised first mover strategy as product market diversification and geographic market diversification. While, Hsiao, Chen,Guo and Hu,(2015) study conceptualised first mover strategy as technical and managerial capacity.

Problem solving, decision making, staff retention, managing collaborations and networks were technical capacity indicators, whereas managerial capacity indicators were technology, technical expertise, and expertise in product development.

Consequently, more studies are needed to get consensus on conceptualization of first mover strategy as well as indicators for use in measurement. While the majority of the literature reviewed in this study focused on the direct relationship between first mover strategy and firm performance, there was a gap in the literature on the mediating effects of entrepreneurial orientation on the relationship between strategy and firm performance. Thus, strategic decisions and the allocation of resources may be influenced by EO, therefore firms applying appropriate strategic orientation could identify the opportunities that the environment provided and thus achieve superior performance (Rosenbusch *et al.,* 2013). Therefore, based on this background the study sought to give empirical evidence on the effect of first mover strategy on the performance of telecommunication application service firm in Kenya, mediated by entrepreneurial orientation

1.3 Theoretical Review

1.3.1 Game Theory

According to Neumann and Morgenten, (1944), the Game Theory was postulated as a branch of mathematics concerned with analyzing strategies in a competitive environment where the outcome of one participant is reliant on the outcomes of other the participants (Cano, Capone, Carello & Cesana 2016). Accordingly, game theory is

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founded on two primitives, game form and strategy. Consequently, Rubinstein, (1991), contends game form includes a list of decision problems for each participants, while strategy is the comprehensive explanation of the players actions in the game from the start to the end. The two perspectives of the theory are; cooperative game theory approach where there is an assumption there is communication among players, they can form temporary alliances and that agreements can be signed to bind them together. While in the non-cooperative theory, the players do not communicate and it is therefore not possible to have a contract that is binding.

Shubik, (1972), advancements constituted a wider scope of theory which describes goal orientation, conscious and process for which players make decisions.

Game theory is related to the action of decision makers who are conscious that their actions affect each other. Charilas and Panagopoulos, (2010) opined that the decision makers actions are conscious and they have an effect on each other.

Further, there is a set of finite of players and a principal, whose selection of strategy is influenced by the objective of maximizing utilities. In addition game theory provides a framework that guides in the understanding of first mover strategy and its effect on performance of selected telecommunication application service firms. This theory posits the rationale of strategies developed by examining a firms existing situation and then developing alternative strategies based on the information provided. When analyzing how payoffs are achieved then the best strategy is based on the anticipated actions of its competitors and other relevant information gathered that leads to attaining superior firm performance.

According to the theory, a first mover can influence the outcome when they aware of competition thereby making the right strategic decision.

1.3.2 Goal Setting Theory

According to Locke and Latham, (1990), Goal Setting Theory states that outcomes are high when goals are challenging, specific and attainable. When a goal is very specific, performance is less varied due to elimination of vagueness on the expected outcome.

Consequently, the greatest level of effort and performance were achieved when the goals are most difficult, (Locke, Chah, Harrison & Lustgarten, 1989). Further, goals were perceived to be future valued outcomes, therefore goal setting was a discrepancy-creating process, implying that there must be some dissatisfaction with the current situation and thus a need to achieve a certain outcome. Locke and Latham, (2006), advanced the theory by discussing four mechanisms that elaborate effects that are instrumental to specific goals in order to achieve high performance. These are the choice to exert effort in a certain direction or certain task, persistence when doing so until the goal is achieved and the strategy. Latham,Seijts and Slocum, (2016) postulate three types of goals that is performance, behavior and learning goals.

Performance goals focus on outcomes such as sales, profitability, while behavior goals is where individual behavior is measured for a given period and learning goals emphasis implementation of effective plans, processes or procedures necessary to perform a task.

In view of this, firm can set specific goals that are influenced by past performance. Clarity of goals is when a goal is clear, measureable and timely. In addition, difficulty in goals attainment motivates firms to strive for positive goal achievement. Goal commitment makes the firm make deliberate efforts to achieve the goals. Feedback helps adjust goal setting while task complexity makes achieving of goals easier by laying down processes and steps (Locke & Latham, 2006).

Participation within the firm in goal setting develops into a sense of responsibility which in turn improves performance (Mazzei, Flynn & Haynie, 2016). Hence, the independent and dependent variables were informed by the postulates and advancements of the goal setting theory. These propositions raise the need of telecommunication application service firms to set

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specific performance measures based on past performance.

1.3.3 Theory of Entrepreneurial Orientation

The Theory of Entreprenurial Orientation was postulated by Miller, (1983) and Lumpkin and Dess, (1996). According to Miller, (1983), firms that are entrepreneurial oriented engage in innovation which are product-market driven, pertakes fairly risky projects, proactively initiates innovations thus performing better than competitors. Conversely, Lumpkin and Dess, (1996),cited entrepreneurial orientation (EO) as processes, practices and activities leading to decision making which marshal towards an entry that is new. Additional Covin and Slevin, (1993) proposed three important components which are proactiveness,innovativeness and risk- taking (Miller, 1983). Accordingly,innovativeness is the propensity of firm to undertake ideas that are new, processes and experiments that are creative resulting to processes,services and products that are new (Lumpkin & Dess, 1996). According to Miller and Friesen, (1978) risk taking is a reflection of activities of entrepreneurial firms such as making resource commitments to obtain soaring proceeds through taking advantage of the opportunities provided in the market.

Lumpkin and Dess, (1996) advanced the theory by proposing other dimensions, that is, competitive aggressiveness and autonomy. The propensity to respond to competitors promptly as well as exceedingly in order to improve on its position or even perform bettter than the rivals in the industry was perceived as competitive aggressiveness. Whilst individuals or team that focused on the creation of a business vision from the start to finalization is referred to as autonomy.

Autonomy which roots from Mintzberg and Water, (1985) opines that entrepreneurs are leaders who are strong, whose decision making process necessiates decisive and risky actions, thus entrepreneurial autonomy can be linked to entrepreneurs freedom to action and make decision that are not dependent.EO is thought to have evolved from the resource-based view and the dynamic capabilities view (Teece, 2007; Barney, 1991; Grant 1991).The mediating variable indicated in the conceptual framework are informed by the theory of entreprenuerial oreintation. Specifically, this study has adopted innovativeness, risk-taking, proactiveness, competitive aggressiveness and autonomy as dimensions of entrepreneuarial orientation.

II. EMPIRICAL LITERAURE REVIEW

Empirical evidence on barrier to entry strategy and firm performance applied diverse aspects of barrier to entry in establishing the relationship.

For instance, Niu, Dong and Chen, (2012) study revealed financial requirements and incumbent advantages as common measures, government policy,sunk costs and managerial experience varied, while switching costs,patents and intellectual property were found not to be measures of barrier to entry.Kappes and Merkert, (2013) examined on the perception of managers on barrier to entry strategy in the context of Eurpoean airline market. The findings indicated that barrier to entry is an effective strategy in the airline sector. The most significant barrier to entry strategy indicators perceived by airline managers were superior geographical space, high competition from other sectors, setup costs, perceived industry standard and buyer switching costs.

Thomas, (2013) focused on the effectiveness of computed-based and face-to face communication channels on product quality improvement and market performance of manufacturing firms in United States. The results indicate efficiency and effectiveness in quality improvement can lead to sales, market share and profit objectives being achieved. Herzallah, Gutherrez and Rosas, (2016), investigated quality improvement, competitive strategies and financial performance of Palestinian manufacturing firms. Quality improvement was measured as customer focus, process management,teamwork and training.The findings indicated that quality improvement strategy is positively related to financial performance. The ability to implement quality improvement leads to competitive advantage.

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Firms are able to pursue new opportunities through differentiation and innovation and at the same time exploit current abilities.

Abel, (2008) investigated the resources and capabilities of first movers for establishing market domimance in the context of digital audio player.

The study traced the history of MP3 category identifying the inventor, the product pioneer and the first to market. The study indicated that Apple was able to gain market dominance because they were a recognised brand , possesed more resources and capabilities and cost the of production was low. The control of distrubution channels reduced price competition to gain market share. The product met the customer requirements thus leading to customer loyalty.

Velu, (2015) investigated the mass market dominance strategy and competition in the context of securities sector in America. The findings indicated that firms were able to remain competitive through activities that led to market protection and growth, incremental improvement of business models or radically altering the business models. Additionally,market dominance strategy was viewed as a defensive strategy to protect existing business models.This study percieved market dominance strategy as an adaptive strategy for firms in the telecommunication sector.

Toften and Hammervoll, (2010) investigated the strategic capabilities owned by firms that adopted niche marketing strategy in seafood and wine industries.The sample size comprised of six firms located in France, Norway and Portugal. The findings concur with prior studies in niche marketing contending specialisation, differentiated products, strong relationships and limited target affirm niche marketing strategy assumptions. The strategic capabilities were found at different level of the value chain and are imperative for the success of the firms. Cuthbert, (2011) investigated adoption of niche strategy as an adaptive strategy for niche markets. Data was collected in the blackcurrant industry, from eleven firms in New Zealand and Canada in the blackcurrant industries. The findings indicated that alliances, horizontal and vertical networks developments leads to success of niche market strategy. Resources can be shared by the adoption of horizontal alliances, while the distance between the firm and its final customer can be shorten through vertical alliances. Further horizontal and vertical alliances provide a way for market research and customer relationship management.

Gruber-muecke and Hofer, (2015) evaluated the effect of market and entrepreneurial orientations on performance of firms in an emerging market. EO was operationalised in three dimensions of innovativeness,proactivenness and management professionalization. The findings indicated that EO and firm performance have moderate correlation,thus EO has an impact on performance of firms in emerging market. Zehir, Can and Karaboga, (2015) study examined the relationship between EO and firm performance, mediated by innovation performance and differentiation strategy. EO was conceptualised as innovativeness, competitive aggressiveness, risk-taking, as well as autonomy.The outcome showed that innovativeness, proactiveness and autonomy significantly affect performance of firms. Differential strategy and innovation mediated EO and firm performance relationship.

Shirokova *et al.,* (2016) investigated the association of entrepreneurial orientation, environmental hostility and performance of SME's in Russia and Finland . From the analysis the relationship between EO and performance is significant, confirming RBV and DC theories.

However the configuration of variables in the external environment determined the direction and strength of the relationship.Sok, Snell, Thomas and Sok (2017) focused on the underlying processes and the specific conditions that facilitate EO to contribute to performance. The results indicated that the association of EO and firm performance was mediated by marketing capability and moderated by marketing resources.

Hence EO significantly and positively relates to firm performance in small firms. Further, performance of small firms was influenced by entrepreneurial activities that focus strongly on

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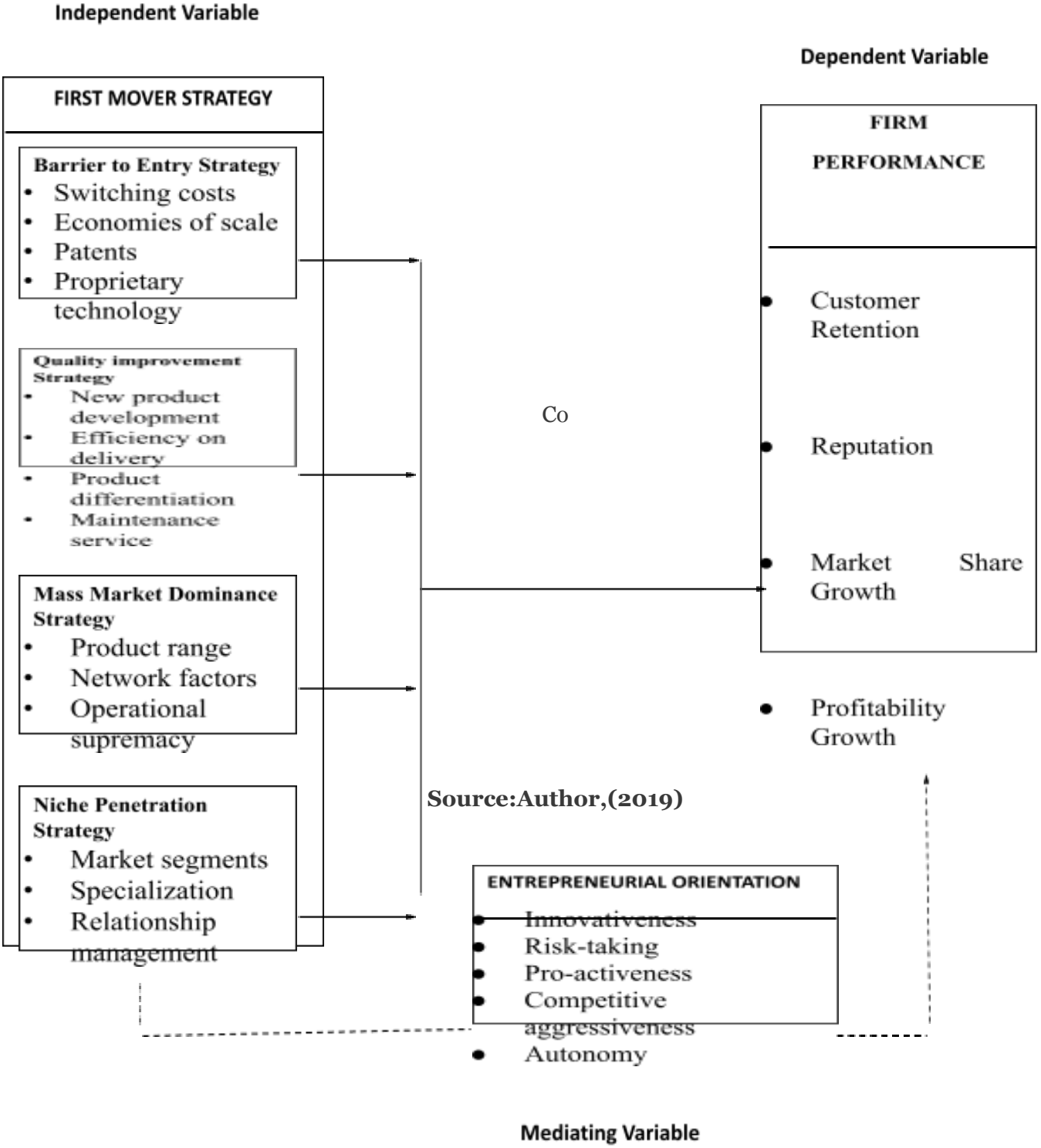
marketing capability. As indicated from the above analysis, entrepreneurial orientation significantly influence firm performance and hence the direct relationship. The studies also indicates that firms need to develop towards adopting entrepreneurial orientation. Innovativeness, competitive aggresiveness, risk-taking and autonomy were used as indicators of entrepreneurial orientation in the study.

Conceptual Framework and Hypotheses



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H_{01} Barrier to entry strategy has no significant effect on performance of selected telecommunication application service firms in Kenya.

H_{02} Quality improvement strategy has no significant effect on performance of selected telecommunication application service firms in Kenya.

H_{03} Mass market dominance strategy has no significant effect on performance of selected telecommunication application service firms in Kenya.

H_{04} Niche market penetration strategy has no significant effect on performance of selected telecommunication application service firms in Kenya.

H_{05} Entrepreneurial orientation has no significant mediating effect on first mover strategy and performance of selected telecommunication application service firms in Kenya.

III. RESEARCH METHODOLOGY

The research philosophy aids in the refinement and clarification of the overall research strategy to be used in the study, (Crossan, 2015). It relates to the development of knowledge whose purpose is simply answer a specific problem of a particular nature, nonetheless developing new knowledge (Saunders, Lewis & Thornhill, 2009). This study's epistomological position is positivism because positivism is based on facts that are real, it is objective can be measured ,results are neutral and valid, (Saunders, 2011). Additionally, positivist paradigm aims to establish objective facts by empirically discovering relationships between variables. The study adopted descriptive and explanatory research design to collect quantitative data, it was further compiled for qualitative follow-up and to have a clear understanding of the quantitative results, (Crewell & Clark,2011).

Empirical models were used to test the statistical significance of the relationship between the v According to Cooper and Schindler, (2011), multiple regression model is suitable for predicting values of dependent variable where various independent variables are involved. The combined multiple regression model for determining the effect of mutiple predictor variables was stated as follows:

$$YF = \beta_0 + \beta_1 X1 + \beta_2 X2 + \beta_3 X3 + \beta_4 X4 + \varepsilon$$

Where:

YF= Composite Index for performance of Telecommunication Application Service Firms
β_0= Constant
β_1- β_4 = Regression coefficients of independent variables that is X1,X2,X and X4 respectively
X1 = Barrier to Entry strategy
X3= Quality Improvement strategy,
X3 = Mass Market Dominance strategy
X4 =Niche Market Penetration strategy
ε = Error term

To evaluate if entrepreneurial orientation mediates first mover strategy and performance of selected telecommunication application service firms in Kenya, this study used Baron and Kenny's (1986) four-step causal path. According to Mackinnon, (2000), the three main ways of analysing statistical mediation are casual steps, difference in coefficients and lastly, product of coefficients. The casual steps approach by Baron and Kenny (1986) is the most widely used (Mackinnon, Fairchild & Fritz, 2007). The approach is appropriate because of to its ability to assess linear effects, nonlinear effects and interaction effects between variables. It is has been supported by Imai, Keelel and Tingley, (2010) and Maina, (2014) since it is more robust to certain forms of specification error than product of coefficients approach proposed by Fairchild and Mackinnon, (2009) to test indirect effects and total effects.

4.1 Target Population

The study was a census of twenty one selected telecommunication application service firms selected from the list of Application Service Providers as provided by Communications Authority. The targeted application service firms were those telecommunication firms currently benefiting from the first mover advantages. The twenty-one telecommunication application firms were purposely selected based on mechanisms that lead to the first mover advantages. The

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mechanisms for this selection were switching costs, technological leadership and pre-emption of scarce resources and switching costs. Purposive sampling technique was adopted to select the respondents.The unit of analysis for the study was the twenty-one selected telecommunication application service firms in Kenya. The unit of observation was the heads of the functional areas of marketing, finance, operations and strategy/business development as well as the managing director in each of the selected firms.

4.2 Data Collection Instruments, Validity and Reliability

Both primary and secondary data was used to collect data. To collect the primary data a semi-structured questionnaire consisting of a 5-point Likert scale and open-ended questions.

Secondary data was obtained from Communications Authority. According to Mugenda & Mugenda, (2003), concerns of validity ensure integrity on the conclusions from the study. Content and face validity on the data collection instrument was ensured. To observe content and face validity, the researcher ensured the questions confirmed to objectives, in addition, subjected to reviews from supervisors in the School of Business as well as experts in the area of specialization.Further, validity was measured through extensive review of existing relevant body of literature and guided by the set of research variables adopted in this study.

Prior to data collection a pilot test on 10% of the sample was conducted to ensure there was consistency of results on repeated trials on the research instrument. The Cronbach's alpha coefficient has been extensively applied as a measure of reliability in social science (Bonett & Wright, 2014), it establishes the internal consistency of the research instrument. According to Field (2009), a Cronbach Alpha of 0.7 and above is considered a satisfactory indicator of reliability and hence adopted in this study.

Table 1: Summary of the Reliability Tests

Variable	Cronbach's Alpha	No. of Items	Remarks
Barrier to entry Strategy	.875	8	Reliable
Quality improvement strategy	.949	8	Reliable
Mass market dominance strategy	.926	6	Reliable
Niche penetration strategy	.924	6	Reliable
Entrepreneurial orientation	.968	14	Reliable
Firm performance	.958	10	Reliable

Source: Survey Data, 2021

V. DATA ANALYSIS

After collection data, cleaning and coding was done to facilitate statistical analysis. Descriptive statistics was done using mean scores, frequencies, standard deviations, and percentages while inferential statistics were carried out using correlation and multiple regression analysis. The nature and the strength of the associations was demonstrated using the Pearson's correlation coefficient (r). The coefficient of determination (R2) was used to measure the variation amount on the outcome variable as explained by the predictor variable. The research hypotheses testing was conducted at a 95 percent level of confidence to determine whether the influence of the independent variable is significant or not. In order to make decision on the null hypothesis, the researcher used the p-values in the hypothesis test. If found that the p-value was less than 0.05,

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then the null hypothesis was rejected and therefore the alternate hypothesis accepted.

Qualitative data was analyzed using conceptual content analysis to establish meaning, interpret and draw conclusions (Glesne, 2015).

VI. RESULTS ON DESCRIPTIVE ANALYSIS

6.1 Analysis of the Response Rate

Table 2: Response Rate Analysis

Responses	Frequency	Per Cent
Returned Questionnaires	80	76.19
Unreturned Questionnaires	25	23.81
Total	105	100

Source: Survey Data (2021)

Table 2 indicates there was response rate of 76.19% implying that 80 respondents returned the questionnaires properly filled, which was acceptable to conduct analysis. The busy schedules of the respondents accounted for the unreturned questionnaires at 23.81%. Saunders, Lewis and Thornhill (2007) argued that a response rate of above 50% is justifiable for conducting analysis. Hence, based on that recommendation, this study proceeded with data analysis for the purpose of drawing conclusions and making inferences.

6.2 Analysis on Respondents Post and Years Worked in the Organisation

Table 3: Post of Respondent in the Organization

Post held in the Organisation	Frequency	Percent
Chief Executive Officer	6	7.50
Head of Finance	16	20.00
Head of Marketing	19	23.75
Head of Operations	17	21.25
Head of Strategy	8	10.00
Head of Business Development	14	17.50
Total	80	100

Source: Survey Data (2021)

The findings in Table 3 show that the highest respondents were heads of marketing at 23.75%, followed heads of operations at 21.25% and heads of finance at 20%. Other positions represented in the sample were heads of business development at 17.7%, heads of strategy at 10% and chief executive officers at 7.5%. The results imply that different heads of the functional areas responsible for corporate strategy, policy formulation, and implementation of strategy were considered for the study. In addition, the respondents are involved in strategic management both at corporate and business level and are therefore appropriate in providing reliable information.

Information on the duration the respondents had worked in the organization was also established. The results are as exhibited in Figure 2.

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Source: Survey Data (2021)

Figure 2: Number of years worked in the organisation

Results on Figure 2 reveal that 36.3% had worked in their respective firms for a period of 1 to 5 years followed by 31.3% who had worked for a period of 5 to 10 years. As indicated by the results majority of heads of the functional areas had relatively long period of association with the firm and were hence aware of the strategies and policies implemented to enhance firm performance.

6.3 Descriptive Statistics for First Mover Strategy

Table 4: Descriptive Statistics on Barrier to Entry Strategy

Statement	Mean	Std. Dev.
Customers who buy products from the firm in bulk enjoy certain advantages	4.11	1.02
The proprietary technology (unique technology) owned by the firm have been a source of competitive advantage	4.04	1.14
The firm ensures that new inventions are legally protected (patent)	3.93	1.18
The firm commits to R&D for the development of proprietary technology	3.91	1.12
The firm ensures the telecommunication products acquired for production are bought in bulk	3.83	1.10
The inventions that are legally protected (patent) have had a breakthrough effect in the sector	3.61	1.17
The firm ensures that contracted suppliers incur a cost for not supplying product/service to the firm.	3.35	1.46
The firm ensures there is a cost for the customer to switch from the firm product/service to other competitors.	3.14	1.42
Aggregate mean score and standard deviation	3.74	1.20

Source: Survey Data (2021)

Table 4 shows that to a large extent customers who buy in bulk enjoy certain advantages and that the proprietary technology owned by the firm have been a source of competitive advantage as demonstrated by the average scores of 4.11 and 4.04. Additionally, the results also show that to a moderate extent the firm ensured that contracted suppliers incur a cost for not supplying products or service to the firm and that there is a cost for the customer to switch from the firm products and services to other competitors as indicated by mean scores of 3.35 and 3.14. However, there were variations in the responses as indicated by the standard variations of 1.46 and 1.42.The aggregate mean score of 3.74 indicates that barrier to entry was adopted by selected telecommunication application service firms in Kenya to a large extent, but there was variation in the respondents' observations as shown by the standard deviation of 1.2.

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6.3.1 Quality Improvement Strategy

Table 5: Descriptive Statistics on Quality Improvement Strategy

Statement	Mean	Std Dev
The firm strives to respond to serve the market efficiently	4.20	1.06
The firm strives to ensure the unique features of the product are maintained	4.20	1.01
The firm ensures the existing product quality is continuously being improved	4.16	0.97
Customers are happy with the response rate on the complains	4.12	0.96
The customers perceive the firm products have more value than other competitors	4.09	1.05
The firm is constantly putting effort in the development of quality new products that meet the customer's needs	4.09	1.02
The firm strives to ensure that services are delivered at the customers convenience	4.03	0.98
The firm has a system that ensure customer complaints are addressed within the shortest time	3.96	0.95
Aggregate mean score and standard deviation	4.11	1.01

Source: Survey Data (2021)

The results in Table 5 show to a large extent the firm strives to respond to serve the market efficiently and also ensures the unique features of the products are maintained as indicated by the mean score of 4.20. However, the respondents had variation in their observations as indicated by standard deviations of 1.06 and 1.01 respectively.

Overall, the aggregate mean score of 4.11 indicated selected telecommunication application service firms adopted quality improvement strategy to a large extent but there was high variation on the extent quality improvment strategy was adopted as indicated by a standard variation of 1.01.

6.3.2 Mass Market Dominance Strategy

Table 6: Descriptive Statistics on Mass Market Dominance Strategy

Statement	Mean	Std Dev
The firm ensures they maintain a good relationship with partners	4.28	0.98
The firm collaborates with providers of complementary products /services	4.08	1.05
The firm strives to always extend a product line	4.04	1.14
The firm strives to maintain leadership in production more than the other competitors	4.01	1.06
The firm strives to maintain leadership in distribution of products more than the other competitors	4.01	1.01
The firm has a wider range of products/services that serve different markets than the competitors	3.80	1.09
Aggregate mean score and standard deviation	4.03	1.06

Source: Survey Data (2021)

The results on Table 6 show that to large extent firms ensure they maintain good relationships with partners, collaborate with providers of complementary products or services and strive to extend a product line demonstrated by average scores of 4.28,4.08 and 4.04 respectively.

Additionally,as revealed by average scores of 4.01 and 3.80, to a large extent firms strive to maintain leadership in production and distribution as well as have a wider range of products or services that serve different markets than the competitors. The findings show the aggregate mean score for mass market dominance strategy was 4.03 indicating that respondents to a large extent agree that mass market dominanance strategy is adopted by telecommunication application firms in Kenya.

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However, respondents had variation in their opnion concerning the extent mass market dominance strategy was adopted as shown by the high standard deviation of 1.06.

6.3.3 Niche Penetration Strategy

Table 7: Descriptive Statistics on Niche Penetration Strategy

Statement	Mean	Std Dev
The firm engages in activities that enhance long-term relationship with the customer	4.20	0.99
The firms customized products compete on value	4.19	0.96
The established relationship had led the firm to provide better solutions to the customers	4.09	1.07
The firm has specialized in tailored products for the niche market	4.06	1.00
The market segment is clearly defined by the firm	4.00	1.09
The defined market segment is measurable	3.75	1.04
Aggregate mean score and standard deviation	4.05	1.03

Source: Survey Data (2021)

Table 7 show that to a large extent firms engage in activities that enhance long-term relationship with the customer and customized products compete on value. Further, established relationship had led to providing better solutions to the customers and the firm specialized in tailored products for the niche market. The results shows niche market penetration strategy had aggregate mean of 4.05 indicating respondents to a large extent agree that niche market penetration strategy is adopted by selected telecommunication application service firms in Kenya. The 1.02 standard deviation evidenced that the respondents had varied views concerning the extent to which these strategy was adopted.

6.4 Descriptive Statistics of Entrepreneurial Orientation

Table 8: Descriptive Statistics on Entrepreneurial Orientation

Statement	Mean	Std Dev
The firm promotes new market opportunities	4.33	0.96
The firm is open to new ideas.	4.33	0.95
The firm is willing to identify new market opportunities	4.31	0.98
The firm provides an environment where entrepreneurship is supported	4.30	0.99
Creativity is encouraged in the firm	4.29	1.05
The firm engages in activities that position as the market leader	4.29	1.06
The firm encourages experimentation of new products /services	4.15	0.96
The managers do not take long to act on new opportunities	4.14	0.96
The firm encourages experimentation of new processes	4.02	1.02
The firm aggressively responds to competitors to achieve competitive advantage	4.00	0.98
The managers are willing to make large resource commitments in projects.	3.83	1.05
The firm encourages individuals or teams to engage in entrepreneurial activities	3.80	1.06
The managers in the firm are willing to risk resource in support of projects where the outcome is unknown	3.61	1.20
The individual or teams formed are allowed to make independent decisions	3.60	1.11
Entrepreneurial orientation average	4.07	1.03

Source: Survey Data, (2021)

From the results shown in Table 8, to a large extent the firm promotes new market opportunities, is open to new ideas , willing to identify new market opportunities and provide an environment where entrepreneurship is supported demonstrated by the average scores of 4.33,4.33 4.31 and 4.30 respectively. However, there was high variation in the opinion of the

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respondents as indicated by the standard deviation of 0.96, 0.95, 0.98 and 0.99 respectively. Entrepreneurial orientation was adopted in the selected telecommunication application firms in Kenya to a large as evidenced by the average score of 4.07. However, the 1.03 standard deviation indicates there was disparity on the extent of entrepreneurial orientation was adopted in telecommunication firms in Kenya.

6.5 Descriptive Statistics for Firm Performance

Table 9: Descriptive Statistics on Performance

	Mean	Std Dev
Customer retention	4.21	0.87
Firm reputation	4.37	0.95
Market share growth	3.21	1.11
Net profit growth	3.20	1.17
Aggregate mean score and standard deviation	3.75	1.03

Table 9 demonstrates aggregate average score of the perfomance measured in terms of customer retention, firm reputation, market share growth and net profit growth. The aggregate mean score of 3.75 indicate that the respondents agree to a large extent, however as indicated by 1.03 standard deviation, there was high variation in the respondents observations.

VII. INFERENTIAL STATISTICS

7.1 Regression Analysis and Hypotheses on the Direct Relationship

Table 10: Empirical Model Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	0.701	0.231		3.032	0.003
	Barrier to entry strategy	0.205	0.075	0.236	2.736	0.008
	Quality improvement strategy	0.189	0.093	0.212	2.04	0.045
	Mass market dominance strategy	0.132	0.075	0.156	1.766	0.081
	Niche penetration strategy	0.343	0.092	0.375	3.716	0.000
a Dependent Variable: Firm performance						

The first hypothesis tested was the null hypothesis that barrier to entry strategy has no significant effect on performance of selected telecommunication application service firms in Kenya. Results in Table 10 show a p-value 0.008 < 0.05 level of significance. The study consequently rejects the null hypothesis concluding that barrier to entry strategy significantly affects performance of selected telecommunication application service firms in Kenya at 0.05 level of significance. The results agree with Kappes and Merkert, (2013) findings that barrier to entry is an effective strategy for performance. In addition, the results agreed with Yang et al., (2013) findings on the measures adopted by study for barrier to entry strategy and the effect to performance and with Lado-sestayo et al., (2017) on the importance of economies of

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scale as important measure of barrier to entry. The findings are in support of Game Theory, where in a competitive environment, the firm chooses a non-cooperative game to maximize in creating value, in this context performance in terms of customer retention, firm reputation, market share growth and net profitability, (Ross,2018).

The second hypothesis tested was the null hypothesis that quality improvement strategy has no significant effect on performance of selected telecommunication application service firms in Kenya. Results in Table 10 show a p-value of 0.045 ≤ 0.05 for quality improvement strategy.

Therefore the study rejects the null hypothesis concluding that quality improvement strategy significantly affects performance of selected telecommunication application service firms in Kenya. The results agree with the Lin,Tan and Geng,(2013) that quality improvement strategy does not significantly influence performance however performance can be significant when a firm is able to manage demand. The study fails to agree with Herzallah, Gutherrez and Rosas, (2016), that quality improvement is positively related to performance. Conversely, the study further notes that performance can only be achieved if costs are managed. The results agree with Goal Setting Theory that when dealing with a high goal, other extant strategies or new strategies can be discovered in order to attain the goal, (Latham, Seijts & Slocum, 2016).

The third hypothesis that was tested by this study is that mass market dominance strategy has no significant effect on performance of selected telecommunication application service firms in Kenya. Table 10 show a p-value 0.081 > 0.05 for mass market dominance strategy. Therefore the study did not reject the null hypothesis and concluded that mass market dominance strategy does not significantly affect performance of selected telecommunication application service firms in Kenya. The results agree with Velu,(2015) that mass market dominance strategy may be insignificant to performance if adopted as an adaptive strategy. The study fails to agree with Abel,(2008) and Wang et al, (2016) study that mass market dominance strategy is significant to firm performance.

The fourth hypothesis tested was the null hypothesis that niche market penetration strategy has no significant effect on performance of selected telecommunication application service firms in Kenya. Results in Table 10 show p-value of 0.000 < 0.05 meaning that the study rejected the null hypothesis concluding that niche market penetration strategy significantly affects performance of selected telecommunication application service firms. The results agree with the findings of Ottosson and Kindström, (2015) who argued that when niche market penetration strategy is adopted proactively through setting business goals that relate to expansion and growth, customer relationships and profit margins, organisational performance is enhanced.

Similarly, Toften et al., (2010) found that specialisation, differentiated products, strong relationships and limited targeted support niche marketing strategy assumptions which ultimately improves firm performance. The results support the Goal Setting Theory that when a firm sets goals that specific and challenging then there is high peformance, contending that a firm adopting niche market penetration strategy should be specific on the target market and thus can realise increased performance, (Latham, Seijts & Slocum, 2016).

7.2 Regression Analysis and Hypotheses on the Mediating Relationship

To test the mediator, entrepreneurial orientation effect on first mover strategy and performance of selected telecommunication application service firms in Kenya, adopted the four steps as suggested by Baron and Kenny (1986). Testing for mediation required determining whether first mover strategy as the independent variable is significantly affects performance of application service firms as the first step. The next two steps are done to determine if there is a relationship existing among the variables with mediation not likely if the relationship is non-significant in one or more of the conditions.

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Table 11: Summary of Mediation Test

Step	Model	Result	Conclusion
1	$Y = 3.157 + 0.003X+\varepsilon$	$P<0.05$	Significant
2	$Me = 2.94 + 0.003X+\varepsilon$	$p<0.05$	Significant
3	$Y = 1.678 + 0.639Me +\varepsilon$	$p<0.05$	Significant
4	$Y = 1.943 + 0.002X+ 0.413Me+\varepsilon$	$p<0.05$	Significant

Table 11 shows that the effect of first mover strategy on the performance of selected telecommunication application service firms in Kenya remained significant even after introduction of mediating variable of entrepreneurial orientation. From this result, the study did not accept the null hypothesis that entrepreneurial orientation has no significant mediating effect on between first mover strategy and performance of selected telecommunication application service firms in Kenya. The study concludes that entrepreneurial orientation partially mediated the relationship between first mover strategy and performance of selected telecommunication application service firms in Kenya.

VIII. CONCLUSION

The objective of the study was to investigate the effect of the first mover strategy on performance of selected telecommunication application service firms. Results from inferential analysis reveal that the indicators of first mover strategy, barrier to entry strategy, quality improvement strategy and niche market penetration strategy are significant and positively affect performance of selected telecommunication application.

Consequently, the study failed to accept the null hypotheses and concluded barrier to entry strategy,quality improvement strategy and niche market penetration strategy have a significant effect on performance of selected tele-communication application service firms in Kenya. Conversely,statistical analysis revealed mass market dominance strategy has no significant effect on performance and therefore failed to reject the null hypothesis. In addition, the study concludes EO partially mediates the relationship between first mover strategy and performance of selected telecommunication application service firms.

8.1 Recommendations

As the nature of global competition undergoes rapid change and more firms work towards investing in the telecommunication application service firms sector, it is incumbent that firms within this sector adopt and leverage on first mover strategy to gain competitive advantage in order to improve performance. In addition, governments should consider policy that protect telecommunication application service firms in Kenya. Similarly , develop policy on continuous quantity improvement and protection of telecommunication infrastructure. The study contributes to the body of knowledge by contributing to theory by introducing a conceptual framework on first mover strategy and performance. The study was focused on barrier to entry strategy,quality improvement strategy and niche market penetration as indicators for first mover strategy,however, there could be other strategies not examined. Therefore,the researcher recommends other studies that consider other first mover strategies that can affect performance.

The study examined the mediating effect of entrepreneurial orientation, however there could be other variables that mediate the relationship between first mover strategy and performance of selected telecommunication application service.

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ABSTRACT

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The findings shows that that the majority of respondents with 61.5% mentioned that Capital adequacy regulation help BK to protect shareholders equity against risks, 38.5% of the total interviewee confirmed that Capital adequacy helps BK to allocate existing resources effectively.

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The findings shows that that the majority of respondents with 61.5% mentioned that Capital adequacy regulation help BK to protect shareholders equity against risks, 38.5% of the total interviewee confirmed that Capital adequacy helps BK to allocate existing resources effectively. The results demonstrated that 38.9% of the total interviewed confirmed that BNR's Credit risk management requirement help Bank of Kigali PLC to reduce NPLs. They furthermore said that to avoid much negative effect of credit risk Bank of Kigali always prepare provision of these NPLS at 100%. On the issues of the effects of liquidity Management regulations on the financial performance of Bank of Kigali PLC results demonstrate that 38.8% of respondents said that central bank's liquidity management requirement help BK to always meet it short term obligations. Results also shows that 15.4% of the total respondents confirmed that central bank's Liquidity management requirement help BK to keep up its Brand. The analysis shows that there is a significance relationship between the central bank of Rwanda regulations and the financial performance of commercial banks in Rwanda.

Keywords: central bank regulations, financial performance and commercial banks.

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I. INTRODUCTION

Since the early 1970s, bankers have developed a host of new financial instruments and practices. These innovations have altered the nature of banking, and this in turn has complicated the task of banking regulation. The national regulations have become largely ineffective in monitoring the safety and soundness of global banks. It is the resulting market changes and the growth of knowledge about the risks facing the international financial system that have motivated governments to hold multilateral discussions regarding banking regulation (Kapstein, 2017). The Basel Committee on Bank Supervision (BCBS), International Monetary Fund and World Bank now promote an extensive list of "best practices" to be adopted by each and every country for the regulation and supervision of their banks. There is a strong sense that if only policymakers in countries worldwide would implement particular regulatory and supervisory practices, then bank "safety and soundness" would improve, thereby promoting growth and stability (Barth, 2011).

Olalekan (2013), conducted a study on capital adequacy requirement and banks' profitability: empirical evidence from Nigeria. The purpose of the study was to assess the effect of capital adequacy requirement of both domestic and foreign banks in Nigeria and their profitability.

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The findings revealed that, capital adequacy relates positively to profitability of banks in Nigeria because it is a confidence booster to the depositors, public and regulatory authority in Nigeria. He concluded by suggesting capital adequacy as the most important factor in determining profitability for banks in Nigeria. In this issue of strong relationship between capital adequacy and bank's profitability, it was supported by the following other authors.

The Central Bank of Kenya (CBK) issued a new set of CBK regulatory requirement that came into force on 1stJanuary, 2013. Banks, financial institutions and mortgage finance companies need to adhere to these prudential guidelines. The CBK regulatory requirement deals with a wide range of issues including licensing requirements, corporate governance, capital adequacy requirements, Liquidity Management, stress testing, foreign exchange exposure limits, prohibited business, anti-money laundering, consumer protection, enforcement of banking laws and regulations, agent banking and representative offices (Thumbi, 2014).

Kamau et al., (2014), used the simultaneous equations approach to model the regulatory effects of minimum capital requirements on bank risk behavior and capital levels in Kenya. The study established that the Kenya's banking sector has an oligopolistic market structure. Chen (2015), examined safety and soundness protection via minimum capital requirements by looking at the passage of regulations advocating a mandatory subordinated debt policy especially for large banks. They found out that over the period of time in which the Gramm-Leach-Bliley Act was passed, a portfolio of banks with relatively high amounts of subordinated debt experienced positive and significant wealth effects.

Basel Committee is a global body responsible in setting standards for the prudential regulations for the banking institutions. It ensures effective and efficiency in both regulation and supervision practices for worldwide banks in order to achieve its main objective which is to enhance financial stability in banks. And Rwanda is a member of this Committee. The Central Bank of Rwanda in the year 2000 made a major effort to studying banks' performance in Rwanda and agreed that 'inefficient supervisory action and inadequacy of regulatory framework' were among factors that could have contributed to banking distress in Rwanda (Vianney, 2013).

The central bank of Rwanda also established various regulations such as Regulation N° 06/2017 of 19/05/2017 on capital requirements for banks; Regulation N°12/2017 of 23/11/2017 on credit classification and provisioning and Regulation N° 07/2017 of 19/05/ 2016 on liquidity requirements for banks as well as others with the main purpose of ensuring well-functioning and banks' performance.

Therefore, it is from that background researcher intended to carry out this study and assess the effect of central bank of Rwanda regulations on the financial performance of commercial banks, particularly of Bank of Kigali PLC.

II. OBJECTIVES

The general objective of the study is to investigate the effect of central bank of Rwanda (BNR) regulations on the financial performance of commercial banks in Rwanda on the following specific objectives:

1. To examine the effect of capital adequacy regulations on the financial performance of Bank of Kigali PLC;
2. To determine the effect of liquidity Management regulations on the financial performance of Bank of Kigali PLC;
3. To find out the effect of credit risk management regulations on the financial performance of Bank of Kigali PLC.

III. LITERATURE REVIEW

Liquidity management can have different impact on financial performance according to different researchers. Vossen (2010) did his study on Bank liquidity management requirements in New York.

He reported that, liquidity risk exposes banks to financial difficulties which lead to depositor runs, fleeing of investors and tougher financing.

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Establishment of bank regulations helps banking institutions in New York to avoid this situation.

He summarized his findings by stating that, Banks in New York attempts to contain liquidity risk by ensuring balance between cash inflow and cash outflow as well as holding liquidity cushions for strategic purpose.

Molefe and Muzindutsi (2015), did a study on effect of capital and liquidity management on profitability of major South African Banks. The study covered five leading banks in South Africa for a period between 2004 to 2014. The study showed capital adequacy is the most effective tool for soundness of financial institutions in South Africa. There was weak relationship between liquidity and profitability for those five leading banks in South Africa. They conclude that, South Africa banks should revise the liquidity management guideline to determine optimal liquidity level in order to improve financial performance.

Alshatti (2015) conducted a study on effect of credit risk management requirement on Jordanian commercial banks performance. The study covered a period between (2005-2013) for sample of thirteen Jordanian commercial banks.

He found that, non -performing loan ratio which is a credit risk management indicator has positive effect on banks profitability. Also results revealed that, capital adequacy ratio, credit facilities and leverage ratio has no effect on Jordanian commercial banks. He concluded that, Banks should conduct serious information evaluation before approving loans to the customers in order to have effective and sound credit risk management system.

Wang (2013) studied on credit risk management requirement in Rural Commercial Banks in China. The study found that, Rural Commercial Banks (RCBs) in China need to gather enough information concerning the potential costumer in order to prevent credit risk exposure to the bank.

The gathered enough information will assist in assessing if any possibility of the loan borrower to default that loan and make wise decision. He concluded by stating that, for RCBs to maintain good credit risk management, it should much concentrate on business operating environment which may has unique risk before adopting any credit risk management strategy.

Bridges (2014) did a study on capital adequacy regulation on banks' lending, a case study of Bank of England. They found that, any change in capital adequacy results to change in both capital and lending that is, increase in capital requirement causes an increase in banks capital ratios and reduction on loan growth. The study also found that, after change in capital requirement loan growth mostly returns to normal within 3 years.

He concluded that, banks response to change in capital adequacy differs depending business cycle, bank size and direction of the change in capital requirement.

Alkadamani (2015) investigated on capital adequacy, Bank behavior and crisis: Evidence from emergent economies. His study analyzed data from 46 commercial banks between 2004 and 2014 from four Middle East countries. The study reported that, there is existence of strong relationship on the effect of regulations on level of capital. He concluded that, banks which are closer to the minimum regulatory capital adequacy improves there capital adequacy by capital increase while reducing risk taking activities.

Bank should keep enough capital adequacies because during economic crisis banks tend to increase their risk taking activities.

Olalekan (2013) conducted a study on capital adequacy and banks' profitability: empirical evidence from Nigeria. The purpose of the study was to assess the effect of capital adequacy of both domestic and foreign banks in Nigeria and their profitability. The findings revealed that, capital adequacy relates positively to profitability of banks in Nigeria because it is a confidence booster to the depositors, public and regulatory authority in Nigeria. He concluded by suggesting capital adequacy as the most important factor in determining profit ability for banks in Nigeria. In this issue of strong relationship between capital adequacy and bank's profitability, it was

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supported by the following other authors. Sangmi and Nazir (2010) researched on financial performance of commercial banks in India and reported that, suggested that, capital adequacy ratio (CAR) has direct effect on the bank's profitability in India because they have managed their capital adequacy ratio well by keeping it above the minimum standard of 10% as it is fixed by RBI (Reserve Bank of India).

IV. METHODOLOGY

This study adopted a descriptive survey. Descriptive survey research design is a scientific method which involved observing and describing the behavior of a subject without influencing it in any way (Cooper & Schindler, 2008). It employed both quantitative and qualitative approaches.

Researcher adopted the regression model as the analytical model for the study. The model was formulated as follows:

$$Y= \beta_{0+} \beta_1X_1+ \beta_2X_2+ \beta_3X_3+e$$

Where;

Y= Financial performance was measured by using the ROA, ROE and Net profit margin

X_1 =Capital Requirement which was measured by using the capital adequacy ratio which is the ratio of total risk weighted assets to total capital

X_2 = Liquidity requirement which was measured by using the liquidity ratio, which is the ration of liquidity investments to total loans and advances

X_3 = Credit risk Management requirement which was measured by using the None Performing loans(NPLS) which is ratio of none performing loans to total loans, β0 = Constant, β1 - β3 = Regression coefficients , e=Error term

V. RESULTS AND DISCUSSION

Descriptive and inferential statistics were used to discuss the findings of the study. The data was collected on the annual report of BK.

5.1 Financial Performance of BK

The second specific objective of this study was to analyze the performance of Bank of Kigali PLC by using profitability ratios, and the results are presented below.

5.1.1 Profitability of BK

The results show that from 2015 to 2019, the ratio of Return on Assets are3.65%; 3.25%; 3.21%; 3.12% and3.66% respectively. This means that, in 2015 for 100 RWF of invested they got 3.65 RWF; in 2016 for 100 RWF of invested they got 3.25 RWF; in 2017 for 100 RWF of invested they got 3.21 RWF and in 2018 for 100 RWF of invested they got 3.12 RWF and in 2019 for 100 RWF invested; the BK ltd got 3.66 RWF. The above results show that BK PLC is profitable during the covered period. Because the standard ratio of Return on Assets is 1% and looking on the result above Bank of Kigali PLC has more than three time every year. And the most important factor that can lead BK to this smartness in use of asset is the respect of central bank regulation such as liquidity requirement, credit risk management requirement and capital adequacy requirement.

From 2015 to 2019 the Return on Equity are as following: 20, 64; 19.13%; 19.02%; 14.06% and 16.90% respectively. This means that in 2016 the 100 RWF invested in BK, generated19.13RWF, in 2017 and 2018 investors got 19.02RWF; 14.06 Rwf and 16.90 of benefit respectively. Normally the above ratios demonstrate that within this period BK PLC's stockholders were in period of happiness during since the average of income generated by their equity shows that for each 100 Rwf they invest they gain at least 17.95 Rwf and of cause this has a direct link with the respect of capital adequacy; liquidity management and credit risk management's central bank regulation because they are all there to ensure the effective utilization of bank's resources including equity.

5.2 Compliance with central bank regulations

Looking at the results it is clear that from 2015-2019 the Liquid Assets to total Assets is: 38.4%; 32.8%; 28%; 30.1% and 27.7% respectively. This shows that in almost all the years under study the liquidity assets covered 30% and more of the total assets, and the central bank requirements asked banks to do not go under 20%. Therefore, referring to the ration of Liquid Assets to total Assets has been respected.

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The of Liquid Assets to Total Deposits are: 30%, 35.3%, 42.1%; 59.0% and 68.0% respectively from 2015-2019. Therefore, this shows that the ratios of assets to total deposit vary positively in this period on the bank under study. Even in the last year the ratio tripled because the standard ratio according central bank of Rwanda's requirement.

Therefore, this is good because it enable the bank to meet depositors request when they immaturely need to withdraw their money.

The Liquid Assets to Total Liabilities was: 46.7%; 39.5%; 34.7%; 38.6% and 34.5% respectively from 2015 to 2019. This shows that in each year researcher assessed liquidity assets of the bank are able to meet bank's obligations (liabilities) at the level of more than 30%. Even in 2015 it cover the bank's liabilities at 46.7%. Therefore this is good because if they are able to cover their total liabilities at this level, they would cover almost all current liabilities.

Liquidity investments to total loans and advances are: 68.7%; 54, 3%; 44.4%; 46.4% and 40.9% respectively from 2015-2019. Therefore, this shows that in first year of the study the ratio tripled the minimum regulatory requirement and in the other four year which remained more than double the minimum regulatory requirement of 20 percent. Briefly the results presented above shows that Bank of Kigali PLC always tried it best to respect the liquidity risk regulation of the central bank of Rwanda and there is no doubt this is contribute a lot to the performance of this bank.

Normally, liquidity risk is the current and future risk arising from a bank's inability to meet its financial obligations when they come due. A bank might lose liquidity if it experiences sudden unexpected cash outflows by way of large deposit withdrawals, large credit disbursements, unexpected market movements or crystallization of contingent obligations. The other cause may be because of some other event causing counterparties to avoid trading with or lending to the bank. A bank is also exposed to liquidity risk if markets on which it depends are subject to loss of liquidity. Therefore, the respect of central bank regulation against this risk is the only way to fight against these risk identified above.

Looking at the results above it is clear that Bank of Kigali PLC's management has not been able to control and mitigate credit risk since the ratio of NPLs to total loans demonstrate that are high above the NBR medium term objective of 5 percent because they were: 6.04%; 5.56%; 6.98%; 5.78% and 6.73% respectively from 2015 to 2019.

However central bank of Rwanda took various measures to strengthen prudential and regulatory framework and put in place banks internal credit policies. In line with this, NBR strengthened its supervisory role for banks and required banks to write-off bad loans that were overdue for long.

And in addition, NBR introduced credit reference bureau in July 2010 in a move to reduce the information asymmetry that existed between creditors and borrowers in Rwanda. To further reduce the incidences of NPLs, NBR enacted the regulation in 2011 on credit classification and provisioning. The purpose of the regulation was to ensure that banks promptly identify their non-performing credit facilities and undertake adequate correction efforts. Therefore, the bank understudy has to reinforce it credit recovery policies as well as trying it best to respect central Bank regulation to effectively avoid any kind of none performing loans risk that may arise.

The findings demonstrate that core capital to risk weighted assets was 22.1% in 2015; 19.0% 18.9%; 30.4% and 26.6% respectively from 2015to 2019.

Normally this is good for Bank of Kigali ltd because this result ensure that it's most freely and immediately available resources to meet claims against deposit takers is enough because BNR regulation requires banks to hold a minimum total of 10 % of core capital to risks weighted assets. And in most of the years under study bank of Kigali had more than 2 times of this. Also total qualifying capital to risk weighted assets is 22.5%; 19.6%; 19.5%; 30.4% and 26.4% from 2015to 2019.

This means that capitalization enables Bank of Kigali PLC to mitigate the proportion of

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nonperforming loans because BNR's regulation requires banks to hold a minimum total of 12.5% of total qualifying capital to risk weighted assets and the bank under study exceed this percentage in each year of the covered period. Normally, banks must maintain adequate capital in their vaults if they want to survive. However, what constitutes "adequate" is subjective. This is generally measured in the form of a "capital adequacy ratio" and central banking of Rwanda prescribed the level of capital that needs to be maintained. And capital adequacy ratio is important from the point of view of solvency of the banks and their protection from untoward events which arise as a result of liquidity risk as well as the credit risk that banks are exposed to in the normal course of their business.

The solvency of banks is not a matter that can be left alone to the banking industry. This is because banks have the savings of the entire economy in their accounts. Hence, if the banking system were to go bankrupt, the entire economy would collapse within no time. Also, if the savings of the common people are lost, the government will have to step in and pay the deposit insurance.

5.3 The Effect of Central Bank of Rwanda (BNR) Regulations on the Financial Performance BK PLC

The findings demonstrate that the majority of respondents with 61.5% mentioned that CA regulation help BK to protect shareholders equity against risks. Normally every shareholder invest his/ her money with the main purpose of receiving a return, however any kind of investment is exposed on the risk environment.

Therefore, to ensure the effectiveness in use of shareholders' equity and security of customers deposit security against any kind of risks that may raise, bank's management have to pay much attention . in further discussion interviewed mentioned that banking industry all over the world is exposed on risks and that any kind of financial crisis raised from banking sector and of cause this affect each angle of economy that why regulators like central banks and Basel committee settled requirement like capital adequacy and central banks are there to follow up the implementation of these regulations in every registered bank. On the other side these help our bank to keep eyes on what can cause risks because automatically affects shareholders equities and the more we respect all central bank's regulation including capital adequacy regulation is the more we avoid these risks, and of cause this lead bank of Kigali to a considerable return on equity and return on assets. Interviewed furthermore said that the bank under study also settled internal rule and procedures that helps bank and staff to stay in line with BNR,s capital adequacy requirement and always calculate the ratio to ensure that the bank remain in the norms. Therefore for the interview, all these lead bank to the performance.

Also 38.5% of the total interviewee confirmed that Capital adequacy helps BK to allocate existing resources effectively. The effectiveness in allocation of shareholders equity is one of the many factors that boost the greater income generated by you investment. And if is not performed effectively it automatically lead to the fail. But for the interviewed staffs, the respect of central bank's capital adequacy regulation helped this bank to stay in line with proper allocation of resources as well as effective management of customers' money which on the other side help bank of Kigali to avoid any kind of risks that may arise against. Therefore, these allow bank to record enough return on equity and on assets every year. Respondents furthermore testify that working in line with what central bank's capital adequacy require financial institutions on capital adequacy helped bank of Kigali as bank and as group to always work safely and lead the owners to a considerable profit which allowed the bank to extend business. And referring to what respondent testified, the calculation of both Return on equity and return on assets, what they said is true because both ROA and ROE of this bank shows positive results.

The results demonstrate that 38.9% of the total interviewed confirmed that BNR's Credit risk management requirement help BK to reduce NPLs. In further discussion with respondents researcher realized that the main reason behind

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this requirement is to ensure the performance of granted loans. And for them this effectively lead Bank of Kigali PLC to a considerable ROA because Loans portfolio cover a large part of banks assets and the more are protected against risks is the more return are generated because due to this bank got chance to recovery both granted amount and interests they generated. Here, researcher more ask them why the figures shows that in the period of this study bank exceeded the minimum required level of none performing loans ratio and if this has not affected negatively, the performance of this bank, and they all mentioned that Bank of Kigali PLC as well as other commercial bank exceeded this ratio and that this was not the willing of this bank because it tried it best to recover granted loans however some are not. But for them there is no big gap because they are always near the minimum required ration.

They furthermore said that to avoid much negative effect of this bank of Kigali always prepare provision of these NPLS at 100% rate. And of cause finally bank recovers this amount.

Results also shows that BNR's Credit risks mgt requirement help BK to effectively manage bank's assets as confirmed by 27.8 % of respondents.

And in further discussion interviewed mentioned that banks has to keep easy on loans portfolio since it cover a large part of bank's asset. They also said that this is the leading products in banks.

Therefore, for them whatever help Bank of Kigali PLC to avoid any kind of risk that can lead to none performance of this product has a very huge contribution of the overall bank's performance.

It is also observed that equally16.7% of the total respondents confirmed that BNR's Credit risk risks mgt requirement lead BK to a considerable ROE and ROA and that these requirements help bank to maintain enough provision on NPLs. And in further discussion respondents mentioned that Bank of Kigali PLC always consider specific provisions for "Substandard" assets which is not less than 20% of the outstanding balance of the credit facility as it indicated by central bank regulation. They also confirmed that specific provisions for "Doubtful" assets are maintained at not less than 50% of the outstanding balance of the credit facility and specific provisions of "Loss" assets are maintained at 100% of the outstanding balance of the credit facility. Therefore, all these allow researcher too confirm that the BNR's Credit risk risks management requirement has positive effect on the performance of the bank under study.

Results demonstrate that 38.8% of respondents said that central bank's liquidity management requirement help BK to always meet it short term obligations. And in further discussion with respondents what researcher realized is that according to respondents the most important short-term obligation that bank needs to meet is the immature withdraw of customers.

Respondents furthermore said that this requirement help Bank of Kigali PLC to put it liquidity asset to productive use, but not let it go near to zero because even if it want to use them to generate income it is not good to go in a liquidity crisis because banking institutions must plan for potential unanticipated withdrawals of deposits in addition to its lending program's liquidity needs.

Also referring to BNR's regulation the minimum liquidity ratio of 20% is imposed to ensure that banks are all the time capable of meeting the average cash withdraws at short notice, and Bank of Kigali exceeded this as it is proved by the calculated liquidity ratios.

Results also show that 15.4% of the total respondents confirmed that central bank's Liquidity management requirement help BK to keep up its Brand. In further discussion with respondents they mentioned that everyone knows that whenever he/she come to withdraw his/her money in Bank of Kigali at any Branch he/she wants he/she find it. And this build trust between bank and clients so that they depose their money without any worriers of losing their money whenever they want, and of cause this help bank to used customers' deposit to grant loans to others as intermediate which bring enough interest to both bank and customers. They more said that here what bank always keep in mind is that it doesn't exceed 80% of these deposit.

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Also23.1% of the total respondents said that BNR's liquidity management help requirement help Bank of Kigali to retain customers, and 30.8% said that liquidity management requirement helped BK to build customer loyalty.

Normally, building trust in bank's clients that they never lose their money whenever they need them help the bank to find out that there is no needs to go anywhere else since he received whatever he need and encourage friends and relatives to join this bank as well and always say positive things about the bank to other people and never change this Bank which is good in competition because to recruit new customer cost a lot than maintaining the existing one. Therefore, all these allow researcher to confirm that BNR's liquidity regulation affect Bank of Kigali PLC's performance effectively.

5.4 Relationship Between Central Bank of Rwanda Regulations and Financial Performance of Bank of Kigali PLC

The findings show that R which is the multiple correlation coefficients that shows quality of the prediction of the dependent variable by the independent variable is 0.908. This is a good indication since it points to a strong correlation.

The R-Square which is the coefficient of determination shows that the five independent variables in the model explain 77.9% of performance of BK. Subsequently from the Adjusted R Squared it is evident that after adjusting the model for inefficiencies the independent variables can explain 77.6% of performance of BK. From the data in the above table the established regression equation was

$$Y = 0.218 + 0.239X1 + 0.392\ X2 + 0.284X3$$

From the above regression equation it was revealed that holding capital requirement, Liquidity requirement and credit risk management requirement to a constant zero, financial performance of Bank of Kigali PLC would be 0.218 , a unit increase in respect of capital adequacy requirement would lead to increase in performance of Bank of Kigali PLC by a factor of 0.239, a unit increase in Liquidity requirements would lead to increase in performance of Bank of Kigali PLC by a factor of 0.392 and also unit increase in Credit risk management requirement would lead to increase in performance of Bank of Kigali PLC by a factor of 0.284.

The study also found that all the p-values were less than 0.05 an indication that all the variables were statistically significant in influencing financial performance of Bank of Kigali PLC.

VI. CONCLUSION

From the findings of the study, it was concluded that Bank of Kigali had implemented and complied with Central Bank regulations requirements except credit risk management requirement where they exceed the maximum requirement on NPL ratio but they are not far for the required ratio. And it is observed that the respect of these regulations had more improved financial performance of this bank under study.

From the findings, it was revealed that Bank of Kigali observed monitoring compliance to capital requirement including providing direction to its staffs. From the regression analysis there was a significant positive relationship between central bank of Rwanda regulations and financial performance of Bank of Kigali PLC it is clear that the implementation of regulations imposed by BNR results in positive financial performance.

Therefore, this allow researcher to conclude that there is a significant relationship between central bank of Rwanda regulations and financial performance of Bank of Kigali PLC. Basing on the study findings, the study recommends that; Banks should effectively implement and comply with prudential regulations imposed by the regulator due to the nature of the riskiness of the banking sector and its impact on the economic growth of the Country. The banks Board of Directors as well as the overall management of the bank are required to ensure the implementation of regulations imposed by the BNR. The National Bank of Rwanda is recommended to monitor and supervise Commercial Banks to ensure financial reporting, legal and regulatory requirements are met by the banks and transparent periodic

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reporting to stakeholders on Corporate Governance, Risk Management and Internal Controls is undertaken.

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Capital Inflow, Exchange Rate and Agricultural Output: Evidence from Sub-Saharan African Region

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ABSTRACT

The numerous roles played by the agricultural sector across the globe has made it imperative to enquire into the hardship encountered by the participants of the sector in sourcing for fund and procurement of inputs needed for further production across the Sub-Saharan African region. This study however investigated the influence of capital and exchange rate on agricultural output in Sub-Saharan African nations from 1998-2018 using panel system-GMM estimation technique. The study found capital inflow to be positively related to agricultural output in SSA nations while exchange rate revealed a negative relationship with agricultural output in SSA nations.

Decomposing the capital into private and public capital suggest that private capital is positively related to agricultural output while public capital is negatively related to agricultural output in SSA nations. The interactive role of capital and exchange rate on agricultural output is highly keen to the success of the agricultural sector in the SSA nations, since they both contribute to the agricultural output.

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Capital Inflow, Exchange Rate and Agricultural Output: Evidence from Sub-Saharan African Region

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ABSTRACT

The numerous roles played by the agricultural sector across the globe has made it imperative to enquire into the hardship encountered by the participants of the sector in sourcing for fund and procurement of inputs needed for further production across the Sub-Saharan African region. This study however investigated the influence of capital and exchange rate on agricultural output in Sub-Saharan African nations from 1998-2018 using panel system-GMM estimation technique. The study found capital inflow to be positively related to agricultural output in SSA nations while exchange rate revealed a negative relationship with agricultural output in SSA nations.

Decomposing the capital into private and public capital suggest that private capital is positively related to agricultural output while public capital is negatively related to agricultural output in SSA nations. The interactive role of capital and exchange rate on agricultural output is highly keen to the success of the agricultural sector in the SSA nations, since they both contribute to the agricultural output. The authorities in the SSA nations should maintain an appreciating exchange rate and make policies that will attract additional investors in order to increase the availability of capital, agricultural output, decrease unemployment and poverty level in SSA region.

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I. INTRODUCTION

Agricultural outputs have been contributing to the gross domestic product of most developing economies across the globe and Africa. Agriculture served as a source of foreign exchange earnings, creation of investment outlets both locally and internationally, employment opportunities, intermediation function between the owners and users of funds and provision of material needed for further productions. Some of the developing economies diversified their income source from crop exportation into crude oil exportation which led to the reduction in crop exportation and gross domestic product of the economy (Adeola & Ikpesu, 2016). The reduction in the crop exportation led to divestment by the investors from crop production into the oil sector which has triggered the scarcity of fund.

Problem of shortage of fund has restricted the progression of the agricultural sector, leading to a decline in the sectors output. Agricultural sector output can be promoted by the government in developing economies through the provision of credit facilities to the sector (Osinubi & Akinleye 2006) which enables the procurement of modern farm implements and other necessary inputs needed to transform the farm product from subsistence to commercial quantity. Adequate funding of the agricultural sector helps to create more employment and reduce poverty across Africa as this sector happens to be one of the largest employers of labour in Africa (Ajuwon & Ogwumike, 2013) because the sector has the capacity to absorb and reduce poverty twice as other sectors. Alternative source of improving the agricultural output in the Sub-Saharan African countries is the attraction of capital. It is to be noted that empirical evidences from literatures

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failed to reach a consensus on the magnitude of the impact of capital inflow on agricultural output in African context which is very important to the investors, government and regulators. More so, it was discovered that only the study of (Ikpesu & Okpe, 2019) carried out a single-country study to investigate the relationship between capital inflow, exchange rate and agricultural output in Nigeria. No cross-country study has investigated the relationship between capital inflow, exchange rate and agricultural output in Sub-Saharan African countries, this backdrop inform this study.

Literatures reviewed identified the constraints to the free flow of capital as decline in savings and fluctuation in exchange rate which directly affect the output and growth in the economy (Verter, 2017; Ikpesu & Okpe, 2019). Theoretically, investment is a function of savings, poor savings culture reduces the funds available for investment in the economy, a spillover effect of reduction in the agricultural output in an economy. More so, the unwilling attitude of the financial institutions whose core function is provision of credit and the government past nonchalant attitude toward the agricultural sector in the developing economies also forced the farmers to source for fund externally (Rahji & Adeoti, 2010 as cited in Adeola & Ikpesu, 2016). The dwindling funding available to agricultural sector in Sub-Saharan African countries has made it imperative for the sector in Sub-Saharan nation to extend its sourcing of fund outside the shore of its economy which is aimed at increasing the output of the agricultural sector.

Capital inflow is however expected to contribute positively to agricultural output in the economy as evidenced by previous studies (Ikpesu & Okpe 2019; Verter, 2017; Oloyede, 2014; Taurai, 2014; Ajuwon & Ogwumike, 2013; Obansa & Maduekwe, 2013; Weerapong, 2006). Contrarily, capital inflow was discovered to contribute negatively to agricultural output as evidenced by previous work of (Djokoto, 2012; Epaphra, 2016; Epaphra & Mwakalasya, 2017; Yusuff, Afolayan, & Adamu, 2015).

The dynamic nature of the international environment makes it important for the foreign investor to be abreast of the risk in the international environment due to the fluctuation in the exchange rate. The exchange rate is a measure of international competitiveness among nations of the world and helps in allocation of resources between local and foreign commodities (Osigwe & Obi, 2016). Theoretically, decrease in the purchasing power of a country's local currency increase the demand for its local commodity while increase in the purchasing power of a country's local currency decrease the demand for its local output by foreigners. Depreciation of a country's currency does not only increase the export but also decrease the external reserve and attract more capital inflow which increases the cost of farm implements because larger volume of local currency will be chasing fewer foreign implements (Ikpesu & Okpe 2019). Prior literature revealed that exchange rate impact agricultural output negatively (Ikpesu & Okpe 2019; Olarinde & Abdullahi, 2014; Ajuwon & Ogwumike, 2013; Epaphra & Mwakalasya, 2017) while the work of (Verter, 2017; Oloyede, 2014) opines that exchange rate is positively related to agricultural output. It is to be noted that capital cannot solely determine the agricultural output obtainable in an economy without interacting with other variables, one of which is the exchange rate. This interactive role of these variable makes it imperative to investigate the role of exchange rate on agricultural output in SSA region.

It was observed from the literatures reviewed that most of the previous studies only accounted for the private component of the capital inflow which is FDI but ignored the public component. Ikpesu & Okpe (2019) incorporated both private and public capital inflow in their study but limited the scope of their study to Nigeria. This study contributes to the existing knowledge by investigating the influence of capital inflow, private capital inflow, public capital inflow and exchange rate on agricultural output in Sub-Saharan African countries using the GMM estimation technique.

This empirical study provides an outstanding perception of researchers from different part of the world. The study however provide solution to the following questions. Does higher capital

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inflow affect the agricultural output in the Sub-Saharan African countries. Does depreciation in exchange rate reduces the agricultural output in the Sub-Saharan African countries. Does higher private and public capital inflow increase the agricultural output in Sub-Saharan African countries. In a nutshell, the findings of this study revealed that capital inflow is positively related to agricultural output in the SSA countries, private capital inflow is positively related to the agricultural output in the SSA countries while public capital inflow is negatively related to the agricultural output in the SSA countries.

Additionally, the result revealed that depreciation of exchange rate reduces the agricultural output while the appreciation of exchange rate increases the agricultural output in SSA nations. The rest of this paper is structured as follows; Section 2 is the literature and theoretical review, Section 3 deals with the methodology. Section 4 deals with the results and discussions and the last section deals with conclusion.

III. LITERATURE REVIEW

The previous studies reviewed provided evidences on the importance of capital inflow and exchange rate as determinants of output in an economy. The endogenous growth theory opined that capital is one of the determinants of output in an economy. Availability of capital to the farmer is very essential for attaining growth in agricultural output as well as the sector in every economy.

Growth in agricultural output was reported to be positively related to capital inflow (Ikpesu & Okpe 2019; Verter, 2017; Oloyede, 2014; Taurai, 2014; Ajuwon & Ogwumike, 2013; Obansa & Maduekwe, 2013; Weerapong, 2006) which implies that increase in capital inflow enables the farmers to procure the input needed for their output. Despite the positive evidences of capital inflow on agricultural output, some researchers were of contrary opinion that capital inflow reduce the agricultural output as evidence by work of (Djokoto, 2012; Epaphra, 2016; Epaphra & Mwakalasya, 2017; Yusuff, Afolayan, & Adamu, 2015).

Theoretically, appreciation of exchange rate increases the agricultural output while the depreciation of exchange rate decreases the agricultural output. Previous empirical studies reviewed showed that exchange rate affect the agricultural output negatively (Ikpesu & Okpe 2019; Olarinde & Abdullahi, 2014; Ajuwon & Ogwumike, 2013; Epaphra & Mwakalasya, 2017) which is contrary to the findings of (Verter, 2017; Oloyede, 2014) where they discovered that exchange rate impact agricultural output positively which implies that depreciation of the exchange rate reduce the cost of farm inputs which increases the purchasing power of the farmer. However, reduction in purchasing power of the farmer prevent the farmer from procuring the needed input which leads to reduction in agricultural productivity.

More so, this study segregated the capital inflow into private and public capital inflow in order to ascertain the individual influence of private and public component of capital inflow on agricultural output in Sub-Sahara African countries. Increase in both private and public capital inflow are expected to increase the agricultural output in Sub-Sahara African countries which is evidenced by the findings of (Ikpesu & Okpe, 2019; Osigwe & Obi, 2016) that private capital inflow increase the agricultural output but contrary to the findings of (Obansa & Maduekwe, 2013) which found that private capital inflow reduces the agricultural output. Similarly, public capital was found to have a positive impact on the agricultural output in an economy as opined by (Ikpesu & Okpe 2019; Obansa & Maduekwe, 2013).

Human capital is another key determinant of output based on the endogenous growth model which is very crucial in the model regardless of the method of production adopted by an economy which could either be labour intensive or capital intensive. Procurement of farm implement without availability of necessary personnel with the technical know-how reduces the output.

Increase in the labour increases the agricultural output in an economy as evidenced by the previous work of Ikpesu and Okpe (2019) where a

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positive impact of labour on agricultural output was reported.

Furthermore, this study presents the perceptions and findings of past researchers across the globe in order to expand and contribute to the present study on the relationship between capital inflow, exchange rate and agricultural output in Sub-Saharan African countries. Ikpesu & Okpe (2019) examined the influence of exchange rate, inflow of capital on output of agricultural products in Nigeria. Annual time series data was sourced from 1981 to 2016 which was estimated using autoregressive distributed lag (ARDL) estimation technique. The study reported existence of short and long-run cointegration among the variables in the study. The empirical result revealed that private and public capital inflow is positively related to agricultural output.

Real exchange rate is negatively related to agricultural output. Domestic investment is positively related to agricultural output. Labour is also positively related to agricultural output in Nigeria. Kim and Zhang (2016) found that aggregate capital flow is pro-cyclical in developed economies but counter-cyclical in developing economies. Private capital inflow was found to be pro-cyclical in developing and developed economies but public inflow was counter-cyclical in developing and developed economies. They further opined that developed economies use more of private capital inflows while developing economies use more of public capital inflow. They also concluded that public capital inflow is essential in period of financial crisis.

Olarinde & Abdullahi (2014) analysed the influence of macroeconomic variables on crop production in Nigeria, the study reported existence of cointegration among the variables both in the short and long-run. The empirical findings revealed that government expenditure on agricultural output positively impact agricultural output, inflation negatively influence agricultural output, agricultural credit to farmers negatively influence the agricultural output, interest rate positively influence agricultural output, exchange rate negatively influence the agricultural output.

Adeola & Ikpesu (2016) investigated the influence of bank lending on agricultural production in Nigeria, the empirical result revealed that money supply and commercial loan were positively related to agricultural production in Nigeria.

Anetor, Ogbechie, Kelikume & Ikpesu (2016) investigated the influence of credit on agricultural production in Nigeria. The causality result revealed that the agricultural credit guarantee scheme doesn't affect agricultural output. The empirical result shows that agricultural credit guarantee scheme fund is negatively related to agricultural output, commercial loan and advances is positively related to agricultural output in Nigeria.

Weerapong (2006) Investigated the determinants of agricultural output in the East Asian economies using panel data of seven countries covering the period of 1987 to 2003 were estimated using the fixed effect regression model. The empirical findings revealed that FDI, land, import, export, trade influence agricultural output positively while trade and crisis influence agricultural output negatively. Wondemu & Potts (2016) also analysed the influence of real exchange rate on export diversification promotion in Tanzania and Ethiopia. The empirical result revealed that trade and factor productivity have positive impact on the real exchange rate while trade openness, government consumption and reserve have negative impact on real exchange rate. The study found that undervaluation of exchange rate promote export in Tanzania while overvaluation of exchange rate reduces the volume of export in Ethiopia.

Verter (2017) investigated the influence of foreign aid on agriculture output in Nigeria. The empirical result revealed that agricultural official development assistance is positively related to agricultural output. Domestic commercial loan is also positively related to agricultural output.

Exchange rate is positively related to agricultural output in Nigeria. Climate change is negatively related to agricultural output in Nigeria. Osigwe & Obi (2016) analysed the influence of remittances on the Nigeria Naira's real exchange rate using

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annual time series data. The empirical result revealed that remittance received, trade openness, nominal exchange rate, term of trade and real GDP growth positively influence real exchange rate while government consumption and inflation have negative influence on real exchange rate in Nigeria.

Djokoto (2012) analysed the influence of foreign direct investment influx in agriculture on food security in Ghana using annual data, the empirical result shows that agricultural growth rate, captured democracy, foreign direct investment is negatively related to the food security while government expenditure and export of manufactured product were positively related to food security. Epaphra (2016) analysed the impact of foreign direct investment (FDI) on different sectors in Tanzania using time series data. The findings show that FDI is negatively related to agricultural sector output but positively related to mining sector output, manufacturing sector output, construction sector output, transport sector, storage and communication sector output in Tanzania. Epaphra & Mwakalasya (2017) analysed the influence of FDI on Agriculture as well as the influence of agriculture on economic growth in Tanzania using the Error Correction Modelling technique. The empirical result of the agricultural growth model depicts that FDI, growth, real exchange rate, inflation and trade negatively affect agricultural output while the economic growth model revealed that FDI, capital formation and trade positively affect economic growth while agriculture, real exchange rate, inflation and labour negatively affect trade in Tanzania. Kareem *et al.* (2013) investigated the factors that affect agricultural output in Nigeria using OLS technique. The empirical findings revealed that interest rate, commercial bank loan, FDI and import of food are positively related to agricultural output. GDP has a negative relationship with agricultural output in Nigeria.

Oloyede (2014) found that foreign direct investment and exchange rate have positive and significant impact on agricultural output in Nigeria while interest rate exert a negative but insignificant impact on agricultural output in Nigeria.

Yusuff, Afolayan, & Adamu (2015) investigated the effect of FDI on agricultural sector and economic growth in Nigeria using the vector autoregression (VAR) estimation technique. The empirical findings revealed that foreign direct investment to agricultural sector is positively related to the agricultural sector growth in the short-run but negatively related to the agricultural sector growth in the long-run in Nigeria. Taurai (2014) found that foreign direct investment, population, government expenditure, trade openness and credit to agricultural sector have are positively related to agricultural productivity while inflation is negatively related to agricultural output in Zimbabwe. Ajuwon & Ogwumike (2013) examined how risk affect the influx of foreign direct investment on the agricultural output in Nigeria. The empirical findings revealed that average rainfall, external debt, per capita income, export, political stability, exchange rate volatility have a negative impact on agricultural output while inflation, investment, lending rate is positively related to agricultural output. Obansa & Maduekwe (2013) found that treasury bill rate, multilateral debt, development stock, FDI and debt servicing have statistical impact on agricultural output. Official development assistant, Paris and London assistance, FDI and debt servicing have positive influence on agricultural output while development stocks, multilateral debt, treasury bill, domestic savings, agricultural foreign private investment and agricultural capital influence agricultural output negatively.

III. METHODOLOGY

3.1 Model Specification

This study is hinged on the endogenous growth theory of Solow (1950). The theory opines that output in an economy is a function of Capital, labour and technology. The Solow model is expressed as:

$$y = f(K, L, A) \quad (1)$$

Based on the theory, agricultural output depends on material inputs/farm implements which serves as inputs. These inputs represent technology in our model because farm activities are been

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executed with the use of modernized technological inputs. More so, procurement of farm input is often affected by appreciation and depreciation of the exchange rate of a nation in relation to its trading partners currency (Yunusa, 2020) which necessitate the incorporation of exchange rate into our model.

In order to attain the effect of labour and political will on agricultural output, the model is modified and expressed as:

$$y = f(K,\ L,\ A,\ Exchange\ Rate) \qquad (2)$$

The Solow model is premise on the assumption of Cobb–Douglas production function, the modified Solow model in equation (4) is thus expressed in Cobb–Douglas form and expressed as:

$$y_t = f(K_t^{\alpha}, L_t^{\beta},\ A_t,\ Exchange\ Rate_t) \qquad (3)$$

Where y_t is the output at time t, K_t^{α} is the Political Will at time t, L_t^{β} is the Labour at time t, A_t is the Agricultural Input, $Exchange\ Rate_t$ is the exchange rate at time t. The model is restated in panel forms and expressed as:

$$y_{i,t} = \beta_0 + \beta_1 EMP_{i,t} + \beta_2 AMI_{i,t} + \beta_3 EXC_{i,t} + \beta_4 GFC_{i,t} + \mu_{i,t} \qquad (4)$$

$$y_{i,t} = \beta_0 + \beta_1 EMP_{i,t} + \beta_2 AMI_{i,t} + \beta_3 PWL_{i,t} + \beta_4 EXC_{i,t} + \beta_5 GFC_{i,t} + \mu_{i,t} \qquad (5)$$

$$y_{i,t} = \beta_0 + \beta_1 MEP_{i,t} + \beta_2 FEP_{i,t} + \beta_3 AMI_{i,t} + \beta_4 EXC_{i,t} + \beta_5 GFC_{i,t} + \mu_{i,t} \qquad (6)$$

$$y_{i,t} = \beta_0 + \beta_1 MEP_{i,t} + \beta_2 FEP_{i,t} + \beta_3 AMI_{i,t} + \beta_4 PWL_{i,t} + \beta_5 EXC_{i,t} + \beta_6 GFC_{i,t} + \mu_{i,t} \qquad (7)$$

$$y_{i,t} = \beta_0 + \beta_1 EMP_{i,t} + \beta_2 PWL_{i,t} + \beta_3 AMI(EXC)_{i,t} + \beta_4 GFC_{i,t} + \mu_{i,t} \qquad (8)$$

Where y is the agricultural output, EMP is the employment of labour, AMI is the agricultural raw materials, PWL is the political will, EXC is the exchange rate, GFC is the gross fixed capital formation and μ is the error term.

3.2 Data and Estimation Techniques

This study used annual panel data covering 29 Sub-Saharan African countries from 1990 to 2018, namely, Benin, Burkina Faso, Burundi, Cameroon, Congo Republic, Cabo Verde, Ethiopia, Gabon, Ghana, Guinea, Gambia, Kenya, Liberia, Lesotho, Madagascar, Mauritania, Mauritius, Malawi, Namibia, Nigeria, Rwanda, Senegal, Sierra Leone, Togo, Tanzania, Uganda, South Africa, Zambia And Zimbabwe. The data used for this study were obtained from the International Financial Statistics and World Development Indicator (WDI). Data on Exchange rate was obtained from International Financial Statistics while data on agricultural output, political will, employment of labour in agriculture, agricultural raw materials, male employment in agriculture and female employment in agriculture were obtained from WDI.

This study employed the panel estimation technique in order to estimate the impact of the independent variables on the dependent variable. It is to be noted that it is imperative to carry out unit root test in order to ascertain the order of integration of the variables.

This study estimated the dynamic panel data system generalised method of moment (GMM) (Arellano and Bover, 1995; Blundell and Bond 1998) which was based on the prior model developed by (Arellano and Bond 1991) where differencing of all the regressors was introduced and called difference GMM. The model of Arellano and Bond was based on the following assumptions; that the observation is greater than the time (N>T), linearity in relationship, inclusion of lagged value of the dependent variable as independent variable, regressors are not strictly exogeneous, fixed individual effects and problem of autocorrelation & heteroskedasticity within a variable (Roodman, 2009). Imposing the strict exogeneity assumption leading to violations and discrepancy in our fixed-effect model which leads to generation of a single equation dynamic GMM estimators by using a common factor

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representation (Blundell and Bond, 1998). The dynamic panel output model is expressed as:

$$y_{i,t} = \rho + \omega y_{i,t-1} + \theta_1 A_{i,t} + \theta_2 K_{i,t} + \theta_3 L_{i,t} + \theta_4 EXC_{i,t} + \theta_5 GCF_{i,t} + \mu_{i,t} \quad (9)$$

$$i = 1 \ldots\ldots n, \; t = 1 \ldots\ldots T$$

ρ is the constatnt parameter, ω and θ are the output elasticities.

The violation of the assumption of strict orthogonality led to the introduction of varying parameters by taking the semi-derivatives of the variables to account for variances in units and measurements.

$$\varepsilon_{i,t} = \mu_{i,t} + \upsilon_{i,t} \quad (10)$$

The disturbance term $\varepsilon_{i,t}$ comprise of two orthogonal components; the fixed effects that is time-invariant which is $\mu_{i,t}$ and the idiosyncratic shocks which is represented by $\upsilon_{i,t}$ which is assumed to be independent and normally distributed with zero (0) mean and constant variance.

Adjustment of the agricultural output is expected to be affected by factors such as political will, employment of labour in agriculture, agricultural raw materials, male employment in agriculture, female employment in agriculture, gross capital formation and exchange rate. Agricultural output adjustment to changes in these factors is dependent on two basic conditions, first is the passage of time which give rise to the introduction of the lagged values of the factors as independent variables, and second is the equilibrium of agricultural output and the previous year actual output which led to the introduction of the dynamic GMM in which lag of the dependent variable is also included as independent variable in the model.

Application of OLS in our estimation could lead to "dynamic panel bias" which occur due to correlation between the lagged value of the dependent variable and the fixed effects in the error term which leads to the violation OLS assumption which is necessary for attaining an unbiased estimate, leading to endogeneity problem. Introduction of lagged variable as an instrument in the strict orthogonal assumption helps in solving this problem which is incorporated in the system GMM (Blundell and Bond, 1998; Roodman, 2009).

This study therefore estimated the impact of political will and labour on agricultural output in Sub-Saharan African countries using the System GMM based on the satisfaction of some assumptions. The dynamic GMM model is expressed as:

$$y_{i,t} = \alpha + \beta_3 Y_{i,t-1} + \beta_1 X_{i,t} + \beta_2 Z_{i,t} + \varepsilon$$

$y_{i,t}$ is represent agricultural output

$\beta_3 Y_{i,t-1}$ represent the lagged value of the agricultural output

$\beta_1 X_{i,t}$ represent the independent variables which are political will, employment of labour in agriculture, agricultural raw materials, male employment in agriculture, female employment in agriculture

$\beta_2 Z_{i,t}$ represent the control variables which are gross capital formation and exchange rate.

IV. RESULTS AND DISCURSION

This section comprises of the descriptive statistics, correlation matrix, the unit root test and the GMM result. The descriptive statistics is revealed in table one.

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Table 1: Descriptive Statistics of Parameters

Variable	*Obs*	*Mean*	*Std. Dev.*	*Min*	*Max*
ago	597	9.21549	0.6006536	7.809687	11.06718
pwl	607	1.259814	0.3359039	0.3198867	1.89786
emp	609	1.630976	0.2840179	0.6627578	1.965216
mep	609	1.634259	0.2576385	0.7371131	1.943208
fep	609	1.608421	0.3559388	0.4821587	1.985718
ami	528	0.0607285	0.2974615	-0.833841	1.266762
exc	598	2.136938	0.7692887	-1.625142	9.827566
gfc	515	9.321027	0.6282011	7.639185	10.95196

Source: Authors Computation

Table 1 reveals the descriptive statistics of the datasets, a wide difference exists between the mean and standard deviation of all the variables used in the study. The average value also falls between maximum and minimum values. The correlation coefficients of the variables are shown in table 2.

Table 2: Correlation Matrix

Variable	*ago*	*pwl*	*emp*	*mep*	*fep*	*ami*	*exc*	*gfc*
ago	1.0000							
pwl	0.2433	1.0000						
emp	0.2487	0.8697	1.0000					
mep	0.2599	0.8828	0.9844	1.0000				
fep	0.2551	0.8250	0.9759	0.9253	1.0000			
ami	-0.0145	0.0421	-0.0564	-0.0394	0.0835	1.0000		
exc	0.2001	0.3785	0.4072	0.4363	0.3545	0.0522	1.0000	
gfc	0.7372	-0.3876	0.3024	-0.2988	-0.2669	-0.1245	0.0403	1.0000

Source: Authors Computation

The correlation coefficients in table 2 revealed that there is no likelihood of occurrence of multicollinearity among the variables used in this study as showed by the correlation coefficients.

The test in table 3 reveals the traits of the dataset used in the study order to ascertain the level of stationarity of the variables which helps to avoid a spurious result. The Fisher unit root was preferred because the study used an unbalanced panel. The null hypothesis of the Fisher test is that "all panels contain a unit root" while the alternate hypothesis is that "at least one panel is stationary". The unit root result is presented in table three.

Table 3: Fischer *Unit Root*

Variables	ADF- Fischer	Im-Pesaran-Shin	Order of Integration
ago	109.2393 (0.0001)	-4.2640 (0.0000)	I(0)
exc	90.6557 (0.0039)	-2.3655 (0.0090)	I(0)
gfc	39.4662 (0.9309)	0.1709 (0.5678)	I(1)
pwl	207.9351 (0.0000)	-3.9728 (0.0000)	I(0)
emp	39.0078 (0.9738)	0.9723 (0.8346)	I(1)
mep	38.4457 (0.9777)	0.1473 (0.5586)	I(1)
fep	62.4172 (0.3221)	1.2685 (0.8977)	I(1)
ami	130.4109 (0.0000)	-4.3556 (0.0000)	I(0)

Source: Authors Computation

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Table three (3) shows the ADF- Fischer and Im-Pesaran-Shin unit root test result. The two test results shows that variable *ago*, *exc*, *pwl* and *ami* are stationary at level I(0) while variable *gdi*, *emp* , *mep* and *fep* are non-stationary at level but after first differencing, they became stationary at first difference I(1). The unit root test result further helps to revealed the covariance nature of the data set in a study (Adekunle, 2020). The study further estimated the two-step dynamic system generalized method of moment (GMM) because of its ability to capture the uniqueness of the traits of these data and relying on the empirical works of (Adekunle, 2020; Roodman, 2009 for further consultations). GMM result for the models are presented in the table 4.

Table 4: GMM Result

Variable	*Model 1*	*Model 2*	*Model 3*	*Model 4*	*Model 5*
$ago_{i,\ t-1}$	0.8830225 * (0.0731397)	0.9426038 * (0.0485049)	0.900545 * (0.0247166)	0.9187858 * (0.0525472)	0.958088 * (0.0173555)
$emp_{i,\ t}$	0.0166305 (0.0139171)	-0.0477362 (0.0525969)			-0.0346398 (0.0389692)
$ami_{i,\ t}$	-0.0223713 (0.0208141)	0.0096478 (0.0066705)	0.0130232 (0.0085888)	0.0204369 ** (0.0104496)	
$pwl_{i,\ t}$		0.0837539 * (0.0292334)		0.1375857 (0.0820593)	0.0388306 (0.0333753)
$mep_{i,\ t}$			0.1071533 (0.1480049)	-0.0290735 (0.098888)	
$fep_{i,\ t}$			-0.0562225 (0.0980601)	0.0242645 (0.0756916)	
$ami(exc)_{i,\ t}$					0.0032957 (0.0047626)
$exc_{i,\ t}$	0.0805739 (0.0541607)	-0.0002586 (0.0245654)	-0.0186452 (0.0223099)	0.0209094 (0.0260658)	
$gfc_{i,\ t}$	0.0356914 * (0.0148287)	0.0408081 (0.0210307)	0.0216388 (0.0120304)	0.0709811 ** (0.0318943)	0.0296399 ** (0.0135081)
$\alpha_{i,\ t}$	0.5559287 (0.4414577)	0.1343522 (0.3029615)	-0.2403711 (0.1520994)	-0.1150769 (0.3119662)	0.1304668 (0.2075649)
Observation	414	414	414	414	494
Number of Countries	29	29	29	29	29
Number of instruments	231	231	231	231	232
Wald chi2	800865.54 *	46624.79 *	702457.65 *	22461.46 *	20323.44 *
AR (1)	0.007	0.023	0.016	0.033	0.005
AR (2)	0.643	0.587	0.616	0.557	0.703
Sargan test Chi (2)	0.560	0.510	0.538	0.483	0.392

*Note: The dependent variable is the agricultural output, natural logarithm of all the variables were used. Standard errors are reported in brackets. Level of significance was reported as * and ** representing 1 and 5 percent respectively*

The coefficients of the lagged dependent variable *ago* across the models are positively and statistically significant indicating that the agricultural output has been consistence. An increase in the lagged value of agricultural output increases the present agricultural output in SSA region. Contrarily, a reduction the in the lagged agricultural output worsen the present agricultural output in SSA region which is not good for the region.

Furthermore, the first model shows that employment in the agricultural sector (*emp*) is positively related to agricultural output thereby increasing the volume agricultural produce available for consumption in the region. An increase in the level of employment in the agricultural sector increase the agricultural output by 0.0166 increase in the agricultural output in the SSA region. The coefficient of agricultural raw material (*ami*) shows an inverse relationship with agricultural output, thus, decreasing the

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agricultural produce available for consumption in the sector. This means a percentage increase in the agricultural raw material reduce the agricultural output in the SSA region by 0.0224.

The coefficient of exchange rate (exc) shows a direct relationship with agricultural output, thus, rise in the exchange rate increase the agricultural output in SSA region. The implication of this is that depreciation of exchange rate appears to increase the agricultural productivity in SSA region. Gross capital formation (gcf) exhibit a significant positive relationship with agricultural output in the region, promoting productivity in the agricultural sector in the SSA region.

Additionally, in the second model, we introduced the political will (pwl) into our model which shows the willingness of the government to support the agricultural sector or not. The coefficient of labour employment and agricultural raw materials are negatively and positively related to agricultural output respectively, thus, decreasing and increasing agricultural output by 0.0477 and 0.0096 respectively. The coefficient of political will is positively related to agricultural output in the region, thus, increasing the agricultural produce available for consumption in the region as a result of the government support directed towards the agricultural sector. This means a percentage increase in the political will increase the agricultural output in the SSA region by 0.0838. Inclusion of the political will reduced the labour employment but increased the agricultural raw material which represent the level of technology introduced into the agricultural sector.

Also, in the third model where we introduced male employment in agriculture (mep) and female employment in agriculture (fep) but isolated the labour employment, the coefficient of the male employment in agriculture is positively related to agricultural output while the coefficient of female employment is negatively related to agricultural output in SSA region. A unit increase in the male employment increase agricultural output by 0.1072 while an increase in the female employment in agricultural sector decrease agricultural output by 0.0562 in the SSA region. The implication of this is that male employment in agricultural sector promote productivity while female engagement decreases the agricultural output in the SSA region.

However, introduction of political will into model three (3) which gives rise to model four (4) shows that female employment in agricultural sector promote agricultural output compared with their male counterpart which exert a negative influence, leading to a reduction in the output of the sector. The implication of this is that government support in agricultural sector increased the female output in the sector, possibly encouraged more female participation in the sector. the coefficient of the male employment in agriculture is negatively related to agricultural output while the coefficient of female employment is positively related to agricultural output in SSA region. A unit increase in the male employment decrease agricultural output by 0.0291 while an increase in the female employment in agricultural sector increase agricultural output by 0.0243 in the SSA region. the coefficient of political will is positively related to agricultural output, thus, an increase in political will increase the agricultural output by 0.1375 in the SSA region. Government support in agricultural sector has afforded the female farmers more opportunity which resulted in increased in the agricultural output in the SSA region.

The fifth model which shows the interactive role of agricultural raw material and exchange rate on agricultural output indicate the interaction of these variables has increased the agricultural productivity in SSA region. A unit increase in labour employment in agricultural sector decreased the agricultural output by 0.0347 while increase political will increased agricultural output in SSA by 0.0388. The coefficient of interaction of agricultural raw material and exchange rate increase the agricultural output by 0.0033 in SSA region. The implication of this is that purchase of agricultural input for enhancing the farmers productivity which are mostly imported from developed countries are highly dependent on fluctuation of exchange rate, appreciation of domestic currency is expected to increase the purchasing power of the local farmers

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while depreciation of the exchange rate limits the number of farms implements that can be imported from the developed nations. Thus, the interaction has enhanced the productivity in the agricultural sector in SSA region. The reliability of the instruments used in the study are shown in $AR(1)$, $AR(2)$ and Sargan test. The serial correlation test $AR(1)$ indicate the existence of serial correlation at first order while the $AR(2)$ shows absence of serial correlation at second order in the three models which informs the acceptance of the null hypothesis of no serial correlation in the second order $AR(2)$. The Sargan test revealed that all the instruments are exogenous which informs the acceptance of the null hypothesis which implies that the instruments used in the study are independent of one and others across the models.

The Pooled Ordinary Least Square (POLS) and Fixed Effect Regression (FER) were further estimated in order to ascertain the validity of the dynamic system GMM leaning on the empirical credence of (Adekunle, 2020; Blundel et al., 2001) they asserted that another way of detecting the validity of dynamic system GMM is by ensuring that the lagged values of the dependent variable in the GMM model falls between estimates of POLS and FER. However, our dynamic GMM result estimates in table 4 lies between the POLS and FER in table 5 and 6 respectively (FER=0.7431< GMM=0.8830<$POLS$=0.9878).

Pooled Ordinary Least Square (POLS) Result

Variable	*Model 1*	*Model 2*	*Model 3*	*Model 4*	*Model 5*
$ago_{i,\ t-1}$	0.9878187* (0.0070345)	0.9640292 * (0.0088824)	0.9860334 * (0.0072066)	0.9638923 * (0.0088908)	0.9642284 * (0.0080784)
$emp_{i,\ t}$	0.0203721** (.0102896)	-0.0088468 (0.0122064)			0.0078961 (0.010577)
$ami_{i,\ t}$	0.0120657 (0.0066645)	0.0140009 ** (0.0065456)	0.0119372 * (0.0066886)		
$pwl_{i,\ t}$		0.0643489 * (0.0151562)		0.063671 * (0.0155406)	0.0461194 * (0.0123285)
$mep_{i,\ t}$			0.0367449 * (0.0200362)	0.0062738 (0.020964)	
$fep_{i,\ t}$			-0.0079077 (0.0129036)	-0.0111398 (0.0126481)	
$ami(exc)_{i,\ t}$					0.0054065*** (0.0028483)
$exc_{i,\ t}$	0.0030956 (0.0035217)	-0.0007751 (0.0035688)	0.0019042 (0.0036496)	-0.0012506 (0.0036513)	
$gfc_{i,\ t}$	0.0184875 ** (0.0071664)	0.0447401 * (0.0093559)	0.0204132 * (0.0073203)	0.045062 * (0.0093599)	0.0440693 * (0.0082499)
$\alpha_{i,\ t}$	-0.0884827 (0.0350557)	-0.1390194 (0.0363505)	-0.1015023 (0.0365876)	-0.1456302 (0.0373721)	-0.1396294 (0.0361624)
Wald chi2(5)	106744.47*	111216.99 *	106211.05 *	111083.99 *	99523.40 *
Adjusted R^2	0.9962	0.9964	0.9962	0.9964	0.9956
Observations	414	414	414	414	494
Countries	29	29	29	29	29

Source: Authors Computation, 2020

*NB: The dependent variable is the agricultural output, natural logarithm of all the variables were used. Standard errors are reported in brackets. Level of significance was reported as *, ** and *** representing 1, 5 and 10 percent respectively*

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Fixed Effect Regression (FER)

Variable	Model 1	Model 2	Model 3	Model 4	Model 5
$ago_{i,\ t-1}$	0.7431222 * (0.0330419)	0.7169137 * (0.0321341)	0.7352188 (0.0342829)	0.7132711 * (.0332599)	0.7505996 * (0.0291562)
$emp_{i,\ t}$	-0.0919474 ** (0.035551)	-0.1676292 * (0.0367595)			-0.1242996 * (0.0363744)
$ami_{i,\ t}$	0.0017882 (.0100725)	0.0093519 (0.0097851)	0.0006918 (0.0101586)	0.0087522 (0.0098929)	
$pwl_{i,\ t}$		0.189204 * (0.0336353)		0.1867616 (0.0337076)	0.1544507 * (0.0293837)
$mep_{i,\ t}$			0.025671 (0.0912496)	-0.0513294 (0.0889886)	
$fep_{i,\ t}$			-0.0977443 (0.0703091)	-0.1007528 (0.0677279)	
$ami(exc)_{i,\ t}$					0.0034327 (.0036284)
$exc_{i,\ t}$	0.0374154 (0.0243881)	0.0319035 (0.0234878)	.0405391 .0246711	0.0334185 (0.0237993)	
$gfc_{i,\ t}$	0.0589008 (0.0137736)	0.0807868 (0.0138129)	0.0601983 * (0.013839)	0.0814295 (0.0138704)	0.0959967 * (0.0129259)
$\alpha_{i,\ t}$	1.89948 (0.2863766)	1.83629 (0.2757941)	1.918594 (0.2865883)	1.836181 (0.2764585)	1.419592 * (0.2504996)
F-Stat	357.04 *	326.61 *	297.47 *	279.18 *	492.82 *
Adjusted R^2	0.9869	0.9918	0.9857	0.9911	0.9918
Observations	414	414	414	414	494
Countries	29	29	29	29	29

*Note: The dependent variable is the agricultural output, natural logarithm of all the variables were used. Standard errors are reported in brackets. Level of significance was reported as * and ** representing 1 and 5 percent respectively*

V. SUMMARY AND CONCLUSION

In spite of empirical works on agricultural output, little or no attention has been given to ascertaining the effect of political will and labour on agricultural output in SSA region, making this issue unaccounted for. Scarcity of empirical works on this line of thought makes it crucial to dig deep. This identified lacuna will help to shape our thought and makes forecasting for the stakeholders a seamless task. In this light, this paper investigates the role of political will and labour on agricultural output in in Sub-Saharan African nations from 1998-2018 using dynamic system-GMM estimation technique consisting of twenty-nine (29) cross-sections with a view of estimating the robustness check and short-run dynamics of the model.

The result shows that employment in the agricultural sector is positively related to agricultural output but after inclusion of political will, employment in agricultural sector reduced the agricultural output. Political will which shows the government willingness to support the agricultural sector is positively related to agricultural output. Agricultural raw material exhibits a positive relation with agricultural output in all the model except for model one (1).

The result of the study also showed that male employment in agriculture increase the agricultural output while female employment decreased the agricultural output in SSA region.

However, inclusion of political will i.e., government support promotes the contribution of female employment in agriculture, leading to increase in agricultural productivity while the male employment in agriculture reduced the agricultural output in SSA region. The result further revealed that the interaction between agricultural raw material and exchange rate promote agricultural productivity in SSA region.

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From the result, it is glaring that the way forward to attain an increasing agricultural output is to engage more people in agriculture and ensure a policy that encourage higher female participation in agriculture in order to maintain increase in the agricultural productivity. Government support also contributed positively to the agricultural output in the region. Importation of farm implements enhancing higher agricultural productivity in the region. Our study recommends that more people should be encouraged to participate, particularly, the female in order to harness the female impact on the economy. The government should also support the farmers in acquisition of new farm inputs in order to increase the agricultural productivity in the economy.

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International Business: Enthrall and Prospect

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The enthrall of this paper is based on the economic, social, and political issues. It reflects present and future challenges for competitiveness and economic development in the global changing environment. International business encompasses all commercial activities that take place to promote the transfer of goods, services, resources, people, ideas,and technology across national boundaries. It occurs in many different forms, the movement of goods from one country to another (exporting, importing trade), contractual agreements that allows foreign firms to use products, services, and processes from other nations (licencing, franchising), the formation of operations of sales, manufacturing, research and development, distribution facilities in foreign markets. The aim of this paper is to introduce, analyse and explain international business in an important emerging light of globalisation.

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The enthrall of this paper is based on the economic, social, and political issues. It reflects present and future challenges for competitiveness and economic development in the global changing environment. International business encompasses all commercial activities that take place to promote the transfer of goods, services, resources, people, ideas,and technology across national boundaries. It occurs in many different forms, the movement of goods from one country to another (exporting, importing trade), contractual agreements that allows foreign firms to use products, services, and processes from other nations (licencing, franchising), the formation of operations of sales, manufacturing, research and development, distribution facilities in foreign markets. The aim of this paper is to introduce, analyse and explain international business in an important emerging light of globalisation.

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I. INTRODUCTION

"International Business may conduct its operations with scraps paper. But the ink it uses is human blood," - Eric Ambler - International business means carrying on business activities beyond national boundaries. These activities normally include the transaction of economic resources such as goods, capital, service (comprising technology, skilled labour and transportation etc.) and international production.

International business includes both international trade of goods and services and also foreign investment, especially foreign direct investment. International business and development are interrelated. No country however, big or small, strong or weak, rich or poor, developed or developing can prosper without trading bilaterally or unilaterally. Any country in the world cannot produce all commodities to meet its domestic requirement. It needs to import items that are not produced in excess of its domestic requirements.

One country's exports are another country's import and vice-versa. A developing country has a big share of imports in its balance of payments, hence resulting in a trade deficit. To bridge this gap it tries to increases its exports and earn foreign exchange, which is also needed to meet its import requirements.It is a universally known fact that in the last few decades there has been a spurt in the international business, for which a number of following factors can be attributed: Desire to earn sales revenue. Desire to reduce cost by acquiring inputs at least cost. Minimizing business and financial risk through geographical diversification. Apart from the above mentioned factors, there are other reasons accountable for a rise in international business. Liberalization of both trade and investment world over. Emergence of world trade organisation (WHO) in 1995 in continuation of the general agreement on tariffs and trade (GATT). Rapid advancement in technology. An important driver of globalisation is the declining trade barriers. International trade occurs when goods flow across the countries. And to ensure a smooth and uninterrupted flow of goods and services, it is imperative that restrictions to trade be removed. In recent times, impediments to trade like quotas and tariffs (used to protect domestic business) have been removed by governments of various countries. This has helped in the increases in exports and imports. The member countries of the general agreement on the trade and tariffs (GATT), in various rounds of negotiations have contributed to further reductions of trade barriers and extension of

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GATT to cover manufacture goods and service. Establishment of WTO in 1995 has further contributed to the expansion in world trade.

All countries around the globe are part of the global marketplace. As we enter into the new millennium, more and more companies are going international. As a result, there is a growing percentage of their overall sales which are coming from other countries. We may argue that there has been considerable historical evolution of international markets, but in recent years we have witnessed worldwide economic and managerial developments. These developments create the opportunities, challenges, as well as problems for managers in the global arena.

1.1 The Purpose of Study

The purpose of this paper is to attempt to show the new emerging trends of international business and give a close attention to many recent developments.The objective of my study is as follows :

1. To introduce and explain international business in the light of globalisation.
2. To highlight the new emerging trends of international business.
3. Give close attention to many recent developments.
4. To identify the main challenges and opportunities in terms of international business.
5. Prospect of international business in the global arena and its implications.

1.2 Literature Review

The foreign or international business refers to the exchange or transmission of goods, capital or specific services beyond the international territory with the prior authentication from the government authorities. A product or service that is transmitted to the international market refers as an Export while the import refers to buying the product or service from beyond the international border.

After Globalization the International business played a very important role in increasing the GDP level of India. The international trade helped to boost India‟s economic growth by increasing exports and imports.

In the present dynamic world of technological advancement there is a need to understand the factor endowments of resources which differ from country to country and region to region. Nations are not endowed with all the resources; there is a scarcity of some resources and abundance of some resources. If we consider India‟s resource availability it has an advantage of labour abundance and agriculture sector at the same time it has scarcity of crude oil. Therefore, it is realized that India is dependent on other nations for some goods and services and international trade provides that opportunity for import of crude oil and scarce resources. At the same time international business has provided the platform for exporting some goods and services from India to gain foreign currencies. International business has become a priority sector for Indian economic growth.

1.3 Globalization of International Business

Globalisation means the process of integration of the national economy through cross border flows of products, services, capital, technology, man power and information. According to IME, "Globalisation is the growing interdependence of countries worldwide through increasing volume and variety of cross-border transactions in goods and services and of international capital flows, and also through the more rapid andwide-spread diffusion of technology." Globalization refers to growth of global connectivity, integration and interdependence of economic, social, technological, cultural, political and environmental spheres. Globalization is a notion or common term which best explains the processes of economic interdependence, the growing influence of culture, great advantages of information technology and new geopolitical changes that lead to bringing people together in a global system. Regarding globalization it can be noted that it represents an internationalization regarding different countries. Economic globalization can be measured in different manners; nevertheless those measurements target four economic trends

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that it features: • movement of goods and services and increase of the national income per capita; • increased employment - movement of the population may result in better employment, if not in person's home country it may be realized in other countries; • movement of capital as direct investments; • technology development as a result of the flow of international research and development and investment. Globalization is about the increase in the processes of economic integration worldwide and everything is actually achieved through trade and financial flows. The notion of globalization is linked to the movement of people, labor and knowledge (technology) across international borders. Also, there are broad dimensions of globalization pertaining to culture, political and environmental aspects.

1.4 Advantages of Globalisation

1.4.1 Rapid Industrialisation

Globalisation helps in free flow of capital and technology from one country to another. It enables the global firms to acquire finance at lower cost of capital. The increased flows of capital from surplus countries to the needy countries lead to increase in global investment.

Foreign capital has, for example, increased the pace of economic development in China. Flow of technology from advanced countries helps the developing countries in boosting up their industrialisation.

1.4.2 Balanced Development

Globalisation leads to the spread up of manufacturing facilities in different countries. This in turn leads to the balanced development of all the countries.

1.4.3 Increase in Production

Rapid industrialisation of world economies leads to an increase in output of goods and services. There is an increase in per capita consumption in both developed and developing countries.

1.4.4 Higher Standard of Living

When countries produce goods and services in which they have comparative advantage, productivity increases. Costs of production and prices decline and quality improves. Consumer choice and consumer surplus are enhanced. As a result, living standards increase.

1.4.5 Healthy Competition

Globalisation increases competition among companies. They become more cost and quality conscious to face competition. Global competition keeps a check on prices and the pace of innovation increases. An open world economy spurs innovation through new ideas from abroad. Firms in developing countries get enormous opportunities both in domestic and foreign markets.

1.4.6 Increase in Employment

Due to globalization, developing countries can attract more foreign direct investment. Moreover, manufacturing facilities are shifted to low wage developing countries. Therefore, job opportunities increase rapidly in these countries. For example, millions are employed in call centres, foreign multinationals, etc in India.

1.5 Complexities of Globalisation

1.5.1 Culture

The two cultures are not similar and understanding both the social and business culture of another country is the first key to success. Culture defines everything a society does, from its business practices, to its response to advertising and marketing, to negotiating sales. It is important to include research on the culture of the country(s) that any organizations intend to explore prior to entering their economy.

Understanding these, often sensitive areas will mean that the organization is better prepared when first entering the market. Although the people that the company will deal with will not expect the presence of a foreign organization to be completely in tune with the culture, respect and

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politeness. It will go a long way to be accepted as a part of the new environment culture.

1.5.2 Level of Competition

The level of competition any new organization will experience in foreign markets is likely to be more dynamic and complex than the one it experiences in its own domestic markets.International markets scenario is different from each other. Every country has its own legal, political, social and cultural environment.

1.5.3 Business Intelligence

The key points to determine when gathering business intelligence on the country, the organization intend to enter are:

- Understanding how the economy and market works
- Who are the direct competition, and
- The best business entry strategy

It may be difficult to find reliable information and data for some economy, particularly less-developed economies as their statistical agencies may not be as sophisticated as developed business economies. However, it is important to gather as much information as any organization can to successfully enter into the new boundaries of a foreign economy.

1.5.4 Politics/Government/Legal Systems

Political and legal systems vary from one country to another country. Each government has its own policies relating to foreign firms and products.

The key is to understand that once the organization is in a foreign market, it must abide by the rules and laws of that country, not the ones in its own domestic country. These laws and regulations can severely impact the potential long term success of the organization's business. In fact, it is always wise to consult with a legal counsel based in that country, to ensure that the foreign company reduces the risk of avoiding any of the laws and regulations that might have a severe effect on the foreign company.

1.5.5 International Law

Countries determine their laws based on the needs of their citizens, not the concerns of foreign companies. By and large, international law is a gentlemen's agreement which is honoured, but not always. For example, in areas such as intellectual property, although there are many agreements in place protecting intellectual property can be time consuming and costly.

II. MODES OF ESTABLISHING INTERNATIONAL BUSINESS

The simplest form of realization of international business is exports, which may be direct or indirect, using intermediaries such as agents. More complex forms of foreign market entry include conducting more difficult operations such as joint ventures or realization of joint operations, direct investment, work in duty-free zones, etc.

How to make the choice to enter foreign markets depends on many factors, primarily on the nature of the existing products of the company and the conditions for entering the foreign target market.

Exports can be applied for direct sales of the products of a foreign company or indirectly through export intermediaries, such as agents or intermediary commissions by export or trade companies.

2.1 Exporting

This is the traditional and most widely used route to international business. Exports are considered as taking action to sell the products in another country for products produced by the manufacturer's home country or a third country.A firm can export directly or through middlemen such as export houses and buying agents.

Exporting can be in the following forms: (a) Direct Exporting- A Company may directly sell its products in a foreign country through its distribution channels or through a company of the host country. (b) Indirect Exporting- In this mode a company exports its products through another domestic company. For example, several publishers in India sell their books to UBS

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publishers and distributor Ltd., New Delhi which in turn exports them to many foreign countries. (c) Intra-corporate Transfers- A company in one country may sell its Product to its affiliated company in another country. For example, Hindustan Unilever (India) may sell its products to Unilever in the United States. A company may adopt an exporting strategy either due to opportunities available abroad or because of decline in the demand for its products in the domestic market. While exporting, a company should take into consideration the following factors such as Government policies concerning exports, imports, foreign exchange, etc.Country image, customer preference, distribution network and other market factors. Warehousing, transportation, packaging, inventory carrying costs, and other logistic factors.

2.1.1 Advantages

Expert intermediaries and services provided by them. Exporting is the simplest and easiest mode of entering foreign markets. It requires no or less funds. If a company exports through intermediaries, no investment is needed. Some investment is required when it creates its own distribution network. Exporting involves less risk. Once a company's product is accepted in the foreign country's market, it can enter on a full scale later on.

2.1.2 Limitations

Cost of products increases and they become less competitive due to packaging, transportation, insurance expenses and customs duties and other charges. Exporting is not possible when import restrictions exist in a foreign country. Other options have to be adopted in such a case.

Exporting firms are not able to establish close contacts with customers in foreign countries. Firms usually start their overseas operations with exports and imports. Once they become familiar with foreign markets, they switch over to other forms of international business.

2.2 Contract Manufacturing

Under this strategy, the company enters into a contract with a firm in the foreign market to manufacture or assemble the product as per its specifications. The company, however, retains the responsibility of marketing the product. For example, Reebok, Nike, Levis, and Wrangler get their products and components produced in developing countries. Contract manufacturing is also called outsourcing.

2.2.1 Advantages

The company has not to invest resources in setting up production facilities abroad. The company is free from the risk of investing in foreign markets. The company can start immediately when idle production capacity is available in the foreign country. The product cost in the foreign country may be lower due to lower Wages and overheads. Contract manufacturing may enable the company to obtain host country's support. Local producers in foreign countries also gain in terms of better utilisation of capacity, incentives, etc.

2.2.2 Disadvantages

Potential profits from manufacturing are not available. The company has less control over manufacturing. Local firms might not adhere to production design and quality. Standards. Local producers in the foreign country lose control over the manufacturing process and are not free to sell in the open market. There is a risk of developing a potential competitor. Contract manufacturing is not suitable in cases involving technical secrets and in high-tech products.

2.3 Licensing and Franchising

Under this form, the local firm (licensee) obtains licence (written permission) from a foreign firm (licensor) to use the latter's patents, trademarks, copyright, technology know-how or marketing skills in consideration for a fee called royalty.

Franchising is a contractual arrangement in which one firm (called franchiser) grants to another firm (called franchisee) the right for use of technology

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trademark, brand name and patent in return for the agreed payment for a specific period of time.

The franchiser may be a hotel, a restaurant, bank, travel agency or a retailer who has developed a unique technique for creating and marketing of services under its own name and trademark.

McDonald, Domino's, Pizza Hut and Wal-Mart are examples of leading franchisers who operate worldwide. Franchising is similar to licensing except for two differences. First licensing is used in connection with production and marketing of products, while franchising applies to service business, Second, franchising is more stringent than licensing Franchisers lay-down strict rules and regulations which franchisees are required to follow while running their business.

2.3.1 Advantages

It requires virtually no investment and is, therefore, a less expensive mode of entering into international business. The licensor/franchiser gets a regular fee and is not liable for the losses, if any. There is lower risk of business takeovers or government interventions.

The licensee/franchisee has market knowledge and contacts which can be helpful to the licensor/franchiser in his marketing operations.

Firms other than the licensee/franchisee in foreign market cannot make use of the copyright, brand names, trademarks and patents of the licensor/franchiser.

2.3.2 Limitations

Franchisees become skilled in the production and One the licensee/franchisee marketing the product, he may start marketing a similar product under a different brand name. This can create severe competition for the licensor/franchiser. In case the licensee/franchisee divulges trade secrets in the foreign markets, the licensor/franchisor may suffer heavy loss. Over time conflicts may develop between the licensor/franchiser and the licensee/franchisee. Such conflicts may result in litigation causing loss to both the parties.

2.4 Joint Ventures

In this method, the company which wants to enter foreign market sets up an enterprise in collaboration with a local firm in the host country.

The two firms share the ownership and control of the joint venture. Generally the multinational provides the capital and technology whereas day-to-day management is left to the local firm, For example, Hero Honda Motors was a joint venture between Hero Cycles of India and Honda Motors of Japan.

A joint venture may be created in any of the three ways:(a) The foreign firm may buy equity in a local company.(b) The local firm may acquire equity in an existing foreign firm.(c) The foreign firm and the local firm may jointly form a new company.

2.4.1 Advantages

The international firm can expand globally with less investment because the local also contributes the equity capital. The foreign firm benefits from the local partner's knowledge of market, political system, culture, language and business system.

Joint venture helps the international firm to share the risks and costs with the local partner.Joint ventures are helpful in executing large projects involving huge capital outlays and manpower.

2.4.2 Limitations

The local partner may leak the technology and trade secrets of the foreign firm. Dual ownership of the joint venture may lead to conflicts between the partners over control of business.

2.5 Wholly Owned Subsidiaries

The foreign firm may establish a wholly owned firm which is registered under the relevant law of the host country. Such an enterprise is known as a Greenfield venture. Alternatively the foreign firm may acquire an existing company in the host country.

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2.5.1 Advantages

The parent firm can exercise full control over its business in the host country. The parent company need not disclose its technology or trade secrets to others.

2.5.2 Limitations

The parent company has to invest 100 percent equity capital.

The parent company has to bear full risk of loss from failure of its foreign operations. Some countries do not allow wholly owned foreign firms. Therefore, political risks of a wholly owned subsidiary are high.

III. FDI - FOREIGN DIRECT INVESTMENT

FDI plays a very important role in the development of global business. It may enable the company to provide new markets and marketing channels, cheaper means of production, access to new technologies, products, knowledge and financial resources. Foreign direct investment in its general definition is defined as investment of a company from abroad in a particular country.

Investments may take the form of physical investment that mean building factories and provision of equipment and technique, direct purchases from foreign companies, constructing facilities or investing in mutual activities and encouraging the creation of strategic alliances intended to bring technology license or intellectual knowledge. When it comes to direct investment it should be noted that they are direct investments of means of production to a foreign firm in any country. Investments may be:

- Manufacturing - with the intention to create new operational or production capabilities;
- Establishing new or teaming up with existing firms;
- Entry of international firms, companies that are realizing business activities in more than one country.

3.1 International Trade

The notion of international trade refers to trade of goods and services between countries. Every country, regardless of the technological advantages will still find a product that can be placed on the foreign market. International trade is an extension of the production, exchange and consumption, which are basic elements of life.

Producers and consumers included in international trade are from different countries. International trade is an exchange of goods and services between individuals and companies from different countries. International trade is an economic activity that covers trade in goods and services abroad. It represents the total exchange of material goods between countries. Narrowly foreign trade covers only trade in goods between the economic entities from different countries and is subject to exchange occurring only to those goods that cross state borders or customs lines of one or more countries. In broad terms, foreign trade, despite the international exchange of goods, includes the exchange of services (visible and invisible exports and imports), the turnover of capital, movement of people (tourism) and the transmission of news and Information (tele-communications market). International trade is a trade of goods and services etc. in which the exchange takes place between entities from foreign countries, so that the subject of the sale renames borders or customs line and the territory of the seller (exporter) and land buyer (importer).

All this is done under written foreign trade agreements . Foreign trade is normally performed by certain rules and laws, and the rights and obligations of the participants are determined in the contract. In foreign trade only competitive products and services are included in terms of quality, price, payment, and terms of delivery. The significance and role of international trade are reflected in the fact that with its help of foreign trade that countries supplying goods and services that cannot alone produce or unable to produce sufficient quantities to meet the needs of the consumer country. International trade stimulates the division of labor, reduces production costs, creates more competition between buyers and

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producers, reduces the possibilities of creating monopolies and rapid price changes and facilitates the movement of capital.

3.2 Challenges and Opportunities

3.2.1 Ethical Values

'Ethics' is derived from a Greek word 'Ethos' which means a person`s fundamental orientation towards life.It refers to moral standards used to govern behaviour and to determine right or wrong, good or evil. Ethical behaviours are the acts consistent with moral standards or codes of conducts established by society In the changing global environment. Business ethics become a cornerstone of organizational success. The main objective of any companies which work internationally is to increase an organizational value. In order to achieve their main objective, companies regularly behave unethically.

Therefore, one of the main challenges in the international environment is to find a way to identify and manage ethical problems.In the process of identifying ethical problems in the changing business environment, we may start with the ethical problems in the human resource department. During the selection process of new employees in the international setting, treating people equitable means applying equal standards for all people, no matter of age, gender, sex, skin color, religion and so on. Next, ethical problems may arise due to conflict of interest. Decision makers may enter into conflict of interest by giving to some people a special treatment. It can be based on the personal relations, or due to the bribe paid to the manager or management team for the contract that favors one contracting party.

In addition, common ethical problems may be related to the customer relations. For example, very often we hear or watch advertisements that lie about the product or service in terms of the quality or/and safety or performance. This practice is getting more and more controlled by the different laws that have the intention to protect customers. Finally, there are ethical problems related to expenses made by employees for private purposes. These expenses include usage of the company cars for private purposes, private phone calls from company's phone, and company's credit cards for private expenses.

3.2.2 Social responsibility

Social responsibility is an obligation of the business towards the society. Social responsibility of the business is to follow those lines of action, which are desirable in terms of the objective and the values of our society.(H.R. Bowen). The relationship between social responsibility and the success of the company raises the issue of the need to be socially responsible in order to be successful, especially in the changing global environment. There is a need to redefine a basic company's mission in the international setting.

This basically means that if the company helps the community, the company would also benefit. Global business environment requires from decision makers new dimension of the social responsibility. They are not only responsible to shareholders in terms of making a profit, but also to society, customers, employees, suppliers, and the environment. Due to the fact that managers' decisions affect the society, it is important to balance the interest of the company and the needs of the community. Socially responsible actions can help companies to improve their workplace diversity, community involvement, work family balance, employee empowerment, training, and environmental issues. Improvements mentioned above may lead to better relationships between business and society stakeholders and emphasizes ethical consideration in decision-making.

Working internationally demands from businesses to be socially aware and gain the trust and respect of the community in which they operate. In order to benefit the community and employees, as well as to get greater economic opportunities, the company should make positive strategies and policies with respect to environmental awareness and community relations. The ability of corporations to make a difference in terms of quality of life in the communities, distinguishes socially responsible companies from those who are not. Although Milton Friedman (1970 and 1963) argues against the concept of social responsibility and states that:

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"There is one and only one social responsibility of business – to use its resources and engage in activities to increase its profits so long as it stay within the rules of the game, which is to say, engages in open and free competition without deception or fraud.

3.2.3 Prospect of the International Business

International business has become a dynamic area of study and practice. In the future, more and more companies around the world will be going international. Major changes and trends will be occurring in the business and political arena and it would affect all aspects of business nationally and internationally. To be effective and efficient in international business, multinational corporations (MNCs) should take advantage of increased investment by the superpowers such as European Union, United States of America and Japan. In the global perspective, it is evident that managers from all around the world are going to become more international managers. They will sell their goods and services throughout the globe, no matter where their headquarters are. Global environments give opportunities as well as challenges to international management. The future challenge is to build strategic capabilities.

Bartlett and Ghoshal (1992) have identified these needed capabilities as follows: (1) the ability to build worldwide efficiency and competitiveness, (2) the ability to understand and interpret local markets, build local resources and capabilities, and contribute to the development of global strategy; and (3) the ability to transfer expertise from one unit to another through the use of benchmarking information, cross-pollination among groups, and the championing of innovations with worldwide applications.

Therefore, it is extremely important to develop groups of specialized managers. Those specialized managers, who are able and willing to accept changes in the changing global environment will be well on their way to understand the nature of international business of the twenty-first century.

The world market is viewed by some multinational corporations as one market. Domestic markets are small to absorb the production capacities. Therefore, corporations are going international to find the best source of materials, produce goods at the lowest price, and raise funds for operations. The future of international business depends on knowledge of the customers, competition, and cultures of the local situation. Knowing the customers leads to the knowledge of their preferences of products and services. In addition, knowing the competition's weaknesses and strengths may help to make the right moves. Finally, joining partnering is helping to overcome cultural differences, which may produce an effective way to compete in the global environment.

IV. CONCLUSION

The international business presents the worldwide developments that reshaped the world's political and economic dimensions. International economic activities have increased dramatically and have attracted direct investments and trade. As a result, international sales and profits are on the rise. foundations for international business in terms of understanding international business, planning for international assignments, developing sustainable strategy, and being clear with a reason why become an MNC.

Cultural context for managing in a global environment, which deals with effective adoption of cultural differences. The human side of international business takes on special importance in international business in the changing global environment. Using communication, as a tool for developing strategy, allows quick response to the worldwide customer needs.Motivation techniques to motivate employees may improve productivity, quality, and service. It helps to mobilize people to achieve goals, gain a positive perspective, easily accept the change, and manage their own development and help others to develop. Leadership skills and abilities are necessary to identify new niches, new markets, and promptly run the business activities needed to exploit new opportunities.

Main challenges and opportunities in terms of the international business horizons reflect the issues related to ethics, which has become one of the key

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issues in the international environment. The challenge is to find a way to identify and manage ethical problems. Social responsibility that demands responsible actions to improve workplace diversity, community involvement, work family balance, employee empowerment, training, and environmental issues.Future of international business, which requires strategic capabilities to build worldwide efficiency and competitiveness, understand and interpret local markets, and to transfer expertise from one unit to another through the use of benchmarking information, cross-pollination among groups, and the championing of innovations with worldwide applications.Lastly, stating that the speed and number of changes in the global environment are not unique. For business strategies to work in international business, organizations need to develop and change. Therefore, business people and governments around the world will have to be more knowledgeable about the international dimensions of management than at any time in the past.

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