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CONTENTS

EDITOR NOTE

We, at the Department of Commerce, University of Delhi have been inviting papers from across different domains falling within Commerce and Business. It has been our endeavor to maintain quality in content. In this issue of the Journal of Business and Commerce Studies, we are publishing three research papers, one case study and a book review. All the papers are of empirical nature covering Foreign Direct Investment (Nigeria), Corporate Governance (Sub-Saharan Africa) and customer attitude on internet banking adoption (India). The papers have gone through rigorous review process taking time more than usually expected.

The economy of Nigeria is greatly impacted by different types of conflicts and armed conflict has been one of the prominent forces that has influenced the behaviour of investors from outside. Through an empirical investigation, Hassan Ozekhome has developed a strong case for developing institutional and democratic support base to deal with armed conflict so that conditions and quantum of FDI can be boosted. The paper authored by Omoruyi Aigbovo and Osaze Ogieva provides sectoral picture of the impact of corporate governance practices on dividend payout. Though this paper is based on the data from some listed non-financial firms operating in select Sub-Saharan African countries, however conditions sound quite similar in developing countries. The use of technology by banking institutions has improved the size of their business multi-fold. There have been challenges in adopting Internet banking by the banking service users in almost all the developing countries because of the perceived risk involved in the transactions. Sanjay K Jain and Pooja Jain have identified and examined the factors that affect customer attitude for adopting internet banking. The case study prepared by Shilpee Aggarwal, Kiran Bala, Sneha Sharma and Sanyukta Dahiya narrates the story of and NGO, The Only Karma. The book review of the book 'The Psychology of Money by Morgan Housel is done by Vanshika Jain.

This issue of the journal has taken more than the usual time. I would like to thank all the researchers for their patience and patronage. All the reviewers deserve appreciation for their commitment towards the cause of improving research quality and output. The unwavering support of Prof R. K. Singh, Head, Department of Commerce and the Dean, Faculty of Commerce and Business has been the biggest source of inspiration and strength. I would like to thank him for that.

I wish that this issue of the journal provides better understanding of the issues covered and hope that it would encourage more researchers to share their work with us.

VK Shrotryia

Editor

ARMED CONFLICTS AND FOREIGN DIRECT INVESTMENT IN NIGERIA: AN EMPIRICAL INVESTIGATION

Hassan O. Ozekhome[1]

*This paper investigates the effect of armed and violent conflicts on foreign direct investment in Nigeria. This is examined over the period 1990-2018. Employing dynamic GMM estimation technique, the findings show that conflict and insurgency has significant negative effects on FD inflows***.** *In particular, the results show that armed and violent conflict has a destabilizing impact on FDI. The other variables- openness of the economy and growth rate of real GDP (a measure of real economic output) are significantly and positively related to FDI inflows in Nigeria. ICT infrastructure has positive but weak impact on FDI. Political stability and absence of violence variable is negatively and significantly related to FDI. Further evidence show that inflation rate (a measure of macroeconomic policy environment) negatively influences FDI in Nigeria. Based on the findings, we recommend strong government will and commitment to effectively restrain and curtail armed conflicts and other form of insurgencies in Nigeria. Strong institutional and democratic measures to curtail political violence should also be put in place. Open trade policies, stable and coherent macroeconomic policy environment are also imperative to enhancing FDI inflows in Nigeria.*

Keywords: *Armed Conflicts, Foreign direct investment, Institutional structure, System-GMM*

JEL Classification: F21, 043, C13

INTRODUCTION

It is well established in the development literature that sustained investment inflow and capital formation are critical requirements for the acceleration and sustenance of long-term economic growth. Apart from the critical role of filling the development, foreign exchange investment and tax revenue gaps in developing countries (Quazi, 2007, Ayanwu,, 2015), enhanced capital inflow, foreign direct investment **(**FDI) in particular is a potent tool for employment generation, transfer of modern technology, enhancement of efficiency and raising skills of local manpower (Dupasquier and Osakwe, 2003, Ayanwu 2015). As a result, any factor that hinders the smooth flow of capital and investment in developing country automatically undermines economic growth and the overall well-being of the citizenry (Ezeoha & Ugwu, 2015).Unfortunately, in the case of Nigeria, persistent wave of armed conflicts show the extent to which the weak internal structure and security threat have significant consequently undermine growth. The increasing wave of armed conflicts in Nigeria in recent time, and the terrific frequency the occurrences have become a subject of concern.

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A well-defined procedure for weak internal institutional structure in the delivery of debilitating poor security outcomes (and the attendant poor economic effects) is demonstrated through the cycle of armed conflict effect. The armed conflict effect explanation for poor investment and economic outcomes in security-threat vulnerable resource-rich developing countries is explicated analyzing the role of multiple powerful belligerent and vested interest groups that perpetrates violence with the consequence of destabilizing the prospect or economic by making the environment unattractive to foreign direct investment, thereby undermining growth. In Nigeria, the precarious security situation occasioned by insurgency and terrorism has combined to undermine investment inflow, growth and consequently exacerbate poverty (UNDP, 2015).

The terrifying wave of armed conflict reflected in insurgency and terrorism in Nigeria calls for a concerted attention as it has not only undermine investment, but has severely affected international trade, particularly through the reduction of exportable agricultural commodities and crude oil occasioned by frequent terrorist attacks by Boko Haram and pipeline vandalization in the Niger delta region. For instance, a World Development Report (WIR) of the United Nations Conference on Trade and Development (UNCTAD) estimated that Nigeria has lost a whooping N1.5 trillion FDI owing to the activities of the terrorist group, Boko Haram. The catastrophic effect of the activities of Boko Haram particularly in the Northern region of Nigeria has grounded investment and economic activities in the region to a halt. There is overwhelming lack of empirical evidence on the impact of armed conflict on investment in Nigeria, as no study has explored the negative consequences of terrorism and insurgency on investment in Nigeria. The study by Ezeoha and Ugwu (2015) made a trenchant attempt though focused on Africa. This study thus attempt to fill this perceived literature gap by examining whether the poor investment situation in Nigeria can be explained by armed conflict. In particular, since no country can achieve meaningful development brought about by increased investment in an environment of threat; and the recognition that investment is the engine of growth, it becomes important to empirically examine the nexus between armed conflict and investment in Nigeria. This is the motivation of this study.

Statement of Problem

The precarious security situation in Nigeria in recent time is alarming and disturbing. Given the fact that Nigeria is a resource-dependent nation, the occurrence of armed and violent conflicts is likely as, various competitive interest groups seeks to compete for the common pool resource. In line with the 'voracious effect', multiple and powerful groups, engage in various short-changing acts in order have the largest share of the resource. The activities of the Movement of the Emancipation of Niger-Delta (MEND) in the oil-rich Delta region of the country for resource control, arising from massive environmental degradation andunderdevelopment and of the region in the midst of the vast oil resources is one of the insurrections in Nigeria.The Independent People of Biafra agitation in the East for self-determination, in which many lives have been lost and property worth billions destroyed and other pockets of armed conflicts is another. The most sever of these is the Boko Haram and herdsmen killer’s syndrome, which have had greater destabilizing effects on the Northern region of Nigeria, in recent times, stalling investment and grounding economic activities to a halt.

Since foreign direct investment can only be enhanced in an environment of peace and stability, the destabilizing effects or armed and violent conflict can thus be juxtaposed with the beneficial effects such foreign investment inflows would have brought. All these have had had enormous adverse effects on investment inflow into Nigeria. The multiplicity of insurgencies in Nigeria took a more worrisome and alarming dimension, over the last decade with the catastrophic, dehumanizing and devastative acts of Boko Haram, otherwise known as (Jam'atu Alissunah Lidda'awati wal-Jihad) in the Northern part of the country. The group, which sees western education as a sin, informed by a type of extreme Islamist orientation and ideology, has caused more devastation to business and investments. The region that was once a behiive of economic activities has become an economic miniature of itself. The activities of the terrorists group have largely disrupted and weaken the productive system, reducing foreign direct investments to the barest minimum, the consequence of which overall economic growth has decelerated.

Without, doubt, the recent and dominant evil is the menace and brutal carnage of the so-called 'Fulani herdsmen, across the country, who have plundered and destroyed, with impunity and immunity, lives and property. These ' Fulani Herdsmen' who may officially now be renamed as a terrorist militia have been engaged in mass murder, brutal killings, arson, crimes against humanity, ethnic cleansing and territorial expansionism.A defacto jihad is by this gruesome and dehumanizing carnage unleashed on non-Fulani and non-Muslim population. Since foreign direct investment is one of the viable means of filling the resource-gap in a resource-deficient nation like Nigeria, as well as bringing managerial and technical expertise, with positive spillovers on growth, and this can only be guaranteed in an environment of peace and security, this study becomes imperative.

While some studies have investigated the link between armed conflicts and foreign direct investment at regional or cross-country levels (see Zimmerman, 2011; Ezeoha & Ugwu, 2015), there is however, paucity of empirical evidence at country-specific level on the subject matter. Given the fact that armed conflict occurs more at country- specific level than at cross-country level, this study becomes particularly important. With this in view, the objective of this study is to fill the gap in literature by investigating the effect of armed conflicts on foreign direct investment in an armed-conflict prone environment. To this end, this study is a value addition to the literature on armed conflicts and foreign direct investment, at country-specific level where the issue of armed conflict has assumed a new dynamics and of humongous proportion, and terrific frequency.

Based on the foregoing, this paper has the following objectives:

(i) To empirically examine the relationship between armed conflicts and foreign direct investment in Nigeria.
(ii) To assess the impact of armed conflicts on foreign direct investment inflows in Nigeria.

On the basis of the above objectives, the following hypotheses are formulated.

(i) $H_{01:}$ There is no significant relationship between armed conflicts and foreign direct investment in Nigeria.
(ii) $H_{02:}$ Armed conflicts has no significant impact on foreign direct investment inflows in Nigeria.

For ease of presentation, the remainder of the paper is organized as follows. Section 2 provides some stylized facts on FDI inflows in Nigeria. Section 3 presents are view of the literature, both theoretical and empirical. Section 4 describes the methodology and data. Section 5 discusses the empirical results and analysis and the policy implications thereof. Section 5 concludes the study.

Stylized Facts on FDI in Nigeria

Nigeria is regarded as the most attractive consumer market in Africa given her large population of over 180 million, and its improving business environment. The gross domestic product (GDP) and large population size, makes it the largest economy in Africa. FDI inflows to West Africa is mainly dominated by inflows to Nigeria, accounting for 70% of the sub-regional total, and 11% of Africa's total, with 90% of the FDI inflow going to Nigeria's oil sector (UNCTAD 2006). World Bank (2014) report reveals that net inflows of FDI in Nigeria in 1980 was -$738 million increased sharply to $542 million in 1981 and dropped to $189 million in 1984. Between 1985 and 1988, there were fluctuations in FDI inflows. In 1989, FDI increased sharply to $1.9 billion, declined in 1991to $712 million and improved again in 1992 to $897 million. This increasing trend continued and peaked at $1.6 billion in 1996.

Even though FDI inflows to Nigeria fluctuated slightly between 1997 and 2000, there was a consistent increase in 2001, 2002 and 2003 as FDI rose to $1.2 billion, $1.9 billion and $2 billion respectively. Except for the slight reduction in 2004, Nigeria experienced a remarkable improvement in FDI inflows between 2005 and 2009 as it recorded $4.9 billion in 2005, $4.6 billion in 2006 and $6 billion in 2007 (Akinmulegun, 2012). In 2010, FDI inflows was $6.1 billion, rebounded to $8.8 billion in 2011and declined to $5.6 billion in 2013.FDI inflows rose to $10.2 billion in 2015 before declining to a low $68.5 million in 2017, due to global economic vulnerabilities. The decline in FDI inflows, in addition, is attributable to a host of factors to includepoor macroeconomic policy environment, political instability, security concerns, arising from armed conflicts and insurgencies, poor bureaucratic processes, weak infrastructure, poor governance and institutional framework, and a pervasive rent-seeking behaviour (Ozekhome, 2017).

LITERATURE REVIEW

Conceptual Issues

'Armed conflict' occurs when a conflict involves two contending parties who are major actors (of which at least one is the government or state), necessitating the intervention or armed forces and resulting in at least 25 battle-related deaths (Wallensteen & Sollenberg, 2001). Based on geographical considerations, conflicts can be classified as international or non-international armed conflicts. Regardless of the magnitude, international armed conflict occurs when the conflict is between two states as major actors, such that it warrants the intervention of armed forces. On the other hand, armed conflict is non-international when it occurs in the territory of a "high contacting party'' between its armed forces or dissident armed forces or other organized armed groups which, under responsible command, exercise such control over a part of its territory as to enable them carry out sustained and concerted military operations and to implement this Protocol' (ICRC, 2008, cited in Ezeoha & Ugwu, 2015). In line with the framework of ICRC, two conditions necessary for an interstate conflict to qualify as armed conflicts are that: the hostilities must reach a minimum level of intensity, and the non-government (insurgent/dissident) groups involved in the hostility or violence must possess organized armed forces and have the capacity to sustain military operations.

Indeed insecurity retards development, scares away investors, stultify creativity, and contaminate social Relations (Campos et al 2002). Investment does not thrive under political and economic uncertainty, reflected in armed and violent conflicts, but in a stable environment. Institutional development economists who argue that steady growth and investment in the system can only occur when institutions are right have argued this and there is political stability (see Glaeser, 2004; Acemoglu, 2005; Acemoglu, Johnson & Robinson, 2002).

Theoretical Review

Two leading theories to armed and violent conflicts are discussed in this paper

Social Conflict Theory (SCT)

The social conflict theory posits that competition, strife and struggle among social classes and state actors in their attempt to protect their selfish interest is the basis for conflict. According to the proponents of this theory, class struggle leads to acquisition of weapons and ammunitions for self-preservation, necessitating armed and violent struggle. An alternative version of the social conflict theory states that social structures (such as political institutions, economic organs, legal institutions etc.) are created in every society through conflict between groups with contesting ideological interest and dissimilar means of control over state resources. The individuals and resources are in turn, influenced by these structures and by the unequal distribution of power and resources in the society (Knapp, 1994). The two versions of the social conflict theory see armed conflict as provoked by struggle among conflicting (contending) social classes or extreme ideological or religious philosophies. If these dysfunctional relations are not redressed, it results to arm struggle and full-scale warfare (Ozekhome, 2017).

Frustration Aggression Theory

The Frustration Aggression Hypothesis was developed against the backdrop of the cognitive Neo-Association model. According to the theory, one may become aggressive through frustration. This theory posited that the occurrence of aggressive behavior always presupposes the existence of frustration. In another way, frustration is a precursor to aggression. Frustration here means the thwarting of a goal response, and a goal response, implies the reinforcing final operation in an ongoing behavioural sequence. The existence of frustration invariably leads to some form of aggression that induces violence. Frustration produces a number of different types of response, an example, of which is instigation of some form of aggression and violent hostility. Within the context of Nigeria, the violent behavior and actions of the Niger Delta militant youths and Boko Haram fundamentalist Religious sect in Northern Nigeria could be attributed to frustration. The frustration could be due to grievances of some greedy political figures that operate behind the scene to have access to power or due to their inability to foist their extreme religious fundamentalism on the people or even due to economic deprivation among the youths.

In Nigeria, political frustration is caused by the fact that some disgruntled elements who feel left out of the political equation and economic deprivation have taken advantage of the mass unemployment and resultant poverty of the youth arising from mismanagement of resources to provoke hostilities and breakdown of law and order. For instance, the attitude of some political and economic opportunist has given vent for terrorism to occur. Armed conflicts in Nigeria will continue to be a recurring issue given the mindless marginalization and sidelining of a circumstantial number of people from the main stream of political and economic activities, particularly, in the oil-rich Niger Delta of Nigeria, where violence, armed struggle, insurgency and all forms of hostility are rife. The prolonged marginalization, pauperization, dehumanization and deprivation of majority of Nigerians in the face of plenty are veritable pointers to armed conflict.

Review of Empirical Studies

Drakos and Kutan, (2003) using data from the Mediterranean countries-Greece, Israel and Turkey to examine the impact of armed conflict on tourism-induced FDI. They find that the magnitude of armed could directly and indirectly undermine FDI. In particular, armed conflicts indirectly discourage FDI through incremental transaction costs such as advertising expenses new or more tourists, reconstruction cost for damaged tourist facilities and security enforcement and military coordinated strategies to lessen terrorist attacks. The authors suggest that governments should develop strong capacity to restrain violence, particularly armed conflicts. Nitsch & Schumacher (2004) find negative effects of terrorism on international trade and FDI inflows.

Li and Vashchilko (2010) assess the impact of political violence on foreign direct investment. They find that military conflict due to terrorist insurgence has the propensity to discourage bilateral investments. Some studies attempt to investigate the sectoral impact of armed conflicts. Oetzel, Getz and Ledk (2007) examine the response of Multinational enterprises (FDI) to violent conflict. Singh (2011), for instance, examine the impact of armed conflicts on the agricultural sector. Bilson, Brialsford, Hallett, Shi, and Singh (2012) examine the impact of terrorism on global equity markets. Ashby and Ramos (2013) investigate the response of disaggregated FDI and industry to organized crime.

Knutsen (2010) investigates the impact of political instability caused by dictatorship and armed conflicts on economic growth in Sub-Saharan Africa. In so doing, he assesses the effect of stability and good governance on growth, which depends on level of state capacity and institutional structures to combat hostilities and the ensuing insecurity. The study, particularly, examine the adverse economic effects of insecurity, political instability and hostilities in countries with weak state institutions. In these countries, leaders pursue policies that are macro economically inefficient. He finds that political stability and harmony contributes to higher growth rates in Sub-Saharan Africa. In addition, political stability and democracy have positive effects in countries with weak state institutions and high level of violence. The interaction between weak state capacity, armed conflicts and dictatorship i found to be a vital factor underlying many Africa's economic development disasters. Against the background of these findings, the author suggests the building of strong institutions, particularly state capacity to combat armed conflicts and dictatorship in order enhance growth in Africa.

Gailbulloev and Sander (2011) based on a sample of 51 African countries for the period 1970-2007, and a fixed- effect panel estimation technique find that, whereas, transnational terrorism had a significant negative effect on growth, domestic terrorism did not. The authors recommend strong institutional capacity to curtail conflicts. Zimmermann (2011) investigates the impact of terrorism on globalization He finds a negative effect of armed conflict on globalization-induced FDI. Bandyopahyay Sandler and Younas (2014) use dataset from 78 developing countries for the period 1984-2008 to establish that the adverse impact of armed conflict on FDI is lessened by the intensity of aggregate aid in the case of domestic terrorism and bilateral aid, in the case of transnational.

On the studies relating to Nigeria and Africa, Osarumwense (2014) examines the relationship between armed conflicts and investment in Nigeria. Employing descriptive statistics through questionnaire survey, the findings reveal that the conflicts and insurgency have diminishing effects on business and investment in Nigeria.

Ezeoha and Ugwu (2015) using data from 41 African countries over the period 1997- 2012 examine the interactive impact of armed conflicts on FDI flows in Africa. Employing a dynamic system GMM technique, the findings show that conflict has a significant negative effect on FDI and that infrastructural development significantly moderates the impact of conflicts. The results also show that the effect of conflict is more pronounced in resource–rich countries, and that conflict is both regional and seasonally sensitive. Against this backdrop, the authors suggest the rebuilding of conflict-induced infrastructure destructions in order to attract FDIs in Africa.

Ozekhome (2017) examines the impact of terrorism on stock market returns in Nigeria over the period, 1997-2015. Employing dynamic system-GMM estimation technique, the findings show that terrorism has a significant negative effect on equity returns in Nigeria. Openness of the economy has a positive and significant effect on equity returns, while the effect of inflation is negative and significant. Against the backdrop of the findings, he recommend sound effective means to curtail and restrain conflicts, alongside open investment policies and stable macroeconomic policy environment
to enhance stock market performance in Nigeria.

From the review of the pertinent of literature, no notable empirical attention has been accorded the armed conflict-FDI nexus at country-specific level, particularly in a conflict-prone environment like Nigeria, thus warranting further empirical investigation on the subject matter.

METHODOLOGY

Model Specification

In empirical specification, the systematic relationship between armed conflicts and FDI is captured in the form:

$FDI = \alpha_0 + \alpha_1 FDI_{t-1} + CONFL + \beta X + e_t$………………………… (1)

Where FDI = net foreign direct investment as percentage of GDP, FDI_{t-1} is one year lagged FDI, a measure of agglomeration effect, which relate current FDI inflows to past FDI inflows. Agglomeration effect occurs when foreign investors are attracted to countries with more or existing foreign investment, basing their investment decisions on information and knowledge of a country's environment by viewing the investment decisions by others a good signal of favourable conditions to invest there too, so as to reduce uncertainty (Ayanwu, 2015). It thus control for initial conditions that may attract FDI to a country (Mijiyawa, 2015).

CONFL represents the proxy for armed conflict (conflict intensity), which is the rate of fatalities each year. Following the perspective of ACLED, armed conflict is defined in general to include political violence on civil and communal conflicts, violence against civilians, militia interactions, rioting and protesting (Raleigh, Linke, & Dowd, 2014, cited in Ezeoha & Ugwu, 2015); and X is a vector of macroeconomic variables according to the literature, that potentially influence FDI inflows comparable to previous FDI empirics. The inclusion of these variables is to include, as much as possible other critical variables that influence the assumed relationship, and thus avoid omitted variable bias. These variables include; inflation (INF)-measured as percentage change in consumer price index.

Inflation in particular, is added in consistency with most FDI equations by previous studies and is aimed at capturing the impact of macroeconomic instability and uncertainty on investment decisions (See Ezeoha and Ugwu, 2015; Ayanwu, 2015). Economic/market size -measured as growth rate of real GD; infrastructure (INFR) –as a proxy for this variable, we used the number of telephone mainlines, mobile subscribers and internet users per 1000. Foreign companies as important prerequisites for investment destination (Khadaroo & Seetanah, 2007; Calderon & Serven, 2008) regard physical infrastructure. Addison and Heshmati(2003, cited in Ayanwu and Yameogo, 2015) have shown that ICT infrastructure is a critical variable in integrating local producers into international technological and communication network and attracting vertical FDI in services as well as manufacturing. Openness of the domestic economy (OPN) is measured sum of export and imports to GDP percent. Studies such as Azienman, Noy, (2006), Ayanwu (2012), and Ozekhome (2017) find that economies that are more openreceived greater FDI inflows. Political Stability captures the stability of the political system and absence of violence, which measures the likelihood that the government in power will bedestabilized or overthrown by unconstitutional means and /or violence or threatened by the public, such as terrorism. It includes freedom from political pressure and insurrection, as well as credibility of the government's reform commitments and policies to guarantee stability in the environment. The indicators of political stability and absence of violence are reported on a scale of -2.5 to 2.5

On the inclusion of these variables, the empirical specification of the model to be well estimated is therefore:

$FDI=, \alpha_0 + + \alpha_1 FDI_{t-1} + \alpha_2 CONFL + \alpha_3 OPN + \alpha_4 ICT + \alpha_5 GRGDP + \alpha_6 POLS + \alpha_7 INF + e(2)$

The a priori expectations are $(\alpha_{1,} \alpha_4 \alpha_{5,} \alpha_6 \alpha_{7,})>0$; $(\alpha_{2,} \alpha_{3)} < 0$.
$\alpha_0 - \alpha_7$ are parameters to be estimated and ε_t is the unobserved error term.

Estimation Technique and Data Sources

For the fact that FDI and CONFL are likely to be contemporaneously correlated and that, some of the explanatory variables are with the error term, ε_t, and are endogenous to FDI, using least squares estimator technique would likely produce biased and inconsistent estimates. As a result, the dynamic system generalized method of moments (GMM), which overcomes the problem of joint endogeneity in the estimation and, thus control for the potential biases resulting from simultaneous or reverse causation is adopted for the study. The system GMM allows us to address the triple-problem of endogeneity bias of the regressors, the measurement error and omitted variables by using the lagged differences of the endogenous variables as instruments for the level equation (Arellano & Bond, 1995).

Data used in this empirical analysis are annual time series data covering the period 1990 to 2018. All the data (except conflict intensity and political stability and absence of violence variables) are sourced from the Central Bank of Nigeria (CBN) Statistical Bulletin. The conflict data is obtained from the Armed Conflict Location and Event Data Project Data (ACLED), and the political stability variable is obtained from the World Governance Indicators (WGI) of the World Bank.

EMPIRICAL RESULTS AND ANALYSIS

Descriptive Statistics.

Table 1 presents the descriptive statistics of the data on the variables used for the analysis. Average growth rate of FDI over the period is 7.6 percent, with a median value of 7.9 percent. The maximum growth rate of FDI 21.2.percent and a minimum value of -1.02 percent. Invariably, net FDI growth rate has moved rather apart during the period of the study, an indication of unstable and oscillatory FDI inflows. This wide dispersion is confirmed by the relatively high standard deviation value for the variable, which is 5.22 percent. Apparently, FDI growth has been generally unstable in the country of the years, assuming an oscillatory pattern. This is not unconnected with the conflict-prone investment environment, in addition to poor macroeconomic and weak political environments. The mean value of conflict intensity is 1,382 with a median value of 1,375. Its maximum and minimum values are 11,250 and 0 respectively. Invariably, conflict occurs with terrific frequency in Nigeria, particularly with the rising cases of terrorists' attack in the Northern part of the country and other cases of violence and insurgencies over the last decade. Openness has a mean value of 59.6percent and a median value of 60.2 percent. ICT has a men value of 46.4 and a median value of 45.8. The maximum and minim values are 68.3 and 20.4, respectively.

Growth rate of real GDP has a mean value of 3.89 percent, with a median value of 4.05 percent. The maximum and minimum values are 8.16 percent, and -0.1.6 percent respectively- an indication that growth rate in GDP over the period has been characterized by marked disparity and variability. Political stability and absence of violence variable has an average value of -1.55 percent, with maximum and minimum values of 0.85 percent and -1.82 percent, an indication of unstable political environment characterized by political violence, extrajudicial killings, election violence and rigging and socio-economic conflicts. Inflation has a mean value of 12.6 percent, with a median value of 13.2 percent. The maximum and minimum values are 72.5 percent and 4.6 percent, respectively. Its standard deviation of 5.2 percent, with a kurtosis value of 13.4 and a Jacque-Bera statistic of 76.4 show clear indication of inflation variability over the period of study. Invariably, inflation growth rate has not only been rising, but has generally been unstable, characterizing an incidence of macroeconomic instability.

Table 1: Descriptive Statistics

	Mean	*Median*	*Max.*	*Min.*	*Std. Dev.*	*Skewness*	*Kurtosis*	*J-B*
FDI	*7.63*	*7.92*	*21.8*	*1.90*	*5.22*	*-0.13*	*1.72*	*6.25*
CONFL	*1382*	*1375*	*11,250*	*0*	*2850.24*	*20.22*	*54.30*	*472.52*
OPN	*59.64*	*60.21*	*77.20*	*18.1*	*4.75*	*1.83*	*2.60*	*8.74*
ICT	*46.41*	*45.84*	*68.30*	*20.42*	*7.30*	*1.22*	*1.89*	*12.82*
GRGDP	*3.89*	*4.05*	*8.16*	*-1.58*	*4.50*	*2.46*	*2.30*	*8.07*
POLS	*-1.55*	*-1.38*	*0.85*	*-1.82*	*0.73*	*-1.30*	*0.96*	*13.24*
INF	*12.60*	*13.18*	*72.51*	*4.63*	*5.20*	*1.66*	*13.40*	*76.4*

Source: Authors' computation

Analysis of Generalized Method of Moments (GMM) results

The result of the Generalized Method of Moment (GMM) is presented in table 2.

Table 2. FDI and Conflict (GMM Estimates)

Dependent Variable: FDI

Variables	**Estimated Coefficients**	**t-statistics**
Lagged FDI	0.161	1.797*
CONFL	-0.103	2.201**
OPN	0.223	2.438**
ICT	0.241	1.175*
GRGDP	0.321	3.016**
POLS	-0.207	-2.140
INF	-0.183	-1.873**
J- Stat	5.012 (0.161)	
AR(1) AR(2)	-2.57 (0.004) 0.631(0.51)	

*** Statistical significance at the 1% level
** Statistical significance at the 5 % level
* Statistical significance at the 10% level
Source: Author's computation

In the results, the coefficient of lagged FDI is positive and significant at the 10 percent level. Thus, previous level of FDI inflows contributes positively and significantly in explaining current level of FDI; a demonstration that FDI inflows are persistent in Nigeria arising from agglomeration effect, which implies that the presence of FDI in Nigeria today is likely to in FDI attract more FDI in the future. The result is in line with the findings of Ayanwu (2015), Mijiyawa (2015), Ezeoha, and Ugwu (2015). In line with the results, a unit increase in previous FDI will have an agglomeration effect (i.e stimulate FDI inflows) in the current period by about 0.16.

The coefficient of the intensity of armed conflict is appropriately negative in line with theoretical expectation and significant at the 1 percent level. Invariably, armed conflict has a highly destabilizing effect on foreign investment inflow into Nigeria. In particular, armed conflict discourages investment inflows by weakening the capacity of existing infrastructure to attract and absorb FDI. The finding corroborates earlier empirical findings by Drakos and Kutan (2003), Li and Vashchilko (2010), Bandyopadhyay et al (2015) and Ezeoha and Ugwu (2015). The coefficient estimates indicate that a unit increased in conflict intensity will diminish FDI inflows by 0.1.

The coefficient of trade openness is consistent with theoretical projections and significant at the 1 percent level. Invariably, an open economy is able to attract greater foreign investment inflow through greater production and trade capacities. The result corroborates the findings of Azienman and Noy (2006), and Ayanwu (2012). The result also conforms to the position of Law and Habibullah (2009) that an open economy is able to provide insulation and control against the abuse of political class and extractive behaviours and promote competitive behavior. In line with the estimates, a 10 percent increase in domestic openness will stimulate FDI inflows by 2.2 units. The coefficient of real GDP growth is positively signed, in line with theoretical projections and passes the significance test at the 5 percent level. Invariably, large economic sizetends to stimulate foreign investment inflows. The result supports the findings of Mijiyawa (2015). The coefficient estimate shows that a unit increase in economic size (ouput) will induce greater FDI inflows by 0.32 units.

The coefficient of information communication technology (ICT) infrastructure has the expected positive sign, but is not statistically significant at the 5 percent level. This could be due to the low level of infrastructural development in Nigeria. Since the t-value of its coefficient is greater than unity, we may infer that infrastructure development facilitates foreign investment inflow but its effect is rather weak. Accordingly, a unit improvement in ICT infrastructure will stimulate FDI inflows in Nigeria by 0.24 units.

The coefficient of the political stability and absence of violence variable is negatively signed and is significant at the 10 percent level. Thus, political instability and violence have the tendency to undermine FDI inflows through the uncertainty effects it creates in the environment. By creating an unsafe environmental where FDI cannot thrive, external resource inflows is considerably reduced. The finding supports the findings of Ayanwu and Yameogo (2015). Invariably, government capacity and effectiveness to curtail all forms of violence to the barest minimum will greatly enhance external resource and foreign direct investment inflows into the country. In line with the results, a unit improvement in political stability and absence of violence will enhance FDI inflows by 2.1 units.

The coefficient of inflation is negative in line with a priori expectation and significant at the 10 percent level. This implies that high inflation rate undermines foreign investment inflow in Nigeria, due to the instability and uncertainty it creates in the economic environment. By creating an uncertain economic environment, high inflation rate reduces the expected return on investment and thus the volume of external investment inflows. The result corroborates the findings of Mijiyawa (2015). In line with the estimate, a unit increase in inflation rate reduces foreign direct investment inflows by 1.83 units.

Considering key diagnostic tests for the robustness and validity of results obtained, the Hansen-J over-identification test, which serves to verify the validity of instruments fails to reject the null hypothesis that there is no endogeneity problem. This implies that the over-identifying restrictions are equal zero and valid. Thus, we cannot reject the specification of the model, since it is well specified and the instruments seem to be appropriate and valid. The result provides good certification for the choice of the exogeneity of the levels and differenced instruments, as required in GMM. The post-estimation evidence also leads to the rejection of the null hypothesis of no serial correlation at order one in the first-difference errors, but a failure to reject same at order two (with AR (1) = -2.57 (0.004)*** and AR (2) = -0.63 (0.51). There is thus no evidence to invalidate the model, considering that the estimates are robust in the presence of first-order serial correlation, but not in the second-order serial correlation in the error terms. This therefore implies that the model estimates are fit for structural and policy analysis.

POLICY IMPLICATIONS OF FINDINGS

A number of important policy implications can be deduced from the empirical findings as follows:

(i) Armed conflicts has a highly destabilizing effect on foreign direct investment in Nigeria through the creation of a circle of violence and insurrection, making it unsafe for foreign direct investment inflows. The implication of this finding is that strong capacity to restrain conflicts and other acts of insurgencies, particularly terrorism through strong government will power, multilateral cooperation and coordinated military strategy are imperative.

(ii) Openness of the domestic economy to trade inflows has a positive and significant effect on foreign direct investment in Nigeria. Therefore, policies that encourage openness of the economy should be encouraged.

(iii) ICT infrastucture has a positive impact on foreign direct investment in Nigeria, albeit a weak effect, due perhaps, to the weak infrastructural development in Nigeria. By policy implication, increased investment in ICT infrastructure and other FDI-supporting infrastructure is important in Nigeria.

(iv) Real GDP growth rate has a positive and significant effect on foreign direct investment. Thus, policies to increase the productive capacity of the economy should be encouraged, particularly those that stimulate trade and production capacities.

(v) Political stability and absence of violence has a negative impact on foreign direct investment in Nigeria, due to the violence prone-environment in Nigeria. By implication, a stable political system, devoid of violence and unconstitutional means is critical to foreign direct investment inflows. Strong government and institutional capacities to combat and restrain all forms of violence, terrorism and instability should be developed in Nigeria.

(vi) Inflation is negatively related to foreign direct investment in Nigeria. This is due to the economic uncertainty it creates, and its eroding effects on investment returns. Thus, stable and robust anti-inflationary policies (fiscal and monetary) policies should be put in place to tame domestic inflationary pressures in Nigeria.

CONCLUSION

This paper empirically examined the impact of armed conflict and insurgency on foreign direct investment in Nigeria. The empirical findings show that armed conflict has a destabilizing effect on foreign direct investment in Nigeria, as its coefficient is negative and significant on FDI inflows in Nigeria. Invariably, increase intensity of conflicts weakens the existing infrastructure and institutional capacity to attract and absorb FDI.

Considering the significance of armed conflicts in influencing FDI inflows into Nigeria, it is necessary for the government to create a stable economic and investment environment, through the reduction of the incidences of armed conflicts and insurgencies. In addition, government, with the support of the private sector (i.e. through public private partnership-PPP) should increase her investments in the provision and rebuilding of sustainable infrastructure, particularly information and telecommunication technology (ICT) infrastructure. Sound and effective government capacity and institutional framework to effectively restrain and reduce political instability, election violence and rigging, and extrajudicial killings must be developed. As a corollary, government must maintain strong will and commitment to restrain impunity of all forms that may degenerate to socio-political conflicts, and put in relevant structures and legal framework to make it work. Very importantly, government and policy makers must put in place sound and stable macroeconomic environment, through the taming of domestic inflationary pressures to low levels, including the implementation of other FDI inflow-enhancing policies.

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A SECTORAL ANALYSIS OF THE IMPACT OF CORPORATE GOVERNANCE MECHANISMS ON DIVIDEND PAYOUT: EVIDENCE FROM LISTED NON-FINANCIAL FIRMS IN SELECTED SUB-SAHARAN AFRICAN COUNTRIES

Omoruyi Aigbovo[1] Osaze Ogieva[2]

The study investigates the sector-wise effect of corporate governance mechanisms on the payout of the dividend of listed non-financial firms in selected sub-Saharan African countries, covering a period of 2007 to 2017. The study utilized causal research designs and all the non-financial firms in eleven (11) sub-sectors listed on the Nigerian, Johannesburg, and Nairobi Stock Exchanges make up the population. The utility sector did not meet the specific financial data relating to the variables of interest, hence, it was removed from the data set. Thereby, bringing the total subsectors to ten (10). The Taro Yamani and the sample filtering technique were used to ascertain the sample size. Two hundred and thirty-nine (239) quoted non-financial firms in ten (10) sub-sectors constitute the sample size. The study employed the System Generalized Method of Moments (SYS-GMM) to analyze the data. The findings show that corporate governance mechanisms play some important roles in explaining dividend payout in all the sectors. However, the nature of the nexus and the effect of corporate governance mechanisms on the payout of dividends varies by sector of operations which could be attributed to sectoral differences, risk exposure, financial and operational events. Resulting from these findings, the study recommends among others that regulatory authorities should ensure that firms continue to comply strictly with their corporate governance codes in other to minimize market infractions and boost stockholders' confidence and in so doing stimulating further stock market investment.

Keywords: *Corporate Governance Mechanisms, Dividend Payouts, Sub-Saharan African, Listed Non-Financial Firms, System Generalized Method of Moments*

JEL Classification: G30, G32, G35

INTRODUCTION

The portion of total profit paid out to ordinary stockholders as dividends are known as Dividend payouts. Payouts of large dividends in a period would decrease resources open for investment in later years and that would result in the propensity of increasing equity or debt in the subsequent year to fund investment. Conversely, a large amount of investment would result in to decrease in funds existing to finance payouts of dividend and accelerate the necessity for financing external debt in the subsequent year to fund payments of dividend (Fumey & Doku, 2013).Prior studies have identified

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several factors influencing corporate dividend payout. Some of these identifiable researched dividend payout factors include liquidity, taxes, agency costs, growth opportunities, profitability, risk, age of firm, corporate governance, and firm life cycle among others. However, the determinants considered in this study are internal corporate governance mechanisms (board size, board gender diversity, board independence, and managerial ownership).

Corporate governance deals with the procedures, structures, and information used for guiding and the organization's management (Mayer, 1999). According to the Organization for Economic Corporation and Development (1999), corporate governance refers to the structure upon which corporations are directed and managed. It is based on such a system that conditions are set for the sharing of responsibilities and competencies amongst the stakeholders involved (stockholders, the management the supervisory board, and the board of directors) and come up with procedures and rules for accepting board decisions. On the other hand, corporate governance mechanisms relate to the instruments techniques, and tools through which corporations ensure accountability; it is the different means upon which stakeholders shape and monitor conduct to be in line with prescribed goals and objectives.

The review of empirical literature reveals that the majority of the existing few empirical studies that have investigated the influence of corporate governance mechanisms on dividend policy in Sub-Saharan Africa countries are single-country studies (Asamoah, 2005; Bokpin, 2011; Papo, 2014; Uwuigbe et al., 2015; Twum, 2015; Ikunda, Muiru & Kamau, 2016 and Odeleye, 2017), which limit the generalizability of the findings to other countries in the sub-region. This study attempts to add to the few existing cross-country studies that have explored the effects of corporate governance mechanisms and firm life cycle on dividend payout in Sub-Saharan countries.

In terms of methodological application, the majority of the prior studies utilized the static panel data regression method to examine the subject matter. The use of the static panel OLS estimators in the analysis of data has a shortcoming in that it fails to deal with the potential simultaneity and endogeneity bias of variables. Static OLS treats the level and lagged values of variables as potentially exogenous; however, the endogeneity of the financial variables has been an important discussion in the econometric literature.Therefore, this study will address simultaneity and endogeneity bias via the use of the system generalized method of moments (GMM) procedure for dynamic panel data models instead of the static OLS estimators employed in prior studies. In effect, this study will improve on previous studies in terms of methods employed in the analysis of the data.

Furthermore, few studies have considered the industry (sector of operations) of the firm in their analysis of the nexus between corporate governance mechanisms and dividend payout in sub-Saharan Africa. Consequently, this study takes into account this vital variable (industry classification/sector). Disaggregating the nexus between corporate governance mechanisms and payouts of dividend into sectors of operations will enable the researcher to find out if variations subsist in the nexus between corporate governance mechanisms and dividend payouts among the industry/subsectors in the selected Sub-Saharan Africa countries.

After this introduction, the review of the literature will be presented in section two. The methodology will be discussed in section three while the focus of section four is the analysis of data as well as interpretation of the result. Lastly, we present the conclusion and recommendations in section five.

LITERATURE REVIEW

Using Australian data, Cotter and Sylvester (2003) explored the impact of board independence on dividend payout of listed firms using panel regression. The result revealed that board independence was not significantly related to the payout of dividends. Jayesh (2006) studied the nexus between corporate governance and the dividend payout for a panel of Indian firms and the time frame for the study covers 1994 to 2000. The researcher included control variables such as the ownership structure, earnings trend, financial structure, investment opportunities, and dividend history in his model. The three-stage least squares (3SLS) and fixed-effects panel regression and regression were utilized in estimating the model. The outcome of the estimation reveals that dividend trends were directly linked with dividend payout. The ratio of debt to equity was found to adversely affect dividend payouts, while, previous investment prospects were positively linked with payouts of dividend. Director ownership was directly linked to payouts dividends while institutional ownership adversely influences payouts of dividends. However, foreign ownership was not significantly linked to the payout of dividends.

Abdelsalam, El-Masry and Elsegini (2008) examined the effect of the board of directors' composition and ownership structure on dividend policies in the top 50 listed Egyptian firms between 2003 and 2005. The results confirm that firms with a higher return on equity and higher institutional ownership have the highest dividend payouts. No significant relationship was established between board composition and dividend decisions. Afza and Mirza (2010) investigate the effect of growth prospects and institutional ownership on dividend policy of firms listed in Karachi bourse during the period spanning 2002 to 2007. They found that payouts of the dividend were directly linked to growth opportunities, the proportion of shares held by insurance companies. However, ownership by institutional investors was found not to be significantly linked to the payout of dividends. The nexus between firm size and payouts of the dividend was not significant.

Ajanthan (2013) examined the influence of corporate governance on dividend payout of Hotels and restaurant firmslisted in Sri Lanka bourse for the period spanning 2006 to 2010. They utilize the size of the board, CEO Duality and board independence as proxy corporate governance while The results of panel regression reveal that CEO duality is negatively related to dividend payouts while the size of the board and board independence were not significantly related to dividend payout. Elmargrhi, Ntim, Crossley, Malagila, Fosu, and Vu (2013) studied the degree to which board characteristics impact dividend payouts of small and medium-sized enterprises (SMEs) in the United Kingdom for the period 2010 to 2013. The multivariate regression techniques together with the fixed effects lagged effects and two-stage least squares regressions were employed in the analysis. The outcome of the estimation reveals that board meetings frequency, board size, audit committee size and board gender diversity was significantly linked to payout of dividend. However, the size of the board and audit committee size has a direct link with the payouts of dividend whereas the board gender diversity and frequency of board meetings have a significant and inverse relationship with payouts of dividend. But board independence and CEO duality fail the significance test.

In a study carried out in the USA by Van Pelt (2013) to find out if board characteristics affect dividend policy of all S&P 500 companies for the period 2008 to 2011. The regression outcomes revealed that board size was directly linked to dividend policy. The result further revealed that directors' tenure, insiders' ownership, the proportion of inside directors, and the proportion of women on board fail the significance test. Vo and Nguyen (2014) examined the nexus amongst managerial ownership, leverage, and dividend policies of listed companies in Vietnam bourse during the period 2007–2012. The data was estimated using three-stage least squares (3SLS) on a sample of 81companies. The result reveals that managerial ownership adversely affects leverage. Also, the results confirm the pecking order theory, which predicts a negative nexus between leverage and dividend. But, managerial ownership directly influences dividends and this is inconsistent with theoretical expectations. The implication of this is that companies having higher levels of managerial ownership are deliberately maintaining a higher level of dividends.

Papo (2014) explored the nexus between corporate governance and payout of dividends for a sample of one hundred and nine companies quoted on the Johannesburg bourse over the period 2009 - 2013. Using panel data analysis, the results indicate that the composition of the board is directly linked to the payout of dividends whereas institutional ownership adversely influences the payout of dividends. The result also shows a direct relationship between the growth of the firm and the payout of dividends. Uwuigbe, Olusanmi, and Iyoha (2015) investigated the link between corporate governance mechanisms and the payout of the dividend of companies in Nigeria for the period 2006 – 2011. CEO duality, ownership structure, board independence, and board size were used as corporate governance measures while the ratio payout of the dividend was proxy with the dividend per equity share/earnings per share. The regression result revealed that CEO duality, ownership structure, board independence, and board size direct and significant influence on payouts of dividend.

Chin, Mei, Loo, Tin, and Won (2015) examined the impact of corporate governance on dividend policy in the trading/services sector in 182 out of 196 firms quoted in Malaysia bourse for the period 2009 to 2013. Corporate governance mechanisms were measure with CEO tenure, CEO duality, CEO ownership, board independence, and board size while dividend policy was measure with dividend yield. Also, growth opportunities, profitability, and company size were utilized as control variables. Fixed effects model (FEM), random effect model (REM), and Pooled OLS regression were utilized in the data estimation. The result reveals that an increase in the board size and board independence will result in to increase in dividend yield. Apart from that, anelongated CEO tenure will lead to higher dividend yields. On the others hand, dividend yields positively influence by the company profitability. CEO ownership and CEO duality fail the significance test with a negative sign.

Ahmed, Heba, and Mohamed (2016) investigated the link between corporate governance and dividend payout of Egyptian companies for the period 2006 – 2011. Corporate governance was measured by CEO-duality board size, board independence, and board composition. Leverage, profitability, and firm size were the control variables. Dividend payout was measured by dividend decision of firms (dummy variable represented with "1" if the firms pay dividends and "0" if they do not pay) and dividend payout ratio (measured by the dividend per share/the earnings per share). Binary logistic estimation was employed in the data analysis. The result reveals that CEO-duality and board size exhibit positive and significant effects on the payout of dividends. Board composition showed a meaningful and inverse relationship with dividend decisions. For the control variables, leverage and return on asset showed an insignificant direct link with the payout of dividends whereas the size of the company showed an insignificant and inverse relationship.

Using a sample drawn from Spanish-listed non-financial firms Pucheta-Martinez and Bel-Oms (2016) explored the impact of corporate governance on dividend policy for the period 2004 – 2012. Gender diversity, board independence, institutional owner, and the proportion of shares held by female directors on board were the governance variables utilized in the study. The result from the panel regression reveals that gender diversity, board independence, institutional stockholders, and the fraction of shares held by female directors positively and significantly impacted the dividends policy of Spanish companies. A direct link was also established between the fraction of shares held by female directors and dividend payout. After removing firms with losses from the sample, the result shows that the proportion of female directors positively influenced dividend policy, while the percentage of institutional and executive female directors negatively affects dividend policy.

Camilo de Oliveira (2016) examined the effect of corporate governance and culture on dividend policy in developed and emerging countries for the fiscal year 2014. The sample composed of 1,232 non-financial firms in the core indices of thirty-eight developed and emerging nations. Pooled regression analysis was utilized in the study. The ASSET4 index of corporate governance performance computed by Thompson Reuters was used to proxy the quality of firm-level corporate governance while culture was proxy by the three of Hofstede's country – culture measurements: masculinity, uncertain avoidance index, and indulgence. Company size, leverage, sales growth rate were the control variables. Payout of the dividend was proxy with the total dividend paid/total assets. Pooled regression was employed in the analysis of data. Results of the estimation reveal that firms having high corporate governance quality pay a higher dividend. With regards to culture, the result shows that firms having a higher level of uncertainty avoidance and masculinity have a low ratio of dividend payout. Conversely, a higher level of indulgence nations displays a higher ratio of dividend payout. They also found that corporate governance and cultural factors impact on dividend policy varies for emerging or advanced nations.

A study was conducted for industrial firms in the USA by Uitttenbogaard (2016) to determine the nexus between board independence and the payout of dividends for the period 1996-2014. The data analysis was carried out using panel regression. The result reveals that firms without a majority of independent directors in the pre-SOX period experience a meaning fully morerise in dividend payout ratios in the post-SOX period than firms who previously had a majority of independent directors in the pre-SOX period. The rise in dividend payout ratios is lesser for companies with large block owners since they serve as independent directors as external monitors. The study finds no support for the substitution effect in films that are highly leveraged.

Abubakar and Muhammad (2017) explored the influence of board gender diversity on dividend payments in the context of emerging markets (Russia, India, and China) for the period 2007 – 2014. The result from the panel OLS regression reveals that board gender diversity is negatively and significantly related to cash dividend payments in the three sample economies. Furthermore, they find that ownership by the state was directly moderating the nexus between gender diversity and payments of dividends. This result only holds for China and Russia. Additionally, their result indicates that board gender diversity and dividend payments were negatively related and more obvious for the period of the financial crisis. Nevertheless, ownership by the state was not significant for the period of the financial crisis.

Al-Rahahleh (2017) conducted a study to find out if corporate governance quality affects the dividend policy for all non-financial companies listed on Amman bourse spanning the period 2009-2015. The data was estimated using the logistic regression method. The result of the shows logistic regression indicates that corporate governance quality and board gender diversity have a direct effect on dividend policy.

In Peru Montalvan, Barilla, Ruiz, and Figueroa (2017) conducted a study to find out if the Corporate Governance Code implementation affects the dividend payout ratio of firms listed in Lima bourse for the period 2007 to 2015 using the unbalanced panel data model. The outcome of the generalized least square (GLS) estimate shows that companies that have implemented of Corporate Governance Code pay more dividends although the dividend payout always exhibits an inverse relation with the ownership concentration.

Odeleye (2017) examined the influence of corporate governance on the payout of the dividend of Non-financial companies listed in the Nigerian bourse for the period 1995-2012. The governance indicators utilized include; managerial shareholding, size of the board, number of independent directors, and institutional shareholders while payout of the dividend was proxy by dividend per share. Gross earnings and Profit after tax were the control variables included in the model. The analysis was conducted utilizing the Generalised Method of Moments estimation technique. The result reveals that the institutional investors, number of independent directors, previous dividend, gross earnings, and profits after tax were significantly related to payouts of dividend.

Based on the review of empirical studies, the board size, board independence, board gender diversity, and managerial shareholding/ownership were selected as proxy for corporate governance mechanisms. The choice of these variables is based on the availability of data for the period of the study. Hence, the following hypotheses stated in the null form are tested in this study:

Hypothesis 1: Board size has no significant effect on the dividend payout of listed non-financial firms in selected Sub-Saharan Africa countries.
Hypothesis 2: Board independence has no significant effect on the dividend payout of listed non-financial firms in selected Sub-Saharan Africa countries.
Hypothesis 3: Board gender diversity has no significant effect on the dividend payout of listed non-financial firms in selected Sub-Saharan Africa countries.
Hypothesis 4: Managerial shareholding/ownership has no significant effect on the dividend payout of listed non-financial firms in selected Sub-Saharan Africa countries.

METHODOLOGY

The study employed a causal research design. The study concentrates on the entire listed non-financial firm in the three (3) selected sub-Saharan Africa Countries Bourses – (Nigerian Bourse, Johannesburg Bourse, and Nairobi Bourse) as of 31st December 2017. The entire Four hundred and seventy-nine (479) non-financial firms in eleven (11) sub-sectors quoted on the three stock exchanges as of 31st December 2017 make up the population. Taro Yamani (1967) and the sample filtering technique were used to ascertain the sample size of this study. Taro Yamane's sample selection formula is given as $n = \frac{N}{[1+(Ne^2)]}$. **n** is the sample size (sample size of the listed non-financial firms), **N** indicates the entire elements in the population (population of listed non-financial firms used), one (1) is a constant, **e** is the margin of error or error limit of which is 5% or 0.05 in this study. Thus, a minimum sample of 218 non-financial firms that represents 45.5% of all the listed non-financial firms on the Nigerian, South African, and Kenyan Stock Exchanges are selected from the population using the Taro Yamane sample selection technique. However, the final sample size of two hundred and thirty-nine (239) was selected using the sample filtering technique based on the availability of data and possession of the requisite information in the period under focus. The breakdown of the subsector of the two hundred and thirty-nine (239) non-financial firms is as follows: Conglomerates (8), Consumer Discretionary (52), Consumer Staples (37), Energy (11), Healthcare (11), ICT (17), Industrial (32), Materials (51) Real Estate (8), Telecom (9) and Utilities (3). However, the Utility sector was excluded from the final analysis because the sample size for this subsector was not enough to carry out the system GMM analysis. Thus, analysis was done for ten (10) subsectors. To group companies in different countries into industries, a standardized industry classification is often used. Hence, we utilized the Global Industry Classification Standard (GICS).

Theoretical Framework

Under the agency theory, the two fundamental theoretical perspectives that have been utilized by earlier studies to describe the nexus between corporate governance mechanisms and payouts of dividends are the outcome and substitution hypothesis. According to La-Porta, Lopez-de-Silanes, Shleifer & Vishny (2000) dividends payments are assumed to result from the regime of the corporate governance, and managers of firms that are poorly run are often concerned about their private wealth maximization bynot paying or paying very low dividends to stockholders, meaning that managers in companies that poorly run, retain more cash, which makes it possible for them to expend more free cash flow for their private advantage to the detriment of their stockholders (principal). Payment of dividends is thus lower in firms that are poorly run compare to firms with stronger governance structures (La-Porta et al., 2000 and Chen & Steiner, 1999). The accessibility of 'free excess cash flow' will encourage managers of poorly governed firms to invest and grow the company size (e.g., through empire building mergers and acquisitions) even without projects with positive net present value (NPV) (Jensen, 1986, 1993). On the other hand, managers in well-governed firms are anticipated to act in stockholders' best interest, by chasing policies that maximize wealth, for instance increasing dividend payments (DeAngelo, DeAngelo &Stulz, 2006). Thus, the prediction of the outcome hypothesis is that payout of dividend and corporate governance is positively related.

In contrast, the substitution hypothesis assumes that companies that are poorly run tend to pay more dividends to create a good reputation with stockholders, i.e., companies with poor governance pay more to cover for their poor governance. This hypothesis posits that payout of dividends substitute for the quality of corporate governance, where managers in poorly run companies are inspired to pay more dividends to create a reputation that is good with stockholders. By creating a good reputation with stockholders, companies with governance structures that are very poor/weak will be capable of attracting future outside the capital with low costs it usually cost such companies to bring in outside funds (La-Porta et al., 2000). Shareholders find out that companies with poor governance are likely to be more susceptible to managerial entrenchment. Therefore, they ask for more dividends from companies with poor/weak governance than from companies with governance that is strong; considering that dividend payments would reduce the free cash flow, thus decreasing what was available for expropriation by unscrupulous managers (Jiraporn, Kim & Kim, 2011). In line with this perspective, the payout of dividends might be used by companies that are poorly governed as a substitute governance mechanism to reduce possible clash of interest between shareholders and managers (Sawicki, 2009). Therefore, the substitution hypothesis expects that poorly governed firms have a more necessary to create a reputation that is positive through payment of higher dividends. Contrary to outcome hypothesis predictions, the substitution hypothesis anticipates that governance structure is inversely linked to the payout of dividends.

Agency theory provides the basis for governance standards and attempts to resolve any conflicts of interest in corporate firms/companies (Maher & Anderson, 1999). Additionally, the importance it extends to equity financing makes it most suitable for this study given that our focus is on listed firms. One of the shortcomings of agency theory is its reliance on an assumption of self-interested agents who intend to maximize private economic wealth (Bruce, Buck & Main 2005). The company's board is one of the solutions for resolving agency conflict. The board stands between the shareholders and the managers. The ratification of investment decisions as well as the replacement of management on behalf of the shareholders is done by the board (Thomsen & Conyon 2012). Kang and Lee (2007) believe that since the function of the board is to protect the interests of the shareholders then the board should contain members that are representative of these shareholders. Shareholders are not homogenous, so a homogenous board is not representative of a heterogeneous group of shareholders; therefore a more diverse board in terms of gender, as well as larger board size and board independence, will be better for resolving the agency problem.

Model Specification

Following the theoretical and empirical deliberations along with the availability of data, the model of Papo (2014); Abubakar & Muhammad (2017), and Odeleye (2017) were adopted and modified for variables built into proxy corporate governance mechanisms as well as variables controlled for to account for other factors that could affect dividend payout. The model is stated in a functional form in equation 3.1 below:

Dividend Payout = *f* (BSIZE,GENDIVS, BIND, MAO, Profit, Firm Size) ……………... (3.1)

The dynamic panel data model is stated in an econometric form in equation (3.2) as:

$DIVPAY_{it} = \beta_0 + \beta_1 DIVPAY_{it-1} + \beta_2 BSIZE_{it} + \beta_3 GENDIVS_{it} + \beta_4 BIND_{it} - \beta_5 MAO_{it} + \beta_6 PAT_{it} + \beta_7 FSZE_i +$

$SEC_{1it} \ldots SEC_{nit} + \tau_t + \psi_i + \mu_{it}$ …………………………………………………….…… (3.2)

$\beta_0 - \beta_7$ are coefficients of the parameters to be estimated. The subscripts *i* and *t* refer to specific firms and periods (2007 - 2017) respectively. $DIVPAY_{it-1}$ has lagged dependent variable and its inclusion in the model is to address the possible endogeneity of the explanatory variable which comprised the possibility of variables omission, simultaneity, and error of variable measurement in the context of dynamic panel data technique.

Description of Variables

$DIVPAY_{it}$ = Dividend payout of firm *i* at time *t*

$DIVPAY_{it-1}$ = Lagged value of the dividend payout of firm *i* at time *t*

$BSIZE_{it}$ = Board size of firm *i* at time *t*

$GENDIV_{it}$ = Board gender diversity of firm i at time t.

$BIND_{it}$ = Board independence of firm i at time t.

MAO_{it} = Managerial ownership of firm i at time t.

PAT_{it} = After profit tax margin of firm i at time t**.**

$FSZE_{it}$ = Size of firm i at time t.

SEC_{1it}denotes sector 1

SEC_{nit} denotes sector n

τ_t =effects of time.

ψ_i =specific fixed effects of the firm.

μ_{it} = the error term for firm*i* at time t.

The *a priori* expectations of the study are of the form: β_1, β_2, β_3, β_4, β_6, and $\beta_7 > 0$; $\beta_5 < 0$.

The *a priori* signs of the independent variables mean that the variables in the models are anticipated to impact dividend payout according to the theoretical framework underpinning the study along with the affirmation of existing studies.

Variables Measurement

Table 1: Operational Definitions of the Variables

S/N	Variable	Variable Type	Measurement	Sources
1	Dividend Payout (DIVPAY)	Dependent Variable	Total yearly dividends paid divided by the Net profit of the company	Hommel (2011)
2	Boar Size (BSIZE)	Independent Variable	The entire members/directors on the board.	Agha, et al., (2015)
3	Gender Diversity (GENDIV)	Independent Variable	Percentage of female director in the board composition	Abubakar and Muhammad (2017)
4	Board Independence (BIND)	Independent Variable	Percentage of directors' shareholding to total shares in the paid-up share capital	Agha, et al., (2016)
5	Managerial Ownership (MAO)	Independent Variable	The sum of shares owns by executive directors, managers, and their relatives divided by the entire share capital of the firm.	Ezeagba (2017)
6	Profitability (PAT)	Independent Variable/Controlled variable	Profits after tax divided by sales	Agha, et al., (2017)
7	Firm Size (FSZE)	Independent Variable/Controlled variable	The logarithm of total asset	Fodi and Walid (2010)

Source: Researcher's Compilation, (2018).

Methods of Data Analysis

In this paper, descriptive and inferential statistical techniques are used to perform the data estimation. The descriptive statistics include descriptive and correlation analysis. In terms of the inferential statistic, we employed the dynamic panel data regression technique.

EMPIRICAL ANALYSIS

Statistical Analysis

Descriptive Statistics for the Subsector

The descriptive statistics for the data and variables in each of the sectors are reported in Table 2. The average dividend payout is highest for the telecommunications sector with a mean value of $100.24 per share on annual basis. This value far exceeds each of the other sectors in the group. For instance, the next highest mean payout value is $71.53 for the Real Estate sector.

Table 2: Descriptive Statistics of Variables for Subsectors

	Industrial		Material		ICT		Healthcare		Energy	
	Mean	S.D	Mean	S.D	Mean	S.D	Mean	S.D	Mean	S.D
DIVPAY	26.86	218.37	1.92	1.93	2.21	1.85	25.20	46.76	38.08	167.61
BSIZE	8.78	2.75	9.16	3.18	8.06	2.49	9.72	2.78	8.54	2.71
GENDIVS	11.73	12.58	11.77	10.49	13.89	15.08	15.28	11.98	9.95	9.30
BIND	63.03	14.14	65.72	17.70	61.54	15.41	67.86	17.86	60.84	16.54
MAO	14.94	20.00	13.83	22.02	34.78	167.79	21.17	22.82	10.16	18.69
RE_TE	197.91	3618.99	-3.21	135.08	9.95	65.27	26.72	72.91	4.03	61.99
FAGE	25.83	17.14	26.41	22.61	15.52	9.42	22.09	12.20	24.15	11.56
PAT	4.55	11.24	-247.92	1713.06	2.40	31.49	2.00	22.96	-120.03	1214.60
SIZE	11.57	2.00	11.80	2.63	10.60	2.02	11.47	2.63	12.40	1.69

	Conglomerates		Real Estate		Telecommunications		Consumer dicr		Consumer staples	
	Mean	S.D	Mean	S.D	Mean	S.D	Mean	S.D	Mean	S.D
DIVPAY	41.87	64.68	71.93	126.11	100.24	741.87	35.33	108.37	6.29	5892.27
BSIZE	10.08	4.44	9.43	2.29	9.86	2.39	9.28	17.41	10.32	2.83
GENDIVS	6.85	10.37	16.28	7.70	12.62	12.14	13.52	11.81	12.65	10.64
BIND	67.95	11.49	68.62	8.65	64.73	16.69	9.28	3.15	68.47	15.90
MAO	18.13	26.41	18.05	28.65	28.81	27.22	18.64	22.74	4.16	9.61
RE_TE	1.40	38.37	11.12	15.50	7.94	59.97	33.82	427.79	22.18	211.60
FAGE	29.88	10.98	14.15	6.99	11.21	8.16	22.94	19.00	31.67	19.32
PAT	1.27	20.75	64.77	80.13	4.92	8.71	6.17	18.23	2.56	97.69
SIZE	12.57	1.62	13.47	1.24	11.54	2.91	11.44	2.08	12.24	1.95

Source: Author's Computations, (2018).

A major highlight in this outcome is that dividend payout among the subsectors for the analysis appears to be higher for the services sector than for any of the other sectors. Indeed, the payout figure closest to the first two is $41.87 for the conglomerate's sector. This indicates the dominance of the services sector in selected sub-Saharan Africa (SSA) countries' stock markets in terms of payout of dividends. It should however be noted that the standard deviations of the dividend payout are particularly high with the respective mean values) for the two services sector variables. The standard deviation value of 741.87 for the telecommunications sector and 126.11 for the Real estate sector indicate high degrees of variations for the period of the study or across the companies within each of the sectors. Although the dividend payout values are high, these sectors also exhibit the highest within-sector or time-based discrepancies.

The mean value of dividend payout is lowest for the Material sector at $1.92 over the period. The standard deviation of the mean value is also low for the payout among the firms, suggesting that the low value is highly characteristic of the firms in the sector and over time. Thus, along with the ICT sector (with a mean payout value of $2.21), the material sector in selected sub-Saharan Africa (SSA) stock exchanges appear to have the lowest dividend payout among the selected sub-sectors, however, the value is stable across firms and over time.

The average board size is higher in the consumer staples and conglomerate subsector (with approximately 10 members) and this is the largest board in the entire sector considered. The average mean value of 10 board membership is high and indicates large board management among the firms in the consumer staple and conglomerate subsector. This is higher than the optimal number of 7 to 8 suggest by Jensen (1993). The mean board size value appears to be stable across firms and over the period. All the other sectors have an average board size of between 8 and 9membership, which is generally moderate and perhaps, more easily manageable. Gender diversity among the sectors is generally low since the highest proportion of board with female members in any of the sectors is in real estate (16.28 percent) and Healthcare (15.28 percent). These proportions suggest a relatively low representation of women on the boards of most of the firms in the selected SSA stock exchanges. Not even one of the sectors was able to raise female board members to 25 percent representation. Thus, on a general note, the firms in the selected SSA markets exhibit low gender diversity. The mean value is lowest in the conglomerate's sector with just 8.6 percent of female representation.

Board independence appears to be quite high for most of the sectors in the sample. Apart from the consumer discretionary sector with a dismally low proportion of 9.29 percent, the average percentage of directors' shareholding to total shares in each of the sectors generally lie over 60 percent. The value for the consumer discretionary sector sharply contrasts those of the other sectors, though the value also aligns with the very high board size initially noted for the sector. Thus, there is the suggestion that board arrangements in the consumer discretionary sub-sector are generally not the same as with other sampled sectors in the selected SSA Stock Exchanges. The managerial ownership of a firm is the other variable of the corporate governance mechanism utilized in the study. The mean ratio of total shares owned by executive directors, managers and their relatives to the entire shares capital of the company in the sectors is highest for the ICT sector at 34.78 percent and lowest for the energy sector at 10.16 percent.

The average earned/contributed capital mix in the sample is highest in the industrial sector (as it is to be expected given the nature of activities in the sector). However, the standard deviation value for this variable is very high for the industrial sector, indicating a high degree of variations among the firms in the sector. In contrast, the earned/contributed capital mix value is negative for the Material sector at -3.21 percent. Moreover, firms in the consumer staples sector seem to be the oldest with an average age of 31.67 years, while firms in the telecommunications sector are the youngest on average at 11.21 years. It, therefore, shows that younger firms appear to pay more dividend payout than older firms in the sample. Average profits are highest for the real estate sector but lowest for the material sector (which made losses on average over the sample period). Firms in the conglomerate's sector are the largest on average with the log of the total asset at 12.57, while firms in the ICT sector are the smallest on average. The low standard deviation values for each of the size mean indicators suggest that the mean values are generally similar across the firms in each sector.

Correlation Analysis

Table 3 reports the initial patterns of association between pairs of variables in the analysis based on the correlation tests. In particular, we seek to establish the direction and strength of the relationships among the explanatory variables in the specified models. From Table 3, it is seen that the correlation between gender diversity and board size is direct and significant. This implies of this is that larger boards tend to have more women. The implication of this is that small boards will generally have little room for female participation. Similarly, a significant and direct nexus exists between the independence of the board and the size of the board for the dataset, indicating that larger boards contain more external participation. A significant positive correlation coefficient is also shown for board diversity and board independence, which indicates that the more independent board is the larger the proportion of women in such boards.

Table 3: Correlation Matrix

	Divpay	Bsize	gendivs	Bind	Mao	Pat
Bsize	0.004					
	(0.851)					
gendivs	0.02	0.15**				
	(0.33)	(0.00)				
Bind	-0.011	0.274**	0.130**			
	(0.59)	(0.00)	(0.00)			
Mao	0.001	-0.109**	-0.042*	-0.122**		
	(0.96)	(0.00)	(0.03)	(0.00)		
Pat	0.000	-0.001	0.046*	-0.018	0.016	
	(0.99)	0.94	0.02	0.35	0.41	
Size	-0.015	0.619**	0.206**	0.316**	-0.129**	0.038**
	(0.45)	(0.00)	(0.00)	(0.00)	(0.00)	(0.05)

Note: * and ** denotes significance at 5% and 1% respectively.

Source: Author's computations, (2018).

Managerial ownership of companies has a significant inverse correlation coefficient with each of the board variables. This means the larger the proportion of the firm owned by management, the smaller the board size, the less the number of women involved, and the less independent the board will be. This is the expected position for the relationships. Profit has no meaningful correlation with the other independent variables while firm size has a significant and direct relationship with all other explanatory variables.

Panel Unit Root Analysis

In the GMM estimation procedure, data used are assumed to be time-invariant and to possess mean and variances that are constant over time. Thus, the first step in analyzing panel data is to test the characteristics of the time series in the data, beginning with the test of stationarity. Given that panel data are utilized in the study, a panel unit root test is therefore adopted in confirming the features of the time series of the data. Thus, the unit root tests should possess firm-specific characteristics, different from the pure time series analysis. This is done through the homogenous panel unit root tests [Levin, Lin & Chu

(LLC)] and heterogeneous panel unit root tests [Im, Pesaran, and Shin (IPS) and Augmented Dickey-Fuller Fisher test]. Both tests' outcomes are shown in Table 4 Indeed if the data possess mean and time-dependent variances then the panel is said to be non-stationary and would not likely generate estimates that are efficient or consistent.

Table 4: Panel Unit root test result

	Homogeneous Unit Root Process				**Heterogeneous Unit Root Process**			
	Level		**1st Diff**		**Level**		**1st Diff**	
Variables	**LLC**	**Breitung**	**LLC**	**Breitung**	**IPS**	**ADF-Fisher**	**IPS**	**ADF-Fisher**
Bsize	-5.84**	-1.36	15.5**	-3.4**	-2.45**	144.6**	-7.07**	234.9**
Gendivs	-29.5**	-1.17	-22.6**	-6.03**	-8.19**	203.2**	-9.39**	264.9**
Bind	-2.39**	-0.94	13.96**	-4.32**	-2.39**	148.3**	-7.84**	247.3**
Mao	-6.75**	-1.08	-15.4**	-3.22**	-2.42**	151.2**	-7.56**	247.9**
Pat	-0.99	-0.51	-7.95**	-4.18**	1.75	51.7	-3.27**	109.6**
Size	-8.11**	-1.02	-6.48**	-3.00**	-0.89	117.5	-2.96**	166.6**

Note: * and ** connotes significance at 5 and 1 percent respectively.
Source: Author's computations, (2018).

From Table 4 of unit roots tests, the levels variables are all significant concerning the test statistics at either the 1 percent levels based on the LLC, IPS and ADF-Fisher tests. Only the Breitung test reports non-significant test values for all the variables in levels. This shows that we cannot reject the null hypothesis of the stationarity for all the variables at levels, suggesting that the variables among the firms do not follow a defined pattern of movement over any given period. The variables are not time-dependent. However, the result also shows that for the first difference variables, all the test statistics are significant, thereby leading to the rejection of the null hypothesis of no unit roots in the first differences. These findings clearly show that most of the variables are stationary both in level and at first differences. . The homogenous and heterogeneous panel unit root tests also support this finding since the variables are also stationary after the first difference; we then proceed to ascertain their long-run relationship. Note that the test for firm age is excluded since the variable is exclusively time-based.

Panel Cointegration Test

Having confirmed that the analyzed series in the panel is characterized by unit-roots as well as integrated of order I(I), there is a need to investigate if they are cointegrated. The result from the Pedroni's and Kao panel cointegration tests is shown in Table 5.

Table 5: Panel Cointegration Test Results

Pedroni Test					**Kao Test**
Eqtn: Governance mechanism					
Alternative hypothesis: common AR coefs. (within-dimension)					
	Statistic	Prob.	Weighted Statistic	Prob.	-4.684 Probability = 0.00
Panel v	-10.77	1	-11.82	1	
Panel rho-	15.93	1	15.94	1	

Panel PP-	-21.01	0	-24.96	0	
Panel ADF-	0.11	0.54	-2.54	0.0056	
Alternative hypothesis: individual AR coefs. (between-dimension)					
Group rho-	21.68	1			
Group PP-	-41.89	0			
Group ADF-	-2.73	0.00			

Source: Author's computations, (2018).

Given that the study focuses on the long run and integrated processes, the test for the existence of a common stochastic trend is also conducted. This involves the existence of a cointegrating relationship between dividends and other corporate governance variables. This test also enables us to confirm the application of GMM technique in the estimation. Table 5 reveals the test result for the Pedroni's and Kao panel cointegration on the series that is between the dependent variable and the independent variables for the specified model. The calculated figure of the statistics based on estimators that pool the autoregressive coefficient across different countries for the unit root tests on the estimated residuals is shown on the columns labeled within-dimension while the calculated figure of the statistics based on estimators that average individually computed coefficients for each country is shown on the section labeled between-dimension. In the test results, the null hypothesis is "no cointegration exists among the variables".

From the results of the test, it can be seen that the tests based on Pedroni residual all report values that are significant at the 1 percent level for the grouped and ungrouped tests. All test processes, including rho, PP, and ADF are significant for both the within and between tests (at the 1 percent level). Hence, the null hypothesis of no cointegration is rejected for the combination of the variables, with each of the dependent variables.

Analysis of the GMM Estimates

Given that the panel estimates suggest that the effects of the explanatory variables on dividend payout could vary with controls imposed on the variables, there are implications for sectoral outcomes. Hence, in this section, the results of the estimations of the models on a sectoral basis are presented. The utility sector is excluded from the sectoral analysis because the sample size for this subsector was very small.

Sectoral Dimension of the Effect of Corporate Governance Mechanisms on Dividend Payout

The results of the sectoral analysis of the impact of corporate governance mechanisms on dividend payout are presented in Tables 6a and 6b. In the results, both the Hasen-J-statistic and A-B tests show impressive estimation outcomes, suggesting that the estimates are appropriate for the interpretations. In Table 6a, the coefficient of the lagged dependent variable is significant at the 1 percent level for each of the sectors. However, the coefficient is only positive for the industrial sector, with a coefficient of 0.168. There are two implications for these outcomes. First, the result shows that dividend payout for the material, ICT, healthcare, and energy sectors are inherently unstable, with any short-term deviation leading to spiraling disequilibrium in the long run. Second, the estimated dynamic term for the industrial sector shows that though there is long-run stability in the sector in terms of dividend payout, such stability is only achieved over a long period since the size of the adjustment factor (0.168) is small.

Considering the individual coefficient of the independent variables, Table 6a reveals that board independence is significant and positive for industrial and material subsectors while it is negative for health care and energy sectors. It fails the significant test at the 5 percent level for the ICT sector. Gender diversity is significant and negative for industrial and material sectors, but positive for ICT, real estate, and consumer staples subsector, while it fails the test for the health care and energy sectors. The coefficient of the size of the board is significant and negative for material and ICT but positive for the energy sector. The only material sector has a significant effect from managerial ownership and the effect is negative. The nature of the signs and significance of the corporate governance variables indicate that there is no given and outlined pattern of the effects of these variables on the payout of dividends among the sectors.

Table 6a: Sector-based Corporate Governance Mechanisms and Dividend Payout Results

Variable	Industrial	Material	ICT	Healthcare	Energy
$DIVPAY_{t-1}$	0.168**	-0.315**	-0.139*	-0.608**	-0.212**
BIND	0.037*	0.024**	0.177	-0.219	-2.404**
GENDIVS	-0.051**	-0.036**	0.052**	0.166	-1.178
BSIZE	0.005	-0.097**	-0.023**	-0.096	2.634**
MAO	-0.125	-0.073**	-0.258	-1.121	0.424
PAT	0.120**	0.001**	0.008	-0.031	-0.075
SIZE	0.138	0.327**	0.045	1.053	-7.011
J	0.025	0.467	0.354	0.802	0.847
A-B AR(1)	-7.331**	-6.144**	-6.451**	-7.247**	-7.352**
A-B AR(2)	-0.883	-0.252	-0.104	-0.211	-0.198
N	374	539	187	121	121

Note: * and ** connotes significance at 5 and 1 percent levels respectively
Source: Author's computations, (2018).

In Table 6b, the results for the influence of corporate governance variables on the payout of dividend based on sectoral distribution is continued. The coefficient of lagged dependent variable fails the significance test for the telecommunications sector, while it is significant in each of the other sectors (conglomerates, real estate, consumer discretionary, and consumer staples). The coefficient is however only positive for the real estate sector, with a relatively high value of 0.446. This suggests that adjustment to long-run equilibrium concerning dividend payout is rather fast for the real estate sector. Board independence has a significant positive coefficient for conglomerates and consumer-staples sector, but negative and significant for real estate and consumer discretionary sectors.

Table 6b: Sector-based Corporate Governance Mechanisms and Dividend Payout Results

	Conglomerates	Real Estate	Telecoms	Consumer Discretionary	Consumer Staples
$DIVPAY_{t-1}$	-0.970**	0.446**	-0.123	-0.149**	-0.233**
BIND	2.659*	-0.161**	-7.733	-0.083**	0.092**
GENDIVS	0.875	0.073**	-5.111	0.045**	-0.025*
BSIZE	-0.437	0.015**	1.677**	-0.022**	-0.009*
MAO	0.670**	-0.232**	1.343**	-0.215**	0.030
PAT	0.358**	-0.002*	3.270	0.053**	-0.002
SIZE	-4.227	1.427**	5.508	0.169**	0.070
J	0.103	0.388	0.201	0.433	0.503
A-R AR(1)	-7.349**	-8.138**	-5.873**	-8.084**	-8.453**
A-B AR(2)	-0.740	-0.462	-0.368	-0.346	-0.922
N	88	88	99	583	396

Note: * and ** connotes significance at 5 and 1 percent levels respectively
Source: Author's computations, (2018)

Gender diversity has significant positive coefficients for real estate and consumer discretionary sectors, but a significant negative coefficient for the consumer staples sector. Board size has significant positive coefficients for real estate and telecommunication sectors, but negative coefficients for consumer staples and discretionary sectors. Managerial ownership has a significant positive coefficient only for the conglomerate's sector. In general, therefore, there appears to be a lot of sector-specific differentiations in terms of the impact of corporate governance variables on dividend payouts of companies in the selected Sub-Saharan Africa countries from the analysis.

Summary of Direction of Effects

In Table 7, the results of the summary of the sectoral dimensions of the link between corporate governance variables and the payout of dividends are presented.

Table 7: Summary of Coefficients by Subsectors

Sector	**Corporate Governance Mechanisms and Dividend Payout**				
	Bsize	**Gendiv**	**Bind**	**Mao**	**CGM**
Industrial	+	-	+	-	+/-
Material	-	-	+	-	-
ICT	-	+	+	-	+/-

Healthcare	-	+	-	-	-
Energy	+	-	-	+	+/-
Conglomerates	-	+	+	+	+
Real Estate	+	+	-	-	+/-
Telecommunications	+	-	-	+	+/-
Consumer Discretionary	-	+	-	+	+/-
Consumer Staples	-	-	+	-	-
Average	-	+/-	+/-	-	+/-

Source: Author's computations, (2018).

In Table 7, it can be seen that size of the board had a direct effect on the payout of dividends for four of the subsectors and a negative effect on six of the subsector. Similar outcomes were found for managerial ownership. Board gender diversity had a positive impact on dividend payout for five subsectors and a negative effect for five subsectors as well. This implies that in general, the outcome of the direction of effects of these variables is sector-specific and may be susceptible to sector influences in the market. Thus, the coefficient of board size and managerial ownership has a predominantly negative coefficient among the firms for the corporate governance mechanism variables. Another way to consider the summary table is to look at the general outcome for the corporate governance mechanisms (CGM) variables. From the result, corporate governance mechanism variables have a positive impact (on average) on the conglomerate's sector, while the effect on the material sector was negative, healthcare, and consumer staples sectors. In general, the CGM also has an indecisive impact on the firm payout of dividends.

DISCUSSION OF FINDINGS

The previous year's dividend ($DIVPAY_{t-1}$) has a significant and direct effect on the current year's dividend payout of industrial and real estate subsectors. The implication of this is that the previous year's dividend payment increases the likelihood of dividend payment for the current year for firms in industrial and real estate subsectors. This finding is in support of Litner's (1956) and Twu's (2010) results.

For corporate governance variables, the coefficient of *board size* is significant and positive for energy, real estate, and telecom subsectors at the 1 percent or 5 percent levels. The positive and significant link between board size and dividend payout in energy, real estate, and telecom sub sectors is in agreement with theoretical expectation. This finding implies that when the size of the board is reasonably large, the members use their power to influence dividend payouts. This finding is also substantiated in past studies by Bokpin, (2011); Thomas, (2013); and Uwuigbe et al., (2015); Agha et al., (2016), and Adamu et al., (2017). In contrast, the result does not support Asamoah (2005); Ajathan (2013), and Tahir et al., (2014); who found that the nexus between board size and payout of dividend is direct but not.

Board gender diversity (GENDIVS) has a direct and significant effect on payouts of dividends in ICT, real estate, and consumer staples subsectors. The direct and significant nexus between board gender diversity and payout of dividend in ICT, real estate, and consumer staples subsectors is in agreement with *a priori* expectation. This finding implies that an increase in the number of female board members of firms in these subsectors will result in to increase in the payout of the dividend of the firms in these subsectors. The finding of the study in this regard is quite in tandem with some prior studies. For instance, it is consistent with Thomas (2013); Pucheta-Martinez & Bel-Oms (2016); Adamu et al., (2017), and Al-Rahahleh (2017) who found a direct relationship between board gender diversity and dividend payout.The result is however not consistentwith that of Islam (2012); Gill et al.,(2013); Twum (2015), and Abubakar & Muhammad (2017) who found direct nexus between board gender diversity and payout of the dividend of quoted companies.

Board independence was directly and meaningfully linked to dividend payout in the Industrial, material, and conglomerates subsector.Thus, when independent directors dominate the boards it leads to an increase in the payout of the dividend of firms in industrial, material, and conglomerates subsector.The finding of this study in this regard is in tandem with some prior studies. For instance, it is consistent with Asamoah (2005); Uwuigbe et al., (2015); Ahmend et al., (2016); Alias et el., (2016); and Odeleye (2017) who find a direct nexus relationship between board independence and dividend payouts. This finding is inconsistent with that of Al-Najjar & Hussainey (2009) and Shehu (2014) who reported an inverse link between board independence and payouts of dividends.

Managerial ownership exerts an inverse and significant impact on dividend payout in material, real estate, and consumer discretionary subsector. The inverse relationship between managerial ownership and payout of the dividend of firms in these subsectors is in agreement with *a priori* expectation. Implying that, increasing managerial shareholding reduces payouts of the dividend of firms in these subsectors. Furthermore, the indirect link between managerial ownership (shareholding) means that the shareholders of the listed firms in the material, real estate, and consumer discretionary subsector seem not to be well secure against management expropriation. The indirect nexus between managerial ownership and dividend payout found in this study is consistent with the findings of Van-Pelt (2003); Aydin & Cardar (2015); (2016) and Odeleye (2017). The finding is inconsistent with that of Jayesh (2003); Islam (2012); Thomas (2013); Vo& Nguyen (2014) and Ezeagba (2017) who reported a direct link between managerial ownership and dividend payouts.

For the control variables, profitability which is measure as profit after tax margin (PAT) exerts a meaningful and direct impact on the payout of dividends in industrial, material, conglomerates, and consumer discretionary subsectors. The direct link between profitability and payout of dividends in these subsectors is in agreement with *a priori* expectation. The implication of this is that a rise in profitability will result in a rise in the payment of a dividend of firms in these subsectors. The significant and direct link found between profitability and payout of dividends is in agreement with the results of Coulton & Ruddock (2011) and Odeleye (2017), who have documented a direct link between profitability and dividend payouts. Profitable companies tend to pay a higher level of dividends. A significant and direct linkwas found between the size of the firm and payout of dividend in material, real estate, and consumer discretionary subsectors which is in agreement with *a priori* expectation. This result corroborates that of Fama & French (2001); Coulton & Ruddock (2011); Amarjit & John (2012) and Aydin & Cavdar (2015) who reported a direct and meaningful link between firm size and payout of dividend. In contrast, the result is not in support with Chanasit (2014); and Hussein et al., (2016) who found no meaningful link between the size of the firm and dividend payout.

From the results above we can infer that the effect of corporate governance mechanisms on dividend payout differs by sector of operations. A possible explanation could be that macro-economic factors rather than corporate governance mechanisms influence the payout policies of these sectors. Another possible explanation for the sectoral difference could be linked to risk exposure, sectorial diversification factors, operational and financial activities, all of which could affect dividend payment of the different sectors. Hence, our finding suggests that the dividend policies of firms across sectors are generally sensitive to board size, board independence, board gender diversity, and managerial shareholding/ownership. The sectoral difference underscores the need to carry out sectoral analysis so that investors can identify the subsector that will guarantee returns from their investment in terms of dividend payment. The outcome of this study is in tandem with the findings of Odeleye, (2017) who found that there is a significant difference in dividend payout among industries/subsectors.

CONCLUSION AND RECOMMENDATIONS

This study examines the sectoral effect of corporate governance mechanisms and firm life cycle on dividend payout of listed non-financial firms in selected Sub-Saharan Africa countries. The countries selected for the study include; Nigeria, South Africa, and Kenya. The analysis period was for the years 2007 to 2017. Corporate governance was considered in terms of four factors, namely board size, board independence, board gender diversity, and managerial shareholding/ownership while moderating variables are profitability and size of the firm. Given that dividend is often patterned over some time, a dynamic framework was devised for the analysis based on the dynamic panel econometric analysis. To achieve this, the system Generalised Method of Moments (sys-GMM) was utilized in estimating the models to address issues of endogeneity, measurement error, and omitted variables, with robustness checks performed by estimating industry-based relationships. The results obtained in the empirical analysis were found to be robust to both specification and data manipulations. From the empirical analysis, a general outcome of the study is that corporate governance mechanisms play some important roles in explaining dividend payout. However, it is discovered that there are variations in the corporate governance mechanism-dividend payout nexus among the subsectors.

Following the empirical results of this study, the recommendations below are advanced for policy action:

(i) Since the study established that corporate governance mechanisms play effective roles in explaining firm dividend payout, it is therefore required that the board attributes need to be considered in terms of explaining dividend payouts among the selected firms in Sub-Sahara Africa. Larger boards are more desirable if the goal is increasing and sustaining dividend payout among the firms. Furthermore, stockholders should be in support of boards that are fairly large as it will be difficult for all the members to back decisions that favor the self-dealing managers.

(ii) Regulatory authorities in the selected Sub-Sahara Africa countries stock market should continue to make sure that all firms comply strictly with the codes of corporate governance in other to minimize market infractions and boost stockholders' confidence and thus stimulating more investment in their respective capital markets.

(iii) Considering the essential roles of boards in making dividend payout decisions among the firms, there is a need for directors to weigh in on optimality in making a dividend policy decision. Optimality will be achieved when the company's net earnings are effectively separated between dividend payout to shareholders and retained earnings. The boards who seek to retain more of their earnings would have to devise appropriate means of establishing consensus with shareholders who seek to maximize their wealth over time.

(iv) Board of directors of the sub-sectors in which a negative relationship between corporate governance mechanisms (board size, board gender diversity, and board independence) and dividend payout is experienced should sustain a consistent and stable rise in their payment of dividend to maximize the wealth of shareholders and improve other stakeholders' welfare.

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FACTORS AFFECTING CUSTOMER ATTITUDE TOWARD INTERNET BANKING ADOPTION: AN EMPIRICAL INVESTIGATION IN INDIAN CONTEXT

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Present study aims at identifying and empirically examining factors that affect customer attitude toward adoption of internet banking. Based upon the extant technology adoption literature, major factors were identified and empirically analysed in a phased manner performing hierarchical regression analysis to ascertain as to how the additional variables proposed in the extended versions of the technology acceptance model (TAM) too affect consumer adoption attitude. Primary data employed in the study came from an attitudinal survey of bank customers located in and around Delhi. Analysis undertaken in the study reveals that while the two variables - perceived usefulness (PU) and perceived ease of use (PEU) - proposed originally in the TAM model are indeed the statistically significant antecedents; three other variables, viz., financial risk, perceived benefit and perceived cost, espoused in the extended TAM models too are significant determinants. A noteworthy feature of the study is that it employed both the unidimensional and multidimensional conceptualisations of 'perceived risk' construct, and finds that different conceptualisation yield different results. The paper concludes with managerial implications and directions for future research.

Keywords: *Customer technology adoption, Customer attitude toward internet banking adoption, Technology acceptance model (TAM), Perceived usefulness and ease of use, Perceived risk, Perceived cost and benefit*

JEL Classification: C, M

INTRODUCTION

Information technology has been a key driver of changes taking place around the world, with internet banking emerging as the latest and most innovative medium to provide banking and anent financial services to the customers. As compared to traditional brick and mortar based banking, internet banking constitutes a more convenient and economical banking channel (Payne *et al.*, 2018; Klein & Mayer, 2011). In a way, internet banking signifies an integrated system that provides customers with a flexible, convenient, inexpensive and '24 hours-7 days' platform to avail various banking services, including those related to online bank balance checking, operating saving and current accounts, procuring statement of accounts, check books, certificates of deposit and credit cards, seeking home

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equity loans, home mortgage and insurance covers, and engaging in portfolio management and anent investment services.

Despite all-out efforts made by the banks to embark upon this technology and expand its reach to the masses in the country, only a miniscule number of customers have adopted it, and that too for select purposes. The very fact that more than 90 per cent of the Indian customers still continue to prefer branch banking cogently speaks of poor adoption of internet banking in the country (Oracle, 2017). In view of its vast potentials as an enormously investment savvy, cost efficient and flexible marketing channel to cover customers located in far flung areas and thus attaining the much coveted objective of *inclusive banking*(Reeves & Sabharwal, 2013; Klein & Mayer, 2011), it seems imperative to identify customer related attitudinal factors that affect internet banking adoption. Information gathered through investigation of customer adoption behaviour can be of immense help to the bank management as well as to the policy makers in evolving strategies that can foster faster and wide scale adoption of internet banking in the country.

Based on the technology acceptance model (TAM) and its extended versions, past studies carried out in other countries reveal perceived usefulness (e.g., Al-Ajam& Nor, 2015; Deb & Lomo-David, 2014; Lee, 2009; Tan & Teo, 2005; Wu & Wang, 2005; Daniel, 1999), perceived ease of use (e.g., Deb & Lomo-David, 2014; Lee, 2009; Tan & Teo, 2005; Wu & Wang, 2005; Daniel, 1999), perceived risk (e.g.,Al-Ajam& Nor, 2015; Yadav *et al.*, 2015; Deb & Lomo-David, 2014; Nasri & Charfeddine, 2012; Lee, 2009; Im *et al.*, 2008; Kuisma *et al.*,2007; Cheng *et al.*, 2006; Littler & Melanthiou, 2006; Lee et al., 2005; Wu & Wang, 2005; Brown *et al.*, 2003; Featherman &Pavlou, 2003; Jayawardhena & Foley, 2000; Tan & Teo, 2000; Sathye, 1999), perceived benefit (e.g., Zheng *et al.*, 2006; Beatty *et al.*, 2001) and perceived cost (e.g., Wu and Wang (2005) as being the key factors affecting customer adoption of internet banking.Majority of the past studies have, however, examined the impact of only select variables. Even in the Indian context, there is a conspicuous dearth of studies examining the impact of all these major factors analysed in juxt a position to arrive at a holistic viewpoint. The present study is an attempt to fill this gap in the literature.

This paper is organized as follows. First, the role of customer attitude in influencing consumer behaviour is discussed and then an overview of both the original and extended versions of the TAM model is provided. The relationships among variables contained in the model have been described and relevant hypotheses for empirically testing have been proposed. Research design used in the study is discussed next. The succeeding section presents and discusses findings of the study. The last two sections are devoted to summarizing the study findings and spelling out managerial implications and directions for future research.

CUSTOMER ATTITUDE AND BEHAVIOUR: AN INTERFACE

According to Gibson *et al.* (2000), attitude refers to "a positive or negative feeling or mental state of readiness, learned and organized through experience that exerts specific influences on a person's response to people, objects and situations". Simply speaking, attitude is a personal feeling that influences a person's tendency to act in a particular way. Attitude has been employed as an important concept in marketing. It is considered as a fulcrum around which the whole of consumer behaviour revolves. Customer attitude in the marketing context comprises of customers' evaluations and feelings of liking or disliking which they have toward products, stores, brands and other marketing stimuli.

Customer overall attitude toward an object, i.e., an individual's overall evaluation of an object or phenomenon, has been posited as an important determinant of consumer behavior toward the object (Ajzen & Fishbein, 1980). Almost all the consumer behaviour models proposed in the past have employed customer attitude as a key variable affecting directly and/or indirectly the consumer behaviour. Empirically too, attitude has long been shown to influence behavioural intentions and actual behaviour (Ajzen, 1991). Attitude, furthermore, has been posited as a variable that both affects and is affected by behaviour. In view of the fact that attitude is influenced by past behaviour, the relationship between attitude and behaviour is often represented as a *two-way process* in which attitude and behaviour affect each other.

Importance of consumer attitude in marketing can be gauzed from the fact that marketers quite often employ information about consumer attitude as a key input in planning their marketing strategy and making decisions about the mix elements, viz., product, price, place and promotion (Foxall& Goldsmith, 1994). Even in the post hoc analyses, attitude is often employed as a primary means of assessing the effectiveness of communication campaign and other marketing tools (Belch &Belch, 2018).

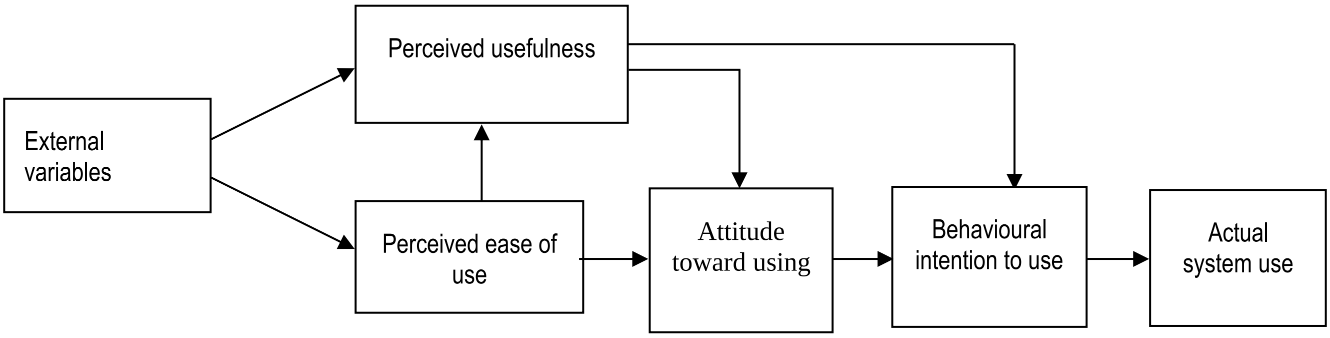
In the context of adoption of new technology and/or technology-based new products and services too, attitude has been researched as a key variable affecting consumer decisions. Based on Venkatesh's definition of attitude toward using technology (Venkatesh *et al.*, 2003), customer attitude toward internet banking can be defined as *an individual's overall affective reaction to adopting and using the internet for carrying out his/her banking activities.* Attitude theory suggests that the more favourablethe attitude a person has toward a given product/service, the more likely the person would intend to buy or use that product/service. Therefore, if a person has a positive attitude toward internet banking, he or she is more likely to become a user of internet banking. Even empirically, several past studies provide support in favour of the influence of attitude on intentions to adopt internet banking (e.g., Nasri & Charfeddine, 2012; Aggarwal *et al.*, 2009; Hernandez & Mazzon, 2007; Eriksson *et al.*, 2005; Jaruwachirathanakul & Fink, 2005; Bobbitt & Dabholkar, 2001). It is precisely in view of the strategic importance of attitude as an antecedent of both the behavioural intentions and actual behaviour that the present study too has employed *customer attitude toward adoption of internet banking* as a key variable.

KEYFACTORS INFLUENCING CUSTOMER ATTITUDETOWARD ADOPTION OF TECHNOLOGYBASED PRODUCTS: TECHNOLOGY ACCEPTANCE MODEL (TAM) AND ITS EXTENDED VERSIONS

Fishbein and Ajzen's (1975) *theory of reasoned action (TRA)* is a well-established theoretical framework that has been employed in several past studies to predict and explain human behaviour (Chen *et al.*,2002).Simply speaking, TRA aims at explaining the relationship between human attitude and behaviours, positing attitude as one of the key factors influencing behaviour.

Extending TRA to the context of technology adoption, Davis (1989) proposed a *technology acceptance model* (TAM). TAM incorporates perceived usefulness (PU) and perceived ease of use (PEOU) as the two key factors influencing individual users' adoption attitude, intentions and actual usage of technology (see Figure 1). Similar to TRA, TAM proposes that the effect of external variables such as design characteristics, training, computer self-efficacy and user involvement in design on customer attitude and behavioural intentions to use technology is mediated by PEOU and PU. The model, furthermore, posits that PU itself is influenced by PEOU because, other things being equal, the easier it is to use a technology, the more useful it is perceived to be. A major feature distinguishing TAM from TRA is that it does not include TRA's subjective norms as a determinant of behavioural intentions.

Figure 1: Technology Acceptance Model (TAM)



Source: Davis (1989).

A major problem observed with the TAM model is that it has been empirically found to be lacking in providing satisfactory explanation to the technology adoption by the consumers, including that related to adoption of internet banking. The model places heavy reliance on PU and PEOU as the two major factors directly influencing customer attitude, and thus failing to sufficiently capture variations in adoption behaviour when applied to the case of technology-based products where other factors too operate and shape the adoption process (Wu& Chen, 2005). Over time, the TAM model has been extended to include additional variables, the major ones being perceived risk (e.g., Al-Maghrabi & Dennis, 2010; Benamati & Serva, 2007; Bradley & Stewart, 2003; Featherman &Pavlou, 2003; Daniel, 1999), perceived benefit (e.g., Lee, 2008; Yiu *et al.*,2007) and perceived cost (Wu & Wang, 2005).

Adoption of internet banking is more than simply adopting a technology. Since supplier's dependability and other characteristics also influence adoption behaviour, the present study too is based on an extended version of TAM model. A discussion of each of the major antecedents postulated in the extended TAM model is as follows.

Perceived Usefulness (PU) and Perceived Ease of Use (PEOU)

According to Davis (1989), perceived usefulness is *the degree to which a person believes that using a particular system will enhance his or her job performance*. In other words, perceived usefulness reflects a person's salient belief in the use of technology that it will be helpful in improving his or her performance (Taylor & Todd, 1995). Perceived ease of use, on the other hand, has been defined by Davis (1989) as referring to *degree to which the person believes that using the system will be free of effort*. In other words, it reflects a person's salient belief that using technology will be free of effort (Taylor & Todd, 1995).

Several past studies provide empirical evidence to corroborate the influence of these two variables on attitude toward adoption of technology (e.g., Cheng, *et al.*, 2006; Hsu *et al.*, 2006; Wu &Chen, 2005; Gefen, *et al.*, 2003; Daniel, 1999; Davis, 1989). Even in the context of internet banking, PU and PEOU have been found as major factors affecting customer adoption of internet banking (e.g., Deb & Lomo-David, 2014; Lee, 2009; Tan & Teo, 2005; Wu &Wang, 2005;Daniel, 1999). In view of these findings, it is therefore, hypothesized that:

H_1: Perceived usefulness (PU) positively influences customer attitude toward adoption of internet banking.
H_2: Perceived ease of use (PEOU) positively influences customer attitude toward adoption of internet banking.

Perceived Risk

Theory of perceived risk has for a long time been applied to explain consumer decision making process (Taylor, 1974). Since consumers quite often feel inclined to avoid mistakes than to maximize utility in making purchases, perceived risk has been posited as a powerful factor explaining consumer behaviour (Bradley &Porter, 2000). When planning to adopt a new technology or engaging in online activities/ transactions, people do feel concerned with diverse types of risks such as those relating to frauds and loss of privacy. Empirically too, several past studies suggest perceived risk being an important factor affecting consumer adoption of information technology (e.g., Al-Maghrabi & Dennis, 2010; Lee, 2009; Benamati &Serva, 2007) or internet banking (Yadav *et al.*, 2015; Deb & Lomo-David, 2014; Nasri &Charfeddine, 2012; Lee, 2009; Im *et al.*, 2008; Littler & Melanthiou, 2006; Wu & Wang, 2005; Brown *et al.*, 2003; Featherman & Pavlou, 2003; Tan & Teo, 2000).

In the context of online shopping, perceived risk can simply be defined as *a person's expectation of loss arising from a given electronic transaction* (Forsythe & Shi, 2003). With online transactions gaining popularity, concept of perceived risk has got considerably broadened over time. As against simply referring in the past to risks related to fraud and poor product quality, it is presently construed as being also comprised of other types of risks too such as those related to performance risk, time risk and financial risk.

A major problem with majority of the past investigations, however, is that perceived risk has most often been modelled in overall terms as a *unidimensional construct* (e.g., Yadav *et al.* 2015; Nasri & Charfeddine, 2012; Lee, 2009; Littler & Melanthiou, 2006; Featherman & Pavlou, 2003), thus failing to take account of its various facets and impact of each of the facets on customer attitude toward technology adoption or intentions to use technology-based products. It has, therefore, been suggested that perceived risk be operationalised as a *multidimensional construct* rather than simply as a holistic and unitary construct (e.g., Hanafizadeh & Khedmatgozar, 2012; Lee, 2009;Littler & Melanthiou, 2006; Featherman & Pavlou, 2003).Interestingly, a few past studies, investigating perceived risk as a multidimensional construct, have come up with somewhat unconventional findings. More specifically, these studies point to the fact that consumers vary in their perceptions of importance of different types of risks, and hence different kinds of risks influence their attitude and behaviour differently.

In the context of internet banking, a multidimensional operationalisation put forth by Lee (2009) appears to be quite a comprehensive explication of the construct. Lee (2009) has posited perceived risk as consisting of five broad types of risks: performance risk, financial risk, social risk, time risk and security risk. A brief description of each of these types of risks in the context of internet banking is provided below.

Performance risk: It refers to the potential loss incurred by customers due to deficiencies or malfunctions of internet banking servers. A malfunctioning of a banking server is likely to reduce customers' willingness to engage in online banking transactions (Littler & Melanthiou, 2006).

Financial risk: It pertains to potentials for monetary loss due to transaction errors or misuse of customers' bank accounts. Kuisma *et al.* (2007) have indicated that many customers resist using online banking because they are afraid of losing money while performing transactions or transferring money over the internet.

Social risk: It refers to the possibility that using internet banking may result in disapproval by one's friends/ family/ work group. Customers feel that their social status may be affected because of positive or negative perceptions that their family, acquaintances and peers hold toward usage of internet banking services (Littler & Melanthiou, 2006).

Time/convenience risk: This relates to the possible loss of time and any inconvenience faced due to delays in receiving payments or difficulties faced in navigating the bank websites for finding appropriate services and relevant commands (Lee, 2009).Despite the fact that internet lowers the cost of acquiring information, customers do incur time costs in as much as they have to spend time learning to buy a financial product online or conduct transactions on a bank website and waiting for the website to respond to their requests. They are also required to incur time and cognitive efforts to effect the search process (Littler & Melanthiou, 2006). In the context of internet banking, the time risk may also relate to the time involved in dealing with the erroneous transactions. Website download speed is another factor that affects online banking adoption (Jayawardhena & Foley, 2000).

Security/ privacy risk: According to Lee (2009), it refers to a potential loss due to fraud or a hacker compromising the security of an internet banking user. Instead of using the term security/ privacy, Luarn and Lin (2005) have preferred to employ the term *'perceived credibility'* and defined it as the extent to which a person believes that using internet banking will have no security or privacy threats. In the present study too, security/ privacy risk has been conceptualized as referring to lack of credibility. Past studies amply show that perceived security risk is an important predictor of internet banking adoption (Cheng *et al.*, 2006; Lee *et al.*, 2005; Sathye, 1999).

In his empirical study, Lee (2009) found all these five types of risk facets to be negatively affecting the internet banking adoption intention. Keeping in view the findings emanating from both the unidimensional and multi-dimensional operationalisations of perceived risk in the past studies, it can be hypothesized that:

H_3: Perceived risk negatively influences customer attitude toward adoption of internet banking.

H_{3a}: Performance risk negatively influences customer attitude toward adoption of internet banking.

H_{3b}: Financial risk negatively influences customer attitude toward adoption of internet banking

H_{3c}: Social risk negatively influences customer attitude toward adoption of internet banking

H_{3d}: Time risk negatively influences customer attitude toward adoption of internet banking.

H_{3e}: Security risk negatively influences the customer attitude toward adoption of internet banking.

Perceived Benefit

Internet banking offers many advantages like 24-hour services (Gurau, 2002; Munusamy *et al.,* 2010), seven-days-a-week facility to conduct online transactions (Nasri, 2011), checking account information at any time of the day (Turban *et al.*,2000), lower transaction costs, faster transaction speed, and better information transparency (Oh *et al.*,2007). Internet banking, moreover, often carries with it incentive programs such as reduction in or complete waiver of handling fees, offer of extra credit card bonus points and lucky draws or gifts to the customers.

Benefits available to the customers in the online retailing context can be broadly divided into two categories: tangible and intangible benefits (also referred to as direct and indirect advantages by Lee, 2008). *Tangible benefits/ direct advantages* refer to the immediate advantages that customers enjoy while using online services. In the case of internet banking, these advantages include financial benefits (e.g., lower transaction handling fees, higher interest rates on deposits and opportunities to win prizes), faster transaction speed (saving in time due to automation of online banking transactions) and increased information transparency (availability of relevant and transparent information to the customers). *Intangible benefits/ indirect advantages* like 24-hours services, global reach and investment opportunities and services, on the other hand, are the ones which are difficult to measure and assess quantitatively.

Perceived benefit in the past studies has been reported having a positive influence on the e-business adoption (Zheng *et al.,* 2006; Beatty *et al.,* 2001). It is, therefore, being proposed that:

H_4: Perceived benefit has a positive effect on customer attitude toward adoption of internet banking.

Perceived Cost

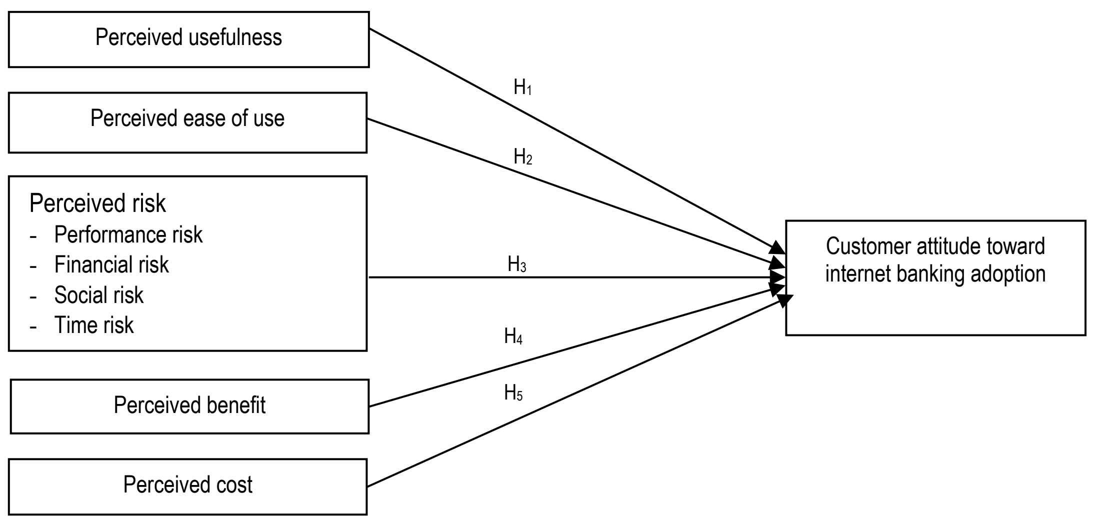
According to Wu and Wang (2005), perceived cost is also a major concern especially when a technology is first introduced and public is considering its adoption. According to Ching and Ellis (2004) too, adoption is driven by the perceived costs inherent in the particular innovation. The cost of an innovation has many components like initial investment costs, operational costs, and utilization costs.

Wu and Wang (2005) have defined perceived cost as *the possible expenses of using mobile commerce, i.e., equipment costs, access cost, and transaction fees.* More the customers perceive need for incurring these expenses, the less favourably they feel toward adopting the technology-based products. In their empirical study too, Wu and Wang (2005) found perceived cost to be having a significantly negative effect on adoption of internet banking in Taiwan. It is against this backdrop that the present study proposes that:

H_5: Perceived cost has a negative effect on customer attitude toward adoption of internet banking.

Figure 2 provides a schematic presentation of various hypotheses proposed for empirical testing in the present study. The proposed model is comprised of six main constructs. While three of these constructs, namely customer attitude toward internet banking adoption, perceived usefulness and perceived ease of use, have been incorporated from the TAM model originally proposed by Davis (1989); the remaining three constructs, viz., perceived risk, perceived benefit, and perceived cost, have been borrowed from the works of Wu and Wang (2005) and Lee (2009). In the extended version of the TAM model under investigation here, customer attitude toward internet banking adoption represents the dependent variable and rest of the five variables constitute the independent variables. It will not be out of place to mention here that the perceived risk in the present study has been operationalised both holistically as well as multidimensionally. Multidimensionally, it has been conceptualised as consisting of five facets, viz.,
risk, financial risk, social risk, time risk and security risk, each of which needs to be investigated individually.

Figure 2: Proposed Research Model



Source: The authors.

RESEARCH DESIGN

Using a structured questionnaire, a survey of bank customers residing in Delhi and the NCT area was conducted. Information regarding *customer attitude toward internet banking adoption* was elicited through use of a four-item scale, adapted from Lee (2009).

Four-item and three-item scales from the studies of Cheng *et al.* (2006) and Lee (2009) were employed to ascertain *customers' perceived usefulness* and *perceived ease of use* of internet banking.

Performance risk, financial risk, time risk and *social risk* were assessed using scales adapted from the studies of Lee (2009), Litter and Melanthiou (2006) and Featherman and Pavlou (2003). Two items each were used for these constructs, excepting the case of financial risk which was measured employing a five-item scale. While two of the five items were adapted from Featherman and Pavlou (2003), three items were developed by the authors on their own, based on their understanding of the financial risk construct. For measuring *security risk*, a three-item scale was adapted from studies by Lee (2009), Cheng *et al.*(2006), Litter and Melanthiou (2006) and Featherman and Pavlou (2003).

Perceived cost was ascertained through a four-item scale. While one item was adapted from the study of Wu and Wang (2005), the other three items were developed by the authors on their own. *Perceived benefit* was measured with the help of three-item scale, with two items adapted from Lee (2009) and one item was developed by the authors themselves.

Responses to each of the scale item were obtained on a seven-point Likert scale, ranging from 'Strongly agree' (7) to 'Strongly disagree' (1). Before conducting the main survey, the draft questionnaire was pre-tested on a sample of 30 bank customers, covering both users and non-users of internet banking services. Based on their observations, suitable modifications were made in the questionnaire so as to make it more understandable to the respondents.

Convenience sampling method was used for selecting the respondents during the main phase of the survey. Due care, however, was taken to ensure to select respondents from various demographic groups of people living in Delhi. Both the users and non-users of internet banking services were included in the study. In total, 600 questionnaires were distributed to the respondents at their houses, offices, institutes and colleges. After repeated call backs, 380 filled-in questionnaires were received, resulting in an overall response rate of 63.33 per cent. Of these, however, only 337 were found completely filled-in and hence were used in this study.

Despite efforts made at the time of selecting the respondents, the sample appears skewed toward younger persons below 30 years (74.8 per cent). Moreover, majority of the respondents were graduates and post graduates (62.6 per cent). Gender wise, male and female respondents were in fairly equal proportion (i.e., 53.4 and 46.6 per cent respectively). Occupation wise, while majority of the respondents were students (i.e., 50.4 per cent), percentage shares of persons belonging to service class and self-employed business were 30. 6 per cent and 13.1 per cent respectively. Housewives, retired persons and unemployed respondents taken together constituted just 6 per cent of the total sample.

The collected data were first subjected to reliability analysis, with Cronbach alpha values above 0.70 taken as representing reliability of the multi-item scales (Hair *et al.*, 1998). In the case of perceived cost, one item (*'I need not incur additional cost on hardware for making use of internet banking.')* was found lacking reliability, hence it was dropped. Results reported in Table 1 reveal that excepting the case of performance construct, all other multi-item scales have alpha values exceeding the recommended threshold of 0.70.

Table 1

Reliability Analysis

Scale	**Number of items**	**Cronbach alpha (α)**
Customer attitude toward adoption of internet banking	4	0.871
Perceived usefulness (PU)	4	0.913
Perceived ease of use (PEOU)	3	0.774
Perceived risk	14	0.877
- *Performance risk*	2	0.652
- *Financial risk*	5	0.824
- *Social risk*	2	0.802
- *Time risk*	2	0.700
- *Security risk*	3	0.790
Perceived benefit	3	0.729
Perceived cost	3	0.761

Source: Based on analysis performed on the data collected by the authors through a survey of bank customers

Descriptive statistics were then computed to gauze the customer attitude toward internet banking adoption and perceptions about various antecedent factors. The causal relationship among the variables was examined through hierarchical regression technique which allows ascertaining changes in the regression results arising due to the induction of additional variables into the model. Before performing the regression analysis, multicollinearity among the independent variables was assessed through use of VIF and tolerance indices. VIF value of less than or equal to 10 (or tolerance > 0.1) is commonly suggested as a threshold to rule out the possibility of presence of multicollinearity among the independent variables (Hair *et al.*, 1998). VIF values as well as the tolerance values for all the independent variables were found within acceptable limits, thus ruling out the problem of multicollinearity in the data.

STUDY FINDINGS AND DISCUSSION

Descriptive Statistics

Table 2 provides a summary of descriptive statistics relating to various variables used in the study. Mean scores above and equal to 5.40 for the first three variables indicate surveyed customers to be holding highly favourable attitude toward adoption of internet banking and also having positive perceptions about the usefulness and ease of use of internet banking. Customer perception about internet banking to be providing benefits to them is also high and favourable, mean score being 5.78. A mean score of 3.61 in respect of perceived cost points to a divide existing among the respondents in respect of their opinion regarding costs they have to incur for making use of internet banking facilities.

Table 2: Customer Attitude toward Internet Banking Adoption and Its Antecedents: Descriptive Statistics

Scale	**Mean score**	**Standard deviation**
Customer attitudetowardadoption of internet banking	5.49	1.12
Perceived usefulness (PU)	5.80	1.10
Perceived ease of use (PEOU)	5.40	1.15
Perceived risk	4.07	1.08
- *Performance risk*	*4.71*	*1.47*
- *Financial risk*	*4.33*	*1.36*
- *Social risk*	*2.97*	*1.57*
- *Time risk*	*3.39*	*1.51*
- *Security risk*	*4.42*	*1.51*
Perceived benefit	5.78	1.06
Perceived cost	3.61	1.40

Note: 1. Responses to all the scale items were obtained on a scale of 1 to 7, with 1 standing for 'Strongly disagree' and 7 for 'Strongly agree'.

Source: Based on analysis performed on the data collected by the authors through a survey of bank customers

being marginally in agreement with the assertion that internet banking involves risks. In respect of individual risk elements, however, customers appear to be holding divergent opinions. While they only marginally concur with the presence of performance, financial and security risks, their perception about the social and time risks seem to suggest that these risks do not pose much of a threat to them.

Hierarchical Regression Analysis: Results

Causal relationships between the customer adoption attitude and various antecedents were examined

through use of hierarchical regression analysis. The analysis was performed in various rounds so as to ascertain as to how the inclusion of additional variables in successive rounds of analysis adds to the explanatory power of the model. The results of various rounds of analysis are as follows.

Round I: In the first round, only two antecedent variables, forming part of the original TAM model, were used. Results presented in Table 3 show that both the perceived usefulness ($\beta = 0.45$, p ≤ 0.001) and perceived ease of use ($\beta = 0.25$, p ≤ 0.001) are significant and positive antecedents of customer attitude toward adoption of internet banking. Taken together, these two variables are able to explain 40 per cent of the variations in customer attitude toward internet banking adoption (Adjusted $R^2 = 0.40$, $p \leq 0.001$). The results thus provide support to the hypotheses H_1 and H_2. These results are in line with those of past studies which too have found PU and PEOU as antecedents significantly and positively affecting customer attitude (e.g., Deb & Lomo-David, 2014; Hua, 2009; Lee, 2009; Wu &Wang, 2005; Jane *et al.*, 2004; Davis, 1989).

Table 3

Customer Attitude toward Internet Banking Adoption and Its Antecedents: Hierarchical Regression Results

Variable	β	p-value
Dependent variable:		
- Customer attitude toward adoption of internet banking		
Round I		
Independent variables		
- Perceived usefulness (PU)	*0.45****	*0.00*
- Perceived ease of use (PEOU)	*0.25****	*0.00*
Model statistics	Adjusted $R^2 = 0.40$, F = 115.25, $p \leq 0.001$	
Round II		
Independent variables		
- Perceived usefulness (PU)	*0.23****	*0.00*
- Perceived ease of use (PEOU)	*0.18****	*0.00*
- Perceived risk	*-0.07*	*0.10*
- Perceived benefit	*0.40****	*0.00*
- Perceived cost	*-0.06*	*0.16*
Model statistics	Adjusted $R^2 = 0.53$, F = 76.641, $p \leq 0.001$; R^2 Change = 0.13***, F Change = 30.63, $p < 0.001$	
Round III		
Independent variables		
- Perceived usefulness (PU)	*0.25****	*0.00*
- Perceived ease of use (PEOU)	*0.23****	*0.00*
- Performance risk	*0.05*	*0.23*
- Financial risk	*-0.16****	*0.00*
- Social risk	*0.07*	*0.09*
- Time risk	*0.20****	*0.00*
- Security risk	*-0.04*	*0.42*
- Perceived benefit	*0.37****	*0.00*
- Perceived cost	*-0.12***	*0.01*
Model statistics	Adjusted $R^2 = 0.55$, F = 47.438, $p < 0.001$; R^2 Change = 0.16***, F Change = 17.07, $p \leq 0.001$	

Note: 1. Significance level: *** $p \leq 0.001$, ** $p \leq 0.010$, * $p \leq 0.050$

Source: Based on analysis performed on the data collected by the authors through a survey of bank customers

benefit and *perceived cost*, as postulated in the extended TAM model, were included in the hierarchical regression analysis. Results point to a sizeable and significant increase in the explanatory power of the TAM model from 40 per cent to 53 per cent ($\Delta R^2 = 0.13$, $p \leq 0.001$). Like the results of the first round of the regression analysis, perceived usefulness and perceived ease of use continue to remain significant antecedents, their standardized beta coefficients (βs) being0.23 ($p \leq 0.001$) and 0.18 ($p \leq 0.001$) respectively.

Amongst the three variables additionally included in the extended version of the model, only one variable, i.e., perceived benefit, turns out to be positively and significantly related with customer attitude toward adoption of internet banking ($\beta = 0.40$, $p \leq 0.001$). Emergence of perceived benefit as a significant determinant is in line with the results of past studies (e.g., Zheng *et al.*, 2006; Featherman & Fuller, 2003; Beatty *et al.,* 2001). Both the perceived risk and perceived cost arefound not having any significant influence, thus being contrary to the findings of select past studies (e.g., Yadav *et al.,* 2015; Deb & Lomo-David, 2014; Nasri &Charfeddine, 2012; Lee, 2009; Im*et al.,* 2008; Littler & Melanthiou, 2006; Wu & Wang, 2005; Brown *et al.,* 2003; Featherman &Pavlou, 2003; Tan & Teo, 2000).On the whole, the results in this round of analysis find support for the hypotheses H_1, H_2 and H_4. But the hypothesesH_3 and H_5 stand rejected in view of the empirical evidence lacking in their favour.

Round III: In the preceding round of analysis, perceived risk was inducted as a unitary construct. But in line with the suggestion made lately in the online marketing literature, perceived risk was operationalised as a multidimensional construct and each of its five facets were inducted individually as separate variables into the hierarchical regression analysis. The results do not present any substantive improvement in the overall explanatory power of the model. Though in statistical terms the improvement in adjusted R^2 value is significant ($\Delta R^2 = 0.16$, $p \leq 0.001$), the change in substantive terms tantamount to only a marginal improvement from erstwhile adjusted R^2 value 0.53 to a present value of 0.55.

When analysed in terms of individual parameter estimates, the results do present a different picture. Perceived usefulness ($\beta = 0.25$, $p \leq 0.001$) and perceived ease of use ($\beta = 0.23$, $p \leq 0.001$) continue to remain significant antecedents. Result in respect of even the variable 'perceived benefit' is similar to the one observed in the previous round, thus showing that it too is a significant and positive predictor of customer attitude to adoption of internet banking ($\beta = 0.37$, $p \leq 0.001$). What is more interesting to observe here is thatthe variable *'perceived benefit'* has come to hold the place of the most important antecedent (see Table 3).

This round of analysis brings to the fore another interesting finding. Contrary to the results of previous round of hierarchical regression analysis which found perceived risk not at all being a significant factor, the results in the present round of analysis find one of the risk facets, i.e., financial risk, as a significant predictor ($\beta = -0.16$, $p \leq 0.001$), having expectedly a negative association with the customer adoption attitude. This finding is in conformity with those reported by Lee (2009) and Lee *et al.* (2007).

In this round of analysis, perceived cost too is found as a factor significantly and negatively influencing

the customer attitude (β = -0.12, $p \leq 0.01$). This negative association of perceived cost with customer attitude is in sync with the results obtained in the past studies (e.g., Lee, 2009; Lee *et al.*, 2007).

Though the variable *'time risk'* too in this round has emerged as a significant antecedent, its relationship with customer adoption attitude is not found in the hypothesized direction. As such, this finding is at variance with those of Lee (2009) and Lee *et al.* (2007) who reported a significantly negative relationship existing between the time risk and customer adoption attitude.

In respect of social, performance and security risks too, findings of the present study are not in conformity with those of the past studies. While these three types of risks are not found as significant antecedents in the present study, studies by Lee (2009) and Lee *et al.* (2007) reported even these factors to be significantly and negatively relating with customer attitude.

Overall, the results in Round III provide support in favour of hypotheses H_1, H_2, H_{3b}, H_4, and H_5.

CONCLUDING OBSERVATIONS AND MANAGERIAL IMPLICATIONS

Internet banking represents the latest and most innovative technology based service in the country. Its penetration among the Indian publics, however, continues to remain abysmally low. Employing an extended version of the TAM model, an attempt has been made in this study to identify factors that affect customer attitude toward adoption of internet banking. Analysis of the data collected through a survey of banking customers located in Delhi and its NCT region point to the following major conclusions.

First, the study finds an extended version of the TAM model being both statistically and substantially superior to the originally proposed TAM model in predicting customer attitude toward internet banking adoption. It is, therefore, suggested that the bank management (and researchers as well) desirous of undertaking further studies in the area should make use of the extended rather than the originally proposed TAM model.

Secondly, not all the five major factors proposed in the literature have been found to be significantly and equally importantly affecting the customer adoption attitude. May be some of the antecedent factors like time risk, performance risk, social risk and security risk employed in the past studies have lost their relevance with the passage of time.

Thirdly, the study finds relevance of various antecedent factors to be depending on the way the construct 'perceived risk' is operationalized. More specifically, when this construct is operationalised unidimensionally (Round II analysis), only three out of a total of five explanatory variables used in the study are found to be significant. The variables found significant include: perceived usefulness, perceived ease of use and perceived benefit. Perceived risk and perceived cost do not emerge as significant determinants. However, when a multidimensional operationalization of this construct is adopted, even the variable 'perceived risk' (albeit in terms of only its select aspects) emerges as a significant antecedent.

Since the analysis based on the use of a multidimensional operationalization of the risk construct is found offering statistically significant and improved results, the discussion of the study implications about each of the significantly found antecedents is as follows.

Perceived usefulness and *perceived ease of use,* forming part of the original as well as extended TAM models, are the two variables, which in all the rounds of analysis in the present study have been consistently found to be significantly and positively affecting customer adoption attitude. The study findings imply that more the customers perceive internet banking as being useful and easy to use, more favourably they appear disposed to its adoption. Obvious implication of this study finding is that the bank management should constantly strive to streamline the internet-based service channel so that the customers find it more useful to carry out various banking tasks. Efforts are also needed to be ever vigilant to the upgrades in web technology, and induct all such upgrades as can be helpful in making internet banking more convenient to use. Attention especially needs to be paid to the improved customer-website interface, thus making it easier for the customers to navigate the bank websites and perform speedily various banking tasks.

As far as the variable *perceived risk* is concerned, its role is found contingent upon its conceptualisation. When conceptualised as a unidimensional construct, it did not emerge as a significant antecedent factor in the initial round of the analysis. However, when posited as a multidimensional construct and inducted in the hierarchical regression analysis in terms of its constituent elements, *financial risk*facet did surface as a significant antecedent. A negative relationship of financial risk with customer attitude implies that more the customers perceive the internet banking to be entailing financial risk, the less favourably they feel predisposed toward adopting internet banking. A mean score of 4.33 on a scale of 1 to 7 does point to the apprehensions prevailing in the minds of the surveyed customers in this respect. The reason underlying this perception is that internet banking transactions by nature lack the kind of assurance that is present when the customers personally interact with the staff employing use of formal forms and receipts under traditional banking system. In the absence of such personal contacts and documentary evidence, it is but natural for the customers to feel apprehensive and perceive difficulties in presenting their viewpoints in case the transaction errors take place and desire to ask for redressal or compensation. In order to allay such fears, it becomes imperative for the banks to make in the first instance itself the online operating system robust enough to preclude chances of such errors taking place; and in the event something goes wrong, time bound mechanism needs to be in vogue to effect in a timely manner the redressal of such grievances and/or award of adequate compensation to the customers.

Although the dimension of *time risk* too emerged as a significant antecedent in the third round of analysis, it is found not having relationship with the customer attitude in the hypothesized direction. This might have happened either due to poor validity of the scale items used in this context or else may be due to high relationship of this variable with other independent variables used in the analysis. This aspect may be investigated in future studies.

The other facets of risk, viz., *performance risk*, *social risk*, and quite surprisingly even the *security risk*, have not turned out to be significant determinants, may be due to the reason that these risk elements have lost their relevance over time. Especially in view of the fact that banks are employing these days encryption technology and strong authentication mechanism, customers no long perceive security or privacy as factors negatively affecting their attitude toward internet banking adoption.

Perceived benefit is another explanatory variable which in both the Rounds II and III of the analysis has been found to be an important determinant. A significant and positive relationship of this variable with the customer attitude imply that more the customers perceive benefits of using internet banking, more strongly and favourably they hold favourable attitude toward its adoption. Bank management should, therefore, strive for constantly upgrading the quality of internet banking services so as to make it more beneficial to the customers. Taking steps such as increasing the transaction speed and adding more services and feature to the fold of internet banking operations can greatly help fostering a more favourable image in the minds of customers about the benefits of this banking channel.

Perceived cost too is found as a significant factor, predicting negatively the customer attitude. Responses to scale items employed to measure this construct amply imply that more the customers view internet banking to be entailing payment of service fees and handling charges, less attitudinally they feel inclined to adopt internet banking. Bank management needs to make efforts in future to eliminate or lower such costs. Efforts are also needed to engage in promotion campaigns to allay the impressions that customers are being charged more than what they pay while using traditional banking channel.

LIMITATIONS AND DIRECTIONS FOR FUTURE RESEARCH

Although the present study brings out interesting findings and implications for the bank marketers, it is not free from certain limitations. The limitations of the study point to possible areas that needs to be taken care of in future researches.

First, the study has been conducted in city of Delhi and its surrounding NCR region. As such, its findings cannot be considered generalizable to the population of banking customers in the country as a whole. Studies based on samples from different parts of the country, including rural areas, are called for in future to arrive at more generalizable and externally valid inferences.

Secondly, the antecedent constructs included in the study are not exhaustive. Past studies suggest certain other variables such as subjective norms, perceived behavioural control, trust, firm prestige, web design/features and customer characteristics such as their demographics, personality traits and internet usage experience too as important influencing factors. Impact of these variables too needs to be researched in future studies.

Thirdly, past researches have reported significant relationship existing between the variables 'perceived ease of use' and 'perceived usefulness'. These two variables, moreover, have been reported bearing relationships with other variables such as perceived risk, perceived benefit and behavioural intentions, and actual usage of the technology based services. Studies in future need to take into account these relationships. In addition to controlling for the measurement error, use of structural equation modelling

(SEM) can be helpful in investigating direct as well as indirect interrelationships existing among these variables.

Finally, the conclusions drawn from this study are based on the cross-sectional data. A basic problem with the cross-sectional data is that it provides only a snapshot of a given event or situation. A stricter testing of the propositions enshrined in the TAM model and its variants calls for making use of the longitudinal studies. Such studies can be helpful in discovering whether the antecedent factors vary in significance and intensity of their influence on customer attitude across different stages of adoption process.

Notwithstanding its limitations, the present study constitutes a significant step in contributing to the field of consumer adoption of internet banking literature. Unlike past studies which have investigated impact of only select antecedent factors in isolated manner, this study has attempted to investigate impact of all the major factors in juxtaposition, thereby enabling us to gain a holistic perspective of the way various factors affect the consumer adoption attitude. Another noteworthy feature of the study relates to the conceptualisation of the variable ‘perceived risk’. Having employed both the unidimensional and multidimensional conceptualisations of the construct, the study amply demonstrates as to how the use of differing conceptualisations can yield differing results and managerial insights.

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SOCIAL ENTREPRENEURSHIP DURING COVID-19: A CASE STUDY OF 'THE ONLY KARMA (TOK)' – AN NGO

Shilpee Aggarwal[1], Kiran Bala[2], Sneha Sharma[3], Sanyukta Dahiya[4]

The COVID-19 Pandemic has created unprecedented challenges for organizations across the world. Despite these challenges, business firms have tried to extend a benevolent hand for people to be able to survive and sustain their lives. Through the role of some enterprises such as 'The Only Karma', the effects of pandemic could be somewhat subdued through various noble gestures. The present study identifies several endeavors that have played a significant role and created ripples in reducing the adverse effects of the pandemic on well-being of the society. The case study exemplifies that efficient social entrepreneurship can tremendously help in bringing a change in the way we look at the world

"Helping, fixing and serving represent three different ways of seeing life. When you help, you see life as weak. When you fix, you see life as broken. When you serve, you see life as whole. Fixing and helping may be the work of the ego, and service the work of the soul."
— Rachel Naomi Remen

Keywords: Social Entrepreneurship, COVID-19, Public Health, The Only Karma, NGO

JEL Classification: L31, H51, L31

BACKGROUND

COVID-19 has tremendously changed the way we look at this world. This public health crisis had profound implications for society (Bacq and Lumpkin, 2021). People were bound to think about well-being, the sanctity of human values and being there for others in this time of distress. This was followed by research efforts that elicited focus on societal issues. Specifically also pertaining to Social

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Entrepreneurship (SE). SE can be defined as 'the practice of addressing social problems by means of markets' (Mair, 2020, p. 333). The social enterprise uses a market-driven business model to address critical social and environmental problems. Believing in the basic premise of the social enterprise, it promotes the tenets of a shared identity and thereby even setting up of nonprofit legal framework for several public enterprises.

Often it is referred to a broader term such as "public business". Some may even promote broader interpretations that are not limited to corporate-owned businesses. If the main purpose of a business is to deal with a social and/or environmental problem, a social business - regardless of its proprietary structure. The present COVID-19 situation has created one such social problem where several business units extended help to create solutions benefitting larger social good, without paying heed to the initial motives – e.g., manufacturing firms ventured into plastic shields and ventilators; distilleries started producing hand sanitizers that have been the most sought after product during pandemic times. Another prominent move has been to offer these solutions below cost.

Apart from the present dynamics, we can also visualize the usage of social entrepreneurship concepts throughout history. In fact, there were several entrepreneurs who established social enterprises to eliminate social problems or bring positive change in the society. Vinoba Bhave, the founder of India's Land Gift Movement, Robert Owen, the founder of cooperative movement and Florence Nightingale, founder of first nursing school and developer of modern nursing practices might be included in this category. They had established such foundations and organizations in 19th century that is much before the concept of Social Entrepreneurship used in management.

There were entrepreneurs during nineteenth and twentieth centuries who made efforts to eradicate social evils. Apart from this, there are many societies and organizations that work for child rights, women empowerment, save environment, save trees, treatment of waste products, etc. Apart from addressing the social issues, social entrepreneurship also includes recognition and addressing the environmental problems and financial issues for rural and urban poor.

These days, the concept of social entrepreneurship has been widely used and that too in different forms. The establishment of Grameen Bank by Muhammad Yunus, Ashoka: The Innovators for the Public by Bill Drayton, Youth United by Jyotindra Nath, Rand De by Ramakrishna and Smita Ram, SKS Microfinance by Vikram Akula and Roozi.com by Nick Reder, Brent Freeman and Norma La Rosa has popularized the term.

In fact, all big brands and companies have adopted the concept of social entrepreneurship and tried to address the issues in our society by opening schools in far flung areas, educating women for family planning, made it possible for farmers and poor individuals to access low interest credits, established plants for waste treatment, planting trees and going green.

Defining social entrepreneurship and Why it Matters!

A recent literature review of research on SE notes that 'defining what social entrepreneurship is, and what its conceptual boundaries are is inherently complex (Rahim & Mohtar, 2015). Schuyler (1998) describes social entrepreneurs as 'individuals who have a vision for social change and who have the financial resources to support their ideas'. social entrepreneurship is associated with few elements such as innovation, proactiveness and risk-taking (Helm, 2007), innovation and inclusiveness (Jeffs, 2006), value-added and inclusiveness (Waddock & Post, 1991) as well as leadership (Henton et al., 1997; Dees, 2009). Social entrepreneurs have the unique abilities of recognizing the complex social problems and working through it in a new way that raises public awareness of the problem through their vision, work and activities. They seek fresh opportunities and produce positive impact by using leadership and management methods (Dees, 2009). The social entrepreneurs work towards getting profit while creating change by providing community value (Ashoka, 2014; Dees, 1998; Johnson, 2000; Johnson, 2001; Johnson, 2001 b; Teakle, 2000), towards building a sustainable community (Johnson, 2000). Thompson, Alvy and Lees (2000) describe social entrepreneurs as 'people who realize where there is an opportunity to satisfy some unmet need that the state welfare system will not or cannot meet, and who gather together the necessary resources (generally people, often volunteers, money and premises) and use these to "make a difference"'.

Table 2. Definitions and core characteristics of the terms "social entrepreneur" and "social entrepreneurship"

Source	Definition	Core Characteristics
Bornstein (1998)	A social entrepreneur is a path breaker with a powerful new idea who combines visionary and real-world problem-solving creativity, has a strong ethical fiber, and is totally possessed by his or her vision for change.	• Mission leader • Persistent
Thompson et al. (2000)	Social entrepreneurs are people who realize where there is an opportunity to satisfy some unmet need that the state welfare system will not or cannot meet, and who gather together the necessary resources (generally people, often volunteers, money, and premises) and use these to "make a difference".	• Emotionally charged • Social value creator
Dees (1998)	Social entrepreneurs play the role of change agents in the social sector by: • Adopting a mission to create and sustain social value • Recognizing and relentlessly pursuing new opportunities to serve that mission; • Engaging in a process of continuous innovation, adaptation, and learning; • Acting boldly without being limited by resources currently in hand; • Exhibiting a heightened sense of accountability to the constituencies served for the outcomes created.	• Change agent • Highly accountable • Dedicated • Socially alert
Brinckerhoff (2009)	A social entrepreneur is someone who takes reasonable risk on behalf of the people their organization serves.	• Opinion leader
Leadbeater (1997)	Social entrepreneurs are entrepreneurial, innovative, and "transformatory" individuals who are also: leaders, storytellers, people managers, visionary opportunists and alliance builders. They recognize a social problem and organize, create, and manage a venture to make social change.	• Manager • Leader
Zahra et al. (2008)	Social entrepreneurship encompasses the activities and processes undertaken to discover, define, and exploit opportunities in order to enhance social wealth by creating new ventures or managing existing organizations in an innovative manner.	• Innovator • Initiative taker • Opportunity alert

Ashoka (2012)	Social entrepreneurs are individuals with innovative solutions to society's most pressing social problems […] They are both visionaries and ultimate realists, concerned with the practical implementation of their vision above all else.	• Visionary • Committed

Making a Difference through 'The Only Karma: A Youth Organization'

When the covid wave hit India back in 2020, a number of organizations suffered severe impacts. The time when a number of establishments were shut down, rose The Only Karma.

'The Only Karma' is a youth run organization established on 18th September 2020. It provides a platform to work for the society and is based in New Delhi. They provide the youth the opportunity to develop the leadership skills by heading the projects of their own interest, thus, helping them mold their minds to creativity and uniqueness.

This organization proved that all you need to bring change is 'willpower'. In times when it was impossible to do field work, they launched their first project: BOTTLE OF SAFETY.

BOTTLE OF SAFETY
Importance of Sanitization

About the Project: Bottle of Safety is a project that focuses on undertaking the responsibility of the rickshaw pullers who are a valuable part of our lives. The volunteers distributed kits containing sanitizers, disinfectants and handkerchiefs to the rikshaw pullers. They educated them about the usage of these things. It also involved attaching a pamphlet on each of the rickshaws to inform the passengers about the sanitation facility available in that rickshaw, so they feel safe while travelling.

Impact: The impact was twofold:

Firstly, the awareness about sanitation was spread amongst the rikshaw pullers.

Secondly, the poster pasted on their rikshaw that indicated that this vehicle is disinfected, resulted in increased customer rate, thus, increased revenue.

BEZUBAAN KI PEHCHAN
Lending a Helping Hand to the Speechless Canine Friends
About the Project

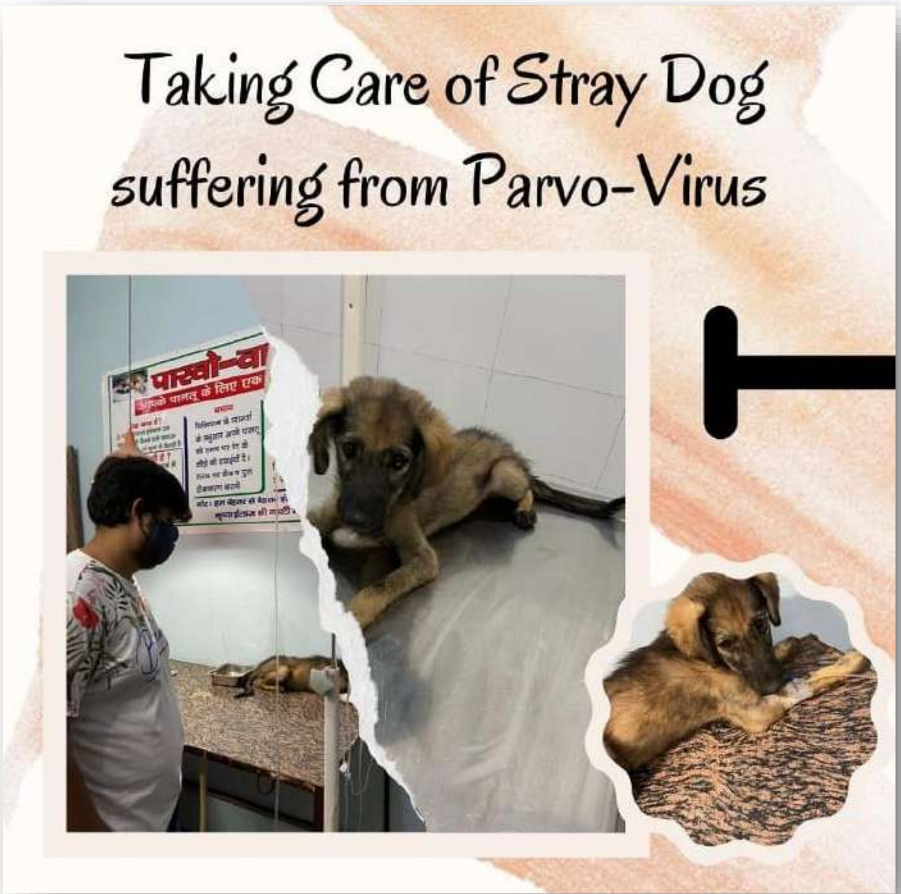
'Bezubaan ki Pehchan' is a project that focuses on catering to the basic needs of animals especially stray dogs by providing them food and shelter. Keeping in mind the fact that the unspoken doesn't imply unheard, this project was initiated. Food items like milk and bread, biscuits and eggs ; emergency medical assistance and basic shelter facilities like warm beds, blankets and temporary roofs were provided by the team.

Rescues

Their rescue team comprises of 4 members, namely, Paras Pruthi, Aniruddh Sharma, Siddharth Malhotra and Sanat Singh. So ar they have rescued over 45+ animals.

THE HUNGER PROJECT
Feeding the Destitute

About the Project
Food is a basic necessity, hence their mission is to provide food to the needy. As we are aware of the fact that the financially challenged class of the society is the most vulnerable to the coronavirus outbreak, food availability has been a crucial issue. Widespread job loss and plummeting businesses has led to non-availability of essentials to the poor. In an attempt to tackle the aforementioned situation, this project focused on launching food drives in nearby areas where they can prepare extra food at their homes and donate a portion of it to the needy on a regular basis. Also, the project focused on the areas of the city where a major portion of the population lives below the poverty line and seek to make dry ration easily available to the destitute.



MENSTRUHEALTH
Safe Menstruation

About the Project
MenstruHealth is a project that focuses on menstrual health of women. Even in the 21st century when our nation is growing with leaps and bounds, there still exist many women who are unaware of menstruation and the use of sanitary pads. People still consider the menstrual cycle dirty. Through the medium of this project, we would aim to spread awareness about the menstrual cycle by the means of distribution of sanitary pads in a backward area. They will be distributing biodegradable sanitary pads as the commonly known pads are made up of plastic and are highly unsafe to use. The other aim of the project would focus on normalizing the still existing stigma about menstruation.

SHIKSHAAM DEHI
Let's Educate

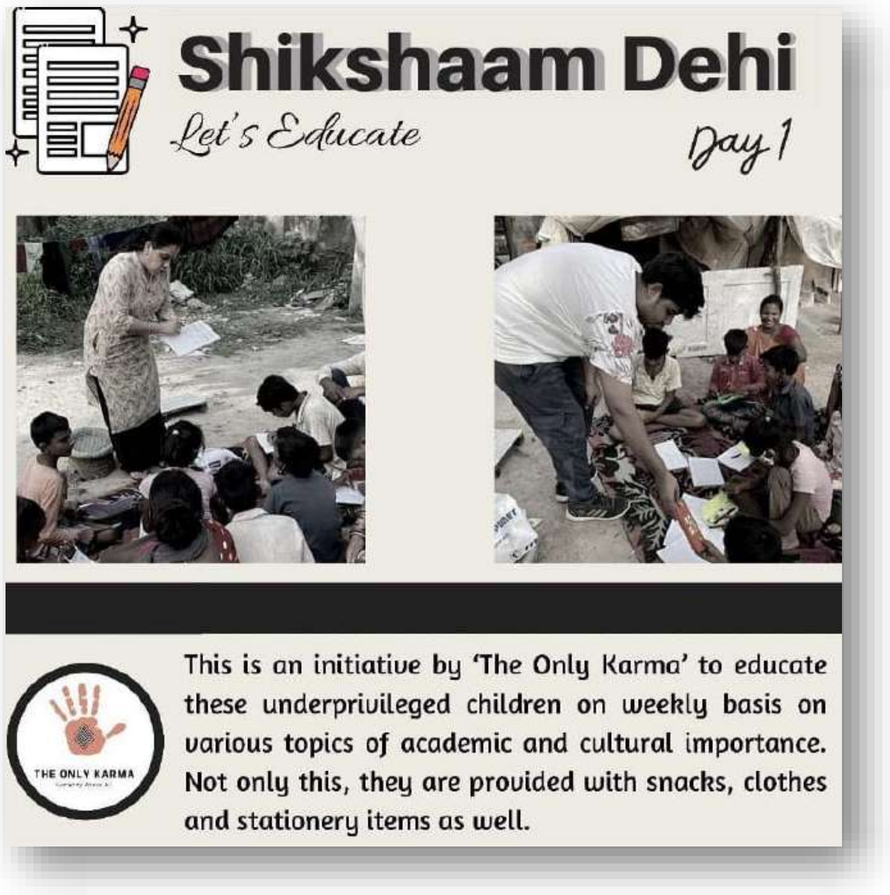
About the Project

Shikshaam Dehi is a literacy campaign initiated in July 2021. Its main aim is to educate the underprivileged children on weekly basis on various topics of academic and cultural importance. Till

now 30+ children have been benefitted from this campaign. They have successfully learned basics of writing alphabets and numbers. Not only this, many of them have learnt addition, subtraction and basic science concepts like photosynthesis, part of plants, etc. Occasionally, tests were conducted and the children were rewarded with ice cream / maggi / and MCD party as well.
"The Only Karma initiated these projects keeping in mind the need of the hour. In every project they tried to cover some or the other disadvantages of covid that were implied on the society. The Bottle of Safety project focused on proper sanitization awareness. In Covid times, since people were reluctant to feed the strays, and because of lockdowns it was almost impossible for them to gather food, The Only Karma catered towards their feeding problem. Not only this, due to unemployment, a number of families also faced food shortage which was catered to in the Project Hunger. At last, the health of women has always been a topic of concern in our society and due to increased unemployment, there were reduced possibilities of women taking proper care of their menstrual health due to no funds to buy pads. Thus, in project MenstruHealth they were provided the same."

Apart from this, a number of other projects like ClothBox, Bookaid, etc. were also launched and every project is currently under motion as well.

With more than 7000+ working hours and 20+ projects, TOK is working on it's mission to alleviate Illiteracy, Social exclusion and Animal exploitation.



Social Entrepreneurship: Beyond Economic Outputs and Individual Returns

The dramatic nature of COVID-19 instigated an immediate need for initiatives that could have a calming impact and rapidly leads to desired outcomes. As detailed in the article about TOK as one such endeavor, similar prosocial efforts by different individuals, companies, organizations became imperative. The

overall objective was to surface and prototype high-potential, high-impact ideas that would help solve many of the challenges caused by the virus.

The core motivation of all such participants is to develop an idea to help resolve a social issue in times of suffering and distress. Simultaneously, the lockdown and stay-at-home orders created for some participants the flexibility to dedicate a short, concentrated burst of time that would ordinarily not have been available. Entrepreneurs delved into social causes more both due to reasons of benevolence and due to the willingness to extend the leap of faith towards well-being of society as a whole.

An entrepreneurial outcome is a desired level of activity (Haugh, 2006) or performance (Jenkins and Johnson, 1997), which specifies the intended effects (Buckmaster, 1999), achievements or consequences of supplying a service to targeted recipients (Wang & Altinay, 2012). Outcomes therefore differ from output, which is the direct product made or service delivered. Outcome measures are useful internally (for monitoring and control purposes), and externally (for accountability, image management, developing trust and building and retaining confidence). Although different enterprises with different strategies require different information for assessing outcomes (Eccles, 1991), some common denominators are useful to benchmark performance among organizations. The Social Entrepreneurship exhibited by TOK during the COVID-19 pandemic has proved to be valid, reliable and comparable to extraordinary and exemplary practices any organization can indulge into. At the level of the individual, the outcomes of entrepreneurship have been categorized as extrinsic (wealth) or intrinsic (independence, autonomy, recognition, challenge, excitement and growth) (Bird, 1989; Kuratko, Hornsby and Naffziger, 1997). Contributions made by several firms and organizations during this time of distress definitely has been a step ahead in reducing the detrimental effects of COVID-19.

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THE PSYCHOLOGY OF MONEY — TIMELESS LESSONS ON WEALTH, GREED AND HAPPINESS (2020) BY MORGAN HOUSEL, JAICO PUBLISHING HOUSE, MUMBAI, INDIA.

Vanshika Jain[1]

Money is the greatest show on the Earth. It has an impact on almost all the decisions of our life and yet people rarely understand the psychological impact of money. A great personal finance book with simple insights *The Psychology of Money* authored by Morgan Housel is a fantastic read. Morgan is a partner at The Collaborative Fund and enjoys the status of a celebrated financial journalist, having written columns for The Wall Street Journal and The Motley Fool in the past.

The book is certainly different than usual personal finance books in the sense that instead of providing the techniques and proven formulas to increase your wealth, it tries to persuade the readers to change their lifestyle and outlook in order to be prosperous. The simplicity with which this book relates finance with our behavior makes it quintessential for someone who is just starting out their investment journey. In this book, Housel takes personal finance out of spreadsheets and mathematical formulas and instead relates it with human psychology. It debunks the myth that one needs an impressive educational background, good connections, and formal experience to earn and maintain wealth.

The book consists of 20 short and concise chapters, each narrating a different lesson on money backed by real and thought-provoking stories which captivate the mind of readers till the end.

Some of the key takeaways from the book are:

The Power of compounding

The author highlights an astonishing fact in the book, $81.5 of Warren Buffett's $84.5 billion net worth came after his 65th birthday. He started investing at the age of 14 years. The greatest ingredient in his success is the "time and consistency" that let the magic of compounding do its wonders.

Saving and investing consistently over a long period is easier said than done. Even the smallest hiccup in the market makes people anxious and forces them to shuffle their investments. The author is spot on here in describing the importance of longevity to investing success.

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Picking up a stock with exceptionally high returns can be a one-off hit but consistently earning moderate returns over a long period generates huge wealth. One of the country's leading brokerages reported that 99% of the short-term traders lose money over a period of one year.

The author, quite contrary to the consensus, asks readers to be boring in approach, consistent with investment, and believe in compounding over the long term.

One has to pay the price – Compounded phycological burden or returns?

The author has put forward a very intriguing aspect of compounding which most of the personal finance books miss out on – the implicit price of compounding. Housel aptly states that compounding comes at a price. It is not easy to quantify this price but those who experience it first-hand knows about it. The idea of investing in lumpsum for a long period and watching it grow may seem to be easy but there is a huge price involved. The price of panic, fear, volatility, regret, endless sleepless night during market crashes is real and traumatizing to some. Watching your capital erode during a downturn in the economy drives out even the long-term investors.

To witness the impact of compounding, one has to possess the virtue of negligence and ignorance. Yes, the author advocates the line – 'ignorance is bliss'. There are a handful of people who are willing to pay this price and they are those who actually reap the benefits of compounding. Training your mind to face this fear and panic is a psychological thing and cannot be studied in maths or finance textbooks.

Money gives you Freedom

The greatest intrinsic value that the money provides is the financial freedom. The Author through this book, refocuses on one of the most important and basic elements of personal finance - savings. To reap the benefit of freedom, the foremost thing that a person can do is to save. The saving rate should be much higher than the spending rate.

In most of the cases, spending beyond the limits is just a means to satisfy one's ego. To control the mental craving to spend lavishly is the biggest behavioural change one can make to create wealth, even bigger than one's ability to pick investment with good returns.

Knowing when to stop

Author in this section of the book, in effect, relates the sin of envy and greed with financial mindset of an investor and force the reader to ponder over their ultimate financial objectives. Greed is the human's worst enemy. The lust of wanting more and more greatly influences our relationship with money. Author quotes rising expectations and social comparison as the key reasons for this.

As pointed out in the book, the greatest financial skill to master is to "getting the goalpost to stop moving" and having the sense of fulfilment to enjoy life. Social comparisons and envying other will only force you to drain out money rather than making any. Everyone's journey is different and luck plays a major role in shaping it.

Contrary to the title of the book, the author tries to explain the psyche of an investor (not the money) and perfectly relates it with the world of personal financial planning. Through several chapters in the book, the author attempts to propagate the message – *make money work for you and you don't work for it*. This book is written in such a style that people from all walks of life and of all generations can make sense of it and help them to make sound financial decisions. It also gives confidence to people from non-finance background to improve their psychological understanding of money, not think investing as a game for those with sophisticated financial background.

If I have to encapsulate the lessons of this book in two lines then it would be – you can create wealth by saving more, investing early, be a player of long run and believe in the supreme power of compounding. By the end of reading this book, one is bound to introspect his/her own personal relationship with money. A new and different viewpoint will help them to improvise this relationship that can guarantee financial success in future. This book is a gem among sea of books on investing. The postscript chapter of how American economy progressed through the years onto the path of becoming the biggest in the world is an interesting read too.

The two statements that have stayed with me are:

"Richard Feynman, the great physicist, once said, "Imagine how much harder physics would be if electrons had feelings." Well, investors have feelings"

"The ability to do what you want, when you want, with who you want, for as long as you want is the highest dividend money pays"

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