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Each issue has a specific topic that is a subtopic of major journal coverage.

FREQUENCY

The frequency of the journal *Annals of Spiru Haret University. Economic Series* is quarterly.

JOURNAL HISTORY

The journal *Annals of Spiru Haret University. Economic Series* was founded in 2000 at the initiative of two professors from Spiru Haret University: professor Ph.D. Gheorghe Zaman – also corresponding member of the Romanian Academy and professor Ph.D. Constantin Mecu – one of the University's founders and vice-rector.

Between 2004-2010, the journal is headed by professor Ph.D. Constantin Mecu, as editor-in-chief, and associate professor Ph.D. Aurelian A. Bondrea, as deputy editor, both of them vice-rectors of the university.

In 2011, associate professor Ph.D. Aurelian A. Bondrea, rector of the university, takes over the presidency as editor-in-chief and leads the journal until present.

The *Annals of Spiru Haret University. Economic Series* was issued annually, once a year, starting 2000, until 2009.

Since 2010, the *Annals* have a new format, with a four-annual issuance exclusively in English, with both redaction and review conditions comparable to the most rigorous international requirements.

In 2007, *Annals of Spiru Haret University. Economic Series* obtained the B+ quotation from The National Council of Research in Higher Education in Romania, becoming a publication of real scientific interest.

Starting 2009, the review is indexed in REPEC, SSRN and Google Scholar and beginning with 2016 our Journal is under a process of rebranding, the new team trying to rethink the journal indexing strategy in international databases, suggesting a greater external visibility.

Along the years, in the journal pages, the members of the teaching personnel – professors, associate professors, lecturers and teaching assistants – active in six economics faculties and distinct specialty departments, as well as in the Central Scientific Research Institute, functioning within Spiru Haret University, present the results of their scientific research. The journal also hosts many studies of professors, researchers or Ph.D. students from other universities and research institutes all over the world.

The subject of the publication firstly reflects the concern for the modernization of teaching economic science in University: marketing, management, finance, banking, accounting, audit, international economic relations, trade, business, tourism, administrative data processing, politic economy, commercial law, cybernetics, environmental economics, statistics, ethics in economics, insurance, advocacy & lobby, economic philosophy, econometrics etc.

In the published materials, there are analyzed theoretical and practical issues of edification and consolidation of the Romanian market economy, as well as the fundamental directions of the technical and scientific progress, the actual state and ways of its promotion in the Romanian economy, the issue of developing the new world economy, the directions of globalization and contemporaneous economic integration and Romania's participation to these processes. Also, there are hosted articles that refer to different aspects of economic phenomena from all over the world.

The editing team and the scientific advisors are Romanian intellectual personalities – members of the Academy, professors, and specialists in different fields of the practical economic and social activities. In scientific committee have been engaged as reviewers different professors and personalities in economic field coming from economics and academic institutions in our country, such

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FOREWORD

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The epidemic caused by the new type of coronavirus (COVID-19) that was announced in January 2020 in the Chinese province of Wuhan and has spread over a short period of 3 months worldwide seems to have deeply shaken the global economic system. For the last ten years world politics has been the scene of global developments. Following the tragic events of September 11, 2001 in the USA, the global economic system had to face a security crisis, and therefore with the emergence and spread of *Daesh* or *Da'ish* (in Arabic, the group known as the Islamic State of Iraq and the Levant), the global security crisis deepened. In 2008, the whole world faced a global financial/monetary crisis. Despite a decade that has passed since then, the global system instead of improving has had a negative trend. Economic indicators have started to reverse again. And finally, while the US-China trade wars in recent years have threatened the global economic order, expectations for a new global crisis have increased. The global political crises, the rising tendency of the extreme right, the fact that international institutions started to stop working and deep problems, such as the Syrian crisis, have questioned the future of the global economic system. However, no one has interpreted these issues, predicting a pessimistic and uncertain future for the global economic system. But the coronavirus epidemic suggests a much deeper crisis than expected and apparently makes the future of the global economic system increasingly uncertain.

The COVID-19 pandemic is, first and foremost, a global health issue that directly concerns human safety. Human security has been considered one of the central issues of world politics and world security since the 1980s. The coronavirus pandemic has begun to produce effects beyond human safety and global public health. The first and most important effect is undoubtedly felt in the global economy. It seems that the uncertainties regarding the problems as to how this disease will spread, when it can be controlled, the damage that will be caused from the perspective of human health and whether the virus will reappear already shakes the global economy.

The fact that China's growth figures have been reversed, that production in certain sectors in China has stopped, stopping the engines of the European economy such as

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Italy, France, Germany and Spain, because of the coronavirus pandemic, has also mobilized players like the USA. Despite the huge \$ 700 billion intervention by the USA central bank FED, markets have not responded positively to this intervention. Kenneth Rogoff, a prominent expert in the field, who had previously been the principal consultant to global economic organizations such as the IMF, said the global economy would gradually shrink and go into recession. The Oxford Economics Research Institute also noted that developing countries with external debt will have difficulty paying off debt. On the other hand, the US central bank will implement a monetary expansion policy, a method that is not used very often. France has announced in February 2020 that it intends to allocate a huge budget of EUR 500 billion for the fight against coronavirus. The measures taken do not slow down the recession in the economy, because the real markets have stopped. If this continues, it is unlikely that the global economy will recover in the next two years. This situation can lead to a global economic crisis and may lead to the failure of countries with fragile economies. Therefore, the coronavirus pandemic can induce the global economy into a historical depression rather than a crisis, causing a structural problem in the global economy.

The second dimension of the coronavirus pandemic, which affects the future of the global system, directly concerns global security. As the government of the Republic of Turkey states, “the problem is global, and the struggle – national”. It pushes all countries to adopt a method of struggle to save themselves. Each country eventually mobilizes to save itself and its citizens. China, Italy, France, the US, Spain, more recently the United Kingdom too, and many other countries in Europe, even Romania, have begun to take drastic measures. Turkey is also among the countries that have taken the toughest measures since the beginning. Most of the affected countries are intending to close air connections between them. Some even did, leaving only freight free. France has announced that it has closed all land borders. Great Britain, on the other hand, even if initially followed a strategy of collective immunization, different from that of Europe and the world, however, now they also impose drastic measures, news showing that the atmosphere of panic is spreading with each passing day among the British. The second round of local elections in France was postponed. Spain has announced that most private hospitals are under state control. In the Netherlands, for the first time since the 1973 oil crisis, the prime minister addressed a speech to the people. In the areas most affected by the coronavirus pandemic in the US, the sale of individual firearms has increased considerably. In this situation, the panic atmosphere may first lead to profound

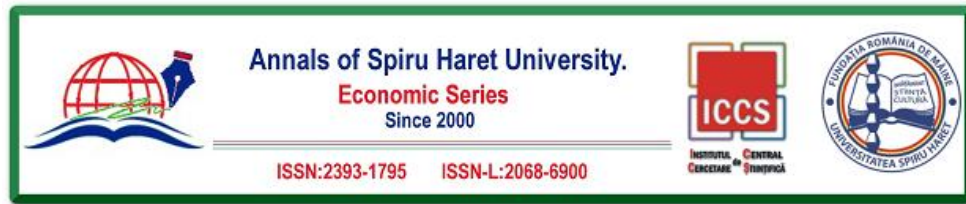
national security problems and therefore may trigger results that would cause problems in the country and interstate.

The coronavirus pandemic has rocked two fundamental systemic pillars, such as the global economy and global security. These two pillars can directly affect how the future of the global economic system will shape itself. It seems that what follows will turn into a process of resistance for all actors. The first resistance will be at the individual level, based on the economies of the countries. Strong economies will not have a shortfall of money for precautionary measures, but the fluctuations of the global economy will ultimately affect larger economies. Weak economies, however, will not have much to lose. The second resistance test will be based on social and individual psychologists. As the number of individuals who panic increases, social psychology will rely on panic behaviour and produce a result that can cause political chaos. Thus, companies with strong social resistance will survive this process with less damage. The third test will be based on the resistance of the state. States that are institutionalized, have standard procedures and have a strong decision-making mechanism that will overcome this period with less damage. Weak states will weaken even more and perhaps turn into completely helpless states. Most likely, when the pandemic ceases, global ruins will remain. We will wait and see how they will prepare a foundation for a new global order.

The crisis caused by the new virus COVID-19 could overturn the calculations that anticipated for Romania an economic growth of at least 3.5% this year. A drop in consumption would result in a smaller trade deficit and therefore a smaller current account deficit, but reducing them is not a reason to celebrate. In 2019, Romania's trade deficit reached EUR 17.2 billion (7.8% of GDP), the highest since 2008, for exports of EUR 69 billion and imports of EUR 86 billion.

The growth rate of the world economy could be less than 2.5% in the first half of 2020, as previously predicted by the World Bank, according to the estimate stated by David Malpass, the president of the institution. Although, "the good news is that it will be slightly higher than the 2019 growth rate, the bad news is that the advance in the first half will probably be lower because of the coronavirus," said David Malpass, quoted by Bloomberg and Agerpres. "Even a real 2.5% growth for the world economy is not enough to lift developing countries," said the president of the World Bank, at a meeting of US economists in Washington.

Coronavirus has become the main topic of discussion at the World Bank. "We analyse the ways in which we can respond or make available resources for developing countries. We also coordinate our actions with the World Health



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Organization, which is at the forefront of the fight against the virus, and we have a wide range of tools that the World Bank can use if the pandemic spreads,” said David Malpass.

In the current context, the authors who have written articles for the current issue have tried, as far as possible, to look at some solutions of the current problems facing the world economy. Whether or not they succeeded in responding to the challenges, we leave it to you to determine.

In the first article of this issue, entitled *The Advantage of Integrating Human Resource Planning with Corporate Planning*, the author, **Ugo Chuks OKOLIE**, is talking about human resource planning that has traditionally been used by organizations to ensure that they have the right number and the right kinds of people, performing tasks at the right places and at the right time, all in a bid to fulfil corporate objectives. The efficiency and effectiveness of organizations depend, largely, on effective human resource planning. Effective human resource planning is a process of analysing an organization’s human resources needs under changing conditions and developing the activities necessary to satisfy these needs. Corporate plan focuses on how the organization can be better positioned and equipped to compete effectively in the market, while human resource planning contributes to the business by providing the means (people) to accomplish specified goals. To achieve these goals, the human resource planning is seen as one of the most crucial factors, without which the goals are as good as dead. This study provides conceptual clarifications and examines the imperative of integrating human resource planning with corporate/business plan. The study concludes that an organization can derive competitive advantage from the development of corporate plan that blends with the human resource plan and that human resource planning is intrinsically linked to business/corporate plan. Lastly, the study recommended that human resource planning should be a priority in every organization, since it has impact on organizational performance and employee’s productivity.

In the article called *Efficiency of Knowledge Use for Establishing Ideas of Performance*, authors **Lăcrămioara-Rodica HURLOIU**, **Bianca-Florentina RUSU**, **Ion-Julian HURLOIU** and **Odi-Mihaela ZĂRNESCU**, tell us to discover that the research and development field provides driving forces of economic growth. EU economy, including the national economies under the impact of scientific research and inventions results, turn into a multi-structural system. The intellectual development of the society is the most powerful productive force. The last decades have marked awareness of the particular importance that information and knowledge

is for social-economic development. More and more scientific personalities and specialists in the area of information emphasize their increased role in the modern age. The authors agree with Alvin Toffler who argues that the third source of power that tends to become predominant in the future is information. At the same time, the Romanian scientists together with the authors plead and claim that information and communications are more and more a production force and the obtained information is a part of national wealth.

The author **Idemudia Ernest OBAKPOLOR**, in his paper entitled *Psychological Contract and Employee Retention: Evidence from Uyi Grand Hotel, Benin City, Edo State*, tries to tell us that the breach of psychological contract often results in a decline in employees' willingness to contribute to and intention to stay in an organization, and that employee turnover is an endemic issue in hospitality industry worldwide. Psychological contract and employee retention has been subjects of discourse among social and management scientists from a wide range of disciplines in the last two decades. But unfortunately, very insufficient number of studies in these areas has been conducted in Nigeria and none has been carried out in hospitality industry. This study was undertaken to fill this obvious research gap. A descriptive method was adopted and data was collected via a survey of 53 respondents. Data collected were analysed using correlation and linear regression analysis with the aid of Statistical Package for Social Sciences (SPSS) version 21. The results of the study showed that there is a significant relationship between psychological contract and employee retention. The study also revealed that psychological contract positively and significantly influences employee retention in Uyi Grand Hotel, Benin City, Edo State. Requisite conclusion and recommendations were provided in the light of theoretical and empirical findings.

In the next article, called *SMES – The Main Pillar of Any Economy*, the authors **Adrian UNGUREANU** and **Anca UNGUREANU** are talking about micro and small & medium-sized enterprises (SMEs) that account for 99% of EU businesses. They provide two-thirds of private sector jobs and contribute more than half of the total added value created by EU businesses. SMEs play an important role for economic and European growth, producing 60% of the European GDP. In addition, SMEs play a major role in the innovation process and thus constitute an important element for a knowledge-based economy. At European and national level, various action programs have been adopted to support SMEs, with the aim of increasing the competitiveness of SMEs through research and innovation and improving their access to finance.

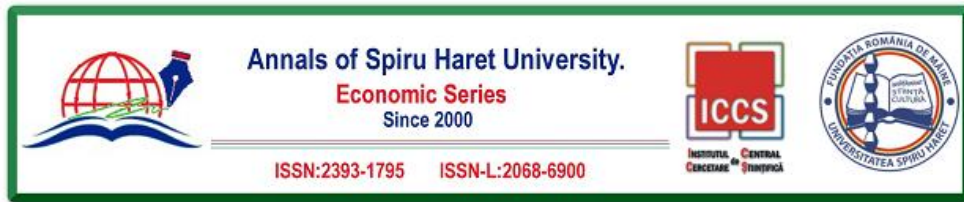
The authors, **Dorcas Dappasika OTTO**, **Godly OTTO** and **Wilfred I. UKPERE**, in their paper entitled *Stakeholders' Perception on the Use of Electronic-Processes at*

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Universities in Rivers State, Nigeria, are talking about the use of electronic (e) processes in the workplace that has become pervasive in many countries in recent years. In Nigeria, the pervasive use of information technology is quite new. The adoption of this new technology is gaining momentum at Universities in Nigeria. Concepts as e-Senate, e-Campus, e-Examinations, among others depict the extent to which Universities are adopting e-processes. To drive the processes, investments in hard and soft wares are being executed with huge sums of money. This is done in the belief that the new ethos is cost effective, modern and competitive. But as an innovation, the e-processes are new and will be driven by stakeholders. These stakeholders include Management, Staff and Students. Their views, reactions and actions are key determinants of its sustainability. This work is a study of stakeholders' responses to the use of e-processes (using Rogers' Diffusion of Innovation Theory) for service delivery by universities in Nigeria. The outcomes of the research show that about 32% of staff members are fully compliant and another 55% are concerting efforts to achieve compliance. In all, 87% of those interviewed have keyed into the process. Only about 13% are yet to key in, these may be seen as Laggards using Rogers categorization. Since the new process has taken off, there is need to perfect it by resolving the problems of power supply, internet access, accessories, among others that are limiting its success rate.

The last paper of this issue is called *Demographic Policies in the Context of Globalization. An Analysis of the Right to Marriage in Islam* and it is written by authors **Ingrid NICOLAU**, **Flavia GHENCEA**, **Roxana TOPOR** and **Ana Maria BEJAN**. The paper is talking about the fact that in the context of globalization, the demographic geometry is suffering major changes that have significant effects on the social economy of states. For any society, change is an element with great development potential, but also with an extremely dangerous major component: the fear felt at individual level. The last few years have witnessed a populist xenophobic trend (at least in Europe), if authors refer to the crisis of immigrants, mostly Muslims, who are knocking at Europe's borders. Starting from the certainty that fear has its source in ignorance, the present paper has two objectives: on the one hand, to bring more insight into some particular aspects related to the Islamic family and to the rights of women within this social institution and, on the other hand, to make a presentation of some demographic policies of the European family.

We hope that our journal issue caught your attention and made you read it. Also, we strongly believe that all the articles are interesting and deserve to be appropriated by those who are interested in understanding the specific issues of the global economy.



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If you've liked our articles, please visit our website at <http://anale-economie.spiruharet.ro/>. If you want to write an article in our journal, we are waiting you to expose your ideas in new studies published by us.

Finally, hoping that you found interesting Issue 1/2020, I strongly invite you to address your comments and suggestions at ashues@spiruharet.ro and, of course, to submit your own paper via online submission system, using the following link: <http://anale.spiruharet.ro/index.php/economics/login>.

Research is the breath of the future. Let's shape the world together!

*Associate Professor Elena GURGU, Ph.D. in Economics
Deputy Chief Editor*

ACADEMIA PAPERS



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THE ADVANTAGE OF INTEGRATING HUMAN RESOURCE PLANNING WITH CORPORATE PLANNING

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Abstract

Human resource planning has traditionally been used by organizations to ensure that they have the right number and the right kinds of people, performing tasks at the right places and at the right time all in a bid to fulfil corporate objectives. The efficiency and effectiveness of organizations depend, to a great extent, on effective human resource planning. Effective human resource planning is a process of analyzing an organization's human resources needs under changing conditions and developing the activities necessary to satisfy these needs. Corporate plan focuses on how the organization can be better positioned and equipped to compete effectively in the market, while human resource planning, contributes to the business by providing the means (people) to accomplish specified goals. To achieve these goals, the human resource planning is seen as one of the most crucial factors, without which the goals are as good as dead. This study provides conceptual clarifications and examines the imperative of integrating human resource planning with corporate/business plan. The study concludes that an organization can derive competitive advantage from the development of corporate plan that blends with the human resource plan and that human resource planning is intrinsically linked to business/corporate plan. Lastly, the study recommended that human resource planning should be a priority in every organization, since it has impact on organizational performance and employee's productivity.



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Keywords: *human resource planning; corporate planning; interlink; blend; human resource management.*

JEL Classification: J01, G30

Introduction

Given the situation in Nigeria where there are economic difficulties and it is therefore hard to retain good workers; renewed emphasis on productivity, sectoral unemployment especially in manufacturing companies; increasingly complex and expensive employee benefits, technological changes whereby working knowledge of the computer is an advantage, high mobility of labour especially in the banking sectors, this makes a good case for human resource planning. Despite the efforts made by organizations to ensure that there are right people, in the right place, at the right time, performing activities that will benefit the organization in accomplishing its objective and in helping its members to satisfy their needs there are still some challenges in the whole process of implementation of effective human resource planning in organizations. Failure to properly plan for their human resources has been cited as the reason why most organizations today are facing a chaotic situations and employers are compelled to become reactive, rather than proactive [Anyadike, 2013; Kavitha, 2014; Omoankhanlen, 2013]. This tendency of reactiveness causes problems of such recruitment which sometimes leads to wrong recruitments and selection.

The importance of human resource planning in organizations cannot be over-emphasized. Human resource planning (HRP) refers to a process of systematically reviewing human resource needs to ensure that the required number of employees, with the required skills, experience and competencies, is available for the right jobs, at the right time and at the right place and cost [Kavitha, 2014]. Effective human resource planning therefore implies that sufficient manpower or human resources, with the right mixture of talent, is available in appropriate locations, performing their jobs when needed. Human resource planning therefore provides direction, reduces uncertainty, minimizes waste, sets standards, reduces labour cost, maintains good industrial relation and focuses on corporate goal.

Human resource planning is a subset of corporate or business planning and it is very important because the human element drives the entire gamut of the business.



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Furthermore, human resources or manpower is very influential and wields a lot of discretionary power in comparison to other operational factors that are passive [Anyim, 2015]. A well planned, nourished and revitalized human resource planning process can deliver the goods which in turn can achieve the twin goals of organizational and national development. In the light of the foregoing reasons, strategic integration is necessary in order to provide congruence between corporate or business and human resource strategy so that the latter supports the accomplishment of the former and, indeed, helps define it. The objective is to provide strategic fit and consistency between the policy goals of the corporation or business and human resource planning and to establish the importance and role of human resource planning as a corporate activity that drives other human resource functions notably recruitment and selection, training and development, replacement, motivation and compensation management process that are central to organizations' ability to be economically competitive.

Literature Review

Planning, Human Resource Planning and Corporate Planning

The term planning is used in so many different ways that there is often confusion about what people actually mean when they talk about planning or when they use the words such as plans and planner. Moreover, many of its uses are so broad that the basic elements of planning are difficult to identify, and it cannot easily be distinguished from related activities such as policy-making or plan implementation. It was partly this confusion which led one writer on the subject to title his article, "If planning is everything, maybe it's nothing" [Wildavsky, 1973]. Planning is the first and perhaps the most important function of any management, be it business, construction or even governing [Nwachukwu, 1998]. The essence of planning is to prepare for and predict future events in any business set up. Planning goes beyond attempting to attain stated organizational objectives. It entails determination of control, direction and methods of accomplishing the overall business objective [Anyim, 2015]. Planning enables an organization to affect rather than accept the future. By setting objectives and charting a course of action, the organization commits itself to making it happen. It is such commitment that allows the organization to affect the future. It should be made clear at this point that without a planned course of action, organization is much more likely to sit back and let things happen and then react to such happenings in a crisis mode. In the view of Andersson,



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Avasalu and Gabrielson (2002), planning has become more complex, particularly in the present turbulent business environments, which increases the tensions between the greater need for planning and the greater difficulties of prediction. According to Anyadike (2013), planning is a continuous process which involves decisions or choices about alternative ways of using available resources, with the aim of achieving particular goals at some time in the future. Therefore, planning involves deciding what should be done, how it should be done and when it should be done in determining organizational goals and the means of achieving those goals of the organization. Williams (2000) recognized that planning helps to ensure that individual working together in an organization understand the purpose of their organized effort and the task ahead of them.

Unugbro (2006) have rightly observed that planning provides a means for actively involving employees from all areas of the organization in the management of the organization. Involvement in the planning process fosters a greater personal commitment to the plan because it develops an attitude towards the plan as “our plan” rather than “their plan”. Positive attitudes created by involvement also improve the employees morale and loyalty. Thus, planning positively affects managerial effectiveness and helps people within the organization to know what is expected of them. As regards human resource planning, planning entails taking care of current and future manpower needs of the organization [Frantzeh, 1981]. There is a close link between human resource planning and strategic organizational planning. This is because for effective human resource plan, there must be a reliable input or information as regards the future direction of the organization in respect of the type of activities it would be involved in the future and the type of skills required.

What is popularly known as human resource planning was formally called manpower planning prior to late 1970s. The usage of manpower planning was appropriate them, since it was the era of personnel management. However, in the early 1980s, the term ‘human resource’ in place of ‘manpower’ planning gained acceptance as a way of emphasizing the positive view of human resource in line with human resources management concept. Human resource planning is a very important aspect of business organization in that organizational performance and its resultant productivity are directly equated to the quantity and quality of its human resources. Therefore, the efficiency and effectiveness of organizations depend, to a great extent, on effective human resource planning.

Traditionally, human resource planning is used by organizations to ensure that they have the right number and the right kinds of people, performing tasks at the



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right places and at the right time all in a bid to fulfil business objectives. Thus, human resource planning involves ensuring that organization objectives are achieved by developing and implementing human resource strategy. It employs systematic and continuing processes of analyzing an organization's human resource needs under changing conditions and integrating the analysis with the development of human resource policies appropriate to meeting those needs [Fapohunda, 2015]. In the view of Bohlander and Snell (2007), human resource planning is the process of anticipating and making provision for the movement of people into, within, and out of an organization. Overall, its purpose is to help managers deploy human resources as effectively as possible, where and when they are needed, in order to accomplish the organization's goals and objectives. According to Anyim, Ekwoaba and Ideh (2012), human resource planning involves a complex task of forecasting and planning for the right numbers and the right kinds of personnel at the right places and at the right time to perform activities that will benefit the organization in accomplishing its objectives and in helping its members to satisfy their needs.

With the speedy development of Japanese and China economy, countries all over the world discovered that the rapid growth of any economy did not lie in attaching single importance to material factors such as the production system. Hence, organizations are realizing that it is imperative to hire employees who can do the job and be successful at it. It becomes the duty of the organization to find these people, bring them into the organization and maintain their services. This requires human resource planning and implementation. Researchers such as Heneman and Judge (2003); Gberevbie (2008); Hamid *et al.* (2013); Kavitha (2014); Alugbe (2016) have agreed that an organization's inability to formulate and implement strategies capable of recruiting competent employees and retaining them to achieve organizational goals is one of the main challenge facing organizations in the area of performance. Besides, continuously satisfying the employees is another challenge that the employers are facing today. It is unfortunate that many organizations had to suffer due to inadequacy of human resource planning.

The basic for human resource planning is the competitive organizational strategy of the enterprise as a whole. This is why Fajana (2006) in handling the subject says that human resource planning deals with the systematic and continuing process of analyzing a firm's human resource needs under mutating conditions and developing workforce policies suitable to the long-term effectiveness of the organization. It is a vital part of corporate planning and budgeting procedures since



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human resource are affected by long-term corporate plans. Conceptually, human resource planning should be an integral part of corporate or business planning. The corporate planning process should define projected changes in the scale and types of activities carried out by the organization. It should identify the core competencies the organization needs to achieve its goals and, therefore it skills requirements. In as far that there are articulated strategic business plans, human resource planning interprets them in terms of people requirements. But it may influence the business strategy by drawing attention to ways in which people could be developed and deployed more effectively to further the achievement of business or corporate goals, as well as focusing on any problems that might have to be resolved in order to ensure that the people required will be available and will be capable of making the necessary contribution [Armstrong, 2009].

Omoankhanlen (2013) has clearly stated that human resource planning is useful in identifying the knowledge and skills needed to successfully identify human resource requirements and attract and retain an effective workforce for an organization. Human resources planners in organizations need an understanding of how recruitment and selection fit into the broader organizational structure, process and goals of an organization and how this function is related to the other functions of human resource management. Therefore, human resource planning cannot exist in isolation. It must be linked to other human resource management functions. Human resource planning is the foundation of staffing. Hence, human resource planning is a process that identifies current and future human resources needs for an organization to achieve its goals. It means forecasting an organization's future demand and supply for employees, based on its business needs and subsequently developing and employing the strategies required to meet these needs. It involves a gap analysis between current human resource supply and future demand. Strategies are then developed to address the gap and may involve recruitment, selection, training, development, contracting and partnering, and activities relating to downsizing. Therefore, "forecasting future needs" implies understanding the future business directions of the organization so that the human resource needs can be appropriately identified.

However, contemporary human resource planning occurs within the broad context of organizational and strategic business planning. It involves forecasting the organization's future human resource needs and planning for how those needs will be met. It includes establishing objectives and then developing and implementing programmes (recruitment and selection, replacement, training and development,



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compensation management and motivation) to ensure that people are available with the appropriate characteristics and skills when and where the organization needs them. It may also involve developing and implementing programmes to improve employee performance or to increase employee satisfaction and involvement in order to boost organizational productivity, quality, or innovation [Quinn, 1983; Legge, 2001; Armstrong, 2009]. Thus, human resource planning can be conducted at the organization level or at any component level, but a key to its success is always understanding and linking to business direction.

The Essence of Human Resource Planning in an Organization

Henri (1980) asserted that, scientific human resource planning makes the organizations acquire the right number of qualified people in the right job at the right time, focus on corporate goal, utilize human resource, reduce uncertainty, reduce labour cost, keep records, maintain good industrial relations, and regularize in production. Therefore, human resource planning anticipates not only the required kind and number of employees but also determines the action plan for all functions of human resource management. The major payoffs of human resource planning in an organization are catalogued as shown below:

- It helps meet the needs of the programmes of expansion, technological change and diversification.
- It helps in planning for physical facilities, working conditions, the volume of fringe benefits like canteen, hospitals, conveyance, child care centres, company stores, etc.
- It helps foresee the need for redundancy and make plans for minimizing turnover and filling up of consequent vacancies.
 - It facilitates the control of all functions and cost of human resources.
 - It helps foresee the impact of technology on work, existing employees and future human resource requirements.
 - It helps minimize the imbalances caused due to non-availability of human resources of the right number, the right kind and in the right place.
 - It helps improve the standards, skills, knowledge, abilities and discipline within the organization.
 - It helps assess the surplus or shortage of manpower and take measures accordingly.
 - It helps recruit and retain the manpower of required quantity and quality.



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- It provides scope for advancement of employees through training and development.
- It helps take steps to improve human resource contributions in the form of increased productivity and sales.

Objectives of Human Resource Planning

The objective of human resource planning is to ensure that the organization has the right number of people with the right skills needed to meet forecast requirements. However, the central objective of human resource planning in organization is to construct a strategy of human resources development consistent with the organization's broader aims of economic development [Anyadike, 2013]. As a plan, human resource planning seeks to define the ends and means to achieving the overall organizational goal which include the following:

- i. Attracting the number of people required with the appropriate skills, expertise and competencies deficit in people.
- ii. Development of a well trained and flexible workforce, thus contributing to the organization's ability to adapt to an uncertain and changing environment.
- iii. Reducing dependence on external recruitment when key skills are in short supply by formulating retention, as well as employee development strategies.
- iv. Improving the utilization of people by introducing more flexible system of work [Armstrong, 2009].
- vi. Human resource planning establishes standard and control for human resource management and this makes adaptation to future rational.
- vii. Anticipating the problems of potential surpluses or deficits of people [Ikeanyibe, 2009].
- viii. Human resource planning is recognized as a source of development of organizational functions based on mission and objectives of the business [Ulrich, 1987]. With the help of planning, areas that need better functioning are identified to make them grow and succeed.

Approaches to Human Resource Planning

Anyadike (2013) has rightly observed that no activities can be done without planning, just as nothing can be done in any organization without first determining the organization's human resource needs. Human resource planning, according to Cole (2008), refers to any rational and planned approach for ensuring:



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1. The recruitment of sufficient and suitable staff;
2. Their retention in the organization;
3. The optimal utilization of staff;
4. The improvement of staff performance;
5. The disengagement of staff, as necessary.

Therefore, human resource planning as a process determines organization's human resource needs with specific approaches such as: quantitative approach, qualitative approach, and mixed approach [Frantzeh, 1981].

i. *Quantitative Approach*: Is management-driven also known as top-down approach. It focuses on the required numbers of employees rather than personal aspect of individual. It is the foundation of Human Resource Management Information System (HRMIS), Demand Forecasting Technique (DFT), and Work Study Technique (WST). Explicatively, the Human Resource Management Information System (HRMIS) gives information about name, post, qualification, experience, remuneration and allowance, performance and updated human resource inventory; while Demand Forecasting Technique (DFT) utilizes trend analysis, Markov model, economic model, mathematical model, Time-series model, etc., as major demand forecasting techniques; and Work Study Technique (WST) determines the work standard of employees using observation, interview, diary, etc.

ii. *Qualitative Approach*: Is employee-driven also known as bottom-up approach that focuses on the personal aspect of individual rather than required numbers of employees. Qualitative approach of human resource planning is mainly concerned with matching organizational needs with employee needs such as: remuneration and incentive plans; recruitment, selection, development of employees; career planning; promotion and transfer; employees safety, welfare and working environment; motivational activities, and maintenance.

iii. *Mixed Approach*: Combines the quantitative and qualitative approaches to strike a balance between both approaches. This approach of human resource planning produces better results because it is a blend approach [Frantzeh, 1981].

Corporate or business planning is a systematic approach to clarifying corporate objectives, strategic decision-making and checking progress toward objectives. A corporate plan is a set of instructions to managers of an organization describing what role each department is expected to fulfil in the achievement of organization's objectives [Brian, 2006]. The success of a firm or an organization is typically attributed to effective corporate planning. That is why Anyim (2015) in handling the



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subject defines a business plan as a formal statement which outlines the goals of the business, the reasons why they are believed to be attainable and also the path for reaching set goals. Therefore, an effective corporate or business planning details the scope of the business, defines organization goals, establishes roles and job responsibilities, draws up details plans to achieve those goals, allocates resources optimally and oversees operations. It is a structured approach aimed at ensuring that an organization meets its objective. In the view of SPARC (2014), corporate planning is a process in which an organization (ministry, parastatal or agency) analyzes its objectives, priorities, develop strategies and environment in the light of its mandate, and determines how to organize and apply its resources (human, finance, etc) to achieve its objectives and meet its service delivery standard and targets. Specifically, a corporate plan guides the management and staff of any organizations in a cohesive effort to carry out the mandates of their respective establishments. Corporate planning is a review and reorganization process usually carried out in response to some sort of change [Cole, 2013]. Such a change could be:

- a. A changing environment – Political, economic or financial resulting in a changed level of public funds available.
- b. New technologies which radically affect the way work is done, e.g., information and communication technology (ICT).
- c. New mandates, priorities or services required.
- d. Ageing workforce, redundant skills or other human resource (HR) constraint.
- c. New social/cultural norms e.g. public expectation, gender, etc.

Figure 1. below illustrates the different stages involved in developing corporate planning process described above.

Integrating human resource planning with corporate planning within this context regards how best to attract corporate level productivity or performance measurement in terms of its efficiency, effectiveness, profitability, creativity, innovativeness and even continuous reliance in the discharge of its statutory mandates. In summary, these are at the pinnacle of quality service delivery and for which human resource management (HRM) practitioners have the responsibilities to drive in the organization. To the extent that the HR managers are not currently well-equipped as specialists, to discharge all the relevant Human Resource Management Information System (HRMIS) functions required to deliver corporate planning for organizations, here lies the major challenge.

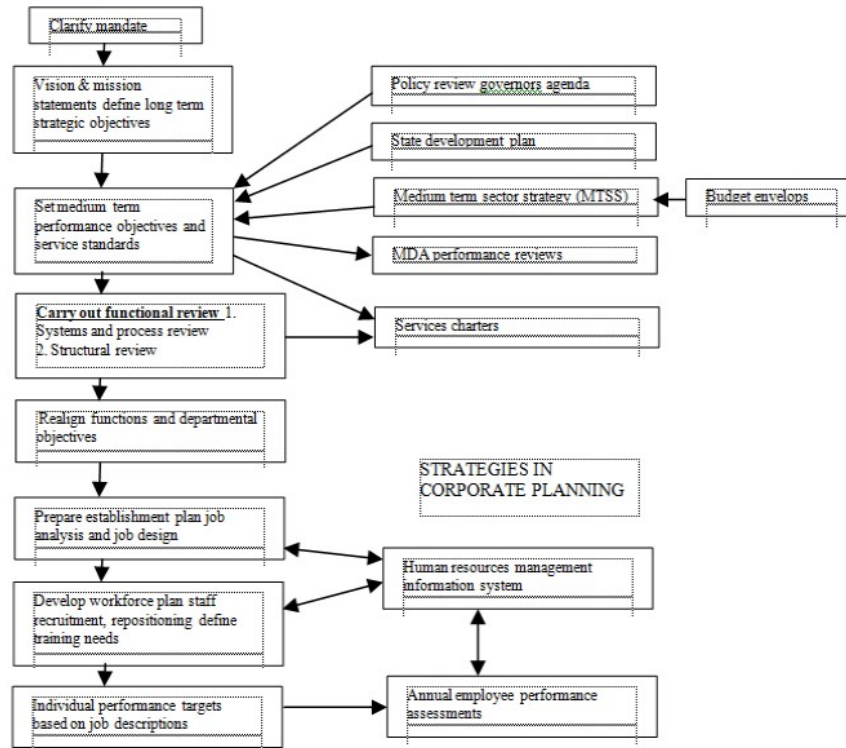


Fig. 1. Corporate Planning Framework

Source: SPARC (2014) – Corporate Planning Guidance Pack: Short and simple processes for State Government Structures and Functions.

Integrating Human Resource Planning with Corporate/Business Plan

The integration of business or corporate and human resource planning is likely to be more appropriate in a stable market place, with largely passive (and static) customers, and with scope for long-term forecasting because of the predictability of demographic change. This applies to many public sector enterprises and it is happening under the name of workforce planning (Employers’ Organization for Local Government, 2003, cited in Armstrong, 2009). Linking human resource



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planning to corporate or business planning interprets these plans in terms of people requirements. However, it may influence the business strategy by drawing attention to ways in which people could be developed and deployed more effectively to enhance the achievement of business goals as well as focusing on problems that might have to be resolved to ensure that the people required will be available and will be capable of making the necessary contributions [Armstrong, 2009]. As Quinn (1983) indicates, human resource planning is:

*“a decision-making process that combines three important activities:
1. Identifying and acquiring the right number of people with the proper skills,
2. Motivating them to achieve high performance, and 3. Creating interactive links between business objectives and people-planning activities”.*

In terms of forecasting, Taylor (2008) notes that it would seem that employers, quite simply, prefer to wait until their view of the future environment clears sufficiently for them to see the whole picture before committing resources in preparation for its arrival. The perception is that the more complex and turbulent the environment, the more important it is to wait and see before acting. However, Farnham (2006) explains that human resource planning is important because it encourages employers to develop clear and explicit links between their business and HR plans and to integrate the two more effectively. It allows for better control over staffing costs and numbers employed and it enables employers to make more informed judgement about the skills and attitude mix in organizations. He expresses displeasure that organizations give little time to it because of lack of resources, skills, time and effort required and absence of relevant data to do so. Briam (2006) posits that a well integrated business plan seeks to address varying important issues. Guided by the business or corporate plan, the human resource planners will have a well designed and sound sourcing demand programme for different dates in future which then can be compared with the rough supply programmes by striking a balance.

On strategic role of HR planners, Wright, Snell and Jacobsen (2004) stress that they contribute to the development of business strategies. The emphasis on quantitative, flows and mathematical modelling which appeared to be the main concern of HR planning in the 60s and 70s is at least complemented by and integrated with a qualitative view of people whose performance was at the core of business strategy [Legge, 2001]. Armstrong (2009) holds that human resource



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strategies are aligned to business objectives and integrated with one another through line managers and colleagues which stand on a daily basis to support the implementation of the business. Dainty (2000) notes that the workforce plan can save the organization a lot of money and at the same time add competent staff to the organization to surpass business target. In support of the foregoing view, Hunger and Wheelen (2003) state that HR planning alignment implies integrating decisions concerning employees with decision regarding the outcomes a business is attempting to reach in line with the objective of the company in question.

Aina (2005) explained that in today's competitive environment the penalties for not staffing an organization correctly are huge. Understaffing loses the business economies of scale and specialization, orders, customers and profit. Overstaffing on the other hand is wasteful and expensive. If sustained, it is costly to eliminate because of modern legislation in form of redundancy payments, consultation, minimum period of notice, etc. Very importantly, overstaffing reduces competitive efficiency of the business enterprise. Hassan *et al.* (2013) was of the view that human resource planning must be linked to the overall strategy of the organization. It evaluates human resource requirements in advance keeping the organizational objectives, operation schedules, and demand fluctuation in the background. Thus, human resource planning should be future-oriented, system-oriented, and goal directed.

In a brief, it is essential to blend human resource planning with corporate or business for the following reasons:

i. *Work Demand*: It is concerned with analysis, reviewing and attempting to produce the numbers and the kind of manpower or HR needed by the organization to achieve its objectives. It is concerned with making an inventory of present human resources and assessing the extent to which these resources are employed optimally. Therefore, it give a clear analysis of those engaged in terms of numbers and skills employed by the organization in relation to the approved budget and dictates of the business plan [Anyim, 2015].

ii. *Work Supply*: This entails predicting what action will be necessary to ensure that manpower or HR need is available when required by business partners.

iii. *Linkages between Work Supply and Demand*: This is concerned with designing the interaction between supply and demand so that skills are utilized to the best possible advantage and the legitimate aspirations of the individuals are taken into consideration. This entails anticipating human resource problems by projecting



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present resources into the future and comparing them with the forecasts of requirements to determine the adequacy, both quantitatively and qualitatively and planning the necessary programmes of requirements, recruitment and selections, training and development, utilization, transfer, promotion, compensation and motivation to ensure that future human resources requirements are properly met.

iv. *Organizational Change*: In today's competitive and turbulent economic environment characterized by the fear of change and uncertainty, strategic planning in terms of human resource is a must [Anyim, 2015]. Such changes will generate changes in skills, job content, surplus or shortage of manpower.

v. *Planning for Substantive Reasons*: This involves optimizing the use of resources and making them more flexible, acquiring and nurturing skills that take time to develop, identifying potential problems and minimizing the chances of making a bad decision [Armstrong, 2009].

vi. *Government Influence*: State is said to be a necessary evil and hence has influence in the affairs of organizations due to some of its programmes targeted at correcting the ills of the past regarding working conditions, child and women labour, problem of unorganized, formal and informal sectors [Anyim, 2015]. These have galvanized organizations to understand and appreciate the imperative of genuine human resource planning.

vii. *Planning for Organizational Reasons*: This involves communicating Plans so as to obtain support/adherence to them, linking HR plans to business plans so as to influence each other, regaining corporate control over operating units and coordinating and integrating organizational decision-making and actions [Armstrong, 2009].

Areas of Importance for Effective Integration of Corporate and Human Resource Planning

a. *Recruitment and Selection*: In reality, two components exist in human resource planning prior to human resource planning of recruitment and selection. These Components are job Analysis and Job Design. Job analysis is a systematic process of collecting, analyzing and organizing information relevant to the content of jobs in order to provide the basis for a job description and specification. Job analysis concentrates more on what job holders are expected to do. Thus, trust and confidence is an essential requirement for the process of job analysis. Job design on the other hand is an important factor that influences employee's motivational level in the



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organization. The structural techniques for increasing an employee's motivational potential are job enrichment, job engagement, job rotation, flextime, reengineering, work-sharing, compressed workweek and telecommuting.

Getting the right people into positions in the organizations is not easy. There is need of an effective intake process in which skills and knowledge of individuals are matched with the demands of jobs. Therefore, recruitment is the process of attracting and encouraging applicants with certain skills, abilities and other personal characteristics to apply for job vacancies in an organization while selection is the process of identifying and employing those with greater likelihood of success in a job. In deploying recruitment and selection as a human resource planning tool to achieve corporate or business plans, the following questions are pertinent: How many and what types of people are required? Should recruitment or internal deployment and transfer be preferred? If so why? For instance, are there imbalances where transferring people would avoid a redundancy and encourage or support recruitment? What problems exist with recruitment, and how might these be mitigated? Might less conventional contracts (such as job-share and telecommuting) fit into new sources of recruitment?

In recent years, there has been growing evidence that the formation of a positive psychological contract with employees provides the basis for a positive outcome in terms of organizational commitment and motivation. Recruitment and selection are vital tools in the formation of the expectations that form such a contract [Anyim, Ekwoaba & Ideh, 2012]. Recruitment and selection are critical processes for organizations. However, approaches to the recruitment and selection of employees which forms the secondary internal market could be subject to less screening at the point of entry, attention being paid mainly to possession of required skills. The employees might be recruited and selected by cheaper method but must be aligned to organizational strategy via specification of required competencies.

b. *Training and Development*: The expectation of every employer is the evolution of a competent, capable, highly motivated, ethical and above all, able workforce whose hallmark would be the attainment of organizational goals. Training and development always attract employees interested in career growth and upward mobility. Because training increases the knowledge and skills of employees, organizations do not really have a choice of whether to train or not, it is only a choice of method. If no planned programme of training is established, then the employee will train himself by trial and error or by observing others which is more costly. In using



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training and development as human resource planning tool to achieve corporate/business plans, it is important according to Anyim (2015), to provide answers to the following questions: Given the number and types of people required, how desirable is it that they should be trained from within, and what is the capacity of the internal training and development system to deliver them? Where will trainees come from – from among existing employees, through those already in the pipeline, or new recruits? How will trainees be selected, either from within or without? What kind of training programme is required, what are the implications of taking off-the-job, who will run it (is it the training programme or their job, how will the trainers be resourced, what will be the cost)? What are the requirements for developing people, such as managers, over the long-term?

Training and development are a very important and necessary activity in all organizations. They play an imperative role in determining the effectiveness and efficiency with which an organization accomplishes results. Tomlinson (2002) forwarded the view that organizations can keep the leading edge in this competitive world by having their employees well trained in the latest technologies because the more knowledge the employee learn, the more he or she will perform and meet the global changes of the market place. Das and Baruah (2013) have mentioned that proper innovation, and assimilation of new knowledge is essential for survival in any work environment. Thus, knowledge is the most expensive asset of any firm.

c. *Replacement*: Guided by the fact that there is no vacuum in life, we integrate human resource planning as a subset of corporate/business plans to achieve organization plans. However, in case of deaths, discharges, resignations, redundancy, promotions, transfers and retirements, for the corporate plan not to suffer, it is imperative in human resource planning to forecast how best to replace manpower needs. Therefore, the process of identifying, developing and tracking key individuals so that they may eventually assume top-level positions in the organization is becoming a critical requirements for maintaining a competitive advantage and enhance employee loyalty.

d. *Compensation Management*: In using compensation as a human resource planning tool to achieve corporate plans is concerned with the formulation and implementation of strategies and policies in order to reward people fairly, equitably and consistently in accordance with their value to the organization. It is a complex and problematic issue in human resource management as it leads to strained relationship between labour and management in several occasions. Employees'



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compensation in whatever form remains a cost to the business and affects the profitability, to elicit the commitment of manpower to the organization, the compensation package must be perceived to be fair, equitable and consistent in comparative terms. Silbert (2005) forwarded the view that reward is important because it has an enduring impression on employees which, in turn, gives the employees an impression that they are valued in the organization. In a research by Moncraz, zhao and Kay (2009) it was concluded that although compensation was not one of the top factors influencing non-management turnover, still compensation can act as a critical factor in reducing managerial turnover and increasing commitment.

e. *Motivation*: Employees' willingness to work depends on how well an organization's management integrates the interests and needs of employees with the objectives of the organization. However, most organizations given priority to what should be done or put in place to achieve and sustain high levels of performance through people. In business/corporate planning, close attention should be given to how the people in the organization can be motivated through incentive rewards, the work itself and its environment, leadership and mode of supervision [Anyim, 2015; Alugbe, 2016]. Therefore, people are motivated when they expect that a course of action is likely to lead to the attainment of a goal and a valued reward – one that satisfies their needs and wants.

Challenges and Issues with Human Resource Planning

Despite the efforts made by organizations to ensure that there are right people, in the right place, at the right time, there are still some challenges in the whole process of implementation of human resource planning in organizations. Failing to properly plan for their human resources, employers are compelled to become reactive, rather than proactive. Moreso, one has to navigate through state and corporate rules, policies and procedures, and also deal with different types of personalities, needs and crisis. Understanding some of these challenges one may face in the course of human resource planning could help for hitch free human resource planning when issues arises:

i. *Workplace Diversity*: Managing diversity is a concept that recognizes the benefits to be gained from differences. So, diversity management is being hailed as a proactive, strategically relevant and results-focused approach and a welcome departure from the equal opportunities approach, which has been defined as reactive, operational and sometimes counterproductive. Therefore, business organizations



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must encourage the absorption of different skills and talents from all spheres of life to promote expansion, globalization and progress [Anyim, Ekwoaba & Ideh, 2012]. From the foregoing, diversity can help foster a productive and innovative work environment as blending of new ideas, different perspectives, as well as different approaches to work and problem-solving will not only be result-oriented but also rewarding to the employer. Armstrong (2009) forwarded the view that workplace diversity is founded on the premise that harnessing these differences will create a productive environment in which everyone will feel valued, where their talents are fully utilized, and in which organizational goals are met.

ii. *Environmental Factors*: Environmental issues are residence in organization. Economic, technological, demographic, cultural and political changes affect the internal work climate of an organization. Differences in work value between generations, such as baby Boomers and generations X and Y, mean that employees have different preferences, motivations, interests, aspirations etc. and these diverse preferences have to be satisfied by the employer or management. Moreso, for an organization's vision and mission to be effective, they must become assimilated into the organization's culture. They should also be assessed internally and externally.

iii. *Employee Attitude*: The unfortunate side of human resource planning is dealing with difficult and problematic employees. As in life situation, workplace is staffed with different kinds of people coupled with other negative tendencies which employers must contend with. Human resource managers are often called to assist with coaching, mediation and disciplinary actions to foster harmonious and orderly work environment [Anyim, Ekwoaba & Ideh, 2012]. To prevent hiring problematic employees, human resource planners must use valid and reliable screening instrument.

iv. *Poor Record Keeping*: This is constraining human resource planning in organizations; even though human resource planning is not necessarily numerical estimation, record keeping is the hub of human resource planning. However, it is important to keep document of the hiring process and clearly define expectations from the potential applicants.

v. *Mismatch between Applicants' Skills and Jobs*: Forecasting human resource needs should be supported with effective recruitment and selection, replacement and retention policy framework. An organization may find it difficult to fill vacant positions and consequently engage the services of a consultant which might be due to pressure or more demand within the organization and not because there is no available talent in the job market. Another reason is likely to be that the organization's recruiting



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strategies are not attracting the right talent. Being unable to fill positions necessary to achieve operational goals leaves an organization in a weak business position [Anyim, Ekwoaba & Ideh, 2012].

vi. *Employee Turnover*: The turnover of key employees can have a disproportionate impact on the business. The people organizations wish to retain are often the ones most likely to leave. Therefore, there is no such thing as a job for life and today's employees have few qualms about leaving employers for better offer elsewhere. Concerted action is required to retain talented people and also it is necessary to encourage the greatest contribution from existing talent and to value them accordingly. Today's organizations can no longer just hire to fire or can no longer rest on the belief that individuals will stay with the organization through thick and thin. Therefore, effective human resource planning in the areas of recruitment, retention, utilization, improvement and disengagement of staff is a necessity in today's turbulent business world. In all, the major setback in human resource planning is the non-systematic analysis of human resources on a continuous basis.

vii. *Inadequacies of Information System*: Information system regarding human resources has not yet fully developed in organizations of the third world countries due to low status given to HR department and less importance attached to human resource planning. As human resource planning is based on reliable data and information, the same is not maintained in a proper manner in some of the industrial organizations. Then, in the absence of reliable data and information, it becomes difficult to develop effective human resource plans.

viii. *Uncertainties*: Uncertainties are quite prominent in human resource practices in the third world countries due to labour turnover, absenteeism, market fluctuation, seasonal employment and changes in technology. These render human resource planning ineffective and also makes human resource forecast a mere guess far from reality. These uncertainties have to be addressed by the employer to enable an organization to adjust its hiring needs.

Procedures in Human Resource Planning

a. **Analyzing the current Human Resource Inventory**: Before a manager makes forecast of future human resources, the current manpower status has to be analyzed. For this to be fully appreciated, the following factors have to be clarified.

1. *Type of Organization*: The nature of an organization cannot be over emphasized in human resource planning. It is essential to determine the activity of the



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organization whether it is service-based, manufacturing, assembling, consultancy, military etc.

2. *Number of Departments*: The size of the organization is a key factor in human resource planning to avoid under or over staffing. The number of departments in an organization will tell you whether the organization is small or large and from this other basic information can be inferred.

3. *Number and Quantity of such Departments*: The relevance of a department differs in an organization. This is in consonance with the type of organization it is? The core staff in a service organization like the University of Benin Teaching Hospital (UBTH) will be different from the core staff at the University of Benin even though both are tertiary institutions but give different services. One is providing healthcare services, will have the medical staff as core, while the other is building human capacity and will have the lecturers as core.

4. *Employees in These Work Units*: The above factors are germane in determining the number, quality and condition of service for the employees in the organization. Once these factors are duly analyzed by the manager, then forecasting future human resource needs can be projected.

b. **Making Future Human Resource Forecasts**: Once the factors affecting the future human resource forecasts are known, planning can be done in projecting for the future human resource requirements in several work units in the organization. Some of the human resource forecasting techniques commonly employed by the organizations are as follows:

i. *Expert Forecasts*: This includes formal expert surveys and Delphi technique. It involves obtaining independent judgements from a panel of experts usually through a questionnaire or interview. In a nutshell, this simply requires managers to sit down, think about their future workloads, and decide how many people they need. It might be done on a 'bottom-up' basis with line managers submitting proposals for agreement by senior management. Alternatively, a 'top-down' approach can be used in which company and departmental forecasts are prepared by top management, possibly acting on advice from the HR department.

ii. *Trend Analysis*: Human resource needs can be projected through extrapolation (Projecting past trends), indexation (using base year as basis), and statistical analysis (central tendency measure). Trend analysis are most useful in organizations where work environments remain relatively stable, because such trend analysis assumes that past relationships between number of employees and outputs can be applied to future



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conditions. Trend analysis will however not apply if conditions change drastically from what is obtained in the past.

iii. *Work Load Analysis*: It is dependent upon the nature of work load in a department, in a branch or in a division. Work load analysis can be used when it is possible to apply work measurement to calculate how long operations should take and the number of people required.

iv. *Workforce Analysis*: Workforce analysis can be used whenever production and time period has to be analyzed, due allowances have to be made for getting net human resource requirements.

v. *Computer Simulations*: Several mathematical models, with the aid of computers are used to forecast human resource needs, like budget and planning analysis, regression analysis and new venture analysis. Computers are especially useful because they can provide infinitely detailed assumptions about situations found in scenarios, thus, needs for human resources can be pinpointed for any combination of organizational and environmental variables.

c. **Developing Employment Programmes**: Once the current inventory is compared with future forecasts, the employment programmes can be framed and developed accordingly, which will include recruitment, selection procedures and placement plans.

d. **Design Training Programmes**: These will be based upon the extent of diversification, expansion plans, development programmes, etc. Training programmes depend upon the extent of improvement in technology and advancement to take place. It is also done to improve upon the skills, capabilities, technology and advancement of knowledge of the workers while focusing on the organizational goals. In this modern era of technological advancement which has led to frequent changes in our business environment, it is necessary for every organization to induct their employees into training and development programmes that will enable them to meet the new challenges. Therefore, a well trained and developed employee will contribute meaningful to the development and survival of the organization.

Conclusion and Recommendations

Human resource planning is a part of human resource management which helps in recruiting the right number and the right kinds of people, performing tasks at the right places and at the right time all in a bid to fulfil corporate objectives. Human resource planning is essential for organizational effectiveness and efficiency because



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it makes the organizations acquire the right number of qualified people in the right job at the right time, focuses on corporate goal, utilizes human resources, reduces uncertainty and labour cost, regularizes production, maintains good industrial relations, keeps records, and controls human resources.

Human resource planning must be linked with the corporate plan as this is the only way to make human resource planning effective since it aims is not just ensuring that people are in the right place, at the right time and in the right number, but that they are also ready to adapt appropriately to different activities for future human resource needs. It is therefore never late for changes in the modus operandi of the organization hence a never ending process which utilizes matching human resources to its demand and supply for effectiveness and efficiency in achieving the overall corporate goals. To enhance human resource planning, the aim of human resource acquisition and retention should be to ensure, on the one hand, that the achievement of corporate objectives will not be inhibited by human resource shortages or inefficiencies and, on the other, that impending surpluses can be dealt with in good time with minimum individual hardship and disruption to employee relations. That is what the blending of corporate/business with human resource planning should stand out to achieve in both the short and long-term.

Human resource planning should be based on information concerning the corporate/business plan. For instance, external environment with particular reference to the supply of people (demographics) and the availability of skills should be the main focus of the human resources planner. Human resource issues in which human resource planning is domiciled could extend to employee relations, productivity, motivation and commitment. Human resource planning is perhaps the most critical factor of all requirements for integration as it has to be justified by the corporate/business plan and strategy. Where this is lacking, human resource planning will be perceived by top management and line managers as of little relevance to the real priorities of the business and the credibility of the human resource planners will be in doubt and could be questioned.

Human resource planning activities are all interdependent. There is no doubt that human resource planning is good for organizations. Therefore, the following recommendation is made to ensure an effective and efficient human resource planning:

- i. In human source planning, attempts should be made to ensure the accuracy of forecasts. If forecasts are not accurate, planning will not be accurate. The inaccuracy of forecast increases when departmental forecasts are merely prepared without



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critical review of programmes and strategic needs to be developed for recruitment and selection, training and development, promotions and internal transfers in order to meet future human resource requirements.

ii. Human resource practitioners should align organizational values with employees value upon selection. The quota system policy on employment in the public sector in Nigeria for instance should be abolished or at least watered down as it distorts strategic human resource planning in the public sector.

iii. Human resource planning requires the support and commitment of top-management. In the absence of management support and commitment, the necessary resources and co-operation will be lacking. Then, human resource planning effort will be frustrated.

iv. Performance management system-including performance appraisal, improved productivity and competencies should therefore be made integral part of human resource planning.

v. The educational system in Nigeria should be reviewed continuously and emphasis placed on qualitative production of human resource rather than in quantitative term. The human resource planning should focus on areas of high priority with inadequate human resources in order to enhance both corporate and national development.

vi. There should be a recruitment policy in the organization which must be based upon corporate goals and needs. The criteria for selection and preferences should be based on merit. It would also be essential to ensure that the implication of change in one aspect of business is considered for other aspect of human resource planning. For instance, acquisition of a new company raises questions about the issue of staffing, training and performance management etc.

vii. Those saddled with human resource planning should not remain aloof from operating with line managers. Anyim (2015) buttresses the foregoing point by stating that human resource planning is done in partnership with line managers to ensure that human resource planning is integrated with other management functions. The alignment will guarantee better utilization of existing human resources and matching skills with job requirements.

viii. The hard aspect of human resource planning is on quantitative analysis to ensure that the right number of people is available when needed. On the other hand, the soft aspect of human resource planning as described by Marchington and Wilkinson (1996) is more explicitly focused on creating and shaping the culture of



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the organization so that there is a clear integration between corporate goals and employees values and beliefs. Armstrong (2009) buttresses the foregoing point by stating that to align both the hard and soft aspects of human resource planning, human resource requirements should be forecasted quantitatively and qualitatively with the qualitative aspect focusing on issues such as career develop and planning, morale, motivation, diversity etc.

ix. It would be essential to ensure that personnel records in organizations are complete, up-to-date and readily available to ensure an adequate and strong database. Armstrong (2009) buttresses the foregoing point by stating that data-base serves as backbone for human resource planning.

x. Planning for human resource involves designing a parameter for ensuring the contributions of human resources to business performance [Armstrong, 2009; Anyim, 2015]. Boxall and Purcell (2003) buttress the foregoing point by stating that the most potent action human resource managers can take to ensure that their strategic contribution is appreciated is to develop a measurement system that convincingly showcases manpower's impact on business performance.

xi. The human resource manager must be closely involved at management level where business plan is formulated and information obtained about the direction of the business. Anyim (2015) buttresses the foregoing point by stating that the human resource manager will be in a position to make contributions at an early stage about the manpower implications concerning the business plan and strategy. In other words, the personnel involved in human resource planning, should sit at the business table so as to enable them participate fully in the business planning process.

xii. There should be suitable working conditions, good and enticing remuneration package offer by the organization in order to attract and retain the right people, in the right place, and at the right time.

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EFFICIENCY OF KNOWLEDGE USE FOR ESTABLISHING IDEAS OF PERFORMANCE

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Abstract

The research and development field provides driving forces of economic growth. EU economy, including the national economies under the impact of scientific research and inventions results, turn into a multi-structural system. The intellectual development of the society is the most powerful productive force.

Keywords: knowledge; information; argument; technologic; production.

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JEL Classification: G32, M10, O11

Introduction

The last decades have marked awareness of the particular importance that information and knowledge have for social-economic development. More and more scientific personalities and specialists in the area of information emphasize their increased role in the modern age. Alvin Toffler argues that the third source of power that tends to become predominant in the future is information. At the same time, the Romanian scientists together with the authors plead and claim that information and communications are more and more a production force and the obtained information is a part of national wealth.

Methods

The problem addressed has a great theoretical significance. The analyzes, arguments, mathematical models, principles, goals, could all be the base of methodology for scientific researches in the field of creating the knowledge society, the scientific elaborations that shall become the Technological Revolution of the 21st Century.

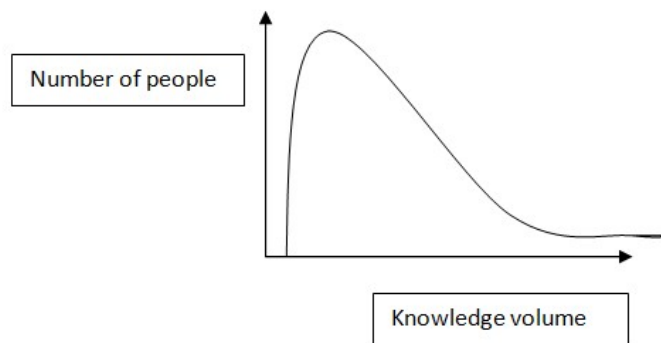


Fig. 1. Typical Situation of the Volume and Distribution of Knowledge in a System

Source: O. Niculescu, *Economics, Company and Management Based on Knowledge*, Economics Publishing, Bucharest, 2007

Results

Unfortunately, it is often found that the volume of essential information possessed by the members of an organization or country do not favour this process. From this point of view, the graphic from figure 1 above is self-evident, from which it results that only a small proportion of the components of a system possesses a great deal of knowledge and information, most of them possess a limited amount of knowledge. For these reasons, it is necessary to increase the maximum point and move the curve to the right, indicating an increase in the possession of knowledge as well as the increase of the number of people that are part of this category with a large amount of knowledge.

Comparing this distribution knowledge in a developed country and in a developing country we obtain the graph from figure 2 in which curve A reflects the situation in a developing country and curve B in a developed country.

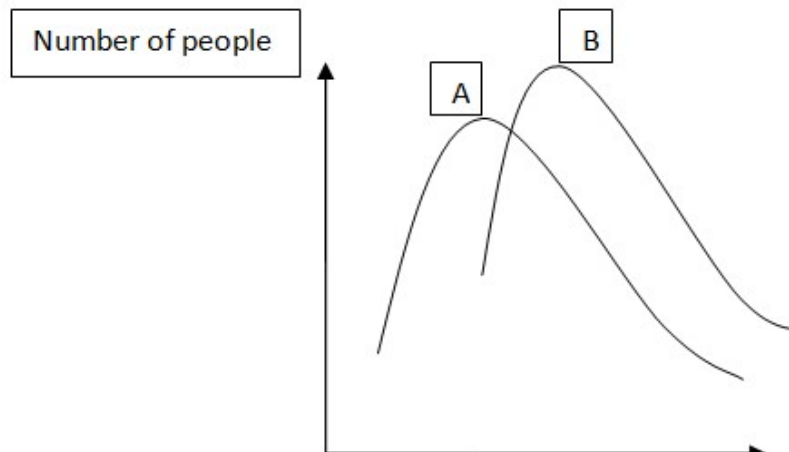


Fig. 2. Evolution and Distribution of Knowledge in two Countries with Different Development Levels

Source: O. Nicolescu, *Company and Management Based on Knowledge*, Economics Publishing, Bucharest, 2007

Intellect, according to the DEX (the Romanian Explicative Dictionary), is the ability to think, know, have rational activity, to operate with notions, mind,

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thinking, reason. What the intellect produces, namely ideas, are called intellectual products. Intelligence is the ability to understand easily, to grasp what is essential and to solve situations or problems based on past experience. Artificial intelligence is the ability of advanced technical systems to achieve quasi human performance. In this context, the products created by the intellect, intelligence (ideas, knowledge, innovation etc.) represents “intellectual products” or “smart products”.

Knowledge is needed to generate ideas. Knowledge, however wide would be, is ineffective. Only knowledge-based products under certain conditions could have economic, ecological, social, military, political impact. A statement such as “the efficiency of knowledge” in our view is questionable.

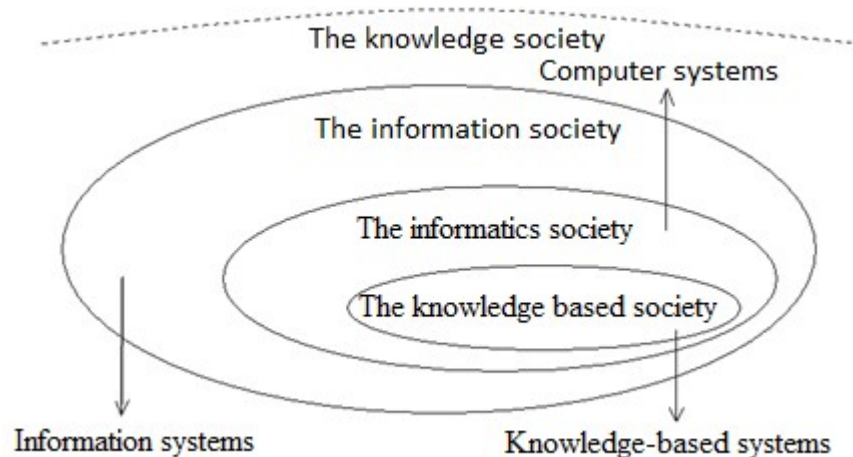


Fig. 3. The Concept of Knowledge Society

At present, any country that does not progress in the research and development sector is economically and socially regressing. In order to advance in the scientific field to the level of EU member states, candidate countries have to make considerable efforts by developing and applying future sciences. It is necessary to motivate innovative activities, to involve private capital in the research and development field. We consider the need to stimulate mutual cooperation between companies of the candidate countries to the EU, and companies from highly developed industrial countries in order to achieve the import “of ideas” and state-of-



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the-art technologies. It is useful to organize the application of innovations in all areas of human activities.

At present, in the European Union, all the development activities for knowledge and use of it are coordinated by programs (plans).

The research and development field provides driving forces of economic growth. EU economy, including the national economies under the impact of scientific research and inventions results, turns into a multi-structural system. The intellectual development of the society is the most powerful productive force.

The knowledge society is possible only grounded onto the information and cannot be separated from it. At the same time, it is more than the information society through its major role that comes to information – knowledge in society.

In the past, a country could have become developed if it had natural wealth, geographical location and favourable climatic conditions. Currently, a country shall become rich only if it is “rich in ideas”. The list of key factors that could contribute to development, in our view, includes the following:

1. Low levels of uncertainty of possible options for fundamental scientific research, applied research, innovations, and their use in the creation of new technologies (X_1).
2. Sufficiently large number of industrial companies generating innovative technologies in production, non-production spheres, service providers (X_2).
3. Significant share of financing of research and development in GDP (X_3).
4. Increased number of scientific researches, innovators at 10,000 inhabitants (X_4).
5. Effective use of information technologies in all country activities (X_5).
6. Large number of scientific products produced in the country, imported in the country (X_6).
7. High level of education, in general (X_7).
8. Developed infrastructure for scientific research, innovation, design and implementation of their results (X_8).
9. Higher technological level in the country in territorial, branch, micro and macro level (X_9).
10. Demand/request from the economic subjects in the country regarding innovation, ideas in the field of research and development (X_{10}).
11. Sufficiently large number of well-prepared specialists (critical number), generators of ideas, inventions in the research and development field (X_{11}).
12. High level of technological development of economic activities in the country, percentage of primitive technologies based on the use of cheap manual labour in the country (X_{12}).



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- 13. Effective training technologies, high teaching quality of school textbooks (X_{13}).
- 14. Significant expanded level of scientific, educational, innovative, internship cooperation with countries that are developed in research-development field (X_{14}).
- 15. High level of motivation for work, including remuneration of the results achieved by the authors in the field of research and development (X_{15}).
- 16. Effective organization of research and development activities in the area by the government, by the managers of academic system, inclusively by using the methods “program-purpose” (X_{16}).
- 17. Level of labour remuneration in the country below the level of labour remuneration in the research and development field, in territorial, branch, micro profile (cheap labour – does not create innovative needs) (X_{17}).
- 18. Number and seriousness of the problems faced by society in all human activities, including economics, ecology, social, medical, institutional area etc. (X_{18}).
- 19. Effective ways to accumulate scientific ideas, innovative in the country and inclusively abroad (X_{19}).
- 20. Effective ways of organizing continuous education in all human activities (X_{20}).
- 21. High level of remuneration for authors’ work for publication of ideas, innovations in research and development area (excluding cases when authors are obliged to bear the costs for publishing their works) (X_{21}).

The elements mentioned above represent the minimum necessary conditions to achieve success in the field of research and development, the creation of nanotechnologies in order to endure the competitive economic and social growth of the EU countries.

Economic growth (GDP) could be correlated with the listed factors by formulating a production function, which can be written as follows:

$$Y = F(x_1, x_2, \dots, x_{21}) \tag{1}$$

where $x_i \geq 0$, $i = 1, 2, \dots, 21$

A particular case of function [1] is function Cobb-Douglas:

$$Y = A x_1^{\alpha_1} x_2^{\alpha_2} \dots x_{21}^{\alpha_{21}} \tag{2}$$

where A = proportionality coefficient; x_1, \dots, x_{21} = the 21 perturbation factors of social economic development; parameters α_i , where $i = 1, \dots, 21$ – quantifying the elasticity of respective factor.

To simplify the stated aspects, function [2] is expressed in natural algorithms:

$$\ln Y = \ln A + \sum_{i=1}^{21} \alpha_i \ln x_i \quad (3)$$

By derivation of the equation [3] with respect to x_i , $i = 1, 2, \dots, 21$ we obtain the following:

$$\frac{1}{Y} \frac{\partial Y}{\partial x_i} = \frac{\alpha_i}{x_i}, \quad i = 1, 2, \dots, 21 \quad (4)$$

Which also could be written as:

$$x_i \frac{\partial Y}{\partial x_i} = \alpha_i Y, \quad i = 1, 2, \dots, 21 \quad (5)$$

By summing the equations [5], we obtained the following relation

$$\sum_{i=1}^{21} x_i \frac{\partial Y}{\partial x_i} = Y \left(\sum_{i=1}^{21} \alpha_i \right) \quad (6)$$

From [6] equation it results that GDP (Y) of the country (exemplified for Romania and the Republic of Moldova) could be multiplied by $\left(\sum_{i=1}^{21} \alpha_i \right)$ or what represents the elasticity of GDP in relation to the variables x_i , $i = 1, 2, \dots, 21$. At the same time the amount may be:

$$\sum_{i=1}^{21} \alpha_i = \begin{cases} >1, \text{ the factors have a rising productivity;} \\ = 1, \text{ the factors have a constant productivity;} \\ <1, \text{ the factors have a decreasing productivity.} \end{cases} \quad (7)$$

The form of production function (1) is of principal importance. The production function should not only give us data about the country's GDP evolution under the impact of stated factors, but it is appropriate to describe evolutionary processes.

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Function (1) must possess the following properties: be continuous, be non-negative for any positive values of the variable x_i , $i = 1, 2, \dots, 21$; have unique values, well-determined, under restriction; convert to zero if one or more of the factors x_i , $i = 1, 2, \dots, 21$ are equal to zero; be differentiable; reducing the impact of a factor can be complemented by the effort of another factor among the 21 factors; the elasticity of GDP is determined by the efficiency of each factor; the values of the 21 factors determine the extreme GDP; mathematical transformations could be interpreted economically. Function (1) linear, parabolic, hyperbolic type, Coob-Douglas, Mitcherli-Baul, Spliman, Balmucand, Lomax type do not satisfy the above listed conditions (properties). To deduce the form of function (1), the examination of GDP evolution is reduced for the case when it depends on a single factor – x_1 .

It is admitted that function (1) has the form $Y = F(x_1)$, GDP depends only on the x_1 factor. We note by b_1 – the increase of the GDP logarithm to a unit of logarithm increase of factor x_1 ; $b_1 \ln x_1$ – GDB logarithm increase to $\ln x_1$ growth units of factor x_1 ; $\gamma_1 x_1$ – increase of x_1 factor, γ_1 – proportionality coefficient.

$\frac{b_1 \ln x_1}{\gamma_1 x_1}$ – increase of GDP logarithm to a growth unit factor x_1 . Therefore,

$$\ln Y = \frac{b_1 \ln x_1}{\gamma_1 x_1 \ln e} = \frac{\ln x_1^{b_1}}{\ln e^{\gamma_1 x_1}} \quad \text{or} \quad Y = \frac{x_1^{b_1}}{e^{\gamma_1 x_1}}.$$

Similarly, could also be interpreted the contribution of factors $i = 2, 3, \dots, 21$ to the increase of GDP. Function (1) will take the form:

$$Y = A \frac{x_1^{b_1}}{e^{\gamma_1 x_1}} \cdot \frac{x_2^{b_2}}{e^{\gamma_2 x_2}} \cdot \dots \cdot \frac{x_{21}^{b_{21}}}{e^{\gamma_{21} x_{21}}} = A \frac{\prod_{i=1}^{21} x_i^{b_i}}{\prod_{i=1}^{21} e^{\gamma_i x_i}} = A \prod_{i=1}^{21} \frac{x_i^{b_i}}{e^{\gamma_i x_i}} \quad (8)$$

In this interpretation, the element $e^{\gamma_i x_i}$ plays the role of mathematical norm, each factor i , $i = 1, 2, \dots, 21$ being normalized. The elasticity of GDP in relation to the variable x_i , $i = 1, 2, \dots, 21$ is:

$$E_{x_i}(Y) = \frac{\partial Y}{\partial x_i} \cdot \frac{x_i}{Y} = b_i - \gamma_i x_i, \quad i=1,2,\dots,21 \quad (9)$$

Determining the GDP elasticity to a growth unit factor i , $i = 1, 2, \dots, 21$ is: $\frac{\partial E_{xi}(Y)}{\partial x_i} = -\gamma_i \quad i=1,2,\dots,21$

This result could be interpreted: GDP under the impact of the knowledge factor x_i increases but these (GDP growth) are decreasing.

Function (8) is an extremum (maximum), obtained from the system:

$$\begin{cases} \frac{\partial Y}{\partial x_1} = \left(\prod_{i=1}^{21} \frac{x_i^{b_i}}{e^{\gamma_i x_i}} \right)'_{x_1} = A \prod_{i=2}^{21} \frac{x_i^{b_i}}{e^{-\gamma_i x_i}} \cdot x_1^{b_1-1} e^{-\gamma_1 x_1} \cdot \gamma_1 \left(\frac{b_1}{\gamma_1} - x_1 \right) = 0 \\ \frac{\partial Y}{\partial x_2} = \left(\prod_{i=1}^{21} \frac{x_i^{b_i}}{e^{\gamma_i x_i}} \right)'_{x_2} = A \prod_{i=2}^{21} \frac{x_i^{b_i}}{e^{-\gamma_i x_i}} \cdot x_2^{b_2-1} e^{-\gamma_2 x_2} \cdot \gamma_2 \left(\frac{b_2}{\gamma_2} - x_2 \right) = 0 \\ \dots \\ \frac{\partial Y}{\partial x_{21}} = \left(\prod_{i=1}^{21} \frac{x_i^{b_i}}{e^{\gamma_i x_i}} \right)'_{x_{21}} = A \prod_{i=1}^{20} \frac{x_i^{b_i}}{e^{-\gamma_i x_i}} \cdot x_{21}^{b_{21}-1} e^{-\gamma_{21} x_{21}} \cdot \gamma_{21} \left(\frac{b_{21}}{\gamma_{21}} - x_{21} \right) = 0 \end{cases} \quad (10)$$

It is determined $x_i = \frac{b_i}{\gamma_i}$ - I value factor, $i = 1, 2, \dots, 21$ for which GDP shall have extremum.

Whereas $\frac{\partial^2 Y}{\partial x_i^2} > 0$, then for $x_i = \frac{b_i}{\gamma_i} \rightarrow$ GDP shall be maximum.

For $X < \frac{b_i}{\gamma_i}$ GDP growth shall be positive, $\frac{\partial Y}{\partial x_i} > 0$.

For $X > \frac{b_i}{\gamma_i}$, GDP shall decrease.

Further on, the parameters β_i, γ_i are determined. In some cases, these parameters can be determined by using the minimum squares method and in others – the method of analyzing expert data is used.

It results that each scientific area, research direction can be quantified by various criteria. These criteria may also constitute an incompatible system. Economic criteria

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and fundamental science criteria most of the time generate a present negative profit, but in perspective could create considerable profits. Under these circumstances, the selection of directions could only be performed by experts in different areas.

For every area, the direction of scientific research d_i ($i = 1, 2, \dots, m$) is estimated considering the criteria α_j ($j = 1, 2, \dots, n$).

Area d_i , by criteria α_j are assigned by experts' d_{ij} points. j criteria are also estimated, ($j = 1, 2, \dots, n$) to which they correspond α_j points (percentages in relation to the total).

$$\sum_{j=1}^n \alpha_{j-1} \alpha_j \geq 0, j=1,2,\dots,n \quad (11)$$

Therefore, $\sum_{j=1}^n \alpha_j d_{ij}$ represents the estimation of i domain by the percentage of criteria, $i = 1, 2, \dots, m$. In other words, domains $d_1, d_2, \dots, d_i, \dots, d_m$ are estimated by the product:

$$\begin{pmatrix} d_{11} & d_{12} & \dots & d_{1j} & \dots & d_{1n} \\ d_{21} & d_{22} & \dots & d_{2j} & \dots & d_{2n} \\ \dots & \dots & \dots & \dots & \dots & \dots \\ d_{i1} & d_{i2} & \dots & d_{ij} & \dots & d_{in} \\ \dots & \dots & \dots & \dots & \dots & \dots \\ d_{m1} & d_{m2} & \dots & d_{mj} & \dots & d_{mn} \end{pmatrix} \begin{pmatrix} \alpha_1 \\ \alpha_2 \\ \vdots \\ \alpha_j \\ \vdots \\ \alpha_n \end{pmatrix} = \begin{pmatrix} \sum_{j=1}^n d_{1j} \alpha_j \\ \sum_{j=1}^n d_{2j} \alpha_j \\ \vdots \\ \sum_{j=1}^n d_{ij} \alpha_j \\ \vdots \\ \sum_{j=1}^n d_{mj} \alpha_j \end{pmatrix} \quad (12)$$

The research direction (field) d_i , ($i=1,2,\dots,m$) is measured by the specialists in the field considering the estimated criteria (according to the level of importance, actuality, gravity etc.) in the respective fields of scientific research.

To the field (direction) d_i , $i = 1, 2, \dots, m$ are assigned $\sum_{j=1}^n d_{ij} \alpha_j$ points.

The directions or areas where research is needed cannot always be covered with scientific, innovative, experimental potential of EU countries. In these cases, some research areas shall be excluded from the scientific research nomenclature, introducing variables. The vector of areas, directions with national scientific coverage is determined by the product:

$$(d_1, d_2, \dots, d_1, \dots, d_m) \begin{pmatrix} \beta_1 & 0 & \dots & 0 & \dots & 0 \\ 0 & \beta_2 & \dots & 0 & \dots & 0 \\ \vdots & \vdots & \vdots & \vdots & \vdots & \vdots \\ 0 & 0 & \dots & \beta_i & \dots & 0 \\ \vdots & \vdots & \vdots & \vdots & \vdots & \vdots \\ 0 & 0 & \dots & 0 & \dots & \beta_m \end{pmatrix} = (\beta_1 d_1, \beta_2 d_2, \dots, \beta_i d_i, \dots, \beta_m d_m) \quad (13)$$

where $\beta_i \geq 0$,

In which:

$$\beta_i = \begin{cases} 1, & \text{if } i \text{ area is investigated in Romania} \\ 0, & \text{if } i \text{ areas is investigated in EU} \end{cases}, \quad \begin{cases} i=1,2,\dots,m \\ i=1,2,\dots,m \end{cases}$$

We started from the scientific, innovative, creative potential, from the investigative processes infrastructure, with the variables divided/designed a D matrix consisting of elements $D = \{d_{ij}\}_{m \times n}$ in matrices $D^{(R)}$ and $D^{(ue)}$, where $D^{(ue)}$ is the selective matrix of research for the scientific potential of EU countries and $D^{(R)}$ is set for researchers from another regional area:

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$$D^{(k)} = \begin{pmatrix} \beta_1 & 0 & \dots & 0 & \dots & 0 \\ 0 & \beta_2 & \dots & 0 & \dots & 0 \\ \vdots & \vdots & \vdots & \vdots & \vdots & \vdots \\ 0 & 0 & \dots & \beta_i & \dots & 0 \\ \vdots & \vdots & \vdots & \vdots & \vdots & \vdots \\ 0 & 0 & 0 & 0 & \dots & \beta_m \end{pmatrix} \begin{pmatrix} d_{11} & d_{12} & \dots & d_{1j} & \dots & d_{1n} \\ d_{21} & d_{22} & \dots & d_{2j} & \dots & d_{2n} \\ \dots & \dots & \dots & \dots & \dots & \dots \\ d_{i1} & d_{i2} & \dots & d_{ij} & \dots & d_{in} \\ \dots & \dots & \dots & \dots & \dots & \dots \\ d_{m1} & d_{m2} & \dots & d_{mj} & \dots & d_{mn} \end{pmatrix} = \begin{pmatrix} \beta_1 d_{11} & \beta_1 d_{12} & \dots & \beta_1 d_{1j} & \dots & \beta_1 d_{1n} \\ \beta_2 d_{21} & \beta_2 d_{22} & \dots & \beta_2 d_{2j} & \dots & \beta_2 d_{2n} \\ \vdots & \vdots & \vdots & \vdots & \vdots & \vdots \\ \beta_i d_{i1} & \beta_i d_{i2} & \dots & \beta_i d_{ij} & \dots & \beta_i d_{in} \\ \vdots & \vdots & \vdots & \vdots & \vdots & \vdots \\ \beta_m d_{m1} & \beta_m d_{m2} & \dots & \beta_m d_{mj} & \dots & \beta_m d_{mn} \end{pmatrix} \quad (14)$$

$$D^{(UB)} = \begin{pmatrix} (1-\beta_1) & 0 & \dots & 0 & \dots & 0 \\ 0 & (1-\beta_2) & \dots & 0 & \dots & 0 \\ \dots & \dots & \dots & \dots & \dots & \dots \\ 0 & 0 & \dots & (1-\beta_i) & \dots & 0 \\ \dots & \dots & \dots & \dots & \dots & \dots \\ 0 & 0 & \dots & 0 & \dots & (1-\beta_m) \end{pmatrix} \begin{pmatrix} d_{11} & d_{12} & \dots & d_{1j} & \dots & d_{1n} \\ d_{21} & d_{22} & \dots & d_{2j} & \dots & d_{2n} \\ \dots & \dots & \dots & \dots & \dots & \dots \\ d_{i1} & d_{i2} & \dots & d_{ij} & \dots & d_{in} \\ \dots & \dots & \dots & \dots & \dots & \dots \\ d_{m1} & d_{m2} & \dots & d_{mj} & \dots & d_{mn} \end{pmatrix} \quad (15)$$

The main directions, research and development areas (i) are: communicative information systems; science about life; sustainable economic development; nano-systems industry; transport systems; energy systems. The knowledge of society turns into means of producing the ideas of solving the problem: as well is for the future to be built; we start from available knowledge; how the knowledge of society has developed in order to succeed in building the future. In the processes of studying the future, we need to consider the following three problems: be predicted, be aware of, be solved.

The above calculation elements are significant for examining/evaluating advance investments towards the knowledge based on society.

Basic, applicative, innovative science could contribute to the upgrading of traditional technologies, but could also create new core technologies, called nanotechnologies.

The conclusions to be drawn are the following:

- The minimum level of knowledge in a developed country is significantly higher than in a country in development.



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- The maximum level of knowledge possessed by the most informed people in countries in development is clearly lower than the people and their number in developed countries.

- The number of informed people at a high level in developed countries is significantly higher than that of its counterparts in countries in development.

- The volume of knowledge and information is bigger and higher in a developed country than in a country in development.

Therefore, for the conclusion to be that developing countries reach informationally developed countries, curves A and B must be identified or at least close to the four plans considered. The resulting solution is that of performance of a massive transfer of knowledge and knowledge management through all possible paths: macro, meso and micro-social.

The magnitude and speed of management knowledge transfer is conditioned by the following factors: the size of the companies, the openness of the society, the people's freedom of movement between countries, the control and regression of people at macro and micro-social level, the degree of knowing foreign languages by a country's population, and especially its level of preparedness.

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PSYCHOLOGICAL CONTRACT AND EMPLOYEE RETENTION: EVIDENCE FROM UYI GRAND HOTEL, BENIN CITY, EDO STATE

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Abstract

The breach of psychological contract often results in a decline in employees' willingness to contribute to and intention to stay in an organization and, employee turnover is an endemic issue in hospitality industry worldwide. Psychological contract and employee retention has been subjects of discourse among social and management scientists from a wide range of disciplines in the last two decades. But unfortunately, very insufficient number of studies in these areas has been conducted in Nigeria and none has been carried out in hospitality industry. This study was undertaken to fill this obvious research gap. A descriptive method was adopted and data was collected via a survey of 53 respondents. Data collected were analyzed using correlation and linear regression analysis with the aid of Statistical Package for Social Sciences (SPSS) version 21. The results of the study showed that there is a significant relationship between psychological contract and employee retention. The study also revealed that psychological contract, positively and significantly, influences employee retention in Uyi Grand Hotel, Benin City, Edo State. Requisite conclusion and recommendations were provided in the light of theoretical and empirical findings.



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Keywords: *psychological contract; employee retention; trust; breach; expectations.*

JEL Classification: J00, J21

Introduction

In today's competitive environment, the success of any organization depends upon the retention of key employees, who happen to be the most vital and dynamic resource of any organization. To a great extent, customer satisfaction, organizational performance in terms of increased sales, satisfied employees, effective succession planning etc., is dependent upon the ability of the organization to retain the best employees in any organization. Consequently, the biggest challenge that organizations are facing today is not only managing its human resource but also retaining them [Okolie & Umemezia, 2017]. Organizations through creating a positive employment relationship can retain skilled employees, reduce costs associated with employee turnover and make employees efficient, productive and committed to the overall organizational goals [Misganu & Zewdie, 2018]. Psychological contract offers a framework for monitoring employee's attitudes and priorities on those dimensions that can be of great influence on performance. Organization that wish to succeed and realize their overall organizational goals need to understand what employees expect from the organization and must pay attention on fulfilling their expectations to fulfil organization's side of the contract [Festing & Schafer, 2014].

Psychological contract expresses personal promises and obligations among the employees arising from reciprocal relationship between the employees and the organization [Rousseau, 2001]. There is always a written contract between the employer and employee but psychological contract exists over and above this written contract. The notion of psychological contract entails that employees have variety of expectations from their organization and these expectations are implicit in nature and do not have any legal consequences. Nevertheless, psychological contract breach leads to reduced job satisfaction, work engagement as well as increased employee turnover intention [Agarwal & Bhargava, 2013]. Rousseau (2004) posits that modern organizations cannot succeed in this knowledge-based production era unless the people under their employment agree to contribute to achieving organization's mission and survival. Thus, it is argued by scholars that workers qualities, attitudes



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and behaviour in the workplace, together with psychological contract, play a significant role in determining an organization's overall performance and employee retention [Stoner *et al.*, 2002]. It is against this backdrop that this study examines the relationship between psychological contract and employee retention in Uyi Grand Hotel, Benin city, Edo State.

Statement of Problem

The employment relationship is undergoing fundamental changes that have implications for the attraction, motivation and retention of talented employees. Growing international competition, de-regularization and globalization of markets require organizations to become flexible in order to increase their productivity. This has reduced the opportunity for future promotion, earnings and job security at all levels in modern organizations. Besides, hotel employees have been perceived as the lowest paid among the employees in other industries, due to low skills and lack of union support [Dawson & Abbott, 2011]. This poses challenges on the state of psychological contract in existence in hospitality industry and attempts to craft a favourable employment relationship in hospitality industry hinged on positive psychological contract necessary for skills retention. However, there is no previous study that examined the relationship between psychological contract and employee retention in hospitality industry in Nigeria. This study therefore seeks to fill this knowledge gap by examining the relationship between psychological contract and employee retention in Uyi Grand Hotel, Benin City, Edo State.

The Concept of Psychological Contract

The concept of psychological contract was conceived by Argyris in 1960, but not until the mid 1980s following the advent of corporate downsizing, mergers and takeovers that the concept was explored as a theory in explaining its impact on employee behaviour in the workplace [Cyril, 2013]. Psychological contract is defined by Mueller (2009) as an implicit agreement between the employee and employer about how each expects to be treated based on the culture, language or behaviour used in the workplace. She noted that it is these expectations that guide behaviour and how events are interpreted. These expectations arise from the perception of promises made by the employer to the employee [Freese & Schalk, 2008; Malik & Khalid, 2016; Silva & Weerasinghe, 2016]. Armstrong (2012) explained that psychological contract is a system of beliefs that encompasses the actions employees



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believe are expected in return from the employer, and, reciprocally, the actions employers believe are expected from them and what response they expect in return from their employees. Rousseau (2004) posits that psychological contract consists of individual belief regarding terms of an exchange agreement between individuals and their organization.

McInnis and Meyer (2008) suggest that psychological contract is formed when employers and employees establish new deals based on the various needs and wants of both parties. Rousseau (1996) affirms that the psychological contract is formed from the recruitment stage of the employee's work-life to retirement or resignation. A psychological contract breach brings about distrust, job dissatisfaction, low organizational citizenship activity and high turnover in an organization [Milanovic, Dokic & Dordevic, 2008], the intention to quit by an employee would positively relate to the breach of psychological contract. Thus, negative event for employees can demotivate their performance and increase their tendency to leave the organization. This implies that as much as employee's psychological contract is fulfilled, the higher employees' commitment and intention to remain with such organization [Nwokocha, 2015]. Psychological contracts are broken as a result of organizations' commitment to their own goals and values, forgetting the needs and expectations of the employees [Rousseau, 2011; Dhanpat & Parumasur, 2014]. Therefore, psychological contract is breach when obligations are not fulfilled primarily on what is owed to employees by employers. Morrison and Robinson (1997) and Wang, Li, Wang and Gao (2017) support this in defining psychological contract breach as the employee perceptions that the organization has failed to meet its obligations. In the view of Conway and Briber (2005), psychological contract is violated where employees feel that employers have not fulfilled promises or met their expectations. It is breach by failure of those in power or management to pay a fair rate, unfair performance appraisal or lack of respect for employees. In contrast, Rousseau (1995) argues that the psychological contract can be breach when circumstances beyond control impedes fulfilment of obligations.

Employee Retention

Employee retention involves taking measures to encourage employees to remain in the organization for the maximum period of time [Griffeth & Hom, 2001]. Hiring skilled employees is essential for an employer to attain competitive advantages, but retention is even more important and challenging than hiring. In the view of Das and Bauah (2013), retention is a process in which the employees are motivated to



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continue in a working relationship with the organization for a long period of time or until the end of the project. However, employees are difficult to retain because they give more importance for their career development rather than achievement of organizational goals and being loyal to the organization which results in increased rates of voluntary turnover [Weralupitiya & Yasodara, 2016]. Not surprisingly, then, retention management has become a popular concept in the HRM literature. It is referred to as the portfolio of HR practices that organization develop to reduce voluntary turnover rates [Steel, 2002]. Yang, Wan and Fu (2012) argues that for retention management to be effective, it is not only important to create an optimal portfolio of HR practices, but also to manage employees' perceptions regarding what their organization has promised them in return for their loyalty and commitment. Thus, while retention management addressed the type of organizational inducements and HR practices that are effective in reducing voluntary employee turnover, the psychological contract focuses on employees' subjective interpretations of those promised inducement and relationship with employee outcomes including intentions to stay. Raja, Johns and Ntalianis (2004) argue that there are many reasons why employees leave an organization. These include lack of challenge opportunities, lack of career advancement opportunities, and lack of recognition, inadequate team work and flexible work schedules.

Psychological Contract and Employee Retention

According to Ulrich (1998), perceived future opportunities from employers as well as perceived extent to which employees' expectations are met are key factors for employee retention. Rousseau (2001); Kudzanayi, Noreen & Kudakwashe (2016) argue that the psychological contract is a concept that has gained much interest as a tool for understanding and managing the employment relationship between employers and employees and plays a significant role in employers' decisions to stay or leave. The nature of the psychological contract influences employees' subjective interpretations and evaluations of their intention to stay with the organization. Gail (2013) posits that an employee's feelings of self-worth may rest heavily on the psychological contract between the employee and the organization. He further noted that if an organization breaches the psychological contract with employees, the employees may be left feeling disappointed which affects their motivation on the job that may lead to their quitting the organization. The psychological contract breach impacts negatively on employees' willingness to contribute to the organization and



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his or her desire to stay [Johnsoen & Von, 2012]. Similarly, Mueller (2009) contends that in psychological contract, when one party – usually the employer – is perceived to have violated the contract, the employee is likely to be less committed to the organization. The result is the negative impact on performance, productivity and employee retention. On the other hand, the organization that cultivates strong organizational culture and psychological contract can reap the benefits of retaining talented employees in the organization and enhancing productivity [Mueller, 2009].

Guest and Conway (2002) assert that a positive psychological contract induces commitment, job satisfaction and willingness to stay with the organization by the employees. Denton (2000) cited in Okolie and Umemezia (2017) is of the view that employees who are happy and satisfied with their jobs tend to be more dedicated and would always put in more efforts to improve their organizational customer's satisfaction. They are also more likely to remain with the organization for a considerable length of time. It is not only important to carefully determine the persons that would be employed to work in an organization; the organization should also of necessity adopt strategies of how to retain them [Das & Baruah, 2013]. Milanovic *et al.* (2018) stated that retention practices can only be successful if the practices are aligned with what the employees value and what they take into account when deciding to stay with or leave the organization. Mueller (2009); Kudzanayi *et al.* (2016); Silva and Weerasinghe (2016); Weralupitiya and Yosadara (2016) in their studies found that psychological contract have a positive and significant relationship with employee retention. Therefore, positive psychological contract catalyses employee retention and negative psychological contract contribute to poor retention.

Theoretical Framework

This study is based on Wayne Smith (1977) Social Exchange Theory and Shore, Tetrick, Lynch and Barksdale's (2006) Resources Conservation Theory. According to the social exchange theory, the central ideas are that people's behaviour at work is driven by certain needs which in turn affect their performance, and employees' belief in being treated fairly and given what they deserves motivates them to give more of themselves to the benefit of the organization and other employee. The needs for food, clothing, shelter and security are regarded as the most paramount for ensuring a person's survival. These and greater needs lead to the setting of goals by both, the employee and the employer [Gruneberg, 1976]. He further noted that expectations differ from among employers and their employees based on different factors.



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Employees, as a fundamental part of organizational system have expectations of what they aspire to gain from performing their jobs and what they anticipate that their jobs will provide, while employers expectations is profit maximization through organizational goal achievement. Hussin (2011) argued that the extent to which an employee's expectations are satisfied shows his or her emotional state which has a huge role to play in forming his or her behaviour in the workplace – whether positive or negative as stated by Kidwell and Martin (2005) and Hussin (2011). Positive employee behaviour is that which promotes the organization's well-being and performance, while negative behaviour poses a threat to the organization's growth and success. Therefore, social exchange provides an insight on how a breach of psychological contract may lead to negative reaction and if fulfilled may lead to position reaction.

According to the resources conservation theory, when the employees' psychological contract has not been fulfilled, namely the use of employee's economic resources and emotional resources have not been fairly compensated, then the employees' loss of their own resources will dent their loyalty and sense of identity to the organization, and weaken the enthusiasm to participate in the activities of the organization. If there are violations of the employees' transactional psychological contract, which will cause the loss of economic resources, and will force the employee to escape stress by obtaining new economic resources, coming to a new organization to obtain new economic resources will become a rational choice of employees, thus reducing their ongoing commitment to the organization. The fulfilment of the relational psychological contract, namely, the emotional resources, can reduce employees' physiological and psychological pressure, stimulate their working psychology and job involvement, and participate more in the organization's social interaction, produce more emotional dependence on organization [Shore, *et al.*, 2006]. At the same time, it will enhance employees' sense of responsibility to the organization, thus strengthen their affective commitment and normative commitment to the organization [Wang *et al.*, 2017]. The relevance of these theories to the research study is based on their ability to justify that there is a correlation between psychological contract and employee retention. In line with the literature review, the following objectives and hypotheses were formulated for the study.

Objectives of the Study:

- i. To examine the relationship between psychological contract and employee retention in Uyi Grand Hotel, Benin City.



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ii. To assess the effect of psychological contract and employee retention in Uyi Grand Hotel, Benin City.

Hypotheses of the Study:

H₁: There is no significant relationship between psychological contract and employee retention in Uyi Grand Hotel, Benin City.

H₂: Psychological contract does not have a significant effect on employee retention in Uyi Grand Hotel, Benin City.

Methodology

A descriptive method was adopted and data was collected via a survey of 53 respondents from Uyi Grand Hotel, Benin City using non-probabilistic sampling techniques comprising of purposeful and convenience techniques. The research instrument for the study was a structured questionnaire. This was a modified form of the instrument used by Dhanpat and Parumasur (2014) and Milanovic *et al.* (2018). This was necessary to better address the new respondents in a different environment. Out of the 53 copies of questionnaire administered, 47 were retrieved and analyzed, giving us a response rate of 88.7%. Out of the 47 respondents, 29 were male and 18 were female employees. Data collected were analyzed using correlation and linear regression analysis with the aid of Statistical Package for Social Science (SPSS) version 21.

Data Analysis

A pilot study to determine the level of reliability of the instrument was carried out on 20 employees who were part of the study within a time interval of two weeks. Cronbach Alpha method was used to establish the internal consistency of the instrument as shown in the table below.

Table 1. Reliability Statistics of Variables

Variable	No. of Items	Alpha Reliabilities
Psychological contract	8	0.758
Employee retention	6	0.803

The results yield a coefficient of 0.758 and 0.803, which satisfied the general recommended level of 0.70 for research indicators [Cronbach, 1951]. Also, the

questionnaire was validated by experts in social and management sciences. Hence, researcher's satisfied both reliability and validity of the variables.

Table 2. Relationship between Psychological Contract and Employee Retention

Variable		Psychological contract	Employee retention
Psychological contract	Pearson correlation	1	0.713**
	Sig. (2-tailed)		0.000
	N	47	47
Employee retention	Pearson correlation	0.713**	1
	Sig. (2-tailed)	0.000	
	N	47	47

** Correlation is significant at 0.01 levels (2 tailed)

Source: Field survey (2019)

Table 2 shows the correlation between psychological contract and employee retention. There exists a significant positive high correlation between psychological contract and employee retention ($r = 0.713$, $N = 47$, $p < 0.01$). This implies that psychological contract has a strong and positive relationship with employee retention in Uyi Grand Hotel, Benin City, Edo State. Therefore, the null hypothesis is rejected.

Linear Regress Analysis

Table 3. Model Summary^b

Model	R	R Square	Adjusted Square	R	Std. Error of the Estimate
1	0.596 ^a	0.752	0.731		0.343

a. Predictors: (constant) psychological contract

b. Dependent variable: Employee retention

Source: Field survey (2019)

The simple linear regression shows (R^2) value of 0.752 which reveals that psychological contract accounts for 75.2% of the variation in employee retention. The

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F. statistics of 21.334 reveals that the model is statistically significant at 0.05 significant levels. This implies that psychological contract exerts a positive and statistically significant effect on employee retention. Therefore, the null hypothesis is rejected.

Table 4. ANOVA^a

Model	Sum of square	Df	Mean	F	Sig.
Regression	3.272	1	3.42	21.334	0.000
Residual	5.139	45	0.97		
Total	8.411	46			

- a. Predictors: (constant) psychological contract
- b. Dependent variable: Employee retention

Source: Field survey (2019)

Discussion

The results amongst others showed that there is a positive and statistically significant relationship between the predictor (psychological contract) and the response variable (employee retention). This finding concur with the studies of Mueller (2009); Dhanpat and Parumasur (2014); Kudzanayi, *et al.* (2016); Silva and Weerasinghe (2016); Weralupitiya and Yosadara (2016) which revealed that there is high correlation between psychological contract and employee retention. Also, the finding is in agreement with Nwokocho's (2015) views that there is a strong linkage between psychological contract and employee retention. Secondly, the results showed that psychological contract does have a significant effect on employee retention. This finding is consistent with studies which revealed the effect of psychological contract on employee retention [Mueller, 2009, Kudzanayi, *et al.*, 2016; Silva & Weerasinghe, 2016; Weralupitiya & Yasadara, 2016]. The result is also in agreement with Suazo and Stone-Romero's (2011) views that when employees perceive that their psychological contract is being fulfilled by the organization, their attitudes reflect higher work engagement and intention to stay with the organization for a long period time.

Conclusion and Recommendations

This study revealed through its perceived findings that psychological contract has a positive and statistical effect on employee retention. Also, it revealed that there is a



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strong positive and significant relationship between the predictor (psychological contract) and the dependent variable (employee retention). Therefore, the study concluded that psychological contract is precursor to employee retention. Hence, retention practices can only be successful if they are align with what employees' value and they take into consideration when deciding to remain (intention to stay) with or leave the organization (intention to quit). These subjective interpretations of retention factors should influence the effectiveness of retention policies of an organization. Based on the findings of this study, the following recommendations were made:

- i. Management should maintain acceptable norms and values in which psychological contract can evolve and develop.
- ii. Management should build strong organizational culture that promotes trust and transparency on policies and procedures that effect employees and create a humane work environment that accommodates cooperation, consensus and employees' participation in decision-making.
- iii. Management should keep all of its promise that is made to the employees. This is necessary to ensure a healthy employment relationship that will ignite employees' emotional stability and fulfilment of expectations in the workplace.
- iv. Management should not only pay attention to the employee psychological contract, but also enhance their organizational commitment through competitive remuneration and rewards, support employees in maintaining work life balance, treat them with respect and provide opportunities for their growth and development.
- v. Management should integrate employee centred programmes into their HR policies. This will create a feeling of obligation for the employees to remain with the organization and contribute to the overall success of the organization.
- vi. Finally, the study recommends that further research be undertaken to investigate the effect of psychological contract on service delivery in commercial banks in Nigeria.

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SMEs – THE MAIN PILLAR OF ANY ECONOMY

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Abstract

Micro, small, and medium-sized enterprises (SMEs) account for 99% of EU businesses. They provide two-thirds of private sector jobs and contribute more than half of the total added value created by EU businesses. SMEs play an important role for economic and European growth, producing 60% of the European GDP. In addition, SMEs play a major role in the innovation process and thus constitute an important element for a knowledge-based economy. At European and national level, various action programs have been adopted to support SMEs, with the aim of increasing the competitiveness of SMEs through research and innovation and improving their access to finance.

Keywords: *SMEs; competition; innovation; job creation.*

JEL Classification: M10

Introduction

Micro, small and medium-sized enterprises play an essential role in the European economy. They represent a source of entrepreneurial skills, innovation and job



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creation. In the European Union, in 2015, approximately 23 million SMEs provided around 90 million jobs and represented 99% of all enterprises, according to data provided by the European Parliament. [<https://www.europarl.europa.eu/factsheets/ro/sheet/63/intreprinderile-mici-si-mijlocii>, European Parliament, 2019]. SMEs operate mainly at national level, relatively few of them are engaged in cross-border commercial activities within the EU. However, regardless of their scope of action, SMEs are subject to EU law in various fields, including taxation competition and company law. The definition given by the SME Commission can be found in European Parliament Recommendation 2003/361/EC.

Literature Review

In 1996, the European Commission adopted a recommendation establishing the first definition of SMEs. This definition has been applied throughout the European Union. On 6th of May 2003, the Commission adopted a new recommendation, taking into account the economic development since 1996. This recommendation entered into force on 1st of January 2005 and will be applied to all policies, programs and measures initiated by the Commission for SMEs. For the Member States, the use of the definition is voluntary, but the Commission recommends that they, and the European Investment Bank and the European Investment Fund, use it widely. The new definition is more appropriate for the different categories of SMEs and takes into account the different relationships between companies, helps to promote innovation and develop partnerships, while ensuring that only the companies that need help will be the target of public programs.

The definition given by the European Commission, in 2015, for SMEs is the following: “The category of micro, small and medium-sized enterprises (SMEs) is made up of companies with less than 250 employees and whose annual turnover does not exceed EUR 50 million, and/or whose total annual balance does not exceed EUR 43 million.” (Excerpt from Article 2 of the Annex to Recommendation 2003/361/EC).

In Romania – according to the Romanian legislation (Law No. 346 of July 14th, 2004 with subsequent amendments and completions): “For the purpose of the present law, the enterprise means any form of organization of an economic activity and authorized according to the laws in force to perform acts and deeds of commerce, for the purpose of obtaining profit, under conditions of competition, respectively: commercial companies, cooperative societies, natural persons who carry out economic activities independently and the family associations authorized according to the legal provisions in force.”



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Small and medium-sized enterprises (SMEs) are the engine of the European economy. They lead to job creation and economic growth and guarantee social stability. In 2015, over 23 million SMEs provide 90 million jobs across the EU. Nine out of ten enterprises are SMEs, and all SMEs generate two out of three new jobs. SMEs also stimulate entrepreneurship and innovation throughout the EU and are therefore crucial for boosting competitiveness and employment.

SMEs in the European Union still have lower productivity and slower economic growth than those in the United States. In the United States, surviving enterprises increase their workforce on average by 60% during the first seven years of existence, while in Europe, the number of employees increases from 10% to 20%. SMEs still have to deal with market failures, which worsen their operating conditions and competition with other actors, in areas such as finance (especially venture capital), research, innovation and the environment. Thus, about 21% of SMEs report that they have problems with access to finance and in many Member States this percentage is much higher for micro-enterprises. Also, European SMEs that successfully innovate are fewer than large companies. The situation is aggravated due to structural difficulties such as lack of managerial and technical qualification, as well as the remaining rigidities in the labour markets at national level.

The role of SMEs in the European economy has been repeatedly recognized at the highest political level. The European Council, in March 2008, strongly encouraged an initiative called the “Small Business Act” (SBA) for Europe, which aims to further the growth and sustainable competitiveness of SMEs, and called for its rapid adoption. The review of the European market also insisted on the need for further initiatives to better adapt the single market to the current needs of SMEs, in order to enable them to achieve better results and increase profits. Last but not least, the public hearing and the online consultation, organized to prepare the SBA, confirmed the need for a major policy initiative aimed at fully unlocking the potential of European SMEs. This is why the Commission has taken a decisive step forward by presenting an initiative in favour of SMEs, called the “Small Business Act” (SBA) for Europe.

Theoretical Background

In a single market without internal borders, it is essential that measures to encourage SMEs be based on a common definition, in order to improve their consistency and effectiveness and to limit distortions and competition. This is even more necessary given the interaction between national and EU measures to support



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SMEs in areas such as regional development and fundraising. Financial markets often fail to secure the necessary financing for SMEs.

In recent years, some progress has been made in improving the availability of financing and loans for SMEs, by providing loans, guarantees and venture capital. European financial institutions – the European Investment Bank (EIB) and the European Investment Fund (EIF) – have stepped up their SME operations.

Dynamic entrepreneurs are particularly well placed to take advantage of the opportunities of globalization and accelerate technological change. Therefore, the ability of specialized institutions to capitalize on the growth and innovation potential of small and medium-sized enterprises (SMEs) will be decisive for the future prosperity of the EU. In a changing global landscape, characterized by continuous structural changes and increased competitive pressure, the role of SMEs in our society has become increasingly important as creators of employment opportunities and key actors in the prosperity of local and regional authorities. Dynamic SMEs will strengthen Europe in the face of uncertainty caused by current globalization. This is why the EU has placed SMEs at the centre of the Lisbon Strategy for growth and jobs, especially since 2005, the year in which the partnership approach was used, with tangible results. The needs of SMEs are set among the priorities of EU policy and transposed in reality by the vision of EU heads of state and government since 2000 – to provide SMEs with the best environment in the world.

SMEs not only contribute to the wealth of local economies, but from a socio-economic point of view, in some economies, SMEs also play an important role in determining social changes, slowly contributing to the development of market economies as opposed to planned savings. They generate a change in the image of entrepreneurship: repositioning small business owners, moving them from the sphere of associations without a future to potential successful companies.

However, over 30 years of globalization have made markets increasingly competitive, by increasing the difficulty of doing business successfully, but also opened markets to opportunities due to increased fragmentation, which allows companies to specialize their offer to appeal to different and more demanding customers. Small businesses face the big challenge imposed by their limited size: a limitation in available resources. [Cacciolatti & Soo Hee, 2015]

Seeking to improve the competitiveness of SMEs is not only about understanding problems confronting businesses in this sector; it is also about a better understanding of how to overcome these barriers. Much research has focused on SME



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competitiveness and has sought to identify factors, which make some SMEs successful, while others fail to grow or go out of business. [Jones & Tilley, 2003]. SMEs operate in very different national and local environments and are themselves of a very diverse nature (including artisanal enterprises, micro-enterprises, family-owned enterprises or social economy enterprises). Policies targeting the needs of SMEs should therefore take full account of this diversity and fully respect the principle of subsidiarity.

Paper Content

The role of SMEs in the European economy has been repeatedly recognized at the highest political level. The European Council, in March 2008, strongly encouraged an initiative called the “Small Business Act” (SBA) for Europe, which aims at further enhancing sustainable growth and competitiveness of SMEs, and called for its rapid adoption. The Single Market Review also insisted on the need for further initiatives to better adapt the single market to the current needs of SMEs in order to enable them to achieve better results and increase profits. Last but not least, the public hearing and the online consultation, organized to prepare the SBA, confirmed the need for a major policy initiative aimed at fully unlocking the potential of European SMEs. This is why the Commission has taken a decisive step forward by presenting an initiative in favour of SMEs, called the “Small Business Act” (SBA) for Europe. At the basis of the European SBA is the belief that achieving the best possible framework conditions for SMEs, implies first and foremost that the importance of entrepreneurs is recognized by the company. Although a multitude of factors is hypothesised to impact on business outcomes, there is no consistent pattern to the characteristics, which contribute to business competitiveness, success and growth. [Gibb, 1996] The general climate prevailing in a society should lead people to consider with interest the possibility of creating their own society and to recognize that SMEs contribute substantially to job growth and economic prosperity.

In order to create an enabling environment for SMEs, it is therefore essential that the perception of the role of entrepreneurs and risk-taking change in the EU: the entrepreneurial spirit and the willingness to take risks should be applauded by policy-makers and the media, and encouraged by administrations. In general, the dominant policy should be the one that creates favourable conditions for SMEs [Heitor, 2019], based on the belief that the rules promulgated must respect the majority of those who apply the principle: “Think small first.” The SBA builds on the strategic



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achievements of the Commission and the Member States, creates a new strategic framework that integrates existing business policy instruments, and is particularly inspired by the European Charter for Small Business and Modern SME Policy. In order to implement this ambitious strategic agenda, the Commission proposes a genuine political partnership between the EU and the Member States, respecting the principles of subsidiarity and proportionality.

In 2018, micro-enterprises in Romania concentrated only 14% of revenues, compared to 26% 10 years ago, although their share is 96%. Large companies – although they represent as weight only 4% of the total active companies – have reached to concentrate 86% of the revenues, according to the information provided by the Association of Financial-Banking Analysts of Romania (AAFBR). [<https://www.aafb.ro/>] Small companies have suffered because their low competitiveness has been outpaced by the fifteen consecutive increases of the minimum wage in the economy, over the last decade, fuelling the rising costs.

The analysis regarding the evolution of microenterprises active in Romania shows a modest increase, in 2018, of the profitability of companies with incomes below one million euros, these registered constant losses in the period 2008-2014 (57 billion lei), while the profits reported in 2016, 2017 and 2018 were very modest, of almost 7 billion lei, according to the same sources (AAFBR).

According to Ziarul Financiar [www.zf.ro], Romania is in the last place in the EU after the number of SMEs, with 29 businesses/1,000 inhabitants, half compared to the European average. Almost 500,000 SMEs are active on the local market, out of a total of over 25 million small and medium-sized enterprises at EU level, shows the latest analysis of the European Commission valid at the level of 2018. SMEs account for 99.8% of all EU firms in the non-financial sector, with a similar share in Romania.

“The importance of SMEs in the economies of the member countries varies greatly. For example, the EU average in 2018 was 58 SMEs per 1,000 inhabitants, but at the level of member countries there were strong variations, from 29 small and medium-sized enterprises in the case of Romania, to 115 in the Czech Republic,” according to one European Commission annual report. The local market is not only the last place, but also far from the next ones, namely Germany (35 SMEs per 1,000 inhabitants) and Great Britain (38 SMEs per 1,000 inhabitants).

What is interesting to note, however, is that the countries in the region of Central and Eastern Europe, those with which Romania is “struggling” in terms of



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development, average wages or GDP per capita are actually much better placed in terms of regards the indicator of the number of SMEs per 1,000 inhabitants.

According to the data provided by the National Institute of Statistics, [Intreprineri mici si mijlocii in economia romaneasca, www.insse.ro, 2019] we have the following situation, regarding the contribution made by SMEs in the main branches of the Romanian economy:

1. **SMEs contribution in industry:** At the end of 2017, a number of 54,186 small and medium-sized enterprises were operating within this sector. The profit registered in the industry, at the level of 2017, was 25,206 million lei, of which 6,305 million lei were obtained by small and medium-sized enterprises.

2. **SMEs contribution in construction:** At the end of 2017, within this sector, a number of 52,792 enterprises were operating, of which 52,716 were small and medium-sized enterprises. 83.7% of total turnover was made in small and medium-sized enterprises.

3. **Contribution of SMEs in trade:** During 2017, a number of 172,238 small and medium-sized enterprises and 197 large companies, respectively, operated. Of the total, 172,435 enterprises, 99.9% were small and medium-sized enterprises. In 2017, 69.5% (380,109 million lei) of total turnover was achieved in small and medium-sized enterprises. From the total of 937,588 persons of the personnel, as of 31.12.2017, SMEs had a share of 77.0% (722,026 persons).

4. **Contribution of SMEs in services:** During 2017, there were 244,813 small and medium-sized enterprises and 541 large enterprises respectively in this sector. Of the total, 245,354 enterprises, 99.8% were small and medium-sized enterprises. In small and medium-sized enterprises, 68.9% (180,358 million lei) of total turnover was achieved. Of the total of 1,569,734 persons of the personnel number as of 31.12.2017, small and medium enterprises owned 68.3% (1,071,587 persons). Of the total number of personnel of 361,144, as of 31.12.2017, small and medium-sized enterprises owned 88.0%.

A set of four principles to guide the conception and implementation of policies at both EU and Member State level are essential to deliver added value at Community level, to put SMEs on an equal footing and to improve the legal and administrative framework throughout the EU:

1. Creating an environment in which entrepreneurs and family businesses can thrive and where entrepreneurship is rewarded;

2. Providing the opportunity for honest entrepreneurs who have failed to quickly get a second chance;



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3. Defining the rules according to the “Think Small First” principle;
4. Ensuring the responsiveness of administrations to the needs of SMEs.

Conclusions

The importance of SMEs derives from the following features: it offers new jobs, promotes innovation and flexibility, is practically set up in places where staff are improving and from where they can then move to large companies, stimulate competition, help the smooth functioning of large companies for which they provide different services or produce different subassemblies, manufacture products and provide efficient services.

Long-term success for any SME means that the innovation of new products, services and processes must be emphasized. Owners must strive to create a dynamic entrepreneurial culture, in which there is a constant emphasis on the importance of regular access to new knowledge, resources and information.

In this way, SMEs in all sectors can improve their prospects for long-term survival.

SMEs create jobs more efficiently than state investments, with a much lower cost than the budget and with a much greater social impact, because they involve family members and other local people. That is why the authorities must take the necessary measures to support this sector: to increase the amounts allocated for the programs for setting up and developing SMEs, to simplify the procedures regarding their access to the sources of financing, to create a debt rescheduling system. The development of small and medium-sized enterprises represents Romania’s chance to restart the engines of economic growth.

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STAKEHOLDERS' PERCEPTION ON THE USE OF ELECTRONIC-PROCESSES AT UNIVERSITIES IN RIVERS STATE, NIGERIA

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Abstract

The use of electronic (e) processes in the workplace has become pervasive in many countries in recent years. In Nigeria, the pervasive use of information technology is quite new. The adoption of this new technology is gaining momentum at Universities in Nigeria. Concepts as e-Senate, e-Campus, e-Examinations, among others depict the extent to which Universities are adopting e-processes. To drive the processes, investments in hard and soft wares are being executed with huge sums of money. This is done in the belief that the new ethos is cost effective, modern and competitive. However, as an innovation, the e-processes are new and will be driven by stakeholders. These stakeholders include Management, Staff and Students; their views, reactions and actions are key



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determinants of its sustainability. This work is a study of stakeholders' responses to the use of e-processes (using Rogers' Diffusion of Innovation Theory) for service delivery by Universities in Nigeria. The outcomes of the research show that about 32% of staff members are fully compliant and another 55% are concerting efforts to achieve compliance. In all, 87% of those interviewed have keyed into the process. Only about 13% are yet to key in, these may be seen as Laggards using Rogers categorization. Since, the new process has taken off, there is need to perfect it by resolving the problems of power supply, internet access, accessories, among others that are limiting its success rate.

Keywords: stakeholder; electronic processes; digital technology; university.

JEL Classification: I21, I23, I25

Background

The electronic computer has evolved from being simply a computational device for mainly scientific uses to being an essential and official business tool. This change in the essential nature and role of the computer has been due to several factors. For instance, the steady progress being achieved in the field of electronics today has enhanced the use of computers. The computer has a very huge capacity for information storage and processing [Owolabi, 2006]. Though the origin of the internet may date back to 1812 in Britain, its widespread usage is of more recent origin. According to Igwe and Ukazu (2011), in the 1980s, a new United States backbone was funded by the National Science Foundation, this coupled with other private commercial backbones has informed world-wide growth and development of electronic technology and the integration of many networks. Subsequently from the 1990s, interconnectivity and use of e-processes has become pervasive across countries and sectors [Ukpere, 2009].

Digitalization, information communication technology (ICT) or the use of electronic processes for official business is progressively entrenching in Nigeria [Ovia, 2001]. From primary to tertiary educational institutions, from economic to religious, social or political organizations, the use of electronic means of business operations are fast replacing manual methods and making transactions easier, faster and sometimes cost efficient in immediate monetary terms. For instance, the Central Bank of Nigeria (CBN), taking advantage of electronic banking, had adopted the



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cashless or cashlite policy [Igwe & Ukazu, 2011]. The policy was first implemented in Lagos from December 2013. The policy was later extended to many more cities including Port Harcourt, Aba, Enugu and Kano in Nigeria [Igwe & Ukazu, 2011]. The cashlite policy is facilitated by the use of the internet, pervasive use of modern computers among other hard and softwares. The internet has enhanced modern human communication. As a global data communication system, it has boosted the volume of commercial transactions in various firms [Igwe & Ukazu 2011].

In Nigeria, the pervasive use of internet is fairly recent, especially in the conduct of commercial and administrative duties [Otto, 2008]. As everything new, there are some challenges associated with it. For instance, access to internet services is not widespread across the country. There are many rural communities and even suburban communities without access to internet facilities [Otto, 2008]. Even in cities and places where internet facilities are available, access is not without cost, an addition to the cost of service delivery [Otto, 2008]. More importantly, the electronic means of transaction is predicated on the availability of power supply, but power supply is a rare commodity in Nigeria [Otto, 2008]. In essence, it is possible to have all other facilities to activate a process, but if the Power Distribution Companies in Nigeria have not powered the lines in the particular location, the transaction cannot be effected, except there is an alternative means of power supply [Otto, 2008]. For example, if a client has forty eight hours to turn in a Form online and the client has all the other requirements but there is no power within this period, delays may arise owing to no fault of the client.

For these and many more reasons, there are mixed feelings about the pervasive use of the new technology in commercial and administrative services. However, the use of internet or electronic (e-)processes is an automated activity which has been beneficially implemented in countries such as Turkey and the United States of America [Aristovnik, 2012; Khan, 2007]. Currently even the emerging countries are increasingly adopting the ICT as a mode of service delivery, although the adoption has not been problem free [Khan 2007; Hassan *et al.*, 2002, England *et al.*, 1998]. Much depends on the perception and social responses of stakeholders. Considering the volume of investments in soft and hardware, there is a renewed need for a study, which could identify 'perception and reactions to the increasing use of e-processes for service delivery. The result of such studies can facilitate the process and mitigate challenges. stakeholders

This work's focus is on the use of e-processes in the educational sector in Nigeria. This is informed by the fact that studies had been done on some other sectors of the



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economy. For instance, empirical studies had been done and are burgeoning on the use of internet on Banking Service provision (e-banking) in Nigeria [see Agboola, 2011; Igwe & Ukazu, 2011; Awamah, 2008; Ugwuanyi, 2010 amongst others]. There are also studies of e-processes relating to the general economy [see Leo, 2013, Otto, 2008; Furst *et al.*, 2002; Santos, 2003], though some of these works lack depth. This current paper attempts to examine e-processes in the educational sector. Education is a fundamental vehicle for socialization, if the e-processes or this new orientation is achieved at this level, sustainability is more assured. What are the perceptions of stakeholders and how sustainable or efficient is the use of these e-processes for service delivery in Nigeria? The Rogers Diffusion of Innovation Theory will be the guiding light of this study.

The Challenge

In the Educational Sector, especially at the tertiary level, Application Forms for Admissions at different levels of study are done through electronic means; payments for various services to and from the institutions are through the internet, even registration of students and release of examination results are through electronic processes [Ovia, 2000]. The reasoning is that manual methods of processing Transcripts, Senate Minutes, Students' Examination results and sometimes conducting examinations are more expensive, slow, and susceptible to corruption or cumbersomeness [Ovia, 2000]. Therefore, there is a shift towards the e-processes. Concepts as such as e-Senate, Computer-Based Tests (CBT), e-campus, e-results, among others are buzzwords amongst Universities in Nigeria. As a matter of fact, a lot of automation has happened since Nigeria launched its satellite into orbit and introduced the Global System of Mobile Communication in 2001 [Johnson, 2013]. It is however important to identify the perceptions of the critical stakeholders, namely staff and students. This work attempts to identify social perceptions and responses to the new dimension within Nigerian Universities.

Objectives

The objectives of this paper are to identify among stakeholders:

- (i) The awareness level of the relevance and use of e-processes;
- (ii) The level of adaptation (i.e. compliance level);
- (iii) Challenges affecting the implementation of the process.



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Significance of Study

The use of e-processes for service delivery in Nigeria and specifically in Universities, as aforementioned, is quite new and involves substantial level of investments especially of financial resources. It is therefore necessary to do a proper analysis before huge sums of money are invested in an irreversible form on a project that may not be sustainable. Secondly, a new technology or method generally elicits different kinds of reactions. It is important to timely understand and deal with these reactions. Identifying challenges that are fundamental and seeking ways of appropriately addressing the challenges can enhance efficiency. Understanding the implications of unmitigated challenges is also necessary. This is important for better service delivery and indeed is urgent to drive the implementation of e-processes in universities with minimal stress, disruptions or opposition. A proper study of this nature can identify in advance likely bottlenecks in the operations of e-processes in the Universities and suggest solutions that can mitigate those challenges in advance.

Theoretically, this landmark study will provide a baseline for future studies on e-processes in Universities in Nigeria, especially if such studies relate to Universities in Rivers State. Studies on the use of e-processes in Foreign Universities may exist, but the circumstances and conditions obtainable in those Foreign Universities may not be the same as those in Rivers State and may even be dissimilar to those in Nigeria. Therefore, the results may not exactly apply to the Nigerian context, though there may be lessons to appropriate therefrom. This study will provide a threshold for future studies. For policymakers, this study is important to help them decide if e-processes should be encouraged and what policies are optimal to enhance best practices in Nigeria.

Method of Study

This study relied on a sequential explanatory mixed method. Questionnaires were used to elicit information from stakeholders. These stakeholders include Students, Teaching Staff, and Non-Teaching Staff, since the views of these participants affect the implementation of the processes. The authors were also participant observers, being employees of the university. The data obtained were analysed with appropriate templates including pie charts.

Literature Review

The Social Sciences attempt to explain the behaviour of people in society especially within specific contexts. Sociology focuses on the behaviour of groups;



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ranging from studies of delinquent groups, school classes, workers, to studies of institutions (e.g. education, family, etc.), studies of whole societies and so forth [Haralambos & Holborn, 2007]. Economics focus on reactions in the face of limited resources, which have exchangeable values. Political Science looks at authoritative allocation of values and Geography is focused on spatial interactions. This study is about group responses to innovation, a procedural change or in the language of Moldaschl (2010), a novelty, novelty in the sense of being a new paradigm.

For a study of this nature therefore, there is need for literature review in order to take advantage of extant results of related studies in Nigeria or elsewhere. The review would help focus the study better and as well enrich its contributions to the body of knowledge. This brief review will be done in three sub-sections namely: (a) Review of Theoretical Literature, (b) Review of Empirical Literature, and (c) Summary of the State of Literature.

Theoretical Literature

Diffusion research examines how new ideas are spread among social groups [Moldaschl, 2010]. In other words, it examines the responses of social groups to new paradigms, novelties or innovations. This work adopts the Rogers Diffusion of Innovation Theory to examine stakeholders' perception to the utilisation of e-processes in Nigerian Universities.

As far back as 1912, Schumpeter has defined innovation as the

Production of a new... product or a new quality of product, Introduction of a new... production method..., Opening of a new sales market..., Conquest of new supplier of raw material or semi-finish product..., Completion of reorganization... [Schumpeter 1912/1987, p. 100f cited in Moldaschl, 2010:1]

However, in his latter Economic Cycles theory, he limited innovation to only phenomena that are commercially exploitable. In other words, for it to be an innovation in the Schumpeterian sense there must be a marketable value [Moldaschl, 2010; Otto, 2006]. The introduction of e-process anywhere in the world has exchangeable or commercial value [Greenan & Walkowiak, 2005, ICTNET, 2011]. In fact, e-processes are believed to have become one of the main driving forces towards economic growth [see Aristovnik, 2012]. And as its diffusion spreads,



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wherever it gets to, its adoption is new. This explains the term *New Media* used to describe ICT [Haralambos & Holborn, 2007].

In the last thirty years or so, businesses have been transformed and reorganized due to the pervasive use of modern technology including the ICT [Greenan & Walkowiak, 2005]. The adoption of ICT affects communication among stakeholders and coordination in such organizations and drives performance, among other effects [Greenan & Walkowiak 2005].

However, one puzzling question about the adoption of ICT has to do with the net effect of ICT on work outcomes. Another critical issue is the social acceptability of the technology. This is because the system must be driven by people and no matter how efficient or beneficial its potentials are, if it is not well understood and accepted by the stakeholders, the likelihood of its success could be thwarted.

The Theoretical Framework

According to Sahin (2006), the process of adopting innovations had been extensively studied for over 30 years, and one of the most celebrated Theory of Diffusion of Innovation was postulated by Everest Rogers (1962). The Theory attempts to give clue to the kinds of ideas and technology and how these are assimilated. The work of Rogers has been updated and is currently in its fifth edition (i.e. 2013 edition). Though Rogers was a rural sociologist, his theory of diffusion may also apply to an urban industrial setting when a new technology, such as the application of the e-processes is newly introduced as a new method of business practice [Sahin, 2006]. Diffusion may be seen as processes through which innovations are shared using some channels among members of a social system over time [Rogers, 2013]. He notes that there are four main elements that influence the spread and adoption of a new idea: (i) the innovation, itself; (ii) channels of communication; (iii) the social system; (iv) time. The process relies heavily on human capital.

As noted in Rogers (1971), innovations are not adopted by all individuals in social systems (in the case of this work, the University) at the same time. The adoption is likely to be done in a time sequence. For instance, older members of staff of the University who are on their way out by way of retirement may find it uninteresting to adopt the new technology more than young and upcoming members of the workforce [Greenan & Walkowiak, 2005]. Therefore, it is important to classify these stakeholders into adopter categories based on how long it takes for them to

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begin using the new idea. It is also useful to empirically identify which category of stakeholders are early adopters, and what percentage of stakeholders are positively responding to the innovation. This will facilitate adoption, in addition to the fact that diffusion of innovation (or new idea) could be facilitated by human interaction through interpersonal networks [Greenan & Walkowiak, 2005]. For instance, if it is known that 20% of a section of stakeholders, such as lecturers, are early adopters, this 20% can facilitate the adoption for another 20% through interpersonal network and these now 40% can discuss with another set and in this way facilitate the adoption and sustainability of the new ethos in these institutions in Nigeria. Using a bell-shaped curve, Rogers (1971) has shown a typical form of adoption (see Fig. 1); 2.5% are regarded as innovators, 13.5% are early adaptors, 34% are early majority, another 34% are regarded as late adaptors while 16% are referred to as laggards.

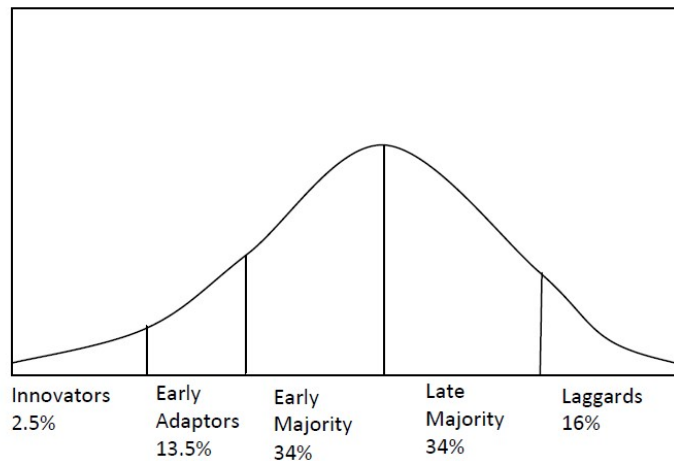


Fig. 1. Rogers Diffusion of Innovation Theory
Source: Rogers (1971)

These are different social responses to innovation. These responses can inform the level of success or sustainability of a new ethos.

A study is therefore necessary to identify what percentage of people is being carried along in the new scheme and to ensure sustainability of the use of ICT in



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Nigeria. This will save the University colossal sums of failed investments based on wrong assumptions. More succinctly, if the University assumes that adoption was 80% and goes ahead to invest in the technology and finds out later that only 10% of its stakeholders were adopters, this could lead to frustration, loss of resources and impact negatively on the emotions and psychology of Management.

Empirical Literature

The impact of ICT on productivity has been extensively reviewed in different countries [Jorgenson Ho & Shroh, 2008]. Since the mid-1990s, an expansion in the production of ICT equipment has informed a fall in prices of this equipment, thus attracting more investments and capital deepening in e-processes [Jorgenson *et al.*, 2008]. These falling prices have led to the expansion and enhancement of the internet and larger and faster digital storage technologies, thus popularizing the use of e-processes.

This widespread cheap access to the internet and flowed rapidly from the UK and USA to many other parts of the world [digital technology Haralambos & Holborn, 2007]. In 2006, an estimated 57% of people in Britain had internet access [National Statistics, 2006]. In the last twenty years, many countries have made huge investment in ICT [Haralambos & Holborn, 2007]. In fact, ICT using firms have enjoyed an improved multi factor productivity (MFP), especially in Market Services [Triplett & Bosworth, 2006], thus, enhancing their competitiveness. In fact, as noted by Van Ark *et al.* (2008), the differential productivity growth rate between United States and Europe from 1995 may be due to the speed of expansion and use of ICTs; the spread and use of ICTs in Europe has been slower. Van Ark *et al.* (2008) noted that growth performance between the United States and Europe can be grouped into three periods:

(i) From 1950-1973, when growth in production in Europe followed an old-fashioned catching-up configuration, which was sustained by robust investments and very supportive institutions.

(ii) From 1973-1995, when growth in productivity in both Europe and the U.S. plummeted, but comparatively, yearly average labour productivity growth in Europe was double what it was in the U.S.

(iii) From 1995 and afterwards, when productivity accelerated in the United States. Conversely, it fell in Europe. In 2004, work per hour in Europe was approximately 10% points lower than the U.S. level.



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The impact of ICT or e-processes on productivity was also reinforced by efficient labour [Aristovnik, 2012]. Aristovnik (2012) is of the view that ICT is the main force driving economic growth in Turkey. Nevertheless, it is not clear whether the beneficial effect of ICT is due to higher total factor productivity growth or due to improved labour efficiency arising from better-educated work force.

Aristovnik (2012) notes that the uses of e-processes in training and education have enjoyed priority in Organization of Economic Cooperation and Development (OECD) countries and in Europe in the last ten years though the rate of progress is not the same for all countries. In some countries, states or institutions, the use of ICT is at its early stages of adoption while in others, the use of ICT is in an advanced stage [see Balanskot, Blamire & Kefala, 2006].

In many Universities in Nigeria, these processes are at their early stages. The process has also been inhibited by cost constraints, poor access to power supply, and human reactions [Otto, 2008]. However, Nigeria has become a member the *Alliance for Affordable Internet*, which is an organization, whose main aim is to reduce the cost of internet connectivity and bridge the internet divides in most emerging countries, where there is restriction of access for a majority of the populace owing to high cost barriers [see Amaefule, 2013].

Expectedly therefore, the cost of internet services may become cheaper, and access will soon become more pervasive. Before this alliance, the cost of access may take up to 30% of household earning in some countries in Africa, while in advanced countries, on the average, the cost is only 1.7% [Pepper, 2013].

Pepper (2013) stated that the alliance aims at reducing the cost burden to 5% of household monthly income. This will enhance access and connectivity of two-third of the people in the world currently without connectivity.

The fact is, ICT has become universal and has permeated all aspects of life. Without access to ICT, it would be difficult to be part of modern society [Johnson, 2013, cited in Business News, October 10, 2013]. According to Omobola Johnson, a former Minister of Communication Technology in Nigeria:

If we extrapolate based on current trends in the adoption and assimilation of technology and in particular Information and Communication Technology, our conclusion would be that our future will be technology-enabled... In the future, people who do not have access to ICTs and who do not have the capabilities to utilize them will have



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significantly limited experiences and life styles to people with access and the capacities to make use of technology. [Johnson, 2013]

The bulk of the empirical literature discussed above paint a very positive picture of the use of ICT. However, this is not the complete picture. Kang *et al.* (2008) observed that accomplishments, which arise purely from the immediate impact of ICT use, are not readily available. Efforts to identify and monitor the effective utilisation of ICT within the educational sector such as the Second Information Technology in Educational (SITE) investigation, whose sponsorship came from the International Association for the Evaluation of Educational Achievement (IEA) have identified and described ICT utilisation within 26 countries without clearly showing a direct impact of ICT on productivity [Kang *et al.*, 2008]. Balanskat *et al.* (2006) reviewed several studies on the impact of ICT utilisation in some sectors in Europe and concluded that there is no proper evidence to substantiate that, as each of the reviewed study did not utilise the same method. Similarly, Trucano (2005) reviewed a series of studies and concluded that the effect of utilising ICT in relation to scholarship outcomes is quite blurred. Other studies confirm that outcomes from the use of ICT in Schools or Universities are inconclusive. In fact, Kirkpatrick and Carban (1998) observed that there seems to be no solid as well as established empirical evidence to support the anticipated benefits ensuing from the utilisation of e-process, based on the realities that various studies resulted in mixed findings.

However, with respect to the relationship between ICT and organisation or firms, numerous studies in microeconomics confirm complementarity. Milgrom and Roberts (1990) have noted that any two creative undertakings are perceived as harmonising, when the advancement of anyone of them leads to increase in the productivity of the other. In other words, it was assumed that advancement in the use of ICT is capable of improving managerial effectiveness. However, studies in Sociology favour a dissimilar dimension by placing more emphasis on social aspect that determines the distribution of personal computers to work stations with state-of-the-art organizational features [see Greenan & Walkowiak, 2005]. The focus on social factors as determinants is quite important because the adoption of new technology, a new idea or innovation is largely people cantered. If stakeholders' perception and responses to a particular innovation is negative, its chance of success will become slim, conversely if perception and responses are good, sustainability for the particular idea could be more assured.



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As shown by the National Economic Empowerment and Development Strategy (NEEDS, 2004), Nigeria is a labour abundant economy with high rate of unemployment. Ordinarily such an economy should target labour-intensive technology instead of capital-intensive technology, such as ICT, which may drain its scarce financial resources. However, it is also possible to posit that with globalization, international competitiveness is required. Hence, obsolete and inefficient methods which increases cost are counterproductive [see Ukpere, 2013]. Hence, instead of using local technology that will increase cost of production and lead to uncompetitive output, it is necessary to pursue *efficiency and competitiveness through best practices*.

Hence, there seems to be a strong argument for utilising ICT, which explains the raising trend in the use of e-processes in Universities in Nigeria and other sectors of the economy, especially in the banking sector.

Summary of Literature Review

Historically, the first Theory of Diffusion of Innovation was advanced in 1903, by Gabriel Tarde, with an S-shaped diffusion curve. This theory was followed by another, which was propounded by Ryan and Gross in 1943 who introduced the adopter categories. Everett Rogers popularized Diffusion of Innovation Theory and he had since improved on the theory, showing clearly that diffusion is affected by the innovation itself, communication channels, time and the social system, which in our context is the University system. Each of those factors is important – already the innovation is here. The communication channels format can define the efficiency of diffusion. How long will it take to become effective is unknown and the peoples attitude or responses is not known with any degree of certainty. This is what this study informed us.

There are those who feel that e-processes as unnecessary imposition that has no prospects especially given the epileptic power supply situation in Nigeria, the high cost of access, high unemployment rate and the current level of technology in Nigeria. There are others who see ICT as novel and new method of operation, which should be imbibed. There are still people who believe researches related to the influence of ICT on output seems unsettled, so investments and current efforts are not well placed. As mentioned earlier, this study hopes to examine empirically, the issues on ground and determine, with some level of exactness, the perception of stakeholders to the current use of e-processes for official duties among Universities in Nigeria with a focus on Rivers State. The stakeholders will include Management, Staff and Students of Universities in Rivers State, Nigeria.

Results

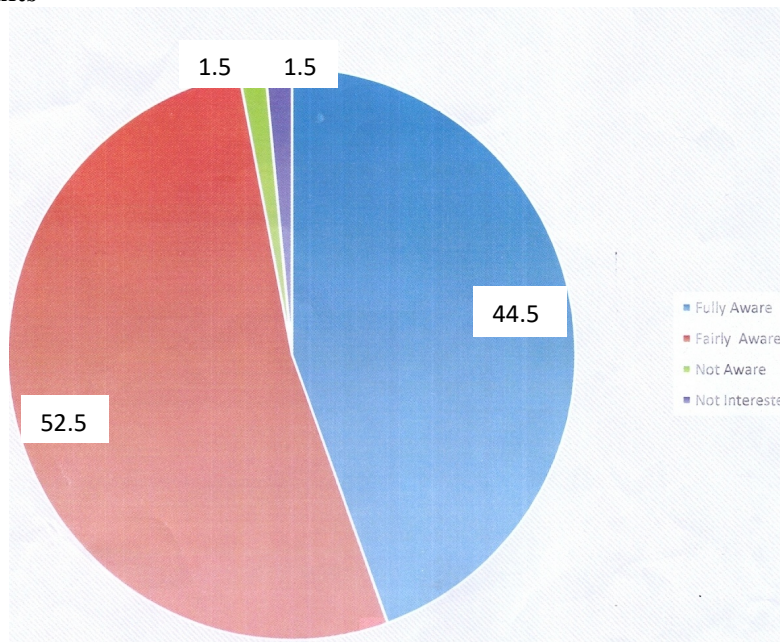


Fig. 2. Awareness of Use of e-Processes in Nigeria Universities
Source: Field Data

From the Survey (see also Appendix 1), the results show that 52.5% of the respondents indicated that they were fully aware and appreciate the role of e-processes in University administration. This means that to them such services are advantageous over manual methods. Another 44.5% indicated that they are fairly aware of e-processes as used in University administration. In other words, they observe the activities going on, but are yet to fully understand the motives or the utility of e-processes as used in the Universities, especially given the fact that automation is mutually exclusive to manual methods.

A third category, are those who do not think e-processes should replace manual methods in the University System. These think that, given the problems associated with electronic methods, the manual methods that had been in vogue over the years and had been tested should be continued. These respondents constitute only about 1.5% of the respondents (see also Appendix 1).

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A fourth and last category are those who have no interest of the new ethos or are indifferent. Some of these are people who are approaching retirement and fairly elderly. These are Laggards using the concept of Roger (2013). These constitute about 1.5% (see also Appendix 1).

Compliance Level

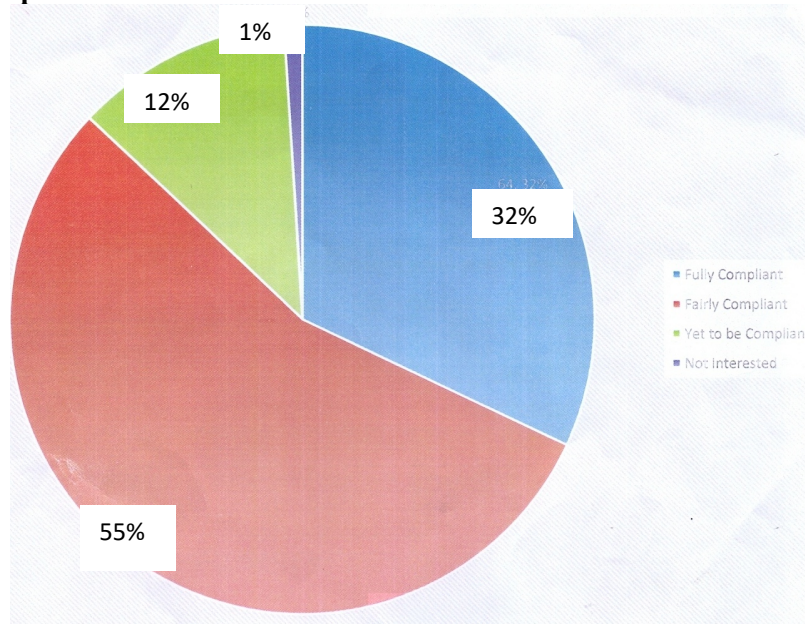


Fig. 3. Compliance to e-Processes in Nigerian Universities
 Source: Field Data

Figure 3, Appendix 1 shows the results of the survey on compliance level. About 32% of respondents are e-processes compliant, thus can effectively use modern e-processes including computers, internet, the social media among others. These constitute those who may be termed early adaptors.

About 55% are fairly compliant. This second group acknowledges the utility of e-processes, and has actually aligned themselves to the modern method, but are yet to perfect the process. They include those who may use computers but with less speed, those who could use the Email and access the World-Wide Web.

The third category is those who are yet to be compliant. These may also be referred to as Laggards using Rogers' classification. These include those who may need people to assist them connect to internet when they have the need. More of these people are those beyond forty years of age and this category constitutes 12%.

The last category includes those who are uninterested or indifferent; these constitute 1% of the respondents. Theoretically, according to Rogers' theory, this group (Laggards) could be as high as 16%. In other words, if over 80% had keyed into a programme, or a new idea, it has gained acceptance [see Rogers, 1971]. Thus, the level of adaptation of ICT in Universities in Nigeria is high when compared to Rogers' theory; there is about 87% compliance, while 13% are yet to comply effectively. Within the 13%, 12% have prospects with only 1% showing no interest.

Perception of Challenges Affecting e-Processes

Our field data also show that several problems affect the implementation of e-processes in Universities in Nigeria. They include personnel related problems, power related problems, issues of spares and maintenance, funding, bandwidth, security of the electronic platforms, problems of inadequate facilities and infrastructure and lastly problems associated with corruption and institutional will.

These are briefly discussed below.

1. Personal Related Problems (P1):

Personnel problems include inadequate technically equipped staff to set up platforms including the competence to tailor different programmes to suit different needs at different contexts. They also include the efficiency and speed of desk officers to administer built programmes or platforms. These constitute 17.5% of the problems affecting the processes according to the survey (see table 1 and Fig. 4).

2. Power Supply (P2):

Power supply challenges, from the survey, constitute the greatest source of problems in the perception of respondents. Power supply challenges constitute 26.3% of the Challenges. These problems include irregular power supply problems of voltage, frequency of disruption in supply among others. In fact, the e-processes may not successfully go on without power.

3. Spares Parts and Equipment Maintenance (SM):

Issues of availability of spare parts for computer hardware exist. Many of the parts are not manufactured locally, so they have to be imported into the country. Expertise for the maintenance of this hardware is also not widespread in Nigeria.

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The perception of this problem is 4.7% of the total challenges affecting e-processes in Nigeria.

4. Funding Problems (FP):

This is also a key problem in a developing country, moreover because of the import component. Hardware has to be bought and installed. Even patronising the e-services by the general public involves cost. These constitute 9.9% of the problems in the view of respondents.

5. Bandwidth and the Security of Platforms (BS):

The problems of bandwidth and the security of platform is also a major challenge in the use of e-process in Nigeria. Perhaps because of cost, the Universities are unable to acquire sufficient bandwidth to accommodate the large number of users, queuing to use platforms. This leads to delays and complains of cyber network. Ancillary to this is the problem of network security. There are incidents of integrity failure of programmes arising from intruders. The opinion is that this problem constitutes about 18.98%, approximately 19%. (see Table 1)

Table 1. Perception of Problems Inhibiting e-Processes

S/No.	Problem	Total No.	%	Ranking
1.	Personnel (P ¹)	48	17.5	4
2.	Power Supply (P ²)	72	26.3	1
3.	Spares and Maintenance (SM)	13	4.7	6
4.	Funding Inadequacies (FU)	27	9.9	5
5.	Bandwith and Online Security (BS)	52	18.98	3
6.	Facilities and Infrastructure (FI)	53	19.3	2
7.	Institutional will and Corrupting (IC)	9	0.3	7
	TOTAL	274	100	-

Source: Field Work Data (2015)

6. Facilities and Infrastructure (FI):

Apart from the major and very expensive infrastructure required to set up, there are also challenges with facilities and terminals for use by staff. Staff complains of insufficient computers, laptops and others. The problems of distribution of the few available laptops among staff also generate issues. This problem constitutes 19.3%.

7. Institutional Will and Corruption:

The problem here is largely administrative; it includes problems of space, budgeting for the procurement of internet facilities, and the desire to actualize e-processes in identified areas beyond rhetoric. In fact, this last point may be expanded to accommodate all other minor issues that affect e-processes.

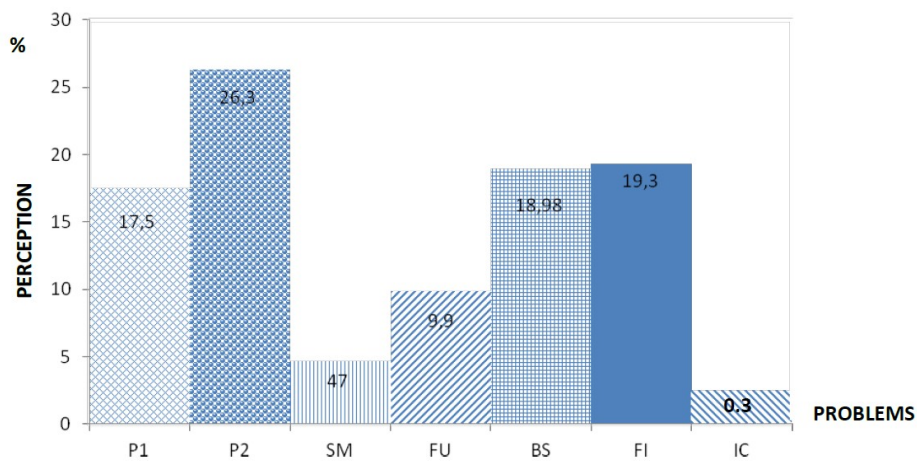


Fig. 4. Bar Chart Showing Perception of Identified Problems
 Source: Drawn from Table 1

Conclusion and Recommendations

From the data analysis above, it is obvious that the use of e-processes in Nigerian Universities is getting its deserved attention. The process will facilitate learning, research and inter-connectivity with the rest of the world especially in the current era of globalization. As such, the e-process has prospects in Nigeria. However, there are several challenges that are negatively affecting the adaptation and use of e-processes in Nigerian Universities. These challenges include irregular power supply, the dearth of or insufficient access to hardware (i.e. computers), the problem of commitment on the part of administration to provide finance to address these shortages, applicability of the use of e-processes to particular situations. For example, beyond objective or



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subjective examination questions, electronic processes may not be efficient for examination.

In summary, the use of e-processes for administrative duties in Nigeria is efficient and timely too. The new system is gradually gaining acceptability and facilitating processes. However, currently, it is affected by some challenges, which include finance, technological constraints, power related issues, attitudinal factors, knowledge limitations, etcetera.

Government can, with a right policy or mix of policies, assist universities with bandwidth or access to the internet, which will bring down the cost of using internet and, thus, also reduce the cost of managing the e-processes in the universities. This will improve the speed and ease of administration in many aspects of university business in Nigeria, especially students' registration, access to examination results, information dissemination, research and many more. The private sector could also assist to provide such access as part of corporate social responsibility. In Ghana, for instance, one of the GSM providers had indicated interest to make access to internet easier and affordable. This should also be possible in Nigeria.

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Appendix 1

Questionnaire Responses

AWARENESS	Freq.	Percent	Cum.
1	3	1.50	1.50
2	3	1.50	3.00
3	105	52.50	55.50
4	89	44.50	100.00
Total	200	100.00	

. tabulate compliance

COMPLIANCE	Freq.	Percent	Cum.
1	2	1.00	1.00
2	24	12.00	13.00
3	110	55.00	68.00
4	64	32.00	100.00
Total	200	100.00	

Correlation

	AWARENESS	COMPLIANCE
AWARENESS	1	
COMPLIANCE	0.318870014	1

Source: Field Data 2015

DEMOGRAPHIC POLICIES IN THE CONTEXT OF GLOBALIZATION. AN ANALYSIS OF THE RIGHT TO MARRIAGE IN ISLAM

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Abstract

In the context of globalization, the demographic geometry is suffering major changes that have significant effects on the social economy of states.

For any society, change is an element with great development potential but also with an extremely dangerous major component: the fear felt at individual level.



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The last few years have witnessed a populist xenophobic trend (at least in Europe), if we refer to the crisis of immigrants, mostly Muslims, who are knocking at Europe's borders.

Starting from the certainty that fear has its source in ignorance, the present paper has two objectives: on the one hand, to bring more insight into some particular aspects related to the Islamic family and to the rights of women within this social institution and, on the other hand, to make a presentation of some demographic policies of the European family.

Keywords: *globalization; demographic policies; right to marriage in Islam.*

JEL Classification: K4

Introduction

The expansion over EU borders represents a major fear, that of losing nationality, at least in the public discourse. Especially if those who “are forcing the borders” are known for their care for demographic growth.

Could a change in ethnic balance in the context of globalization have major adverse effects on the development of societies in a not too distant future?

Have societies succeeded in creating balance mechanisms strong enough for a wave of demographic changes not to disturb the balance in a major way?

The natural question is whether this fear is reinforced by reality or it remains just a tool of manipulation?

This paper intends to come up with some answers.

First, by reviewing how European countries have outlined demographic policies on the family, and how they need to be modified as a result of the influences of ethnic change in their populations.

In this regard, we have focused our attention on reviewing the Islamic legal regulations of the marriage institution, being convinced that the source of fear is ignorance and that the solution comes with the correct understanding of the phenomena.

The topic is very current, fortunately discussed in the most diverse environments and modes and the work comes, in this context, to contribute to a broader, more complex and diversified debate.



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The fear of globalization – considered to be orchestrated by the US: economically by Wall Street, politically by Washington and culturally by Hollywood [Giunchi, 2014] – leads to radical positions in national regional policies, considering that globalization has, besides its beneficial effects on world economies, its losers.

Europeans are increasingly scared. According to a Gallup study from 2015, more than 64% of Europeans have negative perspectives on the future, feel lonely, helpless, or losers in front of new “Eurabics”.

These two considerations: on the one hand, the increase in the number of emigrants has led to the emergence of a neo-populist trend with considerable effects among the population [Schori Liang, 2013], which has been used a lot in the last electoral period by most European states through a xenophobic and nationalist discourse, of primary level, but well received by an increasing number of Europeans. And the fact that many immigrants are Muslims, associated with the demographic decline in “old Europe” will lead in the future to a major crisis.

It can lead to significant blockings, to the loss of opportunities that, for the speed at which we live, could mean missed or destroyed achievements.

Immigrants are a diverse group of people who come from different areas and are of different categories, from people with high professional skills, looking for new opportunities to people fleeing war or having personal reasons to leave their country of origin.

Why are they perceived as a threat? Because they are available to work at less favourable hours for others, for less money or under high-risk conditions that civilized Europeans do not accept at the development stage that the society has reached – even if most fail to do so and exploit the full potential (at least educational) that they “bring” with them. And because they are considered a demographic threat to the Europeans, knowing the label of growing old that the old continent has.

Scientifically, the demographic growth within an ethnic group conceived as a danger of altering the ethnic identity of a country is a demographic threat (even a demographic ‘bomb’ [Rotariu, 2017]).

And to such dangers, societies have always reacted. We remind *the Bahrain’s protests in 2011* – when hundreds of thousands of Shiite Muslims protested against the government’s intentions to grant citizenship to Sunni immigrants or the situation in Canada, where there was in the nineteenth and twentieth centuries and still is, at present, a competition between the Anglophone and Francophone populations.

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And the fact that the birth rate among immigrant people is superior to Europeans is also an aspect known in history:

The mass immigration from the Arab and Muslim countries and a high fertility rate among them are described by many conservatives as a demographic threat to Europe – especially France.

Besides, some specialists believe that today 1/3 of the French have Muslim parents [Liang, 2013].

In the 1950s, the Israelis found that the rate of Arab fertility was higher, considering this as a demographic threat to the Hebrew nation, even suggesting that Jews should be encouraged to have large families, while against the Palestinians in the West Bank and Gaza, birth control measures should be adopted. They also pleaded for encouraging Arabs to emigrate abroad, even indicating the “Arab demographic threat” as one of the “Seven Existential Threats” that Israel faced.

In other words, the subject has always been debated and has given rise to controversy in various areas.

Muslims are considered a threat because their birth rate is higher than that of other ethnicities. But to what is this owed? To ancient customs? To a different way of life and the preservation of values and traditions? Do Muslim families have anything special?

We appreciate that this is an approach based on a series of existing prejudices, largely resulting out of the ignorance of reality and of the misunderstanding of the phenomenon.

In this context, we are further going to present a series of legal regulations on the family institution in Islam, with a special look at women’s rights within this institution.

Women’s Right to Marriage in Islam

Although the Arabian population of Gulf has the right to marry from the age of puberty, the average marriage rate has increased considerably in recent years, reaching about 20 years¹.

The ideal marriage was traditionally tribal, with families encouraging their children to conclude marriages with cousins or other relatives in order to enlarge

¹ <https://www.justlanded.com/english/Saudi-Arabia/Saudi-Arabia-Guide/Legal-System/Marriage-Divorce>



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and fortify the tribe, or occasionally within another tribe in order to repair relationships within families. Another reason for such marriages was that families knew the partner's past.

Similar to the situation in some Latin countries, young couples are allowed to meet under the close supervision of an attendant. However, in some stricter Gulf societies, marriage is planned without the future bridegroom seeing his partner – including the face – and he has to rely on the descriptions provided by his relatives about his wife's appearance.

There are three main aspects in an Arab marriage. First of all, the bridegroom needs to discuss and agree on the dowry with the bride's father. This may include gold, jewellery and clothing and is usually of considerable value. The marriage agreement on the dowry is followed by a marriage contract which is concluded by a legal or religious representative. The bride is asked in the absence of the future bridegroom if she agrees with the marriage and the same question is then addressed to the bridegroom. Following the agreement, the bridegroom shakes the hand of the future father-in-law and in the presence of two witnesses, marriage becomes official. However, there is another stage before the husband and wife, as a couple, meet: the wedding party. The celebration of the wedding is segregated, the women are in one part of the house and the men in the other. Finally, on the last night of the feast, the couple meets with all their friends and leaves for the honeymoon. On return, they either settle with the groom's parents and become members of the extended family or settle themselves in their home which is a growing trend.

According to Sharia, a Muslim man can have four wives, provided that he can afford to support them financially and treat them equally. However, this practice is not current anymore nowadays, not only because few can afford it, but also because women have become more independent and more determined and many refuse to accept such a posture [Nicolau, 2014]. In fact, a Muslim woman can introduce a clause in the marriage contract that prevents her husband from concluding another marriage on the duration of the contract. The wife keeps her name after marriage. Although the roles of the sexes were clearly defined in the Islamic world, the husband being the "provider" and the wife, the "caregiver", more and more often they both go to work, a less-common issue in Saudi Arabia where there are restrictions on women's right to work, except for "culturally" acceptable occupations such as medicine and education. However, many Saudi Arabian men are held back to marrying female doctors or nurses in front of whom male bodies have been exposed.



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A man can divorce his wife by saying “I divorce you” three times. He can go back on his decision if it was taken at an emotional moment, but only with the consent of his wife, and only on three different occasions. On the other hand, even if the wife had good reasons for divorce (for example, the husband was unfaithful, abused or left her, or was involved in criminal activities), she must address a court hearing the case. The husband has to support the wife he divorced and their children if the wife cannot support herself. He can request the custody of his sons when they are 10 years old. A divorced woman usually returns to her family and few get remarried.

Although a Muslim woman cannot marry a man of any other religion unless he converts to Islam, that is not the case in the opposite situation. However, non-Muslim women are often pressed to convert, and there have been many cases where foreign women who married Arabs later found that the lifestyle and local culture were unacceptably restrictive. It should be noted that in the case of a divorce in such a situation, children usually stay with their father in his native country.

The Saudi government has issued stricter new requirements for the marriage of Saudi men and women to non-Saudi citizens².

The new rules seem to be an attempt to discourage marriages to foreign citizens through strict criteria and a list of countries approved for the partner’s provenance.

Saudi men are required to have adequate living conditions, an annual income of at least 3,000 SARs, and to be between 40 and 65 years old in order to marry a foreign citizen according to Arab News.

A non-Saudi woman must be at least 25 years old and the age difference between the two must not be greater than 30 years.

For previously married Saudi men, there is a requirement of two years from the date of divorce.

Saudi women who want to marry a man who is not a Saudi must be between 30 and 55 years old and the age difference cannot be more than 10 years. However, the requirement provides for an exception, the age of 27 being allowed in the case of those with disabilities or diseases that made them “ineligible” to Saudis, according to the same publication. It applies also to orphans and other special circumstances. Documentation proving that a non-Saudi spouse has no other wife or had not been previously married to a Saudi woman has to be provided. He must

² <http://gulfbusiness.com/saudi-issues-new-laws-for-foreign-marriages/>



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also prove that he has no criminal record and provide medical records stating that he is not suffering from infectious or genetic diseases. Other requirements include proof that he did not work for a foreign army or was not included in the black list for entry into the kingdom. The non-Saudi husband must have an income of at least 5,000 SARs and adequate housing.

The Saudi woman must sign documents stating that marriage does not automatically grant Saudi citizenship to their spouse or children. For Saudi men and women there is a ban on marrying people with nationalities on a list. The spouse must have a valid passport for 12 months with a valid Saudi residence permit and both parties will undergo a security check. Moreover, substantive social reasons that caused the Saudi person to marry a non-Saudi person have to be proven. The country council Shoura is studying the possibility of granting citizenship to children of Saudi women married to non-Saudi men.

All these elements are in line with traditions that have been respected for hundreds of years.

The emigrants are trying to keep their traditions and rules even in the new societies where they come to integrate.

And here we mention attempts to Islamize the law in areas where Muslims come to represent a significant percentage [Giunchi, 2014].

European Demographic Policies

In the current social and economic context, with more or less predictable future developments, it is not possible to assess with absolute certainty how the birth rate will evolve, so it becomes complicated to adopt concrete measures by the states, especially since the European countries have adopted various measures regarding the family with children, having behind the history of social development, socio-cultural traditions and the style of policy design and implementation, decentralization and increasing the role of local governance, degree of economic development and resources that can be oriented towards family with children and, more recently, the evolution and birth rate. Until now, at EU level, the field of family policy (not to mention the one of the population policy) has been a limited and indirect area of competence of the European Community. This can only involve secondarily the universalism, convergence and policy harmonization [Hantrais, 1994].

All studies show that birth rates are steadily decreasing in European states and, in this context, one thing is certain: without a redress of birth rates, the increase in



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demographic decline is reaching dramatic dimensions (socially and economically, at least for Romania), once reaching the ages of having children of the younger generations born after 1989.

Even a recovery in birth rates will not stop the demographic decline, but will be able to significantly reduce its speed and size.

All studies show that birth rates are steadily decreasing in European countries, being considered to be the great problem of Europe, which obviously every state is trying to manage as effectively as possible through a series of socially adapted policies (Germany grants 36 month parental leave and allowance of 154 Euros per month for each of the first 3 children and 179 Euros for each of the following, Finland grants 100 Euros for the first child, 111 for the second, 142 for the third, 162 for the fourth and 183 for the fifth (and the examples can continue).

Conclusions

The differences between the steps taken for the integration of the populations (Italians, Jews, Irish) in America and the evolution of Muslim minorities in Western Europe should be carefully analyzed in order to learn from the lesson of history and not to repeat the mistakes made in the past.

In a study [Westoff & Frejka, 2007], it is shown that we have been witnessing a significant increase in the birth rate of the immigrant Muslim population in most Western European countries (and beyond) over the past decades. Thus, it is expected that the figures will tend towards equality in several decades.

The demographic increase of the Muslim population in Europe is a reality, but at the same time, the birth rate among European immigrants is lower than that of the countries where they left from. A sign of integration and adaptation to the new society that obliges states to complex demographic policies that should take into account the dynamics of births and their structure by ethnicity, religion, or level of education. That is, they are always correlated with the situations that societies are going through.

So, once more, it is absolutely necessary and beneficial to understand what sets us apart in order to build the best future for us and our children.

Unity in diversity is a brilliant formula today more than ever, for the times we are crossing.

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