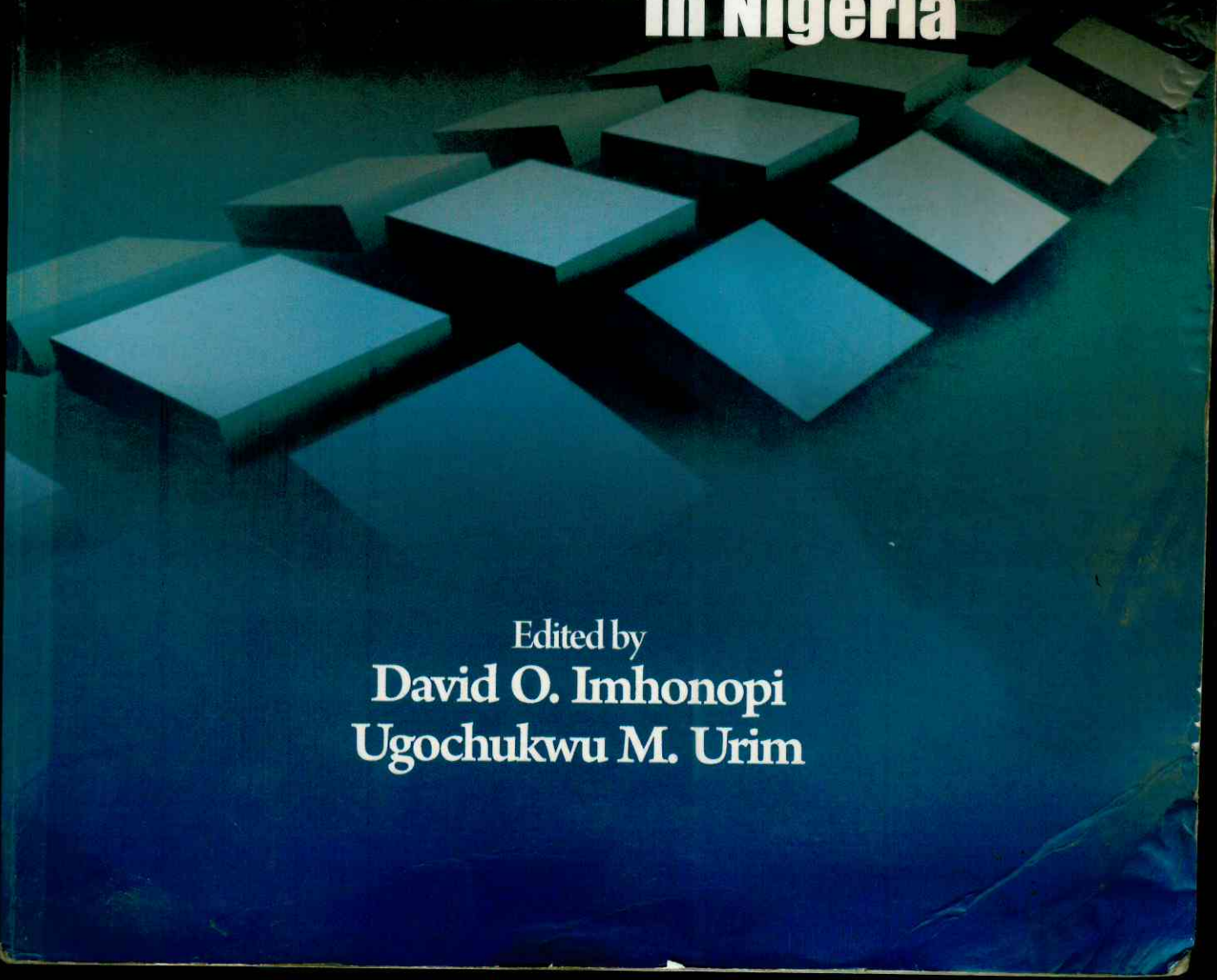
TRAJECTORY TO INDUSTRIAL DEVELOPMENT In Nigeria



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CONTENTS

Dedication *iii*
Acknowledgements *iv*
Foreword *v*
Preface *vi*
About the Contributors *vii*

Chapters
SECTION ONE: INTRODUCTION **1**
Chapter 1: Industrial Development in Nigeria: Achieving The Brass Tacks
– Imhonopi, D.O. & Urim, U.M. 2

SECTION TWO: GENDER AND INDUSTRIAL DEVELOPMENT **13**
Chapter 2: Gender, Politics and Industrial Development in Nigeria
– Urim, U. M., Imhonopi, D. O. & Ahmadu, F. O. 14
Chapter 3: Entrepreneurship Development and Women Empowerment: Whither Nigeria?
– Aluko, Y. A. 24
Chapter 4: Gender Equity and Industrial Development in Nigeria
– Yusuf, H. E. 37
Chapter 5: Gender Inequality and Its Effect on Industrial Development:
Lessons for and from Developing Countries
– George, T. O. & Chukwuedozie, O. 47
Chapter 6: Industrialisation Elements and Social Development in Nigerian Children
– Etuk, G. R. & Ajake, U. E. 62

SECTION THREE: SECURITY AND INDUSTRIAL DEVELOPMENT **71**
Chapter 7: Stepping out of the Shadows: Achieving Industrial Development in an
Environment of Insecurity in Nigeria
–Imhonopi, D. O. Urim, U. M. & Kasumu, M. 72
Chapter 8: Exploring Arbitration as a Legal Forum for Industrial development in Nigeria
– Urim C. Y. 85
Chapter 9: Towards Internal Security and the Search for Industrial Development
in Nigeria – Kasumu, T. 95
Chapter 10: Security Challenges and Implications for Industrial Development in Nigeria
– Hussaini, M. L. 105
Chapter 11: Functional National Security: A Panacea for Attaining Sustainable
Industrial Development in Nigeria
– Issah, M., Olatunji, A. & Yusuf, M. S. 116
Chapter 12: The Nexus of Security and Industrial Development in Nigeria
– Adebayo, A. A. 132

SECTION FOUR: ICT AND INDUSTRIAL DEVELOPMENT 149

Chapter 13: Cyber Security and Industrial Development in Digital Nigeria – Ndubueze, P. N. 150

Chapter 14: Information Support Systems and the Growth of Nigerian Small and Medium Enterprises: A Pathway to Industrialisation – Ibidunni, A. S., Olokundun, A. M. & Falola, H. O. 161

Chapter 15: ICT and HRM in the Banking Sector: Stimulating Industrial Development in Nigeria - Yousouph, R. O. & Suleiman, S. R. 169

SECTION FIVE: INFRASTRUCTURAL TRANSFORMATION AND INDUSTRIAL DEVELOPMENT 183

Chapter 16: The Role of infrastructure on Industrial development in Nigeria – Ahmed, A. V. 184

Chapter 17: Infrastructural Transformation: An Imperative for Nigeria's Industrial Development – IseOlorunkanmi, J. O. 193

Chapter 18: Casual Workers in Construction Firms and Industrial Development in Nigeria - Okafor, E. E & Bamidele, R. 205

SECTION SIX: POLITICAL LEADERSHIP AND INDUSTRIAL DEVELOPMENT 215

Chapter 19: Impact of the Political Leadership on Industrial Development in Nigeria: Issues and Challenges of the National Economic Empowerment and Development Strategy (NEEDS) - Enwere, C. & Khalil-Babatunde, M. 216

Chapter 20: Investment Opportunities in Non-Oil Industry and Industrial Development in Nigeria: Politics of Corruption and Governance – Aminu, A. A. 229

Chapter 21: Leadership Crisis: A Drag on Industrial Development in Nigeria – Igbadumhe, F. A & Ewuoso, B. R. 241

SECTION SEVEN: EDUCATION AND INDUSTRIAL DEVELOPMENT 251

Chapter 22: The Academy, Student Entrepreneurship and Industrial Development in Nigeria – Akanle, Y., Adebisi, S. & Busari, D. A. 252

Chapter 23: Strengthening Tertiary Education in Nigeria for Industrial Development – Akinlotan, R. A. 265

SECTION EIGHT: ENTREPRENEURSHIP AND AND INDUSTRIAL DEVELOPMENT 279

Chapter 24: Entrepreneurship Education: A Pivotal Catalyst in Nigeria's Industrial Development – Onyeukwu, P. E. & Igbokwe, A. 280

Chapter 25: Rethinking Entrepreneurial Education for Viable Industrial Development in Nigeria – Olatunji, A., Issah, M. & Sakariyahu, O. R. 287

Chapter 26: The Role of Small Scale Business in Poverty Alleviation: The Gains for Industrial Development in Nigeria – Micah, D. J. & Manzo, A. 304

Chapter 27: Youth Entrepreneurship and Sustainable Industrial Development in Nigeria – Kalejaiye, P. O. & Ogunola, A. A. 317

SECTION NINE: HUMAN RESOURCE MANAGEMENT AND AND INDUSTRIAL DEVELOPMENT **331**

Chapter 28: The Place of Human Resource Management in Underpinning Industrial Development in Nigeria – Kalejaiye, P. O. & Ogunola, A. A. 332

Chapter 29: Personnel Management Via Public Relations in GT Bank: A Catalyst for Industrial Development in Nigeria – Igbinoba, A. O. & Olukunmi, G. I. 350

Chapter 30: Organisational Citizenship Behaviours (OCB): A Key to Industrial Development in Nigeria - Olowookere, E. I. 369

SECTION TEN: HEALTH AND INDUSTRIAL DEVELOPMENT **379**

Chapter 31: Health Financing for Industrial Development in Nigeria – Imhonopi, G. B. 380

Chapter 32: Health and industrial development in Nigeria – Olawande, T. I. 391

Chapter 33: Healthcare System and the Quest for Industrial Development in Nigeria: Issues in Political Economy –Muoghalu, C. 399

Chapter 34: Sexuality in Indigenous Migration within Urban Sprawl in Nigeria: Implications for Industrial Development - Amoo, E. O., Adetoro, G. W. & Ola-David, O. 415

SECTION ELEVEN: YOUTH AND INDUSTRIAL DEVELOPMENT **429**

Chapter 35: Challenges to Youth Involvement in Industrial Development in Nigeria - Aliyu, T. & Mahmoud, K. O. 430

Chapter 36: Youth Empowerment and Industrial Development in Nigeria – Adedire, S. A. 439

SECTION TWELVE: RELIGION AND INDUSTRIAL DEVELOPMENT **451**

Chapter 37: Jesus Dictum: 'Swear Not' (Matt 5: 33-37) and Oath Taking in Public Office in Nigeria: Implications for Industrial Development – Ojo, O. P. 452

Chapter 38: The Imperatives of Ethics in the Threshold of Nigeria's Quest for Industrial Development – Essien, D. E. 471

SECTION THIRTEEN: MEDIA AND SUNDRY TOPICS ON INDUSTRIAL DEVELOPMENT **497**

Chapter 39: Industrialisation and the Quest for Socioeconomic Development in Nigeria: Issues and Challenges - Adefolaju, T. 498

Chapter 40: Implementation of the Millennium Development Goals and Its Implications for Sustainable Industrial Development in Nigeria – Oluwagbohunmi, J. A. 511

Chapter 41: The Implications of Unemployment for Industrial Development – Oye, A. J. 524

Chapter 42: The Press and Industrialisation: Stories From Nigeria: A Content Analytical Study – Aririguzoh, S. A. 534

Index 551

15

ICT AND HRM IN THE BANKING SECTOR: STIMULATING INDUSTRIAL DEVELOPMENT IN NIGERIA

Yousouph, R. O. and Suleiman, S. R.

Chapter Synopsis

Information and Communication Technologies (ICT) refer to technological progress provided by informatics, telecommunications and audiovisual technologies. Basically, these technologies provide information, and serve as tools for its processing and communication channels. These technologies provide speedy, inexpensive and convenient means of communication. The adoption of these technologies in many sectors of the economy has been found to have direct positive impact on the organisations' efficiency and has led to more rapid acceleration of development in these organisations. In Nigeria, it has been found that only a few organisations in the economy have adopted ICTs, but the non-adoption of ICTs by the Human Resources Manager is a determining factor between a cutting-edge organisation and those which fail to achieve their mission and vision statement while ICTs' adoption impacted on the efficiency and effectiveness of organisations that do not adopt it wholly. This study, is therefore, designed to determine the level and rate of adoption of ICTs in Nigerian organisations, and their impact on the operations of these organisations as well as investigating the factors responsible for the present level of adoption of these technologies in some other organisations.

Introduction

Human resource is very important and the backbone of every organisation. It is also the main resource of the organisation. Organisations, therefore, invest huge amount on the human resource capital because the performance of the human resource will ultimately increase the performance of the organisation.

From time immemorial, information has always played a prominent role in human life but the emergence of social progress and the vigorous development in science and technology have immeasurably increased the role of information in every facet of human endeavour. The rapid expansion of a mass of diversified information has birthed the term "information explosion" and given rise to a scientific approach in information and elucidation of its most characteristic properties which has led to principal changes in interpretation of the concept of information. It was broadened to include information exchange not only among men but also among machines as well as the

exchange of signals in the animal and plant worlds. The pace of change brought by new technologies has had a significant effect on the way people live, work, and play globally. Today's business environment is very dynamic and experiences rapid changes as a result of creativity, innovation, technological changes, increased awareness and demands from customers. Business organisations, especially the banking industry of the 21st century, operate in a complex and competitive environment characterised by these changing conditions and highly unpredictable economic climate with Information and Communication Technologies (ICTs) at the centre of this global change curve.

Laudon and Laudon (1991) contend that managers cannot ignore information systems because they play a critical role in the contemporary organisation. They point out that the entire cash flow of most fortune 500 companies is linked to information system. The application of information and communication technology concepts, techniques, policies and implementation strategies to banking services has become a subject of fundamental importance and concerns to all banks and a prerequisite for local and global competitiveness.ICT directly affects the various management functions of planning, organising and the nature of services offered in the banking industry. It has continuously changed the way banks organised their corporate relations worldwide with the variety of innovative devices available to enhance the speed and quality of service delivery. Harold and Jeff (1995) had advised that financial service providers should modify their traditional operating practices to remain viable in the 1990s and the decades beyond. Thus, ICT has emerged as a catalyst in the various industries of the world to aid the process and procedure required to ensure the realisation of various organisational goals.

The role of ICT in the banking sector is of interest to this study due to the significant role it plays in the economy by stimulating economic growth through the intermediation of funds to economic agents that need them for productive activities. This function is very vital for any economy that intends to experience meaningful growth because it makes arrangements that bring borrowers and lenders of financial resource together and more efficiently too than if they had to relate directly with one another (Adam, 1998; Ojo, 2007).

Information and Communication Technologies and HRM have a broad range of influences upon each other, and HR professionals should be able to adopt technologies that allow the reengineering of the HR function, that support organisational and work-design changes, and that promote a proper managerial climate for innovative and knowledge-based organisations. These technological advances are being driven primarily by strong demands from human resource professionals because of the former's enhancement of speed, effectiveness, and cost containment. Snell, Stueber and Lepak (2005) observe that HRM can meet the challenge of simultaneously becoming more strategic, flexible, cost-efficient, and customer-oriented by leveraging information technology. Many experts forecast that the Personal Computer will become the central tool for all HR professionals. Virtual HR is emerging due to the growing sophistication of ICT and increased external structural options. ICT is beginning to enable organisations to deliver state-of-the-art HR services, and reduced costs have enabled companies, regardless of the firm size, to purchase HR technologies.

One of the impacts of ICT is that it enables the creation of an ICT-based workplace, which leads to what should be a manager's top priority-namely and strategic competence management. Advances in ICT hold the promise of meeting many of the challenges of HRM such as attracting, retaining, and motivating employees, meeting the demands for a more strategic HR function, and managing the "human element" of technological change in the future. HRM could support the efforts of technological innovations to achieve high performance while such innovation itself could serve as an approach to enable the HR function to focus more on value-added activities in order to

realise the full potential of technology and organisational strategy. The biggest benefit of using ICT in HRM to organisations is the freeing of HR staff from intermediary roles, thus enabling them to concentrate on strategic planning in human resource organisation and development. Caudron (2007) has also observed that ICT can automate other routine tasks such as payroll processing, benefits administration, and transactional activities, so that HR professionals are free to focus on more strategic matters such as boosting productivity.

Claessens, Glaessner, and Klingebiel, (2001) buttress that:

> "The role of ICT in the banking industry can allow global economies to setup a financial system before first establishing a fully functional financial infrastructure instead. Virtually, since electronic banking is much cheaper, it involves reduced processing costs for providers and less search and switching costs for consumers, banks can promote their services and products involving smaller transactions to lower income borrowers, even in remote areas" (Pg. 9).

Similarly, a research conducted by DeYoung (2005) analyses the performance of conventional banking versus modern banking in the US market and finds strong evidence of general experience effects available to all start-ups. However, in a recent study, DeYoung, Lang and Nolle (2007) find that for US community banks and traditional community banks, those multi-channel banks are somewhat more profitable, mainly via increased noninterest income from deposit service charges. Movements of deposits from checking accounts to money market deposit accounts, increased use of brokered deposits, and higher average wage rates for bank employees were also observed for click and mortar banks. Whereas no change was explored in loan portfolio mix, these findings confirm Hernando and Nieto (2007) that internet banking is seen as a complementary channel.

LITERATURE REVIEW

Information and Communication Technology

ICTs can be defined as technologies that enable recording, processing, retrieving and the transmission of information or data. ICT was also define to include concept such as computers and other information equipment as well as computer software, that covers computers, peripheral equipment and other information-related office equipment (photocopiers, cash registers, calculators), communications equipment, and instruments (Oliner & Sichel 1994; Sichel, 1997).

In fact, ICT is the combination of electronics, telecommunications, software, networks, and decentralized computer work stations, and the integration of information media (Granville, Leonard & Manning, 2000), all of which impact firms, industries, and the economy as a whole. ICT comprises a variety of "communication equipment" which includes radio, TV, and communication equipment and software. Therefore, ICT investment includes "investments in both computer and telecommunications, as well as related hardware, software and services" (Dedrick, Gurbaxani & Kraemer, 2003).

ICTs had also been described as technologies that support the communication and co-operation of human beings (the employees) who worked in an organisation and the organisations itself and the design, manufacturing and exchange of knowledge to better the organisation (Herselman & Hay 2003). Furthermore, Yu (2010) considers ICTs as a range of technologies that allow the gathering, exchange, retrieval, processing, analysis and transmission of information. In order words, ICT can be described as any tool that facilitates communication, processes and transmits information and

shares knowledge through electronic means. Rwashana and Williams (2006) advocate that ICT encompasses a range of electronic digital and analog devices such as radio, television, telephones (fixed and mobile), computers, electronic-based media such as digital text and audio-video recording, and the internet, but excludes the non-electronic technologies. Selwyn (2002, Pg 3) refers to ICT as "an umbrella term that includes computer hardware and software; digital broadcast and telecommunications technologies as well as electronic information repositories such as the World Wide Web or those found on CD-ROMs". Ssewanyana (2009) further describes ICT as a strategic tool that allows users to become more efficient and effective.

Information Communication Technology and Human Resource Management

According to Dessler (2000) information communication technology has affected virtually all strands of organisational operations. Whether marketing, finance or production, developments of modern technology have been applied to better performance. Rangarajan (1994) notes that the extent to which organisations are able to attain their corporate objectives critically depends on their ability to understand the opportunities presented to them and the constraints imposed by their environment. According to Hammer and Champy (1993),organisations are increasingly required to cope with the scorching pace of change. In her findings, Cheruto (2003) asserted that technology has impacted on human resource practices in the banking sector. Further, she notes that as organisations strive to embrace information communication technology, managers must focus on improving capacity in order to carry out their roles more effectively and efficiently than before.

According to Baldwin (1999) organisations use human resource management practices as a strategic tool to achieve business objectives as they strive to adapt to the changes that occur in the external environment. These practices produce a skilled and motivated work force that can adapt to and take advantage of new technologies and changing markets (Lynch & Black, 1995).

Freeman, Kleiner and Ostroff (2000) assert that a number of individual human resource practices such as employee suggestion programmes, flexible job design and job rotation, job enrichment/ enlargement, and job redesign, information sharing with employees, quality circles and problem-solving teams, self-directed work groups, and joint labour management committees have taken centre stage in this era of information communication technology. Most organisations are fast moving towards adapting human resource management practices. "High skill" strategies that make better use of information communication technology and continuously renew human capital are widely used by most organisations especially those in developed countries.

According to Armstrong (2000), developments in information technology have led to changes in human resource practices. He further asserts that employee selection and recruitment, planning, appraisal and training can be done online using information communication technology. Graham and Bennet (2000) explained that information communication technology have led to emergence of work systems which are more flexible and employee-friendly. As a result of these developments, organisations are now developing their own customised training strategies, which are increasingly on-line with some organisations being involved in setting up corporate universities using current technologies and offering some combinations of satellite-based learning, web-based training, virtual reality and virtual campuses, sometimes in conjunction with more traditional methods. Information communication technology has also had a positive impact on organisational performance when combined with new organisational practices (Hitt, 2002).

Black and Lynch (2000) found a positive and significant relationship between the proportion of non-managers using computers and the productivity of their organisations. The findings also revealed that organisations that reengineer their workplace to incorporate technological inventions

in their practices are more productive. In a subsequent study, Black and Lynch (2001), examining how workplace practices, human capital investments, and information communication technology are related to productivity, found out that what matters most for productivity is how human resource management systems are implemented. Bresnahan, Brynjolfsson, and Hitt (2002) surveying about 300 large firms found out that skilled manpower is complementary with a cluster of three distinct changes at the organisational level: information communication technology, new work organisation, and new products and services. Further, interactions between information communication technology, new workplace practices and human capital positively predict organisational productivity and success. The most interesting finding is that new work practices are associated with improved organisational performance only when the practices are implemented as a bundle and not separately and that successful organisations adopt technology as part of a system or cluster of mutually reinforcing organisational changes (Brynjolfsson & Hitt, 2000).

Recent developments in information communication technology and other changes in the external environment forces have led to more flexibility in human resource management than ever before (Mayne&Tregaskis, 1996). Growth in flexible working patterns is a reflection of changes in the labour market and an aspect of human resource management strategy involving a greater ability by management to dispense with certain workers when not strictly essential to the production process (Brewster, Dowling, Grobler, Holland & Warnich, 2000). Whereas flexibility is gaining fast recognition in today's world of work, some human resource practitioners and scholars contend that it does not completely eliminate the challenges facing human resource managers in modern organisations. Hendry (1995) argues that flexibility discriminates against particular groups of people, thus perpetuating a social disadvantage. Such a situation is further worsen by government legislation aimed at reducing trade union protection in the interest of a more flexible labour market.

Currently, most organisations have invested in computer hardware and software and associated systems to execute various human resource functions such as salary and wage administration, training and development, employee performance appraisal, human resource planning and recruitment (Kandula, 2005). Better systems of work such as telecommuting have been made possible through information communication technology. According to Miner (1998), organisations have improved their practices by managing human resource activities through computer systems including the Internet. He also notes that organisations are able to outsource some activities to outside providers who use computer systems to build networks to serve their clients more efficiently.

Information Communication Technology and Industrial Development

Over the past several years, a broad international consensus has emerged that information and communications technologies (ICTs) offer a potentially powerful mechanism for promoting social and economic growth. Several recent studies have described remarkable success in using ICTs to help underserved communities and to create new opportunities in developing countries. Although the challenges facing developing countries are many, it is believed that computing technologies and other ICTs hold tremendous potential to help overcome these challenges. Research had also recognised that unlocking this potential requires not only public-sector leadership, but also private-sector commitment (Oyelaran-Oyeyinka & Lal, 2004; OECD, 2006; OECD, 2002).

It is important to note that there is no technological silver bullet that can "solve" illiteracy, eradicate extreme poverty and hunger, or eliminate high child mortality rates or poor maternal health. However, as new ICTs continue to drive rapid globalisation, developing countries have a unique opportunity to harness the power of ICTs to address these and other urgent development challenges more effectively (OECD, 2006; OECD, 2002).

In a sense, ICTs are tools that can be applied to a tremendously diverse range of human experience, which can transform virtually every sector of society and the economy. Digital breakthroughs are creating new possibilities for improving health and nutrition, expanding knowledge, stimulating economic growth and empowering people to participate in their communities (Microsoft, 2004; Oyelaran-Oyeyinka & Lal, 2004; OECD, 2006; OECD, 2002).

ICTs are also multifunctional and increasingly interoperable, which allows users to combine and implement them in almost infinite ways. Also, rapid innovations in technology are making ICTs both less expensive and easier to use, thereby bringing the power of ICTs within the reach of a greater number of people. Today's technological transformations are intertwined with globalisation, and together they are creating the new realities of the global economy (Oyelaran-Oyeyinka & Lal, 2004).

These qualities make ICTs highly relevant to the developing world. As many developing nations have recognised, ICTs have the potential to spur local economic growth and to expand the reach and effectiveness of development initiatives (Hargittai, 2001).

An economy's ability to increase productivity is a powerful measure of its economic well-being. Gains in productivity allow firms to raise wages without raising prices, thereby creating real, non-inflationary income growth (wage increases funded solely by higher prices, by contrast, provide no net gain in consumer purchasing power and no real economic growth). Thus, the surest path to sustainable economic growth is for organisations to invest in assets that increase productivity.

Although economists have long debated the relationship between ICTs and productivity, a growing body of data suggests that ICT investments – particularly when linked to fundamental organisational change – can have a substantial, positive impact on productivity. This impact goes beyond a direct return on investment.

A recent OECD study likewise concluded that while there are good grounds for believing that the use of ICTs are positively correlated to productivity growth, acquiring ICTs is not enough for countries to derive economic benefits. Other factors, such as the regulatory environment, the availability of appropriate skills, and the ability to spur organisational change, often have a substantial influence on the ability of firms to exploit the benefits of ICT (OECD, 2003).

While it is clearly in their *application* that ICTs hold the greatest potential for economic and social development, many governments are actively seeking to spur domestic economic growth by nurturing the emergence of local ICT *industries*. This is hardly surprising, as the remarkable expansion of the ICT marketplace in recent years has generated millions of new jobs and billions in additional tax revenues, growth that has benefited nearly every region of the world. Many developing countries also perceive domestic ICT industry growth as an effective means to achieve related development objectives, including to attract foreign direct investment, provide a basis for technology transfer, satisfy local market demand for ICTs, and generate further growth in upstream and downstream industries (such as marketing or financial services).

As the recent downturn in corporate ICT spending has demonstrated, the scope for growth in the ICT marketplace, like every other sector of the economy, is indeed finite. Thus, it is perhaps unrealistic to think that the ICT sector will account for a substantial share of economic activity in all or even most developing nations in the foreseeable future. Nevertheless, it is clear that many developing countries are establishing domestic ICT firms to service domestic and even regional users. Indeed, recent data from International Data Corporation suggest that a core group of developing countries in several different regions of the world have experienced impressive ICT industry growth over the past several years (Bedi, 1999).

Significance of ICT in the Banking Industry

ICT revolution has distorted the conventional banking business model by making it possible for banks to break their comfort zones and value creation chain so as to allow customer service delivery to be separated into different businesses. Thus, for example, primarily Internet banks distribute insurance and securities as well as banking products, but not all the products they distribute are produced by their group (Delgado & Nieto, 2004). However, the main economic argument for diffusion of adopting the Internet as a delivery channel is based on the expected reduction in overhead expenses made possible by reducing and ultimately eliminating physical branches and their associated costs. This specifically applies to and is relevant in the Spanish banking system, which is one of the most "over branched" in Europe (Delgado & Nieto, 2004). As stated by DeYoung (2005) and Delgado, Hernando and Nieto (2006), the Internet delivery channel may generate scale economies in excess of those available to traditional distribution channels.

Besides them, Haq (2005) also states that bank exists because of their ability to achieve economies of scale in minimising asymmetry of information between savers and borrowers. The unit costs of Internet banking fall more rapidly than those of traditional banks as output increases as a result of balance sheet growth. In this context, DeYoung, Lang and Nolle (2007, Pg 10) refer to Internet banking as a "process of innovation that functions mainly as a substitute for physical branches for delivering banking services".

Methodology

Yin (2003) advocates that case study method provides an opportunity to study a phenomenon within its natural context. As a result, this study employs a case study research method of a Bank that had not only successfully adopted ICT, but effectively utilise ICT in their organisational processes. The case study method was deemed appropriate since the aim of this article is to understudy the impact of ICT implementation in companies. Data were gathered through administering of questionnaire to respondents (employees of GT Bank) and review of company documents. Questionnaire was administered to 28 banking officers in GT Bank in their branches in Ilorin in order to understand their perceptions and experiences with regards to the use of ICT. Data collected during the questionnaire session were sorted, coded and categorised into simple frequency and percentages.

Human Resource Aspects

Is your Bank having an up-to-date website	Response	%
Yes	22	78.6
No	6	21.4
Recruitment	Response	%
Yes	10	35.7
No	18	64.3
Performance appraisal	Response	%
Yes	2	7.1
No	26	92.9
Compensation	Response	%
Yes	28	100
No	0	0
Succession planning	Response	%
Yes	11	39.3
No	17	60.7
Human resource development	Response	%
Yes	12	42.9
No	16	57.1

The table above shows that 78.6% of the respondents believe that their bank's internet is up-to-date, that means that it is functioning and that records are always uploaded to make it relevant and address customers and staff's yearning and needs. It suggests that the management of the bank understands the importance of using ICT tools such as a website to improve their presence in the market and to attract potential customers.

The findings also revealed that many of the respondents believe that the bank's HR unit had not fully adopted information communication technology in every aspect of the bank's HR processes; though in some aspects, findings showed that respondents believe that their bank made use of ICT in compensation, work safety, work scheduling, employee health, and job evaluation by fully utilising the medium of ICT to get to their employees. It was also discovered from the responses of the respondents that the following were not fully ICT compliant, but some other methods including the use of paper was involved in the appraisal of employees' performance, for recruitment, succession planning, human resource development, work flexibility, and industrial relations.

Findings further showed that the firm had reasonably adopted information communication technology in getting across to its customers, but was slower in adopting same for its HRM operations. Analysis also revealed that responses varied significantly with regard to work flexibility and communications and that the bank was indifferent in the use of ICT on all its other HR practices.

Table 4.2: Extent of Adoption of ICT in Human Resource Management

Human Resource Aspects		
Work flexibility	Response	%
Yes	2	7.1
No	26	92.9
Work safety	Response	%
Yes	28	100
No	0	0
Communication	Response	%
Yes	16	57.1
No	12	42.9
Work scheduling	Response	%
Yes	28	100
No	0	0
Industrial relations	Response	%
Yes	12	42.9
No	16	57.1
Employee health	Response	%
Yes	0	0
No	28	100
Job evaluation	Response	%
Yes	28	100
No	0	0

Respondents were asked to comment on the effects of information communication technology on human resource practices. The findings revealed that majority of the respondents explained that information communication technology had enhanced better performance of human resource practices through reduced workload, efficiency in record keeping and data processing. However, 12.8% of the respondents indicated that ICT brought about redundancies and strained their organisations in terms of resources and training while 7.6% of the respondents explained that ICT

had not had an impact because they had not adopted it. In overall, respondents were of the view that information communication technology boosted production, improved employees' working morale, improved industrial relations and contributed greatly to work flexibility although others expressed fear that its implementation was costly, brought about redundancies and mistrust as it evades privacy.

Discussion

The literature review and case studies have enabled the researchers to further determine the impact of ICT in businesses. The use of ICT in the banking sector has led to a more efficient and effective way of handling their business operations since the use of ICT enables fast and accurate processing of information. Similarly, Alam and Noor (2009) confirm that ICT offers enterprises improved efficiency in business transactions. Fink and Disterer (2006) also advocate that ICT offers many potential benefits to organisations so as to make them more efficient, effective and competitive.

The use of ICT in the banking sector has assisted in improving the operators' accounting system, record keeping and has enhanced the coordination of various activities in the company. Banks' major reasons for implementing ICT is so they can become more efficient, effective and to automate company records. According to Ion and Andreea (2008), organisations are able to obtain, process, accumulate and exchange information with the use of ICT. Shanker (2008) also notes that the use of ICT in organisations brings about transparency and enables effective information sharing. Both companies decided to adopt ICT in order to have some form of competitive advantage.

Conclusion and Recommendation

Concerns about the role of ICT in attaining effectiveness, efficiency and productivity were raised in the late 1980s. Since then, a large number of studies have emerged both at the industry and firm level that have substantially improved the understanding of the relationship between ICT and firm performance. In particular, firm-level studies have argued than an explanation for the so-called "productivity paradox" can be attributed to an insufficient response of organisational changes to adapt to changing business environment, to make better use of knowledge, technology and human resources, to respond to new demands from suppliers and customers, and to use ICT effectively (OECD, 2002; Sharpe, 1999).

Presently, ICT has received great thoughtfulness across various industries and substantial positive effect on banks' profitability, cashiers' work, banking transaction, patronage, service delivery, and customers' services, among other. Hence, it is recommended that more attention be directed towards the use of ICT in banking operations since the industry serves as a catalyst to the much anticipated development of the nation's economy while appropriate policies must be put in place to ensure proper monitoring and the determination of the optimum size required to attain organisational efficiency.

The banking industry which is the back bone of every economy is confronted with various challenges such as globalisation, deregulation, competition, significant high cost of installing ICT and maintenance. The usage of ICT can lead to lower costs, but the effect on profitability remains inconclusive, owing to the possibility of ICT effects that arise as a result of consistent high demand of skilled workforce, issues of increasing demand to meet customers' expectations for customer service delivery, trustworthiness of the information system and competition in financial services.

ICTs have brought new opportunities to people of all ages and in all countries, enabling them to achieve more in less time and to discover new ways of communicating and relaxing. The use of ICTs has produced astounding productivity and industrial growth and has truly transformed the way people work, learn, and socialise.

ICTs have enabled industrial development because of its crosscutting nature that affects all sectors. Adoption and proper utilisation of ICTs by banks has led, among others, to increased yields and quality production of goods and services. ICT had been resourceful, and enabled banks to properly manage and mainstreamed its operations so as to contribute significantly to Nigerian GDP. ICT has become a serious part of economy, because all banks in Nigeria now use computers and Internet connection for economic purposes, such as providing customers with a more diversified and customised products, improving product quality, and selling goods and services. Evidently, the extension of ICT and its influences on industrial development in both developed and developing countries has increased very fast during the last two decades.

Consequently, ICT plays a vital role as a mean for industrial growth. Therefore, it seems necessary for all countries to increase access and usage to ICT through increasing the number of internet users, fixed broadband internet subscribers and the number of mobile subscription in order to boost industrial growth. It is also essential for the governments to provide the society with information, up-to-date structures and educate people in order to use ICT efficiently. More research needs to be carried out in to confirm the differing conclusions found in existing literature. It is quite evident from this study that enhancing ICT in the banking industry is a must in a rapidly changing marketplace, as the ICT revolution has set the stage for exceptional increase in financial activity across the globe.

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