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The Influence Of Sustainable Finance On The Achievement Of Sustainable Development / Sustainability

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Abstract

In recent years, sustainable finance has drawn a lot of attention as a means of advancing sustainability and sustainable development. Financial decision-making procedures that incorporate environmental, social, and governance (ESG) considerations have the potential to produce long-term financial gains while also promoting favorable environmental and social outcomes. This essay examines how sustainable development and finance are related, emphasizing the ways in which sustainable finance can help achieve sustainability objectives. It investigates how sustainable finance affects different stakeholders, such as investors, businesses, and society at large. The article finishes with a discussion of the opportunities and problems connected with the implementation of sustainable finance practices, as well as the role of policymakers in promoting sustainable finance as a major force behind sustainable development.

Keywords

Biodiversity
Climate Change
Economic Development
Ecosystem
Environmental Degradation
Financial Performance
Green Bond
Greenhouse Gas Emission
Principles for Responsible Investment (PRI)
Resource Depletion
Social Inequality
Sustainable development
Sustainable Finance
Sustainable investment
Sustainable Loan
Sustainable Practices
Sustainable Project

Introduction

Sustainable development has become a critical goal for the world to achieve, and sustainable finance has emerged as a key tool to achieve this goal. Sustainable finance aims to support economic development while ensuring that social and environmental goals are met. This paper discusses the influence of sustainable finance on the achievement of sustainable development.

Overview of Sustainable Finance, Sustainability, and Sustainable Development

Sustainable finance refers to financial services that integrate environmental, social, and governance (ESG) factors into their decision-making processes. It includes a range of financial products and services, such as green bonds, sustainable loans, and sustainable investments. Sustainable finance is not only about investing in environmentally friendly projects but also about assessing the impact of financial activities on social and environmental outcomes.

Sustainable finance has grown in popularity in recent years due to the increasing awareness of the need to address climate change, social inequality, and environmental degradation. The United Nations' Sustainable Development Goals (SDGs) have played a significant role in promoting sustainable finance to achieve sustainable development.

Sustainability is viewed as a paradigm for considering a future in which societal, economic, and environmental concerns are balanced in the quest for a higher standard of living.

As we face global concerns like climate change, resource depletion, and loss of biodiversity, sustainability is becoming more and more crucial. It calls on us to adopt behaviors that lessen our negative effects on the environment while also promoting social and economic well-being.

We must adapt on an individual, organizational, and societal level to achieve sustainability. Adopting sustainable consumption and production patterns, supporting sustainable agriculture and forestry practices, decreasing waste and pollution, adopting renewable energy sources, and safeguarding biodiversity and ecosystems may all be part of this.

Sustainability can be promoted in several ways and these include;

Encouraging fair labor practices and spending money on education and job training while supporting social and economic equality.

Energy conservation and the use of renewable energy sources including solar, wind, and hydropower.

Buying locally made or cultivated goods to support local economies.

Protection and conservation of natural resources, such as forests, oceans, and freshwater sources, safe and intact.

Waste reduction through composting, recycling, and packaging reduction

Sustainable development is about meeting the present demand without compromising the capacity of future generations to meet their own needs. Economic, social, and environmental factors are all considered in this holistic approach to growth.

The goal of sustainable development is to build a world in which people can live happy, full lives without endangering the environment or the planet's natural resources. This entails encouraging poverty reduction, sustainable economic growth, and ensuring access to fundamental services like healthcare and education. Conserving biodiversity and ecosystems, cutting carbon emissions, and lessening the effects of climate change are all components of sustainable development. It necessitates implementing sustainable production and consumption practices, promoting renewable energy sources, and protecting the environment.

The United Nations Sustainable Development Goals (SDGs) are a set of 17 global goals designed to promote sustainable development and tackle global challenges such as poverty, inequality, climate change, environmental degradation, and peace and justice. The SDGs were adopted by the United Nations General Assembly in 2015 and are to be achieved by 2030.

The 17 SDGs are :

No Poverty: Put an end to all forms of poverty worldwide.

Zero Hunger: Ending hunger, ensuring food security, enhancing nutrition, and advancing sustainable agriculture.

Good Health and Well-being: guaranteeing healthy lives and fostering well-being for all people of all ages.

Quality Education: Make sure all students have access to high-quality, inclusive education, and encourage possibilities for lifelong learning.

Gender Equality: Achieving gender equality and empowering all women and girls.

Clean Water and Sanitation: Ensuring everyone has access to water and sanitation and that these services are managed sustainably.

Affordable and Clean Energy: Accessibility to affordable, reliable, sustainable, and modern energy for all.

Decent Work and Economic Growth: Promote full and productive employment, inclusive and sustainable economic growth, and decent work for all.

Industry, Innovation, and Infrastructure: Construction of robust infrastructure, encouragement of inclusive and sustainable industrialization, and promotion of innovation.

Reduced Inequalities: Reduction of inequality within and among countries.

Sustainable Cities and Communities: Create inclusive, secure, robust, and sustainable cities and human settlements.

Responsible Consumption and Production: Ensure consumption and production are done in sustainable manners.

Climate Action: Immediately tackle climate change and its effects.

Life Below Water: Conserve and sustainably utilize marine resources to promote sustainable development.

Life on Land: Protect, repair, and encourage the sustainable use of terrestrial ecosystems. Manage forests sustainably. Fight desertification. Halt and reverse the land deterioration.

Peace, Justice, and Strong Institutions: Promote inclusive and peaceful societies for sustainable development, ensure that everyone has access to justice, and create inclusive institutions at all levels.

Partnerships for the Goals: The global collaboration for sustainable development should be strengthened and revitalized.

The Influence of Sustainable Finance on Sustainable Development

Sustainable finance can have a significant impact on sustainable development in several ways.

First, sustainable finance can provide funding for sustainable projects that contribute to sustainable development. For instance, green bonds can be used to finance renewable energy projects, while sustainable loans can be used to finance energy-efficient buildings. These projects help reduce greenhouse gas emissions, conserve natural resources, and promote social and economic development.

Second, sustainable finance serves as incentive for companies to adopt sustainable practices. Investors are increasingly looking for companies that prioritize ESG factors and can demonstrate that they are addressing sustainability challenges. As a result, companies that adopt sustainable practices are more likely to attract investment from sustainable finance institutions, which can lead to increased funding and improved financial performance.

Third, sustainable finance can promote transparency and accountability. Sustainable finance institutions require companies to disclose their ESG performance and risk management strategies. This helps investors make informed decisions and encourages companies to improve their sustainability practices.

Fourth, sustainable finance can support policy and regulatory frameworks that promote sustainable development. Sustainable finance institutions can work with policymakers to develop regulations and standards that promote sustainability. For example, the Principle for Responsible Investment (PRI) is a UN-supported initiative that promotes ESG integration in investment decision-making.

Key points include;

Sustainable finance initiatives, such as the Green Climate Fund, Sustainable Energy for All, and Equator Principles, have been successful in addressing climate change, promoting renewable energy, and improving environmental and social risk management.

MicroEnsure and the Global Impact Investing Network demonstrate how sustainable finance can provide affordable insurance products to low-income families and promote impact investing, respectively.

Sustainable finance can help achieve the SDGs by leveraging private sector investments, promoting environmental and social standards, and providing financial support to vulnerable communities.

Conclusion

Sustainable finance has the potential to play a significant role in achieving sustainable development. By providing funding for sustainable projects, incentivizing companies to adopt sustainable practices, promoting transparency and accountability, and supporting policy and regulatory frameworks that promote sustainability, sustainable finance can contribute to a more sustainable future. However, there are still challenges that need to be addressed, such as developing common standards and metrics for measuring sustainability performance and ensuring that sustainable finance is accessible to all. Nevertheless, sustainable finance is a vital tool for achieving sustainable development and should be integrated into financial decision-making at all levels.

Brief Biography of the Author

Abimbola is a Nigerian student who is currently pursuing her master's degree in accounting and finance at Robert Gordon University, Business School, Aberdeen, United Kingdom.

She is a fellow of the Association of Chartered Certified Accountants, ACCA, United Kingdom.

Abimbola had a first degree in Accounting from Ladoke Akintola University of Technology, Nigeria, and had over 12 years of banking experience before relocating to the United Kingdom for further study.

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Debt Indicators: Carrying Our Capacity

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Abstract

Fiscal sustainability as a phenomenon is easy to apprehend but problematic to quantify. The difficulties arise from the complexity and the probabilistic nature of sustainability. As a pragmatic approach, this paper designs and proposes a method for measuring fiscal sustainability - the 3- Dimensional Fiscal Sustainability Approach (3-DFSA). The guiding principle of the 3-DFSA is that of vulnerability: social, economic, and environmental. These three spheres have been defined as the main pillars of sustainable development (Bruntland 1987). The degree of vulnerability to these shocks can push countries into deep recessions and fiscal and balance of payments crises.

Some approaches view sustainability primarily from an economic perspective. The volatility of fiscal policy is explained not only by the volatility of the underlying economic shocks that may result from terms of trade shocks but also by the degree of vulnerability that can emanate from environmental shocks – natural disasters as well as social shocks – such as education and health and the pro-cyclical nature of the fiscal policy. This study fills this gap by considering various dimensions of public sector debt vulnerabilities: social, economic, and environmental.

The design of the 3-DFSA indicators of fiscal policy sustainability is critical for determining whether governments can meet their financial obligations and fiscal policy volatility. The framework is particularly relevant for Small Open Economies (SOEs) because of their limited capacity to raise taxes, volatile revenue base, are subject to large external shocks (real and financial) that increase the volatility of GDP growth and are susceptible to large internal shocks (social, economic and environmental vulnerabilities) that can increase the volatility of the fiscal and balance of payment accounts. In such a volatile environment, revenue, expenditure, and fiscal deficit figures convey a misleading picture of the underlining fiscal situation.

For instance, the export revenue will fall significantly when a hurricane or tropical storm strikes. In contrast, export revenue will not be affected in an economy whose primary source of fiscal revenue is driven by the service sector. Hence, in the presence of shocks, indicators of fiscal sustainability that do not account for a country's vulnerability to economic, social, and environmental shocks may lead to a severely distorted assessment of fiscal sustainability. The 3-dimensions suggest developing alternative fiscal sustainability indicators, which may provide a more reliable picture of the underlying fiscal policy.

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City-specific determinants of cross-border M&As: An inter-urban gravity approach*

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Abstract

Cross-border mergers and acquisitions (M&As) have grown rapidly in recent years and are a major part of foreign direct investment (FDI). However, M&A distribution is highly skewed, with most of the activity concentrated in certain countries and even in certain cities. The fact that only a handful of cities account for most M&As raises a research question as to what city attributes attract foreign investment. Unlike many previous studies that have relied on a gravity model approach using the bilateral volume of FDI, this study examines the determinants of cross-border M&As by applying an FDI gravity model to inter-city investment flows. The results based on panel data of M&A flows across 44 major cities in the world from 2010 to 2017, reveal that the gravity model fits well for even the inter-city data, and show that besides the basic attributes used in conventional gravity models, such as market size and distance between origin city and destination city, urban-specific attributes such as the agglomeration of the world's top-ranked firms and international accessibility are positively associated with cross-border inward M&As.

Keywords: Gravity model, FDI policy, inter-city investment, agglomeration JEL *Classification*s: F14, F21, F23, R12

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The evolution of the minimum wage in Romania and in the Balkans: An analysis in the context of the COVID-19 pandemic

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(online presentation)

Abstract:

Given the current circumstances regarding the economic difficulties and uncertainties caused by the Covid-19 pandemic, the study of the evolution of the minimum wage is important in order to perform a radiography on the main trends, opportunities and problems in related social policies.

The main purpose is to bring upfront the importance of public policies on the minimum wage for ensuring a decent living and motivation of employees, for creating equal opportunities or access to the necessary resources for the poor. Also, through secondary data analysis, the research focuses on the impact of the Covid-19 crisis on the changes in the minimum wages in Romania compared to other countries in the Balkans, as well as the recent evolution and correlation between the minimum wage and the present situation of employment from the labor market in Romania.

The main limitation of the research was the complexity of the uncertainties generated by the COVID-19 pandemic regarding the effects on political-administrative and demographic developments. Another major limitation consisted in the limited offer regarding the diversity of official statistical data and the existence of a deficit of a temporal nature regarding the evolution of the various indicators tracked in the study. On the one hand, the usefulness of statistical data is obvious, but on the other hand, they do not offer the possibility of conducting a more detailed analysis of the issue.

The main findings highlight as follows: a) discovering the evolution trend of the minimum wage in Romania compared to other EU-28 member states; b) identifying the correlation between the minimum wage and the current employment situation on the labor market in Romania; c) analyzing the macroeconomic effects of minimum wage increases on the economy.

The research is useful to help improve institutional approaches to prevent and combat school drop-out among children, and also to help disadvantaged children stay in school and complete their studies.

Keywords: minimum wage, Covid-19 crisis, employment, public policy, social economy.

Digital Media Market Trends and Maturity: A Case of Bahrain

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Abstract — Competing in the new digital world requires traditional media companies to transform by designing, piloting and rapidly industrializing new content, services and tailored offerings that enrich the audience experience and scale the New.

This study explores the current digital media market dynamics and growth opportunities in Bahrain. Furthermore, this study assesses and analyses the digital media market trends, maturity, demand, and forecasts in Bahrain.

Keywords— Digital Media, market trends, demand analysis

Introduction

Digitization today pervades every aspect of our lives and has transformed how we consume content. Over the past decade, digital media has become ubiquitous across organizations and geographies. Users now demand content on-demand, anytime, anywhere, on any device. Broadband proliferation has led to new channels of content distribution and an amazing array of business models that are trying to tap into the lucrative and growing market for next-generation digital content services [1].
Digital media and interactive technology include three core areas of design, digital marketing, and interactive technology. Design is still a key skill for marketing professionals which is evolving into more digital design to include user experience and interface design for apps and websites. Core aspects of design include visual design principals, design lifecycle and graphic and multimedia design [2].
Due to digital transforming the marketing sector, digital marketing is a key skill to for marketing professionals. Core aspects include social media marketing, search engine optimizations, web analytics such as google analytics and digital advertising [3].
Companies desire to use interactive technology to gain a competitive advantage and marketing professional now need this new skill. Core aspects include augmented and virtual reality, simulations operations and 3D animated videos [4].
The purpose of this study is to:

- Investigate the current digital media market dynamics and growth opportunities in Bahrain.
- Assess digital media market trends and maturity in Bahrain.
- Assess digital media demand from employers and professionals to verify current and future market needs in Bahrain.
- Assess the impact of rapid technological ecosystem developments in the digital media market.
- Analyse industry key players' forecast of digital media market future trends.
- Assess digital media market supply (universities in Bahrain offering certificates and degree programmes in digital media).
- Discuss the research findings and its implications for practitioners and academia.

Digital Media Overview

Global & Regional Trends

The Global Media Market is forecasted to grow by 3% to 2.6 trillion USD by 2025 while advertising is witnessing a major shift towards digital advertising on the internet account for 44% of total MENA ad expenditure. The Value of Global Media and Entertainment Market [USD Trillion] indicates that the global market size of the media industry is 2.2 Trillion USD. Over the next 4 years, the global media industry is forecasted to grow at 3% CAGR from 2.2 Trillion to 2.6 Trillion USD [3].
The Media Channels in the Middle East shows that the advertising market continues to witness a major shift towards digital advertising. In 2020, the internet is the majority media channel for digital advertising at 44% of total ad expenditures [1], [11], [12], [18].

Key Insights

Advertising firms are leading the way in providing digital services to include integrative and social campaigns and digital marketing on websites, apps and social media.
Digital media makes up a wide range of market players to include entertainment and publishing firms, broadcasting firms and advertising firms.
Advertising firms such as market research, creative agencies and media agencies are digitally enabled and provide digital marketing services to market players.
Major areas of digital marketing Include Interactive and social campaigns, Online behavior-based research, and Increased focus on digital channels such as websites, apps and social media [3], [4].

Top Sectors

Although marketing and advertisement spans across all sectors, the top three sectors for digital advertising spending in the Middle East and North Africa include Telecommunication, Real Estate, Financial Services, and Media [5], [13].
Telecommunication: Service providers are investing in emerging technology that taps into the market shift toward video content and advertising [7], [14].
Real Estate: Interactive technology is shifting real estate by providing customers an immersive retail experience with augmented reality and virtual reality as well as interactive maps [8], [15].
Financial Services: Financial services are the top digital ad spenders within business. Additionally, many business use digital ads such as eCommerce, logistics, etc [9], [16].
Media: The media industry to include TV and digital journalism uses digital marketing as well as digital media and interactive technology [10], [17].

Approach

In this research, case studies will be conducted in diverse digital media industries in Bahrain including marketing, advertisement, telecommunication, real estate, financial services, and eBusiness.

Depth interviews will be conducted with key industry players, employers, and professionals:

- Depth interviews with industry players and employers within relevant sectors. Interviewees will be senior stakeholders such as CIOs, IT heads, site leads who are working on and or exploring digital media related projects.
- Depth interviews with working professionals in companies and sectors relevant to digital media. Interviewees will be professionals with 2-5 years of experience.

This research adopted a tailored approach to assess digital media market trends and maturity in Bahrain:

1. Identified Relevant Sectors
   - Identify the relevant sectors.
2. Assessed Market Trends and Maturity
   - Provide global, regional and local trends per relevant sector.
   - Determine the market maturity per sectorial skill need.
3. Demand Analysis
   - Primary research was completed to assess market needs.
   - Employer In-Depth Interviews: Assess demand from employers to verify current and future market needs.
   - Professional In-Depth Interviews: Assessing the demand from professionals.
4. Critical Success Factors
5. Key Recommendations

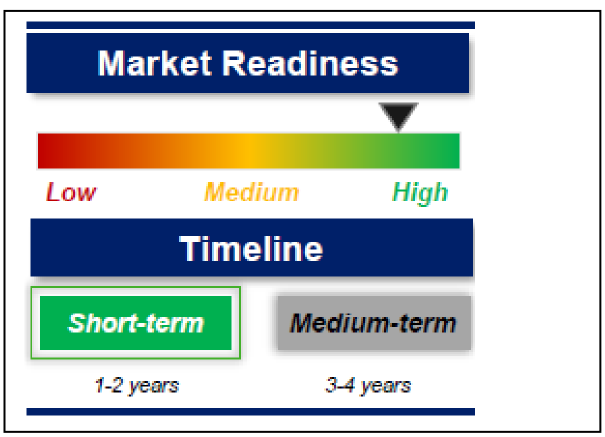
Market Analysis

In this section, the research paper assesses market trends and determines the market maturity in Bahrain.

Market Readiness

Based on Bahrain Ministry of Finance and National Economy, the figure below (figure1) presents the Market Card of Bahrain and Market Readiness.

FIGURE I. BAHRAIN MARKET READINESS



Sector Analysis

Figure 2 presents the Sector Growth and Employment Growth per sector in Bahrain.

FIGURE II. BAHRAIN SECTOR ANALYSIS

Sector Analysis		
Top Sectors	Sector Growth (1)	Employment Growth (2)
Telecom	8.3 %	11%
Financial Services	3.4 %	0.1%
Real Estate	-0.6 %	5.9%

Key Insights

- Advertising spend in 2019 was 37 million USD and is projected to grow in the next few years due to digital media becoming the primary marketing channel.
- New business models are emerging in Bahrain and using digital media such as digital banks and digital platforms.
- Top sectors that use digital media in the GCC are on the rise in Bahrain to include telecommunications and financial services for both sectorial and employment growth [11], [12].

Overview & Initiatives

Bahrain ranks 1st in the Arab region in information and communications technology Development

- Total advertising spend in 2019 in Bahrain was 37 million USD which is the second lowest spend in the GCC.
- New business models using digital media are on the rise in Bahrain to include digital real estate and digital banks.
- Over the past 2 years, digital banks such as Ila and Meem are launching in Bahrain and using digital media and interactive technology.
- Bahrain Property finder launched in 2013 and currently has over 50,000+ views a month and enables consumers to find real estate for lease and buy.

Employer Demand

Key themes have emerged from interview with In-Depth Interviews with Employers including Software AG: Software & Technology Services and Solutions, Hewlett-Packard Development Company, OIVAN (Digital Force For Good), Thakaa Center, and AlSharif Group Holding.

- All employers stated there is high demand for digital media and some stated medium demand for interactive technology.
- Employers stated the demand for digital media is high and growing in Bahrain due to many companies using digital channels to acquire and retain customers.
- Due to Vision 2030, many Bahraini females are joining the workforce and choosing marketing as it aligns well with the cultural norms of Bahraini families.
- Many Bahraini females are taking short courses online to gain skills in digital marketing.
- All employers stated there is a low supply of local female professionals with digital media and interactive technology.

- However, many females are joining the workforce as marketing professionals and ready to acquire digital media skills.
- Digital media and interactive technology is broken down into 3 different areas of specializations including (1) Design, (2) Marketing and (3) Web & App Development.
- Talent typically specialized in one of these three areas. However, it is helpful to have some working knowledge of the other areas.

Professionals Demand

Key themes have emerged from in-depth interview with working professional companies including Ma'aden, Siemens AG, Mobily STC, Sela for Power, Automation and Safety Systems (Sela-PASS), and Sadara Chemical Company [6].

- Bahraini female private secondary school students' interest in digital and technology will grow over the next 2-5 years.
- Many students are studying app development, coding, virtual reality and robotics and feel the digital media degree is a good fit.
- The general view of Bahraini families is that if they see value in the academic program than the fee is no issue.
- Most professionals desired real-world experience in the form of applied learning and internships to gain real world experience and increase their employability.
- Internships are viewed as a value add to the overall learning experience of the program.

Critical Success Factors

Upon interviewing employers and professionals critical success factors emerged.

- Applied learning & practical training is key. Both employers and students stated that applied learning and practical training is vital for skill acquisition, employability and being market ready for employers.
- Vital need for training in tools & technology due to skill gap. Training in specific tools and various technologies DMIT a vital need for both professionals and employers as a large skill gap exists to use the tools and technologies.
- Demand for internships to acquire real world experience. Employers and professionals demand internships to facilitate the acquisition of real-world experience using the skills learned in the degree programs.
- International recognized degrees important for professionals. Professionals strongly desired an international recognized master degrees while employers desired candidates with skills in key tools and experience over an international degree.

Conclusion

This study explored the current DMIT market dynamics and growth opportunities in Bahrain. Furthermore, this study analyzed the DMIT market trends, maturity, demand, and forecasts in in Bahrain.

- All employers stated there is high demand for digital media talent and some stated medium demand for interactive technology talent.
- Due to Vision 2030, many Bahraini females are joining the workforce and many are becoming marketing and advertising professionals.

- All employers stated there is low supply of local female talent with digital media skills.
- Employers stated DMIT is broken down into 3 sub-specializations of (1) Design, (2) Marketing and (3) Web and App Development.
- Employers see talent typically to specialize in only one of these areas.
- Global media and entertainment industry is projected to grow by 3% to 2.6 Trillion USD by 2024.
- Regionally, the major advertising channel is the internet.
- Top spending sectors in advertising regionally is Telecommunications, Financial Services and Real Estate.
- Bahrain and Saudi Arabia are the biggest digital advertising marketing in the GCC accounting for 67% of all ad spend in the region at 1 Trillion USD.
- Bahrain spends 37 million on digital adverting in 2019.
- Many new business models are emerging that use digital media including digital banks and eCommerce platforms.
- Bahraini female interest in digital and technology is high and will grow over the next few years.
- Many studies are studying app development, coding, virtual reality and feel the DMIT course is a good fit.
- The general view of Bahraini families is that if they see value in the academic program, money is no issue.
- Most Bahraini and Saudi females desire to study in Bahrain or nearby. Thus, RUW's location in Bahrain aligns to the majority trend of Saudi females to study close to home.
- All private secondary schools interviewed in Bahrain expressed a desire to work with RUW to help students join the BSc DMIT.
- Market demand is growing and projected to be high demand in Bahrain in the next 3-4 years.
- Most employers expressed that demand for DMIT will increase in the future as is important.
- Professionals were interested in an DMIT certificate course showing demand for the short course.
- Internship is key for professionals as they desire real world experience to increase employability.
- Top sectors for DMIT are Telecommunication, Social Media, Banking, Real Estate, Financial Services, and Media.
- Bahrain is working on DMIT use cases and tech players recently launched DMIT solutions.
- Technology providers in Bahrain are providing DMIT software solutions.
- Bahrain's national data strategy aims to train 20,000 data and AI professionals by 2030 which includes DMIT talent.

Recommendations

- Launch the BSc DMIT in the short term due to high market demand and medium supply.
- Implement Critical Success Factors to create a unique value proposition.

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Effect of Entrepreneurial Financing on Sales Growth and Profit among Small and Medium- sized Enterprises (SMEs) in Nigeria.

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Abstract

This research paper analyzed the effects of entrepreneurial financing on Sales growth and profit performance in Nigeria. Specifically, the study analyzed the effects of entrepreneurial access to financing on sales growth and profit performance among small and medium-scale enterprises (SMEs). A stratified random sampling technique was adopted in selecting a sample of 410 respondents from among the population of 3,736 registered SMEs in all the five administrative divisions of Lagos State. A structured questionnaire was administered to elicit information on socioeconomic and demographic characteristics, development, and performance variables among others. Data analysis was performed with the aid of descriptive statistical tools, such as frequency, percentages, and weighted mean scores to describe the major socioeconomic and demographic characteristics of the respondents. The effects of entrepreneurial financing on two identified profitability and sales growth, were examined using Ordinary Least Squares (OLS) to estimate the research models, while Pearson Product Moment Correlation Coefficient (PPMC) was employed to measure the relationship between entrepreneurial financing and business performance variables. The findings revealed that the major type of business identified among SMEs in the study area majorly consisting of sole proprietorship and that the average annual turnover for SMEs was below

₦30 million and the average operating capital was in the range of ₦250,000 and ₦500,000. Financing significantly ($p < 0.05$) affected business profit performance (Adj. $R^2 = 30.5\%$). Also, there was a positive effect and significant relationship between entrepreneurial financing ($r = 0.529$) and the profit performance of SMEs. Entrepreneurial financing significantly affected the sales growth of SMEs (Adj. $R^2 = 32\%$). Furthermore, there was a positive effect and significant relationship between entrepreneurial financing ($r = 0.563$) and the sales growth of SMEs. The study concluded that in order to improve the efficiency and performance of SMEs in Nigeria, there is a need to provide an enabling environment that will ensure easy access to finance, Hence, the government needs to adopt and implement clear enterprise-friendly policies to improve entrepreneurship development via SMEs, given their importance in the development of the nation.

A gendered analysis of poverty among the employed in South Africa

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Abstract

Poverty is an obstinate issue in South Africa, with many employed individuals still living in poverty. The gender pay gap and employment in low-income jobs are contributing factors to poverty, particularly for women who earn on average 30% less than men. Women are also more likely to be employed in low-income jobs in the care economy, which offers few benefits, such as domestic work or part-time work. Men, on the other hand, are more likely to be employed in higher-paying jobs in traditionally male-dominated fields. This study seeks to analyse poverty amongst employed men and women in South Africa using the General Household Survey by Statistics South Africa. The results of the regression analysis indicate that women of colour, particularly those with low levels of education and a high dependency ratio are more likely to be poor compared to men. Policies advocating for gender equality in the workforce need to be reinforced while empowering women and men through education and training.

Keywords: poverty, employed, working, men, women,

Applying gamification approach to strengthen continuous improvement culture within organizations

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Engaged employees are considered to be a key foundation of every successful organization. Motivated, well trained and willing staff, which is capable of fast problem solving and continuously improves its processes, can ensure quick adoption to ever growing complexity of modern economics. Considering above, the more troubling remains the fact, that according to researches conducted by the Gallup Institute, only 5% of employees worldwide and 35% in the U.S. feel engaged at their work.[1]

An answer to stated above challenges could be a gamification concept, which lately gains rapid popularity in both business and research sectors. The term "gamification." was first coined by Nick Pelling in 2002 and means "application of game mechanics in non-game contexts"[2]. In an organizational settings, it is used to engage and motivate employees, to manifest behaviors which are desired by an employer.

Based on findings of the TalentLMS company, application of the gamification approach in a business environment can lead to tangible and impressive benefits. Research conducted by the group indicates that[3]:

- 89% of employees think they would be more productive at work if it were more game-like,
- 88% of employees think, that gamification makes them happier at work,
- 87% of employees feel more socially connected through application of game-like elements.

A purpose of this research is to further investigate the impact of the gamification approach on employees engagement, especially in terms of creating and strengthening a continuous improvement culture within organizations. It aims at answering a question on how to effectively apply game-like elements to boost employees creativity and motivation to refine their day-to-day work. The research investigates also, which elements of organizations are the most suitable to apply the gamified approach.

In order to reach those targets, the paper presents four case studies of application of game-like elements in production companies. Presented games were implemented in a real-life environment and were aimed at promoting people's creativity and ingenuity to solve important business-related problems.

Findings of analyzed cases confirm effectiveness of implemented solutions. The paper provides detailed description of design and application process, identifying list of key characteristic and conditions needed for a successful gamification application. Additionally, thanks to presented cases, the research lays out inspiring examples of games possible to implement in other companies and constitutes premise to conduct further in-depth studies on the subject.

[1] https://www.gallup.com/workplace/285674/improve-employee-engagement-workplace.aspx
[2] Marczewski, A. (2012). Gamification: a simple introduction
[3] Apostolopoulos, A. (2019). The 2019 Gamification at Work Survey

Essentials of Academic role in building Corporate leaders: A Case of Business Schools' readiness in Digital normal

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Abstract:
This paper reports on the essential of academic role in business schools specially in the current digital normal. The paper covers the aspects of corporate leadership that should be maintained at any business school around the world. There is a need to bridge the gap between academic role and corporate success. The corporate success is possible if the academic roles are properly understood and tactically played in the academic process. The required teaching expertise are mandatory in such processes. Teaching is a great art that is earned through the expertise of learning analytics. Academic administration is another art that is achieved through advising on learning analytics & student centric approach methods. The business schools should maintain same methods that are particularly designed to help students in achieving University standards. The research evaluated the following questions and proposed the academic model.

1. Are business schools ready for the new normal?
2. Are business schools ready to produce same corporate leaders with the hybrid delivery modes?
3. Are business schools ready to facilitate students and faculty with same exposure as prevailed before?

This research answered such questions and proposed a comprehensive qualitative case style model that has depicted the academic roles, educational qualms and desired aspects of corporate success.

Academic role in building the Corporate leaders			
Input (Roles of Faculty, Dean and University)			
S.No:	Faculty role	Dean's role	University role
1	Teaching & Research • Practical skills ○ Technical Expertise ○ Tactical Experience • Practical exposure ○ Current knowledge ○ Current focus • Practical attachment ○ Associations ○ Contributions	Goals of Students and Faculty • Faculty hiring ○ Relevant degrees • Faculty coordination ○ Team skills • Faculty enthusiasm ○ Determination	Goals of University • Faculty support • Achievements • Approaches
Process (Qualms of delivery and student's engagement)			
	• Lack of experience • Lack of exposure • Lack of updated information	• Lack of monitoring • Lack of involvement	• Lack of support
Output (Corporate Success in the required current domains)			
• Corporate leaders for wealth maximization, profitability, and image of the company. • Corporate innovation for coping up with changing technological trends & communication • Corporate ethics for helping students for the required knowledge that is standardized in the policies • Corporate leaders to the company, serve the community and contribute to the country			

- Purpose: The purpose of this research is to evaluate the academic role in order to achieve corporate success.
- Methods & Design: This research is conducted through a qualitative case study approach. Such methodology was appropriate in this particular case study.
- Practical implication: This research is focused to have a salutary impact on business schools that can produce corporate leaders through the identified academic roles as input, process and output

Keywords: Academic roles, Corporate leadership, Teaching methods and learning analytics

Unique Competences Of An Entrepreneur.

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Abstract

Entrepreneurs are individuals who identify opportunities and take calculated risks to create and grow new businesses. The unique competence of an entrepreneur refers to the specific skills, knowledge, and attributes that enable them to successfully start and manage their ventures. These competencies can vary widely depending on the industry and market niche in which the entrepreneur operates, as well as their personal background and experiences. Some common competencies of successful entrepreneurs include creativity, strategic thinking, resilience, leadership, financial acumen, and the ability to build and maintain strong relationships with stakeholders. Developing and leveraging these unique competencies is essential for entrepreneurs to overcome challenges, capitalize on opportunities, and achieve long-term success in their ventures.

Keywords

- Creativity and Innovation
- Risk-Taking
- Visionary Thinking
- Adaptability
- Leadership
- Strategic Planning
- Problem-Solving
- Resourcefulness
- Networking and Relationship Building
- Financial Management
- Sales and Marketing Skills
- Resilience and Perseverance
- Time Management
- Passion and Drive
- Customer Focus
- Technical Skills and Knowledge
- Team Building and Management
- Communication and Interpersonal Skills
- Market Research and Analysis

- Industry Expertise.

Introduction

Entrepreneurs are individuals who create and manage their own businesses, taking on financial risks in the hopes of generating profits. The unique competence of an entrepreneur lies in their ability to identify and pursue opportunities, innovate and adapt to changing circumstances, and effectively manage resources to achieve their goals.

Body of paper

One of the key competencies of entrepreneurs is their ability to identify market gaps and create products or services that meet unmet needs. They often have a keen understanding of their customers and their preferences, and use this insight to develop unique value propositions that differentiate their businesses from competitors.

Entrepreneurs are also known for their ability to innovate and adapt to changing market conditions. They are willing to take risks and embrace new technologies, products, and processes in order to stay ahead of the competition. This requires a willingness to be creative and open-minded, and a willingness to take calculated risks in pursuit of their goals.

Effective resource management is also a key competency of successful entrepreneurs. They are adept at managing finances, people, and other resources to maximize their business's efficiency and profitability. This requires strong organizational skills, strategic thinking, and the ability to prioritize tasks and delegate responsibilities effectively.

The unique competencies of an entrepreneur can vary depending on their industry, personal strengths, and the specific needs of their business. However, some common competencies that many successful entrepreneurs possess include:

1. Vision and creativity: Entrepreneurs are often able to see opportunities where others do not and envision innovative solutions to problems.
2. Risk-taking: Entrepreneurs are willing to take calculated risks and are comfortable with uncertainty and ambiguity.
3. Resilience: Entrepreneurship can be a challenging and unpredictable journey, and entrepreneurs need to be able to bounce back from setbacks and keep moving forward.
4. Adaptability: Successful entrepreneurs are able to adapt quickly to changes in the market, customer needs, and industry trends.
5. Networking and relationship building: Entrepreneurs often rely on their networks and relationships to gain access to resources, find new customers, and build their brand.
6. Sales and marketing skills: Entrepreneurs need to be able to sell their product or service and effectively market their brand to potential customers.
7. Financial management: Entrepreneurs need to understand the financial aspects of their business, including cash flow, budgeting, and accounting.
8. Leadership and team building: Entrepreneurs need to be able to inspire and motivate their team and create a positive work culture.
9. Continuous learning: Successful entrepreneurs are always looking for ways to improve and grow, and they are constantly learning and seeking out new information and ideas.

Conclusion

Overall, the unique competence of an entrepreneur lies in their ability to combine vision, creativity, and resourcefulness to create successful businesses that generate value for themselves and their customers

The unique competence of an entrepreneur can vary depending on the individual's skills, experience, and industry. However, there are several key competencies that are commonly associated with successful entrepreneurship, including:

1. Visionary thinking: Entrepreneurs must be able to see opportunities where others see challenges and envision the future of their business.
2. Risk-taking: Entrepreneurs must be comfortable taking calculated risks and making decisions in the face of uncertainty.

3. Adaptability: Entrepreneurs must be able to quickly adapt to changing circumstances and pivot their business strategies when necessary.
4. Leadership: Entrepreneurs must be able to inspire and motivate their team and lead by example.
5. Creativity: Entrepreneurs must be able to think outside the box and come up with innovative solutions to problems.
6. Networking: Entrepreneurs must be able to build and maintain strong relationships with customers, suppliers, and other stakeholders in their industry.
7. Entrepreneurs must be able to persevere through challenges and setbacks and remain focused on their goals.

Overall, the unique competence of an entrepreneur is the ability to combine these competencies with their own personal strengths and experiences to create a successful business.

Brief biography of each author

Oforitsela Futughe is a Nigerian student who is currently studying for his Masters degree in Accounting and Finance at Robert Gordon University, Aberdeen, United Kingdom.

He is an entrepreneur, he advocates for natural hair maintenance, and that made him venture into hair business in the year 2015. Oforitsela excelled in his business back in Nigeria before relocating to the United Kingdom to further his education,

References

1. "The Entrepreneur Mind: 100 Essential Beliefs, Characteristics, and Habits of Elite Entrepreneurs" by Kevin D. Johnson. This book outlines the unique competencies of successful entrepreneurs, such as the ability to take calculated risks, persist in the face of failure, and think creatively.

2. "The Lean Startup: How Today's Entrepreneurs Use Continuous Innovation to Create Radically Successful Businesses" by Eric Ries. This book focuses on the unique competencies needed by entrepreneurs to create successful startups, such as the ability to iterate quickly, gather and analyze feedback, and pivot when necessary.

3. "The E-Myth Revisited: Why Most Small Businesses Don't Work and What to Do About It" by Michael E. Gerber. This book highlights the unique competencies of successful entrepreneurs, including the ability to work on their business rather than in it, develop and implement systems, and delegate effectively.

4. "The Art of Possibility: Transforming Professional and Personal Life" by Rosamund Stone Zander and Benjamin Zander. This book explores the unique competencies of creative and innovative entrepreneurs, including the ability to see possibilities where others see obstacles, challenge assumptions, and embrace ambiguity and uncertainty.

The Influence of Capital Expenditure on Working Capital Management: Evidence from Listed Banks in Norway

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Abstract

Corporate finance is fundamentally based on three major decisions: capital structure decisions, capital budgeting decisions, and working capital management decisions. Working capital management (WCM) decisions have influence on the firm's liquidity, profitability, and value creation. The objective is to ensure that there is a sufficient flow of cash and other liquid assets to meet the short-term obligations of the firm. It is therefore of utmost importance to pay necessary attention to its right management to avert the incidence of liquidity challenges, bank runs, insolvency, financial crisis, and general economic downturns.

Like working capital, fixed capital expenditure decisions are essential for the growth of the company. Investment in capital expenditure brings about the required profitability and value creation. The question that arises is whether the available liquid assets become a cheap source of funds for fixed capital investment. There is a trade-off between investment in working capital and capital investment which essentially translate into a liquidity and profitability trade-off. This study, therefore, examines the effect of capital expenditure on working capital management with evidence from public banks in Norway.

The paper employs annual data drawn from the financial statements of listed banks for the period 2000 to 2019. Analysis of data uses multiple panel data techniques including fixed/random effect, weighted least squares and ordinary least squares models. The dependent variable working capital management (WCM) will be proxied by working capital ratio (WCR). Capital expenditure (CAPEX) is the independent variable of interest. The study controls for variables such as operating expenditure (OPEX), bank size (LREV), and loan loss provision (LNLOSS). Monetary policy rate (MPR) captures the macroeconomic variable.

The study seeks to make vital contributions to literature. It provides evidence of the specific relationship that capital expenditure has with working capital management in the context of banks.

Keywords: Capital expenditure, Working capital, liquidity, trade-off, banks

Big Data Analytics and Buyer Development: An empirical study

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Abstract

Research shows that big data analytics is often used as an organizational resources to enhance firm performance. Based upon the resource-based view, dynamic capabilities, and contingency theory, this research aims to investigate the alignment between big data analytics and buyer development, and its impact on firm performance. The study analyzes the direct impact of big data analytics on buyer development and firm performance by exploring mediating and moderating effects on the relationship. Our results show that a firm's big data analytics has a direct positive significant impact on buyer development and also a direct positive significant impact on its business performance. They further present strong moderating and mediating effects of big data analytics on buyer development, which in turn affects firm performance.

Keywords: Big data analytics, buyer development, firm performance, empirical study

Exploring the effects of social media in youth health in the Sultanate of Oman

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Abstract

Many social networks have emerged nowadays, and they reshape people's communication, interaction, cooperation and even their learning process. Social media could be able to impact youth life in positive and negative ways. Youth have become addicted to various social media platforms, social networking can impact users physically, psychologically, attitudinally, and/or socially. The youth population is more involved in social media than other walks of life Heavy usage of social network sites can lead to symptoms of substance-related addictions including salience, mood modification, tolerance, withdrawal, relapse, and problems with behavioral addictions.

The dramatic growth in the use of social networking media will bring with it several influences on the social system in Oman. Most Omanis spend more than six hours daily on social media. The excessive usage of social media has become a growing phenomenon and a controversial issue. Omani youth also influenced by social media which has enhanced the exposure of the people and create more awareness among youth. But the impact of social media on Omani youth's health is not yet explored. The purpose of the study is to explore the influence of social media on youth social life and to understand the effects of social media on youth health in the Sultanate of Oman. Desk Research technique was conducted for this study which basically involved collecting data from the existing online library which covered several academic databases. The study brings out clearly some of the health issues that the younger generation would be exposed to due to the addiction they have in using social media.

Based on this conceptual study, an quantitative study is planned to conduct to create awareness among Omani youth on the effect of social media and the impact on the health. The future study will provide guidelines for the youth population of Oman on the effective utilization of social media platform so that they do not excessively use them and become addicted to it and suggest a well- defined lifestyle and with cutting edge information technology mix would be clearly made known to the youth population of the Sultanate of Oman. The future study is expedient to apply social media in the right direction for Omani youth and create cognizance among youth that proper use of social media becomes a solid tool to educate, inform and groomed the mentality level of youth social media to refine their living style of public, especially for Omani Youth.

Keywords

Social Media, Health, Youth, Psychology, Lifestyle

Promoting Financial Inclusion through Financial Education - Global Trends and Georgia

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Abstract

One of the objectives of the UN Sustainable Development Goals is to build an inclusive society, and no country should be left behind in this process. However, since the Sustainable Development Goals do not include financial inclusion directly, most of the goals that integrate economic and social areas cannot be achieved without financial inclusion. This is why promoting financial inclusion is at the top of the agenda of policymakers around the world today. Financial literacy and financial inclusion, along with other financial sector consumer protection mechanisms and regulations, empower individuals and play an important role in the stability of a country's financial system. Financial literacy provides people with the knowledge and skills needed to manage money efficiently. Financially educated citizens, who know how to make the necessary decisions without losing much, are a strong pillar of the country's economy.

Despite the importance of financial literacy, numerous studies confirm that a large part of the world's population still suffers from financial illiteracy. According to the results of the S&P Global FinLit Survey conducted in 2015, only one out of three adults (33 percent of adults) were financially literate worldwide. This means that approximately 3.5 billion adults globally (most of them from developing countries) do not understand basic financial concepts. The issue has become even more urgent under the conditions of the COVID-19 pandemic, and additional, effective steps in this direction should be taken by the governments and central banks of the countries.

This paper presents a study of the causal relationships between financial education and the degree of financial inclusion, which is conducted based on the analysis of the results of studies conducted by international and local financial organizations.

Keywords: financial education, financial literacy, financial inclusion, inclusive growth, sustainable development.

Introduction

Financial education and financial inclusion, along with a strong framework for consumer protection in the financial sector, are essential for empowering individuals and can contribute to both the stability of a country's financial system and the inclusive growth and development of the economy (OECD/INFE, 2020) In contrast to exclusive economic growth, which benefits only a few individuals within a narrow group of society, inclusive development benefits the wider strata of society. The result of inclusive economic growth affects every citizen of the country and has not only a quantitative but also a qualitative effect (Lasha Arevadze, 2015)

Bringing forward the issue of inclusive growth was caused by the fact that in some countries, rapid economic growth did not lead to a reduction in inequality (Kasradze, Tea; Zarnadze, Nino, 2019). The issue has become even more urgent under the conditions of the Covid 19 pandemic and the need to take additional steps in this direction on the part of the governments and central banks of the countries has arisen, because a large part of the citizens did not have enough financial education and resilience to cope with the pressure of the economic and financial crisis caused by the pandemic and to resolve effectively their issues related to daily financial decisions (Kasradze Tea, 2020).

The aim of the presented work is to study the influence of financial education on the quality of financial inclusion and determine the cause-and-effect relationships between them based on the analysis of studies conducted by various scientists, international financial and local organizations. In particular, the results of the research on financial education and financial inclusion of the International Financial Education Network of the Organization for Economic Cooperation and Development, the results of the World Bank's global financial inclusion research, the series of working documents of the Asian Development Bank Institute and the results of the research about financial literacy by the ISET Policy Institute and TBC Bank were studied and analyzed in the paper, also local policy documents, legal acts and works of Georgian and foreign researchers.

Literature Review

"The economic policy of the past decade was close to the paradigm known as the "Washington Consensus", which implies an emphasis on macroeconomic stabilization and the facilitation of private investment through the implementation of large-scale infrastructural projects, resulting in economic growth. And according to the logic of Kuznetsian economic development, economic growth will eventually lead to overcoming the problem of inequality" (Lasha Arevadze, 2015) However, in the later period, skepticism towards the "Washington Consensus" increased, which was mostly related to its theoretical character. The logic of the "Washington Consensus" has also been removed from the economic policy of the World Bank, and today it is clearly dominated by the so-called Paradigm of "inclusive growth" (Lasha Arevadze, 2015).

The paradigm of inclusive growth was reflected in the socio-economic development strategy of Georgia - "Georgia 2020", in which we read that the economic policy of the last decade was successful in terms of attracting investments and promoting short-term economic growth, however, it failed to create a basis for increasing the competitiveness of the Georgian economy and long-term inclusive economic growth. The results of economic growth were not reflected on a large part of the population of Georgia, nor did it have a significant impact on the reduction of unemployment and poverty rates (Government of Georgia, 2014).

The reason for this is the low competitiveness of the private sector, inadequately developed human capital and limited access to financial resources. All of the above leads to financial inclusion, the most important contributing factor of which is financial education. Economic inclusion and inclusive growth are unthinkable without financial inclusion (Kasradze, Tea, 2018).

"Stable and high economic growth is a necessary condition for us to be able to help the most vulnerable groups who work hard to belong to the middle class. They should also be able to benefit from the positive results of the economy," says Bill Morneau, adding: "But to ensure inclusive economic growth, we must make sure that families have the knowledge and fully use the opportunities that lead to their maximum involvement in the economy" (Morneau, 2016). To accomplish this task, Morneau places particular emphasis on financial education and keeping step with innovation.

Financial literacy is an important factor in people's lives because it provides people with the knowledge and skills needed to manage money effectively. Decisions and actions taken without it have no solid foundation for success, and the results are dire: 40% of Americans can't afford $400 in emergency expenses, credit card debt is at an all-time high, and it's no surprise that nearly two-thirds of Americans fail a basic financial literacy test. (Rose, 2020).

Despite the importance of financial literacy, many studies indicate that a large part of the world's population still suffers from financial illiteracy, and it is necessary to take measures to correct the problem (Potrich, Vieira, & Kirch, 2015) The essence of financial literacy involves learning to choose between multiple alternatives for setting financial goals. Governments all over the world are interested in finding effective approaches to increase the level of financial literacy of the population, creating or improving its national strategy, offering learning opportunities (Potrich, Vieira, & Kirch, 2015).

In 2016, the National Bank of Georgia approved the "National Strategy of Financial Education of Georgia", which aims to raise the level of financial education of the population of Georgia, which will ultimately become a prerequisite for improving its financial well-being and protecting the consumers' rights" (National Bank of Georgia, 2016)

According to the document, the strategic directions are increasing knowledge about the usefulness of financial education; enhancing coordination and cooperation among stakeholders; expanding opportunities for education. The basis for developing the strategy was the study of financial education and involvement, which was carried out at the initiative of the National Bank of Georgia. The research methodology is based on the OECD/INFE International Network for Financial Education of the Organization of Economic Cooperation and Development 2015 Guidelines for Measuring Financial Education and Financial Inclusion (Sonari, 2016). As a result of the mentioned research, it was possible to derive the score of financial education of the population of Georgia, which includes three components, financial knowledge - maximum 7 points, financial behavior - maximum 9 points and financial attitude - maximum 5 points. On a 21-point scale, the financial education score of the population of Georgia is 12.3. According to the components, it breaks down as follows: financial knowledge - 4.5, financial behavior - 5 and financial attitude - 2.8 points. Within the framework of the mentioned strategy the following target groups with a high need for financial education were defined: young generation - students and pupils; unemployed population; persons employed in large companies and organizations; villagers and people facing specific life moments.

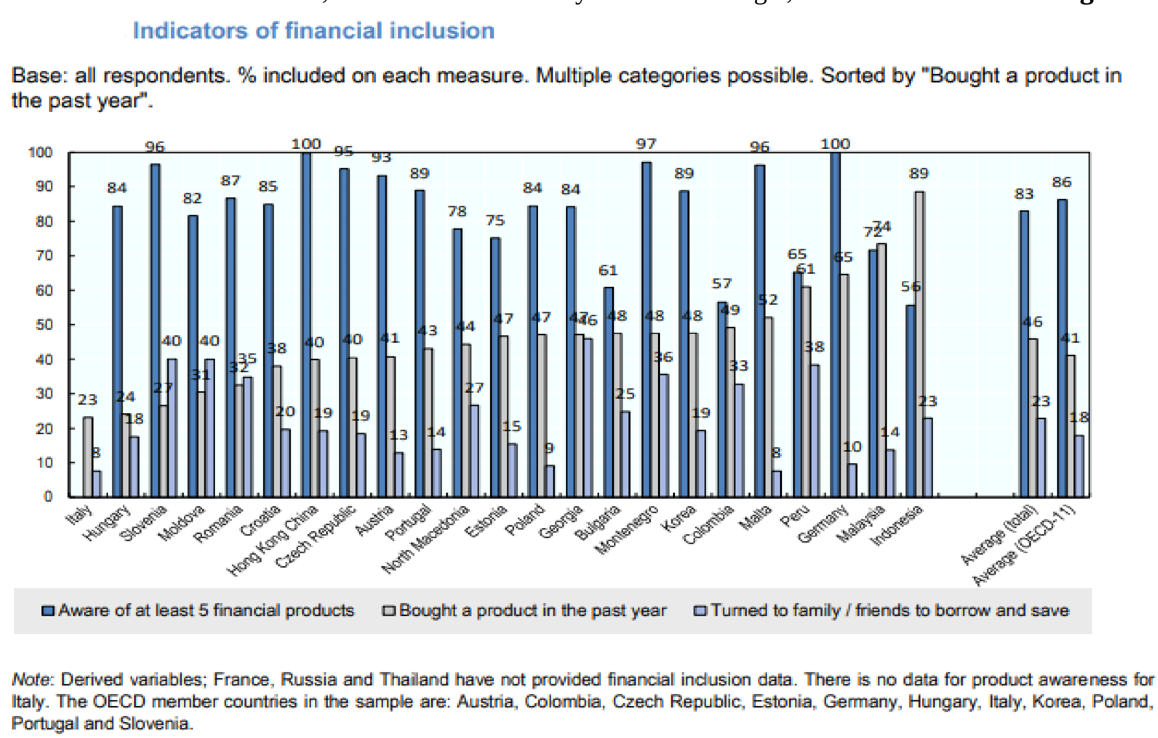
Financial inclusion implies the process of promoting affordable, timely and adequate access to a wide range of regulated financial products and services to widen their use by all sections of society through tailored existing and innovative approaches, including financial awareness and education to achieve financial well-being and promote economic and social inclusion (Atkinson & Messy, 2013).

Financial inclusion is a two-way process: in terms of delivery, it requires the provision of appropriate financial instruments, and in terms of demand - knowledge of this product (OECD/INFE, 2020). According to the World Bank's approach, financial inclusion is not only about access to financial resources. For the general public and SMEs it is a much broader concept and includes widespread access to quality financial instruments and services, including loans, deposit services, insurance, pensions and payment systems, as well as financial education and consumer rights protection mechanisms. This approach once again emphasizes the reciprocity of the process of financial inclusion: in order for a wide range of quality financial instruments to be presented on the market (Kasradze Tea, 2021), based on a simple market principle, the order must come from the society, which is determined by the level of financial education of the society (Kasradze, Tea; Zarnadze, Nino, 2018).

Research on Financial Inclusion and Financial Education in Georgia

According to the 2020 International Survey of Adult Financial Literacy conducted by the International Network for Financial Education of the Organization for Economic Cooperation and Development (OECD/INFE), indicators of financial inclusion are defined in the context of product knowledge and choices based on this knowledge, these indicators are: knowledge of at least 5 financial products, buying financial products last year and referring family/friends for loans/savings. The research was conducted in 26 countries and economics of Asia, Europe and Latin America (12 of these countries are members of the OECD).

According to the research results, about 83% of the respondents knew at least 5 financial products on average. In terms of countries, it should be noted that according to the first indicator, 100% is recorded in China and Germany. Among the participating countries, the lowest rate is recorded in Colombia - 49%. In Georgia, this indicator is 84%. Globally, 46% of the respondents purchased a financial product last year. In terms of countries, the highest rate of this indicator - 89% is recorded in Indonesia, and the lowest - in Italy - 23%. In Georgia, this indicator is 47%. **Diagram N1.**



Source: OECD/INFE 2020 International Survey of Adult Financial Literacy

As for the third indicator, it aims to find out the extent to which people turn to family members and friends for financial services that can be provided by the financial sector. Although the support of family members and friends includes many potential benefits, it also includes risks. This indicator can also show us the level of informality of the financial sector involved in the economy. In this regard, the fact that the highest share - 46% is recorded in Georgia, which is twice as much as the global average indicator, which is 23%, is especially notable.

The trend of borrowing money from family members and friends is growing in Georgia. In 2011, this figure was 14%, in 2014 - 16%, in 2017 - 20%, and in 2020 - 46%. From 2011 to 2020, the indicator increased by 32%. In order to identify the reasons for the tendency of loans to move to the informal sector, it is important to consider the debt burden. The results of a study commissioned by the National Bank of Georgia showed that middle-income households, whose income ranges from 551 to 900 GEL, have the highest debt Payment to Income ratio (PTI) and are therefore the most burdened with current liabilities (Sonari, 2016) This may be one of the determining factors of the revealed trend. It should also be taken into account that since 2018, the SEB has started to introduce important regulatory tools, including determining the maximum limits of the loan service ratio (PTI) according to the categories of income amount, and there is a high probability that loans will be transferred to a sector where solvency tests are not carried out.

According to global data, despite the progress achieved in recent years, the use of financial technologies in Georgia still remains a challenge and lags significantly behind the regional average. According to the World Bank's Financial Inclusion Survey in 2014, adults who owned debit cards accounted for 39.7% of the population, which is 10% below the average data of Europe and Central Asia (Asian Development Bank Institute, 2019)). Researches use different categories of indicators to measure financial inclusion, such as: access indicators (number of ATMs, number of bank branches per thousand inhabitants, branches of tax service providers), distribution indicators (geographical and demographic penetration of financial services), utilization indicators (number of credit and debit accounts, deposit volume and giving credits to SMEs and households, etc.) and qualitative indicators (privacy requirements, dispute resolution and cost of use) (Asian Development Bank Institute, 2019).

In terms of access indicators, Georgia is a leader among the countries of the South Caucasus both in the number of commercial bank branches (diagram N2) per 100,000 adults, and in the number of ATMs (diagram N3). The network of payment service providers (PSP) is also developing quite quickly, the number of PSP branches has increased from 641 to 1769 in five years (Asian Development Bank Institute, 2019) .

In terms of distribution indicators, financial inclusion is improved by increasing the availability of bank branches and ATMs even outside the three big cities of Georgia (Tbilisi, Rustavi, Kutaisi). From 2005 to 2016, the number of bank branches outside the three mentioned cities increased from 141 to 427, and ATMs - from 31 to 674. However, a significant share of the population in the regions of Georgia remains a category that does not have access to financial services. The largest part of financial services is concentrated in three large cities - 70% of ATMs available nationwide, and 56% of bank branches, while 36.5% of Georgia's population lives in these cities (Asian Development Bank Institute, 2019).

Diagram N2.

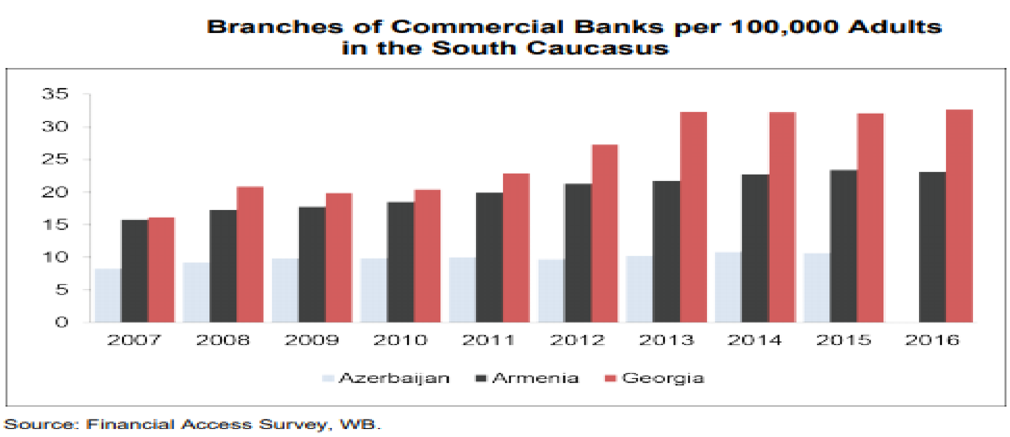
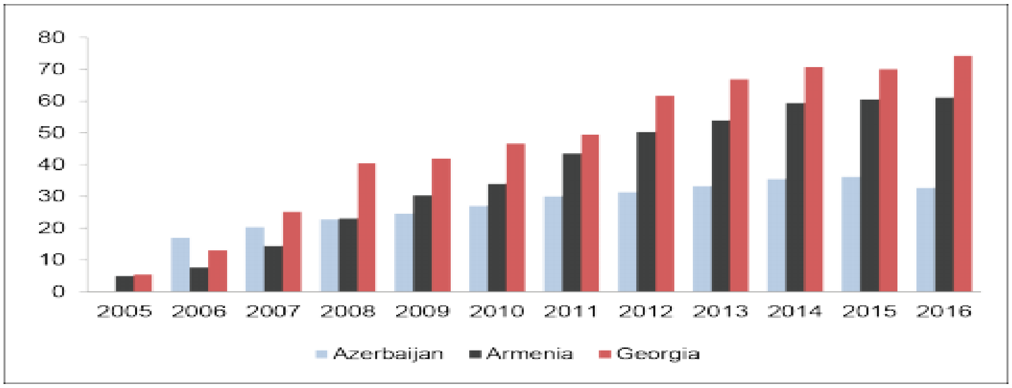


Diagram N3.

The Number of ATMs per 100,000 Adults in the South Caucasus Countries



Source: Financial Access Survey, WB.

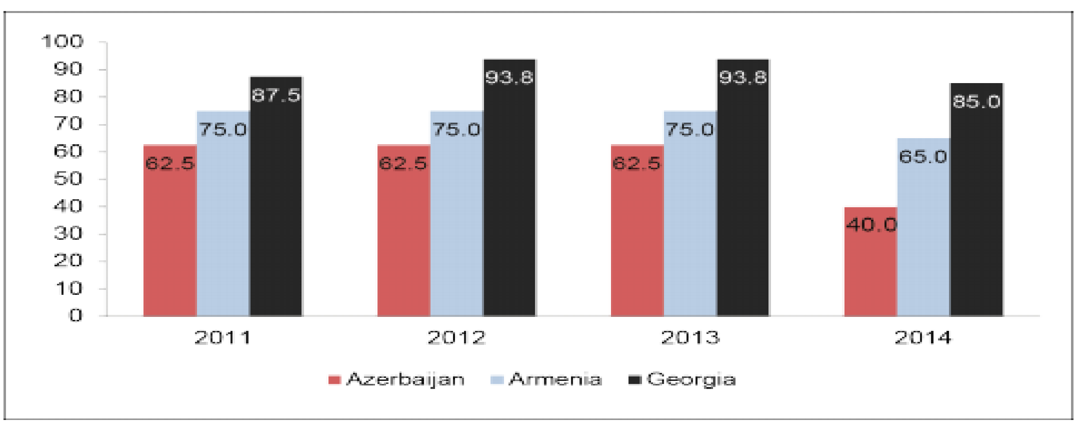
As for utilization indicators in terms of deposit and savings accounts, according to 2017 data, a rather low inclusion rate is recorded in the 15-24 age group - 46.1%, while the average rate for all middle-income countries is 50.7%, and in European and Central Asian countries this rate is 56.3%. As for deposit and savings accounts, in terms of gender, Georgia leads the way in terms of women, and the participation rate is 63.6%, which is higher than the rate of Europe and Central Asia - 62.5%, and the rate of middle-income countries - 53%. (Asian Development Bank Institute, 2019).

According to the survey of the World Bank's Global Financial Inclusion, people who do not have an account name the following reasons: distance from financial institutions - 5.6%; the cost of financial services - 12.7%; insufficient finances - 53%; lack of necessary documents - 37.2%; lack of trust in financial institutions - 20.1%; do not need financial services - 2%; religious reasons - 2.6%; somebody in the family has an account - 34.5%.

Georgia is also a leader in the South Caucasus region in terms of access to credit (Diagram 4), although the increase in the household loan service ratio carries certain risks. From 2013 to 2017, loans issued by microfinance organizations secured by real and movable property increased 5 times, which were mostly denominated in US dollars and increased default risks due to the mismatch between household income and liabilities (Asian Development Bank Institute, 2019).

Diagram N4.

Getting Credit: Distance from the Frontier in the South Caucasus Countries



Source: G-20 Financial Inclusion Indicators.

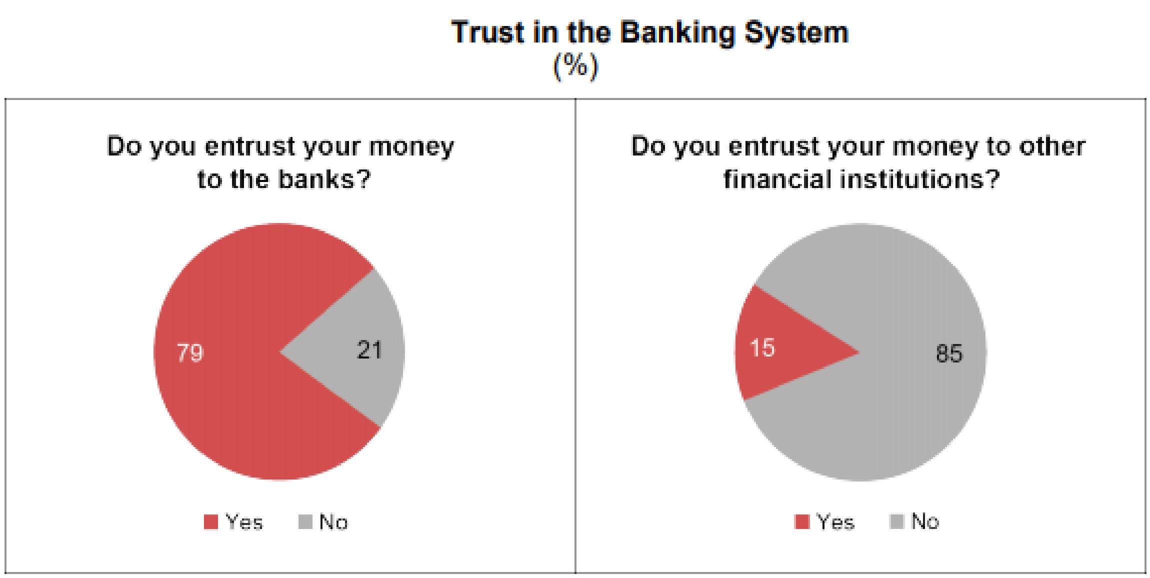
The rapid growth of Georgian consumer credit has raised concerns about the sustainability of credit expansion. Access to credit was not a major concern until 2018, but the situation required attention in terms of borrowers' safety and informed choice. Since 2018, the Government of Georgia and the National Bank of Georgia have demanded stricter consumer protection measures, de-dollarization of SME loans, and increased efforts to improve financial education that will improve the financial inclusion rate.

Stakeholders such as commercial banks, international financial institutions and the National Bank of Georgia see financial education as the key to improving financial well-being for households in Georgia (Asian Development Bank Institute, 2019)

Along with the OECD/INFE international study of financial literacy competences of adults, which made it possible to derive the financial education score of the population of Georgia (12.3 points on a 21-point scale), the results of a study conducted by the ISET Policy Institute in 2016 together with TBC are also interesting. The sample consisted of 1,000 respondents and the questions assessed knowledge about interest rates, inflation, financial risks and effective interest rates. According to the results of the study, only 5.8% of the respondents answered all four questions correctly, 42% were in the moderate range, and 52% showed a low level of financial knowledge, although only 14% of them admit a lack of knowledge in finance. It is also worth noting that there is a close correlation between financial education and general education - 78% of the respondents who answered the questions correctly had a university degree or equivalent, while the respondents who often answered: "I don't know" had primary or secondary education. A big difference can be seen regionally as well - 81% of the respondents with high financial education are from the capital.

From the results of this research, the trust in the banking sector is also worth noting. 79% of the respondents trust commercial banks unconditionally, although 85% distrust other unregulated financial institutions (Diagram N5) (Asian Development Bank Institute, 2019). In order to improve the quality of inclusiveness in this direction, various regulatory mechanisms have been introduced by the NBG, including mandatory deposit insurance from January 1, 2018, which in the conditions of low indicators of financial education are more likely to guarantee an increase in trust in financial institutions than the introduction of Basel III within the regulatory framework.

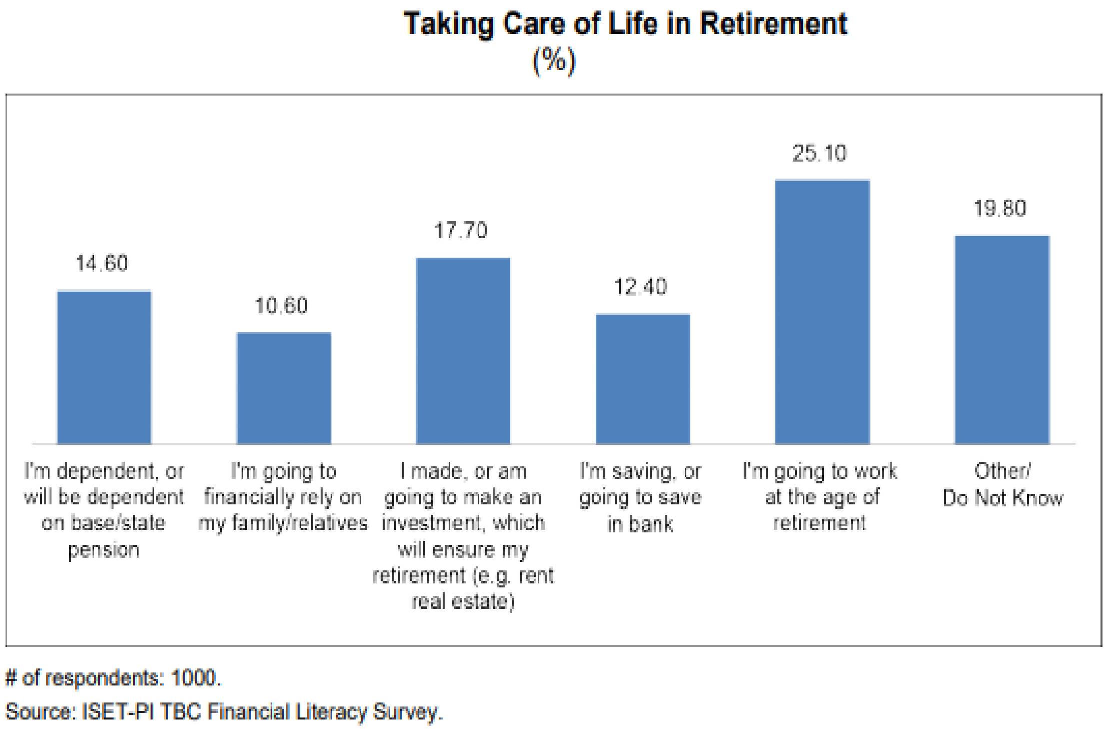
Diagram N5



Source: ISET-PI TBC Financial Literacy Survey.

As already mentioned, financial inclusion is a rather broad concept and it includes long-term planning in terms of pension provision as well. In this regard, the results of the research conducted by the ISET Policy Institute and TBC on financial education show that only 12.4% of the respondents make savings for old age, and 14.3% think that they will be completely dependent on the state basic pension, which is equal to the living wage.

Diagram N6



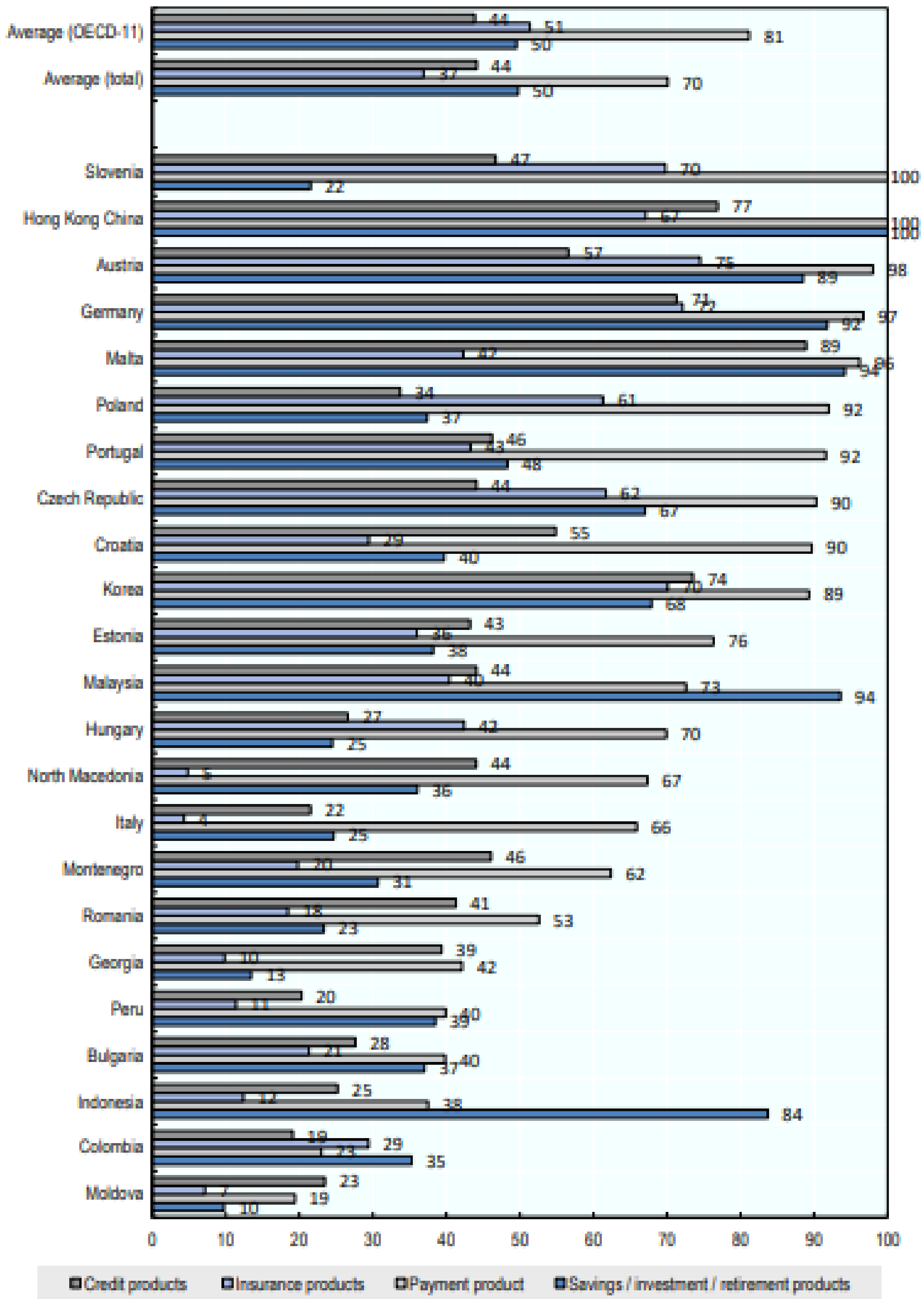
According to the 2020 International Adult Financial Literacy Survey conducted by OECD/INFE, respondents were identified using a combination of four indicators. These are: savings, investment and pension products, which are not mandatory; payment products or transaction accounts (except credit cards); insurance products (auto, health, personal liability, property, etc.); credit products (any official bank loan or pledge).

According to the research results, payment products are the most widespread. On average, 70% of the respondents report owning such products (more than 80% for OECD 11), 51% of the respondents own savings, investment or pension products, 44% own credit products and 37% - insurance products (for OECD 11 about 50%). In Georgia, this indicator is quite low - 13%. Only 42% of the respondents in Georgia own payment products. In the category of insurance products this figure is 10% of adults. A relatively better rate is recorded in the category of credit savings, investments and pension products - (39%).

Diagram N7

Product holding

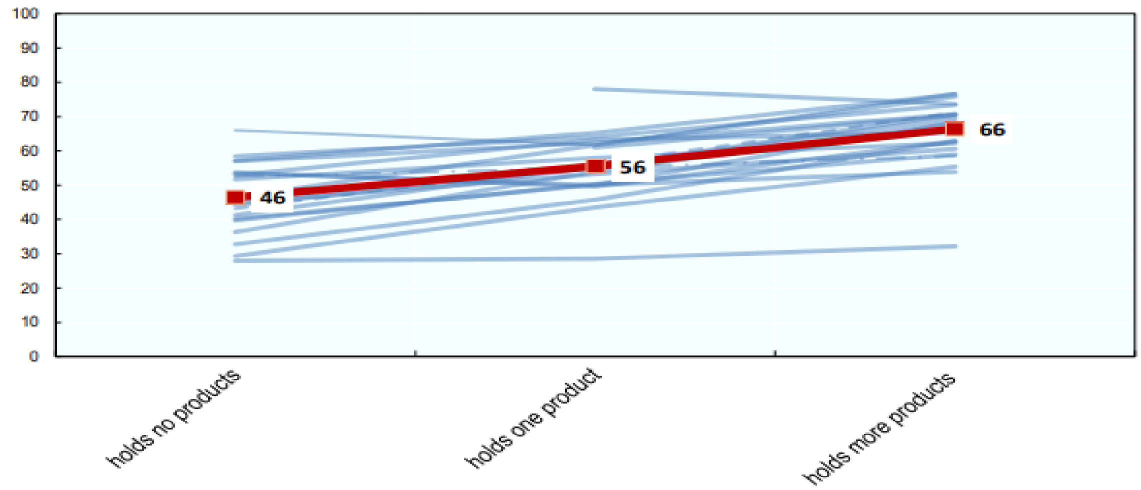
Base: all respondents. % of respondents holding each type of product; sorted by "Payment product".



In this paper, we repeatedly reiterated that financial education is an important lever for increasing financial inclusion. To illustrate this, according to the OECD/INFE 2020 survey results, we present statistical data on financial knowledge and ownership of financial products, showing trends in attitudes that are seen between these variables. **Diagram N8**

Financial knowledge score, as a percentage of maximum, by number of products held

Base: all respondents. Financial knowledge score of adults split by product holding, as a percent of maximum score. Maximum financial knowledge score is 7.



As we can see from the diagram, in relation to the score of financial knowledge, it is brought into compliance with the number of products owned from the set of financial products discussed above. In other words, in those countries where the financial education score of the maximum score (7 points) is 46% of the given set, on average, they do not own any of them, in the case of 56% they own one financial product, and in the case of more than 66% they own more than one product. The data are presented individually, by countries Table N1

Financial knowledge score (% of maximum, by number of products held)

All respondents. Financial knowledge score of adults split by product holding, as a percent of maximum score. Maximum financial knowledge score is 7.

	holds no products	holds one product	holds more products
Austria	66	62	77
Bulgaria	43	56	71
Colombia	53	55	59
Croatia	44	55	70
Czech Republic	36	54	68
Estonia	57	65	76
Georgia	58	64	73
Germany		78	74
Hong Kong, China			88
Hungary	57	62	71
Indonesia	40	50	59
Italy	41	55	71
Korea	53	50	68
Malaysia	29	44	55
Malta	28	29	32
Moldova	53	63	65
Montenegro	54	50	63
Peru	52	58	62
Poland	47	62	76
Portugal	33	46	63
North Macedonia	45	53	61
Romania	40	50	54
Slovenia		61	70
Average (total sample)	46	56	66

Note: Missing data in this table indicates that in some economies there were no individuals who fall into the relevant category of product holding. For example, in Germany all individuals responded they hold at least one product.

According to the results of the research conducted by the National Bank of Georgia based on the OECD/INFE methodology, the score of financial knowledge as a component of financial education in Georgia is 4.5, which is 64.29% of its maximum value. Therefore, we can say that according to the average indicator, each adult in Georgia owns at least one of the given set of products.

The goal of financial education is to better prepare people to manage their money, achieve their financial goals, and avoid the stress associated with financial problems, thereby improving their financial well-being. The problems of financial sustainability were clearly revealed in the conditions of the Covid 19 pandemic. The outcome of financial education, along with financial well-being, is the financial resilience needed to provide individuals with predictable financial choices and coping with life's challenges. Financial resilience also protects individuals from unpredictable shocks such as the Covid 19 pandemic (OECD/INFE, 2020).

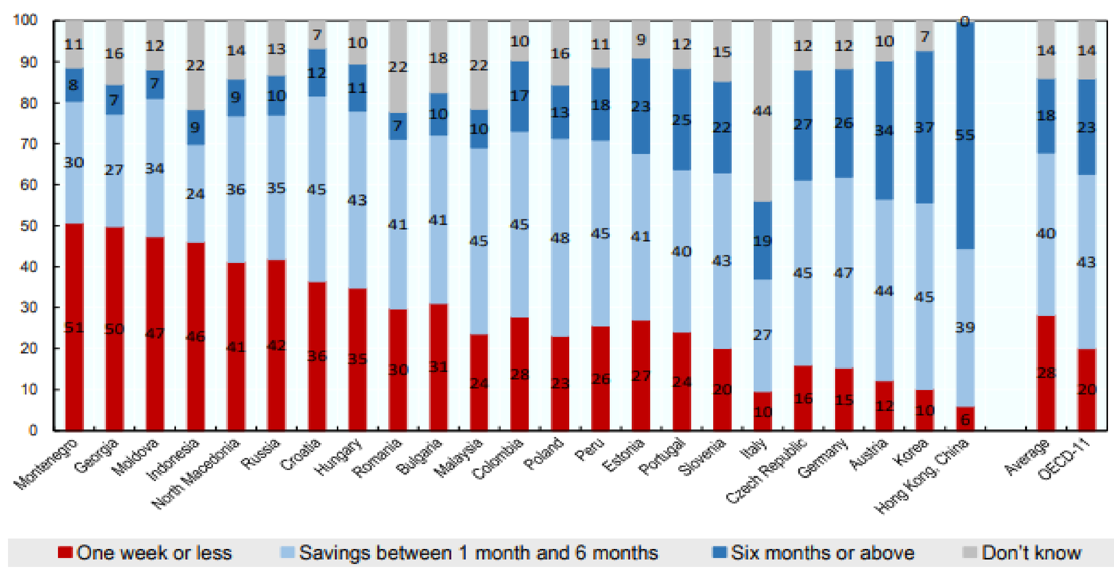
Financial sustainability of individuals consists of six main elements: taking control of money; taking care of expenses; existence of a financial buffer; overcoming financial deficit; individual financing plan; fraud awareness (OECD/INFE, 2020).

The measures taken to limit the spread of Covid 19 have had a strong negative impact on business activity and the financial stability and well-being of individuals. Among the elements of financial resilience, it is especially important to have a financial buffer during unpredictable shocks, which includes the existence of available savings and the ability to provide oneself for periods of time when significant incomes don't exist.

As part of the OECD/INFE 2020 survey, the survey participants were asked about the length of time they could support themselves in case of losing their main source of income without borrowing money or replacing a place of residence. The results are highly heterogeneous across countries and economics (Diagram N9). Georgia is one of those countries that are characterized by unfavorable results. According to the results of the survey, 50% of the respondents name this period as one week or less, 37% - from 1 to 6 months, 7% - 6 months or more and 16% answer that they do not know. According to the average figures, 28% of the respondents (OECD-11 - 20%) report a period of up to 1 week, 40% - 1-6 months (OECD-11 - 43%), 23% - 6 months and more (OECD-11 - 18%) And 14% answer "I don't know". Based on the given results, we can say that the degree of financial stability in Georgia is low due to the existence of a financial buffer, and unpredictable shocks can create significant difficulties in terms of financial inclusion. **Diagram N9**

Differences in available financial cushion

Percentages of adults who responded they have a financial cushion to last them (i) One week or less; (ii) Savings between 1 month and 6 months; and (iii) Savings of 6 months or above; and (iv) answers with don't know. Sorted by the size of the gap between (iii) and (i)



Note: Malta and Thailand did not ask this question in their surveys and are not in this figure. The OECD member countries in the sample are: Austria, Colombia, Czech Republic, Estonia, Germany, Hungary, Italy, Korea, Poland, Portugal and Slovenia.

Regarding the element of taking control of money, which involves tracking cash flows to balance income and expenses, 71.4% of the respondents in Georgia control cash flows, and the average figure is 67.2%.

The cost-conscious element involves assessing needs and affordability in procurement. 70.6% of the respondents in Georgia act according to this principle when making decisions, and the average figure is 71.1%.

In terms of financial deficit, 55.7% of the respondents in Georgia experience financial deficit, and the average indicator is 35.3%.

When considering the element of financial planning, we must assess the provision of savings. 65.2% of the respondents in Georgia say that they actively save money, however, this figure drops to 40.4% for achieving long-term financial goals. The average figures are 70.4% and 48.8%, respectively.

To assess fraud awareness, the OECD/INFE survey included 9 questions to which respondents had to answer "yes" or "no". A positive answer is considered as a low degree of awareness.

Table N2

Falling victim to fraud

Percentage of people who responded with YES to each of the questions below

	Accepted advice to invest in a financial product that you later found to be a scam, such as a Ponzi scheme?	Accidently provided financial information in response to an email or phone call that you later found out was not genuine?	Discovered that someone has used your details to pay for goods without your authorisation?	Queried a transaction listed on your bank or credit card statement that you did not recognise?	Made a formal complaint about the service you have received from a bank or other financial institution?	Tried to open a bank account and been refused for any reason?	Been refused a claim on an insurance product that you expected to cover you?	Complained to a remittance provider about high charges when sending or receiving money?	Lost money as a result of hackers or phishing scams?
Austria	3.2	1.1	1.0	4.8	2.1	0.9	6.1	2.0	0.8
Colombia	13.5	6.8	5.6	4.9	13.2	20.1	9.3	6.2	4.2
Estonia	2.8	1.5	1.5	1.7	1.1	1.9	1.4	0.3	1.2
Germany	5.3	8.1	13.9	15.1	1.3	3.6	8.4	12.1	1.6
Hong Kong, China	1.2	0.9	0.1	3.7	0.3	0.3	0.6	0.1	
Hungary	2.3	1.6	0.8	2.1	1.9	1.4	3.4	4.3	0.9
Indonesia	22.5	11.4	3.7	3.7	2.3	1.7	1.3	1.1	0.9
Italy	4.8	4.4	4.5	7.4	4.8		6.7	6.0	4.3
Korea	3.0	1.8	1.3	3.4	1.6	1.6	1.8	1.8	0.8
Malaysia	15.9	9.0	4.9	5.5	5.7	4.9	3.5	3.3	-
Peru	13.5	7.4	5.0	6.5	11.1	8.8	8.5	7.5	4.1
Poland	3.6	3.3	2.5	1.3	2.8	1.2	1.0	0.7	0.4
Portugal	1.1	1.4	1.9	5.6	2.9	0.9	1.2	0.5	1.1
Bulgaria	4.3	1.4	1.8	1.9	3.8	1.5	2.0	1.1	0.9
Croatia	1.8	1.5	1.5	3.0	1.6	1.0	1.0	2.8	0.9
Georgia	1.6	0.9	0.8	2.7	1.0	6.2	3.9	0.4	1.5
North Macedonia	2.4	1.0	0.6	3.3	3.3	1.6	1.8	1.3	1.3
Moldova	3.4	3.4	1.9	2.8	2.0	1.0	1.0	1.9	2.5
Montenegro	2.3	1.7	0.8	1.7	5.0	1.9	1.7	5.9	0.6
Romania	7.5	6.7	5.3	4.2	6.0	6.0	4.0	5.0	4.1
Average	5.8	3.8	3.0	4.3	3.7	3.5	3.4	3.2	1.8
OECD average	4.4	3.3	3.7	5.1	3.5	3.5	4.4	3.8	1.7

Note: Czech Republic, Russia, Slovenia and Thailand are missing from the chart as they did not ask these questions. The OECD member countries in the sample are: Austria, Colombia, Estonia, Germany, Hungary, Italy, Korea, Poland and Portugal.

Table N2 shows the corresponding percentages by countries. As it is clear from the data, there is a high level of awareness in Georgia, because in the case of each question, both on the average and in terms of individual countries, a much lower percentage of positive answers is recorded compared to the majority of them, which can be considered as a result of the information campaign on the protection of consumer rights and fraudulent schemes carried out by the National Bank.

Conclusion

Financial literacy is important for achieving financial inclusion, because financial inclusion involves not only access to resources, but also the provision of quality and diverse financial instruments and to ensure this, the financial sector must have pressure from the public, and the greater the level of public financial education and the ability to make informed choices based on the analysis of alternatives, the greater the likelihood that the degree of financial inclusion will increase.

Research shows a significant correlation between low levels of financial education and high levels of financial stress experienced by individuals when making various financial decisions. A low level of financial education is also associated with a low level of financial sustainability, which is manifested in the lack of savings and, as a result, in the absence of financial buffers, because individuals with a low level of financial education are characterized by reckless behavior and short-term financial views.

A number of important steps have been taken to raise financial education and improve the quality of financial inclusion in Georgia. The consistent policy of the National Bank of Georgia is worth noting to create a healthy financial environment and protect the rights of financial sector consumers, to eliminate the problem of excessive debt.

The high level of awareness about financial fraud in the country also indicates the efforts of the National Bank in the direction of protection of consumer rights and information campaign about fraudulent schemes.

The use of financial technologies in Georgia still remains a challenge and significantly lags behind the regional average, however, current processes create a favorable environment for strengthening work in this direction and improving results.

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Are real wages in the European Union converging? A national and regional approach

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Abstract

This paper tests whether there is convergence in the real wages across the European Union member states, as well as across regions within these countries. In theory, the forces of economic integration may have differing effects on wage convergence depending on whether we perform the analysis from the within- or cross-country perspective. Economic theory implies that pursuing economic integration leads to the elimination of distortionary effects of trade barriers, resulting in contractionary effects on protected import-competing industries and expanding effects on export industries. This has a profound effect on the labor market within a country, boosting the labor demand in the export sector and decreasing it in the import-competing sector of the economy. If wages are flexible, this will lead to wage growth in the export industries and a decline in wages in the import-competing industries. Using the national and regional wage data from 27 EU member states in the period between 2000 and 2019, we find informal evidence of convergence in real wages on a national and regional level in the EU, with the sigma convergence relative transition paths indicating the existence of convergence and a decrease in dispersion. We observe that countries with lower real wages approach the average, while the high real wage countries typically stay above average. Regions within countries do not converge in real wages, as sigma convergence shows different results and increase in dispersion for some countries. However, a more formal log-t regression shows no convergence, both on national and regional level. Instead, countries converge to two endogenous convergence clubs which could be explained by their development level. We also find a divergence group consisting of three countries that do not converge at all. On a regional level, we find four clubs, which could also be explained by the development level. Core countries tend to converge to one or two clubs. Peripheral countries on the other hand converge to other two clubs. The results clearly show division within the EU both on the national and the regional level.

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The Effect of Automatic Teller Machine (ATM) Service Quality on Customer Satisfaction:
The Case of Commercial Bank of Ethiopia in Hawassa City

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Abstract

The objective of the study is to investigate the effect of ATM (automated teller machine) service quality on customer satisfaction of ATM users of CBE customers. To study the relationship between ATM service quality and customer satisfaction, first a hybrid model based on the previous works has been proposed. Five ATM service quality dimensions namely reliability, convenience, user-friendliness, security, and responsiveness have been established based on the literature review. For this investigation primary data was collected from a convenience sample of 203 customers of CBE located in Hawassa City using ATM service through structured questionnaire. The Collected data was analyzed using mean, standard deviation, correlation, and regression analysis. Regression results indicate that reliability, convenience, user-friendliness, security, and responsiveness are dimensions of ATM service quality that positively and significantly contributes toward customer satisfaction. The study makes a significant contribution to the banking service quality literature because few empirical studies are available dealing with banking service delivery through in Commercial Bank of Ethiopia.

Key terms: customer satisfaction, service quality, reliability, convenience, security, and responsiveness

I introduction

The rapidly growing information and communication technology (ICT) is knocking the front door of every organization in the world, where Ethiopian banks would never be exceptional. In the face of rapid expansion of electronic payment (e-payment) systems throughout the developed and the developing world, Ethiopian's financial sector cannot remain an exception in expanding the use of the system (Gardachew 2010). Nowadays, more and more people prefer to use e-banking technologies rather than traditional banking services because e-banking offers faster access to banking services at the same time it is more convenient and available around the clock irrespective of the customer's location (Khan & Mahapatra, 2009); e-banking enables customers to perform banking transactions without visiting a brick and mortar banking system (Hughes, 2003).

In today's world, where customers have very high demands, the financial services organizations are trying to become more customer-focused. Therefore, for banks to gain profitability through e-banking, they should focus not only on acquiring new customers but also on the retention of existing customers (Reichheld & Schefter, 2000). According to Reichheld and Schefter (2000) e-banking is defined as the automated delivery of new and traditional banking products and services directly to customers through electronic, interactive communication channels. E-banking includes the systems that enable financial institution customers, individuals or businesses, to access accounts, transact business, or obtain information on financial products and services through a public or private network, including the Internet. Customers access e-banking services using an intelligent electronic device, such as a personal computer (PC), personal digital assistant (PDA), Automated Teller Machine (ATM), Mobile phone and Point of Sale (POS) machine.

According to Mols (2000) delivering high quality services is a way companies manage to improve their customer relationships. Delivering high quality services is a prerequisite for achieving customer satisfaction and only through customer satisfaction can the company gain loyal customers (Grönroos, 1984). Because of the highly undifferentiated products and services that financial organizations, and specifically banks, offer, service quality becomes main tool for competing in this marketplace. In general, because of the higher profits and higher customer retention to which they lead, high-quality services are believed to provide banks with competitive edge in the marketplace (Wang, Lo & Hui, 2003). This leads to the fact, that a good understanding of the attributes that customers use to judge service quality is necessary in order for the company to be able to monitor and enhance its service performance and improve its overall service quality.

The main aim of this research is to examine the impact of ATM service quality on customer satisfaction of the ATM service. Analyzing markets based on customer perceptions, designing a service delivery system that meets customer needs, and enhancing the level of service performance are very important objectives for banks to gain and retain a competitive advantage.

Thus, this study was designed to investigate the effect of ATM service quality on customer satisfaction of Commercial Bank of Ethiopia (CBE) branches in Hawassa City.

Statement of the Problem

Over the last four decades, Automated Teller Machine (ATM) has emerged as a major channel for routing banking services to customers. Al-Hawari and Ward (2006) argue that banks would reap benefits such as cost savings, efficiency, greater consumer involvement, customer satisfaction, and loyalty and improved financial performance if they provide quality service through electronic banking channels like ATM (Narteh & Owusu-Frimpong, 2011). Studies have shown that, one of the benefits banks derive from electronic banking products and services like ATM is improved efficiency and effectiveness of their operations so that more transactions can be processed faster and most conveniently, which will undoubtedly impact significantly on the overall performance of the banks (Talla, 2013). The customers on the other hand, stand to enjoy the benefit of quick service delivery, reduced frequency of going to banks physically and reduced cash handling, which will give rise to higher volume of turnover (Ho & Ko, 2008; Mols, 2000). Furthermore, banking service delivery through ATM provides convenience to access bank service 24/7 wherever the customer is located (Khan, 2010).

Since the year 2002, when CBE introduced electronic payments by eight ATM, e-banking technology has increasingly been employed in the delivery of banking services. According to CBE Hawassa 4th quarter report (June, 2014) 500 additional ATMs are installed all over the country providing banking service to its customers from which 14 of the ATMs are located in Hawassa City. According to the report, CBE branches in Hawassa City provided over 20,000 ATM cards to their customers, and increased the ATM daily cash withdrawal limit from Birr 3,000.00 to Birr 6,000.00.

However, these developments of ATM service in CBE seem not to have achieved their aims; that is, CBE is not taking advantage of the technological advancements by introducing ATMs. Queues are still seen in the banking halls especially at the end of the month, and hardly talk about the ATM service. Many customers still come into the banking hall for services such as cash withdrawals below birr 6,000.00, checking of account balances, (etc) which could be provided by using the ATM.

The review of literature reveals that most of the studies regarding customer satisfaction on electronic banking service have been done on issues related to Internet banking (Kumbhar, 2011). However, not sufficient work has been done with regard to ATM service and customer satisfaction issues. In connection with this, very little research has been conducted on effect of ATM service quality on customer satisfaction in CBE, although ATMs have been in use for over a decade, which this study designed to fulfill the gap. Therefore, this study attempts to investigate the effect of ATM service quality on customer satisfaction of CBE branches in Hawassa City

Literature Review

The theoretical foundations for the relationship between electronic banking service quality and customer satisfaction are presented in this chapter. The literature presentation begins with a general overview of electronic banking and ATM. The core study about service quality and customer satisfaction also described. Having established these foundations, the review proceeds with the analysis of service quality, electronic banking service, ATM service quality definitions and their measurement models and relationship between ATM service quality and customer satisfaction were reviewed. Finally, a conceptual model after a thorough review of literature was developed from which the objective and hypothesis of the study founded.

Electronic Banking

Electronic banking is a form of banking business that provides banking services to individuals and corporate entities, which are offered and performed with the use of computer networks and telecommunications media (electronic support). Electronic banking includes conducting banking activities using information and telecommunication technologies.

E-banking now becomes a virtual banking counter that the individual and corporate customer to carry out the regular banking activities (Gio, 2005). The term electronic banking is used to describe the provision of information or services by a bank to its customers, via a computer or communication technologies (Daniel, 1999), conducting banking activities using information and telecommunication technologies (Hamid, 2012), a group of electronic system or equipment called electronic fund transfer system, which involves the application of advance computer and communication technologies for effecting payment (Welch, 1999, as cited in Rahimuddin & Bukhari, 2010), systems that enable financial institution customers, individuals or businesses, to access accounts, transact business, or obtain information on financial products and services through a public or private network, including the Internet (Gio, 2005; Hamid, 2012).

Electronic banking can be defined as the provision of information or services by a bank to its customers, describes it as an electronic connection between bank and customer in order to prepare, manage and control financial transactions (Karjaluoto, 2002). Daniel (1999) described electronic banking as the provision of banking services to customers through Internet technology. E-banking is also defined as the automated delivery of new and traditional banking products and services directly to customers through electronic, interactive communication channels (Gio, 2005; Hamid, 2012; Rahimuddin & Bukhari, 2010). Furthermore, e-banking is defined as a contemporary business model that involves the use of modern information and telecommunication technologies in carrying out banking transactions from home, the office, or from business trip, 24 hours a day, 365 days in a year (Hamid, 2012).

For customers, e-banking provides current information, 24-hours-a-day access to banking services (Hamid, 2012; Rahimuddin & Bukhari, 2010). Customers access e-banking services using an intelligent electronic device, such as a personal computer (PC), personal digital assistant (PDA), automated teller machine (ATM), internet (Gio, 2005, as cited in Hamid, 2012). Hamid (2012) referred that technology-based self-service options now include telephone banking, Internet banking, smartcard banking, and home banking via television, in addition to the ATM.

Today banks are switching to multi-channel distribution of financial services in hybrid platforms, where the traditional services of banks are provided through “bricks and mortar” branches (Hamid, 2012). Electronic distribution channels provide alternatives for faster delivery of banking services to a wider range of customers (Hughes, 2003).

Electronic banking is an attempt to merge a number of different technologies (electronic cash, ATM, POS/EFTPOS terminals, credit cards, home banking, online banking, Internet banking, mobile banking, etc.), each of them evolved in a different direction and in a different way, with the aim of providing various banking products and services to end-users (Al-Hawari, Hartley, & Ward, 2005; Hamid, 2012).Telephone banking provides services such as account balances, instruction to issue bank cheques, account payments. While ATM, the most frequently used electronic distribution channel, allows customers to perform their main banking transactions, such as deposits and withdrawals, 24 hours a day (Davies et al., 1996, as cited in Al-Hawari et al., 2005). Furthermore, internet banking allows consumers to check account balances, conduct credit card payments/transfers, transfer funds and account payments (Jun & Cai, 2001, as cited in Al-Hawari et al., 2005).

E-banking services have provided numerous benefits for both banks and customers. The first benefit for banks offering electronic banking services is better branding and improved responsiveness to the market (Talla, 2013). Talla (2013) observed that the main advantage of e-banking is a new distribution channel providing improved services to customers, as well as the use of electronic commerce strategies.

The development of e-banking has greatly helped banks to minimize their overheads, charges and service costs. Many routine services and tasks have now been fully computerized and are quicker and more efficient.

Research Design

Usually researches are grouped into three (Yin, 2003) based on the purpose of the research or the research problems and objectives. These three categorizations are exploratory, descriptive, and explanatory. Notwithstanding these categorizations a given research study can have more than one of these purposes (Babbie, 2004; Saunders et al, 2000). Based on the research problems, questions and objectives described in chapter one this study mainly make use of descriptive and explanatory research types. Descriptive research is used to find information about the present status of a phenomenon to describe, “What exist” with respect to variables or conditions in a situation (Yin, 2003). Additionally, it offers the number of times an event occurs, or the frequency and helps in statistical calculation such as determining the average of occurrences or central tendencies (Yin, 1994). A key limitation to descriptive research is that it does not lend itself the calculation of causal relationship. This is where explanatory research comes in. Explanatory research helps establish the relationship between independent and dependents variables. It is used when there are no clear understanding about the type of models to use and in what quantities as well as in what relations (Zikmund, 1994).

In addition, to achieve the objectives of the study, cross-sectional survey research design was used by collecting quantitative data. Cross-sectional survey allows information to be collected from sampled customers from the customer base (population under the study) (Holton & Burnett, 1997 cited in Muijs, 2004).

To collect the data needed for this type of research design and to answer the research questions, a quantitative research approach (or strategy) was conducted. The study adopts quantitative method, because quantitative method allows explanation of a phenomenon by collecting numerical data that will be analyzed using mathematically based method, particularly statistics (Aliaga and Gunderson, 2002 cited in Muijs, 2004).

Furthermore, quantitative research methods can help a researcher explain a relationship between dependent and independent variables, test a hypothesis and describe a pattern (Cooper & Schindler, 2008). Quantitative data collected through a survey taken at one point in time were necessary to achieve the goal of the study appropriately.

Data Type and Sources

This study is based on both primary and secondary sources for collecting facts relating to topic under research. The primary data collected through the questionnaire from customers. Secondary source includes previously published bulletins, specialized banking periodicals, and official documents of CBE that provide information for the study.

Result and Discussion

Regression Analysis and Hypothesis Testing Results

Multiple regression is used when the researcher wants to explore the predictive ability of a set of independent variables on one continuous dependent variable. It shows the degree by which the independent variables explain the variance in the dependent variable, at the same time it indicates the respective contribution of each of these independent variables, and helps to determine whether the results are statistically significant or not. As an inferential statistics tool, multiple regression was used for hypotheses testing (Pallant, 2007).

In this study, multiple regression was employed to examine the effect of ATM service quality dimensions (independent variables) such as reliability, convenience, user-friendliness, security, and responsiveness on customer satisfaction (dependent variable).

To have good results, the independent variables should not be highly correlated with each other. In multiple regression analysis, multicollinearity refers to the correlation among the independent variables (Pallant, 2007). Therefore, to make sure there is low multicollinearity, the values of Tolerance and VIF (Variance Inflation Factor) should be checked. According to Pallant (2007), tolerance indicates to what extent the independent variables do not explain much of the variability of a specified independent variable and the value should not be small (more than 0.10) to indicate the absence of multicollinearity.

Model		Collinearity Statistics	
	B	Tolerance	VIF
(Constant)	.259		
Reliability	.220	.572	1.747
Convenience	.100	.801	1.248
User-friendliness	.282	.489	2.044
Security	.229	.610	1.639
Responsiveness	.140	.651	1.536

In addition to that, VIF, the inverse of tolerance value, should have a value of less than 10 to avoid any concerns of multicollinearity (Pallant, 2007). The values in the Table 4.14 indicate low multicollinearity where all Tolerance values are above 0.1 and all VIF values are less than 10. Therefore, these tests reflect that the variables used in the study are free from multicollinearity.

The results of regression analysis presented in Table 4.15, indicate positive and significant relationship between the ATM service quality dimensions and customer satisfaction. This means the predictive variables (independent variables) such as reliability, convenience, user-friendliness, security, and responsiveness jointly determine the criterion variable that is customer satisfaction. The adjusted R-Square (R2 = .621) shows that reliability, convenience, user-friendliness, security, and responsiveness jointly determine (explain) 62.1% of the variance in customer satisfaction.

Table Results of Regression Analysis

R	R2	Adjusted R Square	Std. Error of the Estimate
.794a	.631	.621	.430

Note: a Predictors: (Constant), Responsiveness, User-friendliness, convenience, Reliability, Security

Table : Beta Weights of Predictor Variables in the Test

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta (β)		
(Constant)	.259	.210		1.232	.220
Reliability	.220	.055	.230	4.010	.000
Convenience	.100	.040	.122	2.529	.012
User-friendliness	.282	.062	.282	4.731	.000
Security	.229	.048	.262	4.557	.000
Responsiveness	.140	.048	.157	2.921	.004

Note. a. Dependent Variable: Satisfaction

Source: Own survey (2014)

The values of the Standardized Beta Coefficients (β) indicate the effects of each independent variable on dependent variable. The values of the Standardized Beta Coefficients in the Beta column of the Table indicate which independent variable (ATM service quality dimensions) makes the strongest contribution to explain the dependent variable (customer satisfaction), when the variance explained by all other independent variables in the model is controlled. The t value and the sig (p) value indicate whether the independent variable is significantly contributing to the prediction of the dependent variable.

Hypothesis 1

Ho (null): Reliability has no positive and significant effect on satisfaction of customers of the selected CBE branches for the study.

Ha (alt.): Reliability has a positive and significant effect on satisfaction of customers of the selected CBE branches for the study.

The results of multiple regressions, as presented in Table 4.17, revealed that reliability had a positive and significant effect on customer satisfaction ($\beta = 0.230$, $t = 4.010$, $p < .001$). The results clearly indicate that the null hypothesis was rejected and support for the alternative hypothesis was found. Therefore, reliability had a positive and significant effect on customer satisfaction that shows reliability was considered as one of the important factors of ATM service quality dimension that contributes to customer satisfaction.

Hypothesis 2

Ho (null): Convenience has no positive and significant effect on satisfaction of customers of the selected CBE branches for the study.

Ha (alt.): Convenience has a positive and significant effect on satisfaction of customers of the selected CBE branches for the study.

The results of multiple regressions, as presented in Table 4.17, revealed that convenience had a positive and significant effect on customer satisfaction with a beta value ($\beta = 0.122$, $t = 2.529$, $p =.012$). The results clearly indicate that the null hypothesis was rejected and support for the alternative hypothesis was found. Therefore, convenience had a positive and significant effect on customer satisfaction that shows convenience was considered as one of the important factors of ATM service quality dimension that contributes to customer satisfaction.

Hypothesis 3

Ho (null): user-friendliness has no positive and significant effect on satisfaction of customers of the selected CBE branches for the study.

Ha (alt.): user-friendliness has a positive and significant effect on satisfaction of customers of the selected CBE branches for the study.

The results of multiple regressions, as presented in Table 4.17, revealed that user-friendliness had a positive and significant effect on customer satisfaction with a beta value ($\beta = 0.282$, $t = 4.731$, $p < .001$). The results clearly indicate that the null hypothesis was rejected and support for the alternative hypothesis was found. Therefore, user-friendliness had a positive and significant effect on customer satisfaction that shows user-friendliness was considered as one of the important factors of ATM service quality dimension that contributes to customer satisfaction.

Hypothesis 4

Ho (null): security has no positive and significant effect on satisfaction of customers of the selected CBE branches for the study.

Ha (alt.): security has a positive and significant effect on satisfaction of customers of the selected CBE branches for the study.

The results of multiple regressions, as presented in Table 4.18, revealed that security had a positive and significant effect on customer satisfaction with a beta value ($\beta = 0.262$, $t = 4.557$, $p < 0.001$). The results clearly indicate that the null hypothesis was rejected and support for the alternative hypothesis was found. Therefore, security had a positive and significant effect on customer satisfaction that shows security was considered as one of the important factors of ATM service quality dimension that contributes to customer satisfaction.

Hypothesis 5

Ho (null): responsiveness has no positive and significant effect on satisfaction of customers of the selected CBE branches for the study.

Ha (alt.): responsiveness has a positive and significant effect on satisfaction of customers of the selected CBE branches for the study.

The results of multiple regressions, as presented in Table 4.18, revealed that responsiveness had a positive and significant effect on customer satisfaction with a beta value ($\beta = 0.157$, $t = 2.921$, $p = .004$). The results clearly indicate that the null hypothesis was rejected and support for the alternative hypothesis was found. Therefore, responsiveness had a positive and significant effect on customer satisfaction that shows responsiveness was considered as one of the important factors of ATM service quality dimension that contributes to customer satisfaction.

Discussion of the Study Findings

The broad objectives of the research were to find out the impact of ATM service quality on satisfaction of CBE customers in Hawassa City those who were using ATM service. The study aimed at discovering the perception level of customers on the ATM service quality Dimensions, the relationship between each ATM service quality dimensions (independent variables) and customer satisfaction (dependent variables), and the significant influence of the independent variables on the dependent variable. Furthermore, the hypotheses constructed have been tested to elicit the significant influence of ATM service quality dimensions (reliability, convenience, user-friendliness, security, and Responsiveness) on customer satisfaction. The study finding indicates that the independent and dependent variables were characterized by a good level of reliability in that the ATM service quality dimensions were appropriate for measuring the customer satisfaction. Hence, this section tries to discuss the findings of the statistical analysis in relation to the previous researches and literature.

Conclusion

Service quality is an approach to manage business processes in order to ensure full satisfaction of the customers, which will help to increase competitiveness and effectiveness of the industry. Quality in service is very important especially for the growth and development of service sector like banks (Wandaogou & Jalulah, 2011). Service quality and customer satisfaction have certain things in common in which perceived service quality dimensions are a major predictor of customer satisfaction (Zeithaml et al. 2006). Parasuraman et al. (1985, 1988) and Cronin and Taylor (1992, 1994) conducted a thorough analysis and provided empirical support that present service quality as an antecedent of customer satisfaction. Study on service quality and customer satisfaction in the banking industry carefully demonstrated that service quality is linked to customer satisfaction (Khan, 2010) the notion taken in this study. Since firms exist to satisfy customers by meeting their requirements, it is crucial for banks that offer ATM services to periodically and consistently measure the satisfaction of their customers (Wandaogou & Jalulah, 2011). The research results reflect a positive and statistically strong relationship between ATM service quality and customers satisfaction. This association concurs with the findings of prior studies in ATM service quality context (Jha et al., 2014; Khan, 2010; Kumbhar, 2011; Narteh & Owusu-Frimpong, 2011; Rasiah, 2014).

The main objective of this study was to assess the impact of ATM service quality on satisfaction of CBE branches' ATM customers found in Hawassa City. In order to detail the major findings of the study, it was worth mentioning that various statistical techniques were employed in this research to analyze the data collected from ATM customers in Hawassa City includes percentages, means, standard deviation, Pearson's correlation, and regression using SPSS Version 20.

The study has been identified five ATM service quality factors, which affect the satisfaction of customer in using the ATM services. The satisfaction of the customer especially in the service business had a great importance because the satisfaction of the customer directly linked with the repetition of using the services. The major predictors of customer satisfactions were reliability, convenience, user-friendliness, security, and responsiveness as shown by regression results of the study. From the testing of hypothesis it was identified that all the hypothesis were accepted which shows that all the ATM service quality dimensions identified in the research have a significant and positive relationship with customer satisfaction. The result of the research findings are as follows:

In terms of demographic characteristics such as gender, age, education, occupation, and income the study found that the group of customers using ATM were male, youngers with age between 21 to 30, educated (1st degree holders), government employee, and monthly income below 3,000 birr.

To identify customers' perception level on ATM service quality dimensions, the researcher was used mean score. The response result of customers shows their agreement towards all ATM service quality dimensions. This indicates that CBE customers in Hawassa City were satisfied with the bank's ATM service quality.

The correlation matrix analysis also verifies that all the ATM service quality dimensions have positive relationship with the dependent variable, customer satisfaction. The finding further indicates that the highest relationship was found between user-friendliness and customer satisfaction and the least relationship was between convenience and customer satisfaction.

The result of the regression analysis indicates that all the ATM service quality dimensions (independent variables) such as reliability, convenience, user-friendliness, security, and responsiveness have a positive and significant effect on customer satisfaction. In addition, each dimensions contributed significantly to the variation in customer satisfaction, where user friendliness dimension was the highest contributor followed by security, reliability, responsiveness, and convenience dimensions respectively. On top of this, the formulated hypotheses were tested using the beta coefficient of regression analysis. The result of the analysis showed that all null hypothesis were rejected, while the alternate hypothesis were accepted or supported. Hence, the result of the hypothesis test were as follows:

Reliability has a positive and significant effect on satisfaction of customers of the selected CBE branches for the study.

Convenience has a positive and significant effect on satisfaction of customers of the selected CBE branches for the study.

User-friendliness has a positive and significant effect on satisfaction of customers of the selected CBE branches for the study.

- Security has a positive and significant effect on satisfaction of customers of the selected CBE branches for the study.
- Responsiveness has a positive and significant effect on satisfaction of customers of the selected CBE branches for the study.

Recommendation

The researcher having critically examined the responses of CBE customers in Hawassa City who use ATM as well as having read previous works on ATM service quality here by makes the following recommendations:

1. The rapid increase in number of automated delivery channels and customers' preference to use ATM because of multifaceted attributes are placing pressure on banks to respond aggressively to meet the customers' needs. The study confirms the positive relationship between all the ATM service quality dimensions and customer satisfaction. Because all the dimensions of ATM service quality were the predictors of the variance or change in customer satisfaction, CBE branches in Hawassa City should emphasize all the ATM service quality dimensions in maintaining and improving the ATM service quality to attain consistent customer satisfaction. Furthermore, as the beta coefficient indicated user-friendliness dimension was the major contributor to the satisfaction of customer satisfaction followed by security, reliability, responsiveness and convenience respectively. Hence, to sustain customers with CBE the branch managers should give greater attention to the dimensions that highly affect customers' satisfaction than focusing on the least contributing dimensions of ATM service quality.
2. The study found that the majority of ATM users were government employee. CBE branches' management in Hawassa City should design awareness creation programs that would target business men customersin order to increase their use of banking service through ATM.

As the study result reported, majority of customers were aware about the Cash withdrawal services of ATMs followed by balance enquiry service and mini statement facility. Whereas, on the other ATM services such as fund transfer between accounts and foreign currency exchange customer's usage were highly minimal. In addition, the management should develop strategies to motivate customers and disclose the features of the banking services ATMs' deliver.

Even though the convenience dimension was reported as the least contributing dimension according to the beta coefficient of the regression analysis, majority of literatures indicate that the most important factor in adoption of ATM service was its anytime and anywhere accessibility of banking service. Thus, the bank management must ensure that the ATM service is always available that is the ATMs need to be operational 24 hours a day 7 days a week.

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