CONSOLIDATION AND HUMAN RESOURCE MANAGEMENT IN SELECTED BANKS IN LAGOS, NIGERIA

By

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DEDICATION

to

The Almighty God

for His mercies and faithfulness

ABSTRACT

The recapitalisation policy of July 4, 2004 by the Central Bank of Nigeria (CBN) introduced consolidation as a survival option for banks. This required the harmonisation of hitherto separated structures of management and job redesign. There is, however, a dearth of data on implications of reform programmes on the management of human resources in the sector. The limited information on it are also inconclusive. The study, therefore, sets out to investigate the human resource challenges in the post-consolidation period in the specific areas of job adaptation, job insecurity, cultural integration, work relations, wage disparity and voice representation.

A survey was conducted within the city of Lagos because of its prominence as Nigeria's commercial capital. Three banks namely Union Bank, Oceanic Bank and Unity Bank were purposively selected for the study. While Union Bank has had a longer history of banking commencing from 1917, Oceanic Bank was established in 1991 in the closing period of banking expansion and Unity Bank in 2006 as a result of consolidation-induced combination of nine banks. Data were obtained through quantitative and qualitative techniques. The quantitative approach involved the administration of questionnaire on 221 employees from the headquarters of the selected banks through simple random sampling. Qualitative data were derived from four in-depth interviews involving top management staff of the three banks. Data were analysed using frequency counts, simple percentages and content analysis.

Employee job adaptation improved through the employment of culture-bound strategies such as after-service delivery and personalised customer relations by bank management in the three banks. For 70% of respondents across the banks, active union participation was important for effective voice representation that could check indiscriminate job losses, and consequently improve job security. Consolidation acted primarily as a redemptive option to assist distressed banks, and to restructure the banking system for effective service delivery. Diverse cultures brought into the banks by new employees were effectively integrated according to 84.8% of respondents, particularly in Union Bank and Unity Bank. With the exception of Unity Bank, high job insecurity prevailed in other banks; 59.4% of respondents opined that staff reduction was based on employee performance appraisal. However, the high wage compensation that typically attracted employees to the sector lost its appeal due to high rate of retrenchment which was not negotiated with the unions. Nevertheless, in Union Bank and Oceanic Bank, wage compensation improved considerably in the post-consolidation era according to 83.4% of the respondents while wage cuts was a factor of job sustenance for employees of Unity Bank.

Banking consolidation provided the basis for refocused strategy for banks in managing human resources and improving wages and productivity. This was carried out at the expense of job security and voice representation. Future banking reforms should be designed to avert these negative side effects on human resources.

Key words: Consolidation, Human resources, Bank reforms, Job adaptation
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CERTIFICATION

I certify that this work was carried out under my supervision by Theophilus Akpan Joshua (Matric No; 110320) in the Department of Sociology, University of Ibadan.

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TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

CHAPTER 1

INTRODUCTION

1.1 Background to the Study

The implementation of reforms in the banking sector in many countries produce implications for the labour force; and the force of those reforms usually spread to other sectors of the economy (IMF, 2001; Uchendu, 2005; Ogunbunka, 2005). The case for bank consolidation in Nigeria validates government's desire to create efficient economic environment that would induce foreign investments and enhance wealth creation as a factor of national development (NPC, 2004). It was however not without its attendant consequences in reducing the work force and aggravating further macroeconomic problems for which the reform was supposed to address. Sanusi (1988) and Bello (2005) reiterated that the banking industry traditionally, and in particular, in any economy remains the most regulated. The reason may not be far from the fact that the banking system is the backbone of financial intermediation through the mobilization and channeling of financial resources.

Essentially, employees and employers face extreme pressure of survival when any crisis hits the banking sector. Most prominently, the crisis of protection of interests which is paramount forms the basis of discussions or negotiations among stakeholders when they occur. As observed in Onyeonoru (1994), employers seek to minimize the cost of production in order to make high profits, while employees strive to satisfy their social and economic needs. This is usually undertaken using the platform of representative unions to help them protect and keep their banking jobs.

Workers who can no longer be accommodated in the ensuing staff rationalization are inevitably ejected from the system to await severance packages. During this emergency, a whole gamut of management practices crop up that need attention for the organization to move forward. In another way, the urgency to collect the severance payments makes the exercise even stickier for employees who have been removed from work without due parting remunerations. Recalling insight from Hickman's (2005) account that management malpractices is at the core of most organizational cultures, and aside from giving poor attention to discarded workers (in clear violations of their work rights), the management seeks to dispense greater attention on other work subjects that could move the enterprise forward in such crisis. Some of the issues that evoked from such organizational emergency crisis; which required expedient action included employee retraining (to meet new structural and organizational objectives), job redesign (as a necessity to gain competitive advantage in the search for the best hands in the labour market), cultural reintegration (as a measure of organizational refocusing to make all employees embrace the new vision), new strategic planning (to keep pace with new and evolving challenges at hand), amongst others. This is in the hope that the organisation will continue to survive barring other unforeseen circumstances.

Given the relative importance of the consolidation exercise to the Nigerian banking system, the Central Bank of Nigeria (CBN) and the Nigerian Deposit Insurance Corporation (NDIC) - as industry regulators, sought to create fewer number and manageable size of commercial banking institutions. Part of the long term benefits of the exercise was to ensure periodic accountability by bank operators and forestall a monopoly or control of banking institutions by few and rich influential individuals. The development reproduced new problems for human resources management (HRM) in form of limitations to the flow of employment which led to new forms of work conditions such as contract employment, casualisation and outsourcing in the sector. One of the implications of these cost-cutting work conditions for HRM was directed at reducing full employment for Nigerians seeking for jobs in the banking sector.

According to Sanusi (1988), the first intervention in the banking system in Nigeria dates back to 1948 when failures in banking system provoked the establishment of Patton Enquiry, the report of which led to the enactment of the Banking Ordinance of 1952. The Ordinance was the first government instrument that set the standards and procedures for the conduct of banking through the prescription of mandatory minimum capital requirement for banks and to regulate banking business generally to prevent future failures. The Ordinance finally led to the creation of CBN in 1959.

This present study derives the crux of its concern from the recapitalization policy announcement of July 6, 2004 by the then CBN Governor, Charles Soludo. The policy was notably instigated by the apparent distress situation observed with many of the 89 banks in operation in Nigeria at the time. According to the CBN Governor, the government was determined to "ensure a diversified, strong and reliable banking sector which will ensure the safety of depositors' money, play active development roles in the African regional and global financial system" (NPC, 2004). The sector, thus, experienced an unprecedented level of mergers and acquisitions that reduced the existing 89 banks to 25 by the December 2005 recapitalization deadline. The resultant restructure was expected to revolutionize the Nigerian banking system and bring it into the same league with thriving economies of the developing world such as Malaysia and South Africa (Uchendu, 2005 and Obideyi, 2006). Thus, HRM functions in consolidated banks became implicated in the face of challenges that changed their focus from mere traditional functions of recruitment, selection, placement, labour-management relations, rule determination, wage compensation, negotiations of employee benefits to strategic planning (Byars & Rue, 2000).

This study is therefore motivated by the need to explore new and relevant information on the financial recapitalisation in the banking sector in Nigeria and the subsequent challenges that affect HRM functions in the sector. This is against the primary attention usually given in discussions and academic literature that focus on depositors' fears of losing their money, erosion of the confidence of international investors in the national economy and the mismanagement of funds by bank operators. The study also intends to present the linkage, at the organisational level, between the challenges of banking consolidation such as integration of cultures, the performances of the banks and the mechanisms that produce them at the micro level.

1.2 Statement of the Problem

The implications for human resources management in the banking sector were evident in several levels of problems recorded before, during and after the consolidation exercise resulting from the implementation of the Recapitalization

Policy. Part of the challenges posed by the consolidation led to re-shufflements of human capital in the sector where many left the system with acquired experiences and skills that could be useful in other businesses, and others were employed to replace them. These adjustments induced unidentified patterns of exchange of subcultures among employees moving from one banking institution to another in industry as noted by Schermerhorn (2009). According to him, the subculture importation is a common aspect of large organizations when hiring whether in times of crisis or not. At the industry level, the banks inevitable turnover of members (who left to other establishments or personal ventures), the assimilation of new employees (with subcultures and counter cultures from old employers) and the need to conduct effective intermediation revealed variance of diversity that required creative management to produce an interconnection of common values, behavior patterns and work practices among the corps of employees for stronger organisational performance in the face of evolving crisis in the industry and competition from other banks.

Nwachukwu (2004) highlighted the loss of voice representation as a direct product of the loss of union influence in the consolidation crisis. This was in view of the open support of the Recapitalisation Policy by Nigeria Labour Congress (NLC) while under the leadership of Comrade Adams Oshiomhole. Particularly notable was the lack of involvement of National Union of Banks, Insurance and Financial Institutions Employees (NUBIFIE) and Association of Senior Staff of Banks, Insurance and Financial Institutions (ASSBIFI) in the downsizing and outsourcing process. The downsizing action was justified by cost-cutting measures by the banks to minimise overhead, while outsourcing became a business ventures for external consultants. The development created the loss of voice representation for employees. For Eroke (2009) and Osaze (2006), the loss meant the lack of bargaining power and a negative turning point for retained employees as job losses and job insecurity continued to prevail in the system despite government's desperation to explain away the problem.

The aggressive nature of products and services marketing by banks and for cash deposits experienced during the consolidation were rarely witnessed beyond the handing out of handbills and posters. This was usually carried out at offices of the Nigerian Stock Exchange, banks' premises, radio and television broadcasts at the turn of SAP-induced banking expansion in 1986. The drive for huge capital engendered new strategy of capturing capital in the public realm. The opportunity structure so created opened the limits for occupational mobility for the female sex as banks concentrated more women in the marketing departments than men (Hodson and Sullivan, 2002). As more women fit into marketing job, largely considered semiskilled or unskilled, it exposed the unequal job opportunity schema in the sector. It also expressed a kind of downward mobility explained by Hodson and Sullivan (2002) among American firms in the 1980s during the era of downsizing. National Bureau of Statistics (2006) also acknowledges the gender imbalance for the sector as 58.69 percent of male were found in banking employment as against 41.31 percent for women. Despite the occupational success achieved in pooling more cash resources that is attributed to feminine characteristics, downward mobility that is often associated with less prestigious and less responsible jobs could prove to gradually extend the glass ceiling syndrome in the managerial careers if more women continue flow into it because of the immediate income gratification.

1.3 Research Questions

i. What are the features of the diverse organizational cultures arising from the consolidation?

ii. What are the challenges facing voice representation of employees in the selected banks and their implications for industrial harmony?

iii. What are the present perceptions of bank employees on job security, wage disparity and job redesign relative to pre-consolidation era?

iv. How has the banking restructure affected gender relations in terms of equal job opportunity index in the banking sector?

1.4 Research Objectives

The general objective of the study is to investigate the extent to which the banking consolidation option adopted impacted on the HRM functions in the banks.

The specific objectives are to:

i. Investigate the features of cultural diversity in the aftermath of the banking consolidation.

ii. Evaluate the state of voice representation in the selected banks and the implication for industrial harmony.

iii. Verify the implications of the bank consolidation exercise for HRM with particular reference to job security, work relations, job redesign and wage policy.

iv. Examine how the restructure in each bank affected gender relations using the equal job opportunity index.

1.5 Justification for the Study

The consolidation programme was a recommended option by CBN. This directive on recapitalization policy was a remedial package for banks that wished to remain in the system, restore public confidence in the banking system and in the assurance of security of depositors' funds. It actually created a reductive capacity as the banking system shrank in size of banks and number of employees leading to job losses and job insecurity. Other related challenges were distortions of cultural values of organisations in the system, uncertainty over the management of the contributory pension scheme in each bank, and challenges of voice representation.

From the above, the study would be valuable for research students engaged in studying HRM conditions in a consolidating environment in any economic sector. The need to utilize its findings to address evolving issues of economy and labour would be valuable for policy makers at the federal government and at other levels of governance administration. A study of this nature is significant for bank operators as it aims to verify the implications of the consolidation exercise on their employees and work relations posture among its levels of employees. This is especially necessary to address the coping mechanisms within work relations and other structural adjustments relating to the banking reforms on HRM functions in each organisation. For system regulators, the CBN would especially find its results beneficial to enable better ways of enacting future macroeconomic policies and banking regulations that would effectively consider the implications of consolidation impact on selected sectors and their subsectors in the economy. This is to consider such consequences on HRM activities of those sectors which impress heavily on the national economy.

1.6 Overview of banking institutions in the study

The three banks in this study are Oceanic Bank, Union Bank, and Unity Bank. They belong to the banking, insurance and financial industry. **Oceanic Bank** was incorporated in Nigeria under the Companies and Allied Matters Act 1990 as a private limited liability company on March 26, 1990. The bank received its commercial banking license on April 10, 1990 and commenced operations on June 12, 1990. In January 2001, the CBN upgraded the commercial banking license to a universal banking license. It converted to a public limited liability company on May 26, 2004. In 2005, Oceanic Bank acquired International Trust Bank (ITB), and the consolidation increased shareholders funds to N37.67 billion. The organizational and management structure of the bank is managed through its subsidiaries and associate companies. As at 2007, the second year of the post consolidation exercise, the bank operated with three cadres of officers namely the Executive Directors, Management and Non-management employees. The head office of Oceanic Bank is at Herbert Macaulay Way, Wuse Zone 6, Abuja, while the corporate headquarter is situated at Plot 270, Ozumba Mbadiwe Avenue, Victoria Island, Lagos State. Oceanic Bank has business offices in twenty seven cities of Nigeria. The cities are Sokoto, Oshogbo, Abeokuta, Aba, Port Harcourt, Lagos, Ado-Ekiti, Akure, Warri, Onitsha, Bauchi, Benin, Abuja, Uyo, Calabar, Kano, Ibadan, Lafia, Katsina, Kaduna, Jos, Ilorin, Lokoja, Maiduguri, Makurdi and Minna. About thirty percent of the business offices are based in Lagos as at December 2005.

Union Bank was established in 1917 as a Colonial Bank with its first branch in Lagos. In 1925, Barclays Bank acquired the Colonial Bank, which resulted in the change of the Bank's name to Barclays Bank (Dominion, Colonial and Overseas). Following the enactment of the Companies Act 1968 and the legal requirement for all foreign subsidiaries to be incorporated locally, Barclays Bank (DCO) in 1969 was incorporated as Barclays Bank of Nigeria Limited. The ownership structure of Barclays Bank remained un-changed until 1971 when 8.33% of the Bank’s shares were offered to Nigerians. In the same year, the Bank was listed on the Nigerian Stock Exchange. Following the Nigeria Enterprises Promotion Act of 1972, the Federal Government of Nigeria acquired 51.67% of the Bank’s shares, which left Barclays Bank Plc, London with only 40%. The name of the bank was formally changed to Union Bank of Nigeria Plc to reflect the new ownership structure and in compliance with the Companies and Allied Matters Act of 1990.

The bank runs a universal banking system with subsidiaries and associate companies specializing in mortgages, insurance, trusteeship, stockbroking, property development, SME financing and discount business. They include Union Registrars, Union Homes Savings and Loans Plc, Consolidated Discounts Limited, Unique Ventures capital Management Company Limited, HFC Bank (Ghana) Limited, Basque Internationale Du Benin, Union Trustees, Union Capital Markets Limited, and Union Assurance Limited. In the consolidation, the bank acquired Universal Trust Bank, Broad Bank and Union Merchant Bank Limited.

The main head office is located at the Stallion Plaza, Marina, Lagos. The bank presently operates a three-tier operational structure with zones, business development centres and branches. There are 15 zonal offices, which are divided into three. They are Commercial Banking Lagos (CBL) covering Apapa, Lagos Island and Ikeja zones; the Commercial Banking South (CBS) covering Ibadan, Enugu, Owerri, Port Harcourt, Benin, and Uyo zones, and the Commercial Banking North (CBN) covers Abuja, Ilorin, Jos, Kaduna, Kano, Maiduguri zones. There are 41 Business Development Centres (BDC) with Lagos having 9 of them. Lagos state has 88 branches as listed in Table 3.3.

Unity Bank emerged in 2006 following the banking consolidation spear-headed by the CBN, in which nine financial institutions with competences in investment banking, corporate and retail banking came together in January 2006 to form Unity Bank Plc. It is managed as a retail bank. The bank presently has 216 business offices (branches) spread across the country. Its main head office is at 785, Herbert Macaulay Way, Central Business District, Abuja, while the head office annexe is at 290A Akin Olugbade Street, Victoria Island, Lagos. The bank strategically provides efficient, customer-oriented financial services and products for the retail end of the Nigerian/Regional market. These include a) consumer, retail & e-banking, b) commercial banking, c) corporate banking, d) operations & services, e) public sector financial services, and f) investment and international banking.

The operational structure of the bank is managed through 17 directorates called regional offices. They are located in Lagos Island, Lagos Mainland, Ibadan, Benin, Port Harcourt, Kano, Abuja, Kaduna, Bauchi, Minna, Maiduguri, Apapa, Enugu, Makurdi, Yola, Dutse and Sokoto. In expanding its growth in the Nigerian financial sector, and in pursuant of universal banking objectives, the bank has several interests which are covered by other subsidiaries in insurance, pensions fund management, share registration and stock broking. They include: FUG

Pensions Limited, Northlink Insurance Brokers, Caranda Management Services Ltd, Pelican Press and Unity Registrars Ltd. In consolidating this strategic business direction, Unity Bank has equally acquired majority shares in UnityKapital Assurance Plc, a leading insurance company.

1.7 Clarification of concepts

1.7.1 Consolidation

The term represents a CBN recommended option for banks to increase their capital portfolio and size in order to meet recapitalization conditions for re-licensing. It is a process by which combinations of distressed or non-distressed institutions form alliances to expand operational size and to remain in competitive business. An example of consolidation for this study is the nine-bank combination that resulted in Unity Bank.

1.7.2 Mergers and acquisitions

Mergers refer to the coming together of two or more institutions with equal strengths to form an entity, while acquisitions means the taking over of weak firms by stronger ones through an organized process. An example for this study is the absorption of International Trust Bank by Oceanic Bank, and the incorporation of Union Merchant Bank, Broad Bank and Universal Trust Bank by Union Bank Plc.

1.7.3 Cultural Diversity

This refers to the differences observed in the work practices of an organisation. In this study, the work practices, work attitudes and behavior of employees, the product and service peculiarities in each organisation, customer relations values, customer considerations and the perception of other competitors in industry constitute some form of diversity of cultures in each bank.

1.7.4 Corporate Culture

It relates to the values and practices that are shared across all groups in an organization. This is often reflected in the leadership style, peculiar patterns and lines of communication, dress codes at work and to social functions, and official relations with colleagues and customers. The corporate culture guides the actions, work attitudes, beliefs and decisions of the employees.

1.7.5 Recapitalization

The term derives from the economic policy taggged “The Recapitalization Policy” announced by CBN in July 2004. The policy stipulated the raising of capital funds in Nigerian banks from 2 billion naira to 25 billion naira within 15 months effective July 4, 2004 to December 31, 2005. The implementation of the policy initiated other survival options such as rehabilitation, consolidation and specialization for banks wishing to continue operations

1.7.6 Liquidation

It relates to the declaration of bankruptcy by the banking institutions concerned. This is controlled by the determination of the liabilities of the company with a view to apportioning assets towards discharging the indebtedness of any bank going out of business. This was the option taken on by ten banks (See Appendix 4) which liquidated and declared bankruptcy before the December 2005 deadline.

1.7.7 Rehabilitation

This is a form of liquidity assistance provided by government or by some bigger financial institutions to bail out affected firms from distress so that they can continue in business. The reported financial bailout by CBN of some five banks whose directors were removed amounted to the use of the rehabilitation option in banking reforms.

1.7.8 Specialization

This is a situation by which banking institutions which engaged in universal banking system are made to specialize in only one area of operation. The universal banking concept involves the involvement in other financial services aside from core commercial banking services by the same banking institution. These usually include such non-related banking services as portfolio investment and management, insurance, discount house, registrars, insurance brokerage and mortgage financing. In situations of banking reforms warranting specialization, the bank may choose to continue business by offering services in only one type of financial services as against getting involved in all.

1.8 Synopsis of Thesis Chapters

Chapter one presents a background to the consolidation exercise and the role it played in determining the fate of human resources in all the banks; and highlights the research problems and objectives that the thesis tried to achieve. It also presents an overview of the banking institutions in this study.

The literature review and theoretical framework for the study are discussed in Chapter two. This chapter is divided into two sections. The first section deals with the review of literature involving reform developments that necessitated the banking consolidation in Nigeria beginning with the 2004 Recapitalization Policy while second section explains the theoretical approaches used for the study: the structuration theory by Anthony Giddens and the Marxian conception of alienation. However, the scarcity consciousness theory, the comparable wealth theory and the pluralist perspectives were used to explain the phases of problems affecting HRM in order to provide better understanding of the characteristics of consolidation on HRM functions of the banking sector. A conceptual framework was developed to highlight the relationship between variables in the study: consolidation (independent) and HRM (dependent) variables for this study.

The third chapter is the presentation of research methodology of the study in which the research design, sampling frame, study population and sample population are highlighted and explained.

The fourth chapter discusses the presentation and analysis of data collected from respondents in the course of research.

The fifth chapter starts with a summary of findings. It also provides a conclusion and makes recommendations for the major stakeholders (the state, the CBN, the commercial banks and the industrial unions) in the economy in relation to their expected role in the consolidation programme. The chapter concludes with the study's contribution to literature and future direction relating to this study.

CHAPTER TWO

LITERATURE REVIEW AND THEORETICAL FRAMEWORK

2.1 Introduction

This chapter is divided into two sections: the literature review and theoretical framework. The literature review examines the contending issues in HRM caused by the consolidation in each of the three banks and within the social setting. It is necessary to recall that the consolidation exercise (as a financial reform programme) reflected the desire of national political leadership to reorder the salient aspects of the Nigerian economy beginning with the financial sector. The statutory authority of the CBN was to ensure that monetary policy framework embraced strategies that addressed poor governance practices in the financial institutions, strengthen the supervisory framework, collaborate with financial institutions to allow credit access to the real sector.

These levels of relations in the consolidation exercise with other sectors of the economy provide a hint that any kind production or structure that is created at any instance in one sector is necessarily reproduced or restructured in another sector; brining up a kind of structuration concept developed by Anthony Giddens in itself (Giddens, 2000). Thus, when cash as major determinant of business entrepreneurships loses its flow, every section of the economy was likely to feel the impact. The alienation tendencies produced within the banking sector also reproduced itself in other sectors, excepting perhaps, the telecommunication sector. The factor of exception was that the sector did not depend on local banking facilities for its basic operations as most banks had not the capacity for such huge capital venture. Nevertheless, other local companies operating business relations with telecommunications operators as product dealers or distributors were affected as they released employees into the labour market as did the banking institutions. Some of the aspects of negative HRM activities noted with the telecommunications are casualisation and contract employment in various forms. The second section explains the theoretical framework which is anchored on two sociological theories – the structuration theory of Anthony Giddens and the Marxian conception of alienation. The application of structuration theory helps to explain the evolving structures in the banking system where the CBN, bank managements, depositors, shareholders and bank employees acted as actors in reproducing new relations that led to the consolidation and its implications on HRM functions of banks especially and other firms in the economy. The reproductive capacity of structuration suggests the possibility of future change depending on the activities of human or non-human agents whose activities may be controlled by human individuals. Marx's alienation concept captures the real contradiction of human nature at the work place spelt out in the consolidation where the class of bank management seeks to relieve other classes of their means of livelihood in other to keep theirs. These contradictions are bound in powerlessness of employees by which bank employees had no effective voice representation as the sectoral unions suddenly lost their avowed and revered influence due to timely 2005 Trade Union (Amendments) Act which determined industrial union membership by employee choice instead of statutory obligation as was the case before. The bank managements (especially of banks which had no strong voice representation among employee group) took advantage to systematically deny employees any influential structure of unionism in its enterprise.

2.2 Background to the Recapitalization Policy in Nigeria

The Nigerian banking industry generally commenced in 1892 with the formation of the African Banking Corporation (ABC). The first known consolidation was the acquisition of ABC by the Bank of British West Africa (BBWA) in 1894. The new bank was noted by Obideyi (2006) to have enjoyed virtual monopoly of banking business until the promulgation of Banking Ordinance in 1952. Prior to the coming of the Ordinance, Nwankwo (1987) in Obideyi (2006) described the situation as the "free banking era" where anyone could register a banking company provided it was registered under the Companies' Ordinance. One of the implications of this supervisory oversight was the rise in the number of licenses issued for new banking institutions. These were, however, managed without an operating system to regularize banking practices, or specify requirements in respect of share capital base, statutory reserves, asset management, credit administration, corporate governance bank tariffs, etc. Following recommendations suggested over concerns for safe and efficient banking in the future, FMFN (1952), stated that the Ordinance was "enacted to regulate the banking practices and ensure that more conservative standards were enforced". This period was marked by what Obideyi (2002) observed as the advent of banking regulations in Nigeria and lasted till 1958 when the need for central banking operations was mooted.

However, the period between 1958 and 1969 witnessed the establishment and commencement of Central Bank of Nigeria operations in 1959 to ensure supervisory control and monitoring. With the enactment of The Banking Act of 1969 to consolidate the earlier regulations of 1952 –1958, a new phase of banking regulations consolidation was underway.

The next one and a half decades following the 1969 Banking Act recorded another phase that involved the participation of government in co-ownership of banks. In other words, the government resolved to act as a regulator (through the CBN) and as investor in banking operations. Part of the considerations for this step was the need to stem the tide of economic imperialism which allowed too much dependence of major sectors of the economy in foreign control. Aside from some outstanding banking institutions which were managed by foreign interests, much of the real sector was solidly within the control of foreign investments. By 1972, the government undertook to manage more of these economic institutions through the promulgation of the Nigeria Enterprises Promotion Decrees of 1972 and 1977, which empowered the federal government to acquire majority shareholding of companies operating in major sectors of the economy (Adams, 1992).

As effects of the international oil market shocks began to reverberate and weaken economies of developing countries around the world, it kick-started the move for a deregulatory regime that was captured in the SAP in Nigeria

(Onyeonoru, 2003b, 2004). The SAP especially stipulated reform measures which directly or indirectly touched on the banking institutions and their operations, and the subsequent reforms that followed. The liberalization of banking licenses led to the proliferation of banking institutions. The development produced banks that had marginal growth and low shareholder funds and capital base in comparison to counterparts in other countries as seen in the table below.

Table 2.3: Capital base and shareholder funds of some selected banks and countries

	Country	Type	Capital base / Shareholder funds
1	**South Africa**	Amalgamated Banks of South Africa (ABSA)	R.19.35 billion (US$3.11 billion)
		Standard Bank Group	R28.67 billion (US$4.61 billion)
2.	**Malaysia**	The smallest bank	US$ 526 million
3.	**Germany**	A single bank	US$ 541 million
4.	**France**	A single bank	US$ 688 million
5	**Nigeria**	A single bank	US$ 200 million (approx.)
		Entire banking system	US$ 4.90 billion

SOURCE: IN-Depth, (Oct-Dec 2006) - a quarterly business journal publication of Oceanic Bank.

2.2.1 The Objectives and Strategic Importance of the Recapitalisation Policy

The Recapitalization Policy was a product of a strategic initiative of the federal government to respond to development challenges of Nigeria. The development challenges for financial services were identified in the NEEDS document developed by the National Planning Commission (NPC) in 2004. The main objectives of NEEDS for the redemption of financial sector in Nigeria included:

i. The deepening of the financial system in terms of asset volume and instrument diversity.

ii. To drastically reduce and ultimately eliminate the financing of government deficits by the banking system in order to free up resources for lending to the private sector.

iii. The review of capitalization of financial institutions in the system.

iv. To develop a structure of incentives to enable the financial system to play a developmental role by financing the real sector of the economy.

In actual fact, NEEDS formulators had hoped that the success of the project was heavily dependent on the ability of financial intermediaries (operators in the banking, and finance sectors especially) to play their roles effectively. It suggested the following strategies which led to the subsequent approaches that produced the consolidation option and the problems encountered in the process by HRM. The strategies include:

i. To embark on a comprehensive reform process aimed at substantially improving the financial infrastructure (legal codes, information systems).
ii. To restructure, strengthen, and rationalize the regulatory and supervisory framework in the financial sector.
iii. To address capitalisation, the poor governance practices of financial intermediaries that submit inaccurate information to the regulatory authorities, and the consequent costs to the financial system.
iv. To collaborate with banks and other financial institutions, and work out a structured financing plan that ensures less expensive and more accessible credit to the real sector, and
v. To direct government policy towards financial deepening (establishing links between rural and urban, banking and nonbanking, formal and informal financial systems) and financial product diversification (filling the missing middle for commercial financial services for small and medium size enterprises with new services based on best-practice technologies for cash flow financing, leasing, and so on.

In its projected sources and means of employment generation under the scheme, NPC (2004) highlighted the means of employment for such sectors as agriculture, oil and gas, power, education, environment, tourism, solid minerals, manufacturing and the housing/construction. It incidentally did not discuss the plans for the financial sector. According to a related addendum, NPC (2004) conceded that:

> "These sources of growth are not exhaustible. The sectors usually associated with modern job creation such as the

> financial sector (particularly banks), information and telecommunication technology, and the hospitality industry, are not discussed…"

But hinted that:

> "Specific measure will be taken to provide specialised skill development to retrain youth and to give employment preferences to women and people with disabilities"

It is hoped that these empowerment measures would be designed to prepare youths and other vulnerable groups towards the use of the SMEIES funds under the job loss management programme of the consolidation.

2.3 The Recapitalization Policy and Bank Reforms in Nigeria

This section examines briefly the developments that necessitated consolidation for the banking system in Nigeria beginning with the 2004 Recapitalization Policy. The banking consolidation as a financial reform, owes its nurture to the economic recovery project code-named National Economic Empowerment and Development Strategy (NEEDS) by the Federal Government of Nigeria. The project was a creation of the National Planning Council (NPC) in 2004 under the leadership of Charles Soludo who later became the CBN Governor, and in whose tenure the financial sector undertook high-caliber reforms. The long term goal of NEEDS stated in its document foreword by President Obasanjo (1999-2007) was to "mobilize the resources of Nigeria to make a fundamental break with the failures of the past". Without doubt, the banking system was one of the failing systems in the economy inherited by the civilian government in 1999 (NPC, 2004). The banking system is practically considered the pivot of other sectors of the economy. The NEEDS document emphasized the strategic role of the financial sector which it observed had experienced 'substantial fluctuations in fortunes'. Concerning the importance of the financial sector and the misfortunes befalling it over the years, the NEEDS document record that 'apart from their importance in mobilizing and efficiently allocating resources, they also play a key role in pricing and trading risks and implementing monetary and fiscal policies'. One may recall that the break with military governance did not abate the poor state of the banking system when General Abdulsalam Abubakar handed over to civilian government on May 29, 1999.

An understanding of the genesis of this programme is necessary to capture the characteristics of other sectoral reforms that preceded it. This is expected to help the reader's understanding of the consolidation approach in sustaining banking institutions as responsible and relevant to the problems encountered in HRM in the affected banks. The primary focus of this study was the challenge posed on human resource management in the area of job losses and job insecurity. While the government comprehends the losses of jobs through job duplication, it provided the Small and Medium Enterprise Investment Equity Scheme (SMEIES) fund under the management of the CBN. (See *Punch*, August 19, 2004, pg 21). The establishment of SMEIES was in anticipation of greater problems highlighted by CBN that:

> "Everybody should be rest assured that if we didn't do what we're doing today, the sector would have lost far more jobs than what is going to be witnessed during the consolidation period. More banks would have collapsed than would with the new scheme. Those to be laid off as a result of merger are going to access SMEIES fund. The SMEIES fund must be understood clearly as not being a Father Christmas. You are talking about people being able to pay and buy equity. It's not every SME that shows up who wants credit that actually has a bankable project … At the end of the day, the Nigerian who uses this fund to finance his business, employ people and create wealth is the winner. Whether are exiting from the bank, maritime or any other, the ultimate winner is the economy, more jobs and wealth would be created."

2.4 An Overview of the Consolidation Programme

The recapitalization policy announcement of CBN on July 6, 2004 to members of Bankers Committee signaled a new chapter in the reform history of the Nigerian banking system. The vision of the policy was to ensure minimum capitalization of N25 billion by December 31, 2005. A number of options were open for banks in the quest to recapitalize. They include: rehabilitation, liquidation, specialization and consolidation. The most prominent option was the consolidation by which banks chose to merge or be acquired by the bigger partner to meet the target. In order to minimize the implications to human resources management (such as job losses and job insecurity issues), the CBN encouraged and directed banks to choose the consolidation option so that most employees could retain their jobs even though many more employees were to lose same because of other factors.

According to the CBN, the goals of the consolidation programmes were;

i. To create a sound and more secure banking system that depositors can trust.
ii. To build domestic banks that investors can rely upon to finance investments in the Nigerian economy;
iii. To drive down cost structure of banks, improving banks' efficiency and encouraging competition with the goals of lowering interests rates and providing affordable credit to the economy;
iv. To encourage industry consolidation and reducing systemic risks; and
v. To meet international benchmarks and minimum requirements for the integration of regional financial system.
vi. To fight corruption and white collar crimes through improved transparency and accountability; and insisting on sound corporate governance practices in the financial services sector.

A number of reasons were offered by CBN to justify the consolidation and the new capital requirement for Nigerian banks. They include: a) weakness and distressed condition of the banking sector; b) presence of small players that could not operate profitably in a narrow margin market (and as a result are unable to support any strong participation in the real sector of the economy due to financial size.

In order to stimulate depositor confidence and allay their fears, the CBN offered the banks some incentives to sway them from adopting the liquidation option. With liquidation, the depositors were likely to lose their money or get delayed in trying to get their money back on time. This is the situation with the 14 liquidated banks in the aftermath of the 2004 consolidation programme, though some have been bought over by other surviving banks. The incentives include:

i. Banks that consolidate will be allowed to participate in the foreign exchange market;
ii. Permission to collect public sector deposits and government revenue;
iii. Prospect to manage part of Nigeria's foreign reserve holdings;
iv. Tax incentives;
v. Reduction in transaction cost;
vi. Provision of technical assistance by the CBN;
vii. Provision of help desk by the CBN to fast-track approvals.

At the programme deadline on December 31, 2005, only 75 banks out of the 89 had successfully consolidated through prescribed requirements and options. The 75 banks together formed alliances that created 25 banks by the end of 2005. (See Appendix 4).

2.5 A Chronology of Banking Reforms and Crisis in Nigeria –

The platform for the Nigerian banking system was laid without strong foundation for operational regulation and stability. Metz (1991) acknowledged that British colonial administration evolved skewed economic interests that particularly introduced policies which barred local investment of reserves, discouraged deposit expansion, precluded discretion for monetary management, and did not train Africans in developing indigenous financial institutions. Considering that the British has had established banking system since the formation of the Bank of

England in the 17th century, crises were imminent without any major banking regulation experience. However, the relevance of the banking system in Nigeria for the British colonial administration led to the establishment of the West African Currency Board in 1912 to help finance the export trade of foreign firms in West Africa and to issue a West African currency convertible to British pounds sterling (Oloyede, 1975).

However, as commerce became the essential feature of colonialism in exploring new markets, there was need for a regular financial system to make trading and commerce viable and profitable for foreign entrepreneurs. In 1872, the first banking services were offered by the African Banking Corporation which was then a financial subsidiary of the Royal Niger Company. While the bank transformed to become the Bank of British West Africa (BBWA), no mention of financial crisis or distress was known until the formation of the first indigenous banking institution, the Industrial and Commercial Bank in 1929. The bank collapsed the following year. Relying on CBN records, Nnadi (2006) stated that 30 private indigenous banks were established and collapsed between 1929 and 1968. The proliferation during this period which rose to over 100 indigenous banks was noted by Onoh (1982) to have been caused by the total lack of any supervisory and controlling authority. Out of these, only the African Continental Bank (established 1948) and Agbonmagbe Bank (established 1945) survived the almost four decades of banking operations without formal banking regulations.

Table 2.4: A chronology of banking reforms in Nigeria between 1952 and 2004

YEAR	THE REFORM POLICY
1952	Banking Ordinance
1959	The Establishment of Central Bank of Nigeria
1962	The Banking (Amendment) Act
1969	The Banking Decree No. 1
1970	The Banking (Amendment) Decree No. 3
1982	Economic Stabilization Act
1985	National Economic Emergency Decree
1986	Structural Adjustment Programme (SAP)[2]
1989	Decree of 53 of 1989
1992	The Establishment of Nigeria Deposit Insurance Bank
1993	Establishment of 145 mortgage institutions, 500 Community
2004	The Recapitalization Policy

Sources: Anyanwu (1993); Gbosi, (1998); Onoh (1982), Nnadi (2006), CBN documents (1992-2005)

The urgent need for banking reforms set the pace for the first set of financial regulations called the Banking Ordinance of 1952, which Anyanwu (1993) determined was to abrogate the prevailing free-for-all atmosphere and which required formal licensing to operate a bank. The following table captures the chronology of banking reforms in Nigeria. I made effort to explain in the 'Endnotes' the probable reasons[1] for the creation of the banking legislation during their milieu.

For some of the reforms listed above, they created incentives for the promotion of human resources management functions through the creation of more jobs for skilled and unskilled individuals, and inducement of job security to a large extent. But, this was usually short-lived as distress factors soon take over the system thereby warranting new set of reforms that put the banking jobs under circumstances of insecurity. This trend continued until the 2004 recapitalization policy. Following controversies on the post-consolidation activities of some of the banks, it is expected that new rounds of reforms may follow in view of latest actions of CBN in July and August 2009 to utilize the rehabilitation option to bail out some banks (Union Bank, Oceanic Bank, Intercontinental Bank, Finbank, and

Afribank) from distress, and ordered two others (Unity Bank, and Wema Bank) to recapitalize before September 2010 and later extended to March 2011.

Largely, the banking reforms have created some form of inertia for human resources management activities in many of the banks. Unionism as a factor of hope and job security for the employee has been greatly affected. The future of NUBIFIE as a sectoral union runs into a predicament as it turned out to be less influential in restraining the bank managements' strategy of dismantling structures of existing unions in their enterprises. According to NUBIFIE reports, certain sublime activities of Oceanic Bank such as the early retrenchment of union members in the bank using specific restructuring policy guidelines that surfaced during the early days of the consolidation crisis were done to reduce the influence of enterprise unions against the potential of aggravating the already saturated sector with job retention demands that might not meet with new strategies of the new management. At Unity Bank, the presence of its managing director during NUBIFIE's solidarity protest in Abuja did not translate to any meaningful establishment of union structures that will provide the necessary stability for a NUBIFIE chapter in the bank. The essence of these was to stifle the capacity of the unions to manage relations between the workers and the management in the unfolding HRM and industrial crisis in the sector. Furthermore, due to uncertainties in the sector, it is unlikely that the bank managements would offer effective welfare schemes such as the contributory pension scheme. The responsibility of the Pension Funds Administrators (PFA) and Pensions Funds Custodians (PFC) in providing efficient management of pension deposits of new bank employees and payments to departing employees in a smooth fashion during the unending turnover remains suspect. Again, the reforms have created new cost cutting ideas for banks to minimize the employment of skilled workers on a permanent basis. Empirical facts reveal that many of the banks have resorted to outsourcing and temporary appointments as new forms of employment. This is revealed through information from bank clerks and supervisors who work with particular banks but are paid by another firm, presumably the consulting company which conducted the interview and recruitment processes for the bank.

The sack and subsequent replacement of new bank directors by the CBN negates the fundamental principles of the recruitment process as formal applicant's request for employment into the position, interviews and orientation were not utilized. The development totally offset the basis and gains associated with the induction of new members into the corporate culture and operational values of the firm. The main force of the reforms (especially in consolidation) that deny the banks opportunities to develop a corporate image is also likely to alter the process of institutionalizing specific corporate culture for each banking institution in the future.

2.6 Consolidation, Cultural Diversity and Cultural Integration

The diversity of cultures appeared in the exercise of the collective experience of the new employees, new organisational strategies and corporate response to competition during and after the December 31, 2005 deadline that marked the first phase of the exercise (Nnadi, 2006 and Ogbu, 2006). These discussions are helpful to explain the changes presented by new supervising managers who utilize acquired experience to experiment with new work processes in place of old norms. In the foregoing, the failure to establish stronger work relations and understanding among teams and units could lead to serious job insecurity thereby upsetting the HRM elements and productive capacity of the organisation. The alienating tendencies for workers arising poor integration may increase escalate or result in new crisis. The discussions capture the roles played of stakeholders (the banks, the employees, the enterprise unions and the depositors) that brought about new ways of rendering service and building new work values to achieve better productivity. The above issues are fundamental to HRM (Oluyede, 2009).

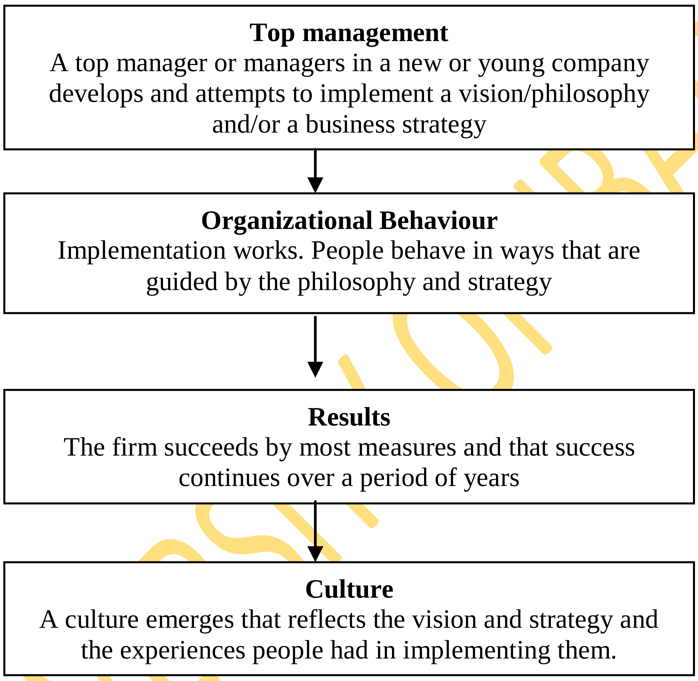
According to Schermerhorn (2009), three levels of cultural analysis are noticeable in organisations including the three banks in this study. These are observable culture, shared values, and common assumptions. Observable cultures include the unique stories of corporate achievements, ceremonies, corporate rituals that make up the history of a successful organisation. Depending on strategy, an observable culture may be taught to new members through formal and informal trainings or the new members in enhancing creativity could teach the old something new. These are usually stories that prime the listener (the employee) to some level of motivation and provide a new outlook to work as each bank tries to sustain its uniqueness to create a competitive advantage over others. In all the banks, news of employee, branch or departmental accomplishments even outside banking environment are regularly published and circulated within the organisational network. These usually include political appointments, sports and educational awards. Dress codes and communication methods, as aspects of observable culture, are part of the normative controls of the organisation which are learnt from daily routines. But the use of cultural symbols like branded shirt ties, pins and clips emerged more forcefully as an aspect of corporate culture with customers wear them. Most male and female employees observed during the study donned company-branded tie clips, cuff links, neck mufflers and tie pins during work time. Other work units not associated with banking services such as transport, the drivers wore colour-coded uniforms and caps with company insignias attached.

The second level of cultural analysis pointed out by Schermerhorn (2009) is called the shared common values, which are important aspects of all organisations. The entry of new employees with specialised skills, experiences and values is often maximized by co-opting them to transfer knowledge through series of trainings for old employees. This transfer of culture is a socialisation process designed to create an internalization which induces more commitment to work, and may ensure loyalty and better work relations. Schaefer (2002) noted that learning to behave appropriately within an occupation was a fundamental aspect of human socialisation. In a much earlier study on workplace socialization, Moore (1968) highlighted four phases of occupational socialization. These are *career choice, anticipatory socialization, conditioning and commitment* and *continuous commitment*. The conditioning and commitment phase is necessary to explain the different patterns of cultural integration peculiar to each bank in this study. According to him, conditioning relates to the reluctant adjustment of employees to difficult or unpleasant aspects of one's tasks at work. Considering each bank's aggressive marketing for capital from investors as an unpleasant task which the normal bank employees were not accustomed to in the pre-consolidation era, a conditioning is required to induce commitment to the new responsibilities. In this wise, Moore described commitment as the enthusiastic acceptance of pleasurable duties that comes with recognition of the positive tasks of an occupation. It is assumed that the diversity in attitude, skills, professional values, and the collective experience of all employees were helpful in managing the survival issues of the banks through internal integration and external adaptation (Schermerhorn, 2009).

External adaptation refers to the method of achieving the goals, and dealing with external environment in which the organisation operates. For example, employees who have a strong knowledge of the mission of the organisation would know how to contribute to achieving its goals and cope with its external realities. However, UBN's mission statement is "to be the foremost financial institution with the most satisfied customers", but its poor adjustment to the consolidation reality is still subsumed in its age-long motto - *Big, Strong and Reliable* that was realistic in the pre-consolidation era where it had the largest assets in terms of customer base and capital size. Post-consolidation realities within the banking environment show that the bank does not have the capital size and customer base to sustain the axiom. The issue has neither been helped by CBN's incrimination of the bank management for poor corporate governance (with four others including Oceanic bank) in 2009 to make the bank more reliable even though new management has kept customers' confidence high with public assurances sent through mobile phones. Oceanic bank's motto: *...Experience peace* indicates the values it attaches to customer relations and customer satisfaction, while its mission statement is "to provide excellent and comprehensive services to our customers in a friendly environment using qualified and experienced personnel with appropriate technology". A creative integration process must align present reality to any slogan that would guide employee perception and outlook, and generate better public confidence in the system.

The internal integration of diverse cultures is usually determined by the creation of a collective identity either work teams or in the larger organisation. As a product of effective employee work relations internal integration enhances corporate culture within the context of collective responsibility. This is a responsibility of top management as presented in Figure 2.1.

FIGURE 2.1 COMMON PATTERN IN THE EMERGENCE OF CORPORATE CULTURES



Source: Kotter J. P. & Heskett J. L. (1992) *Corporate Culture and Performance*, The Free Press, New York, pg 8

However, as noted by Schermerhorn (2009), the allocation of rewards, power, status, authority and sanctions for specific types of actions must also be ensured collectively. As wage disparity is likely to create dissonance, the human resource manager must find ways of ensuring the projection of the values of collectivism among groups and units in the organisation, especially as conditioning and commitment could help to reinforce strong cultural values in all the organisations and business environment.

The gamut of activities explained above relates and coordinated by HRM is fundamental to the growth of every organization. However, changes connected to it (HRM) are bound to affect the organization in more challenging ways. A number of studies found that the accompanying restructures in the banking system resulting from previous reforms impacted on the HRM activities of concerned organizations and on the general economy by creating new problems that necessitated creative and strategic initiatives on the part of human resources managers to handle (Numeroff and Abrahams. 1998; Simelane, 2002; Ologun, 1994; and Tylczak, 1991). Challenges and problems such as pay inequity, job losses and job insecurity are observed to make employees more dynamic towards improving educational level and thereby increase their professional skills to be relevant in the emerging job market. It is hoped that this would enable them acquire better job specifications that could match new job descriptions in tentative circumstances as the ones created by the recapitalization policy in Nigeria, and the consequent consolidation that sent them out of jobs.

2.7 Consolidation and Labour Crisis

The economic reforms under President Olusegun Obasanjo beginning from 1999 emerged as a response to the twin pressures of internationalization and globalisation (Gbede, 2008). The internal component was the poor state of the economy that requires urgent steps to solve problems of unemployment and fiscal issues. The response resulted in the production of an economic recipe tagged National Economic Empowerment and Development Strategy (NEEDS) by the National Planning Council in 2004. NEEDS was considered a remedy to the social, political and economic challenges of Nigeria. The required development paradigm in the economy at the time also demanded the shift in emphasis to privatization (NPC, 2004).

The rationale for banking recapitalisation, that resulted in the consolidation programme, according to NPC (2004), involved addressing low capitalization and poor governance practices of financial intermediaries that submit inaccurate information to regulatory authorities. In implementation, the recapitalisation policy premeditated a number of options such as consolidation, rehabilitation, specialisation and liquidation. The consolidation option as recommended by the CBN elicited wide-range corporate restructuring in which job redesign was inevitable due to job duplication. Human resources management functions became affected as employees lost their jobs on account of inadequate educational or professional skills to manage new innovations required to set standards for the industry. At the organizational level, the inflow of new employees from other banks and other sectors generated a diversity of cultures that demanded effective integration for better productivity.

Within the contexts of size reduction, job duplication and wage restructure which the consolidation portrayed; Nigerian labour in general experienced a crisis I considered as that of recovery and discovery. Its recovery problems arise from inability of industrial unions to immediately respond to the mass losses of job, and delayed payments of severance payments that its sacked members were subjected to in the ensuing crisis in the sector. At the rediscovery level, it took the two sectoral unions one and a half years of the first phase of recapitalisation to partially rediscover itself as a social representative of workers. By this time, many of the workers had taken their fate into their hands by conducting protests and picketing their bank premises (Nwachukwu, 2004).

At the onset of the consolidation, amidst public critical observations of the exercise, (Punch, July 12, 2004, pg 16) expressed the fear that the expected capital base figure

> …could result in foreigners taking over the banking sector, wiping off the gains of liberalization and shutting out small and medium scale businesses from accessing banks, while the few banks that scale the hurdles might grow into oligopolies…

The gains implied here in the newspaper editorial, in labour economic terms, were the apparent huge manpower employed in the banking sector during the period following SAP when CBN granted the most number of licenses for mortgage, merchant and commercial banking. Except for what Onyeonoru (2003) noted as:

> "slight improvement in economic activities in the manufacturing sector in the period 1987-89, especially in the Food, Beverage and Tobacco subsector". pg 42

which suggests the utilization of more labour and generation of employment in productive capacity in the manufacturing sector, it was difficult to assign any other substantial benefit of this period of economic stabilization policies under military to labour in terms of job generation. The issue of job losses which was the major point of discourse and reference in most critical commentaries on the consolidation affected other business institutions apart from the banks. Aside from inconclusive and unsubstantiated figures from Unity and Oceanic banks, UBN recorded staff exits at all levels. The post consolidation figure between 2005 and 2009 showed a fluctuation. In the first year after the consolidation deadline (2006), there was 2.55 percent increase which improved to 4.37 percent in 2007 for senior staff (middle manager) category, while junior staff (non-managerial) left the bank at the rate of 4.19 percent. The figure reduced slightly to 4.05 percent for the category. Overall employment figure reached its highest across the three categories in 2007 ending 7,276 employees (4.89%) but dropped sharply by 19.17 percent in 2009, the year a new CBN Governor, Lamido Sanusi assumed office (UBN Annual Reports 2005-2008).

Table 2.1. **Branch and employment figures of UBN for 2005-2009 (post consolidation era)**

Branch	Year	Managerial	Senior	Junior	Total
303	2005	360	5255	1305	6920
386	2006	295	5393	1243	6931
386	2007	309	5661	1306	7276
405	2008	521	5309	920	6750
427	2009	265	4859	757	5881

Source: Compiled from UBN Annual Reports 2006-2009

During the year, the CBN introduced new dimensions into the already volatile situations and business pressures that came with the 2004 consolidation. It produced significant challenges for banks and their employees, and for the industrial unions in terms of poor ingenuity to generate and coordinate new memberships from the discarded appendages of banks that remained from the 2005 consolidation. In its regulatory capacity, the CBN introduced the specialisation option for all banking institutions (See 3.2). The development was to terminate the current universal banking concept in which banks had subsidiaries or controlling interests in both financial and non-financial institutions.

At the industry level, employment figures reduced by 11 percent between 2004 and 2006, but interestingly picked by 16.75 percent in 2007. The rise in 2007 for both UBN and in industry may be accounted to the relative stability in the system even though capitalization was an ongoing exercise with opening of new bank branches and the possible employment of more people in the new subsidiaries at the time universal banking was approved. As the branch network in UBN rose to 27.39 percent, industry branch figure rose by 29.09 percent in the period ending 2007 for both institutions.

Table 2.2. **Branch and employment figures for the banking industry for 2003-2007**

Year	Branches	Employment
2003	3,247	60,227
2004	3,247	59,227
2005	3,357	50,586
2006	3,468	52,293
2007	4,579	62,815

Source: The Guardian, February 20, 2008, pg 27

The general influence of industrial regarding active representation of members and protecting their jobs waned as members continually lost their status in the union. It is apt to generally look at the union's position in such circumstance as alienating as many of its leaders lost out too in the job protection saga that was inevitable. With recall to the no-job guarantees from the then CBN Governor, Charles Soludo, the unions were expected to suggest ways of protecting more jobs from being lost and thereby sustaining more of their members from leaving the system. In Aminu (2004), Soludo stated that:

> "…It became a question of do something now or die, fail to do something, you will still die, but do something and then have a chance of surviving. If we do not do anything today, several banks would go under and we will end up with more jobs savings than if we allowed the banks to go under…" - pg 26.

It was observed that in the absence of demonstrative voice representation for employees, the unions could only express their energy through the picketing of bank offices as a solidarity move to hasten bank management to pay severance packages of sacked members (Bangudu, 2010 and Ale, 2010). However, NUBIFIE and ASSBIFI especially engaged in addressing other anti-labour practices such as outstanding and illegal deductions complained of by sacked employees at Oceanic and UBN. In Bangudu (2010), Peter Dio, the Secretary of Oceanic bank chapter of NUBIFIE alleged the non-payment of members' pension contribution to members' account since 2004, and the use of outsourcing in the recruitment of junior staff. He noted that:

> "…anytime the bank was changing vendors, some of the workers lose their jobs. They are asked to re-apply, and this always leads to underpayment of severance packages to workers…" pg 24.

The bank's management reaction does not allay fears or avert the crisis in which sacked workers demand for payment of severance entitlements while in office. This agitation could only result from previous experiences of underpayment of staff who left service and were yet to be fully reimbursed.

At UBN, the crisis of unpaid entitlements recurred with a group known as "Aggrieved Retired Staff of UBN Plc 2005-2008. The group in a statement narrated in Ale (2010:10) that:

> "…we were suddenly retired from the service of the bank, when we have not attained the mandatory age of retirement or spent up to 35 years in service. Although we were paid our final entitlements, it did not reflect the collective agreement reached with the bank, because we were short paid..."

The group also revealed that:

> "…we discovered with shock that our contributions since 2004 are yet to transferred to any PFA. Ordinarily, our hard-earned contribution would have yielded returns if the funds were released to the appropriate institutions at the right time. The action of the bank's management violates the Pension Reform Act of 2004…"

It is however uncertain in view of apparent passive action from central labour and the industrial unions whether employees still had any confidence in the protective ability of the unions to be relevant in times of crisis. Aside from the NLC support of the Recapitalisation Policy highlighted in Nwachukwu (2004), the role of labour had been more inadequate or indifferent to bank employees especially at the centre, (i.e. the NLC) as they sort out their problems themselves. NUBIFIE's disappointment in the circumstance is explicated by its General Secretary, Ola Elijah Segun in Mbamalu (2009)

> "…that has been our predicament in the banking industry. Workers are usually at the receiving end of any reform. No matter the nature of any reform, at the end of the day, you will discover that workers are the victims. When they recapitalized, we were at the receiving end; when they re-engineered, we were at the receiving end; they are now sanitizing, and we are at the receiving end, despite the fact that we are not privy to the perpetration of atrocity in the industry…" - pg 23

A strong and proactive solution is required from labour to recover from the ashes of the consolidation and rediscover itself as the vanguard of the working masses in all sectors.

At the government level, it is hoped that a partnership with labour in the interest of peaceful industrial relations by positive intervention instead of empty warnings to employers of labour in the sector would suffice. According to Eroke (2009:41), a former Minister of Labour and Productivity, Prince Adetokunbo Kayode stated that:

> …the government would not fold its arms and allow thousands of Nigerians to be thrown into the labour under the guise of effect of the reforms in the industry …

But consoled the workers:

> …to exercise patience as the Federal Government was working to seek redress for them within the dictates of the law...

Such lack of positive action on the part of government can only fuel the loss of confidence the employees already have in their union representatives. It is yet to be seen which legal options the government will explore to address labour issues as an institutional party in Nigerian industrial relations system

2.8 The Consolidation Programme – Some Observations

Following the general shock that attended the July 4, 2004 recapitalization policy announcement by CBN, it was variously observed that as a result of activities of the 75 banks that featured in the consolidation exercise. This section examines amongst others some reactions, apprehensions and ethnocentric observations of some of the stakeholders and commentators on the issue during this period. While a number of socio-economic issues were underpinned by the level of unemployment that occurred among bank employees and employees of the borrowing enterprises, it did not reduce the shock of job and social insecurity that attended the large scale retrenchment in companies in the economy. For some of these companies, extended loan facilities were recalled before date of maturation. This had negative impact on general production and productivity. In the formal and informal sectors of the economy, the employees were faced with the imminent loss of their sources of income. An obvious consequence of this development for dependants of retrenched employees is that the chain of regular school fees, medical provision, and food supplies is suddenly cut off without an immediate remedial solution as many of the workers were quite unprepared.

At the banks' corporate level, salient issues arose and decisions bordering on ensuring survival of the enterprise were taken. Many of the managing directors found the capitalization exercise unwholesome. According to Alhaji Falalu Bello, the managing director of Intercity Bank, the CBN directive was "unrealistic and an abuse of power". For him, the idea was a death knell especially for employees of northern stock working in banks that have majority shareholding and ownership by state governments in the Nigerian northern region. The directive was likely to eliminate the banks he considered northern which included, African International Bank Limited, FSB International Bank, Lion Bank, Bank of the North, Habib

Nigeria Bank, Intercity Bank, Inland Bank, Tropical Bank, and Societe Generale Bank (Guardian, August 4, 2004 and Aderinokun, 2005). Akintunde (2005) noted that the group of 19 state governors has made a formal request to the federal government for their share of the excess crude oil revenue to be used as a bail-out option for the Bank of the North (BON), where all 19 states have shareholdings. This is believed to be a drive to sustain jobs at least among employees of BON who are mainly from that section of the country.

As Bello's notion sounded ethnocentric, Onifade in ThisDay (August 3, 2004) highlighted the inadequacy of CBN's independence as the banking regulator. For him, the CBN governor exercised militarist tendencies in his presentation of the recapitalisation policy to the National Assembly when he stated that "there is no going back" on the issue. I wish to state that a variety of social issues may elicit divergent opinions from different people; the onus is on the government to implement that which is beneficial of the general good. Contrastingly to the above, the policy has become the catalyst for other progressive reforms programmes in other subsectors of the economy. It is hoped that the level of banked population should improve with the synergies of the banks directed towards grassroots intermediation. Ajibade (2009) reported that while the banking or savings culture in Nigeria remain one of the poorest in the world, its branch network has expanded nevertheless. Reporting from the analysis of a non-governmental agency responsible for monitoring banking activities in African countries, he described the banked population as people who have access to services such as Automated Teller Machines (ATM cards, debit cards, credit cards), savings and current accounts, fixed accounts, mortgage loans, overdraft, Islamic loan or Islamic financial system. According to the report, 64 million adults in Nigeria have never been banked, representing 46% of the national population. It was inevitable that major restructuring would take place without huge changes to a number of elements within a work place. Some of them have been itemized in some other studies.

For instance, the workforce had to be trimmed (Tylczak, 1991); there would be inevitable alteration or distortion of the cultural values of the system because of new focus and strategic planning of the new management team (Numeroff & Abraham, 1998). Akintayo (2006) pointed out the lack of effective implementation of the pension scheme for departing employees which is rampant within in the Nigerian case. The high level of insecurity associated with job offers when such were available (Onyeonoru, 2005 & Post, et al 1999), and job redesign resulting from the re-strategizing efforts for the future (Robbins & Langton, 2001).

Aside for the above, others have observed the trend in with different outlooks. Ohuabunwa (2006) entrusted the bright future of the real sector to the recapitalization policy. He envisioned the consolidation as the panacea for the perennially-ailing banking system in Nigeria. From a manufacturing point of view; he noted that only a consolidated financial system with large capital base could revive the real sector. According to him:

> …The Nigerian real sector will need a massive injection of funds (equity and debt) to build the necessary capacity – technological and managerial to cope with the onslaught of globalization. The consolidated banks must adopt a real sector-friendly disposition and must offer targeted facilities that will assist the sorely needed transformation of the sector… (pg 26)

The import of this statement applies to the advantage that human resources management will achieve in terms of new recruitments, regular jobs and job security. With stable economy, and a friendly disposition to harnessing the potentials of the real sector, the banks could engage in small scale enterprises to reduce further unemployment by partnering with individuals and smaller groups through and providing financial support for business ideas and ventures.

I have considered the CBN action in dismissing some bank managing directors in July 2009 as part of a series of successive events emanating from the 2004 consolidation and its aftermath. In the analysis of a financial expert, Dr. Martins Olubo and Dr. Biodun Adedipe in Salimon (2009) observed that current CBN actions were in the right direction, and would strengthen their operations, make them stronger, and ensure effective financial intermediation.

Omokhodion (2009) observed that the crisis which led to the replacement of 10 managing directors of banks were replaced between 2007 and 2009 was the ignorance of the banking terrain by Charles Soludo (as CBN Governor). See Appendix 3. He attributes this to the lack of sensitivity to the problems that might likely affect HRM such as massive job losses if the banks are liquidated (instead of being rehabilitated or consolidated). Omokhodion stated that;

> …Professor Soludo destroyed banking; he pushed bankers into criminal conduct; he covered up his failures so that he would not be laughed at; he condemned the bible by which banks operate – 'The Prudential Guidelines for Licensed Banks' and in his despicable ignorance equated size with efficiency. In 2004, only 21 small to medium sized banks had problems that needed close attention. Those 21 banks could have been acquired by the bigger and more stable banks at the time without creating the unnecessary ripples in the market.... Professor Soludo never quite understood what he was doing in CBN; he liquidated 14 banks, throwing shareholders' hard-earned wealth, staff jobs, contractors' sources of income and depositors' funds down the drain… (pg VIII)

The resort to utilize the liquidation option in those instances actually created far greater problems than Omokhodion has mentioned or researched into. Even though research evidence is presently unavailable to substantiate the unstable family structures that are created, homelessness, emotional problems and stress-related diseases that may have affected some stakeholders across all sectors since job losses became the singsong of the consolidation programme, the government is noted to work within its mandate to forestall bigger problems for employees in the sector, the economy or the society.

Oluyede (2009) offered a political dimension in his observation to the distress circumstances by citing similar banking distress in Iceland, in which the ruling party, the Independent was fingered as being responsible for setting up a few party members or financial supporters which ran down the country's financial institutions through poor corporate governance, and created a group of freewheeling Icelandic entrepreneurs known as the 'New Vikings'. In his related observation to the Nigerian event, he accused the CBN of stage-managing the reforms to favour the ruling Peoples' Democratic Party (PDP) politicians who want to be 'bank owners' thereby bringing about the return of 'rent seekers'. Rent seekers, in concept, relates to people who act as agents for foreign investors in the local economy and collect periodic financial gratification known technically as rent because it is not a once-and-for-all payment. They generally do not have any enterprise to their name but are usually behind new businesses and ventures owned by foreigners in virtually in all sectors of the economy. According to Oluyede:

> " the current measure by the CBN will lead to greater poverty and distress for the masses as it seems targeted at reversing the only gain from its predecessor's policies consisting of the Nigerian attempt to create home grown global institutions". (pg III)

Furthermore, he disclosed that the CBN's pursuit of foreign takeover and/or nationalization of some banks muted in 2009 will likely renew neo-colonial structures through giving the economic space again to foreign dominated players and/or some inefficient government-owned parastatals. The partisan and ethnic prejudices expressed presented the issues as responses to alienation suffered by both management employees and sections of the economy that peradventure are affected by the lack of production cash for their businesses. A major highlight of alienation in this circumstance is the anger or unrealizable expectancy that one's behaviour cannot determine the occurrence of outcomes, or the reinforcement sought for.

Interestingly, I note that in the five years following the consolidation exercise, the banking sector is still enmeshed in some form of crisis especially bordering on weak corporate governance and non-performing loans. These problems were cited as leading to the systemic distress that led to the reforms which threw employees out of their jobs. Joseph Nadal, a risk management consultant with Accenture observed in Anaesoronye (2009) that the crisis would not exacerbate without a strong business model for the Nigerian financial system. He suggested that since loan was a critical part of the banking business, lending must follow a proper business structure, risk assessment and risk management to minimise loan losses. Rather, he chided that:

> "The CEOs found themselves concentrating on volumes, sales, profit, and then seeking to get bonuses and allowances, without a corresponding look at risk management". (pg 6)

His emphasis on the need for information architecture as a process of gathering and building information on the customer in loan management is a pointer that I think could help address potential mismanagement and fraudulent tendencies in the system that tend to expose employees to indiscriminate job losses when top management are culpable.

2.9 The Role of Financial Regulatory Bodies in the Consolidation Programme

There are two main supervisory agencies established for financial institutions in Nigeria. These are the CBN and the NDIC. This section presents a synopsis of the relevance of the two bodies and other adjunct agencies to the consolidation programme and the after effects of the programme at the social level. These agencies include Securities and Exchange Commission (SEC), Nigeria Stock Exchange (NSE) and Corporate Affairs Commission (CAC) whose significance related to the statutory approvals for consolidated banks that must be granted by these bodies as required by law.

At the social level, a number of issues affected the human resource content of many business establishments outside the banking system. Analysis would be made of the positions of the CBN and NDIC especially in the production of these negative elements that dictated or created the need to inevitably discharge such large number of employees from the banking system. It is also important to note that the poor exercise of restrictions and adequate controls as primary functions of these regulatory institutions acted to exacerbate avoidable problems that confronted HRM in this sector. The two bodies are technical responsible for the impacts that the consolidation exercise, as undertaken by the banks in the system, had on HRM in the banks and in other sectors of the economy.

2.10 Role of the Securities and Exchange Commission (SEC):

The SEC represents the watchdog of the Nigerian business environment guarding it against unfair competition and monopoly by any other. Accordingly the Nigerian banking regulation provides for the prior review and approval of the SEC for every merger, acquisition or business combination between or among companies. (ISA 1999:599(2). Specifically, the sub-section 3 of Section 99 provides that the SEC shall approve any application made under that section if and if only the SEC finds that "it is not likely to cause a substantial competition or trend to create a monopoly in any line of business enterprise" or "use of such shares by voting or granting of proxies". Specifically, the relevance of the SEC is necessary to ensure that both mergers and acquisitions are appropriately embarked on. This is especially in the area of monopoly consideration, which is often discussed before merger is concluded. Companies working towards consolidation often take great care to avoid problems if the process commences and at the end or in the middle of the process SEC declines approval on the basis that such combination will inhibit competition. It is therefore important to seek a pre-merger approval with the SEC. The application to the SEC for pre-merger approval often include information on history and business ideals of the combining companies as well as their market strength in all sectors where necessary. Aside from the pre-merger issues of monopoly, the SEC is also responsible for the approval of the scheme after a court session and holding of court-sanctioned meetings. The role of SEC in this regard is quite different from the pre-merger approval. At these stages, SEC applies its traditional role of regulation to ensure compliance by the parties with disclosure and good corporate governance requirement of the law.

In my opinion, the SEC is a culpable party in the distress situation which led to the retrenchments of several workers from the banking system. Its apparent negligence in monitoring for high level of governance for the banks makes the institution liable. Part of the problem cited as justification for the consolidation by Charles Soludo, the

CBN Governor was the poor level of corporate governance by many of the managements of the banks in the industry.

2.11 Role of the Corporate Affairs Commission (CAC)

The Corporate Affairs Commission in Nigeria was established by the Companies and Allied Matters Act, which was promulgated in 1990 to regulate the formation and management of companies, including banking institutions in Nigeria. The establishment of the Corporate Affairs Commission as an autonomous body was as a result of the perceived inefficiency and ineffectiveness of the erstwhile Company Registry, a department within the Federal Ministry of Commerce and Tourism which was then responsible for the registration and administration of the repealed Companies Act of 1968. The functions of the CAC include: The functions of the Commission as set out in section 7 of the Companies and Allied Matters Act, includes the following:

- To administer the Act, including the regulation and supervision of the formation, incorporation, management and winding up of companies;
- To establish and maintain companies registry and offices in all the states of the Federation suitably and adequately equipped to discharge its functions under the Act or any law in respect of which it is charged with responsibility;
- Arrange and conduct an investigation into the affairs of any company where the interests of the shareholders and the public so demand;

It is the custodian of company documents as most processes end up with the CAC through statutory returns which must be made for official records and custody. To this effect, when Certificates of Incorporation for newly consolidated companies are returned and a new one issued, it is forwarded to the CAC for record purposes. This would include all changes such as in share capital or returns of allotment. The CAC integrally undertakes a superintending role as part of its responsibilities in the regulation of the consolidation processes. Its responsibilities are usually interwoven with other agencies of government.

2.12 The Establishment of Central Bank of Nigeria and Regulatory Functions

From historical accounts collated from CBN records, the colonial administration in Nigeria in 1948 undertook an inquiry under the leadership of Sir G.D. Paton to investigate banking practices in its colony, Nigeria. Prior to the inquiry, the banking industry was largely uncontrolled. The G.D Paton report, an offshoot of the inquiry became the corner stone of the first banking legislation in the country, i.e. the 1952 Banking Ordinance. The ordinance was designed to prevent non viable banks from mushrooming, and to ensure orderly commercial banking. The banking ordinance triggered a rapid growth in the industry. However the growth was also accompanied so soon in 1958 by some bank failures in the system. To forestall future failures and to prepare the grounds for indigenous control, in 1958, a bill for the establishment of Central Bank of Nigeria was presented to the then House of Representatives of Nigeria. The Act was fully implemented on July 1, 1959, when the Central Bank of Nigeria came into full operation. In April 1960, the Bank issued its first treasury bills. In May 1961 the Bank launched the Lagos Bankers Clearing House, which provided licensed banks a framework in which to exchange and clear checks rapidly. By July 1, 1961 the Bank had completed issuing all denominations of new Nigerian notes and coins and redeemed all of the West African Currency Board's previous money (DTN, 1962)

The CBN's early functions were mainly to act as the government's agency for the control and supervision of the banking sector, to monitor the balance of payments according to the demands of the federal government and to fashion out appropriate monetary policies along the demands of the federal budget. The central bank's initial lack of financial competence over the finance ministry led to deferment of major economic decisions to the finance ministry. A key instrument of the bank was to initiate credit limit legislation for bank lending. The initiative was geared to make credit available to neglected national areas such as agriculture and manufacturing. By the end of 1979, most of the banks did not adhere to their credit limits and favored a loose interpretation of CBN's guidelines. The central bank did not effectively curtail the prevalence of short term loan maturities. Most loans given out by commercial banks were usually set within a year. The major policy to balance this distortion in the credit market was to create a new Bank of Commerce and industry, a universal bank. However, the new bank did not fulfill its mission. These institutional gaps generated further errors in the system over time as SAP was introduced as a set of policy instruments to ensure long-term efficient utilization of resources (Adenugba, 2006). Another policy of the apex bank in concert with the intentions of the government was direct involvement in the affairs of the three major expatriate commercial banks in order to forestall any bias against indigenous borrowers and consumers. By 1976, the federal government had acquired 40% of equity in the three largest commercial banks. And by 1989, the need for privatization was prominent as government began divestment procedures from certain sectors of the economy in which more private management was required for its success. At this time one of the banks in this study, Union Bank was massively affected (Joshua, 2002). The CBN's slow reaction to curtail inflation by financing huge deficits for the federal government has been one of the sore points in the history of the central bank. Coupled with its failure to control the burgeoning trade arrears in 1983, the country was left with huge trade debts totaling $6 billion. For reasons that may be ascribed to fate rather than the leadership of any of the eight previous CBN administrations before Charles Soludo, the Recapitalisation Policy enjoyed more political assistance under President Obasanjo in terms of policy implementation and direction. This singular factor may be attributed as the crux of major success achieved by the Recapitalisation Policy.

Odunuga (2004) and Onuorah (2004) highlighted President Obasanjo's vilification of the banking institutions as being irresponsible to job creation and national development during an interactive session following a meeting with board members of an indigenous computer firm, OMATEK. In the president's appreciation of the achievements of the firm's president stated in Odunuga (2004), he said:

> "I am impressed by your vision and for your courage. Because if you go into banking, you don't need courage to succeed. You don't even need a lot of vision. Banks use our money and we must tell them how to apply. In a situation where we change, we need courage and we need belief in God. When I went into agriculture,

> it was good. But it is as if we have a policy that first destroys; then we revert to importing what we were sufficiently producing in Nigeria" (pg 56)

It is also interesting to note that in the eight CBN administrations before 1999, the few civilian governments during the period did not undertake any significant change at the helm of the regulatory body to provide a focus for major economic reforms in the manner which the Recapitalisation Policy provided.

2.13 Core Mandate of the CBN

The major bank regulatory body in Nigeria is the CBN. Its role in the banking consolidation is facilitated by the powers provided in the Banking Decree No. 25 of 1991 and the Central Bank Act of 2007, which particularly ensured its independence and administrative autonomy from the Ministry of Finance, but not the Presidency. I reason that this autonomy is essentially responsible for the somewhat smoothness o fthe plicy when announced on July 6, 2004. The amended Central Bank of Nigeria Act listed its core mandate to include:

- The issuance of legal tender currency notes and coins in Nigeria.
- Maintenance of Nigeria's external reserves to safeguard the international value of the legal tender currency;
- Promotion and maintenance of monetary stability and a sound and efficient financial system in Nigeria;
- Acting as banker and financial adviser to the Federal Government; and acting as a lender of last resort to banks.

Table 2.5 The Central Bank of Nigeria Governors since establishment

Governor	Previous position	Term start	Term end
Roy Pentelow Fenton		24 July 1958	24 July 1963
Aliyu Mai-Bornu	Deputy Governor, CBN	25 July 1963	22 June 1967
Clement Nyong Isong	Advisor International Monetary Fund	15 August 1967	22 September 1975
Adamu Ciroma		24 September 1975	28 June 1977
Ola Vincent	Deputy Governor, CBN	28 June 1977	28 June 1982
Abdulkadir Ahmed	Deputy Governor, CBN	28 June 1982	30 September 1993
Paul Agbai Ogwuma	CEO, Union Bank of Nigeria	1 October 1993	29 May 1999
Joseph Oladele Sanusi	CEO First Bank of Nigeria	29 May 1999	29 May 2004
Charles Chukwuma Soludo	Chief Executive, National Planning Commission	29 May 2004	29 May 2009
Sanusi Lamido Aminu Sanusi	CEO, First Bank of Nigeria	3 June 2009	

Culled from **http://www.finreg21.com/news/nigeria-banks-bank-regulators**).

2.14 Role of NDIC in the Bank Consolidation

2.14.1 History of the NDIC

The history of Nigeria Deposit Insurance Corporation (NDIC) has its origin in the report of a committee set up in 1983 by the Board of Central Bank of Nigeria (CBN), to examine the operations of the banking system in Nigeria. The Committee in its Report recommended the establishment of a Depositors Protection Fund. Consequently, the Nigeria Deposit Insurance Corporation was established through the promulgation of Decree No. 22 of 15th June 1988. This was part of the economic reform measures taken by the then government, to strengthen the safety net for the banking sector following its liberalization policy and the introduction of the 1986 Structural Adjustment Programme (SAP) in Nigeria.

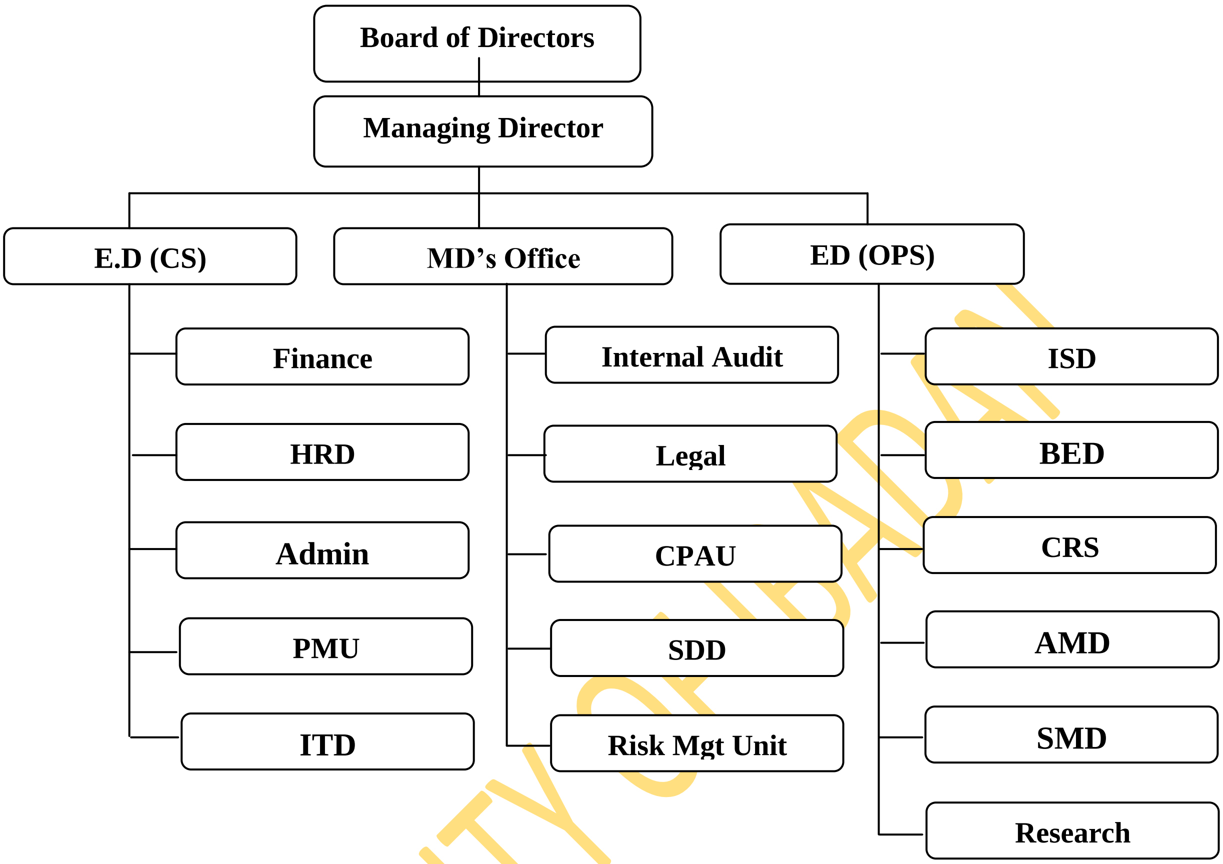
The NDIC was established on 15 June 1988 to strengthen the safety net for the newly liberalized banking sector, following the recommendation of former Central

Bank of Nigeria governor Ola Vincent (Ekanem, 2009). The NDIC provides a safety net for depositors in the newly liberalized banking sector. It is a parastatal under the Nigerian Ministry of Finance. The corporation is charged with protecting the banking system from instability occasioned by runs and loss of depositors' confidence (http://www.ndic-ng.com/about_ndic.htm). It operates under the Nigeria Deposit Insurance Corporation Act of 1990 (http://www.nigeria-law.org/NDICAct.htm). The NDIC complements the regulatory and supervisory role of the Central Bank of Nigeria (CBN), although it reports to the Federal Ministry of Finance. The NDIC advises the CBN in the liquidation of distressed banks and manages distressed banks' assets until they are fully liquidated (NDIC, 2009). The NDIC has a supervisory role over insured banks.

2.14.2 Mission and Vision Statement

The mission of the Nigeria Deposit Insurance Corporation is to protect depositors and contribute to the stability of the financial system through effective supervision of insured institutions, provision of financial/technical assistance to eligible insured institutions, prompt payment of guaranteed sums and orderly resolution of failed insured financial institutions; and to become one of the leading deposit insurers in the world.

Figure 2.2 Management Chart/Structure of the NDIC



The NDIC responsibilities to the banking system in Nigeria outside providing insurance cover for monetary deposits of the banks also include:

- The acquisition and restructuring of distressed banks -
- Rendering assistance to banks - NDIC in collaboration with the CBN granted facilities to the tune of N2.3 billion to ten banks with high liquidity problems in 1989 alone,
- The management and control of distressed banks. The institution took over management and control of 24 banks between 1991 and 1996.
- The NDIC was heavily involved in the implementation of Failed Banks Decree No. 18 of 1994

2.14.3 Rationale for the Establishment of NDIC

The rationale for the establishment of the NDIC as a deposit insurance scheme is not unconnected with government desire to ensure banking stability, improve public confidence in the system, to complement the supervisory efforts of the CBN, and to prevent bank failures in the system. These reasons relate in many ways to the protection and retention of jobs in the banking sector and by implication in other sectors of the economy. The experience of prior bank failures in Nigeria in the 1950s when twenty-one (21) out of the twenty-five (25) indigenous banks operating in Nigeria closed doors provided the basis for government intent to protect the system from further collapse.

The establishment of the Corporation was also informed by the approach which some other countries adopted to ensure banking stability. For example, former Czechoslovakia was the first country to establish a nation-wide deposit scheme in 1924. It used the scheme to revitalize the country's banking system after ravages of the First World War. The scheme also served to encourage saving, by increasing the safety of deposits and ensuring the best possible development of banking practice in that country. Similarly, the United States of America (USA) established the Federal Deposit Insurance Corporation (FDIC) in 1933 in response to a banking collapse and panic.

The influx of banks in the steaming period of Structural Adjustment program between 1986 and 1990 found the CBN with too many banking institutions to handle in its supervisory capacity. The establishment of an explicit deposit insurance scheme with supervisory powers over insured institutions was to complement the supervisory efforts of the CBN. Indeed, since the establishment of the Corporation in 1989, it has been possible for both institutions (CBN and NDIC) to carry out routine and special examinations of licensed banks more frequently than before, despite the increase in the number of banks. The banks are now examined more frequently prior to the establishment of the Corporation.

The final rationale for the establishment rather incriminated the government as the trouble-maker cum problem-solver. According to NDIC website, "prior to the establishment of the Corporation, government had been unwilling to let any bank fail, no matter a bank's financial condition and/or quality of management". The fear of government was the potential adverse effects on confidence of the public in the banking system and in the economy following a bank failure. In order to address this, government deliberately propped up a number of inefficient banks over the years, especially those banks in which state governments were the majority shareholders. Thus, government established the Corporation to administer the deposit protection scheme on its behalf and to serve as a vehicle for implementing failure resolution options for badly managed insolvent banks.

2.15 Theoretical Framework

This study is guided by Anthony Giddens's structuration theory and the Marxian conception of alienation theories.

2.15.1 The Structuration Theory

The structuration theory, according to Anthony Giddens (1984) is a major example in the agency-structure integration discourse. It is one of the four major contributory efforts of Giddens in contemporary European social theory. The other three notable contributors are Archer (1982, 1988); Bourdieu (1977) and Habermas (1987a). The theory represents a critique of structural functionalism, which gives less emphasis to the role of human beings as active agents. The structuration theory emphasizes the role of human agents in social structure whose activities become agency. The role of agency in the banking system restructure refers to the capacity of individuals (bank owners, managers, borrowers, and ordinary employees) to act independently in making their own free choices that sustained a poor banking system which warranted the recapitalisation policy. However, the freedom of choice (action) was aggravated by the incapacity or negligence of CBN (some kind of structure) to act decisively towards restoration of the system.

Thus, structuration is considered as the common interaction of bank operators (agency) with structure (the flawed pattern of activities in the banking system) as a system of norms. In this work, the core of the recapitalisation phenomenon that led to the consolidation was the activities of bank operators acting as unintended change agents that brought about the reform policies which produced several restructures. The restructures generally affected the social system including individual bank employees, their children, dependants, the banking institutions and the banking sector. Owing to failed regulatory operations by CBN to carry out its duties regularly in the sector, a pattern of fear from the urban and rural public to participate in formal banking activities existed by which depositors lost all their savings at every moment of bank distress. In other instance, the action of deliberate borrowings through insider collusion with intention not to repay thrived as CBN seemed unable to cope. This fraud pattern, so formed, established a structure that limited or influenced negatively opportunities that individuals (i.e. human resources elements of the sector) could have possessed.

The core of the structuration theory lies in the three concepts of structure, system and duality of structure. In Giddens' perception, structure refers to the rules and resources organized as properties of social systems, while system refers to the reproduced relations between people organized as regular social practices. Giddens (1979) stressed that:

> …the concept of structuration involves that of the duality of structures which relates to the fundamentally recursive character of social life, and expresses the mutual dependence of structure and agency. By the duality of structure I mean that the structural properties of social systems are both the medium and outcome of the practices that constitute those systems…

The theory is utilized to analyze the consolidation-induced HRM challenges among bank employees relative to the accompanying changes and restructure in organizational and social structure by adapting the notion of duality of structure. Giddens' proposition is that the constitution of agents and structures are not independent of each other (as in dualism); but their interaction is that of a duality (interdependence). The distinction in Giddens' notions of agency and structure is simplified in Ritzer (2008:524). According to him,

> …While agents are usually referred to as micro level actors, collectivities like labour unions, (*individual employees, the management of the banking institution, the banking sector, bank customers and shareholders international interests*) can

> also be agents. And while structures are usually macro level phenomena, we also find structures at the micro level… (Words in italics are mine)

The structuration is expressed here as the medium and outcome of activities that restructured the banking sector, the observed negative features in the sector during the pre-consolidation era such as low capital base, abuse of depositor funds, frauds, etc and of the job losses and low job security associated with the post-consolidation played out as agents, which modified the sector to produce new (structure) at different times. The theory is useful in discussing the levels of activities of human agents and institutional structures that are formed in the process of minimizing the challenges affecting human resource management and building a strong banking system in Nigeria.

2.15.2 The Marxian Conception of Alienation

The second theoretical idea is the Marxian conception of alienation, which I have used in explaining the consolidation effects on HRM functions and bank employees. In Seeman (1983), Marx explains alienation as a condition in which workers are dominated by forces of their own creation, which confront them as alien powers. More specifically, Mandel (1970) stated that economic alienation results from a certain form of organization of society (as in the establishment of a banking system in which we find the interplay of financial institutions using financial instruments in the financial market). Marx identified four elements that pervade the capitalist society, which I agree involves unavoidably the sale of labour power for survival (in this instance the bank employees have to sell their labor for survival). In Coser (1977)'s simplification of Marx's concept, he states that man's alienation proceeds: a) from the object of his labour, b) from the process of production; c) from himself; and d) from the community of fellows. By application, these four rudiments seem to have overbearing influence on the human resources of the banks in this study.

(i) Alienation from the product of his/her labour: The worker is alienated from the object he produces because it is owned and disposed of by another, the capitalist (employer). The existence of the banking system is predicated on employees' use of their creative abilities (labour) polished by years of educational training to produce the objects (profits) that are used (invested), exchanged (transacted in business) or sold by the employer. Under this arrangement, the bank employee is further estranged from the surplus value (product) he has worked for, as the employer embarks on certain labour practices such as offering employment contracts based on individual bargaining rather collective bargaining; conformity to non-disclosure clause in terms of employment contract, and adherence to 'no union clause' while in service. These types of HRM malpractices emphasizes alienation, as employees are not expected to agitate for better conditions outside the terms of employment contract even if the surplus value exceeds company expectations for the year. Only a cohesive and sustained industrial action or strong government policy could help to reduce the alienation as the worker hopes to get commensurate compensation for his labour, and to avoid the exploitation of his employer. Individual bargaining becomes a basis for alienation (in the banking sector) when co-workers on the same cadre are not privy to their wage differences. That is, there are no standardized wage scales. Workers that are so disoriented or disadvantaged are expected to reduce productivity or sabotage production for the organization. For banks this may come in the form of insider abuse of normal banking procedures, premeditated frauds, armed robbery collusion, cheque forgeries, etc

(ii) Alienation from the labour process: The second element of alienation Marx identified is a lack of control over the process of production. The bank employee's lack of control over the work process is exemplified in the employer's adoption of new technology (without prior consultation), casualization, and outsourcing of regular services in the work process. These are practices that reduce the work force; and consequently demean the rights of the employee to regular income. Thus, the loss of rights by individuals to institutions which in practice could relieve them of their lifeline (without prior notice if unneeded) amounted to alienation. In the same way, loss of income and job security heightens the alienating tendencies introduced by new technology and casualization. Cox, 1998 & Braverman, 1974) also point out that when society is based on the purchase and sale of labour power, division of labour is inevitable; and the process inhibits the talents or skills of the worker. Therefore, division of labour as a work process helps to emphasize the alienation. Fischer (1996) puts it,

> …activity as passivity, power as impotence, procreation as emasculation, the worker's own physical and mental energy, his personal life - for what is life but activity'? - as an activity directed against himself, which is independent of him and does not belong to him... (pg 327)

(iii) Alienation from fellow human beings: Thirdly, the bank consolidation emphasized the need for banks to expand its branch network to reach small savers living in smaller communities in a process called intermediation. The challenge for human resource managers is that in order to keep work in progress, female employees irrespective of marital status may have to work in locations far away from close family members. The potential for single females among the employees to keep a strong relationship in anticipation of marriage with a betrothed is largely reduced if either has to relocate without being in control over the process. This necessarily increases alienation for males and more for females. Married females with stable family may lose the excitement of work if they have to stay longer away from spouses and children because of work. Work relations may be affected in some instances if a more qualified female boss oversees male-dominated department. The estrangement may be caused by personal rather than by any professional work attitudes. In general, the essence of the alienation is conceived in the perception of employees; not as individuals but as representatives of different relations of production, the personification of capital, or land or labour in the work place.

(iv). Alienation from our human nature: The fourth element is the alienation from what Marx called our human nature. The freedom and thoughtful production, according to Marx, is most authentic form of human existence. This means that what makes us human is our ability to consciously shape the world around us.

Essentially, job insecurity and job losses as a result of inadequate job specifications within the consolidation helped to restrict this freedom of bank employees to exercise their human nature. Thoughtful production in the context of Marx's description is the ability of employees to exercise greater scope of aptitude at work processes. In view of the banking consolidation, this is likely to be restricted due to the absence of relevant diplomas and certificates as proofs of proficiency to exhibit that aptitude. And as such employees, who have been distanced from the banking system because of retrenchment, are likely to face low self-esteem syndrome if and when they meet former co-workers. This might be reduced if they continue some form of educational training to close the gap.

2.16 Conceptual Framework

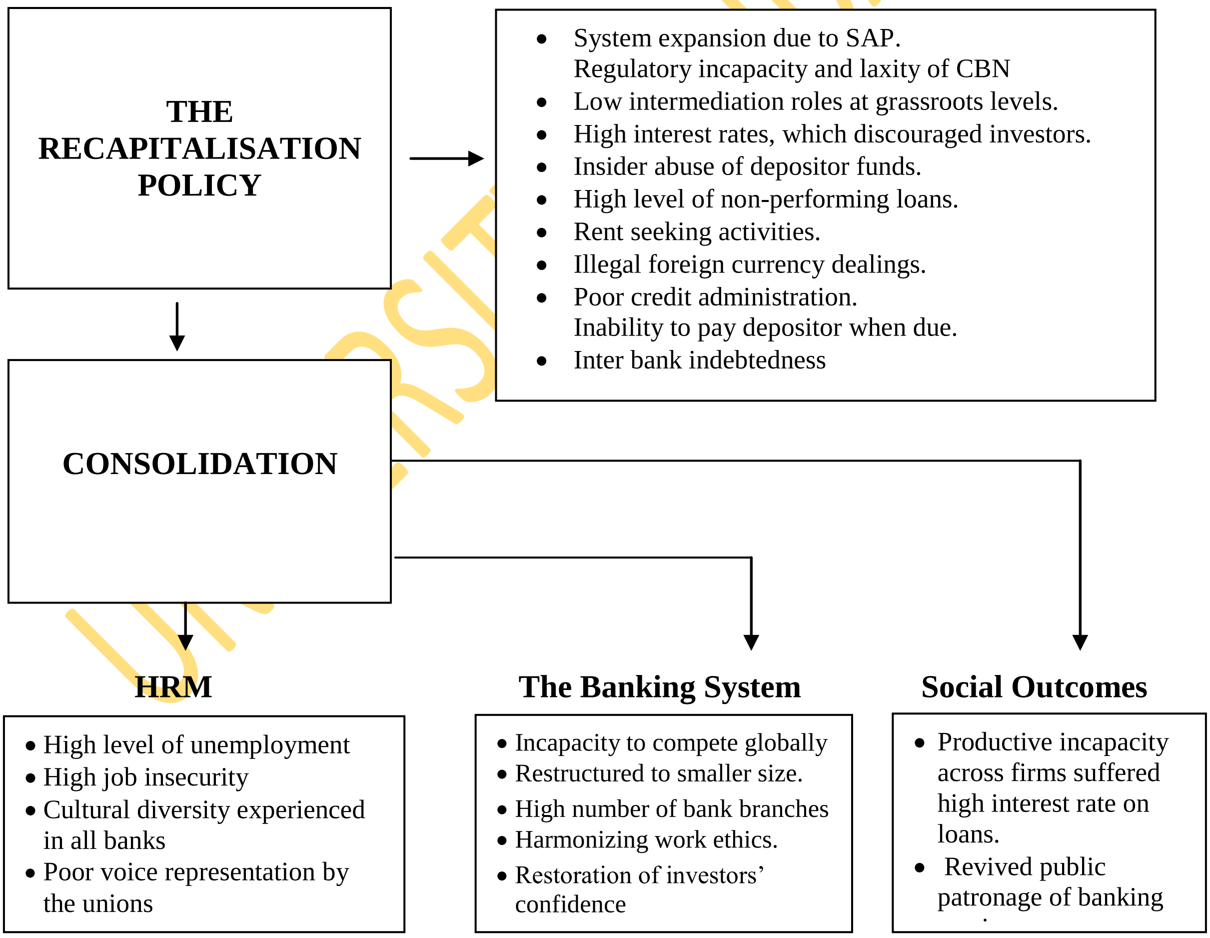


Figure 3.3: Model of the implications of the consolidation on Nigerian banks and their HRM content; and the conceptual framework for the study

Figure 3.3 above is a depiction of the consolidation implications on HRM, the banking system and the Nigerian social structure. This study evolved from reproduced functions of bank operators (as agents) and the negative activities resulting in the enactment of the Recapitalisation Policy in 2004. The Policy owes its emergence to the Structural Adjustment Programme (SAP) of 1986 during which the number of banking institutions soared in the banking system beyond the regulatory capacity of the CBN.

The activities of the then government of General Ibrahim Babangida introduced a deregulation of the economy by ensuring trade liberalization, the privatization of public sector companies (except the oil sector), currency devaluation. This liberalisation steps provided impetus for the expansion of the banking system, and subsequent high employment in all sectors (Stiglitz, 2001). In Stiglitz's terms, the IMF provided funds (in form of loans) for developing countries to engage in policies like cutting deficits, raising taxes, or raising interest rates that would eventually lead to a contraption of the economy. Unfortunately SAP was introduced as a panacea for the dwindling economic fortunes of many areas of the country's economy without focusing on the major areas requiring IMF funds application.

The supposed beneficiary tendencies that attended the sector through expansion of banking institutions to 89 by 2004 became skewed as the factors listed in the first box thrived throughout the national economy. Without any partisan hindsight into its economic implications, the new bank growth enhanced high employment for both professionals and non professionals in the field, but produced no significant relevance for national development except for the profiting bank owners as several shortcomings were condoned.

Beyond the need to cultivate customers' patronage, poor branch networking and spread resulted in low intermediation at the grassroots levels. Only a few banks such as Union Bank and First Bank had branches in the rural areas, in which only a few people could enjoy benefits of modern banking in those communities. Without a regulated interest rate due to the laxity of the CBN, local and foreign investors were discouraged from participating in major areas of the economy because of high interest rates charged by each bank. This lack of monitoring produced further insider abuse of depositor funds in which banks gave loans without proper documentation or collaterals to ensure appropriate repayments. This prepared the ground for high level of non-performing loans and poor credit administration in the banking system by the time the consolidation was enforced. Illegal foreign currency dealings and racketing also prospered during this regime in which corporate governance at the helm of each bank management was at its poorest.

The failures mentioned above had severe implications for human resources in the banks, the banking system and the social structure. According to Anam-Ndu (1998) and Onyeonoru (2005), the economic globalization process in Nigeria engendered problems that resulted in the privatization and commercialization of public sector companies which were thought of as economic solution but led to structural distortions in the economy. Onyeonoru (1994) aptly noted that:

> …In Nigeria, the impact of SAP includes the social and economic costs on labour arising from trade reforms, fiscal and monetary reforms, and reforms of parastatals which have adversely affected the production of goods and services, and the size of the work force... (pg 16)

The economic liberalization that followed tolerated the licensing of more banks than ever witnessed in the banking industry. Part of the reason for the expansion was the low capital base required for new banks, and the lack of strict controls from CBN to enforce its regulations. Part of the weak policy implementation was sustained as all banks (including the ones that make up this study) were allowed to pool majority of their capital through placement of government accounts and statutory allocations. The laxity of the regulatory body fueled the outlaw tendencies of bank operators to make more profits from illegal foreign currency dealings and currency speculations. However, in the course of this development, industrial unionism was not negatively affected as the unions increased in number via the obligatory form of membership permitted by the Labour Act. However, the 2005 Trade Union (Amendment) Act negated this as it specified voluntary options for membership into any union henceforth. The implications to HRM and social structure were latent or built up, but resulted in the factors listed in the appropriate boxes.

Interestingly the implications differed in scope and pattern for HRM, the banking system and the social structure. In the banking system, the consolidation created a restructured platform with reduced number of banking institutions. As each institution came up with new logos and mottos names for the business, it embarked on increasing capital base through the instruments of capital market, institutional and individual investors. This also allowed expanded branch network for some of the banks, amongst other administrative implications. At the HRM level, the issues arising from a successful implementation of the consolidation included employee disorientation as a result of job losses, job insecurity, difficulty in integrating diverse organizational cultures, and tendency for less emphasis on collective bargaining at employment.

It is observed that a successful implementation of the Recapitalisation Policy is expected to result in higher rate of unemployment in the sector, renewed confidence of investors and depositors in the system, and better management of employee pensions scheme shown in the bottom box. However, this study suggests that the social and economic pressures from the recapitalisation policy and the consolidation exercises that followed are responsible for a variety of restructures that have had implications for HRM since July 2004 more than any other reforms in the financial sector. For this reason, the recapitalisation policy may be considered a dynamic trend, which government may update from time to time to meet exigent situations. This means that in the possibility of further reduction in the number of banks through any measures to make them more relevant to national development, the consequent HRM implications under this present study are not likely to change in context, but in the degree of effects on affected employees and with respect to prevailing economic environment. The levels of the HRM implications based on the events between July 2004 and December 2005 are discussed in relevant subheadings in the review of literature. Essentially, the basis for most economic restructures such as the bank consolidation is the complement of pressures exerted on the Nigerian state from the local and global levels. Presently, they still create the challenges of huge capital and placement of human resources under new strategic restructure that is characterized by the emergence of mega banks as a strategy for competitive banking in the emergent global economy.

2.17 Scarcity Consciousness Theory

The theory is a notable contribution of Selig Perlman to the theory of labor movement. Perlman (2004) simply used the term to mean the worker's consciousness of job scarcity in the enterprise. However, as much as workers seem to lose grip of their jobs because of prevailing situations, the scarcity consciousness does not just develop. It is a product of an abundant past that the worker has experienced. Referring to the American labour movement of the early twentieth century, Perlman stated:

> …Unionism, on the contrary, first became a stabilized movement in America only when the abundance consciousness of the pioneer days had been replaced in the mind of labor by a scarcity consciousness-the consciousness of job scarcity. Only then did the American wage earner become willing to envisage a future in which his union would go on indefinitely controlling his relation to his job rather than endeavoring to afford him, as during the anti-monopoly stage of the labor movement, an escape into free and unregulated self-employment, by winning for him a competitive equality with the "monopolist…

The abundance consciousness that typified new work segments and processes (as in the introduction of aggressive marketing and customer prospecting for deposits) in the bank industry began to give way to scarcity consciousness as the jobs also lacked required security to make it assuring and hopeful. One of the employees working in one of the banks visited during this study exclaimed to another colleague that

> …at the rate we harbor fear about our jobs, if we use same level of fear to start some businesses of our own, one was likely to do better and have peace of mind… **(Interview with bank official)**

Even though the employee may have harboured this thought long before voicing them out, the fact remains that the consciousness of scarcity of banking jobs, and the fear to eke out a living from the scratch makes life a little more tedious to scare the employee from leaving his present job except he is discharged forcefully.

Also, the seeming loss of union influence of NUBIFIE and ASSBIFI in determining the fate of workers in the sector whether they were unionized or not; become disturbing as the inaction carries with it a negative implication of the unions overlooking opportunities to bolster their strength through a legal push for membership through picketing or other industrial actions that might secure a major proof that unions are more "employee protective". As the scarcity consciousness is aggravated by unending job insecurity, reduction of branch networks, outsourcing and sub-contracting of the recruitment process, the union is also faced with the consciousness of scarcity for workers. This is not helped by the worker's dilemma that is accentuated by his entry through individual bargaining as against collective bargaining that acts as the industrial umbilical cord that ensures life flow in form of job security, job protection and enhanced welfare due to the union effectiveness.

From a scarcity consciousness point of view, the Nigerian industrial system is a multi-party structure consisting of the employees' representative (union), the employers' representative (management), third-party neutrals and the government. The system tends to go unilateral when government's interests are at stake. Since the economy is the prerogative of government, the general interests is to be to protected by government's action to bring down the scale of employee discharges in the banking sector, and this will in turn reduce unemployment statistics that is essential to the fortunes of HRM of banking institutions in the system in the short and long term (Charlton, 2000).

2.18 The Pluralist Perspective

The pluralist perspective suggests the inclusion and consideration of alternative views and opinions as against the voluntaristic stance of apologists to the unitary concept in management decision making process (Zutter, 2004 and Stone, 2005). As government (a major player in industrial relations) became passive in the aftermath of the consolidation in its reaction to mass retrenchment in the sector, the role of unions became less influential to save workers' jobs in the system as union officials lost their jobs too (Adeluyi, 2004). Some of the bank managements tried to reduce the enabling structures that could make unions more responsive, others sought to eliminate unionism by engaging employees on individual bargaining at the time of employment. This is more emphatic as employees are coerced to accede to non-disclosure agreements on wages and other issues relating to their terms of employment. The situation tended to encourage poor cooperation among these mutually-supportive parties in the sector. The development completely upset the cooperative attitude that seems to provide the impetus for sound industrial system in the country. Onyeonoru (1994) noted that:

> "the government itself – whether king, council, cabinet, legislature, board or union depend on the consent or cooperation of subordinates for good performance"

The lack of cooperation by all parties in pooling together divergent interests through compromises and concessions in order to achieve a common good, leaves room for each to handle its peculiar situation in its own best way. In the case of the banking consolidation, the bank management sought to discharge more employees from its pay roll using ingenious reasons, while the industrial unions choose to picket corporate offices to seek attention and make its views heard. For survivors of the retrenchment, the serving employees may sabotage work processes to avenge the sack of colleagues and friends. Ultimately, the high rate of highway robbery during which bullion vans full of money are apprehended on their way from or to the bank branches may give vent to the argument to support the sabotage thesis.

The use of the pluralist approach (which thrives on work rules and job regulation) for the banking sector may project the dynamics of employment and power relations that exist in the sector. Against the background of discharges of management teams and directors of some banks by the CBN administration of, Lamido Sanusi in June 2009, the level of power relations changed with the development. The power parity that was assumed to exist between the union and the management became skewed as none of the parties had determinant powers to retain the jobs of its members as it were (Osaze, 2006). Whether continuous concessions and compromises, as suggested by Clegg, (1973) may be available and will suffice in the future for the parties to bring the system to restore and institutionalize non-disruptive expressions is yet to be seen. This, I believe will ensure the enhancement of the structures that support the public confidence in the banking system; and the kind of integrity and good governance that will attract the necessary scope of foreign investors to build a strong economic structure for Nigeria.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Study Area

The study was conducted in Lagos state, Nigeria. The state presently has two fledging seaports (Apapa and TinCan Island) and a third one (Lekki) under construction. The city accommodates two airports (local and international sections), and a Heliport at (Maryland area within Ikeja, the state capital) to provide helicopter services for businessmen wishing to heavy road traffic. Lagos state is considered as the economic and financial capital of Nigeria and was the capital of Nigeria until 1992. Most commercial and financial business is carried out in the central business district situated on the island. According to Williams (2008), the state has greatly benefited from Nigeria's natural resources in oil, natural gas, coal, fuel wood and water. Light industry was prevalent in post-independence Nigeria and petroleum-related industry dominated in the 1970's, directly affecting the rapid growth of Lagos.

With this type of business environment, the city attracted more commercial businesses, financial investments and growth of banking institutions through the opening of bank branch offices. Its current population, according to NBS (2007) is 7,937,932, and is currently the third most populous city in Africa after Cairo and Kinshasa (Olupọna, and Rey, 2008).

3.2 Study Population

The study population was identified as full time employees, working in managerial or non managerial positions in the three banks. For ease of analysis, they were stratified into directors, management or non-management cadre. The directors are those who have decision-making powers in the establishment. The management employees include those who hold responsibilities as departmental, unit or branch heads, while non-management personnel work in junior positions as supervisors, clerks, and tellers. Some banks have different titles and designations for them, and d) selected union officials from NUBIFIE and ASSBIFI chapters in Lagos.

Table 3.1: Distribution of study population categories in the selected institutions

Population categories	Union Bank	Oceanic Bank	Unity Bank	NUBIFIE	ASSBIFI	Total
Directors/Snr official	18	4	10	2	2	36
Management staff	270	80	40	-	-	390
Non-management	1076	500	200	-	-	1776
Total	1364	584	250	-	-	2202

Field survey, 2008

3.3 Sample Size

The sample size for the study was selected from estimated ten percent of the study population of employees; making up135, 57, and 25 for UBN, Oceanic Bank and Unity Bank respectively. Four management officials from ASSBIFI and NUBIFIE were selected for interview.

Table 3.2 Distribution of sample size in selected institutions

Population categories	Union Bank	Oceanic Bank	Unity Bank	NUBIFIE	ASSBIFI	Total
Directors	2	1	1	2	2	6
Management staff	27	8	4	-	-	39
Non-management	106	48	20	-	-	178
Total	135	57	25	2	2	221

Field survey, 2008

3.4 Sampling Procedure

The three selected banks in this study belong to the Banking, Insurance and Financial industry whose employees come under the representation of two industrial unions – NUBIFIE and ASSBIFI. Key contacts that were considered important to the study were made during the early period of the research. A simple random sampling method was adopted in the selection of all 221 respondents for the study. For UBN, the bank branches were stratified into zones from where two branches were purposively selected. Respondents were identified and selected from these branches. In-depth interviews were conducted with union officials from NUBIFIE and ASSBIFI and representatives of the directors of the banks. The only way to encourage the participation of the bank officials was to agree to a written response (at their instance) which was responded to after many weeks of serving the interview guide. Questionnaire forms were administered on the other management and non-management officials of the three banks at different times during the course of research. At Oceanic Bank, and Unity Bank branches respondents were randomly selected during the questionnaire administration. The cooperation of some branch employees was sought to facilitate easy collection of filled forms.

3.5 Survey Instruments

A set of 59-item questionnaire and an interview guide were used to survey the implications of the consolidation option on general work issues concerning employees of the three banks. The questionnaire was divided into eight sections covering respondent's demographic details, perception of consolidation, work place culture, work relations, wage disparity, gender relations, employee welfare and voice representation. The interview guide consisted of 23 questions, and was designed to cover the effects and outcomes of the consolidation on the banks, human resources and the industry.

3.6 Sources of data

The sources of data for the study were through primary and secondary data. The primary data involved in-depth interviews with official representatives of the three banks and key union officials. The secondary data was an ongoing exercise during this study. Data in form newspaper cuttings of commentaries, reports and information on the banking consolidation were gathered from CBN library offices at Lagos. Part of the secondary data past editions copies of CBN Annual Statistical Bulletins, newsletters from NUBIFIE and ASSBIFI state offices in Sabo, Yaba and Ikeja respectively, the online research services of the National Bureau of Statistics and NDIC; the annual reports, newsletters and in-house publications of the three banks. The Vanguard newspaper library office at Canal Road, Kirikiri, Lagos specially assisted in providing relevant more relevant cuttings for the study.

3.7 Data Techniques

The qualitative and quantitative techniques of data analysis were used to accommodate all data collected. The quantitative data were analyzed using frequency counts and simple percentages; while content analysis was used for qualitative data.

3.8 Organisation of Field Work

The main part of this field work was carried out between July 2007 and May 2008. The first four months was used to initiate and secure key contacts such as personnel working in the in the HR Dept of the three banks. (Although some of them became retrenchment casualties before my survey concluded). Four union officials of NUBIFIE and ASSBIFI were also contacted during this period. This survey was concluded by May 2008. All aspects of the survey exercise were conducted in Lagos. It involved the conduct of the oral and written interviews with union and bank officials, and the collection of administered questionnaires.

The interview guide was conducted with proxies of the managing directors and chief executive officers of the three banks. Except for informed absences prior to interview appointments, the union officials contacted did not present any major challenges to the granting of interviews

The collection of secondary data was an ongoing exercise during this study. The CBN head office annex in Lagos and the Ibadan office provided major portions of these records. I collected newspaper cuttings of commentaries and reviews of implications of the consolidation on aspects of the economy and those relating to labour and employment. Other materials relevant to the research from newspapers like The Punch, BusinessDay, Business Times, ThisDay, Business Hallmark, The Vanguard, The Guardian, National Compass and The Nation were retrieved.

Access to female employees was rather difficult as most of them were in contract employment handling responsibilities of the marketing units and banking hall duties. It is informative to note that the marketing position in these banks is largely non-managerial, and required no outstanding professional or educational qualification to perform. The job involved prospecting for cash deposits from individual and corporate customers as weekly or monthly targets are set. This development highlighted the casualisation alternative to full time employment adopted by most of the banks even outside the ones in this study.

CHAPTER FOUR

DATA ANALYSIS, PRESENTATION AND INTERPRETATION

4.1 Socio-demographic characteristics of respondents

The socio-demographic characteristics are significant in explaining the pattern of HRM issues arising from the consolidation on work and organizational processes, job adaptation and job insecurity affecting employees in all the banks in the study. A total of 217 bank employees and 4 union officials were surveyed as shown in Table 4.1. The distribution of sample size estimation in the selected banks is shown in Table 4.2. A gender imbalance was not preconceived but was a reflection of national official employment statistics in the banking sector. A total of 72 female respondents (33.2%) were recorded against 145 males (66.8%). This fundamental difference confirms the NBS (2006) survey of employment by economic activity which listed 58.69% for male and 41.31% female employees for the banking sector. Even though a steady employment rise is observed in the survey between 2002 and 2004, a drop was witnessed in 2005 and 2006 (See Appendix 3).

The apparent reason for the slump may have evolved from a competitive attitude observed among banks after the December 31, 2005 deadline by which they try to outdo each other in building huge capital base and cultivating depositors' confidence in the process by promoting such as a factor of organizational stability. The new strategy suggested a restructure of the HRM functions which redesigned certain employees' job descriptions by setting monetary targets for employees as a way of improving shareholder capital. The new offer was also made attractive with incentives such as percentage commissions, outside normal income, on funds generated.

Table 4.1: Socio-demographic characteristics of respondents

Variables	Respondents (n = 217)	
	Frequencies	Percentages
Gender of bank employees		
Male	145	66.8
Female	72	33.2
Total	**217**	**100.0**
Marital Status		
Married	146	67.3
Single	60	27.6
Widowed	8	3.7
Divorced	3	1.4
Total	**217**	**100.0**
Educational Qualification		
B.A., B.Sc	49	22.6
HND	82	37.8
OND	41	18.9
Masters, PGD	29	13.4
ACA,ACIB,CII,ACCA	15	6.9
Others	1	0.5
Total	**217**	**100.0**
Job position		
Director	4	1.8
Management	41	18.9
Non Management	172	79.3
Total	**217**	**100.0**
Length of service on present job		
Below 1 year	84	38.7
1-5 years	83	38.2
6-10 years	16	7.4
11-15 years	34	15.7
Total	**217**	**100.0**
Length of service in present bank		
Below 1 year	63	29.0
1-5 years	62	28.6
6-10 years	6	2.8
11-15 years	86	39.6
Total	**217**	**100.0**
Length of service on previous job		
Below 1 year	9	4.1
1-5 years	166	76.5
6-10 years	17	7.8
11-15 years	25	11.5
Total	**217**	**100.0**
Length of service in previous bank		
Below 1 year	80	36.9
1-5 years	117	53.9
6-10 years	11	5.1
11-15 years	9	4.1
Total	**217**	**100.0**

Field survey, 2008

The socio-demographic characteristics of respondents show that a total of 157 respondents (72.4%) have experienced marriage at some point in life while in employment either as currently married, divorced or widowed. while 60 (27.6%) of them are single. Educational qualification among respondents shows that 131 (60.4%) of them have at least a first degree B.A., B.Sc., or equivalent such as HND, while 29 (13.4%) possessed a postgraduate diploma or Master degree. Only 41 respondents representing 18.9% have an ordinary diploma (OND) from the polytechnic. Professional qualifications of ACA, ACIB, CII and ACCA were possessed by 15 (6.9%) of the respondents. Those who possess these qualifications while working with the bank often get reimbursed the total costs of professional lessons, tutorials and examination fees. In UBN for example, it was a way of ensuring employee development to meet the professional needs of the establishment. This motivation is noted to reduce staff turnover, and therefore kept employees longer in service in the company. The CII, which is a chartered professional insurance certificate, was also required by most banks because the CBN regulations permitted the universal banking system in which most banks operated an insurance outfit, as an associate company. For UBN, the Union Assurance Company was its associate company, while Oceanic Insurance Limited belonged to Oceanic Bank Limited. During the period of the consolidation, 167 (76.9%) respondents have worked below five years on their present jobs among banks in the study, while 50 (23.1%) have worked between six and fifteen years. In the three years after the first phase of consolidation deadline ending December 2005, 126 respondents making up 57.6% have stay in the same bank for less than five years consecutively, while 92 (42.4%) have stayed longer for between six and fifteen years. The study considered length of service on previous jobs by respondents to be within sector. There were 166 (76.5%) of respondents who have been on a previous job within the sector for between one and five years, while 17 (7.8%) have served between 6-10 years at a time.

4.2 Influence and Emergence of Culture Phenomenon

The factors of management laxity and poor corporate leadership within the bank hierarchies were associated with the negative problems of the consolidation exercise, which changed the nature of banking in Nigeria. Thus the consequent implications were relevant to explain the emergence of patterns of culture in any organization which, according to Kotter & Heskett (1992), are part of the dynamics of leadership in which continuity and a stable membership could breed strong culture. At the same time, poor leadership had negative outcomes on the firm. The typical process of socialization suggests the transfer of culture through nurture which in management term relates to a process of training people over certain periods. As new ideas and experiences mould people's thoughts during the transfer from one generation to another, a form of cultural stability may be experienced but never stagnation (Richardson and Duke, 1995). This means that people can do things the way they find comfortable. The idea is that crises can prompt a firm to re-evaluate ways of doing things. This was the situation found with Union Bank, an official recalled that:

> "Our bank had to move speedily in the area of brand building. We got our branch halls and premises beautified. We had informal dress code trainings from time to time for our staff. Things had to be done differently especially in the banking hall. The banking consolidation was not the major motivation for the change, but the 'attack' posed by the new generation banks over the years. A change response was necessary to keep from sliding down without recovery. It was actually a direct response to the second generation banks administrative attitude to customer service. Even though this was not cost beneficial initially it paid off in the long run…"
>
> **Male IDI/Union Bank/senior official**

The challenge posed by the recapitalization policy for banking system impelled banks to also diversify and geographically expand. For some banks which have had stable leadership change, it was common to hear that UBN is very conservative against the notion of being creative and risk taking like the new generation banks, these are factors of culture emergence through the leadership over the years. With inevitable restructures in the sector, new patterns of culture are required to meet exigent circumstances especially if they come from the top. Welrich, Cannice & Koontz

(2008) affirm that top managers create the climate for the enterprise, and that their values influence the direction of the enterprise. They stated that:

> …in many successful companies, value-driven corporate leaders serve as role models, set the standards for performance, motivate employees, make the company special, and are a symbol to the external environment… (pg 174)

According to Donaldson & Lorsch (1983), a 'firm's culture can be very stable over time, but they are never static. Crises sometimes force a group to re-evaluate some values or set of practices'. Welrich, Cannice & Koontz (2008)'s further emphasis that

> …the effectiveness of an organization is also influenced by the organization culture, which affects the way the managerial functions of planning, organizing, staffing, leading, and controlling are carried out…(pg 223)

highlights the importance of culture to the organization. Within the context of industrial management, Kotter & Heskett (1992) conceives organizational cultures as those values and practices that the organization is renowned for.

For instance, empirical observations of bank employees in Nigeria reveal that the dress code of the bank employee is a part of customer service, that is, to present every staff in the most decent clothing as a dress culture of the particular banking institution. The work clothes of the typical male bank employee consist of a suit complete with shirt, trouser and a tie, while that of the female is usually made up of trouser or skirt suits. Nevertheless, the pervasive culture in the regions were the banks are located may influence this dress culture or codes. As dress codes or culture may not directly impact on organizational performance from this point of view, it may nevertheless inform the final decision about where the customer sends his or her deposits for safe keeping; forming an ethnocentric viewpoint. In a discussion with a senior female official working in a Unity Bank branch in central business district of Ibadan, it was revealed that banks note the peculiar characteristic of the human population around the environment in which a bank branch is planned before undertaking rudimentary intermediation. This informs the assignment of most staff who speak the language of the people in that environment to the new branch. This is likely to inform better performance for the marketing unit in prospecting for new customers. The ability to speak the language improves communication with the potential customer and creates an advantage for the prospecting employee. This forecloses the argument that the marketing skills of employees or the attractiveness of the bank product may not necessarily produce the appeal factor for generating strong customer profile. The ethnic or religious factor is also useful in pooling cash from customers.

From the above, the development, if effective, could nevertheless lead to the alteration of culture in that specific environment in order to satisfy the customer; leading to what Kotter & Heskett (1992) refer to as 'divisional culture'. The concept of divisional culture refers to culture that is shared by functional groups within a unit or geographical area outside the influence of the bigger culture or more pervading culture of the firm. It is observed that most bank employees in the northern parts of the country take to wearing local attires known as "babariga" or "agbada" to work. In some instances, the work clothes reflect the religion of the people. While I am not aversed to the change, I believe that the continuous acceptance of such dress codes as work suits makes it a dress culture for that geographical area. Specifically, the acceptance or passive response to certain issues of the work place such as the dress codes; for some of the managers develops into a corporate culture over time because of its adaptability and acceptability by a large group, going by Kotter and Heskett's conception.

The changing face of customer service was prominent during the 1980s when the so-called new generation banks created new cultures of quick service system (QSS) to all customers irrespective of account status. This was particularly energized by the introduction of new technologies and core professionals to the system. When banking institutions advocate the values of prompt customer service by ensuring that response time to customers in the banking hall is reduced to less than five minutes, it becomes a service culture as the practice is sustained over a period of time. The improvement in prompt services is exemplified as banking institutions create websites to receive feedback from customers on how well they are served and the kind of services they would prefer.

In this study, Table 4.2 shows that 66.4 percent of participants perceived no significant changes or differences in the type of work culture they experienced in their previous banking employment compared to the present one. The implication here is linked to the nature of prompt service offered by all banks as a basic work culture.

Table 4.2: Respondents perception of culture variance in their banks

Responses	Frequency	Percent
Yes	73	33.6
No	144	66.4
Total	217	100.0

Field survey, 2008

The allure of the customer's deposits and the need to acquire them in the recapitalization exercise are determinant factors that help the re-evaluation of pre-consolidation conventional positions of bank managements on service delivery in which banks wait for customers to come through their doors for banking services. The major role of human resources in pooling in the cash from the public may have also influenced the character of work issues such as work relations between several cadres of the work force. This was necessary for the maximum utilization of human resources in the process of improving each bank's capital base. The significance of culture as a branding issue is acknowledged by Alder (2005). The integrating capacity of management as explained in 4.3 is also linked to the way the bank management would structure its communication apparatuses in the integration process. Alder contended that once the banks met minimum capitalisation through merger or acquisition "the resulting entity will only progress as far as the critical brand issues like culture have been resolved".

4.3 Adaptation to New Corporate Culture

The profound impact of consolidation on banks especially provided the need to consider corporate culture as a measuring scale for bank performance, and to evaluate its adaptive elements that represent adjustments for employees in their daily responsibilities of meeting the objectives of their banks. The major objectives of many banks in this discussion revolve around culture. The components of culture as could be observed in the character of banks in Nigerian banks included inter-personal relations, product and service packaging, prompt customer service, customer satisfaction, employee satisfaction, meeting shareholders expectations, social responsibility, and project financing. These are elements that are observed in the strategic plans of all the banks in their push for more funds and to achieve stronger customer base. Other elements such as image, service and product branding also play some part in the performance level of the banks and their drive for broader customer bases.

As the general public responded to new investment opportunities provided through share purchases and initial public offerings (IPOs), the culture of cultivating savings habit among the public grew as the banks hoped to actively participate in intermediation to pool in cash resources. 31.8 percent of respondents disclosed that employees' adaptability and adjustments through bank-sponsored trainings was necessary for a good performance in this area. The packaging of bank products and services also became a strong culture that is likely to affect or influence significantly the budgeting pattern of the banks. For this reason, employees' adaptability to customer's needs fashioned through training improved with the nature of services provided. My firsthand experience of culture renewal or revival at UBN revealed the adjustment of employees to the culture of attracting customers through prompt service. It was found that the hitherto filled banking halls in some of the branches known for crowded halls gave way to fewer people. The role of the ATM may have helped to reduce the crowds in banking halls if the customers adapted and adjusted to facilities for prompt service provided outside the banking halls such as the ATMs. For instance, in spite of inconclusive statistics of people who use e-banking services, the fear of time wastage and long queues at ATM pay points may discourage usage even if the customer has subscribed to the service.

Table 4.3 Respondents' perception of banks corporate culture

Foremost culture of the bank	Job Position			Total
	Management	Non Management	Director	
Prompt customer service	11 (5.1%)	51 (23.5%)	1 (.5%)	63 (29.0%)
Customer satisfaction	20 (9.2%)	77 (35.5%)	3 (1.4%)	100 (46.1%)
Employee satisfaction	0	3 (1.4%)	0	3 (1.4%)
Meeting shareholders' expectations	4 (1.8%)	9 (4.1%)	0	13 (6.0%)
Social responsibility engagements	0	2 (6.0%)	0	2 (.9%)
Conservative financing	6 (2.8%)	29 (13.4%)	0	35 (16.1%)
Total	**41 (18.9%)**	**171 (79.3%)**	**4 (1.8%)**	**216 (100.0%)**

Source: Field Survey, 2008

It is hoped that as more customers get adapted to the ATM and other virtual banking services the banking halls may experience fewer people, but if problems of card-seizure by the machines, malfunctioning machines, and other insider frauds associated with cards are anything to go by, the halls may begin to overflow if such problems are not addressed. At Unity Bank and Oceanic Bank, which came on stream as second generation banks in 1993 and 2006 respectively, it was observed that the profile of ensuring fewer customers persisted in the banking halls as branch head and other officers assisted with teller duties at the banking hall if the work load becomes hectic for the tellers. Thus, multitasking becomes a necessary tool for the modern banker in the drive for recapitalization. While a fraud-proof ATM and a stake in the share offerings of the bank presents an attraction for the customer to do business with a bank, the role of the employee in ensuring customer satisfaction and prompt service is relatively more important.

For instance, when banks seek to adjust or re-strategize, it depends on a wide range of culture. Successes depend on the power of employee adaptability in order to realize its set objectives. A number of studies conducted on organizational cultures help to emphasize that corporate performance is dependent on those cultures that can help organizations to anticipate and adapt to environmental change such as the one created by the consolidation and would be associated with superior performance over a long periods of time (Kotter, 1990; Kotter and Heskett, 1992; Fitzgerald, 1988; Davis, 1984; and Weilrich, et al 2008). In the table above, the acceptance of customer satisfaction and prompt customer service by 75.1% of respondents in the three banks reiterates the fact that culture is necessarily important for every corporate environment that has direct interaction with customers such as in the banking sector.

The banks management response to recapitalize is hinged on the capacity to strategically capture a strong market segment of customers (individual/corporate bodies) who have the funds ready for investment to boost capital base. For some banks, the emphasis on customer satisfaction seemed total. The bid to provide the platform for stronger organizational structure, focus and employee orientation may be responsible for this as stated in Ononeze (2006) that:

> …good customer service is the life wire of any business. This fact has long been recognized by most leading local and international institutions, companies, organizations and authorities. (pg 55)

Ononeze noted that at Oceanic, customer service as an essential element was customer-focused, and was anchored on the company's strategic index called People, Process and Environment (PPE). The emergence of culture as a performance index is a top-down phenomenon. Kotter & Heskett (1992) explain the source of culture emergence in any company from the top management. This may explicate why the management team is the first to be incriminated and fired when anything goes wrong in the firm. The poor attitude to corporate governance noted with bank managements that gave impetus for CBN sack five of managing directors in July 2009 is instructive in this regard.

The acceptance of customer satisfaction by 46.1% of respondents reiterates the fact that it is necessarily important for the business environment and timely especially as banks strive to build a strong clientele base in the continuous drive to boost their capital base. This view is corroborated by another senior bank official who stated that:

> …For our bank, customer service remains the integral part of our development. It is the live wire of the business. Any serious business institution ought to pursue 'customer

> service' as a strategy for increasing its market share and profit. The consolidation of the financial sector has only added more impetus for us to step up and develop greater customer confidence through the diversification of ownership structure, which is anchored in People, process and environment programme. We hope to develop this and add value to the system by creating opportunities for employees and customers to feel some sense of partnership each time when they come through our doors…
>
> **Male IDI/Oceanic Bank/Senior official**

The consolidation exercise as earlier stated produced profound changes for the sector in the banks' responsiveness to grassroots intermediation, customer service, creation of new products and lines of business, etc. As banks cut cost by outsourcing and discharging workers, it was necessary to attract new customers at all levels through a variety of products that meet personal and corporate customer needs. The creation of new products and services or reclassification of products to meet current trends and needs was also significant to addressing intermediation. These came in form of bonanzas and product promotions.

In the case of Union Bank, the initiative to reward customer loyalty in the "UNION BANK SAVINGS BONANZA" promo is considered as building a long-term customer relationship. The idea was to improve customer base by targeting incremental deposits based on the qualifying criteria spelt out under each of the five categories of incentives, namely lucky dip draw, lucky dip grand, gold prize draw, super grand prize, and the ultimate stallion draw. Across the study in Table 5.3, 62.2 percent informed that the consolidation creatively changed the attitude of the banks to building stronger customer relationship and project financing. One could recall the pre-2004 attitude towards customers by which banking halls were usually full. Much of the banking technology then was largely manual especially in the use of cards for keeping accounts' records. It was a long wait for customers to verify accounts. Maintaining a warm friendship with bank staff even the security official was then an advantage that could help you leave the bank premises earlier than others. A variety of safety and security implications for employee, customer, labour and productivity were associated this development. A robbery attack could cause harm to more people than expected. Second, customers working elsewhere lose precious man-hours leaving their jobs to make salary withdrawals from their banks especially during the last days of the month. Man-hours lost in the process are neither calculated nor compensated for to the organisation where the people worked. It is probable that most of the 46.1 percent of respondents saw customer satisfaction as the responsibility of the bank. Notably, this was the primary selling point in the late 1980s and early 1990s for many of the second generation banks (such as Oceanic Bank, Guaranty Trust Bank, Zenith Bank and Intercontinental Bank) which survived the recapitalisation exercise. These banks also pursued the culture of online banking, debit card usage and internet banking which reduced human traffic within the banking halls. In a corroborative response, a Union Bank official noted that:

> "…Cultural values are necessary ingredients of the work environment. It is important as much as it is vital for its existence. Our bank acknowledges the necessity for change always as part of our social responsibilities. One of the bank's responses to this change was the introduction of Vigo, a money transfer product to curtail the incidence of robbery where people have had to travel with large sums of money to distant places. The ATM was an initiative that sought to remove and reduce lost man-hours. The era of lost man-hours was very challenging for the banking sector as most ideas waited for red tapes to become working documents…"
>
> **IDI/UBN/senior official**

The culture of the ATM service, debit and credit cards, on-line banking, and internet banking services nevertheless helped to reduce the physical contact with customers save for those who were yet to subscribe to the service. For all the banks in this study, internet banking improved customer relations as customers get alerts on their phones and e-mails of credits and debits to their accounts. Sending seasonal or anniversary greetings also helped to improve social relations between the bank and the customer. This is evident in 31.8 percent of respondents considering that these initiatives have enhanced the banks' responsiveness to customers beyond what prevailed before the 2004 consolidation exercise.

The change in customer relations posture by the banks has been noted as a function of several factors including the reforms of 2004, and competition from newly licensed banks of the deregulation and SAP era which were generally considered 'new generation' for their product innovation and unique banking services. Shofolahan (2005) recalled that:

> …In the 70s, we had the era of the three big banks viz First Bank, Union Bank and United Bank for Africa. This was the era of arm-chair banking when bank managers saw themselves as "oracles" that must be worshipped by the customers. They waited in their offices for customers who must come and eke out services, which were rendered as if they (the bankers) were doing favours for the customers. This was the era when you needed to carry your mat to the bank in case you would need to rest your back as you may spend about three to five hours to withdraw as little as N5,000 from your account....- (pg 21)

The banking sector witnessed comprehensive alterations to customer attitude as a culture during the emergence of these new generation banks. This set of banks innovated with marketing and information technology that revolutionized the industry with lasting legacies. The healthy competition provided a new culture and strong culture that has come to favour the customer and initiated the emergence of informed and deliberate customer relationship schemes such as the one I had earlier mentioned of Union Bank in which it rewarded customers' loyalty.

For banks in this study, the consolidation generated new structures that were uncommon to the banking environment before 2004. This refers to specific formal organizational arrangements that increase organizational base or branch networking for intending companies. For instance, no banking institution(s) has/have been known to initiate a merger process on its own accord to facilitate the inherent corporate or industrial benefits of such move. The supposition that such arrangements may call for reworking of traditional cultural norms and values into a single culture for the banks involved may provide a challenge that precludes immediate remedial solutions.

In another instance, it might warrant the promotion of cultures that are compatible with its new objectives and goals where they are well stated. Thus, the responses of all the banks to the consolidation crisis led to re-evaluation of concepts associated with cultures as customer satisfaction, employee satisfaction, social responsibility, service delivery, after-service relations, meeting shareholders expectations, and so on. One of the interviewees disclosed that:

> "the consolidation has renewed the way and manner bank operators run the industry for a number of reasons. The institutions have taken to providing motivational schemes to keep the best hands from going to other sectors or other banks. This is a creative sense to keep the company afloat. For instance, new services and products are regularly created to sustain the loyalty of the customer. Accountability is ensured to uphold public confidence in the bank. One of the ways in which we have sustained our employee-friendly posture is to provide the employees with incentives such as return payments on all fees paid in the acquisition of a professional certificates and diploma such as the ACA, ACCA or CII. Banking in Nigeria is undertaking a revolution at the present. One hopes that the level will be sustained so that we can attain much better international standards.
>
> **Male IDI/Union Bank/senior official**

4.4 Challenges of Integrating Corporate Cultures

Companies all over the world especially Nigerian banking institutions are finding first hand that there is more to mergers and acquisitions (M&As) than just sharing resources and capturing greater market share. The multicultural setting created for banks is represented in the types of cultures prominent during the consolidation exercise. The ones captured in this study include prompt customer service, employee satisfaction, customer satisfaction, addressing shareholders expectations, engaging in corporate social responsibility and project financing. Table 4.3 revealed that the banks exercised more effort in integrating aspects of the culture of prompt customer service and customer satisfaction than other aspects. It is not surprising that social responsibility initiatives, employee satisfaction and meeting shareholders expectations were ranked lowest (0.9%, 1.4% and 6.0% respectively) in terms of cultures that the organisations did not give much attention to during the consolidation. The reasons were clear. The need for employee satisfaction could not be assured as banks cut costs by retrenching employees using a variety of criteria. UBN and Oceanic banks were occupied with settling wages and severance payments of sacked employees (Bangudu, 2010 and Ale, 2010). Shareholders expectations for increase in their investments received a knock as share prices tumbled and are to yet to recover. For example, Oceanic bank initial public offering of N16.50 in March 2004 fell to N6.40 by October 2005 (Daily Independent, October 12, 2005). A number of issues arising from dubious dealings between Nigerian Stock Exchange officials and the banks resulted in dwindling stock prices in 2009 against the upsurge recorded in the early periods of the consolidation (Onu, 2005). The cost cutting measures adopted by banks provided no strong economic reasons to embark on such expenditures in the interim.

Numeroff & Abrahams (1998) noted that differences in work place cultures sometimes temporarily overshadow the overall goal of long-term success of the newly formed entity. For instance, in Unity Bank, the expansion resulting from the consolidation remains a critical concern for management and which demand greater integration of the organizational cultures and the collective experience of retained employees from the nine banks and other sectors that make up the group. The relative success of integrating cultures encountered among new employees Unity Bank in spite of the multicultural character formed from its nine-bank combination is credited to the factors of employee satisfaction, customer service and meeting shareholders' expectations. A senior official disclosed that:

> …the challenge of integration especially of the dimensions of cultures for Unity Bank was initially challenging as we observed that a large number of staff at the supervisory level came from different work and management backgrounds within the economy. In order to provide excellent services in the face of huge competition in industry, strong recruitment and selection processes were carried through our consultants at the private and public sectors. As a new banking institution in the system, it was important that we bring in experience, professionalism and skills to ensure high productivity and expansion. Our employees are highly motivated with financial and non-financial incentives, the customers are treated to personal services using array of high technology-based facilities such as e-banking and other online services, and without exception the shareholders who own the bank have the final say in determining the direction of the bank through the Board. This is what gives Unity Bank an edge among the rest… **IDI/Unity Bank/senior official**

The collective experience of the employees from other sectors to set up a new outfit may have produced a synergy that provides the basis for the philosophy of survival of all instead of a survival of the fittest. A survival for all connotes continued mutual existence of both employees and institution. The banking institution requires the professionalism and expertise of its employees to rise above the competition while the employee needs the existence of the firm at its highest productivity for economic survival.

The following examination of a study by Trompenaars' in Hodgetts & Luthans (2000) about relationship orientations in organizations restate the differences in culture and managers' relative abilities to handle them. The concern of this study is on two of his four relationship categories: the specific/diffuse culture and the neutral/emotional culture.

The specific cultural dimension is one in which individuals have a large space they readily let others enter and share a small private space they guard closely and share with only close friends and associates, while the diffuse culture is one which both public and private spaces are similar in size and individuals guard their public space carefully. Trompenaars' study is best described in Hodgetts & Luthans (2000). He stated that:

> …A U.S. Professor, such as Robert Smith, Ph.D. generally would be called Dr. Smith by students when at his U.S. University. When shopping, however, he might be referred to by the store clerk as Bob, and he might even ask the clerk's advice regarding some of his intended purchases. When bowling, Bob might just be one of the guys, even to a team member who happens to be a graduate student in his department. The reason for these changes in status is that, with the specific U.S. cultural values, people have large public spaces and often conduct themselves differently depending on their public role". At the same time, Bob has private space that is off limits to the students who must call Doctor in class. In high diffuse cultures, on the other hand, a person's public and private life often are similar. Therefore in Germany, Herr Professor Doktor Halls Schmidt would be referred to this way at the university, local market or the bowling alley – even his wife might address him formally in public… – (pg 129)

Personal observation of banks established in Nigeria after 1986 show greater air of informality and less rational attitude in team activities than is observed among employees of banks established before that date. (Union Bank was especially noted for its bureaucratic work attitude in dealing with employees and customers). Among these (second generation bank) set of employees, identification cards, which are worn visibly around necks during work-hours, highlight first name of holder without the title or position held in the organization. With the older banks, activities are more bureaucratic and formal in nature. A Union Bank official interviewed disclosed that:

> …the simple reference to the old Union Bank as a conservative bank was only in the sense of its being too traditional, old-fashioned and unadventurous in taking innovative projects and decisions even when they relate to the customer's satisfaction. The culture of satisfying the customer was totally absent. During my early days in the bank, I actively participated in industrial unionism when new ideas were suggested and accepted at the management level but never implemented. The picture we presented to the public even in the industry was that our system was too bureaucratic to facilitate swift decisions. Our saving grace was the influx of second generation banks from the mid 1980s. We were deceived by our size of customer base and even boasted about it in adverts. Remember the bank motto: Big, Strong, Reliable that it is still touting today even when it is no longer big, strong or reliable in terms of the foregoing among its management leading to removal of management staff and other changes. This fraudulent behaviour at the top was quite impossible with the old UBN I used to know. May be the active enterprise union provided the caution at the time. The culture of sustaining the loyalty of the customer through product promotions is a recent effect of the consolidation. Then the company didn't do much other than open new branches even in locations that were not likely to bring profit in the economic sense…
>
> **- Male IDI /UBN/2009**

Reflecting on Trompenaars' notion of the diffuse and specific cultures the bank employees that are used to a specific culture may have to adjust to the reality of the diffuse cultural orientation he/she was used to in the former place of work, and this has implications for inter personal and group conflicts.

Another cultural dimension of Trompenaars that is useful for our purpose is the neutral and emotional cultures. The neutral culture is one in which the emotions are held in check, while the emotional is that in which emotions are expressed openly and naturally. For new managers that are coming into another consolidated entity with a neutral cultural mentality where emotions are held in check, they might find other managers who are used to being expressive at work about performance and other work issues a bit detached. A lot of adjustment would be necessary for the human resource planners to ensure optimum performance and productivity among the work force. Work relations plays decisive role in the making of a performing organization. Making work relations practicable among the cadres of employees would require extensive reconstruction to remain less bureaucratic and utilitarian within the values of the new banking system in which the CBN seeks to promote accountability, good corporate governance and restore depositor's confidence.

4.5 Voice Representation and Influence on Employee Welfare

I have utilized this section to highlight the dwindling influence of the industrial unions and the central labour organization in their role of protecting the jobs of their members. The loss of union influence opened a gap where the effect of collective bargaining yielded no dividend in regulating the wage structure for in-coming employees. While concrete evidence of the current state of industrial relations between unions and the banks; and employment flow in the consolidated banks is presently unavailable, this study concedes that some level of worker representation existed in the banks. Nevertheless, 70.9 percent of the respondents indicate no union activity in their establishments which implies a lack of voice representation for them as seen in Table 4.4.

Table 4.4: Respondents' perception of consolidation and voice representation

Variables	Yes	No
Presence of union activity in present bank	63 (29.03%)	154 (70.97%)
Management approval to organize union	77 (35.48%)	123 (56.68%)
Presence of union activity in former bank	66 (30.41%)	151 (69.59%)
Availability of check off in former bank	152 (70.04%)	61 (28.11%)
Availability of check off in present bank	77 (35.48%)	136 (62.67%)

Field survey, 2008

Historically, public sector companies and a few private sector enterprises enjoyed high level of union activity according to job categories. Union acceptability by such management was in part a reflection of the pluralist character Nigerian industrial relations system. The union-management partnership was boosted by the provision of structures in line with national labour statutes. The circumstances were conducive for union activity as managements allowed house unions complete with office space, furniture and stationery. The implication was that collective bargaining enjoyed wider acceptability and application with the top management. This change is reflected in the response of 29.03 percent respondents who indicate presence of union activity in their banks.

The lack of experience of unionism is indicated by 62.7% of respondents in present employment. These are assumed to be employees of new consolidated banks whose terms and conditions of employment were largely based on individual bargaining. The individual bargaining situation was observed among post-1986 banks when the height of bank expansion was experienced in 1991. During this time, the incidences of staff poaching by banks to fill professional positions were rampant. This pre-empted the fact that such nature of employment was not based on an appropriate transfer mechanism that ensures a continuous record of service and accompanying emolument that are related to a pension scheme. Thus, these groups of employees did not enter into any pension scheme arrangement; and were often discharged with generous severance packages according to status. Oguntimehin (2005) noted that such staffs were more contented with high wage packages attached to the appointment than with a public sector pattern of service record while in employment.

For some of the bank employees then, the confirmation of appointment to the new office was based on professional experience and the ability to settle previous loans with a former employer, and not on any certain length and good record of service. The interest in labour mobility for these sets of employees, according to him, was the opportunity to migrate and the quick promotions that came with it.

The management of each bank (except Union Bank) is yet to provide the necessary structure and framework for union organization. According to a NUBIFIE official interviewed in the course of this study, he stated that:

> …The problem of union organization in the sector especially among financial institutions is rather slow and disturbing because of their refusal to enter into any affiliation with central labour. Necessary efforts made in the direction of mobilizing bank employees started with positive reception especially from the Managing Director of Unity Bank in Abuja in 2004. Since then, not much has been achieved by the sectoral union to implement the promises. While Union Bank has had a stable union long before the consolidation, Oceanic bank are yet to keep to terms with promises to permit unionism among its employees for now…
>
> **IDI/NUBIFIE official/ 2008**

The idea of unionism is observed to form part of the work consciousness of bank employees in this study as indicated by 71 percent of respondents' interest in union activity. This means that a majority would be comfortable to have such an institution in the work place that will serve as primary check for management high-handedness. Thus a policy thrust geared towards the promotion of sound banking system will be a requisite for the promotion of positive human resources management ideals that support the entrenchment of vibrant unionism for each bank and the sector.

The implication of this development is that the banking would naturally structure itself to provide less alienating for workers and the organizations in the industry, and in the long run create a smoother environment through positive interaction and interdependence (duality) between agents (bank operators) and the structures (government supervisory agencies) such as CBN and NDIC. The successful establishment of this duality as professed by Giddens is the main force that could put away pre-consolidation problems such as low capital base, reduced public confidence, low intermediation, abuse of depositor funds, frauds, etc. I think these would help muster positive and vibrant unionism capable of building in the face of improbability of such hopes due to new and evolving changes in HRM functions of each bank instead of obliterating the establishment or the system.

The union's loss of influence considering the percentage of employees (62.7%) without active participation through the payment of check off may create a challenge of legitimacy and relevance in industrial relations if outsourcing, contract employment and casualisation pervade the system as new forms of work. While some management may agitate for a unitarist approach as an alternative to a pluralistic one in determining terms and conditions of service, the fact is that the new management of organizations would prefer to carry on their businesses without the attendant problems of union activism. The removal of statutory obligatory membership clauses for new employees in the 2005 Trade Union (Amendment) Act in place of voluntary membership provided a window of escape for banks to ensure that new employees are signatory to 'no union clauses' in appointment letters. It was the radical approach by the banks to reduce union influence and activity in the work place even though it enhanced unfair labour practices. The majority opinion of 88.0% and 83.4% of respondents suggests however that the consolidation was the responsible factor for wage increase in their bank and the sector respectively as shown in the table below.

Table 4.5: Respondents' perception of wage disparity during the consolidation

Variables	Yes	No
Is enhanced personal salary due to the consolidation	111 (51.2%)	106 (48.8%)
Is consolidation responsible for high wages in bank	191 (88.0%)	25 (11.5%)
Is consolidation responsible for high wages in sector	181 (83.4%)	36 (16.6%)

Field survey, 2008

It is considered that as unions lost out in co-determination of decisions relating to employees that were retained or sacked its role in industrial relations diminished. As the consolidation progressed wage determination became a function of market forces that is influenced by the level of professionalism required for each kind of job. An employee who started work as an IT professional for Oceanic bank stated that:

> "My salary discussion after the interview was based on the appeal to suspend my personal business which was lucrative by my standards for an agreed fee with performance bonuses and other incentives attached. I don't think I am on any strict salary package that some of the bank staff are used to. May be because my work is very professional and I need to give full attention to the bank job by creating sensitive and workable software packages for its services and products ... Since I resumed work I have

> not had any dealings with a union or any representative. There are no deductions of any union fees from my pay at the end of any month since I joined. I have not received any handbook from a union. I only understand that the present agreement in my appointment letter subsists and can only be nullified through mutual understanding with the bank…
> – **IDI/ bank official/2009**

It is believed that a degree of wage disparity exist in the wages of such professionals as the one interviewed especially in the aspects of direct and indirect compensation against the pay packages of staff who are engaged in routine banking services. This validates the dwindling influence and role of unions in wage determination; and the fact that the sector had not witnessed any large scale industrial agitation for wage increase between 2004 and 2009.

Generally, unions' primary influence for the worker apart from protecting jobs is to ensure that salaries and allowances are guaranteed. This means that the wage issue determines the height by which union's capacity is measured. The consolidation determined to a large extent new strategies for banks to remain in business and by implication to also determine new compensation for the professionals that would carry out the strategies. The unions do not, by legal status, have any degree of ownership of the means of production in any of the banks, except by the statutory role assigned it by labour legislations as worker's representatives. This is shown in Table 4.4 as 71.0 percent of respondents have no union activity in their present banks; and the 69.6 percent never had any experience of unionism in their former employment.

The banking sector is generally known for its economy about divulging information relating to compensation structures, even before the consolidation. A probable reason for the occurrence is the possibility of creating confusion among co-workers who have probably entered the work force with same professional skills and training, but is getting unequal wages. The problem of wage disparity is multi-faceted. According to Komolafe & Ahiuma-Young (2007), the President of ASSBIFI, Mr. Lateef Sanni recall that the situation is compounded by the refusal of affected employees to volunteer information that could lead to the identification of banks that condone such practices. Mr. Sanni's comments gave further vent to the possibility of more serious social problems such as worker disloyalty and armed robbery. He stated:

> … if the trend should continue, then such banks should not expect absolute loyalty from an employee whose ego has been bruised . . . the issue of bank robbery may witness further upsurge if this trend is not checked. Because a dissatisfied worker would always be tempted to seek short cuts. Where there is no dedication, loyalty on the part of the workers, anything could happen... (pg 34)

It is hoped that insider frauds or other financial crimes in the banking system would not be so rampant now that new reforms in the sector are set to make it, in the words of the then CBN Governor, Professor Soludo, 'a giant player instead of a spectator in the emerging world'. While the possibility exist for an employee not to consider resignation on account of a disadvantaged wage disparity, it is considered that a potential fall-out of the disparity is that the work processes are going to be more rational and bureaucratic than before. It may not be said now how effective participatory management (as a style of management) would solve the problem, especially when dealing two groups of happy and unhappy employees on account of wage disparity. The importance of sustaining social relations would remain the foundation of many successes of organizational policies in the post-consolidation era.

Notably, the 2005 Trade Union (Amendment) Act impacted drastically on the Nigerian banking sector in a number of ways. Its main provisions highlighted unfavourable guidelines for membership of industrial unions because voluntary membership became pronounced instead of obligatory membership that granted unprospected members for the unions. The provision of voluntary membership seemed to gag voice representation as a necessary ingredient for union activism in the sector. This was because erstwhile union members were no longer compelled to pay check off dues as an indication of union membership. At the time of research, 71.0% engaged in no form of union activity in the work place. And 56.7% of respondents claimed they had no serious permission from management to organize union activity within the enterprise. The sectoral unions, especially enterprise chapters of NUBIFIE (in banks that had union presence) became even less influential in co-determining major work rules as they affected their members because of conditions of job insecurity among employees. On the strength of this legislation, employers of labour which had any apprehensions of about organizing unions felt relieved to remove structures that could have helped to mobilize employees into unions in their enterprises. However, 30.4% of respondents had some form of union activity in their previous employment in the industry. A majority of these could have come from old generation banks which had the obligation of instituting work place unionism. It is important to note that further stiffer challenges were posed for HRM in the areas of job insecurity for senior staff (which is represented by ASSBIFI). The senior staff union is usually noted to be less militant and lacked the kind of activism of its junior counterpart even in periods before the consolidation.

For pre-consolidation employees of UBN union activity has been institutionalized long before the coming of new employees of UTB and Broad Bank whose management-employee relations were best reflected in individual bargaining for compensations and other work conditions. Unity Bank had no affiliation with NUBIFIE at the time of research. However, the presence of the Unity Bank managing director at NUBIFIE's solidarity rally organised to push for the effective unionization of bank employees in Abuja in October 2007 was considered, in my opinion, a precautionary strategy to keep the unions from picketing their bank offices. Until now, no structures of unionism are yet in place from empirical observation in the two other banks outside Union Bank. According to a NUBIFIE official interviewed, Oceanic Bank had started to slowly and cautiously develop its union structures, but the union was not certain of the honesty of the management to ensure proper mobilization for the future as employment and other work rules were still within the prerogative of management, therefore not open to union determination. For Unity Bank, the management was trying woo NUBIFIE to avoid any embarrassing industrial action such as picketing or wild cat strike. In his words, the officer stated that:

> It was heartwarming to see such a higher ranking officer of a new bank at our solidarity rally that week, but one cannot be sure that his management or board would give him the hand to allow quick installation of structures and facilities that can enhance union activity in the bank. *(Reference was to Unity*

> *Bank M/D who physically participated in the union rally held in solidarity with embattled members who were losing their jobs in droves in the sector).* **(Male IDI/NUBIFIE official).**

It was however difficult to retrieve evidence of pay slips from employees, to check for any payment of check-off in order to justify their participation in union activity. The lack of check off payment, if true, especially for Union Bank may erode the possibility of employees from UTB and Broad Bank which never belonged to any union to ever experience active unionism at any stage of their banking career. Nevertheless 35.5% of the respondents, probably of Union Bank establishment still claim to pay check off from their pay source. This is an indication of active union presence in the bank.

4.6 Employee Perceptions of Consolidation, Work Relations and Wage Differentials

Organisational performance and productivity is commonly linked to good inter-personal and better work relations between superiors and subordinates. The table below shows that respondents' perception of work relations with their superiors remained high with 84.3%. This opinion may be credited chiefly to the structural improvement in the area of work processes brought about by the consolidation.

Table 4.6: Respondents' perception of consolidation and work relations

Variables	Yes	No
There was improved work relations with superiors	183 (84.3%)	33 (15.2%)
Work relations improved with subordinates	173 (79.7%)	32 (14.7%)
Consolidation impact on high wage structure in bank	191 (88.0%)	25 (11.5%)
Consolidation impact on high wage structure in sector	181 (83.4%)	36 (16.6%)
Work relations effect on corporate performance	195 (89.9%)	22 (10.1%)

Field survey, 2008

Even though 15.2% indicated no significant difference in their relationship with their bosses, it is important to note that poor interpersonal relationship on the part of employees (superior and subordinate) may play a part in lowering any positive impressions they have of each other that could lead to the building of strong work relations. In spite of the above, 79.7% of those in supervisory roles perceived that the consolidation exercise created new structures in the work place that enhanced inter personal relations with subordinates. This is notable in the way employees irrespective of rank address each other by first names, which are usually the only personal identification on name tags. This development absolves any age, ethnic, cultural or religious diversity by which juniors are expected to bow or use titles to address seniors by rank or age.

As levels of work relations between supervisors and subordinates improved, so did corporate performance from the opinions of 89.9% of respondents. In retrospect, improved work relations arising from the consolidation potential to improve personal relations through work teams, could also increase the rate of progress for each bank's performance in terms of capital raised as employees are well motivated. This motive is represented by good wages and remunerations. This is not unexpected as better relations enabled the capacity of supervisors to utilize the skills of subordinates for organizational productivity as both parties seek to boost recapitalisation efforts even though they earn an income in the process. However, motivating the worker usually represents a turning point for both employee and employer, as the employer may not be sure if in trying to motivate the worker, he or she is thinking of leaving the following month, or that the employee is apprehensive that the employer might introduce job enlargement because of the new reward. In one instance of misuse of motivation recorded in Williams (2007). He stated that:

> …When used properly, rewards motivate and energize employees. But when used incorrectly, they can de-motivate, baffle, and even anger them. For example, consider the dotcom company that gave every employee a plaque for 'outstanding performance'. Then it compounded that mistake (How can every employee be 'outstanding'?) by firing one of those 'outstanding' employees, James Finkel two weeks after awarding him his plaque. Said Finkel, "My reward for outstanding performance was getting canned. I left the plaque sitting on my desk… – (pg 433)

Most respondents admit that the consolidation impacted positively on the wage structure in the bank (88.0%) and in the sector (83.4%) as seen from Table 4.6. This meant that salaries and benefits generally improved even for UBN management that is largely considered frugal with spending on high wages for employees relative to the other two banks in the study. It was nevertheless discovered that work relations did not wane for new employees from UTB and Broad Bank in their relations with UBN employees who probably earned lesser compensation. A simple explanation is that increased pay package for UBN represent some kind of positive incentive to encourage better work relations with employees from the other banks even outside UTB and Broad Bank. In the context where wages serve as major basis for improved work relations, the assertion is corroborated by the revelation of a former employee (who lost his job due to consolidation-induced retrenchment) in Broad Bank that has been acquired by Union Bank. He says:

> "In my fifteen years of banking experience with new generation banks, and my last four before 2005 with Broad Bank, the bank had not ceased to pay what we call 'upfront allowances" in order to keep the best hands and as a form of motivation of its workers. It would therefore be unthinkable for anyone who received such level of wage package to descend to receive something very less in the same sector, where you are likely to meet your former peers as your new boss. That is why I ventured into the teaching profession. Though not very lucrative relative to the bank job where my last annual upfront payment was N3.5million, at least there is some sense of accomplishment as I could pursue a PhD that will boost my status in life". **- IDI/bank official.**

Further explanation revealed that 'upfront payment' meant what is popularly known in labour terms as cost-of-living-allowances (COLA). The former bank employee referred to above is however currently employed part-time outside the banking system but claimed to have declined absorption into Union Bank on the above grounds. During this period no such huge payment (per employee) at Union Bank existed even though this was normal practice at Unity Bank and Oceanic Bank, and other banks outside the study. The improbability of such generosity for UBN employees may be explained by the financial cost of such venture from its high employee population at management and at non-management levels compared to Broad Bank. Again, for UBN as an old generation bank, founded in 1917, the incidence of large bulk payments was not a popular wage culture of the bank. Interestingly, the wage structure at Union Bank, with other banks in the study improved according to the views of 88.0% of respondents more than in the pre-consolidation era. While no employee interviewed outside the study claimed to have a good knowledge of a colleague's wages, Table 4.7 shows that 59.4% admitted that they would make a formal complaint to the management if they observed that an employee in the same position earned higher than they do.

Table 4.7: Respondents' perception of wage differentials especially underpayment

Options	No	%
Resign appointment	65	30.0
Make a formal complaint	129	59.4
Accept the development as individual bargaining	7	3.2
Reduce work commitment	16	7.4
Total	**217**	**100**

Field survey, 2008

Thirty percent of respondents felt that they would not make a complaint, but they would opt to leave the bank in event of discovery that they earned lower than a co-worker in the same rank or below. However these sets of employees were not sampled if their opinions would change if they discovered that they earned higher than their co-worker in the same position and with similar responsibilities.

The wage differentials, if skewed among colleagues, have the potential to disrupt work relations among employees, the need to undertake 'non-disclosure agreement' with workers became expedient in the light of employment processes that largely involved individual bargaining. The reason for this may be economic; in response to the negotiating power of individual employees to discharge or undertake specific responsibilities for the firm, and as a cost-cutting measure for the banking institution. Thus, the relevance of the union in wage determination through collective bargaining remains in quandary as the unions became less active as a result of dwindling membership, their main source of strength.

The results of mergers and acquisitions are often mixed for employees and shareholders. I note that job losses were not confined to only non-managerial employees, but also affected bank directors. In its justification for the consolidation in the banking sector, the government stated that protection of depositors' interests, and cultivating the confidence of potential foreign investors into the development of the

Nigerian economy were primary among many other reasons. As the job losses ended the aspirations of many employees the CBN's claim or plan to map out schemes to alleviate the attendant consequences remain unimplemented if there was any. CBN (2005) noted that:

> …they shall be compensated by the consolidated entity in line with industry standards, but not below the terms of their sustaining employment. The CBN will work with the Bankers' Committee to assist the staff that will be disengaged to assess the SMIEIS to set up their own SMEs and consequently create jobs and wealth… (pg 1)

A few years after the deadline ended the CBN is yet to declare the actual number and categories of jobs lost as a direct consequence of the mergers and acquisitions, set out conditions and requirements for access to SMEIES or publish the list of SMIEIS beneficiaries if any have had access to the fund.

At the level of the banks, management seized the opportunity to raise the new employment profile as it employed personnel with professional banking skills over fresh graduate employees; but banks like Union Bank employed about 800 individuals without prior banking skills between 2006 and 2008 to fill certain routine banking positions that I assumed would have cost the bank more in direct and indirect compensation if skilled and experienced professionals were employed. In the absence of current statistics on the cost control measures of affected banks in the areas of managing severance and early retirement payments, it remains to be seen how the banks involved the unions in the trimming of the work force.

The bank consolidation in Nigeria may remain an albatross for many employees, but it seems to find rhythm with the regulatory body as it plans a fresh round of consolidation in the coming months. For the HRM, the low job security occasioned by the July 6, 2004 consolidation would reduce further loyalty and work inspiration among bank employees in the sector. The Nigeria Labour Congress's support of the Recapitalisation Policy did not help to allay the perceived apprehension of bank employees of the negative consequences of the inevitable job losses. According to Nwachukwu (2004), the then NLC leader, Mr. Adams Oshiomhole reiterated the need to support the exercise and hinted that the nation required strong financial institutions with solid capital base to perform core functions of banking that the labour market will benefit from in the long run. Nwachukwu stated that:

> …it is not true that 35,000 workers will lose their jobs as some have been speculating. The banks that may not meet the requirements are those that operate in one room and have very few staff. The major ones with large workforces and network will survive… – (pg 25)

While this assertion, in my opinion, provides a distant hope for HRM, it nevertheless requires that a good majority of bank employees will return into frictional unemployment or as in the case of individuals without other skills relevant in other fields become structurally unemployed, according to Englama (2001), until they are suitably qualified to gain new employment.

In Damachi (2001)'s recommendations for sectoral policies for solving unemployment in Nigeria, he suggested the re-orientation of the educational system towards technical and vocational education which will promote the labour market goals of the system through public enlightenment, adequate funding and appropriate reward and enhanced prospect for technicians. This, he, believed would obliterate the societal bias against people with technical and vocational education. The extent of uproar in the manner of sacks during the consolidation arose from inadequate personal educational investment of bankers. Imade (2008) noted that personal investment is crucial and futuristic. This gave a basis for high level of alienation experienced at each level. The powerlessness of the employee with little educational or professional qualifications to seek employment elsewhere is weakening. Part of the weakening tendencies arises as dependants also lose their source of livelihood. Social functioning would become a necessity for the indigent if social protection capacity of sacked individuals continues to weaken. This is fundamentally true in the circumstance surrounding the mass loss of jobs in the sector. Imade (2008)'s reflection on the motives for personal educational investment may have resulted in restoring satisfying personal solutions for sacked bank employees during the consolidation. She stated that:

> …The motives of investing in oneself could be as many as can be, but the common goal of investing in oneself is to acquire

> core competencies, including worthwhile skills as well as developing abilities … to effectively function and earn your well being as a respected citizen. Investing in oneself readily presents arguments that translate into drawing a divide between growth and development. Briefly considered, growth may mean noticeable increase in size but des not necessarily, by definition include abilities and capabilities which are the litmus test of development. Thus, investing in yourself is bound to launch you on the road of development, empowering you with abilities and capabilities that usually accrue as a matter of course... (pg 15)

The capacity of the banks to provide training and development programmes for employees in my opinion does not translate to building or providing the core competencies as suggested by Imade. Much of the banking training courses are conducted to meet the immediate administrative objectives and goals of the bank or branch. This can be substantiated by the number of courses a bank staff undertakes during a banking career and which do not boost his or her empowerment capacity to avoid structural unemployment.

4.7 Gender Relations in the Post-Consolidation Era

The majority of problems of the organization often result in increased demand for peculiar solutions. In the same way, economic factor such as the one generated by SAP in 1986 did provide the basis for increased huge demand for labour in the banking sector because of the phenomenal growth of the sector at the time. The CBN Deputy Governor, Mr. Tunde Lemo in Aderinokun (2005) stated that the 89 licensed banks had 3,382 branches and were manned by 56,861 male and female employees with a total of 14.802 million deposit accounts. From the published records of the National Bureau of Statistics, the percentage distribution of female employment by economic activity for the banking sub sector grew steadily between from 37.38 percent in 2001 to 48.80 percent in 2005. The 11.42 percent rise declined sharply by 4.52 percent in 2004, the year the Recapitalisation Policy was announced. Further decline of 2.97 percent was witnessed in 2005, by recapitalisation deadline. (See Appendix 3)

Going by the data collected the labour supply aggregates for the sector seemed insufficient as new branches sprung up with new strategies for intermediation. The need to carry out intermediation by accessing cash deposits in other sectors gave the impetus for bank management to induce the supply of female employees in managerial and non-managerial capacity. Against the study respondents of 33.2 percent females it is needful to suggest that more females were required in the sector. It is more of trying to adapt to changing circumstances. A senior official of the banks interviewed stated that one of the present banks currently employs only females as members of its entire legal unit. According to him:

> …You have to understand that in this sector there are many doors the woman can open which the man cannot. We have always operated on the basis of training our new recruits to serve our needs despite their bogus qualifications. Today's recruitment requirement may also require good looks, and beautiful physique; whichever creates the appeal for the customer to buy into the prospect. The aspect of using young people irrespective of qualification to market company products and services which has created so much indignation in society that young women are pushed into the prostitution is not true, because most of them naturally have the skill and the contacts to make things happen…
>
> **Bank official/February 2009**

The pattern represented in the statement above overtakes the pattern of educational attainment between members of economic groupings as cost of education continues to increase. The growing cost of education is likely to increase the gap between the lower and upper lower classes which might tend to limit their pursuits.

According to National Bureau of Statistics (2006), much of the banking sector employment helps to build a middle class structure that constitutes professionals or business owners and skill workers whose remuneration is attached to educational attainment. Since remuneration and income are tied to educational attainment it tends to induce the middle class to acquire more education. The skill acquisition for relevant needs of the sector is dictated by training and management development programmes through company training schools or as an outsourced function by the company.

For the female labour force, it is not yet ascertained how the post-consolidation effects will impact on the equal job opportunity index. However, as this area of employee relations continues to be socially desirable, government regulations must seek to eliminate undesirable policies even without central labour‘s forceful interventions, as it has been the case in recent times. Regulations must apply against discriminations based on sex, age, ethnicity, marital status, and religion in areas of hiring, promotion, job classification, assignments, compensation, transfer and other conditions of work. Without addressing these conventional attitudes towards women, it is believed that occupational segregation and unequal pay and job opportunities will continue (Post, et al 1999 and Onyeonoru, 2005). The two studies described that it is the society that loses because of its failure to draw fully on all its human resources for greater productivity.

As stakeholders engaged in a relationship that evokes numerous expectations by the parties, the employees and employers need to work to bring about better relations. This is an important process in the consolidation exercise where corporate restructuring and employee downsizing are inevitable. Would a kind of social contract or affirmative action effectively address the situation? Post, et al (1999) offers a solution. They observe that such new contract must emphasize certain factors or conditions before they are effective that must include: a) that the burden of maintaining employment should be shifted from the employer to the employee; b) that job security is no longer based on seniority but on job performance, and c) that worker employability is enhanced by training and development. If the above hold sway, then the financial costs is borne only by the employee who would have to make himself or herself marketable and employable by retraining or acquiring higher professional skills to meet circumstantial requirements.

In considering affirmative action as the broad range of policies that promotes equal opportunity as well as diversity in the work place, it is not known, in the long, how the government would seek to redress the problems caused by the certain provisions of the labour reforms under which many banks have carried out unfair labour practices. It is a situation where employees experience job insecurity as banks take advantage of conditions contained in government-authored labour legislation that provides a window of opportunity for banks to send many people into the labour market, and the unions are incapacitated.

Some of the human resources management issues highlighted as job losses and job insecurity were to weed out and bring in appropriate kind of employees that will meet organizational objectives. The need for banks to survive the post consolidation crisis was a major point in directing new focus of strategy. Market forces also play significant role in the types of skills demanded in the banking sector. In a discussion with a senior bank official, employee poaching was one of the issues that fuel the competitive angle to the recruitment of employees that are considered better performers. The good performers are those who have the tact, contact and all that it takes to deliver. He stated that:

> …Since the 2004 consolidation posed bigger threat to security of jobs, the tendency has been for employees irrespective of status to dig into his repertoire of marketing skills to deliver his or her periodic target. It is not strange. The whole business set up is similar to a commission agent's job in any other sector of the economy such as the manufacturing or distributive trades. Marketers (*those involved with the responsibility of sourcing for funds for the bank*) irrespective of sex are in the business of fulfilling a job description. The only difference is that the job is in the banking sector. The banking job is only undergoing a refinement. Any other job can face a crisis in the future…" In doing this, poaching of employees from the competition is not new because employee retraining is often not cost effective…
>
> **- Senior bank official, January, 2009**

The recruitment drive to tackle intermediation drive became exigent since it assured the quickest avenue to access public funds to improve capitalization base. The multitude of gender problems inferred from the picture created above explains the new problems of social construct associated with gender roles in the sector. Whenever data on the social costs of consolidation is available and considered, it is likely that single–income families that are affected by job losses may be so hard pressed to meet basic household needs than at any other time in history. In due course, family tension may develop as a result of unemployment which may lead to divorce; depression and mental illness, for the same reasons, alcoholism or drug abuse may increase, as spouse and child abuse may be frequent. It is not impossible that some bank employees may yield to the lure of easy money through collaboration with insiders to commit frauds, bank robbery and advance fee frauds called ‘419’ or cyber crimes. The spate of ATM frauds by which customers are alerted of deductions in their accounts without their authorization or personal withdrawals may lend credence to this assertion as only insiders have access to account information and codes of card holders.

Table 4.8 Distribution of job positions according to gender in the study

Job position		Management	Non Management	Director	Total
Gender	**Male**	29 (13.4%)	113 (52.1%)	3 (1.4%)	145 (66.8%)
	Female	12 (5.5%)	59 (27.2%)	1 (0.5%)	72 (33.2%)
Total		41 (18.9%)	172 (79.3%)	4 (1.8%)	217 (100.0%)

Source: Field survey, 2008

Table 4.8 above describes the representation of both sexes according to their job positions. Only 33.2 percent accounted for female representation in the study, and only 5.5 percent at the managerial level. Among the non-managerial employee cadre, only 27.2 percent were female, while 52.1 percent were male. With recourse to the NBS (2006) data for female employment in banking activity which recorded a steady drop from 4.52 percent in 2004 to 2.97 percent in 2005, employment in the subsector was likely to be framed by exigent needs of each bank. It is not unlikely that key HRM functions managed by a department may be scrapped if there is need to cut overhead. As the process of restructure continued, the level of employment for females may be determined by new job designs and descriptions tied to work performance that will ensure more deposits other than mere work experience. In one of the banks (Union Bank), some departments with specialized functions (such as photography and transport) were noted to have been scrapped and their activities outsourced to contractors. The losses of female employees in these departments to the banking sector are yet to be documented in any statistics relating to the sector. Bearing in mind, the scope of changes that are envisaged to take place in work places as a result of the consolidation, and which would affect the female employees, equal job opportunity indices at full time jobs would tend to favour the male employees except other factors yet unknown come into play. But the developments bordering on unfair hiring practices in banks towards women are noted by union officials. According to

Komolafe & Ahiuma-Young (2007), Abdul-Waheed Omar, the Nigeria Labour Congress President stated that:

> "Quite a number of Nigerian banks ...are known to promote unfair labour practices which have negative effects on the rights of workers, family life and industrial harmony... "the greatest impediment to peace in the banking sector is the hostility of the management to unions". He said it has been observed that some banks at the point of employment compel employees to sign that they would not belong to unions, those who dare to join are sacked... (pg 34)

The gender discrimination is noted by the General Secretary of the Trade Union Congress who pointed out that "increasingly ...pregnant women and married women are being shut out of the industry".

Labour demand and supply are also dictated by the financial state of each bank relative to lowering overhead and boosting productivity and corporate profit in the process. The reasons for this assumption are several.

Taking into consideration the educational qualifications of both genders, only 0.5% of the females in the study possessed any professional certificate in banking or accountancy such as ACA, ACCA or ACIB. However, 131 (60.4%) of them possessed at least a first degree or its equivalent. The potential for females to enjoy equal job opportunity is seriously hindered as possession of professional certificates becomes a major requisite for getting new positions in newly consolidated banks. Hoping that this is not the case, a strategically focused management with prospects of acquiring specific female employees for certain organizational objectives may seek to recruit on the basis of notable individual performances and renowned work capabilities internally and externally. This attempt may not be successful without an anticipated work relations crisis with male counterparts who may work at undermining her output especially if she is made boss over equally qualified and available males. These are usually aspects of the glass ceiling or glass wall syndrome usually encountered by qualified female managers in many establishments. It may also engender the exploitative tendencies of casualisation that is notably common place in the oil sector (Onyeonoru, 2004).

A replay of the scenario described of the oil sector in Onyeonoru (2004) may become a possibility in the banking sector where most contract employees are degree holders working in underemployment status. A typical example by personal observation shows that all the tellers attending to customers in the banking hall of a bank outside this study had name tags that bore two logos. One was that of the direct employer (the contractor) and the other of the main employer (the bank) they are seen to work for. The reason for the lucky revelation is because they mandatorily wear name tags while at work. All the banks in this study were not observe to have staff with such double identifications, but the possibility exist as most staff working in less managerial positions as observed from the banking halls were surprisingly without name tags. Due to the relative cost effectiveness of outsourcing, most companies even outside the sector may opt for casualisation if the central labour does not rise to address the issue.

Nevertheless, organizational restructure by means of consolidation for the female professional may also create a vista of opportunity for better placement in the wage structure if such females are known to have access or opportunity to bring special large accounts for the bank from big corporate depositors and other large establishments.

Table 4.9. Information on respondents' marital statuses according to gender and number of children

		Marital status				
		Married	**Single**	**Widowed**	**Divorced**	**Total**
Gender	**Male**	100 (46.1%)	36 (16.6%)	6 (2.8%)	3 (1.4%)	145 (66.8%)
	Female	46 (21.2%)	24 (11.1%)	2 (.9%)	0	72 (33.2%)
	Total	**146 (67.3%)**	**60 (27.6%)**	**8 (3.7%)**	**3 (1.4%)**	**217 (100.0%)**
		Marital status				
		Married	**Single**	**Widowed**	**Divorced**	**Total**
Number of children	**1-2**	76 (35.0%)	36 (16.6%)	4 (1.8%)	3 (1.4%)	119 (54.8%)
	3-4	69 (31.8%)	18 (8.3%)	4 (1.8%)	0	91 (41.9%)
	Above 5	1 (0.5%)	6 (2.8%)	0	0	7 (3.2%)
	Total	**146 (67.3%)**	**60 (27.6%)**	**8 (3.7%)**	**3 (1.4%)**	**217 (100.0%)**

Data collected shows in Table 4.9 that out of the 146 (67.3%) of married respondents in the study, 76 (35.0%) have parental status with at least one child, while 31.8% have three or four children to cater for. Interestingly, 8.3% of employees who are single also claim to have up to three or four children during this study. These major developments may affect acceptance of certain job opportunities by the female, which by implication would affect the creation of equality in the employment index between male and female employees in the banking sector. Without a bias to the marital or motherhood status of the female professional bankers in this study, the propensity for females to enjoy the perks attached to equal job opportunities such as training opportunities in choice business schools locally or internationally is low. For instance, a preferential transfer to new locations abroad or local capital cities within may often be affected by the age of the marriage and/or sometimes the age of children in the marriage (if motherhood has recently begun). When childcare and child upbringing seems to be imposed as a cultural role on women by society, the tendency to break these cultural boundaries or marital restrictions (in fulfilling career prospects); and at the same time undertake the role of motherhood with a view to effective child rearing becomes a dilemma for the female.

The nature of challenges faced by women at work may determine the nature of skills applied for individual performance and success against male counterparts. The causes and impact of these differences vary depending upon the size of the organization, level of management, and requisite job duties. The upsurge in the number of female employees who came into banking sector during and after the consolidation produced necessary basis for considering their importance for achieving organizational objectives. While the female employee size greatly improved, a number of them (even as managers) are still employed but in contract capacity. The absence of union influence in the codetermination assisted the use of females for contract employment and casualisation especially for marketing of products and services. Notably, the influx of female employees increased during the early stages of capital sourcing from the capital market when banks armed their marketers with share offerings forms and branded with company T-shirts and caps to seek for funds from private and public investors. Powell and Graves (2003) observed in the American work force that the proportion of women in the work place had increased 5.0% since 1980 whereas the number of women in management positions has increased 19.0% in the same period. In Nigeria, the majority of problems of the organization often result in increased demand for peculiar solutions.

The economic factors such as the ones influenced by SAP in 1986 provided the basis for increased demand for female labour in the banking sector because of the phenomenal growth of the sector at the time. During the period following SAP, female employment at all levels and sectors improved in line with the times (National Bureau of Statistics, 2006). The CBN Deputy Governor, Tunde Lemo in Aderinokun (2005) also asserted that the 89 licensed banks before the consolidation had 3,382 branches and were served by 56,861 male and female employees with a total of 14.802 million customer deposit accounts. While this figure averages an estimated 17 employees per bank branch, I consider the statistics to be inclusive of casual and contract staff. However, the population of female employees in the sector was not specified, but from NBS (2006) accounts, the percentage distribution of employment by economic activity and gender between 2001 and 2005 for the banking sector, improved yearly from 37.4 percent in 2001 to 48.8 percent in 2004 when consolidation began. A 4.5 percent drop was witnessed in 2005 when the consolidation deadline ended. It is believed that the trend could increase owing to the utilization of more women than men in marketing assignments especially in the capitalisation drive through grassroots intermediation of casual and contract employees are considered. (See Appendix 3).

Nevertheless, all the banks continued to engage in the consolidation exercise in form of public funds being accessed through the sale of bank services and products to customers. Going by the data collected, percentage of female population in the study does not reflect NBS data indicating a steady upward increase of female employees in banking activity. However, the labour supply aggregates for females in the sector seemed insufficient as new branches sprung up with new strategies for intermediation. The need to carry out intermediation by accessing cash deposits in other sectors gave the impetus for bank management to induce supply of female employees (mostly on contract) in managerial and non-managerial capacity. For the female labour force, it is not yet ascertained how the post-consolidation effects will impact on the equal job opportunity index for both sexes as there were still unofficial figures not applicable for research documentation presently. However, as this area of employee relations continues to be socially desirable, government regulations must seek to eliminate undesirable policies even without central labour's forceful interventions, as has been the case in recent times. Regulations must apply against discriminations based on sex, age, ethnicity, marital status, and religion in areas of hiring, promotion, job classification, assignments, compensation, transfer and other conditions of work. Without addressing these attitudes as they concern female bankers, it is believed that occupational segregation and unequal pay and job opportunities will continue (Post et al, 1999 and Onyeonoru, 2005). The implication, according to them, is that the social impact generates greater losses because of organizational failure to draw fully on all its human resources through improvements in job security for greater productivity.

As stakeholders engaged in a relationship that evokes numerous expectations by the parties, the employees and employers need to work to bring about better relations. This is an important process in the consolidation exercise where corporate restructuring and employee downsizing are inevitable. However, the new role for women in the sector avers employment in the area which requires them to be used to boost fund capitalization. Without any official records yet to support this assertion, an increase is expected for female employees who are not in full-term employment. With current level of implementation of labour legislation in the country, affirmative action to address discriminatory practices in the areas of hiring, training and promotion of females in the sector may suffice. The dwindling influence of the unions to aggressively fight casualisation and establish affirmative action may not practically assist except more women come into industrial unionism to take their case beyond the present capacity.

Post et al, (1999) observes that such new contract must emphasize certain factors or conditions before they are effective. They include: a) that the burden of maintaining employment should be shifted from the employer to the employee; b) that job security is no longer based on seniority but on job performance; and c) that worker employability is enhanced by training and development. If the above hold sway, then the financial costs is borne only by the employee who would have to remain marketable and employable through retraining or acquiring higher professional skills to meet circumstantial requirements. Whenever data on the social costs of consolidation is available and considered, it is likely that single–income families that are affected by job losses may be so hard pressed to meet basic household needs than at any other time. In due course, family tension may develop as a result of unemployment which may lead to divorce; depression and mental illness. For the same reasons, alcoholism or drug abuse may increase, as spouse and child abuse may be frequent. It is not impossible that some bank employees may yield to the lure of easy money through collaboration with others to commit frauds, bank robbery and advance fee frauds called '419' or cyber crimes. The spate of ATM frauds by which customers are alerted of deductions in their accounts without their authorization or personal withdrawals may lend credence to this assertion as only insiders have access to account information and codes of card holders.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter summarises the findings of this thesis and discusses the study's limitations. It draws attention to the contributions this work makes to theory, methods, and practice, and closes with future research directions through the presentation of appropriate recommendations.

5.2 Summary of the findings

Empirical evidence are abound on the challenges that banking institutions and other participants in the economy experience during the implementation of reforms, whether social, economic or political. The need for the banks to maintain impact and relevance in the business environment allows creative strategies which affect different sections of the business including HRM. It therefore sets off alienation as employees feel insecure for their jobs, and dependants are at risk of indigence as sources of livelihood is lost if their source stops work. While human factors gave vent to the consequent restructure in each bank, it found more active reproduction in the style of leadership and management of banks that produced high levels of mismanagement and weak governance structure leading to completely new structures of work and repositioning of each bank for better services. The study therefore investigates the human resource challenges that occurred in the specific areas of job adaptation, job insecurity, cultural integration, work relations, wage disparity and voice representation.

The study postulated that the banking consolidation option, a product of the Recapitalisation Policy of 2004 released threats to jobs and drastically restructured recruitment strategies of many banking institutions in Nigeria including the three in this study. The consequent employee diversity resulting in diverse cultural values brought in new employees and created the need for adaptive strategy that enhanced customer satisfaction and prompt customer service as major selling points of each bank in the drive to recapitalise.

The sectoral unions, NUBIFIE and ASSBIFI showed diminished influence as mass sacks occurred among their members without any clear salvage procedures. This particularly impacted on the welfare of employees who needed the unions for their job safety. The consolidation, however, improved strong work relations for both managers and their subordinates, while at the same time allowed enhanced wage structure in all the banks as motivation for better productivity. The gender relations associated with the consolidation in the banking sector was examined in the context of socio-economic dynamics that produced an imbalance of equality in the job opportunities available for men and women in the sector. The summary of findings is presented below in subsections according to the study objectives.

5.2.1 On the Banks response to Cultural Diversity

The study found that the bank consolidation permitted the interchange of new employees with a collective experience of cultural values from their old banks. This created a need for integration according to the peculiarity of each bank in terms of customer service.

The organizational culture in each institution was reviewed to meet present needs of the company and the customer especially in the areas of micro-geography of office space, banking hall security, prompt customer service, and customer relations.

The banks utilized the professional experience of their new employees to boost capitalisation drive through the creation of more attractive customer-driven services and products.

The banks rewarded customers' loyalty and participation in product and service promotions with attractive prizes such as building apartments, cars, motorcycles, cash prizes, and so on.

At the corporate level, the diverse cultures coming from other employees enjoyed smooth integration as there were no problems of crisis management relating to the diversity in any of the banks.

5.2.2 On Voice Representation and Employee Welfare

Many of the bank employees who were active participants in the enterprise union were affected by the new recruitment strategies that sent them on early exit from the bank. This was without any direct negotiation with the union concerning their welfare and other benefits through collective bargaining as the structure had collapsed or non-existent due to the consolidation.

Except for UBN, other banks systematically neglected to create any union structures that supported obligatory membership, but focused attention on the recapitalisation drive. For this reason, the unions became less influential in co-determining work rules as they affected the welfare of the employees of each bank.

As HRM problems echoed in delayed severance payments, many of the workers (especially at Oceanic Bank and UBN) picketed their banks' head offices to facilitate quick payment of severance packages since the unions did not provide the kind of assistance required. This incapacity of unions also gave employees especially those of Oceanic and Unity Bank no motivation to initiate any strong enterprise union in their establishment as jobs increasingly became insecure.

The prevailing business environment, coupled with the influx of professionals linked to non-routine banking responsibilities did not help the need to fashion any excellent strategy for the industrial unions to mobilize against the unfair labour practices as most of the professional are working on contract basis.

5.2.3. On Employee Perception and Impact of the Bank Consolidation

The study findings show that a majority of the employees perceived that the structural changes in terms of branch expansion arose from the impact of the consolidation. This was the result of the focus on grassroots intermediation by the banks that was intensified to boost higher capitalisation and to woo customers in rural communities.

The consolidation only placed the banks on a stable financial platform but not necessarily on a sound profit level as the banks do not engage in ventures that assisted in national development such as those that prompted the recapitalisation policy announcement

The banks began to market ATM products and services in the open market places, public motor parks and inside campuses of tertiary institutions in urban centres.

The nature of the recapitalisation drive allowed the bank management to stipulate job descriptions that were seen to create more job insecurity than job protection for the worker.

The retained employees enjoyed better wages than in the pre-consolidation era especially in Union Bank as the wage structures in the industry rose in order to keep perceived skilled employees and to prevent other good hands leaving to other sectors or banks.

5.2.4. On Employee Perception on Work Relations

The findings noted that many of the employees perceived that the work and interpersonal relations between superiors and subordinates were high on account of the consolidation. The employees conceded that the relations between managers and subordinates improved because better team work was necessary to meet weekly or monthly capitalisation targets of each department or unit. However, the improved work relations for many of the employees did not change their plans to seek new employment as insecurity continues to grow on the job.

5.2.5 On Employee perception and Wage Differentials

It was found that the new wage structure encouraged better personal and work relations with superiors and subordinates and employee productivity on the job could be attributed to these. But, some respondents opined that as union influence that could have been useful in co-determination waned, a majority perceive that they would make a formal complaint to the management if they found a co-staff on similar job earning better wages. It was revealed that some of the employees had no idea of another officer's monthly wages or emoluments since much of employment negotiation was based on individual bargaining.

5.2.6 On Gender Relations in the Post-Consolidation Era

The findings revealed the potential for glass ceiling to prevail because of the consolidation as female workers enter into marriage and motherhood that is presumed unproductive when she is on lengthy maternity leave and unable to carry out her duties normally. The male counterpart with equal experience and qualification might be considered more needful. The development reproduces the fact that the bank management may not likely to send potential mothers in the same number as the male to training courses where their services may be disrupted by marital or motherhood commitments when the training skills are required of them. Going by NBS statistics, the increasing number of women in the sector is not a basis for projecting that the female employees are capable of developing and carving out full professional banking career for themselves because of aforementioned factors.

5.2.7 On responses of the Banks to the Consolidation.

The immediate response of the banks was to engage in aggressive marketing campaign to enlarge their capital base through individual and corporate investors, selling of company shares at the capital market and foreign investors. The banks undertook an uncommon marketing drive as they took to the streets, motor parks and public markets to increase awareness of their products and services as they build their customer base. Much of the marketing strategy involved more females who were in contract employment with the bank they were working for.

The banks consolidated through mergers and acquisitions of other banks after due process with regulatory agencies before the recapitalization deadline.

The banks retrenched most of the employees based on new strategic criteria of employment as new organizational objectives focussed on rightsizing and ensuring optimal number of employees.

5.3 Conclusion

The consolidation option which the CBN recommended for banks became prominent as the only option which impacted on human resources management functions in the banking sector as a result of the Recapitalisation Policy in which banks in Nigeria were mandated to raise their capital base to at least 25 billion naira by December 31, 2005. The option guaranteed fewer losses of jobs than the liquidation and specialisation options. Here, the vulnerability of HRM in each bank appeared as many of the employees lost their jobs based on reasons of job duplication, overhead incurred by the banks as a result of high wage structure, and new employment retention criteria for workers that varied from bank to bank.

The study provided data to affirm that the consolidation option affected the HRM functions in all the banks in the study. Major areas that impacted on HRM included job adaptation (of employees to new roles and responsibilities as a result of renewed strategic focus of each bank); job insecurity (as high job qualifications no more provided job security in the face of multiple job seekers seeking fewer available positions in a shrinking system; cultural integration (as occasioned by the infusion of other cultural values by new employees, work relations (required for team work to achieve the recapitalisation objective); wage disparity (as the re-employment of employees into the banks depended on bargaining power of individual employees; and voice representation (as employees' representative, the union had its influence curbed as banks employed with emphasis on "no union" membership in the work place.

The qualitative method of data collection was used to capture data through written responses from representatives of the bank directors, and the oral expressions of union officials and others denoting their attitudes, behaviours and ideological positions on the implications of the consolidation on HRM in all the banks. The study emphasised the application of the qualitative and quantitative data collection methods to generate important and essential data that can be used broadly in analysis.

The study required the combination of Anthony Giddens' structuration and Marxian conception of alienation to explain the implications of consolidation on human resources of the banks in terms of the powerlessness, normlessness, meaninglessness and self estrangement of bank employees to prevailing circumstances. The bank consolidation and HRM were presented as independent and dependent variables respectively. The study concludes that skewed and unproductive socio-economic developments over the years led to the 2004 Recapitalisation Policy which was directed at the banking subsector was traceable to the activities of human agents acting as bank operators, depositors, and regulatory agencies. Their overall actions redefined the banking industry in the way it reduced the number of banks, discharged old workers, employed new workers, designed jobs, and reduced union influence. This led to tendencies of alienation and insecurity among retained employees as sectoral union influence diminished and could no more provide necessary cover against arbitrary retrenchment by management. Largely, the predisposition to pluralism which the unions would have provided in pre-consolidation period gave way to more unitarist orientation for bank managements in the post-consolidation era.

The study showed that the consolidation had the greatest impact on new bank employees in terms of job adaptation. They were confronted by varieties of integration processes of cultural values they encountered in the new place of work. Some of the factors that characterized the culture of the banks were customer satisfaction and prompt service. While these cultures existed in all the banks, the manner of approach differed in scope, strategy and dimensions. The banks and their management applied them strategically as essential cultural variables to increase customer base at the retail banking level. These were transformed to become the basis for branch expansion for all the three banks in the study.

The nature of cultural adaptation and integration became intensive and was necessary for the need to build capacity for employee performance and loyalty. The findings also showed that the fewer number of bank branches established by the three banks in the pre-consolidation era were the result of weak intermediation by which the banks focused mainly on prospecting for customers in the urban areas and neglected potential savers in rural communities. Notably, one of the bases for the 2004 Recapitalisation Policy was the poor capital base of the banks that was claimed to have little effect on the major national investments in social and physical development.

The employers of labour were encouraged through the consolidation to minimize union activity in the work place. This was assisted by the 2004 Labour Reforms that highlighted the provisions for voluntary membership as against obligatory membership of bank employees. Relying on this revised labour legislation, bank employers, which had any apprehensions about union activism, felt relieved to remove structures that could help to mobilize in the spirit of voluntary membership.

However, the level of corporate performance on account of the consolidation was found to have improved tremendously across the three banks in the study. This was measured by the companies' published periodic profits, size of customer base and new capital base. As we measure bank performances in terms of the size of customer base, the research study showed an increase of 18 percent of banked population in the post-consolidation period by August 2008 (See Appendix 15). In comparison to countries in the northern and southern hemisphere such as Egypt and South Africa, the figure was considered too low relative to each national population. This development points to the need for the banks to dissipate more effort in the area of grassroots intermediation as they try to establish a strong banking culture in rural communities.

However, for pre-consolidation employees of UBN in which union activity had been institutionalized long before the entry of new employees from UTB and Broad Bank the thrill of a collective bargaining arrangement might be revealing; unlike in UTB and Broad Bank where management-employee relations was better reflected in individual bargaining for wages and other work conditions. Unity Bank (as an entity) had not developed any known membership arrangement with NUBIFIE at the time of research, while Oceanic Bank management was observed to cautiously develop its relations with the union but without any structures for a solid establishment. The difficulty in retrieving evidence of check off payment from pay slips (to justify employees' financial involvement and participation) persisted with employees opting to verbally mention their non-payment of the check off while refusing show me a copy of a pay slip. The idea was to confirm any form of payment or the lack of it. If the payment did not occur the development may erode the possibility that employees without any strong union experience from UTB and Broad Bank may never experience active unionism at any stage of their banking career. Nevertheless, 35.5 percent of respondents of Union Bank claim that they still pay check off dues to their union.

The study showed that the consolidation brought improvement in wage compensation among bank employees in spite of the exit of many from the system. The monetary motivation actually heightened employee expectation towards job security. Observations revealed that this was not realistic as employees were still relieved of their jobs in spite of the financial motivation.

5.4 Recommendations

The study has shown that the magnitude of the consolidation brought significant changes and restructures to all the banks and other business institutions outside the system. These changes permeated the HRM functions of all businesses in the economy as fiscal policies of many companies became dependent on the availability of funds (in the banks) for production. Thus, employment was stifled in work organisations without premeditation. The outflow of funds for lending purposes were blocked or restricted as banks try to shore up their capital base, and recover non-performing loans at the same time. Against this backdrop, the following recommendations thus:

5.4.1 Recommendations for the CBN

i. The CBN as the apex bank should facilitate self regulatory standards with other regulatory bodies like the NDIC, FMBN and NAICOM that would address their deficiencies and promote the institutions as trusted and genuine supervisory body. This would help in promoting the culture of regular audit and record accountability in the system. The level of corporate governance would be made stronger through regular monitoring.

Internal regulation on the part of CBN is required to eliminate pit falls from employee laxity and errors in the discharge of their duty. A strong reason for this is the acknowledgement by CBN that the address location of many of the microfinance banking institutions it registered across the country could not be located.

The CBN should work in partnership with the existing commercial banks to alleviate the sufferings of retrenched workers to prepare a Statutory Procedure for Dispensing Severance Packages for Exiting Workers in the Financial System. This document should be prepared to capture all financial institutions.

5.4.2 Recommendations for the Banks

The banks should establish new work cultures that promote self-directed work teams. It is an excellent way of creating effective productivity for HRM. The banks can do this by taking advantage in the post-consolidation era in bringing out creative products and service that pull in the cash and produce uniqueness. Stewart & Manz, (1995) observed that the basic philosophy behind work teams is the identification and solving of work related problems among colleagues for improved performance. In banks where old employees have new boss and new co-workers employed from an acquired bank, work relations may suffer if attitude of old employees is negative towards the new employees. This is also expected to inhibit the expression of formal authority and power relations if the new workers express any personal arrogance in the course of duty.

The banks should adopt peculiar adjustment strategies to improve its human resource development programmes especially in the areas of staff redeployment, transfers, reassignments, and retrenchment.

The banks should set up official instruments that recognize the unions as partners in progress instead of antagonist. This would help ensure job security in enterprise unions that would monitor the interests of employees of all categories.

5.4.3 Recommendations for the State

A policy thrust by government to promote a banking system designed at promoting intermediation at the grassroots for rural communities is necessary. The effort should be supported by motivational incentives for employees who are willing to work in rural areas. With apparent failures of the Community Bank and Peoples Bank projects and other rural banking initiatives in the country, partnership with banking institutions will boost banking habits and employment for local indigenes.

The agency-structure interaction between the bank operators and their communities could be improved for national progress by ensuring that greater integrity in banking operations through the application of sound moral values enforced by deliberate ethical training and financial discipline of employees. This can be enhanced by the creation of a National Institute for Ethics and Development under the CBN.

The government should create a Consumer Financial Protection Agency (CFPA) that is different from Nigeria Deposit Insurance Corporation (NDIC) but which will have rule-making powers (for protection of users of bank products and services) over financial and non-financial banking institutions in Nigeria. This is not to be confused with a parallel body of employees to represent the sectoral unions like the NUBIFIE and ASSBIFI.

The government should endeavour to implement labour policies that would promote job retention in all sectors of the economy. This is suggested in the spirit of the country being a signatory to the International Labour Organisation (ILO) Treaties and Conventions.

The state should create room for negotiations and dialogue to prevent future labour crisis and provide necessary palliatives to cushion the effects of anti-labour policies legislated in the past.

The state should assist workers who have not been given their pension remittances to do so through the Pensions Funds Administrators (PFA). This is guard against the unpalatable experiences of those who contributed to the Nigerian Social Insurance Trust Fund (NSITF) and National Housing Fund (NHF) account, but who are yet to be fully remitted.

The government should set in place procedures that would restore the spirit of pluralism in industrial relations system. This is for the purpose of creating a more harmonious and peaceful system for all parties.

5.4.4. Recommendations for the Unions

The sectoral unions should seek the support of central labour to press for the restoration of union structures in all the banks now that the system has assumed some kind of stability and restoration.

The unions should brace up for the adoption of independent unionists for the enterprises so that co-determination would be restored as normal functions of unions in a pluralist industrial relations system that is in practice in Nigeria. These are people should be employed through check off dues of employees, but who are themselves not workers in the system. This would be instrumental to addressing the union's consciousness of scarcity of membership. The scarcity consciousness may subsist if analyses of th developments towards sector reforms do not cease to distort issues affecting HRM.

The unions should ensure the pursuance of dialogue and negotiations with companies in the industry instead of resorting to picketing or other forms of industrial actions to press for their demands.

The Trade Union Act provides for a wide range of companies within NUBIFIE, as an industrial union. The union should endeavour to prospect for membership in these organisations to boost their membership base, instead of relying on membership from the banking and insurance units of the union.

5.5 Limitations of the Study

A major limitation of this study in selecting the banks for the study derived from the dynamics of the consolidation exercise on the banking system in which available data relating to position of each bank in the recapitalization process were inconclusive even from CBN. The inconclusiveness may have arisen from the dynamic changes that constantly affected the industry primarily due to the activities of the banks in the capital market. Thus, current capitalization stand of each bank kept rising and did not allow a proper determination of the state of the shareholders funds. Since the sourcing of funds in the capital market became a continuous activity for the banks, using similar reasons adopted for this study in another one of this nature may not feasible. The findings may have been overshadowed by recurring events in the sector such as the inevitability of job losses that also affected the top hierarchy of banks through CBN action, and the reduction of branches in some banks to reduce overhead and other costs.

The study did not achieve the objective of collecting direct response from the high ranking decision-making officials of any of the three banks. The use of proxy and which gave written responses to the interview guide gave the impression that the bank did not want to be drawn into any reasons to provide responses that might be considered too sensitive to be disclosed for the purpose of research. I think the research timing and the sensitive nature of issues raised by the consolidation are major factors.

Nevertheless, the findings for all the banks in this study may not be typical of the situation found at each stage of the consolidation by the deadline of December 31, 2005. And in the subsequent months during which severance payments were not duly forthcoming for retrenched employees, the dynamics of structural changes that goes on in the banking system are not going to diminish. Again, the events leading to calls for another round of recapitalization, and the removal of eight bank chief executives by CBN between August and September 2009 are noted. The affected organizations are likely to reduce personnel, reduce branch network, and undertake other cost cutting measures to be able to encourage debt recovery and boost the capital base which has been reduced by non-performing loans and poor governance of the management. Therefore, these factors may not seriously prove the applicability of the results to other sectors where those issues are inexistent.

5.6 Contributions to Literature

Despite its limitations, this study on the implications of consolidation on human resource management in selected banks makes contributions to the literature at the theoretical and methodological levels. It fills a major gap in existing literature on financial recapitalisation in Nigeria as a developing country, and the understanding of HRM conditions under banking consolidation. This area has been largely neglected by current theorists in the field whose primary focus has been on the dilemma of depositors, erosion of investors' confidence in the banking system and poor corporate governance within the management of the banks.

This work provides insight into the challenges of management of human resources in a consolidating environment. The impact of organizational integrative capacity of sectoral unions is highlighted, providing evidence that can help to resolve the absence of information on union incapacity in a consolidating industry.

The research further provides an understanding of the basic difficulties and processes of job insecurity and job losses in consolidation firms at the employee level. Fundamentally, at the organizational level, it provides a linkage between the inherent challenges, dimensions of integration strategies, and performance of banking institutions in consolidation, also shedding light on causal mechanisms at the micro level.

Another contribution of this research at the theoretical level is that it specifically captures the nature of social reproduction evolving from the interaction (duality) of human agents in the banking sector and institutional structures which has been neglected thus far. No literature, to my knowledge, has applied this interdependence theoretically. Rather, past works have utilised structural functionalism to emphasis to the role of human beings independently as passive agents at the micro and macro levels. By introducing the notion of alienation, focusing on the challenges of HRM, this study moves beyond the idea that economic alienation results from a certain form of organisation, to consider how those challenges can be managed and the vital impact they can produce for organizational performance and national development.

5.7 Future Research Directions

Despite the several contributions made by this study, there is ample scope for future work to further explore these ideas. An important task would be to carry out similar investigations on other financial institutions and non-financial institutions where consolidation has inevitably impact on human resources. This is especially necessary in an industry where customer service delivery is underscored by physical interaction of employees with customers rather than online customer services that is largely controlled by information technology or the postal services that has too little or no interaction with customers.

A further extension of this work would be to examine in greater detail the relationship between personnel reduction in each bank and financial performance. In particular, it would be interesting and useful to evaluate certain challenges as they affect male and female employees moving through the sector between 2004 and present date.

Moreover, another aspect of interest would be to compare management, union and employee expectations at the onset of the consolidation and actual outcome for all parties. This could be accomplished by comparing the specific job duplications of each bank that inevitably removed some top management employees at the time of the announcement representing organizational expectations with actual financial performance that is connoted by competition to improve capital base. For the unions, the strategies to protect members' jobs, assurance of job security and assistance with early payments of severance packages for employees who could not retained could be explored to determine the factors that manipulated the system to allow picketing by affected employees instead of by unions.

Besides these extensions to this existing work, a study comparing the innovations such as the Recapitalisation Policy in July 2004 by CBN under Professor Charles and those from June 2009 under Mallam Lamido Sanusi in the areas of impact of these innovations which include the introduction of Asset Management Company of Nigeria (AMCON), repeal of the universal banking system, and the introduction of national, regional and international banking licenses on human resource management. Both have some common challenges, especially market or socio-economic uncertainties, even as each tried to manage the system by addressing prevalent negative circumstances. Such an investigation can uncover the differences between the modes of innovations by both leaderships in how the inherent challenges affect human resources in the sector, and under which circumstances of a strategy may be preferable over the other. .

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Appendix 1

QUESTIONNAIRE SURVEY

UNIVERSITY OF IBADAN
Department of Sociology

LETTER OF SOLICITATION

Dear respondent,

This study is a post graduate work aimed at evaluating the nature of the implications that the bank consolidation exercise occasioned by the recapitalization policy has had on the human resources management of your bank and on the banking sector inn Nigeria.

The questions are constructed to protect your integrity and to elicit honest responses. Please volunteer answers that represent your current personal opinion on each question. All information will be treated in extreme confidence and complete anonymity, and cannot be ascribed to you in anyway.

Thank you for your co-operation.

Theophilus Joshua

Instruction: Please tick or mark the spaces that represent your best option for each numbered question.

Section A: Demographic Details

i. Marital Status: Married ___ Single___ Widowed___ Divorced ___

ii. Sex: Male ___ Female ___

iii. Number of children: None____ 1-2 ____ 3-4 ____ 5 < ____

iv. Number of dependants: None____ 1-2 ____ 3-4 ____ 5 < ____

v. Educational Qualifications: 1st Degree___ HND ___ OND___ PGD/Masters___Professional___

vi. Present position on the job: Management ____ Non-Management____

vii. Length of service on the new job (years): >1___ 1-5___ 6-10___11-15___

viii. Length of service in previous job: (years): >1___ 1-5___ 6-10___ 11-15___

ix. Length of service in present bank: (years): >1___ 1-5___ 6-10___11-15___

x. Length of service in previous bank. (years): >1 ___ 1-5___ 6-10___11-15___

Section B: Employee Perceptions on Benefits of the Consolidation Exercise

1. Do you agree that the consolidation exercise has helped the banking sector? YES__ NO__
2. Do you think the consolidation exercise was well conducted? YES__ NO__
3. Has the consolidation helped to improve service delivery in your bank? YES__ NO__
4. Is the consolidation responsible for your bank's higher capital base? YES__ NO__
5. Is the consolidation responsible for your bank's more branches? YES__ NO__

6. Is the consolidation responsible for your bank's increased profits? YES__ NO__
7. Is the consolidation responsible for your bank's prompt customer service? YES__ NO__
8. Should present number of banks be reduced? YES__ NO__
9. Do you think a reduction will be an advantage to banking career? YES__ NO__
10. What appropriate number of banks would you suggest? 1-8, _______ 9-16,_____ 17-24 __
11. Would you say that the policy was released at the appropriate time? YES__ NO__
12. Briefly in your opinion what you think was responsible for the consolidation.

Section C: Perceptions on Evolving Culture in the Banks

1. What was the most prominent culture of your bank? (Do not tick more than one option)

	Variables	YES	NO
	Prompt customer service		
	Customer satisfaction,		
	Employee training and growth,		
	Meeting shareholders expectation,		
	Meeting social responsibility,		
	Profit		

2. If you a new employee, are any of the above different from what you that of your previous employer? YES__ NO__
3. If your answer to (2) is YES, please describe any observed differences.

    ----
4. Have you observed any new kind of culture that is prominent aside from those listed in (1)?
5. Do you think your position will enhance the integration of diverse culture? YES__ NO__
6. Did the consolidation actually create a new kind of culture for the bank? YES__ NO__

Section D: Perceptions of Work Relations with Co-workers in the Bank

1. Did you hold any managerial position before the consolidation? YES__ NO__
2. Has the consolidation improved your work relations with your superiors? YES__ NO__
3. Do you relate differently with the opposite sex than you do with people of your gender?

    YES__ NO__
4. Did the consolidation improve your work relations with subordinates? YES__ NO__
5. In your opinion, did the consolidation result in a better performance for the bank in terms of profit?
    YES__ NO__
6. Is your immediate boss a female or male? FEMALE__ MALE__
7. Is your immediate subordinate manager a female or male? FEMALE__ MALE__
8. If you required a deputy to handover your responsibilities, would you choose a female or male? FEMALE__ MALE__

Section E: Perceptions of Wage Disparity

1. Do you enjoy enhanced wages because of the consolidation? YES__ NO__

2. Have you had your salary reduced because of the consolidation? YES__ NO__
3. Is the consolidation responsible for new wage structure in the bank? YES__ NO__
4. Is the consolidation responsible for new wage structure in the sector? YES__ NO__
5. Are you aware any worker enjoys better wages than you do in similar position? YES__ NO__
6. If you are aware that you are under paid, what would you do?

Section F: Perceptions of Employment Opportunities among Gender

1. Did the consolidation create more opportunities for female employees than the male? YES__ NO__
2. Has the managerial status of female employees improved since the consolidation? YES__ NO__
3. Are family commitments the reason for fewer females in the sector? YES__ NO__
4. What do you think is responsible if your answer is NO?
   ----
5. Do you find it more productive working with the opposite sex? YES__ NO__
6. Should female employees share similar privileges with males if they are educationally equal? YES__ NO__
7. In what areas should the privileges be encouraged in the bank?

	Variables	YES	NO
	Promotions		
	Relocation and transfer to new locations		
	Maternity leave		
	Equal employment ratio		
	Paternity		

Section G: Perceptions on Welfare Scheme

1. Do you have a welfare scheme with any the PFAs or PFCs? YES__ NO__
2. Is it coordinated by your bank? YES__ NO__
3. Does your bank operate a pension scheme at the moment? YES__ NO__
4. Did you operate a pension scheme with your previous employer? YES__ NO__

Section H: Perceptions on Employee Voice Representation

1. Are you involved in union activity in your present bank? YES__ NO__
2. Does your bank have any enterprise union? YES__ NO__
3. Were you a union official in your former bank? YES__ NO__
4. Did you pay check off dues in your former bank? YES__ NO__
5. Are you paying check off dues in the present employment? YES__ NO__
6. If your bank does not have a union structure in place, do you think it is planning to do so? YES__ NO__

Appendix 2

INTERVIEW GUIDE

1. In your opinion, what do you think influenced the government decision to legislate Recapitalisation Policy?

2. What were the justifications from CBN for the consolidation option?

3. What were your banks' initial reactions to the Policy?

4. How relevant and important is the Bankers' Committee in the banking industry?

5. Would you adjudge that the consolidation brought any marginal increase to your bank and to the industry?

6. In what ways did your bank enhance capital base after the Policy announcement?

7. Having taking on many professionals from other distressed banks with dissimilar cultures, how has your bank managed the integration process for better performance?

8. In what ways did the cultural diversity from other employees alter your bank cultural values?

9. What were your bank's responses to the emergent cultural change?

10. Since downsizing became major talking point during consolidation, what measures and criteria did your organization adopt to minimize job losses?

11. To what extent did the consolidation and subsequent duplication of certain employee responsibilities necessitate work redesign programmes in your bank?

12. What were these work redesign programmes?

13. As an employee-friendly organisation, what is the state of industrial relations in your bank in terms of voice representation?

14. Does the bank have any collective bargaining structure in its employment process?

15. What are the bank's plans to ensure a smooth pensions scheme process for new and old employees?

16. Has the consolidation affected the male-female employment ratio?

17. In what ways has the bank empowered female employees in view of issues surrounding discrimination to female employees in some banks before the consolidation?

18. Has there been any improved wage package for employees since the consolidation?

19. Is the bank taking steps to improve intermediation by opening branches in all 774 local government areas in the country?

20. Have the newly merged companies affected the business focus of the Group positively?

21. What is the extent of employee turnover since the consolidation began in your bank?

22. Did many of the employees leave for not meeting wage demands?

23. Are there plans to strengthen industrial unionism in the bank?

Appendix 3

Percentage Distribution of Employment By Economic Activity And Gender 2001-2005

Economic Activity	2001		2002		2003		2004		2005		National	
	M	F	M	F	M	F	M	F	M	F	M	F
Agriculture	82.29	17.71	84.34	15.66	81.04	18.96	81.1	18.9	78.24	21.76	**82.49**	**17.51**
Manuf/Processing	89.6	10.4	90.01	9.99	87.66	12.34	87.81	12.19	87.7	12.3	**88.69**	**11.31**
Building/Construction	94.56	5.44	93.73	6.29	94.24	5.76	93.37	6.63	93.41	6.59	**93.91**	**6.09**
Hotels/Tourism	64.48	35.52	64.34	35.66	64.088	35.92	64.55	35.45	65.13	34.81	**65.19**	**34.81**
Transport	90.83	9.17	88.3	11.7	88.42	11.58	87.92	12.08	85.15	14.85	**88.38**	**11.62**
Communication	68.95	31.05	68.71	31.29	72.96	27.04	70.92	29.08	71.31	28.69	**74.47**	**25.53**
Education Services	58.71	41.29	58.79	41.21	60.01	39.99	65.89	34.11	62.35	37.65	**57.74**	**42.26**
Mining/Quarry	99.8	0.2	97.56	2.44	98.01	1.99	98.34	1.66	97.52	2.48	**98.71**	**1.29**
Utilities	98.86	1.14	98.88	1.12	98.91	1.09	98.93	1.07	98.52	1.48	**98.89**	**1.11**
Banking	**62.62**	**37.38**	**57.04**	**42.96**	**52.1**	**47.9**	**51.2**	**48.8**	**55.72**	**44.28**	**58.69**	**41.31**
Distributiv Trade	76.74	23.26	77.39	22.61	79.63	20.37	76.84	23.16	77.14	22.86	**77.77**	**22.23**
Private Prof Services	82.17	17.83	76.71	23.29	79.82	20.18	76.54	23.46	77.18	22.82	**79.31**	**20.69**
Real Est/Business Serv	91.25	8.75	92.23	7.77	91.06	8.94	91.43	8.57	86.2	13.8	**90.58**	**9.42**
Health	37.31	62.69	35.41	64.59	35.84	64.16	35.45	64.55	37.43	62.57	**36.89**	**63.11**
Finance	73.2	26.8	71.6	28.4	71.8	28.2	70.92	29.08	68.26	31.94	**72.18**	**27.81**
National	**80.72**	**19.28**	**79.95**	**20.05**	**79.22**	**20.78**	**79.05**	**20.95**	**78.94**	**21.06**	**80.05**	**19.95**

Source: National Bureau of Statistics: Quick National Employment Generation Survey (QNEGS), 2006

Appendix 4

List of Distressed Banks as at December 31, 2005

1. CITY EXPRESS BANK
2. METROPOLITAN BANK
3. AFRICAN EXPRESS BANK
4. INTERNATIONAL TRUST BANK
5. TRIUMPH BANK
6. ALL-STATES TRUST BANK
7. ASSURANCE BANK
8. SOCIETE GENERAL BANK
9. GULF BANK
10. EAGLE BANK

Source: CBN Department of Banking Operations, 2006

Appendix 5

<u>List of Bank Managing Directors replaced by CBN action between 2007 and 2009</u>

	Names of Bank	Year Replaced	Replaced Director(s)	New Director
1	Springbank Plc	2007		Mrs Sola Ayodele
2.	Wema Bank	2008		
3.	Union Bank	2009	Mr. Bartholomew Ebong	
4.	Oceanic Bank	2009	Mrs. Cecilia Ibru	John Aboh
5.	Intercontinental Bank	2009	Mr. Erastus Akingbola	
6.	Finbank Plc	2009		
7.	Afribank Plc	2009		
8.	Equitorial Trust Bank	2009		
9.	Bank PHB	2009	Mr. Francis Atuche	
10.	Springbank Plc	2009		

Sources: Collated from Omokhodion, 2009;

Appendix 6

STATE OF CONSOLIDATED BANKS AND ACQUISITION GROUPS' CAPITAL BASE STANDING AS AT DECEMBER 2005

NO	**NAME OF BANK**	**ACQUISITION GROUP**	**Capital Base (N) billions**
1	ACCESS BANK	-ACCESS BANK -CAPITAL BANK INT'L - MARINA BANK	28
2	AFRIBANK	- AFRIBANK INT'L (MERCHANT) BANK - AFRIBANK OF NIGERIA	29
3	DIAMOND BANK	- AFRICA INTERNATIONAL BANK - DIAMOND BANK - LION BANK	33.25
4	ECOBANK Nigeria	NONE	Over 25
5	EQUITORIAL TRUST BANK	- DEVCOM BANK - EQUITORIAL TRUST BANK	26.5
6	FIDELITY BANK	- FIDELITY BANK - FSB INTERNATIONAL BANK - MANNY BANK	29
7	FIRST BANK OF NIGERIA PLC	- FBN (MERCHANT BANKERS) LTD - FIRST BANK OF NIGERIA - MBC INTERNATIONAL BANK	44.67
8	FIRST CITY MONUMENT BANK	- CO-OPERATIVE DEVELOPMENT BANK - MIDAS MERCHANT BANK - NIGERIA-AMERICA MERCHANT BANK - FIRST CITY MONUMENT BANK	30
9	FIRST INLAND BANK PLC	- FIRST ATLANTIC BANK - INTERNATIONAL MERCHANT BANK - INLAND BANK - NUB	30
10	GUARANTY TRUST BANK	NONE	34
11	PLATINUM-HABIB BANK PLC	- HABIB NIGERIA BANK -PLATINUM BANK	25
12	IBTC CHARTERED BANK PLC	- CHARTERED BANK - IBTC LTD - REGENT BANK	35
13	INTERCONTINENTAL BANK PLC	- EQUITY BANK OF NIG - GATEWAY BANK OF NIG - GLOBAL BANK - INTERCONTINENTAL BANK	51
14	NIB LTD (CITI GROUP)	NONE	25
15	OCEANIC BANK INTERNATIONAL	- INTERNATIONAL TRUST BANK - OCEANIC BANK	31
16	SKYE BANK	- BOND BANK - COOPERATIVE BANK - EIB INTERNATIONAL BANK - PRUDENT BANK - RELIANCE BANK	37.7

NO	NAME OF BANK	ACQUISITION GROUP	CAPITAL BASE (N) billions
17	SPRINGBANK PLC	- ACB INTERNATIONAL BANK - CITIZENS BANK INTERNATIONAL - FOUNTAIN TRUST BANK - GUARDIAN EXPRESS BANK - OMEGA BANK - TRANS INTERNATIONAL BANK	27
18	STANBIC BANK NIGERIA LTD	NONE	25
19	STANDARD CHARTERED BANK	NONE	26
20	STERLING BANK PLC	- INDO-NIGERIA BANK - MAGNUM TRUST BANK - NAL BANK - NBM BANK LTD - TRUST BANK OF AFRICA	25
21	UNION BANK PLC	- UNION BANK PLC - UNION MERCHANT BANK - UNIVERSAL TRUST BANK	58
22	UNITED BANK FOR AFRICA	- CONTINENTAL TRUST BANK - STANDARD TRUST BANK - UNITED BANK FOR AFRICA	50
23	UNITY BANK	- BANK OF THE NORTH - CENTREPOINT BANK - FIRST INTERSTATE BANK - INTERCITY BANK - NEW AFRICA BANK - NNB INT'L BANK - PACIFIC BANK - SOCIETE BANCAIRE NIGERIA LTD - TROPICAL COMMERCIAL BANK	30
24	WEMA BANK	- NATIONAL BANK OF NIGERIA - WEMA BANK	35
25	ZENITH BANK	NONE	38

Source: CBN Department of Banking Operations, 2006/Financial Standard, January 16, 2006

Appendix 7

LIST OF BANKS AND MANAGING DIRECTORS IN NIGERIA AS AT DECEMBER 2010

NO	NAMES OF BANK	OLD M/DIRECTOR	NEW M/DIRECTOR
1	**Access Bank**		Aigboje Aig-Imoukhede
2	**Afribank Plc**		
3	**Diamond Bank**	Emeka Onwuka	Emeka Onwuka
4	**Ecobank Nigeria**		
5	**Equitorial Trust Bank**		
6	**Fidelity Bank**		
7	**First Bank Plc**	Jacob Ajekigbe	Stephen Onasanya
8	**First City Monument Bank**	Ladi Balogun	Ladi Balogun
9	**Finbank Plc***	Okey Nwosu	Mrs. Suzanne iroche
10	**Guaranty Trust Bank**	Tayo Aderinokun	Tayo Aderinokun
11	**Intercontinental Bank Plc**	Erastus Akingbola	Mahmoud Lai Alabi
12	**NIB Ltd (CITI Group)**		
13	**Oceanic Bank International**	Cecilia Ibru	John Aboh
14	**Platinum-Habib Bank Plc**	Francis Atuche	
15	**Skye Bank**	Akinsola Akinfemiwa	Kehinde Durosinmi-Etti
16	**Springbank Plc**	Charles Enaholo Ojo	Mrs. Sola ayodele
17	**Stanbic- IBTC Bank Plc**	Atedo Peterside	Chris Newson,
18	**Standard Chartered Bank**		
19	**Sterling Bank Plc**	Babatunde Dabiri	Razack Adeyemi Adeola
20	**Union Bank Plc**	Bartholomew b. Ebong	Mrs. Funke osibodu
21	**United Bank for Africa**	Anthony Elumelu	
22	**Unity Bank**	Falalu Bello	Falalu Bello
23	**Wema Bank**		
24	**Zenith Bank**	Jim Ovia	Godwin Emefiele

Sources: Collated from cenbanknews, CBN Newsletter, 2009 - 2010

*** - First Inland Bank Plc changed its name and logo in 2009**

Appendix 8

THE KEY MEASURES INTRODUCED IN THE STRUCTURAL ADJUSTMENT PROGRAMME

i. The relaxation of the conditions for licensing of new banks. This led to a phenomenal growth in the number of banks in Nigeria from 41 in 1986 to 119 in 1991. The number of non-bank institutions also increased substantially. This phenomenal growth resulted in several challenges for the industry and subsequently forced the federal government to place an embargo on licensing of new banks with effect from April 1991.

ii. The introduction of the Inter-bank Foreign Exchange Market (IFEM) and the establishment of the system of Foreign Currency Domiciliary Accounts, which led to increased earnings for many banks. The large exchange rate premium between the official and the parallel markets provide a great incentive for the establishment of many banks. This easy source of income attracted so many people who had no business being in banking to become bank owners and directors.

iii. Deregulation of the interest rate regime resulting in the unprecedented rise in lending rate, which was a great disincentive for long-term investment although it encouraged significant increase in savings mobilization.

iv. Promulgation of new CBN and Banks and Other Financial Institutions Decrees 24 and 25 of 1991, respectively, to strengthen the regulatory and supervisory capacity of the CBN.

v. Establishment of the Nigeria Deposit Insurance Corporation (NDIC) with the promulgation of Decree 22 of 1988, to safeguard customer deposit and promote banking stability.

vi. Licensing of Discount Houses to enhance efficiency in the money market operations.

vii. Re-introduction of Stabilizing Securities as an instrument for checking excess bank liquidity.

viii. Introduction of Open Market Operations (OMO) to influence the level of liquidity in the economy in place of the inefficient direct control through credit ceiling.

ix. Establishment of the Nigeria Inter-bank Settlement System to enhance inter bank market transactions and ensure a more efficient payments system, and

x. Promulgation of the Failed Bank (Recovery of Debts) and Financial Malpractices in Banks Decrees 18 of 1994 to help sanitize the financial services industry.

Culled from “Distress in the Nigerian Financial Services Industry” - A Central Bank of Nigeria/Nigeria Deposit Insurance Corporation Collaborative Study, 1995, pg 6

Appendix 9

STATE OF INDIGENOUS COMMERCIAL BANKS BETWEEN 1929 AND 1959

No	COMMERCIAL BANK	YEAR EST	YEAR FAILED
1.	The Industrial & Commercial Bank	1929	1930
2.	The Nigerian Mercantile Bank	1930	1931
3.	The National Bank of Nigeria	1933	Failed in the 1990s
4.	Agbonmagbe Bank (now Wema Bank)	1945	Existing
5.	The African Continental Bank	1947	Failed in the 1990s
6.	The Nigerian Farmers & Commerce Bank	1947	1953
7.	Pan Nigerian Bank	1951	1954
8.	Standard Bank of Nigeria	1951	1954
9.	Premier Bank	1951	1954
10.	Nigerian Trust Bank	1951	1954
11.	Afro Seas Credit Bank	1951	1954
12.	Onward Bank of Nigeria	1951	1954
13.	CBN of Nigeria	1960	1961
14.	Merchant Bank	1952	1954
15.	Metropolitan Bank of Nigeria	1952	1954
16.	Provincial Bank of Nigeria	1952	1954
17.	Union Bank of British Africa	1952	1954
18.	United Commercial Credit Bank	1952	1954
19.	Cosmopolitan Credit Bank	1952	1954
20.	Mainland Bank	1952	1954
21.	Cooperative Credit & Agric Bank	1952	1954
22.	Industrial Bank	1952	1954
23.	West African Bank	1952	1954
24.	Muslim Bank (West Africa)	1958	Not available
25.	Bank of Lagos	1959	1968
26.	Bank of the North	1959	2005

Culled from CenBanknews, the staff newsletter of Central bank of Nigeria, Vol. 25, Nos. 43-44 of January/February 1998

Appendix 10

Nigeria Deposit Insurance Corporation Act

Chapter 301

Laws of the Federation of Nigeria 1990

An Act to establish, amongst other things, the Nigerian Deposit Insurance Corporation for the purpose of insuring all deposit liabilities of licensed banks and other financial institutions.

15th June 1988

1. (1) There is hereby established a body to be known as the Nigerian Deposit Insurance Corporation (hereinafter in this Act referred to as "the Corporation").

(2) The Corporation shall be a body corporate with perpetual succession and a common seal.

(3) The Corporation may sue or be sued in its corporate name and may for the purposes of its functions under this Act and subject to the Land Use Act, hold, acquire and dispose of any property movable or immovable.

2. (1) The governing body of the Corporation shall be a Board of Directors (hereinafter in this Act referred to as "the Board").

(2) The Board shall consist of the following members who shall be appointed by the President, Commander-in-Chief of the Armed Forces, that is-

(a) the Governor of the Central Bank of Nigeria who shall be the Chairman or his representative;

(b) a representative of the Federal Ministry of Finance and Economic Development;

(c) the Managing Director of the Corporation; and

(d) two Executive Directors of the Corporation.

(3) The supplementary provisions contained in the Schedule to this Act shall have effect with respect to the matters therein mentioned.

3. (1) Notwithstanding the provisions of section 13(4) of this Act, a person shall cease to hold office as a member of the Board if-

(a) he becomes bankrupt, suspends payment or compounds with his creditors; or

(b) he is convicted of a felony or any offence involving dishonesty or fraud; or

(c) he becomes of unsound mind, or incapable of carrying out his duties; or

(d) he is guilty of a serious misconduct in relation to his duties; or

(e) in the case of a person possessed of professional qualifications, he is disqualified or suspended other than at his own request from practising his profession in any part of the world by an order of a competent authority made in respect of that Director; or

(f) he resigns his appointment by a letter addressed to the Minister in which case the resignation shall take effect from the date of receipt of the letter by the Minister.

(2) No employee or a Director of a licensed bank or financial institution insured under this Act shall, while in office, be appointed a Director of the Corporation.

(3) Whenever the Board is dissolved the Minister shall appoint a Management Committee for the Corporation with the Managing Director as the Chairman to perform the functions of the Board temporarily.

4. The Board shall have power-

(a) to manage and superintend the affairs of the Corporation;

(b) for the overall policy and general administration and shall act in the name of the Corporation;

(c) to acquire offices and other premises for the use of the Corporation;

(d) to make, alter and revoke rules and regulations for carrying on the business of the Corporation under this Act;

(e) to appoint officers which in the opinion of the Board are required for carrying out the functions of the Corporation with particular reference to the examination of any insured bank or carrying out special examination of any insured bank;

(f) to fix terms and conditions of service including remuneration of the employees of the Corporation;

(g) to advise the Minister on the need to close an insured bank if in the opinion of the Board its continued operation will jeopardise the interests of depositors;

(h) to serve notice on an insured bank of its intention to remove the bank from its record of insured banks after a cease and desist order has been issued and after three consecutive warnings to improve the insured bank operational standard and it has failed to do so;

(i) to assume, with the approval of the Minister, the management of a failing bank and to advise the Minister on the action it intends to take on the assets and liabilities of the bank;

(j) to arrange for the sale of the assets and pay dividends to creditors of a failed bank as a receiver;

(k) to appoint claim agents who shall be empowered to investigate and examine claims on insured deposits;

(l) with the approval of the Minister, to serve a notice of removal from office on any officer or director who has committed any violation of the law, rules or regulations of the Corporation or has engaged in an unsound practice that may lead the bank to financial loss;

(m) to prosecute any officer or director who has committed any serious violation of the provisions of this Act; and

(n) to do such other things and enter into such other transactions which in the opinion of the Board are necessary to ensure the efficient performance of its functions.

5. (1) The Corporation shall have responsibility for-

(a) insuring all deposit liabilities of licensed banks and such other financial institutions operating in Nigeria within the meaning of sections 20 and 26 of this Act so as to engender confidence in the Nigerian banking system;

(b) giving assistance in the interest of depositors, in case of imminent or actual financial difficulties of banks particularly where suspension of payments is threatened; and avoiding damage to public confidence in the banking system;

(c) guaranteeing payments to depositors, in case of imminent or actual suspension of payments by insured banks or financial institutions up to the maximum amount as provided for in section 26 of this Act;

(d) assisting monetary authorities in the formulation and implementation of banking policy so as to ensure sound banking practice and fair competition among banks in the country;

(e) pursuing any other measures necessary to achieve the functions of the Corporation provided such measures and actions are not repugnant to the functions of the Corporation.

6. The Corporation shall have its Head Office at a place to be determined by the Board and may, subject to the approval of the Board, open branches in other States of the Federation of Nigeria and appoint agents and correspondents in accordance with the decision of the Board.

7. The Minister may give to the Board directives of a general or special nature with regard to the functions of the Corporation and it shall be the duty of the Chairman, the Board and the Managing Director to comply with the directives.

8. (1) The fund of the Corporation shall consist of-

(a) assessed premiums paid by insured banks and other financial institutions in accordance with section 20 of this Act;

(b) income from the investments of the Corporation;

(c) monies borrowed from any source with the approval of the Board; and

(d) moneys from any other source as may be approved by the Corporation.

(2) The Corporation shall, with the prior approval by a resolution of the Board, operate a current or other special accounts with the Central Bank of Nigeria.

9. (1) The authorised capital of the Corporation shall be one hundred million naira.

(2) On a resolution of the Board, there shall be paid up such amount as shall be subscribed by and paid-up at par in a proportion of sixty per cent and forty per cent by the Central Bank of Nigeria and the Federal Government of Nigeria respectively on the establishment of the Corporation.

(3) The authorised capital of the Corporation may be increased by such amount as the Board may by special resolution determine from time to time.

10. (1) The Corporation shall establish a general reserve fund to which shall be transferred the Corporation's net operational surplus before tax if the reserve fund is less than ten times the paid-up capital.

(2) Where the reserve fund is more than ten times the paid-up capital at the end of the year, seventy-five per cent of the net operational surplus before tax shall be transferred to the reserve fund, fifty per cent of the remaining amount after tax shall be supplied to reduce the annual premium payable by insured banks while the remaining
fifty per cent shall be paid to the shareholders.

(3) The net operational surplus of the Corporation for each year shall be determined after meeting all the current expenditure for that year and after making such provisions as the Board may deem fit for depreciation of assets, contribution to staff and superannuation funds and all other contingencies.

11. (1) The Corporation shall have power to invest money not immediately required in Federal Government securities or in such other securities as the Board may from time to time, determine.

(2) The incomes from the money invested as prescribed by subsection (1) of this section shall be credited to the account of the Corporation.

(3) All administrative expenses shall be defrayed out of the income of the Corporation.

12. (1) There shall be chargeable to the Corporation-

(a) all expenses incurred on behalf of the Corporation;

(b) all payments of excess assessment;

(c) moneys required for the payment of moneys borrowed on behalf of the corporation;

(d) payment to a bank which assumes the deposits of an insured bank; and

(e) payment to depositors when an insured bank or institution becomes insolvent.

13. (1) There shall be appointed for the Corporation the following, that is-

(a) the Managing Director, who shall be the Chief Executive of the Corporation and shall be responsible for the day-to-day management of the Corporation; and

(b) two Executive Directors who shall perform such duties as may be assigned to them from time to time by the Board or Managing Director.

(2) The President, Commander-in-Chief of the Armed Forces shall appoint the Managing Director and the Executive Directors specified in subsection (1) of this section.

(3) Any person appointed as the Managing Director or an Executive Director shall not, while holding that office, qualify to hold any office as a director in any bank, corporation, company or any other establishment without the approval of the Board.

(4) The Managing Director and Executive Directors appointed pursuant to the provisions of this section shall hold office for a period of five years and shall be eligible for re-appointment for a further period of five years.

(5) Subject to subsection (4) of this section, the Managing Director and Executive Directors shall each hold office on such terms and conditions as may be specified in their letters of appointment.

14. (1) The Board shall appoint such number of officers and servants as may appear expedient and necessary to the Board for the proper and efficient conduct of the business and functions of the Corporation.

(2) The Board shall appoint a Secretary who shah be responsible to the Managing Director, and shall keep the Board's records and conduct its correspondence and perform such other duties as the Board or the Managing Director may, from time to time, determine.

(3) The terms and conditions of service (including remuneration, allowances and pension benefits) of the Secretary and other staff of the Corporation shall be as may be determined by the Board.

15. (1) As from the commencement of this Act-

(a) all licensed banks and such other financial institutions in Nigeria engaged in the business of receiving deposits shall be required to insure their deposit liabilities with the Corporation;

(b) any licensed bank or such financial institution which contravenes the provisions of paragraph (a) of subsection (1) of this section shall be guilty of an offence and liable on conviction to a fine of one thousand naira for each day the offence is committed;

(c) all licensed banks or such other financial institution in existence and carrying on business before the commencement of this Act shall comply with the provisions of this Act.

(2) Without prejudice to the provisions of subsection of this section, all licensed banks or financial institutions shall as from the end of their first year after the commencement of this Act, be subject to the provisions of this Act.

16. (1) The Board shall have power to appoint, on recommendation of the Managing Director, such number of examiners who shall-

(a) be officers of the Corporation with powers to examine periodically, and under conditions of secrecy, the books and affairs of every insured bank;

(b) have a right of access at all times to the books, accounts and vouchers of the insured bank;

(c) be entitled to require and obtain information and explanations from the officers and directors of an insured bank as may be deemed necessary in the performance of their duties; and

(d) have access to any accounts, returns and inform with respect to any bank insured under the provision of this Act which are in the possession of the Central Bank of Nigeria.

17. (1) In the exercise of the functions of an examiner appointed pursuant to subsection (1) of section 16 of this Act, the examiner shall exercise reasonable care to prevent unreasonable hindrance to the day-to-day activities insured bank and confine the investigation to matters of fact and data deemed necessary for the examination.

(2) An insured bank shall produce as and when required, all books, accounts, documents and all information examiner may deem fit in the exercise of the functions.

(3) It shall be an offence under this Act for an insured bank to-

(a) willfully refuse to produce any book, account, document or information; or

(b) negligently, willfully or with intent to defraud give any information which is false in any material particular.

(4) A person guilty of an offence under this section shall be liable on conviction-

(a) in the case of an offence against paragraph (a) of subsection (3) of this section, to a fine of two hundred naira in respect of each day in which the offence continues; or

(b) in the case of an offence against paragraph (b) of subsection (3) of this section, to a fine of one thousand naira.

(5) An examiner shall forward a report of his findings to the Managing Director who shall thereon forward a copy to the Board and inform the Board of any circumstances in which the Board may exercise any of its powers under the provisions of section 4 or 18 of this Act.

18. (1) Subject to the approval of the Minister, the Board may at any time direct the Managing Director to appoint two or more qualified persons to make a special examination of the books and affairs of an insured bank under conditions of
secrecy where the Board is of the opinion that an insured bank-

(a) may be carrying on business in a manner detrimental to the interest of its depositors and creditors;

(b) may have insufficient assets to cover its liabilities to the public; or

(c) may be contravening the provisions of this Act.

(2) Where an insured bank deems that-

(a) it is likely to become unable to meet its obligations; or

(b) it is about to suspend payments, the insured bank shall cause the Corporation to be informed accordingly of the intention to do so.

(3) Any insured bank which contravenes the provisions of subsection (2) of this section shall be guilty of an offence and liable on conviction to a fine of ten thousand naira.

(4) Not later than one month after the conclusion of an examination under this section, the examiner shall submit a full report thereon to the Managing Director who shall submit a copy of the report and his comments to the Minister for his

consideration after the report shall have been examined by the Board of the insured bank at a meeting specially convened for that purpose.

19. (1) Any person who, being a Director or an officer of a licensed bank or other financial institution who-

(a) fails to take all reasonable care to secure compliance with the provisions of this Act; or

(b) fails to take all reasonable care to secure the authenticity of any statement submitted pursuant to the provisions of this Act, shall be guilty of an offence and liable on conviction to imprisonment for a term not exceeding two years or to a fine not exceeding fifty thousand naira or to both such fine and imprisonment.

(2) Without prejudice to section 160 of the Constitution of the Federal Republic of Nigeria (which relates to the power of the Attorney-General of the Federation to institute, continue or discontinue criminal proceedings against any person in any court of law), the Corporation may compound any offence punishable under this Act by
accepting such sums of money as it thinks fit, not exceeding the amount of the maximum fine to which that person would have been liable if he had been convicted of that offence.

(3) All moneys received by the Corporation under the provisions of subsection (2) of this section shall be paid into the Consolidated Revenue Fund of the Federation.

(4) All offences under this Act shall be tried by a court of competent jurisdiction in the place where the offence is alleged to have been committed. Insurable deposit.

20. All deposits of a licensed bank or any other financial institution shall be insured with the Corporation with the exception of the following that is-

(a) insider deposits, that is, deposits of staff including directors of the licensed bank or financial institution;

(b) counter-claims from a person who maintains both a deposit and loan accounts, the former serving as a collateral for the loan; or

(c) such other deposits as may be specified from time to time by the Board.

21. (1) Every licensed bank or other financial institution to which this Act relates, shall be obliged to pay to the Corporation, a premium which shall be fifteen sixteenths (15/16) of one per cent per annum of the total deposit liabilities standing in its books as at 31st December of the preceding year in the following manner, that is-

(a) the deposit liabilities shall be as certified by the approved auditor of the licensed bank or such other financial institution;

(b) the certified deposit liabilities shall be forwarded to the Corporation on or before 31st January of every year; and

(c) the annual premium shall be payable not later than two months from the date of the demand notice.

(2) The premiums payable under subsection (1) of this section shall not be chargeable to depositors in any form whatsoever; and shall be deemed payable on the coming into force of this Act.

(3) Where the funds of the Corporation are not sufficient for measures of assistance within the meaning of subsection 1(b) of section 5 of this Act or otherwise required for the implementation of the object of the Corporation, all participating banks or such other financial institutions shall be obliged without prejudice to subsection (1) of this section to pay special contribution up to the amount of an annual premium to the Corporation.

(4) A participating bank may be permitted to provide out of profits before tax a sum equal to the annual premium payable to the Corporation.

(5) Where a participating bank has assumed the deposit liabilities of another bank, such deposit liabilities of the other bank shall be added to its own balance sheet figure of total deposit liabilities for purposes of assessing its premium payable to the Corporation.

(6) Any premium payable by a licensed bank or other financial institution and which remains unpaid for more than three months after a demand notice has been served on such licensed bank or financial institution, shall attract an interest at the prevailing interest rate payable on a savings deposit account.

22. (1) Whenever it appears to the Corporation that insured bank or its directors or trustees have committed a grievous violation of its obligations or have continued to conduct the business of the bank-

(a) in an unsound manner;

(b) intentionally or negligently permit any of the officers or agents of the insured bank to violate any provisions of any law or regulation to which an insured bank is subject, the Corporation shall serve on the Board of the insured bank a warning notice stating that where the unsound practice continues, the name of the bank shall be removed from the register of insured banks and forward a copy of such warning notice to the Central Bank of Nigeria and the Minister.

(2) It shall be deemed a grievous violation of obligation under this Act where an insured bank-

(a) persistently suffers liquidity deficiency;

(b) persistently contravenes the provisions of the Banking Act, and any rules and regulations made thereunder, the monetary policy guidelines and the provisions of thisAct;

(c) makes incomplete or incorrect statements to the Corporation;

(d) is in default with the payment of its annual premium or special contribution as provided in section 2 1 of this Act;

(e) continues to hold itself out as an insured bank after its insurance with the Corporation has been terminated for default;

(f) habitually fails to render returns to the Corporation or does not submit upon request such other information for the efficient performance of the functions of the Corporation;

(g) makes incorrect statements to the Corporation as regards customers' deposits it has insured;

(h) fails to make adequate provisions for bad and doubtful debts up to the amount recommended by the Corporation or pays dividends in defiance of this provision; or

(i) fails to write off bad debts as may be recommended by the Corporation.

(3) Where the insured bank fails within a reasonable time to make amendments, the Board shall-

(a) give to the bank not less than thirty days written notice of its intention to terminate the status of the bank as an insured bank; and

(b) fix a time and place of hearing before a person designated by the Board to conduct the hearing at which evidence may be produced, and upon such evidence the Board shall make its findings which shall be final.

(4) Where the bank is not duly represented at the hearing by an authorised representative, it shall be deemed to have consented to the termination of its status as an insured bank and the Corporation shall inform the Central Bank of Nigeria and the Minister.

(5) The Corporation shall cause a notice of such termination to be published in the national newspapers.

(6) Where the participation of a bank in the Corporation is terminated, the bank shall immediately cause a notice of such termination to be published in the national newspapers, to the creditors to whom liabilities are owed and in furtherance thereto, bring the consequences of such termination to their notice.

(7) After the termination of the status of an insured bank under subsection (3) of this section, the insured deposit of each depositor in the bank on the date of its termination, less all subsequent withdrawals from the deposits of such depositor, shall continue to be covered for another period of two years, and thereafter such depositor shall cease to be covered where the net assets are sufficient to meet the insured deposit.

(8) The Corporation shall not insure any additions to any deposits specified in subsection (7) of this section or any new deposits in the bank made after the date of termination of its status as an insured bank and shall not advertise or hold itself out as having insured deposits.

(9) Where an insured bank is closed on account of its inability to meet the demands of its depositors, the Corporation shall have the powers and rights to recover any debts owed to the closed bank or any asset (including properties belonging to the closed bank) but which are in possession of any other person or institution.

(10) Where the insured status of a bank is terminated by reason of its inability to meet the demand of its depositors, the Minister shall appoint the Corporation as the receiver for the bank.

23. (1) A bank whose status as an insured bank is terminated in accordance with section 22 of this Act may re-apply to participate in the Corporation after the terminated bank has satisfied all the conditions required of it by the Board particularly after the Board has given consideration to the following, that is-

(a) the financial position and its general operational practice since the termination order became effective;

(b) that the grounds for which the bank's participation in the Corporation was terminated have been satisfied; and

(c) the future earning prospects and general character of its management are satisfactory.

(2) Pursuant to subsection (1)(b) of section 5 of this Act, the Corporation shall at the request of an insured bank and under such conditions as may be specified by the Corporation assist the bank if it-

(a) has difficulty to meet its obligations to its depositors and other creditors; or

(b) persistently suffers liquidity deficiency; or

(c) has accumulated losses which have nearly or completely eroded the shareholders fund.

(3) The Corporation may take one or a combination of actions or any of the following to assist a failing bank, that is-

(a) grant loans on such terms as may be agreed upon by the Corporation and the failing bank;

(b) give guarantee for a loan taken by the insured bank;

(c) accept an accommodation bill with interest for a period not exceeding ninety days maturity exclusive of days of grace and subject to renewals of not more than four times;

(d) subject to the approval of the Minister on the recommendation of the Central Bank of Nigeria-

(i) take over the management of the bank until its financial position has substantially improved, or

(ii) direct specific changes to be made in the management of the bank within such time as the Corporation may specify, or

(iii) arrange a merger with another bank or contract to have the deposit liabilities assumed by another insured bank; in which case, the receiving bank shall assume all the recorded deposit liabilities of the failing bank.

(4) The receiving bank shall receive those assets of the failing bank that are acceptable and an amount equal to the difference between the assumed deposit liabilities and acceptable assets shall be advanced to the receiving bank by the Corporation.

(5) The Corporation shall receive the unacceptable assets from the failing bank and regard such assets as collateral of the advance to the receiving bank or purchase the unacceptable assets from the failing bank.

24. For the purpose of this Act, an insured bank shall with the approval of the Minister be deemed to have been closed on account of inability to meet the demands of its depositors in any case in which it has been closed for the purpose of liquidation without adequate provision being made for payment of its depositors.

25. (1) It shall be the duty of the Corporation to cause notice to be given, by advertisement in such national newspapers requiring all depositors with the bank facing liquidation to forward their claims to the Corporation.

(2) The receiver appointed for the purpose of this section shall have power-

(a) to realise the assets of the failed bank;

(b) to enforce the individual liability of the shareholders and directors thereof; or

(c) to wind up the affairs of such failed bank as herein otherwise provided.

(3) The receiver shall pay to the Corporation such portion of the amount realised from such Liquidation as it shall be entitled to receive on account of its subrogation to the claims of depositors and it shall pay to the depositors and other creditors the net amount available for distribution to them.

(4) The receiver so appointed may pay dividends on proved claims at any time after the expiration of the period of advertisement made pursuant to subsection (1) of this section and no liability shall attach to the Corporation itself or such other receiver by reason of any such payment for failure to pay dividend to a claimant whose claim is not proved at the time of any such payment.

26. A depositor shall receive from the Corporation as provided under subsection (1)(c) of section 5 of this Act a maximum amount of fifty thousand naira of assessable deposit of an insured bank in the event of a failure.

27. (1) Where an insured bank fails on account of inability to meet the demands of its depositors, payment of the insured deposit in such bank shall be made by the Corporation as soon as possible either-

(a) by cash; or

(b) by making available to each depositor a transferred deposit in a new bank in the same area, or in another insured bank in an amount equal to the insured deposit of such depositors:

Provided that-

(i) where the Corporation is liable to make payment in pursuance of this section it shall, at its discretion, require proof of claim from all depositors with the insured bank, and

(ii) where the Corporation is not satisfied as to the validity of a claim for an insured deposit, it may require the final determination by a court of competent jurisdiction before paying such claim.

(2) The Corporation upon the payment to any depositor as provided in subsection (1) of this section, shall be subrogated to all rights of the depositor against the failed bank to the extent of such payment; and such subrogation shall include the right on the part of the Corporation to receive the same dividends from the proceeds of the assets of such bank and recoveries on account of shareholders' liability as would have been payable to the depositor's claim for any uninsured portion of his deposit.

(3) Not later than three months after the failure of an insured bank, the Corporation, if it finds that it is advisable in the interest of the depositors or the public, shall appoint another insured bank to assume the insured deposits of the failed bank.

28. (1) Subject to the approval of the Minister, the Corporation shall act as a receiver of a failed insured bank and appoint an agent or agents to assist it in the performance of these duties, and all fees, compensation and expenses of liquidation and administration thereof shall be fixed and paid by the Corporation from the realised assets of the failed bank.

(2) Payment of an insured deposit to any person by the Corporation shall discharge the Corporation, and payment of a transferred deposit to any person by the new bank or by an insured bank in which a transferred deposit has been made available shall discharge the Corporation and such new bank or other insured bank, to the same extent that payment to such person by the failed bank would have discharged it from liability for the insured bank.

(3) The Corporation may withhold payment of such portion of the insured deposit of any depositor in a failed bank as may be required to provide for the payment of any liability of such depositor as a shareholder of the failed bank, or of any liability of such depositor to the failed bank or its receiver, which is not offset against a claim due from such bank, pending the determination and payment of such liability by such depositor or any other person liable thereof.

(4) If, after the Corporation shall have given at least three months notice to the depositor by mailing a copy thereof to his last known address appearing on the records of the failed bank, any depositor in the failed bank who-

(a) fails to claim his insured deposit from the Corporation within eighteen months after the appointment of the receiver for the failed bank; or

(b) fails within such period to claim or arrange to continue the transferred deposit with the new bank or with the liability thereof, all the rights of the depositor against the failed bank, its shareholders or the receivership estate to which the Corporation may have become subrogated, shall thereupon revert to the Corporation.

(5) The amount of any transferred deposits not claimed within the period stated in subsection (4)(b) of this section shall be refunded to the Corporation.

29. (1) The Board of a failed bank shall be obliged to offer the assets of the bank for sale to the Corporation or as security for loans from the Corporation.

(2) The proceeds of every such sale or loan shall be expended for the same purpose and in the manner as other funds realised from the liquidation of the assets of the bank.

30. An insured bank may use the Corporation for purposes of advertisement without prior approval from the Corporation.

31. Without prejudice to the provisions of subsection (6) of section 10 of the Banking Act, no insured bank shall pay any dividend on its capital stock while it remains in default in the payment of any assessment due to the Corporation, and any director or officer of any insured bank who participates in the declaration or payment of any such dividend shall be guilty of an offence under this Act and liable on conviction to a fine of not less than two thousand naira.

32. Any licensed bank or such other financial institution which insures its deposits with the Corporation shall be required to provide fidelity bond coverage.

33. (1) The members of Board and staff of an insured bank shall keep strictly confidential and make no unauthorised disclosure or use of any information which they may either directly or indirectly receive in such capacity of the activities of the insured bank and the result thereof of the Corporation and of the circumstance of the participating banks and their customers, even after they cease to be members or staff of that bank.

(2) The obligation specified in subsection (1) of this section shall also be imposed upon employees of and other persons engaged by the Corporation.

(3) The provisions of subsection (1) of this section shall not apply to communications made to the Central Bank of Nigeria, the Bankers Committee or the Federal Ministry of Finance and Economic Development in connection with the purposes of the Corporation.

(4) The provisions of subsection (1) of this section shall not apply to communications in connection with the admission or exclusion of a banking institution.

34. Subject to the approval of the Minister, the Corporation shall have power to direct that-

(a) a failing bank insured with the Corporation pursuant to this Act shall merge or consolidate with any other insured bank or financial institution subject to the provisions of subsection (5) of section 23 of this Act;

(b) any insured bank or financial institution merged or consolidated with a failing bank pursuant to paragraph (a) of this section shall pay any deposit made to the failing bank or settle any other financial liabilities of the failing bank;

(c) any asset (including land) of the failing bank shall be transferred or be vested in the insured bank or financial institution concerned with the merger or consolidation.

35. The Corporation shall be exempted from the provisions of the Insurance Act.

36. (1) The Corporation shall have power to borrow from the Central Bank of Nigeria such moneys as it may deem fit liar the discharge of its functions under this Act.

(2) The Central Bank of Nigeria may guarantee in such manner and upon such terms as it may deem fit the redemption and the repayment of any interest on any debenture stocks raised by the Corporation.

37. (1) The Corporation shall have access to the report of examination by Bank Examiners of the Banking Supervision Department of the Central Bank of Nigeria.

(2) The Corporation shall make a report of its examination and any other information essential to safe and sound banking practice available to the Central Bank of Nigeria.

(3) The Banking Supervision Department of the Central Bank of Nigeria shall forward to the Corporation its comments on First and Second Schedules returns of insured banks as well as their liquidity positions.

(4) The Banking Supervision Department of Central Bank of Nigeria shall be required to inform the Corporation on all the contraventions committed by any licensed bank insured under the provisions of this Act.

(5) The Corporation shall co-operate with the Central Bank of Nigeria on matters affecting any of the insured banks.

38. (1) No duty to which an auditor of an insured bank or a person appointed under section 20 of the Banking Act is subject, shall be contravened by reason of his communicating in good faith to the Corporation whether or not in response to a request made by it, any information or opinion on a matter to which this section applies and which is relevant to safe and sound banking practice.

(2) An auditor of an insured bank shall recognise the Corporation's responsibility for the protection of the interest of depositors and shall bring to the notice of the Corporation-

(a) any extreme situation such as evidence of imminent financial collapse;

(b) evidence of an occurrence which has led or is likely to lead to a material diminishing of the insured bank's net asset;

(c) evidence that there has been a significant weakness in the accounting and other records or the internal control systems of the insured bank;

(d) evidence that the management of the insured bank has reported financial information to the Corporation which is misleading in a material particular;

(e) where he believes that a fraud or other misappropriation has been committed by the directors or the management of the insured bank or has evidence of the intention of directors or senior management to commit such fraud or misappropriation; or

(f) where there has been an occurrence which causes the auditor to no longer have confidence in the competence of the directors or the senior management to conduct the business of the insured bank in a prudent or safe and sound manner so as to protect the interest of the depositors such as acting in an irresponsible or reckless manner in respect of the affairs of the insured bank.

(3) Any auditor of an insured bank who acts in contravention of or fails deliberately or negligently to comply with any of the provisions of subsection (2) of this section shall be guilty of an offence and liable on conviction to a fine of not less than fifty thousand naira.

39. (1) An insured bank shall render to the Corporation, monthly returns of frauds, forgeries or outright theft occurring during such month and shall include a detailed report of such events.

40. (1) An insured bank shall notify the Corporation of any staff dismissed, terminated or advised to retire on the ground of fraud.

(2) Persons affected under subsection (1) of this section shall not be employed in an insured bank without the insured bank first notifying the Corporation.

(3) Any insured bank which acts in contravention of or fails to comply with any of the provisions of subsections (1) and (2) of this section shall be guilty of an offence under this Act and liable on conviction to a fine of not less than fifty thousand naira.

41. (1) Every insured bank shall submit to the Corporation such returns and information as may be required from time to time within the stipulated period.

(2) Any insured bank which fails to comply with the provisions of subsection (1) of this section shall be guilty of an offence under this Act and shall be liable on conviction to a fine of five hundred naira for each day during which the offence continues.

(3) In addition to the powers conferred on it under this Act, the Corporation may require persons having access thereto, at all reasonable times to supply to it information, in such form as the Corporation may from time to time direct, relating to, or touching on or concerning matters affecting the interest of depositors of insured banks.

(4) Where any person lawfully required to supply information necessary to achieve the objective and purpose of the Corporation-

(a) supplies any information which he knows to be false or supplies it recklessly as to its truth or falsity; or

(b) without reasonable excuse (the proof of reasonableness to lie on him) fails to comply with any requirement of the Corporation,

the supply or failure to supply, as the case may be, as therein provided, shall be an offence under this section punishable upon conviction by a fine of not less than two thousand naira or not more than five thousand naira for every false report and by a fine of not less than five hundred naira or not more than one thousand naira for every day during which the failure to comply continues.

42. (1) The Managing Director shall submit to the Board for approval not later than 30th September of each year an estimate of its expenditure and income during the next succeeding year.

(2) The Corporation shall keep proper accounts in respect of each financial year, and proper records in relation to those accounts and shall cause the accounts to be audited within six months after the end of the financial year.

(3) For the purpose of subsection (1) of this section, three months after the end of each financial year, a report which shall be in such form as the Board may direct and shall relate to the activities of the Corporation during the immediately proceeding financial year and thereafter a copy each shall be submitted to the Governor of the Central Bank of Nigeria and the Minister.

44. Any power to make regulations, rules or orders conferred by this Act shall include-

(a) power to make provisions for such incidental and supplementary matters as the authority making the instrument considers expedient for the purposes of the instrument; and

(b) power to make different provisions for different circumstances.

45. (1) The Corporation shall not be placed in liquidation except pursuant to the provisions of a law or enactment in that behalf and then in such manner as that law or enactment may specify.

46. In this Act, unless the context otherwise requires-

"bank" means any person who carries on the business of banking which includes the acceptance of deposits;

"Board" means the Board of Directors of the Corporation;

"competent court" means a High Court of the State including the High Court of the Federal Capital Territory, Abuja and the Federal High Court;

"Corporation" means the Nigeria Deposit Insurance Corporation established pursuant to section 1 of this Act; "deposit" means moneys lodged by the general public with any persons for safe-keeping or for the purpose of earning interest or dividend whether or not such moneys are repayable upon demand, upon a given period of notice or upon a fixed date;

"financial institutions" means any person in Nigeria who transacts banking business but who is not a licensed bank;

"insured bank" means a licensed bank and other deposit taking non-banking financial institution, the deposits of which are insured in accordance with the provisions of this Act;

"Minister" means the Minister charged with responsibility for matters relating to finance; a receiver;

"State" means any of the States of the Federation.

47. This Act may be cited as the Nigeria Deposit Insurance Corporation Act.

Schedule

Proceedings of the Board

1. The Board may make standing orders regulating the proceedings of the Board or of any committee thereof; and shall meet not less than once in each of any six months in every year.

2. The quorum of the Board shall be three which shall include the representative of the Central Bank of Nigeria and the Ministry of Finance and Economic Development.

3. (1) Subject to the provisions of any applicable standing orders, the Board shall meet whenever summoned by the Chairman; and if the Chairman is required so to do by notice given to him by not less than three other members, shall summon a meeting of the Board to be held within twenty-one days from the date on which the notice is given.

(2) At any meeting of the Board, the Chairman shall preside or in his absence, the members present at the meeting shall appoint one of their number to preside at that meeting.

(3) Where the Board wishes to obtain the advice of any person on a particular matter, the Board may co-opt him as a member for such period as it thinks fit, but a person who is a member by virtue of this sub-paragraph shall not be entitled to vote at any meeting of the Board and shall not count towards a quorum.

(4) Notwithstanding anything to the contrary, the first meeting of the Board shall be summoned by the President, Commander-in-Chief of the Armed Forces who may give such directives as to the procedure to be followed at that meeting as he may deem fit.

4. (1) The Board may appoint one or more committees to carry out on behalf of the Board, such of its functions as the Board may determine.

(2) A committee appointed under this paragraph shall consist of the number of persons determined by the Board and not more than one-third of those persons may be persons who are not members of the Board; and a person other than a member of the Board shall hold office on the committee in accordance with the terms of the instrument by which he is appointed.

(3) A decision of a committee of the Board shall be of no effect until it is confirmed by the Board.

5. (1) The fixing of the seal of the Corporation shall be authenticated by the signature of the Chairman and of some other member authorised generally or specially by the Board to act for that purpose.

Any contract or instrument which if made or executed by a person not being a body corporate, would not be required to be under seal may be made or executed on behalf of the Board by any person generally or specially authorised to act for that purpose by the Board.

Appendix 11

LIST OF CLOSED FINANCIAL INSTITUTIONS UNDER LIQUIDATION

S/NO	NAME OF BANK UNDER LIQUIDATION	DATE OF CLOSURE
1	Abacus Merchant Bank Ltd	Jan. 16, 1998
2	ABC Merchant Bank Ltd	Jan. 16, 1998
3	African Express Bank Ltd	Jan. 16, 2006
4	Allied Bank of Nigeria Plc	Jan. 16, 1998
5	Allstates Trust Bank Plc	Jan. 16, 1998
6	Alpha Merchant Bank Plc	Sept. 08, 1994
7	Amicable Bank of Nigeria Plc.	Jan. 16, 1998
8	Assurance Bank of Nigeria Plc	Jan. 16, 2006
9	Century Merchant Bank Ltd.	Jan. 16, 1998
10	City Express Bank Plc	Jan. 16, 2006
11	Commerce Bank Plc	Jan. 16, 1998
12	Commercial Trust Bank Ltd	Jan. 16, 1998
13	Continental Merchant Bank Plc	Jan. 16, 1998
14	Coop. & Commerce Bank Plc	Jan. 16, 1998
15	Credite Bank Nig. Ltd	Jan. 16, 1998
16	Crown Merchant Bank Ltd.	Jan. 16, 1998
17	Financial Merchant Bank Ltd.	Jan. 21, 1994
18	Great Merchant Bank Ltd.	Jan. 16, 1998
19	Group Merchant Bank Ltd.	Jan. 16, 1998
20	Gulf Bank Ltd	Jan. 16, 2006
21	Hallmark Bank Plc	Jan. 16, 2006
22	Highland Bank of Nig Plc	Jan. 16, 1998
23	ICON Ltd. (Merchant Bankers)	Jan. 16, 1998
24	Ivory Merchant Bank Ltd.	Dec. 22, 2000
25	Kapital Merchant Bank Ltd.	Jan. 21, 1994
26	Lead Bank Plc	Jan. 16, 2006
27	Lobi Bank of Nig. Ltd.	Jan. 16, 1998
28	Mercantile Bank of Nig. Plc.	Jan. 16, 1998
29	Merchant Bank of Africa Ltd.	Jan. 16, 1998
30	Metropolitan Bank Ltd.	Jan. 16, 2006
31	Nigeria Merchant Bank Ltd.	Jan. 16, 1998
32	North-South Bank Nig. Plc.	Jan. 16, 1998
33	Pan African Bank Ltd.	Jan. 16, 1998
34	Pinacle Commercial Bank Ltd.	Jan. 16, 1998
35	Premier Commercial Bank Ltd	Dec. 22, 2000
36	Prime Merchant Bank Ltd.	Jan. 16, 1998
37	Progress Bank Ltd.	Jan. 16, 1998
38	Republic Bank Ltd	June 29, 1995
39	Rims Merchant Bank Ltd.	Dec. 22, 2000
40	Royal Merchant Bank Ltd.	Jan. 16, 1998
41	Trade Bank Plc	Jan. 16, 2006
42	United Commercial Bank Ltd.	Sept. 8, 1994
43	Victory Merchant Bank Ltd.	Jan. 16, 1998
44	Eagle Bank Plc.	Jan. 16, 2006
45	Liberty Bank Plc.	Jan. 16, 2006

SOURCE: NDIC, 2006

Appendix 12

CENTRAL BANK OF NIGERIA

GUIDELINES AND INCENTIVES ON CONSOLIDATION IN THE NIGERIAN BANKING INDUSTRY

AUGUST 5, 2004

1.0 INTRODUCTION

Following the Governor's address to the Bankers' Committee on July 6, 2004, on the Nigerian banking sector reform and the subsequent interactions with various stakeholders, the Board of the Central Bank of Nigeria has approved the guidelines and incentives to facilitate consolidation in the industry in order to assist banks in meeting the approved capital base of N25 billion by December 2005.

2.0 DEFINITION OF TERMS

For the purpose of the guidelines, the following definitions shall apply:

2.1 Capital base: Paid-up capital and reserves unimpaired by losses.

2.2 Reserves: All reserves except asset revaluation surplus resulting from revaluation in the course of consolidation.

2.3 Paid-up capital: Ordinary shares plus non-redeemable preference shares

2.4 Parties to the Consolidation: The banks that are merging, their boards and managements, financial/investment advisers, lawyers, accountants, auditors, shareholders and any other persons involved in the transaction.

3.0 CONSOLIDATION OPTION

The only legal modes of consolidation allowed are mergers and outright acquisition/takeover. A mere group arrangement is not acceptable for the purpose of meeting the N25 billion. Therefore, all banks that have other banks as subsidiaries or have common ownership are encouraged to merge.

4.0 INCENTIVES

The CBN intends to provide the following incentives for banks that consolidate and/or are able to achieve the set minimum capital base within the stipulated period:

4.1 Authorisation to deal in foreign exchange

4.2 Permission to take public sector deposits and recommendation to the fiscal authorities for the collection of public sector revenue.

4.3 Prospects of managing part of Nigeria's external reserves, subject to prevailing guidelines. In order to ensure that banking institutions do not bear additional burden due to consolidation which they otherwise would have not borne, and also to encourage consolidation, the following additional incentives are being worked out:

4.4 Tax incentives in the areas of capital allowances, company income tax, stamp duties, among others, the details of which will be released after the on-going consultation with the fiscal authorities.

4.5 Reduction in transaction costs, the details of which will be released after the on-going consultations with the Securities and Exchange Commission, Nigerian Stock Exchange, Corporate Affairs Commission and all other parties involved in the scheme
- Financial Advisers
- Solicitors to the scheme
- Stockbrokers to the scheme (where applicable)
- Reporting Accountants to t he scheme
- Auditors to the scheme

4.6 The CBN will provide and pay for a team of experts to provide technical assistance to the banks from August 15, 2004.

4.7 There will be the CBN Governor's distinguished industry leadership award which would be based on the following:

4.7.1 Speed of completion of the consolidation exercise

4.7.2 Successful acquisition of marginal and unsound banks; and

4.7.3 The number of banks involved in each consolidated group

4.8 The CBN will provide a help desk to fast-track approvals.

5.0 FOREBEARANCE

5.1 The CBN will negotiate the possible write-down of its exposure to the distressed banks that would be acquired as a way of improving their balance sheets as well as the treatment of the distressed banks' bad assets. The negotiation will also address the interests of the current owners of the distressed banks in the new arrangement.

5.2 The CBN will encourage and facilitate the setting up of an Assets Management Company (AMC) in collaboration with other relevant agencies.

6.0 LEGAL ISSUES

6.1 The banks should comply with the legal requirements on mergers and acquisitions as contained in S.100 – 123 of the Investment and Securities Act No. 45, 1999 and all other regulatory requirements.

6.2 The banks should obtain the approval of the Governor of the Central Bank of Nigeria as required under S.7 of the Banks and Other Financial Institutions Act [BOFIA] as amended before any merger and/or acquisition is consummated and/or announced.

6.3 The legal and regulatory requirements for effecting a consolidation will be obtainable from the CBN Help Desk, team of experts, the Securities and Exchange Commission (SEC) and the Nigeria Stock Exchange.

6.4 The CBN will actively collaborate with all agencies to fast-track the process of mergers and acquisitions.

7.0 ACCOUNTING ISSUES

7.1 The valuation of the shares should be carried out by reputable and independent advisers registered by SEC.

7.2 The valuation method should be agreed to by all the parties for the purpose of determining the consideration.

7.3 The valuation principles must be consistently applied to all parties involved in the combination.

7.4 Any revaluation of fixed assets carried out in the case of a merger should not be incorporated into the financial records of the consolidated bank except as approved by the CBN.

7.5 Subject to 7.4 above, the revaluation of fixed assets carried out where one bank acquires the other bank should be incorporated into the financial statements as these assets would be acquired at fair market value

7.6 The valuation should be to the satisfaction of the CBN that such a revaluation represents the fair value of the assets acquired.

7.7 It is the responsibility of the parties to the transaction to ensure that they conduct due diligence of one another as a necessary step in the consolidation process.

7.8 All the capital of whatever form, shall be denominated in Naira.

7.9 Both ordinary and preference shares shall be recognized in making up the minimum capital base of N25 billion.

7.10 Consideration in respect of all mergers by banks should be by exchange of shares and not monetary payments except where dissenting minority shareholders are to be bought out under the law, provided that any such payment does not impair the financial condition of the surviving bank.

8.0 CORPORATE GOVERNANCE

8.1 All parties to the consolidation must have access to all material information.

8.2 Each party should have an independent adviser except where the acquired bank is a wholly owned subsidiary of the acquirer.

8.3 The structure of the emerging organisation should reflect defined lines of responsibility and hierarchy. Co-Chairman and/or Co-Chief executive officer arrangements will not be allowed.

8.4 The number of non-executive directors in the enlarged bank should be more than the number of executive directors subject to a maximum board size of 20 directors.

9.0 SOCIAL SAFETY NET

9.1 The CBN and the NDIC will ensure that the banks protect the interest of the depositors

9.2 To ameliorate the effect of possible job losses or redundancies, any staff exiting as a result of the consolidation should be compensated by the consolidated entity in line with industry standards, but not below the terms of their sustaining employment.

9.3 In addition, the CBN will work with the Bankers' Committee to assist the staff that will be disengaged to access the SMIEIS Fund to set up their own SMEs and consequently create jobs and wealth.

10.0 AMNESTY FOR PAST MISREPORTING

10.1 Banks are enjoined to be open in their negotiations by placing the actual value of their assets on the table. Sanctions shall not be imposed for any previous misreporting detected in the course of consolidation.

10.2 However, if any of the parties to the consolidation is found, after the consolidation exercise, to have presented false or misleading information to the other parties and/or the regulatory authorities, such a party will bear the full legal and regulatory consequences of such misbehaviour.

AUGUST 5, 2004

Appendix 13

A BRIEF ON THE CENTRAL BANK OF NIGERIA {CBN} ACT, 2007
by
LEGAL SERVICES DIVISION, CENTRAL BANK OF NIGERIA

INTRODUCTION

The CBN Act was promulgated in 1991 as Decree No. 24. The enactment of this law and Banks and Other Financial Institutions Act 1991 which largely regulate the banking sub-sector of the financial services industry was considered a landmark development as they conferred on the Central Bank of Nigeria a measure of instrument autonomy for the effective discharge of its core mandate. But the law and its subsequent amendments could not meet the challenges thrown up by the rapid reform programmes of Government. For instance, the financial system continues to witness several important developments which call to question the Bank's legal framework in its 1991 formulation. These developments included:-

- the transfer of supervision of specialized banks, {Primary Mortgage Institutions, Community banks and Development Financial Institutions} and other non-bank Financial Institutions to the Bank. This has expanded the regulatory and supervisory responsibility of the Bank beyond the scope envisaged by the existing legislations.
- the global war on economic crime and the increasing wave of money laundering in particular, which underscores the need for a proactive and effective anti money laundering regime;
- a refocusing of the CBN itself and the strengthening of regulatory capacity for effective service delivery;
- the adoption of universal banking {UB} in Nigeria;
- Unprecedented bank failures associated with weak internal controls and corporate governance in banks;
- reform of the banking industry and indeed, the entire economy.

At the inception of the present administration in the Bank's Management, the CBN itself announced a number of reforms aimed at strengthening the banking sector. These reforms were intended to complement the economic reform programme embarked upon by the Federal Government.

These developments necessitated a comprehensive review of the existing legal framework in order to strengthen monetary policy formulation and implementation, ensure their effective transmission and generally enhance supervisory capacity.

In this regard, the Bank proposed a number of measures for strengthening both the CBN and BOFI Acts. The Bills embodying the proposals were extensively deliberated upon by the Federal Executive Council and following their approval were forwarded to the National Assembly (NASS) as executive bills by the President. The intention was that both Bills would be considered together by the NASS but unfortunately, due to inexplicable reasons, only the CBN Bill was promulgated into law at the tail end of the tenure of the immediate past legislative assembly. The Act was thereafter assented to by the immediate past President.

A highlight of the salient provisions of the newly promulgated Act is presented below:

1. AUTONOMY OF THE BANK (SECTION 1(3)

The operational autonomy of the Bank is now clearly expressed in line with international best practice. This will not only facilitate the achievement of its mandate but will also engender stakeholder confidence.

2. OBJECTS OF THE BANK (SECTION 2)

The objective of price stability has now been distinctly included in the core mandate of the Bank. This is informed by the fact that the core function of every Central Bank is the maintenance of price stability. It should be noted that macro economic stability is essential for growth and development in any economy. Macro economic stability is itself a function of price stability which is the ability of a Central Bank to moderate inflation, attain stable interest and exchange rates and create a conducive investment climate for long term growth and development. In order to achieve and maintain this objective however, it is imperative to keep a close watch on government spending as persistently huge budget deficits tend to lead to volatility in prices which in turn negatively impacts the standard of living. The price stability objective will therefore enable the CBN to adopt the necessary measures, in collaboration with the fiscal authorities, to control the rate of inflation.

3. AUTHORISED SHARE CAPITAL {SECTION 4(3)}

In consonance with the ongoing reforms in the banking industry and in order for the Bank to effectively discharge its increasing responsibilities, the authorized capital of the Bank has been increased to 100 billion Naira.

4. GENERAL RESERVE FUND {SECTION 5 (2)}

As with the capital, the allocation to the reserve fund has been increased from one sixth to one quarter of the operating surplus. This would act as a buffer for the capital in day to day operations, prevent recourse to government for funding and generally improve the Bank's cash flow.

5. COMPOSITION OF THE BOARD {SECTION 6}

The membership of the Board has been expanded to include the Accountant-General of the Federation.

6. **APPOINTMENT AND QUALIFICATION OF THE MEMBERS OF THE BOARD (SECTIONS 8, 10 & 11)**

In order to facilitate the achievement of its mandate, the appointment of the Governor, the Deputy Governors and nonexecutive directors is now subject to confirmation by the **Senate while the removal of the Governor is also subject to Senate confirmation**.

The Governor is also required to appear before the National Assembly periodically to present a report on the activities of the Bank.

7. **ESTABLISHMENT OF MONETARY POLICY COMMITTEE (MPC) (SECTION 12)**

The MPC is established to facilitate the attainment of the Bank's objective of price stability. In order to improve the process for monetary policy formulation and implementation, the MPC has been formally constituted with membership drawn from within and outside the Bank. This is intended to enhance the quality of Monetary Policy, introduce transparency into the process as well as facilitate its transmission mechanism.

8. **ABUSE OF THE NAIRA (SECTIONS 20 & 21)**

In order to stem the abuse that the Naira is constantly subjected to, increase the active life of Naira notes and coins and promote confidence in their usage as medium of exchange, refusal to accept the Naira, trading in Naira notes and coins, spraying of the Naira and all such abuses have been criminalized and appropriate sanctions imposed.

9. **EXTERNAL RESERVES MANAGEMENT {SECTION 24}**

The Act now gives the Bank greater flexibility in the selection of instruments and assets in which to invest external reserves. While the existing restrictions are based on considerations of safety and security of the reserves, the dynamics of modern day reserve management makes it necessary for the CBN to retain some flexibility in determining the choice of instruments.

The vast improvements in information and communication technology and their under-lying infrastructure have not only introduced more efficient and effective ways of conducting business but have continued to open up vast opportunities in the international business environment which the Bank is very well placed to leverage on for the benefit of the Nigerian economy.

The Bank has also been empowered to invest part of the external reserves by way of loan or debenture in any suitable development financial institution subject to appropriate limitations.

10. INFORMATION SHARING {SECTION 33}

The provision empowers the Bank to enter into arrangements for the sharing and exchange of information with other regulatory bodies particularly those out-side Nigeria for supervisory purposes. This will be particularly useful in relation to the supervision of conglomerates and off-shore banking entities.

The section also provides for the confidential treatment of such information. The assurance of confidentiality will make it easy to enlist the cooperation of foreign supervisory authorities while its absence could hamper the CBN in obtaining relevant information which it needs for supervisory purposes from counterparts in other countries. Sanctions for mis-reporting have also been strengthened.

11. DEFICIT FINANCING [SECTION 38}

Deficit financing by a Central Bank is a major source of inflation and a negation of the objective of price stability which is a core function of the Bank. The provision on the reduction in the limit of the amount that may be advanced to the government is therefore in line with the macroeconomic policy objective of sustainable growth and development.

12. SETTLEMENT AND PAYMENT SYSTEM DEVELOPMENT {SECTION 47}

In furtherance of the objective of promoting a sound financial system and in addition to facilitating a cheque clearing system, the Bank now has the power to develop efficient and robust systems of transactions settlement including electronic payment systems.

13. FURNISHING OF ANNUAL ACCOUNTS AND RETURNS TO THE NATIONAL ASSEMBLY {SECTION 50}

The Bank is now required to furnish the National Assembly with its annual accounts and financial statements.

14. POWERS TO REGULATE CREDIT BUREAUX {SECTION 57}

The Bank now has power to licence and regulate the activities of credit bureaux. This will enhance transparency in credit transactions of banks by making it mandatory for them to obtain credit information about prospective borrowers. It will also enhance the operations of the Credit Bureaux.

LEGAL SERVICES

Appendix 14

NUMBER OF DEPOSIT MONEY BANKS BRANCHES IN NIGERIA AND ABROAD AS AT 2004

Year	No. of Banks	Branches			Total
		Urban	Rural	Abroad	
1970	14	-	-	-	273
1971	16	-	-	-	318
1972	16	-	-	-	367
1973	16	-	-	-	385
1974	17	-	-	-	403
1975	17	-	-	-	436
1976	18	-	-	-	463
1977	19	474	13	5	492
1978	19	511	98	5	614
1979	20	533	133	6	672
1980	20	565	168	7	740
1981	20	622	240	7	869
1982	22	676	308	7	991
1983	25	694	407	7	1,108
1984	27	810	432	7	1,249
1985	28	839	451	7	1,297
1986	29	879	481	7	1,367
1987	34	947	529	7	1,483
1988	42	1,057	602	6	1,665
1989	47	1,093	756	6	1,855
1990	58	1,169	765	5	1,939
1991	65	1,253	765	5	2,023
1992	65	1,495	774	6	2,275
1993	66	1,577	775	6	2,358
1994	65	1,634	763	6	2,403
1995	64	1,661	701	6	2,368
1996	64	1,727	675	5	2,407
1997	64	1,727	675	5	2,407
1998	54	1,466	714	5	2,185
1999	54	1,466	714	5	2,185
2000	54	1,466	722	5	2,193
2001	90	1,466	722	5	2,193
2002	90	2,283	722	5	3,010
2003					
1st Quarter	90	2,343	722	5	3,070
2nd Quarter	90	2,403	722	5	3.430
3rd Quarter	90	2.463	722	5	3,190
4th Quarter	90	2,520	722	5	3,247
2004					
1st Quarter	89	2,576	722	5	3,303
2nd Quarter	89	2,636	722	5	3,363
3rd Quarter	89	2,695	722	5	3,422
4th Quarter	89	2,765	722	5	3,492

Sources: **CBN Banking Supervision Dept and CBN Statistical Bulletin Vol 15, December 2005, pg 56**

NOTE: Classification of branches into urban and rural started in 1977

Appendix 15

FIGURES OF BANKED AND UNBANKED POPULATION IN PRE AND POST CONSOLIDATION PERIODS

PRE-CONSOLIDATION		
Status	**Population**	**Percentage**
Banked	13 million	9%
Unbanked	12.7 million	91%
POST-CONSOLIDATION		
Banked	27 million	18%
Unbanked	64 million	74%
Presumed banked	4 million	3%

Source: The Nation newspaper, Wednesday, April 26, pg 21